

May 15, 2026

## UPSURGE SEEDS OF AGRICULTURE LIMITED: Rating assigned

### Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long - term fund based – Cash credit	57.00	[ICRA]BBB- (Stable); assigned
Long - term fund based – Term loans	9.31	[ICRA]BBB- (Stable); assigned
Long - term – Unallocated limits	0.69	[ICRA]BBB- (Stable); assigned
<b>Total</b>	<b>67.00</b>	

\*Instrument details are provided in Annexure II

### Rationale

The rating assigned to Upsurge Seeds of Agriculture Limited (USAL) factors in the promoters' extensive operating experience in the seeds industry and the company's established relationships with farmers and distributors. USAL has built a distribution network of over 600 distributors and has been gradually expanding its presence across crops and geographies, though Gujarat continues to be the primary market accounting for more than 80% of the company's revenue.

USAL's revenues have increased steadily to Rs. 136.6 crore in FY2025 from Rs. 62.8 crore in FY2021, driven by higher volumes, particularly in groundnut seeds, which remain the key revenue contributor. The revenues are estimated to decline in FY2026 and remain moderate owing to lower sales from groundnut seeds. The profitability has also improved over the same period, with the operating margins stabilising at around 10% in the last few years and expected to remain largely stable in the near term.

The financial risk profile remains moderate, characterised by comfortable debt coverage and leverage. The borrowings are primarily working capital in nature with limited long-term debt, while the overall scale of operations remains modest compared to the larger industry peers.

The rating, however, is constrained by product and geographic concentration, with groundnut seeds accounting for a significant share of the revenues and a large proportion of the sales is derived from a single state. The seeds business also remains inherently exposed to agro-climatic risks, including the dependence on monsoon patterns and weather variability, which can affect both yield and demand. In addition, the business is characterised by high inventory requirements due to the long production and storage cycle of seeds, which is inherent to the nature of operations. Further, intense competition in the seeds industry, marked by the presence of larger and more diversified players, limits USAL's pricing flexibility.

The Stable outlook reflects ICRA's expectation that USAL will sustain its operating performance, supported by the promoters' experience and an establishing distributor network.

### Key rating drivers and their description

#### Credit strengths

**Promoter experience with Established Distribution Network** - USAL is promoted by Mr. Arvind Kakadia, who has over two decades of experience in seed processing and marketing, and is actively involved in the company's strategic decision making. He is supported by his brother, Mr. Viken Kakadia, also a director, with comparable industry experience. The promoters' association with group entities engaged in similar businesses provides additional operating experience. The company has

developed a wide dealer-distributor network across major crop growing states. USAL works in 7-8 states and has a distribution network of over 600 distributors.

**Moderate Financial Risk Profile** - USAL maintains a comfortable capital structure, with borrowings largely comprising working capital facilities and limited long-term debt. The total debt/TNW stood at 0.7x as on September 30, 2025 (1.0x as on March 31, 2025).

### Credit challenges

**Working capital-intensive operations** - The seeds business is inherently working capital-intensive, requiring significant inventory holding due to the long production cycles and seasonality. Accordingly, the inventory holding remained elevated at 262 days in FY2025 (248 days in FY2024). Consequently, the working capital cycle remained elongated with NWC/OI of 67% in FY2025, resulting in higher dependence on working capital financing, particularly during the peak sowing seasons.

**High product and geographic revenue concentration** - Despite the diversification efforts, a sizeable portion of USAL's revenues remains dependent on a limited number of crops and concentrated across a few states. Groundnut seeds accounted for about 61% of the revenues in FY2025 (74% in 9M FY2026), while Gujarat and Maharashtra together contributed nearly 91% to the revenues in FY2025 as well as in 9M FY2026. This concentration exposes the company to crop-specific and regional risks.

