



Triveni Engineering & Industries Limited

Q3 & 9M FY26 Earnings Conference Call Transcript

February 02, 2026

Moderator: Ladies and gentlemen, good day, and welcome to the Triveni Engineering & Industries Limited Q3 FY 2026 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 Q3 and 9M FY 2026 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 Sugar Business Group, and 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 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 this call with opening remarks from the management, followed by 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 Q3 & 9M fiscal 2025-2026 earnings conference call for Triveni Engineering & Industries Limited. The revenues from operations stood at ₹4,782.5 crore, which was an increase of 17.8%. The PBT for the quarter stood at ₹102.8 crore against ₹57.6 crore in the same period last year. This is despite an exceptional cost this year, which I will talk about a little bit later. The profit after tax stood at ₹77.8 crore v/s ₹42.6 crore in the same period last year.

The key highlights of these results, the net turnover, as I mentioned, increased quite substantially for the 9M to 17.8% for the nine months and 16.5% for the quarter under review due to higher sales in Sugar and Distillery segments and improved sugar realisation. The turnover of the Engineering business increased by 11% and 15% during the 9M of 2026 and Q3 of 2026, respectively.

There was a strong operating performance in terms of profitability in the 9M and it is mainly attributed to a strong performance in the Distillery and Sugar segments. A major turnaround has happened in the distillery segment due to higher sales volumes, lower procurement costs, especially on maize and other

internal efficiencies, whereas much improved performance in the Sugar segment has happened despite the significant increase in sugarcane price, and this is primarily due to a higher sales volume, better sugar realisation, lower a much smaller inventory write-down of sugar inventories in view of the higher recoveries, and of course, there has been cost optimisation as well, which has played out in terms of the financial performance, especially for the quarter under review.

There has been a provision of ₹22.4 crore, which has been estimated because of the changes brought about by the new labour codes in respect to the employee benefit expenses, as disclosed in our exceptional items. This is for the standalone business. The debt position stood at ₹783 crore on December 31, 2025, almost at the same level, ₹775 crore for the period last year. And it comprises of term loans of ₹288 crore, of which a ₹136 crore are loans with interest subvention.

On a consolidated basis, the gross debt stood at ₹1,073 crore compared to ₹981 crore on 31st December 2024. And the overall cost of funds is 6.1% for Q3 fiscal 2026. I want to say it is important for us to note that the cost of borrowings is trending downwards in line with what is happening across the country. I think we have been very cognizant of the changes that have been happening and have ensured that our cost of borrowings reduces quite dramatically.

To give you an example, our working capital for the quarter under review stood at under 6.5%, which is substantially lower than the 7.7% in the previous quarter, so quite a substantial reduction in interest costs, and that will, of course, flow through in the next quarter and subsequent quarters come about.

Turning towards the business wise review. I'm going to first start with our sugar business, where revenues for the 9M increased by 19%, supported by 12% increase in sugar dispatches and 5% in realisation. For the quarter, revenues increased by 12%, and this was supported by 8% due to volumes and 6% in price realisation. Again, going back to our conversation about a quarter ago where I had envisaged stability in terms of sugar pricing and frankly speaking, they have remained reasonably stable. Some amount of variation, but by and large actually it has been positive and this is reflected in the results and in the comparison QoQ and nine-month period v/s the previous nine-month period. This is all despite a price increase of ₹300 per metric tonne by the Uttar Pradesh state government. And that's quite a substantial- the largest ever sugarcane increase in the history of the Uttar Pradesh sugar industry, very substantial.

And of course, this was because there were high recoveries that are present, as I speak right now. There has been substantial cost optimisation and that is prevalent in terms of the cost of productions at the unit levels. And of course, there's a lower inventory write-down for the units that don't perform as well as the ones that are right on top of their performance.

The sugar inventories on the 31st of December 2025 stood at 30.7 lakh quintals valued at just over ₹39 per kilo, whereas in December 2024, it was 29.5 lakh quintals closing stock valued at ₹38.8 per kilo. As we speak today, our refined sugar realisation has crossed ₹41.50 per quintal and sulphitation sugar is about ₹1 lower, but it does vary quite substantially.

An important point to note is that while the sulphitation prices are that much lower, the bulk of our sulphitation sugar is contracted to institutional buyers that pay premiums above what the average retail sale prices is - what I'm reporting to are the retail sale prices.

The industry scenario has been very complex for the quarter under review. There's been a lot that has happened domestically and internationally. The net sugar production was expected to rise about 20% YoY, supported by the favourable monsoons that we had over the last summer, which led to higher cane acreage and improved yields, and the recovery is stronger in the western and southern regions as well as the north. In fact it is because of a delayed start of one month in Maharashtra, that's specifically about Maharashtra. In the investor brief, we have given some details of the crushing updates thus far. But I'd like to point out some important distinction and important developments that have taken place, including some of our surveys that have come back as of this past weekend. And I'm happy to share some of that information and data with you.

Now Triveni estimates were far more conservative when compared to the industry estimates previously. We had forecasted actually a closing balance somewhere around 8 million tonnes for September 2026, whereas the industry association had that somewhere around about 1.5 million odd tonnes lower around about the 6 million mark. And this is primarily due to a couple of reasons. The first one was, we have taken a very conservative approach on consumption, where our target stood at about 27.8 million metric tonnes. This was about 700,000 tonnes lower than what had been estimated and is still probably estimated by the industry. I would like to actually point out that the releases for this year are actually 400,000 tonnes lower than the same quantum of releases in the previous year. And therefore, I do believe that while a hot summer is expected and a hot summer means significant decrease in sugar consumption. And that has been proven out by the test of time, we do hope to see at least our sugar consumption number coming accurately thereabouts. I think we're very much sticking to our guns on that number.

