

## Upsurge Seeds Of Agriculture Limited

March 25, 2026

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	-	-	Reaffirmed at CARE BBB-; Stable and Withdrawn

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has reaffirmed and withdrawn the outstanding ratings of 'CARE BBB-; Stable/ CARE A3' assigned to bank facilities of Upsurge Seeds Of Agriculture Limited (USAL) with immediate effect. This action has been taken at the request of USAL and 'No Objection Certificate' received from the banks that have extended the facilities rated by CareEdge Ratings. The rating, prior to withdrawal, continues to derive strength from its healthy profitability, moderate capital structure, debt coverage indicators, and adequate liquidity. The rating derives strength from experienced promoters, and its established distribution network spanning all major crop-growing regions in India. The rating also takes cognisance of a diversified product portfolio led by major contributions from groundnut seeds.

However, the rating remains constrained by USAL's moderate scale of operations, elongated operating cycle, geography-wise and product-wise concentrated revenue, dependence on agro-climatic variations, and profitability susceptible to volatile raw material prices.

**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 USAL 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, and is supported by his brother, Viken Kakadia, also a director of USAL, 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 Bombay Super Hybrid Seeds Limited (rated 'CARE BBB-; Stable; INC/ CARE A3; INC') and American Genetics Seeds Limited, both of which are engaged in similar business activities.

##### Healthy profitability

USAL's profitability remained healthy marked by profit before interest, lease rentals, depreciation, and taxation (PBILD) margin of 10.90% in FY25 (FY24: 10.14%), and stable profit after tax (PAT) margin of 6.24% in FY25 against 5.45% in FY24. In H1FY25, the company reported PBILD margin of 12.66% and PAT margin of 5.42% and expected to remain in similar range in the projected period.

##### Moderate capital structure and debt coverage ratio

USAL's capital structure remained moderate marked by overall gearing of 1.00x as on March 31, 2025 (PY-end: 1.04x). Total outside liabilities to tangible net worth (TOL/TNW) ratio also remained moderate at 1.17x as on March 31, 2025 (1.30x as on March 31, 2024), supported by a moderate net worth base of ₹54.43 crore at the end of FY25 (₹45.93 crore at FY24 end).

The company's debt coverage indicators also remained moderate marked by interest coverage of 3.49x in FY25 (3.30x in FY24) and total debt to gross cash accruals (TD/GCA) of 5.13x as on March 31, 2025 (5.29x as on March 31, 2024).

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

USAL has a strong network of over 500 distributors across India, with presence in Gujarat, Maharashtra, Rajasthan, Madhya Pradesh, and West Bengal among others. The distributors further sell to their retail network of farmers. The company has a fairly diversified customer base.

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

## Key weaknesses

### Moderate though growing scale of operations

USAL's total operating income (TOI) remained moderate at ₹136.88 crore in FY25 against ₹133 crore in FY24. In H1FY26, the company has registered revenue of ₹46.84 crore (H1FY25: ₹50.81 crore) and expects to register revenue of ₹115 crore in FY26.

### Elongated operating cycle

USAL's operating cycle remained elongated at 238 days as on March 31, 2025 (222 days as on March 31, 2024) due to the working capital intensive seed processing business, which requires maintaining large inventories. The average inventory holding days remain on the higher side at 244 days in FY25 (230 days in FY24), as the company requires to maintain huge inventory in Q4 of the financial year to sell them at the 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

USAL has presence in multiple regions in the country, with its revenue majorly concentrated in Gujarat. Though the company's product profile remained diversified, USAL derives major proportion of its revenues from groundnut seed, over 60%. However, the company has strong presence in other segments such as vegetable seeds and field crops, which include gram seeds, cumin seeds, sesame seeds, and wheat seeds among 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 monsoon pattern. In India, the hybrid seed market is fragmented, with top five companies occupying ~28%. It has a considerable presence of multi-national companies (MNCs) led by Monsanto, DuPont, Syngenta, and Nunhems India, among others, who have strong distribution network and carryout continuous research and development (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

USAL's liquidity remained adequate marked by sufficient GCA against debt repayment obligation, positive cashflow from operations in FY25, and moderate working capital utilisation.

USAL has sufficient GCA of ₹10.59 crore in FY25 (PY: ₹9.06 crore) against debt repayment obligation of ₹1-2 crore in FY26-FY28. The average working capital utilisation of company remained moderate at 70-80 in the last 12 months ended February 2026. USAL reported cash flow of ₹7.62 crore in FY25 (₹7.25 crore in FY24), considering better profitability and working capital management. The company has free cash and bank balance of ₹0.12 crore as of FY25-end (₹0.13 crore as of FY24-end).

## Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Withdrawal Policy](#)

## 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

USAL was established in 2017 as a Private Limited company. The company's constitution was changed from 'Private Limited' to 'Public Limited' and listed on NSE in 2019. The company is promoted and managed by Arvind Kakadia and Viken Kakadia. USAL processes and markets hybrid seeds of varieties of crops, such as groundnut, coriander, cumin, rajka, gram, wheat, sesame, vegetables seeds, and other agro seeds. The company has established network of dealers and distributors of over 500 across regions of the country, including Gujarat, Maharashtra, Rajasthan, West Bengal, Madhya Pradesh, and Bangalore among others with major sales to Gujarat.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (UA)
Total operating income	133.00	136.88	46.84
PBILDT*	13.48	14.92	5.93
Profit after tax (PAT)	7.25	8.49	2.54
Overall gearing (x)	1.04	1.00	0.72
Interest coverage (x)	3.30	3.49	2.72

A: Audited UA: Unaudited; Note: these are latest available financial results

\*PBILDT: Profit before interest, lease rentals, depreciation, and tax

**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		-	-	-	0.00	Withdrawn
Fund-based - LT-Term Loan		-	-	31-08-2030	0.00	Withdrawn

**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 2025-2026	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
1	Fund-based - LT-Cash Credit	LT	-	-	1)CARE BBB-; Stable (25-Mar-26) 2)CARE BBB-; Stable (04-Apr-25)	-	-	-
2	Fund-based - LT-Term Loan	LT	-	-	1)CARE BBB-; Stable (25-Mar-26) 2)CARE BBB-; Stable (04-Apr-25)	-	-	-

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
2	Fund-based - LT-Term Loan	Simple

**Annexure-5: Lender details**To view lender-wise details of bank facilities please [click here](#)

**Note on complexity levels of rated instruments:** CareEdge 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.

### Contact us

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