



Triveni Engineering & Industries Limited

Q2 & H1 FY26 Earnings Conference Call Transcript

November 07, 2025

Moderator: Ladies and gentlemen, good day and welcome to the Triveni Engineering & Industries Limited Q2 and H1 FY26 Earnings Conference Call.

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

Rishab Barar: Thank you. Good day, everyone, and a warm welcome to all of you participating in the Triveni Engineering & Industries Q2 and H1 FY26 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, Mr. Rajiv Rajpal, CEO of Power Transmission Business 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 emphasize that while this call is open to all invitees, it may not be broadcasted or reproduced in any form or manner. We will commence this 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, sir.

Tarun Sawhney: Thank you very much, Rishab. Good afternoon, ladies and gentlemen, and welcome to the Q2 & H1 FY26 earnings conference call for Triveni Engineering & Industries Limited. The key numbers for this half year are the revenues from operations increased by about 18.4% to just over ₹3,300 crore. The PBT stood at ₹32 crore v/s ₹11.5 crore for the same period for the last half year, and the PAT stood at ₹23.5 crore against ₹8.6 crore for the previous corresponding period. We have quite a lot to discuss on this call, and there have been lots of important announcements and movements in the markets effective in all of our businesses, and I hope to be able to cover all of that over the next 60 minutes or so.

The net turnover for H1 increased, as I mentioned, by 18%, supported by a 21% increase in Sugar and its allied businesses, and an 8% increase in the Engineering Businesses of the company. In Q2, the net turnover increased by 14%, which was supported by a healthy double-digit growth across both business segments. There's a healthy increase in profitability in H1 and Q2 FY26, supported mainly by improvements in the Distillery operations, which is something that we discussed on the last earnings conference call, which we stepped right and managed to really emerge quite well as far as our Distillery

performance is concerned, and also encouraging performances from our engineering business.

The Power Transmission Business secured another successful healthy quarter. The Sugar Business profitability remained a little subdued, however, in this quarter, in view of the major period of the half year off-season and no manufacturing happening during the quarter under review.

The gross debt of the company has, on the 30th of September 2025, increased to ₹505 crore, compared to ₹383 crore a year-ago. The standalone debt for the period under review comprises of term loans of ₹310 crore, out of which approximately ₹160 crore are with interest subvention.

On a consolidated debt basis, our numbers are ₹753 crore of gross debt compared to ₹536 crore on the 30th of September 2024, and our overall cost of funds stand at 6.4% in Q2 FY26, which is about 30 basis points lower than the 6.7% in the previous corresponding period. That's quite a positive movement.

Turning to the business-wise review. In the Sugar Business, the revenues for H1 increased by 22%, supported by a 14% increase in Sugar dispatches, and a 4% increase in realisations. For Q2, the revenue increase was 27%, supported by 15% volume growth, and 5% in realisations. Both, of course, were very important for the performance of the sugar part of our business.

The substantial period of H1 FY26 and the entire Q2 FY26 represents the off-season period and no manufacturing operations takes place during Q2 FY26. And, therefore, all expenses relating to that have been expensed out. The results also include income of ₹16.81 crore of the Sugar business arising from the upward revision of the power tariff announced by UPERC with effect for the 1st of April 2024. The increase in the cost of sugar sold could not be fully offset by higher sugar realisation price and higher sales volume is the most notable point for the Sugar business for this quarter under review.

Our inventory from the 30th of September stood at 16.9 lakh quintals, which is valued at ₹37.4 per kilo. I'll just to give you some data points, the previous quarter, 30th of June quarter, we had 44.55 lakh quintals valued also at ₹37.4 per kilo. And, lastly, on the 30th of September 2024, we had 20.6 lakh quintals valued at ₹35 approximately per kilo.

The reduction in the inventory is in line with the reduction in the national inventory levels as well, so to give you that comparison on the 30th of September we had approximately 8 million tonnes and this year at the end of September we have 6 million tonnes of stock. So, for us, it's been slightly lower than 25%, which is good, because October and November, of course, has higher sugar prices. And all of our sugar from last year will certainly be liquidated by early January of this year, so everything in this particular quarter.

Looking at the industry scenario, as I mentioned, we start this year with a 6 million tonne opening stock and an anticipated domestic production of about 31 million tonnes. These are all numbers for the Triveni estimates. Domestic sales we still believe that we will see some stockpiling and some build up across over the course of the year. And, therefore, we assume sales of approximately 28 million tonnes very similar to last year and a closing stock of about 7 million tonnes. So this considers diversion of 3.25 million tonnes of sugar into ethanol and about 2 million tonnes of exports. Broadly speaking, those are the numbers that we're looking at. So, we're anticipating that over the next few weeks, DPSD and the Government of India will announce an

export program. As we're well aware, I will, of course, talk about global prices, etc., and the issues regarding Indian exports as we go forward.