**Exposure to agro-climatic risk and competitive nature of the industry** - The company's operations remain susceptible to uncertainties inherent in the agricultural sector, such as dependence on monsoon, weather fluctuations, pest attacks. These factors can influence sowing decisions, farmer demand and seed offtake, resulting in variations in revenue and inventory levels. Additionally, the seeds industry is competitive and fragmented, with the presence of large domestic players and MNCs, which can limit the pricing flexibility and intensify the competition.

### Liquidity position: Adequate

The liquidity profile of USAL is adequate, supported by healthy cash flow from operations, limited long-term debt and the absence of any major repayment obligations. While the business remains working capital-intensive due to high inventory requirements and seasonality, the liquidity is supported by moderate utilisation of the sanctioned working capital limits, with the average utilisation at 68% of the sanctioned limits from November 2024 to March 2026. The borrowings are largely working-capital driven, providing flexibility to manage the seasonal funding requirements. The company does not have any major capex plans and the scheduled repayment obligation of Rs. 1.63 crore in FY2027 will be comfortably met from the operational cash flows.

### Rating sensitivities

**Positive factors** – The rating could be upgraded if the company increases its scale and show a sustained improvement in earnings while maintaining healthy debt coverage metrics and liquidity position.

**Negative factors** – Pressure on the 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 that could lead to a downgrade includes an interest coverage ratio of below 2.8x times on a sustained basis.

### Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a>

Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

## About the company

Upsurge Seeds of Agriculture Limited (USAL) was incorporated in 2017 and is engaged in the business of growing, developing, processing and marketing a wide range of agricultural seeds for field crops and vegetables. USAL's operations encompass multiple stages of the seed value chain, including seed production, processing, quality testing and marketing. The company offers multiple variants for each crop, tailored to suit diverse agro climatic conditions such as variations in soil characteristics, water availability and crop duration across different geographical regions in India. The diversified product portfolio and region specific seed variants enable the company to cater to varying farmer requirements and cropping patterns.

## Key financial indicators (audited)

UAL (standalone)	FY2024	FY2025	H1 FY2026*
Operating income	133.1	136.6	46.8
PAT	7.3	8.4	2.5
OPBDITA/OI	10.2%	10.8%	12.7%
PAT/OI	5.5%	6.1%	5.4%
Total outside liabilities/Tangible net worth (times)	1.3	1.2	0.8
Total debt/OPBDITA (times)	3.5	3.7	3.4
Interest coverage (times)	3.3	3.5	2.7

Source: Company, ICRA Research; \* Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation

## Status of non-cooperation with previous CRA: Not Applicable

Any other information: None

## Rating history for past three years

Current (FY2027)			Chronology of rating history for the past 3 years							
			FY2027		FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs. crore)	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Cash credit	Long term	57.00	May 15, 2026	[ICRA]BBB-(Stable)	-	-	-	-	-	-
Term loans	Long term	9.31	May 15, 2026	[ICRA]BBB-(Stable)	-	-	-	-	-	-
Unallocated limits	Long term	0.69	May 15, 2026	[ICRA]BBB-(Stable)	-	-	-	-	-	-

**Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026**

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(\*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

**Disclosure:** SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

## Complexity level of the rated instruments

Instrument	Complexity indicator
Long term fund based – Cash credit	Simple
Long term fund based – Term loan	Simple
Long term – Unallocated limits	Not Applicable

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 II: 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	57.00	[ICRA]BBB- (Stable)
NA	Long term fund based – Term loan	Sep 2024	NA	Jul 2030	2.84	[ICRA]BBB- (Stable)
NA	Long term fund based – Term loan	Sep 2024	NA	Feb 2030	5.28	[ICRA]BBB- (Stable)
NA	Long term fund based – Term loan	Sep 2024	NA	Feb 2030	1.19	[ICRA]BBB- (Stable)
NA	Long term – Unallocated limits	NA	NA	NA	0.69	[ICRA]BBB- (Stable)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

### Annexure III: List of entities considered for consolidated analysis – Not Applicable

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## ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

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.

For more information, visit [www.icra.in](http://www.icra.in)

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