

## Signs of improvement

9 April 2025

Domestic volume of the sugar industry has been flat YoY in Q4FY25 to INR 6.8mn tonne, driven by demand normalization. In the base quarter, high demand prevailed because of the General Elections. The government also has allowed export of 1.0mn tonne of sugar, which should drive growth for the industry in H1CY25. Post the announcement of sugar exports, the industry witnessed ~10% increase in ex-mill price and the current price stands at INR 40-41 ex-mill in North India. Prices are likely to stay firm as production is down 18% to ~25.0mn tonne (post diversion) until 31 March 2025 (Source: National Federation of Cooperative Sugar Factories). While Balrampur Chini Mills (BRCM IN) quota volume is up 12.7% YoY to 0.18 mn tonne, in Q4FY24 sales was more than quota volume at 0.22mn tonne. Hence, we expect a 20% decline in BRCM sugar volume in Q4FY25E.

**Sugar production expected to be down 19% this season:** The National Federation of Cooperative Sugar Factories (NFCSF) expects pan-India sugar production to reduce 19% to 25.9mn tonne (post diversion), led by a 25% decline in sugar production from Maharashtra and a 10% drop from Uttar Pradesh (UP). Cane crushing is down 19% in Maharashtra, 9% in Karnataka and 2% in UP, leading to an 11% decline in pan-India cane crushing volume to 265.3mn tonne until 31 March 2025. Karnataka has witnessed the sharpest contraction in sugar recovery at 125bps at 8.5%, followed by 85bp in UP at 9.7%, and 75bp in Maharashtra at 9.5%, leading to a 78bp contraction in pan-India recovery at 9.4%. Cane crushing is largely complete in Maharashtra and Karnataka.

**Ethanol blending at ~20% for January and February:** Ethanol blending volume grew 66% YoY to 1.6bn liters for January & February cumulatively, and the current blending rate is in the range of 19.5-20.0%. A large part of incremental growth in ethanol volume has come in from grain-based ethanol.

**Volume growth and better realization to drive profitability:** We expect profitability to improve for the industry, driven by improvement in sugar realization, resumption of volume growth for the sugar business, and operating leverage benefits for the distillery segments, led by resumption of full-scale ethanol blending. The Government of India is also evaluating whether to increase the blending rate from the current target of 20% to 25% or more. BRCM is our top pick in the sector.

### Price performance

(%)	3M	6M	12M
Nifty	(4.9)	(9.9)	(0.6)
Balrampur Chini Mills	5.0	(19.3)	36.4
Dwarikesh Sugar	(31.3)	(49.3)	(51.5)

Source: Bloomberg

Company	Revenue (INR mn)	
	FY25E	FY26E
Balrampur Chini Mills	63,175	71,205
Dwarikesh Sugar*	12,817	-

Company	Adj. PAT (INR mn)	
	FY25E	FY26E
Balrampur Chini Mills	5,009	7,497
Dwarikesh Sugar*	125	-

Note: pricing as on 8 April 2025; \*Rating and TP of Dwarikesh Sugar Industries is set for review

Source: Elara Securities Estimate

### Prashant Biyani

Fertilizers & Agricultural Chemicals, Hotels, Sugar  
+91 22 6164 8581  
prashant.biyani@elaracapital.com

Associate  
Yashi Jain  
Yashi.jain@elaracapital.com



### Peer financials

	Revenue (INR mn)					EBITDA (INR mn)					Adjusted net profit (INR mn)				
	Q4FY25	Q3FY25	Q4FY24	QoQ (%)	YoY (%)	Q4FY25	Q3FY25	Q4FY24	QoQ (%)	YoY (%)	Q4FY25	Q3FY25	Q4FY24	QoQ (%)	YoY (%)
Balrampur Chini	12,304	11,921	14,343	3.2	(14.2)	2,882	1,238	3,447	132.8	(16.4)	1,887	705	2,034	167.8	(7.2)
Dwarikesh Sugar	3,816	3,127	3,799	22.0	0.4	679	272	732	149.4	(7.3)	355	107	229	230.9	55.1

