

Nuziveedu Seeds Limited

April 08, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	100.00	CARE A+; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of the rating assigned to bank facilities of Nuziveedu Seeds Limited (NSL) considers strong and experienced promoters supported by professional and qualified management, robust internal research and development (R&D) capabilities, and its expansive distribution network spanning all major crop-growing regions in India along with existence of own germplasm. The rating also considers sustained growth in total operating income (TOI) and profitability levels and margins in FY24 (Audited) and 9MFY25 (Unaudited) on consolidated level (FY refers to period April 01 to March 31), healthy financial risk profile with strong liquidity maintained in the form of cash to the tune of ₹27.38 crore and investments by way of liquid mutual funds amounting to ₹215.53 crore as on March 31, 2024 with negligible debt. NSL's position as a leading contender in the Indian hybrid cotton seed market and other field crops, geographically diversified product portfolio led by major contribution from cotton seeds, and geographically diversified production centres strengthen the rating.

However, the rating is tempered by significant exposure to group companies, which further increased as on March 31, 2024, elongated operating cycle and dependence on agro-climatic variations.

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 22% on a sustained basis.
- Maintaining operating cycle consistently below 180 days.
- Reduction in product concentration with no single variety of seed contributing over 30%.

Negative factors

- Overall gearing going beyond 0.75x on sustained basis.
- To undertake the capital expenditure (capex) by utilising the internal accruals or any further investment in subsidiaries or associate companies from the cash flows generated from the company, causing liquidity strain.

Analytical approach: Consolidated

Consolidated financial statements based on financials of NSL, its subsidiaries as provided namely Pravardhan Seeds Private Limited, Asha Agrisciences Private Limited (formerly known as Yaganti Seeds Private Limited), Prabhat Agri Biotech Limited, Asian Agri Genetics Limited, Fortune Hybrid Seeds Limited, Global Agrigenetics India Private Limited, PT Nuziveedu Indonesia, are considered as mostly these companies are in similar line of business i.e. production of seeds and are managed by same promoters. While Topnotch Projects Private Limited, Garden City Avenues Private Limited and Jubilee Real Projects (India) Private Limited are subsidiaries with no operations and primarily investment companies of promoters. Also, the ratings factor in the support extended to group companies by way of investments as mentioned in Annexure 6.

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

Established track record supported by professional and qualified management

The NSL group has over five decades of presence in the Indian seeds industry. Cotton hybrid seeds are the major products and NSL has ~220 varieties of approved hybrid commercial cotton seeds out of 970, approved by the Genetic Engineering Approval Committee (GEAC) under the Ministry of Environment & Forests, GoI. NSL has a professionally managed board. It is governed by a seven-member board with three of them belonging to the promoter's family, one whole-time director and two independent directors. All the directors are highly qualified professionals with long industry experience. The board is further assisted by qualified professionals down the hierarchy.

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Strong R&D facilities

NSL has well-equipped R&D facilities comprising biotechnology, seed testing, and quality testing labs at over six locations in the country. The main research centre at Kompally, Hyderabad, is accredited by the International Seed Testing Association. Besides, the company has multi-location trial centres, Grow out Test (GoT) farms (spread across 800 acres) to test the genetic purity of a seed sample. NSL also has in place collaboration with crop research institutes IRRI Philippines, NDSU USA, Plant research international – Netherlands, CAMBIA – Australia, Indian Council of Agricultural Research, International Crop Research Institute for the Semi-Arid Tropics (ICRISAT), among others, which facilitates research activities. Besides, NSL has 14 seed processing units which facilitate increased operational efficiency. The company focuses its R&D efforts on developing new products and addressing gaps in technology by integrating traditional breeding techniques and modern technology. The company emphasises on higher yields, product quality, insect and disease tolerance, drought tolerance and expedient results.

