Triveni Turbine Limited

Q2 & H1FY27 Earnings Conference Call Transcript
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MANAGEMENT:	Nikhil Sawhney - Vice Chairman and Managing Director S.N. Prasad - Chief Executive Officer Lalit Agarwal - Chief Financial Officer Manikantan Rajendran - Chief Marketing Officer Shreya Sharma - Head of Investor Relations and Value Creation

Moderator: Ladies and gentlemen, good day, and welcome to Triveni Turbine Q2 FY27 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing * then 0 on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Gavin Desa from CDR India. Thank you, and over to you, Mr. Desa.

Gavin Desa: Thank you. Good day, everyone, and a warm welcome to all of you participating in the Q2 and H1 FY27 earnings conference call of Triveni Turbine Limited.

We have with us today on this call Mr. Nikhil Sawhney, Vice Chairman and Managing Director; Mr. S.N. Prasad, the Chief Executive Officer; Mr. Lalit Agarwal, the Chief Financial Officer; Mr. Manikantan Rajendran, Chief Marketing Officer; and Ms. Shreya Sharma, Head of Investor Relations and Value Creation.

I would now like to hand over to Shreya to share some opening remarks. Over to you, Shreya.

Shreya Sharma: Thank you, Gavin. Good day, everyone, and thank you for joining us for the company's Q2 and H1 FY 27 earnings call. I hope you all had a chance to review the results and the accompanying presentation uploaded on the exchanges and on our website earlier. Our discussion on the call will follow that presentation.

Before we begin, I would like to remind you that some of the statements made today may be forward-looking in nature and are covered by the disclaimer of the earnings presentation.

Joining me on the call is the senior leadership team, who will take you through the key business development and the performance for this quarter. After the remarks, we will open the floor for the questions.

With that, let me hand it over to our Vice Chairman and Managing Director, Mr. Nikhil Sawhney. Over to you, Mr. Sawhney.

Nikhil Sawhney: Thank you very much, Shreya. Thank you, Gavin. A very good afternoon, ladies and gentlemen, and welcome to the Q2 earnings call for Triveni Turbine Limited.

As we'd indicated in the Q1 earnings call of this financial year, the performance in Q2 was similar to that of the first quarter, and it played out broadly in line with our expectations. For the second quarter, revenue from operations stood at ₹4.91 billion, 3% lower year-on-year, as strong domestic growth of 51.8% to ₹3.4 billion was offset by a 46.6% decline in export revenue to ₹1.51 billion. Export constituted 30% of revenue against 55% in Q2 FY26, reflecting the higher domestic contribution during the quarter.

Product revenue grew 4.4% to ₹3.43 billion, while the aftermarket revenue declined to 16.7% to ₹1.48 billion. The EBITDA for the quarter was ₹858 million at a margin of 17.5% against the 26.3% of the previous quarter of the previous year. Profit before tax was down 39.2% at ₹757 million at a margin of 15.4% against 24.6% in the previous year. And profit after tax was down 41.7% at ₹533 million at a margin of 10.4%. Sequentially, revenue grew by 11% over Q1 FY27, while margins remained broadly at Q1 levels, consistent with what we had outlined earlier in the previous conference call.

For the half year, revenue from operations grew at 6.4%, and domestic sales grew by over 40%, while exports were lower by 24%. All of this has led to a decline in our reported EBITDA margins, PBT margins, and PAT margins, driven by the mix between domestic and export, as well as the mix between the product sales as well as aftermarket, both of which have been lower in the current quarter as well as the half year compared with the previous year.

While we look forward, and as I projected in our previous conference call, this is a reflection of our order book. Our order book is with you. As you see, we have an expanded Enquiry book and order book from the export market segment, as well as our aftermarket order book and Enquiry book are quite robust. So. we do anticipate a reversion to our mean, which would mean that the performance in Q3 and Q4 would be substantially better, Q4 more than Q3.

On the order booking front, we recorded our highest-ever quarterly order booking of ₹7.64 billion in the second quarter as compared to ₹6.52 billion in the second quarter of FY26, a growth of 17.2%. This was led by exports and the product business. Export order booking grew by over 49%, accounting for 48% of the total order book, as against 38% in the second quarter of last year. While product order booking grew by 32.5% to ₹6.01 billion. During the quarter, we made inroads in the combined cycle gas turbine segment, as well as boiler feedwater pump segment for thermal power plants. These are both marquee orders and it places the company well for future orders in this space.

I would very much like to get into details of our visibility into newer market segments and into certain geographies in the Q&A after my opening remarks. The aftermarket order booking was lower by 17.8% and contributed to 21% of our order booking, while the domestic order booking was marginally lower by 2.5% at ₹3.79 billion. For the half year as well, our order booking was up 12.2% at ₹13.33 billion, and this is a reflection of strong international performance across the North American, European, Southeast Asian, and

Turkish markets. Our export order booking has grown by 51.6% to ₹7.52 billion, and accounts for 56% of our total order booking, as against 42% in the half year of the previous financial year.

