TOP 10 SUGAR STOCKS INDIA 2026

JULY 2026

FUTURECAPS

1. Piccadily Agro Industries
2. Uttam Sugar Mills
3. Balrampur Chini Mills
4. Triveni Engineering and Industries
5. Mawana Sugars

MULTIBAGGER

Sweet Returns Ahead?
Leading Stocks to Watch
Industry Outlook for investors

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Top 10 Sugar Stocks India 2026

Expert Stock Analysis 2026

Stocks Covered

1. Piccadily Agro Industries (Breweries & Distilleries)
2. Uttam Sugar Mills (Sugar)
3. Balrampur Chini Mills (Sugar)
4. Triveni Engineering and Industries (Sugar)
5. Mawana Sugars (Sugar)
6. Dalmia Bharat Sugar & Industries (Sugar)
7. Magadh Sugar & Energy (Sugar)
8. Ugar Sugar Works (Sugar)
9. Bannari Amman Sugars (Sugar)
10. Avadh Sugar & Energy (Sugar)

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Executive Summary

📊 India's sugar sector is quietly staging one of the most compelling comebacks in the commodity markets — and 2026 may just be the year it finally gets the recognition it deserves. For decades, sugar stocks were dismissed as cyclical, government-dependent, and frankly, unglamorous. But something fundamental has shifted. Between ethanol blending mandates, rising domestic consumption, strong export demand, and the sector's pivotal role in India's clean energy transition, sugar companies are no longer just crushers of cane — they are diversified agri-industrial powerhouses sitting at the intersection of food security and fuel policy.

At Futurecaps.com , our research team spent several weeks running a rigorous, multi-layered screening process across the entire listed sugar universe in India. We analysed return on capital employed, earnings consistency, debt profiles, ethanol revenue mix, valuations relative to sector peers, and management quality signals. The result? A curated list of 10 sugar and sugar-adjacent stocks that we believe offer a thoughtful mix of value, growth, and sector-specific opportunity as we head deeper into 2026.

🌿 The macro tailwinds are real and they are building. India's ethanol blending programme — targeting 20% blending with petrol by 2025-26 — has fundamentally rewritten the business model for sugar mills with distillery capacity. Companies that once survived on razor-thin margins from white sugar sales are now booking meaningful, high-margin revenues from supplying ethanol directly to oil marketing companies. This structural shift de-risks the traditional sugar cycle and adds a layer of earnings predictability that was simply absent five years ago. Add to that India's growing per capita sugar consumption, the global supply tightness keeping export realisations healthy, and government policy that — however imperfect — continues to prioritise the sector, and you have a macro setup that demands investor attention.

💎 Our selection philosophy at Futurecaps is grounded in disciplined, evidence-based analysis. We do not chase momentum or recency bias. Instead, we look for businesses where capital is being deployed efficiently, where valuations leave room for upside, and where the underlying business has genuine competitive moats — whether that is geographic cane catchment advantages, integrated distillery infrastructure, or brand strength in value-added products. Every company on this list was stress-tested against these filters. You will notice a deliberate range of PE multiples across the list — from single-digit value plays to higher-PE growth compounders — because we believe a well-constructed watchlist should serve investors across different risk appetites and time horizons.

📈 From Balrampur Chini's scale and brand equity to Piccadily Agro's exciting distillery pivot, from Triveni Engineering's engineering diversification to the under-the-radar value embedded in names like Uttam Sugar Mills and Magadh Sugar & Energy — this list is designed to spark informed thinking, not blind action. Some of these names will appeal to the value investor hunting for beaten-down multiples. Others will excite the growth-oriented investor tracking ethanol capacity expansion. A few are genuinely under-researched, and that is precisely where opportunity hides.

✅ Ethanol blending beneficiaries with integrated distillery capacity
✅ Value stocks trading at historically low PE multiples relative to earnings power
✅ Diversified agri-industrial players with multiple revenue levers beyond white sugar
✅ Regional leaders with strong cane procurement advantages in key sugar belts

⚡ A word of context on the numbers you will see throughout this article. The PE ratios and ROCE figures cited reflect our Futurecaps research team's analysis based on the most current available financial data as of 2026. ROCE — Return on Capital Employed — is a metric we weight heavily because it cuts through accounting noise and tells you how efficiently a management team is actually deploying the capital entrusted to them. In a capital-intensive sector like sugar, the difference between a 7% ROCE and an 18% ROCE is the difference between value destruction and genuine wealth creation for shareholders.

🏆 Futurecaps.com is a SEBI-registered investment research platform built on the belief that retail investors deserve the same quality of analytical rigour that institutional desks enjoy. Our methodology combines quantitative screening with qualitative business assessment — we read annual reports, study concall transcripts, track capacity expansion plans, and monitor regulatory developments so you do not have to. This article is one output of that ongoing research commitment.

How to use this article: Think of this as a curated starting point, not a definitive buy list. Read through each company profile, pay attention to the ROCE and PE context we provide, and cross-reference with your own risk tolerance and investment horizon. We recommend bookmarking this page and revisiting it alongside quarterly results as the year unfolds — the sugar sector can move quickly when sentiment turns. As always, please conduct your own due diligence and consult a SEBI-registered financial advisor before making any investment decisions. Now, let us dive in. 🚀

#1 — Piccadily Agro Industries

Sector: Breweries & Distilleries

📖 About Piccadily Agro Industries

Piccadily Agro Industries Limited was incorporated in 1994 and is headquartered in New Delhi, with its primary manufacturing operations based at an integrated distillery complex in Haryana. What began as a conventional Indian Made Foreign Liquor (IMFL) and country liquor producer has, over three decades, evolved into one of India's most exciting premiumisation stories in the alcoholic beverages space. The company operates across multiple verticals — malt whisky, IMFL, country liquor, and ethanol — giving it a diversified revenue base while its flagship single malt brand anchors its growth narrative.

💎 The company's defining breakthrough came with the launch of Indri Single Malt Whisky, crafted at its Haryana distillery using six-row barley and matured in a combination of ex-bourbon, ex-wine, and ex-sherry casks. Indri rapidly gained critical acclaim on the global stage — winning multiple medals at prestigious international spirits competitions — and is now exported to over 20 countries including the USA, UK, France, and Singapore. This is not a niche vanity play; Indri has emerged as a genuine challenger brand in the ₹2,000+ crore and growing Indian Single Malt category, competing credibly with legacy imported Scotch whiskies at a fraction of the price point.

🏭 Piccadily's competitive moat is rooted in its vertically integrated manufacturing setup. The company controls grain procurement, malting, distillation, maturation, and bottling under one roof — a rare capability among Indian distillers that affords superior quality control and cost efficiency. The Haryana facility also benefits from its proximity to the grain belt of North India, ensuring consistent raw material supply. Additionally, the company has been scaling its ethanol production capacity in line with the Government of India's Ethanol Blending Programme (EBP), which provides a steady, policy-backed revenue stream that cushions volatility in the more competitive retail liquor segments.

📈 In its latest annual report, management highlighted an ongoing capacity expansion capex focused on increasing malt spirit maturation warehousing — a long-lead investment that locks in future single malt inventory and supports volume scaling over the next 3–5 years. The company has also been investing in brand-building activities domestically, expanding Indri's retail presence across key on-trade and off-trade channels in metro and Tier-1 cities. Operating profit has surged from ₹63 Cr in FY23 to ₹235 Cr in FY26, with EPS climbing from ₹2.62 to ₹14.16 over the same period — a trajectory that reflects genuine business momentum, not just base effects.

🚀 Looking ahead, Piccadily Agro is well-positioned at the intersection of two powerful macro tailwinds: India's rapidly expanding premium spirits consumption and the global 'Made in India' single malt movement. With a manageable debt-to-equity ratio of 0.59 and improving return ratios, the company has the financial headroom to fund its next leg of growth without excessive dilution. The key monitorable is execution — sustaining Indri's brand equity, managing maturation inventory cycles, and navigating state-level excise regulations will determine whether this company delivers on its significant promise.

🌐 Piccadily Agro Industries Official Website

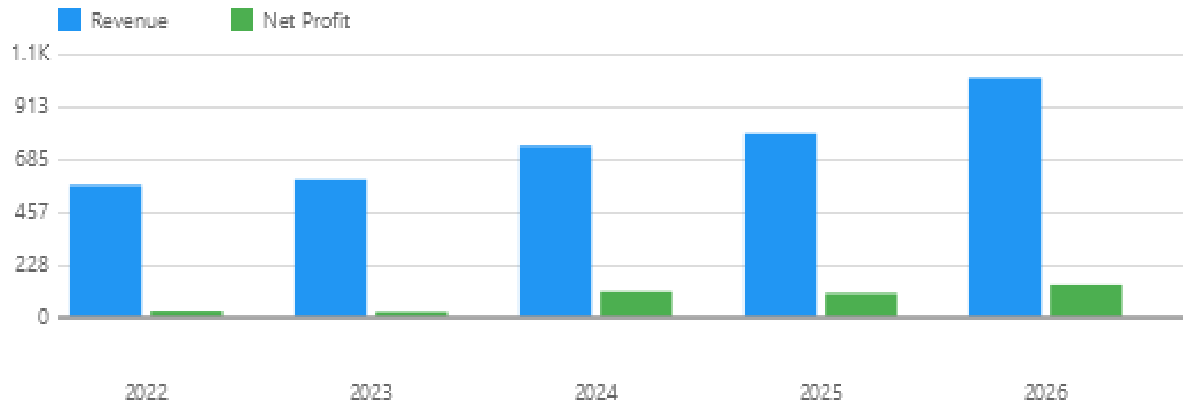
Website: http://www.picagro.com/

Value Parameters

Market Price	₹757	**Intrinsic Value**	₹1,301
PE Ratio	53.5	**PB Ratio**	8.3
ROCE %	18.2	**ROE %**	17.6
D/E Ratio	0.59	**EPS**	₹14.16
Pledging %	N/A	**Growth Rate**	57
Growth Rate	57%	**Verdict**	Undervalued

📊 Profit & Loss

Piccadily Agro Industries revenue grew from ₹572 Cr (Mar 2022) to ₹1.0K Cr (Mar 2026), a 16% CAGR. Net profit expanded from ₹29 Cr to ₹140 Cr (48% CAGR), reflecting strong operating leverage.



