

INDIAN SUGAR SECTOR

Gross sugar production in SY2025 likely to remain slightly lower compared to SY2024 as per ISMA's preliminary estimates

July 2024



1 Domestic Demand-Supply Dynamics



2 Trend in Sugar Prices



3 Ethanol Blending



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As per ICRA's estimate, net 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 remained in the range of Rs. 38-39/kg, with the closure of the crushing season and are expected to remain firm till the start of the next season, mainly due to onset of the festive season.



Sugar Demand-Supply Balance Estimates – Net sugar production is expected to remain at 32.0 million MT, post-diversion for SY2024. Domestic sugar consumption is estimated at 28.5 million MT in SY2024; therefore, closing stock is expected to be around 9.0 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). ISMA projects gross sugar production of 33.3 million MT in SY2025 as against 34 million MT in SY2024. Post considering ethanol diversion of 4 million MT, the net sugar production is expected to decline to 29.3 million MT. Since the closing sugar stock level is likely to remain moderately high, post diversion, the clarity on the policy for allowing diversion beyond the expected level as well as allowing exports remain the key monitorables for the sector.



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) have remained in the range of Rs. 38-39/kg with the closure of the crushing season and are expected to remain firm till the start of the next season, mainly due to the onset of the festive season.



International Sugar Prices – International prices of raw sugar improved to \$423/MT in June 2024 compared to \$415/MT in May 2024 along with slight improvement in prices of white sugar to \$560/MT in June 2024 compared to \$555/MT in May 2024. The premium between white and raw sugar stood at \$137/MT in June 2024 in line with May 2024.



Ethanol – In June 2024, India achieved an ethanol blending ratio of 15.90% and cumulative ethanol blending during November 2023-June 2024 stood at 13%. For ESY2024, 647 crore litre of ethanol has been contracted of which 401 crore litre has been supplied till June 2024.



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