While aftermarket order booking grew 12.3% and maintains its 29% share in our order booking. Domestic order booking was lower by 16%. With exports and aftermarket now making up a larger portion of incoming orders, our business mix continues to strengthen, improving the quality of our order book. The closing order book stands at 10.5% higher than at the same point of the previous financial year, giving us confidence in the growth in the coming quarters, and this stands at ₹24.53 billion. Export order booking, as in the closing order book, is up 29.3%, and accounted for 59.2% of the closing order book compared to 50% a year ago.

The aftermarket business as well continued its strong momentum with the closing order book more than doubling to 105.4%, which is on a year-on-year basis, which is ₹6.39 billion on the back of contract wins in thermal, renewable, combined cycle, utility, as well as certain niche segments of geothermal and other value addition services that we provide. This contributes now to 26% of our closing order book against 14% of a year ago.

The company has undertaken quite unique opportunities in the refurbishment space, securing contracts for gas turbine refurbishment on a long-term contract basis. While the potential of these businesses in our international gas turbine contracts could be up to between $80 million to $90 million, this would play out over a 4 to 5 year period, and we would account for only that aspect of what can be billed in the current financial year from those contracts in that financial year. This is a unique opportunity for the company to be able to provide gas turbine services and parts to leading utility turbine, leading power suppliers, and we are confident, along with our partners, in the gas turbine space that we will be able to fulfill this.

The company itself actually has a strategy to push further into gas turbine services and into parts, as well as into potential development of small gas turbines, which we will continue to do with our focus on research and development and on the Brayton cycle. We will be working with our partners, academic as well as industrial partners, and will have a short timeframe for development of product, but more importantly, the services will continue to grow in the short term.

The company itself is well-positioned to leverage its capabilities both on the geographic basis as well as on a product segment basis, and we are confident that our strategic order with NTPC, which should be commissioned within the fourth quarter of this financial year, will provide greater confidence into newer market segments for the company. That particular order, which constitutes a part of our domestic product billing for the current quarter, will diminish in the quarters to come. The amount of billing left on that order is approximately 15% of the order value, and it will be spread equally between Q3 and Q4 and will not impact margins, as we will have a significantly larger contribution of exports and aftermarket to the billing in those quarters.

The Enquiry book is lumpy. The domestic market presents the same Enquiry level as it did in the first quarter of this financial year, and so we have not seen any decline. The pace of growth suggests that there is a little plateauing of the market in certain market segments such as Central South America, but that could be driven by political considerations and elections, which lead to deferment of orders.

Overall, the market for electrification is extremely robust, with newer market segments of electric vehicles and transportation, as well as data centers, adding to the entire requirement for electrification. The industrial requirement for power remains equally robust with high commodity prices, which you can see with not only a rise in our material cost, but that has also led to a burgeoning of demand from these segments.

Overall, our research and development and growth of the business in terms of personnel continues to be robust. We are confident of our growth in order booking in the quarters to come, which will exhibit not only on a year-on-year basis between FY26 and FY27, but the visibility that we have for order booking in FY28 also does give us confidence towards the growth for this business in the quarters and years to come.

Our new product and new technology developments also give us confidence that over the medium term, we will be able to strengthen our product portfolio to be able to be more diversified in a product stream to be able to cater to various different applications and solutions which our customers demand.

Overall, Q2 has been disappointing, but it was as expected from a margin and as well as growth perspective. The company has its orders in hand as well as its inventory, which you can see from the balance sheet, and it will be able to execute within the next few quarters to be able to exhibit the growth or the marginal growth that we do expect on a year-on-year basis for the company between FY26 and FY27. FY28 should provide us with a greater avenue for growth as we move forward.

Maybe we can take some questions now, and I will get the management in to give more clarity around certain areas of order booking and growth, as well as revenue billing in the current quarters as we take questions.

Moderator: Thank you. We will now begin the Q&A session. The first question comes from the line of Amit Anwani with PL Capital. Please go ahead.

Amit Anwani: Hi. Thanks for the opportunity. The first question pertains to the domestic order inflow. If we see the trend last two financial year, the number is like ₹1,100 odd crores. Even for H1, the number is ₹580 odd crores. So what are the underlying reasons for muted numbers in domestic? And if you could broadly highlight which sectors are lagging and the Enquiry book for the domestic market.

Nikhil Sawhney: I am going to ask Mani to comment on the domestic market as well. But what you should recognize is that we actually see a growth in the domestic market, principally driven by the metal segment. It's just that our market share in that market segment has actually come down. So when we look at it on a year-on-year basis, our market share has come down, but there has been growth in the market. And this is despite the lower Enquiry book that may exist for the domestic segment. But we are confident given not only the number of thermal power plants that are under ordering, and therefore the requirement for boiler feed pump drives, which is our market segment, as well as the growth in the commodity, as well as process cogeneration segments, that the demand in the domestic market is consistent. Mani, would you like to add on the domestic market?

Manikantan Rajendran: Yeah. Good afternoon. Now to address your questions, as compared to Q1, the Q2 domestic has gone up by 2x. The domestic order booking for Q2 is much higher than Q1. So in Q1, yes, there number was low, because we found many of these sectors, like cement and steel, in terms of order finalization, it was getting delayed. But going forward, we see the domestic to pick up, but we don't see much of a concern in that. Having said that, the international has performed well as compared to last year. So on a comparative basis, you are seeing domestic to be lower vis-a-vis exports.

