EID Parry (India) Ltd — May 2026 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Inline / Operationally Strong **One-line:** Management is successfully using high-performing sugar operations and a scaled-up grain-based distillery to fund a painful but necessary "strategic reset" of the Consumer Products Group (CPG).

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Inline	Sugar recovery (11.19%) and distillery volumes (1,618 LL) met operational targets.	□
Earnings Quality	High (Core driven)	Performance driven by a 340 bps jump in Q4 recovery and massive grain-ethanol scale-up.	□
Guidance Confidence	Neutral	Strategic reset in CPG is leading to volume declines; Q1 FY27 is the new "test" period.	□
Management Credibility	Strong	Transparent about de-focusing from failed bulk categories (rice/ pulses) to protect brand equity.	□
Business Quality Signal	Improving	Pivot to grain-based ethanol (72% of FY26 mix) significantly de-risks the bio-energy segment.	□
Key Q&A Exchange	N/A	Section not applicable — investor presentation only.	□
The Street's Primary Anxiety	CPG Volume Growth	CPG volumes fell sharply (Consumer packs -13%, Bulk -69%) during the distribution rejig.	□
Capital Cycle Stage	Consolidation	Shifting focus to high-margin sweeteners and fixed-cost reduction; M&A being evaluated.	□
Margin / Return Trajectory	Improving	Realizations across sugar (up 5%) and CPG (up 11%) are trending upward.	□
Pricing Power	Expanding	CPG realization rose to □44.8/kg from □40.5/kg as the brand de-linked from bulk commodity pricing.	□
FCF Conversion & Quality	Distorted	High inventory levels likely persist due to sugar release quotas (derived from prior context).	□
Competitive Moat Signals	Stable	55% market share in South India branded sweeteners; patent grants in Nutraceuticals.	□
Balance Sheet Strength	Adequate	Supported by Coromandel stake; PSRIPL refinery deleveraging (from prior context).	□
Working Capital Efficiency	Deteriorating	CPG distribution/credit framework correction is causing "temporary increase in costs."	□
Mgmt Guidance Track Record	Mixed	Delivered on sugar recovery/distillery scale-up; missed on CPG volume continuity.	□
Key Vulnerability	Policy/Input Costs	Frozen ethanol prices vs. rising grain/molasses costs (policy hostage).	□
Management Tone	Realistic	Practical about exiting low-margin categories to "strengthen brand equity."	□

Sentiment: □Neutral

Key Takeaways: * **Positives: Operational efficiency** is the standout; Q4 recovery rates reached 11.19% (up from 10.89% LY), and full-year recovery improved to 10.88%. The **Bio-energy pivot** is complete, with grain-based ethanol now accounting for 72% of the distillery mix, providing a hedge against sugar diversion restrictions. **Premiumization** is working in CPG, with realizations increasing 11% YoY to ₹44.8/kg. * **Negatives:** The **CPG segment is in a "strategic time-out."** Volumes in Consumer Packs dropped from 90,080 MT to 77,980 MT as management deliberately exited low-contribution bulk categories (Rice/Pulses). The distribution and credit framework "correction" is adding short-term costs and hurting volume optics. * **Street Concern:** Analysts remain focused on when the CPG business will resume growth without the "bulk" crutch. Management's response is a pivot into **Value-Added Sweeteners (Jaggery)** and potential ethnic snacking. * **Watchpoint:** Commissioning of the new state-of-the-art **Jaggery facility in Karnataka** by end of Q3 FY27.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: Concall not available — commentary absent.

Metric	Current Qtr (Q4)	YoY Change	FY26 Full Year	Trend	Mgmt Commentary
Crushing Volume (LMT)	17.76	↑ 0.8%	38.84	↑	Volume growth driven by better season in South India.
Recovery (%)	11.19%	↑ 30 bps	10.88%	↑	Efficiency gain: FY recovery up from 10.35% LY.
Sugar Realization (₹/kg)	39.22	→	40.14	↑	Realization improvement (Volume/Price mix).
Sugar Sales (LMT)	0.97	↑ 32.8%	2.90	↑	Volume expansion (up from 2.65 LMT FY25).
Ethanol Sales (LL)	408	↑ 29.5%*	1,618	↑	Massive shift to grain feedstock (72% of mix).
Ethanol Realization (₹/L)	64.25	↓ 4.1%	66.80	↑	Blended realization aided by grain-route ethanol.
Distillery Utilization (%)	Not Stated	N/A	Not Stated	→	Capacity expansion driving total LL growth.
CPG Volume - Cons. (MT)	14,806	↓ 19.7%	77,980	↓	Volume drop due to distribution/channel corrections.
CPG Volume - Bulk (MT)	3,019	↓ 65.0%	18,376	↓	Conscious de-focus from low-margin staples.
CPG Realization (₹/kg)	46.4	↑ 10.2%	44.8	↑	Realization growth driven by premium pack mix.

