

Retail Equity Research

EID Parry (India) Ltd

Sugar

CMP Rs. ₹ 694

Rating: Overweight

NSE CODE: EIDPARRY BSE CODE: 500125

The company's revenue trajectory remained volatile, with a sharp decline in Mar'24 (-28% QoQ) followed by a strong recovery in Sep'24 (+38% QoQ). However, Dec'24 saw a slight contraction (-7% QoQ), indicating potential demand stabilization. Operating profit mirrored this trend, peaking in Sep'24 (+105%) but declining by 28% in Dec'24, suggesting margin pressures. Despite cost control efforts, rising expenses impacted profitability, with net profit witnessing significant fluctuations—soaring 70% in Sep'24 before plunging 57% in Dec'24. Interest expenses also increased steadily, hinting at higher leverage. Tax outgo remained elevated, reflecting stronger earnings in profitable quarters. Going forward, sustaining growth amid expense volatility and interest burden remains crucial. Strategic cost optimization and demand recovery will be key to stabilizing margins. Investors should closely monitor operational efficiency and market trends for future earnings sustainability.

Company Data

Market Cap (cr)	Rs.	12,549.37
Enterprise Value (cr)	Rs.	8,509.72
Outstanding Shares (cr)		17.78
52 week high	Rs.	998.00
52 week low	Rs.	539.00
1m average volume (lacs)		4.10
Face value	Rs.	1.00

	FY22	FY23	FY24
Sales	23521.06	35243.8	29413.11
Growth(%)	27%	50%	-17%
EBITDA	2615.01	3238.92	2891.43
EBITDA Margin(%)	11.1%	9.2%	9.8%
PAT	906.83	947.48	899.67
Growth(%)	103%	4%	-5%
EPS	51.1	53.4	50.7
P/E	8.9	8.8	10.8
P/B	1.5	1.4	1.4
EV/EBITDA	2.8	2.6	2.9
ROE(%)	17%	15.6%	13%
ROCE(%)	35%	37.2%	28.1%
ROIC(%)	28%	28.8%	24.4%
D/E	0.24	0.27	0.25

Industry and Production Insights The global sugar market faces a 2 MMT supply-demand deficit for 2024-25, driven by production cuts in Asia, Mexico, and a 4.75% decline in Brazil. India's sugar estimate is revised to 30.25 MMT due to lower yields. Domestic ethanol diversion is projected at 3.75 MMT, with sugar consumption at 28 MMT, while ethanol blending has reached 14.6%.

Financial and Operational Performance Sugar crushing declined to 12.7 lakh metric tons from 17.8 lakh metric tons, reducing production to 1.08 lakh metric tons. Sugar revenue fell to ₹392 crores due to quota constraints, while Consumer Product Group (CPG) turnover grew 70% to ₹236 crores. The distillery segment saw strong growth, with sales rising to 422 lakh liters and revenue increasing to ₹290 crores.

Challenges and Future Strategy Standalone profitability remains under pressure, especially in Andhra Pradesh and Tamil Nadu. Management is focusing on efficiency improvements, ethanol expansion, and value-added products. Sugar pricing is expected to remain stable with government support, while ongoing discussions on MSP and ethanol pricing are crucial for future profitability. Strategic reviews aim to unlock value in the nutraceutical and refinery segments.

Key Highlights

EID Parry, a part of the Murugappa Group, operates in sugar, nutraceuticals, and ethanol production while also holding a significant presence in the farm inputs business, including biopesticides through its subsidiary, Coromandel International Limited. The company has been strategically focusing on diversifying its revenue streams beyond sugar to mitigate the impact of commodity price fluctuations.

Part of Murugappa Group

EID Parry is part of the 123-year-old Murugappa Group, a well-established conglomerate with a strong presence across multiple industries such as agriculture, engineering, and financial services. The Murugappa Group is known for its deep market penetration, strong corporate governance, and diversified business portfolio, which provides EID Parry with a stable foundation for growth and expansion.

Business Segments and Revenue Contribution

EID Parry operates across several business verticals, including Nutrient & Allied Business, Sugar, Crop Protection, Distillery, Co-generation, and Nutraceuticals. The Nutrient & Allied Business, conducted through Coromandel International, remains the largest segment, contributing 67% of revenue in FY24. The Sugar segment has grown significantly, accounting for 21% of revenue, supported by six sugar plants with a total crushing capacity of 40,800 TCD. The Crop Protection business, representing 8% of revenue, and the Distillery segment, with five distilleries producing ethanol and other products, play crucial roles in the company's revenue mix.

