



**TRIVENI TURBINE LIMITED
CORPORATE OFFICE**

8th Floor, Express Trade Towers, 15-16, Sector-16A, Noida - 201301, U.P., India
T.: +91 120 4308000 | F : +91 120 4311010-11
www.triveniturbines.com

E-filing

REF: TTL: SE: 02/05

Date: February 7, 2025

BSE Limited P.J. Tower, Dalal Street, Fort, Mumbai - 400 001 Thru: BSE Listing Centre STOCK CODE: 533655	National Stock Exchange of India Limited Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051 Thru: NEAPS STOCK CODE: TRITURBINE
---	---

Dear Sir/Ma'am,

Subject: Transcript of Investors/Analysts Conference call held on February 3, 2025

Pursuant to Regulation 30 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the earnings conference call held on February 3, 2025 for investors/analysts in respect of the standalone and consolidated unaudited financial results of the Company for the 3rd quarter and 9 months ended on December 31, 2024.

The transcript is also available on the Company's website at www.triveniturbines.com.

You are requested to take this information on record.

Thanking you,

Yours' faithfully

For Triveni Turbine Limited

Pulkit Bhasin

Company Secretary

M. No. A27686

Encl: A/a



Triveni Turbine Limited

Q3 & 9M FY 25 Earnings Conference Call Transcript

February 03, 2025

Moderator: Ladies and gentlemen, good day, and welcome to the Triveni Turbine Limited Q3 FY 25 Earnings Conference Call.

I now hand the conference over to Mr. Rishab Barar from CDR India. Thank you, and over to you, sir.

Rishab Barar: Good day, everyone, and a warm welcome to all of you participating in the Q3 and 9M FY 25 earnings conference call of Triveni Turbine Limited. We have with us today on the call Mr. Nikhil Sawhney, Vice Chairman and Managing Director; Mr. S.N. Prasad, Chief Executive Officer; Mr. Sachin Parab, Chief Operating Officer; Mr. Lalit Agarwal, Chief Financial Officer; and Ms. Surabhi Chandna, Investor Relations and Value Creation.

We will start this call with opening remarks from the management, following which we will have an interactive question-and-answer session. I now request Mr. Nikhil Sawhney to share some perspectives with you with regard to the operations and outlook for the business. Over to you, Mr. Sawhney.

Nikhil Sawhney: Thank you very much, Rishab, and a very good afternoon and good evening, ladies and gentlemen, and welcome to the Q3 and 9M FY 25 earnings call for Triveni Turbine Limited. Again, I'm very pleased to report the highest ever quarterly revenue and EBITDA, along with a record closing order book for Triveni Turbines. In Q3 FY 25, we had a revenue of ₹5.03 billion, which is an increase of 17% YoY. Domestic sales increased by 5% to ₹2.5 billion, while export sales increased 31% to ₹2.5 billion as well.

Export as a percentage of sales increased 49% in this quarter as compared to 44% in the previous year. We also had, as I said, the highest ever quarterly EBITDA of ₹1.31 billion, which was up 30% YoY with a margin of 26.1%, which was an increase of 270 basis points YoY. The Profit After Tax (PAT) for the quarter was at ₹926 million, an increase of 36% YoY.

We have a healthy quarterly order booking of ₹5.26 billion during the third quarter and a record carry forward order book as on 31st of December of ₹18.19 billion, which is an increase of 15% YoY. The Board of Directors of the Company have approved a payment of an interim dividend of 200%, which is ₹2 per equity share of ₹1 each for the financial year ending March 31, 2025, and this represents a 54% increase in the interim dividend.

For the nine-month period, the revenue from operations grew by 23% YoY to ₹14.7 billion, a record again for the Company, and domestic sales increased by 20% to ₹7.8 billion, while export turnover increased by 25% to ₹6.9 billion. In the nine months, the mix of domestic v/s exports stood at 53:47 as compared to 54:46 in the previous period. EBITDA as well has increased by 38% and EBITDA margins have increased by 280 basis points to 25.7% for this nine-month period.

The Profit After Tax for the nine-month period has grown to ₹2.6 billion for this period.

As far as order booking goes, the Company has achieved order booking in the third quarter of ₹5.3 billion, which was largely flat on a YoY basis. While order booking from India has remained subdued in the quarter, and I'm happy to take questions on this during the Q&A, the Company continues to see good international demand, which is reflected in the export order booking, which grew by 9% YoY to ₹3.46 billion. The export order booking contributed to 66% of our overall order booking in Q3, and this includes repeat orders as well as new orders from new geographies as well as new applications.

Order booking continues to reflect good demand in the renewable energy space, particularly from waste-to-energy segment as well as biomass-based energy generation segments. We are hopeful and confident of a rebound in the domestic order booking. Our enquiry book from the domestic order booking as of the nine-month period is higher by 75% as of the previous period in the corresponding period last year, which seems to although very well, we were hopeful that this may have translated to an increased order booking in the domestic market in Q3, but this was obviously not the case. While we cannot directly drive demand for orders of our product, we are confident that of the underlying nature of some of the systems of the industries in which our clients participate that this demand will ultimately come through.

As far as order booking for the nine month period for the Company is concerned, we achieved an order booking of ₹17.3 billion as opposed to an order booking of ₹14.4 billion in the same period of FY 24, which is an increase of 20%, and domestic order booking has seen a decline of 3% to ₹6.6 billion, while export order booking has increased by 41% to ₹10.7 billion, and now constitutes 62% of the overall order booking in the nine month period.