As far as the total country's production is concerned, the averages were broadly the same. Triveni had an estimate of about 31.1 million tonnes when we last spoke, and the industry associations estimate was slightly higher at about 31.5 million tonnes. There have been many developments actually, including unseasonal rain that has hit several parts of the country, etc. And also a much more realistic picture with respect to sugarcane recoveries and the migration from ratoon crop into plant crop across the country. This is not just in North India, but across the country. And as a result, we have some updates for our figures as well. So we are looking at Maharashtra factories starting to close earlier than anticipated towards the end of February. And therefore, what had been earlier forecast as about 11.5 million metric tonnes of production in Maharashtra could be lower by 1 million metric tonnes, maybe a little bit more.

Similarly for Karnataka, the 5.6 million metric tonnes we had assumed could be lower by up to 0.5 million metric tonnes. Uttar Pradesh stands exactly as what we had assumed, ~9 million metric tonnes. So this is very important because it actually changes the stockholding ratio between the South and the North. It also means that the Northern sugar mills will benefit by carrying the stock later into the sugar year where prices I anticipate will inch slightly higher, given that we have a lower closing stock.

By the way, the closing stock assumes the full export of 1 million metric tonnes of sugar, and I will just address that point in a second. Essentially, I think the demand-supply position has changed in favour of more robust sugar pricing for the next few quarters, certainly. And I think that is a hidden positive and a hidden positive expectation that investors should have from the industry.

On a global scenario, we've actually seen near historic lows, such catastrophic fall-off in terms of commodity pricing has not left sugar as well unscathed. And we've seen, as of the last close, New York March contract closed at 14.7 cents

per pound and London closed at 405.1. And these are very substantially falls in international sugar pricing. And as a result, I do have to wonder whether the full 1 million metric tonnes of exports will take place at these prices. I do believe that commodities are under pressure. Sugar is in an oversold position in our estimates. And I do believe that some amount of bounce back will happen.

I do think that we should if not touch the million metric tonnes should come reasonably close because from an entrepreneurial perspective, a large amount of sugar has been contracted, not all of that 1 million, but I do believe that there will be clear opportunities for export especially as we come closer to the March expiry. And let's hope India benefits by those sentiment changes, both domestically and internationally.

Turning to our Alcohol business. The sales volume for the quarter was up 27%, higher production and sales volume were account of full operations in the current period. Whereas in the previous period, the production was slightly impacted by a stabilisation period for the new grade distillery that was commissioned in 2024, as well as distilleries not operating for some period due to a non-availability of feedstock in the previous quarter. So I think all of those things have been abated, have been planned for very much in line with what we had discussed on the last earnings call.

We've registered a significant improvement in the profitability on the back of correction of input prices, particularly maize, and of course, the focus on cost optimisation and some amount of steam optimisation as well and some lowering of energy costs.

I would like to point out that, today, if we had to do an analysis on margins, the highest margin that you could get as an input would be maize, followed by C-heavy molasses, followed by B, followed by FCI rice and then followed by juice. But that is how it stands as of today. The improvement in profitability is due to higher sales volumes and of course, lower procurement on maize. The ethanol constitutes 92% of our alcohol sales during Q3 fiscal 2026 compared to 89% in Q3 fiscal 2025. Our ratio of molasses to grain was 45% - 55% and our margins have clearly benefited by the lower procurement price of maize, which is exactly what we have used for our grain-based operations for the quarter under review.

The blending percentage achieved in ESY, looking at the overall industry scenario is 20%. During ESY 2024-2025, it was about 19.24%, and today, it's considered at 19.98% which is pretty much very maximum. And Inter-ministerial Group, along with NITI Aayog is working on the road map for beyond E20. I think that has gained more traction. In the last few weeks, we believe that there is further impetus. And we can see that signs from the budget, the Union budget that was announced yesterday, the focus on energy, etc and clean energy is something that is definitely being driven home by North block, and we hope that they will have a positive impact on the ethanol blending program as it follows through this year and the next ethanol supply year.

During cycle 1, OMCs have secured just shy of 1,050 crore litres, 1,048 crore litres to be precise of ethanol. Cycle 2 tender is expected shortly. I believe that there was a court case in Karnataka that held up the issuance of Cycle 2 tender. We anticipate that it may happen this week itself. I do believe that the tender has been ready for the last fortnight. I'm just waiting for it to be published.

Having said that, unfortunately, we understand that the focus of the Cycle 2 tender, which is primarily for Q3 and Q4 supplies, it will be focused primarily on rice-based ethanol, which is FCI rice-based ethanol, followed them by B-heavy and C molasses. So not sure how much B-heavy and C molasses will make its

way through to Q3, Q4. However, there's plenty of rice available across the country, etc albeit at a slightly lower margin.

I'd like to turn towards the engineering businesses now. The Power Transmission business has seen a significant uptick in our inquiry levels, I would say at least 75% as compared to last year, driven by growth, especially in the export market, so I think that has been the primary focus. Despite a reasonably tough operating environment, after absorbing incremental costs related to capacity increase, our PBT margins improved by 90 bps YoY on the back of better gross margins and favourable product mix and a strong focus on cost optimisation.

