

## INDIAN SUGAR SECTOR

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**SY2024 ended with 2% less net sugar production compared to previous season, which remained in line with the estimates**

**May 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 34.0 million MT, compared to the earlier estimate of 33.0 million MT. This is mainly because the closure of mills in Maharashtra and Karnataka is slower than last year. With ethanol production diversion capped at 1.7 million MT and the ban on sugar exports, net sugar production is expected to remain at 32.3 million MT, post-diversion. Domestic sugar consumption is estimated at 28.5 million MT in SY2024; therefore, closing stock is expected to be around 9.4 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 3.9 months of consumption (PY: 2.4 months).



**Sugar Production** – Domestic sugar production stood at 31.6 million MT by April 30, 2024, for SY2024, marking a 2% decrease compared to the previous season in the same period. However, the pace of mill closures until April-end 2024 is much higher compared to the same period last year. As of April-end 2024, 23 sugar mills are operating compared to 66 in the previous fiscal, same period.



**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. Domestic sugar 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 \$455/MT in April 2024 compared to \$479/MT in March 2024, while prices of white sugar declined to \$588/MT in April 2024 compared to \$622/MT in March 2024. The premium between white and raw sugar stood at \$132/MT in April 2024, down from \$143/MT in March 2024.



**Ethanol** – For H1 ESY2024, a planned supply of 320 crore litres was scheduled, out of which 224 crore litres were supplied by March-end (i.e., ~70% of contracted quantity), and an ethanol blending ratio of 11.96% was achieved. Regarding feedstock-wise contribution, the combined share of sugarcane juice and B-heavy molasses stood at 48% of the contracted and 56% of the receipts during the period.



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