



**“E.I.D.- Parry (India) Limited
Q1 FY26 Earnings Conference Call”
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MODERATOR: **MR. SANJAY MANYAL – DAM CAPITAL ADVISORS LIMITED**



Moderator:

Ladies and gentlemen, good day and welcome to the E.I.D.- Parry (India) Limited's Q1 FY '26 Earnings Conference Call hosted by DAM Capital Advisors Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing * then 0 on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Sanjay Manyal. Thank you, and over to you, sir.

Sanjay Manyal:

Hello, everyone, and a warm welcome on behalf of DAM Capital to the Q1 FY '26 Earnings Call of E.I.D.- Parry (India) Limited. We thank EID Parry's management for giving us an opportunity to host this call. On the call today, we have Mr. Muthiah Murugappan, Whole-Time Director, and other senior management team of EID Parry.

I hand over the call to the management for opening remarks, followed by a question-and-answer session. Thank you, and over to you, sir.

Muthiah Murugappan:

Thanks, Sanjay, and very good morning to everyone. It gives me a great pleasure to be a part of this analyst call and to share some updates on both the global as well as the Indian scenario and explain the Q1 performance of the company. You will also note that our quarterly investor presentation has been uploaded online post our Board meeting yesterday.

I'll start with the global scenario. The global sugar market is projected to remain in mild surplus through the sugar year '25-26, primarily due to increased production in Brazil, India, and Thailand. Favourable weather has supported higher output in India and Thailand, while Brazil continues to crush aggressively with a sugar mix of about 52% despite dry conditions affecting cane quality.

However, risks to Brazilian output persists due to lower cane yields, declining ATR and weak sugar prices, which may prompt the shift towards ethanol production. According to Czarnikow, the market is still oversupplied by approximately 2 million metric tons (MMT) of raw sugar and 1.1 MMT of white sugar in 2025, with an additional 1.2 MMT of white sugar surplus expected in the first half of 2026.

This has driven raw sugar prices down from \$0.215 per pound in February to about \$0.16 per pound at present. The white premium remains uncertain with refiners needing \$100 per metric ton to remain viable, suggesting a necessary range of \$80 to \$100 per metric ton to incentivize supplies.

EU sugar output is expected to decline, while demand from key destination markets such as China, Indonesia, and Bangladesh have softened. With prices trading near ethanol parity, any further shift in Brazil's mix towards ethanol would help stabilize the market. Strategic policy decisions and production responses will be key to rebalancing global fundamentals.

I'll now move to the Indian scenario. As of mid-July, India's sugar production stands at 25.7 MMT with 14 mills still operational. Early season yields were impacted by adverse weather, but improved recoveries on the back half of the season have supported output. Pre-monsoon rainfall,

which largely occurs during the months of March to May 2025 was 42% above normal, significantly affecting cane growing states positively. Maharashtra, Karnataka, and Tamil Nadu all recorded surplus across major districts.

Domestic consumption is projected to be 27.9 MMT with 0.6 MMT expected to be exported from the 1-million-ton quota, which was provided. 3.4 MMT is the expected diversion towards ethanol. Estimated closing stocks are in the range of 5.5 MMT, roughly 2.5 months of demand.

Most states have seen a decline in sugar output with Maharashtra and UP showing the largest stocks in absolute terms. State wise, UP leads with 9.24 MMT, followed by Maharashtra at 8.09 MMT, Karnataka at 4.5 MMT and Tamil Nadu at 0.5 MMT as of mid-July.

Key factors to monitor going forward will really be how the cane crop pans out in the upcoming sugar season. The good monsoon spells are encouraging on this front. Also, developments on the ethanol blending program, particularly on ethanol pricing as well as outcomes of India-U.S. trade talks and any bearings this might have on the ethanol and sugar sector will also need to be monitored.

I now hand over to our CFO, Mr. Venkateshwarlu, to take you through the operating performance of the company in Q1.

Venkateshwarlu:

Thank you, Muthu. Good morning to all participants. It's a great pleasure to be part of the analysts' call and to share the key information on the operational and financial performance of the company. I would like to share with you the key operating parameters of each segment. As far as the sugar operations is concerned, the Tamil Nadu plants crushed an average of 63 days, during the quarter 1.

