2024/ 25 India Sugar Production and Q&A on Sugar ~ Ethanol Market

1 March 2025

India Sugar Production – Until 28 February 2025

State	No of Mills Operational			Cumulative Cane Crushing MMT			Cumulative Sugar Production MMT		
	2024/25	2023/24	Change	2024/25	2023/24	Change%	2024/25	2023/24	Change%
Maharashtra	106	194	(88)	80.1	90.6	-12%	7.49	9.09	-18%
Uttar Pradesh	107	113	(6)	76.6	76.5	0%	7.24	7.90	-8%
Karnataka	27	33	(6)	45.1	46.8	-4%	3.83	4.50	-15%
Tamil Nadu	26	27	(1)	3.6	6.63	-46%	0.30	0.59	-50%
Gujarat	13	10	3	7.0	7.9	-12%	0.69	0.79	-13%
Others	67	83	(16)	26.3	27.0	-2%	2.46	2.54	-3%
Total	346	460	(114)	238.66	255.5	-6.6%	22.00	25.40	-13.41%

- As of February 28, 2025, state-wise crushing data for the 2024-25 season shows sugar production at 22.00 MMT, marking a decline of approximately -13.4% compared to the same period last year. This reduction is primarily driven by lower cane availability in Maharashtra, Tamil Nadu, and Gujarat, along with reduced sugar recovery levels in Maharashtra and Karnataka, and increased ethanol diversion versus the previous season. Additionally, total sugarcane crushing has fallen by -6.6% to 239 MMT, down from 256 MMT in 2023-24.

- Cane availability has declined sharply over the past fortnight, particularly in Karnataka and Maharashtra. Over the entire season, Karnataka recorded a -4% drop in cane availability, while Maharashtra experienced a steeper decline of approximately -12%. In contrast, Uttar Pradesh performed relatively better, with a -10% year-on-year decrease in cane availability for the fortnight but a largely stable trend for the overall season.

- The reduction in cane availability has led to a significant rise in the number of mills closing their crushing operations for the season. The total number of mill closures increased from 51 nos (February 15, 2025) to 114 nos by February 28, 2025.

- Maharashtra's sugar production declined by approximately 18% year-on-year, while Uttar Pradesh and Karnataka saw reductions of around -8% and -15%, respectively. This decline in output, despite marginally lower or stable crushing figures, indicates higher ethanol diversion compared to the same period last year and lower sugar recovery levels.

Sugarcane Crushing Season Overview – MEIR Views

1. **Production and Comparison of 2024/ 25 with the previous season (2023/24)**

Total Sugar Production: 22 million tons (-13.41% down (🡻) (3.41 million tons) vs 25.40 million tons last year).

2. **State-wise Production:**

- Uttar Pradesh: 7.24 million tons(-8% down (🡻) vs 7.90 million tons last year).
- Maharashtra: 7.49 million tons (-18%down (🡻) from 9.09 million tons).
- Karnataka: 3.83 million tons (-15% down (🡻) from 4.50 million tons).
- ROI including (TN& GJ) : 3.44 million tons (-22% down (🡻) from 3.92 million tons)

3. **All India Cane Crushing: 239 million tons**

(-6.6% down (🡻) from 256 million tons in the last year)

- Major States overview:

- Uttar Pradesh: 76.6 million tons (-0% up (🡹) vs 76.5 million tons last year).
- Maharashtra: 80.1 million tons (-12% down (🡻) vs 90.6 million tons last year).
- Karnataka: 45.1 million tons (-4% up (🡻) vs 46.8 million tons last year).

4. **Sugar Recovery Rates:**

- Uttar Pradesh: 9.45% (-0.87 pts down (🡻) vs 10.32% last year).
- Maharashtra: 9.35% (-0.68 pts down (🡻) vs 10.03% last year).
- Karnataka: 8.50% (-1.25 pts down (🡻) vs 9.75% last year).
- A continued decline in sugar recovery rates has also been observed among the top three states.