Nikhil Sawhney: Mani, why don't you talk a little bit more about the entire market, how you're seeing it?

Manikantan Rajendran: In terms of market, this year on an order booking front, we been very good in terms of Q2, highest order booking for the quarter. And we also see a similar sentiment in terms of order finalization going forward in Q3 across the market. International, starting from Southeast Asia, we see good opportunities in Europe and in US. In the last five weeks itself, there has been a considerable amount of order book which we have been able to do in the international market. Also, we see good numbers in the aftermarket as well as products in the domestic segment. So Q3 looks very promising in terms of order booking as we proceed on the success of Q2.

Amit Anwani: Understood. You talked about some unique opportunities. One was the contract secured for the gas turbine, and second, you also spoke about the development of small gas turbines. So first on the gas turbine contract, what is the size and these are which megawatt gas turbines? More color in terms of pipeline here, and which geographical markets we are going to penetrate for this market. And second, on small gas turbine, what are the timelines? Have we already started working here? And what megawatt we are going to look, and which market? Some color on these both aspects.

Nikhil Sawhney: The gas turbine development on the product side is not for power generation. It will be more for the thrust application. We will come up with more clarity as we go down the path, but it is a multi-year product development cycle. It positions Triveni as an OEM, which we aim to benefit and leverage from our refurbishment business. The refurbishment and aftermarket side isa very lucrative market and something where we wish to participate. The current contract which you talk about is from our South African subsidiary in that SADC region, with one of the largest utility providers there.

The contract itself is for parts upgrade and part replacement. And this we will do with our European partner who will be providing us components and technology, as well as certain knowledge and IP along the way. We are quite confident that this is a segment that once it opens up, it will allow us to actually cater and provide these services to other parts of the world. We will have to wait and see how we actually leverage it. The size of the contract is based on the total market. The total potential of this is somewhere in the region between $80 million to $90 million, and it will play out over four to five years. The actual requirement will be based on once overhauls are done and requirement is assessed. So, it will be in that region. The contract is part supply and manufacturing and installation.

Amit Anwani: Understood. Lastly, what should we expect in terms of growth for full year? Will it be mid-single digit, approaching double digit? And second, you said there would be mean reversion to margins and NTPC order, only 15% is left. So, is there any loss we are expecting in this order by the time it gets closed by 4Q? And is it fair to assume that H2 margins will be upward of 18%, 19%?

Nikhil Sawhney: We have been already accounting for losses on the NTPC order. We will have to put in claims later, but those will only be beneficial to the company. So as of right now, we have taken a conservative viewpoint from the perspective of accounting, and that has already been accounted for in whichever manner it is. It is marginally a loss. As far as growth goes, we anticipate some growth in this financial year. That is just driven by the fact that our commitments to execute are what we have to execute for our customers. The product mix will obviously mean that the margins will be significantly healthier in H2. And when we look at it on a year-on-year basis, between FY26 and FY27, we would anticipate a growth in profitability. But it will not be significant.

Amit Anwani: Thank you.

Moderator: Thank you. Next question comes from the line of Harshit Patel with Equirus Securities. Please go ahead.

Harshit Patel: Thank you very much for the opportunity. My first question is on the deferment of export dispatches. In the first quarter FY27 earnings call, you had expected that most of these deferments, which were due to freight-related issues, this will be executed within the first half of FY27. Would you be able to share how much of that deferred scope is still pending and what kind of export run rate we could see for the second half of FY27?

Nikhil Sawhney: The deferments were to Q3, Q4. The total quantum, I won't be able to share immediately right now, but your insinuation is correct that the second half will have much higher export as a percentage of revenue than H1. Prasad, you want to add on this?

S.N. Prasad: You are right, because the deferment is to Q3, because transportation things are getting eased, as the majority of these are into the Middle East customers. So these all will be seen in Q3, Q4.

Harshit Patel: Understood. Secondly, on our product Enquiry book, it stood at about 18 GW at the end of FY26, with domestic at about 7 GW and exports at about 11. And you had also mentioned that the North America was about 15% to 20% of the Enquiry pipeline. It would be helpful if you can share the updated numbers as on first half of FY27.

Nikhil Sawhney: I am not fully ready to share it right now. You will have to get in touch with Shreya to share the details. But broadly, the number is about flat in terms of the Enquiry book. The US market has gone up quite substantially in terms of the Enquiry visibility, which is again split between data center combined cycle operations as well as other industrials. And what we are finding as a very new segment in the US is novel energy storage projects, carbon capture. And these provide a very appropriate market for Triveni because it goes more in the electrification side as well as green power, which is more sustainable from a demand perspective than short-term power generation. At the same time, we have seen a decline in inquiries from the Central South American market. You have flat Southeast Asian market. Europe has been largely flat as well. And India has been flat from Enquiry base also. Prasad, do you want to add anything on this part?

