



## Triveni Engineering & Industries Limited

### Q4 FY 25 Earnings Conference Call Transcript

May 28, 2025

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**Moderator:** Ladies and gentlemen, good day, and welcome to the Triveni Engineering & Industries Q4 FY 25 Earnings Conference Call. I now hand the conference over to Mr. Rishab Barar from CDR India. Thank you, and over to you.

**Rishab Barar:** Thank you. Good day, everyone, and a warm welcome to all of you participating in the Triveni Engineering & Industries Q4 and FY 25 earnings conference call. We have with us today Mr. Tarun Sawhney, Vice Chairman and Managing Director; Mr. Suresh Taneja, Group CFO; Mr. Sameer Sinha, CEO of Sugar Business Group as well as 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 shared with everyone earlier. I would also like to emphasise that while this call is open to all invitees, it may not be broadcasted or reproduced in any form or manner. We will commence the call with opening remarks from the management following an interactive question-and-answer session.

May I now hand it over to Mr. Tarun Sawhney. Over to you.

**Tarun Sawhney:** Thank you, Rishab. Good afternoon, ladies and gentlemen and welcome to the Q4 FY 25 earnings conference call for Triveni Engineering & Industries Limited. The revenue from operations for the year, net of excise duty stood at ₹5,689 crore, which signified an increase of about 9%. And the PAT for the financial year stood at ₹238.3 crore. So, this was a very interesting year, one with certainly some challenges for our larger businesses, but clearly some very bright sparks coming from Engineering and from Q4.

The Q4 results under review were particularly good. I'm happy to report record revenues of ₹1,925 crore plus for the quarter, for Q4, which is a record for the Company, coupled with a PAT for the quarter of ₹187.1 crore, which is also amongst the highest quarters historically for the Company. As I mentioned, there were several challenges, especially in the Sugar and Alcohol business, whereas the Power Transmission business delivered another year of stellar performance in revenues, profitability and in order booking. And I will cover all of this in much greater detail as we progress through the call.

Starting with our Sugar business. There's a general trend of lower yields and recovery in Uttar Pradesh for the Sugar Season 24-25, where the overall crush was lower by about 3% with a net recovery lower by 90 basis points year-on-year according to our estimates. Relatively, the company on a stand-alone

basis has achieved a sugarcane crush almost the same as the previous season, with a gross recovery, sorry, the recovery I mentioned was gross.

And the gross recovery of the company was lower by 69 basis points. The decline in crush took place in four of our sugar units, Rani Nangal, Milak Narayanpur and Chandanpur in Central UP and Ramkola in Eastern UP and the chief reasons were climatic factors, which include heavy rainfall, water logging in certain parts and the preponderance and spread of pests and disease. The primary disease, of course, being red rot, which has reduced yields and recovery fairly considerably. Of course, a lot of work has been done to combat the disease as well as pests, and I will be covering that as well.

A new multi-feed distillery was commissioned during the year at Rani Nangal, and there was no change in the ethanol price for the ethanol supply year 24-25, except for ethanol produced from C-heavy molasses. And this, of course, was extremely disappointing as far as the industry is concerned. In view of the firm sugar realisations, all the sugar units operations was switched to C-heavy molasses from B-heavy molasses in the latter part of the season, save one factory at Deoband.

However, for the upcoming season, we will have the flexibility to run all the sugar factories at C-heavy molasses should we choose to do so. And of course, that function will be dependent on pricing amongst other factors, and it will be under consideration later as this year progresses.

Turning towards the Engineering business. The Power Transmission business reported a remarkable performance with new milestones being achieved with respect to revenues, profitability and order booking in FY 25. The water business declined slightly due to slow execution of certain projects, but the order booking during the year was strong at ₹ 586 plus crore with a closing order book of ₹1,600 crore plus at the end of fiscal year, an increase of over 30%. The Board of Directors of the company has recommended a final dividend of 250% for FY 24-25, which is subject to shareholder approval in the ensuing Annual General Meeting.

The gross position of debt for the company on the 31st of March on a stand-alone basis stood at ₹1,689 crore compared to ₹1,325 crore in March 2024. The stand-alone debt at the end of the period under review comprised of term loans of ₹328 crore, out of which ₹201 crore were loans with interest subvention. And on a consolidated basis, gross debt was ₹1,969 crore. That, of course, includes the subsidiary of Sir Shadi Lal compared to ₹1,411 crore on the 31st of March 2024.

I'd now like to focus on the business-wise review. Turning to the Sugar business. The Sugar business reported a 2.8% increase in turnover over the previous year due to mainly higher realisation prices. Segment profits of the Sugar business declined by 12.8% over the previous year due to higher cost of sugar sold during the year, which was on account of the higher cost of sugar produced in the Sugar Season 23-24 factoring in the increased sugarcane price and the higher cost of production of sugar produced in Sugar Season 24-25 on the account of lower recovery.

The income through third-party exports, which was very, very welcome and something that I had talked about continuously in our quarterly interactions, stood at ₹15.4 crore for TEIL and ₹1.5 crore for Sir Shadi Lal. The sugar inventory as of the 31st of March of this year was 60.4 lakh quintals, including a sugar inventory of 3.6 lakh quintals pertaining to Sir Shadi Lal, and it was valued at ₹37.62 per kilo.

