

Date : August 08, 2023

BSE Limited Department of Corporate Services, Rotunda Building, P.J. Tower, Dalal Street, Fort, MUMBAI - 400 001 Thru: BSE Listing Centre	National Stock Exchange of India Ltd., Listing Department Exchange Plaza, 5 <sup>th</sup> Floor, Bandra-Kurla Complex, Bandra (E), MUMBAI - 400 051 Thru: NEAPS
<b>STOCK CODE: 533655</b>	<b>STOCK CODE: TRITURBINE</b>
<b>Sub: Transcript of Analysts/ Investor's Conference Call held on 2<sup>nd</sup> August, 2023</b>	

Dear Sirs,

Pursuant to Regulation 46 of SEB I (LODR) Regulations, 2015 and further to our letter dated 1<sup>st</sup> August 2023 , please find enclosed transcript of the Analyst/ Investor Conference Call held on 2<sup>nd</sup> August , 2023 post announcement of unaudited financial results of the Company for the Q1 FY24 ended on June 30, 2023. The transcript is also available on the website of the Company at : <https://www.triveniturbines.com>.

Kindly take the same on record.

Thanking You,

**For Triveni Turbine Limited**



**Rajiv Sawhney**  
Company Secretary  
Membership No A 8047  
Encl : As above



## Triveni Turbine Limited

### Q1 FY 24 Earnings Conference Call Transcript

#### August 2, 2023

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**Moderator:** Ladies and gentlemen, good day, and welcome to the Triveni Turbine Limited Q1 FY 24 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I would now like to 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 Q1 FY 24 earnings conference call of Triveni Turbine Limited. We have with us today on the call, Mr. Nikhil Sawhney, Vice Chairman and Managing Director; Mr. Arun Mote, Executive Director; Mr. Lalit Agarwal, Chief Financial Officer; Mr. S.N. Prasad, President, Global Sales - Products; Mr. Sachin Parab, President, Global Sales - Aftermarket; Ms. Surabhi Chandna, Investor Relations and Value Creation, along with other members of the senior management team.

Before we begin, I would like to mention that some statements made in today's discussion may be forward-looking in nature, and a statement to this effect has been included in the invite, which was mailed to everybody earlier. I would also like to emphasize that while this call is open to all invitees, it may not be broadcasted or reproduced in any form or manner.

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, Sir.

**Nikhil Sawhney:**

Thank you very much, Rishab. And a very good afternoon to all our participants on this call. It with great pleasure that I have to share with you the results for Q1 FY 24 and as you may have seen from the releases to the Stock Exchanges that we have had another record quarter.

In the first quarter of this financial year, Triveni Turbines has delivered not only a record turnover, but also record profitability, both at EBITDA as well as PBT levels, but also a record closing order book. The momentum in the revenue growth has remained strong during the quarter with a 45% growth in turnover over the previous year in the corresponding period.

The Company has made a concerted effort over the last few years to expand its international presence, as well as enhance its aftermarket portfolio, which you could see is already paying fruit in our execution. The efforts continued to yield results and the same was witnessed during the quarter with EBITDA and profit after tax registering higher growth of 50% and 59% respectively as compared to the previous corresponding period.

Robust order booking of ₹ 4.53 billion was our order booking in the first quarter of financial year FY 24, an increase of 26% y-o-y and that led to a record outstanding carry-forward order book on June 30, 2023 of ₹ 14.05 billion, an increase of 31.4% y-o-y.

Investments, including cash at the end of the quarter were at ₹ 7.47 billion, an increase of 11.3% from March 31, 2023.

On the ordering and order book, we are enthused by the order booking in the international markets during the quarter. The team has done a fantastic job in terms of reaching out to newer customers and newer geographies, and in terms of being able to penetrate into newer markets, as well as get more orders from existing customers, which already enhances our already high repeat customer base.

The international market during the quarter grew by 128% and contributed to more than half, actually 53% of the overall order booking. The progressive improvement bodes well for future sales, and

a healthy mix uplifts the profitability along with creating more future business opportunities for the Company.

The product demand remains robust in both the domestic and global markets. Our wide geographic reach is captured in our order booking in the quarter, where we received orders from Europe, Southeast Asia, Africa and the Americas. Both industrial and API drive turbines contributed to these orders.