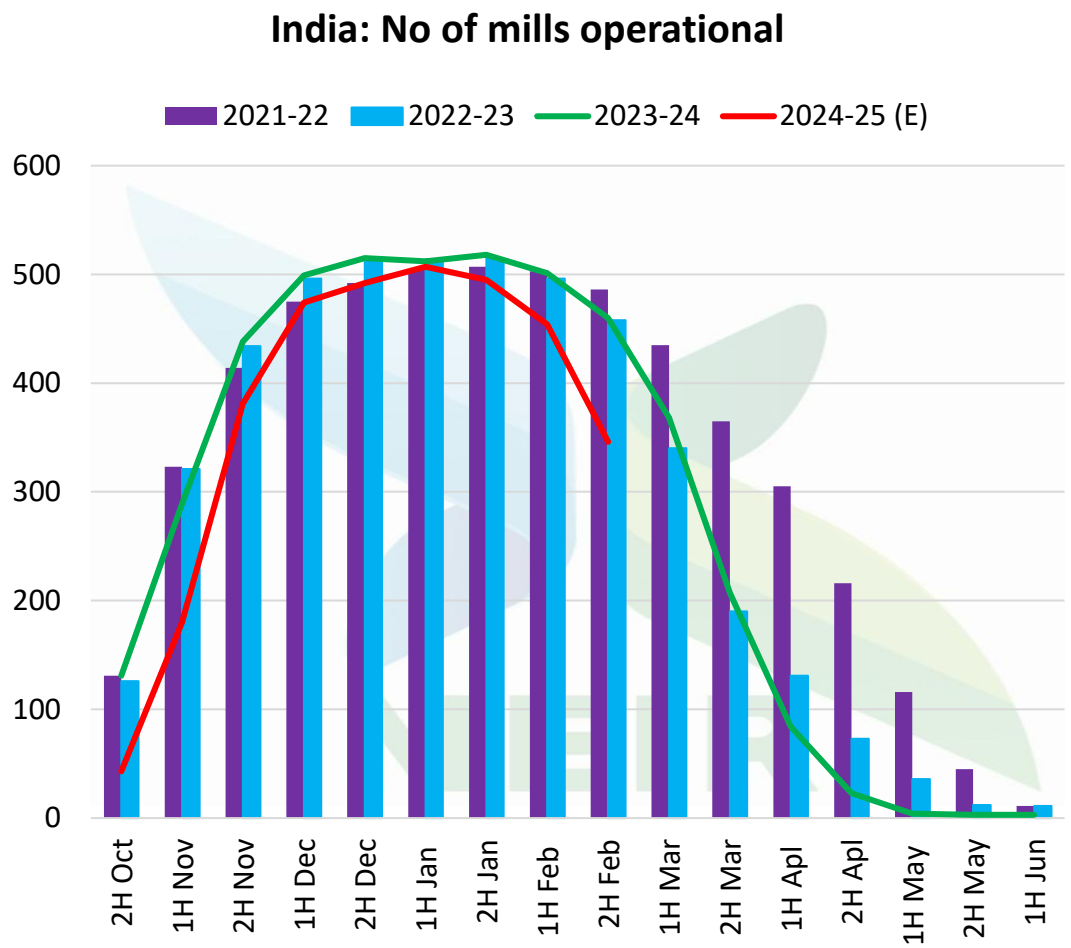
5. **Operational Sugar Mills**

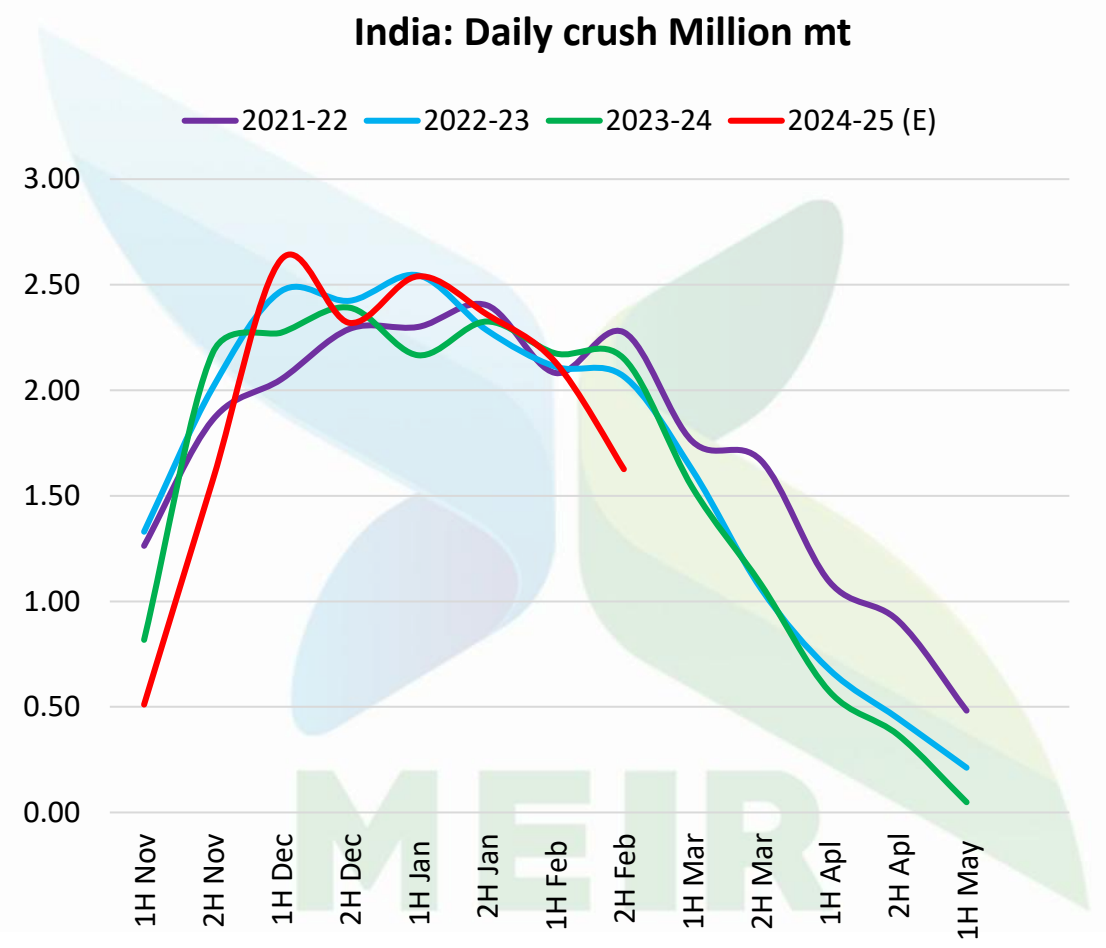
All India: 346 no of mills operational (114 mills down (🡻) 460 last year).

- State-wise Mills in Operation:
- Uttar Pradesh: 107 (6 no down (🡻) vs 113 last year).
- Maharashtra: 106 (88 no down (🡻) vs 194 mills last year).
- Karnataka: 27 (6 no down (🡻) vs 33 last year).
- ROI including (TN& GJ) : 106 (14 no down (🡻) vs 120 last year

MAREX

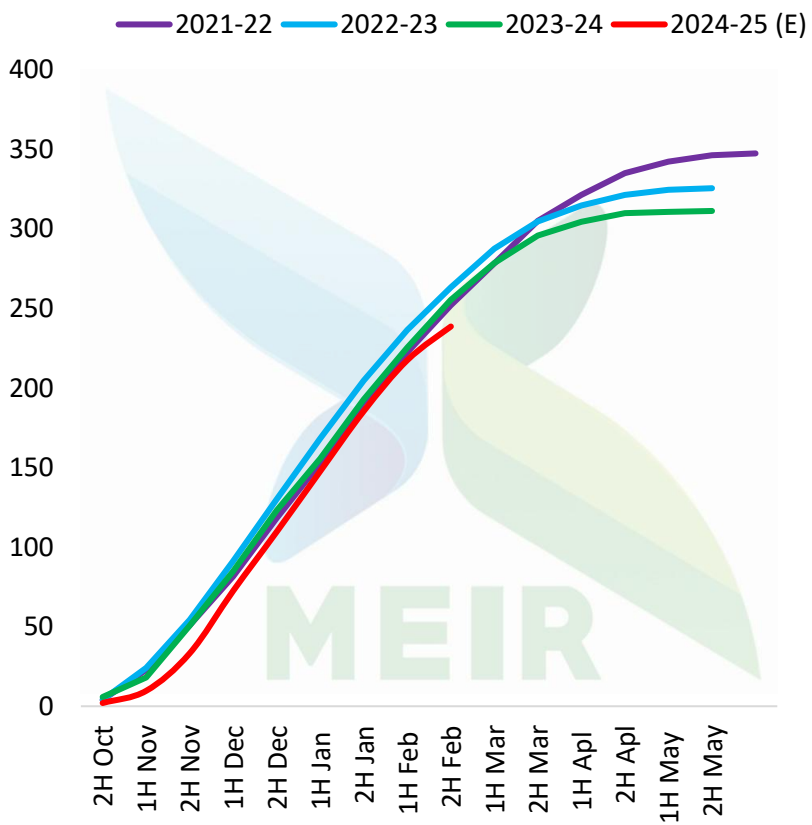
India :No of Mills Operational vs Crush (mmt)



