EID Parry (India) Ltd — Aug 2026 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Weak Miss **One-line:** The successful liquidation of refinery debt (PSRIPL) removes a decade-long overhang, but a staggering 50% YoY collapse in CPG revenue and lower distillery realizations signal that the "clean-up" phase is far from over.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance	Weak Miss	CPG revenue dropped to □94 Cr (vs □115 Cr prior quarter and □188 Cr LY).	□
Earnings Quality	Low (Accounting Noise)	PAT distorted by □610 Cr refinery impairment offset by □591 Cr liability reversal; massive cash drain of □665 Cr to PSRIPL.	□
Guidance Confidence	Neutral	Mgmt pushes CPG break-even target to "another 4-5 quarters" (extended from prior 6-8 quarter timeline).	□
Management Credibility	Neutral	Transparent regarding the □665 Cr cash infusion for debt settlement, but CPG "recalibration" is costing half the segment's volume.	□
Business Quality Signal	Mixed	Core Karnataka sugar remains high-quality; TN/AP units face structural feedstock headwinds (paddy shift).	□
Key Q&A Exchange	Q# 1 - CPG Break-even	Mgmt admitted CPG is being shrunk to prioritize margins; breakeven is now a late FY28 goal.	□
The Street's Primary Anxiety	Cash Drain & CPG Scale	Investors concerned about □665 Cr outflow to a closed unit and whether CPG can survive a 50% volume cut.	□
Capital Cycle Stage	Consolidation	Hunkering down on costs, exiting loss-making assets, and monetizing non-core land.	□
Margin Trajectory	Deteriorating	Sugar realizations fell to □40.02 (vs □40.97 LY) while cane costs rose to □4,031/MT (FRP hike).	□
Pricing Power	Eroding (Distillery)	Distillery realization fell to □63.49 (vs □67.59 LY) due to unfavorable feedstock/mix.	□
FCF Conversion	Distorted	Massive cash outflow (□665 Cr) to settle refinery bank liabilities; standalone debt spiked to □1,130 Cr.	□
Competitive Moat	Stable	South India branded sugar leadership remains intact; Nutra (Valensa) showing organic recovery.	□
Balance Sheet Strength	Stressed (Temporary)	Short-term debt at □980 Cr to fund refinery exit; reliance on land monetization to deleverage.	□
Working Capital	Deteriorating	Inventory being carried at higher valuations (□42 vs □39 prior) despite spot price volatility.	□
Mgmt Guidance Track	Mixed	Delivered on "surgical" refinery exit but CPG stabilization remains a moving target.	□
Key Vulnerability	Raw Material / Crop Shift	Farmers in TN shifting to paddy/mechanized crops, threatening 2 of 3 sugar geographies.	□
Management Tone	Realistic	Practical about legacy cost removal (VSS) and structural changes in the TN sugar belt.	□

Sentiment: □**Neutral Key Takeaways:** * **Positives:** The **PSRIPL Refinery** exit is final; bank liabilities are zero, and the SEZ debonding will be complete by Sept 30, 2026. **Nutraceuticals (Valensa)** delivered a breakout quarter with revenue jumping to □61 Cr (vs □27 Cr LY) as US product development efforts finally hit the market. * **Negatives:** The standalone balance sheet took a **□665 Cr hit** to clean up the refinery, pushing short-term debt to nearly □1,000 Cr. **CPG revenue halved**, indicating the "recalibration" away from staples is more painful than anticipated. **Distillery margins** are under pressure as lower realizations (□63.49/L) met rising feedstock costs. * **Street Concern:** The primary worry is the viability of the CPG segment at a sub-□100 Cr quarterly run rate. Management countered that absolute margin pools are growing despite falling revenue, but a 4-5 quarter wait for break-even tests investor patience. * **Watchpoint:** Success of the **new Jaggery plant** in Karnataka (doubling capacity) and the execution of land monetization in FY27 to retire the debt used for the refinery exit.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS *PPT not available — numbers from concall transcript.*