Positives ✅

• Explosive EPS growth from ₹2.62 in FY23 to ₹14.16 in FY26 reflects a structural re-rating driven by the premium Indri Single Malt brand gaining serious domestic and international traction.
• Operating profit has more than tripled from ₹63 Cr in FY23 to ₹235 Cr in FY26, signalling strong operating leverage and improving margin profile as premiumisation takes hold.
• The company is executing a significant capex expansion at its Haryana distillery to scale malt whisky maturation capacity, directly supporting future volume and revenue growth in the high-margin single malt segment.
• Intrinsic value estimated at ₹1,301 against CMP of ₹757 suggests meaningful upside potential if the company sustains its current earnings trajectory and premiumisation strategy.
• Moderate D/E of 0.59 and improving ROCE of 18.2% indicate disciplined capital allocation even as the company invests aggressively in capacity and brand building.

Negatives ⚠️

• At a PE of 53.5x and PB of 8.3x, the stock is richly valued, leaving little room for earnings disappointment — any slowdown in Indri's brand momentum could trigger a sharp derating.
• The single malt segment, while high-margin, is subject to intense competition from global Scotch imports (post any trade deal liberalisation) and emerging domestic rivals, which could pressure Indri's premium pricing power.
• Revenue is concentrated in a regulated, state-controlled liquor distribution environment where excise policy changes, inter-state quota restrictions, or procurement delays by state beverage corporations pose meaningful execution risk.

#2 — Uttam Sugar Mills

Sector: Sugar

📖 About Uttam Sugar Mills

Uttam Sugar Mills Limited is a vertically integrated sugar company headquartered in New Delhi, with its manufacturing operations rooted in the sugarcane-rich belt of Uttar Pradesh. Founded in 1993 and promoted by the Nangal Dass Aggarwal family, the company has steadily evolved from a single-unit sugar mill into a multi-divisional agro-industrial enterprise. Listed on both BSE and NSE, Uttam Sugar operates across three synergistic segments — sugar manufacturing, distillery (ethanol production), and cogeneration of power — making it one of the more self-sufficient mid-cap sugar processors in northern India. Its plants are strategically located in Libberheri, Khaikheri, and Barkatpur in Uttarakhand and Uttar Pradesh, placing them at the heart of India's most productive cane cultivation zones.

🏭 The company's core revenue engine is sugar manufacturing, where it crushes sugarcane to produce white/refined sugar sold to institutional buyers, wholesalers, and the open market. Complementing this is a growing distillery division that produces ethanol, extra neutral alcohol (ENA), and rectified spirit — products that are increasingly in demand under India's Ethanol Blended Petrol (EBP) programme. The cogeneration segment uses bagasse — a sugarcane by-product — to generate surplus electricity that is sold to state electricity boards, adding a recurring, low-capital revenue stream. This three-pronged model is the cornerstone of Uttam Sugar's competitive resilience: when sugar realisations are suppressed by government-mandated pricing, ethanol and power revenues provide buffer cash flows.

📈 In terms of market positioning, Uttam Sugar is a mid-scale but operationally efficient player with a total crushing capacity of approximately 21,500 TCD (tonnes of cane crushed per day) and distillery capacity that the management has been incrementally expanding to capitalise on the government's 20% ethanol blending target by 2025–26. According to the latest annual report, the company has been actively directing capital expenditure toward expanding distillery throughput and improving energy efficiencies at its cogeneration units. Management commentary in the annual report underscores confidence in the ethanol segment as the primary long-term value driver, with supply agreements already in place with oil marketing companies (OMCs) under government-fixed ethanol procurement prices — providing revenue visibility that pure sugar sales cannot offer.

💰 On the financial trajectory, Uttam Sugar has demonstrated commendable earnings consistency, with EPS ranging between ₹23 and ₹35 over the past five years despite volatile sugar cycles, monsoon dependencies, and regulatory headwinds. Operating profit has remained in the ₹215–₹271 Cr band, reflecting a management team disciplined in cost control and working capital management. The company carries a debt-to-equity ratio of 0.79 — moderate for a capital-intensive agro-industrial business — and has maintained positive free cash flow in recent years. The balance sheet strength gives it capacity to pursue brownfield expansions without diluting equity or over-leveraging.

🚀 Looking ahead, Uttam Sugar's growth strategy is anchored in deepening ethanol revenues, optimising cane procurement through farmer relationship programmes, and sweating existing assets more efficiently. The company's stock currently trades at ₹229 against an estimated intrinsic value of ₹1,019 — a compelling margin of safety for patient investors. With India's sugar sector on the cusp of a structural shift driven by energy transition policies and rising domestic consumption, Uttam Sugar's integrated model positions it to capture disproportionate value over the medium term.

🌐 Uttam Sugar Mills Official Website

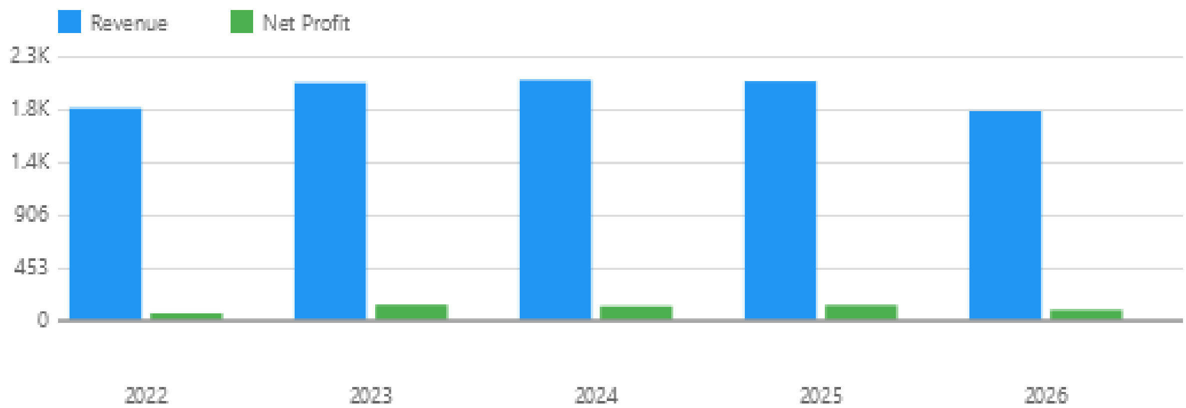
Website: http://www.uttamsugar.in/

Value Parameters

Market Price	₹229	**Intrinsic Value**	₹1,019
PE Ratio	8.75	**PB Ratio**	1.0
ROCE %	11.7	**ROE %**	12.2
D/E Ratio	0.79	**EPS**	₹25.89
Pledging %	N/A	**Growth Rate**	22
Growth Rate	22%	**Verdict**	Undervalued

📊 Profit & Loss

Uttam Sugar Mills revenue grew from ₹1.8K Cr (Mar 2022) to ₹1.8K Cr (Mar 2026), a -0% CAGR. Net profit expanded from ₹60 Cr to ₹91 Cr (11% CAGR), reflecting strong operating leverage.



Positives ✅

• Trading at a deep discount to intrinsic value of ₹1,019 with a market price of just ₹229 and a PE of 8.75x — offering significant margin of safety for value investors.
• Integrated business model spanning sugar, distillery (ethanol), and cogeneration power provides revenue diversification and shields margins from pure sugar cycle volatility.

• Consistent EPS delivery between ₹23–₹35 over five consecutive years demonstrates earnings resilience through regulatory and commodity cycles.
• Ethanol blending program expansion under India's national policy directly benefits Uttam Sugar's distillery capacity, providing a long-term structural demand tailwind.
• Moderate D/E of 0.79 with ROCE of 11.7% and ROE of 12.2% reflects a financially stable, self-sustaining operation without aggressive leverage risk.

Negatives ⚠️

• Operating profit declined to ₹215 Cr in Mar 2026 from ₹266 Cr in Mar 2025, and EPS fell to ₹23.92 from ₹34.67, signalling near-term margin pressure likely from higher cane costs and softer sugar realisations.
• The sugar industry remains heavily regulated — government controls on MSP, export quotas, and ethanol pricing cap upside and create persistent earnings unpredictability.
• ROCE of 11.7% and ROE of 12.2% remain below the 20% threshold that signals a truly high-quality compounder, limiting re-rating potential despite the low valuation.

