

EID PARRY (INDIA) LTD.

RECOMMENDATION : BUY

MARKET PRICE : Rs.462.40 (As on 30th June 2023)

TARGET PRICE : Rs.578.00

FACE VALUE : Re.1

BSE CODE : 500125

NSE CODE : EIDPARRY





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

ABOUT THE COMPANY

EID Parry (India) Ltd. is engaged in the business of Sugar and Nutraceuticals. Headquartered in 'Dare House' a heritage building, in Chennai, India, the Company is a part of the INR 369 Billion Murugappa Group, one of India's leading business conglomerates. E.I.D. Parry is a pioneer and world leader in organic spirulina and micro algal products in the Nutraceuticals space. 'Parrys Spirulina', with 3 major international certifications, is sold in more than 41 countries across the globe. The highly specialised manufacturing Plants of the Nutraceuticals business for micro algal production are located at Oonaiyur and Saveripuram in Tamil Nadu.

Amongst the leading sugar manufacturers in India, E.I.D. Parry's 9 sugar plants are spread across South India. These state-of-the-art plants with a total sugarcane crushing capacity of 43,400 TCD, co-generation capacity of 160 MW and Distillery capacity of 234 KLPD across units are located at Nellikuppam, Pugalur and Sivaganga in Tamil Nadu, Sankili in Andhra Pradesh and Bagalkot, Haliyal and Ramdurg in Karnataka.

The Company also retains a significant presence in the farm inputs business through its subsidiary Coromandel International Ltd.

E.I.D. Parry (India) Ltd.- About us

2500+ Happy
Employees



People

235 years in Business
Founded in 1788



Sugar
Experts

6 Sugar Factories
in South India



Best in class
facilities

Best in class
facilities



5 Distilleries including
one standalone distillery



Great value



Strong
performance




8900 Crore
Market cap as on May 23

5617 Crore*
Revenue by FY23



** Consolidated revenue excluding Coromandel International Ltd.*

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

Location	 Sugar	 Power	 Distillery	Expansion Planned
Nellikuppam- TN	7500 TCD	25 MW	75 klpd	45 klpd*
Pugalur- TN	4800 TCD	22 MW		
Sivaganga- TN			64 klpd	
Sankili- AP	5000 TCD	16 MW	168 klpd	
Haliyal- KA	12000 TCD	49 MW	50 klpd	120 klpd*
Bagalkot- KA	6000 TCD	16 MW	60 klpd	
Ramdurg- KA	5000 TCD	13 MW		
Total	40300 TCD	140 MW	417 klpd	165 klpd

Update on Ethanol Blending Program (EBP)



Diversion in SY 22-23

Expected diversion for Ethanol in **SY 2022-23 ~ 4.0MMT of Sugar** (against 3.2MMT diverted in SY 2021-22).

Overall blending is expected to reach 12% in SY 2022-23

20% Blending

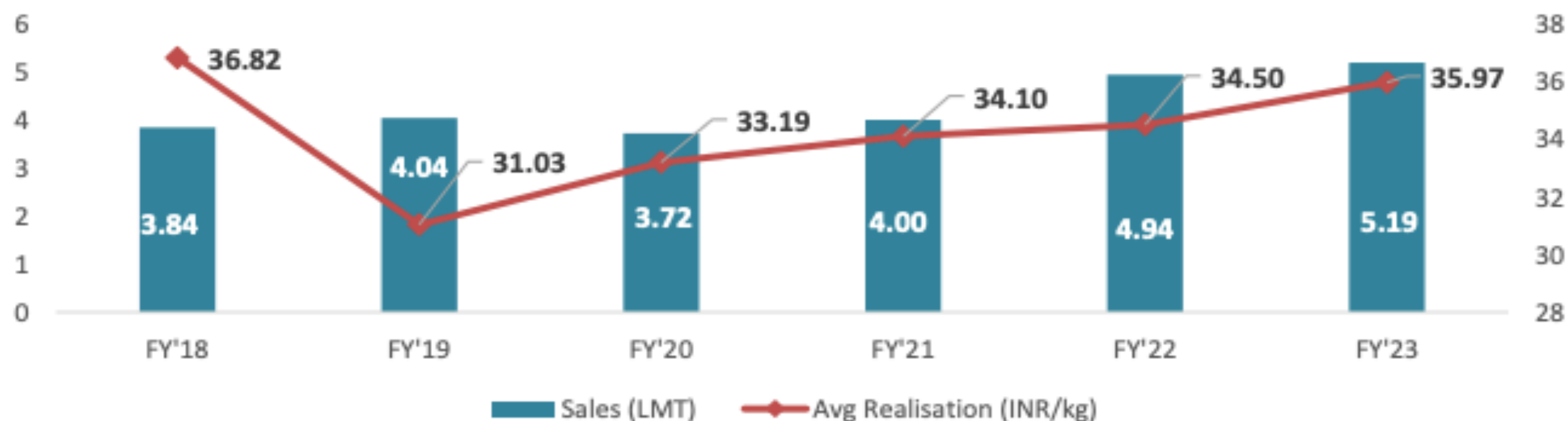
Petrol blended with 20% Ethanol has been rolled-out in select petrol pumps across 11 states in Feb 2023