As far as the segments go, the Product order booking has increased by 6% YoY in the third quarter, and was up to ₹4 billion, and the Product segment turnover was at ₹3.3 billion during the quarter, an increase of 14%. In the nine-month period, the Product order booking has increased by 30% to ₹12.8 billion, and the Product segment turnover was at ₹9.7 billion, which was a 21% increase of the previous year.

The Aftermarket segment, which is a segment which constitutes not only our own spares and services, but also our refurbishment business, which caters to third party, has registered an order booking of ₹1.3 billion in the third quarter, a decline of 17% when compared to the corresponding period to previous year. Though, the Aftermarket turnover was a record ₹1.8 billion during the quarter, up 22% YoY.

The order booking in the Aftermarket segment is something that we're very confident of on a YoY basis to continue our growth in this segment to move from what may be slightly lower value-added segments such as overhaul to higher value-added and higher margin segments. We are confident that the Aftermarket will represent a strong growth segment for the Company in the quarters and the years ahead.

The outstanding total order booking position and at ₹18.2 billion as of the 31st of December 2024, which is 15% higher than the previous year, and the domestic outstanding order book stands at ₹6.4 billion, which is lower by 22% as compared to the previous year, while export outstanding order book stood at ₹11.8 billion which is a 55% increase YoY and contributes 65% to the closing order book.

As far as technology and R&D growth, the Company continues to focus on improving and expanding its research and development efforts. Our efforts in terms of expenditure on this will increase, as I've spoken about in the previous quarters. We will continue to invest not only in the manpower that is necessary to expand our efforts into technology and R&D, but also capital investment, which will be required to adequately test and ensure that we are reaching the pinnacle of what these investments can achieve.

As was reported about a week ago, we are pleased to report that in January 2025, the Company received a notice of award to set up 160 mega-watt-hour long duration energy storage system (LDES) at NTPC's Kudgi Supercritical Thermal Power Plant premises. The greenfield development will be undertaken by Triveni Turbines for a consideration of approximately ₹2.9 billion. The scope of the work involves design, engineering, fabrication, erection, commissioning and testing for setting up of this CO₂-based energy storage system.

In this long-duration energy storage, CO₂ gas undergoes a thermodynamic transformation in a closed loop to store energy. This system enables storage and dispatch of variable renewable energy power to stabilise the grid. This development showcases the collaborative efforts of the Company prioritising local innovation and manufacturing to support this initiative. While an engineered-to-order sub-critical CO₂ turbine used to power this ESS is indigenously developed and manufactured by Triveni Turbines, other storage system components will also be largely manufactured and sourced from India.

In response to the growing demand for higher efficiencies and sustainable power generation, the Company also pursuing a robust R&D program in allied carbon dioxide based systems, which include both supercritical as well as transcritical products, but also continuing to invest in our steam cycle for not only enhancing the efficiencies of our blade paths, but also enabling a reduction in costs so that we can cater to a wider variety of applications, while reducing our costs into those markets. This will include not only modularisation of our engineering platforms, but also a variety of efforts on our supply chain base, including vendors and subcontractors.

We are deeply committed to integrating digital technologies as well and hope to come out with discrete and concrete digital services as revenue streams in the near future. Our people strategy is a centre of the Company, as you would have seen from our low asset base. And recognising this, our teams and skills are pivotal in driving innovation and sustaining growth. We invest in continuous training and capacity building initiatives that empower our workforce to expand our collective capabilities, ensuring that we are well equipped to navigate the rapidly changing market landscape.

Furthermore, we have maintained a competitive edge through global collaborations with leading experts, renowned universities and design houses, leveraging these partnerships to amplify our research efforts and fuel sustainable long-term growth for all stakeholders. The Company's people strategy is a cornerstone of its success and meticulously aligned with its overarching business strategy. This is a driving force behind the ability to innovate and adapt as well as deliver exceptional value to our customers and stakeholders.

As for the outlook of the business goes, we expect to maintain a robust business performance in the medium term, not only for this year, but for the coming years. Our enquiry book and order book gives us very good visibility for the coming couple of years, and we are extremely confident that with our new product introductions, which not only expand our order booking scope, we have greater visibility to weather the cyclicity of not only geographic order placements,

which is between the domestic and international markets, but specifically on alternate applications, which would vary from industrial process cogeneration and industrial capacity expansion to renewable energy power generations on the steam cycle as well as those now from the carbon dioxide side as well.

The Aftermarket business also shows a very promising growth aspect, and we are extremely bullish on this market segment for both our own products in terms of providing upgrades and providing greater value to our customers, but more so from third-party applications that we would have both in international as well as domestic markets. The Company operates in the industrial heat and power market, which is a market segment for efficiency purposes, is necessarily driven by a decentralised generation platform.

The Company is adequately and very well placed to be able to deliver these solutions to our clients regardless of what may happen in the decarbonisation efforts. We are agnostic to the fuel that may be used to generate heat, but we are adequately and supremely placed to be able to capture that heat and use it to the best extent possible for our clients. And we believe that this is the focus of the Company going forward to be able to de-risk the Company from macro trends in decarbonisation, but to actually use that to an advantage, to propel further innovation in new products and services to be able to cater to our customers' requirements, while keeping in mind macro trends.

So with that, I would like to open the floor to question-and-answers. Over to you, moderator.

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Ravi Swaminathan from Avendus Spark. Please go ahead.

Ravi Swaminathan:

Hi, thanks for taking my question and congrats on a good set of numbers. My first question is with respect to the CO₂-based energy storage system. What is the size of the addressable market in the country? What is the Total Addressable Market (TAM) that Triveni Turbines would be looking at over the next 2-3 years? And how are these projects different from the core business that we entered into? And what kind of profitability should we think about these orders?