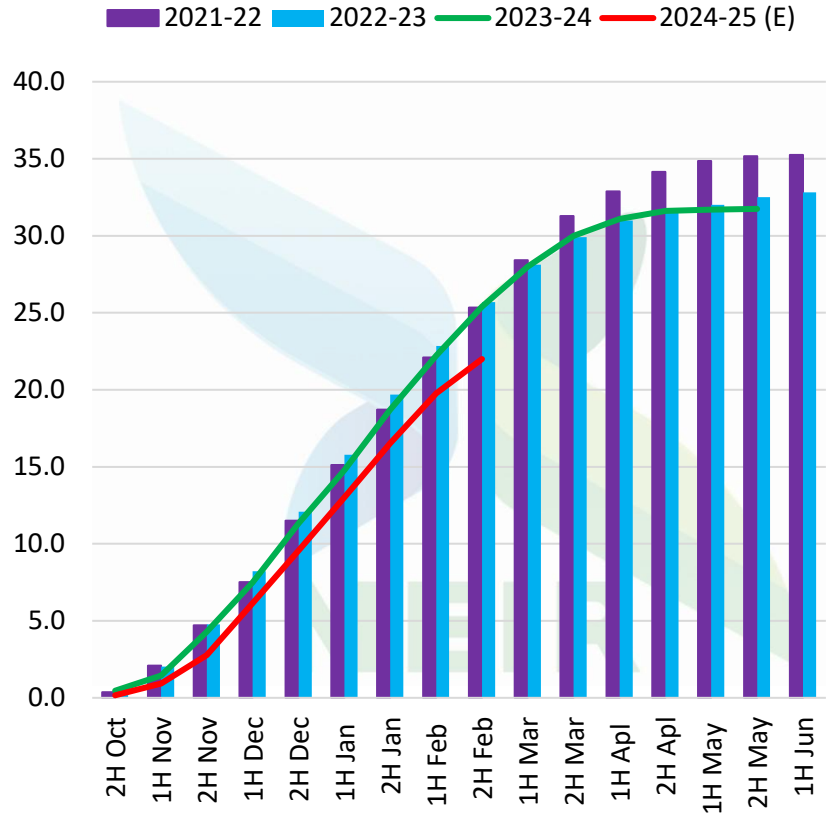


India: Cumulative Crush, Sugar production & Sugar Recovery%

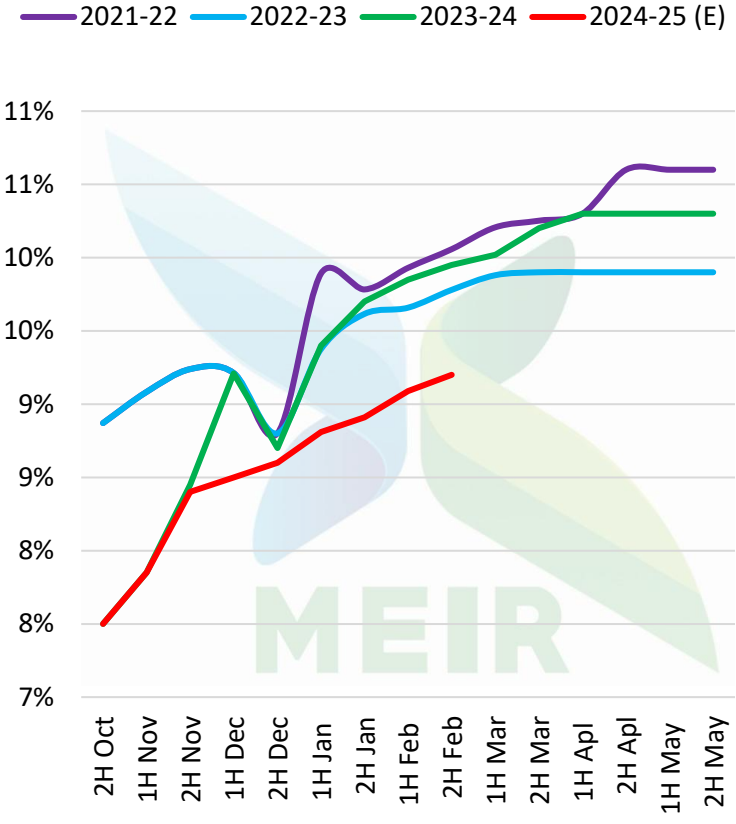
India: Cumulative crush Million mt



India: Cumulative sugar Million mt

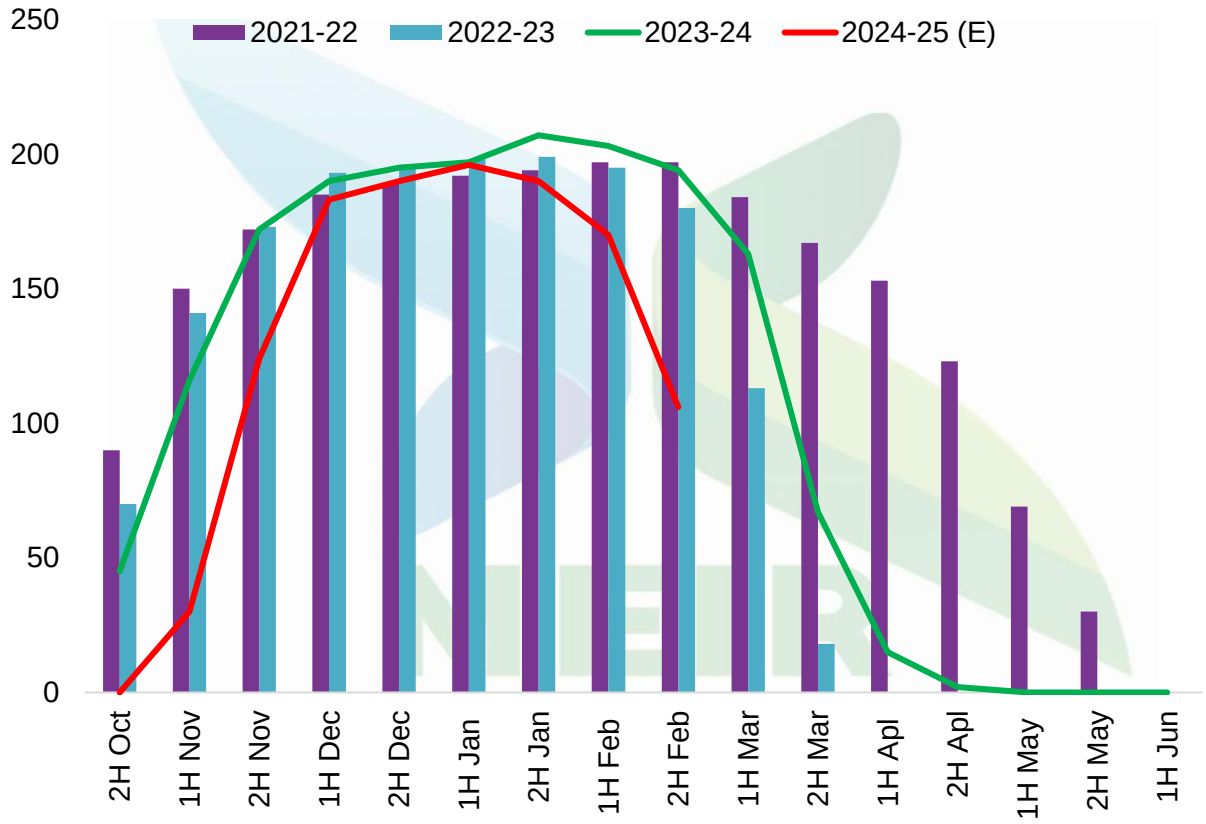


India: Sugar Recovery in %