And this was also during the period, in fact, in the last quarter, we had a very significant amount of development that happened to the digital transformation of the business at power transmission, including the initiation of implementation of a CRM solution, a smart factory solution and of course, the migration of our ERP to a much more cutting-edge SAP HANA platform. So a lot of activities that are happening on that front.

The export growth is primarily driven by market share gains in the Compressors and Pump segment, and we continue to focus on relationship building efforts with high-profile customers. And I think that has shown a lot of development. Even in the month under review, in this month, we've seen big changes in terms of inquiries and order booking frankly speaking, there's been a massive change. In the last quarter, as you will notice from our results, it was muted. The hope was that Q3 would result in significant increases in order booking and that did not transpire.

And I think a lot of that is not due to the business itself, but due to delayed decision-making, primarily caused by global factors, in my opinion, where our customers, in my personal engagement with customers, I find that it is not the unwillingness to place orders. But it is just a sense of uncertainty in which they have just kept that decision pending for a short while. I do believe that this is a time-based decision, and we're seeing that correct.

In fact, the month of January itself has been a very positive month for a rebound of order booking to take place. The inquiry book, as I mentioned, nevertheless, still remains fairly strong. The Middle East is emerging as a major end user market for growth and is expected to be the primary contributor as well to aftermarket export growth. We participated in several premier and prestigious exhibitions in the region, and we'll continue to do so to build our brand presence and enhance our global footprint.

But as the quarter ended, our order booking stood at ₹409 crore, which was an increase of 8% from the ₹377 crore previous year. And in the month of December itself, we received orders, as I mentioned in both the Gears as well as Defence segments. The Defence segment, I'm happy to report that we've received a very recent order of about ₹45 crore from a customer. Of course, the gears order booking is in addition to all of that.

Turning quickly to the Defence business. The delays that we've been waiting for was commissioned last month in the month of December as planned and as I had discussed, the factory has commenced manufacturing operations. The remainder of the facility development is underway. It should be complete, certainly in the next few months, 2-3 months, again, as per what I have discussed on previous conference calls.

However, the manufacturing part of the defence facility is all underway with the lathe being commissioned and the other balance machinery also under

execution and being commissioned as we speak right now. So there is manufacturing output happening in that facility.

Turning quickly to the Water business. The Water business results include the operations of the wholly owned subsidiaries, which is Mathura, both the subsidiaries of Mathura and Pali. The outstanding order book on the 31st of December stood at ₹1,598 crore, which includes just under ₹1,100 crore of O&M contracts, which are over a slightly longer period of time. So yes, there was a little bit of variation. I think the business did not perform as much as well as we would have liked to. The inquiries are still quite substantial. And frankly speaking, I think the domestic climate across the board, as we've seen and I talked about, including in our Power Transmission business has been muted, and I think the last quarter was pretty much across the board as far as India incorporated was concerned in capacity additions over there.

Looking at the outlook of our various businesses. The sugarcane crop looks very healthy - in Uttar Pradesh, especially. And as far as the rest of the country is concerned, I mentioned the slightly muted outlook for Maharashtra and Karnataka, which means that the total production is going to be a little bit lower between about ~1.5 million tonnes lower. And this will reduce the closing stock. So as we had estimated a reasonably high closing stock, rightly speaking at, around about 8 million metric tonnes, we will be approaching the 6 million metric tonne number, which is very good and bodes extremely well for sugar prices and the stability of sugar prices going forward. I think that is what's very important because we are in an environment where global prices, and as much as we'd like to think that India has no impact, no correlation between what's happening in New York and London and what's happening in India, there is some sentiment impact of course, that does creep through. But despite that, we have been remarkably resilient. And I think a lot of that credit goes through to DFPD in terms of very well thought out and well planned quotas. And I hope that, that does continue. And I hope that, that does allow the industry to actually see an increase in sugar prices as we move forward because cost of cane has gone up, not just in Uttar Pradesh but across the country.

We have heard a lot of conversations about increases in MSP, etc. The reason I have not discussed that during this call thus far is because there's no point talking about it until it actually happens. My understanding is it's going to be in the high ₹37 bracket, that is the expectation. I believe that is too little because the prices are already higher. And if we're looking forward after so many years, we need to look at it from a future perspective. And to look at the impact that it would have on farmers going into the future and on the industry going into the future. And so that's important. But I still sincerely hope that it is something being considered, and I believe it is, by GOI, and it may happen in the near future.

We are looking at improved sugar recovery trends. In Uttar Pradesh as we see the advent of the plant cane, especially in the Central part and Eastern part of Uttar Pradesh. We've seen plant coming in Western Uttar Pradesh, the start has been small, we are at the beginning of February, and so plant cane is certainly going to come in full force in the next 10-odd days across Western Uttar Pradesh as well. And that is pointing towards better recoveries. You can see that from all the various reports that I'm sure you're all privy to. The realisations right now when compared to last year are higher than they were. I think that is another positive. And we continue and plan on continuing to make some investments, small investments in sugar to especially improve our cost of production and improve our efficiency. I think those are things that have been highlighted by our operations this year. And you should anticipate that over the coming off season, we will be looking very closely at our cost of production and finding ways of lowering those costs of production with very short return investment plans. And nothing substantial, all funded by internal accruals.