I would like to share the quantitative results. In Q1, we crushed about 2.11 LMT as compared to the corresponding quarter of the previous year of 1.93 LMT. Recoveries were under pressure as the recovery for the current quarter was 8.02% against 8.6% of the corresponding quarter of the previous year.

We produced about 17,000 metric tons of sugar during this quarter and against the 16,000 metric tons of corresponding quarter of the previous year. The cane cost is about INR 3,844 per metric ton against INR 3,491 per metric ton of the corresponding quarter of the previous year. This is mainly on account of the FRP impact, which was declared by the central government from INR 3,150 to INR 3,400 per metric ton.

The sugar sales volume for the current quarter is 84,000 metric tons. This is completely driven by the domestic sales. There is no export quota available for us. We already exported whatever quota was available. The corresponding quarter of the previous year was 1.05 LMT.

We were also completely domestic in the previous corresponding quarter, which was about 6.05 LMT. The reduction is mainly on account of the lower release order quota, which is given by the Department of Food and Public Distribution. As far as the sugar selling price is concerned, overall average selling price is INR 41.99, against the previous year's corresponding quarter of INR 38.60.

We are carrying about 1.2 LMT of sugar as at June '25, and we are valued at an average of INR 37. So as far as the segment revenue is concerned, sugar revenue for the current quarter is about INR 347 crores as against INR 404 crores of the corresponding quarter of the previous year, registering a decline of about 14% on a lower release quota.

The Consumer Product Group delivered a turnover of about INR 192 crores for the current quarter, registering a decline of 11% over the corresponding quarter of the previous year of INR 216 crores, mainly on account of lower release quota for the sweetener category, partly offset by steady performance in the staples segment, which registered a growth of 33% over the corresponding quarter of the previous year.

As far as the Co-generation is concerned, the power generated during the quarter was about 221 lakh units as against 307 lakh units in the corresponding quarter of the previous year. We exported about 122 lakh units against 170 lakh units in the corresponding quarter of the previous year. Average power tariff for the current quarter is INR 3.67 per unit as against INR 4.23 per unit in the corresponding quarter of the previous year. Revenue in this segment for the quarter is about INR 7.53 crores as against the previous year, INR 11.94 crores in the corresponding quarter of the previous year.

As far as Distillery is concerned, we have sold about 413 lakh litres (LL) against the previous corresponding quarter, 390 LL, of which ENA is 153 LL and ethanol was 260 LL.

As far as the realization is concerned, INR 67.59 per litre against corresponding quarter of the previous year's realization of INR 64.31. Revenues were INR 296 crores compared to INR 263 crores during the corresponding quarter of the previous year.

As far as the Nutraceuticals segment is concerned, turnover of the Indian operations was about INR 5.94 crores against INR 8.41 crores in the corresponding quarter of the previous year. At the consolidated level, Nutra business turnover is about INR 27 crores as against INR 59 crores in the corresponding quarter of the previous year.

As far as the refinery operations are concerned, the operational revenue in this quarter is INR 908 crores as against INR 1,213 crores the corresponding quarter of the previous year.

As far as the PBT is concerned, it is a good story because we made a positive PBT of INR 67 lakhs against the loss of INR 6.79 crores. Sugar production is about 2.25 LMT as against 1.6 LMT in the corresponding quarter of the previous year. Refined sugar sales are about 2.02 LMT against previous year's quarter of 2.23 LMT.

As far as long-term loans are concerned, it was about INR 200 crores, to be repaid to the parent company. And as far as the short-term loans are concerned, they are INR 461 crores as against corresponding quarter of the previous year is about INR 220 crores. So, these were the operations of Q1. The floor is now open for questions.

Moderator:

Thank you very much. We will now begin with the question-and-answer session. The first question is from the line of Rajesh Majumdar from B&K Securities.

