

October 30, 2025

Mahindra Agri Solutions Limited: Rating reaffirmed; outlook revised to Stable

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-Term - Fund Based Limits	97.05	97.05	[ICRA]A (Stable); reaffirmed; outlook revised to Stable from Negative
Long-Term - Non-Fund-Based Facilities	0.15	0.15	[ICRA]A (Stable); reaffirmed; outlook revised to Stable from Negative
Long term – Unallocated	2.80	2.80	[ICRA]A (Stable); reaffirmed; outlook revised to Stable from Negative
Total	100.00	100.00	

*Instrument details are provided in Annexure I

Rationale

For arriving at Mahindra Agri Solutions Limited's (MASL) rating, ICRA has consolidated the financials of MASL, along with its three subsidiaries – Mahindra Summit Agriscience Limited (MSAL), Mahindra HZPC Private Limited (MHZPC) and Mahindra Fruits Private Limited (MFPL).

The revision in the outlook to Stable factors in MASL's improved earnings, as reflected by break-even of operations in FY2025, which is expected to sustain, going forward. ICRA notes the improved operating performance of MASL in FY2025, led by continued growth in potato seeds business (housed under MHZPC, which is a joint venture between MASL and HZPC SBDA B.V) and a healthy growth in the rice/vegetable seeds business. These businesses have benefited from the launch of new and superior varieties of seeds. Further, with the launch of new products and new business initiatives, the performance in the crop care business (housed under MSAL, which is a joint venture between MASL and Sumitomo Group) improved in FY2025. The company's grapes business witnessed some improvement in FY2025. However, it continues to remain impacted by the Red Sea shipping disruption. The company turned profitable at the consolidated level in FY2025 with the operating profit before depreciation, interest, taxes and amortisation (OPBDITA) of Rs. 25.1 crore against operating losses of Rs. 4.2 crore in FY2024 as the profitability improved in the rice/vegetable seeds and potato seeds business and losses contracted in the agri-chemical business. The performance remained satisfactory in 5M FY2026 as well, with MASL reporting sales of Rs. 309.6 crore and an operating profit margin of 8.7% (against sales of Rs. 234.0 crore and OPM of 3.9% in 5M FY2025).

The rating continues to positively factor in the strong parentage of MASL, which is a 99.06% subsidiary of Mahindra & Mahindra Limited (M&M, rated [ICRA]AAA/Stable/ [ICRA]A1+) and the strategic importance of the company to its parent/Group as the agri-business remains aligned to its long-term vision of delivering farm-tech prosperity. The parent/Group has provided timely financial support in the past in the form of equity, inter-corporate deposits, and optionally convertible redeemable preference shares (OCRPS), which have aided in funding the business losses and meeting the working capital needs. In FY2025, the parent company infused additional fresh equity of Rs. 36.7 crore into MASL. ICRA expects timely support from the parent/Group to be forthcoming, if required. The rating also factors in MASL's presence across the agricultural value chain, as reflected in its presence in fruits (grapes) and seeds businesses at the standalone level and crop care and potato seeds business through its JVs. The rating also factors in MASL's high financial flexibility with ability to raise funds at competitive rates of interest, given the strong parentage.

The credit metrics of the company, at the consolidated level, although improved in FY2025, continue to remain weak, resulting in continued depressed coverage and leverage indicators. ICRA also notes MASL's modest scale of operations when compared to other players in the industry, which restricts the pricing flexibility to some extent and constrains profitability. Additionally, its high fixed expenses continue to remain a drag on the profits unless the existing businesses are scaled up meaningfully. The ratings also remain constrained by the company's exposure to agro-climatic conditions and volatility in commodity prices.

The Stable outlook on the long-term rating reflects ICRA's expectation that MASL will be able to sustain its improved earnings, going forward. Along with limited capital expenditure (capex) plans, this would lead to a gradual improvement in the debt coverage, going forward.