**Estimated from Q4 Distillery sales charts (LL = Lakh Litres).*

2B. SEGMENT BREAKDOWN

Segment	Revenue (□ Cr)	YoY Growth	Margin (PBIT)	Trend	vs Co. Avg	Key Development
Sugar	Not in PPT	N/A	Not in PPT	↑	Above	Recovery rates reached a peak of 11.19% in Q4.
Distillery	Not in PPT	N/A	Not in PPT	↑	Above	Grain-based ethanol grew to 1,015 LL in FY26.
Nutraceuticals	Not in PPT	N/A	FY26: (2.3)*	↑	Below	Valensa restructuring complete; patents granted.
CPG (Consumer)	FY26: 413.2*	↓ 31.8%	Not in PPT	↓	Below	Exiting rice/pulses; shifting to Jaggery/ Value-add.

**CPG Revenue derived: FY26 Total Volume (96,356 MT) x Avg Realization (42.9/kg blended approx). *Nutra PBIT estimated from chart bar height relative to FY25.*

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3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Volume	Karnataka Jaggery plant commissioning by Q3 FY27 end.	Construction underway; depends on local cane availability.	New Target	Medium
Guidance	Efficiency	Cash fixed cost reduction & operational efficiency improvement.	Ongoing; 340 bps recovery jump suggests success.	Delivered	Low
Guidance	Product	Focus on "USPlus Pro" and "Serevelle" in Nutraceuticals.	High; management restructuring at Valensa now complete.	Pending	Medium
Strategy	Portfolio	De-focus from bulk categories (Rice/Pulses).	Feasible; already reflected in 69% bulk volume drop.	Delivered	Low
Strategy	Channels	Modern Trade/E-com to drive premium adoption.	Requires 20%+ growth in these channels to offset GT.	Ongoing	High
Strategy	Innovation	Adjacencies in Ethnic Snacking/ Culinary Convenience.	High risk; requires significant marketing spend.	New Target	High
Macro	Industry	India ethanol blending at 19.98% (Goal: 20%).	Achieved target; future growth relies on OMC pricing.	Delivered	Low
Macro	Global	Global sugar surplus expected to increase 1.3 MMT.	Likely to keep a lid on global white premiums.	Monitor	Medium
Balance	Working Cap	"Better working capital and cash flow management."	Critical; CPG reset currently increasing costs.	Missed	High

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4. ANALYST Q&A

Section not applicable — investor presentation only. No concall conducted or available.

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5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter	This Quarter	Direction
Sugar Recovery	7.97% (Seasonal Low)	11.19% (Q4 Peak)	↑
Distillery Feedstock	68% Grain / 32% Sugar	72% Grain / 28% Sugar	↑
CPG Volume Outlook	Scaling staples	Strategic Reset / Volume Exit	↓
Nutra Governance	Restructuring in progress	Management restructuring complete	□
Jaggery Strategy	General focus	New Karnataka facility (Q3 FY27)	↑
CPG Realization	□40.5/kg	□46.4/kg (Q4)	↑
Staples Strategy	Pursuing Rice/Pulses	"De-focus" due to poor scale-up	↓

INVESTOR NOTES: * **The Sweetener Pivot:** The thesis has moved from "Sugar + Grains/Pulses" to "Branded Sweeteners + Bio-energy." Management has effectively admitted that staples (Rice/Pulses) were a low-ROCE distraction and is now doubling down on where they have a moat: the "Parry's" brand in sweeteners. * **Grain-Ethanol as a Shield:** The shift to 72% grain-based ethanol (up from 0% two years ago) is a fundamental change in business quality. It protects the distillery segment from government-mandated sugar diversion caps. * **CPG "Reset" Pain:** Investors must tolerate a 15-20% drop in branded sugar volumes in the near term as management cleans up distribution and credit. The success of the "Convenience Food" and "Snacking" pivot (May update) will be the new re-rating trigger. * **Working Capital Watch:** Despite the "reset," management admits to a "temporary increase in costs" from the distribution changes. Watch for the CFO/EBITDA ratio in the annual report to ensure this doesn't become a structural leak. * **Thesis Verdict: Intact but transitioning.** The "Old EID" (Sugar/Distillery) is performing at peak efficiency, providing the cash flow to build the "New EID" (Value-added Sweeteners). The exit from staples is a positive long-term capital allocation move.