

India

September 16, 2025 - 1:40 PM

Overweight (no change)

Highlighted Companies

Globus Spirits Ltd

ADD, TP Rs1850, Rs1055 close

The twin growth engines of ethanol spread expansion and IMIL volume momentum continue to power its outlook. We maintain our ADD rating on it with a higher target price of Rs1,850 as earnings visibility strengthens.

India Glycols Ltd

ADD, TP Rs1384, Rs839 close

The company's restructuring into alcobev, biofuels, chemicals, and biopharma businesses leads to sharper focus, efficiency and growth. With ethanol blending and alcobev premiumization tailwinds, we maintain ADD rating on it with a target price of Rs1,384.

Summary Valuation Metrics

P/E (x)	Mar26-F	Mar27-F	Mar28-F
Globus Spirits Ltd	15.3	9.7	8.3
India Glycols Ltd	21.3	17.1	14.9
P/BV (x)	Mar26-F	Mar27-F	Mar28-F
Globus Spirits Ltd	2.6	2.0	1.7
India Glycols Ltd	2.0	1.8	1.6
Dividend Yield	Mar26-F	Mar27-F	Mar28-F
Globus Spirits Ltd	0.3%	0.4%	0.5%
India Glycols Ltd	0.0%	0.0%	0.0%

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Agribusiness

Ethanol scarcity myth: Data trumps drama

- India's ethanol story quashes the feedstock scarcity myth. There's a structural surplus that makes grain-based players unstoppable.
- While sugar mills face policy headwinds and stagnant pricing, grain-based distilleries are sitting on a goldmine of record crop and also huge buffer stock.
- Retain our ADD rating on grain-based distilleries (favourable crop trend) and a REDUCE rating on sugar-based players because of policy headwinds.

The numbers don't lie – records broken everywhere

- Rice output touched 150mmt (million metric tonne) in FY25 – the highest-ever recorded against a 10-year average of 120mmt.
- That's not a marginal improvement; there's a structural breakout that should make every ethanol sceptic to change their views.
- Maize clocked 42mmt output in FY25 – another all-time high – versus the 10-year long-term average of 30mmt.
- The pattern is crystal clear: India's grain production machine is outstripping demand.
- If that isn't enough to silence the sceptics, both the crops are expected to post even stronger numbers in FY26F.

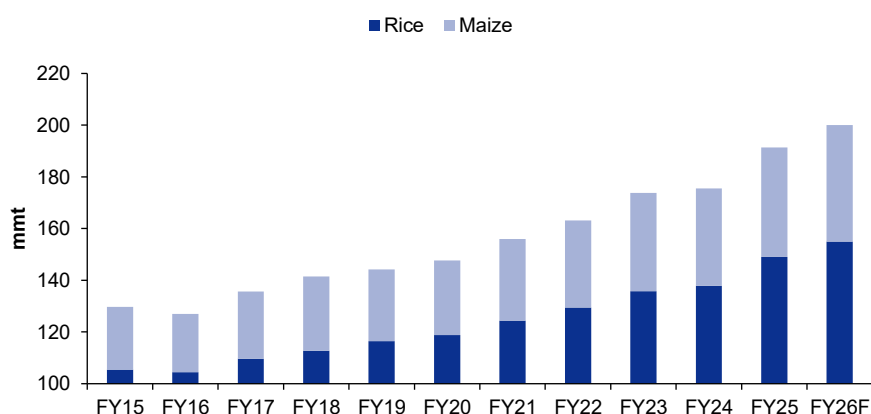
The knockout punch comes from buffer stock data

- The Food Corporation of India's rice buffer norm stands at a modest 13.5mmt while the current stock level has ballooned to 54mmt – that's 4x the required buffer, with record procurement still underway.
- Anyone claiming feedstock shortage at this point isn't just incorrect but wilfully ignores the striking data before them.
- Here's the math:
 - Just 23mmt of rice translates into 11bnL (billion litres) of ethanol – enough to meet India's entire 20% blending requirement for Ethanol Supply Year 2025.**
 - That calculation uses rice alone, completely ignoring the maize bonanza and other feedstock options.**

Investment thesis – follow the data, cut the noise

- The feedstock scarcity news isn't just totally false; it's catastrophically wrong.
- India doesn't have a supply problem; instead, it has an execution opportunity.
- The companies positioned to capitalize on that opportunity are the ones processing grains, not crushing sugarcane.
- Grain-based distilleries will benefit from record crop production, structural surpluses, superior processing economics, and government support indirectly through higher grain procurement.

