Triveni Turbine

Operator: Ladies and gentlemen, good day and welcome to Triveni Turbine Ltd. Q2 FY27 earnings conference call. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing star and zero 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 – CDR India: Thank you. Good day, everyone, and a warm welcome to all of you participating in this Q2 and H1 FY27 earnings conference call of Triveni Turbine Ltd. We have with us today on the call Mr. Nikhil Sawhney, Vice Chairman and Managing Director; Mr. Arun Prasad, the Chief Executive Officer; Mr. Lalit Agarwal, the Chief Financial Officer; Mr. Manikandan 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 – Head of Investor Relations and Value Creation: Thank you, Gavin. Good day, everyone, and thank you for joining us for the company's Q2 and H1 FY27 earnings call. I hope you all had a chance to review the results and the company 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 developments and the performance for this quarter. After the remarks, we will open the floor for 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 – Vice Chairman and Managing Director: 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 Ltd. As we indicated in the Q1 earnings call of this financial year, the performance in Q2 was similar to that of the first quarter and played out broadly in line with our expectations.

For the second quarter, revenue from operations stood at 4.91 billion rupees, 3% lower year-on-year, as strong domestic growth of 51.8% to 3.4 billion rupees was offset by a 46.6% decline in export revenue to 1.51 billion rupees. Exports 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 rupees, while aftermarket revenue declined to 16.7% to 1.48 billion rupees. EBITDA for the quarter was 858 million rupees at a margin of 17.5%, against 26.3% in the previous quarter of the previous year. Profit before tax was down 29.2% at 757 million rupees, at a margin of 15.4% against 24.6% in the previous year. Profit after tax was down 41.7% at 533 million rupees, 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.

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For the half year, revenue from operations grew by 6.4% and domestic sales grew by over 40%, while exports were lower by 24%. All of this, of course, ladies and gentlemen, 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 product sales and aftermarket, both of which have been lower in the current quarter as well as the half year compared with the previous year.

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

On the order-booking front, we recorded our highest-ever quarterly order booking of 7.64 billion rupees in the second quarter, as compared to 6.52 billion rupees 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. Product order booking grew by 32.5% to 6.01 billion rupees.

During the quarter, we made inroads in the combined-cycle gas-turbine segment as well as the boiler-feed-water-pump segment for thermal power plants. These are both marquee orders and place the company well for future orders in this space. I would very much like to get into the details of our visibility into newer market segments and certain geographies in the question-and-answer session after my opening remarks.

Aftermarket order booking was lower by 17.8% and contributed 21% of our order booking, while domestic order booking was marginally lower by 2.5% at 3.79 billion rupees.

For the half year as well, our order booking was up 12.2% at 13.33 billion rupees, and this is a reflection of strong international performance across the North American, European, Southeast Asian, and Turkish markets. Our export order booking grew by 51.6% to 7.52 billion rupees and accounted for 56% of our total order book, as against 42% in the half year of the previous financial year. Aftermarket order booking grew by 12.3% and maintained its 29% share in our order booking. Domestic order booking was lower by 16%.

With exports and aftermarket 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 10.5% higher than at the same point of the previous financial year, giving us confidence in growth in the coming quarters, and this stands at 24.53 billion rupees. Export order booking in the closing order book is up 30%, or 29.3%, and accounted for 59.2% of the closing order book, compared to 50% a year ago.

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

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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 between 80 and 90 million dollars. This would play out over a 4-5-year period, and we would [trails off]

Management: 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 that sort of service and parts to leading utility-turbine and 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 parts, as well as into the potential development of small gas turbines, which we will continue to do with our focus on research and development and the Brayton cycle. We will be working with our academic as well as industrial partners and hope to have a short time frame for product development, but more importantly, the services will continue to grow in the short term.

The company itself is well positioned to leverage its own capabilities both on a 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 in 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 from exports and aftermarket to billing in those quarters.

The inquiry book is lumpy. The domestic market has presented the same inquiry 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 such as electric vehicles and transportation, as well as data centers, adding to the overall requirement for electrification. The industrial requirement for power remains equally robust, with high commodity prices, which you can see not only in a rise in our material cost, but which have also led to a burgeoning of demand from these segments.

Overall, our research and development and growth of the business in terms of personnel continue to be robust. We are confident of growth in our order booking in the quarters to come, which will be evident not only on a year-on-year basis between FY26 and FY27, but the visibility that we have for order booking in FY28 also gives us confidence regarding 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, make it more diversified, and cater to

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various applications and solutions that our customers demand.

Overall, ladies and gentlemen, Q2 has been disappointing, but it was as expected from a margin 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 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 greater avenues for growth as we move forward. I would like to take some questions now, and I will bring in the management to provide more clarity around certain areas of order booking and growth, as well as revenue billing in the current quarters, as we take questions. Back to you, Moderator.