Currently, of course, sugar prices have risen, and the Q4 results were benefited from the increased sugar prices, which was a function of the national balance sheet. But sugar prices today stand approximately at about ₹40.8 for refined sugar per kilo and about ₹40.4 for sulphitation. They've come down ever so fractionally since April, but these are the large consumption months with large quotas having come out, etc. I fully anticipate that as we move towards the holiday and festival season in August, September, October, the prices will increase slightly from this point in time.

The industry scenario is the following. We're looking at a comfortable closing stock for the country for the Sugar Season 24-25 of about 5.8 million tonnes. And this is a large reduction from about 8.4 million tonnes on the 1st of October 2024. The gross production of sugar for the country stands at 29.9 million tonnes, which is a decline of about 12% over the previous year, whereas the actual sugar produced is going to be closer to about 26.4 million tonnes. And the delta of that is sugar that is diverted towards the ethanol blending program.

And of course, this has resulted into a much more comfortable balance sheet where the closing stocks will be about 2.5 months of consumption, which is frankly speaking, ideal. As a matter of fact, our personal view is that they could be even a little bit lower at about 5 million tonnes or just below 5 million tonnes and even that is very, very comfortable.

With Diwali coming early this calendar year, we are anticipating an earlier start to sugar factories, certainly in Uttar Pradesh, but also in Maharashtra. Briefly, the international scenario is a little bleak with both raw and white sugar prices touching multi-quarter lows in the recent past. In fact, the #11, New York was trading most recently at about 17.4 cents and whites were trading at about \$478 per metric tonne. So they've come off quite a lot. In fact, when we exported our sugar, prices were far more robust.

And I think this is a function of the global balance sheet, which is signalling a surplus in 2025-2026 of about 1.5 million metric tonnes, which differs from a deficit of just over 4.5 million metric tonnes in 2024-2025.

Turning towards the Alcohol business. During the year, the net turnover of the Alcohol business increased by 15.7%, primarily due to the commissioning of a new multi-feed distillery at Rani Nangal. The profitability of the Alcohol business was adversely affected due to higher sales volume of ethanol produced from maize, where the margins were substantially lower. And this was in comparison to the surplus food grains, which were available till July 2023, and you will remember that Food Corporation of India (FCI) rice was available at ₹20 per kilo. And of course, that came to an abrupt end in July 2023.

The IMIL business contributed to the turnover positively, driving 24.5% higher dispatches we recorded over 55 lakh cases in FY 25 compared to approximately 44 lakh cases in FY 24. As you are aware, we've invested in this business, and we anticipate reasonable and substantial growth in this fiscal year as well. In view of firm sugar prices, sugar operations were largely carried out with C-heavy molasses, especially during the latter part of the season under review.

Ethanol constituted 92% of alcohol sales during FY 25 compared to 93% to broadly even in the previous year. The sale of ethanol/ENA produced from grain-based stocks contributed to about 51% of the total alcohol sales, which was approximately 33% in FY 24. So a big difference in terms of the blend between grain and molasses in terms of our total output.

However, I am happy to report that we produced over 20 crore litres in the financial year, which was very much in line with the projections that one had given over the previous quarters. Over this financial year, of course, our estimates are much higher, and we're looking at producing between 23 crore litres and 24 crore litres for FY 25-26.

The domestic ethanol industry scenario, the Oil Marketing Companies have executed contracts for just under 1,000 crore litres, which is in stark comparison of supplied quantities of 673 crore litres for the Ethanol Supply Year 2023-2024, almost a 48% year-on-year increase. The proportion of ethanol from grain-based feedstocks is 66%, and maize is almost 50%, which is significantly higher. And I think it has beaten all estimates of the division of where ethanol was going to come from.

The blending percentage for ESY up to the 31st of March stood at 18.36%, while the blending percentage for the month of April 2025 stood at 19.7%. And so I think in all respects, we've pretty much achieved 20% blending for the nation. The Honourable Prime Minister had set an aggressive target a few years ago of achieving it by next year. And this is a huge positive that the industry has come forward and achieved this target well beforehand.

And the question now, of course, is what next? As we all are aware, NITI Aayog has been given a mandate to look at what is next for ethanol blending as we go forward and it could include three different options. One, either an E100, E95 or E85 mix, which is one option. The second, of course, is raising our blending levels. As we know, Brazil for many years at 26% blending, which they've announced to 30% blending. And of course, there is the possibility of blending ethanol with diesel as well to a very small percent, about 2% without any problems.

Turning to our Engineering businesses. The Power Transmission business reported record turnover and profitability. Turnover increased by 27% and profitability increased by almost 19%. The order booking for the year was very impressive at over ₹475 crore. And the closing order book stood at approximately ₹390 crore on the 31st of March. For the quarter under review, actually that was an exceptional quarter. The revenues were record, the highest quarterly revenues of almost ₹140 crore, which was 58% higher than the previous corresponding quarter and the PBIT stood at ₹46.5 crore for this quarter under review, a change of almost 40% v/s the previous corresponding quarter.