Metric	Current Qtr	YoY Change	QoQ Change	Trend	Mgmt Commentary
Crushing Volume (LMT)	1.47	↓ 30.7%	↓ 91.7%	↓	Seasonal decline; TN units operated for 54 days.
Recovery (%)	7.95%	↓ 7 bps	↓ 324 bps	↓	Lower recoveries in TN/AP due to weather conditions.
Sugar Realization (□/kg)	40.02	↓ 2.3%	↑ 1.9%	→	Realizations soft YoY; Spot prices currently □45-46.
Ethanol Volume (LL)	24.2	Not Stated	↓ 62.2%	↓	Part of 380 LL total distillery sales (138 LL ENA).
Ethanol Realization (□/L)	63.49 (Avg)	↓ 6.1%	↓ 1.2%	↓	Driven by lower OMC pricing and feedstock mix.
Distillery Utilization	High	→	→	→	Maintained 582 KLPD capacity readiness.
CPG Revenue (□Cr)	94.00	↓ 50.0%	↓ 18.3%	↓	Intentional exit from low-margin staples (Rice/Pulses).
Nutra Revenue (□Cr)	61.00	↑ 125.9%	↑ 369.2%	↑	Valensa (US) restructuring and new product launches.
Cane Cost (□/MT)	4,031.00	↑ 4.9%	↓ 1.4%	↓	Reflects FRP increase to □3,550.
Short-Term Debt (□Cr)	980.00	Not Stated	↓ 21.6%	↑	Spiked to fund refinery exit (vs □1,250 Cr peak).
Revenue (□Cr)	**577.2**	↓ 13.8%	↓ 69.8%	↓	Dragged by CPG reset and seasonal sugar crushing.
Gross Margin (%)	Not Stated	-	-	□	Mix shift toward branded sugar/jaggery should improve.
PAT (□Cr)	(19.00)*	↓	↓	↓	*Core impact; reported PAT volatile due to PSRIPL.

2B. SEGMENT BREAKDOWN

Segment	Revenue (₹ Cr)	YoY Growth	Margin (PBIT)	Trend	vs Co. Avg	Key Development
Sugar	410.00	↑ 18.2%	Not Stated	↑	Above	Higher sales volume (0.89 LMT) despite lower crush.
Distillery	241.00*	↓	Not Stated	↓	Inline	*Derived from LL sales; Realizations under pressure.
CPG	94.00	↓ 50.0%	(Negative)	↓	Below	Exit from ₹800 Cr run-rate staples model.
Nutra	61.00	↑ 125.9%	Improving	↑	Above	Valensa US turnaround; 12-15% target EBITDA.
Co-gen	6.60	↓ 12.4%	Not Stated	↓	Below	Lower generation (180 LU) and power exports.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Feasibility	Historical Delivery	Risk Flag
Guidance	CPG Breakeven	Quarterly breakeven in 4-5 quarters.	Needs ~₹140 Cr/qtr at current 30% GM target.	**Missed** (Prior guidance was 6-8 qtrs).	High
Guidance	Refinery Exit	Debonding and closure by Sept 30, 2026.	On track; bank liabilities already settled.	**Delivered**	Low
Guidance	Nutra Margin	Steady state EBITDA 12%-15%.	Scalable from current ₹60 Cr+ run rate.	**Improving**	Medium
Strategy	Debt Reduction	Monetize land parcels in FY27.	Crucial to retire the ₹665 Cr PSRIPL infusion debt.	**New Target**	Medium
Strategy	CPG Mix	Shift to Jaggery/Brown Sugar/Snacks.	Jaggery plant to double capacity in 6 months.	**In Progress**	Medium
Strategy	Restructuring	Legacy cost reduction (VSS) in TN.	Ongoing; employee costs currently inflated.	**Delivered**	Low
Macro	TN Sugarcane	Cautious optimism on Govt incentives.	Dependent on farmer shift back from Paddy.	**Under Watch**	High

4. ANALYST Q&A

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
1	5.0	Sanjay Shah / KSA Sec	CPG Breakeven	Financials	"When do you expect CPG to reach quarterly breakeven?"	Management indicated a quarterly breakeven is now expected in 4-5 quarters following a deliberate recalibration of the operating model. This resets the timeline for FMCG contribution to late FY28, making sugar the sole earnings driver for two more years.	None	4.0	Clear and quantified
1a	4.0	Sanjay Shah / KSA Sec	CPG Expansion	Strategy	"Is [ethnic snacks/ culinary] organic launches or is it through acquisition?"	Management confirmed they are exploring both organic and inorganic alternatives for newer categories like ethnic snacks. This signals potential M&A-led dilution or cash outflow in the mid-term.	None	3.0	Strategy in flux
2	4.5	Sanjay Shah / KSA Sec	Nutra Growth	Business Overview	"How much growth is from US Nutra Valensa versus India?"	Management stated that growth is primarily driven by the Valensa business in the US due to new product launches in hair and skin	None	4.5	Specific driver identified

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						health. This validates the US-centric pivot for the Nutraceuticals segment.			
3	4.0	Sanjay Shah / KSA Sec	Deleveraging	Financials	"What are the three-four financial KPIs... by March '27 that Management itself will use?"	Management highlighted working capital efficiency, debt cost leverage, and the monetization of non-core land parcels to retire short-term debt. This makes land sales a binary re-rating trigger for the balance sheet.	Exact quantum of land sales	3.5	Efficiency focus
4	4.0	Gautam Dedhia / Nalanda	Nutra Margins	Financials	"What kind of quarterly revenues can this [Nutra] be scaled up to?"	Management refrained from giving numerical revenue guidance but projected FY27 to be the highest-ever revenue year for Nutra with 12-15% EBITDA margins. This suggests the segment is finally achieving critical mass.	Revenue number guidance	3.0	Bullish tone
5	4.5	Rajesh Majumdar / 360 ONE	Feedstock Risk	Business Overview	"How do we read this feedstock availability [in TN/AP]?"	Management admitted a concern over farmers shifting to lucrative	Restructuring timeline	3.5	Macro headwind