- Rajesh Majumdar:** Good morning, everyone. Thanks for a detailed presentation. So, I had a few questions. Sir, first question was on the Consumer Product Group, the sweetener category. So how do we read into the volumes of the consumer part of this business - as in the entire sale is quota driven? So, if we are not able to grow our sugar volumes over the next few years, will the consumer part as a proportion of the sweetener category be theoretically 100% or what percent or do you have to sell some raw sugar as well? How do we read this? That was my first question.
- Muthiah Murugappan:** Yes. So, Rajesh, hello, good morning. Yes, it is quota driven. So, we'll have to do a couple of things on the sweetener side, of course, focus on sales of value-added products from the sweetener segment, launch new products, expand the product portfolio. That is on the anvil as well.
- We will also make tactical calls to take in more quota. We also have to now feed an institutional market wherein we have to sort of balance overall pricing as well. So, we'll take some of those tactical calls going forward. So those are opportunities for sales to grow in the sweetener part of the CPG segment.
- The last point I would like to make here is you could also have traded volumes wherein which you would obviously, based on the right quality control, have other mills pack for you. That's something which will also be explored. It needs to be done at the right economics. So, there are opportunities to take this up. We will be tactical about it.
- Rajesh Majumdar:** So theoretically, can it move up to whatever percentage of the overall quota depends on the part of the business?
- Muthiah Murugappan:** Yes, it can move up. It's about the tactical choices that we make. I mean one theme of Q1 is to - obviously, we've got distribution, which we're expanding, and within our current quota, we wanted to take the attractive business and we've actually jettisoned some of that very low-value business wherein discounting factors are high, so on and so forth. So, we made some conscious calls in Q1.
- Rajesh Majumdar:** Yes. My second question, sir, was on the Refinery segment. While we have seen we have closed down some step-down subsidiary in the UAE, which was into exports, we are also committing more capital in terms of the business. So, what's really going on here in terms of the refinery business, I would like to know?
- Muthiah Murugappan:** So yes, I can comment on this. Rajesh, so I think, as you know, the refinery business, there is a lot of debt, and this capital has really gone in for debt reduction in order to strengthen the operations of the refinery. And I think that's why we've had these infusions.
- Rajesh Majumdar:** What about the closure or the step-down, sir, which was into exports? What is it indicating?
- Muthiah Murugappan:** We didn't find that of any strategic significance to the refinery operations. I think we are happy with the standalone operations here in Kakinada, and we'd like to remain focused on that.
- Rajesh Majumdar:** Okay. And sir, we've seen a sharp increase in the short-term debt in a quarter where normally in the first and second quarter, we see the short-term debt coming down and then probably it goes

up when the sugar crushing starts in third and fourth quarter. But in the first quarter, we've seen a sharp increase in short-term debt. So that is a bit alarming. I mean, any reason why that has happened? And how should we read that going forward?

Venkateshwarlu: Rajesh, if you look at the short-term debt, this is not only related to the crushing but also, we sourcing of the molasses from the other states keeping in view of the increased distillery capacities in the last year. So, we need molasses over and above what we crush. So those are the molasses, where we have done a forward contract and in some places we have already sourced the molasses. That is one of the reasons.

Second reason, you have to look at our CPG business as going well, and our receivables also are slightly going up in line with the turnover and the industry standards. Therefore, our working capital requirement is going up. So thereby, correspondingly, your short-term debt is going up.

Rajesh Majumdar: That means the overall short-term debt for the end of the year will be even higher when the actual crushing happens?

Venkateshwarlu: More or less it will be at the same levels, Rajesh, because if you look at it today, you are looking at about INR 1,100 crores or something. Even at the year-end, we'll be looking at the same. Because if you look at it, most of the crushing will get closed by February. So, the advances for H&T payments are already given, so that will be offset against the advances what we have given.

Rajesh Majumdar: Sir, if I could sneak in a last question. This is for Muthu, sir. We have 50% stake in Coromandel, and the Coromandel stock is now 52 weeks high. So, can we contemplate some stake still because technically it can come down to 51% and still retain a majority holding to reduce our debt?

Muthiah Murugappan: So, Rajesh, I think we're really focused on the standalone business here. I think these are broader conversations which are more sort of board and group level. And I think we should stay focused on the standalone operations here.

Moderator: The next question is from the line of Vaishnavi Gurung from Craving Alpha Wealth Fund.

Vaishnavi Gurung: Just one question from my side.

Moderator: Ms. Vaishnavi, can you speak a little louder?

Vaishnavi Gurung: Hello? Is it better?

Moderator: Yes, much better.

Vaishnavi Gurung: Yes. So, my question was regarding the revenue from nutrient and allied business. The revenue is significantly up compared to last June quarter. So just wanted to know any specific reason for that?