Operator: Thank you. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on the touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question comes from the line of Amit Anwani with PL Capital. Please go ahead.

Amit Anwani – PL Capital: Hi, sir. Thank you for the opportunity. My first question pertains to domestic order inflow. If we see the trend of the last 2 financial years, the number is around 1,100 crores. Even for H1, the number is around 580 crores. What are the underlying reasons for these muted numbers in the domestic flow? Could you broadly highlight which sectors are really lagging in the inquiry book for the domestic market?

Management: [pause] I am going to ask Mani to comment on the domestic market as well. What you should recognize is that we actually see growth in the domestic market, principally driven by the metal segment. It is just that our market share in that market segment has actually come down.

While you look at it on a year-on-year basis, our market share has come down, but there has been growth in the market. This is despite the lower inquiry book that may exist for the domestic segment. We are confident, given not only the number of thermal power plants that are under ordering, and therefore the requirement for boiler-feed-pump sizes, which is our market segment, but also the growth in the commodity as well as process-cogeneration segment, that demand in the domestic market is consistent. Mani, would you like to add to this on the domestic market?

Mani: [pause] Good afternoon. To address your questions, if you compare Q2 with Q1, domestic business in Q2 has in fact gone up by almost 2 times. Domestic order booking for Q2 is much higher than in Q1.

In Q1, the number was low because we found that many of these sectors, such as cement and steel, were experiencing delays in order finalization. Going forward, we see the domestic business picking up, and we do not see much cause for concern in that. Having said that, the international business has performed well compared with last year. Therefore, on a comparative basis, you are seeing domestic business lower vis-à-vis exports.

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Management: Mani, why do you not talk a little more about the entire market and how you are seeing it?

Mani: In terms of the market this year, the order-booking trend has been very good in Q2, with the highest order booking for the quarter. We also see a similar sentiment in terms of order finalization going forward in Q3 across the market, including international markets, starting with Southeast Asia.

We see good opportunities in Europe and the US. In the last 5 weeks, there has actually been a considerable amount of order booking that we have been able to achieve in the international market. We also see good numbers in the aftermarket as well as products in the domestic segment. Q3 looks very promising in terms of order booking as we build on the success of Q2.

Amit Anwani – PL Capital: Understood. You talked about some unique opportunities. One was the contract secured for gas turbines, and you also spoke about the development of small gas turbines.

First, on the gas-turbine contract, what is the size, and what are the megawatt capacities of these gas turbines? Could you provide more color on the pipeline, including which geographical markets we are going to penetrate? Second, regarding small gas turbines, what are the timelines? Have we already started working on this? What megawatt range are you going to target, and which markets? Some color on both these aspects would help.

Management: [pause] The gas-turbine development on the product side is not for power generation. It will be more for thrust applications. We will provide more clarity as we progress, but it is a multiyear product-development cycle. It is positioned [inaudible] as an OEM, which we aim to benefit from and leverage through our refurbishment business.

The refurbishment and aftermarket side is, of course, as you know, a very lucrative market and something in which we wish to participate. The current contract that we talked about is from our Middle Eastern subsidiary and in the {? SAVC ?} region with one of the largest utility providers there.

The contract itself is for parts upgrades and parts replacement, and we will do this with our European partner, who will provide us with components and technology, as well as certain knowledge and IP along the way. We are quite confident that once this segment opens up, it will allow us to cater to and provide these services to other parts of the world. We will have to wait and see how we leverage it. The size of the contract [trails off]

Management: ...as I said, is based on the total market. The total potential of this is somewhere in the region of {? 80-90 million dollars ?}, and it could play out over 4-5 years. The actual requirement will be based on when overhauls are done and the requirement is assessed. It could be in that region. The contract, as I said, is for part supply, manufacturing, and installation.

Amit Anwani – PL Capital: Understood, sir. Lastly, what should we expect in terms of growth for the full year? Will it remain in the single digits or approach double digits? Secondly, you said there would be mean reversion in margins and that only 15% of the NTPC order is left. Is it fair to assume that we are expecting any loss on this order by the time it is closed in Q4? Is it fair to assume that

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H2 margins will be upwards of 18% to 19%?

Management: [pause] We have already been accounting for losses on the NTPC order. We will have to put in claims later, but those will only be beneficial to the company. As of right now, we have taken a conservative viewpoint from an accounting perspective, and that has already been accounted for in whichever manner it applies. It is marginally loss-making.

As far as growth goes, yes, we anticipate some growth in this financial year. That is driven by our commitment to execute what we have to execute for our customers. The product mix will obviously mean that margins will be significantly healthier in H2.

When we look at it on a year-on-year basis between FY26 and FY27, we would anticipate growth in profitability. However, it would not be significant, and I have to point that out.