Nikhil Sawhney:

Ravi, this is a new product and I was talking about our current project and our scope of the project here, which is to provide 160-MW hours of battery storage capacity to NTPC. The fluid, which will be used for the battery storage will be carbon dioxide, and we would be working on this project through our collaboration partner, which is Energy Dome, this is for a long duration perspective.

To give you an idea of TAM, I think that is a calculation that you may wish to calculate and reverse yourself. Our scope here is to provide a solution for battery storage, where not only is the subcritical carbon dioxide turbine, a critical component but so would other off-the-shelf components such as compressor and heat exchangers be part of the scope. The civil work as part of the entire scope is not going to be more than 10% or 12% of the entire project.

So it does very squarely fit in the electromechanical balance of plant-cum-rotating throughput space, which is what we already provide. We will have to go through this project to actually sense our capabilities to be able to execute projects like this. As you know, this fits very squarely within the scope of the Company to be able to deliver solutions to clients, not only is the team adequately prepared but so is our subcontractor and vendor base prepared.

We will, of course be working very closely with NTPC on this to see that this is a successful project so that this can be scaled. Having said that, in terms of our projection that we've been talking about with you as investors and analysts, this really has not been taken as part of projections. So what we believe is that this provides another an alternate revenue stream, which we will provide greater visibility on in the quarters to come. But we think that this can provide a very stable and growing, very rapidly growing market for Triveni Turbines to be able to utilise not only its manufacturing, but also its entire supply chain base.

Ravi Swaminathan:

Thanks. And by how much time will this be project executed? And in this particular project, what is the time period of execution and the profitability also given the fact that some of them would be outsourced component and there will be civil orders which are there.

Nikhil Sawhney:

No, you're right. The fact is that this is not an immensely profitable order as this has been taken in the short term. We hope to be able to value engineer as we do go about executing this project. But we're confident that in the overall sense of the Company continuing to perform with newer product segments such as this project, it will not be dilutive to the Company's earnings as we forecasted. Because much like in this current year, we've taken a hit in terms of incubating our U.S. operations which is still perfectly absorbed, as you've seen our margins have expanded despite the fact that we're taking incubation costs, these will all get normalised over time.

What we can assume over a period of time is that we would earn normal domestic margins on this product going forward. Ultimately, the point is how much cost can we rationalise out of the system. Again, it's a little premature for us to talk about it right now. I think that this order has come in within Q4. Let us wait for the end of this quarter, we'll have more to disclose at that point in time. But what I would like to say is that this provides another avenue for us to expand and grow our solutions and products.

Ravi Swaminathan:

Got it. And my second question, domestic order inflow kind of was on the softer side this quarter and commentary from not only, I mean, from other capital goods companies also have been relatively on the softer side in terms of order inflow over the past 1-2 quarters. Are you seeing any kind of weakness in the domestic market? If so, what sectors are you seeing weakness? Which sectors are still doing fine, if you can give you a commentary on that? That will be helpful.

Nikhil Sawhney:

Thank you, Ravi. I'm going to ask S.N. Prasad, our CEO, to give you a little idea as to what he's seeing on the enquiry side as well as specifically on the order booking, I mean enquiry generation that is happening in the domestic market. Prasad, can you just give some idea?

S. N. Prasad:

So the enquiry generation wise, Q3 is a quite interesting quarter for us. We have seen a good traction in enquiry pipeline. In Q3 alone in the domestic side, we saw around 59% YoY growth on the enquiry pipeline, whereas YTD growth is something like around 75%. So enquiry pipeline-wise, compared to muted Q1, Q2, Q3 is a very, very interesting quarter.

When it comes to order booking, Q1, Q2, was a lull period. Even in Q3, we started seeing some sort of finalisation momentum, but we are optimistic in Q4 as on today, things are looking more progressive. Coming to the sector wise, what we are seeing is in Q3, Process Cogeneration there's a good traction in terms of enquiry pipeline as well as order finalisation.

Enquiry pipeline-wise, we started seeing Steel segment is picking up on the enquiry pipeline. Cement also, we started seeing enquiry pipeline picking up, also Oil & Gas. In orders wise, we are seeing some distillery orders getting

finalised. Otherwise, it is a mixed bag for domestic. Enquiry pipeline is strong, order booking hopeful, Q4 and coming quarters will go back to the normal momentum.

Ravi Swaminathan: Thanks a lot, sir. Yeah, that's my questions.

Moderator: Thank you very much. We have the next question from the line of Amit Anwani from PL Capital. Please go ahead.

Amit Anwani: Hi, thank you for taking my questions. And congratulations for the good numbers. My first question is on exports. You highlighted that there were a few geographies where you got incremental or the new revenue this quarter. That we would like to understand what categories of product and which markets? And second, what is the impact of current geopolitical situations, which are changing the tariff wars on each of your markets, if possible, for you to highlight, is it a negative/positive impact anywhere of this?

Nikhil Sawhney: Firstly, unfortunately, we don't break up our export markets, both in terms of products or applications that we get. But I will say something that our typical customer profile from the export market is more on the renewable side. This includes conventional renewable as well as new renewable applications, which could be anywhere from geothermal to small modular reactors coming down to biomass and other waste applications. In terms of geopolitics, in fact, as you know, we have installation in the United States.

And what we found is that some customers ask you for greater degree of localisation. But we have the capacity to be able to localise. And so very frankly, the way that we see it from a geopolitical perspective in terms of customer asking for local sourcing, we are perfectly capable to do that. As far as the supply chain base goes, we have a largely indigenous supply chain base. We're quite agnostic to any tariffs that may be put with neighbouring countries, etc. So, at this point in time, we feel that we're quite agnostic to the disruption and volatility that may happen both on the climate change side because very frankly, we're seeing very good demand coming from Process Cogeneration and the Oil & Gas market as well.

