

# Sugar Industry Getting Re-rated on Ethanol Push

ET Q&A

The Indian sugar industry is now being viewed as a source of green

fuel that could brighten its prospects, said **Vijendra Singh**, executive director and deputy chief executive officer, Shree Renuka Sugars, the country's largest sugar producer.

Amidst a rally in sugar company stocks over the past one month, Singh identifies reasons for the current euphoria in an interview with ET's **Mohit Bhalla**. Edited excerpts:

**We have seen share prices of the top sugar companies surge in the past one month. What's the excitement about?** Sugar sector has now transformed into a green energy sector where ethanol is

playing a major role. Ethanol is a green fuel and considering the reduced carbon footprint and sustainability factor associated with it is leading the sugar industry to be re-rated by investors and other stakeholders.

## How has ethanol demand shaped up?

Ethanol is being blended in petrol and we are able to achieve about 12% blending this year. The quantity of ethanol consumed in blending proportionately replaces petrol i.e., petrol use is reduced by 12% effectively. As India imports 85% of its crude oil requirements now, we have already saved over ₹50,000 crore worth of forex by blending ethanol in the last 7-8 years. Besides the economic advantages, ethanol as a green fuel

reduces GHG (greenhouse gas) emissions which is the need of the hour.

## Is it viable for sugar companies to produce ethanol?

Sugar industry has been perpetually burdened by high sugar stocks. Now, we can choose to produce sugar as per the consumption; this

balance of demand-supply ensures positive margins whereas earlier sugar prices were frequently lower than cost of production. As etha-

nol is a fast-moving product unlike sugar which is sold as per allotted quota, ethanol helps in saving inventory holdings costs for the industry. However, rider is that ethanol prices should have higher parity in

comparison to sugar price.

## Will more sugar companies turn to ethanol production in the foreseeable future?

At present, the government has made a road map to achieve 20% blending by 2025. Currently, for achieving about 12% blending, we require about 5 billion litres of ethanol. Considering the future growth in vehicles and gasoline requirement as well as to achieve 20% blending, about 10.16 billion litres ethanol is required. It means ethanol production required would be double that of the current levels. Sugar industry is now in equilibrium stage when they will produce sugar equal to consumption and remaining sugarcane will be used for production of ethanol, making industry lean & efficient.

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**VIJENDRA SINGH**  
Deputy CEO, Shree Renuka Sugars