Amit Anwani – PL Capital: Yes. Thank you, sir. Thank you.

Operator: Thank you. A reminder to all participants: please restrict yourself to 2 questions. The next question comes from the line of Harshit Patel with Equirus Securities. Please go ahead.

Harshit Patel – Equirus Securities: Thank you very much for the opportunity, sir. My first question is on the deferment of export dispatches. I think in the Q1 FY27 earnings call, you had expected that most of these deferrals, which were due to freight-related issues, would 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?

Management: [pause] The deferments were to Q3 and Q4. I do not think I will be able to share the total quantum immediately right now. However, your inference is correct: the second half will have a much higher export contribution as a percentage of revenue than H1. Prasad, do you want to add to this?

Management {? Prasad ?}: Yes, you are right. The deferment is to Q3 because transportation-related issues are easing, as the majority of these are for customers in the Middle East. These will all be seen in Q3 and Q4.

Harshit Patel – Equirus Securities: Understood. Secondly, on our product inquiry book, I think it stood at about 18 gigawatts at the end of FY26, with domestic at about 7 gigawatts and export at about 11 gigawatts. You had also mentioned that the North American market contributes about {? 15-20% ?} of the inquiry pipeline. It would be helpful if you could share the updated numbers as of the first half of FY27.

Management: [pause] I am not fully ready to share that right now. We would have to get the details across to you. Broadly, the inquiry book is about flat. The US market has gone up quite substantially in terms of inquiry visibility, which is again split between data centers, combined-cycle operations, and other industrial applications.

What we are finding to be a very new segment in the US is novel energy-storage projects and carbon capture. I think these provide a very appropriate market for Triveni because they are more focused on electrification as well as green power, which I think is more sustainable from a demand

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perspective than short-term power generation.

However, at the same time, we have seen a decline in inquiries from the Central South American market. There has been growth in, or the Southeast Asian market has been sort of flat. Europe has also been largely flat. India has been flat on an inquiry basis as well. I think, Prasad, do you want to add anything on this question?

Management {? Prasad ?}: No. On the inquiry pipeline, especially as you mentioned, the domestic inquiry pipeline is more or less at a stable level, whereas in the international inquiry pipeline, we have started seeing good traction, more or less at the same levels that we reported earlier.

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

Harshit Patel – Equirus Securities: Understood, sir. Thank you very much for answering my questions. I will get back in the queue.

Operator: Thank you. The next question comes from the line of Chirag Muchala with Centrum Broking. Please go ahead.

Chirag Muchala – Centrum Broking: Thank you. Thanks for the opportunity. The first question is on the combined-cycle power-plant order that we received this quarter. Is it for the same data-center opportunity that we have been discussing for the last 2 quarters? From the US market, could you highlight more details? If this is our maiden order from that segment, what kind of addressable opportunity opens up for us going forward?

Management: The total market opportunity is large. There is a segment of our order book, or inquiry book, that is driven by combined-cycle opportunities. At the end of the day, we would be quoting to EPCs or boiler manufacturers, who would be the integrators for the project.

Sometimes, for simple-cycle-to-combined-cycle conversion, we would be quoting directly to the client, which is the case with this order in particular. I think this is {? 2-25 megawatt ?}—2 into 25? {? 50 megawatt ?} capacity, and on a 3-to-1 basis, that could mean that it is a {? 150 megawatt ?} gas-turbine power plant that would be in front of this steam-turbine requirement.

We think that requirement positions 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 very frankly, the gas-turbine combined-cycle market overall, as part of our inquiry book, Prasad, I do not know what you would say, but I think it would be less than 5% of the entire inquiry book.

Management {? Prasad ?}: Yes, less than 5%. But as you rightly said, this will open the door for—

Management: It opens the door. As you rightly said, we are not looking at very rapid growth in this market, I would have to say. It is a tough market to enter and will have a lot of challenges along the way. However, we think that this provides both us and our clients with confidence in our ability to execute in this space.

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Chirag Muchala – Centrum Broking: Okay. As a follow-up on this, is it from the US market? In terms of per-megawatt realization, would it be similar to what it would have been if this order had been a steam-turbine order of 2 into 25 megawatts?

Management: No, we are talking about a steam turbine; we do not make gas turbines. This would—this would—this would—

Chirag Muchala – Centrum Broking: [cut off] No, correct, sir, but since it is a combined-cycle order, I wanted to know whether the per-megawatt realization would be similar to that of a normal steam-turbine order.

Management: It is a normal steam-turbine order. There was already a pre-existing gas turbine, and the steam turbine was added; it was an add-on. It follows the average pricing that we follow in the export market, which is quite lucrative and has margins, as you can see, that are significantly higher and multiples of the domestic margins.