At the same time, we do have new product introductions, which do cater to future demand for energy and future energy. So at this point, we are reasonably diversified not only geographically but also product-wise and application wise to be able to, what I would say, sustain a level of growth that we've shown in the last several years, and that is our aim. Our aim is to be able to diversify enough to be able to sustain the growth because there is going to be a time of volatility in individual markets and individual market segments and applications.

Amit Anwani: Sure. So which with the new markets, export markets this quarter, you highlighted in your opening remarks?

Nikhil Sawhney: So like I said, we don't talk about specific markets.

Amit Anwani: Next on the U.S., possible for you to highlight what is now the total investment or expense there? And in the first leg which kind of client is possible for you to name or which kind of capacity?

Nikhil Sawhney: You're asking for very micro details. So unfortunately, I'm not going to be able to answer that. You can take it offline with our Investor Relations to the extent that we are able to share. But the U.S. is a key market for us. And it's good that you bring this up. This is a market that is an investment market for us at this time being. Like I said in the previous call that we would be incurring a loss in this market in excess of about ₹20 crore (₹200 million), which is fully factored into

not only the nine-month results, but will be into the full-year results. But having said that, the full-year results will show tremendous growth over FY 24, both on top line, bottom line margins.

And we're quite confident to be able to sustain that into the coming quarters. The business of course, reflects the order booking that the Company has. The Company has had greater order booking in the Aftermarket as well as export segments, which is better from a margin perspective. And when we look at the U.S. operations coming into FY 26, we're very optimistic based on not only the enquiry generation the order flow that we've had within Q4 of this current year and the traction that we'll have towards the latter half of the quarter. And the applications would be wide. It varies from not only Oil & Gas but to Process Cogeneration, as I said, as well as into new markets, into new renewable energy market applications.

Amit Anwani: Lastly, on API turbine, any sense you would like to give on the enquiry pipeline in domestic and export markets and revenue contribution?

Nikhil Sawhney: No. I think you're asking very micro questions, which we typically do not give answers to.

Amit Anwani: No worries. Thank you so much. Thanks.

Moderator: Thank you. The next question is from the line of Harshit Patel from Equirius Securities. Please go ahead.

Harshit Patel: Thank you very much for the opportunity. Firstly, on the CO₂-based system, the order that we have received, as you have mentioned, we will do the engineer-to-order turbine, heat exchangers as well as the CO₂ compressor even the civil work will be our domain. Then what exactly will be done by our technology partner? So if you can just bifurcate the scope between them and us, that will be very helpful.

Nikhil Sawhney: Unfortunately, when we are ready to disclose those factors, we'll do that towards the end of the quarter. But having said that, this is a collaboration to ultimately come out with a system which provides an alternate to lithium ion as not only short-duration but long duration energy storage. The partnership and the scope of work and split of that is something that's commensurate with the value that is being brought into a project. The details of the split exactly is something that is difficult for us to disclose at this point in time directly because we have not informed it to the exchanges.

And once we're able to do that, we'll be able to speak to all of you about it. But I would expect for you to get more information in our Q4 call and maybe prior to that. Having said that, the ambition here, as I've said is to diversify our product range to have a new product to apply. Again, the ambition is to have a cost level which reaches parity with what lithium ion is currently providing so that it will provide value to our customers at the end of the day. The indigenous supply chain base is something that we are quite keen on being able to develop. And ultimately, and lastly, is that this is something that we want to be able to make a mainstay as an offering of the Company in the coming years.

Harshit Patel: Understood. Sure. Just a small follow-up to that. This ₹290 crore (₹2.9 billion), that is entirely our share from our order booking perspective?

Nikhil Sawhney: Yes, yes.

Harshit Patel: My second question is on the Aftermarket

Nikhil Sawhney: So, ₹290 crore (₹2.9 billion) is the value of the entire contract, which is for 160-MW hour CO₂-based long-duration energy storage project, which includes end-to-end responsibility for not only order placement, but synchronisation to the customer's requirement.

Harshit Patel: Understood. But this ₹290 crore (₹2.9 billion) entirely flows to our order book. Would that be right understanding?

Nikhil Sawhney: Yes.

Harshit Patel: My second question is on the Aftermarket and you have highlighted quite a lot of efforts that you have made in the past few years, including the expansion into South Africa, into North America, expanding our offerings towards refurbishment and other large-scale turbines as well. And despite all these efforts, the overall orders have not increased much in the first nine months of FY 25. So could you highlight some end-user industry pockets, geographies or product categories where there has been a slowness?

Nikhil Sawhney: Firstly, when you talk about the South African market, the largest order that we had from there as it was from the SADC region where we were providing service offerings to utility customers. And what you would have noticed and I think that the Company can take some credit for this, is that in the entire region, the quantum of brownouts and blackouts that they've had have considerably reduced, which obviously lowers the quantum of orders for us, but the testimony is that the value that we are providing our customer. While the quantum of orders may have come down, the value addition within the orders has gone up, which means that now we're providing further value addition to our customers in terms of being able to do more parts business with them.

But I'll ask Mr. Sachin Parab to speak a little bit about the order booking situation in both these markets, Sachin?

Sachin Parab: Good evening. In South Africa, as our Vice Chairman mentioned, our performance in the outages and running maintenance contract with the large power utility has been really appreciated by the local economy. The outages have significantly reduced and we have more than 200 days of no outage, and we are happy to take credit for that.