The product order booking for the first quarter increased by 20% y-o-y to ₹ 3.08 billion, with demand from a diverse set of industries such as sugar, distilleries, steel, independent power producers, oil and gas, to name a few.

And despite the macroeconomic concerns, the Company boasts of a robust enquiry pipeline, which increased on a global level by 22% y-o-y in the first quarter, with a noticeable improvement in the domestic enquiries as well, which improved by over 56% in the current quarter.

Coupled with contribution from orders in the SADC region was servicing utility turbines, order booking for the aftermarket segment grew by 43% y-o-y to ₹ 1.46 billion during the first quarter of FY 24. At the end of the quarter, the Company had a record closing order book, as I had already said of ₹ 14.05 billion, an increase of 31%.

Export sales grew at 88% during the first quarter and the contribution to overall sales inched up to 48% as compared to 37% in the previous corresponding quarter.

Our aftermarket business has been expanding its horizons through a wider array of customer solutions, going beyond industrial steam turbines to other rotating equipment while expanding its global footprint. As a result, during Q1 FY 24, aftermarket sales grew at a remarkable 91% over the previous corresponding period and contributed to 34% of total sales, up from 26% at the same time last year. The segment has been focusing on driving growth in the higher value-added components such as refurbishment and garnered good success in upgradation and efficiency enhancement orders in the quarter under review.

As far as technology and R&D goes, Triveni Turbines prides itself as being a technology-focused and a technology-first company, and in that regard, the Company's global focus and outreach are evident in its constant effort to file for patents and industrial design registrations in

various international jurisdictions, while simultaneously expanding its intellectual property portfolio in India.

The Company has filed in excess of 330 Intellectual Property Rights (IPRs), and it continues to enhance its product portfolio and research efforts on a quarterly basis. As a forward-thinking organization, Triveni Turbines remains committed to spearheading this energy transition through research and development, and we believe these efforts will continue to drive sustainable growth for the years to come.

This includes research not only on our current range of products to enhance efficiency and to cater to niche applications, but also in newer areas, which we've talked about in the past, such as our research into carbon dioxide (CO<sub>2</sub>) based applications. As we look forward, as I've already indicated, our enquiry book remains robust, which gives us visibility into order booking in the next several quarters. The team remains committed to continuing the growth path that we had in the previous year. But this is all backed by the market segment in which we play.

If we look at it from the perspective of industrial heat and power solutions and decentralized renewable energy solutions, this is the name of the game as we speak today. Of the total global primary energy demand over 50% of demand comes from the requirement of heating and cooling and we believe that 25% of that of heating and cooling requirements comes from industrial uses, which is exactly the space, in which Triveni Turbines provides its solutions.

So, with that, ladies and gentlemen, I'm happy to take questions.

**Moderator:** Thank you very much. Ladies and gentleman, we will now begin the question-and-answer session. We have our first question from the line of Ravi Swaminathan from Avendus Spark. Please go ahead.

**Ravi Swaminathan:** Very good afternoon, Sir. Congrats on a very good set of numbers. My first question is with respect to the API business, what is the progress there in terms of reach, in terms of customer addition, in terms of that as a proportion of the overall business? Where do you see it over the next two to three years, if you can give more clarity on that would be great.

**Nikhil Sawhney:** So, firstly, thank you. Thank you, Ravi. Yes. We've had a very good quarter and we aim to sustain that for the year, as well as in the future. On the question of API, I'm going to ask my colleague, Mr. S.N. Prasad, to give some visibility. But as you know, we don't provide numbers

around our visibility. Suffice it to say that, as you know, capital investment is lumpy on a quarterly basis. But when we look at it on an annual spread, there is going to be sufficient and substantial growth. As we've indicated in the past, that we had a negligible market share and we aim to improve that going forward.

Our efforts and endeavour in the API market are not only for drive turbines, which have direct applications in terms of driving equipment, such as pumps, blowers, compressors, etc, but it's also to provide power solutions with API requirements. So, Prasad, can you provide a little bit of visibility as to both how we see the API market developing in the domestic and international market, and our reach, and what constraints you may face?

