

India

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Overweight (no change)

Agribusiness

~90% ethanol allocated for ESY25

- We reiterate our bullish stance on grain-based ethanol backed by strong order inflow from oil marketing companies (OMCs).
- Closely monitoring the ground & cropping patterns, we are satisfied with the movement towards the thesis we had laid earlier on the abundance of maize.
- Industry's 20% ethanol blending target is on the horizon in Ethanol Supply Year (ESY) 26F, with grain-based ethanol to hog ~65% share.

1st tender

- OMCs tendered 9,160mL (million litre), of which 8,366mL were allotted.
- The sugarcane ethanol route was allotted 80% of the quantity offered, at 3,117mL.
- Juice/ B Molasses / C Molasses share stood at 23%/14%/1%, respectively.
- The grain-based ethanol route was allotted 91% of the offered quantity, at 5,259mL.
- Maize/DFG (Damaged Food Grains) share stood at 52%/11%, respectively.
- The split ratio stood at 37%/63% between sugar and grain routes, respectively.

2nd tender

- OMCs tendered 876mL, of which 934mL were allotted.
- The sugarcane-based ethanol route was allotted 95% of the offered quantity, at 255mL.
- Juice / B Molasses / C Molasses share stood at 7%/20%/0%, respectively.
- The grain-based ethanol route was allotted 93% of the offered quantity, at 680mL.
- Maize / DFG share stood at 58%/15%, respectively.
- The split ratio stood at 27%/73% between sugar-based ethanol and grain-based ethanol.
- The overall split ratio stood at 36%/64% for sugar-based ethanol and grain-based ethanol, with 9,300mL allotted.

Tender outlook

- We expected ~1,000mL more to be tendered by OMCs for ESY25 for 19% blending.
- Grain-based ethanol is expected to garner around 70% share of the additional tender.

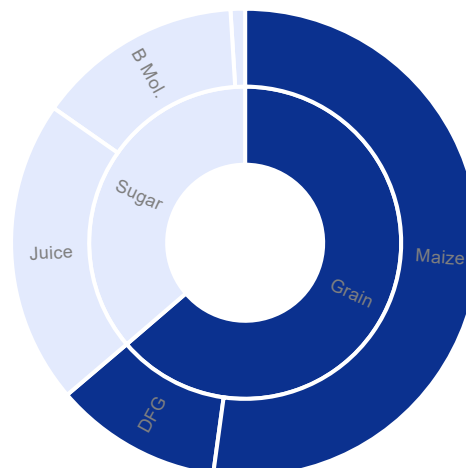
What's next for distilleries?

- Maize oil products to be innovative and will be produced by grain distilleries.

What's next for ethanol industry?

- Government of India moving its goalpost towards 25%-30% blending in petrol.
- Biodiesel policy strengthening by adding blended ethanol to diesel.
- Strengthening of the policy on biogas.
- Introduce bio bitumen policy.

Figure 1: Allotted share in ESY25 for sugar-based and grain-based ethanol stands at 36%/64%, respectively



SOURCE: INCRED RESEARCH, COMPANY REPORTS

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Figure 2: The allotted tender for ethanol blending in ESY25 (in mL)

Type		SugarCane			S-Total	Grain		G-Total	Total
		Juice	B Molas.	C Molas.		Maize	DFG		
1st	Tender								9,160
	Offered	2,324	1,474	114	3,912	4,736	1,056	5,792	9,704
	Allotted	1,887	1,139	91	3,117	4,311	938	5,249	8,366
	Share %	23%	14%	1%	37%	52%	11%	63%	100%
2nd	Tender								876
	Offered	74	191	3	268	589	143	732	1,000
	Allotted	68	184	3	255	543	136	680	934
	Share %	7%	20%	0%	27%	58%	15%	73%	100%
Total	Tender								10,036
	Offered	2,398	1,665	117	4,180	5,325	1,199	6,524	10,704
	Allotted	1,955	1,323	94	3,372	4,854	1,074	5,929	9,300
	Share %	21%	14%	1%	36%	52%	12%	64%	100%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

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Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

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Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.