Latest Policy update

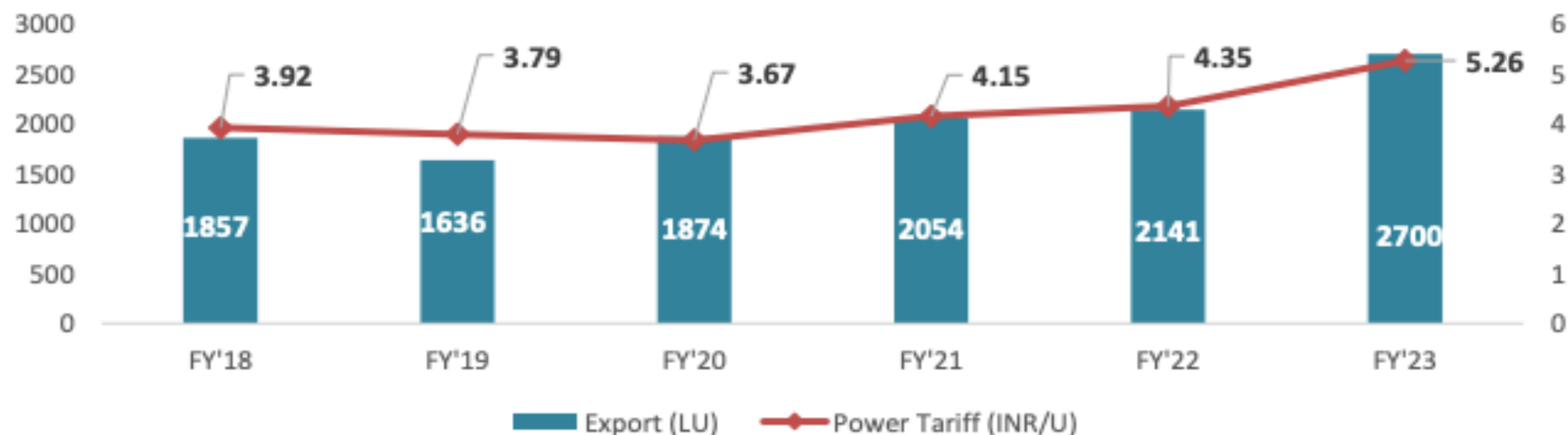
Tamil Nadu has unveiled Ethanol blending policy 2023 covering grain based and molasses based distilleries. New feedstock including invert sugar syrup have been included in the policy

Segment sales- Sugar & Power

Sugar sales (LMT) and Average Realisation (INR/kg)



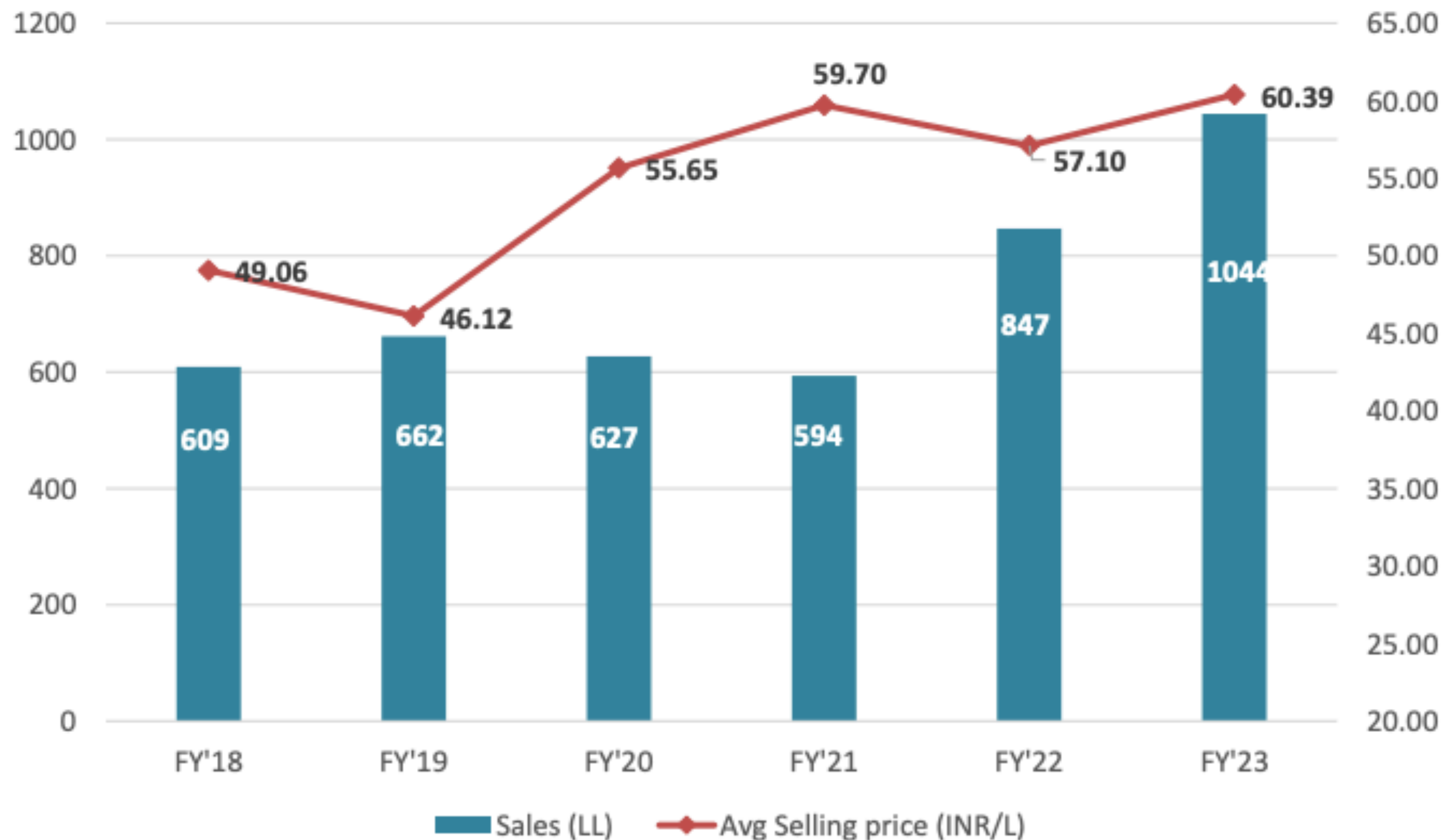
Power Export (LU) and Power Tariff (INR/U)