Although the quantum of order book has gone down in FY 25, but the mix of business that we are doing is much more value added, and we are getting better margins from that market. That is as far as South Africa is concerned. In the United States, our enquiry book is growing, and we are seeing that there is better awareness for our offerings in the U.S. market, and we are getting more enquiries. Although the revenues have not yet started flowing in to the extent, we would like them to, but definitely the enquiry pipeline gives us the confidence of good order booking in the coming quarters. Thank you.

Harshit Patel: Understood. Thank you very much for taking my questions and all the very best.

Nikhil Sawhney: Thank you.

Moderator: Thank you. The next question is from the line of Mahesh Bendre from LIC Mutual Fund. Please go ahead.

Mahesh Bendre: Hi, my questions have been answered. Thank you so much.

Nikhil Sawhney: Thank you.

Moderator: Thank you. We have the next question from the line of Amit Mahawar from UBS. Please go ahead.

Amit Mahawar: Thank you. Hi, Nikhil, congratulations on great results. I have two quick questions and maybe Sachin and Prasad can chip in and help. If I compare your entry and expansion in the SADC region where in less than five years, that became more than 10% of our total business. How is the experience and market dynamics different in the North American market, considering that a much bigger installed base and a huge consolidation-oriented aftersales market? So if somebody can help us compare the two markets for us. That's first question.

Nikhil Sawhney: It's a very good question, because it's a learning for the Company in terms of being able to operate industrial activity and infrastructure in different geographies. As you rightly put it, the South African market is even less than the requirement of one state in the U.S. It's a much, much, much smaller market. Also the problems that exist in terms of the capital stock in South African in the SADC region is significantly less in terms of potential that exists, and even capital. So when we set up capacity in both in South Africa as well as in the U.S. now, we look at it in three forms. One is for it to be able to drive serviceability of our current turbines in the region to generate further value addition in terms of spares and service. Secondly, and this is a more immediate result is to be able to generate a refurbishment requirement from capital assets that actually exist and sit out there in the market. And thirdly, to be closer to customers, which allow for greater confidence to be able to place orders for us on the Product segment.

Now this is actually, all three have been validated well in our expansion to the SADC market. And our current reading of the U.S. market is similar, except the real difference in the U.S. market and South African market is a degree of bureaucracy in terms of permits and the way that business is conducted in the two geographies. The U.S. is similar to, and possibly even maybe a little bit more bureaucratic than Europe is in terms of permits. But I believe that we are well on our way to be able to secure all of those that are required, not only in terms of credentials and capacities are required to be able to quote to customers and to be able to visit a customer and provide them with the services necessary. So that's one.

Number two is, actually, the U.S. has turned out to be quite a dynamic market for new product offerings. Again, like I ended my opening observations, which was to say that we provide industrial heat and power and renewable power-based solutions. And what we're finding in the U.S. is that being extremely entrepreneurial and innovative in the applications of new industrial heat and power. And we've had some extremely breakthrough orders in Q4 for applications which are very novel. And I think we'll be able to disclose that during the course of our next conference call, but the market is much more dynamic.

The learnings are that, of course, we need to put capabilities in place in the U.S., because customers are much more demanding. It is a more competitive market in terms of third-party offer us as well as Original Equipment Manufacturers (OEMs), while the South African market isn't. So it's a little bit slower in terms of being able to gain market share while what we were able to do in the South African market. But maybe, Sachin, you could provide a little bit more clarity, and then Prasad, you could also add on to what I've said.

Sachin Parab: The U.S. market, needless to say, is extremely large as we're just making a beginning, we are learning about this market, but the initial signs are very, very encouraging. Whatever Vice Chairman mentioned in terms of being a little bit bureaucratic is more do the certifications that we have to take for us before we actually start offering our services. So these are some of the reasons why there

is a delay in terms of building up the order book. But this is definitely a capability building for us. And as we gear up for the future, I think we are well placed to take, even if it's a small pie of the large market, it would be significantly bigger than the business that we are doing in the U.S.

Besides having our own workshop facility gives the confidence to our customers for new products that these are players are there for the long term, well entrenched, getting well entrenched to the market, and there to support them 24 hours. That's the philosophy of service and our key differentiators that we have been offering in the Indian market that we are taking also during participation.

Amit Mahawar:

Thank you Sachin. And second and last question, Nikhil, if I see the run rate and the state we talk about numbers, the 9M this year run rate product is a sorted thing. We have a large contract we report in Q4, which we already announced of our NTPC. Services seems to be a flat number after a very strong momentum in last 2-3 years as we entered global markets. Our market share might still be less than 6-7% globally on services. And please correct me if I'm wrong. Is FY 26-27 is the year of inflection again for services, particularly on the new market, be it U.S., North America or SADC? Or do you think slightly early in my comment, that FY 26-27 might not be an inflection year and, again, Prasad and Sachin can chip in and help. Thanks.

Nikhil Sawhney:

Yeah. Firstly, actually, the Aftermarket is a very big growth segment for us, including this current year. While we don't break down our contribution in the Aftermarket coming from the SADC order, that because it's come down in value because it was lower margin as well is impacting overall order booking. But having said that, the Aftermarket segment is a growth segment for us. It will grow faster than our product growth segments. And so, we're actually very bullish on that market.

Prasad, do you want to provide a little bit of clarity to Amit about how you're viewing Aftermarket to the full segment, including refurbishment.