The UP government has recently raised the SAP by ₹30 rupees for Sugar Season 2025-2026. This very frankly puts pressure on the profitability of sugar producers in Uttar Pradesh and necessitates a review in our eyes of the MSP, and urgently by the Government of India to bring it in line with input costs. We believe that MSP revision is being contemplated by the Government of India, and there are greater chances that that will fructify over the next few weeks. And this was, of course, a very different position than we were in last year.

There have been many representations made by the State Millers Association, as well as private millers to the government of Uttar Pradesh for subsidies with respect to the enhanced SAP, a record SAP that has been announced by the UP-State Government. One, measure that we have already received is a reduction in the molasses reservation. On B, that is a reduction of 19% to 18% percent. On C, it works out a reduction from 26.18% to 24.84%, about a 1.34% improvement, and it's effectively just under a rupee in terms of cane price impact. So not substantial, but something.

We are also anticipating an increase in the transportation allowances. Possibly up to ₹3 is what has been requested, which we'll equate to between ₹1 and ₹1.5 on cane. We're also looking at an increase in the country liquor reserved price, and that is something that has been contemplated over the next few months. And, again, that will result in a few rupees on cane in terms of benefit.

The industry has also asked for direct subsidy to help ensure that cane prices are paid duly, and the farmers focus on the transportation of sugarcane for the following season. I think this is something that the industry and the government of India are very much aligned, that they want all the marginal lands that will be diverted to other crops, including maize, frankly speaking, to be diverted back to sugarcane and work to be done very proactively in terms of enhancement of recovery. And, thereby, impacting the farmer's take-home income, especially, next year when we move into the election period as far as the State of Uttar Pradesh is concerned.

Looking briefly at the international scenario. The latest estimates point towards an over 4 million tonne surplus. In fact, it's pointing to an even higher surplus than that. And that has had a massive impact on international sugar prices. If we look at the March contract, it's at \$407 per tonne for whites, and December's at \$412. So these are multi, multi-year lows, as far as the market is concerned.

And at these prices, Indian sugar being exported would be a great challenge. However, the requests that have been made to DPSD that the industry be given a much longer period to evacuate the 2 million tonne assumption that one has taken for the exported sugar. And if that is granted, and we do have the benefit of, let's say, three quarters to export that quantity, there is a very real likelihood that we will have an opportunity to be able to do it.

And also with an early announcement of exports, we may have factories in Maharashtra if they so choose to, for cash flow reasons or others, export raw sugar, if the market corrects ever so slightly from here. So, these are very definitive possibilities, etc., and we do see this as an essential component to maintaining sugar prices as we go forward. Despite the large amount of sugar being produced, the smaller diversion to ethanol that had been anticipated, and a challenging position to be able to export, I still believe that we will have moderate sugar prices over the coming year. I don't necessarily see any cause

of any alarm, and neither do I see any real reason for any massive increase in domestic prices, and they will, of course, vary.

If we do manage to secure the 2 million tonne export, and this which means that we will have a 7 million tonne opening stock on the 30th of September 2026, I think that will bode well. We will perhaps be able to reach forward as we come towards the end of the next sugar year. I think it's an interesting scenario. I think, all the bad news has been factored in. I think, from this point onwards, we will certainly look at more positive news.

Turning towards the Alcohol business. The sales during the quarter were down by 6%. Consequently, the closing stock, and this was because of the supply disruption due to an export fee notification. The closing stock of alcohol stood at 167 lakh litres at the end of September, compared to 62 lakh litres last year. But we've liquidated a lot of that, and a lot of that closing stock has been evacuated over the last 5 weeks, and of course, a lot more to be able to return us to a position of normalcy.

The average realisation price during Q2 is lower due to an increase in the share of ethanol produced from FCI Rice. We have registered a significant improvement in the profitability on the back of correction of input prices, particularly maize, and a much stronger focus on cost optimization. I'd like to give you just some comparison and some ballpark estimates. We started procuring maize from Bihar in April-May, and that was at a delivered factory gate average of approximately ₹22.5 at that particular point in time.

The last few prices of UP maize, which rose, of course, we started procuring at a lower price than it rose, but the last price was at about ₹23.30 mill gates delivered and as an average across all of our distilleries. And right now, we are getting Madhya Pradesh maize, which of course has a better starch content and significantly better quality than UP maize, and we are receiving that at the factory gate at ₹20 per kilo. I do believe that with this 60-40 limits that have been placed by MoPNG in the ethanol tender, we will continue to see softness in maize prices. I am not sure if the government will look at export of ethanol, but if maize prices go down, I think that could be a very real possibility and something that the government could look at in terms of alleviating the pressure on standalone distillers, especially processing maize.