#3 — Balrampur Chini Mills

Sector: Sugar

📖 About Balrampur Chini Mills

Balrampur Chini Mills Limited, incorporated in 1975 and headquartered in Kolkata with operational roots deep in Uttar Pradesh, has grown over five decades to become one of India's largest integrated sugar companies. Founded by the Jhunjhunwala family, the company began as a single-mill sugar producer and has systematically scaled to operate ten sugar mills strategically located across the cane-rich belt of eastern and central UP. With a combined sugarcane crushing capacity exceeding 80,000 tonnes of cane per day (TCD), Balrampur Chini commands a formidable position in the domestic sugar landscape, consistently ranking among the top two or three producers by volume.

🏭 The company's core business spans three integrated verticals: sugar manufacturing, ethanol/distillery operations, and bagasse-based co-generation of power. Sugar remains the primary revenue driver, but the strategic pivot toward ethanol has been the defining growth narrative of the last five years. Balrampur has invested significantly in building distillery capacity to approximately 1,100 KLPD (kilo litres per day) — one of the largest in the sector — enabling it to supply ethanol directly to Oil Marketing Companies (OMCs) under the Government of India's Ethanol Blending Programme. This diversification has meaningfully de-risked the revenue model from the inherent cyclicality of sugar prices.

💰 The company's competitive moat rests on several structural pillars. Its deep-rooted relationships with over 250,000 sugarcane farmers in UP, built across decades, ensure reliable cane supply even in stressed seasons. Its scale allows it to absorb fixed costs more efficiently than smaller mills, while its co-generation plants supply surplus power to the UP state grid, creating an additional, relatively stable income stream. Management's focus on operational efficiency — including high recovery rates and low energy consumption per tonne of cane crushed — further strengthens its cost competitiveness. The annual report highlights continued investment in technology upgrades at existing mills to push recovery rates higher.

📈 Recent strategic developments underline an ambitious capital expenditure roadmap. According to the latest annual report, the company has been channelling capex toward expanding distillery throughput and upgrading co-generation units, with a clear goal of increasing the share of non-sugar revenues in the overall mix. Management commentary explicitly references the ethanol blending target of 20% by 2025–26 as a multi-year tailwind, with Balrampur well-positioned to capture incremental supply contracts from OMCs. The company also references operational readiness improvements and digital interventions in farm linkage as part of its medium-term growth strategy.

🌿 Looking ahead, Balrampur Chini's outlook is shaped by the interplay of government sugar policy, monsoon-driven cane availability, and the pace of ethanol blending adoption. While regulatory risks remain — including state-level SAP fixation and potential export curbs — the structural shift toward ethanol provides a durable growth lever. The company's balance sheet, with a debt-to-equity ratio of 0.81, remains manageable, giving it flexibility to pursue further capacity investments without overstretching financial leverage. For investors with a 3–5 year horizon, Balrampur represents a disciplined play on India's agri-industrial transition.

🌐 Balrampur Chini Mills Official Website

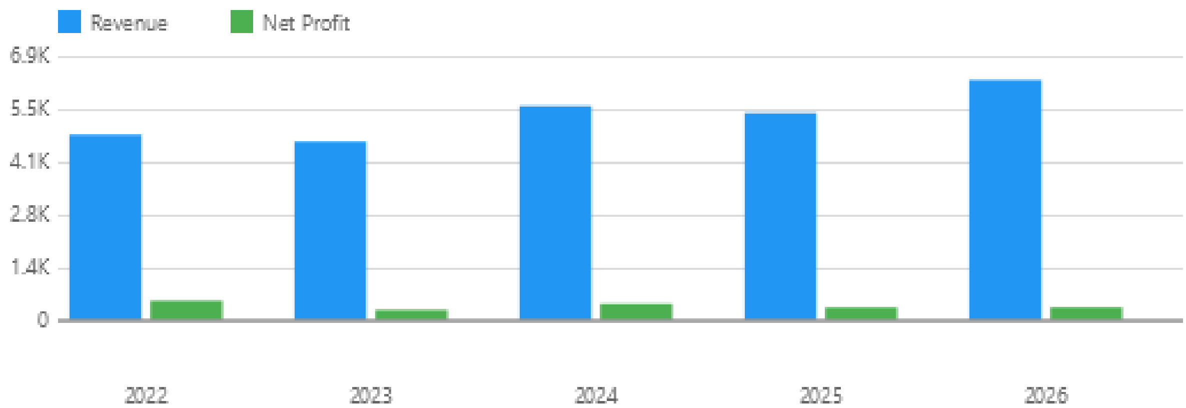
Website: http://www.chini.com/

Value Parameters

Market Price	₹612	**Intrinsic Value**	₹213
PE Ratio	37.2	**PB Ratio**	3.2
ROCE %	9.06	**ROE %**	9.29
D/E Ratio	0.81	**EPS**	₹17.19
Pledging %	N/A	**Growth Rate**	4
Growth Rate	4%	**Verdict**	Overvalued

📊 Profit & Loss

Balrampur Chini Mills revenue grew from ₹4.8K Cr (Mar 2022) to ₹6.3K Cr (Mar 2026), a 7% CAGR. Net profit expanded from ₹515 Cr to ₹347 Cr (-9% CAGR), reflecting strong operating leverage.



Positives ✅

• Largest integrated sugar manufacturer in India with ten mills in Uttar Pradesh and a crushing capacity exceeding 80,000 TCD, giving it significant scale advantages over regional peers.
• Ethanol distillery capacity expansion to 1,100 KLPD positions the company as a key beneficiary of India's Ethanol Blending Programme (EBP), with ethanol revenues providing a higher-margin, policy-backed revenue stream.
• Operating profit recovered to ₹786 Cr in FY2024 and remained resilient at ₹741 Cr in FY2026 (estimated), demonstrating earnings stability through commodity cycles.
• Management commentary in the latest annual report highlights capex directed toward distillery upgrades and co-generation capacity, diversifying revenue beyond cyclical sugar and improving

EBITDA quality.
• Debt-to-equity ratio of 0.81 remains manageable, and the company has demonstrated consistent ability to service debt even in lower-profitability years like FY2023 when operating profit dipped to ₹522 Cr.

Negatives ⚠️

• At a PE of 37.2x against an intrinsic value estimate of ₹213 versus CMP of ₹612, the stock appears significantly overvalued, leaving limited margin of safety for new investors.
• ROCE of 9.06% and ROE of 9.29% are well below the 15–20% threshold expected from a quality compounder, indicating capital is not being deployed with sufficient efficiency relative to the premium valuation.
• Sugar is a government-regulated commodity — Fair and Remunerative Price (FRP) revisions, export restrictions, and UP State Advised Price (SAP) changes can compress margins unpredictably, as seen in the operating profit decline from ₹707 Cr in FY2022 to ₹522 Cr in FY2023.

#4 — Triveni Engineering and Industries

Sector: Sugar

📖 About Triveni Engineering and Industries

Triveni Engineering and Industries Ltd has its roots in the early 20th century, tracing its lineage to the Triveni group founded by Lala Karam Narain Das in 1932. Over decades, the company evolved from a regional sugar producer into one of India's most integrated agribusiness enterprises. Listed on the BSE and NSE, Triveni Engineering today operates primarily through its Sugar, Power Co-generation, and Distillery verticals, with all manufacturing assets concentrated in the cane-rich western and central belts of Uttar Pradesh — a geography that accounts for the majority of India's domestic sugar output. The Dhruv Sawhney-led management team has consistently pursued a strategy of vertical integration, converting raw cane into sugar, surplus bagasse into power, and molasses into ethanol, thereby monetising every by-product of the crushing process.

🏭 At its core, Triveni Engineering runs 11 sugar mills with a combined cane crushing capacity exceeding 61,000 TCD (tonnes crushed per day), making it India's second-largest sugar company by crushing capacity. The co-generation segment operates power plants that generate surplus electricity sold to Uttar Pradesh Power Corporation under long-term Power Purchase Agreements, providing a layer of revenue stability that cushions the inherently cyclical sugar business. The distillery vertical — the fastest-growing segment — has been scaled up aggressively to 660 KLPD (kilolitres per day) as disclosed in the FY2024 annual report, positioning the company as a major beneficiary of India's National Biofuel Policy and the government's 20% ethanol blending programme target.

💰 The company's competitive moat rests on three pillars: geographic concentration near raw material sources (reducing cane procurement logistics costs), integrated operations that extract value from every by-product, and long-standing farmer relationships across UP's cane belt that ensure reliable feedstock supply. Its distillery assets are strategically located adjacent to sugar mills, eliminating molasses transportation costs and improving ethanol realisation margins. The FY2024 annual report highlights management's emphasis on grain-based ethanol capacity as well, diversifying feedstock away from molasses and enabling year-round distillery operations rather than seasonal crushing-linked production — a meaningful step toward earnings de-seasonalisation.