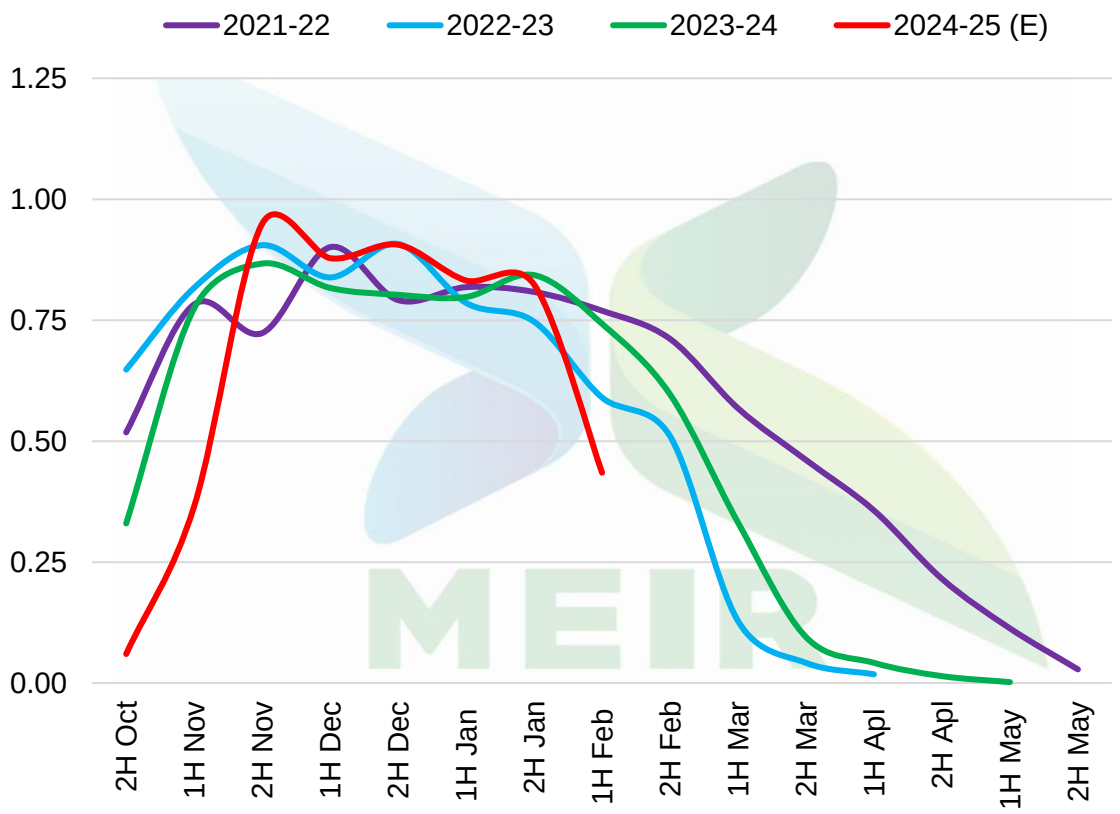


Maharashtra(MH): Mills Operational, Daily Crush

MH: No. of mills operational

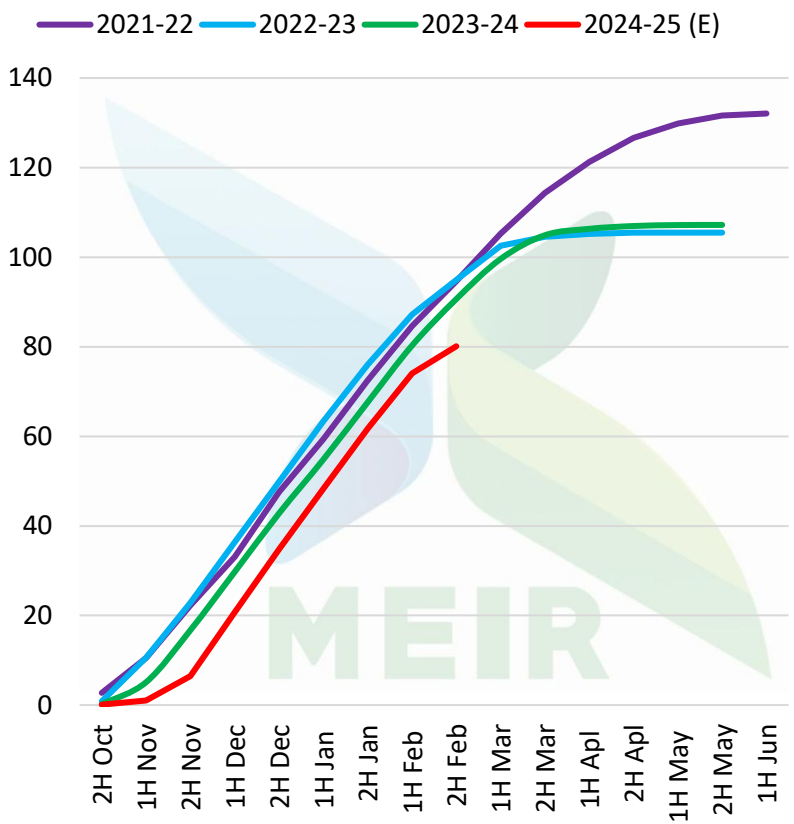


MH: Daily Crush million mt

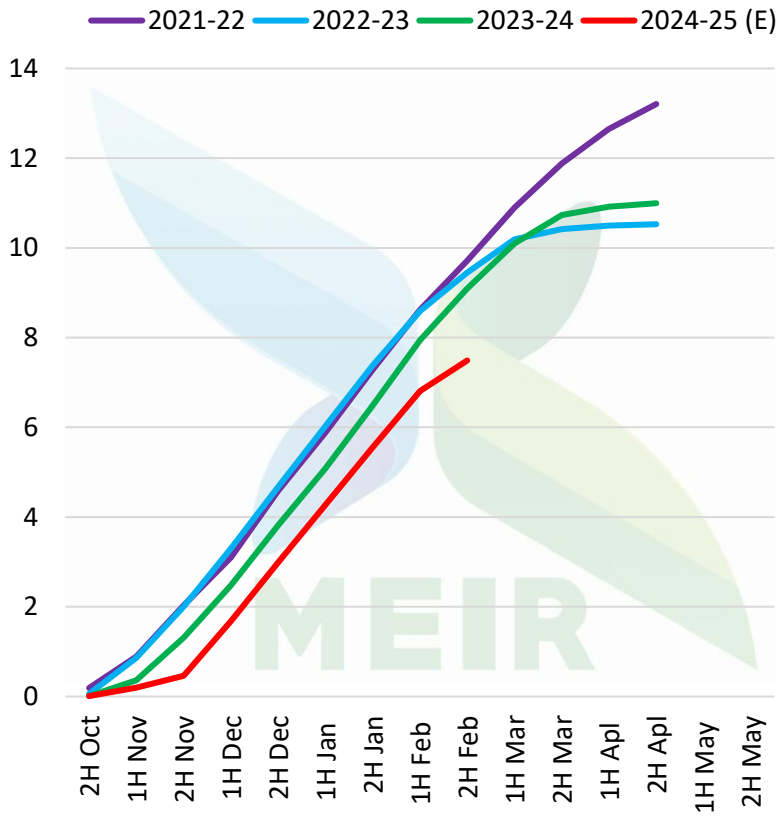


Maharashtra(MH): Cumulative Crush, Sugar production & Sugar Recovery

