

## JK Agri Genetics Limited

February 25, 2026

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term bank facilities	75.30	CARE A-; Negative	Reaffirmed
Long-term bank facilities	-	-	Withdrawn

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has reaffirmed the rating to bank facilities of JK Agri Genetics Limited (JKAGL) at CARE A- while maintaining outlook as negative, reflecting continued subdued operating performance in FY25, which if continues may significantly impact JKAGL's credit profile going forward.

CareEdge Ratings has withdrawn the outstanding rating to long-term bank facilities (Term Loan) of JKAGL with immediate effect, as the company has repaid the aforementioned facility rated by CareEdge Ratings in full and there is no amount outstanding under this facility as on date.

Reaffirmation in the long-term rating assigned to bank facilities of JKAGL derives strength from being part of well-known and diversified JK Group with strong parentage of key investment arm of the group, Bengal & Assam Co Limited (holding 67.56% in JKAGL as on December 31, 2025), financial support flowing through equity infusion in the past years which CareEdge Ratings expects to continue going forward on need basis. Ratings also continue to draw strength from established brand name with pan-India distribution network of JKAGL offering diversified product mix, in-house research and development (R&D) division, and technical collaboration with leading players.

CareEdge Ratings notes that the company continued to report operating losses in FY25 (April 1 to March 31) despite at a lower level than earlier years supported by cost-rationalisation initiatives, such as reduction in the number of distributors and crops. However, despite these measures, overall profitability is expected to remain subdued in the near term with losses continuing during the year.

While the company reported a positive profit before interest, lease rentals, depreciation, and taxation (PBILDT) of ₹3.68 crore in 9MFY26 against a negative PBILDT of ₹9.31 crore in 9MFY25, the improvement remains at an early stage and is yet to demonstrate sustainability across a full operating cycle. CareEdge Ratings believes that the anticipated turnaround to operating profits in FY26 and beyond remains contingent upon successful execution of further cost control measures and sustained improvement in product mix with tangible and consistent profitability improvement still to be established over time.

The continued losses led to moderation in net worth base and weak debt protection metrics, which is partially mitigated with the inflow of ~₹72 crore through recent sale of land parcel at Hyderabad reflecting in liquidity buffer of ₹105.06 crore against total adjusted debt of ₹57.24 crore as on March 31, 2025. However, zero long-term debt status (as company repaid its entire term loan in FY25), and a strong liquidity position with adjusted net negative debt of ₹24.9 crore as on December 31, 2025, supported the company's capital structure. Going forward, the company's ability to turnaround operations and generate adequate cash accruals improving overall financial risk profile in the near-to-medium term will remain a key monitorable.

These rating strengths remain constrained by the deterioration in its operational performance, high operating cycle owing to high pending dues from state governments and large inventory holding requirements (with some inventory write-offs in FY25), regulated seed industry and vulnerability of sales to seasonality and agro-climatic conditions.

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

#### Positive factors

- The company's ability to increase its scale of operations above ₹250 crore on a sustained basis going forward amidst seasonal business and enhance its profitability margins with increase in sales.
- The company's ability to reduce its dependence on the sales from the first quarter of the financial year and introduce strategies to combat the seasonality of business.
- The company's ability to manage its working capital requirements while timely realising its debtors and dues pending from the state governments.

<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.

### Negative factors

- Continuous moderation in scale of operations and operating the company's profitability thereby impacting its credit risk profile.
- Sizeable capex undertaken by the company adversely impacting the capital structure with the overall gearing exceeding 1x.
- Change in the shareholding pattern, leading to decline in the stake held by BACL by less than 51%.

### Analytical approach: Consolidated

CareEdge Ratings has changed the analytical approach from standalone to consolidated from this year onwards considering investment by JKAGL in associate company. Ratings further factor in strong management and financial linkages with the parent entity, Bengal and Assam Company Limited (BACL). Entities considered for consolidation are mentioned in Annexure-6.

### Outlook: Negative

Continuation of 'Negative' outlook is largely driven by the subdued company's operating performance which if continues may significantly impact JKAGL's credit profile going forward. Improvement in operating profitability and consequently debt coverages metrics shall remain key monitorable going forward. Continued weakness in operating profitability may lead to rating downgrade. Conversely, improvement in operating profitability as envisaged may lead to revision of outlook to 'Stable'.

### Detailed description of key rating drivers:

#### Key strengths

#### Experienced promoter group and long track record of operations

JKAGL benefits by being a part of the JK group (east), which is over 100 years old and employs over 50,000 people across the group. The group has diversified business interests including cement (through its group company JK Lakshmi Cement Ltd [JKLC; rated 'CARE AA; Stable/CARE A1+']), auto ancillary (through its group company JK Tyre and Industries Ltd [rated 'CARE AA-; Stable/CARE A1+']), paper (through its group company JK Paper Ltd), and fan belts (through its group company JK Fenner (India) Limited).