But I think that over the next few months, the Madhya Pradesh crop looks very good with descending prices, and as we move towards the Bihar crop, which is important for UP-based grain procurers like ourselves, that will also start with sufficient softness. So I think from a grain perspective and from an input cost perspective, I think, we are looking pretty good.

Ethanol constituted 92% of alcohol sales in Q2 compared to 93% in the previous corresponding quarter. The sale of ethanol ENA produced from sugarcane-based feedstocks constituted 46% of total alcohol sales in Q2, 44% in the previous corresponding quarter, while ethanol ENA produced from grain contributed to the balance 54%, which was obviously 56% in the previous corresponding quarter.

Looking at the industry scenario for ESY 2025-2026 in cycle 1, the OMCs have secured almost the entire amount, so 1,048 crore litres, against 1,050 crore litres, which was the overall amount. We believe that cycle 2, 3 and 4 will have a minimum of another 200 crore litres, perhaps even more. Now, you may be wondering what does that mean in terms of the overall blend estimate and it points to a higher blend than 20%. Yes, I think so. I think that we will even without noticing it in certain parts of the country, probably have a blend that is a little bit higher than 20%.

However, the elephant in the room really is what happens afterwards, because as you all know there was a massive amount of 1,776 that was tendered for the OMCs against the 1,048. And, of course, that does not include the private parties, Nayara and Reliance, but that also means that we have a massive quantity.

In fact, our estimates are that the country's production is north of 2,300 crore litres in terms of alcohol production and that does not include distilleries, which are nearing finalization or operational readiness, which there are several across the country. It's a positive number to that 2,300 crore litres. It means that we have to, of course, find the solution. The government is acutely aware of finding such solution. I think it is a troublesome point and it's difficult to ascertain where we're going to go, but certainly the decisions have to be taken for this excess quantity that exists across the country.

The procurement price for FCI ethanol in the last tender has been revised from ₹58.5 a litre to ₹60.32 in line with the increase of the administered price of FCI Rice from ₹22.5 per kilo to ₹23.2 per kilo. The EOI for 2025-2026 has stipulated a condition that vendors should offer a minimum 40% of the total grain offer based on FCI Rice from Q1 to Q3 for this present ethanol supplier. And that is exactly why we have seen a great softness in maize prices, which will reflect in our profitability in this quarter and subsequent quarters as well.

Looking very quickly at what it means for us, we have been very successful in our secured quantities, but that does not mean that we are projecting a higher supply of ethanol through the OMCs and private marketing companies. And of course, the ENA that we produce, the total quantum of alcohol produced by Triveni for this year ethanol supplier is projected at higher than what we had last year.

We do need to secure certain, a few crore of supplies in cycle 2, 3, and 4, which we anticipate broadly speaking, distributed equitably will be in molasses and grain, are just north of about 4 crore litres. So it's not a huge amount, but it is an important amount that we need to secure and supply. And that will allow us to actually produce at the most efficient capacity, which is something that the units across the group are completely focused on, and allow us actually to lower our cost of production and cost of conversion as well, which is something that, as I mentioned, even in the last quarterly call, that we are looking at with a very, very fine tooth comb for Triveni.

Turning quickly to the Power Transmission Business, and first of our Engineering Businesses. The order book, during the quarter under review, was definitely a little subdued. However, our visibility, our inquiries, has been quite remarkable. I'm very happy, I believe there is an anomaly in terms of the particular quarter under review. I think there was a lot of global factors that came to play tariffs being one of them, also events that were happening in West Asia, events that were happening in Eastern Europe, events that are happening in other parts of the world that led to a little bit of uncertainty where as far as our global customers are concerned. However, our overall numbers for the year still remain unabated. We're certainly looking at achieving a very robust double-digit growth in order booking, turnover and profitability for this financial year. And as I mentioned, despite the movement in this operating environment, and after absorbing the incremental costs related to capacity increase, our PBT margins have improved by more than 400 basis points. And this is essentially due to 2 very important factors. Number one, a very good product mix. So the focus of the business in terms of really attuning our product mix in delivering the maximum profitability is something that has happened. And the second is a very strong focus on cost optimization. And

when I talk about the future, I will talk about initiatives that have happened and that will happen in the future, which will allow continual improvement in both of these 2 levers and the emergence of other levers as well to ensure success of this business as we go forward.

During the first half year of FY26, I'm delighted to report that we have registered 9 new OEM customers in our product segment. And some of them are marquee industry names globally. And this is very, very important to share, because I mentioned in previous calls that we're doing a lot of work in terms of qualification orders. This is the result of this qualification orders, where we are now delivering those products and hoping that it will result in a significant increase as far as orders to new critical customers globally.

With respect to the Water Business, the results on the consolidated basis, including our SPVs of Mathura, both our SPVs showed an order booking of ₹1,520 crore, which includes ₹1,092 crore towards O&M contracts over a longer period of time. The business actually has done reasonably during the quarter under review. Again, we've focused very, very hard on reducing costs and ensuring the maximum amount of profitability of this business and execution as we go forward.

