

Stocks of Sugar Cos Surge on Global Cues, Analysts See Chance to Exit

New Delhi: Shares of sugar companies surged up to 17% on Wednesday after international sugar prices soared to a 22-year high.

The latest surge in sugar prices came after the International Sugar Organisation said that the deficit between demand and supply in the market had widened to 5.02 million tonnes from 3.05 million tonnes in September.

Uttam Sugar Mills surged

16.58% to close at ₹ 21.80. Thiru Aroorah Sugars soared 9.64% to ₹ 36.40. Rajshree Sugars and Dhampur Sugar Mills added 3.74% and 4.88%, respectively.

Stocks of Shree Renuka Sugars, Bajaj Hindusthan and Balrampur Chini gained about 1.5-4.72%.

Analysts, though, remained sceptical of the upside potential in sugar stocks and believe that investors stuck in the space should use the rallies to exit the

sector.

"I think in an up cycle, the investors have a good opportunity to exit. Basically, this industry has not created any value over the past decades or so, and there is too much government intervention. The cycles are very sharp and difficult to predict," said Dipan Mehta, member, BSE & NSE.

"From a minority investor's point of view, this sector has to be completely avoided. Sugar can be best played by traders and in-

vestors who have knowledge about the industry and who can sense, in advance, the fundamental changes taking place," he added.