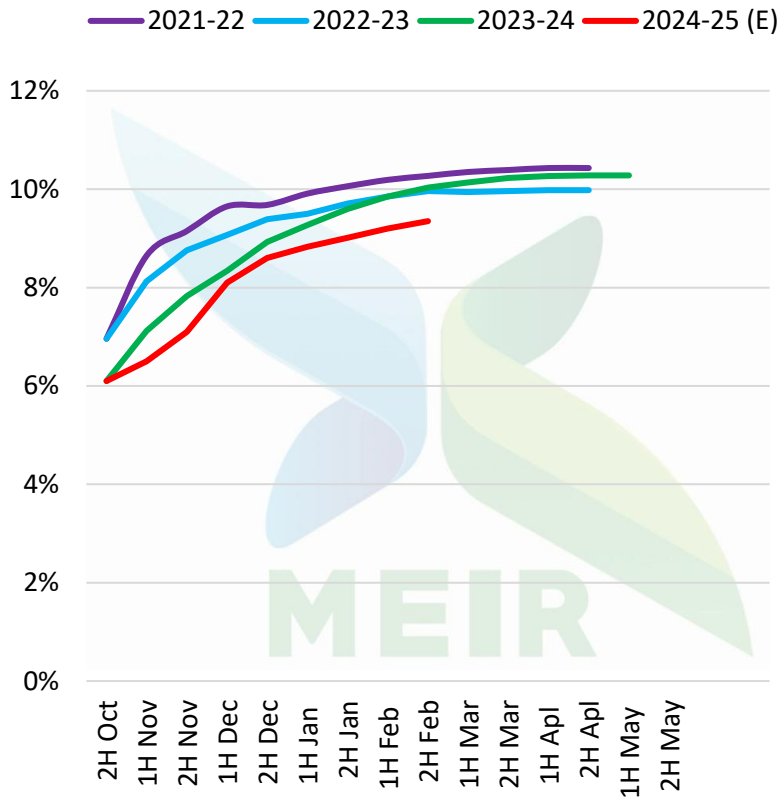
MH: Cumulative crush MMT



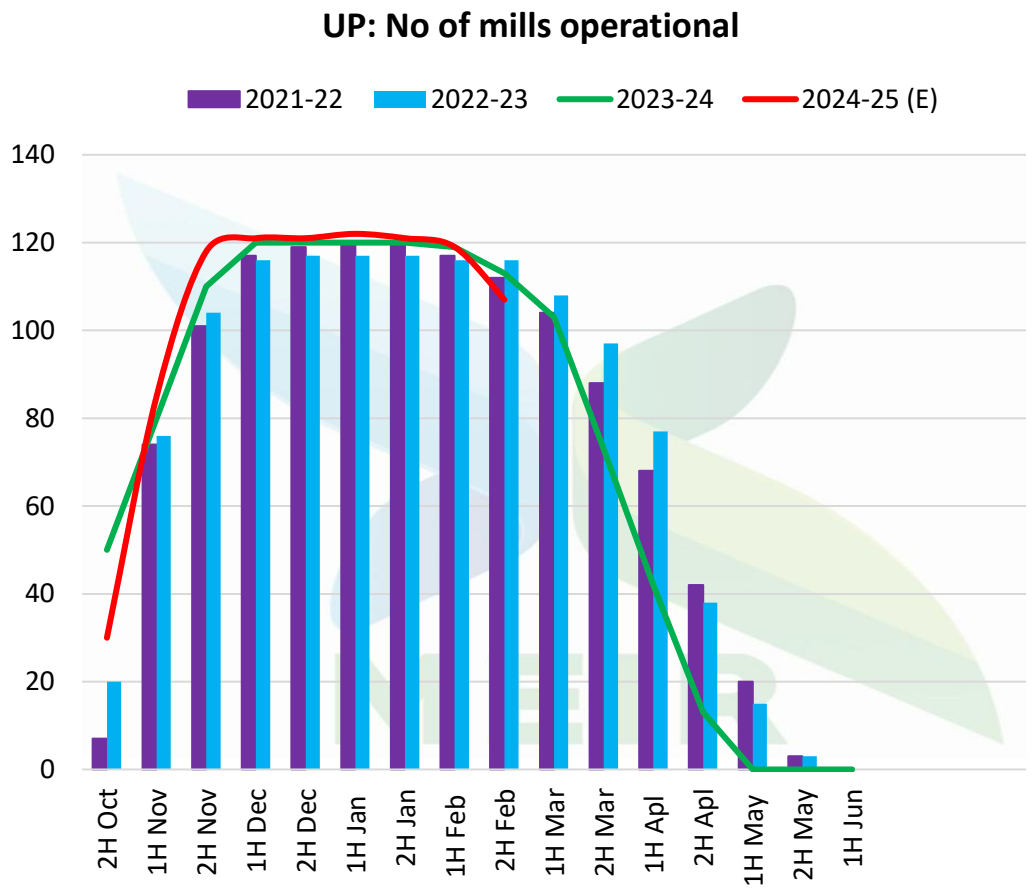
MH: Cumulative Sugar MMT

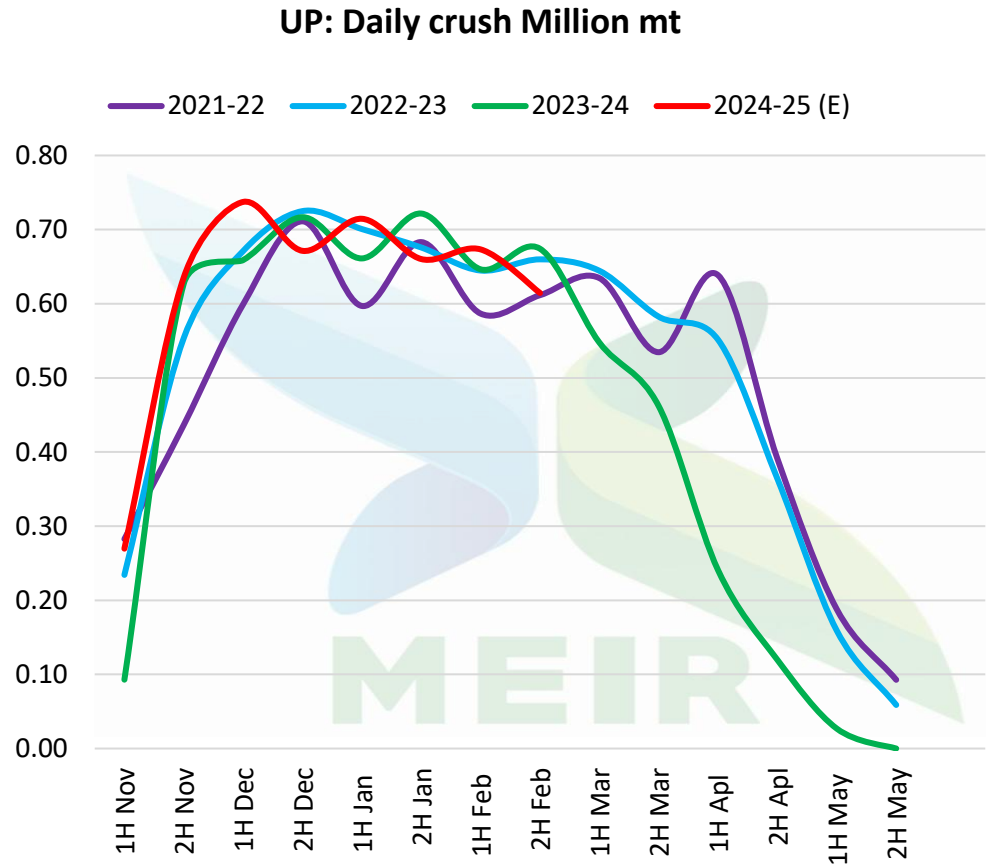


MH: Sugar Recovery in %



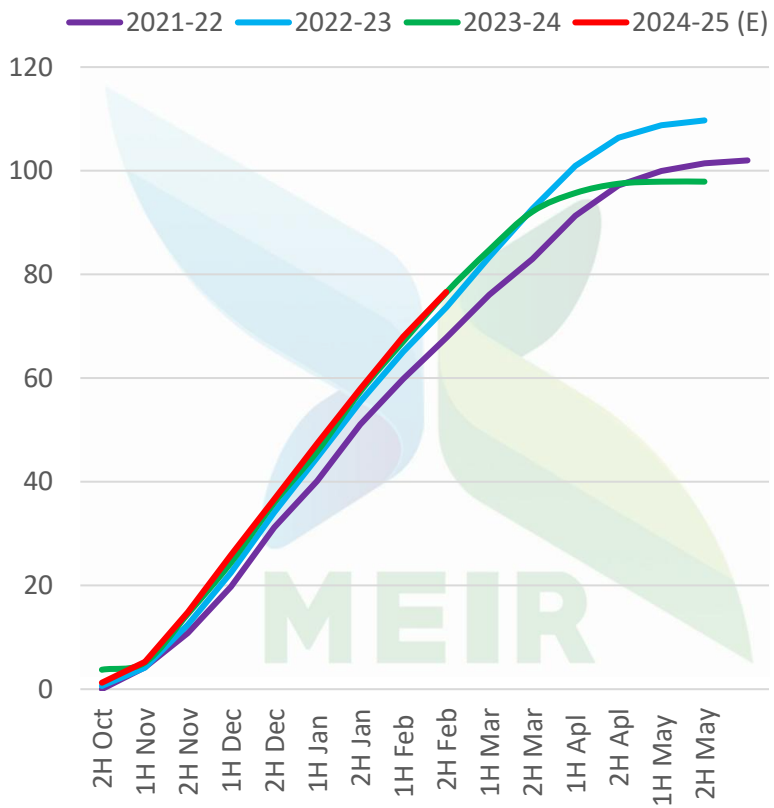
Uttar Pradesh(UP): No of Mills Operational and Daily Crush



