

Price Outlook:

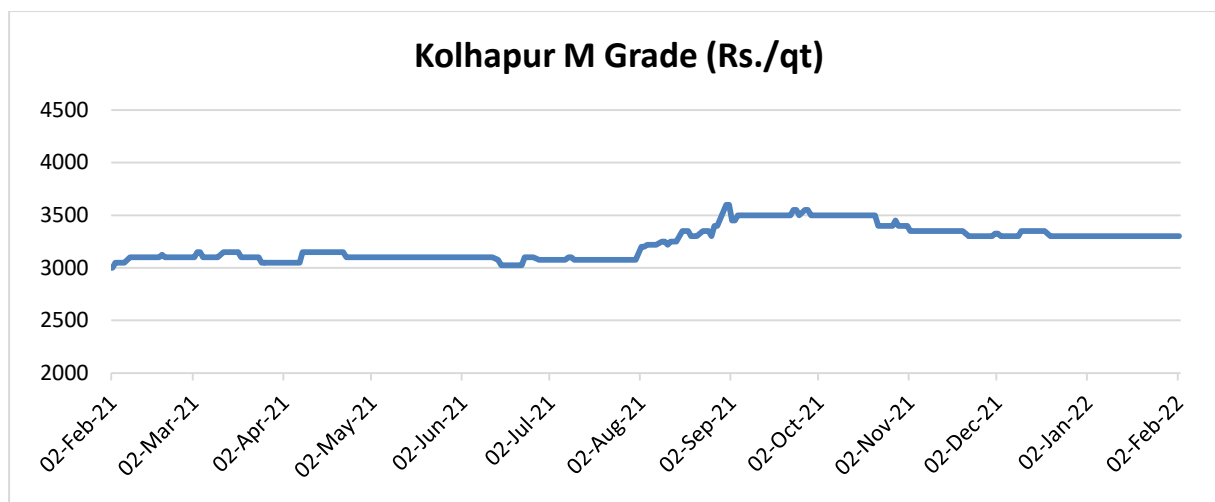
Sugar prices had slightly fallen in the major markets across India last month. The average sugar prices were lower at Rs. 3441/q from the previous month at Rs.3470/q in Delhi market. The prices in Maharashtra also stood slightly lower at Rs.3300/q in January'22 as compared to the previous month.

Price Projection for the Next Month:

As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market is likely to remain steady next month between Rs.3,250 -3,350 per quintal.

Domestic Sugar Market Summary:

Sugarcane crushing season in India is at its peak with all the major sugar mills continuing cane crushing operations. The average price for sugar 'M' grade in key Kolhapur market stood firm at Rs. 3300/q lower from the previous month price Rs.3317 per quintal in January month.



Sugar Domestic Balance Sheet

- As per the Agriwatch's latest estimate, India's sugar production was 30.9 MMT during 2020-21 SS and sugar production in 2021-22 is likely to increase at 31.00 MMT. As area under sugarcane has increased in 2021-22 season at 53.86 lakh hectares compared to previous season area of 52.94 lakh hectares.
- Sugar domestic consumption was at 26.5 MMT in 2020-21. Consumption is expected to slight increase at 26.80 MMT in 2021-22.
- 2020-21 sugar seasons is expected to end with 6.64 MMT carry over stock and it is projected that in 2021-22 SS, the ending stock may decrease to 4.84.

| SUGAR BALNCE SHEET 2021-22(MMT) | | | | | | | | |
|---|----------|----------|---------|----------|---------|---------|---------|---------|
| SUGAR BALNCE SHEET 2020-21(MMT) | 2019-20* | 2020-21* | Jul-Sep | 2021-22* | Oct-Dec | Jan-Mar | Apr-Jun | Jul-Sep |
| Carry in stock | 11.97 | 9.44 | 14.32 | 6.64 | 6.64 | 8.67 | 16.89 | 11.60 |
| Estimated sugar production | 27.25 | 30.90 | 0.18 | 31.00 | 10.18 | 17.22 | 3.42 | 0.18 |
| Imports | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Estimated sugar availability (A + B + C) | 39.22 | 40.34 | 14.50 | 37.64 | 16.82 | 25.89 | 20.31 | 11.78 |
| Exports | 6.00 | 7.20 | 1.20 | 6.00 | 1.45 | 2.18 | 2.02 | 0.35 |
| Availability for domestic consumption (D - E) | 33.22 | 33.14 | 13.30 | 31.64 | 15.37 | 23.71 | 18.29 | 11.43 |
| Estimates sugar consumption | 23.79 | 26.50 | 6.66 | 26.80 | 6.70 | 6.82 | 6.69 | 6.59 |
| Carry out stock (F - G) | 9.44 | 6.64 | 6.64 | 4.84 | 8.67 | 16.89 | 11.60 | 4.84 |

