Operator: Ladies and gentlemen, good day and welcome to the Triveni Engineering & Industries Ltd. Q1 FY27 earnings conference call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Gavin Desa from CDR India. Thank you, and over to you.

Management: Thank you. Good day everyone and a warm welcome to everyone participating in the Triveni Engineering & Industries Ltd. Q1 FY27 earnings call. We have with us today Mr. Tarun Soni, the Vice Chairman and Managing Director; Mr. Suresh Taneja, the Group CFO; and Mr. Samir Sinha, the CEO of the Sugar Business.

Before we begin, I would like to mention that some statements made in today's discussions may be forward-looking in nature and a statement to this effect has been included in the invite which was shared with you earlier. I would also like to emphasize that while this call is open to all invitees, it may not be broadcast or reproduced in any manner. I would now like to hand over to Mr. Tarun Soni to make the opening remarks. Over to you, Tarun.

Management: Thank you, Gavin. Good afternoon, ladies and gentlemen, and welcome to the Q1 FY27 earnings conference call for Triveni Engineering & Industries Ltd. FY27 marks the beginning of a new phase for the company. After NCLT approval, the composite scheme of arrangement became effective from May 19, 2026. The power transmission business has been demerged and vested in Triveni Power Transmission Limited, with an appointed date of April 1, 2026. Accordingly, the Q1 FY27 numbers for TEIL are for the continuing operations, with the earlier periods restated accordingly.

I will first cover the consolidated financial performance and then discuss the business-wise performance, and close with a perspective on the outlook for the various businesses as well. Our first quarter performance reflects improved operating performance in the sugar and distillery businesses, leading to an improvement in profitability despite a challenging backdrop of lower cane yield, higher sugarcane cost, evolving ethanol demand, and slower revenue conversion in the water business.

The revenues from operations grew by 2% year-over-year to 1,581 crores, supported by higher sugar sales volumes and better sugar realization, and partly offset by lower alcohol offtake and slightly lower water revenue. The EBITDA increased by 6% year-over-year and the profit before tax stood at 5 crores versus a loss of 9 crores in Q1 FY26. The improvement in profitability was primarily driven by higher sugar margins and better operating performance in the alcohol distillery business, including lower maize procurement costs, better DDGS realization, and operating efficiencies.

The standalone gross debt reduced to 1,238 crores, which comprised term loans of 376 crores and working capital of 862 crores as of June 30, 2026. This compares to 1,603 crores, with term loans of 443 crores and working capital of 1,160 crores, as of June 30 in the previous corresponding year. The consolidated average cost of funds has reduced by a significant 70 basis points to 6.8% during the quarter compared with 7.5% in the previous corresponding quarter. I would like to point out that this has been an extremely challenging task in this environment where our bankers have been tough, although we have been swift and very successful in continuously reducing our cost of funds and making them more suitable and according to our debt rating in the market.

Turning quickly to the business-wise review, I would like to cover the sugar business first. We witnessed a lower sugarcane crush for the 2025-26 sugar season of 8.25 million metric tons, which was lower by approximately 9% compared to the previous sugar season. This was due to poorer yields across our eight sugar factories and also increased diversion, especially in Western Uttar Pradesh. However, our intensive cane development initiatives have given us excellent outcomes as compared to the previous year, where gross recovery improved by 26 basis points to 11.1%. That helped achieve almost similar levels of production costs despite a lower crush.

I think it is important to mention that there has been a combination of factors that have allowed the performance of sugarcane inputs into the sugar plant to improve. A lot of that has to do with select varietal replacement. A lot of that has to do with a more prescriptive approach towards pest and disease management in the field, not just the cane-grower fields but across the entire sugar year. Further, we have increased interfaces with farmers using digital platforms as well as more physical platforms and advice given by the army of consultants and experts that we have on our roles as well.

Despite this, our sugar business has delivered stable profitability during Q1 FY27. Domestic dispatches grew by 7% and the average realization improved by 3%. The segment revenue rose 6% year-over-year to 1,235 crores. The PBIT for the sugar business stood at 14 crores, an increase of about 82% versus the previous corresponding quarter. The sugar inventory as of June 30 stood at 3.59 lakh metric tons valued at 38.41 rupees per kilo, compared to 4.45 lakh metric tons in the previous corresponding quarter valued at 37.41 as of June 30, 2025. The current prices of sugar as of today are approximately 4,600 rupees per quintal for refined sugar and 4,525 per quintal for sulfated sugar. So, there is a reasonable increase over the average for the previous quarter.