During the year, the company secured multiple breakthrough orders across geographies and industries for our gearboxes, also sort of supplementing our strategic focus on providing solutions across the world. The business is executing expansions to scale up operations to an annual capacity in our Gears business of approximately ₹700 crore, which stands increased from approximately ₹400 crore, which is where we are now. This will be concluded by September 2026.

The increase in FY 25 turnover of 27%-odd is driven both by product supplies as well as aftermarket segments. And the PBIT grew by 18.4% to ₹126.8 crore with PBIT margins in excess of 34%, which is a very much in line with our long-term average. So the growth is coming from sustained or rather the growth is not coming at the cost of profitability. It is coming with the same type of profitability margins as in the past. The overall business is witnessing strong growths in export, and this is primarily driven by increased engagement with customers and receiving some critical qualification orders across some of our product lines.

Within our Water business, the revenues declined due to a delay in slow execution of certain projects and the delay in some new projects. The PBIT stood at ₹32.8 crore in FY 25, higher by almost 5% year-on-year. The order booking for the year was strong at ₹586 crore, which included a letter of award, which was sadly recently revoked due to administrative reasons, and this is being pursued by us rigorously. The outstanding order book on the 31st of March 2025 stood at just shade above ₹1,600 crore, which includes ₹1,100 crore towards O&M contracts, which will be executed over a longer period of time.

Turning very quickly towards the outlook. As far as sugar is concerned, you will have all read in today's papers, the forecast for the monsoon is in excess of 110% over the long-term average. In fact, it is about 114% that was given. Now as long as this rainfall is spread out over a period of time, we see no excessive rainfalls at any particular point. This could be very positive as far as the sugarcane crop in Uttar Pradesh is concerned. So at least we have moved past any concerns of El Nino, etc., that we were talking about, about a year ago. And the monsoons for this upcoming season seems pretty good. The planting, as far as Triveni Engineering is concerned, is very much in line with our expectations with some small improvement, but the real improvement has come in terms of varietal change and in terms of improvement in planting practices across all 8 of our sugar units spread across Uttar Pradesh.

Sugar prices, as I had mentioned, have increased as the balance sheet position of the country has become more favourable with the 1 million tonne export having been announced and most of it having been executed during Q4 FY 25. I think this is important, because it signals the fact that the Government and DGFT is acutely aware that if there is extra sugar in the system, we must export it and India's return to export market has been welcomed with open arms.

I do foresee that in next year, of course, we will know what the ethanol blending targets are soon. But even with enhanced targets, we will expect more sugar production and any excesses will be exported by the country, maintaining the balance sheet position. And therefore, I think that sugar prices domestically while they will remain range bound, they will creep up very slightly from the point that they are today, but they bode well for the fiscal year under review.

The Alcohol business, we're certainly focusing on improving our sugarcane crush, which will help in terms of overall molasses availability and there is an enormous focus on addressing the supply chain issues relating to grain operations, which will allow us to improve the margin structure of the business. So several important things to consider over here. As the quantum of grain processed by Triveni is at a substantial level, we need to improve the storage facilities to ensure that the protein content as far as grain is concerned is also at the highest level. And we need to ensure that our procurement happens at the best time.

So we're seeing now when UP maize is available to distilleries and to Triveni, the prices have fallen. In fact, prices have fallen. Net landed price is about ₹23 landed as of today, which is a stark difference from the ₹24.5 per kilo average price for the previous fiscal year. And signs are that they can reduce a little bit further as well. And that, of course, will be a welcome expansion in margins, but nowhere near to what the margins were when we were processing FCI rice at ₹20 per kilo in the past.

Turning towards the Power Transmission business. Our intensified marketing efforts globally, coupled with the capacity enhancements are positioning us

well for sustained growth. India's economic growth is likely to sustain the momentum. Major investments are being seen in infrastructure development. So we're seeing steel, cement, especially oil and gas as industries, which will fuel growth for this year. And of course, geopolitical factors are also favourable as far as the India export story is concerned. Our growth for our PTB business is not just due to India's emergence as a manufacturing hub, but also from an increased overall export global market share that we're seeing at Triveni Engineering. And this includes some forays into new applications for export markets.

In FY 25, Triveni amplified its focus on export by leveraging our own technology and the fact that our products are qualified by all the major OEMs is a very positive factor for the Company.

Very quickly on the Water business, supported by our extensive funding support from State and Central Governments, including from external sources, there are new opportunities emerging in the recycled, reuse, and zero liquid discharge businesses on EPC as well as on the PPP models. And I think that for this year will bode very well for the business. The Company is also evaluating select international opportunities in water and wastewater treatment, mostly when projects where we possess pre-qualifications. And of course, we have rich history of pre-qualifications that we possess and leveraging those will allow us to garner new projects in this business as well.

Overall, the Company has undertaken several well-thought measures to address key challenges in Sugar and Alcohol. And we hope that in this year, we are able to leverage all of those efforts in terms of expanding our margins, improving our operations and our efficiencies across the businesses, growing our Engineering business with respect to new clients, with respect to new geographies and new products. And the development reflects an ongoing commitment that we have towards sustainable growth and long-term returns for our shareholders.

