

## INDIAN SUGAR SECTOR

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India achieves blending ratio of  
12.48% till May-end for the ongoing  
ESY2024

June 2024



## 1 Domestic Demand-Supply Dynamics



## 2 Trend in Sugar Prices



## 3 Ethanol Blending



## 4 ICRA Ratings in the Sector





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*As per the initial estimate, sugar production for SY2025 is estimated to be lower compared to the current season, mainly due to the expected higher diversion towards ethanol.*

*Domestic prices improved to Rs. 39/kg, as the crushing season nears its closure, and subsequently are expected to remain firm. International prices of raw and white sugar have declined significantly since December 2023.*



**Sugar Demand-Supply Balance Estimates** – As per the latest estimates for SY2024 by the Indian Sugar Mills Association (ISMA), the gross sugar production is likely to remain at 33.7 million MT. With ethanol production diversion capped at 1.7 million MT and the ban on sugar exports, net sugar production is expected to remain at 32.0 million MT, post-diversion. Domestic sugar consumption is estimated at 28.5 million MT in SY2024; therefore, closing stock is expected to be around 9.1 million MT as on September 30, 2024 (significantly higher compared to the sugar stock of 5.6 million MT as on September 30, 2023). This would be equivalent to 3.8 months of consumption (PY: 2.4 months).



**Sugar Production** – Domestic sugar production stood at 31.7 million MT by May 31, 2024, for SY2024, slightly lower compared to the previous season in the same period. The sugarcane crushing season almost comes to an end, with only three sugar mills continuing operating as of May-end.



**Domestic Sugar Prices** – Domestic sugar prices (UP) remained in the range of Rs. 37-38/kg in December 2023-April 2024 due to the ongoing crushing season. The prices improved to Rs. 39/kg as the crushing season nears its closure and are expected to remain firm afterwards.



**International Sugar Prices** – International prices of raw sugar declined to \$415/MT in May 2024 compared to \$455/MT in April 2024, while prices of white sugar declined to \$555/MT in May 2024 compared to \$588/MT in April 2024. The premium between white and raw sugar stood at \$140/MT in May 2024, up from \$132/MT in April 2024.



**Ethanol** – In 7M ESY2024, total ethanol contracted for sugar-based distillery units was 231 crore litres, out of which 166 crore litres was supplied till May 26, 2024. For grain-based distillery units, the total ethanol contracted is 416 crore litres, out of which 162 crore litres has been supplied. An ethanol blending ratio of 12.48% was achieved as of May end.



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