**S.N. Prasad:** So, API market-wise, today, we have a very strong enquiry pipeline. we are quite positive the way how the enquiry pipeline is growing. And today, acceptability-wise, we are accepted as an approved vendor, across the globe, and from many regions, we are participating. As our Vice Chairman mentioned, it is not only Drive turbines. So, we have an enquiry pipeline even on the Power turbines, that's the power-generating API machines. So, that way, based on enquiry pipeline, we are quite confident that things are moving as we anticipated, and we are on the right track.

**Ravi Swaminathan:** My second question is, with respect to the size of that margin any rough sense sir as to how much could it be from domestic, how much could it be domestic, export or Middle East or something of that sort? Any rough sense?

**S.N. Prasad:** So, the market size estimates, right now, we are into the market where it is a Drive and Power turbine. So, that's probably, offline we'll be able to share that thing, still some of those data points, we feel that are a little confidential at this point of time.

**Ravi Swaminathan:** Okay, Sir. Not an issue. And my third question is with respect to the order booking, the domestic order booking had been kind of slightly on a softer side, is it something that kind of an aberration and the overall trend in the domestic CapEx environment is still strong and this might get common in the subsequent quarters? Any sense on that?

**Nikhil Sawhney:** Yes. On your question on the volatility on domestic order booking, as I was suggesting before I got cut off that quarter-on-quarter, you will see certain variations, but the general trend of both the size of the market, the domestic market, as well as our order booking in the domestic market will improve. So, we are quite confident of our participation

and our market share in the domestic market, as well as the growth of the domestic market. In Q1, the total domestic order booking was in excess of ₹ 200 crore, and we believe that Q2 will present a much better figure.

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

**Harshit Patel:** So, just continuing from the previous participant's question, so I think a couple of quarters back, you have mentioned that the metals segment has been a bit soft and now in this quarter's domestic order intake, we see that there was a decline at least on the product order intake. So, could you give a sense on how the metals segment is performing? So, is it that the CapEx has slowed down a bit and therefore there is a little bit softness in the demand?

**Nikhil Sawhney:** No, actually I think it's both from an order booking and enquiry book perspectives. And as we look at Q2, the metals segment seems to be quite robust. I'll ask Mr. Prasad to give a little bit more visibility around it. But you see large integrated steel manufacturers are really not doing much greenfield, brownfield expansion. It's more of the smaller rolling mills, sponge iron units, etc., and the smaller integrated facilities that are expanding. So, Prasad, if you can provide some visibility, please.

**S.N. Prasad:** So, coming to the metal segment, especially our presence is there in sponge iron and pig iron rerolling segment, where again, waste heat recovery is one of the increasing trends in that segment. So that's why enquiry pipeline, as well as order booking from this segment. Now, we have not seen any decline in that, and the enquiry pipeline is quite strong, because as these expansions happening in the sponge iron and ferroalloy plants, we are getting attraction of these waste heat recovery opportunities.

**Harshit Patel:** Understood. Sir, just a follow-up to that, what percentage of steel or cement capacity in India has already got WHR installed? And where do you think that number could reach, let's say in the next three to five years?

**Nikhil Sawhney:** As we've said in previous calls, typically when cement capacity is established, waste heat recovery capacity is not ordered at the same time. While for steel, usually it is. So, when you have an expansion of capacity on the steel side, you do actually then have incremental demand on waste heat recovery. And so therefore, the growth of the waste heat recovery market for the steel segment is directly



proportionate to the growth of capacity in that industry in terms of output.

At the same time, from the cement side, we would imagine that approximately 15% odd to 20% of the cement capacity currently has waste heat recovery installed. But as you would know, the push towards being more energy efficient and being more aligned towards decarbonization is spurring people to install waste heat recovery in all sectors. That coupled by higher energy prices, makes it very economic for companies to go into these investments.

**Harshit Patel:**

Sure. Sir, my second question is on our South Africa region. I believe last year, we had achieved almost 15% to 20% of our overall aftermarket orders from this particular segment, from those large utility level customers. So, could you give a sense of, has there been any further progress on that? Any more customers we have been able to capture? Any incremental order from the same customer?

**Nikhil Sawhney:**

I don't want to get specific about our particular order. But yes, we did report it as a separate item just because it was material enough to be reported in that manner. Also, the cost of that particular order was put in a separate line item and the P&L so as to give better visibility around the overall raw material consumption of the business and also to provide a little bit of focus on how we are controlling costs for this particular order itself.