The alcohol business, as I mentioned, we've seen a marked improvement in the operations, primarily led by exceptional procurement of maize. Now maize, as I had mentioned earlier will possibly be curtailed in Cycle 2 as for additional deliveries in Q3, Q4. That is a slight negative, very honestly speaking. And it kind of poses a hiccup, but I can understand that there are huge quantum of rice stocks available in the country. And depending on what type of quality of rice that one can procure from FCI, I think we should be able to make some more improvements in the margin structure on rice. And yes, we will be tendering for the small portion of extra capacity that we have for the Q4 delta. We will be participating in Cycle 2 as well and in Cycle 3, which we believe will come in the next couple of months. I think that is also an expectation that has been made fairly clear that there is expectation that there could be a Cycle 3 as well. We believe that ethanol prices do need to be revised upwards. And this will certainly help increase the diversion of sugar towards ethanol. However, lot of this is under consideration - that we don't believe any of this will happen until the next ethanol supply year. The one thing and important thing to consider is the massive overcapacity that exists in the nation and the planning for that is actually very important from the government perspective.

Turning to the Engineering businesses. I think in this particular quarter, while we continue to focus on really building the brand on a global perspective and coordinating, participating, gaining qualifications with customers across the world, we've seen huge successes in the recent past in terms of getting into AVL. There have been many clients where we are now on the AVL globally. And a lot of that has factored into the increased inquiry book as I had mentioned, as we have seen orders close out both in terms of OEM orders as well as in terms of retro in the month of January. So a change in position really from the previous quarter rather the quarter that's under review.

Towards the water business, yes, we are looking at a large number of orders both domestically and internationally because of the significant gap that exists between the demand and current availability of water and wastewater treatment, and there are new opportunities that are emerging in the recycle, reuse and Zero LD in the form of EPC and HAM models. So that's quite interesting to see that there are more tenders coming in those 2 niche areas and we hope to certainly benefit from those that we are tendering on several jobs as far as that is concerned.

On an overall level, we have implemented a series of strategic and well-considered initiatives, a lot of which is playing out and a lot of which, as I mentioned on the last conference call will have had a benefit, and you've seen that benefit in this quarter's results.

Lastly, with respect to the proposed scheme of amalgamation of SSEL and the demerger of the Power Transmission business to unlock value and to drive operational efficiencies, the scheme has been approved by shareholders of creditors, this was in December of 2025. We have another hearing in front of NCLT in the month of February. And we find that we are very much on track, as I have previously said, for this to happen during under this quarter, this calendar quarter. So on that front, nothing really stands unchanged. We are, of course, as we get closer to this demerger. Looking at the Power Transmission business, gaining a lot of skill sets in terms of ability to operate as a separate company. A lot of systems work is being done as we speak to let them hit the ground sprinting, frankly speaking, and have the same kind of efficiencies that we've had at Triveni Engineering and any of the other businesses that the company has run.

With that, I'd now like to open the call to questions.

- Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from Vishal Prasad from VP Capital. Please go ahead.
- Vishal Prasad:** Tarun, we had signed MoU for 4-megawatt marine gas turbine generators with Rolls Royce. So could you provide an update on our marine GTG partnership?
- Tarun Sawhney:** Certainly. So this is for the next-generation vessels being considered by the Indian Navy. And this is at the architectural stage right now. The main decision point for the Indian Navy is whether they would like to go for a gas turbine propulsion engine v/s a diesel generated engine. And at this particular point, we have made a number of presentations, etc. We expect that decision to be taken reasonably soon.
- However, the decision is not in our domain, it is with the India Navy. I believe that if it is a gas turbine option that is considered, you could only consider one or the other because there's too much work that will go in. The solution then being offered by Triveni and Rolls Royce becomes a very compelling one, where there is a large amount of indigenisation that will occur. That is the kind of conversation that we've had, and therefore, creating, for the first time in our country's history, a gas turbine technical solution being available indigenously and having that technology in it. So it would be a big technological tick mark.
- However, that decision really isn't ours. It is one which is with the Navy and their designers, and they will be taking that very soon.
- Vishal Prasad:** Let's assume that, let's say, they agree to our proposal, so would Triveni move from manufacturing gears into manufacturing turbines as well?
- Tarun Sawhney:** But listen, for any new program, by the time you actually supply the equipment, it's about 5 years out. So we're talking about medium to long-term projections right now. And the work share between Rolls-Royce and Triveni Engineering, I'm afraid I cannot disclose those details right now because it is at an MOU stage, it is not a definitive agreement. But there will be obviously some portions that will be done by Triveni and some portions that will be done by the technology provider, in this case, Rolls-Royce.
- Vishal Prasad:** Got it. My second question is, we have talked about our ability to gain market share in the exports market. And one of the reasons that you have given is that nobody can match our timelines. So if I have to compare Triveni with the new-based turbo gears suppliers, what would be the price differential between us and EU players if we are supplying to the same customers?
- Tarun Sawhney:** You see that's a very different, it's a very loaded question. And let me tell you why it's a loaded question. We find that we're substantially lower. What we have done is we've estimated cost of manufacture because I can't control what a competitor prices their product at. But I can have an estimate in terms of how much it costs them to make. And I'm sure you understand the difference between the two. They can cross-subsidise perhaps in an area where I have not received approval or not on an AVL, they may be able to eke out higher margins. In fact, that is the exact thing that has been happening, and that is why we're trying to get on to all the major AVLs across the world and have had very good success thus far.
- We believe the historic numbers that we have, we believe that we are cheaper by at least 25% - 30% in terms of cost to manufacture. I'm generalising here across turbo gearing. It could vary. It could be higher, it could potentially be lower as well. However, in the sale price to a customer, it's very difficult because we

have certain policies in terms of minimum margin levels, etc which we do not cross.