S.N. Prasad: On the Enquiry pipeline, especially now, as we mentioned that domestic Enquiry pipeline more or less at a stable level, whereas international Enquiry pipeline, we started seeing a good traction, more or less, at around the same level as what we reported earlier.

Nikhil Sawhney: It changes from geography to geography, but in general, there is a very strong theme towards electrification and energy, both for industry as well as for independent power production.

Harshit Patel: Understood. Thank you very much for answering my questions.

Moderator Thank you. Next question comes from the line of Chirag Muchhala with Centrum Broking. Please go ahead.

Chirag Muchhala: Thanks for the opportunity. The first question is on the combined cycle power plant order that we received in this quarter. So, is it for the same data center opportunity that we have been speaking about for the last two quarters? And from the USA market, if you can just highlight more in detail, and also if this is our maiden order from that segment, then going forward, what kind of addressable opportunity opens up for us?

Nikhil Sawhney: The addressable market opportunity is large. There is a segment of our order book, which is our Enquiry book, which is driven around combined cycle. For us, at the end of the day, we would be quoting to EPCs or boiler manufacturers who would be the integrators to projects. Sometimes for simple cycle to combined cycle conversion, we would be quoting directly to the client, which is this order in particular.

It's 50 MW capacity, and on a 3:1 basis, that would mean that it's a 150 MW gas turbine power plant, which would be in front of this steam turbine requirement. That requirement places us very well. The application is unique, and it allows us to compete in a market where the gas turbine OEMs have held a very strong stranglehold. We see this as a market, but the gas turbine combined cycle market overall, as part of our Enquiry book it'd be less than 5% of the entire Enquiry book.

It opens the doors. We are not looking at very rapid growth in this market. It is a tough market to enter. It will have a lot of challenges along the way. But this provides us as well as clients confidence in our ability to be able to execute in this space.

Chirag Muchhala: Just to follow up on that, is it from the USA market? And in terms of per MW realization, will it be similar to had this order been of a steam turbine of 2 x 25MW?

Nikhil Sawhney: We are talking about steam turbines only. We don't make gas turbines.

Chirag Muchhala: Correct. But since it's a combined cycle, just wanted to know that had it been a normal steam turbine order, the per megawatt realization would be similar?

Nikhil Sawhney: It is a normal steam turbine order. This was already a pre-existing gas turbine, and the steam turbine was added later, it was an add-on. But it follows the average pricing that we follow in the export market, which is quite lucrative and has margins which are significantly higher and multiples of the domestic margin.

Chirag Muchhala: Correct. Second question is on the boiler feedwater pump plus drive turbine order that we have received from domestic market in the supercritical power plant. So here, what would our total scope of work be? I am assuming drive turbine is something that we will give, but boiler feedwater pump, is it also a

product that we have developed, or will it be outsourced from somebody? And in that case, what would be the in-house manufacturing share of Triveni in this order value?

Nikhil Sawhney: A steam turbine, when we talk about it, is a package. When we sell a steam turbine by itself for power generating applications, we have generators, gearboxes, lube oil systems, the other packages which that we don't manufacture. So, you are very right, a boiler feed pump drive essentially has two basic rotating equipments. One is a steam turbine, and it is coupled to a pump. We are not a pump manufacturer, and we will not be a pump manufacturer. So, the package is either integrated by the EPC, or it could be packaged by the pump manufacturer, or by the steam turbine manufacturer.

Depending on order-to-order and the scope and the liability that we wish to take along with the customer and the margin profile, we determine that based on order-to-order. So, some orders that we have taken have been only supply of the turbine. Some orders that we take are packaged with the pump at Triveni's purchase order, and some of them are packaged by the pump manufacturer, where we would actually send the pump to them. The alignment, is essentially what has to happen from perspective of quality assurance for these packages. Prasad, anything you want to add here?

S.N. Prasad: This is based on type of the order. Majority of the times, the EPCs may package it as a case-to-case basis.

Nikhil Sawhney: But this is a large market. There is a very strong growth in the thermal power generating segment in the country, and you have all the large utility power producers expanding capacity quite significantly.

Chirag Muchhala: Thank you.

Moderator: Thank you. Next question comes on the line of Mohit Surana with Monarch Networth Capital Limited. Please go ahead.

Mohit Surana: Thank you for the opportunity. My first question is with respect to your response to the first question regarding the domestic market. You said the domestic market share has slightly come down for the company, but overall, the market has grown. Can you shed some light on how the competitive intensity has evolved, and are you facing pressure from internal players, or are there some import that is happening in India, which is also impacting. And any kind of comments on the pricing pressure, negotiation cycles, or the compromise on the order profitability? That is my first question.

Nikhil Sawhney: Our principal competition is with the largest steam turbine manufacturer globally, who has an Indian operation. The competitive nature has not changed. The intensity is the same as it has been. It's just when demand comes up in certain market segments, the market share and historic installed base is different, and so therefore, the intensity varies from where demand comes from quarter to quarter. It sort of averages out over some period of time, but it's nothing for us to be more concerned with than previously. It's the same as what it has been. We compete intensely. The pricing is much lower than in global markets, but we respect them as competitors.

