

### Triveni Sugar Business: Outlook

The Company is focussing on substitution of the Co0238 variety through its robust and well-structured sugarcane development programmes across its seven sugar units. It is striving to substantially improve its crush, and enhance recoveries further in the upcoming sugar season over SS 2023-24. Judicious investments in improving efficiencies and reducing energy consumption are being made to reduce the overall cost of production.

Triveni's varietal replacement programme is driven by other promising, well-proven and high yielding/high sucrose varieties in the sugarcane command areas of its sugar units. Coupled with various yield enhancement measures, like spaced row, trench and autumn planting, this will help assure sugarcane availability to meet higher sugarcane requirements at the sugar units.

The Company's overall crushing capacity enhancement, from 61,000 TCD to 63,000 TCD, is progressing well, and is expected to support a higher crush in the coming season.

## ALCOHOL BUSINESS

### Indian Alcohol Industry

The Indian Alcohol industry consists predominantly of ethanol for the purpose of blending with petrol, as well as industrial alcohol such as Extra Neutral Alcohol (ENA), Rectified Spirit (RS) and Denatured Spirit (SDS), which are used in various industries such as potable spirits, chemicals, solvents, etc.

### Indian Ethanol Industry: Overview

The Central Government has been focussing on reducing the country's dependence on imported crude oil, while minimising the environmental impact resulting from pollution and emissions. The Government has been actively promoting the production and blending of fuel ethanol with petrol, and has targeted 20% blending through Ethanol Blended Petrol (EBP) Programme or EBP20 by 2025. EBP20, which was earlier targeted by 2030, was advanced in December 2020, reaffirming the Government's focus and commitment towards biofuels as a key sustainability initiative.

The blending of ethanol with petrol increased from 1.53% in 2013-14 to 12% in ESY 2022-23, on the back of efforts made by farmers and industry, aided by favourable government policies. The supply of ethanol to Oil Marketing Companies (OMCs) increased from 38 crore litres in 2013-14 to 502 crore litres in ESY 2022-23.

According to a report by Niti Aayog and remarks of the Food and Consumer Affairs Ministry, ~1,016 crore litres of ethanol would be required in order to achieve the target of 20% EBP by 2025. About 334 crore ethanol would be required for other usages. This would necessitate capacity addition of 1,700 crore litres, with the plant operating at 80% efficiency.



## Indian Ethanol Industry: Market Updates

### Ethanol feedstock related updates

- In July 2023, the Food Corporation of India (FCI) suspended supplies of surplus rice for the purpose of ethanol production. Despite the feedstock challenges, the industry has promptly shifted to damaged foodgrain and maize in the wake of this decision by FCI.
- On December 15, 2023, the Department of Food and Public Distribution (DFPD) issued directions that in view of the lower expected sugar production in the country (the major drop being from Maharashtra & Karnataka), the sugar industry should restrict the sugar sacrificed through the B-heavy & sugarcane juice/syrup route for ethanol, to 1.7 million tonnes vs 4.1 million tonnes in the previous season. It directed sugar units countrywide to operate on the C-heavy process. The move was prompted by the need to ensure sufficient sugar stock availability in the country to meet internal consumption requirements. At the end of April 2024, the Government allowed sugar mills to convert their existing stocks of 6,70,000 tonnes of B-heavy molasses into ethanol.

### Ethanol requirements and supplies

- For ESY 2023-24 (November-October), OMCs floated tenders for 825 crore litres with a 15% blending target. Offers were received for 560 crore litres with 48%, i.e. 267 crore litres, from sugarcane-based feedstocks, and the balance 52%, or 292 crore litres from grain-based feedstocks. The ratio for sugarcane and grain-based feedstocks supplied in the previous tender stood at 73:27
- Till March 31, 2024, OMCs had procured 224.46 crore litres out of the total requirement of 825 crore litres for ESY 2023-24 (November-October). The sugar sector contributed 126.25 crore litres of this procurement, while the grain sector contributed the remaining 98.21 crore litres
- The achieved blending percentage, as of March 31, 2024, stands at 11.96%

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- The sugar sector supplied 56% of the total supplied quantity, whereas the grain sector supplied 44% of the total supplied quantity, as of March 31, 2024
- Contracts for 320.36 crore litres had been executed by the OMCs till March 31, 2024
- Uttar Pradesh Molasses Policy:**  
During the year, the UP State Government retrospectively amended the Molasses Policy for 2022-23 on levy molasses obligations. The amendment was aimed at equating B and C heavy molasses without considering the respective increased generation and equivalent ethanol output. For molasses year 2023-24, the State Government has introduced an elevated levy obligation. In case of C-heavy molasses, sugar mills are now mandated to allocate 26% of their molasses generation for country liquor purposes, and in case of B-heavy molasses they are obligated to allocate 19% of their B-heavy molasses generation for country liquor purposes. It is important to point out that a different levy obligation in respect of C-heavy and B-heavy molasses recognises the distinction in their respective ethanol output, as desired by the industry.

## Indian Ethanol Industry: Prices

Keeping in mind the developments and volatility in feedstock, the rates of ethanol were revised on multiple occasions during the year. The prevailing ethanol prices, along with recent changes, are summarised as under:

Name of Feedstock used for producing Ethanol	ESY 2022-23	Revised Rates ESY 22-23 Effective from August 22, 2023	Revised Rates with incentive	
			ESY 2023-24	ESY 2023-24 Effective from January 5, 2024
Sugarcane Juice / Syrup	65.61	65.61	65.61	65.61
B-Heavy Molasses	60.73	60.73	60.73	60.73
C-Heavy Molasses	49.41	49.41	56.28	56.28
Damaged Food Grains	55.54	64.00	64.00	64.00
Maize	56.35	66.07	66.07	71.86
Surplus Food Grains (FCI Rice)	58.50	58.50	58.50	58.50

(₹/litre)