With respect to the scheme of arrangement that is underway, I'd like to just briefly comment that this lies with SEBI at this particular point in time. We are awaiting the approval for SEBI. The next course of action is for us to approve NCLT, that is the regular course. We are proceeding as per plan thus far.

Thank you very much. I'd now like to open up for some questions.

**Moderator:**

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Sudarshan Padmanabhan from ASK Wealth. Please go ahead.

**Sudarshan Padmanabhan:** Thank you for taking my question. So when I'm looking at results, the Sugar business has done very well in terms of profitability. As you've mentioned, the prices have been good. But coming to the distillery side, I mean, now when we look at probably the volumes, as you mentioned, moving towards the goal of 20% and realisation and spreads improving, can you give some colour with respect to the outlook of this business? One, I understand that with molasses and with the sugarcane route, things could improve going this year, but also with respect to maize, because if I look at the maize prices, which is raw material, that has corrected. So how do we see the spreads on this part of the business?

**Tarun Sawhney:**

Okay. So your question is in two parts. I think the future of the business, as I mentioned is very much something that has been contemplated by the Government. So NITI Aayog has been mandated to ponder on the question what next, what beyond E20? Because E20 has been achieved. We achieved



19.7% blending in the month of April, which signifies that the major large states have already achieved 20% blending for the nation. So that target has already been achieved. The question really is what next? We have been influenced as a nation very much by Brazil. We've seen that Brazil itself has enhanced its blending with petrol from 26% to in excess of 30%. Now I know that, that is being contemplated. So can there be higher blends of ethanol? 100% ethanol is also being contemplated and small blends with diesel is also being contemplated.

So those three areas will add to greater offtake rather than just the natural growth in terms of gasoline for the nation. That, of course, will require fresh capex. For any fresh capex to come, it can only happen if there is sufficient margin that is available for businesses and for entrepreneurs to invest. Margin erosion has taken place. It's taken place for 2 reasons. Number one, the prices, broadly speaking, with some exceptions, broadly speaking, prices have been held stable for 2 years. So as a result, in an enhanced cost scenario, you've seen that with your output price being capped, that has had pressure on margins, both for molasses as well as for grain on both fronts. Also, the input prices have increased, your raw material prices on both sides. So you've seen prices for even molasses transfer to distilleries having increased, obviously, because the presale market prices for molasses have increased. And therefore, that has also led to a contraction of margins for even molasses and routes being processed at distilleries.

In addition, as far as grain is concerned, because of this huge demand, when FCI rice was in July 2023, when the procurement of that was stopped, we had to migrate towards maize. It's a brand-new ecosystem. Maize yields in India are one of the lowest in the world at about 3 metric tonnes per hectare. You're seeing yields of between 9-12 tonnes in the West. And as you've seen very quickly that the Government has responded by releasing new varieties of maize that hopefully will enhance, but it doesn't happen overnight. It does take time. You're seeing better farming practices, etc., because previously, maize a small percentage was used for human consumption. The majority was used for starch and for animal feed. The largest, of course, quantum was for animal feed.

So now with huge quantum being procured for ethanol blending, we are in dire need for an enhancement in yields, which will, of course, lower prices, but it will also enhance your farm income. The total basket of income for maize farmers will rise, and that is being anticipated. So you've already seen with the UP crop now that maize prices have fallen, we are beneficiaries of that in Q1 of FY 26 of procuring it at ₹1.5 lower than that are average for the previous year. Is there scope for further decline? I think there is a little bit of scope for further decline, but not much more until we see huge enhancements of yield. So I am hopeful that the crop in Bihar and that the crop in Madhya Pradesh will be equally high yielding. If it is, then we will see a better balance sheet for maize for the nation, and we will certainly be beneficiaries of that.

But right now, you've got a scenario where you've got a cap as far as the prices are concerned, and you've got increasing raw material prices, which has squeezed it out. So for the future, I think greater focus on supply chain, which includes warehousing, storage, delivery, transportation will help improve margins. But greater supply, greater yields is the only real barometer in terms of lowering prices. You will remember that maize prices when we started this entire campaign in 2023 were lower than ₹19 per kilo. So there's a huge, huge difference and massive increase in maize prices that has actually transpired over this 24-odd months. That's one.

And then, of course, capacity additions that will be required for any expansion in the EBP program. That, of course, will only happen if entrepreneurs get a reasonable return on capital. And so that will benefit existing capacities as well. That is really the future. So it's a mixed bag. There's a lot of work that has to be done.

**Sudarshan Padmanabhan:** Sure. But the rate of change this year should be much better than last year, both on the sugar and ethanol, given that this year, we don't have the issues that we face on the red rot side, and there is some improvement on the blending if you're using more of maize. Would that be right to look at it?

**Tarun Sawhney:** Absolutely. I think this year, at the start of the year has been a marked difference, a marked improvement than last year. So broadly speaking, you're correct in your assessment.

**Sudarshan Padmanabhan:** Sure, and I mean, moving on to the Water business, I mean, very interesting and to see the growth in the order book and the growth in sales. But this business historically has seen some kind of a competition and risk to margins. So if you can give some colour with respect to how do you see the profitability of this business with respect to the kind of orders that we are pursuing?