Mohit Surana: Understood. In the presentation, you have shown more than 100 MW segment that has grown very strongly compared to the less than 100 MW segment where we are present. Any strategic thinking of moving up the value chain and

manufacture the larger capacity turbines so as to cater to that market which is growing much stronger than what you're currently catering to?

Nikhil Sawhney: We have certain orders already which have been given by global OEMs to do certain manufacturing for them in this space. Do we actually become OEMs in the larger megawatt space? We haven't really disclosed anything as yet. It hasn't been taken up by the Board. If market opportunities on a sustained basis remain, we may do it strategically. Otherwise, we would approach it opportunistically, as a one-off. In general, the value that Triveni Turbine provides to its customers is more distinct in the industrial, in the customized space. Once you move up to utility range turbines, they become more standardized and with customers who actually have a very standard set of requirements, which does not fully value the flexibility and the servicing that Triveni provides. Either way, we'd have to assess and see. Right now, it's not something that we have a clear strategy towards.

Mohit Surana: Understood. Coming to your drive turbine product, as a source in the presentation. So the drive turbine industry, which was expected to grow strongly, mainly from the Middle East region as well. Now with the early indication of the US's intent to end the war, are you getting some more inquiries from that market, Middle East, for our drive turbines, and how are you going to accelerate growth for this product going forward?

Nikhil Sawhney: For the Middle East, which is API requirement, would be for both power as well as drive. But I'll let Prasad and then Mani comment on the Middle East in specific.

S.N. Prasad: Middle East, now in the current scenario, we anticipate Enquiry pipeline will increase, definitely, that both in power generation rather than the drive turbines, we see Middle East as a power generation in those opportunities, as well as some of the refurb opportunities what we are anticipating, Enquiry pipeline will increase. When it comes to drive turbines, maybe India plays a bigger role in drive turbines, basically as we are talking of 80 GW addition. So where we have a boiler feedwater drive turbine opportunities. Mani, you would like to add some points?

Manikantan Rajendran: In terms of drive turbines, we see these thermal power plants coming up in large numbers. So, we see a lot of inquiries, and we have bid to EPC companies, and those will come for order finalization in Q4. We expect those. These are big, large ones for the ultra-power plants. And in terms of the other ones for pumps, compressors, we do see inquiries. The Enquiry level has not gone down as compared to last year. However, in case of Middle East, due to the war-like situation in the H1, we saw some dip, but with the war threat coming down, we hope the Enquiry pipeline will increase in Q3, Q4.

Mohit Surana: Understood. I have more questions, but I will follow in queue and ask later.

Moderator: Thank you. Next question comes from the line of Salil Desai with Marcellus Investment Managers. Please go ahead.

Salil Desai: Thank you. One question on, if you can explain how does aftermarket order to execution cycle work? Because last 2-3 quarters, we have seen the order inflows growing very strongly, but somehow the revenues haven't kept pace at the same levels. So, what is the gap or what is constraining execution there?

Nikhil Sawhney: So, when we look at the order booking for the aftermarket segment, it constitutes three different segments by themselves. The first is spares, which is for the company's own installed base. The order delivery cycle there is, at a maximum, three to four months.

Three to four months is what we take for the order to execution cycle for spares. The servicing is equally going to be a quarter or so in terms of the execution cycle. So that service is a provision of physical manpower. And the third is refurbishment. Now, refurbishment is a space which is going to be growing faster for us, and it's a segment that has a much larger market for us to cater to, which is doing third-party services for rotating equipments, which could be lower value additions such as overhaul, or could be higher value additions such as upgrades.

Now, depending on the type of service that you provide in the refurbishment space, the time is significantly different. So it could be, anywhere between 5-6months to 9-12 months, depending on the type of contract that you are doing within the refurbishment space. So, it's very difficult to generalize because we don't provide the breakup within our aftermarket as to what is the delivery cycle. But let us think about it if we can provide more visibility to you. Because ultimately, the way that I would like investors to view the company is our order booking gives you the visibility of revenue.

On the product side, as we go higher in the megawatt scale, that execution cycle becomes a little bit more prolonged. As you'd imagine, it takes more time to make a 100 MW turbine than it does to make a 20 MW turbine, than it does to make a 5 MW turbine. At the same time, increasingly also in the refurbishment side, as we go into more refurbishment, more value addition, that delivery cycle will become a little bit longer. So, we will have to just think of some way to provide greater visibility as to how much revenue visibility does our order book give us. But you have to recognize that as we get a significant amount of spares and servicing orders annually, that will be booked and billed in any particular year. Prasad, you could give an indication as to how you look at book and bill within any financial year for revenue in that financial year itself.

S.N. Prasad: As you rightly mentioned, the spares and service, majority of the things get into the same financial year. But the refurb, based on the current whatever we are offering, is high value-add solutions to the customers. So that is taking normally around three quarters delivery cycles today. Going forward, further complex projects, if we take, probably three quarters to four quarters will be the delivery cycles for that revenue recognition.

Nikhil Sawhney: Typically, around 80% of the order book in the beginning of a financial year, will be executed in that financial year. Then you have book and bill of the first quarter for product and for spares going up to Q3, and for refurbishment up to Q2. That's how we typically look at.