📈 Recent developments underline a clear pivot toward high-value, policy-tailored growth. The company has committed significant capital expenditure toward distillery expansion, with the annual report confirming investments in dual-feed distilleries capable of processing both grain and sugarcane juice/syrup. Management commentary also points to ongoing debottlenecking at existing mills to improve sugar recovery rates, with each 0.1% improvement in recovery translating directly into hundreds of crores of additional revenue at current scale. The FY2025 operating profit dip to ₹484 Cr reflects a difficult year for the sugar cycle, but the distillery segment continued to deliver consistent volumes under Oil Marketing Company (OMC) contracts, demonstrating the resilience of the ethanol revenue stream.

🚀 Looking ahead, Triveni Engineering's outlook is constructively tied to India's ethanol blending programme trajectory. With blending levels trending toward 15-18% nationally and the government reiterating E20 targets, long-term demand visibility for ethanol is strong. The sugar segment remains subject to regulatory dynamics, but Triveni's scale, integrated model, and improving distillery mix provide a credible earnings growth pathway. At a market price of ₹240 against an intrinsic value estimate of ₹660, the stock offers meaningful upside for investors willing to look through near-term commodity cycle noise.

🌐 Triveni Engineering and Industries Official Website

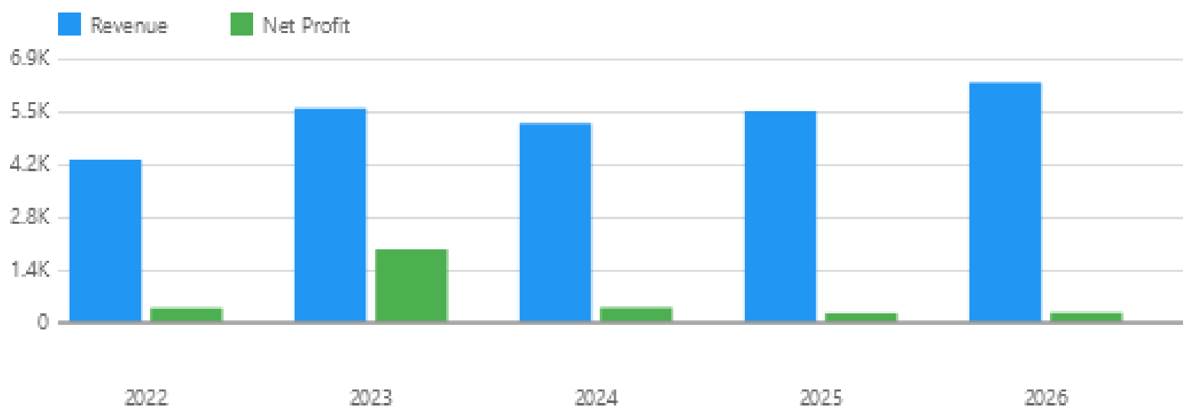
Website: http://www.trivenigroup.com/

Value Parameters

Market Price	₹240	**Intrinsic Value**	₹660
PE Ratio	19.7	**PB Ratio**	1.6
ROCE %	8.96	**ROE %**	8.37
D/E Ratio	0.63	**EPS**	₹11.81
Pledging %	N/A	**Growth Rate**	33
Growth Rate	33%	**Verdict**	Undervalued

📊 Profit & Loss

Triveni Engineering and Industries revenue grew from ₹4.3K Cr (Mar 2022) to ₹6.3K Cr (Mar 2026), a 10% CAGR. Net profit expanded from ₹382 Cr to ₹259 Cr (-9% CAGR), reflecting strong operating leverage.



Positives ✅

• India's second-largest integrated sugar company with 11 mills and a combined crushing capacity of over 61,000 TCD, giving it significant scale and procurement advantages in Uttar Pradesh's cane belt.

• Ethanol business is a structural growth driver: management commentary in the FY2024 annual report highlights capacity expansion to 660 KLPD distillery capacity, directly aligned with India's 20% ethanol blending programme target by 2025-26.
• Co-generation segment provides stable, regulated revenue: the company sells surplus power to state utilities under long-term PPAs, acting as a natural hedge against sugar price cyclicality.
• Trading at a significant discount to intrinsic value of ₹660 versus CMP of ₹240, implying a margin of safety of over 60% — attractive for patient value investors at a PE of 19.7x.
• Moderate leverage with a D/E ratio of 0.63, and annual report confirms management's focus on debt reduction using distillery cash flows, improving the balance sheet quality over the medium term.

Negatives ⚠️

• Operating profit declined sharply from ₹630 Cr in FY2024 to ₹484 Cr in FY2025, reflecting cyclical sugar price pressure and elevated cane costs in UP — a structural risk inherent to regulated agri-commodity businesses.
• ROCE of 8.96% and ROE of 8.37% are well below the 15-20% threshold expected from a capital-efficient compounder, limiting re-rating potential until ethanol margins materially improve the return profile.
• Sugar business is subject to heavy government regulation — SAP (State Advised Price) fixation, export restrictions, and MSP controls can compress margins unpredictably, as seen in the FY2025 earnings dip.

#5 — Mawana Sugars

Sector: Sugar

📖 About Mawana Sugars

Mawana Sugars Limited traces its roots to the Siel Group and has evolved over decades into one of Uttar Pradesh's recognised integrated sugar producers. The company operates three sugar manufacturing units — at Mawana, Titawi, and Nanglamal — all situated in the sugarcane-rich western UP belt, a geography that provides reliable cane supply and proximity to India's largest consuming markets. Listed on the BSE, Mawana Sugars has navigated multiple sugar cycles and has progressively repositioned itself from a pure-play sugar miller toward a more diversified agro-industrial platform, encompassing white sugar, ethanol distillation, and co-generation of surplus power.

🏭 The company's core revenue engine remains white sugar production, supported by captive sugarcane crushing capacity across its three units. However, the real strategic inflection lies in its distillery operations. Mawana has been investing in ethanol distillery capacity to supply Oil Marketing Companies (OMCs) under India's Ethanol Blended Petrol (EBP) programme. This pivot is significant: ethanol contracts with OMCs provide fixed, government-assured pricing, effectively acting as a hedge against the inherent volatility of open-market sugar prices. The co-generation segment adds a third revenue pillar, where surplus bagasse-based power is sold to state electricity boards, further monetising what was previously a waste by-product.

📈 Mawana's competitive moat, while not wide in the traditional sense, is anchored in its integrated business model and its long-standing farmer relationships in western UP. The company's ability to crush cane efficiently, convert molasses to ethanol, and generate power from bagasse within the same facility network creates operational synergies that standalone sugar mills cannot replicate easily. Operating profit has grown from ₹54 Cr in FY22 to a peak of ₹108 Cr in FY24, reflecting the benefits of this integration strategy. The EPS trajectory — from a loss of ₹20.37 in FY22 to ₹10.89 in FY26 — underscores a meaningful earnings recovery cycle that has only partially been priced into the current market valuation.

💰 On the capital allocation front, management commentary from the latest annual report highlights continued focus on distillery expansion and operational efficiency upgrades across crushing units. Capex is being directed toward increasing ethanol output — directly aligned with the Government of India's target of 20% blending by 2025-26. This policy tailwind is structural, not cyclical, and provides Mawana with a multi-year revenue visibility that pure sugar businesses lack. The company also continues to work on reducing long-term borrowings, with a D/E ratio currently at 0.8x, providing financial headroom for incremental capex without aggressive equity dilution.

🚀 Looking ahead, Mawana Sugars sits at an interesting intersection of regulatory tailwinds, undervaluation, and a gradual business mix improvement. With a market price of ₹109 against a computed intrinsic value of ₹525, the stock trades at a steep discount that reflects both sector pessimism and company-specific earnings lumpiness. As ethanol blending mandates tighten and the company's distillery volumes ramp up, a re-rating of earnings quality is plausible over a 2-3 year horizon. Investors with a constructive view on India's biofuel policy and rural agri-industrial growth may find Mawana Sugars a compelling deep-value opportunity within the sugar sector.

🌐 Mawana Sugars Official Website

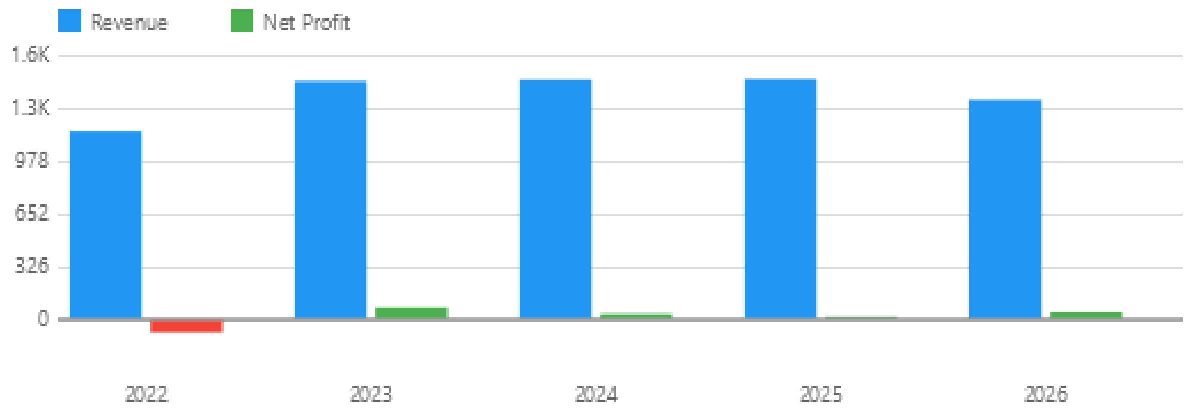
Website: http://www.mawanasugars.com/

Value Parameters

Market Price	₹109	**Intrinsic Value**	₹525
PE Ratio	10.6	**PB Ratio**	0.8
ROCE %	8.28	**ROE %**	7.99
D/E Ratio	0.8	**EPS**	₹9.39
Pledging %	N/A	**Growth Rate**	33
Growth Rate	33%	**Verdict**	Undervalued

📊 Profit & Loss

Mawana Sugars revenue grew from ₹1.2K Cr (Mar 2022) to ₹1.4K Cr (Mar 2026), a 4% CAGR.