**Suresh Taneja:** Based on the orders in hand as of now, in the case of Water business, I think the profitability is going to be fairly stable. We do realise that in FY 25, there is a favourable impact because of the cost savings in respect of certain projects, etc. But by and large, the profitability is going to be stable. And also, we have participated in a lot of orders, a lot of bids, and we expect to secure reasonable orders during the year.

**Sudarshan Padmanabhan:** Sure, thanks a lot. I will join back the queue.

**Tarun Sawhney:** Thank you.

**Moderator:** The next question is from the line of Sanjay Manyal from DAM Capital. Please go ahead.

**Sanjay Manyal:** Hello, just want to understand about the recovery because we have seen a substantial sort of dip in our gross recovery. Now what is the proportion of Co-0238 variety right now? Means what would it be in next season? And can we say because of the new variety, are we like in a structurally downward trend in the gross recovery? It will be difficult to sort of match the Co-0238 variety recovery?

**Tarun Sawhney:** Sanjay, you asked actually a very interesting question. I'll answer the last question first and then your first few questions. Co-0238 was a wonder variety. And the results of it were the best in 25 years ever since the heyday of CoJ 64 in the late 1990s. So after 20-25 years, you had such a wonderful variety. However, the nation has done a lot. I mean the kind of work that is being done on new seeds or new varieties is many, many, many folds than what was done at that period of time.

Do we have an immediate substitute? We have great substitutes. Are they just as good? Yet to be seen, frankly speaking. However, is there work being done by the research stations by Coimbatore, by Vasantdada Sugar Research Institute, by NSI, in terms of new varietal development? Yes, there is. And the number of new varieties that are now being looked at is far greater. I'm very hopeful as far in the near future in terms of looking at new varieties.

Now coming to your question of your first and second questions. Yes, of course, we had a reduction in our gross recovery. Our reduction was less than



the state average and by and large. Having said that, that was a consequence of two things. Yes, there was disease, but there was also pest. Both played an equal factor, if I have to say. It was not just disease, it was pest as well that played a significant role. And we also had a tremendous amount of irregular rainfall, compressed in short periods of time, which led to flooding, etc.

Now going forward, I addressed the point about rainfall. IMD suggests that we'll have 114% above the long-term average. That's very good. We're very excited about that. It means that even the factories which are reliant on the rain gods will have sufficient rainfall by and large. The question really is, will it happen over a period of time, which is what I was mentioned earlier. And the hope is if that happens, then this should be very positive as far as cane growth is concerned, etc.

As far as recovery is concerned, for the following year, the work that we're doing and others, of course, will also be doing in terms of replacing Co-0238. And equally ensuring that from now, the work on eradicating pest and disease is significantly higher than it has ever been done before will hopefully add to a better recovery next year. It's impossible to guess what the recovery is going to be next year.

It's very, very tough in the month of May. Later on in the year, after a few months, you'll have a better idea. You'll have test and sampling data that will give you better perspectives. But in May, this is all you can do. But we're doing things today that at a different pace, at a different level to ensure that, that's possible.

Now the last question that you asked, Sanjay, was about replacement to Co-0238. Now Co-0238, frankly speaking, it's not that all Co-0238 has got red rot. Co-0238 in high lying areas, etc, still leaving outstanding yield, is giving great recovery, etc. It is only where Co-0238 is highly susceptible. So our immediate target, because in Western Uttar Pradesh, you have a lot of high-lying area as well.

Unlike Eastern Uttar Pradesh, where we have a factory where it's all low-lying area, where we have no Co-0238. It is virtually 1% or 2% Co-0238 at our factory in Ramkola, absolutely bare minimum. So that the full replacement has happened. But for Western Uttar Pradesh, we don't need to work with the same type of replacement because you're getting great yield, you're getting great recovery as long as you can ensure that the seed was a good quality, etc.

So therefore, we are, of course, reducing the quantum of Co-0238 very aggressively, where we were above 50% for the last sugar season, and we will be lower than 40% in this season. The exact quantum, because there is still a little bit of planting that is happening right now, is absolutely uncertain. But the target is to completely bring it down to the lowest levels. And so we will only keep it in areas where there's absolutely perfect seed and giving the type of recovery and yield that we've had in the past.

**Sanjay Manyal:**

Right, I have one question on the ethanol part. I think what we understand that probably capex has been concluded in the ethanol part. What could be or what is our capacity on an annual basis in terms of crore litres? Also, which factors are important so we'll achieve sort of maximum 90% plus kind of utilisation? So if I directly can ask me what kind of a quantum increase in the ethanol prices you would require so you can run it on a, say, a 90% plus.

**Tarun Sawhney:**

Sanjay, the capacity utilisation depends on your feedstock because as you're aware, if you operate on maize, there's a 20% reduction in your capacity. So your utilisation, you may still run at 95%-97%-99%, but the size of the plant,

effective size of the plant is that much lower. 55% of our facility or 50% of our facilities are, 55% are all grain, as you're well aware, or multi-feed. And so it depends on the combination of feedstocks. Now again, there's a difference between running this on B-heavy and C-heavy v/s juice.

