

EID Parry (India) Ltd — 10 Apr 2026 Credit Rating Summary

This credit analyst summary focuses on the strategic "cleanup" of E.I.D. Parry's balance sheet and its implications for equity valuation.

Equity Credit Analysis: E.I.D. Parry (India) Ltd.

| Section | Details |
|-------------------------|---|
| Agency | CRISIL Ratings (Report Date: April 10, 2026) |
| Rating Change | Reaffirmed at AA- (Maintains 1-notch downgrade from 2024 levels of AA) |
| Outlook | Stable / Stable (Current vs Previous) |
| Key Drivers of Change | <ol style="list-style-type: none"> Refinery Exit: Shutdown of PSRIPL refinery due to "fundamental unviability" and ₹77 Cr debt settlement liability. Debt Spike: FY26 debt elevated at ₹2,000–2,200 Cr (vs ₹2,020 Cr) to fund refinery closure/losses. Margin Pivot: Discontinuing low-margin refinery expected to boost consol. margins to 4-5% from FY27. Dividend Cushion: ₹500 Cr annual dividend from Coromandel Intl (CIL) remains the primary floor for solvency. |
| Rated Instruments | <ul style="list-style-type: none"> Commercial Paper: ₹650 Cr |
| Key Observations | <p>Strengths:</p> <ul style="list-style-type: none"> Value of 55.57% stake in CIL (₹35,141 Cr) is ~17x the company's total debt. Transformation into a distillery-heavy model (18 Cr Litre capacity) reduces sugar cyclicality. Strong Murugappa Group backing providing superior financial flexibility. <p>Risks:</p> <ul style="list-style-type: none"> 9M FY26 revenue decline due to lack of sugar exports and oversupply in refinery. High logistics costs for molasses imports impacting distillery margins. Regulatory "Price Scissors": FRP (input) hikes vs. stagnant ethanol/sugar (output) prices. |
| Investor Impact | <p>Growth: Short-term revenue contraction (~20%) due to refinery exit, but higher quality EBITDA.</p> <p>Margins: Positive; exit from loss-making refinery removes a chronic drag on ROCE.</p> <p>Leverage: Temporary spike in FY26; projected to drop sharply to ₹1,300-1,400 Cr in FY27 post-settlement.</p> <p>Dilution Risk: Low; funding for PSRIPL settlement (₹77 Cr) is via internal accruals and group support.</p> |
| Agency / Cross Analysis | <p>Same Agency History: CRISIL downgraded the entity from AA to AA- in Aug 2025 citing refinery losses. This current review (April 2026) reaffirms AA- despite the ₹77 Cr exit cost, indicating the agency views the "amputation" of the refinery as credit-positive for the long term.</p> <p>Conclusion: Improvement in business risk profile (leaner) offset by temporary deterioration in financial ratios (TOL/TNW).</p> |
| Final Inference | <p>"Operation Clean-up": The reaffirmation despite a ₹101 Cr loss (FY25) and ₹77 Cr exit hit is a signal of confidence. Equity value is increasingly a play on the CIL Dividend + Distillery Scale, with the loss-making refinery legacy finally removed.</p> |

Financial Snapshot for Models: * Revenue (FY25): ₹7,634 Cr * PAT (FY25): (₹101 Cr) Loss * Interest Coverage (FY25): 1.85x (Critical threshold: 1.85-2.0x for rating defense) * Total Debt (FY26E): ₹2,000 - 2,200 Cr * Market Value of CIL Stake: ~₹35,141 Cr (The ultimate margin of safety)