Key rating drivers and their description

Credit strengths

Strong parentage, expectation of continued need-based funding support from M&M Limited – MASL's status as a 99.06% subsidiary of M&M Ltd. imparts considerable financial flexibility to the company. MASL remains strategically important to its parent/Group as the agri business remains aligned to its long-term vision of delivering farm-tech prosperity. The parent/Group has provided timely financial support in the past in the form of equity, inter-corporate deposits, and optionally convertible redeemable preference shares (OCRPS,) which have aided in funding business losses and meeting the working capital needs. In FY2025, the parent has infused additional fresh equity of Rs. 36.7 crore into MASL. ICRA expects timely support from the parent/Group to be forthcoming, if required.

Presence across agricultural value chain – The consolidation of M&M's entire agri-business (except micro irrigation) into MASL since FY2016 led to its enhanced presence across the agricultural value chain, as reflected in its presence in fruits (grapes) and seeds businesses at the standalone level. At the consolidated level, MASL is also present in crop care (MSAL) and potato seeds and mini tubers (via Mahindra HZPC Private Limited) segments. The crop-care business was transferred to MSAL from MASL in FY2019 to scale up the business by bringing in a foreign partner having access to innovator companies.

High financial flexibility, as demonstrated by ability to raise funds at competitive rates – MASL enjoys high financial flexibility with ability to raise funds at competitive rates of interest, given the strong parentage.

Credit challenges

Subdued credit metrics – The credit metrics of the company, at the consolidated level, though improved in FY2025, continues to remain weak, leading to depressed coverage and leverage indicators. ICRA has also noted the adverse cost structure of the company emanating from high fixed expenses, which would continue to remain a drag on the profits unless the existing businesses are scaled up meaningfully.

Modest scale of operations, continued losses reported in crop care business – The company has a modest scale of operations compared to other players in the industry, which restricts the pricing flexibility to some extent and constrains its profitability. The company turned profitable at the consolidated level in FY2025 with OPBDITA of Rs. 25.1 crore against operating losses of Rs. 4.2 crore in FY2024 as profitability improved in the rice/vegetable seeds and potato seeds business and losses contracted in the agri-chemical business. The company's ability to meaningfully improve the consolidated earnings in FY2026 will remain a key monitorable from the credit perspective.

Exposure to agro-climatic conditions and volatility in commodity prices – The revenues and profit margins of the company's businesses are exposed to industry cyclicalities with certain business divisions having linkages to agricultural production and monsoons. Also, adverse movements in the prices of commodities, dealt by the company, could have a negative impact on its revenues and profit margins, considering the company's limited ability to pass on the price hike owing to intense competition.

Liquidity position: Adequate

MASL's liquidity position is adequate, supported by available working capital limits of Rs. 68.1 crore on a standalone basis as on March 31, 2025. In FY2026, the company has no repayment obligation at the consolidated level as the entire term loan has been repaid in FY2025 and it has nominal capex commitment towards maintenance requirements, which can be met from internal accruals. In addition, MASL's liquidity profile is supported by the need-based funding available to it from the Mahindra Group.

Rating sensitivities

Positive factors – The ratings could be upgraded if the company is able to meaningfully increase the profits and earnings at the consolidated level, improving its overall credit profile and liquidity position on a sustained basis.

Negative factors – Pressure on the rating could emerge if the company reports a material decline in its earnings, or a substantial increase in the indebtedness leading to weakening of credit metrics and/or worsening of liquidity position. Besides, any indication of MASL’s reduced importance to the Mahindra Group or a deterioration in the credit profile of Mahindra & Mahindra Ltd. could also result in a rating downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Parent Company: Mahindra & Mahindra Limited The rating assigned to MASL factors in the very high likelihood of its parent, M&M (rated [ICRA]AAA (Stable) / [ICRA]A1+), extending financial support to it, given its strategic importance to the M&M Group. ICRA also expects M&M to be willing to extend financial support to MASL out of its need to protect its reputation from the consequences of a Group entity’s distress. There also exists a consistent track record of M&M having extended timely financial support to MASL in the past, whenever a need has arisen.
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of MASL. Refer to Annexure II for the list of entities considered for consolidation. As MASL does not prepare consolidated financials, the consolidation has been done by ICRA based on public disclosures on important inter-group transactions and investments.