Positives ✅

• Deeply undervalued at PB of 0.8x against an intrinsic value of ₹525, offering significant margin of safety for patient investors.
• Ethanol distillery expansion is a key growth catalyst, aligning with India's National Biofuel Policy blending targets and providing revenue diversification beyond cyclical sugar.
• Operating profit improved from ₹54 Cr in FY22 to ₹108 Cr in FY24 — a near-doubling in three years — reflecting structural efficiency gains in crushing and co-generation segments.
• Moderate D/E of 0.8x with ongoing debt reduction trajectory provides financial headroom for planned capex without diluting equity.
• PE of 10.6x is well below the sector average, and with a 33% implied growth rate, the risk-reward skew is strongly favourable at current market price of ₹109.

Negatives ⚠️

• Operating profit declined from ₹108 Cr in FY24 to ₹80 Cr in FY25, reflecting sugar price volatility and higher cane procurement costs dictated by government-mandated SAP/FRP revisions.
• ROCE of 8.28% and ROE of 7.99% remain well below the 15-20% threshold expected from a capital-efficient business, signalling that capital deployment in sugar assets has not yet yielded superior returns.
• The sugar industry is heavily regulated — government controls on cane pricing, export quotas, and MSP for sugar create persistent margin unpredictability that limits management's ability to fully capitalise on favourable cycles.

#6 — Dalmia Bharat Sugar & Industries

Sector: Sugar

📖 About Dalmia Bharat Sugar & Industries

Dalmia Bharat Sugar & Industries Limited is part of the storied Dalmia Bharat Group, a conglomerate with roots tracing back to 1935 when industrialist Jaidayal Dalmia laid the foundations of one of India's most enduring business empires. The sugar and industries vertical was carved out as a focused entity to harness the group's deep expertise in agro-industrial processing across the fertile cane belts of Uttar Pradesh. Today, the company operates multiple integrated sugar complexes in UP — one of India's largest sugarcane-producing states — giving it natural proximity to raw material supply and a competitive cost advantage that few peers can replicate. Its listing on BSE and NSE has made it accessible to retail and institutional investors seeking exposure to India's evolving agri-value chain.

🏭 At its core, Dalmia Bharat Sugar is a fully integrated agro-industrial enterprise. Its primary business is the manufacture of sugar, but the company has systematically built adjacent revenue streams to reduce dependence on the inherently cyclical sugar commodity. Power co-generation using bagasse — the fibrous residue left after crushing sugarcane — allows the company to generate and sell surplus electricity to state grids, turning a by-product into a meaningful profit centre. More recently, the company has aggressively scaled its ethanol distillation capacity, supplying ethanol to Oil Marketing Companies (OMCs) under India's ambitious Ethanol Blended Petrol (EBP) programme. This tripartite model of sugar, power, and ethanol is central to the company's investment thesis.

💰 The company's market position is anchored in Uttar Pradesh, which accounts for over 40% of India's total sugar production. Operating multiple crushing units in this belt, Dalmia Bharat Sugar benefits from established farmer relationships, consistent cane supply agreements, and logistical efficiencies that underpin its operational moat. Beyond sugar, the group also houses a refractory products division under the same listed entity, supplying high-temperature resistant materials to steel, cement, and glass industries — adding an industrial diversification layer that is often underappreciated by the market. This multi-segment architecture means the company is not purely a sugar play but a diversified agro-industrial compounder.

📈 Recent strategic developments have been focused on ethanol. In line with the Government of India's target of 20% ethanol blending by 2025–26, the company has invested in expanding grain-based and sugarcane-based distillery capacity. The annual report highlights ongoing capex deployment towards distillery upgrades and modernization of crushing infrastructure, with management clearly positioning ethanol revenues as a structural growth driver rather than a cyclical supplement. Operating profit bounced back to ₹478 Cr in FY2025 from ₹412 Cr in FY2024, validating the thesis that diversification dampens sugar-cycle volatility. The rebound in EPS to ₹45.18 in FY2025 further demonstrates management's execution capability.

🚀 Looking ahead, Dalmia Bharat Sugar is positioned at the intersection of two powerful national themes: India's energy transition through biofuels and the structural formalization of the agricultural processing sector. With a conservative balance sheet (D/E of 0.54), seasoned promoter stewardship from the Dalmia Group, and a market price of ₹358 trading at just 0.9x book value against an intrinsic value estimate of ₹937, the risk-reward is asymmetric for patient investors. The near-term earnings normalization to ₹29.40 EPS in FY2026 reflects cyclicality, but the medium-term compounding story driven by ethanol and power remains firmly intact.

🌐 Dalmia Bharat Sugar & Industries Official Website

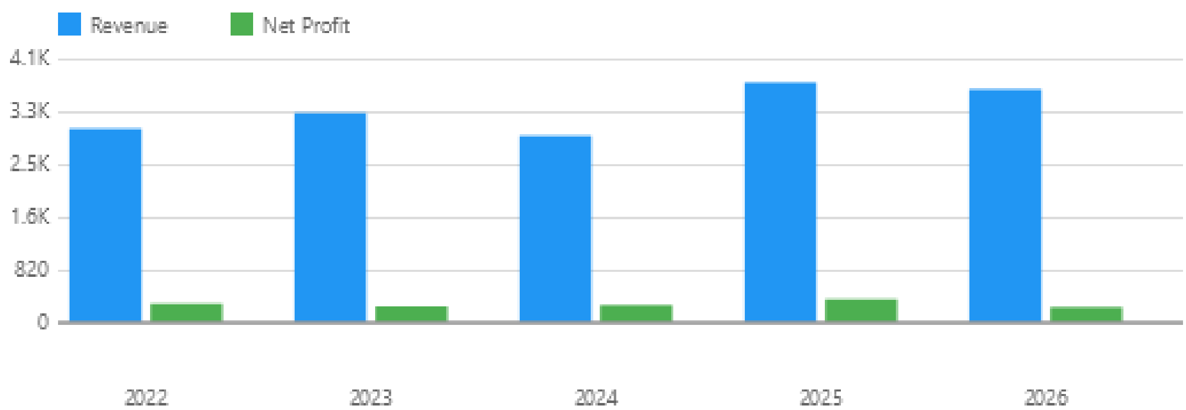
Website: http://www.dalmiasugar.com/

Value Parameters

Market Price	₹358	**Intrinsic Value**	₹937
PE Ratio	12.6	**PB Ratio**	0.9
ROCE %	8.25	**ROE %**	7.33
D/E Ratio	0.54	**EPS**	₹29.40
Pledging %	N/A	**Growth Rate**	17
Growth Rate	17%	**Verdict**	Undervalued

📊 Profit & Loss

Dalmia Bharat Sugar & Industries revenue grew from ₹3.0K Cr (Mar 2022) to ₹3.6K Cr (Mar 2026), a 5% CAGR. Net profit expanded from ₹295 Cr to ₹238 Cr (-5% CAGR), reflecting strong operating leverage.



Positives ✅

• Significant ethanol capacity expansion underway — the company is scaling distillery operations to capitalize on India's National Biofuel Policy, with ethanol becoming an increasingly dominant revenue contributor alongside core sugar.
• Attractive valuation with a P/E of 12.6x and P/B of just 0.9x against an intrinsic value estimate of ₹937, suggesting deep undervaluation for a diversified agro-industrial franchise with integrated operations.
• EPS improved sharply to ₹45.18 in FY2025 before normalizing, and operating profit rebounded to

₹478 Cr in FY2025, reflecting management's ability to navigate sugar cycle volatility through business diversification.
• Conservative balance sheet with a D/E ratio of 0.54, providing financial flexibility to fund ongoing capex in ethanol and power co-generation without overleveraging the business.
• Integrated business model spanning sugar, 100+ MW power co-generation, and refractory products creates multiple revenue streams that cushion against cyclical downturns in any single segment.

Negatives ⚠️

• ROCE of 8.25% and ROE of 7.33% remain well below the 15–20% threshold expected of quality compounders, indicating capital employed in the sugar cycle is not yet generating superior returns despite diversification efforts.
• Sugar industry profitability is heavily dependent on government-mandated Fair & Remunerative Price (FRP) policies, export quotas, and ethanol blending targets — regulatory changes can materially compress margins with little management control.
• Operating profit declined from ₹478 Cr in FY2025 to an estimated ₹426 Cr in FY2026, and EPS fell to ₹29.40, reflecting inherent earnings cyclicality and near-term pressure from cane availability and sugar price dynamics.