Strong and efficient marketing network and existence of own germplasm

The company has strong sales and marketing network consisting of 10 regional offices, nine carrying & forwarding (C&F) agents, 8,500 distributors and over 90,000 dealers & sub-dealers spread across 19 states of the country. Besides, NSL has tie-up with agricultural institutions and has partnered with several institutions such as Krishak Bharati Cooperative Limited, ICRISAT, National Seed Corporation, ITC, Hariyali and Coromandel International Limited to increase its presence. The major raw material for hybridisation process is germplasm (stored as seed collection), genetic pool of seeds, which includes varieties of plants with variations DNA exhibiting different properties adapting to varying agro-climatic conditions. Once desired traits are achieved, the hybrid seeds are multiplied by cultivating them in fields. NSL has developed its own germplasm for the different varieties of hybrid seeds.

Geographically diversified production centres

The production centres of NSL are geographically diversified across states in India for different crops. Currently, the company produces seeds in states, including Gujarat, Andhra Pradesh, Telangana, Odisha, Maharashtra, Tamil Nadu, Uttarakhand, Rajasthan, and Karnataka which are in different agro-climatic zones of the country. This diversification helps the company to mitigate risk to a certain extent if there is disturbance in seed production considering vagaries of monsoons. The company's seed production area is spread over in ~154,000 acres with ~180,000 seed growers across India having partnered with the company in producing seeds.

Geographically diversified product portfolio despite revenue concentration towards cotton seeds

NSL has presence in ~21 states in the country and the revenue is diversified across all, states with Telangana, Maharashtra, Andhra Pradesh, Uttar Pradesh, and Madhya Pradesh together contributing ~56% of total sales in FY24 against 49% of total sales in FY23.

Stable TOI and profitability in FY24 and 9MFY25

The company's TOI at consolidated level increased from ₹1,090.74 crore in FY23 to ₹1,124.33 crore reporting a marginal growth of 3.08%. At a standalone level, the company had sold 31 lakh packets of cotton against 36 lakh packets in FY23. However, given the increase in sales realisation, the revenue had marginally improved. At consolidated level, PBILDT margin of the company has improved to 19.24% in FY24 from 18.33% in FY23, owing to increased sales of maize single cross (SX) and other field crop seeds fetching higher margins. In addition, drop in other agricultural and incidental charges related to seeds production contributed to improved margins. Profit after tax (PAT) margin also improved in line from 18.58% in FY23 to 20.06% in FY24. NSL continues to grow with TOI of ₹1,092.08 crore and earnings before interest, tax, depreciation and amortisation (EBITDA) margin of 24% as of end of 9MFY25.

Stable and comfortable financial risk profile

Overall gearing of the company at consolidated level has remained strong at 0.01x both on March 31, 2024, and December 31, 2024. The company has nil working capital borrowing as on March 31, 2024, and minimal lease liability of ₹4.98 crore as on March 31, 2024. Total debt to gross cash accruals (GCA) is comfortable at 0.02x on March 31, 2024. PBILDT interest coverage ratios remained comfortable at 59.08x in FY24.

Key weaknesses

Increase in exposure to group companies

The promoters have tendency to support weaker entities of the group. In FY24, NSL group had converted its Optionally Convertible Debentures (OCDs) of ₹75 crore towards NSL Estates Private Limited (NEPL) into Redeemable Preference Shares (RPS) and further invested ₹15 crore in NEPL taking the total investment value to ₹90 crore. The group has also made investment in Serene Estates Private Limited (SEPL) of ₹75 crore in year in form of RPS. Other investments include ₹97.99 crore in Golden Tower Infratech Private Limited and ₹25 crore in NSL Energy Ventures Pvt Ltd. in the form of RPS. Total exposure aggregates to ₹214.22 crore as on March 31, 2024. The management had indicated that given the expected need of incremental working capital in FY26, exposure is likely to remain at similar level by end of FY26. However, additional investment towards group companies shall be crucial from credit rating perspective.

Elongated operating cycle

NSL operates in an industry where the inventory levels are generally on a higher side. NSL requires to maintain huge inventory in Q4 of the financial year in order to cater to the demand in beginning of Kharif season (June to October). This enables NSL to mitigate the risk arising from unexpected unseasonal vagaries of monsoons. As a result of the same, the operating cycle at consolidated level remained elongated at 219 days in FY24 (228 days in FY23). The average inventory holding days remains on the higher side at 241 days in FY24.