S.N. Prasad:

Yeah. Aftermarket wise, what we are seeing as our Vice Chairman mentioned and Sachin also mentioned. We have seen now the traction, the enquiry pipeline basically for our refurbishment, the enquiry pipeline has increased to a considerable amount. For new geographies also, new service offerings, what we are proposing to the customers and what we are seeing is, Aftermarket today, whatever the market we had, it is a small miniscule percentage of the overall market. But Aftermarket country-wise, region-wise has its own challenges. As Sachin mentioned that as we are building the capabilities to going forward, the pipeline is strong. We'll be able to do much, much better than what we are anticipating as on today.

Nikhil Sawhney:

But, Amit, you said that we may have a 6% odd market share in our reading of the market in terms of which includes both parts and services, for the entire steam market, forget about the fact that in our refurbishment we cater to other rotating equipments as well would definitely not be 5% or 6%. In my opinion, it would be anywhere between 0.5% to 1%.

Amit Mahawar:

Okay. That's very helpful, Nikhil. Can I just add one question, a bookkeeping one, if you allow?

Nikhil Sawhney:

Yes, please.

Amit Mahawar:

What is the plan for hiring for service network people in 2025 and 2026, especially outside India? Thank you.

Nikhil Sawhney: Yeah. You bring up a good question. So our entire workforce now has grown by, I would say about 100% over the course of the last 3-4 years. And we continue to be a growth company. We want to be the preferred employer for technical staff coming out of top-rung engineering schools for our R&D and engineering applications, but equally so from the service side that we need people to be able to be flexible to have the right attitude.

In servicing, it's a question of having the right attitude to be customer oriented, to be able to work with the customer, not only on our product but to be able to solve his problem. And so we are always in the lookout for the most able and capable service engineers and our demand for service engineers is unlimited.

Amit Mahawar: Okay. But will we add like is there a number you can throw to us?

Nikhil Sawhney: Like I said, the demand is unlimited. So the fact is the issue is really finding capable and competent service engineers who can cater to our requirements, and obviously, within the price points that work for us. Actually, the number of service engineers that we may wish to employ over the next several years will be in the 100s.

Amit Mahawar: Okay. Sure. Thank you, Nikhil, and good luck to the team.

Nikhil Sawhney: Thank you.

Moderator: Thank you. We have the next question from the line of Prolin B. Nandu from Edelweiss Public Alternatives. Please go ahead.

Prolin Nandu: Yeah, hi, Nikhil. Thank you for taking my question. Two questions from my side, right. One is on this overall transition towards sustainable energy, right, given whatever we hear on macro and some of the energy prices also easing out in one of your key markets of Europe, right? Are you seeing any reduction in focus for some of the alternate channels to generate energy like waste-to-heat, waste-to-energy, biomass? Is that what you are sensing? And is that something which is impacting your order book or enquiry?

Nikhil Sawhney: Actually no. Because in the segment of steam and steam-based renewable, largely, when you look at renewables team-based power projects, the constraint is the availability of the waste. It could be waste heat, it could be waste biomass, it could be waste municipal waste variety. And so as long as that waste exists and can be accumulated, it actually always makes economic sense to do so, regardless of the orientation and exposure towards decarbonisation. And I'll give you an example of this.

For example, in municipal waste exists, it has other externalities in terms of for a municipality to be do not process that waste. And similarly, on waste heat, if you have waste heat with the current cost of capital being high and energy prices being high, it makes economic sense for people to utilise that waste heat to generate power. So as long as the waste exists and can be accumulated, it actually makes sense for you to go about doing it. And so we're not really seeing a decline in it. We're not seeing a huge spurt in it either.

What we have seen is, and what we've maintained over the course of the last couple of years is the growth in the API market, which is now forming quite a mainstay of our order booking. We believe that Oil & Gas investments, both on efficiency as well as capacity expansions are here to stay. But this has been a long journey for the Company to be able to provide solutions here, but it doesn't take away our focus from being able to provide renewable energy-based solutions either. So we're a solution-based company which provides industrial heat and power and renewable energy offerings.

So, in general, the markets are a little choppy in terms of where the demand is coming from geographically, but also in terms of applications, but we think normalised over the course of the year in the next couple of years, renewable energy will continue to maintain a strong majority of our order booking because of the fact that economics rather than subsidies.

Prolin Nandu:

Sure. That's very encouraging to hear. The second and the last question would be, again, if I look at 3-4 years, right, we have made significant progress in new products or new solutions that we offer, right? It may be 30 to 100-MW category or API. Now we are talking about also CO2. So, let's say, if we think about next couple of years, which is FY 26 and FY 27, would these be years to ramp up some of the white space, which we have built or you see enough opportunity to enter some of the white spaces beyond something which you have already announced, right, or you have already ventured into? How should one think about the next 2 years from this opportunity perspective?

Nikhil Sawhney:

Some of these are mature markets and some are not mature markets. For example, 30 to 100 MWs is a mature market, CO2 turbines is not a mature market. And so there's different approaches to those because there is no consistent demand in certain segments, unless you're able to prove your value proposition. We are a little bit more cautious to be able to prove our value proposition before customers, before we can actually say that it is a distinct market segment in which we wish to spend a lot of time and money on. We're confident on the engineering and the economics what it points to. But ultimately, as you would know, in the industrial space, branding only happens when you're able to show successful installations. So that is the way that we look at it.

Now as far as the different market segments for Triveni Turbines go, we believe that the next several years will be quite volatile. And given that, we believe that the diversification that we have, not only in terms of small turbines, Process Cogeneration turbines as well as renewable energy-based turbines, larger 30-MW plus turbines, API-based turbines and growth from our Aftermarket will only aid the diversification that we have in our CO2. So even if we leave the CO2 out for the time being, we see enough growth within our diversification of our historic markets to be able to sustain the growth.