Significant growth in sugar sales volume (35% growth in 6 years) and power exports (45% growth in 6 years) on account of the cane volume growth

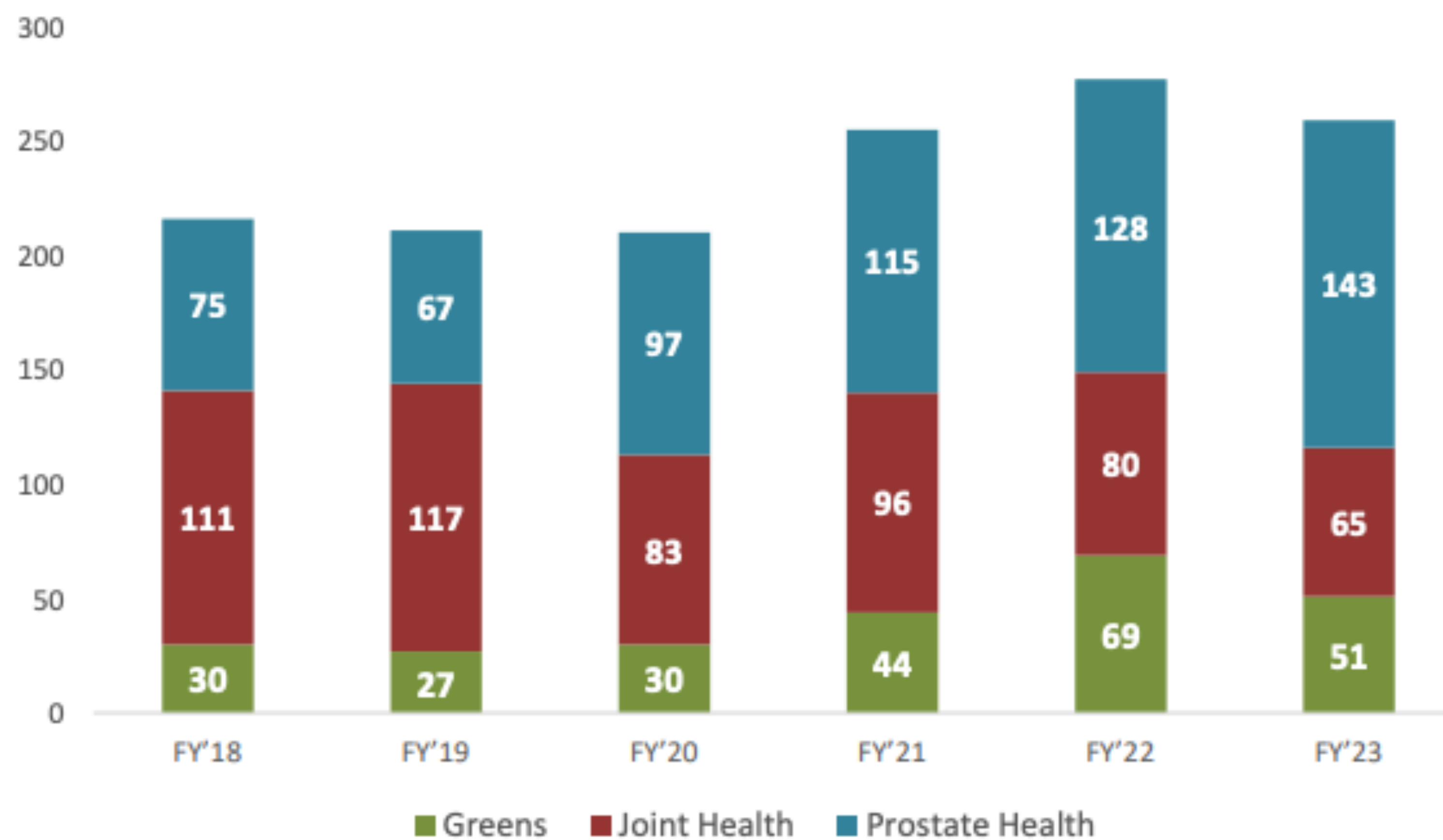
Segment sales- Distillery

Distillery sales (LL) and Average Price (INR/L)



Ethanol Blending Program has helped in growth of volumes (71% in 5 years) and better realizations

Nutraceuticals Product Mix (INR Crore)



Saw Palmetto growth

8% growth in FY'23 in the core saw palmetto B2B vertical (Sales \$16 Mn)



Significant Market share gain - Spirulina

- US. Growth in FY'23 from 170 MT to 270 MT
- Market development of Greens through acquisition of New customers



Flomentum – B2C

- Built science equity for the efficacy of saw palmetto on Prostate Health.
- Initiated field force deployment for developing the recommendation from Urologists.
- Estimated Annual Run Rate (ARR) for FY'23- \$ 1 Mn.



