

June 30, 2025

Godrej Seeds and Genetics Limited: Ratings reaffirmed and assigned for enhanced amount

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term – Proposed Non-Convertible Debentures [^]	2,800.00	2,800.00	[ICRA]AA (Stable); Reaffirmed
Short-term – Commercial Paper ^{**}	1,200.00	2,000.00	[ICRA]A1+; Reaffirmed/Assigned for enhanced amount
Total	4,000.00	4,800.00	

*Instrument details are provided in Annexure-I; [^]Interchangeable with proposed long-term bank facilities; ^{**}Interchangeable with proposed short-term bank facilities; Source: Company and ICRA Research

Rationale

The reaffirmation of the ratings is supported by Godrej Seeds and Genetics Limited's (GSGL) position as one of the holding companies/investment arm of the Godrej Group, along with its sizeable market value of investments (cumulative of around Rs. 35,955 crore as on June 15, 2025) because of its shareholding in Godrej Consumer Products Limited (GCPL, rated [ICRA]AAA (Stable)/[ICRA]A1+), Godrej Industries Limited (GIL, rated [ICRA]AA+ (Stable)/[ICRA]A1+) and Godrej Properties Limited (GPL, rated [ICRA]AA+ (Stable)/[ICRA]A1+). GSGL is the largest shareholder in GCPL, with a stake of 27.72%.

In FY2025, the company raised debt of around Rs. 1,863 crore to increase its shareholding in the Godrej Industries and Associated Companies (GILAC), wherein it acquired an additional 0.3% stake in GCPL for a consideration of Rs. 418.5 crore and increased its stake to 27.72%. GSGL also increased its stake in GIL to 4.04% as of March 31, 2025, against nil as of March 31, 2024. Further, till date in Q1 FY2026, it invested incrementally in GIL, taking its total stake to around 5% in the same. The company also acquired a stake of 0.19% in GPL for the first time by investing Rs. 120 crore in FY2025. ICRA notes that the company plans to incrementally invest in entities of the GILAC Group, funded through a mix of commercial paper (CPs), Non-convertible debentures (NCDs) and short-term borrowings in FY2026 and FY2027. While these investments will drive the overall value growth for GSGL through market value of its investments and dividend income (supported by healthy credit profile of the potential investee companies), the incremental debt is likely to result in a moderation of the coverage metrics for GSGL. However, its strong financial flexibility arising from the likely significant market value of investments over its total debt provides comfort.

Apart from being a holding company, GSGL's operations include trading in hybrid seeds with margins at a minimal markup to cost. As a result, the margins/accruals are largely derived from dividend income from its investment in GCPL, resulting in volatility in earnings based on dividend received. GSGL operates on a back-to-back order model, which eliminates the need for inventory management and associated expenses.

The Stable outlook on GSGL's long-term rating reflects ICRA's opinion that the company will continue to benefit from its established position as a holding company of GILAC Group supported by dividend income from GCPL.

Key rating drivers and their description

Credit strengths

Position as one of the holding companies of the Godrej (now GILAC) Group – GSGL is one of the holding companies in the GILAC Group, with investments in GCPL, GIL and GPL at present. Going forward, the company plans to invest in existing/other

listed entities of the Godrej Group. The combined market value of its investments in GCPL, GIL and GPL stood at around Rs. 35,955 crore as on June 15, 2025, which provides GSGL with strong financial flexibility.

Healthy credit profile of investee companies including large, listed companies in the Godrej Group – GSGL holds a 27.72% stake in GCPL, around 5% in GIL and around 0.19% in GPL. The market value of its investment in GCPL, GIL and GPL stood at around Rs. 33,689 crore, Rs. 2,129 crore and Rs. 137 crore, respectively, as of June 15, 2025. Further, the company may invest in other listed entities of the Group, going forward. The investee companies have healthy financial profiles, led by their established market position.

Relatively low debt levels compared to likely market value of potential investments – The market value of listed investments to total debt for GSGL as of June 15, 2025, stood comfortable at around 15.9 times. However, the same is expected to moderate to a certain extent owing to planned debt-funded investments in Group companies over the next 18-20 months. However, ICRA notes that its relatively lower debt level against the market value of investments provide strong financial flexibility to GSGL.