Muthiah Murugappan: No. The Nutra business revenue is actually lower.

Venkateshwarlu: Muthu, I think she is asking about the Coromandel from the consolidated.

- Muthiah Murugappan:** Okay.
- Vaishnavi Gurung:** Yes, sir.
- Muthiah Murugappan:** Yes, we consolidate Coromandel International. We can't comment on their results. I think their Board and earnings call have already concluded. They've had a good first quarter, but you may want to look up publicly available data to go over their results.
- Vaishnavi Gurung:** So, my second question was, are there any capacity expansion plans we have?
- Muthiah Murugappan:** Not at present. We've just finished up last year our ethanol capex. So, capex cycle is largely concluded. It is a phase of consolidation right now.
- Moderator:** The next question is from the line of Sanjay Manyal from DAM Capital.
- Sanjay Manyal:** I have just a few questions specifically regarding good monsoon and what kind of a crushing is expected in Karnataka and some of the southern states? And what is our plan sort of over here to increase the crushing in the next season? What is the expectation on that side?
- Abdul Hakeem Ashiq:** Monsoon has been good in the states of Karnataka and Maharashtra. So overall, the industry is looking for a good crop this year. Our internal data also is showing robust situation. So, we would expect marginally positive upside in Karnataka crushing this year as compared to last year. Tamil Nadu (TN) will be largely neutral. There's a lot of action we are doing in terms of reviving TN, but ours being an agri crop, it might take one or two cycles. But overall, we have a positive outlook on crushing for the year.
- Sanjay Manyal:** Sir, and on our peak utilization of our distillery capacity, what kind of ethanol or ethanol/ENA we can sell? I mean, what would be the optimum revenue from our Distillery segment?
- Abdul Hakeem Ashiq:** Our overall capacity is about 18 crore litres across all our facilities. The choice of the product mix varies depending on the margins we make. So, we actively look at the product portfolio and keep changing it as the situation develops depending on the pricing in the market. Obviously, ethanol pricing is relatively stable given the government's decisions. The ENA is an option we keep evaluating.
- It's a revenue mix management approach. But the full capacity is about 18 crore litres, which is what we'll be able to do in a year. And the capacity utilization will be about 90% to 95% steady ship provided there are no outliers that hit us from a policy perspective.
- Sanjay Manyal:** And given the fact that now there is a lot of talk about increasing the ethanol blending from 20% to 25% or 27%. That's what we have in a lot of discussion from the government side. So, is there any plan again to sort of further increase our capacity over here? And what are the discussions with the government happening on this ethanol blending part? Is there any road map for that which they have decided?
- Abdul Hakeem Ashiq:** Obviously, if they have decided, it will be in the public domain. But we would presume the government is ceased of the situation, given the news that we read. The direction the government

has been taking on the EBP is highly appreciable. They seem to be steering the industry and the usage of ethanol in the right direction.

So, we remain positive about the government's approach on the issue. I may not be able to comment on what the internal discussions that the government is currently doing because we do not have visibility on that.

Muthiah Murugappan: Sanjay, just to add to Ashiq's point on capacity expansion, we don't have any plans for expansion. I think we'll have to wait to see how policy pans out. If at all, there's something we might consider, we have one dual feed distillery. We might consider repurposing one or two of our other distilleries to operate on both grain as well as molasses-based feedstock. This is perhaps something we might consider. But this is again subject to obtaining policy clarity and subject to further internal evaluation.

Sanjay Manyal: Right. So, sir, just on this part, how are our margins in the separate grain part as well as in molasses, which is better feedstock as of now? And also, there has not been any increase on ethanol prices from the last 2 years. Is there any clarity on that, at least on the sugarcane-based feedstocks if there is a possibility of any ethanol price hike?

Abdul Hakeem Ashiq: On margins, obviously, we would not want to comment between the feedstocks. But right now, both maize and molasses are profitable. What was your second question, I'm sorry?

Sanjay Manyal: So about ethanol, price hike has not taken place in last 2 years. So, is there again any discussion on that or any possibility of that?

