



INDIAN SUGAR REPORT

29 JAN 25





INDIAN SUGAR PRODUCTION FURTHER DENT IN SUGAR OUTPUT : LOWER PRODUCTION IN SIGHT

| Fig in MMT | Prev Est | Rev Est | Chng | Reason for Change in production forecast |
|-------------|----------|---------|------|---|
| UP | 9.5 | 9.3 | 0.2 | Poor Recovery in cane |
| Maharashtra | 8.2 | 8 | 0.2 | Lower yields and recovery |
| Karnataka | 3.95 | 3.9 | 0.05 | No major change |
| Others | 5.45 | 5.32 | 0.13 | Lower than expected production as per fortnight reports |
| All India | 27.1 | 26.52 | 0.58 | |

- Indian sugar production has been revised further down by 580 KMT by GreenLeaf on account of the recent survey we have done for the major states and looking at the crushing reports we are getting from the major producing regions.
- The reports are indicating towards further reduction in the crop basis which we have revised our output to 26.52 MMT from 27.1 MMT
- The reduction of 200 KMT each has been done in UP and Maharashtra and 130 KMT has been reduced in OTHER STATES with small reduction in Karnataka.
- Basis above the production has been revised further down which shall make the supply of sugar in the domestic market even tighter.

CAVEAT TO THE ABOVE ESTIMATES

- GreenLeaf do not expect further reduction in sugar production numbers as presented above
- There shall be GREEN FLAGS which might push the production up in coming months but need to watch the factors closely
- Better than expected sucrose recovery in coming months can push production higher
- Lower diversion towards Ethanol (Juice and BHM) may bring back some sucrose for sugar production pushing production higher
- Crushing of IMMATURE cane in Karnataka during the special season to take advantage of higher sugar prices can also push sugar production higher in the state.
- Lower diversion of cane towards Gur and Khandsari in UP
- Basis above, we have a GREEN FLAG of approx. 300 KMT, which can bring the production higher to 26.82 MMT, provided the above flag materialises.

GREENLEAF SUGAR BALANCE SHEET OUTLOOK

| FIG IN MMT | C/IN | PROD | DOM DEM | EXPORTS | C/O | STOCK IN MONTH |
|------------|------|-------|---------|---------|------|----------------|
| PREV EST | 7.51 | 27.1 | 29.175 | 1 | 4.43 | 1.82 |
| REV EST | 7.51 | 26.52 | 29.175 | 1 | 3.85 | 1.58 |



INDIAN DOMESTIC SUGAR MARKET OUTLOOK

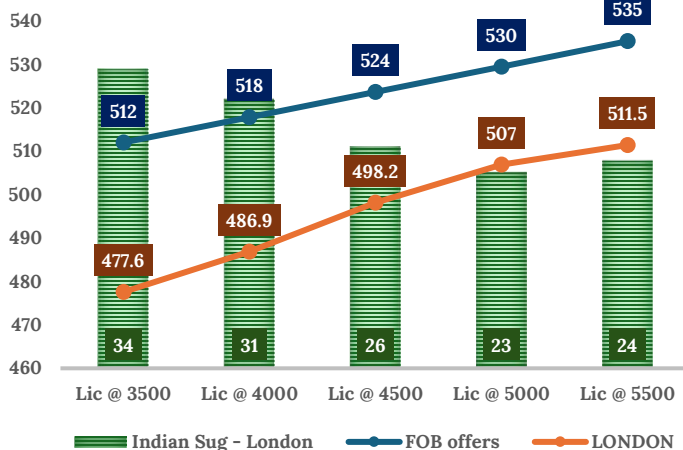
**2.25
MMT
FEB 25**

- Feb 25 Quota has been released by the Govt @ 2.25 MMT which is same as last month.
- As compared to last year, the quota is 50 KMT higher as Feb 24 quota was 2.2 MMT.
- The Overall release given by the Govt for domestic market has reached 11.45 MMT against 12.1 MMT last year, thus decline of 5.4% from last year.
- State wise allocation of quota is awaited and will be available by 31st Jan 25

