



Management Discussion and Analysis

SUGAR BUSINESS

Indian Sugar Industry

Indian Sugar Industry: Overview

As the largest consumer and the second-largest producer of sugar in the world, India is a critical player in the global sugar industry. The Indian sugar industry is a key contributor to the country's economy, providing employment and creating significant value for over 50 million farmers as it advanced with the nation on its growth trajectory.

Beyond its economic impact, sugarcane offers immense ecological value. It is an ecologically sustainable crop, generating a variety of by-products, such as bagasse, molasses, filter cake (commonly known as press mud) etc. Besides producing sugar, the sugarcane by-products offer significant economic value, and also have a strong potential as a feedstock for the production of biofuels and bioenergy such as power, bioethanol, biogas, etc.

Over the years, the industry has improved the quality of sugarcane, upgraded its operations, and diversified its products. It has also evolved into a more sustainable and profitable entity by harnessing the potential of by-products for additional revenue. This has led the sugar industry to become more viable and valuable to the country's economic progress.

As an essential commodity under the Essential Commodities Act, the sugar sector is subject to extensive government regulation. The key areas of Government intervention include sugarcane pricing, sugarcane procurement through land demarcation, sale of sugar by mills in the domestic and international markets, diversion of sugarcane and sugar for other uses such as production of alcohol, bioethanol etc.

The sugar sector has also emerged as a major contributor to the alcohol industry in recent years through bioethanol production. This has been catalysed by the Government's support to the Ethanol Blended Petrol (EBP) programme, which includes a stated target of 20% EBP for the year 2025-26. The EBP programme aims to reduce import dependency while minimising the environmental footprint of vehicular emissions, conserving foreign exchange, and further strengthening the agriculture sector.

Government initiatives have helped eliminate the cyclicity of the Indian sugar industry

The past decade has seen the Indian sugar industry move away from the cyclicity and huge cane arrears that had once burdened it. Supportive Government policy measures have steered this transition. The policy measures, focussed





on facilitating timely payments of outstanding dues to the sugarcane farmers, include:

- Realistic fixation of sugarcane prices.
- Fixing Minimum Selling Price (MSP) of sugar to prevent a fall in ex-mill sugar prices and the accumulation of cane arrears.
- Diverting surplus sugar towards ethanol production, improving the financial health of sugar mills.
- Progressive export policies, including export subsidies in the past and timely evacuation of surplus sugar stocks at favourable prices.

Led by such policies, India now holds the unique distinction of being the highest payer of sugarcane price to its farmers, while remaining self-sufficient, profitable, and sustainable in its operations.