### Peer valuations

Company	Ticker	Rating	Mcap (USD mn)	CMP (INR)	Target (INR)	Upside/Downside (%)	EV/EBITDA (x)		ROE (x)	
							FY25E	FY26E	FY25E	FY26E
Balrampur Chini	BRCM IN	Accumulate	1,234	527	568	8	13.3	9.1	13.4	17.1
Dwarikesh Sugar*	DSL IN	Under review	80	37	-	-	3.0	-	6.4	-

Note: Pricing as on 8 April 2025; Rating and TP for Dwarikesh Sugar Industries is under review; Rating and TP as per last published report; Source: Company, Elara Securities Estimate

**Exhibit 1: Ethanol blending up 66% during January-February 2025 vs in the past year**

	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25
Ethanol blended (mn liters)	508	530	515	667	637	647	660	624	682	642	766	821	795
Blending (%)	12.4	12.8	12.7	15.4	15.9	15.8	15.8	15.9	16.1	NA	18.2	19.6	19.7

Source: Ministry of Oil and Gas, Elara Securities Research

**Exhibit 2: Pan-India domestic sales quota down 0.7% YoY**

(tonne)	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)
<b>India</b>	<b>6,800,000</b>	<b>6,850,000</b>	<b>(0.7)</b>	<b>6,950,000</b>	<b>(2.2)</b>
Balrampur Chini	179,258	159,100	12.7	196,113	(8.6)
Triveni	196,759	198,631	(0.9)	187,697	4.8
EID Parry	73,346	100,778	(27.2)	102,481	(28.4)
Dwarikesh	57,914	56,868	1.8	49,872	16.1
Shree Renuka	102,488	107,645	(4.8)	85,934	19.3
DCM Shriram	158,352	134,370	17.8	133,175	18.9
Bajaj Hindustan	31,885	167,404	(81.0)	17,891	78.2

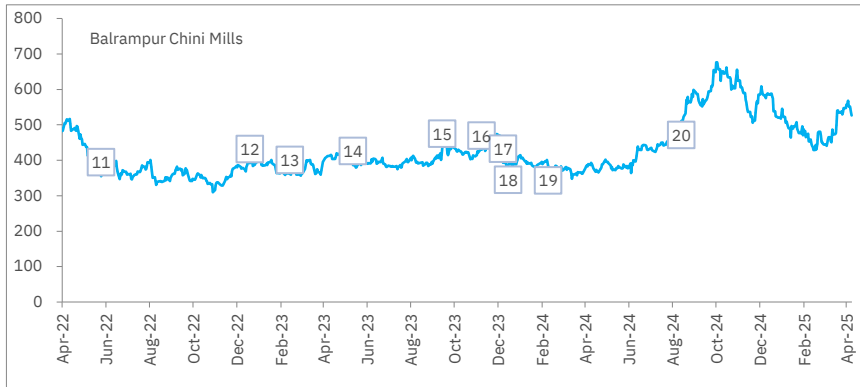
Source: Department of Food, Government of India, Elara Securities Research

**Exhibit 3: Sugar production down 18% YoY in SS 2024-25**

States	Number of mills crushing		Actual cane crushed (mn tonne)		Sugar production (mn tonne)		Average sugar recovery (%)		Estimated sugar production (mn tonne)	Actual sugar production (mn tonne)
	SS 2024-25	SS 2023-24	SS 2024-25	SS 2023-24	SS 2024-25	SS 2023-24	SS 2024-25	SS 2023-24	SS 2024-25	SS 2023-24
Uttar Pradesh	57.0	74.0	90.4	92.1	8.8	9.7	9.7	10.6	9.1	10.4
Maharashtra	6.0	67.0	84.3	104.7	8.0	10.7	9.5	10.3	8.0	11.0
Karnataka	4.0	4.0	46.9	51.4	4.0	5.0	8.5	9.8	4.2	5.3
Gujarat	8.0	2.0	8.1	8.7	0.8	0.9	10.1	10.3	0.9	0.9
Andhra Pradesh	1.0	1.0	1.0	1.7	0.1	0.2	8.7	8.9	0.1	0.2
Bihar	0.0	0.0	6.4	7.2	0.6	0.7	9.7	9.5	0.6	0.7
Haryana	6.0	8.0	5.4	6.0	0.5	0.6	9.0	9.7	0.6	0.6
Madhya Pradesh	2.0	14.0	5.2	5.2	0.5	0.5	9.6	9.6	0.5	0.5
Punjab	8.0	10.0	6.1	6.1	0.5	0.6	8.5	9.0	0.6	0.6
Tamil Nadu	15.0	21.0	5.0	8.7	0.4	0.8	8.3	9.0	0.8	1.1
Telangana	0.0	0.0	1.6	1.7	0.2	0.2	10.7	10.6	0.2	0.2
Uttarakhand	4.0	0.0	3.7	3.1	0.4	0.3	9.4	10.1	0.4	0.3
Rest of India	2.0	3.0	1.1	1.3	0.1	0.1	10.3	10.8	0.1	0.2
<b>Total</b>	<b>113.0</b>	<b>204.0</b>	<b>265.3</b>	<b>298.1</b>	<b>24.9</b>	<b>30.3</b>	<b>9.4</b>	<b>10.2</b>	<b>25.9</b>	<b>31.9</b>

