

February 27, 2026

## Rasi Seeds Private Limited; Ratings reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term - Fund-based - Term loan	1.00	10.00	[ICRA]AA-(Stable); Reaffirmed
Short term – Fund based	130.00	150.00	[ICRA]A1+ ; Reaffirmed
Long term – Unallocated	69.00	40.00	[ICRA]AA-(Stable); Reaffirmed
<b>Total</b>	<b>200.00</b>	<b>200.00</b>	

\*Instrument details are provided in Annexure-I

### Rationale

The reaffirmation of the ratings for Rasi Seeds Private Limited (RSPL) factors in its position as a leading player in the domestic cotton seed industry and its strong financial profile, characterised by healthy capitalisation and debt coverage metrics and a strong liquidity position.

The ratings consider RSPL's strong in-house research and development (R&D) capabilities and an extensive distribution network with presence across all the crop growing regions in India, enabling it to emerge as one of the dominant players in the Indian hybrid cotton seed market. Further, the company has invested in foreign entities engaged in similar lines of business, to expand its geographical footprint globally. RSPL is open to further investments to expand its geographic presence and ICRA will evaluate the investments on a case-to-case basis.

Although the company faced reduction in sales volume and revenue in SY2024 due to lower stock levels caused by external climatic factors which affected the cotton seed industry, the sales volume witnessed a recovery in SY2025, supported by healthy stock levels and strong network of 3,070 distributors spread across all cotton producing regions of the country. The stock levels remained healthy as of SY2025. Going forward, the sales for cotton are expected to recover in SY2026 while the revenue is also expected to be supported by higher volumes of non-cotton sales.

The company profitability moderated with net profit margin (PAT/operating income) decreasing to 12.9% and 11.9% in SY2024 and SY2025, respectively, from 21.7% in SY2023 due to higher production costs, discount and rebates in SY2025, which were incurred by the company to recover its market share. ICRA expects the increase in discounts and rebates and sales promotion expenses to be non-recurring and reduce, going forward, which will support profitability. Moreover, the strong cash flow from operations over the years led to a strong liquidity position for the company with unencumbered cash and liquid investments of Rs. 688.1 crore as on September 30, 2025, and a negative net-debt position.

The ratings, however, remain constrained by the susceptibility of the company's earnings to agro-climatic and regulatory risks stemming from the Government of India's (GoI) control on cotton seed prices, which limits the pricing power of seed players. However, the scrapping of the trait fee in SY2020 and the increase in prices to Rs. 901 per packet in SY2025 supported the profitability to an extent. RSPL continues to derive most of its revenues from cotton seeds. Although the share of cotton seeds in total revenue has decreased to around 67% in SY2025 from 80% in SY2023, the company remains exposed to potential demand shocks in the cotton industry or any cotton plant specific disease outbreak resulting in crop failure. RSPL's portfolio of non-cotton hybrid seeds has increased at a CAGR of 18.9% over the last four years, driven by increased focus on this segment's growth.

The Stable outlook on the rating reflects its strong operational profile, characterised by a dominant market share in the cotton seed segment, strong procurement and distribution network as well as a diversified geographical presence. ICRA expects the company's debt metrics to remain strong, and maintain healthy cash balances and liquid investments, going forward.

## Key rating drivers and their description

### Credit strengths

**Established player in India's hybrid cotton seed market** – RSPL has a track record of over three decades. It is one of the dominant players in the Indian hybrid cotton seed market with a strong operational profile and ability to cater/launch seeds in diverse agro-climatic conditions and according to farmer preferences. Through its strong in-house R&D capabilities, the company has been able to periodically introduce variants in the market. It has also ventured into institutional sales through tie-ups with a few other players in the industry. These have helped the company expand its market share over the years.

**Pan-India presence with wide distribution network and farmer connect** – RSPL has a wide distribution network with presence across all the crop growing regions in India. The company has a strong sales and marketing network comprising 31 carrying and forwarding (C&F) agents and 3,070 distributors. It is also backward integrated with ~44,000 contract farmers across the four southern states and cotton seed farming area spread across ~50,000 acres, ensuring smooth procurement. Further, the company has invested in foreign entities engaged in similar lines of business, to expand its geographical footprint globally.

**Strong financial profile** – RSPL's financial profile remains strong with healthy capitalisation and debt coverage metrics despite moderation in profitability in SY2025 while the liquidity continues to be strong. The gearing and TOL/TNW remain at a healthy 0.15 times and 0.49 times, respectively, while net debt/OPBDITA remains negative. Moreover, the strong cash flow from operations over the years resulted in a strong liquidity position for the company with unencumbered cash and liquid investments of Rs. 688.1 crore as on September 30, 2025.

### Credit challenges

**Regulatory risks arising from Government regulations on cotton seed prices** – As per the Cotton Seed Control Order, 2015, the GoI determines the maximum selling price and trait fee for Bt-II cotton seeds, thereby limiting the pricing flexibility and margins of seed companies to an extent. While the earnings of seed players will remain susceptible to the policy measures of the GoI, the scrapping of trait fee in SY2020 has supported profitability.

