September 5, 2025

Seedworks International Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term - Fund based/ Cash credit	40.00	40.00	[ICRA]A (Stable); reaffirmed
Short term – Fund based limits	50.00	50.00	[ICRA]A2+; reaffirmed
Total	**90.00**	**90.00**	

**Instrument details are provided in Annexure I*

Rationale

For arriving at the ratings, ICRA has considered the consolidated financials of Seedworks International Ltd (SIL) and its wholly-owned subsidiary – Straits Biotech Pte Ltd – and its step-down subsidiary Seedworks Philippines Inc, Philippines.

The assigned ratings factor in the extensive experience of the management in the seeds industry and the company's established relationships with farmers and distributors. ICRA also takes note of the company's established in-house R&D capabilities with DSIR-approved facilities and a dedicated team to ensure the success of its hybrid seed development programmes, along with its well-diversified geographical presence with a pan-India network and export destinations like the Philippines and Nepal.

The ratings also factor in the company's comfortable financial risk profile, characterised by healthy growth in revenues and improved profitability in FY2025, as per the provisional results. The operating profit improved to Rs. 52.9 crore in FY2024 and further to Rs. 90.0 crore in FY2025 (Provisional), supported by healthy volume growth, stable gross margins and moderation in overhead costs. The interest coverage ratio remained healthy at 9.86x in FY2025 (prov) compared to 5.10x in FY2024. The company's borrowings are primarily working capital in nature with majority of the borrowings being in the form of farmer finance. The overall debt level stood at Rs. 181.5 crore as on March 31, 2025, including the fair value of the compulsorily convertible preference shares (CCPS) issued by the company being considered as part of the long-term debt. The debt levels moderated from Rs. 202.7 crore as on March 31, 2025 primarily due to the reduction in working capital borrowings. The healthy operating profits and sizeable customer advances helped improve the leverage indicators, with the total debt/TNW moderating to 1.41x as on March 31, 2025, from 2.25x in FY2024 and the total debt/OPBDITA at 2.02x against 3.83x in FY2024.

Going forward, ICRA expects the credit profile of the company to remain stable, supported by internal accruals and the planned conversion of compulsorily convertible preference shares (CCPS) into equity. ICRA notes that the company is in the process of carrying out an initial public offering (IPO) which comprises entirely of an offer for sale (OFS) and will allow the key promoter i.e. True North Fund V LLP to partially exit its ownership in the company. The IPO remains cashflow neutral for the company.

The ratings also factor in the strong R&D capabilities of the company, which have enabled it to consistently launch new products and maintain a stable market share in the hybrid segment. The company has also started R&D in vegetables, millets, and mustard in recent years, supported by a best-in-class research team. The ratings also factor in the wide geographical presence of the company across almost all states, with different crop segments focusing on different regions, and exports accounting for ~18% of the revenues in FY2025.

The ratings are, however, constrained by SIL's moderate scale of operations vis-à-vis other industry players, with consolidated revenues of Rs. 609 crore in FY2025 (provisional. SIL's revenue concentration on cotton and rice seeds remains high with 66% of its consolidated revenue being derived from sale of cotton and paddy in the domestic market. The high concentration exposes the company to potential demand shocks in the rice and cotton industries or any plant-specific disease outbreak, leading to crop failures. To a certain extent the company benefits from its supplies to Philippines market as it provides the benefit of the supplies being made to a market outside India and thus provides geographical diversification for the paddy sales. The ratings also consider the regulatory risks inherent in the sector as cotton seed prices are regulated by the Government. Further, SIL's revenues and profitability remain susceptible to the uncertainty in agro-climatic conditions, as seen in the past, which can impact both SIL's cost of production as well as the demand for hybrid seeds. Moreover, the demand estimation remains crucial owing to the long production cycle wherein the demand should be estimated in advance of the sale. ICRA also notes the long gestation period in the development of hybrid seeds, which, despite the presence of an advanced biotech lab in Singapore, remains at 4–6 years.