Geographical and Product Mix

The company maintains a well-balanced geographical revenue split, with 81% of sales coming from the domestic market and 19% from exports. Within the product mix, phosphatic fertilizers form the largest share at 44%, followed by urea, muriate of potash, and other fertilizers contributing 52%. The company has also expanded its sugar portfolio, introducing customized grades of pharmaceutical sugar, pure brown sugar, and branded retail products under Parry's Vita.

Expansion into FMCG and Value-Added Products

In Q4 FY24, EID Parry entered the FMCG sector with the launch of premium super grains, including millets, dals, and rice. The company is also developing ready-to-cook health mixes and millet-based idli/dosa batters, aiming to tap into the health-conscious consumer segment. Additionally, it has been increasing sales of value-added sugar products like Amrit and Jaggery to improve price realizations and strengthen its retail footprint.

Capex and Retail Expansion Plans

EID Parry incurred a capital expenditure of Rs. 284 crore in FY24, including Rs. 86 crore towards a new grain-based distillery. The company is expanding its distillery capacity with 120 KLPD at Haliyal in Q1 FY25 and 45 KLPD at Nellikuppam in Q2 FY25. Retail expansion is a major focus, with plans to increase its retail presence from 1,10,000 stores to 2,00,000 outlets across South India by 2025, ensuring greater market penetration.

Holding in Coromandel International Ltd (CIL)

EID Parry holds a 56.19% equity stake in Coromandel International Ltd, valued at approximately Rs. 29,000 crore as of November 2024, compared to a book value of Rs. 112 crore as of March 31, 2024. This holding provides the company with a steady stream of dividend income, amounting to Rs. 204.61 crore in FY23 and Rs. 100.26 crore in FY24, contributing to its financial stability.

Quarterly Financial Consolidated

Profit and loss account

(Rs Cr)

	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
Sales	7,770.14	5,557.04	6,746.79	9,330.35	8,720.35
Growth(%)	-14%	-28%	21%	38%	-7%
Expenses	7,358.43	5,098.09	6,279.05	8,371.64	8,026.73
Operating Profit	411.71	458.95	467.74	958.71	693.62
Growth(%)	-61%	11%	2%	105%	-28%
Other Income	41.18	122.98	60.19	69.38	117.17
Depreciation	112.29	113.37	116.94	123.26	130.49
Interest	52.92	86.28	83.58	93.90	98.59
Profit before tax	287.68	382.28	327.41	810.93	581.71
Tax	71.16	87.98	101.54	219.27	166.14
Net profit	118.23	220.31	91.33	305.63	194.87
Growth(%)	-283%	46%	-141%	70%	-57%

Financial Consolidated

Profit & Loss

(Rs Cr)

	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Sales	17,128.92	18,555.92	23,521.06	35,243.80	29,413.11
Growth(%)	3%	8%	27%	50%	-17%
Expenses	15,242.31	16,466.61	21,145.74	32,088.30	26,825.49
Operating Profit	1,886.61	2,089.31	2,375.32	3,155.50	2,587.62
Growth(%)	30%	11%	14%	33%	-18%
Other Income	129.08	17.32	239.69	83.42	303.81
Depreciation	318.96	331.70	333.99	376.47	420.78
Interest	430.49	235.61	151.91	298.20	295.43
Profit before tax	1,266.24	1,539.32	2,129.11	2,564.25	2,175.22
Tax	377.36	539.50	555.41	736.51	557.65
Net profit	467.87	447.37	906.83	947.48	899.67
Growth(%)	205%	-4%	103%	4%	-5%

Balance Sheet

(Rs Cr)

Report Date	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Equity Share Capital	17.70	17.71	17.74	17.75	17.75
Reserves	3,501.78	4,565.31	5,308.00	6,067.09	7,040.50
Borrowings	4,346.98	1,229.49	1,259.35	1,617.84	1,740.28
Other Liabilities	7,069.28	7,444.02	9,357.55	11,075.80	12,688.35
Total	14,935.74	13,256.53	15,942.64	18,778.48	21,486.88
Net Block	3,857.73	3,583.41	3,763.43	3,889.31	4,895.50
Capital Work in Progress	85.35	205.74	159.92	486.08	520.49
Investments	413.32	453.04	563.13	609.12	1,275.15
Other Assets	10,579.34	9,014.34	11,456.16	13,793.97	14,795.74
Total	14,935.74	13,256.53	15,942.64	18,778.48	21,486.88