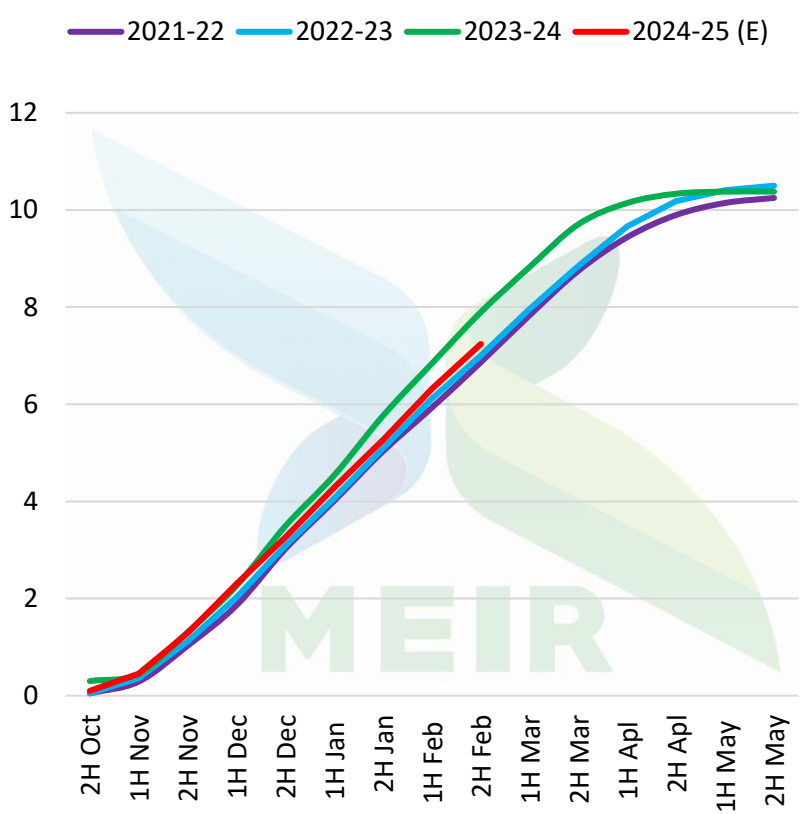


Uttar Pradesh(UP): Cumulative Crush, Sugar production & Sugar Recovery

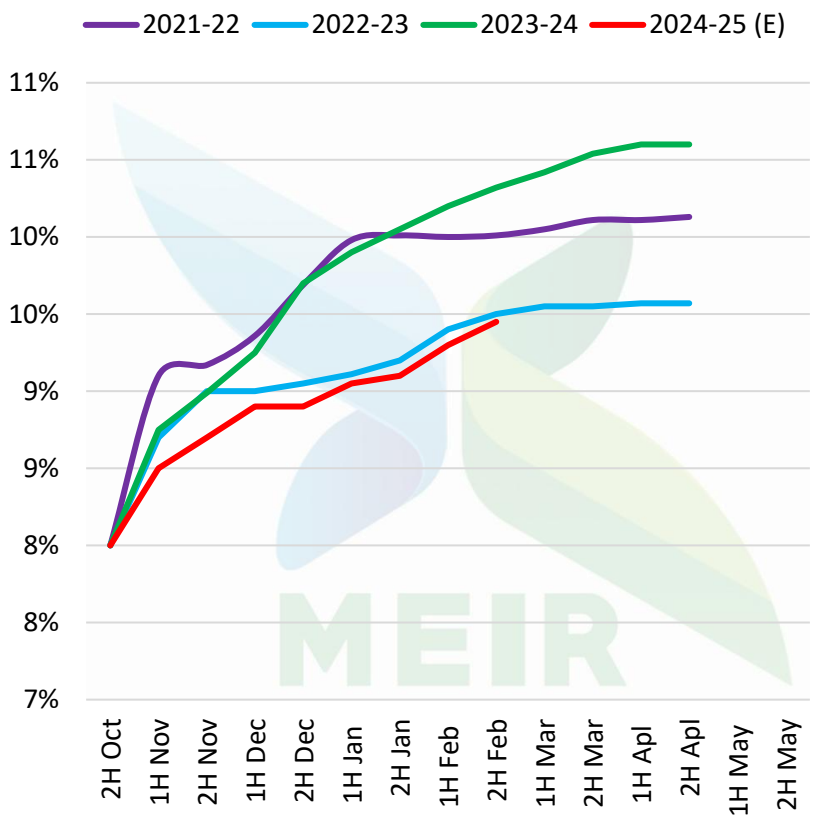
UP: Cumulative crush MMT



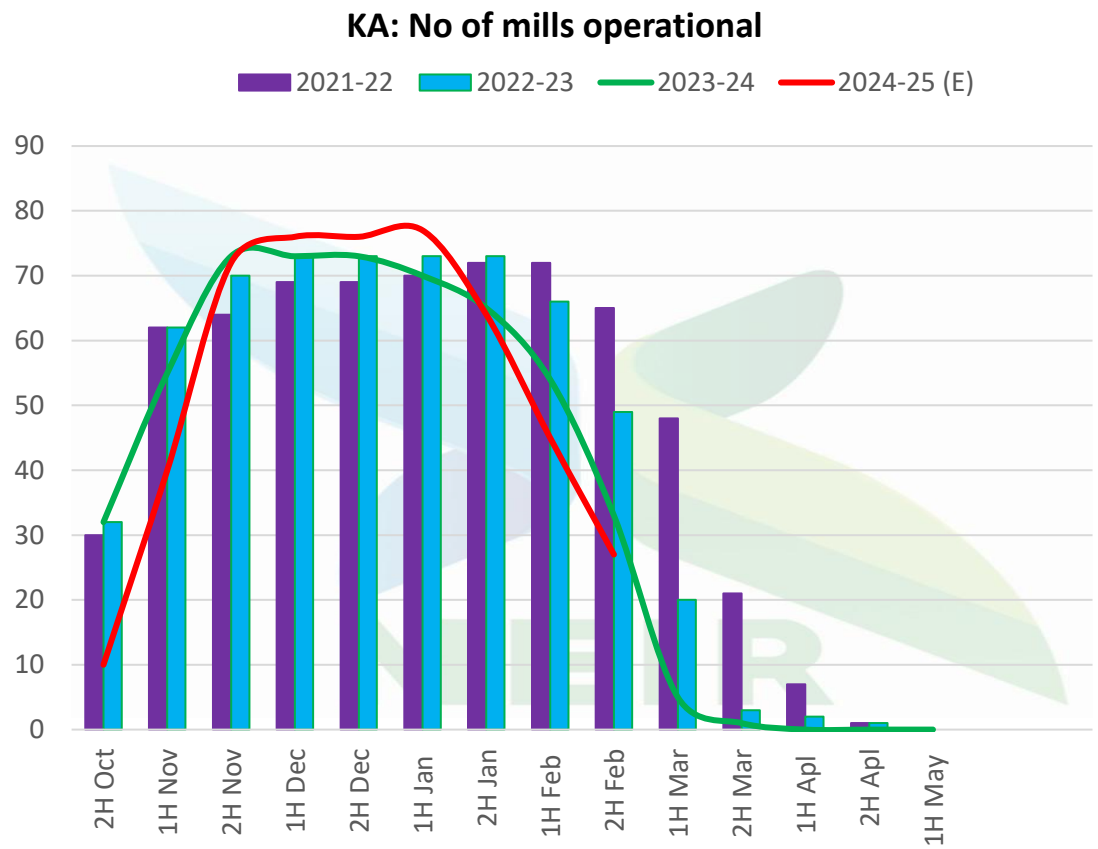
UP: Cumulative sugar million mt

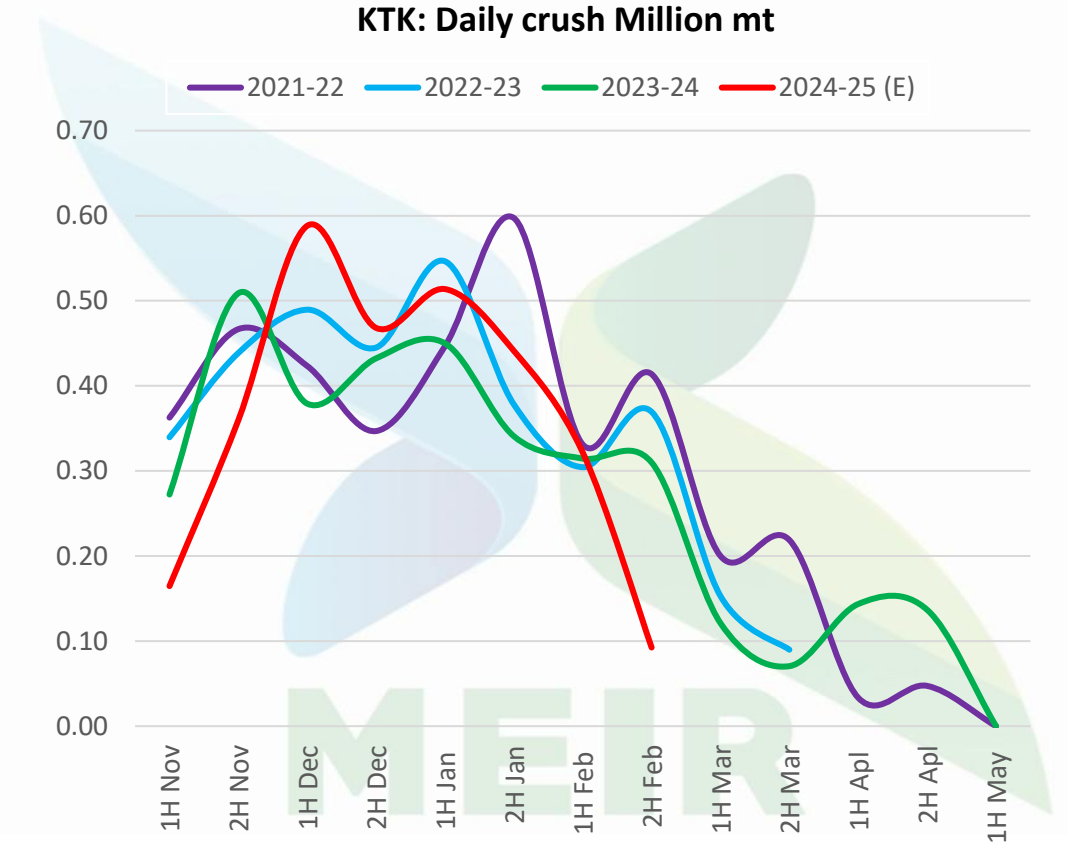


UP: Sugar Recovery in %



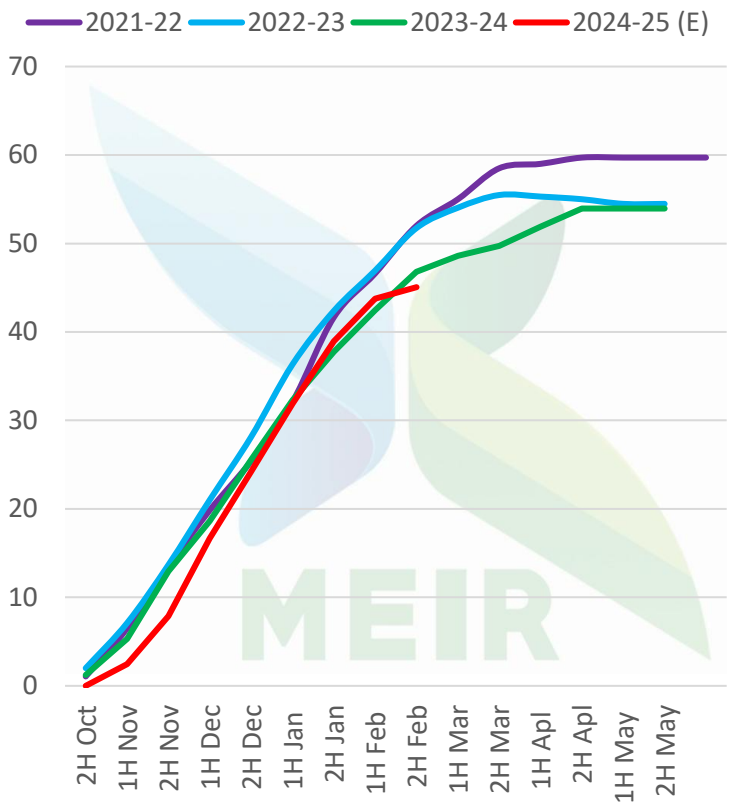
Karnataka (KTK): No. of Mills Operational and Daily Crush



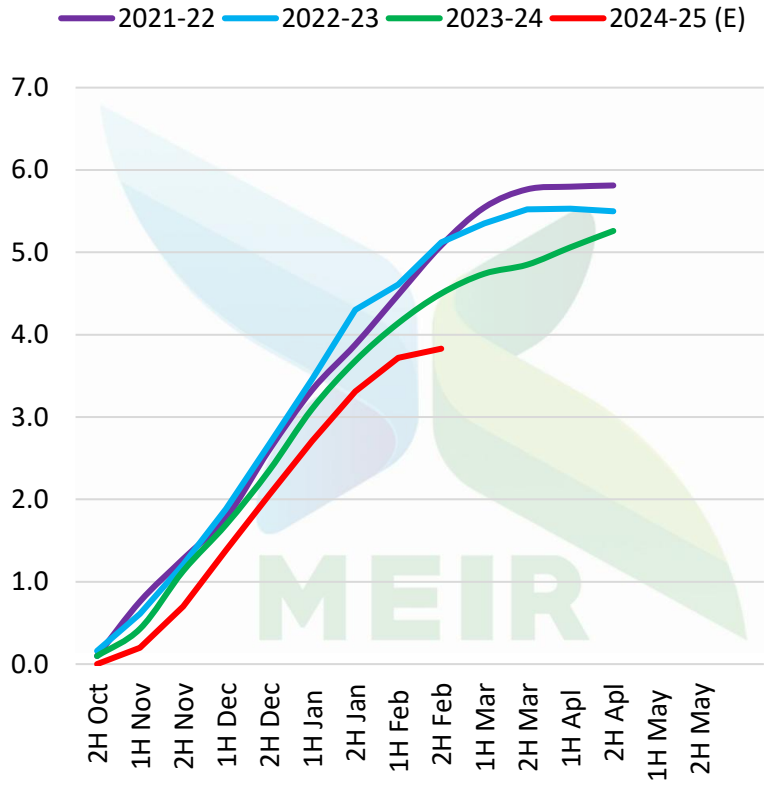


Karnataka (KTK): Cumulative Crush, Sugar production & Sugar Recovery

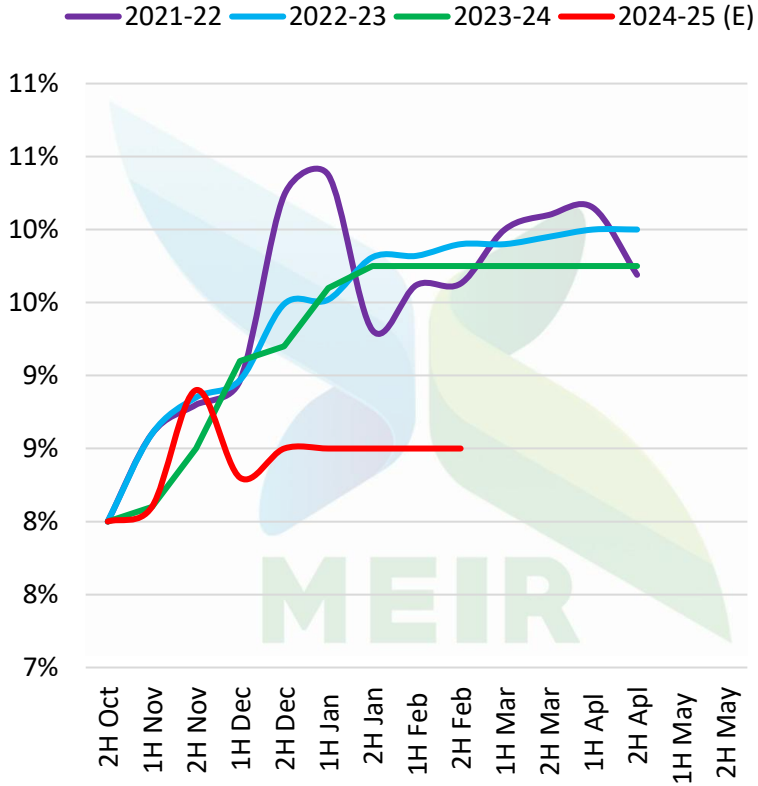
KTK: Cumulative crush MMT



KTK: Cumulative sugar Million mt



KTK: Sugar recovery in %



Q & A on Sugar and Ethanol Market

Q1 : Out of the ongoing ethanol supply what % and volume has been supplied by cane ethanol, and corn ethanol?

Answer: As of January 31, 2025, the ethanol blending percentage achieved stands at 17.40%.

Feed Stock	% Share
Sugar-Based	
Sugarcane Juice	43%
B heavy Molasses	6%
C heavy Molasses	10%
Total (Sugar-Based)	51%
Grain-Based	
Damaged Food Grains (Rice)	6%
Maize	43%
Total (Grain-Based)	49%
Grand Total	100%

Q2 : Has India imported ethanol? If so, from where? if only feedstock (corn) from which origin?

Answer: Import of fuel ethanol OR rectified spirit (RS) for conversion into fuel ethanol is not permitted in India. It is only permitted for the chemical industry. The volume of import of rectified spirit permitted duty-free for the chemical industry has been increasing. It is estimated to reach 600 million litres during 2024-25, up from 400 million litres two years ago.