The Stable outlook on the rating reflects ICRA's opinion that SIPL's credit profile will continue to be stable, aided by its strong brand equity, research & development capabilities and distribution network in its territories which will keep the seed offtake strong for the company. As a result, the debt coverage indicators and liquidity position are expected to remain comfortable.

Key rating drivers and their description

Credit strengths

Experienced management with long track record in seeds business – SIL benefits from the long experience of the management and its strong brand equity in the seeds market, particularly cotton and paddy, which has enabled it to become the fourth-largest paddy seed company and third-largest cotton seed company in the country by sales volumes.

Healthy financial risk profile – SIL has been witnessing a healthy growth in its sales volume over the last few years, supported by higher sales in the cotton and paddy segments and a small but rising share of revenue from vegetables and millet/mustard. The operating profitability improved in FY2025, supported by stable gross margins and moderation in the overheads as the scale of operations grew. The working capital borrowings have moderated over the last few years because of the healthy operating profits and sizeable advances from customers for booking seed orders for the upcoming seasons. With the adoption of In-AS, the company has recognised fair value of the compulsorily convertible preference shares (CCPS) issued to the investors which have been considered as part of the borrowings along with the farmer finance borrowings, as the same are guaranteed by the company. The total debt/TNW moderated to 1.41x as on March 31, 2025 (Prov) from 2.25x as on March 31, 2024; similarly the total debt/OPBDITA improved to 2.02x (Prov) in FY2025 from 3.83x in FY2024. The interest coverage ratio remained healthy at 9.86x in FY2025 and 5.10x in FY2024. The company is in the process of launching its initial public offer (IPO), which entirely includes an offer for sale (OFS) by the existing promoters for part-stake sale and is cashflow neutral for the company. As the CCPS will be converted to common equity, the overall credit metrics will further improve.

Strong in-house R&D facility – SIL has established in-house R&D capabilities and a dedicated team to ensure the success of its hybrid seed development programmes. SIL develops its own breeder seeds in its R&D facility by procuring germplasm from various institutes. The R&D unit in Hyderabad and Karnataka is approved by the Department of Science and Industrial Research (DSIR), Government of India. SIL's strong R&D team has supported the launch of several products in rice and cotton on an ongoing basis over the last several years. It has also started R&D of vegetables seeds in the last few years. The company has also onboarded the best-in-class research team in millets and mustard.

Diversified geographical presence – SIL is geographically diversified with a pan-India presence, mitigating the region-specific agro-climatic risks to an extent. The top five states accounted for 44-55% of its revenues over the last few years. The company also exports rice seeds; exports accounted for ~18% of the total sales.

Credit challenges

Susceptibility to seasonality and agro-climatic condition and moderately high working capital intensity – SIL's scale of operations remained moderate vis-à-vis other industry players with revenue on a consolidated basis at Rs. 609 crore in FY2025 (provisional). The company's operating performance remains susceptible to external factors such as erratic rainfall, soil and climatic conditions and crop diseases. Further, SIL's inventory requirements remain high and are influenced by the seasonality associated with its operations as the company focuses on kharif crops, for which it is required to build inventory from January.

High crop concentration: likely to improve with expected increase in revenues from vegetables, millets and mustard –SIL's revenue concentration on cotton and rice seeds remain high with 66% of its consolidated revenue being derived from sale of cotton and paddy in the domestic market. The high concentration exposes the company to potential demand shocks in the rice and cotton industries or any plant-specific disease outbreak, leading to crop failures. To a certain extent the company benefits from its supplies to Philippines market as it provides the benefit of the supplies being made to a market outside India and thus provides geographical diversification for the paddy sales. However, the product diversification is expected to slightly improve as the sales of millet, mustard and vegetable seeds are ramped up.