Domestic Sugar* (M- grade) Price Projection for next 3 months

| Pariculars | Month | (Rs/Qtl) |
|---------------------------------------|----------|-----------|
| Current month Projected Average Price | Mar'22 | 3300-3450 |
| | Feb'22 | 3300-3350 |
| Previous month's Average Prices | Jan'22 | 3300 |
| | Dec'21 | 3317 |
| | Nov'21 | 3335 |
| | Oct'21 | 3471 |
| | Sep'21 | 3508 |
| | Aug'21 | 3298 |
| | July'21 | 3076 |
| | June'21 | 3076 |
| | May'21 | 3104 |
| | April'21 | 3112 |
| | Mar'21 | 3104 |
| Projected Price Range | Feb'21 | 3300-3250 |

Domestic Market Highlights

Recent Updates:

The food ministry has allocated 20 LMT monthly sugar quota for February 2022 to 563 sugar mills which is 3 LMT higher than the quota released during the previous season for February 2021. In January 2022, the government has fixed 21.5 LMT monthly sugar quota for domestic sale.

According to the Maharashtra Sugar Commissioner, sugar mills in Maharashtra have produced 792.02 lakh quintals of sugar till 31st January 2022 by crushing 724.91 lakh tonne of sugarcane. Kolhapur division is leading in the state in terms of sugar recovery with 11.46 percent whereas for the entire state, Maharashtra sugar recovery rate has reached 10.06 percent.

According to All India Sugar Trade Association's First Advance estimate for 2021-22 season, sugar production in India is estimated to increase by 2.90 percent to 31.9 million tonne in 2021-22 season. Opening stock is estimated at 8.3 million tonne, the total availability of sugar is expected to be 40.2 million tonne in the current Marketing Year, slightly lower than the previous year. Whereas, Domestic Consumption is expected to increase by 2 percent to 27 million tonne from previous season 26.5 million tonne. Further, Exports are estimated at 6 million tonne in the 2021-22 season.

According to second advance estimates by ISMA, India's sugar production is expected to be 314.50 lakh tonne during 2021-22 season. This is after considering an estimated diversion of sugar equivalent of 34 lakh tonne for production of ethanol by means of diversion of sugarcane juice /syrup or B-heavy molasses. Opening stock is estimated at 0.82 million tonne as on 01st October 2021. Further Domestic consumption is expected to be 0.270 million tonne and exports around 0.60 million tonne during 2021-22 season. The closing stock as on 30th September 2022 is expected to be lower over 0.15 million tonne at around 6.650 million tonne.

As per the second advance estimates, the other States like Tamil Nadu, Gujarat, Andhra Pradesh & Telangana, Bihar, Punjab, Haryana, Madhya Pradesh & Chhattisgarh, Odisha and Uttarakhand are collectively expected to produce about 50.60 lakh tonne of sugar, which is more or less similar to the production in 2020-21 Sugar season. These States are collectively estimated to account for about 2.81 lakh tonne of sugar equivalent diversion into production of ethanol. The adjoining table shows the top three state-wise break-up of sugar production estimation for 2021-22 and its comparison with the previous year.

| State | Sugar Production Estimation (in Lakh Tonne) | | Diversion to Ethanol (in Lakh Tonne) | |
|---------------|---|---------|--------------------------------------|---------|
| | 2020-21 | 2021-22 | 2020-21 | 2021-22 |
| Maharashtra | 106.50 | 117 | 7.12 | 11.27 |
| Uttar Pradesh | 110.59 | 102 | 6.90 | 12.55 |
| Karnataka | 44.68 | 45.21 | 5.02 | 7.37 |
| Source: ISMA | | | | |

Heavy rains in the Western region of Uttar Pradesh have damaged standing crops of sugarcane. The sugarcane fields have been waterlogged due to the continuous rainfall in January this year. Government is yet to submit its report on losses that occurred due to heavy rains.