Overview

Capacity: 9 LMT
FY 23 Sales: 7.20 LMT
FY23 Revenue: INR 2870 Crore



Customers



Refinery Business Profile

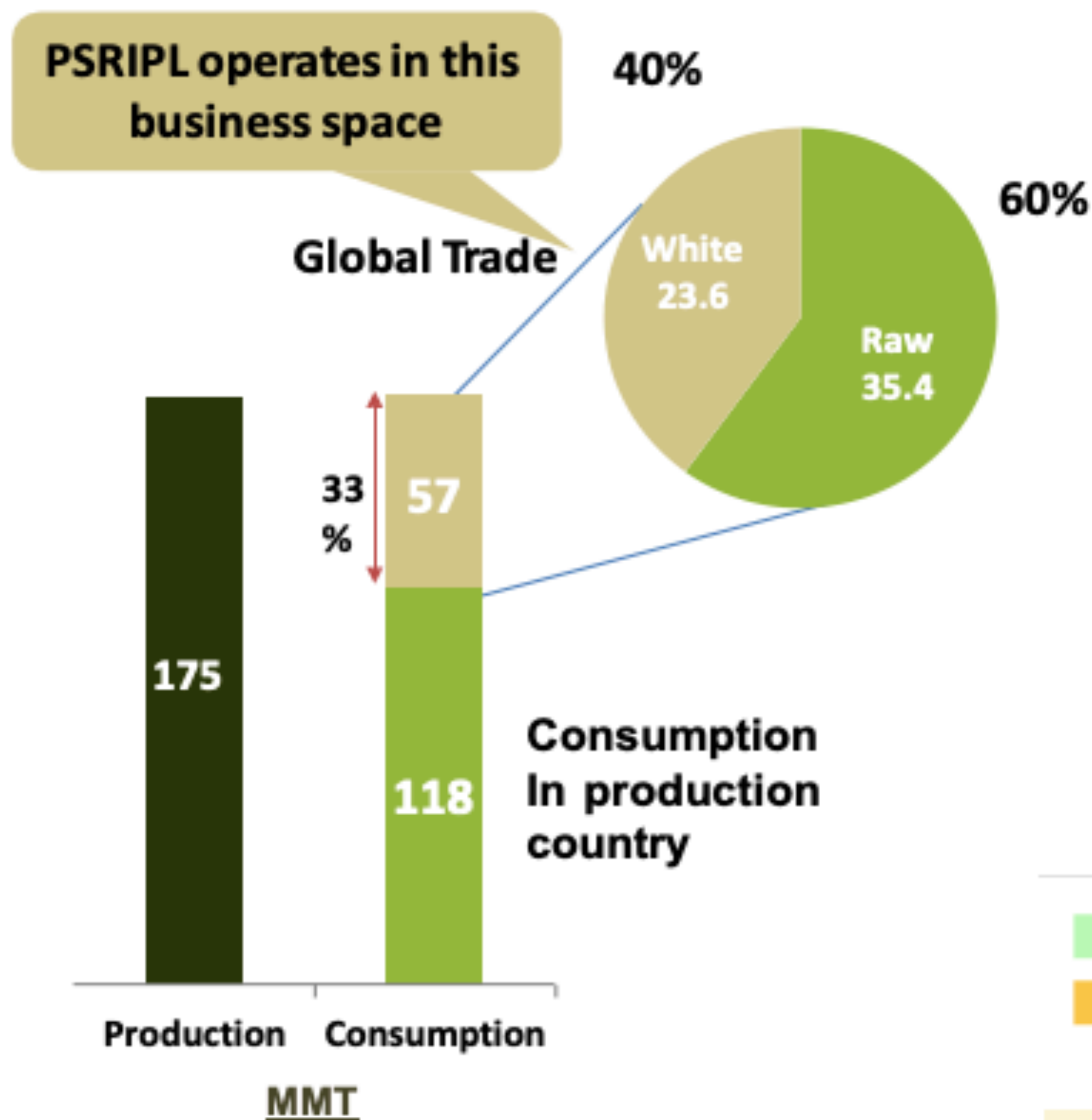
Certifications



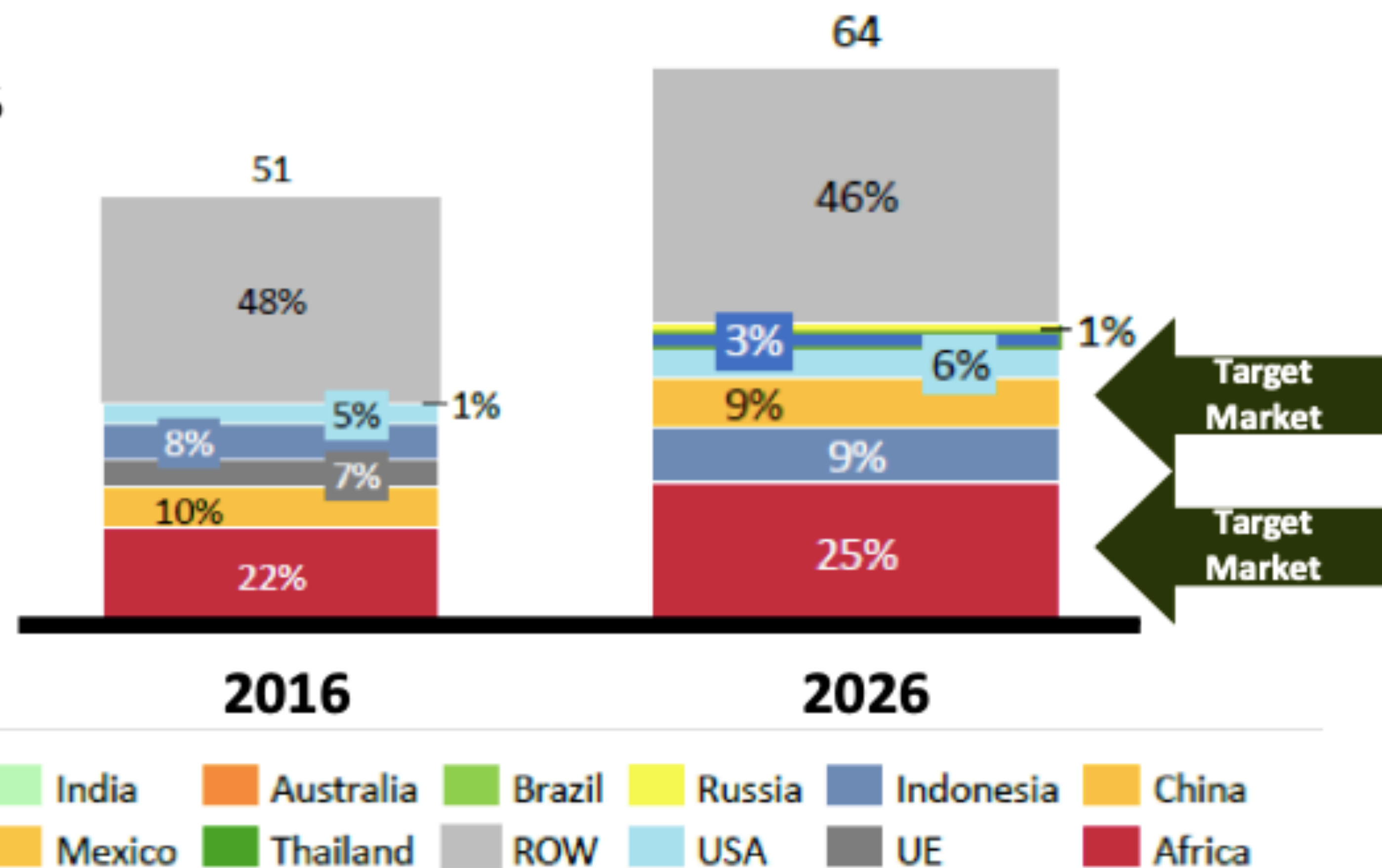
Suppliers

Raw Sugar: Ex Brazil/India
Coal: Ex Indonesia

