E.I.D. Parry (India) Limited

June 27, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Commercial paper	650.00	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of the short-term rating on the commercial paper (CP) issue of E.I.D. Parry (India) Limited (EID) reflects its continued strategic significance within the reputed Murugappa Group, to which it belongs. The rating also factors in EID's strong financial flexibility, supported by its position as the holding company of Coromandel International Limited (CIL), in which it holds an 56.16% equity stake. This translates into a substantial investment value exceeding ₹38,700 crore (as on June 24, 2025), complemented by steady dividend inflows from CIL, its key operating subsidiary. The rating also considers the company's diversified revenue profile and integrated sugar operations with an adequate financial risk profile.

These strengths are partly offset by EID's significant exposure and support to its subsidiary, Parry Sugars Refinery India Pvt Ltd, performance of which has been moderate, though it is expected to improve gradually going forward. Ratings are also constrained due to the inherently working capital intensive its operations, exposure to the cyclical sugar industry, and regional concentration in southern India, which experiences lower cane yield and recovery rates.

CARE Ratings Limited (CareEdge Ratings) also notes moderation in cane crushing, recovery rate, and overall profitability in FY25. EID Parry reported operating losses, primarily driven by subdued profitability across its sugar, co-generation, and consumer products segments. The sugar business, in particular, was adversely affected by a decline in cane crushing volumes and lower recovery rates in its plants in Tamil Nadu and Karnataka, leading to reduced sugar sales volumes. Going forward, CareEdge Ratings expects profitability to improve in FY26 supported by the full benefit of relaxed norms on sugar diversion towards ethanol, an increase in distillery capacity from 417 KLPD to 582 KLPD, and the resumption of sugar exports. EID's liquidity profile is comfortable and expected to sustain with no major debt-funded capital expenditure plans and modest debt repayments in the medium term.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors - NA

Negative factors

- Any significant decline in operational metrics (cane yield, recovery, volumes, and prices among others) and material change in government policies that may adversely impact the financial risk profile of the company.
- Higher-than-envisaged debt levels significantly impacting the debt protection metrics with total outside liabilities to tangible net worth (TOL/TNW) above 0.70x on a sustained basis.
- Any significant decline in equity holding and dividend from subsidiary, CIL, adversely impacting the financial flexibility of the company.

Analytical approach:

Standalone, factoring in support emanating from being a part of the south-based Murugappa group and financial flexibility derived from significant equity investment (market value of over ₹38,700 crore as on June 24, 2025) in CIL. CareEdge Ratings also factors in the support extended by EID to its subsidiaries and joint ventures (JVs).

Outlook: Not applicable

Detailed description of key rating drivers:

Key strengths

Part of south based reputed Murugappa group

EID is a part of the 778 billion (₹77,881 crore) Murugappa Group including nine listed Companies traded in NSE & BSE having presence in diversified businesses including sugar, fertilisers, general insurance among others. Being the representing entity of Murugappa group in sugar business, EID holds significant importance among the group. The group's major companies include

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Tube Investments of India Ltd., Cholamandalam MS General Insurance Company Ltd., Coromandel International Ltd., Coromandel Engineering Company Ltd., Parry Agro Industries Ltd., Cholamandalam Investment and Finance Company Ltd (rated 'CARE AA+; Stable'), and Wendt (India) Ltd among others. All these entities have strong credit risk profile marked by sizeable market cap and robust financial performance in their respective business domains. EID also enjoys financial flexibility and benefits with respect to raising funds and at attractive rates, demonstrated by tapping the bond/CP markets in the past and also has a brand attached within the farming community. Any structural changes within the Murugappa Group that lead to a weakening of the EID's credit profile will remain a key monitorable.

Financial flexibility emanating from significant investment valuation and regular dividend inflow from CIL

EID benefits from strong financial flexibility due to its 56.16% equity stake in CIL, which had a market value exceeding ₹38,700 crore as on June 24, 2025, compared to a book value of ₹112 crore as on March 31, 2025. This holding serves as a significant potential liquidity buffer, enhancing EID's financial stability and cash flow position, if required. CIL, engaged in phosphatic fertilizers, specialty nutrients, and organic fertilizers, has a consistent track record of dividend payouts. Over the past seven years from FY19 to FY25, EID has received a cumulative dividend income of ~₹1,185 crore from CIL, contributing meaningfully to its revenue and profitability. Specifically, EID received dividends of ~₹100 crore in FY24 and ₹199 crore in FY25. However, material decline in the market value of the CIL investment or inconsistency in dividend inflows could negatively affect EID's financial risk profile and will be a key monitorable from a credit standpoint.