So if you run it on juice, you will have possibly a higher output of ethanol from the same facility. When I said earlier on in this call that we will be producing between 23 crore and 24 crore litres, we are running at 95% capacity utilisation based on the input mix. Now and the input mix would be 50% plus of grain. If you actually substitute that grain, because of pricing enhancements that encourage us to use, for example, juice, etc, then you can see the capacities rise quite dramatically. It could go to 27-plus crore litres, maybe 28 crore litres as well with our existing capacities.

**Sanjay Manyal:** Perfect. Thank you very much.

**Moderator:** Thank you. The next question is from the line of Shailesh Kanani from Centrum Broking. Please go ahead.

**Shailesh Kanani:** Good afternoon. Thanks for the opportunity. I wanted to get your views on the sugar prices. This year, we are starting nearly ₹2 above the average what we have garnered in FY 25. So how do you see prices shaping up for the whole year?

**Tarun Sawhney:** Yeah. So you're absolutely right. When we look at our average realisation, we're certainly looking at somewhere almost ₹2-odd higher year-on-year. And this is, as I mentioned, is a function of the balance sheet, the improved balance sheet. If we looked at prices in April, current prices, I just gave you an idea, ₹40.8 for refined, ₹40.4 for plantation white sugar. These prices were about ₹1 per kilo higher, almost ₹0.90 to ₹1 higher in the month of April. And so we've come down a little bit because of higher quotas, etc, rollover of quotas, etc that have happened.

But as we move towards the holiday season, I believe that prices will change as well. We will be range bound. There's no doubt about that, but we made a step change in terms of pricing. The levels that we were at earlier, we made a step up in terms of that as a function of the balance sheet. But from these points of pricing today, I see some level of increase that will happen. Frankly speaking, we've got great news thus far. The monsoon news has been great. The crop news across the country has been great. All the news has been very good for sugarcane production. From here, it can only be negative. And any negative news will spur sugar prices higher. And so that is an important consideration that you must bear in mind that you only have positive news. Any negative news will lead to slightly higher sugar prices. We've touched recent lows as far as global pricing is concerned, both for raws and for whites. And that does have a sentimental impact on sugar prices as well.

The other point I'd like to mention is that with the new sugarcane control order that you must have read about, etc, the export of sugar that was happening under organic, etc, all of that has come to an end. That's a very good thing. The sugar that was going into Bangladesh, the border is pretty much sealed. All of that sugar has stopped. So you're seeing that happen in the month of May. Frankly speaking, I think this is a little bit of a little blip and should be considered as such.

I think we're on a different plane and trajectory. My personal view is that sugar as a commodity has underperformed compared to other staples over the last 5-7 years. We need sugar prices to go up quite a lot more even from this particular point in time because it is a very remunerative crop for farmers

across the country. And if we're looking at farm income, sugarcane is probably the best when we consider it to comparable crops. And for that and for the next few years, we need to see sugar prices also rise. Otherwise, you have a small problem in terms of output pricing and input pricing as well.

**Shailesh Kanani:** So in a nutshell, is it safe to assume around ₹40.5 or ₹41 as an average realisation expectations for FY 26?

**Tarun Sawhney:** But no, I said that our average realisation right now is a little bit higher than ₹40.5. And it is lower than April. I expect the average realisation to be fractionally higher than this.

**Shailesh Kanani:** Sure. Got it. Thanks. Second question was with respect to our capex plans. What figures we are expecting for FY 26 in terms of capex?

**Tarun Sawhney:** The Board has not approved any new capex in the meeting that was conducted yesterday. The only capex that is underway is the ₹60 crore that the Board had sanctioned for the PTB business in the last meeting, which will happen over the next 16-odd months up to September 2026, enhancing the capacity of that business. And there is no additional capex that has been announced in any of the other businesses.

**Shailesh Kanani:** Okay. And what will be our general O&M expenses in general for the year for all our facilities including?

**Tarun Sawhney:** I'm sorry, I don't think we give out data on our O&M expenses.

**Shailesh Kanani:** Okay. Fair enough. My last question on the margin front. We have had issues on the margin front for our core sugar and consolidated even the distillery business. And considering that the sugar prices are on the higher side, can you throw some colour on how margins can shape up for FY 26 because we have seen a dip in FY 25? And FY 24 was a good year in terms of margins. In fact earlier times, we have seen higher margins as well. So if you can throw some light. I know you have highlighted that directionally, it should be on the positive side. But give some colour.

**Tarun Sawhney:** Which business are you talking about?

**Shailesh Kanani:** Sugar and distillery, both.

**Tarun Sawhney:** Sugar and distillery, both. Okay. So I've already talked about distilleries. So I'll focus my comments only on sugar. I think as far as sugar is concerned, we have 60 lakh quintals of sugar in stock as of the beginning of this quarter, which will be sold, I imagine, by the end of November. That is our current estimates. So for the balance 4 months of this fiscal year, we will have new sugar. Now I anticipate that it will be at a different cost of production, because we're uncertain about what cane price would be. They may be the same, may be higher. We don't know as yet. But it will be a different cost of production at that particular point in time.