Turning to the alcohol and distillery business, we have continued our robust trajectory. The key contributor to the improvement in overall productivity has been the mix of products as well as the procurement prices. I think that has been a very solid contributing factor to our PBIT in this business. The production was 57,488 kiloliters, which was down 12% year-over-year, and the sales volume was 50,483 kiloliters, which was down approximately 19%. This was primarily due to lower sales orders, resulting in the decline of revenue by 13% to 373 crores.

Despite the lower offtake, the PBIT improved 32% to 31 crores. This was supported by lower maize procurement prices and better DDGS realization, along with improved feedstock economics from the ongoing cost optimization program. This program has not yet concluded and will continue over the next quarters as well. We hope to see more cost optimization improvements for the following quarter and beyond.

Grain-based ethanol accounted for 61% of alcohol sales during the quarter versus 58% in the corresponding previous quarter, showing the gradual shift that I have been talking about. In fact, when we look at the overall averages, we are going to see a more progressive shift towards grain-based ethanol. What is also equally important is to remember that for the following year, a commensurate shift can be expected for the nation as a whole. At the industry level, ethanol blending reached 20% during FY26, with the procurement of approximately 770 crore liters. Grain-based ethanol continued to dominate industry allocation and supply as I previously mentioned.

Our country liquor volumes were approximately 1.5 lakh cases. It has come down sharply due to a revision in the Uttar Pradesh excise quota allocation policy. In this, the fine for the one-shop policy has increased more than six times if a retailer fails to adhere to the restrictions of 75% volume in a particular district for a particular brand, and that creates some level of confusion for the market. However, I anticipate a lot of this will get sorted out. We are aggressively pursuing the growth of this business over subsequent quarters with sufficient capacity to be able to meet that additional production.

Turning quickly to the water business, the revenue of the water business declined by 21% year-over-year to 43 crores, primarily due to the slow execution of Prayagraj and Vadodara EPC jobs. Consequently, the PBIT declined to 2 crores. The decline in profitability was due to the revenue degrowth, and the previous year's profit included a gain of 8 crores related to GST on interest for earlier periods that was in the previous quarter, which should be taken out for comparison purposes.

The orders received during the quarter were 9 crores. The closing order book remained at a healthy 1,472 crores, which included 1,065 crores of longer duration O&M contracts. The business sees a viable pipeline as we look forward, and bids during the quarter were quite substantial, in fact, in excess of 300 crores. We expect to be L1 in a few of those projects.

I would like to now focus on the strategic outlook of the businesses. For the sugar business, the industry outlook remains constructive in the near to medium term. Domestic prices have strengthened meaningfully in recent weeks, supported by lower carryforward inventories, tighter demand-supply dynamics in the market, and some growing concerns around weather-related risks. The industry estimates that closing stocks for the 2025-26 sugar season are approximately 4 million tons, with the possibility of being slightly lower than that. This will be the lowest level since September 2017 when we recorded 3.88 million metric tons in the country. At that point, domestic production was well below 25 million metric tons. I am sharing those numbers because it is important to keep that perspective as one looks to model sugar prices in the near term.

The current market conditions also reflect concerns for rainfall distribution in the key cane-growing states and the possibility of an evolving El Niño event, which could impact cane yields and sugar recoveries this season and in the following season. With respect to Triveni, for all our eight sugar factories, we have been seeing absolutely adequate rainfall. It has been intense and spaced beautifully. As a result, the crop is in excellent condition as of today. However, we are only halfway through the grand growth period, and therefore the next six weeks are going to be very crucial and critical in terms of the growth of the crop.

Our factories in Raniganj and Sabitgarh have received marginally lower rainfall as compared to previous years. However, this is not necessarily a negative. As a matter of fact, the crop condition is absolutely fine. There is no sign of any stressed crop, but it is important to mention that when we look at all the sugar factories. Our plant in Ramkola in Uttar Pradesh has actually received a little excess rainfall as compared to last year. The crop health is excellent. All in all, from Triveni's perspective, thus far, the crop looks pretty good.

The cane development and varietal replacement programs have had a good amount of success. I spoke about that in the Q4 conference call, and that will also have positive benefits in terms of the recoveries that we anticipate this year. The question mark being, of course, when does the sugar season start? The performance of the crop over the next six to ten weeks before the start of the season is critical in terms of future developments.