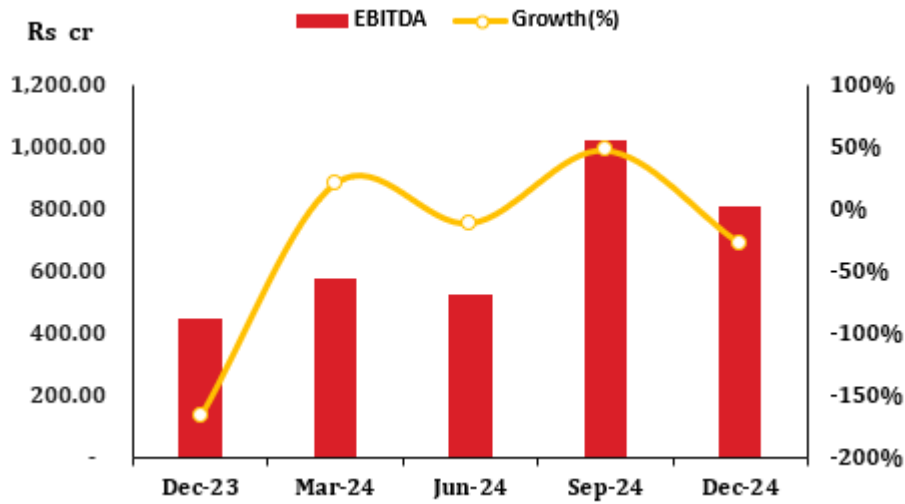
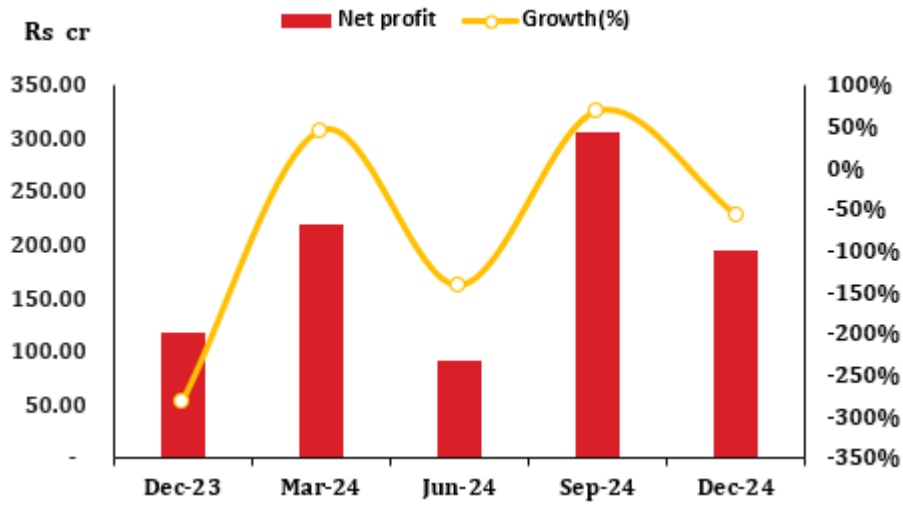
Cash Flow

(Rs Cr)

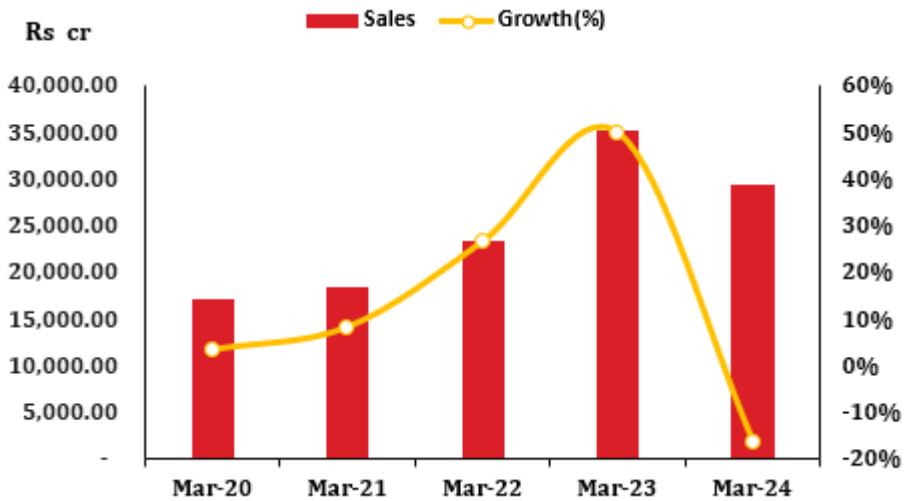
	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Cash from Operating Activity	1985.97	4770.99	2278.4	358.56	1972.37
Cash from Investing Activity	-281.56	-548	-1732.23	487.14	-1740.12
Cash from Financing Activity	-1769.02	-3597.99	-498.99	-184.28	-497.41
Net Cash Flow	-64.61	625	47.18	661.42	-265.16