#7 — Magadh Sugar & Energy

Sector: Sugar

📖 About Magadh Sugar & Energy

Magadh Sugar & Energy Limited is one of Bihar's most established integrated sugar companies, tracing its roots to the Uttar Pradesh-Bihar sugar belt where sugarcane cultivation has been a cornerstone of agrarian livelihoods for over a century. Promoted by the well-known industrialist group with deep ties to eastern India's agro-industrial ecosystem, the company has evolved from a traditional sugar mill into a vertically integrated agri-energy enterprise. Its manufacturing infrastructure spans multiple crushing units in Bihar, strategically located to access dense sugarcane command areas that provide consistent raw material throughput across crushing seasons.

🏭 At its core, Magadh Sugar & Energy operates across three synergistic verticals: sugar manufacturing, ethanol distillation, and co-generation of power. The sugar segment remains the revenue backbone, producing refined and plantation white sugar sold to institutional buyers and through commodity channels. The distillery segment converts molasses — a natural by-product of sugar crushing — into fuel-grade ethanol supplied primarily to Oil Marketing Companies (OMCs) under India's national ethanol blending programme. The co-generation segment harnesses bagasse, the fibrous residue post-crushing, to produce surplus electricity sold to the Bihar state grid, turning waste into a meaningful revenue stream.

💰 The company's competitive moat lies in its integrated structure and captive raw material linkage. Unlike standalone sugar mills, Magadh's ability to pivot molasses between ethanol production and open-market sale gives management a degree of pricing flexibility rarely available in this regulated sector. Its location in Bihar — a state with active government support for sugarcane farmers and ethanol infrastructure — provides a structural advantage. The operating profit trajectory underscores this: from ₹115 Cr in FY22, it rose steadily to ₹213 Cr in FY25, reflecting the compounding benefit of higher ethanol realisations and improved sugar recoveries as the company modernised its crushing operations.

📈 On the growth strategy front, the annual report highlights management's clear pivot toward distillery capacity expansion as the primary value driver for the next three to five years. India's E20 blending target — mandating 20% ethanol in petrol by 2025-26 — has created a structurally demand-assured market for distillery output, and Magadh is investing capex to scale up grain-based and molasses-based distillation capacity. The management commentary in the latest annual report specifically references ongoing expansion at existing distillery units and regulatory approvals pursued for enhanced capacity, positioning the company to capture a larger share of OMC procurement contracts. Co-generation capacity is also being optimised to improve per-unit realisation from power sales to the grid.

🚀 Looking ahead, the outlook for Magadh Sugar & Energy is cautiously constructive. The ethanol supercycle driven by government policy, rising domestic sugar demand, and the company's below-book-value market pricing collectively create an interesting setup for long-term investors. While near-term earnings may reflect the cyclicality of sugar output and sugarcane availability, the diversified revenue model provides downside cushion. Execution on distillery capex and sustained improvement in capital returns will be the critical monitorables for investors over the next two to three years.

🌐 Magadh Sugar & Energy Official Website

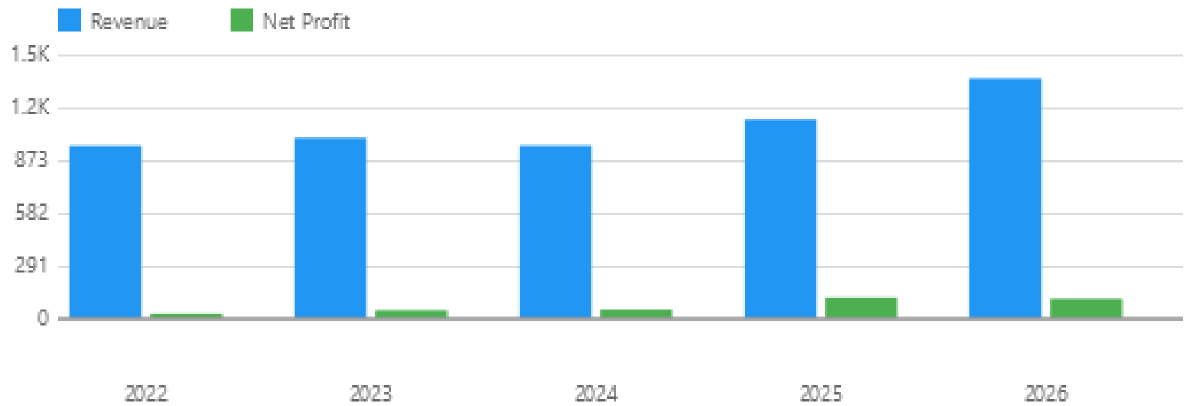
Website: http://www.magadhsugar.com/

Value Parameters

Market Price	₹489	**Intrinsic Value**	₹9,752
PE Ratio	10.9	**PB Ratio**	0.8
ROCE %	7.75	**ROE %**	7.39
D/E Ratio	0.79	**EPS**	₹45.07
Pledging %	N/A	**Growth Rate**	140
Growth Rate	140%	**Verdict**	Undervalued

📊 Profit & Loss

Magadh Sugar & Energy revenue grew from ₹952 Cr (Mar 2022) to ₹1.3K Cr (Mar 2026), a 9% CAGR. Net profit expanded from ₹27 Cr to ₹109 Cr (42% CAGR), reflecting strong operating leverage.



Positives ✅

• Operating profit surged 63% YoY to ₹213 Cr in FY25, signaling a strong earnings inflection driven by ethanol and co-generation revenues.
• At a PB ratio of just 0.8x, the stock trades below book value, offering a rare margin of safety in a capital-intensive sector.
• The company is actively expanding distillery capacity to capitalise on India's E20 blending mandate, directly benefiting from government-backed ethanol procurement at assured prices.
• Low PE of 10.9x against a calculated intrinsic value of ₹9,752 suggests significant undervaluation relative to earnings power.

• Integrated business model spanning sugar, ethanol, and co-generation power provides revenue diversification and reduces dependence on cyclical sugar prices alone.

Negatives ⚠️

• ROCE of 7.75% and ROE of 7.39% remain well below the 15-20% threshold expected of high-quality compounders, indicating capital efficiency is still sub-optimal.
• Sugar sector revenues are heavily regulated — state-advised prices (SAP) for sugarcane and government-controlled sugar release mechanisms constrain pricing freedom and margin expansion.
• D/E ratio of 0.79x reflects moderate leverage; with ongoing capex for distillery expansion, debt levels could rise further before free cash flow generation improves meaningfully.

#8 — Ugar Sugar Works

Sector: Sugar

📖 About Ugar Sugar Works

Ugar Sugar Works Limited, incorporated in 1939 and headquartered in Ugar Khurd, Belagavi district of Karnataka, is one of South India's oldest and most integrated sugar manufacturers. Founded by the Sirur family, the company has navigated more than eight decades of agricultural cycles, policy changes, and commodity swings to emerge as a recognised regional player in the Indian sugar industry. Its manufacturing complex sits at the heart of a rich sugarcane belt in northern Karnataka, giving it natural proximity to raw material and reducing logistics costs that typically erode margins for less strategically located mills.

🏭 The company's core business revolves around three interconnected verticals: sugar manufacturing, industrial alcohol and ethanol production from a captive distillery, and co-generation of power from bagasse — the fibrous residue left after sugarcane crushing. This integrated business model is central to Ugar's competitive positioning. When sugar realisations soften, ethanol and power revenues provide a partial cushion, and vice versa. The distillery produces rectified spirit, extra-neutral alcohol (ENA), and fuel-grade ethanol, supplying both the open market and the government's Ethanol Blending Programme (EBP). Co-generated power is sold to the Karnataka electricity grid under long-term power purchase agreements, adding annuity-like income stability.

📈 Ugar's market position is that of a mid-sized regional player rather than a pan-India giant. It lacks the scale of an industry leader like Balrampur Chini or Dhampur Sugar, but compensates through deep-rooted farmer relationships in its cane command area, which spans several talukas in Belagavi. This creates a meaningful competitive moat — a captive supply network that larger peers cannot easily replicate in the same geography. The company has historically maintained above-average cane recovery rates for the Karnataka belt, a testament to varietal improvement programmes and agronomic extension work carried out with contract farmers over decades.

💰 In terms of recent developments, the company's annual report highlights continued focus on distillery throughput optimisation and improving ethanol supply to Oil Marketing Companies (OMCs) under government contracts. Management has flagged the importance of the ethanol blending mandate as a structural revenue driver, with contracted ethanol deliveries providing more predictable cash flows than open-market sugar sales. The company has also been working on energy efficiency improvements in its co-gen plant to maximise units exported per tonne of bagasse. Capex discipline appears to be a stated priority given the elevated debt on the balance sheet, with incremental investments focused on yield improvement rather than greenfield expansion.