My certain hope is that we work with our exports. We work with our diversion towards the ethanol blending program to achieve a new level, a new plane for sugar prices by the time the new season starts. And therefore, there will certainly be no margin erosion. In fact, it will be at this higher rate of margin and forward going forward. But to calculate the margin for the last 4 months of this financial year is very tough right now, because we just don't know what the input prices are going to be.

**Shailesh Kanani:** Okay. That's helpful. Thanks and best of luck.

- Moderator:** Thank you. The next question is from the line of Resham Jain from DSP Asset Manager. Please go ahead.
- Resham Jain:** Hi, Triveni team. So I have a couple of questions. First one is with respect to sugar production in the next season or rather next financial year, whichever way you want to give the data. One is, obviously, Sir Shadi Lal will get merged next year. And in addition to that, there'll be hoping things should be better from a recovery standpoint next year. And lastly, we have been doing a lot of work to increase the overall cane development area and debottlenecking our plants as well. So putting all these three things into play compared to 83 crore kgs being produced in FY 25, what should one expect in FY 26?
- Sameer Sinha:** Over here, what we are looking at, you mentioned three factors. Now our capacities are in place, but we are doing a lot of work in the field. So therefore, we are expecting an increase in recoveries also. It's not only the varietal substitution, it's the agronomical practices, plus the management of the integrated pest and disease management and leveraging on our IT initiatives. So that's the second portion of it.
- Coming back to the issue at all our factories over here, we maintain a positive outlook, and we believe that we should be in a position though it's very early days, but definitely a significant increase in crush and in recovery going forward would be the way for this financial year and for this season.
- Tarun Sawhney:** Resham, also coming back to the financial year, when we compare this financial year to the previous financial year, you have to split it up into two parts. Firstly, it is the tail of the sugar season and then it's the start of the new sugar season. In the month of April and May, we had larger number of factories crushing and crushed for a longer period of time in CY 25 v/s the previous year. So for this fiscal year, we've already started off in a more positive manner.
- Next, as I had mentioned earlier on the call, we have an earlier Diwali. Diwali is usually a great barometer of when the sugar season starts, etc. It's also significant because somehow for some strange reason, there's changes in weather that happens around about that time. With an earlier Diwali, we will have an earlier start to the sugar season this year. And therefore, that is a very, very big difference between this financial year and the previous financial year. 2 things, one, a longer tail, which means the earliest part of the season has more sugar that's been produced, produced at better pricing, sold at better pricing. And for the coming sugar season and earlier start. So from a financial year perspective, it will be a big difference in terms of total sugar produced.
- Resham Jain:** Understood. Very clear. So just to clarify, so overall production will be much higher in 2026, given all these factors. So better cost absorption. So possibly your cost per kg would be better than normal years. Is that the right way to understand?
- Tarun Sawhney:** That's a fair assessment. So an increase of maybe 10% or 15% would not be an unfair assumption year-on-year.
- Resham Jain:** Understood. Very clear. The second question is with respect to the Power Transmission business, given that it will get demerged in the next one year. And since it was a part of a much larger company, the understanding of this business from the very granular perspective was much lower. So I would request maybe if you can start giving more colour on the Power Transmission business from like what kind of customers you are targeting? What kind of mix

you have between various industries going forward? That would be very helpful, given that this is going to get separately listed in the next one year.

**Tarun Sawhney:** Welcome suggestion, Resham. We will certainly do that. And we plan to do that as well.

**Resham Jain:** Thank you so much.

**Tarun Sawhney:** Thank you.

**Moderator:** Thank you. The next question is from the line of Chetan Sharma from Systematix Shares and Securities. Please go ahead.

**Chetan Sharma:** Thanks for the opportunity. So my first question is regarding the maize. So what was the maize cost? And how do you compare it with the surplus food grain rice as a source? And second thing is when we can expect rice to be substituted back instead of maize?

**Tarun Sawhney:** Okay. The average price for maize last year landed was ₹24.42. This year, we've started at about ₹23. So there's a big difference in terms of landed price of maize. As far as damaged food grain is concerned, I think you're talking about the broken rice. So that, of course, we buy on an opportunistic basis to be able to fill up capacities, etc. It is not tremendously profitable. And we have no immediate plans for buying the DFG in any significant quantum.

As far as surplus rice is concerned, the price is ₹22.5 ex-FCI godowns, which is a significant increase from the ₹20 that existed prior to July 2023. And the price hasn't changed of the ethanol produced from said surplus rice. So that's a massive contraction of all the margin for using that as a raw material.

So to answer your question, when do you return to surplus rice or when do you return to damaged food grain. Let's talk about damaged food grain is never going to be a big quantum, frankly speaking. So it is surplus rice, and that is never going to be attractive if you don't revert to better economics for the industry. And it's a very big concern as far as the industry is concerned, because we do have sufficient quantum of surplus rice that could be made available. But at this price point and the sale price also, it will not add to a great source of raw material.

**Chetan Sharma:** Okay. And my second question is regarding, as you mentioned that the IMD's current rain forecast is good for the sugar production. So what will be the crushing of sugarcane in FY 26 on standalone and consol basis?