Looking quickly at the outlook for the various businesses, because I think this is where I'd like to focus some of our time. I'll start first with Sugar, and then move to the Alcohol and then to the Engineering businesses. With respect to Sugar, the overall cane crop seems very healthy for the State of Uttar Pradesh for 2025-2026. Last year, the state produced 9.27 million tonnes of sugar. This year, we're anticipating 9.6 million tonnes of sugar, an increase of 3.5%. Despite some flooding and water logging in the 2024 and 2025 southwest monsoon were timely and well-distributed this year, significantly producing the boosting the sugarcane planting and yields, especially in Uttar Pradesh, but we've seen similar improvements in yields, as well as potential recoveries in Maharashtra and Karnataka.

In Uttar Pradesh, as a whole, we've seen continual variety of replacement in a shift away from 238, at Triveni the shift has been even more acute and I think other varieties are delivering promising results. Perhaps not as magnificent as 238 in its prime, but pretty close. And I think we're going to see a lot of change, because there are so many varieties that are being considered right now, and there's so much promise, frankly speaking. And I can say this for the first time, I have not said this before, but I'm very heartened to see the impact of some of the cane varieties, et cetera, and they will form a very important part of our development programs as we move to spring planting in February, March of 2026.

With Diwali in October, the UP crushing season has started pretty much on time, perhaps a little bit early. As of today, Maharashtra and Karnataka have started a little late, because of the delayed withdrawal of the monsoon. I guess, this is a positive for UP mills. 5 of our sugar units have already started. That includes our subsidiary at Shamli. Last year, 4 units have started, as of today. This year, it's 5 units. The balance 3 units will start in a matter of just a few days from now. Certainly, by next week, everything will have commenced operations.

The recovery for the factories have started early is pointing towards a positive increase, but it's very challenging to give you any real data estimates at this particular point in time, because the real bagging has not started across all of the units. But the sentiment is certainly positive. The test data points towards a positive increase in recoveries, certainly, this year over last year.

In terms of availability of cane, we are having to report that we're looking at a significant increase in the quantum of cane that will be crushed across all 8 of our sugar factories. Each factory is looking at a substantial increase. Some of it is due to excellent reservations that we have secured from the cane departments in the government of Uttar Pradesh and a lot of it has to do with the amount of development work that has happened at the beginning. In fact, the second is the most important point that coupled with a projected increase in recovery we're looking at a substantial increase in the total sugar this year v/s last year. I'm hesitant to give an actual number in terms of the increase in sugar, but I would like to just share that it will be a very handsome amount in terms of overall sugar production and that would be very good, because it will mean a relative lower cost of production and spreading out of our costs over a larger number of facts, etc..

As far as the Alcohol business is concerned, I've talked a little bit about the outlook already in terms of securing about 4 crore litres of orders through cycles 2 through 4 as well as through the private marketing companies as well, we're very confident we should be able to receive achieve all of that and have our distilleries run at peak capacities in this supplier.

Turning quickly to the Power Transmission Business. From an India perspective, we're looking at strong manufacturing and investment demand as of today. I think there's a broad feeling that on balance, we're seeing India Inc. move forward quite steadily. The inquiry book is looking very encouraging, in fact, it is far more encouraging than it was 3 months ago, I think that works quite well.

On a global basis, I think, we're a very small fish as far as our Power Transmission Business is concerned, but we're seeing massive inquiries that are coming from all parts of the world. Europe is particularly strong. We're seeing other parts of Asia. Both West Asia and Central Asia inquiries that are ballooning and we have started seeing very encouraging signs from North America as well.

During the quarter, we continued to build our brand and participate in key exhibitions around the world. And I think these new marketing efforts pay massive dividends in terms of our perception, in terms of forging new contacts and managing to enhance our global footprint, etc., we are definitely recognized as a global competitor to other high speed gear manufacturing firms. I had already talked about the very positive profitability performance in the quarter under review and that was primarily due to cost optimization as well as an optimal product mix. And, I think that realisation is a very important one and we're going to look at enhancing that further improving that as quotas go by to ensure that we eke out profitability levels very much in line with what I've been saying at these investor calls over the last few quarters and few years.

Triveni Power Transmission Limited, a wholly-owned subsidiary of the company, has acquired a 100% stake in Triveni Power Transmission GmbH, a Swiss company. With the fed acquisition, TPTGmbH becomes a subsidiary of TPTL which is effectively a step-down subsidiary of TEIL.

As far as the outlook is concerned what can I share with you that will, as I mentioned, there were the 2 levers and there are several other levers that play a very critical role. There is a concerted effort to focus on large gearboxes and we're receiving fantastic orders in the Steam Turbine segment, Gas Turbines, of course, are reasonably large but in the Steam Turbine segment and Compressor segment of larger and larger units.