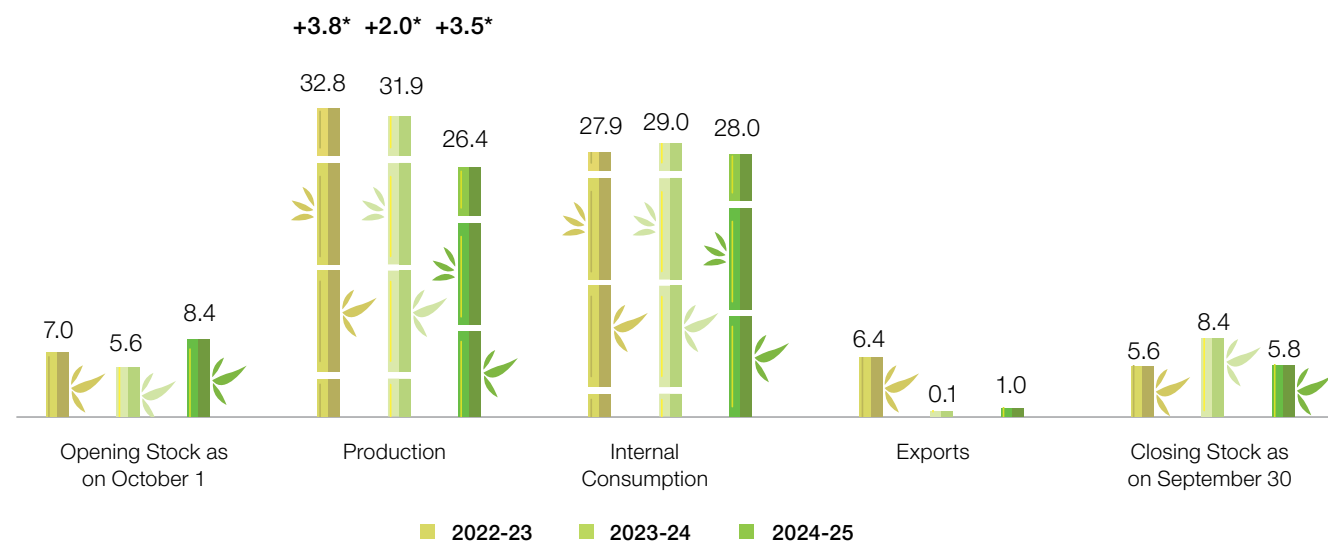
Indian Sugar Industry: Balance Sheet

India's net sugar production initial estimate for SS 2023-24 (after diversion to ethanol) was 31.9 million tonnes. This took into account the diversion of about 2 million tonnes of sugar equivalent to ethanol, implying a gross production estimate of 33.9 million tonnes for the season.

As of May 15, 2025, India's net sugar production for SS 2024-25 stood at 25.7 million tonnes, with two sugar factories operational in Tamil Nadu. Several factories in South Karnataka and Tamil Nadu are expected to resume operations during the special crushing season, which typically runs from June-July to September. The estimated total sugar production for the season is likely to be close to 26.4 million tonnes. As of April 30, 2025, 2.7 million tonnes of sugar had already been redirected for ethanol production, with another 0.6 to 0.7 million tonnes expected to be diverted by season-end. This translates into gross sugar production of 29.8 million tonnes for SS 2024-25, a decline of approximately 12% over the previous season.

Comfortable closing stocks of 5.8 million tonnes for SS 2024-25

With an opening balance of around 8.4 million tonnes as on October 1, 2024, net sugar production of around 26.4 million tonnes, domestic sales of around 28 million tonnes, and exports of 1 million tonne, the closing stock is expected at a comfortable 5.8 million tonnes. The net sugar production measure takes into consideration diversion of about 3.5 million tonnes of sugar equivalent for ethanol (as stated above).



Data in million tonnes

*sugar diversion to ethanol production in million tonnes

Note: Opening stock for SS 2022-23 revised as per GOI numbers

A healthy monsoon and the crop outlook for SS 2025-26

A favourable southwest monsoon led to significant improvement in sugarcane planting in the southern states, particularly Maharashtra and Karnataka in 2025. Strong sugarcane availability has paved the way for an expected timely start to the crushing season in October 2025.

In the northern belt, including Uttar Pradesh, varietal replacement initiatives are expected to yield tangible benefits, leading to higher sugarcane availability and improved sugar recovery rates.

Adding to this positive momentum were the climate forecasts from both the India Meteorological Department (IMD) and Skymet, which predicted a normal southwest monsoon in 2025. This is a positive indicator for crop health and production, augmenting the optimism for a robust and productive sugar season ahead.

