

July 16, 2025  
Press Release

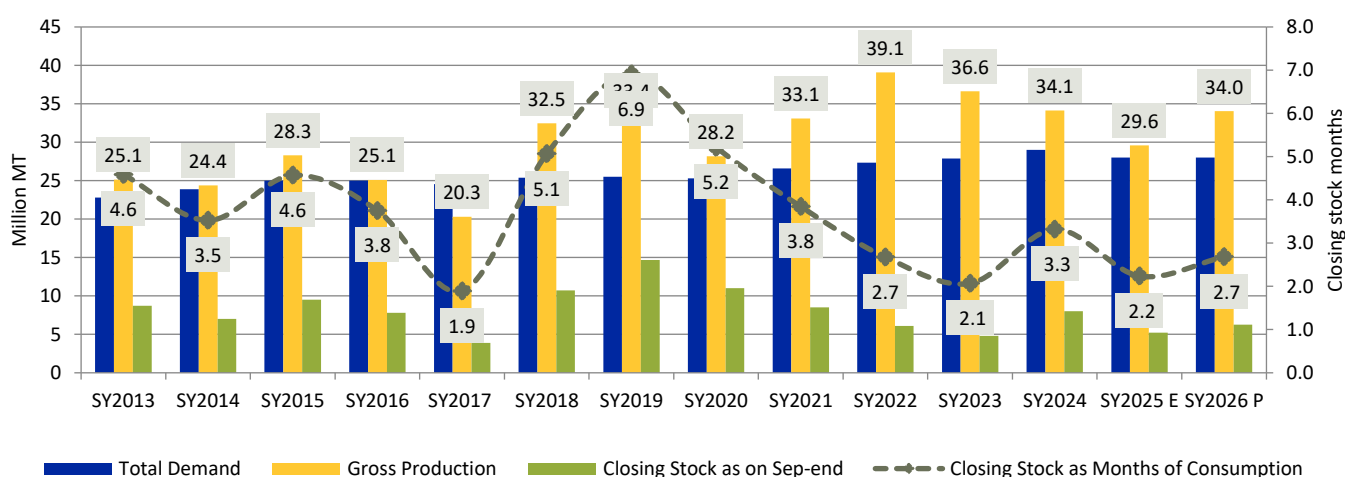
## Revenues of sugar companies to expand by 6-8% supported by expected increase in sugar output: ICRA

- Margin gains to be modest if ethanol prices remain stagnant in FY2026
- Gross sugar production estimated to increase 15% in SY2026 compared to the current season

Rating agency ICRA anticipates an above normal monsoon to lead to increased cane acreage in Maharashtra and Karnataka, which in conjunction with expectations of better yield in key sugar-producing states, portends a 15% jump in sugar output in this year. Moreover, ICRA estimates the revenues of integrated sugar mills<sup>1</sup> to expand by 6-8% in FY2026, supported by an expected increase in sales volumes, along with firm domestic sugar prices and higher distillery volumes. Despite this, the operating profit margin gains for the sugar mills will be modest in FY2026 if ethanol prices remain stagnant. ICRA's outlook for the sugar sector is Stable, backed by the anticipated improvement in revenues, stable profitability and comfortable debt coverage metrics, along with the Government's policy support, including the ethanol blending programme (EBP).

Commenting on the expected domestic sugar production and prices, **Girishkumar Kadam, Senior Vice President & Group Head - Corporate Ratings, ICRA**, said: "ICRA projects the gross sugar production to increase to 34.0 million MT in SY2026 from 29.6 million MT in SY2025 amidst an above-normal monsoons and expected improvement in cane acreage and yield in key sugar-producing states. Post estimated diversion of 4 million MT towards ethanol production, net sugar production will increase to 30.0 million MT in SY2026 from 26.2 million MT in SY2025. Despite the expected increase in diversion towards ethanol in SY2026, the closing sugar stock level is likely to be comfortable. Further, domestic sugar prices, which are currently in the range of Rs. 39-41/kg, are expected to remain firm till the start of the next season, thereby supporting mills' profitability."

