



TRIVENI ALCOHOL BUSINESS AT A GLANCE

Our long-term strategy for growing the Alcohol business, and to be an active partner in India's E20 programme and self-reliance journey, is driven by our passion for manufacturing premium quality products at all our manufacturing facilities.

With an overall capacity of 660 Kilo Litre Per Day (KLPD), the Company has state-of-the-art distilleries spread across Muzaffarnagar (MZN) – two facilities with an aggregate of 260 KLPD capacity, a 200 KLPD facility at Sabitgarh (SBT) and another 200 KLPD facility at Milak Narayanpur (MNP) in Uttar Pradesh.

SBT distillery produces high quality ethanol from molasses, the distillery at MNP is a multi-feed stock plant having the ability to use molasses and sugarcane juice/syrup, as well as grains to produce high-quality ethanol. This distillery at MNP is among the largest new multi-feed distilleries being set up in India.

MZN houses two facilities, with the latest being a grain-based distillery. The existing 200 KLPD distillery at MZN boasts of flexible product manufacturing capability - Ethanol, Extra Neutral Alcohol (ENA), Rectified Spirit (RS) and Denatured Spirit (SDS) from molasses, while the recently commissioned 60 KLPD grain-based facility at MZN produces both Ethanol and ENA. Dried Distillers Grain with Solubles (DDGS), a by-product produced in grain plants, is sold to premium institutions and has been well accepted in market. The Company also manufactures Indian Made Indian Liquor (IMIL) at this complex.

In FY 23, the Company embarked on capacity expansion and enhanced the total distillation capacity from 320 KLPD to 660 KLPD through augmentation of capacity at Sabitgarh distillery to 200 KLPD Ethanol, commissioning of the 200 KLPD Multi Feed Distillery at Milak Narayanpur (MNP) and a 60 KLPD grain-based distillery at Muzaffarnagar Distillery complex, where superior quality Ethanol / ENA is produced.

In the next phase of expansion, overall capacity will be further enhanced through two new dual-feed stock distilleries with an aggregate capacity of 450 KLPD (each having 225 KLPD capacity), at Rani Nangal and Sabitgarh, U.P, at a cost of ₹ 460 crore. This will take the total distillation capacity up to 1,110 KLPD. Accordingly, the Company has started setting up a 225 KLPD Multi-feed distillery unit in its Rani Nangal sugar complex and the second 225 KLPD distillery is proposed to be set up in its Sabitgarh distillery complex, for which the process of obtaining clearances is underway.

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We are also producing Indian Made Indian Liquor (IMIL) at its bottling facility in the distillery complex at Muzaffarnagar, Uttar Pradesh, to effectively use molasses that are reserved to be sold to country liquor units at a price much lower than the market price, and to facilitate forward integration of its distillery operations.

While ethanol is currently produced using grains as feedstock at the distillery at Milak Narayanpur, all the distilleries, except the 60 KLPD distillery at Muzaffarnagar which exclusively operates on grain, have assured access to a consistent supply of captive raw material derived from sugarcane.

As an environmentally conscious and responsible corporate, we follow the highest standards in Environment, Health, and Safety (EHS), with stringent compliance to environmental and pollution norms. We have set up concentrated spent wash (termed SLOP) fired incineration boilers at all the distilleries, as per the prescribed directives and guidelines for effluent treatment, ensuring Zero Liquid Discharge (ZLD).

OUR ALCOHOL BUSINESS PERFORMANCE

- Achieved highest-ever production of 18.12 crore litres & sales of 18.04 crore litres during FY 23, growing significantly year-on-year by 68.4% and 53.1% respectively.
- Additional capacities of 340 KLPD, new as well expansion, as commissioned in FY 23 resulted in increased sales volumes - aggregate distillation capacity 660 KLPD.
- During the year, revenues from the distilleries contributed 21% of TEIL's net turnover and it will further rise with our proposed increase in distillery capacity from the present 660 KLPD to 1,110 KLPD.
- Higher average realisation due to increase in ethanol prices prescribed by the Government as well as Oil Marketing Companies (OMCs).

- Ethanol constituted 93% of alcohol sales during FY 23.
- Sale of Ethanol / ENA produced from sugarcane-based feedstocks (majorly B-heavy) constituted 75% of the total alcohol sales for FY 23, while Ethanol / ENA produced from grain contributed to the balance 25%.

Our Ethanol business highlights in FY 23

- Milak Narayanpur (MNP) distillery unit was commissioned in time, and the production capacity ramped up to 100% in a short span of time.
- MNP grain plant was also commissioned in time and the capacity was augmented in a very short span of time.
- MNP distillery was operated with all feedstocks – B-heavy Molasses, Syrup, Grains, in FY 23.
- MZN grain distillery has been producing ENA and Ethanol. MZN grain distillery has been approved by UP Excise to produce 75% Ethanol and 25% ENA out of its total production capacity.
- MZN grain distillery manufactured superior quality ENA, which was supplied to IMFL manufacturers across UP besides being utilised for captive consumption.
- Efficient supply chain logistics were established for the procurement of grain from open market as well as from FCI, which helped accelerate the production targets and streamline the plant operations in multi-feed sector.
- The Triveni DDGS quality is well accepted in the market and is being sold to marquee institutional customers contributing to 25% of sales volumes.
- Efficient water treatment & recycle system reduced our ground water consumption far below the norms
- Zero Liquid Discharge & meeting stringent Environmental norms at distilleries.

Outlook for Ethanol Industry and our Alcohol Business

OMCs have started E20 at more than 1,000 outlets across the country from April 1, 2023. We believe the continued enhancement in ethanol blending percentages will lead to robust demand.

According to the Food and Consumer Affairs Ministry, the ethanol production capacity in India currently is ~1,000 crore litres, which is expected to go up by 25% to 1,250 crore litres by the end of 2023. In order to achieve the target of 20% blending by 2025, ~1,000+ crore litres of ethanol will be required. With ~300+ crore litres for other usage, there is need to create capacity of ~1,700 crore litres, assuming plants operate at 80% efficiency. This provides visibility to the industry for incremental investments in distillation capacities.



The Ethanol Blended Petrol programme would also have the following impact on the economy:

- It would benefit maize and paddy farmers, addressing their surplus grain problem; about 16.5 million tonnes of grains will be utilised
- Diversion of sugar to the production of ethanol would help in mitigating surplus sugar situations, bring down dependence on imported crude, provide stability in sugar prices, improve financials and liquidity of sugar mills, and ensure timely payment of sugarcane dues to farmers
- It will bring new investment opportunities to set up new distilleries in rural areas and help in job creation in villages
- It will lead to improvement in air quality by reducing Carbon Monoxide emission by 30-50% and Hydrocarbon by 20%
- It would help save foreign exchange on account of crude oil import bill and would reduce dependence on imported fossil fuel, thus helping in achieving the goal of Atmanirbhar Bharat in the Petroleum sector

At Triveni, we expect to produce ~21 crore litres of alcohol in FY 24. Of the two new dual-feedstock distilleries, we expect the Rani Nangal distillery to be commissioned by Q4 FY 24 and the Sabitgarh distillery thereafter. The Company has decided to commission these sequentially, and this also meets the strategic objectives of the business where the Company retains some flexibility based on the relative pricing and margins of each of its raw material. Depending on the timing of the Sabitgarh distillery, the Company expects production ranging between 28-32 crore litres in the following year, i.e. FY 25.