Credit challenges

Coverage indicators to moderate with increase in debt; remains exposed to refinancing risks – The company has a debt of around Rs. 2,263 crore at present, of which Rs. 1,000 crore is due for repayment in July and August 2025. GSGL remains exposed to refinancing risks on account of the short-term nature of borrowings on its books. GSGL's coverage indicators are expected to moderate to a certain extent, led by incremental debt-funded investments in Group companies. However, ICRA draws comfort from the sizeable market value of its listed investments vis-à-vis its debt outstanding, which lends exceptional financial flexibility.

Volatility in margins due to dependence on dividend income – The company's operations comprise investments in Group entities like GCPL, GIL and GPL, and trading in hybrid seeds. The company's trading business margins are at the minimal mark up to cost. Therefore, its earnings largely depend on dividend income from GCPL, leading to volatility in margins.

Liquidity position: Adequate

The company's liquidity position remains adequate with free cash and bank balances and liquid investments worth Rs. 602.8 crore as on March 31, 2025. The company's liquidity is expected to be supported by sizeable dividend income from GCPL in line with GCPL's stated dividend policy. GSGL has plans to incrementally invest in GILAC Group companies during FY2026 and FY2027, which are proposed to be funded through debt. The company has debt repayments of Rs. 1,000 crore in July and August 2025, which are expected to be refinanced. These debt-funded investments also expose GSGL to refinancing risks as the major portion of its current borrowings is short term in nature with bullet repayments. However, being one of the holding companies of the Godrej Group, GSGL can access capital markets at short notice and enjoys strong relationships with banks. Further, GSGL has sizeable market value buffer on its listed investments, lending strong financial flexibility. These factors are cumulatively expected to support the company's liquidity position over the medium term.

Rating sensitivities

Positive factors – Significant improvement in the diversification of company's investment portfolio across multiple sectors along with stable credit profile of the existing investee companies leading to an improvement in GSGL's credit profile, would be a positive trigger.

Negative factors – Downward pressure on the rating could arise if there is any significant weakening in the credit profile of GSGL's major investee companies and/ or a significant decline in the market value of GSGL's investments, leading to market value of its unencumbered equity shares in the listed companies going below 4.0 times its outstanding debt, on a sustained basis, limiting its financial flexibility.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Investment Companies
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

GSGL 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. It is GCPL's largest shareholder and holds a 27.72% stake. It also owns approximately 5% stake in GIL and 0.19% stake in GPL. GSGL is 100% held by the Godrej family and Godrej Charitable Trust.

Key financial indicators (audited)

GSGL Standalone	FY2024	FY2025
Operating income	694.0	1549.4
PAT	139.5	566.9
OPBDIT/OI (%)	20.2%	44.6%
PAT/OI (%)	20.1%	36.6%
Total outside liabilities/Tangible net worth (times)	0.0	1.3
Total debt/OPBDIT (times)	0.0	2.7
Interest coverage (times)	3480.1	8.8

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. Crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years					
	FY2026			FY2025		FY2024		FY2023	
	Type	Amount Rated (Rs Crore)	June 30, 2025	Date	Rating	Date	Rating	Date	Rating
Commercial paper#	Short Term	2,000.00	[ICRA]A1+	10-May-2024	[ICRA]A1+	18-Dec-2023	[ICRA]A1+	05-Dec-2022	[ICRA]A1+
				30-Dec-2024	[ICRA]A1+	-	-	-	-
Proposed NCD [^]	Long Term	2,800.00	[ICRA]AA (Stable)	10-May-2024	[ICRA]AA (Stable)	18-Dec-2023	[ICRA]AA (Stable)	05-Dec-2022	[ICRA]AA (Stable)
				30-Dec-2024	[ICRA]AA (Stable)	-	-	-	-

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

Complexity level of the rated instruments

Instrument	Complexity indicator
Long Term- Proposed Non-Convertible Debentures	Very Simple
Short term - 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 I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
Yet to be Placed	Proposed NCD [^]	-	-	-	2,800.00	[ICRA]AA(Stable)
Yet to be Placed	Commercial Paper [#]	-	-	-	2,000.00	[ICRA]A1+

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

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

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