Dependent on vagaries of nature

NSL's business is seasonal and extremely depends on the rainfall and other climatic conditions (necessary for cultivation of cotton and other crops). Cotton seed, the major revenue earner, is an agricultural seasonal commodity with major portion of revenue (~65%) accruing in the first quarter of the year. As such the profitability is susceptible to crop failure in any particular season. However, the company has presence in ~19 states and in well-irrigated areas, which insulates it against the monsoon risk to a certain extent.

Liquidity: Strong

Liquidity is marked strong with GCA of ₹247.11 crore in FY24 against negligible repayment obligations of ₹0.03 crore in FY25. The company has cash to the tune of ₹27.38 crore and investments in the form of mutual funds of ₹216 crore as on March 31, 2024. With negligible debt as on March 31, 2023, the issuer has sufficient gearing headroom, to raise additional debt for capex. There has been no utilisation of working capital limits in the past 12 months ending February 2025.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks:

	Risk factors
Environmental	<ol style="list-style-type: none"> 1. NSL makes use of age-old traditional practices, biological fertilizers, biological seed treatments and use of natural mulching practices. NSL has also been using traditional botanical extracts and bio-composting techniques for enhancing productivity in its seed production plots. 2. Company is also using Bio-char projects where it has got carbon credits in FY25. Going forward, it is expected to grow further.
Social	<ol style="list-style-type: none"> 1. CSR expenditure for FY24 was of ₹3.80 crore (PY: ₹3.14 crore). 2. NSL has also been working regularly with smallholder farmers and especially tribal woman farmers in various states of India to improve their livelihoods in alignment with integrated cropping systems including livestock, fisheries, etc.
Governance	<ol style="list-style-type: none"> 1. Seven-member board of directors is composed of two independent directors. 2. Transactions with related parties are sufficiently disclosed in the audited financials.

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Consolidation and Combined Approach](#)

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

Incorporated in March 2008, NSL belongs to the NSL group of Hyderabad. The NSL group was promoted by M Prabhakara Rao, who has over three decades of experience in the seed business and has been on advisory board of several major seed industry associations operating in the country. NSL is engaged in producing, processing, and selling of hybrid/ open pollinated seeds of various crops (cotton, maize, paddy, jowar, bajra, sunflower, wheat and mustard, among others) and vegetables (brinjal, chillies, tomato, ladyfinger, and cabbage).

Consolidated

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	9MFY25 (UA)
Total operating income	1090.74	1118.09	1120.08

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	9MFY25 (UA)
PBILDT	199.94	210.12	290.42
PAT	202.63	225.49	268.09
Overall gearing (times)	0.01	0.01	NA
Interest coverage (times)	100.73	57.38	171.84

A: Audited UA: Unaudited; NA: Not applicable; Note: these are latest available financial results

Standalone

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	9MFY25 (UA)
Total operating income	723.62	735.41	812.26
PBILDT	132.91	119.73	199.15
PAT	197.97	134.33	178.43
Overall gearing (times)	0.00	0.00	NA
Interest coverage (times)	125.50	119.97	173.17

A: Audited UA: Unaudited; NA: Not applicable; 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 (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	100.00	CARE A+; Stable

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	Fund-based - LT-Cash Credit	LT	100.00	CARE A+; Stable	-	1)CARE A+; Stable (18-Mar-24)	1)CARE A+; Stable (27-Mar-23)	1)CARE A+; Stable (25-Feb-22)

LT: Long 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

Annexure-5: Lender details

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

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Pravardhan Seeds Private Limited	Full	Subsidiary
2	Yaaganti Seeds Private Limited	Full	Wholly owned subsidiary
3	Prabhat Agri Biotech Limited	Full	Wholly owned subsidiary
4	Asian Agri Genetics Limited	Full	Wholly owned subsidiary
5	Fortune Hybrid Seeds Limited	Full	Wholly owned subsidiary
6	Jubilee Real Projects (India) Private Limited	Full	Wholly owned subsidiary
7	Topnotch Projects Private Limited*	Full	Wholly owned subsidiary
8	Global Agrigenetics India Private Limited	Full	Wholly owned subsidiary
9	PT Nuziveedu Seeds Indonesia	Full	Wholly owned subsidiary

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 for clarifications.

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