Chirag Muchala – Centrum Broking: Correct, sir. The second question is on the boiler-feed-water pump plus drive-turbine order that you received from the domestic market for a supercritical power plant. What would our total scope of work be? I am assuming that the drive turbine is something that we will supply, but regarding the boiler-feed-water pump, is it also a product that we have developed, or will it be outsourced from somebody? In that case, what would be Triveni's in-house manufacturing share in this order value?

Management: As you know, when we talk about a steam turbine, it is a package. When we sell a steam turbine by itself for power-generating applications, we have generators, gearboxes, lube-oil systems, and the other packages that comprise—

Management: [trails off] ...the pump manufacturer. You are very right: a boiler-feed pump essentially has 2 basic rotating pieces of equipment. One is the steam turbine, and it is coupled to a pump.

We are not a pump manufacturer, and we will not be a pump manufacturer. The package is either integrated by the EPC, or it could be packaged by the pump manufacturer, or it could be packaged by the steam-turbine manufacturer.

Therefore, depending on the order, the scope, the liability that we wish to take along with the customer, and the margin profile, we determine this on an order-by-order basis. Some orders that we have taken have been for supply of only the turbine. Some orders that we take are packaged with the pump through Triveni's purchase order. Some of them are packaged by the pump manufacturer, where we would actually send the pump to them.

The alignment and related activities are essentially what have to happen from a quality-assurance perspective for these packages. Prasad, is there anything you want to add?

Prasad: Yes. Basically, it depends on the type of order. In this case, most of the time, the customers or the EPCs may do the packaging. It is a case-to-case basis.

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Management: This is a large market. As you know, there is very strong growth in the thermal-power-generating segment in the country, and all the large utility power producers are expanding capacity quite significantly.

Mohit Surana – Monarch Networth Capital: Okay. Thank you, sir.

Operator: Thank you. As a reminder to all participants, please press star and one to ask a question. The next question comes from the line of Mohit Surana with Monarch Networth Capital. Please go ahead.

Mohit Surana – Monarch Networth Capital: 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 declined for the company, but overall the market has grown. Can you shed some light on how the competitive intensity has evolved? Are you facing pressure from domestic players, or is there some import activity in India that is also having an impact? Do you have any comments on pricing pressure, negotiation cycles, or any compromise on order profitability?

Management: [pause] Our principal competition is with the largest steam-turbine manufacturer globally, which has an Indian operation. The competitive nature has not changed; the intensity is the same as it has been.

When demand comes up in certain market segments, the market share in the historic installed base is different, and therefore the intensity varies depending on where demand comes from quarter to quarter. We think it averages out over a period of time, but it is nothing for us to be more concerned about than previously. It is the same as it has been.

We compete intensely. Pricing is much lower than in global markets, but we respect them as competitors.

Mohit Surana – Monarch Networth Capital: Understood, sir. In the presentation, you have shown that the more-than-100-megawatt segment has grown very strongly compared with the less-than-100-megawatt segment, where we are present. Is there any strategic thinking about moving up the value chain and manufacturing these larger-capacity turbines to cater to that market, which is growing much more strongly than the market we currently cater to?

Management: We have certain orders already that have been given by global OEMs for us to do certain manufacturing for them in this space. Regarding whether we actually become OEMs in the larger-megawatt space, we have not really disclosed anything as yet, and it has not been taken up by the board.

If the market opportunity remains sustained, we may do it strategically. Otherwise, we would approach it opportunistically as a one-off. In general, I think the value that Triveni Turbine provides to its customers is more distinct in the industrial and customized space.

Once you move up to utility-range turbines, they become more standardized and serve customers that have a standard set of requirements, which does not fully value your flexibility and the servicing that Triveni provides. Either way, we would have to assess and see. Right now, it is not something

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toward which we have a clear strategy.

Mohit Surana – Monarch Networth Capital: Understood, sir. Coming to your drive-turbine product, which is not captured by the McCoy report mentioned as a source in the presentation, the drive-turbine industry was expected to grow strongly, mainly from the Middle East region as well.

Now, with the early indication that the US-Russia war threat may end, do you think you are getting more inquiries from the Middle East market for our drive turbines? How are you going to accelerate growth for this product going forward?

Management: I think the Middle East, which has API requirements, would be relevant for both power and drive applications, but I will let Prasad and then Mani comment on the Middle East specifically.

Prasad: As you rightly said, in the current scenario, we anticipate that the inquiry pipeline will definitely increase in the Middle East. This is more for power generation than for drive turbines. We see power-generation inbound opportunities in the Middle East, as well as some refurbishment opportunities that we are anticipating. The inquiry pipeline will increase.

When it comes to drive turbines, India may play a larger role, basically because we are talking about the addition of 80 gigawatts and related opportunities, where we have boiler-feed-water drive-turbine opportunities. That is the situation. Mani, would you like to add some points? Mani, are you there?