On Tuesday, the government issued a directive stating that no sugar dealer will be permitted to hold stock for more than 30 days. Furthermore, to keep sugar prices under control, a stock limit of 4,000 quintals has been established. The order will be effective from August 1 until November 30, 2026. I think this is a very good order from the Food and Public Distribution department. It is only for the festival period, covering August through the end of November, which is fine because the factories will be in full production across the nation by that point in November.

This also leads to moderate changes in sugar pricing. I think we are very comfortable with the pricing that we have right now. There is adequate stock of sugar in the country. We have sugar in the country up until mid-November, certainly until early November 2026, at which point in time the vast majority of sugar factories are anticipated to start. Therefore, there will be plentiful supplies. We see excellent sugar pricing going forward. The levels I talked about earlier in this call should be maintained as we go forward.

Recent industry updates also suggest that sugarcane acreage at a national level has remained reasonably resilient. However, rainfall distribution in the central and southern states of Maharashtra and Karnataka remains a concern. As a result, there is a worry about cane acreage in those two states. However, it is still too early to tell in terms of the overall impact on the nation's sugar balance sheet for the 2026-27 sugar season.

The government has continued its focus on maintaining adequate domestic availability, including the restriction of sugar exports. This underscores the importance of preserving comfortable stock levels. As we look forward to the next year and the ethanol supply, I think we can look at possible differences in terms of the allocation of sugarcane feedstocks towards the ethanol blending program. We want an additional lever for maintaining a healthy balance of pricing for the industry, farmers, and consumers.

At Triveni, we remain focused on improving cane availability, enhancing recoveries, and increasing farm productivity through our cane development initiatives and driving controllable efficiencies in our operations. The last point is critically important, and some quantum of capex has gone towards improving our cost efficiencies at the sugar plant and lowering our cost of production for the upcoming season. Given the favorable market backdrop and our emphasis on operational excellence, execution both at the field and factory level will continue to be our key priority.

Turning to the distillery business, the medium-term outlook remains encouraging. India has successfully achieved 20% blending, which is a milestone. We maintained this for the year. Q4 might be a little bit stressful, which I will address in a minute. Of course, we are five years ahead of the original target. The real question is what happens next. As you all know, there has been some negative publicity regarding ethanol blending. I believe there are some vested interests that have been propagating false news.

The benefits of this program are threefold. I will again stress that it is about benefits to the Indian farmer, whether for grain or sugarcane. It is about saving precious foreign exchange reserves and meeting domestic energy security. The last point is extremely critical and one that gets easily forgotten. The contribution to the environment is also critically important, but the other point is a physical financial impact to all citizens of India and must not be disregarded.

It is a central program where public sector banks have lent huge amounts of money to create a massive sunrise sector that will be the starting point for India's biofuel journey as we look forward to the next 5 to 20 years. The government has signaled that the country's ethanol ecosystem has been built keeping these key requirements in mind. Furthermore, flex-fuel mobility has been announced. We have cars and motorcycles that have been released. Maruti has shown the WagonR. We at Triveni have purchased the first WagonR and are using it in UP. The availability of E85 fuel is plentiful, and the performance of the car is actually pretty good.

Furthermore, with respect to the ongoing court case which has prevented the tender for allocations of ethanol for OMCs, as of now, the Supreme Court has stayed any alteration to the existing ethanol allocation framework. We are awaiting the final judicial resolution which could influence future OMC tender allocations. The Attorney General yesterday said that 100 crore liters should be allocated and is seeking the Supreme Court's permission to do that. The hearing is coming up early next week. This would be divided among the 200 odd millers from previous allocations. Triveni will be a significant beneficiary if that gets allocated.

These developments can improve the utilization of the installed capacities of ethanol across the country. At the same time, the increasing diversification of feedstocks and continued policy focus on energy security, improved oil substitution, and farmer income enhancement remain the fundamental pillars of this program. Next year, I anticipate that we will see a substantial amount of ethanol coming from grain. I would say a ratio of 3:1 for grain versus sugarcane feedstocks is my anticipation for next year. I think Triveni has the ability to perform in a similar manner given that we have multi-feed distilleries available to the group. I think that strategy will showcase dividends as we move to FY27.

Regarding the water business, which has been affected by timely execution during the quarter, I think we still have a reasonably good order book. The O&M proportion is extremely important. We are looking forward to the execution and conclusion of these tenders where we hold some promise. The business continues to show profitable performance, and we are encouraged that it will retain its position of national dominance going forward.

