E.I.D. Parry (India) Ltd.

ISIN :INE126A01031 | NSE :EIDPARRY

Price: 817
Recommendation: Buy
Industry: Fertilizers
Sector: Commodities
Report Date: 01-May-2025

E.I.D. Parry (India) Limited, a pioneer in sugar and ethanol production, drives growth through operational efficiency and diversification. With robust varietal programs, expanding consumer product offerings, and strategic investments in ethanol capacity, the company is committed to sustainability. Its proactive approach positions it to navigate industry challenges and unlock value across its diversified portfolio.

Sales		Profit & Loss		Profitability Matrix	
Current Year	3071 Cr	Operating Profit(Year)	21.4 Cr	Operating Profit Margin	0.70 %
Previous Year	2895 Cr	Operating Profit(Quarter)	-34.2 Cr	EBITDA Margin	9.25 %
Current Quarter	848 Cr	PAT (Year)	87.2 Cr	Net Profit Margin	3.11 %
Previous Quarter	755 Cr	PAT (Quarter)	-69.4 Cr	EPS	-6.55
Revenue (QYoY)	668 Cr				
Valuation Matrix		**Growth(YoY)**		**Growth(QoQ)**	
Trailing P/E		Sales Growth	5.93 %	Sales Growth	12.32 %
PEG Ratio		PAT Growth	-68.86 %	Sales Growth QYoY	26.95 %
EV/EBITDA	78.9	EPS Growth	-208.62 %	PAT Growth	-346.1 %
P/B	4.99	Dividend Yield	0.49	PAT Growth QYoY	410.29 %
Capital Allocation		**Holdings**		**Leverage**	
RoE	3.01 %	Promoter	41.6 %	Debt/Equity	0.26
RoA	2.02 %	FII	12.2 %	Debt	754 Cr
RoCE	3.69 %	DII	13.8 %	Market Cap	14531 Cr
RoIC	4.68 %	Public	32.4 %	Enterprise value	15262 Cr
		No of Shares	17.8 Cr	Cash Equivalents	22.6 Cr

source : Company filings

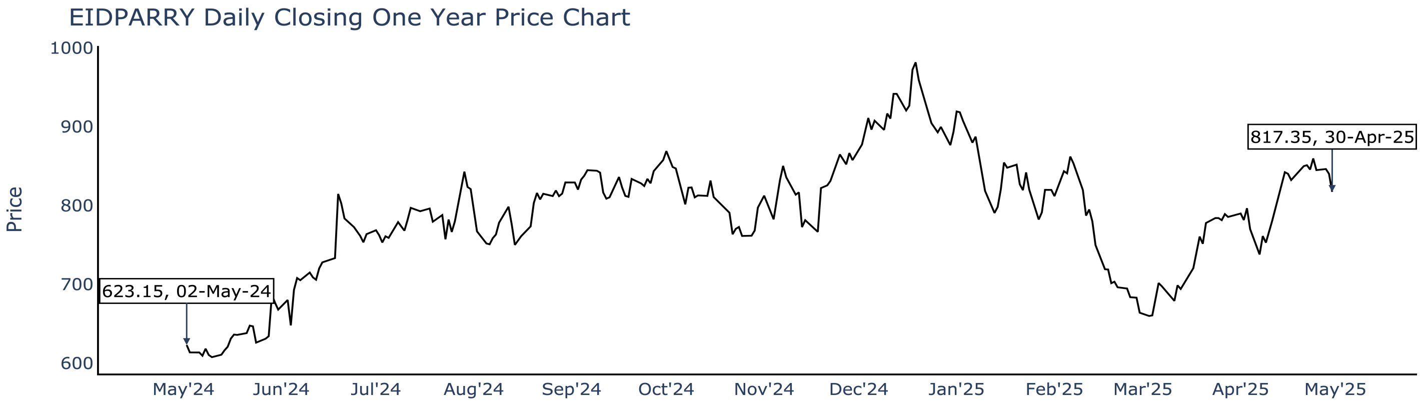
Company's Overview Based on Recent Concall and Performance:

E.I.D. Parry (India) Limited's Q3 FY25 earnings call highlighted several initiatives and strategies aimed at navigating industry challenges and driving growth. The company emphasized its focus on improving operational efficiency across its sugar, ethanol, and consumer product segments. In sugar operations, Karnataka reported robust recovery rates, while Tamil Nadu showed early signs of improvement despite challenges like pest infestations and competitive crop pressures. The company is leveraging its strong varietal program to enhance yields and recovery in the coming years. Ethanol production remains a key focus, with 304 lakh liters sold during the quarter, reflecting a significant increase from the previous year. The management is actively engaging with policymakers to address pricing concerns for B-heavy molasses and syrup-based ethanol, which are critical for sustaining profitability in the distillery segment.

The Consumer Product Group (CPG) business demonstrated strong growth, achieving a turnover of INR 236 crores, with branded staples contributing INR 87 crores. The company is aggressively expanding its distribution network in southern states while consolidating its presence in modern trade and e-commerce channels across other regions. Non-sweetener sales accounted for 37% of branded sales, showcasing diversification within the consumer segment. While margins remain in single digits, the management is optimistic about unlocking value through premium product offerings and operational efficiencies. The aspiration is to scale the CPG business significantly by the end of the decade, targeting high single-digit EBITDA margins.

The refinery segment faced challenges due to lower global spreads and deferred shipments, resulting in a loss of INR 18 crores for the quarter. However, the management remains optimistic about recovery in global premiums in subsequent quarters. Strategic reviews are underway to strengthen the refinery business model, potentially through partnerships. The nutraceutical division achieved INR 12 crores in domestic turnover, with plans to enhance value discovery before pursuing further strategic actions. The company is also exploring multi-feed options for its distilleries, aiming to mitigate feedstock challenges and diversify production capabilities.

E.I.D. Parry's proactive approach to capital allocation and operational restructuring reflects its commitment to long-term sustainability. Investments in ethanol capacity, varietal development, and branded consumer products are aligned with its growth aspirations. The management's focus on improving efficiencies, engaging with policymakers, and exploring diversification opportunities positions the company to navigate industry headwinds effectively. With robust strategies in place, E.I.D. Parry is poised to strengthen its standalone business and unlock value across its diversified portfolio.



Name	Mar Cap (Rs. Cr.)	P/E	ROE	Sales(G) QoQ	Sales(G) QYoY	PAT(G) QoQ	PAT(G) QYoY
Triven.Engg.Ind.	8957.30	41.58	14.21%	-14.93%	-3.27%	321.72%	-69.02%
Sh.Renuka Sugar	6127.92			1.44%	-14.79%	-813.00%	-18.58%
Bannari Amm.Sug.	5150.93	56.39	9.36%	-11.04%	-45.14%	-15.93%	-57.68%
Dalmia Bharat	3045.34	11.21	8.52%	-9.19%	44.15%	-10.08%	-8.33%
Bajaj Hindusthan	2494.68		-1.90%	27.26%	-15.22%	-34.54%	-604.18%