**Exhibit 1: Yearly trends in sugar production, consumption and closing stock**



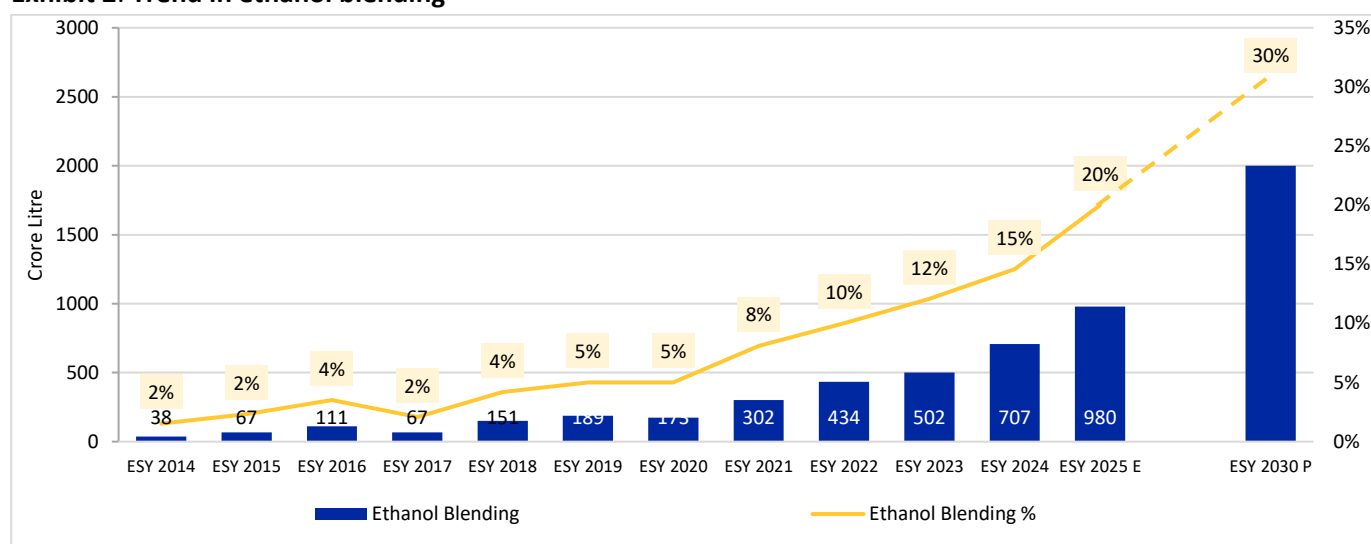
Source: ISMA, ICRA Research; SY: Sugar year (from October 01 to September 30)

<sup>1</sup> For a sample set of 11 large integrated sugar companies tracked by ICRA

ICRA expects the closing sugar stock to be around 5.2 million MT as on September 30, 2025, lower than the sugar stock of 8.0 million MT as on September 30, 2024. This would be equivalent to 2 months of consumption (PY: 3 months). The closing stock is expected to increase to 6.3 million MT (approximately 2.5 months of consumption) as on September 30, 2026, if the domestic consumption and export quota remains same as SY2025, as per ICRA's estimates.

Commenting on the ethanol blending and profitability related to the segment, **Kadam** said: *"The ethanol blending trend has remained encouraging with 20% blending target set by the Government of India achieved in the recent months. Further, the Government is exploring the option of increasing the blending target beyond 20%, which will support the distilleries. However, juice and B-heavy based ethanol prices have not been revised for two consecutive years despite an increase of ~11.5% in fair and remunerative price (FRP). Hence, revision in ethanol prices remains critical to support the profitability of the distilleries and the sugar industry."*

**Exhibit 2: Trend in ethanol blending**



ESY: Ethanol supply year (From Nov 1 to Oct 31); Source: ISMA, ICRA Research

Click [here](#) to ready our previous releasee.

For further information, please contact:

**Media Contacts:**

**Naznin Prodhani**

Group - Head Media & Communications

ICRA Ltd.

Tel: + (91 124) 4545300,

Dir – 4545 860

Email: [communications@icraindia.com](mailto:communications@icraindia.com)

**Saheb Singh Chadda**

Manager - Media & Communications

ICRA Ltd.

Mob: +91- 9833669052

Email: [communications@icraindia.com](mailto:communications@icraindia.com)

© Copyright, 2025 ICRA Limited. All Rights Reserved.

All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies, while publishing or otherwise disseminating other reports may have presented data, analyses and/or opinions that may be inconsistent with the data, analyses and/or opinions presented in this publication. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.

**Disclaimer:**

This Press Release is being transmitted to you for the sole purpose of dissemination through your newspaper/magazine/agency. The Press Release may be used by you in full or in part without changing the meaning or context thereof, but with due credit to ICRA Limited. However, ICRA Limited alone has the sole right of distribution of its Press Releases for consideration or otherwise through any media including, but not limited to, websites and portals.

**About ICRA Limited:**

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency. Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

Click on the icon to visit our social media profiles.