But as you rightly said, the segment is large in terms of utility turbines, and it provides us with capabilities and references for us to use in many different geographies. Sachin Parab is our President of Aftermarket; I'll just ask him to give a little bit of visibility without being too specific in terms of which are the orders he is looking at.

**Sachin Parab:**

Yes. To answer your question, the particular market that you mentioned, we are having consistent business growth in that market. So, we are seeing good level of enquiry pipeline, there are increased customers also from the same geography. Besides, this has helped us create references for other geographies and we see a healthy enquiry pipeline build up in other geographies with similar nature of business.

**Moderator:**

Thank you. The next question from the line of Amit Anwani from Prabhudas Lilladher. Please go ahead.

**Amit Anwani:**

My first question is on the exports market, you did mention that there is a robust opportunity, and we are also focusing on increasing orders from existing customers and penetrating into new markets. Just



wanted to understand broadly, and generality, if you can highlight which markets we are targeting to penetrate and which set of segments, customers or products we are looking for better potential in the coming quarters.

**Nikhil Sawhney:**

Okay. As you know, we've always said that our internationalization effort has not been complete or something that we need to put a lot more focus on. But despite that, where we do see enquiries and visibility of orders coming from is in segments around renewable energy power generation, both in terms of feedstock of biomass or solid municipal waste incineration, but also waste heat recovery. And so, segments like this are very pronounced in areas like Europe, which has a very strong capital outlay towards its energy transition. Areas such as Southeast Asia are also a big focus to us, given the growth that is happening in fixed capital formation there, and that is more from traditional industries, as well as certain renewable energy power generation based on biomass. But for us, a great focus is going to be in America over the next several quarters, just because our penetration level in that market has been limited.

And as we look forward, the U.S. market and North America, which has, in excess of \$25-26 trillion of economic output, has a huge requirement in all segments of growth. Their own push towards the Inflation Reduction Act seems to be spurring fresh capacity ordering for renewable energy power generation, which is really the product that we supply. So, from a global perspective, the climate change mandate seems to be benefiting us in our segment of operation.

**Amit Anwani:**

Right. I also wanted to understand on the other end, you did highlight a strong enquiry pipeline across sugar, distilleries, steel, cement, so any trend you are witnessing, any particular, pockets where we are seeing very strong relative enquiries and any pockets, where we are witnessing orders or something like that?

**Nikhil Sawhney:**

In the domestic market, what we can say is that there hasn't been a sudden spurt in ordering. And so there hasn't been a sudden growth, meaning multiple times ordering, which we may have seen in the past. And so, we see the growth in fixed capital formation to be much more sustainable going forward. Large industry has not really been ordering to as large an extent, it's been more focused on small, medium enterprises.

And so, we see as India has to add basic capacity from everything from steel, cement, paper, any commodity in the near future that we'll be able to sustain this growth. And I think that it's a much better thing for

the industry in general, both the capital goods industry, as well as the end-user industries, because they will have a more gradual capacity enhancement. So, when we look at it, of course, in specific industries, they change from quarter to quarter. But in general, all sectors need to be represented in our enquiry book.

**Amit Anwani:**

Great. So, is it fair to assume that we'll continue with 25% plus growth for the next two years, three years and similar margins, or there's any scope of sustainable improvement?

**Nikhil Sawhney:**

I hesitate to give numbers. A couple of years ago, we were asked and hesitantly, we gave a number of growing at over 35% for FY 23 and FY 24. As our results for FY 23 were already significantly better than that in Q1 FY 24 is already significantly better than that as well. So, we're quite confident about growth. The main thing is that the growth shouldn't come at the cost of our margins. Our margins are something that we have consistently said that we'd like to have a PBT margin in excess of 20%, which is something that we will maintain. And while maintaining those margins, we want to actually drive growth as much as possible. And that will come from all segments, new product growth, new product sales, aftermarket segments, both from expanding our traditional spares and servicing offerings, but also our refurbishment offerings to new areas and newer growth markets, and then establishing newer products markets such as API, etc.

So, all in all, I think that we seem quite confident, given our enquiry book, that we will be able to sustain order booking, and our order booking ultimately reflects on our revenue. And as you know, our order book gives us approximately nine months to ten months of revenue, and so we do have a significant amount of book and bill within the current year. Pretty much all of Q1 comes into billing of a current financial year, and spares go all the way up to possibly Q3 even, part of Q3. So, there's a lot of book and bill which can come into a revenue of a financial year, which is over and above the order book at the beginning of a financial year.