Around 507 sugar mills are crushing cane. Sugar mills have produced around 187.08 lakh tonne of sugar till 31st January'2022 as against 177.06 lakh tonne produced same period last year. This is 10.02 lakh tonne higher as compared to last season's production for the corresponding period. The remaining States of Andhra Pradesh & Telangana, Bihar, Uttarakhand, Punjab, Haryana and Madhya Pradesh & Chhattisgarh, Rajasthan, Odisha have collectively produced 16.44 lakh tonnes of sugar till 31st January, 2022. The adjoining table shows the state-wise breakup of sugar production till 31st January 2022 and its comparison with the previous year.

| State | Sugar Production (as of 31st Jan) (in Lakh Tonnes) | | Mills in Operation (as of 31st Jan) | |
|---------------|--|-------|---|------|
| | 2020 | 2021 | 2020 | 2021 |
| Maharashtra | 63.80 | 72.90 | 182 | 194 |
| Uttar Pradesh | 54.43 | 50.33 | 120 | 120 |
| Karnataka | 34.54 | 38.78 | 66 | 72 |
| Gujarat | 5.55 | 5.75 | 15 | 15 |
| Tamil Nadu | 1.65 | 2.88 | 24 | 24 |

In the previous month, Rajasthan government has approved the hike of Rs 50 per quintal hike in the purchase price of sugarcane by Rajasthan State Ganganagar Sugar Mills (RSGSM) for the crushing season 2021-22. The government has approved the purchase price of the early variety of sugarcane at Rs 360 per quintal, the rate for medium grade sugarcane will be Rs 350 per quintal and the late variety sugarcane will be purchased at Rs 345 per quintal.

International Sugar Market Summary:

The average global raw sugar prices have decreased significantly by around 0.7% to 18.45 cents/lbs in January 2022 from 19.18 cents/lbs in December 2021. The average prices of refined sugar were lower by around 2% to \$498.22/tonne in January'22 from \$500.32/tonne during December'21.

International Market Highlights:

According to the data released by National Sugar Union, Sugar refineries from in Ukraine have processed 9.12 million tonnes of sugar beet and produced 1.3 million tonnes of white sugar in the 2021-22 crushing season. The sugar season began in September this year. The area under sugar beet cultivation in Ukraine has been increased from 201,600 hectares last year to 227,100 hectares in 2021 and the country is expecting to increase beet sugar

output to 1.4 million tonnes in 2021-22 season. The sugar output in the country during the preceding year was 1 million tonnes.

According to the United Nation's FAO forecast January report, the world sugar production in 2021-22 stands at 173.7 million tonnes higher by 2.2 percent from the reduced level in 2020-21 seasons. The increase in production is based on the production recoveries in the European Union, the Russian Federation and Thailand. Increase in production is also expected from India while for Brazil production is expected to decline for the second consecutive season in 2021-22. Global sugar consumption is set to rebound for a second successive season in 2021-22 growing by 1.9 percent following the covid 19 related contractions in 2019-20.

