EID Parry (India) Ltd — 27 Jun 2025 Credit Rating Summary

Section	Details
Agency	CARE Ratings Ltd.
Rating Action	**Reaffirmed** at CARE A1+ (Short-Term)
Outlook (Current vs Previous)	Not Applicable (Short-Term Rating)
Key Drivers of Reaffirmation	1. **Massive Investment Buffer:** Holds 56.16% in Coromandel International (CIL) with Market Value >₹38,700 Cr (vs ₹112 Cr book value), providing immense financial flexibility. 2. **Dividend Inflows:** Cash flow supported by ₹199 Cr dividend from CIL in FY25 (up from ₹99 Cr in FY24). 3. **Distillery Expansion:** Capacity increased from 417 KLPD to 582 KLPD; ethanol diversion to de-risk sugar cyclicality. 4. **Group Lineage:** Strategic importance to the ₹77,881 Cr Murugappa Group ensures superior access to capital markets.
Rated Instruments	Commercial Paper: ₹650 Cr
Key Observations	**Positives:** • Fully integrated model (Sugar-Cogen-Distillery) mitigates commodity risk. • Branded consumer staples (rice, pulses) launched to diversify revenue. • Liquidity "Strong" with GCA of ₹200-290 Cr vs low debt repayment of ₹69 Cr (FY26). **Negatives/Risks:** • Operating performance hit: Cane crushing fell to 38 LMT (vs 50 LMT) due to South India weather. • Massive Write-off: ₹427.15 Cr loss recognized in FY25 due to subsidiary PSRIPL's weak financials. • Margin Contraction: PBILDT margin dropped to 4.83% (vs 7.87% YoY) on higher cane costs (FRP). • Contingent Liability: Letter of Comfort/Guarantees of ~₹1,985 Cr for subsidiaries.
Investor Impact	**Growth:** Ethanol capacity and consumer brand expansion are long-term drivers. **Margins:** Short-term pressure from low recovery/high FRP; improvement dependent on ethanol pricing/ exports. **Leverage:** Standalone gearing is low (0.49x), but Adjusted Gearing (incl. LoC) is high at 1.56x. **Risk:** High dependence on CIL dividends to offset sugar segment volatility.
Agency / Cross Analysis	**Same Agency (CARE):** Consistent reaffirmation. Despite a reported PAT loss of ₹428 Cr in FY25, the agency prioritizes the "Holding Company" strength and Murugappa backing over the temporary operational dip in the sugar cycle. **Conclusion: Stable but Operationally Weak.** The credit profile is decoupled from core sugar operations due to the massive valuation of the CIL stake.
Final Inference	The rating is a "Sum-of-the-Parts" play. While core sugar operations suffered an EBITDA hit and a major subsidiary write-off, the **₹38,700 Cr CIL stake** acts as an impenetrable safety net, making default risk negligible despite cyclical operational losses.