Forward integrated operations of EID

EID's operations are well integrated, encompassing sugar manufacturing with an installed capacity of 40,800 TCD, bagasse-based cogeneration power of 140 MW, and distillery capacity of 582 KLPD (including 120 KLPD of multi-feed capability), spread across seven units, with two in Tamil Nadu, one in Andhra Pradesh, and three in Karnataka, and a standalone distillery in Sivagangai, Tamil Nadu. This integrated setup enables revenue diversification across segments, offering a degree of resilience against the inherent cyclicality of the sugar business. The company also operates two nutraceuticals manufacturing units and four R&D centres, all in Tamil Nadu. In FY25, EID operationalised two major distillery expansion projects of 120 KLPD at Haliyal at a cost of ₹166.71 crore and 45 KLPD at Nelikuppam at a cost of ₹84.99 crore, both of which became operational during the year. In FY25, the sugar division accounted for ~42% of total revenue (previous year: ~54%), with the distillery, consumer products, and power divisions contributing 30%, 24%, and 3%, respectively, while the nutraceuticals segment contributed the remaining 1%. Going forward, the sustained performance of all operating segments will remain a key monitorable from a credit perspective.

The company continues to maintain healthy scale of operations with total operating income (TOI) of ~₹3,368 crore, marking an increase from ~₹2,910 crore in FY24. This growth was primarily driven by a rise in dividend income from CIL, which was ~₹199 crore in FY25 from ~₹99 crore in FY24. The topline growth was supported by the launch of branded staples such as rice, pulses, and millets under the non-sweetener category of its consumer product segment. However, overall revenue growth was partially offset by a weaker performance in the sugar segment, due to reduced cane availability and a lower release quota. Cane crushing in Tamil Nadu declined sharply to 12.3 LMT in FY25 from 22.8 LMT in FY24, impacted by adverse weather conditions and a shift toward more remunerative alternative crops. Total cane crushing across operations dropped to ~38 LMT in FY25 compared to 50 LMT in FY24. This, and an increase in the Fair and Remunerative Price (FRP) from ₹3,150/MT in SS 2023–24 to ₹3,400/MT in SS 2024–25, and relatively stagnant sugar realisation prices (₹38.98/kg in FY25 vs. ₹37.67/kg in FY24), led to a decline in the company's profitability margins from 7.87% in FY24 to 4.83% in FY25. Total debt to gross cash accruals (TD/GCA) and interest coverage also stood moderated from 4.30x to 6.94x and 5.20x to 2.36x due to lower profitability.

CareEdge Ratings believes that with the government relaxing the restriction on sugar export and diversion towards ethanol for ongoing marketing year and forthcoming sugar season may aid to improving operational performance of sugar mills and further with the availability of enhanced distillery capacity in FY26 and increased sugar and ethanol prices would drive the growth in FY26 also.

Key weaknesses

Exposure towards group entities

EID holds a 100% stake in its key subsidiary, Parry Sugar Refinery India Private Limited (PSRIPL), which operates a sugar refinery with a 3,000 TPD melting capacity (utilisation ~2,900 TPD) and a 35-MW captive power plant in Kakinada, Andhra Pradesh. As on March 31, 2025, EID's equity investment in PSRIPL stood at ₹51 crore (PY: ₹478 crore), while total investments across all subsidiaries and JVs stood at ~₹260 crore. In addition to equity, EID has extended interest-bearing loans of ₹200 crore to PSRIPL, and a letter of comfort (outstanding ₹1,205 crore as of March 31, 2025, down from ₹1,501 crore in FY24) and corporate guarantee/SBLC support (₹780 crore outstanding, up from ₹671 crore in FY24) for working capital facilities availed by PSRIPL and US Nutraceuticals.

In FY25, EID wrote off ₹427.15 crore in investments in PSRIPL due to the subsidiary's weak financials, primarily impacted by a sharp fall in white premium amid global oversupply from regions such as the EU, and Ukraine among others. However, with several refineries halting operations, the white premium is expected to recover gradually in FY26. These write-offs have resulted in moderation of company's net worth from ~₹2,919 crore in FY24 to ₹2,539 crore in FY25. Overall gearing also stood moderated from 0.37x in FY24 to 0.49x in FY25. To support PSRIPL, EID plans to infuse ₹150 crore in equity (totalling ₹350 crore including conversion of the ₹200 crore loan), with the transaction expected to be completed in Q2FY26. EID's adjusted overall gearing (including o/s under letter of comfort) was at 1.56x as on March 31, 2025, from 1.59x in the previous year. CareEdge Ratings believes that EID will extend need-based financial support to PSRIPL going forward.

Working capital intensive nature of operations

The sugar industry being seasonal in nature has high working capital requirements in the peak season, which is from November to April. The companies have high working capital requirements in the peak season to procure their primary raw material, sugarcane and manufacture sugar in this period. However, the company is planning to de-risk its model by reducing dependence on sugar and has entered into the business of branded staples in FY25 to further diversify its operations. The average working capital utilisation at maximum level for the 12 months period ended April 30, 2025 stood at 67.32% against total sanctioned limit of ₹1,558 crore leaving adequate buffer in form of unutilised limits to absorb fluctuation in demand and prices. EID has closing sugar inventory of 1.84 LMT valued at ₹366.80 per ton.

