

## Bombay Super Hybrid Seeds Limited

April 04, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	20.00	CARE BBB; Stable	Assigned
Long Term / Short Term Bank Facilities	105.00	CARE BBB; Stable / CARE A3+	Assigned

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Ratings assigned to bank facilities of Bombay Super Hybrid Seeds Limited (BSHSL) derive strength from growing scale of operations and healthy profitability, sustained growth in H1FY25 (refers to April 01, 2024, to September 30, 2024), comfortable financial risk profile, and adequate liquidity maintained in the form of healthy gross cash accruals (GCA) and positive cash flow from operations. Ratings further derive strength from experienced promoters, and its established distribution network spanning all major crop-growing regions in India. Ratings also take cognisance of a diversified product portfolio led by major contributions from groundnut seeds.

However, ratings are tempered by an elongated operating cycle, geography-wise and product-wise concentrated revenue, exposure to group companies, dependence on agro-climatic variations and profitability susceptible to volatile raw material prices.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Significant increase in scale of operations and improvement in the profit before interest, lease rentals, depreciation and tax (PBILDT) margins over 15% on a sustained basis while maintaining healthy coverage metrics.
- Improvement in operating cycle to below 150 days driven by rationalisation of inventory.

#### Negative factors

- Decline in scale of operations and profitability impacting coverage metrics.
- Elongation in working capital cycle putting pressure on liquidity.
- Total outside liabilities to tangible net worth (TOL/TNW) exceeding 1.5x on a sustained basis.

### Analytical approach: Standalone

#### Outlook: Stable

Stable outlook on the rating considers satisfactory operational and financial performance based on the existing seeds production capabilities, distribution network, and prudence in the utilisation of working capital facilities.

### Detailed description of key rating drivers:

#### Key strengths

##### Experienced promoters

Rajkot, Gujarat based BSHSL is promoted by Arvind Kakadia, who has over two decades of experience in the seeds processing and marketing industry. He plays a key role in shaping the strategic decisions of the company. He is supported by his brother, Kirit Kakadia, also a director of BSHSL, having over 20 years of industry experience. The management team is further strengthened by a group of experienced professionals.

The promoters are also associated with group companies, including Upsurge Seeds of Agriculture Limited (rated 'CARE BBB-; Stable') and American Genetics Seeds Limited, both engaged in similar business activities.

##### Growing scale of operations with healthy profitability

BSHSL's total operating income (TOI) grew at a compounded annual growth rate (CAGR) of 26% in the last four years ended FY24, and it registered a TOI of ₹257.28 crore in FY24 with a growth of 12% from ₹228.31 crore in FY23 considering increased sales volume and sales realisation. In H1FY25, BSHSL reported revenue of ₹186.34 crore, improved from ₹150.52 crore in H1FY24 due to an increased dealer and distribution network. It is envisaged to achieve revenue of ₹375-400 crore in FY25.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

The profitability of the company remained healthy, marked by a PBILDT in the range of 7% to 12% in the past three years ended FY24 and is expected to remain in a similar range in the projected period.

#### **Comfortable capital structure and debt coverage indicators**

BSHSL's capital structure remained comfortable, with an overall gearing ratio of 0.61x as on March 31, 2024, compared to 0.94x the March 31, 2023. BSHSL's total debt consists majorly working capital borrowings and a small vehicle loan. TOL/TNW ratio remained comfortable at 1.09x as on March 31, 2024 (1.38x as on March 31, 2023), supported by a moderate net worth base of ₹78.27 crore at the end of FY24 (₹56.32 crore at FY23-end).

The company's debt coverage indicators also remained comfortable marked by interest coverage of 6.30x in FY24 (FY23: 7.22x). However, it remained moderate with total debt to GCA (TD/GCA) of 2.05x as on March 31, 2024 (2.92x as on March 31, 2023).

#### **Established dealer distributor/ farmer network with diversified customer profile**

BSHSL has a strong network of over 1000 distributors across India, with presence in Gujarat, Maharashtra, Rajasthan, Madhya Pradesh, Uttar Pradesh, Karnataka, West Bengal, Bihar, and Punjab among others. The distributors further sell to its retail network of farmers. The company has fairly diversified customer base as reflected by its share from its top five customers of 11% in FY24 (12% in FY23).

#### **Key weaknesses**

##### **Elongated operating cycle**

BSHSL's operating cycle remained elongated at 203 days as on March 31, 2024 (167 days as on March 31, 2023) due to seasonality and working capital intensive seed processing business, which requires maintaining large inventories. The average inventory holding days remains high at 206 days in FY24 (164 days in FY23), as the company must maintain huge inventory in Q4 of the financial year to sell them in beginning of Kharif season (June to October) and also to mitigate the risk arising from unexpected unseasonal vagaries of monsoons.

