EID Parry (India) Ltd — 14 Oct 2024 Credit Rating Summary

This analysis is based on the **CRISIL Credit Bulletin** and the referenced **January 31, 2024 Rationale** for E.I.D. - Parry (India) Limited.

Section	Details
Agency	CRISIL Ratings
Rating Change	**Reaffirmed** (No change); Long Term: **AA / Stable**, Short Term: **A1+**
Outlook (Current vs Prev)	**Stable** vs **Stable**
Key Drivers of Change	1. **Holding Company Strength:** Ownership of 56.1% in Coromandel International (Market Cap ~□35,000+ Cr) provides massive financial flexibility. 2. **Integrated Operations:** Distillery capacity expansion (moving toward ~600 KLPD) allows diversion to ethanol, hedging sugar price volatility. 3. **De-leveraging:** Strong internal accruals have kept Net Debt/EBITDA low (<1.5x), reducing interest burden on equity. 4. **Group Support:** Benefits from the □74,222 Cr Murugappa Group's financial discipline and management pedigree.
Rated Instruments	• **Cash Credit / BG:** □240 Cr (AA/Stable) • **Term Loans:** □200.5 Cr (AA/Stable) • **WCDL / Short Term Loans:** □300 Cr (A1+) • **Proposed Limits:** □2.5 Cr (AA/Stable)
Key Observations	• **(+) Asset Value:** The market value of the stake in Coromandel is significantly higher than EID's own market cap. • **(+) Distillery Pivot:** Shift from sugar to ethanol is structurally improving EBITDA margins (targeted 12-15%). • **(+) Dividend Income:** Receives steady cash flow from subsidiaries to service its own debt. • **(-) Policy Risk:** Highly sensitive to Govt. decisions on Ethanol blending prices and export quotas. • **(-) Agro-climatic Risk:** Cane availability is dependent on monsoon patterns in TN, AP, and Karnataka. • **(-) Cyclicality:** Sugar remains a commodity business; profitability is tied to the FRP/SAP pricing gap.
Investor Impact	**Growth:** Capex focused on high-margin distillery; **Margins:** Sugar volatility cushioned by ethanol; **Leverage:** Very low risk of default; **Dilution Risk:** Nil, given the strong balance sheet and subsidiary dividend pool.
Agency / Cross Analysis	**Same Agency:** The current Bulletin is a routine administrative update of bank-wise facilities. The rating remains consistent with the Jan 2024 rationale. No deterioration in financial covenants or liquidity profile noted since the last full review. **Conclusion:** Credit profile remains **Robust/Improving** due to the ethanol expansion cycle.
Final Inference	**Real Improvement:** The rating reflects a "Core Strength" transformation. EID Parry is less a sugar company and more a **Holding Company + Ethanol play**. The credit safety is "Gold Standard" due to the Coromandel stake, making the equity a relatively safe proxy for the Murugappa Group's agri-business.

Equity Analyst Note:

The "Stable" outlook at the **AA** level suggests that even if the sugar cycle turns negative, the company's liquidity is protected by its Coromandel dividends. For equity investors, the key monitorable is not debt (which is well-managed) but the **Government's Ethanol Blending Policy**, as that is the primary driver for future ROE expansion.