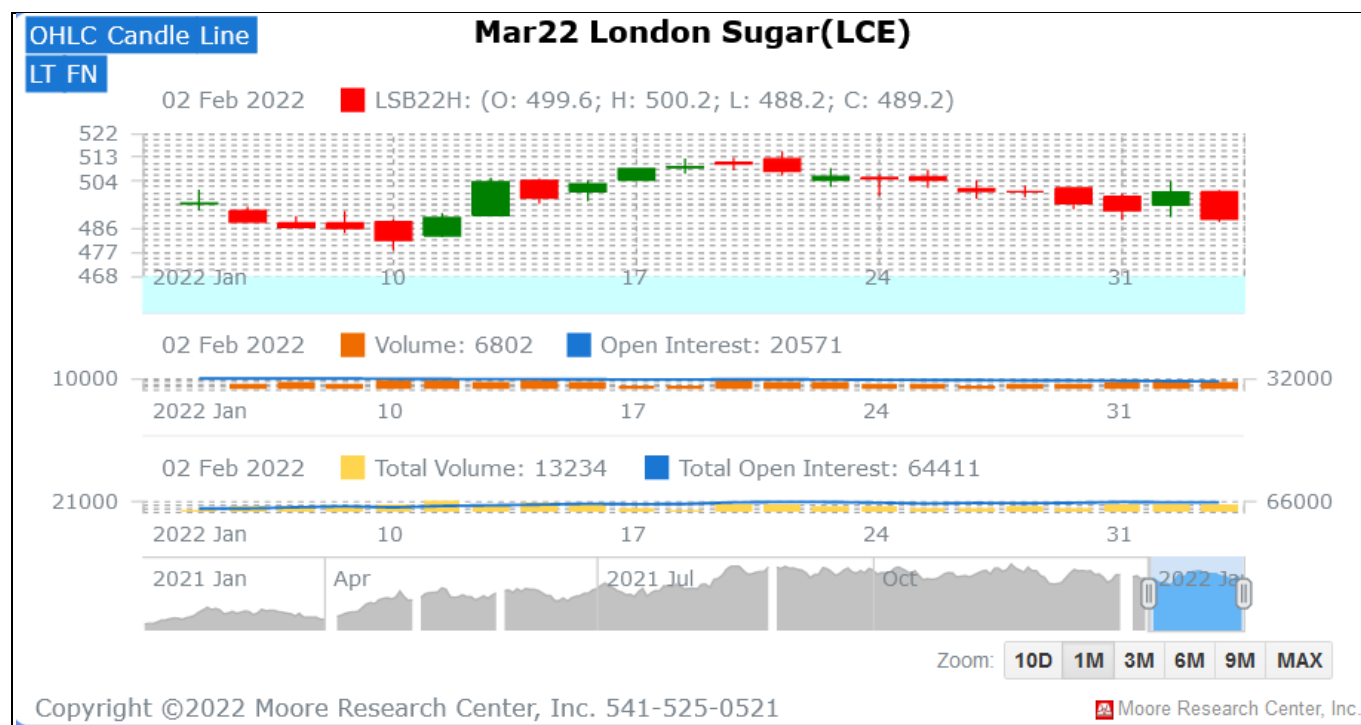
The Sugar millers from Nepal have increased the factory price of sugar from Rs 72-76 (Nepalese Rupee) per kg to Rs 82-90 per kg. The consumers will have to now pay up to Rs 100 for one kg of sugar. The recent increase in the Minimum Support Price of sugarcane by the government by Rs 45.67 per quintal taking it to Rs 590 per quintal this season, is the reason behind the hike in sugar prices.

The Ministry of Agriculture of Kyrgyzstan has extended the ban on sugar export till 01st August 2022. At the end of 2021, mass sugar exports resumed in Kyrgyzstan. Due to this, a decrease in the stock led to hike in domestic prices, therefore the government decided on the ban for the next six months starting from 01st February to 01st August, 2022. Earlier in the previous season the cabinet has passed a resolution setting a temporary ban on the export of sugar and vegetable oil due to rise in prices for six months.

Sugar Output in China is expected to be lower by 300,000 tonne to 10 million tonne in 2021-22 season which is 6.3 percent lower than the previous season. Due to recent frosts in Guangxi, sugarcane cultivation in China was affected. As a result, sugar imports by China are expected to increase from 4.5 million to 5.5 million tonne. During the 2021-22 season, sugar production in India is expected to be 31.5 million tonne and for Brazil it is likely to be around 34.5 million tonne.