**Amit Anwani:**

All right, sir. Lastly, on this SADC, just need more clarification. Last year, we booked about ₹ 87 odd crore as a subcontracting expense for SADC, and that impacted our margins by 140-150 bps. Will this be a recurring expense in coming year, and any ballpark number for FY 24 you would like to indicate?

**Nikhil Sawhney:**

Yeah. I don't know if we actually gave a definitive cost or number on what we would incur, but we did say this is a large value order, and we were representing it separately, because it not only allowed us to

enhance our service offering, but also expanded our reach into a specific market. We will continue with this order. And hopefully, we will be expanding the scope of it also, which should have impact on margins positively. But all-in-all, if you look at this particular order in its entirety, and the way that it impacts Triveni Turbines' margins, we're still comfortable with it. It's a very comfortable margin and something that we feel that allows us to participate with our mandate of ensuring that we have PBT in excess of 20%.

But having said that, our order book, as you know, for the previous year has a higher percentage of aftermarket, as well as international orders as part of it, which both lend to a certain degree of confidence that we will be able to sustain margins if not improve them.

**Moderator:**

Thank you. The next question is from the line of Bhavin Vithlani from SBI Mutual Fund. Please go ahead.

**Bhavin Vithlani:**

I joined a little late, pardon me if this was asked. So, on a trailing 12-month basis, what was the size of market in domestic and international or if you could share what has been our market share numbers domestic as well as international?

**Nikhil Sawhney:**

So, our market share numbers are quite good. They still are maintained. Our international market share has gone up obviously, because of our increased order booking. But I did allude to the fact that the market in India has grown somewhere in the region of about 30-35% in Q1. But that really shouldn't be looked at from an annual basis. We think that the annual market growth for Indian steam turbines will be somewhere in the region of about 25% odd this year.

At the same time, our enquiry book has increased by about 56% for the domestic market in the first quarter. So, the international market and overall, our enquiry book has grown in excess of 22% that's driven by the fact that the international market is of course, a much larger percentage and a much larger size of our enquiry base. And so, we're quite comforted by the fact that both enquiry books have grown. And so, as you know, it is the international market that provides us with visibility into where we would be able to quote and our percentage of winning orders is much better once we actually have that visibility. So, I think that without answering a question in terms of specific numbers, we do have growth in the market, and we do have our participation at a high level.

- Bhavin Vithlani:** Sure. So, for just, I mean, I know you mentioned, but indicatively what could be our market share in the international, not this quarter but if you take on a one-year basis?
- Nikhil Sawhney:** We have to look at the constraints of the fact that we don't participate in the Chinese market or the Japanese markets, which are both large markets, of course, China being very large. We have limited presence in the United States. And so, when we do look at market share with all the constraints put out, as well as the fact that there's no formal reporting of orders, and so we're reporting it based on the orders that we are seeing, we would probably have a market share somewhere in the region of about 25% odd. But that's again, with the constraint of the fact that these are the orders that we are seeing. We may not be seeing a lot of the market as well. And this is excluding China.
- Bhavin Vithlani:** I understand. Could you give us some color on headway into greater than 30 (MW) order wins?
- Nikhil Sawhney:** Of course, we've stopped distinguishing below 30 and above 30, as you would have noticed in our calls. But we have good headway. I'll ask Prasad to give you some direct visibility on where we're seeing this, both in the domestic and international markets and the success that Triveni Turbines has had. Prasad?
- S.N. Prasad:** So, 30-100 MW, as our VCMD mentioned that there is no separate treatment we are giving. But anyhow, since the question is specific, yes, 30-100 MW, we have a good enquiry pipeline from domestic, as well as international pipelines. So, these 30-100 MW in a specific area, sometimes what happens is a 29 MW enquiry suddenly will shift to 30.1 MW or vice versa. So, that is the reason we don't track. But otherwise, the enquiry pipeline is good and there is an order booking numbers also got added into the base.
- Nikhil Sawhney:** And we are getting orders, Prasad. You should mention that we are getting orders in this case both in the higher ranges of that segment that you talked about Bhavin, and we are confident that we will be getting more in this space as we go forward.
- Moderator:** Thank you. The next question is from the line of Himanshu Upadhyay from O3 PMS. Please go ahead.
- Himanshu Upadhyay:** Hi. Congratulations on great set of numbers. I had a question, which is we've stated last time also that our market share is around 24-25% in the markets, where we are present or what we are seeing currently also. And we are not present in China and Japan, okay? Why Japan?