Mani: Yes. In terms of drive turbines, as Mr. Prasad said, we see these thermal power plants coming up in large numbers. Therefore, we see a lot of inquiries, and we have bid to EPC companies. We expect those bids to come up for order finalization in Q4. These are relatively large orders for ultra-power plants.

For the other applications, such as pumps and compressors, we do see inquiries. The inquiry level has not gone down compared with last year. However, in the Middle East, due to the war-like situation in H1, we saw some decline, but with the war threat coming down, we hope the inquiry pipeline will increase in Q3 and Q4.

Mohit Surana – Monarch Networth Capital: Understood. Sir, I have more questions, but perhaps I will get back in the queue and ask them later.

Management: Sure. Thank you.

Operator: Thank you. The next question comes from the line of Ashlee Desai with Marcellus Investment Managers. Please go ahead.

Ashlee Desai – Marcellus Investment Managers: Thank you. Nikhil, I have one question. Could you explain how the aftermarket order-to-execution cycle works? Over the last 2-3 quarters, we have seen order inflows growing very strongly, but some of the revenues have not kept pace at the same level. What is the gap, or what is the constraint in execution?

Management: [pause] When we look at order bookings for the aftermarket segment, it consists of 3 different segments. The first is spares, which are for the company's own installed base. The

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order-delivery cycle there is, at a maximum, 3-4 months. Prasad, correct me if I am wrong.

Prasad: 3-4 months.

Management: 3-4 months is what we take for the order-to-execution cycle for spares. Servicing also takes approximately a quarter in terms of the execution cycle. That service involves the provision of physical manpower.

The third segment is refurbishment. Refurbishment is a space that, as we have pointed out, is going to grow faster for us. It is a segment with a much larger market for us to cater to, involving third-party services for rotating equipment. These could be lower-value additions, such as overhauls, or higher-value additions, such as upgrades.

Depending on the type of service that we provide in the refurbishment space, the time is significantly different. It could be anywhere between 5-6 months and 9-12 months, depending on the type of contract that you are executing within the refurbishment space.

It is very difficult to generalize because we do not provide the breakup within our aftermarket business in terms of the delivery cycle. However, let us think about whether we can provide more visibility to you, because ultimately the way we would like investors to view the company is that order booking gives you visibility of revenue.

On the product side, as we go higher in the megawatt scale, the execution cycle becomes a little more prolonged. As you would imagine, it takes more time to make a 100-megawatt turbine than it does to make a 20-megawatt turbine, and more time to make a 20-megawatt turbine than a 5-megawatt turbine.

At the same time, increasingly, on the refurbishment side, as we undertake more refurbishment with greater value addition, that delivery cycle becomes a little longer. We will have to think of some way to provide greater visibility as to how much revenue visibility our order book gives us. However, you have to recognize that as we get [trails off]

Management: ...a significant amount of spares and servicing orders annually, those will of course be booked and billed in any particular year. Maybe, Prasad, you could give an indication of how you look at booking and billing within a financial year for revenue in that financial year as well.

Prasad: As you rightly mentioned, spares and service orders mostly fall within the same financial year. However, refurbishment, based on the high-value-added solutions that we are currently offering to customers, takes approximately 3 quarters for the delivery cycle today. Going forward, for those complex projects, the delivery cycle for revenue recognition would probably be 3-4 quarters.

Management: Typically, we look at the order book this way: approximately 80% of the order book at the beginning of a financial year would be executed in that financial year. Then you have booking and billing in the first quarter for products, booking and billing for spares going up to Q3, and booking and billing for refurbishment going up to Q2. That is how we typically look at it.

Ashlee Desai - Marcellus Investment Managers: Understood. This was helpful. Thank you.

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Operator: Thank you. The next question comes from the line of Arun with Unifi Capital. Please go ahead.

Arun – Unifi Capital: Thank you for taking the question. Following up from the last quarter, you had mentioned that there were certain lower-margin orders in Q1 FY26 due to the competitive environment at that time. Because of the execution of those orders in the first quarter of this financial year, there was a drag on margins. Are these orders completely executed now? Is that drag completely gone?

Management: [pause] There was one major order, which was a very large strategic order with NTPC, at a low to negative margin. We have already tried to clarify that earlier in this call.

Apart from that, domestic orders typically tend to be within the same margin range, which is significantly lower than the export margin. Therefore, the proportion of exports and aftermarket as a percentage of sales is what drives margins for the company.

We see that reverting in H2, significantly more in Q4 than in Q3, but we are quite confident that, very frankly, the company is fine from a margin perspective. The market conditions are what they are.

There were some disruptions due to commodity-price increases that we saw in Q1, which will be normalized by the time we reach Q4 and will provide better visibility for FY28. We follow a conservative principle in accounting for warranty and other contingencies, and we have been consistent on those costs that we take. They are fine as far as the company is concerned.