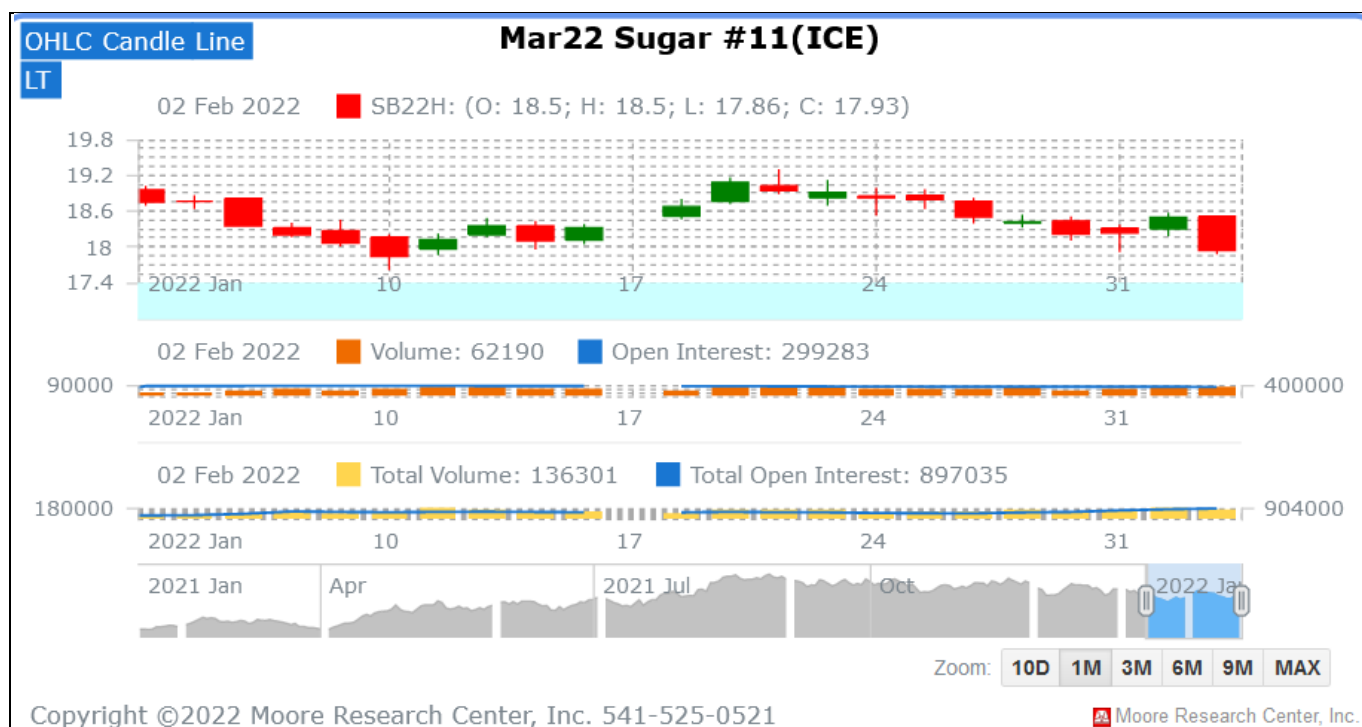
Sugar production in Philippines has increased by 4.63 percent in 2022 season. The Sugar Regulatory Authority has stated that as of 02nd January, 2022, Philippines have produced 657,352 metric tonne (MT) of raw sugar as compared to 628,286 MT during the same period last year. During last week, the growth was at 10.11 percent to 616,333 MT as compared to the same period last year which was 559,726 MT. The current supply of raw sugar in Philippines has increased by 3.15 percent to 910,870 MT as compared to 883,046 MT last year. As per Sugar Regulatory Authority, the demand for raw sugar has increased by 10 percent to 559,472 MT. It is expected that the sugar output will reach 2.0997 million MT this season.

Thailand sugar production is expected to improve in 2021-22 season after two consecutive years of drought. Thailand sugarcane production is estimated to increase at 95 million metric tonne (MMT) and sugar production is estimated at 10.5 MMT after rainfall in September month last year. Further, exports are estimated at 3.8 MMT to 7.5 MMT in 2021-22 season.

International Sugar Futures Price Projection

LIFFE (White Sugar Exchange) Future Market Sugar Scenario (Mar'22 Contract)
Technical Commentary

- LIFFE future market remained steady to weak during the week.
- Total volume increased & open interest decreased over a month.
- Strategy: Sell at level 485, T1 495

| International Sugar Futures Price Projection | | | |
|--|----------------|---------------|-------------------------------------|
| | Contract Month | Present Quote | Expected Price level for next Month |
| LIFFE Sugar (US \$/MT) | Mar'22 | 489 | 485-500 |