Refined Sugar constitutes 40% of the global traded sugar volumes



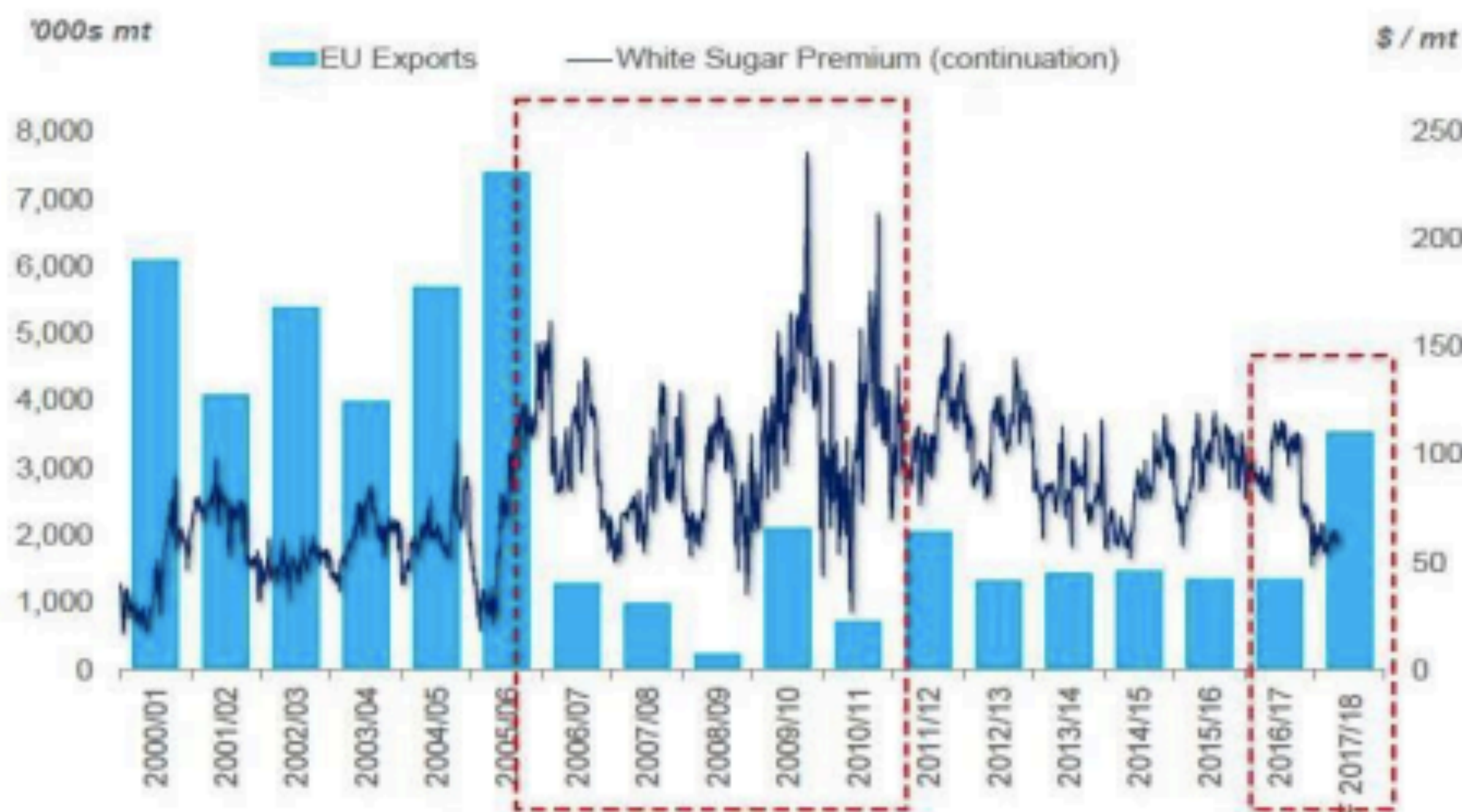
Source: Sucden Research as of 2020



Source: FAO, Copersucar analysis

❖ Refined Sugar trade set to increase

European Exports & The White Sugar Premium



White Premium Trends and Projections (USD/MT)