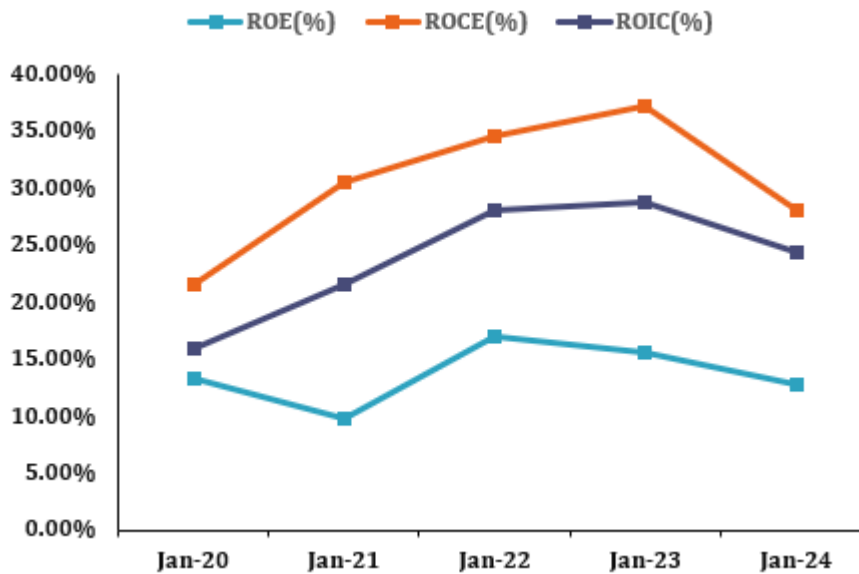
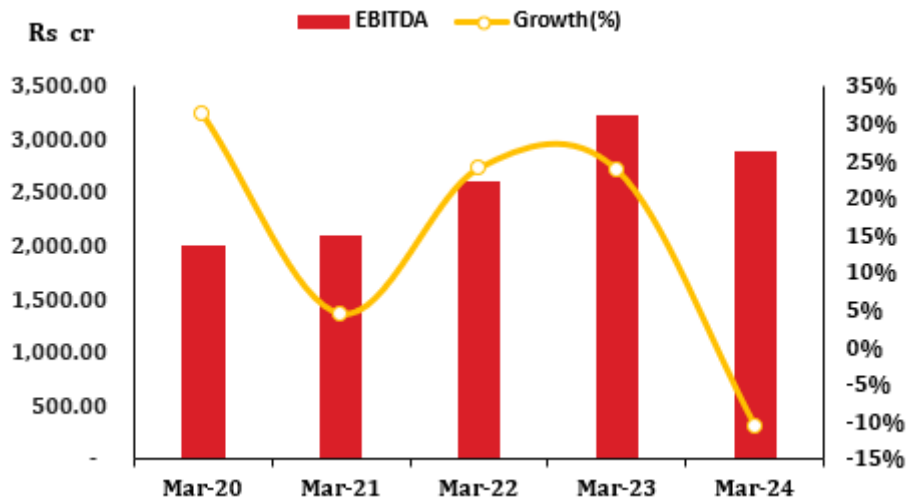
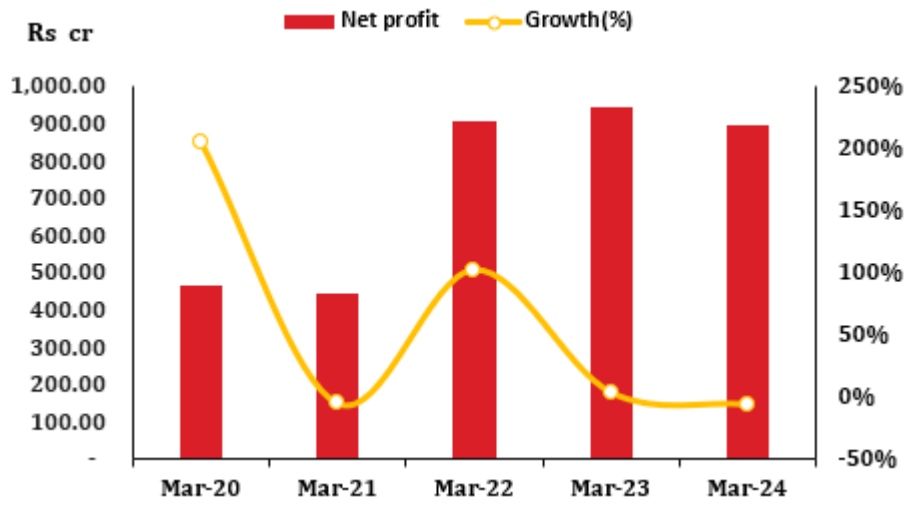
Key Metrics: Quarterly





