

May 10, 2024

Godrej Seeds and Genetics Limited: Update on material event

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Outstanding
Long-term – Proposed Non-Convertible Debentures^	2,800.00	2,800.00	[ICRA]AA (Stable)
Short-term – Commercial Paper**	1,200.00	1,200.00	[ICRA]A1+
Total	4,000.00	4,000.00	

*Instrument details are provided in Annexure-I; ^Interchangeable with proposed long-term bank facilities; **Interchangeable with proposed short-term bank facilities

Rationale

Godrej Seeds and Genetics Limited (GSGL or the company; a related party of Godrej Industries Limited (GIL)), vide a BSE release dated April 30, 2024, informed about the family settlement agreement (FSA) and a brand and non-compete agreement entered into among some of the members of the Godrej family. As a part of this arrangement, Mr. Adi Burjorji Godrej (ABG) and Mr. Nadir Burjorji Godrej (NBG) family and their immediate relatives will continue to be promoters with controlling/management interest, of companies including – GIL, Godrej Consumer Products Limited (GCPL, rated [ICRA]AAA (Stable)/ [ICRA]A1+), Godrej Properties Limited (GPL, rated [ICRA]AA+ (Stable)/ [ICRA]A1+), Godrej Agrovet Limited (GAVL, rated [ICRA]AA (Stable)/ [ICRA]A1+), Godrej Seeds and Genetics Limited (rated [ICRA]AA (Stable)/ [ICRA]A1+), Innovia Multiventures Private Limited and Astec Lifesciences Limited (Astec, rated [ICRA]AA- (Stable)/ [ICRA]A1+) (collectively the GILAC Group Companies) and all of their respective subsidiaries and joint ventures, and Anamudi Real Estates LLP. Mr. Jamshyd Naoroji Godrej (JNG) and Ms. Smita Godrej Crishna (SVC) and their immediate relatives will be managing Godrej & Boyce Manufacturing Company Limited (rated [ICRA]A1+), Godrej Holdings Private Limited and Godrej Infotech Limited (collectively the G&B Group Companies) and all of their respective subsidiaries and joint ventures, and RKNE Enterprises.

The Godrej name and brand will be equally owned and shared by both the family groups. The family groups have also entered into a non-compete agreement for a period of six years, post which a family group can enter into the exclusive business of the other family group without the use of the 'Godrej' brand (including in their corporate/ entity names).

The FSA and the Brand and Non-Compete Agreement will become effective post the receipt of requisite approvals (including from the Competition Commission of India).

Impact of Material Event

The announced FSA is expected to be credit neutral for ICRA-rated entities in the Godrej Group from strategic, business and operations standpoint. Further, ICRA does not anticipate any increase in leverage in any of the ICRA-rated companies in the Group specifically owing to the announced FSA. However, timely completion of the FSA subject to regulatory approvals and potential change in shareholding of rated entities within the group, if any, will remain a monitorable.

Overall, ICRA does not expect any material impact of the arrangement on the credit profile of GSGL and, therefore, the ratings remain unchanged at [ICRA]AA (Stable)/[ICRA]A1+.

Please refer to the following link for the previous detailed rationale that captures key rating drivers and their description, environmental and social risks, liquidity position, and rating sensitivities: [Click here](#).

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Rating Methodology for Investment Companies
Parent/Group Support	Not applicable
Consolidation/Standalone	Standalone

About the company

Godrej Seeds and Genetics Limited is one of the holding companies of the larger Godrej Group. Apart from being a holding company, it is involved in the trading of hybrid seeds such as corn and mustard, among others. Currently, it holds 27.4% stake in GCPL and is GCPL's largest shareholder. GSGL is 100% held by the Godrej family and Godrej Charitable Trust.

Key financial indicators

GSGL Standalone	FY2022	FY2023
Operating Income (Rs. crore)	341.8	468.9
PAT (Rs. crore)	3.6	26.6
OPBDIT/OI (%)	-5.5%	-0.6%
PAT/OI (%)	1.0%	5.7%
Total Outside Liabilities/Tangible Net Worth (times)	0.0	0.0
Total Debt/OPBDIT (times)	0.0	0.0
Interest Coverage (times)	-	-

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current rating (FY2025)		Chronology of rating history for the past 3 years			
		Amount rated (Rs. crore)	Amount outstanding as of Sep 30, 2023 (Rs. crore)	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023	Date & rating in FY2022
				May 10, 2024	Dec 18, 2023	Dec 05, 2022	Jan 06, 2022
1 Proposed NCD [^]	Long-term	2,800.00	-	[ICRA]AA(Stable)	[ICRA]AA(Stable)	[ICRA]AA(Stable)	[ICRA]AA(Stable)
2 Commercial Paper [#]	Short-term	1,200.00	-	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+

[^]interchangeable with proposed long-term bank facilities; [#]interchangeable with proposed short-term bank facilities

Complexity level of the rated instruments

Instrument	Complexity Indicator
Proposed NCD	Very Simple
Commercial Paper	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, are available on ICRA's website: [Click Here](#)

Annexure-1: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
-	Proposed NCD [^]	-	-	-	2,800.00	[ICRA]AA(Stable)
Yet to be Placed	Commercial Paper [#]	-	-	-	1,200.00	[ICRA]A1+

Source: Company; [^]interchangeable with proposed long-term bank facilities; [#]interchangeable with proposed short-term bank facilities

Annexure-2: List of entities considered for consolidated analysis – Not Applicable

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

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Branches



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