I would like to summarize my remarks by saying that Q1 FY27 was a very positive start for Triveni Engineering & Industries Ltd. in its new form. We have seen improvements in profitability and reduction in debt as well as cost of funds. While we continue to invest management bandwidth in operating efficiencies and capital discipline, our sugar business is a priority, with cane availability, quality, and recoveries playing the most important role over the next few months through the 2026-27 sugar season. In ethanol, we are focused on feedstock economics. I think the product mix and feedstock economics continue to be a huge point of focus for the management, which has done a good job of showcasing our expertise in these areas.

Before I move to the question and answer session, I would like to provide a brief update on the Q1 FY27 results for Triveni Power Transmission Limited (TPTL). As indicated on our previous earnings call, we intended to post results for TPTL followed by an earnings call. The board meeting of TPTL was day before yesterday. However, in view of the applicable disclosure guidelines related to information sharing prior to listing, it would not be feasible to publish the results nor conduct the earnings call before the listing of the TPTL shares.

However, I would like to say that in the consolidated results of TEIL, the company has accounted for 4.35 crores as a share of profit in our consolidated account from TPTL. As far as the listing is concerned, we are in the final phase of this process. The record date for share allotments was July 22, 2026, and the allotment was completed yesterday. We will now submit the listing application this week. Based on standard guidelines, we expect the listing to be completed in approximately four to six weeks, subject to regulatory approvals. From our end, we have completed all documentation and do not anticipate any questions or delays in listing. With this, I would like to open the call for questions. Thank you.

Operator: Thank you very much. We will now begin the question and answer session. The first question is from Shrevi Gupta from Reneta Asset Managers. Please go ahead.

Shrevi Gupta – Reneta Asset Managers: Hello sir. My first question is that we are facing some challenges with respect to lower sugarcane yields. What are we expecting moving forward?

Management: Good question. As I mentioned in my opening comments, if we look at the performance of the 2025-26 sugar season for Triveni Engineering, our total sugar production was down by 9%. This was primarily due to poorer yields, although supported a little bit by higher recoveries. A lot of that had to do with the massive quantum of rainfall that the majority of our units experienced. Some of it had to do with unusual water levels that also impacted the yield of the sugarcane crop, primarily in Western Uttar Pradesh. The combination of those two factors has been the primary determinant for the lower performance in yield for the 2025-26 sugar season.

For the upcoming season, the first and most important thing is micro-level monitoring of pest and disease. I am happy to report that as of today, across the eight sugar units of the company, the incidence of pest and disease is very little, if any. The small incidences that have occurred from time to time have been dealt with expeditiously and mitigated. So, we currently have a healthy crop. The other important point is the quantum of rainfall received across the sugar units, which has generally been well-spaced and good.

We have lower levels of standing water, which is good for us because the majority of our plants are in Western Uttar Pradesh, which also has the benefit of canal irrigation. We do not want canal irrigation to be supplemented by excessive rain leading to standing water, and we have not had that occur at all. So, as of today, it looks pretty good. However, the next six weeks of the grain growth period are absolutely critical. We anticipate rainfall, and if we have well-spaced rain with no standing water, then the crop will certainly beat that of last year.

Shrevi Gupta – Reneta Asset Managers: Thank you, sir. My next question—as you mentioned in your remarks, we have slow execution in the water business in Prayagraj and elsewhere. I wanted to understand if you could be more specific about the bottlenecks and how we can resolve this.

Management: These kinds of bottlenecks are part of the business; execution does not always take place in an even manner. However, as far as the total year is concerned, I think by and large we will be able to achieve our operating plans.

Shrevi Gupta – Reneta Asset Managers: Okay, thank you.

Operator: The next question is from Aman Kumar Sonthalia from AK Securities. Please go ahead.

Aman Kumar Sonthalia – AK Securities: Good afternoon, sir. When the monsoon started, it was anticipated that the monsoon in Maharashtra and Karnataka would be very bad and would impact production. In June it was bad, but after that, it picked up. How do you foresee production in Maharashtra and Karnataka going forward?

Management: Very good question. I will go back to my opening remarks. I foresee a flattish performance right now in terms of Maharashtra and Karnataka. I don't see any significant downside; I think they will be able to maintain the levels of last year, maybe slightly diluted. I think we have a sufficient amount of sugar in the country to meet domestic consumption. The first start of the monsoon season for the central and southern states was a cause for worry, but a lot of that has been mitigated by the performance of the monsoon over the last 30 to 40 days.