Now, this is where the technical competence, etc., of Triveni gets recognized by our customers. There is a concerted effort to focus beyond steam turbines, there are focus on compressors, gas turbines and other high-speed gearboxes has been critical in terms of diversifying our product scope and supply. Design and development has taken on a new form and, I think, there's been a huge amount of work that is being done right now, which where we expect impacts in the next financial year in terms of cost improvements and also reduction in terms of time at standardized models, the development of more standardized models to be able to further improve the manufacturing time of a lot of our gearboxes.

From an IT perspective and this is absolutely crucial, and this is also for all Triveni, but I'll talk about a few extra things that are happening at Triveni Power Transmission. There's been a significant amount of development in the last quarter. For the group as a whole, there's a massive migration in terms of our enterprise resource planning solution that is happening, which will be over. It will allow us massive, in terms of our digital advocacy and migration initiatives, it will allow us to be able to use data in a very powerful form by Q4. It will start actually at the migration will end. And so, our usefulness will start in Q4 of this financial year.

However, at PTB, we have 2 other important digital migration initiatives with respect to CRMs, as well as a digital factory and the creation of digital twins that are underway, which will allow us really to be able to create enhanced levels of stickiness as far as our global customer base is concerned, allow us to be far more proactive in terms of responsiveness to our customers, all the way from acquiring, all the way to post installation and commissioning management, etc., and allow us to have complete control of the manufacturing process in a way that we've had pretty good control, but really allow us to continuously enhance that control over manufacturing at Mysuru.

Looking very quickly at our Water Business, we are looking at new opportunities emerge in recycle, reuse, and Zero Liquid Discharge, and on an EPC and HAM basis. So, there are new projects that we are tendering for, and we're seeing more traction as far as water is concerned, more positive traction, intended towards conclusion. And I think that bodes well, because it's been a long time coming. It's quite exciting to see that the water market is turning quite exciting. We are evaluating international opportunities and intend on participating in several more tenders in water and wastewater treatment projects internationally.

At an overall level, the company has implemented a series of strategic and well-considered initiatives to tackle the key challenges across all of our business segments. We remain optimistic about delivering an improved performance in FY26, given all the various situations that our various businesses are incurring.

Lastly, I'd like to comment on the scheme of arrangement, the proposed amalgamation with SSEL and the demerger of the Power Transmission business. The proposed scheme has been approved by the stock exchanges, and the process is obtaining approval of NCLT. The meetings of stakeholders under the NCLT process has been scheduled for the end of November and early December for the 2 companies. And that means that we're very much on track as far as I've said for this culmination in Q4 of this fiscal year.

With that, I would now like to pause my opening comments and open up the floor for questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. First question is from Sanjay Manyal from DAM Capital. Please go ahead.

Sanjay Manyal: Hi, sir. I have a few questions. First is about the ethanol part. You have mentioned that maize ethanol margins have improved significantly. Firstly, in the 1st cycle, what is the amount of volumes we have been allocated? And out of that, how much is from the maize? And also, if you can sort of specify, are we like making ₹8 EBITDA per litre after the decline in the maize prices?

Tarun Sawhney: Sanjay, I'm afraid we don't give a breakup of what we've got, maize v/s rice v/s ethanol. But answer to your second question, yes, we're making a higher margin than what you're anticipating. I would say 30%-40%-50% higher.

Sanjay Manyal: Okay. I mentioned ₹8. So what we are trying to say is that we are probably, I'll be making anywhere between ₹11 or ₹12 a litre from maize.

Tarun Sawhney: That's right.

Sanjay Manyal: Okay. Perfect. So from my capacity perspective or rather from the allocation perspective, my question was regarding because you mentioned that the total capacity of ethanol is not 2,300 litres, if I'm not wrong. And given the fact that 20% ethanol would require not more than 1,200 crore litres and maybe another 250-odd crore from the ENA. So, total demand would be 50% and so most of the industry level capacity utilisation will not be more than 65%-70%. That's what my understanding is. Can we like assume that your capacity is 26 crore litres? So in that sense, you will also be running at similar levels of utilisation?

Tarun Sawhney: No. I think that's not correct. I think that we will be running at, you see the total capacity as far as Triveni is concerned depends on whether you use maize or not use maize. You have to factor that out. So, it depends on the proportion of maize that we actually convert during the year, because that has, as you know, when you're using maize, it is 20% lower. Your capacities are 20% lower. So, when you're looking at 26 square litres, it is not with maize. However, whatever portion you use with maize reduces it. We anticipate functioning at 100% capacity utilization. However, the margins in maize are actually very attractive. And therefore we will, with the 60-40 rule, try and maximize what we can do with maize as well.