Aspect	Commentary
Revenue	Revenue grew 6.08% YoY to INR 3071 Cr, driven by operational efficiency and diversification. Quarterly revenue increased 12.32% QoQ to INR 848 Cr, reflecting strong growth in consumer products and ethanol sales. The company's focus on expanding branded staples and modern trade channels supports sustained revenue growth.
Profit & Loss	Annual PAT stood at INR 87.2 Cr, reflecting profitability despite challenges. Quarterly PAT declined significantly to INR -69.4 Cr due to refinery losses and deferred shipments. Management's focus on operational efficiency and ethanol pricing policies aims to stabilize profitability in upcoming quarters.
Profitability Matrix	Operating profit margin was 0.70%, indicating pressure on profitability. EBITDA margin stood at 9.25%, supported by ethanol sales. Net profit margin was 3.11% annually but declined in the quarter due to refinery losses. Management aims to improve margins through premium product offerings and efficiency gains.
Valuation Matrix	Trailing P/E and EV/EBITDA ratios indicate high valuation relative to earnings. P/B ratio of 4.99 reflects strong asset utilization. Dividend yield of 0.49% is modest, signaling reinvestment focus. Management's strategic investments in ethanol and branded products aim to enhance long-term valuation.
Growth (YoY)	Sales grew 5.93% YoY, driven by consumer product expansion and ethanol sales. PAT declined 68.86% YoY due to refinery losses and deferred shipments. EPS dropped 208.62%, reflecting profitability challenges. Management's focus on operational efficiency and diversification supports future growth potential.
Growth (QoQ)	Sales grew 12.32% QoQ, driven by strong consumer product and ethanol performance. PAT declined 346.1% QoQ due to refinery losses. EPS dropped significantly, reflecting quarterly challenges. Management's proactive strategies aim to stabilize quarterly growth and improve profitability in subsequent periods.
Capital Allocation	RoE of 3.01% and RoA of 2.02% reflect modest returns on equity and assets. RoCE of 3.69% highlights operational efficiency challenges. Investments in ethanol capacity and branded products align with long-term growth aspirations. Management's focus on capital allocation supports sustainability goals.
Holdings	Promoter holding is stable at 41.6%, indicating strong ownership commitment. FII and DII holdings are 12.2% and 13.8%, respectively, reflecting institutional confidence. Public holding of 32.4% ensures liquidity. Management's strategic focus on growth and diversification supports investor confidence.
Leverage	Debt/Equity ratio of 0.26 reflects low leverage, supporting financial stability. Debt stands at INR 754 Cr, manageable given the company's market cap of INR 14531 Cr. Cash equivalents of INR 22.6 Cr provide liquidity. Management's focus on operational efficiency and diversification mitigates leverage risks.

Analyst viewpoint: E.I.D. Parry (India) Ltd. demonstrates strong growth potential in the short to mid-term, supported by its strategic focus on operational efficiency, diversification, and capital allocation. Quarterly revenue grew 12.32% QoQ to INR 848 Cr, driven by robust ethanol sales and expanding branded consumer products, while annual revenue increased 6.08% YoY to INR 3071 Cr. The company's proactive investments in ethanol capacity and varietal development, coupled with its aggressive expansion in modern trade and e-commerce channels, position it well to capture market opportunities. Despite quarterly PAT challenges due to refinery losses and deferred shipments, annual PAT stood at INR 87.2 Cr, reflecting resilience in profitability. Management's focus on premium product offerings and operational efficiencies is expected to stabilize margins and unlock value across its diversified portfolio. Additionally, the Consumer Product Group's strong performance, with a turnover of INR 236 Cr, highlights the company's ability to scale its branded staples business.

Valuation metrics such as a P/B ratio of 4.99 and EV/EBITDA of 78.9 indicate high valuation relative to earnings, underscoring investor confidence in the company's growth trajectory. With a debt/equity ratio of 0.26 and stable promoter holding at 41.6%, E.I.D. Parry maintains financial stability and ownership commitment. Peer comparison reveals competitive advantages in ethanol production and branded consumer products, while the company's proactive engagement with policymakers on ethanol pricing further strengthens its position. However, refinery losses and modest returns on equity (RoE of 3.01%) highlight areas for improvement. Overall, E.I.D. Parry's strategic initiatives and diversified portfolio make it a compelling buy recommendation for investors seeking growth in the commodities sector.

Please read detailed disclosure on next page.

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Investment Rating	Expected Return (over 12-month)
BUY	>=15%
SELL	<-10%
NEUTRAL	>-10% to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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