Aman Kumar Sonthalia – AK Securities: And sir, what is the actual estimated consumption of India?

Management: The government's estimates are approximately 28.1 million metric tons. We estimate that it should be somewhere around 28.3 million metric tons.

Aman Kumar Sonthalia – AK Securities: Since ethanol prices have not increased and sugar prices have gone up, do you think that in the coming season the diversion into ethanol will be less, leading to higher sugar production in the country?

Management: This is not a simple question. First, everybody has their own cost economics. There are distilleries that have been set up which do not have crystallization capacity. So, it is not a binary choice of producing sugar or ethanol; for them, it is either producing ethanol or shutting down.

Second, the cost economics in Uttar Pradesh are very clear. Crystallization capacity has to be maximized. From our perspective, we will be maximizing our crystallization capacity completely for the next year. I do think we have enough sugarcane in the country, and therefore I do not see sugar being under stress.

Third, the government and the department have done an outstanding job of monitoring and balancing the sugar and ethanol balance sheet. They will decide how much feedstock will be diverted towards ethanol and how much will go into crystallization based on the availability of sugarcane in October 2026, which is the right time to make proper estimations.

Report is AI-generated and may contain inaccuracies.

I don't believe we will see stress on sugar prices. We are going to see a moderate level of pricing, with some small increases from time to time before the season starts. We have made a step-change in sugar prices, which is important. On a 10-year average, sugar prices have only increased by 2% a year. So, the small jumps we have seen in the last 30 to 40 days is a welcome move considering the cost of cane has gone up significantly more than 2% as an average.

Aman Kumar Sonthalia – AK Securities: Last season, 3 million tons of sugar was diverted towards ethanol. This season, what is your estimate for the diversion?

Management: B-heavy molasses will always be diverted towards ethanol production. I am uncertain about juice; juice diversion will only be known once we have a complete estimate of sugarcane across the country. There are too many imponderables. The diversion of sugarcane juice right now is mixed, but there may very well be some B-heavy diversion. I don't think it is going to be 3 million tons because the total cane crop is probably going to be a little bit lower, but it certainly isn't going to be zero.

Aman Kumar Sonthalia – AK Securities: Okay, sir. Thank you.

Operator: The next question is from Sanjay Maniyal from BF Capital. Please go ahead.

Sanjay Maniyal – BF Capital: Hi sir. Sales volumes have declined this quarter and the offtake seems to be poor from the OMCs. Is it because of the many newly commissioned capacities in the country? We have 2,000 crore liters of capacity but requirement might be just 1,100 to 1,200 crores for ethanol and maybe 200 crores for ENA. Should we assume that utilization won't go beyond 70%?

Management: Sanjay, you have to look at the cost economics. You are right about the overall capacity. For next year, we estimate total procurement to be somewhere around 1,300 crore liters overall, assuming a normal business environment. Then on top of that, you have an ENA requirement.

Another important point is that interest moratoriums for a lot of standalone distilleries will expire next year. I see the financial viability of some portion of that 2,000 crore liter capacity coming into question. There are distilleries operating at very low capacity utilization. Their survival comes into question when interest becomes a factor. So, I see some kind of shakeup. I don't think that 70% utilization figure applies to everyone. It will depend on the group and whether they have multi-feed capacities, which play a crucial role. Individual company performance will be more acute next year.

Sanjay Maniyal – BF Capital: You said multi-feed facilities will be more beneficial. But even with 1,300 crores, given the backlash from consumers, I don't see blending going immediately beyond 20% until we have substantial flex-fuel vehicle capacity.

Management: I am giving an optimistic number based on our own estimates. Right now, there has been a lot of negative press without a realistic understanding of the dynamics. The benefit to the farmer has been huge. From a grain perspective, the largest quantum of ethanol will be produced from rice and maize. As far as rice is concerned, it is all about extra stocks in the country that would otherwise rot. The industry is doing a favor to the consumer by freeing up storage of old stock.

Regarding maize, the average yield across the country is approximately 3 tons per hectare, which is low. Using maize for ethanol gives farmers better value and produces DDGS for animal feed. Without the ethanol industry, you would have maize pricing around 17 to 18 rupees, which would have a negative impact on farmers.