##### **Geographical and product revenue concentration**

BSHSL has presence in multiple regions in the country however revenue is concentrated in three states, Gujarat, Maharashtra and Rajasthan, together contributing ~88% of TOI in FY24 (94% in FY23).

Though product profile of the company remained diversified, BSHSL derives major proportion of its revenues from groundnut seed, that is 60% of TOI in FY24 (53% in FY23). However, the company has strong presence in other segments such as vegetable seeds and field crops, which include gram seeds, cumin seeds, soyabean seeds, wheat seeds and others.

##### **Exposure to agro climatic risk and stiff competition from established players**

The industry heavily depends on agricultural cycles, which are influenced by unpredictable factors such as weather conditions, pest outbreaks, and diseases. It highly depends on the monsoon pattern. In India, the hybrid seed market is fragmented, with top five companies occupying ~28%. It has a considerable presence of MNC's lead by Monsanto, DuPont, Syngenta, and Nunhems India, among others, who have strong distribution network and carryout continuous R&D. The market is dominated by large domestic companies (Nuziveedu Seeds Limited (rated; 'CARE A+; Stable'), Rasi Seeds, and Kaveri Seeds, among others) with large resources, strong distribution networks, and R&D facilities.

##### **Liquidity: Adequate**

BSHSL's liquidity remained adequate, marked by sufficient GCA against negligible debt repayment obligation, positive cash flow from operations in FY24, and moderate working capital utilisation.

BSHSL's total debt consists majorly of working capital limits and negligible vehicle loans; therefore, the company has sufficient GCA of ₹23.40 crore in FY24 (PY: ₹18.07 crore) against a debt repayment obligation of ~₹0.69 crore in the projected period.

The average working capital utilisation of the company remained moderate at ~30%, and maximum utilisation remained over 90% in the peak season in the past 12 months ended February 2025. The company reported a positive cash flow of ₹8.93 crore as on March 31, 2024 (negative ₹6.23 crore as on March 31, 2023) considering better profitability and working capital management.

BSHSL had a free cash and bank balance of ₹0.18 crore as of FY24-end (₹0.08 crore as of FY23-end); however, the company has extended loans to group companies to the tune of an outstanding amount of ₹3.07 crore as of FY24-end (₹0.62 crore as of FY23-end).

**Assumptions/Covenants:** Not applicable

**Environment, social, and governance (ESG) risks:** Not applicable

## Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

## About the company and industry

### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Fast-moving consumer goods	Fast-moving consumer goods	Agricultural food & other products	Other agricultural products

Rajkot-based BSHSL was established in 1990 as a partnership firm under the name of “Patel Jadavjibhai Devrajibhai” and was subsequently converted to Bombay Super Hybrid Seeds Private Limited in 2014. The company’s constitution was changed from ‘private Limited’ to ‘public Limited’ and listed on NSE on September 14, 2017. The company is promoted and managed by Arvind Kakadia and Kirit Kakadia.

BSHSL processes and markets hybrid seeds of varieties of crops such as groundnut, coriander, cumin, rajka, gram, wheat, sesame, vegetable crops, and other agro seeds. The company’s products are marketed under the brand “Bombay Super Seed”.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	H1FY25 (Prov.)
Total operating income	228.31	257.28	186.34
PBILDT	21.91	28.87	18.02
PAT	16.78	22.22	13.18
Overall gearing (times)	0.94	0.61	0.41
Interest coverage (times)	7.22	6.30	6.17

A: Audited Prov.: Provisional; Note: these are latest available financial results

**Status of non-cooperation with previous CRA:** Not applicable

**Any other information:** Not applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

**Annexure-1: Details of instruments/facilities**

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	20.00	CARE BBB; Stable
LT/ST Fund-based/non-fund-based-CC/WCDL/OD/LC/BG		-	-	-	85.00	CARE BBB; Stable / CARE A3+
LT/ST Fund-based/non-fund-based-CC/WCDL/OD/LC/BG		-	-	-	20.00	CARE BBB; Stable / CARE A3+

**Annexure-2: Rating history for last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	LT/ST Fund-based/non-fund-based-CC/WCDL/OD/LC/BG	LT/ST	85.00	CARE BBB; Stable / CARE A3+				
2	LT/ST Fund-based/non-fund-based-CC/WCDL/OD/LC/BG	LT/ST	20.00	CARE BBB; Stable / CARE A3+				
3	Fund-based - LT-Cash Credit	LT	20.00	CARE BBB; Stable				

LT: Long term; LT/ST: Long term/Short term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities:** Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	LT/ST Fund-based/non-fund-based-CC/WCDL/OD/LC/BG	Simple

**Annexure-5: Lender details**

To view the lender wise details of bank facilities please [click here](#)

**Note on complexity levels of rated instruments:** CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for clarifications.

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