Figure 1: Rice & maize production in India over the last decade



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 2: InCred Ethanol Dashboard – Data, forecasts & drivers of blending math

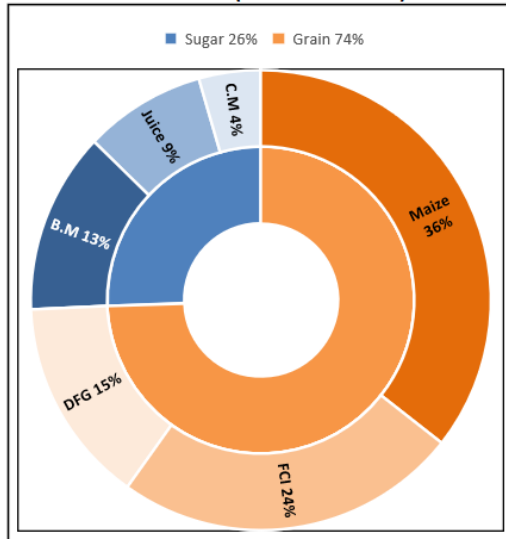
InCred! Equities

Ethanol DATA

Nitin Awasthi Analyst – Smallcap & Midcap

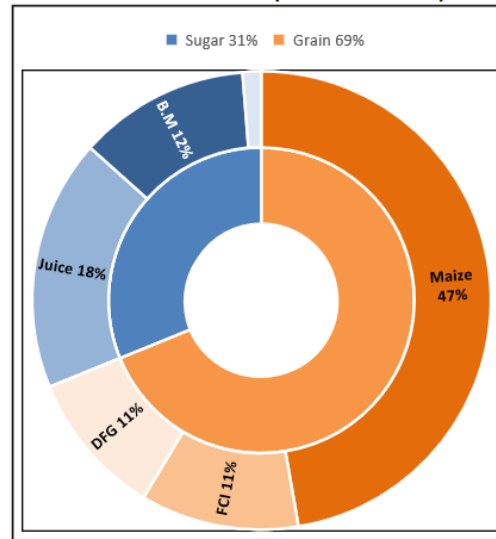
Feedstock Composition in Ethanol Blending (%)

ESY24 Actual (Nov '23 – Oct '24)



Source: OMCs

ESY25 Forecast (Nov' 24 – Oct '25)



Source: InCred Estimates

Outlook : Add – Grain Ethanol | Reduce – Sugar Ethanol

Key Insight: Grain ethanol share is forecast to rise to 68% in ESY25, driven by 110% growth in maize usage.

- Economics of ethanol production via [Sugarcane routes](#) [Grain routes](#)
 - [MSP / FRP / SAP](#) [Ethanol price per ltr](#) [Ethanol blending Rate](#)
 - [ESY25: Ethanol Tender](#) [Ethanol Market Movement - Niti Aayoj](#)
- Important Reports [Ethanolpedia - Jan 2022](#) [Jan 2023](#) [May 2025](#)
 - [Maize dynamics Apr'24](#)
 - [Sugar dynamics Mar'25](#)

Category	Sub.Cat.	ESY24	ESY25F	Growth	N.Aayoj (E)	Variation
Sugar	Juice	560	1,958	↑ 250%		
Sugar	B.Molasses	820	1,335	↑ 63%		
Sugar	C.Molasses	280	148	-47%		
Sugar		1,660	3,440	↑ 107%	5,500	↓ -2,060
Grain	Maize	2,310	5,236	↑ 127%		
Grain	FCI Rice	940	1,131	↑ 20%		
Grain	DFG	1,570	1,226	-22%		
Grain		4,820	7,593	↑ 58%	4,380	↑ 3,213
	Total	6,480	11,034		9,880	↑ 1,154
	Blending	14.6%	~19.0%			

Updated: Aug 03, 2025

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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Recommendation Framework

Stock Ratings

Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- 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.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

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.

Country Ratings

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.