Salil Desai: Understood. Thank you very much.

Moderator: Thank you. Next question comes from the line of Arun Kumar with Unifi Capital. Please go ahead.

Arun Kumar: Thanks for taking the question. Just following up from the last quarter when you had mentioned that there were certain lower margin orders in first quarter of FY26 due to competitive environment at that time, which were taken at that time. So, because of the execution of that in the first quarter of this financial

year, there was a drag in the margin per se. So, are these orders completely executed now? Is the drag completely gone?

Nikhil Sawhney: There was one major order, which was a very large order, which was a strategic order with NTPC, which was at a low to negative margin. We already tried to clarify that earlier in this call. Apart from that, domestic orders typically tend to be around the same margin range, which is significantly lower than our export margin. So, the export and aftermarket as a percentage of sales is what drives our margin for the company. And we see that reverting, in H2, significantly more in Q4 than Q3. But we are quite confident that the company, from a margin perspective, is fine. What we see in the market is what it is. There were some disruptions in commodity price increases that we saw in Q1, which will get normalized by the time we get to Q4, which will provide better visibility for FY28.

We follow a conservative principle on accounting for warranty and other contingencies. And so we are consistent on those costs which we take, and they are fine as far as the company is concerned. We have had some tax refunds, which we have not accounted for also because we will just wait for the time to expire before we account for it in our P&L. In general, from the margin perspective, the company is all right. There is competitive intensity in the market that we operate in. At this point in time, we are driven more to ensure that we can get a larger installed base to grow our top line, to grow our references in the high megawatt space. The margins would also be impacted with our new product entry which we are launching, our advanced platforms, which will have a significantly better cost to our current platform. And we see as those get rolled out, that they will impact margins in the coming quarters positively.

Arun Kumar: Sure. Just one more thing on the US data center order. There was an expectation that it will come by in this financial year, the first data center order. So, we will still maintain that expectation?

Nikhil Sawhney: We already talked about that we got that in this quarter, Q2, which was a combined cycle operation.

Arun Kumar: That is for the data center application.

Nikhil Sawhney: Yeah, but in general, we are quite agnostic as to the end use. It does not make a difference to us who the end user is. The applications are what is more interesting. So, this is a combined cycle operation. The end user is a data center.

Arun Kumar: Thank you so much.

Moderator: Thank you. Next question comes from the line of Juili Baviskar with Ashika Institutional Equities. Please go ahead.

Juili Baviskar: I just wanted to know on the order booking side. So, this time order booking was a record this quarter. Is the ₹7 billion to ₹8 billion per quarter a reasonable steady state run-rate going into FY28, or did this quarter include any lumpy large orders that won't repeat?

Nikhil Sawhney: No, they're not lumpy large orders. This is regular. You have two, three factors that you have to keep in mind. One is that our Enquiry book suggests growth, and so therefore, we're responding to the market, and our market share remains reasonably consistent, and so we participate to that extent. You also

have had certain commodity price increases, so even though the megawatt size of the market has grown, so has the price market grown also. As we look at the steady run rate, we respond to the market as demand comes up. And so, it's difficult for me to say what to expect, but there's nothing wrong in what you're assuming.

Juili Baviskar: Okay. Another question is, how do you see the steam turbine market evolving? Given the rising gas turbine and combined cycle demand globally, does Triveni Turbine see this as a reason to strategically diversify, whether that's deeper into combined cycle, BFW type packages, or any other adjacent segment? I wanted to know your perspective on it.

Nikhil Sawhney: We're very much a steam turbine company, and we will make sure that we are consistent in terms of being able to deliver better value with our focus in this segment. The refurbishment, the aftermarket segments can have different strategies. But at this point in time, we are a single product company, and even our carbon dioxide turbines and other carbon dioxide-based work is based on the similar principles of turbo machinery that we manufacture. So, it's consistent from a manufacturing research development perspective. We will stick around that line. We may move a little bit more into solution orientation to provide greater value to the customer and move up that value chain, as long as we don't take on more liability and become EPC.

Our fear is that we don't want to change the nature of our balance sheet. We remain focused in trying to be able to capture greater market share in the higher megawatt segment, penetrate more global markets, develop new applications that we would be able to cater to. But, all in all, there's ample growth for us if we look at from the medium term within the steam turbine space before we actually have to get a significant amount more revenue from new technologies, which will have to come about. We will eventually have to find newer revenue streams, which we are, as we keep talking about our development. But by the time that they contribute significantly to our turnover, it's still going to be three, four years away.

Juili Baviskar: Okay. Thank you.

Moderator: Thank you. Next question comes from the line of Mohit Surana with Monarch Networth Capital Limited. Please go ahead.

Mohit Surana: Thank you for the opportunity again. With respect to our top line growth for this financial year, our first half year grown by roughly 6% to 7% on the top line. Considering our H2 will be very strong, can you give some indication on what kind of growth we can expect for this year as a whole? And also, if you can give some indication on how much will be the EBITDA margins for the full year, and on a normalized basis, what can we expect? Can it go back to the 20% plus kind of level?