Abdul Hakeem Ashiq: Yes. There is a lot of representation we've been doing to the government on ethanol pricing. We would actually look forward to some action on that front. Yes, it's concerning for us that the last 3 years, we have not had a price increase. The FRP of cane, which is our feedstock, keeps increasing year-on-year. That should take care of the farmers and rightly so. So, we would look forward to some positive news on the ethanol pricing, but that rests with the government.

Moderator: The next question is from the line of Ritwik Sheth from One up Financial.

Ritwik Sheth: Sir, just one question from my end on the Consumer Products division. If you can, throw some light on our strategy for the Consumer Products division going forward. We have built a decent base in the last four to six quarters. How to look at the sweetener category you mentioned earlier and the staples category in the next 3 years? If you can just throw some strategy on that?

Balaji Prakash: Yes. This is Balaji. I head the Consumer Products business. So, in terms of the non-sweetener part of the business, we will continue to stay focused on driving distribution and increasing our brand equity through brand expansion. In terms of sweetener, the focus is largely on the value-added browns category where we are seeing a potential opportunity to grow.

And most of the expansion and growth will come in largely on the browns category for the sweetener. For the non-sweetener, it will be the continued focus on distribution and brand building for the next few quarters. There is some work happening on the development of new

products, which will come into the food spaces. But as of now, those are all rudimentary and developmental in nature and we will come back to you as and when we are ready.

Moderator: Mr. Ritwik, can you be a little louder? We can't hear you.

Ritwik Sheth: Yes. Is it better?

Moderator: Yes, much better.

Balaji Prakash: Yes, much better.

Ritwik Sheth: Yes. Sir, and on the distribution part, I believe we are around 2 lakh currently. In the next 3 years, what kind of distribution are we targeting? And are we looking to add more SKUs in the non-sweeteners category?

Balaji Prakash: Yes. So as part of the growth strategy, we would be growing and expanding the distribution. We cannot put a number to it at this point in time, but we will definitely be focusing on numerical distribution growing and expanding for us.

In terms of SKUs, all growth will come in with addition of new SKUs when we are launching new products and in existing products. We will be coming up with SKUs more from a consumer perspective as and when there is a need which arises. The plans are to grow in this business.

Ritwik Sheth: And safe to assume that sweetener category will be quota driven going forward and will be -- you mentioned we'll be focusing on the higher value added, which is the browns category, right?

Balaji Prakash: So yes, I think Mr. Muthiah Murugappan answered this question earlier. The quota is going to be a limiting factor on the sweetener sales, but we have our ways and means of moving around on this. One is by focusing on the browns category, which is not driven by the quotas so much. The second is that there is always an opportunity to buy and brand sugar, which is something that we will consider as we go forward when we feel that the quotas are restricting us in terms of our growth.

Ritwik Sheth: And over a 3-year period, sir, would you like to give any aspirations? We are currently around INR 800 crores, INR 900 crores on an annual basis and staples category combined, what would be a reasonable growth assumption for the next years? Would you have anything on this?

Balaji Prakash: We won't have a number at this point in time, but I think we will be growing pretty aggressively in this category. And our expansion plans will include consolidating ourselves largely in modern trade, e-commerce, and the general trade channel.

Moderator: The next question is from the line of Vaishnavi Gurung from Craving Alpha Wealth Fund.

Vaishnavi Gurung: My question is on the future outlook. How do we see our position for 2030? Do we plan to be more inclined towards agri or energy sector?

Muthiah Murugappan: So, Vaishnavi, thanks for your question. I think the focus on biofuels and bioenergy space will continue. Of course, it's ethanol and it's a consolidation phase right now. We'll have to see how

policy pans out. There's also seemingly an opportunity in sustainable aviation fuel, which is being spoken about, but it's very, very early days. And it's an opportunity which is being spoken about using this ecosystem.

But we'll have to really wait and watch as to how the policy framework pans out. So one area of focus will be this space. The other area of focus, of course, is the Consumer Product Group, which we've spoken about just in today's discussions as well. And that is a business which will really take a separate path to the biofuel and bioenergy business. So, I think these are the two areas of focus of the company, going forward.

Moderator: Thank you. As there are no further questions from the participants, I now hand the conference over to the management for closing comments.

Muthiah Murugappan: Thank you all for logging into our Q1 earnings call today. We wish you the best and hope to see you at next quarter's earnings call. Thank you and all the best.

Moderator: On behalf of DAM Capital Advisors Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.