Source: National Federation of Cooperative Sugar Factories, Elara Securities Research

## Coverage History



	Date	Rating	Target Price	Closing Price
13	13-Feb-2023	Buy	INR 465	INR 361
14	12-May-2023	Accumulate	INR 436	INR 387
15	14-Sep-2023	Accumulate	INR 464	INR 435
16	8-Sep-2023	Accumulate	INR 495	INR 430
17	8-Dec-2023	Accumulate	INR 431	INR 393
18	15-Dec-2023	Buy	INR 483	INR 385
19	9-Feb-2024	Buy	INR 519	INR 383
20	13-Aug-2024	Accumulate	INR 568	INR 511

## Guide to Research Rating

<b>BUY</b>	Absolute Return >+20%
<b>ACCUMULATE</b>	Absolute Return +5% to +20%
<b>REDUCE</b>	Absolute Return -5% to +5%
<b>SELL</b>	Absolute Return < -5%

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## India

**Elara Securities (India) Private Limited**  
One International Center, Tower 3,  
21st Floor, Senapati Bapat Marg,  
Elphinstone Road (West)  
Mumbai – 400 013, India  
Tel : +91 22 6164 8500

## Europe

**Elara Capital Plc.**  
6th Floor, The Grove,  
248A Marylebone Road,  
London, NW1 6JZ,  
United Kingdom  
Tel : +44 20 7486 9733

## USA

**Elara Securities Inc.**  
230 Park Avenue, Suite 2415,  
New York, NY 10169, USA  
Tel: +1 212 430 5870  
Fax: +1 212 208 2501

## Asia / Pacific

**Elara Capital (Asia) Pte.Ltd.**  
One Marina Boulevard,  
Level 20,  
Singapore 018989  
Tel : +65 6978 4047



### Managing Director

**Harendra Kumar** | harendra.kumar@elaracapital.com | +91 22 6164 8571



### Head of Research

**Dr Bino Pathiparampil** | bino.pathiparampil@elaracapital.com | +91 22 6164 8572

## Sales Team



### India

**Hitesh Danak** - hitesh.danak@elaracapital.com - +91 22 6164 8543  
**Ashok Agarwal** - ashok.agarwal@elaracapital.com - +91 22 6164 8558



### India, APAC & Australia

**Sudhanshu Rajpal** - sudhanshu.rajpal@elaracapital.com - +91 22 6164 8508  
**Joshua Saldanha** - joshua.saldanha@elaracapital.com - +91 22 6164 8541  
**Shraddha Shrikhande** - shraddha.shrikhande@elaracapital.com - +91 22 6164 8567



### India & UK

**Prashin Lalvani** - prashin.lalvani@elaracapital.com - +91 22 6164 8544



### India & US

**Karan Rathod** - karan.rathod@elaracapital.com - +91 22 6164 8570



### Corporate Access, Conference & Events

**Anita Nazareth** - anita.nazareth@elaracapital.com - +91 22 6164 8520  
**Tina D'souza** - tina.dsouza@elaracapital.com - +91 22 6164 8595

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#### Elara Securities (India) Private Limited

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Compliance Officer: Mr. Anand Rao - Email ID: [anand.rao@elaracapital.com](mailto:anand.rao@elaracapital.com) - Tel. +91 22 6164 8509