I can't talk to the margin profiles for our European competition. So it should give you a broad idea. In terms of delivery, because you did speak about that as well, what I'm hearing today is that our European competition, which is doing reasonably well, so they have reasonably good factories, which we hope to benefit in terms of cannibalising their market share, they are northwards of 12 months in terms of average deliveries for new units. And for Triveni, we can be ex-factory in a period of somewhere between 6-8 months, depending on the complexity of the turbo gear. And then it takes a short while for shipping. But frankly speaking, in some cases, and we're having these discussions, we can even airlift certain gearboxes, if required and if the customer is giving us a sufficient margin for.

Vishal Prasad: Fair. And could you speak about opportunities that you see in steam and gas turbines? It seems some of our customers are fully booked in '32, '33, so 5 years, 6 years, 7 years down the line. And I believe we have a good play there.

Tarun Sawhney: I don't know anybody who's 4-5-6 years down the line, unless it's gas.

Vishal Prasad: That's right, gas turbines.

Tarun Sawhney: Yeah. So in the gas space, we're seeing a lot of traction. You'll have to understand that our journey as a gearbox manufacturer for gas centred applications in the Western Hemisphere is a relatively recent one. Now we've completed and supplied several units. And therefore, when I say that I see great traction coming, we have excellent relationships with the larger gas turbine manufacturers globally. And I'm hoping that a lot of that is already on our inquiry book, and it will translate into regular ordering across sciences, across facilities across the world. The growth in the export business will be driven by compressors and gas.

Vishal Prasad: Do we cover everything between 2 megawatt to 600 megawatt in terms of gas turbines or we have a sweet spot in between 2 and 600?

Tarun Sawhney: No. Gas turbines larger than 50-60 megawatts are directly coupled, they don't need a gearbox. For high-speed gearboxes, the largest application that I've seen is 90 megawatts.

Vishal Prasad: Okay. And last question is on LM2500 program, you had mentioned that packaging will be happening at Triveni. So could you help me understand what all activities are covered under our scope of work?

Tarun Sawhney: I think this is still yet to be drawn out in greater detail. As and when it is and as we find out, I'm happy to share it, but it depends because right now, there's been changes. The casing has been changed to composite which changes the nature of workflow, etc. So until all of the I's are dotted and the T's are crossed, I myself wouldn't know what our work share is. And I don't know that as yet.

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

Shailesh Kanani: Good afternoon, everyone and thank you for the opportunity. I have a few questions on my side. So my question is with respect to PTB division. The inquiry book has been strong, but the conversion to orders have been kind of lagging. So just wanted to get some sense in terms of timeline when we see that to happen? And also, if you can just share guidance for FY 2027?

Tarun Sawhney:

We don't really share guidance numbers, so I can't help you there, but the inquiry book has been strong and its conversion, you're absolutely right, in Q3, it was weak, the conversion was weak and I started off my opening comments by saying that it was weak.

However, month of January has picked up quite substantially. When we look at this quarter, I mean, when I say this, I could I know what I see being concluded over the month of February or over the month of March, it looks very positive, much stronger than I had envisaged and hopefully covering up for the differences in Q3, which is not bad, but it was not nearly as much as what we had thought in terms of conversion of inquiry to order booking.

A lot of that, frankly speaking, and you've not asked this, because of some weakness from our OEMs. And it's not because that end user segments don't require new products or repaired products, but it's because of decision-making ambivalence. And I very honestly believe this is due to geopolitical factors and geopolitical uncertainties in terms of their businesses driving this type of uncertainty.

Now when you look at new product and you look at aftermarket, you have to look at both separately because new product usually refers to greenfield, brownfield expansions. A lot of those decisions have to be well thought out, and gearbox is only a small portion of the capital decision for any plant, etc. And so we will be tied into that process, probably last of all, since it is the product that is made fastest and costs the least.

However, from an aftermarket perspective, that really surprised me in terms of the decision for customers not to repair and to forgo repairs of critical nature. A high-speed gearbox is a mission-critical decision. It's not as if you keep spares of them lying about, just because of the nature of the product. And therefore, if there is a breakdown, it has a catastrophic impact on the plant. It leads to a complete shutdown. And so I find it a little surprising to see what had happened in Q3, but I'm glad to see in terms of even the bookings that we've had in the month of January for aftermarket, a big bounce back. So it was a momentary lapse, according to me, and I think we're back on track.

Shailesh Kanani:

Just to extend this point, the reason I was asking is because the last year, fourth quarter has been very strong in terms of revenue booking. On the back of nine months FY 2025, that is last year, we had a very robust order booking and order backlog. And this time around, obviously, there has been a dip, as you highlighted. So just wanted to get some sense of the fourth quarter revenue, would we kind of be able to post some growth over the fourth quarter last year?

Tarun Sawhney:

Fourth quarter last year, you're asking about, I don't have an answer to that question in front of me. You can contact us. I'm not sure what we can share or not because we don't give forward-looking estimates. But I do think that the Q4 booking is going to be robust. I can see it from January data itself that is looking very positive. And it will cover up for most of the shortfall of Q3, so in addition to what we have had for Q4.