Does that answer your question?

Sanjay Manyal: Yes, sir. It was pretty helpful. My second part is on the sugar recovery. Do you mentioned it's an early time, it's just a week that we started your operations? But if you can get a sense from the fact that you have changed the sugarcane variety in the catchment area from Co 0238 to the other newer varieties, what is your sense or what is your understanding that what kind of an improvement we can see in sugar recovery? And also you mentioned that there has been a reallocation of the command area, so what kind of an increase we can see in the sugarcane crushing in the current season?

Tarun Sawhney: Okay. So it's actually a combination of the two things and without giving you an actual number, I think let me talk about recovery first.

Recovery is impacted by 3 very important factors. The first is rainfall and water. The water is untimely rains and it is also flood water that impacts us in certain factories, as you know and I've talked about this on previous calls. When we stand today, we've had a reasonably dried last 30 days. That's been very good. The last 2 years actually before the factories have started, we've had rains in the last 30 days before the season started, which has led to a lot

of soil moisture and it still led to a little bit of weaker poles as cane comes. By and large, the drier start, I think it's been very good and this year has been relatively drier, so that is a positive attribute.

The second is with respect to disease. Last year, we had some amount of red rot at a certain number of factories. I talked about 3 of our factories having been impacted more than others and the remainder having been relatively unscathed and a lot of work has been done in terms of not just roguing but replacement and taking out all these red rot clumps and clots and actually getting farmers to plant other crops in that area so that the soil received a break, which is technically the system. I mean, if you have red rot, you're actually not supposed to plant sugarcane, just supposed to plant something else and then return to sugarcane a year or so later. A lot of that has already happened, which means that the diseased cane that will be coming to the Triveni factories is a massive, massive reduction. We anticipate, I'm not saying that we've gotten rid of all red rot, because we do have 238. And the 238 is, I forget the total percentage of 238.

Sameer Sinha:

Just under 40%.

Tarun Sawhney:

It's under 40%, but that's not necessarily a bad thing. Let me be very honest, especially as far as the high-lying areas are concerned. It is giving great recovery, and it is disease-free. And we will slowly replace that as well, and also steadily replace that as well. But the fact is that diseased cane is looking much, much lower than the possibility. Everything is looking well within our limits. So that is extremely positive right now, Sanjay.

The third thing is pest. This year, where in the early part of the growth season, we had some whitefly infestation in 1 or 2 factories in West UP. But that was treated with pesticides and it was no longer after we recognized it. So a relatively disease-free, and a pest-free crop is what we're expecting this year.

So from that perspective, the recovery looks pretty good. We need to get all the factories to start. We need to start getting sugar to be able to give you accurate estimates of what the recoveries are. By and large, they're looking positive. So I'm very hopeful that a tool will give a good recovery. I'm fairly certain that plant cane will be a much better recovery than it was last year. That's very important. So, when you look at recovery, you've got to look at both parts of it. You've got to look at ratoon. We've got a great ratoon crop. What does that mean? We're not going to start untimely crushing of plant cane, which is something that happened last year, negatively impacting recoveries, which is crushing immature cane early. And that leads to a lower recovery as a season. So this year, enough cane means we have enough ratoon, and we have enough plant. And the work that was done on plant means it's disease-free, it's pest-free so far. And I have to add that caveat and that bodes very, very well. So that's very good.

Season started pretty much on time and we're looking at a higher crush rate for the group, which will mean that we're not looking at essentially extending and dragging on the season into the very, very hot month end of May, etc. and that, again, is another reason for better crush, better crushing, better cost of production and, of course, better recovery.

Moderator:

Thank you. The next question is from Shailesh Kanani from Centrum Broking. Please go ahead.

Shailesh Kanani:

My question was with respect to our deck assumption, where we have mentioned that more than 3 million tonnes of sugar would be diverted towards ethanol. Just wondering in terms of the SAP price increase, does it make

sense, economic sense to do that, especially considering that the ethanol prices have not risen or sugarcane will stop. So what's your view on that?

Tarun Sawhney: Okay. Good question. It's over 3.25 million is what we are looking at in terms of the diversity of sugar. SAP as you are aware is only for Uttar Pradesh and the 3.25 million tonnes of sugar that gets diverted is nationwide. It includes Karnataka, Maharashtra, other states which don't pay UP SAP, they pay FRP et cetera. Also, there are very strict penalties for non-compliance and the OMCs actually exercise those penalties rigorously. I see very little risk in this number going down. If anything I see this number actually going up, because based on the 200 crore litres of R3 to R4 tenders and the split between grain- and sugary-based feedstock ethanol manufacture, it could enhance that 3.25 a little bit more for the season, perhaps take us up to about 3.4 or 3.5 million tonnes. Sorry, I think it could be as high as 3.5.