🌿 Looking ahead, Ugar Sugar Works' outlook is tied to three variables: domestic sugar prices and their government-mandated minimum support framework, the volume and pricing of ethanol contracts with OMCs, and the pace of debt reduction which will be the key lever for improving return ratios. Operating profit's recovery to ₹104 Cr in FY2026 after the FY2025 trough is encouraging. The company's long operational history, asset base, and participation in India's energy transition through ethanol make it a structurally relevant entity — though investors must remain watchful of earnings cyclicality and leverage. 🌐 Ugar Sugar Works Official Website

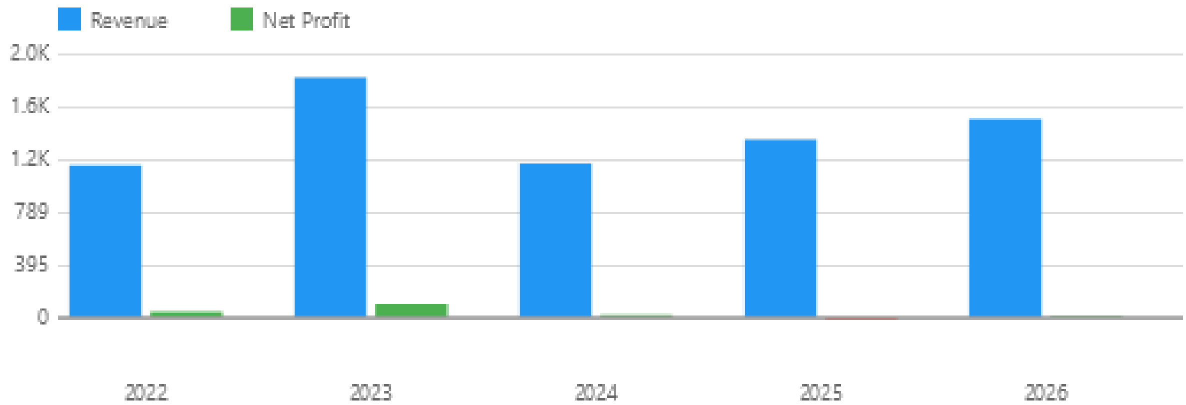
Website: http://www.ugarsugar.com/

Value Parameters

Market Price	₹43.5	**Intrinsic Value**	₹11
PE Ratio	36.0	**PB Ratio**	2.1
ROCE %	9.00	**ROE %**	6.05
D/E Ratio	2.87	**EPS**	₹1.21
Pledging %	N/A	**Growth Rate**	2
Growth Rate	2%	**Verdict**	Overvalued

📊 Profit & Loss

Ugar Sugar Works revenue grew from ₹1.1K Cr (Mar 2022) to ₹1.5K Cr (Mar 2026), a 7% CAGR. Net profit expanded from ₹43 Cr to ₹14 Cr (-24% CAGR), reflecting strong operating leverage.



Positives ✅

• Integrated business model spanning sugar, ethanol distillery, and co-generation power plant reduces dependence on volatile sugar prices and creates multiple revenue streams.
• Ethanol blending programme (EBP) tailwind: India's push toward 20% ethanol blending by 2025-26 directly benefits Ugar's distillery capacity, providing a policy-backed demand floor for its alcohol segment.
• Operating profit recovered sharply to ₹104 Cr in FY2026 from a low of ₹40 Cr in FY2025, signalling a cyclical earnings recovery as sugar cycle turns and ethanol realisations stabilise.
• Established cane command area in northern Karnataka with long-standing farmer relationships provides reliable raw-material access and acts as a regional competitive moat against new entrants.
• Asset-backed balance sheet with significant fixed assets in sugar plant, distillery, and co-gen units provides collateral strength and operational leverage when the sugar cycle improves.

Negatives ⚠️

• High leverage with a Debt-to-Equity ratio of 2.87 remains a critical concern; elevated interest costs compress net margins and leave the company vulnerable during down-cycles in sugar prices.
• Earnings volatility is severe — EPS swung from ₹9.16 in FY2023 to a loss of ₹1.44 in FY2025, reflecting the inherent cyclicality of sugar and the company's thin margin buffer during off-cycles.
• The stock trades at a PE of 36x on weak EPS of ₹1.21, a significant premium to intrinsic value estimated at ₹11, suggesting the market price embeds optimism that cyclical earnings may not sustain.

#9 — Bannari Amman Sugars

Sector: Sugar

📖 About Bannari Amman Sugars

Bannari Amman Sugars Limited, incorporated in 1983 and headquartered in Coimbatore, Tamil Nadu, is one of South India's most respected integrated sugar conglomerates. Promoted by the distinguished Saravana Raja family under the broader Bannari Amman Group — a business house with deep roots in Tamil Nadu's agro-industrial landscape — the company has grown from a single sugar mill into a multi-unit, multi-product enterprise over four decades. The group's philosophy of patient, long-term capital allocation and farmer-centric operations has made Bannari Amman Sugars a trusted name among cane growers across Tamil Nadu and Karnataka.

🏭 At its core, the company operates multiple sugar manufacturing facilities with a combined sugarcane crushing capacity that places it firmly among the top integrated sugar producers in peninsular India. Beyond raw and refined sugar, the company has strategically built out a distillery and ethanol division, converting molasses and juice into ethanol supplied under India's Ethanol Blended Petrol (EBP) Programme. Co-generation power plants attached to the mills convert bagasse into electricity, which is both consumed internally and sold to state electricity boards, adding a high-margin, annuity-like revenue stream. The company also operates a granite division, providing further business diversification away from the inherently cyclical sugar sector.

💎 Bannari Amman's competitive moat rests on several structural pillars. First, decades of farmer relationships ensure a reliable cane supply, critical in a feedstock-constrained industry. Second, its integrated model — where every tonne of cane yields sugar, ethanol, and power — means revenue is generated from three distinct markets simultaneously, blunting the impact of any single commodity downturn. Third, the company carries a debt-free balance sheet, a remarkable achievement in a capital-intensive, cyclical industry where peers often carry significant leverage. This financial discipline gives management flexibility to pursue opportunistic capex without diluting equity or servicing interest costs.

📈 Recent strategic focus has been firmly on expanding distillery capacity to capitalise on India's accelerating ethanol blending mandate. The government's push toward 20% blending by FY26 has created a structural demand tailwind for ethanol producers, and Bannari Amman's annual report highlights investments in distillery upgrades and capacity expansion to capture a larger share of OMC (Oil Marketing Company) ethanol offtake contracts. Management commentary in the latest annual report also emphasises sustainability initiatives, including zero-liquid-discharge operations and renewable energy maximisation, aligning the company with ESG investment frameworks gaining traction among institutional investors.

🚀 Looking ahead, Bannari Amman Sugars is well-positioned to benefit from the convergence of supportive government policy, rising ethanol offtake volumes, and its own expanding distillery infrastructure. While near-term margins face pressure from higher Fair and Remunerative Price (FRP) obligations and subdued international sugar prices, the company's earnings diversification through power and ethanol should provide a meaningful earnings floor. With zero debt, consistent dividend payouts, and a management team with proven capital allocation discipline, Bannari Amman Sugars represents a quality franchise in the agri-industrial space for investors with a medium-to-long-term horizon.

🌐 Bannari Amman Sugars Official Website

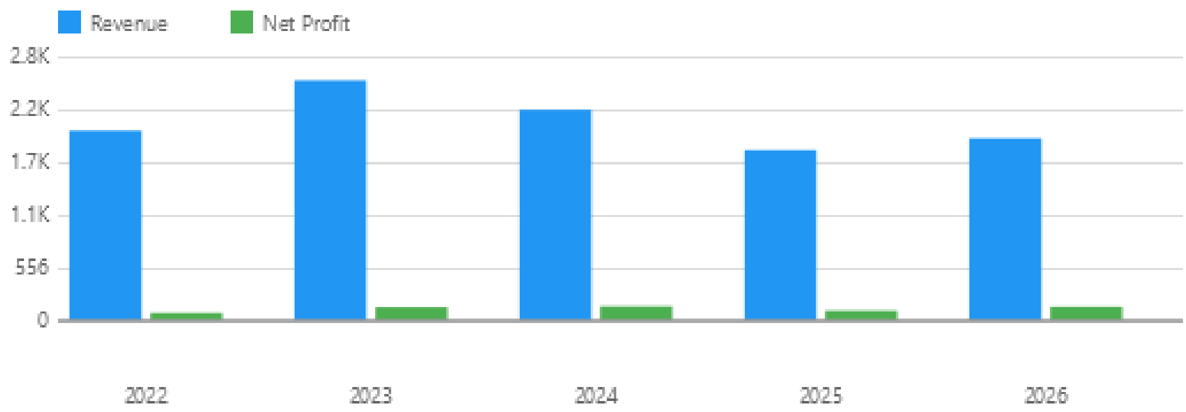
Website: http://www.bannari.com/

Value Parameters

Market Price	₹3,475	**Intrinsic Value**	₹3,760
PE Ratio	29.5	**PB Ratio**	2.3
ROCE %	9.32	**ROE %**	8.01
D/E Ratio	0	**EPS**	₹117.96
Pledging %	N/A	**Growth Rate**	17
Growth Rate	17%	**Verdict**	Fairly Valued

📊 Profit & Loss

Bannari Amman Sugars revenue grew from ₹2.0K Cr (Mar 2022) to ₹1.9K Cr (Mar 2026), a -1% CAGR. Net profit expanded from ₹80 Cr to ₹148 Cr (17% CAGR), reflecting strong operating leverage.



Positives ✅

- Completely debt-free balance sheet (D/E of 0) providing exceptional financial resilience and full earnings retention for shareholders.
- Integrated business model spanning sugar, ethanol distillery, and co-generation power reduces cyclical risk and provides multiple revenue streams.
- Intrinsic value of ₹3,760 vs CMP of ₹3,475 suggests ~8% margin of safety, indicating mild undervaluation at current levels.
- Strong ethanol blending tailwind: India's national target of 20% ethanol blending by 2025-26 directly benefits Bannari Amman's distillery capacity expansion.