- Indian sugar prices have been trading higher during the month especially after the release of the Export notification.
- The domestic prices went up and then settled as the Ex Mill prices + Export license prices stopped making sense for exports.
- Export license prices continued to rise in tranches of INR 500 per mt and almost 75% of the total swappable quota has been traded (as per GreenLeaf)
- World market has been supportive and moving up almost every session which is not pushing the Ex Mill prices much but license values continue to rise basis which the FOB value of Indian sugar is moving higher.

| IND SUG PRICES (Rs/Qtl) | LAST | PREV CL | ABS CNHG | LAST WK | WoW | PREV MNTH | MoM |
|-------------------------|------|---------|----------|---------|---------|-----------|--------|
| KOLHAPUR S | 3625 | 3625 | ↑ 0.0 | 3670 | ↓ -1.2% | 3390 | ↑ 6.9% |
| DELHI M | 4010 | 4000 | ↑ 10.0 | 4020 | ↓ -0.2% | 3840 | ↑ 4.4% |
| MUZZ M | 3970 | 3960 | ↑ 10.0 | 3980 | ↓ -0.3% | 3805 | ↑ 4.3% |
| KANPUR M | 3975 | 3965 | ↑ 10.0 | 3985 | ↓ -0.3% | 3810 | ↑ 4.3% |
| KOLKATA M | 4050 | 4040 | ↑ 10.0 | 4060 | ↓ -0.2% | 3850 | ↑ 5.2% |
| AHMEDABAD | 3850 | 3830 | ↑ 20.0 | 3850 | ↑ 0.0% | 3640 | ↑ 5.8% |
| BANGALORE | 3900 | 3880 | ↑ 20.0 | 3900 | ↑ 0.0% | 3690 | ↑ 5.7% |
| CHENNAI | 4050 | 4030 | ↑ 20.0 | 4050 | ↑ 0.0% | 3810 | ↑ 6.3% |

FOB OFFERS AT VARIOUS LICENSE PRICES VS PREM OVER NO 5 (\$/MT)



- The domestic prices can be seen trading side ways during the week but have increased 5-7% across regions.
- On the other hand, the left chart shows the increase in FOB prices of sugar from India with the rallying World market.
- The Indian LQW has gone up basis the rising quota values, as plotted on the graph and is trading at a Prem to London No 5.
- Refined on the other hand is being offered (small qty) @ USD 35-40 over No 5.
- Raws have not heard any quotes nor refineries looking interested in sourcing small quantities.



GOVT POLICIES



SUGAR EXPORTS

Most UNEXPECTED but pushed before the other policy matter.

A decision which shall benefit the industry or take prices to unmanageable levels, need to be seen.

ETHANOL PRICES

HIGH HOPES SHATTERED.

BHM and Juice given cold shoulder with no change in prices.

C Molasses Ethanol price hiked by INR 1.69 Per Ltr to INR 57.97 Per Ltr.

MSP of Sugar

GOVT continue to keep the MSP discussion in the last drawer buried deep under other agendas. Even industry has now gone quiet as all busy in Exports.

- The Export policy has been favoured this year though it was Least Expected but still got the preference.
- Export quota of 1 MMT from India for supply of sugar to the World market has added an additional demand for Indian sugar which shall impact the end stocks (as mentioned in the first slide)
- How much impact it shall have on the domestic prices need to be seen in due course as the region wise disparity in stocks might drive the prices high.
- We expect the prices to make a new high this season and price rally will be acute during the fag end of the season when the stocks are expected to get tight as India shall be approaching its peak consumption months (loaded with festivals).
- The Govt might look to control the prices through higher releases but the stocks distribution among states shall drive the market and domestic prices.

END STOCKS VS SUGAR PRICES - INR / QTL