Shailesh Kanani: Sir, just to clarify, but there would be some portion of UP assumption as well in this 3.25, right?

Tarun Sawhney: Correct. And I don't see any danger of that not happening, because of very strict fines that are imposed by all marketing companies for non-delivery of ethanol.

Shailesh Kanani: Sir, just to get it right, economically it would not make sense, but because we have entered into the contract, we will be doing it. That is what you are trying to say?

Tarun Sawhney: No, that is not for fair sake. That's not what I'm saying at all. I don't know how people have quoted for juice as far as Uttar Pradesh is concerned, I can't comment on their financials. So, therefore, I am not taking any comment on anybody's viability. What I am saying is that the diversion of Uttar Pradesh of the 3.25 million is approximately 0.7 million tonnes of Uttar Pradesh done by a few groups in the state. I don't see them, because they are also supplying C-heavy molasses, they're also supplying B-heavy molasses and ethanol made from other sugary feedstocks. I don't see them putting their ethanol programs at risk. Plus, they have operating facilities. So to shut it down and not supply means they're still incurring a substantial fixed cost.

So, rather than look at it from a profitability perspective, I'd rather look at it from a cost perspective. And this makes sense to them from a cost perspective and I don't see them and the significant penalties that will be imposed for this large quantum of 0.7 million tonnes is actually detract, I mean, is a disincentive to millers in terms of non-compliance.

Shailesh Kanani: Okay. Just to kind of close this loop on this. In your estimates, what will be the EBITDA per litre, the way you mentioned about maize will be somewhere in the range of ₹11 to ₹12 per litre. If you can just give a ballpark assumption in terms of working back of the envelope, seeing the season and seeing the SAP prices right now, what will be the time, say, juice B-heavy and C-heavy?

Tarun Sawhney: As far as juice is concerned, we're not making juice. I can't offer you the EBITDA calculations for juice, since we have not tendered for juice. Neither have we tendered for B-heavy. I imagine that B-heavy is going to give you something a little bit lower than maize right now, maybe ₹9 or ₹10. C-heavy molasses will give you north of ₹6.

Shailesh Kanani: Okay. That's useful. So, my second question is on the PTB division. So this is the second quarter there is slowdown in topline growth. Can you throw some light further, right, what has happened? Because last time you had mentioned that there was some difference from the client side in terms of execution. Are

we getting impacted because of any other reasons which you would like to know?

Tarun Sawhney:

If you track the last 20 quarters of PTB, because we've always given PBIT results for the Power Transmission Business. And if you track the last 20-odd quarters, you will always see that Q1 and Q2, Q1 more than Q2 is usually a little bit weak. Q1, while it came as a little bit of a surprise, Q2 is actually better. It's not in line with what I would like to be delivering and I recognize that straight at the very start of this course, but it is still better than the previous corresponding quarter. And from a profitability perspective is actually pretty good, to be absolutely honest. I see that with the orders that we have planned for Q3 and Q4 were very much on track. I mentioned that during my opening remarks that I stand behind my internal estimates. While I've not shared it with you, my internal estimates for growth for this business, for this annual year. And I anticipate that Q3 is going to be pretty good and Q4 is going to be absolutely fantastic. And that is just the way that classically every year it follows that type of a cycle.

I do think that when we have more export business, when it becomes a very meaningful portion, then Q3 will become even more substantial. Because the year-end for our global customers is typically the calendar year-end. And the more domestic business we have, the year-end is Q4, therefore, to capture depreciation, the people want delivery of their gearboxes in Q4, of the Indian financial year, which is March. You may see that dynamic over the next few years that will change, but I'm not concerned about the performance of the business.

Moderator:

Thank you. Next question is from SKP Securities. Please go ahead.

Unidentified Analyst:

Hi, everyone. Could you please provide a brief overview of the ethanol production in litres at Triveni through the B-heavy, C-heavy route derived from a kg of sugarcane?

Tarun Sawhney:

I'm afraid we don't provide those details.

Tarun Sawhney:

Thank you. Next question is from Maulik Chaudhari from Monarch Network Capital. Please go ahead.

Maulik Chaudhari:

I have a few questions on our Power Transmission Business. Say, particularly on the domestic side, over the last 2 to 3 quarters, our order inflows have been relatively subdued. Could you please provide some clarity on this? Second, given our H1 order inflows were subdued, but what kind of ordering flow are we expecting in H2 both in domestic and export market? And third question is, could you share the breakup of current closing order book between short-tenure and long-tenure? And within long-tenure, how much is attributed to defence?

Tarun Sawhney:

Absolutely. Let me answer your first question. You see, I think it's important to also note that our large domestic OEMs have at least the 2 large domestic OEMs in the steam turbine space have now converted their business to supply to the world from India. And as a result, while there may have been some softness in Q1 and Q2, and there definitely was, with respect to domestic order build-up, I think from a global perspective, things were moving along a little bit better. I don't see that as the case. We are almost halfway through Q3. I think there has been a real change in the last 5-6 weeks in terms of domestic order inflows for domestic customers.