Key Metrics: Yearly





Key Ratio:

Leverage Ratios	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
D/E	1.24	0.27	0.24	0.27	0.25
Debt/Assets	0.29	0.09	0.08	0.09	0.08
Debt/Ebitda	2.16	0.58	0.48	0.50	0.60
Debt/Capital Ratio	55%	21%	19%	21%	20%
Cash flow/Debt	0.46	3.88	1.81	0.22	1.13
Interest coverage ratio	3.94	7.53	15.02	9.60	8.36
Sales Change	3%	8%	27%	50%	-17%
Ebit Change	35%	5%	29%	25%	-14%
Operating Leverage	8.68	1.29	0.51	0.66	1.09
Financial Leverage	4.24	2.89	2.99	3.09	3.04

Efficiency ratios

Receivable days	45	17	9	8	23
Receivable turnover	8.10	21.54	41.01	43.41	16.03
Inventory days	0.00	0.00	0.00	0.00	0.00
Inventory turnover	4	4	4	5	4
Net Fixed assets turnover	4.44	5.18	6.25	9.06	6.01
Sales/capital employed	2.18	3.19	3.57	4.58	3.34
Total Asset Turnover	1.15	1.40	1.48	1.88	1.37

Profitability ratios

Ebitda	2015.69	2106.63	2615.01	3238.92	2891.43
Ebitda margin	12%	11%	11%	9%	10%
Gross Profit	4314.77	4593.88	5044.48	6245.07	5765.97
Gross Profit Margin	25%	25%	21%	18%	20%
EBIT	1696.73	1774.93	2281.02	2862.45	2470.65
EBIT Margin	10%	10%	10%	8%	8%
ROE	13%	10%	17%	16%	13%
Net profit margin	3%	2%	4%	3%	3%
EPS	26.43	25.26	51.12	53.38	50.69
DU Pont ROE	13%	10%	17%	16%	13%
Net Profit Margin	3%	2%	4%	3%	3%
Sales/Total assets	1.15	1.40	1.48	1.88	1.37
Financial Leverage	4.24	2.89	2.99	3.09	3.04
DU PONT ROA	3%	3%	6%	5%	4%
Net Profit Margin	3%	2%	4%	3%	3%
Sales/Total assets	1.15	1.40	1.48	1.88	1.37

Capital Allocation Ratios	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
ROCE	16%	24%	25%	31%	23%
EBIT Margin	10%	10%	10%	8%	8%
Sales/cap employed	2.18	3.19	3.57	4.58	3.34
NOPAT	1191.08	1152.85	1685.98	2040.29	1837.26
Capital employed	7866.46	5812.51	6585.09	7702.68	8798.53
ROIC	15%	20%	26%	26%	21%

Valuation Ratios					
Price/Earnings	5.26	12.60	8.85	8.78	10.77
Price/Book	0.70	1.23	1.51	1.37	1.37
Marketcap	2,461.19	5,637.98	8,026.46	8,319.43	9,686.18
Enterprise Value	6,669.93	6,074.41	7,446.68	8,470.90	8,509.72
EV/EBITDA	3.31	2.88	2.85	2.62	2.94

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