**High product concentration** – RSPL continues to derive most of its revenues from cotton seeds. Although the share of cotton seeds in total revenue has decreased to around 67% in SY2025 from 80% in SY2023, the company remains exposed to potential demand shocks in the cotton industry or any cotton plant specific disease outbreak resulting in crop failure. However, its dominant position in the cotton seed market, coupled with the company's ability to periodically introduce hybrid variants, mitigates the risk to a large extent. Also, RSPL's portfolio of non-cotton hybrid seeds has increased at a CAGR of 18.9% over the last four years, driven by increased focus on this segment's growth.

**Business susceptible to agro-climatic conditions**- Like other agro-commodities, the seed industry and RSPL's business is seasonal and dependent on the monsoon season. Also, with crops remaining vulnerable to diseases, pests and weeds, RSPL's earnings are susceptible to crop failure and disease outbreaks. However, the company's pan-India presence insulates it against the risks to a certain extent.

### Liquidity position: Strong

RSPL's liquidity position is Strong with a healthy buffer between the cash flow from operations and debt servicing, working capital and capex requirements. The company's cash flow from operations is expected to remain close to Rs. 150 crore on an ongoing basis against the minimal debt repayment and moderate capex plans of ~Rs. 100 crore over next two years. The company had unencumbered cash and liquid investments of around Rs. 688 crore as on September 30, 2025. The limit utilisation also remains modest during the year with average utilisation of ~18% and total unutilised limits of ~Rs. 284 crore as on October 31, 2025. The company had undertaken a major buyback in FY2024, which was funded from the cash and liquid investments at hand. However, going forward, any materially large shareholder payouts or acquisitions may impact the

liquidity position of the company to an extent.

## Rating sensitivities

**Positive factors** – ICRA could upgrade RSPL’s long-term rating if it is able to diversify its products and show a sustained improvement in earnings while maintaining strong debt coverage metrics and liquidity position.

**Negative factors** – A sustained decline in earnings resulting in moderation in the leverage and coverage metrics may result in a rating downgrade. Any materially large debt-funded capex/acquisition, stretch in the working capital cycle and/or larger-than-expected shareholder payout resulting in significant deterioration in the credit and liquidity profile may downgrade the ratings. A specific credit metric for downgrade would be interest coverage ratio of less than 7.0x.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a>
Parent/group Support	Not Applicable
Consolidation/standalone	To arrive at the rating, ICRA has considered the consolidated financials of RSPL. The details of the consolidated entities are listed in Annexure II.

## About the company

Rasi Seeds Private Limited (RSPL), a leading seed firm in India, was established by Mr. Ramasami in 1986 in Attur, Salem district of Tamil Nadu. RSPL is one of the established hybrid cotton seed manufacturers with a pan-India presence and a market share of about 26% (during SY2025). It is also present in various other seed markets such as paddy, maize and mustard. In SY2025, cotton seeds accounted for ~67% of the revenues, down from ~80% in SY2023 while maize, paddy and mustard accounted for 1.9%, 7.6% and 15.8%, respectively.

RSPL has eight processing plants to process seeds grown by more than 44,000 farmers across the four southern states. The company has a wide network of ~3,070 distributors across the country. RSPL has also invested in foreign entities engaged in similar lines of business, with a total investment value of Rs. 292.3 crore. Apart from the seed division, the company has windmills with total capacity of 4.25 MW and solar energy with total capacity of 892 KW.

## Key financial indicators (audited)

Rasi Seeds Private Limited (consolidated)	FY2024	FY2025
Operating income	1435.7	1146.9
PAT	261.5	175.6
OPBDIT/OI	23.7%	17.2%
PAT/OI	18.2%	15.3%
Total outside liabilities/Tangible net worth (times)	0.56	0.76
Total debt/OPBDIT (times)	0.08	0.64
Interest coverage (times)	47.98	45.65

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

Rasi Seeds Private Limited (consolidated)	SY2024*	SY2025*
Operating income	1157.6	1312.4
PAT	148.9	156.6
OPBDIT/OI	19.1%	13.2%

<b>PAT/OI</b>	12.9%	11.9%
<b>Total outside liabilities/Tangible net worth (times)</b>	0.24	0.49
<b>Total debt/OPBDIT (times)</b>	0.01	1.41
<b>Interest coverage (times)</b>	55.50	14.12

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

\*SY: Seed Year – defined from Oct 1<sup>st</sup> to Sep 30<sup>th</sup> of the next year; SY2025 – Period from Oct 1<sup>st</sup>, 2024 to Sep 30<sup>th</sup>, 2025