For global customers, I think that is moving along reasonably well. And yes, we're seeing a change in demand domestically as well. Of course, internationally I've already spoken about.

Could you remind me of your second question?

Maulik Chaudhari: A breakup of closing order book between short-tenure and long-tenure.

Tarun Sawhney: Yeah. I thought that was your third question. In terms of the breakup of short-tenure and long-tenure, as of September 2026, our short-tenure is ₹210 crore and long is ₹185 crore. Total is about ₹395 crore. The previous corresponding year, the shorter was ₹239 crore, the longer was ₹106 crore, about ₹345 crore. There's been an increase in the total order book of about 15% from quarter to quarter.

Maulik Chaudhari: And sir, within long-tenure, how much is attributed to defence?

Tarun Sawhney: As far as the long tenure, as far as that is concerned, the vast majority of that is defence. And in the short-tenure, there's very little defence. The exact numbers you can perhaps contact us offline and we'll share it with you. It's just that I don't have it on hand with me right now.

Moderator: Thank you. Next question is from Sanjay Manyal from DAM Capital. Please go ahead.

Sanjay Manyal: Yes, just one question I have on the PTB business. I think this is what you have seen almost 400 basis point plus kind of a margin improvement. And you have mentioned that this is because of the favourable product mix. But what could be the normative margin in this business, EBITDA or EBITDA margin? And, specifically, from the defence part, you will be commencing your facility in December. So, what can we expect from this defence facilities in FY27, now, what kind of an order, we have the bigger order if we have from the defence and on what can we expect in FY27.

Tarun Sawhney: So For the half year, the Power Transmission Business has a PBIT margin of about 36%. I think it's part of our results, it's given in terms of the segmental breakup. Your second question, as far as defence is concerned, yes, a lot of the long-term order books that we have, we get executed. The facility will be up and running in December of this year which is exactly what I had mentioned 3 months ago when we spoke.

I think in terms of what you can expect in the following year, while I don't give estimates in terms of production, I think it will go a long way to have a facility on the ground, showcasing not just to the Navy and to the armed forces but also to partners around the world. And in our presentations and in our participation in global defence events and exhibitions, etc., we're seeing a lot of traction. So, I think that the defence facility will be off the ground, will be a massive sales point in terms of attracting partners to us.

Now, in terms of, what does that mean for financial year 2026-2027, I think that is very difficult, Sanjay. It's very difficult because, defence orders now with the way the world is, some of it you're seeing a little bit more urgency. You're seeing a little more advancement of orders. You're seeing a little more acceleration. So, it's not necessarily everything is long-term. You're seeing a lot of short-term stuff that is also coming up. But it's very difficult to ascertain. It's a younger business for us as well. These numbers can vary quite dramatically. I'd be hesitant to give a number. But to have the facility off the

ground is a very, very big step in terms of the credibility, in terms of the footprint and the manufacturing capability of our business.

Sanjay Manyal:

Right, sir. No. Understood. What I meant by this first question about 400 basis point improvement, so we have seen a 41% kind of PBIT margin this year, so we should not take this as a normalized should be 35%-36% as you have mentioned in the first half?

Tarun Sawhney:

No, that's not what I mentioned. That's not what I'm saying at all. You're taking quarter and half year. Yes, the quarter was very good. We would like to deliver the best possible EBITDA margins. I think we're very much on track. 41% is very, very high, I think that is a tough ask, to be brutally honest, but we don't necessarily have to reduce 500 basis points. I can't give you a number, but certainly not 500 basis points. I think that is the strength of what I've talked about, about Rajiv and his team in terms of looking at products and services and looking at what we're dispatching and looking at the types of orders that we're taking in and dispatching from quarter to quarter.

Moderator:

Thank you very much. That was the last question in queue. I would now like to hand the conference over to the management team for closing comments.

Sanjay Manyal:

Ladies and gentlemen, thank you very much for joining us for the H1 FY26 earnings call for TEIL. I think the last few weeks have been very, very telling. We've had a heavy of news, some negative, some not negative, not positive, but I think that has been factored in by the business. We've hit the ground running. I think we've done a lot of work and we are more resilient today across our Sugar, Alcohol, and Engineering Businesses, when we've literally ever been. And I'm very confident that going forward, we will be able to deliver the best possible results given factors, some factors are beyond our control. But given that, I think we are in the best possible position that we've been in years in order to be able to give exceptional results across all of our businesses. I look forward to discussing our Q3 results with you in about 3 months' time. Feel free to contact, Himanshu, in case you have questions that have not been answered in this call. Thank you very much and have a great weekend.

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