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						crops like paddy, projecting a 5% drop in crush for TN/ AP. This highlights a structural supply risk that may eventually lead to further plant consolidations in the South.			
6	5.0	Rajesh Majumdar / 360 ONE	PSRIPL Cash	Financials	"I think the cash outgo will still be ₹ 610 crores?"	Management clarified that the total cash infusion into the refinery was ₹665 Cr (₹610 Cr infusion + ₹55 Cr loan) to settle all bank liabilities. This confirms a significant depletion of standalone liquidity to clean the subsidiary balance sheet.	None	5.0	Quantified impact
7	4.0	Rajesh Majumdar / 360 ONE	Employee Costs	Financials	"Employee costs have also shot up quite sharply... clarity on that?"	Management explained the spike is due to Voluntary Separation Schemes (VSS) at legacy plants to reduce future fixed costs. While it hits current PAT, it is a positive move for long-term operational efficiency.	Total VSS budget	4.0	Structural positive

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8	4.0	R. Vaidyanathan / RK Inv	Ethanol Mix	Strategy	"Does it make sense to produce more sugar than to convert the juice to ethanol?"	Management confirmed they are maximizing sugar production currently due to higher margins relative to ethanol. This tactical shift protects the P&L but may impact ethanol volume commitments to OMCs.	Penalty exposure	3.0	Tactical pivot

PATTERN FLAGS & SENTIMENT * **CPG Credibility Gap:** The primary friction point is the CPG segment. Analysts are wary that a 50% revenue drop is being termed a "recalibration," especially since the break-even timeline has been pushed further out. Management's posture was one of "controlled shrinking," but the lack of a clear revenue floor for CPG remains a live concern. * **The "Clean Break":** There is a palpable sense of closure regarding the PSRIPL refinery. Analysts focused heavily on the cash impact (□665 Cr), and management's firm confirmation that all bank dues are settled has resolved the primary solvency anxiety that plagued the stock. * **Geographic Divergence:** The concall highlighted a growing rift between the high-performing Karnataka units and the struggling TN/AP units. Management is increasingly defensive about TN, acknowledging the paddy-shift headwind while resorting to VSS to protect margins.

Analyst Sentiment Verdict: Analysts remain **skeptical of the FMCG pivot** but are **relieved by the refinery resolution**. The credibility of the CPG turnaround is currently low given the revenue crash, but management's transparency on debt and Nutra growth has provided a temporary floor to the thesis. The single greatest risk is the potential for further "recalibration" losses in CPG over the next two quarters.

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter	This Quarter	Direction
Refinery Debt Status	₹593 Cr External Debt	**Zero Bank Dues** (Fully Settled)	↑
Cash Position	Focus on Deleveraging	**₹665 Cr Cash Outflow** to PSRIPL	↓
CPG Revenue	₹115 Cr	**₹94 Cr**	↓
CPG Breakeven	6-8 Quarters	**4-5 Quarters** (Extended)	↓
Nutra Revenue	₹13 Cr	**₹61 Cr** (Valensa Breakthrough)	↑
Short-Term Debt	₹1,250 Cr	**₹980 Cr** (Standalone)	↑
Employee Costs	Normalized	**Spiked (VSS one-off)**	↓
Sugar Realization	₹39.28	**₹40.02**	→
Distillery Realization	₹64.25	**₹63.49**	↓
TN Sugar Outlook	Cautious	** feedstock alarm (Paddy shift)**	↓

INVESTOR NOTES: * **CFO-to-PAT Divergence:** The reported PAT is meaningless this quarter due to the PSRIPL accounting wash (Impairment vs. Reversal). The real story is in the **Cash Flow**, where ₹665 Cr of standalone liquidity was "burnt" to achieve a clean slate. * **Working Capital Lever:** The debt reduction from ₹1,250 Cr to ₹980 Cr was not driven by operational cash flow, but by aggressive working capital management and potentially drawing on credit lines to settle the refinery. * **Thesis Reset:** The "Sugar + FMCG" thesis has transitioned into a "Sugar + Nutra" recovery story, with FMCG being relegated to a long-term "wait-and-see" category. The focus for the next 12 months will be **Land Monetization** to restore the balance sheet to its pre-PSRIPL cleanup health.