- ❖ Due to re-entry of EU, lower White Premiums in 2018- 2021 rationalized refining capacities
- ❖ White Premiums are expected to stay higher due to robust demand and higher cost for refining

Profitable & Sustainable Business



Factory

- ❖ Costs to be controlled within the Spread
- ❖ Independent profitable toller



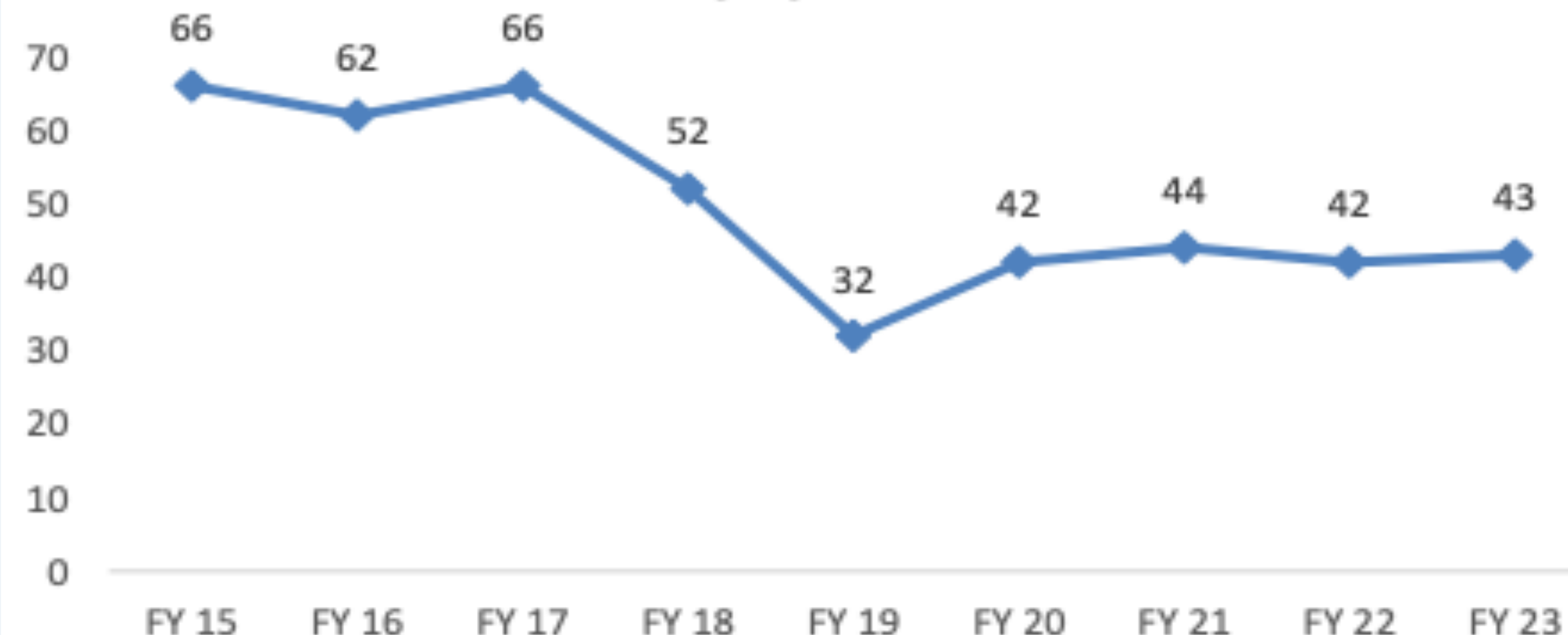
Sales

- ❖ Premiums to be earned over and above spreads
- ❖ Make profits net of FOB charges

Commodity Hedge Desk

Forex Hedge Desk

Refinery Spread- \$/MT



- While the Spread is narrowing YoY, our consistent zeal to improve efficiency helped us reduce the Cost substantially. Higher cost refineries have closed down