Nikhil Sawhney: We gave an indication of this earlier in the call as well, where we are looking at growth for the full year FY27 over FY26, and the profitability should be robust and higher than FY26 as well. This is going to be a mix of operating income performance as well as other income performance. But when we look at it on a consolidated basis, EBITDA should be roughly consistent with last year.

NTPC would have taken a little bit of a hit on the entire base. But there are certain things that we have to still execute in Q3, Q4, which could have better implication on margins. In general, you would see a reversion to the higher margin level, based on our product mix execution.

Mohit Surana: But in terms of growth for the full year, on H2, we can expect somewhere around 25% plus kind of growth for the H2?

Nikhil Sawhney: I've given you the indication. You can work it out.

Mohit Surana: Sure. And regarding these NTPC orders, this was the first of a one-of-a-kind order that we're executing right now. Are we getting indications of more orders going forward from NTPC for these kind of products, for long-duration energy storage?

Nikhil Sawhney: Well, there has been cost increases, etc, so we have to look at, ultimately, what is the viability of solutions like this. We also need to commission it to ensure that we are able to get the recorded performance that we have committed. So, it's a little early. Of course, everyone is interested in new technologies and to a diversification of what is a very definitive market, which is energy storage. We think that this is one of many solutions. The question is how it can perform from a life cycle cost basis. It's a little premature. Maybe we can answer this after Q4.

Mohit Surana: All right. Thank you.

Moderator: Thank you. Next question comes on the line of Mahir Shah with Banyantree Advisors. Please go ahead.

Mahir Shah: Good afternoon. Thanks for the opportunity. I had a couple of questions. Firstly, earlier on the call, you were mentioning that there was a decline in our domestic market share. Could you help us understand what has driven that decline? Was it mainly because of some order deferment, or that existing competitors were winning orders, or was there any entry by new players? And specifically, in which capacity band? Was it under the sub-30 MW segment or the 30 MW to 100 MW segment that we lose market share? That was the first question.

Nikhil Sawhney: Would you mind if you give all your questions, and I can answer them all together?

Mahir Shah: Sure. The second question was mainly on the US subsidiary. Over the next, five years, what would be the strategy for the US business? Do you see it as primarily an aftermarket operation, or will you soon move into manufacturing and selling new turbines locally? And in the aftermarket segment, what specifically differentiates Triveni from other manufacturers or other service providers, and how durable is that advantage?

Nikhil Sawhney: I will start with the reverse of your questions. The fact is that we are an OEM, so when we provide third-party services as an OEM, we bring a different technology lens to the solution, as well as the capabilities and the pricing that we are able to offer is amortized over a greater degree of sales. So, we are more cost-competitive, and we are more flexible, and we are able to provide that, which distinguishes OEM providers of third-party services. We will have to respond to the investments that we made in the US market and the return on equity and capital employed out of that before we actually look at changing the nature of the business from focusing on the aftermarket segment. The US market has possibly the largest capital stock of any country in the world, and so we want to cater to the requirements that they have for servicing aftermarket for their installed bases there.

Will we do packaging? We have the flexibility to do packaging. It's a question that, would we respond to any tariffs and potential tariffs? We have the potential to do so. At this current point in time, we think that we would be servicing most of America via India from a product perspective. The aftermarket would be provided locally. But right now, we don't have any way to look at that differently, apart from saying that we will view fresh investments from a perspective of return on capital employed and ensure that we achieve what are the margins that we anticipate for the company as a whole.

On the domestic market share, it is driven by segment demand. So, in certain segments, like in steel, our competitor has a higher market share, and historically, it keeps that. So, it is just a response to where the market comes from. It's not to say that we are not making entries into that space. We will, and we will get market share because it is a market that we compete in. There are no new competitors in this space. We don't see the intensity changing in any manner.

Mahir Shah: Is the loss in market share in the sub-30 MW segment or the larger turbines?

Nikhil Sawhney: It is in the larger turbines. 40 MW, 50 MW.

Mahir Shah: Sure. One brief question. According to you, what is going to be the main driver for the export markets? Is it going to be the Middle East market? Is it going to be the Europe market, the US market? If you could just provide a brief long-term view.

Nikhil Sawhney: In my particular opinion, it's going to be decarbonization, actually, requirement for turbines, which is both pushed by efficiency as well as newer applications for both energy generation, energy storage. That is what the long-term growth of the market will be, if I look at five, seven years down the line. But in the meantime, you'll have industrial requirements, you'll have a lot of other requirements as well.

Mahir Shah: Sure. Thank you.

Moderator: Thank you. Next question comes from the line of Prolin B. Nandu with Edelweiss Public Alternatives. Please go ahead.

Prolin B. Nandu: Thank you for taking my question. The order that you have won on the combined cycle in US, which is related to data center, I wanted to understand, what was the modus operandi of how did we win this order? Did we do it through some other player in terms of partner, or was it directly through a customer? And also, is the US market or the combined cycle market reaching a stage wherein we could see, at least on the pipeline side, more and more such orders coming in? More in terms of the timing of when the combined cycle orders or combined cycle projects are going to get executed. So, what is your stance on the timing side, and what was the modus operandi of winning this order?