Cyclical and regulated nature of sugar industry

The industry is cyclical by nature and is vulnerable to the government policies for reasons such as its importance in the wholesale price index (WPI) as it classifies as an essential commodity. The government resorts to regulations such as fixing raw material prices in the form of state advised prices (SAP) and fair & remunerative prices (FRP). All these factors impact the cultivation patterns of sugarcane in the country and thus affect the profitability of the sugar companies. EID's profitability, and other sugar mills, continues to remain vulnerable to the state government's policy on cane prices. Thus, the company's performance can be impacted by disproportionate increase in cane price in any particular year. The profitability remains vulnerable to the Government's policies on exports, MSP, and remunerative ethanol prices. In addition, the cyclicality in sugar production results in volatility in sugar prices.

South Indian states including Karnataka, Tamil Nadu, and Andhra Pradesh among others, being the tropical regions faces impact of low cane production and cane yield, while sub-tropical states in northern India like Uttar Pradesh, Uttarakhand, Haryana, Punjab, among others have relatively high sugarcane yield. Average recovery rates for EID's south-based mills have improved marginally for Karnataka and Andhra Pradesh in FY25. However, they continue to be lower than the recovery levels in FY22 and FY23. Tamil Nadu continued to witness decline in recovery margins in FY25 due to adverse climatic conditions. Low cane yield and recovery rates directly impact the overall profitability and cash flows of the mills. EID's plant locations being in southern region are also exposed to aforesaid limitations and continued adverse climatic condition may adversely impact the operational and financial risk profile of the company.

Liquidity: Strong

EID's liquidity position is expected to remain strong, underpinned by its substantial equity stake in CIL, valued at ₹38,700 crore as on June 24, 2025, and expected GCA in the range of ₹200-290 crore against debt repayments of ~₹69 crore in FY26, ₹84 crore in FY27 and ₹69 crore in FY28, respectively. The liquidity comfort is drawn from being part of the Murugappa group and having ease of access to bank finance and support from other established group entities having strong credit risk profile. EID has sanctioned working capital limit of ~₹1,558 crore, which has average maximum utilisation for trailing 12 ending with April 30, 2025, of 67.32% leaving sufficient adequate cushion to meet future exigencies and incremental WC requirement of the company in near-to-medium term. CareEdge Ratings also takes note of the investments (other than subsidiary and JVs) in quoted and unquoted shares and mutual funds.

Environment, social, and governance (ESG) risks:

The sugar sector faces risks emanating from the Environmental & Social factors (E&S). Sugarcane is an agri-commodity and prone to climatic risks. The climatic conditions and pests' attacks and other factors, can affect sugarcane productivity, recovery and in turn have an impact on an entity's profitability. The sector is also exposed to tightening regulations regarding discharge or treatments of effluents. Social risk also emanates as the sector is associated with large number of cane growers. The social risk emanates from qualitative factors including health and safety standards for employees and labour and reduce social disparity. CareEdge Ratings believes that EID Parry's Environment, Social, and Governance (ESG) profile positively reinforces its already strong credit risk profile.

The major ESG risk factors and the mitigation efforts taken by the company are listed below:

Environmental:

- EID has been continuously focusing on ways to reduce water consumption in its operations; company has recently introduced rainwater harvesting system at its units in Ramdurg and Sivaganga. It also renovated a 3000 m3 pond for collection of rainwater to be used in its distillery at Sankil.
- Recognising the importance of pollution control, company recently revamped a 1600 KLPD ETP commissioning it with a Lamella clarifier.
- Company undertook the construction of molasses tank dyke wall to prevent the molasses spillage to soil at Pugalur.

Social:

- Company up-held a zero-harm vision for employees and environment. It has launched numerous programmes to ensure employee health and safety including process-safety, fire safety, and road safety.
- Company has also launched rural health camps and mobile medical units, providing healthcare services to the community residing around its manufacturing facilities.

Governance:

- EID's board comprises nine directors out of which five are independent directors, with split in Chairman and CEO positions, the board also has 22.22% of women representation.
- The company has stakeholders' relationship committee, whistle blower policy, and adequate internal controls in place to address grievances of all its stakeholders.

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Sugar Sector
Financial Ratios – Non financial Sector
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Fast moving consumer goods	Fast moving consumer goods	Agricultural food & other products	Sugar

Incorporated in 1975, EID is a part of INR 778 Billion Chennai-based Murugappa group. EID is a sugar manufacturing company based at Southern India (three in Tamil Nadu, three in Karnataka, and one in Andra Pradesh) with installed capacity of 40,800 TCD and forward integration into cogeneration 140 MW and distillery 582 KLPD as on March 31, 2025. EID also has presence into the nutraceutical ingredients segment. EID holds 56.16% stake in key subsidiary 'Coromandel International Limited' and 100% stake in Parry Sugars Refinery India Pvt Ltd.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	2,910.05	3,368.18
PBILDT	229.03	162.62
PAT	107.09	-428.30
Overall gearing (times)	0.37	0.49
Interest coverage (times)	5.20	2.36

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: NA

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Commercial Paper-Commercial Paper (Standalone)*	-	-	-	7-365 days	650.00	CARE A1+

*Proposed

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Commercial Paper-Commercial Paper (Standalone)	ST	650.00	CARE A1+	-	1)CARE A1+ (28-Jun-24)	1)CARE A1+ (05-Jul-23)	1)CARE A1+ (06-Jul-22)

ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: NA

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Commercial Paper-Commercial Paper (Standalone)	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

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