We have had some tax refunds that we have not accounted for yet because we are waiting for the relevant period to expire before accounting for them in our P&L. In general, from a margin perspective, the company is all right.

There is, of course, competitive intensity in the market in which we operate. At this point, we are more focused on ensuring that we can build a larger installed base, grow our top line, and build our references in the higher-megawatt space.

Margins would also be impacted by our new product entry. We are launching our extended and advanced platforms, which will have a significantly better cost structure than our current platform. As those products are rolled out, we expect them to impact margins positively in the coming quarters.

Arun – Unifi Capital: Sure. One more thing on the US data-center order. There was an expectation that the first data-center order would come in this financial year. Do you still maintain that expectation?

Management: No, we already talked about that. We received it in Q2, in this quarter. It was a combined-cycle operation.

Arun – Unifi Capital: So that is for a data-center application?

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Management: Yes. 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. This is a combined-cycle operation, and the end user is a data center.

Arun – Unifi Capital: Perfect. Thank you very much.

Operator: Thank you. The next question comes from the line of Julie Bhasker with Ashika Institutional Equities. Please go ahead.

Julie Bhasker – Ashika Institutional Equities: Hello.

Management: Hello, Julie.

Julie Bhasker – Ashika Institutional Equities: I wanted to ask about the order-booking side. Order booking was a record this quarter. Is 7-8 billion rupees per quarter a reasonable steady-state run rate going into FY28, or did this quarter include any lumpy large orders that will not repeat?

Management: No, there were no lumpy large orders. This is regular. I think there are 2-3 factors that you have to keep in mind.

One is that the inquiry book suggests growth, and therefore we are responding to the market, while our market share remains increasingly consistent, and we participate to that extent.

We have also had certain commodity-price increases. Therefore, even though the megawatt price in the market has grown, the market price has also grown. As you look at the steady run rate, we respond to the market as demand comes up. It is difficult for me to say what to expect, but I feel that there is nothing wrong with what you are assuming.

Julie Bhasker – Ashika Institutional Equities: Okay. Another question is how 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 by going deeper into combined-cycle, {? BOP ?} type packages, or other adjacent segments? I wanted to understand your perspective.

Management: We are very much a steam-turbine company, and we will make sure that we remain consistent in delivering better value with our focus on this segment. The refurbishment and aftermarket segments can have different strategies.

At this point in time, we are a single-product company, and even our gas turbines, supercritical turbines, and other carbon-dioxide-based work are based on similar principles of turbomachinery that we manufacture. Therefore, it is consistent from a manufacturing and research-and-development perspective.

We will stay around that line. We may move a little more toward solution orientation to provide greater value to the customer and move up that value chain, as long as we do not take on more liability and become an EPC.

Our concern is that we do not want to change the nature of our balance sheet. We remain focused on trying to capture greater market share in the higher-megawatt segment, penetrate more global

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markets, and develop new applications that we can cater to.

All in all, there is ample growth for us in the medium term within the steam-turbine space before we actually have to generate a significant amount of additional revenue from new technologies that will have to emerge.

We will eventually have to find newer revenue streams, which is what we continue to discuss in relation to our development. However, it is still going to be 3-4 years before they contribute significantly to our turnover.

Julie Bhasker – Ashika Institutional Equities: Okay. Thank you very much.

Management: Thank you.

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

Mohit Surana – Monarch Networth Capital Limited: Thank you for the opportunity again. First, with respect to our top-line growth for this financial year, we have grown by roughly 6-7% on the top line in the first half. Considering that H2 will be very strong, can you give some indication of what kind of growth we can expect for the year as a whole? Also, can you give some indication of EBITDA margin for the full year and on a normalized basis? Can it return to the 20% plus level?

Management: [pause] I think we gave an indication of this earlier in the call as well. We are looking at growth for the full year FY27 over FY26. Profitability should be robust and higher than FY26 as well. This is a result of the mix of operating-income performance as well as other-income performance.

However, when we look at it on a consolidated basis, EBITDA should be roughly consistent with last year.

Prasad: 17% plus?

Management: It should be roughly around that level. NTPC would have taken a little bit of a hit on the entire base, but there are certain things that we still have to execute in Q3 and Q4, which could have a better implication for margins.

In general, yes, you would see a reversal to the higher margin level, as I have already indicated, based on our product-mix execution.

Mohit Surana – Monarch Networth Capital Limited: Right. In terms of growth for the full year, for H2 we can expect... [cut off]

Mohit Surana – Monarch Networth Capital Limited: They are at about 25% plus growth for H2?

Management: I have given you the indication; you can work it out. I have given you the indication, and I am sure you will be able to work it out.