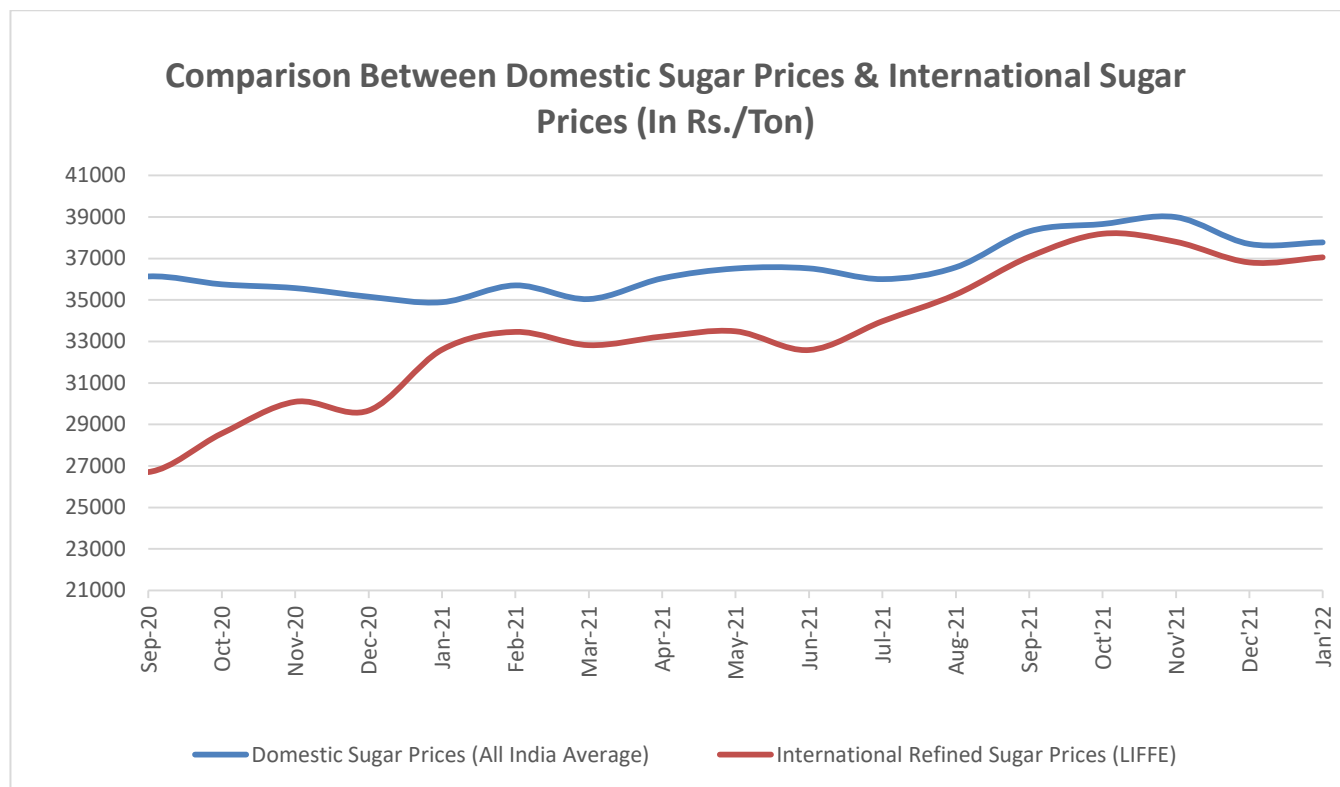
ICE (Raw Sugar Exchange) Future Market Scenario (Mar'22 Contract)

Technical Commentary:

- ICE raw sugar futures remained firm in the month.
- Both total Volume and open interest decreased over a month.
- Strategy: Buy at rate 17.90 Targeting 17.98.

| International Sugar Futures Price Projection | | | |
|--|----------------|---------------|-------------------------------------|
| | Contract Month | Present Quote | Expected Price level for next month |
| ICE Sugar #11 (US Cent/lb) | Mar'22 | 17.93 | 17.90-18.20 |

Comparison of Indian Sugar Prices (All India Average) and International Refined Sugar Prices (LIFFE)