About the company

MASL is the consolidated entity of the Mahindra Group’s agri-solutions business (comprising crop care, seeds, pulses, edible oil, Samriddhi centres and dairy business), which was carried out in FY2016. MASL, formerly known as Mahindra Shubhlabh Services Limited, was primarily involved in grapes exports and trading in some other fruits in the domestic market. The company’s name was changed to its present form in February 2016 to reflect the increased scope of activities post consolidation of the agri business. In FY2019, MASL exited from its commodity businesses (viz. pulses, edible oil and banana cultivation) and transferred its crop-care business to a new JV, MSAL. Besides, in FY2020, the company discontinued its Saboro cafe business and transferred its MyAgriGuru app and Samriddhi centre businesses to M&M, as a part of the Group’s strategy to consolidate its agri-support activities under the farm implements business.

MFPL, a wholly owned subsidiary, used to undertake domestic sales of fruits (other than grapes), marketed under the Saboro brand. This business was closed in FY2022. Besides, MASL acquired M&M’s 59.95% equity stake in MHZPC, a JV between M&M and HZPC (a Holland-based company), with effect from April 1, 2016. MHZPC sells potato seeds and mini tubers in the domestic market.

Key financial indicators (audited)

MASL	Standalone		Consolidated* (MASL+ MHZPC+ MSAL+MFPL)	
	FY2024	FY2025	FY2024	FY2025
Operating income	269.2	327.1	477.2	605.6
PAT	-20.4	5.7	-28.6	3.7
OPBDIT/OI	2.3%	4.8%	-0.9%	4.2%
PAT/OI	-7.6%	1.7%	-6.0%	0.6%
Total outside liabilities/Tangible net worth (times)	-11.3	12.5	-16.3	16.2
Total debt/OPBDIT (times)	20.7	6.1	-44.9	6.4
Interest coverage (times)	0.6	2.5	-0.3	2.1

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; *Consolidation done by ICRA based on elimination of important inter-group transactions based on public disclosures

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instruments	Current rating (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Oct 30, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund-based Facilities	Long term	97.05	[ICRA]A (Stable)	Feb 28, 2025	[ICRA]A (Negative)	Jan 18, 2024	[ICRA]A (Negative)	Jan 19, 2023	[ICRA]A+ (Negative)
Term Loan	Long term	-	-	-	-	Jan 18, 2024	[ICRA]A (Negative)	Jan 19, 2023	[ICRA]A+ (Negative)
Unallocated Limits	Long term	2.80	[ICRA]A (Stable)	Feb 28, 2025	[ICRA]A (Negative)	-	-	-	-
Non-fund based	Long term	0.15	[ICRA]A (Stable)	Feb 28, 2025	[ICRA]A (Negative)	Jan 18, 2024	[ICRA]A (Negative)	Jan 19, 2023	[ICRA]A+ (Negative)

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-Term - Fund Based Limits	Simple
Long-Term - Non-Fund-Based Facilities	Very Simple
Long term – Unallocated	NA

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
NA	Fund Based Limits	NA	NA	NA	97.05	[ICRA]A (Stable)
NA	Non-fund-Based Facilities	NA	NA	NA	0.15	[ICRA]A (Stable)
NA	Unallocated	NA	NA	NA	2.80	[ICRA]A (Stable)

Source: Company

Annexure II: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation approach
Mahindra Summit Agriscience Limited	60.00%	Full Consolidation
Mahindra HZPC Private Limited	59.95%	Full Consolidation
Mahindra Fruits Private Limited	100.00%	Full Consolidation

Source: Company

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