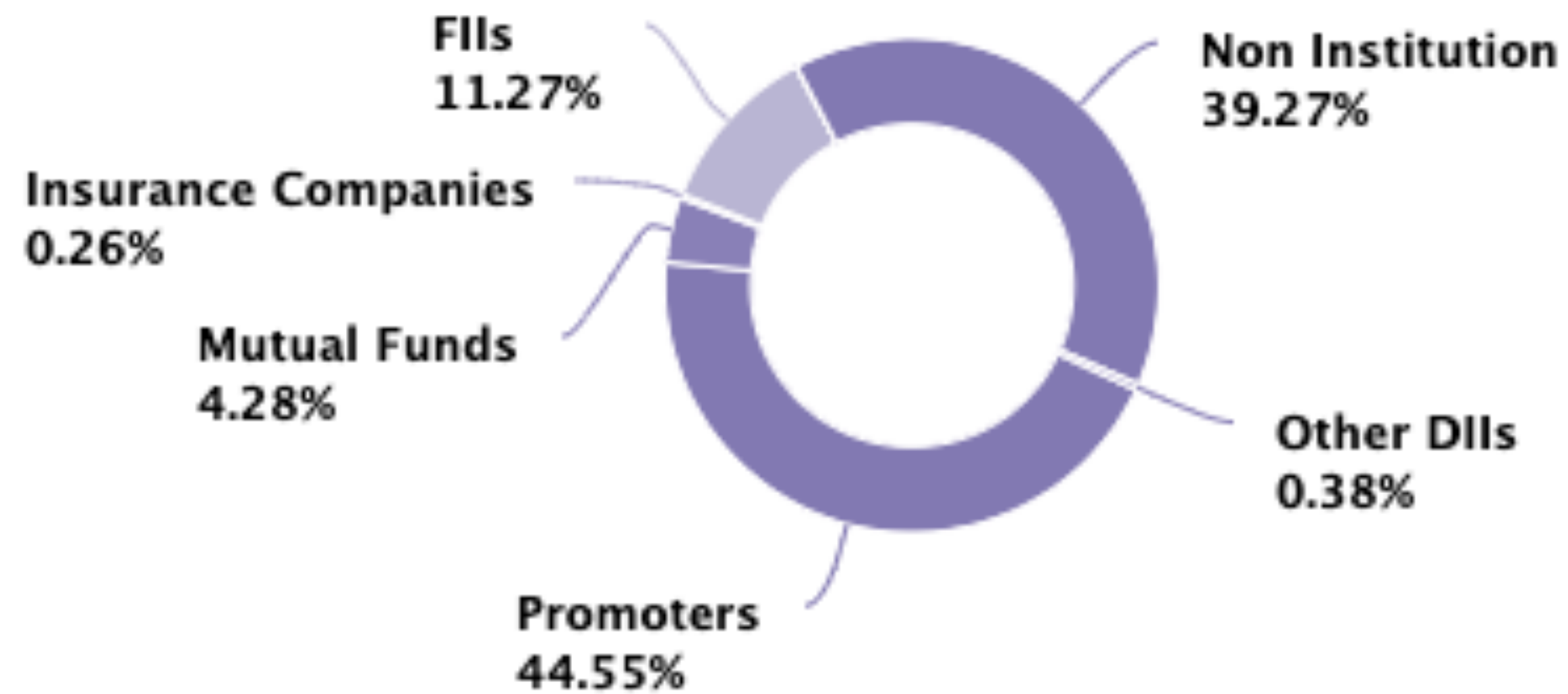
Yearly Results

YEARLY RESULTS OF EID PARRY (INDIA) (in Rs. Cr.)	MAR '23	MAR '22	MAR '21	MAR '20	MAR '19
Net Sales/Income from operations	35,243.80	23,527.93	18,587.45	17,128.92	16,565.39
Total Income From Operations	35,243.80	23,527.93	18,587.45	17,128.92	16,565.39
EXPENDITURE					
Consumption of Raw Materials	24,134.94	15,276.56	10,454.51	10,327.69	10,785.61
Purchase of Traded Goods	4,728.23	2,491.96	2,184.58	1,354.20	2,217.19
Increase/Decrease in Stocks	-951.79	-148.20	593.68	478.08	-1,045.34
Employees Cost	871.29	770.93	724.84	663.73	594.84
Depreciation	376.47	333.99	331.70	318.96	272.33
Other Expenses	3,267.53	2,724.51	2,456.36	2,306.08	2,408.11
P/L Before Other Inc., Int., Excpt. Items & Tax	2,817.13	2,078.18	1,841.78	1,680.18	1,332.65
Other Income	39.22	215.85	43.15	18.88	-47.57
P/L Before Int., Excpt. Items & Tax	2,856.35	2,294.03	1,884.93	1,699.06	1,285.08
Interest	298.20	151.91	235.61	430.49	424.51
P/L Before Exceptional Items & Tax	2,558.15	2,142.12	1,649.32	1,268.57	860.57
Exceptional Items	44.20	-13.73	-112.08	--	-23.85
P/L Before Tax	2,602.35	2,128.39	1,537.24	1,268.57	836.72
Tax	736.51	555.41	539.50	377.36	399.30
P/L After Tax from Ordinary Activities	1,865.84	1,572.98	997.74	891.21	437.42
Net Profit/(Loss) For the Period	1,865.84	1,572.98	997.74	891.21	437.42
Minority Interest	-880.26	-666.87	-552.45	-421.01	-284.16
Share Of P/L Of Associates	-38.10	0.72	2.08	-2.33	0.23
Net P/L After M.I & Associates	947.48	906.83	447.37	467.87	153.49
Equity Share Capital	17.75	17.74	17.71	17.70	17.70
Reserves Excluding Revaluation Reserves	6,067.09	5,308.00	4,565.31	3,501.78	3,110.20
EPS BEFORE EXTRA ORDINARY					
Basic EPS	53.39	51.17	25.27	26.43	8.67
Diluted EPS	53.25	51.04	25.15	26.34	8.63
EPS AFTER EXTRA ORDINARY					
Basic EPS.	53.39	51.17	25.27	26.43	8.67
Diluted EPS.	53.25	51.04	25.15	26.34	8.63