Furthermore, the 1 lakh crore of funding given by public sector banks has created a bioenergy ecosystem which is essential. As for the environment, burning ethanol produces clean energy without carbon monoxide or greenhouse gases. That is getting overlooked by naysayers. Lastly, regarding pricing, that is the domain of the government. While the caloric value is slightly lower, there are massive benefits in terms of higher octane and engine preservation. The arguments against it are often unfounded.

Sanjay Maniyal – BF Capital: Maize prices have risen lately. How are the economics compared to the last few quarters which showed phenomenal profitability?

Management: Maize prices are a matter of supply and demand. The crop from Bihar and Uttar Pradesh was impacted by rainfall, and we have seen a single-digit increase in pricing over the last few months. However, that has been combated by the increase in realizations from DDGS. Come November, we will have access to the Madhya Pradesh maize crop, which is suggested to be better. We are covered until then, so I think the balance will be maintained.

Sanjay Maniyal – BF Capital: Thank you very much.

Operator: Next question is from Rajesh Majumdar from 361 Capital. Please go ahead.

Rajesh Majumdar – 361 Capital: Good afternoon, sir. My first question is on Sir Shadi Lal. What were the sales, EBITDA, and PAT of Sir Shadi Lal in FY26, and what was the total quantum of cane crushed and ethanol produced?

Management: Since the appointed date of amalgamation was April 1, 2025, in our results for FY26, Sir Shadi Lal had been amalgamated. Similarly, in the current quarter, its results are amalgamated.

Rajesh Majumdar – 361 Capital: If you could provide the numbers separately for Sir Shadi Lal for the year and the quarter.

Management: For the year, the crush was 82 lakh quintals at a sugar recovery of 10.4%. We don't have the specific quarter numbers with us right now, but you can contact our IR team. As far as ethanol production, there was no ethanol produced there; we used the molasses from that factory at one of the other distilleries in the group.

Rajesh Majumdar – 361 Capital: Do you have some idea of those business operations and where you are going with it?

Management: The crush was 82 lakhs with a recovery of 10.4%. This coming season, we are expecting a rebound. The crop looks fantastic and the factory will start on time. We have resolved the operational issues from last year, so the processing volume will be higher. Diversion will also be reduced. The quality of the crop looks much better this year. Last year, the crops coming into that unit had some negative impacts from unseasonal watering and urea application practices that we don't support. This year we have done a tremendous amount of work to ensure those farming practices are taken out. Finally, the capex incurred this year will ensure better crushing efficiencies and a lower cost of production.

Rajesh Majumdar – 361 Capital: So, can recovery move up to 10.7-10.8%?

Management: The average recovery for the group was 11.1%. Sir Shadi Lal is at the bottom end of that average, so there is ground to make up. We anticipate that move northwards will happen in the 2026-27 sugar season.

Rajesh Majumdar – 361 Capital: With current sugar prices, will we see more debt reduction by the end of the year?

Management: Working capital borrowings are a direct function of the total stock position at the end of the sugar year. Since we are expecting low inventory, our working capital borrowings should also be lower compared to last year. As far as term loans, repayments will happen as scheduled. Any excess cash will be used to improve our leverage. If we have high-cost debt, we will pay it back.

Rajesh Majumdar – 361 Capital: For the next 5 to 10 years, where do you see growth and capex for Triveni Engineering?

Management: Excellent question. The board spent time deliberating on this subject yesterday. We are looking at capital allocation because our significant businesses today are distillery and sugar. With the cash flows generated over the next few years, we need to have a clear plan. I cannot offer specific areas yet, but it is under active examination. Triveni Engineering has always been the incubator for the group; the turbine and demerged power transmission businesses both came out of this company.

Rajesh Majumdar – 361 Capital: Can you identify water or alcoholic beverages as areas for future capex?

Management: For the water business, it is an excellent business, but the return on capital employed (ROCE) is not ideal today. Until those return metrics improve, we will be constrained in adding more capital there. As for the country liquor business, the returns are good, but it is a complex sector with low capital requirements because it is constrained to Uttar Pradesh. We have sufficient capacity there for now.

Rajesh Majumdar – 361 Capital: Thank you so much.

Operator: The next question is from Neil Bell from Newgen Capital. Please go ahead.

Neil Bell – Newgen Capital: Hi, following up on the vision for the company. Branded alcoholic beverages could get a very good multiple. We are already at a significant case volume and have increased capacity. What is your vision for this for the next few years?