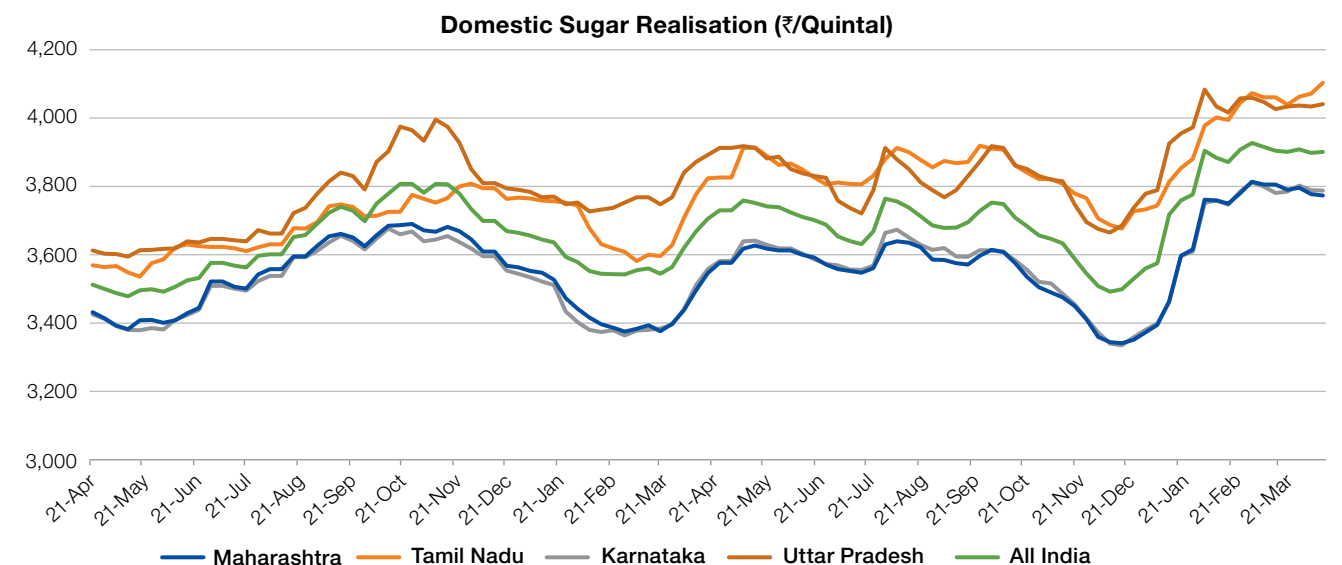
Indian Sugar Industry: Market Updates

- **Hike in Fair and Remunerative Price (FRP):** For SS 2025-26, the Central Government fixed the FRP of sugarcane at ₹ 355 per quintal, linked to a basic recovery of 10.25% and subject to a premium of ₹ 3.46 per quintal for every 0.1% increase of recovery over and above 10.25%. This was also linked to reduction in FRP at the same rate for each 0.1% decline in the recovery rate till 9.5%. With no further deductions for farmers with recovery below 9.5%, such farmers will get ₹ 329.05 per quintal for sugarcane. The FRP for SS 2025-26 was 4% higher than the previous sugar season.

- UP State Advised Price (SAP) has remained unchanged: There was no change in the Uttar Pradesh State Advised Price (SAP) of sugarcane for Sugar Season 2024-25. Rates applicable were as below:

- Sugarcane price for Early Variety at ₹ 370 per quintal.
- Sugarcane price for General Variety at ₹ 360 per quintal.
- Sugarcane price for Rejected Variety at ₹ 355 per quintal.

- **Minimum Selling Price (MSP) of sugar has remained unchanged:** Despite increase in sugarcane procurement costs, i.e. SAP in the case of Triveni, the MSP fixed by the Government in February 2019 at ₹ 31/kg has remained unchanged. It is imperative that the MSP of sugar prices is enhanced in a coordinated manner, concurrent with increase in input costs.