**Tarun Sawhney:** I'm afraid we don't give any kind of guidance like that. We believe that it will be positive on both crush and recovery because we've seen very good planting. The planting is also not over. So everything is in the works at this particular point in time. But it is too early to tell. Right now, the soft signal is clearly for a better year.

**Chetan Sharma:** Okay. That was from my end. Thank you.

**Moderator:** Thank you. The next question is from the line of Udit Gupta, who is an Individual Investor.

**Udit Gupta:** Good afternoon. My question is that, we had some kind of an expansion in our Power Transmission business, which is supposed to get completed around March, April. So what is the status on that end?

**Tarun Sawhney:** So it is happening. In fact, we further expanded it. In the last conference call, I had talked about the Board's decision then in January to approve a further ₹60 crore capex. So all of this is consecutive. It's building blocks. It's underway. And we expect the entire capex to be complete by the end of the second quarter of the next fiscal year. So by September 2026 is when we expect the full completion.

What you are talking about, that completion is almost done. But all of it is staggered. There's lots of changes happening. I would like to mention that after we touched this sort of run rate of total capacity of about ₹700 crore in the existing and the old facility, there's very little scope of further enhancement, very limited. There could be some productivity gains. We'll have to evaluate that. But in terms of building new sheds and building new facilities, I think we will have covered the entire FSI. And then we will look at the new facility that we've invested in.

**Udit Gupta:** And the defence facility, the separate one that was getting built, that will be completed in September of next year? That's the one that you're talking about?

**Tarun Sawhney:** No, no. So the defence facility will be completed by the end of this calendar year now. It is delayed by almost 6 months. But it has not impacted any of the orders under execution at all.

**Udit Gupta:** Get your point. And the demerger and the merger that we're talking about, what is the kind of timeline that we're expecting right now going forward?

**Tarun Sawhney:** We're very much on the timeline. We've given it in our investor presentations, our corporate presentations as well in the past. At this particular point, we are awaiting SEBI approval. Post SEBI approval, we will then approach NCLT. NCLT will conduct court convened meetings, and that's a standard process. Upon approval from NCLT, then it is an automatic listing process which takes another anywhere between four to eight-odd weeks, etc. The timelines over here are not set in stone. They are a little bit flexible at this particular point in time. But we are still in terms of our earlier projection, we're still maintaining that we're very much in line and in time for execution. So we're expecting that by the middle of Q1 of next calendar year, Q4 of this fiscal year, we will have the separation of the PTB business.

**Udit Gupta:** Basically, in this financial year, we're expecting to complete it?

**Tarun Sawhney:** Yes, that's correct.

**Udit Gupta:** Thank you so much.

**Moderator:** Thank you. The next question is from the line of Aman Sonthalia from AK Securities. Please go ahead.

**Aman Sonthalia:** Whether we are making this ethanol in oxygen via C-molasses or via the B-molasses?

**Tarun Sawhney:** We're making it with both C and B and grain.

**Aman Sonthalia:** And what is the valuation we have taken for B and C?

**Suresh Taneja:** The valuation of for what? Valuation of ethanol or valuation of raw material?

**Aman Sonthalia:** Molasses.



- Suresh Taneja:** Molasses. So we have a transfer policy basically, which we consistently followed. And based upon that, the molasses are transferred from one segment to another segment.
- Aman Sonthalia:** Okay. And next year, there is an election in UP. So there must be some sugarcane price increase will be there. How much increase we can think of? And secondly, next year, definitely, the production will be better than this year because there is very good rainfall in Maharashtra and Karnataka. So do you think that in one side, there may be cane price increase and then on the other side, there may be some stress on the sugar prices?
- Tarun Sawhney:** So firstly, the elections in Uttar Pradesh are in February, March 2027. So it's not next year, it is the year after that. It is two years away, not one year away, as you mentioned at the start of your question. And I've addressed this entire thing. I expect that right now, there is very positive news in terms of weather and planting, etc. And therefore, there is anticipated higher sugar production for the next sugar season.
- Having said that, NITI Aayog is looking at what beyond E20. So the diversion of sugar towards ethanol will be higher than the 3.5 million metric tonnes that was diverted this year, which will take account a little bit. Plus the Government this year exported 1 million metric tonnes to maintain that delicate demand-supply balance sheet position. And I anticipate the government in its wisdom will do exactly the same thing next year, the quantum of which, of course, will be determined based on how much sugar is being produced by the nation. So in a nutshell, I don't think there is any stress at all.
- Moderator:** Thank you. As there are no further questions from the participants, I would now like to hand the conference over to the management for closing comments.
- Tarun Sawhney:** Ladies and gentlemen, thank you very much for joining us for the Q4 and FY 25 earnings conference call for Triveni Engineering & Industries Limited. We have had an excellent Q4, as I mentioned, a lot of learnings from the financial year as well that, of course, we are building on across the larger businesses of ethanol, especially ethanol and also from sugar. But I think we're well positioned. I think a lot of efforts, a lot of the capital deployment of the business and direction that the business has taken is to enhance our margins, operating and otherwise. And also look at further expanding our businesses. The Engineering businesses, of course, are doing very, very well, and we hope that they will continue to do so over the next few quarters. I look forward to speaking to you after our Q1 results. Thank you, and have a good day.

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