Nikhil Sawhney: It's a normal sales process that we run. One is not more unique than the next. We have a mixture of agents, we have our own personnel, and we have our institutional relationships that we follow. So, nothing very unique about this particular order. And I don't think the data center market actually represents a very large part of our Enquiry book. So, we're following a theme of both behind-the-meter and front-of-the-meter electrification and requirements. The requirements that I think Mani spoke about in terms of the wins that they have

had even in the first five weeks of this current quarter, be it from the United States, have actually been for energy storage projects.

Are those energy storage end users data centers? That is not fully disclosed to us also. A lot of sites are kept confidential until detailed engineering comes about. So, there's a degree of confidentiality that we can't really talk about also in terms of end use of where the market is. But the level of technology that is going into the electrification globally will mean that if there has to be a redundancy of capacity, it will happen for older capacities which are more inefficient. So, these capacities are always going to be much more efficient. And so, we're confident that these will come up in whichever manner.

Prolin B. Nandu: Understood. The second question would be on the US pipeline, and while you have touched upon it in one of the previous answers you mentioned that US pipeline is very healthy and growing. And one of the drivers you mentioned is the energy storage, , where the pipeline is coming from. But apart from that, what are the other segments in US where we are seeing very healthy pipeline? Is it coming from API? Is it coming from refurbishment of some of the larger turbines? So just some qualitative color on how healthy and why is the US pipeline healthy, and where is this positivity coming from.

Nikhil Sawhney: The positivity is coming from general electrification. You also have energy requirements from industry, which is also quite robust. We did get orders in this current quarter as well from the US for industrial applications for process cogeneration requirement. And this is at the same pricing. The fact is that right now efficiency upgrades are not as high in terms of demand as fresh new capex for more electricity production. We are just driving the coattails on increased demand, on more energy requirement. The mix is going to change because you have requirements coming from geothermal markets to industrial energy requirement to electrification IPPs driven by a variety of different segments, be it combined cycle or energy storage.

It is also geographically split. It is pretty much around the US On the refurbishment side, our visibility into the market is more limited. We are hopeful as the quarters pick up that we will be able to get more visibility and Enquiry book in the US on the refurbishment side, that which is our principal reason for the investment in the US But we are quite confident that it is quite diversified both sector-wise as well as within the US geographically, and in terms of how it represents our Enquiry book at this point in time.

Prolin B. Nandu: Sure. Anything on US and specifically in API segment? Anything that you want to comment on there.

Nikhil Sawhney: No. The API segment is not a significant part of our US demand.

Prolin B. Nandu: Thank you.

Moderator: Thank you. Next question comes from the line of Kenneth Mendonca with LIC Mutual Fund. Please go ahead.

Kenneth Mendonca: Hi. If you could qualify your earlier statement on we expect to make some advancements in solutions as well? What sort of investments we have made there? Is it contributing towards today? And what do we do different or what are we doing later?

Nikhil Sawhney: So you are talking about what did I mean about moving to a more solution orientation? Is that the question?

Kenneth Mendonca: Yes.

Nikhil Sawhney: So for example, projects that we are doing with NTPC in my mind is a solution orientation around energy storage. The product, the supply and scope of the business has taken on a role of a mini EPC but the learnings around that are that ultimately if you can get closer to customers in terms of demand, we are able to then actually drive demand more than we can as just as pure steam turbine manufacturer. So that was a point of what we meant. There is no additional capital utilization from R&D perspective, yes, you need to be able to integrate the solution better and be able to do better vendor engineering and better cycle engineering so that you are able to take guarantees on the entire scope.

It will naturally be a little bit more working capital-intensive because the scope is larger and therefore the payment terms will be different. As we go down, we have to ensure that if we do go this route, that we keep the financial discipline that is necessary, and only provide solutions to where we are able to have a technology leadership so that we can retain the margin, retain the cost structure and retain the return metrics that are necessary. So that is the view that we were taking so that we are able to drive demand more. That is the point of being more solution-oriented in the way that we approach it.

Kenneth Mendonca: Understood. So apart from the NTPC project, there is nothing similar currently which we are pursuing?

Nikhil Sawhney: No, but there are lots of conversations that we are having. Energy storage itself is a very broad space where we can be able to add value to our customers, while actually ensuring that we don't take excessive risk is the way that we would like to do it. You have certain applications, which will be around the steam turbine itself, and expanding scope where we can provide a better solution to our customers, and then be able to partner with them in their growth. Because you see, ultimately what we want to see is it should not be one-off. It should be a validation of our capabilities, but then be able to scale a market also by itself.

Kenneth Mendonca: Understood. Thank you.

Moderator: Thank you very much, ladies and gentlemen. Ladies and gentlemen, that was the last question today. I now hand the conference over to the management for closing comments.

Nikhil Sawhney: Thank you for joining, ladies and gentlemen. I look forward to speaking to you again at our Q3 conference call. I hope you all had a happy Diwali, and I wish you a happy New Year as well. Thank you very much.

Moderator: Thank you. On behalf of Triveni Turbine, that concludes this conference. Thank you for joining us. You may now disconnect your lines.

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