International Sugar Industry

International Sugar Industry: Balance Sheet

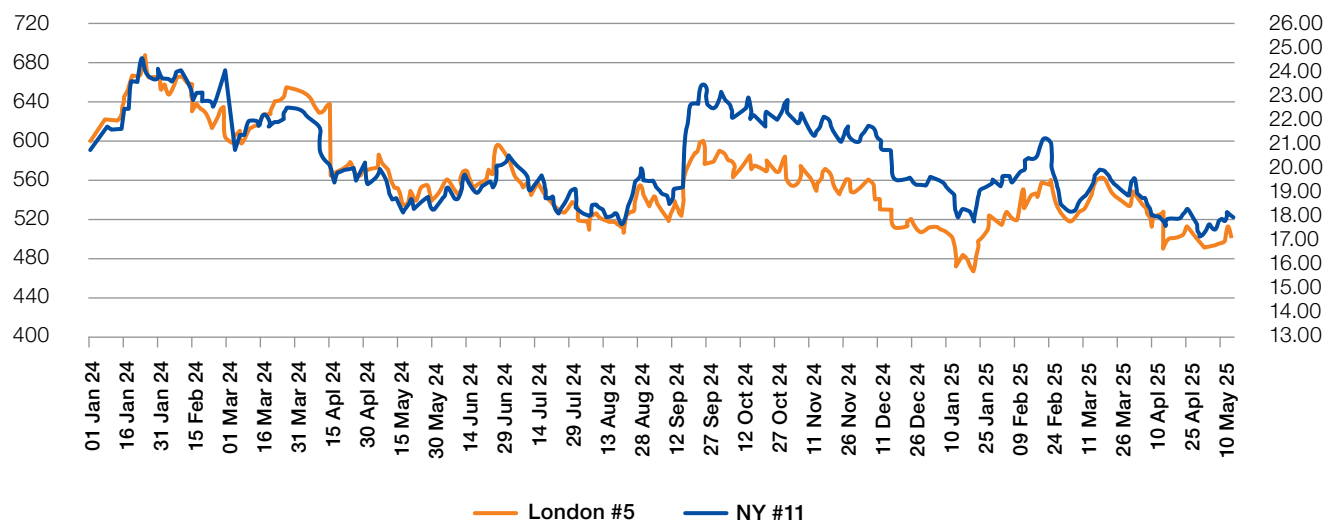
Global sugar balance sheet pointing to deficit: As per recent estimates from Datagro, the global sugar balance is estimated to be in surplus of around 1.53 million tonnes in 2025-26 after a global deficit of approx. 4.67 million tonnes in 2024-25. Improved supplies from key producing nations, such as Brazil and Thailand, along with sufficient production in India, will contribute to the growth in the sugar balance.

Datagro forecasts Brazil's Central South (CS) sugar production in 2025-26 to reach 42.04 million tonnes, up from 40.17 million tonnes in the previous season. India's output is projected to grow to 31.6 million tonnes from 26 million tonnes, while Thailand's production is expected to rise to 11.18 million tonnes from 10.05 million tonnes in this period.

International Sugar: Prices

On an average, the international sugar prices declined by 20% during FY 25. Prices have trended downwards due to expectations of a global sugar surplus, apart from varying regional trends. As on May 15, 2025, the NY #11 front month contract was trading at US 17.9 cents/lb - the lowest in sixteen quarters, while London #5 was trading at USD 499.5 per tonne.

NY#11 & London#5 Price Trend From January 1, 2024 - May 15, 2025



Note: London #5 on left hand side (LHS) in USD/tonne; NY #11 on right hand side (RHS) in US cents/lb

Sugar Business

Triveni Sugar Business: Overview

- 8 sugar mills in UP's sugarcane rich belt of which 7 are FSSC certified.
- Acquired 61.77% stake in Sir Shadi Lal Enterprises Ltd. (SSEL), whose sugar unit in Shamli is amongst the highest sugar-yielding areas in the state of UP.
- Best-in-class manufacturing processes, with robust compliances and quality benchmarks.
- Strong farmer relations and timely sugarcane payment.
- Extensive sugarcane development programme with farmers.
- Co-generation 104.5 MW generation capacity from co-product bagasse across six plants, with three using highly efficient 87 at a/515° C steam cycle, meeting captive needs, and selling surplus power to Uttar Pradesh Power Corporation Limited (UPPCL).
- Products: Multi-grade – large, medium and small White Crystal Sugar, Refined Sugar (for high-grade end users), Raw Sugar (for export, based on market dynamics), Pharmaceutical-grade Sugar.
- Customers: Multinational beverage companies, breweries, pharmaceutical companies, confectionery manufacturers, dairy and ice cream producers.

Key Consolidated highlights FY 25

- Sugarcane crushed (SS): 9.05 million tonnes.
- Sugar produced (SS): 0.92 million tonnes.
- Gross sugar recovery (SS): 10.80%.
- Net sugar recovery (SS): 10.13%.
- Average blended realisation (FY): ₹ 39,192/MT.
- Revenue: ₹ 3,967.0 crore.
- PBIT ₹ 266.5 crore.

