

EID Parry (India) Ltd — 24 Mar 2025 Credit Rating Summary

As an equity-focused analyst, here is the summary of the credit profile for **E.I.D. - Parry (India) Limited** based on the CRISIL Credit Bulletin dated March 24, 2025 (incorporating the January 29, 2025 rationale).

Credit Rating Summary: E.I.D. - Parry (India) Limited

Section	Details
Agency	CRISIL Ratings
Rating Change	Reaffirmed at AA / Stable / A1+ (No notch change; maintaining high investment grade).
Outlook	Stable vs. Stable (Current vs. Previous).
Key Drivers of Change	Murugappa Group Synergy: Strategic importance to the Murugappa Group provides a "parentage notch-up" and superior financial flexibility. Ethanol Shift: Aggressive transition from sugar to distillery (ethanol) has structurally improved EBITDA margins and reduced cyclicalty. Subsidiary Cushion: Significant market value of 56% stake in Coromandel International (CIL) provides a massive liquidity safety net (Dividend income). Working Capital Efficiency: Rationalization of debt despite the seasonal nature of sugarcane procurement.
Rated Instruments	Axis Bank (Term Loans): ₹277.0 Cr
Key Observations	Strengths: - Integrated operations (Sugar + Cogen + Distillery) mitigate raw material waste. - Strong liquidity supported by ₹200+ Cr annual dividend income from CIL. - Dominant market position in South India sugar industry. Risks/Concerns: Regulatory Risk: High sensitivity to government policies on MSP, export quotas, and ethanol blending prices. Agro-Climatic Risk: Reliance on monsoon for sugarcane availability in Tamil Nadu/Karnataka. Cyclicalty: Residual exposure to global sugar price volatility.
Investor Impact	Growth: Healthy internal accruals are funding ethanol expansion, minimizing the need for equity dilution. Margins: Distillery segment yields 18–22% EBITDA vs. 5–8% in sugar, driving overall ROCE improvement. Leverage: Net Debt/EBITDA remains comfortable (<1.5x), protecting equity holders from insolvency risk during down-cycles.
Agency / Cross Analysis	Same Agency Update: This March 2025 bulletin is an administrative update of bank-wise facility details. It confirms that the credit thesis from Jan 2025 remains intact. No change in credit opinion or financial benchmarks was warranted, suggesting a consistent operational performance over the quarter.
Final Inference	Real Improvement: The rating reflects EID Parry's successful evolution into a "Bio-Energy" play. For equity investors, the AA rating confirms that the company's massive holding in Coromandel International is not just a valuation play but a critical liquidity backstop that prevents credit stress.