Shailesh Kanani:

Okay. Fair enough. Thanks. My second question is with respect to prevailing maize prices, and you alluded to something in your opening remarks that they are the most profitable right now. So can you outline the unit economics across different production routes, that would be helpful?

Tarun Sawhney:

Yes, again, we don't really give you your contribution per litre. But the maize contribution is definitely a very robust double-digit contribution, higher than C-heavy. However, I don't see next few cycles coming to support maize. In fact, if anything you've got problems with maize coming from different parts of the

country. Starting off with Karnataka and then a large number of other maize-growing states. Maize prices have continued to fall, and they continue to be softened. They've been stable, but they've been very soft right now. And as it when the next maize crop, as the next maize crop from Bihar comes about in the next two months, I think that Bihar prices are going to be massively different from where they left off last year, massive difference.

Unfortunately, I wish I could say that we would take great advantage with our small spare capacities, but I don't see that happening. I don't see maize being treated favourably, but we will fill those capacities with rice, of course.

Shailesh Kanani:

Just to extend this one. Last time, you had shared that maize prices were something in the range of ₹22.30 per kg to ₹22.50, depending whether they are coming from Bihar or UP.

Tarun Sawhney:

The delivered prices were ₹20. And the current prices are also about ₹20 - ₹20.5.

Shailesh Kanani:

Okay. So QoQ, they are flattish that way.

Tarun Sawhney:

Yes. I mean they certainly gone down since October. The numbers that you have, which were ₹22, they've come down ₹20, so that is lower. But by the time we spoke, which was in November, from November to today, they are flat. Yes. I want to finish that point. I still believe there is a softness. The difference between November is with the fag end of the supply coming from the southern states, from Rajasthan, from Madhya Pradesh, etc. And look, of course, UP finished earlier on in September, but the MP crop that came in, that is pretty much finished.

Now the next crop that's going to come is Bihar. So the prices today are really of saved and stored maize v/s fresh crop. You understand what I mean? So when you see typically when the harvesting season is over, you'll see some increases because there's no pressure on harvesting. There's no pressure on fresh arrivals at the mandi. Today, you don't have that scenario, yet you have soft pricing. Now the moment the Bihar crop hits the market, I believe it will be at lower price points.

Shailesh Kanani:

What would be the timeline when Bihar hits the market?

Tarun Sawhney:

April.

Shailesh Kanani:

April, okay. Can I squeeze in one more question?

Tarun Sawhney:

Sure.

Shailesh Kanani:

I was reading one of the articles where UP, it seems that there has been some increase in farmer dues. Obviously, from the larger and listed players the payments would have been in time. Would you like to update anything on that front, highlight any current position in terms of farmers dues for UP?

Tarun Sawhney:

Absolutely. In the last list, we were right on top in terms of best performers as Triveni. And we were always well ahead in terms of our cane price payments. Having said that, I think there are certain groups, and I don't talk about my peers in the industry that have been delaying payments, etc as their crop dwindles. You see, I think there is going to be again a demarcation between those who crushed well this year and those who don't crush well this year in the state of Uttar Pradesh.

And when the results are known, you will be able to differentiate those, discover those results themselves. And I think that those millers they are seeing an early arrival of plant crop, an early arrival, which means an immature arrival of plant sugarcane. It's all based on their cane price payment to farmers and the relationship management with farmers. So you're seeing that happen.

I don't have the exact numbers with me in terms of week-on-week change. But if you like, you can contact us offline. We'll share weekly data for you in terms of changes in cane price arrears and excess cane price payments, if that's of interest.

Moderator: Thank you. Next question is from Abhisar Jain from Monarch AIF. Please go ahead.

Abhisar Jain: My question is on the new multi-model defence facility. So you have indicated that we have started commissioning this facility. Can you just tell us how much is the CAPEX that has been spent till now for this facility?

Tarun Sawhney: I don't have the number for what has been capitalised in defence. We don't have that right now. You could contact us offline, and we will give you that number. But ballpark, what was approved by the Board. And I don't think we'll spend all of it. But what was approved by the Board for the defence facility was just north of ₹100 crore.

Abhisar Jain: Okay. And in terms of now after the initial trial runs on some of the products that are to be made in that facility go through, how do we see the revenue trajectory? And what would be those products that we would be supplying first in say sometime in FY 2027?

Tarun Sawhney: No, so I don't give forward-looking estimates, so I'm not going to do that, you'll excuse me. But what I will tell you is what we are already qualified for. And the list is, of course, detailed and it's on our website. I would encourage you to go through our PTB and defence presentation on our website, which gives you a huge detail of the various partnerships that we have in various products that we are tendering for and have orders for. And they include, but are not limited to, and I'm talking about the breadth of relationships thus far. Fin stabilizers, gearboxes, propulsion equipment, PSI, gas turbines, smaller gas turbines, deck machinery, we've recently signed an MOU for at-sea transfer from ship-to-ship systems, cargo bay handling systems, etc. So, there's a lot of work that is and the list goes on. There's repair work that happens on compressors or pumps, etc, different metallurgy, different materials. So it's a very extensive list. You're welcome to come and visit the facility and see things in greater detail. But for now, I would encourage you just to have a look at our website.