What are the challenges in the Japan market and its size? Can you elaborate on that?

**Nikhil Sawhney:** Historically, the fact is that the Japanese have bought Japanese equipment. It's been both a question of specification and standardization on documentation, as well as other standards that they have. And it's something that we believe is not completely necessary for us to go into for the market itself, but they are Japanese EPCs (Engineering, Procurement, and Construction) that operate around the world, who we do partner with. The Chinese market itself is very insular and the standards that they use are specific to standards that only Chinese domestic manufacturers can comply with.

**Himanshu Upadhyay:** Okay. And see, this refurbishment business and aftermarkets has been growing and we had a thought that once we establish ourselves in refurbishment and aftermarket, we would also start getting more new product orders also with presence in those markets. Is the strategy working? How successful are we with that thought process and what is the way forward? Because 24-25%, can it be 33-34% or you need to add some, any more thoughts on that of how to increase the market share?

**Nikhil Sawhney:** So, our attempt is to win every order. Don't get me wrong. The fact is that our first attempt is to grow our visibility into the market. And so you're partly right about the fact that our refurbishment initiatives have led to greater visibility, which is also most definitely leading to product orders. But the product orders are also coming because, over the last couple of years, the market has also expanded, both from a perspective of fixed capital formation in the industry, but also renewable energy power solutions. So, both have led to growth. And our market share is something that, well, there is a time lag, as you would always imagine, between getting orders and refurbishment, executing them, building credibility and trust in a specific region, and then getting product orders. This is not a quarter-by-quarter type of confidence that you can give. It happens over a longer period of time. Suffice to say that, yes, the strategy is working. But, we need to do more. So, there is more to do. There is more that we need to do to internationalize. There is more that we need to do to be closer to customers. There is more that we need to do to enhance our product platform and technology. And so, we are enhancing our capabilities on the manpower side in terms of adding more people to aid in this endeavour.

**Himanshu Upadhyay:** Okay. This refurbishment market would be multiple of what the new product market would be overall?

**Nikhil Sawhney:** A refurbishment as a business, it means third party services and for us that's third-party rotating equipment services. It's sort of like a very, it's a very undefinable market, which is massive, you could consider everything from utility turbines to compressors to gas turbines, which may technically be under the mandate of our business.

So, a market share in this space is meaningless for us to consider. What is more important is the capability that you have to execute these orders, how close you are in terms of both proximity as well as technological alignment with customers to be able for them to have the confidence to place these orders on you. And so, we have to enhance our capabilities, which is not always in the physical asset side, which on the refurbishment side. It has a play in terms of having people physically present, as well as technology and other aspects of branding as well.

**Himanshu Upadhyay:** No, see, my question was, is the refurbishment product or the size of the business opportunity significantly larger than the new product sales also globally?

**Nikhil Sawhney:** Yes. That's what I'm trying to say. The fact is, it may be thousands of times larger, hundreds of times larger.

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

**Bimal Sampat:** Yeah. Good afternoon. I joined a little late. So, two things I want to understand. One is we are talking about future focus in USA. So, is it for product also or only for refurbishment? And second thing, like South Africa, we are very successful. Do we have in the immediate future, say next one year, have we finalised any other location for establishing a setup?

**Nikhil Sawhney:** Very good question. Very frankly, the Board has not taken any decision on any specific capital investment anywhere. But as management and as a Board, we do continuously look at the routes for international expansion for the Company. And internationalisation of our efforts is something that is paramount in all management within Triveni Turbines. The U.S., as well as other markets, are focus for us. I just pointed out that the U.S. in specific, because it's a very, very large market, and it has many good things going for it in this current point in time. As you would imagine, as I said, our installed base in the U.S. is really not very large. And so therefore any entry strategy like we did in South Africa would base itself on refurbishment. But the premise

would be that product sales would follow very quickly also. Does that answer your question?