As an industrial company, what we are most cautious of is to be able to have trouble-free installations for our customers. And the growth has to be moderated to the extent that you're able to execute and execute successfully. And we believe that the growth rate that we've exhibited in the last several years is the type of ambition that we should maintain going forward with our current product profile because that is something that we're confident that we'd be able to achieve customer satisfaction on. And that is what's most important is to be able to sustain the growth rather than for us to have any failures.

Prolin Nandu:

Great. Thank you so much for answering that question and all the very best.

Nikhil Sawhney:

Thank you.

Moderator:

Thank you. The next question is from the line of Bimal Sampat, an Individual Investor. Please go ahead.

Bimal Sampat:

Yeah, good evening management team. 2 questions. One is now with the U.S., we have some six months, one year experience. And also, this new segment of CO2 coming up. I mean capex earlier, we used to have very less about ₹30 crore, ₹40 crore per year. Now will our capex go up? What is this?

Nikhil Sawhney: Yes. Yes. Actually, that's a very good question. In fact, given the expansion that we've had in our order booking, what we forecast in terms of the capacity that we have in terms of assembly and manufacturing in Bangalore, will need to be augmented. I'll ask Sachin Parab to speak a little bit about what that would mean in terms of an additional bay. But you already have an idea of the costing of what we've done in terms of previous expansion. But we will be investing, as I said further on more R&D infrastructure. There are 2 components to R&D expenditure. One is operating expenditure for people and software and other continuing expenditures. But the other is capital investment that is required for testing infrastructure, which we believe does not exist in any meaningful manner in India. And we think that for us to go forward, we need to indigenise these capabilities. And so not only would we have capex in terms of capacity expansion, but also for this R&D expenditure over and above what we've already spent for the U.S. operations. And I believe that we provide more clarity, but it would be more than our historic ₹30 - ₹40 crore of capex, but it is well within a range of somewhere in the region of, I would say, ₹120 - ₹150 crore over the next couple of years.

Sachin Parab: Just to add to our Vice Chairman's point, we are expanding our modern facilities with an additional bay, we should be setting up test beds for R&D and for testing of our new product range. Besides, we are increasing our expenditure on R&D both in terms of manpower and the software and of course, the physical infrastructure also to cater to the increased volume of our business. Thank you.

Bimal Sampat: We had 4 bays which were operational in Sompura, and we had placed for another I think 2-3 bays. So are we going to activate those new 2-3 bays?

Nikhil Sawhney: One more bay will come up now.

Bimal Sampat: Okay. And we are looking to add land because for future expansion?

Nikhil Sawhney: No, no, no. We don't need land. We had some expenditure to change our current land in Sompura to freehold. That's already been part of our capex for the year.

Bimal Sampat: Okay. And last is with this exchange rate depreciation, how are we effective positively or there is something.

Nikhil Sawhney: No, it is positive. There have been some mark-to-market gains already in this quarter. We run a hedging policy, which is pretty much hedged. Given the fact that we have more exports to the present share turnover, which are dollar based, the Company will only benefit going forward because there's been a rapid depreciation of the rupee. But the fact is that those will all come as benefits going forward. We're quite confident of our hedging policy of the way that we sit right now. And on a QoQ basis, on a mark-to-market there may be adjustments because we've done a pretty much hedged book. But if you look at it on a year-to-year basis, it will add to income only for the Company and other income.

Bimal Sampat: All right, thank you.

Nikhil Sawhney: Thank you very much.

Moderator: Thank you. The next question is from the line of Chirag Muchhala from Centrum Broking. Please go ahead.

Chirag Muchhala: Yes, thank you for this opportunity. So first question is on domestic market. What would be the domestic market size in MW terms currently? And also, some colour on the competitive intensity. Considering that we have really broad-based our products and offerings in international markets, both for aftermarket and turbines. I mean, are we letting off some less profitable orders in domestic

market? What is your current market share in domestic market, if you can expand that a bit?

Nikhil Sawhney:

Our current market share in the domestic market would be somewhere around 50%. That's where we've typically maintained it for the nine months period, which would be somewhere there only. Certain market segment, but you're right, because the entire market has come down in terms of required demand. And in fact, we've seen a degrowth in the market for the nine-months period from the previous year. the competitive intensity has gone up. And what happens with that competitive intensity is typically with the largest player in the global market as well, there is a very healthy competition, very intense competition, as you would understand.

We believe that pricing really isn't the best way to compete. Very frankly, when it comes to price competition, we may back off at times because there are other attributes that are value additive to a customer, be it in terms of services or the other peripheral investments that he makes. So, competition based on price is really not what we think is the best competition. The market, like I said has come down. And as Prasad has pointed out and given the fact that we've seen quite a robust enquiry book growth that we think Q4 may be better.

But having said that, the general sentiment, as I'm seeing right now from the budget, etc, it doesn't mean that we're suddenly going to go back to a growth rate, which is going to be rapid. You have to keep in mind that Q4 of last year of FY 24 was a weak quarter. It is a weak quarter, given the fact that elections are just around the corner. So even if there's a rapid growth in Q4 of this year, you really do need to look like a full-year to full-year rather than look at Q4 to Q4. So I just caution you on that before you think that there is a rapid growth in the domestic market?

Chirag Muchhala:

Correct. So thanks for that. And is it possible to give in MW terms either for 0 to 30 or 0 to 100, whatever you see fit?

Nikhil Sawhney:

No, I don't have that with me right now, but I think you could take that offline and get that from our Investor Relations contact.