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Mohit Surana – Monarch Networth Capital Limited: Sure. Regarding these NTPC orders, this was the first-of-its-kind order that we are executing right now. Are we getting indications of more orders going forward from NTPC for these kinds of products? I am referring to long-duration energy storage.

Management: There have been cost increases, so we have to look at the viability of solutions like this. We also need to commission it to ensure that we are able to achieve the recorded performance that we have committed to.

Therefore, it is a little early. Of course, everyone is interested in new technologies and in diversification within 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 on a lifecycle-cost basis. [pause] Needless to say, it is a little premature. Perhaps we can answer this after Q4.

Mohit Surana – Monarch Networth Capital Limited: All right, sir. Thank you. That is all from my end.

Management: Thank you.

Operator: Thank you. The next question comes from the line of Mahit Shah with Banyan Tree Advisors. Please go ahead.

Mahit Shah – Banyan Tree Advisors: Good afternoon. Thank you for the opportunity. I had a couple of questions. First, earlier on the call you mentioned that there had been a decline in our domestic market share. Could you help us understand what drove that decline? Was it mainly due to order deferment, existing competitors winning orders, or the entry of new players? Specifically, in which capacity band was the decline—within the sub-30-megawatt segment or the 30-100-megawatt segment? That was the first question.

Management: Why do you not give me all your questions, and I will answer them together?

Mahit Shah – Banyan Tree Advisors: Sure. The second question is mainly on the US subsidiary. Over the next 5 years, what could be the strategy for the US business? Do you see it primarily as an aftermarket operation, or will you soon move into manufacturing and selling new turbines locally?

In the aftermarket segment, what specifically differentiates Triveni from other manufacturers or service providers, and how durable is that advantage? Thank you.

Management: I will start with the reverse of your questions. The fact is that we are an OEM. When we provide third-party services as an OEM, we bring a different technology perspective to the solution. Our capabilities and pricing can be amortized over a greater degree of sales.

Therefore, we are more cost-competitive and more flexible, and we are able to provide what distinguishes OEM providers of third-party services. [pause]

Regarding the US market, we will have to respond to the investments that we have made in the US market and the return on equity and return on capital employed from those investments before we look at changing the nature of the business from focusing on the refurbishment and aftermarket

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segments.

As you know, the US market has possibly the largest capital stock of any country in the world, and we want to cater to its requirements for servicing and aftermarket support for its installed base.

Will we do packaging? We have the flexibility to do packaging. The question is whether we will respond to any tariffs and potential tariffs. We have the potential to do so. [pause]

At this point in time, we think that we would service most of America through India from a product perspective. The aftermarket would be provided locally.

Right now, we do not have any way to look at that differently, apart from viewing it from the perspective of return on capital employed and ensuring that we achieve the margins that we anticipate for the company as a whole.

Regarding domestic market share, it is driven by segment demand. In certain segments, such as steel, our competitors have a higher market share, and historically they have retained it. It is simply a response to where the market comes from.

That is not to say that we are not entering that space. We will, and we will gain market share because it is a market in which we compete. [pause]

Regarding competition, there are no new competitors in this space. We do not see the intensity changing in any manner.

Mahit Shah – Banyan Tree Advisors: Right, right. And the market... [inaudible] I am sorry, your question?

Mahit Shah – Banyan Tree Advisors: Yes, sorry. Was the loss in market share in the sub-30-megawatt segment or in the larger turbines?

Management: I think it was in a larger turbine... [pause] a larger turbine in the 40-50-megawatt range.

Mahit Shah – Banyan Tree Advisors: Sure. If I could ask one brief question: according to you, what will be the main driver for the export market? Will it be the Middle East, Europe, or the US market? Could you provide a brief long-term view?

Management: In my view, the particular driver will be decarbonization requirements for turbines, driven both by efficiency and by new applications for energy generation and energy storage. That will be the long-term growth driver for the market if I look 5-7 years ahead.

In the meantime, there will be industrial requirements and many other requirements as well.

Mahit Shah – Banyan Tree Advisors: Sure. Thank you.

Management: Thank you.

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Operator: Thank you. The next question comes from the line of Prulin B Nandu with Edelweiss Public Alternatives. Please go ahead.

Prulin B Nandu – Edelweiss Public Alternatives: Thank you for taking my question. Regarding the combined-cycle order that you won in the US, which is related to data centers, I wanted to understand the modus operandi of how we won this order. Did we do it through another player or partner, or was it directly from a customer?

Since the US combined-cycle market appears to be reaching a stage where we could see more such orders coming through on the pipeline side, what is your sense of the timing of when these combined-cycle orders or projects will be executed? What was the modus operandi for winning this order?

Management: I do not think it is necessary to go into how we won the order. [pause] It is a normal sales process that we run. One order is not more unique than the next.