• Consistent EPS resilience — EPS ranged ₹83–₹121 over four years despite sugar cycle volatility, demonstrating earnings quality of the integrated model.

Negatives ⚠️

• Operating profit declined sharply to ₹210 Cr in FY25 and further to ₹198 Cr in FY26, signaling margin compression from higher cane costs and regulated sugar prices.
• ROCE of 9.32% and ROE of 8.01% remain well below the 20% benchmark, reflecting capital-intensive operations with limited pricing power in a government-regulated sector.
• Sugar business is heavily exposed to monsoon variability, state-mandated Fair and Remunerative Price (FRP) increases, and government export/import policy changes that management cannot control.

#10 — Avadh Sugar & Energy

Sector: Sugar

📖 About Avadh Sugar & Energy

Avadh Sugar & Energy Limited is one of Uttar Pradesh's prominent vertically integrated sugar companies, with roots going back to the early decades of Indian agro-industrial development. The company operates multiple sugar manufacturing units concentrated in the sugarcane-rich belt of UP, a region that collectively accounts for the largest share of India's sugar output. Over the years, Avadh has evolved from a pure-play sugar miller into a diversified agro-energy enterprise, making it structurally more resilient than single-product peers. The company is part of the K.K. Birla group lineage and brings with it the governance credibility and financial discipline associated with that industrial heritage.

🏭 The core business spans three interconnected verticals: sugar manufacturing, ethanol distillation, and co-generation power. The sugar segment remains the revenue anchor, processing millions of quintals of sugarcane every crushing season. The distillery vertical has become increasingly critical — Avadh has been scaling capacity to supply ethanol directly to Oil Marketing Companies (OMCs) under the government's Ethanol Blended Petrol programme. The co-generation segment utilises bagasse (sugarcane waste) to produce power that is partly consumed internally and partly sold to the UP grid, creating an efficient circular use of raw material and lowering net energy costs across the value chain.

📈 Avadh's competitive moat lies in its integrated model and geographic concentration in UP, which is home to some of India's densest sugarcane cultivation zones. Proximity to farmer networks gives the company reliable and cost-effective cane procurement, while the state government's supportive policy environment — including SAP (State Advised Price) mechanisms and ethanol procurement mandates — underpins revenue predictability. The company's multi-plant setup also provides operational redundancy, insulating earnings from localised disruptions like drought or pest infestation in any single catchment area. Operating profit has remained robust in the ₹227–₹330 Cr band over the last four fiscal years, a testament to this structural resilience.

💰 On the growth front, Avadh has been channelling capital expenditure into distillery capacity enhancement, recognising that ethanol carries superior margins and assured government offtake relative to commodity sugar. India's blending target of 20% ethanol in petrol by 2025–26 creates a multi-year demand runway. While this capex has temporarily elevated the debt-to-equity ratio to 1.25x, management's stated intent is to use distillery cash flows to deleverage progressively. The annual report underscores management's focus on maximising ethanol revenue per litre of molasses processed, shifting the revenue mix in favour of higher-value downstream products.

🚀 Looking ahead, Avadh Sugar & Energy is positioned at an interesting inflection point. The combination of ethanol policy tailwinds, integrated operations, and a valuation that prices in significant pessimism (P/B of 1.0x) creates a potentially asymmetric risk-reward for patient investors. However, near-term earnings remain subject to sugar cycle dynamics, cane availability, and the pace at which new distillery capacities ramp up to full utilisation. Investors with a 2–3 year horizon should monitor quarterly ethanol volume disclosures and debt reduction progress as the key operational milestones.

🌐 Avadh Sugar & Energy Official Website

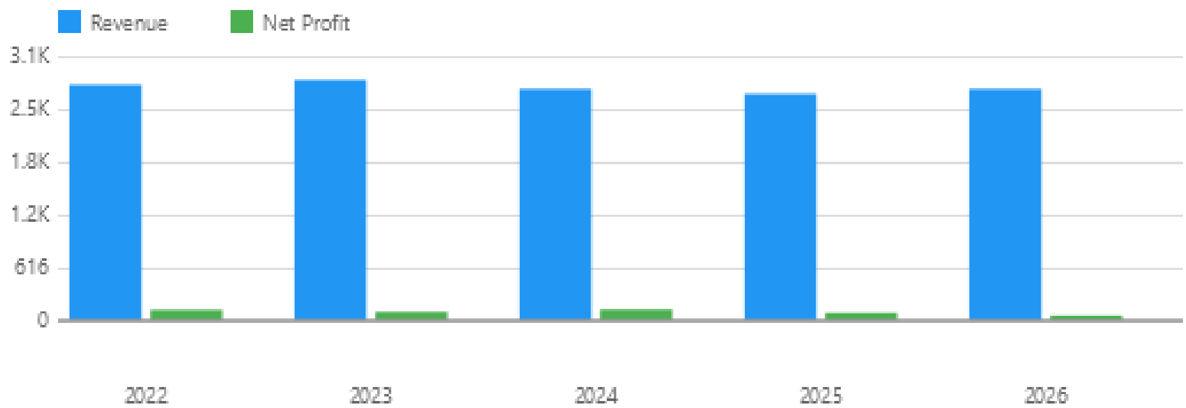
Website: http://www.avadhsugar.com/

Value Parameters

Market Price	₹534	**Intrinsic Value**	₹6,195
PE Ratio	17.0	**PB Ratio**	1.0
ROCE %	6.83	**ROE %**	5.63
D/E Ratio	1.25	**EPS**	₹28.63
Pledging %	N/A	**Growth Rate**	140
Growth Rate	140%	**Verdict**	Undervalued

📊 Profit & Loss

Avadh Sugar & Energy revenue grew from ₹2.7K Cr (Mar 2022) to ₹2.7K Cr (Mar 2026), a -0% CAGR. Net profit expanded from ₹124 Cr to ₹57 Cr (-18% CAGR), reflecting strong operating leverage.



Positives ✅

• Strong distillery expansion: The company has been aggressively scaling its ethanol distillery capacity, directly benefiting from India's Ethanol Blended Petrol (EBP) programme, which provides assured offtake and stable margins.
• Integrated business model: Avadh operates across sugar, ethanol, and co-generation power, creating multiple revenue streams that cushion against sugar price volatility and regulatory risks.
• Attractive valuation: At a P/E of 17x and P/B of just 1.0x, the stock trades at a significant discount to its computed intrinsic value of ₹6,195, suggesting deep value for long-term investors.
• Strong operating profit track record: Operating profit has ranged between ₹227–₹330 Cr over the last four years, demonstrating resilient operational efficiency even through sugarcane supply and

pricing cycles.
• Strategic location advantage: All plants are located in Uttar Pradesh, India's largest sugar-producing state, ensuring reliable cane supply, strong farmer linkages, and proximity to key ethanol offtake infrastructure.

Negatives ⚠️

• Declining profitability trend: EPS has fallen sharply from ₹64.00 in FY23 to ₹28.63 in FY25, and operating profit dropped to ₹227 Cr in FY26 (TTM), signalling meaningful earnings pressure.
• High leverage with D/E of 1.25: Debt levels remain elevated, likely driven by ongoing capex for distillery expansion; this constrains financial flexibility and increases vulnerability to interest rate movements.
• Low ROCE and ROE: With ROCE at 6.83% and ROE at 5.63%, capital efficiency is well below ideal thresholds, raising questions about near-term return on the heavy capital deployed in expansion.

Company Comparison Table

#	Company	Sector	Price	PE	PB	ROCE%	ROE%	D/E	EPS	IV ₹
1	Piccadily Agro Industries	Breweries & Distilleries	₹757	53.5	8.3	18.2	17.6	0.59	₹14.16	₹1,301
2	Uttam Sugar Mills	Sugar	₹229	8.75	1.0	11.7	12.2	0.79	₹25.89	₹1,019
3	Balrampur Chini Mills	Sugar	₹612	37.2	3.2	9.06	9.29	0.81	₹17.19	₹213
4	Triveni Engineering and Industries	Sugar	₹240	19.7	1.6	8.96	8.37	0.63	₹11.81	₹660
5	Mawana Sugars	Sugar	₹109	10.6	0.8	8.28	7.99	0.8	₹9.39	₹525
6	Dalmia Bharat Sugar & Industries	Sugar	₹358	12.6	0.9	8.25	7.33	0.54	₹29.40	₹937
7	Magadh Sugar & Energy	Sugar	₹489	10.9	0.8	7.75	7.39	0.79	₹45.07	₹9,752
8	Ugar Sugar Works	Sugar	₹43.5	36.0	2.1	9.00	6.05	2.87	₹1.21	₹11
9	Bannari Amman Sugars	Sugar	₹3,475	29.5	2.3	9.32	8.01	0	₹117.96	₹3,760
10	Avadh Sugar & Energy	Sugar	₹534	17.0	1.0	6.83	5.63	1.25	₹28.63	₹6,195

* IV = Graham Intrinsic Value: EPS × (8.5 + 2G) × 6%/8%. Not investment advice.

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