**Bimal Sampat:** Yeah. And I mean, other than USA, which other, Europe we are concentrating or we are concentrating on Africa, or, Asia?

**Nikhil Sawhney:** The global market is very large as you imagine and there are many areas that you've already spoken of, which are priority areas for us. Given the growth that we have as a company of 45% odd on a quarterly basis, there is a limit to what the management can do. And so, we have to be more focused. And so right now, we evaluate many different markets. The question is, how quickly will those translate into results is what is most paramount.

**Bimal Sampat:** Right. As a shareholder, I'm very happy with the decisions you are taking, very conservative and very focused. And just one last question that now, again, our cash reserves are building up, so any guidance?

**Nikhil Sawhney:** Yes, let me put this in perspective for you, last time we did a buyback and that was something that was appreciated by shareholders, we did receive comments on that. Currently, as I pointed out our cash reserve is somewhere in the region of ₹ 747 crore, but as a Company that operates on negative working capital, we have about ₹ 400 crore of customer advances as well.

We take a prudent view that right now really cash isn't a problem, we have a payback policy to shareholders, which we aim to maintain to ensure that we are giving a percentage of our profitability back, and we aim to maintain that, there is no change in policy. Whether it is buyback or how, the Board will have to decide what is the route.

**Moderator:** The next question is from the line of Amit Mahawar from UBS. Please go ahead.

**Amit Mahawar:** Yeah. Hi. Nikhil, I just have two questions. Firstly, did you say, in FY 24 we expect around 25% growth in above 1 MW market domestically?

**Nikhil Sawhney:** Well, firstly, hi, Amit. No. I said that we are looking at the Indian market growing over 25%. Our order book is out there for you to see. So, how it will be executed.

**Amit Mahawar:** Sure. Fair, fair. And secondly, the aftersales, it's really heartening to see after a couple of years, the run rate has changed to almost double quarterly aftersales orders. What is the current market share we would



be having in the global aftersales market and what percentage of total business is non-Triveni turbines?

**Nikhil Sawhney:**

Well, as you know, global aftermarket is not a market that we track from a competitive viewpoint, because very frankly, from our own installed base of spares and service, we do tend to provide solutions on the aftermarket side, to a majority of these customers, and nearly all of them. So that is not a concept of market share, but it has been growing given the fact that you do have an increased installed base. So, as our installed base grows, the spares and servicing grows by itself. Refurbishment, which is our third-party service offering as a percentage of total aftermarket sales has also been growing, as you would imagine.

Certain orders, such as what we took in the South African development region, etc., have spurred on the refurbishment business, which we always felt was a growth area for the Company, because of a really undefined and a very, very large end market. So, we aim to continue that strategy of increasing refurbishment as a percentage of aftermarket. At this point in time, we really don't split the data to give it to you, but it is substantial, and we aim for that to grow very rapidly. Does that answer your question, Amit?

**Amit Mahawar:**

Yeah. That's helpful. I mean maybe, so what's the sales force and the employee base outside India for us, including the service network?

**Nikhil Sawhney:**

We don't actually give that, something that is what we will be growing quite substantially going forward. That is our focus, both in terms of having Indian personnel and Indian citizens, but also expats.

**Moderator:**

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

**Mahesh Bendre:**

Hi, Sir. Thank you so much for opportunity. Most of my questions have been answered. Just one question. So, what kind of growth we are anticipating in the international market for this year?

**Nikhil Sawhney:**

Unfortunately, we don't give specific data. But as you see, the track record of what we have for Q1 is something that we would aim to maintain. We see the international market adding substantially to our growth going forward. But having said that, with one month of Q2 having gone by, our product ordering and aftermarket ordering in the domestic market has also been very good.

So, both seem to have a market, which is acceptable to our product offering and service offering. Just to put it in a little bit of an idea as to why the market exists, and it's really understanding that the concept of industrial heat and power is a distinct segment, which really cannot be disrupted by wind and solar, because to produce heat through electricity is a very expensive form.

And so, we tend to look at primary energy consumption on a basis of exajoules, and if you look at it from a global basis of about 600 exajoules of primary energy demand, India currently has a demand of somewhere in the region of about 36 odd exajoules as of 2022. And if we see that going to about 50 exajoules in the next five years, what you find is that, remaining 14 GW, approximately 60% of that is going to be in the need for heating and cooling.