Besides sugarcane juice and molasses, two resources, viz rice and corn, for ethanol are utilised for ethanol in India. Head rice price being too high does not make sense as an input for ethanol. Exports of 100% broken rice have been banned since 2022 to increase availability of input to distillers at a viable price. It contributes about a billion litres. Supply of State-procured rice for ethanol faces limitations due to heavy subsidy involved besides being a moral hazard involved in using state procured food for fuel when India has an unflattering position on the Global Hunger Index. During 2024-25, however, 2.4 mmt of state procured rice has been allocated for ethanol production but large-scale diversion remains politically sensitive.

Corn is the 3rd most important cereal crop after rice & wheat in India. Till two years ago, India alternated between being an exporter and importer of corn, export during surplus years being 2 to 4 mmt and imports during lean years about 0.5 mmt. Corn has been the fastest growing cereal crop but even then, due to its increasing use in ethanol, India has become a regular importer. India does not permit import of GMO corn and levies an import tax of 60% except for imports from least developed countries. India's poultry and starch industries have been suffering use of corn in feed milling reduces to the extent possible.

India's sugarcane crop has stagnated since 2017-18 within a narrow range. A high-yielding variety, which had gained prominence from 2014-15 to the extent of becoming the predominant variety in the northern States, has lost out to pests and diseases. We do not see many varieties promising the same level of yield on the anvil for quick replacement. With India's sugar consumption growth rate higher than the world average, going forward, we visualize a limitation on the availability of sucrose for ethanol.

Q & A on Sugar and Ethanol Market

Q3: Of the local non-corn ethanol feedstock, let's say corn is produced locally, and what is the % of the total local corn production is used for ethanol? same for rice

Answer: About 32% of the projected 24-25 corn output will be needed for ethanol, going by the 4.86 billion litres of corn ethanol orders placed by the oil companies. As a consequence, its use in cattle feed and to some extent, layer feed is getting rationed. We expect an import of about 2 MMT of corn versus 85 kmt in the previous year, unless a quantity in addition to the 2.4 mmt of rice from state procured stocks is supplied to ethanol distillers in substitution of some corn. Of India's rice crop of 134 mmt, about 50 mmt is procured by FCI, a state agency. They need about 40 mmt for supply free of cost to the vulnerable sections of the society. WTO regulations prohibit export of state-procured agricultural produce. After a gap of two years, the government has decided to supply 2.4 mmt of rice to distilleries for ethanol. Some more quantity over the 2.4 mmt may be supplied for ethanol to relieve the pressure on the corn balance sheet. Besides, about 2.5 mmt of 100% broken rice out of about 6.5 mmt of broken rice available, about 2.5 mmt si used as input for ethanol.

Q4 : What % of the total molasses produced goes to ethanol production and what % goes to animal feedstock?

Answer: No molasses is generated when SCJ is distilled into ethanol. During the year 2024-25, a quantity of 28 mmt of sugarcane, of the total estimated crush of 280 mmt, is implied to be used for ethanol to be supplied from SCJ. Likewise, of the quantity of sugarcane assigned to the ethanol from BHM works out to 57 mmt of sugarcane. Thus, 95 mmt of cane out of 280 to be crushed, would not yield CHM. 33 mmt of CHM is estimated to yield 1.95 billion litres of ethanol, of which 15 million litres have been offered for EBP. This is after setting aside an estimated 2% of CHM used for cattle feed.

Thus,

Type of Molasses	% for Ethanol	% for Cattle feed	% for uses like ENA, RS
B Heavy	26.6	Nil	Nil
C Heavy	7.7	2	92.3

Note: The balance quantity of 73.4% of BHM is used for production of sugar and a limited quantity is used for ENA.

Q & A on Sugar and Ethanol Market

Q5: Does price vary for each feedstock?

Answer: Currently, the purchase price of ethanol produced from CHM is $0.6635 /66.35 cents per litre (Rs 57. 97 per litre), from BHM is $0.6952 /69.52 cents per litre (Rs 60. 73 per litre), from SCJ is $0.7441 per litre/74.41 cents (Rs 65 per litre), from maize is around $0.8239/ 82.39 cents per litre (Rs 72 per litre) while that from damaged foodgrains (broken rice) is about $0.7327/ 73.27 cents per litre (Rs 64 per litre). The Govt. sell rice at $0.2576/ 25.76 cents per kilogram (₹22.50 /kg) from its granaries to distilleries for production of ethanol.

Q6: For 25/26 India Sugar production estimates

Answer: MEIR forecasts sucrose production at 37 MMT, with 5 MMT diverted, resulting in net sugar production of 32 MMT. Our assessment is based on the fact that sucrose production during 2021-22 and 2022-23 was 39.2 MMT and 36.5 MMT.

Q7: Opening stocks of India - MEIR or Govt. of India?

Answer: We always need to keep in mind the government figures since those are driving sugar policies. The discrepancy between opening stock India's opening stock as per Govt. of India is explained by the fact that whereas MEIR uses a time series for estimating sugar consumption, whereas the government data is compiled based on reports furnished by mills. A sizeable number of mills, however, are believed to have under-reported the stocks, as sale over allotted quota is believed to be a widespread practice. The stock number will, however, be put to test from August to October, after draw down of stocks to a historical low level in the year. Very low stocks, as implied in Meir's balance sheet, will manifest in a very strong price action.

Q8: I think the big question now that this year's production seems to be narrowing towards 26.5/27 mmt is 'what is Indian consumption?' What's MEIR best guess at this stage for the coming 12 months?

Answer: Sugar Demand and Consumption:-

- Actual sugar dispatches from mills (Oct-Jan): 9.70 million metric tons (mmmt) at an annual rate of 29.1 mmt-

Projected sugar consumption: 29.5-30 mmt driven by:

Upcoming summer months

- Ramadan
- Holi festival
- Marriage season
- Major festivals from August onwards

New Entrant in Soda Segment:- Reliance Industries has launched a range of soda products at half the price of Coke and Pepsi products- Expected price war to increase soda consumption- Reliance Industries has acquired mothballed brands from 35 years ago when Coke and Pepsi re-entered India

MAREX

Q & A on Sugar and Ethanol Market

Q9: If consumption is 29.5 MMT, a stock build of around 2.5 MMT would be expected. However, what will the beginning stocks be? With this year's sugar production at approximately 26 MMT, consumption at around 29 MMT, and exports of 1 MMT, stocks would decline by 4 MMT, bringing them down to about 3 MMT. This suggests India would need to rebuild stocks by roughly 2.5 MMT, leaving no room for exports in 2025/26. Is that a fair assessment?

Answer: A projection of 26 MMT for 2024/25 falls outside the consensus range. The prevailing consensus stands at 27 MMT, with 4 MMT allocated to ethanol, MEIR estimating 28 MMT, and AISTA at 26.5 MMT.

Supply & Demand Balance:

- Opening stock: 8 mmt plus 27.50 production → Total availability: 35.5 MMT
- Exports: 1 MMT, Domestic consumption: 29.5 MMT → Balance: 6 MMT
- Even if the sugar production is 26.5 mmt, the estimated closing stock will be 5 mmt.
- The government is confortable with a carryout of 5 MMT, given expectations of a strong crop in 2025/26.
- Our confidence in availability for exports in 2025-26 stems from the fact that with 2025/26 output at 37 MMT and 5 MMT diversion to ethanol, sugar output will be 32 MMT.
- Estimated domestic consumption: 30 MMT
- Even if 0.5-1 MMT is added to stocks, 1-1.5 MMT remains available for export. If India closes 2025 with a 6 MMT stock, the potential export surplus is 2 MMT.

Q10 : Do you know if the below costs are for LQW such as 150 IU sugar or are for 45 IU refined sugar? Do these costs include the sugar losses of the process and packaging?

Answer: These are LQW costs. Handling losses in Raws are around 0.3% to 0.4%, and bagged cargo of White sugar Nil. There is no processing loss as sugar is produced from sugarcane and not from Raw Sugar.

Reference of last report:

LQW Refining Cost	
Ex-factory INR/MT	43000
Transport INR/MT	2500
Refining Cost INR/MT	4500
Fobbing INR/MT	2000
Total Cost INR/MT	52000
Total Cost $/MT	598