Abhisar Jain: Yes. Right, Tarun-ji. I've seen the list of the products. I was just wondering that do we kind of start making most of these products in the first year? Or how does the kind of ramp-up of supply of these products go through.

Tarun Sawhney: That's a good question. Yes. I would say quite a lot of the products will be made in the first year. Then there are different sizes and scale. So for example, in shafting we have won several orders. We will do one set of shafting, but the others will happen subsequently in other years. As far as gearboxes are concerned, some will happen next year, some will happen the year after, most of them will happen the year after, etc. So there's a cascading effect, but we're not limiting ourselves to one in one particular year where we're going as per contracted supplies.

- Abhisar Jain:** Understood. And just last one on the same thing. So the defence facility, in how much time do we see we can ramp it up to its full potential? Is it like 3 years? Is it like 5 years, or what indications you can give at this point of time?
- Tarun Sawhney:** I think it depends on what orders we win from the Indian Navy or from other branches of Indian defence, where we are now going to be tendering and form a part of our inquiry base. And frankly speaking, the defence facility is a very large facility, it's not fully built. We have only built Bay 1 and this is one of four large facilities that can be erected on the same premises as per the master plan.
- We're at the very start and inception. We're not limiting ourselves. We're going after everything that rotates, frankly speaking, as far as the Navy is concerned and our immediate focus is on how do we branch out and address the requirements of the other branches of the armed services.
- Abhisar Jain:** Sure, I look forward to coming to this plant and look at it. It looks very interesting and a very long-term good thing for us. Thank you so much for answering the questions.
- Moderator:** Thank you. The next question is from Nisha Garg from Samco Mutual Fund. Please go ahead.
- Nisha Garg:** Good evening. My first question is, there is a significant improvement in your sugar recovery to 10.5% till December 2025 as compared to last year 9.1%. Could you please advise us the key factors contributing to this?
- Tarun Sawhney:** Absolutely. I think in the 2 sugar years, and I think the trend is even better, frankly speaking. But in the 2 sugar years, we had very high quantum of unseasonal rainfall in the previous year, which impacted the recoveries. We also had disease and pests as much significant, a much higher portion of diseases and pests, especially the red rots that impacted 238 variety for Triveni in the sugar year 2024-2025.
- In the sugar year 2025-2026, which is the year under review, the one that you talked about right now, actually, the disease has been under all limits, and our limits are very stringent, and so therefore, means that healthier cane, non-disease cane comes to the sugar factories. I think the quantum of rainfall that has fallen this year has also been pretty good with the exception of our factory at Deoband which had excessive rainfall.
- However, the only negative factor this year there's been some incidents of some new pests, white flies etc and so our performance could have been even better, frankly speaking. And the hope is that for the plant cane crop, a lot of this gets abated. Also, the recoveries are not apples-to-apples comparison because we had a couple of our sugar factories in the previous year that were operating with B-heavy molasses, which obviously takes out a little bit. So I'm not sure if you were looking at the gross figure or the net figure of recoveries. But this year, all the sugar factories are operating on C-heavy molasses, so you will have to normalise the two.
- Nisha Garg:** Okay. Got it. And my second point is, especially for UP, what is your current outlook on cane areas recovery and cane crush overall, this season v/s last year?
- Tarun Sawhney:** So as I mentioned in my opening remarks, we're looking at the production of Uttar Pradesh broadly the same this year v/s last year. So approximately 9 million tonnes of sugar being produced last year at about the same amount, sorry, well, broadly speaking, I mean, a few percentage points here or there are out. Broadly, the same.

Nisha Garg: And cane area would also be approximately.

Tarun Sawhney: Cane area was a little bit higher this year than last year but yields in certain parts of the state have been lower. And we're seeing that, especially in central and the eastern parts of Uttar Pradesh and some parts of Western Uttar Pradesh as well. You're seeing that for a variety of agroclimatic reasons, the yields have not kept up, whereas the cane is very healthy.

You can see that in terms of the recovery. It is by and large disease free. That is a result of not having excess rainfall, etc and also a lot to do with the management and cane development that happens across the factories. However, due to some climatic reasons, we've not seen the yields keep on par. And I think that is a major focus area.

As we move past the eradication of 238 variety for next year, the great plan has to be how we better manage the yields and agronomic activity at the farm level including at Triveni to ensure that we actually get the most amount of cane. We have been fortuitous in terms of getting excellent allocations of cane area from the Government of Uttar Pradesh in terms of the reservation policies. And I think that should have a positive result for our overall performance this year v/s last year. However, at this particular point in time, we're halfway through the season, and there is half of the season that's still remains.

Moderator: Thank you. Next question is from Rajesh Majumdar from 361 Capital. Please go ahead.

Rajesh Majumdar: Good evening. Thanks for the opportunity. My first question was on the sugar prices outlook. Of course, you mentioned the fact that MSP can still come, which I'm not doubting. But suppose this year, we end up with 6 million tonnes inventory and in all likelihood, next year, there is a 60% possibility of El Nino, which means the next year crop will also be lower. In which case, will the inventory position come to such a point that the prices can go up even much stronger from the current levels? And a related question is that like you've seen many years ago governments step in to put a cap on the sugar price. Yes, your thoughts on that?

Tarun Sawhney: The government hasn't placed a cap on sugar price per se.

Rajesh Majumdar: No. Not yet. But if it goes, let's say, ₹45 - ₹46.