And so, electricity really isn't the correct form of doing it. We find that we're in the right space to be able to provide this solution to both domestic and international clients. And this is only reinforced with the push towards energy transition and climate change.

**Mahesh Bendre:** So, on a qualitative perspective, is it fair to assume that growth in international business could be faster than the domestic?

**Nikhil Sawhney:** Yes. We believe that would be the long-term trend for sure. Quarter-to-quarter, it will depend on where orders come from, but the longer-term trajectory is definitely that international as a percentage of sales and order book would be higher for Triveni Turbines. But this is not to take away from the fact that we aim to maintain our market share in India. We are just being conservative and we think that the Indian market will grow at a steady pace rather than growing very quickly as happened in the 2008-2011 time.

**Moderator:** Thank you. The next question is from the line of Mythili Balakrishnan from Alchemy Capital. Please go ahead.

**Mythili Balakrishnan:** Thank you for the opportunity. A couple of questions here. I wanted to check with you on your market share in India and also, like, what are you seeing in terms of the competition in this particular market?

**Nikhil Sawhney:** So, our market share historically has been very good. We've reflected this as a duopoly market in a majority of customer requirements and applications. There are a number of players in the market.

The competitive intensity is something that is the same. We haven't seen a change for a number of years. So, we're quite comfortable with

where the competition sits. There is intense competition, don't get me wrong. The fact is that price competition directly as the market expands becomes a little bit less. But I think, for full year financial year FY 23, we had a market share somewhere in the region of about 45-50% for the entire market up to 100 MW. Historically, in the market below 30 MW, we had a much higher market share and we aim to continue with that trend. We don't see things changing fundamentally.

**Mythili Balakrishnan:** Okay. And also, in terms of this API business across both the ones that you mentioned, Power and Drive, could you just help us understand how much percentage of your order book is sort of coming from this kind of a business and also some of the newer products that you had mentioned earlier, which is your carbon dioxide cooled turbines, etc.?

**Nikhil Sawhney:** No. The carbon dioxide is more research right now. We will have to provide some more visibility in the next several quarters as to where that business sits, and how we see our strategy playing out there. We are very confident that it will have a distinct value proposition and something that can be taken to market quickly.

On the API demand as a percentage of sales, unfortunately we don't break that up, but suffice to say that it is a large market and it's a market that we have a dedicated focus on. We think that this is a market of high specifications. And so therefore it's a market that us allows us to exhibit our true characteristics as a technology provider. And it is, of course, therefore, a higher-margin product. So, we're quite happy with that space and something that Prasad answered a little while ago, when another participant did ask the same question.

**Mythili Balakrishnan:** But, would it be, say, 5-6% of our sales currently?

**Nikhil Sawhney:** Yeah. It would probably be single digit.

**Mythili Balakrishnan:** Single-digit. Got it. And my last question was on the CapEx, which is that we added one bay, I believe, at our Sompura plant. But given the kind of demand that you're seeing, etc., are there plans to sort of add more or look at increasing capacity further?

**Nikhil Sawhney:** Let me ask Arun Mote, our CEO and Executive Director to answer that question. Arun?

**Arun Mote:** Yeah. You're right. We added one extra bay at our new facility at Sompura. It is fully operational, and we can cater to about 300-plus turbines very easily, and that is also more flexible, so as far as the assembly capacity is concerned, we don't expect any issues, and we

have our other subcontractors and associates, which are also augmenting their capacity in line with this. So, capacity will not be an issue for many coming years, at least four, five years.

**Mythili Balakrishnan:** Correct. And in terms of then this year and the years, at least for the next three, four years, we can expect only to have maintenance CapEx on as far as the Company is concerned?

**Arun Mote:** Yeah. There will be no major CapEx on this unless we get into some new product line, which we really can't say today, there would be no major CapEx.

**Moderator:** Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference back to the management for their closing comments. Thank you and over to you all.

**Nikhil Sawhney:** Thank you very much. Thank you, ladies and gentlemen for attending the Q1 FY 24 call for Triveni Turbines. We've had a very good quarter and we aim to sustain this growth. Thank you.

**Moderator:** Thank you. On behalf of Triveni Turbine Limited, we conclude today's conference. Thank you all for joining us. You may now disconnect your lines.

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