Chirag Muchhala:

Sure. And the second is on this your CO2 turbine order that we received from NTPC. So, if I recall correctly, in last quarter also, you had mentioned that you also had a 20-MW order from Italy, if I'm not wrong. So that is correct?

Nikhil Sawhney:

Same configuration. Same configuration.

Chirag Muchhala:

So, was that also equally large a three-digit order?

Nikhil Sawhney:

No, that was only for the turbine. And so this includes the turbine plus all peripherals and other value add. We think that there's a lot more to be done when you provide a solution to a client. Now we have to be able to execute this along with our partners, and to come up with a coherent value proposition. Again, as you would understand that the real value proposition for long-duration energy storage v/s pump hydro and certain flow batteries as well as lithium ion. And unless we can achieve a cost parity for a customer here to be able for him to have confidence, these will be niche products. The point here is to be able to rationalise cost so that it can become a mainstream product and not niche.

Chirag Muchhala:

Correct. What would be the CO2 turbine product itself in the entire, I mean, product?

Nikhil Sawhney:

I think we don't give that breakup in terms of value, but sufficed to say that it is technically a very meaningful component to the entire scheme.

Chirag Muchhala: Okay. And last question on the topic. I understand that this is globally also still in developmental phase with very, very limited companies having the CO2 turbines. How should we look at it in the sense that a couple of initial orders that we have received since this is in developmental phase, so once over an 18-month period, we execute it and then the performance is tested. And then should we expect a meaningful orders or decisions to be made in terms of ramp-up of this field.

Nikhil Sawhney: Yes, let's have this conversation next quarter. The reason is a couple of things. One is that we would have greater confidence in the performance of our own turbine, which like you said, we exported to Italy. And that performance will be known as well as the fact that we have greater clarity in terms of where this would go in terms of conversations that we're having with different market participants.

Right now, what I can say is that we were compelled in a sense of disclosures to the exchanges because of the meaningful nature as a material transaction. But I would be happier to have had this discussion at the end of Q4, where we will be able to provide greater clarity on the thought behind this market for us. But suffice to say that this provides another avenue for diversification to be able to sustain growth. That is why I think that is the best. Is it going to become a really big game changer? I think it's a little premature for us to be able to say that. But as far as the Company goes in for this business segment to allow us to grow our top line and bottom line, I think even without this, we have a good growth path.

Chirag Muchhala: Sure. No problem. Next quarter we will discuss this more.

Nikhil Sawhney: Thank you.

Moderator: Thank you. Ladies and gentlemen, we will now take the last question which will be from the line of Shreyansh Gattani from SG Securities. Please go ahead.

Shreyansh Gattani: Hi, good evening. I just had a question just following up on the CO2 turbine. Just wanted to know what is the current cost parity v/s lithium-ion, like as we see lithium-ion capacity.

Nikhil Sawhney: Current cost is somewhere in the region about \$200,000 a MW hour. Our attempt would be to get this to somewhere in the region of about \$120,000 to \$125,000 per MW hour.

Shreyansh Gattani: Okay. \$200,000 is the ₹290 crore order that you have that's executed at that point?

Nikhil Sawhney: Yes.

Shreyansh Gattani: Okay. And so just trying to understand, in terms of lifetime v/s the lithium-ion battery.

Nikhil Sawhney: This is a 30-35-year product, so operating costs are minimal. The main thing is that it doesn't have degradation over a long duration. But I think technically as well as marketwise, we'll be able to give you more clarity later. I think the point is that this complements our entire research into the area of carbon dioxide, which we think is going to be money well spent for us in terms of not only being able to develop a subcritical carbon dioxide-based product, but also supercritical and transcritical. Those will also have successes in the coming quarters and years. which will open up newer markets and applications to us.

Triveni Turbines is quite keen to be able to deliver value, but the technology landscape is changing very rapidly and cost points are changing very rapidly. Unless we can provide the value to our customers, which happens with new offerings and newer solutions, I don't think that we'd be relevant as a company. We want to stay up the value chain, be able to provide technological solutions. Even here, I think there are two, three aspects to it. One is to be able to provide a solution for long-duration energy storage, which is a separate application by itself from battery storage. And then within that, you have to be able to provide the cost point v/s the comparative that exists. And then you have to look at the supply chain resources to be able to scale it. I think we take a lot of those boxes currently with this offering, and we're quite confident of it becoming meaningful in the medium term. I think that like I said, let us work on it a little bit more, and then we get back. But this doesn't take away our focus from the steam side. This steam is a mainstay for the Company. We think that there is enormous potential for us to not only capture market share but to expand and grow our offerings. I think that we're straddling both to newer technologies and newer product introductions along with a legacy market, which by itself is we're looking to expand markets and expand applications and also our services along with those products.

Shreyansh Gattani: Perfect. That's all from my end. Thank you.

Nikhil Sawhney: Thank you very much.

Moderator: Thank you. I would now like to hand the conference over to Mr. Nikhil Sawhney for closing comments. Over to you.

Nikhil Sawhney: Thank you very much. Thank you, ladies and gentlemen for joining our 9-month Q3 FY '25 conference call. I look forward to speaking to you again in May for our full-year FY '25 results. Again, the Company is very well poised for us to have again, another record quarter and we look forward to joining us then. Thank you.

Disclaimer: This transcript is the output of transcribing from an audio recording and has been edited for clarity, consistency with published information. Although efforts have been made to ensure a high level of accuracy, in some cases it may be incomplete or inaccurate due to inaudible passages or transcription errors. The Company takes no responsibility of such inaccuracies or errors. It is compiled as an aid to understanding the proceedings of the event but should not be treated as an authoritative record.