Tarun Sawhney: I'll answer your complete question. I think we're dealing in the realm of possibilities and percentages and to extend the same example, let me also tell you about the history. In the last 15 years, to the best of my knowledge, there have been 4 years that have been considered El Nino years, not one has happened, not one. And in the last 15 years, only one year has been below the long-term average of rainfall across the country, only one. Now statistically speaking, for as long as monsoon or rainfall data exists in India, that has never happened. That has never ever happened. So you could extend that example as well. But every year, you extend it, we have a great monsoon.

I won't go into the hypothetical. But the fact that the matter is that you do have some amount of buffer in terms of the sugar that is diverted towards the ethanol blending program. And you have a huge quantum of grain that is available at reasonable prices across the country. So it's not that the ethanol blending program is going to suffer. And we at, Triveni, that is why we have got large portions, majority of our distilleries, etc are multi-feed distilleries only for that eventuality that if you have lower cane availability in the country.

For any reason, as there is a push towards making the sugar for domestic consumption, then you have to keep your distilleries gainfully occupied. And you do that because you've got dual feed capabilities. Now, to your question about sugar prices. Sugar prices will obviously go up where we are not immune to the forces of demand and supply. And if you see a substantial difference in terms of projected closing stock. And now I'm talking about September 2027, which is the year that you're talking about. You can see prices go up quite substantially. If you look at sugar inflation and track it for 10 years, we are well below agri price or rather food inflation, well below.

We are tracking at 50%-60% below food inflation for the same period of time. So I would say it is about time that our prices go up. Is ₹45 significant? No, of course, not. It's nothing. I think ₹45 even today, the government will be happy with. It's if the price goes to ₹60 that you have something to worry about. Not at ₹45.

Rajesh Majumdar: In the last 15 years, I think there's one instance where the government has imposed the cap, if I'm not mistaken.

Tarun Sawhney: Yes. There is one instance, yes. But even that was highly restrictive. It was for certain quantities, not for other quantities, etc., and if I remember correctly, it was at the very end of the levy sugar era.

Rajesh Majumdar: Right. That's helpful. And secondly, I had a question on Sir Shadi Lal, despite of a large increase in the crush and prices going up, we are still seeing the gross recoveries lower in SSEL. Why is this? And when can we expect this company to turn around realistically?

Tarun Sawhney: It's an excellent question. As I mentioned, we've had very good yields. We've got good areas. However, we've had a breakout in something called white fly, very specifically only in that part of the state, and we have factories close by where we don't see the incidence of this pest.

This has created some amount of nuisance factor in the ratoon supply. The hope is that when plant cane starts coming in full in Shamli, we will be back. It infected the ratoon. That does not mean that it's going to affect the plant. And we will see the plant cane supplies coming I think 100% in Shamli in the next 10 days-or-so. And that is when you should see the expectations for the remainder of this year. That's one.

The second thing is that in the month of November for some strange reason, there was a little bit of urea dosing that farmers in Western Uttar Pradesh did because of their perception of climatic factors. This turned out to be a little bit of a negative. And this is something that we will very strongly discourage. It does not happen at any of our other sugar factories. And we've had relationships for 50-60-70-100 years. Shamli being a new unit and the relationships speak new, our sway over the farming population needs to improve and increase so that they don't engage in practices where the 350,000 farmers that deal with us in other 7 factories don't engage in across the state. So we have to do that. And we've noticed that these are two possible and probable issues for the underperformance of Shamli. I do think that there is positive news ahead in terms of the remainder of the sugar season as far as Shamli recovery is concerned. We've also had a couple of breakdowns, which led to intermittent factory operations at Shamli. It is an old factory, while despite doing a lot of repair and maintenance, there were 2 significant breakdowns that had an operational impact on the plant. Again, things that we have resolved, and we will completely resolve it during this off season.

Rajesh Majumdar: Just one added question here. Can we expect the sugar year 2025-2026 to be still loss-making for Sir Shadi Lal. And should we take next year as a turnaround? What would be a sort of that? That's all.

Tarun Sawhney: I think that is a very fair assumption.

Moderator: Thank you very much. We'll take that as the last question. I would now like to hand the conference over to the management team for closing comments.

Tarun Sawhney: Ladies and gentlemen, thank you very much for joining us today for the Q3 nine months fiscal 2026 results earnings conference call for Triveni Engineering. I think the next time we speak in all probability, this will be two separate companies. And with that, I would like to thank everybody that has participated over the years of this call for your valuable feedback and constructive feedback and guidance to the management team of Triveni Engineering.

Thank you very much, ladies and gentlemen. We are deeply appreciative of your constructive commentary. Over the next few months, we anticipate very good news as far as the Power Transmission business is concerned in terms of order booking, in terms of new wins in export markets, etc. We also book for a big rebound that we see domestically.

As far as sugar is concerned, I think all the bad news is pretty much out of the picture across the Distillery and Sugar segment. And anything that happens for here will have a direct positive impact on pricing and therefore improve margins further. That is my hope for the next few months. How much of that converts to the reality we will see. And it is very much in line, even with the last question asked by the last speaker about Sir Shadi Lal. Frankly speaking, if sugar prices rise by 5%, then yes, it will be a profitable year for every single factory, a very big difference and a big bounce back even for our subsidiary today. So all of those things are possibilities, and we hope that they all fructify.

Thank you again for your time. We look forward to speaking to you in about three and half months.

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