### Status of non-cooperation with previous CRA

Not Applicable

### Any other information

Not Applicable

### Rating history for past three years

Instrument	Current rating(FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs crore)	February 27, 2026	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
<b>Fund-based - Term loan</b>	Long-term	10.00	[ICRA]AA-(Stable);	November 29, 2024	[ICRA]AA- (Stable)	August 31, 2023	[ICRA]AA- (Stable)	June 14, 2022	[ICRA]AA- (Stable)
<b>Fund-based - Cash credit</b>	Short-term	150.00	[ICRA]A1+ ;	November 29, 2024	[ICRA]A1+	August 31, 2023	[ICRA]A1+	June 14, 2022	[ICRA]A1+
<b>Unallocated limits</b>	Long-term	40.00	[ICRA]AA-(Stable);	November 29, 2024	[ICRA]AA- (Stable)	August 31, 2023	[ICRA]AA- (Stable)	June 14, 2022	[ICRA]AA- (Stable)

## Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term - Fund-based - Term loan	Simple
Short-term - Fund-based	Simple
Unallocated limits	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	Long term – Fund based – Term loan*	NA	NA	NA	10.0	[ICRA]AA- (Stable)
NA	Long term - Unallocated	NA	NA	NA	40.0	[ICRA]AA- (Stable)
NA	Short term – Fund based	NA	NA	NA	150.0	[ICRA]A1+

Source: Company; \*Proposed term loan

### Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Rasi Seeds Private Limited	100.0%	Full Consolidation
Rasi Agri Bio-genetics Private Limited	93.3%	Full Consolidation
Sira Seeds Private Limited	99.9%	Full Consolidation

Source: Company

## ANALYST CONTACTS

**Girishkumar Kashiram Kadam**  
+91 22 6114 3406  
[girishkumar@icraindia.com](mailto:girishkumar@icraindia.com)

**Kushal Kumar**  
+91 40 6939 6408  
[kushal.kumar@icraindia.com](mailto:kushal.kumar@icraindia.com)

**Prashant Vasisht**  
+91 124 4545 322  
[prashant.vasisht@icraindia.com](mailto:prashant.vasisht@icraindia.com)

**Apoorva ICRA**  
+91 124 4545 323  
[apoorva@icraindia.com](mailto:apoorva@icraindia.com)

## RELATIONSHIP CONTACT

**L Shivakumar**  
+91 22 6114 3406  
[shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

## MEDIA AND PUBLIC RELATIONS CONTACT

**Ms. Naznin Prodhani**  
Tel: +91 124 4545 860  
[communications@icraindia.com](mailto:communications@icraindia.com)

## HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)  
[info@icraindia.com](mailto:info@icraindia.com)

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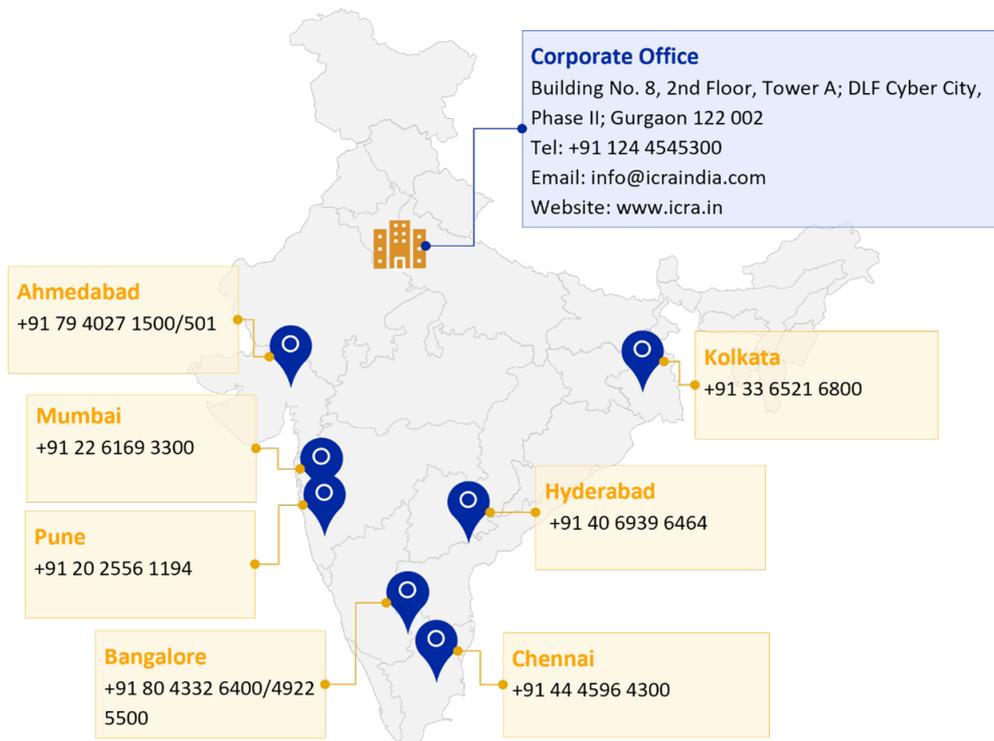


### Registered Office

B-710, Statesman House 148, Barakhamba Road, New Delhi-110001  
Tel: +91 11 23357940-45



### Branches



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