Source: USDA and Agmark.net

Domestic Sugar Spot Prices:

| Spot Sugar Prices Scenario (Monthly-Average) | | | | | |
|--|------------|------------------------|-------------------------|--------|--------|
| Commodity | Centre | Variety | Average Prices (Rs/Qtl) | | Change |
| Sugar | | | Jan'22 | Dec'21 | |
| Delhi | Delhi | M-Grade | 3441 | 3470 | -29 |
| | Delhi | S-Grade | 3421 | 3450 | -29 |
| Uttar Pradesh | Khatauli | M-Grade | 3547 | NA | - |
| | Ramala | M-Grade | NA | NA | - |
| | Dhampur | M-Grade Ex-Mill | 3397 | NA | - |
| | Dhampur | S-Grade Ex-Mill | 3377 | NA | - |
| | Dhampur | L-Grade Ex-Mill | 3447 | NA | - |
| Maharashtra | Mumbai | M-Grade | 3675 | 3691 | -16 |
| | Mumbai | S-Grade | 3397 | 3378 | 19 |
| | Nagpur | M-Grade | 3425 | 3442 | -17 |
| | Nagpur | S-Grade | 3325 | 3342 | -17 |
| | Kolhapur | M-Grade | 3300 | 3317 | -17 |
| | Kolhapur | S-Grade | 3200 | 3217 | -17 |
| Assam | Guhawati | S-Grade | 3460 | 3477 | -17 |
| Meghalaya | Shillong | S-Grade | 3520 | 3537 | -17 |
| Andhra Pradesh | Vijayawada | M-Grade (With Duty) | 3800 | 3832 | -32 |
| | Vijayawada | S-Grade (With Duty) | 3760 | 3778 | -18 |
| West Bengal | Kolkata | M-Grade | 3828 | 3856 | -27 |
| Tamil Nadu | Chennai | S-Grade (With GST) | 3745 | 3753 | -8 |
| | Dindigul | M-Grade (DCA) | 3848 | 3800 | 48 |
| | Coimbatore | M-Grade (DCA) | 3783 | 3931 | -148 |
| Chattisgarh | Ambikapur | M-Grade (Without Duty) | 3600 | 3796 | -196 |

Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)

*DCA: Department of consumer affairs

| Spot Jaggery(Gur) Prices Scenario (Monthly-Average) | | | | | |
|---|---------------|--------------------------|-----------------|--------|---------|
| Commodity | Centre | Variety | Prices (Rs/Qtl) | | Change |
| Jaggery(Gur) | | | Jan'22 | Dec'21 | |
| Uttar Pradesh | Muzaffarnagar | Chaku Sukha(Cold) | 3197 | 2985 | 212 |
| | Muzaffarnagar | Chaku(Arrival)(40kg Bag) | 98100 | 290000 | -191900 |
| | Muzaffarnagar | Khurpa (Fresh) | 3023 | 2706 | 317 |
| | Muzaffarnagar | Laddoo (Fresh) | 3304 | 2963 | 341 |

| | | | | | |
|--------------------|---------------|-------------------|------|------|------|
| | Muzaffarnagar | Rascut (Fresh) | 2519 | 2472 | 47 |
| | Hapur | Chaurasa | 2935 | 2675 | 260 |
| | Hapur | Balti | 2908 | 2652 | 256 |
| Maharashtra | Latur | Lal Variety | NA | NA | - |
| Karnataka | Bangalore | Mudde (Average) | 4603 | 4746 | -143 |
| | Belgaum | Mudde (Average) | NA | 3200 | - |
| | Belthangadi | Yellow (Average) | NA | NA | - |
| | Bijapur | Achhu | NA | NA | - |
| | Gulbarga | Other (Average) | NA | NA | - |
| | Mahalingapura | Penti (Average) | 3290 | 3498 | -208 |
| | Mandya | Achhu (Medium) | 3179 | 3429 | -250 |
| | Mandya | Kurikatu (Medium) | 3097 | 3263 | -166 |
| | Mandya | Other (Medium) | 2977 | 3216 | -239 |
| | Mandya | Yellow (Medium) | 3124 | 3403 | -280 |
| | Shimoga | Achhu (Average) | 3700 | 3700 | Unch |

| International Sugar Prices (Monthly- Average) | | | | |
|---|----------------|--------|--------|--------|
| | Contract Month | Jan'22 | Dec'21 | Change |
| ICE Sugar #11 (US Cent/lb) | 22-Mar | 18.45 | 19.18 | -0.73 |
| | 22-May | 18.18 | 18.81 | -0.63 |
| | 22-Jul | 18.01 | 18.49 | -0.48 |
| LIFFE Sugar (US \$/MT) | 22-Mar | 498.22 | 500.32 | -2.10 |
| | 22-May | 490.69 | 496.81 | -6.12 |
| | 22-Aug | 484.67 | 484.32 | 0.35 |

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