Key Financial Ratios

KEY FINANCIAL RATIOS OF EID PARRY (INDIA) (in Rs. Cr.)	MAR 23	MAR 22	MAR 21	MAR 20	MAR 19
PER SHARE RATIOS					
Basic EPS (Rs.)	53.39	51.17	25.27	26.43	8.67
Diluted EPS (Rs.)	53.25	51.17	25.27	26.34	8.63
Cash EPS (Rs.)	126.33	107.50	75.07	68.37	40.10
Book Value [ExclRevalReserve]/Share (Rs.)	537.41	456.59	385.58	295.27	251.55
Book Value [InclRevalReserve]/Share (Rs.)	537.41	456.59	385.58	295.27	251.55
Revenue from Operations/Share (Rs.)	1,985.57	1,326.26	1,049.55	967.74	935.34
PBDIT/Share (Rs.)	182.13	148.14	125.16	114.01	87.99
PBIT/Share (Rs.)	160.92	129.31	106.43	95.99	72.60
PBT/Share (Rs.)	146.61	119.98	86.80	71.67	47.27
Net Profit/Share (Rs.)	105.12	88.67	56.34	50.35	24.71
NP After MI And SOA / Share (Rs.)	53.38	51.12	25.26	26.43	8.67
PROFITABILITY RATIOS					
PBDIT Margin (%)	9.17	11.16	11.92	11.78	9.40
PBIT Margin (%)	8.10	9.75	10.14	9.91	7.76
PBT Margin (%)	7.38	9.04	8.27	7.40	5.05
Net Profit Margin (%)	5.29	6.68	5.36	5.20	2.64
NP After MI And SOA Margin (%)	2.68	3.85	2.40	2.73	0.92
Return on Networth/Equity (%)	15.57	17.02	9.76	13.29	4.90
Return on Capital Employed (%)	27.71	25.96	25.07	26.40	25.31
Return on Assets (%)	5.04	5.68	3.37	3.11	0.95
Total Debt/Equity (X)	0.20	0.15	0.13	1.07	1.56
Asset Turnover Ratio (%)	3.08	0.29	140.13	114.01	103.53
LIQUIDITY RATIOS					
Current Ratio (X)	1.49	1.53	1.54	1.22	1.10
Quick Ratio (X)	0.76	0.77	0.84	0.71	0.57
Inventory Turnover Ratio (X)	6.72	0.69	4.57	3.93	2.88
Dividend Payout Ratio (NP) (%)	0.00	21.51	0.00	0.00	83.39
Dividend Payout Ratio (CP) (%)	0.00	15.72	0.00	0.00	30.05
Earnings Retention Ratio (%)	0.00	78.49	0.00	0.00	16.61
Cash Earnings Retention Ratio (%)	0.00	84.28	0.00	0.00	69.95
COVERAGE RATIOS					
Interest Coverage Ratios (%)	10.84	17.30	8.00	3.95	3.03
Interest Coverage Ratios (Post Tax) (%)	10.84	17.30	8.00	3.95	3.03
VALUATION RATIOS					
Enterprise Value (Cr.)	11,474.30	9,775.42	7,673.48	7,807.77	9,570.53
EV/Net Operating Revenue (X)	0.33	0.42	0.41	0.46	0.58
EV/EBITDA (X)	3.55	3.72	3.46	3.87	6.15
MarketCap/Net Operating Revenue (X)	0.24	0.34	0.30	0.14	0.22
Retention Ratios (%)	0.00	78.48	0.00	0.00	16.60
Price/BV (X)	1.36	1.51	1.23	0.70	1.16
Price/Net Operating Revenue	0.24	0.34	0.30	0.14	0.22
Earnings Yield	0.11	0.11	0.08	0.19	0.04

Shareholding Pattern an on Mar'23



Summary

- ❖ With deliverance of fair performance in Q4 of FY'23, the Company's Net Sales grew up by 21.04% i.e. Rs.6860.31 crs in Mar'23 on contrary to Rs.5667.34 crs in Mar'22. Whereas, the Net Profits were Rs.178.95 crs in Mar'23 versus Rs.302.52 crs in Mar'22. Additionally, the Statement of Changes in Equity witnessed a slight increase in Equity Capital i.e. Rs.17.75 crs in Mar'23 juxtapose to Rs.17.74 crs in Mar'22.
- ❖ On yearly basis, the Company delivered fine performance in FY'23, with Net Sales up by 49.79% i.e. Rs.35243.80 crs in Mar'23 as compared to Rs.23527.93 crs in Mar'22. However, the Net Profits increased by 4.48% i.e. Rs.947.48 crs in Mar'23 versus Rs.906.83 crs in Mar'22. In addition to this, the Statement of Changes in Equity witnessed a slight increase in Equity Capital i.e. Rs.17.75 crs in Mar'23 juxtapose to Rs.17.74 crs in Mar'22.
- ❖ As per sound financials and healthy fundamentals, the Company is available at a good price of Rs.462.40 with its 52 week low at Rs.433.20 and its 52 week high at Rs.670.00.
- ❖ Since the Promoters are holding majority stake around 44.55% as well as its robust valuations, it is fair to assume that the Management is committed to growth of the Company.
- ❖ In Public Shareholding as on Mar'23, the FIIs and the Other DIIs altogether stood with 11.65% stake. Whilst, the Mutual Fund Houses own 4.28% holdings in the Company.
- ❖ EID Parry (India) Ltd. is held by HSBC MF, CANARA ROBECO MF, QUANT MF, BANK OF INDIA MF and a few more.
- ❖ On consolidated basis, the Company registered Return on Equity (ROE) and Return on Capital Employed (ROCE) around 15.57% & 27.71% respectively as on Mar'23.
- ❖ For the year ending Mar'23, EID Parry (India) Ltd. has declared an equity dividend of 950.00% i.e. Rs.9.50 per equity share. The Company has a good dividend track report and has consistently declared dividends for the last 5 years.

Disclosure

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