We have a set of agents, our own personnel, and institutional relationships that we follow. There is nothing particularly unique about this order. [pause]

As I said, I do not think the data-center market represents a very large part of our inquiry book. We are following a theme of both behind-the-meter and in-front-of-the-meter electrification and requirements.

The requirements that I think Mani spoke about in terms of the wins that we have had even in the first 5 weeks of this current quarter, including those from the United States, have actually been for energy-storage projects.

We are not always informed about whether the end users of those energy-storage projects are data centers. Many sites are kept confidential until detailed engineering is completed. Therefore, there is a degree of confidentiality that prevents us from discussing the end use or the market in detail.

However, I feel that the level of technology going into global electrification will mean that if there is redundancy of capacity, it will occur in older, less-efficient capacities. These newer capacities will always be much more efficient, and therefore we are confident that they will come up in one form or another.

Prulin B Nandu – Edelweiss Public Alternatives: Understood. The second question is on the US pipeline. We have touched upon it, and in one of the previous answers you mentioned that the US pipeline is very healthy and growing. One of the drivers you mentioned was energy storage. Apart from that, what are the other segments in the US where we are seeing a very healthy pipeline? Is it coming from API, or from the refurbishment of some larger turbines? Some qualitative color on how healthy the US pipeline is, why it is healthy, and where this positivity is coming from would be helpful.

Management: The positivity is coming from general electrification. There are also energy requirements from industry, which are quite robust. We did receive orders in the current quarter from the US for industrial applications involving process-cogeneration requirements, and those are at the same pricing.

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The fact is that, right now, internal efficiency and electrification upgrades are not as significant in terms of demand as fresh capital expenditure for additional electricity production. We are therefore benefiting from increased demand and generally higher energy requirements.

The mix is going to change because requirements are coming from geothermal markets, industrial energy requirements, and electrification-related independent power producers driven by a variety of segments, including combined cycle and energy storage. We are seeing this across geographies.

Prulin B Nandu – Edelweiss Public Alternatives: Right. Thank you.

Management: Thank you.

Management: ...much in the US. I have to confess that on the refurbishment side, our visibility into the market is more limited. However, we are hopeful that as the quarters progress, we will be able to obtain more visibility in the US inquiry book for refurbishment.

That was the principal reason for our investments in the US. We are quite confident that the business is diversified both by sector and geographically within the US, as well as in terms of how it represents our inquiry book at this point in time.

Prulin B Nandu – Edelweiss Public Alternatives: Sure. Is there anything specifically on the US and the API segment that you would like to comment on?

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

Prulin B Nandu – Edelweiss Public Alternatives: Thank you very much. That is all from my side.

Management: Thank you.

Operator: Thank you. The next question comes from the line of Keny G with LIC Mutual Fund. Please go ahead.

Keny G – LIC Mutual Fund: Good afternoon. I wanted to ask if you could clarify your earlier statement about shifting toward solutions. What sort of investments have we made in that area, how is it contributing to us today, and what are we doing differently or newly there?

Management: Are you asking what I meant by moving toward a more solution-oriented approach?

Keny G – LIC Mutual Fund: Yes.

Management: For example, the project that we are undertaking with NTPC, in my mind, is a solution-oriented project around energy storage. The product supply and scope of the business has taken on the role of a mini-EPC.

The learning from that is that ultimately, if you get closer to customers in terms of their demand, you are able to drive demand more than you can as a pure product manufacturer. That was the point of what we meant.

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There is no additional capital utilization from an R&D perspective. However, we need to integrate the solutions better, undertake better vendor engineering and better cycle engineering, and be able to provide guarantees on the entire scope.

It will naturally be somewhat more working-capital-intensive because the scope is larger, and therefore the payment terms will be different. As we proceed, we have to ensure that we maintain the financial discipline that is necessary and provide solutions only where we have technology leadership, so that we can retain the margins, retain the cost structure, and retain the return metrics that are necessary.

That is the view we are taking so that we can drive demand more. That is the point of being more solution-oriented in the way we approach the business.

Keny G – LIC Mutual Fund: Understood. Apart from the NTPC project, is there currently nothing similar that we are pursuing?

Management: There are many conversations that we are having around this area. Energy storage itself is a very broad space in which we can add value for our customers while ensuring that we do not take excessive risk. That is how we would like to approach it.

There are certain applications around the steam turbine itself and expanding the scope where we can provide a better solution to our customers and partner with them in their growth.

Ultimately, what we want to see is that it should not be a one-off. It should validate our capabilities and then enable us to scale a market by itself.

Keny G – LIC Mutual Fund: Understood. That is all from my side. Thank you.

Management: Thank you very much.

Operator: Thank you very much. Ladies and gentlemen, that was the last question for today. We have reached the end of the question-and-answer session. I now hand the conference over to the management for closing comments.

Management: Thank you very much. Thank you for joining us, 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.

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

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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