Management: For Triveni, the vast majority—95 or 96%—of our volume is for country liquor. The balance is for branded spirits, which is growing but not currently generating significant profits. We won't disclose those numbers today. The capital allocation for that business is interesting and yields higher multiples, as seen with other branded beverage companies. We will watch it carefully. We have launched in Uttar Pradesh and Delhi and will continue to grow as we see traction. I want to assure you we aren't going to throw money at it without seeing commensurate demand.

We are a top five player in the country liquor business in Uttar Pradesh and have reached that level in four years. That business is competitive and limited by geography. Our strategy is to maximize market share in the districts where we operate. However, as I mentioned, the quantum of capital required for these two businesses right now is limited. We are looking for operational excellence before the next generation of capital allocation. I am conscious of delivering profits with limited risk.

Neil Bell – Newgen Capital: We trust you on your corporate governance. One suggestion: going forward, maybe provide a separate line item for branded alcoholic beverages. If you can get to 100 crore EBITDA in a few years, it changes the company multiple completely.

Management: Thank you for the suggestion.

Operator: The next question is from Tanuj Nagarajera from SKP Securities. Please go ahead.

Tanuj Nagarajera – SKP Securities: Good afternoon. Seeing current sugar realizations, do you foresee any increase in the State Advised Price (SAP) in Uttar Pradesh?

Management: This is a difficult question because we are looking at an election in Uttar Pradesh in March or April 2027. Last year, the 30 rupee per quintal increase in cane price was the highest in history. Given that, I am uncertain what will transpire. We are in an election year, but we already had a huge increase last year. We also don't want cane arrears to occur, as there are still some arrears today in Uttar Pradesh. My hope is that any increase would be seriously moderated.

Tanuj Nagarajera – SKP Securities: How is Western UP different from Eastern UP in terms of recovery levels?

Management: It varies by year. Over a five-year horizon, the impact of Red Rot on the 238 variety was very significant in East and Central UP, but less serious in Western UP. That is an important distinction. Eastern UP relies heavily on the monsoon and has smaller farm holdings. In Western UP, you have larger holdings, more progressive farmers, and reliable reliance on groundwater and canal irrigation.

Tanuj Nagarajera – SKP Securities: Do you see any government intervention regarding sugar prices at the current levels?

Management: At these levels, I don't see any intervention. The government has already placed stock control limits from August until November. We have enough sugar in the country. For the first time in 30 years, Maharashtra pricing is on par with UP pricing, which means they have less sugar there and the bulk is in the north. I don't see a need for the government to do anything further, and I would urge them not to, as it has a lasting impact.

Tanuj Nagarajera – SKP Securities: Thank you so much.

Operator: We take the last question from Kevin Gandhi from Capro Capital. Please go ahead.

Kevin Gandhi – Capro Capital: Just wanted to know about the power transmission side. What was the order booking for this quarter? And you mentioned the West Asia impact—how will the construction of refineries in that zone benefit the power transmission business?

Management: Since it is a separate company now, we will publicly disclose those results very soon. Regarding the general impact of West Asia, I think the impact was felt more in Q4 of last year than in Q1. We are seeing a sense of normalcy returning because new project execution cannot be delayed indefinitely. We are seeing a return to normalcy in Europe, Africa, and other parts of the world. India is also bouncing back.

The crisis has been factored in by a lot of OEMs. If oil is above 100, it generally means more capex in the oil and gas sectors, and we are a direct beneficiary as part of that ecosystem. We have managed to get on the approved vendor lists for many third parties globally.

Kevin Gandhi – Capro Capital: Any rough estimation on how much the capex benefit will be to the power transmission business?

Management: We will have to wait for the call specifically for that business to address those numbers.

Kevin Gandhi – Capro Capital: Thank you.

Operator: Thank you very much. I would now like to hand the conference over to the management team for closing comments.

Management: Thank you, ladies and gentlemen, for joining us for the Q1 FY27 earnings call for Triveni Engineering & Industries Ltd. This quarter was very good for us, exceeding our own expectations. Robustness in sugar prices is continuing, and the monsoon progress has been better than anticipated. We look forward to a good Q2. By Q3 and Q4, we anticipate a significantly better operating season and growth in the ethanol sector. We think we will certainly maintain similar productivity levels, if not better, in the next season. Thank you very much, and we look forward to speaking with you again in three months.

Operator: Thank you very much. With that, we conclude today's conference. Ladies and gentlemen, you may now disconnect your lines.

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