Regulatory risks with Government's regulation on cotton seed prices and stiff competition in the industry; long gestation period makes demand estimation crucial – The prices of cotton seeds are regulated by the Government, as per the Cotton Seed Control Order, 2015, limiting the pricing flexibility and margins of seed companies to an extent. Moreover, SIL faces intense competition from other large private players in the hybrid seed industry. The gestation period for commercialising a new seed variety can vary from 3 to 4 years depending on the company's R&D capabilities and time taken for testing through the multiple crop cycles. SIPL benefits from its advanced biotech lab setup in Singapore and a speed breeding facility at Hyderabad. Moreover, the company needs to estimate the seed demand a year in advance of the sale, hence, the demand estimation becomes crucial.

Liquidity position: Adequate

The company's liquidity position is adequate, with free cash and bank balance (including free FDs) of Rs. 131.1 crore as of March 2025 (provisional) and no major capex plans or repayment obligations. The company's fund based working capital limits remained utilised on an average of 19% during FY2025 and the farmer finance facility was ~65% utilised on an average during FY2025. Thus, ICRA expects the liquidity position to remain adequate in the absence of any major capex plans, along with healthy cash balances and cushion in working capital limits.

Rating sensitivities

Positive factors – ICRA may upgrade the ratings if the company demonstrates an improvement in its scale and profitability while diversifying its product portfolio, strengthening its financial risk profile on a sustained basis.

Negative factors – Pressure on SIL's ratings could arise if the revenues and margins decline significantly on a sustained basis, or if any stretch in the working capital cycle impacts its liquidity position. A specific credit metric for downgrade includes interest coverage ratio of below 5.0x times on a sustained basis.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of Seedworks International Ltd (SIL) which includes entities mentioned in Annexure II

About the company

SIL was incorporated in November 2008 as a 100% subsidiary of erstwhile Seedworks Singapore Pte Limited and was acquired by True North Fund VLLP, a Mumbai-based PE fund, in 2016, which currently holds a majority stake in the company.

SIL is involved in the research, breeding, development and sale of hybrid seeds with its headquarters in Hyderabad, Telangana, and R&D facilities across Hyderabad, Bengaluru, Lucknow, Hissar, Aurangabad and Alwar. SIL sells under the brand name of

US Agriseeds and is one of the leading players in hybrid rice seeds with increasing presence in cotton seeds. It started research on vegetable seeds in January 2018. From 2020, the company started the sales of millet and mustard seeds, which were acquired from Krishna Seeds Private Limited, and are sold under the brand name, Krishna Beej. SIL ranks 24th among India's Great Mid-sized Workplaces.

Key financial indicators (audited)

Consolidated	FY2024	FY2025*
Operating income	522.7	608.4
PAT	4.9	50.9
OPBDIT/OI	10.1%	14.8%
PAT/OI	0.9%	8.4%
Total outside liabilities/Tangible net worth (times)	5.5	4.1
Total debt/OPBDIT (times)	3.8	2.0
Interest coverage (times)	5.1	9.9

*Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amounts in Rs. crore; PAT: Profit after Tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortization; *Provisional*

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					
	Type	Amount rated (Rs. crore)	Sep 5, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund based/Cash credit	Long-term	40.00	[ICRA]A (Stable)	Jun 28, 2024	[ICRA]A (Stable)	-	-	Mar 03, 2023	[ICRA]A (Stable)
Fund based limits	Short-term	50.00	[ICRA]A2+	Jun 28, 2024	[ICRA]A2+	-	-	Mar 03, 2023	[ICRA]A2+

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term fund based/Cash credit	Simple
Short term – Fund based limits	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
NA	**Long term fund based/Cash credit**	NA	NA	NA	40.00	[ICRA]A (Stable)
NA	**Short term – Fund based limits**	NA	NA	NA	50.00	[ICRA]A2+

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis:

Company name	Consolidation approach
Straits Biotech Pte Limited	Full consolidation
SeedWorks Philippines Inc.	Full consolidation

Source: Company

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ABOUT ICRA LIMITED

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Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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