BACL is the group's investment holding company and the promoter for JKAGL with 67.56% shareholding as on December 31, 2025 (67.56% as on March 31, 2025). BACL holds significant investments in the form of listed shares of the major JK group of companies, providing it with adequate financial flexibility. Market value of such holdings stood at ₹13,291 crore as on January 29, 2026 and Market value of listed Investment to Debt of BACL stands at 168x providing strong financial support to the company. The company's promoter group infused total funds of ₹50 crore in the past, of which ₹32.47 crore was received by JKAGL in FY20, and the remaining ₹17.54 crore was received in FY21. This strengthened the company's capital structure. JKAGL continues to benefit from strong parentage and being a part of the JK group conglomerate.

JKAGL has an experienced team of qualified management personnel having over two decades of experience in the seeds production business. JKAGL's board consists of eight directors comprising two executive directors and six non-executive directors. Kuldeep Kumar Pandit is the company's president and director (CEO) from November 24, 2023. The management team is taking measures to improve efficiencies in the company's structure and operational processes, including rationalisation of the product portfolio and distribution network, thrust on digital marketing, strengthening planning and forecasting and upgrading the logistics and supply chain operations of JKAGL.

#### Established brand names and distribution network

"JK Seeds" is an established brand name among the farming community. JKAGL has a pan-India dealer-distribution network across major seeds market. It sells products in 28 states through a wide distribution network of over 18 carry and forward agents, 1,800+ distributors and over 30,000 retailers. The company has been catering African (Sudan, Ethiopia, Swaziland, and Mozambique) and ASEAN countries (Pakistan, Nepal, Bangladesh, and Sri Lanka) by exporting crops, such as bajra, jowar, paddy among others, the company's export sales declined marginally by ~3%, impacted by regional political unrest, seed availability issues, crop supply constraints, and adverse currency movements. The export sales were reported at ₹10.54 crore (PY: ₹12.58 crore), which account for 7% of the company's overall revenue in FY25 (FY24: 8%). Going forward, the company plans to increase its focus on exports, particularly to African and European markets, supporting diversification of its revenue profile, the execution of the same remains a key monitorable.

#### In-house R&D division and diversified product portfolio

JKAGL is well equipped with R&D facilities and a biotech lab with established breeding facilities for field crops and vegetable seeds. JKAGL has a team of 35 scientists working across five breeding centers and 23 multi-location trial centres, which covers all climate zones of India. It has seven R&D facilities and one Bio-Technology lab centre at Dundigal village (Telangana). In addition to this, JKAGL also has several collaborations with reputed and leading research-driven institutes to contribute to its research activities. JKAGL deals in wide range of products majorly involving field crops, such as cotton, paddy, maize, jawar, bajra, and vegetables providing JKAGL with a distinctive competitive advantage. Such portfolio, besides offering diversity also offers strong value proposition from cyclical and risk mitigation perspective. The company's portfolio is suitable for kharif and rabi seasons. In last couple of years, JKAGL launched new hybrids in field crops and as part of its product portfolio restructuring programme has dropped some low margin, slow-moving and high-volume products, and varieties. In FY25, the company has expended ~₹11.06 crore against ₹13.74 crore in FY24 towards R&D. The R&D teams of the company continuously put efforts

towards working on hybrids suitable for similar agro climatic conditions especially in select African and ASEAN countries. The R&D team has delivered good hybrids cotton, corn, paddy, bajra, and new varieties in mustard and wheat over the years.

Going forward, the company is streamlining its R&D efforts by prioritising crops with higher margin potential, improving the return on R&D spend.

### **Moderate operating performance**

JKAL's total operating income (TOI) increased by ~9% year-on-year to ₹161.79 crore in FY25 (FY24: ₹148.10 crore; FY23: ₹200.92 crore). The company further reported TOI of ₹134.63 crore in 9MFY26 against ₹134.20 crore in 9MFY25, registering a modest y-o-y growth of ~0.32%.

However, company continues to report operating losses though narrowed in FY25, primarily due to focused cost control measures and improvement in product mix. The company reported PBILDT losses of ₹10.05 crore in FY25 against losses of ₹25.23 crore in FY24. In 9MFY26, the company reported a positive PBILDT of ₹3.68 crore against a negative earnings before interest, taxation, depreciation, and amortisation (EBITDA) of ₹9.31 crore in 9MFY25. As part of its cost-rationalisation initiatives, the company reduced the number of sales territories from ~200 to ~100 in FY25, leading to a significant decline in sales and distribution expenses. Additionally, the company streamlined its R&D efforts by prioritising crops with higher margin potential, improving the return on R&D expenditure. Collectively, these measures have resulted in cost savings, supporting the improvement in operating margins and overall profitability. Going forward, as the company's business is highly fixed cost intensive; the company expects full benefit of these measures from FY27 onwards.

### **Key weaknesses**

#### **Regulated industry**

The seed industry being a priority sector and agriculture-related activity is regulated by the government to a certain extent. The companies need to obtain necessary approvals from individual states, wherever applicable per the process laid down in the Seed Act. Before coming out in the market, a new hybrid variety of seed is subjected to trial runs and periodic testing as prescribed and applicable. In addition to this, the cotton seeds prices are also regulated by the government. The use of genetically modified crops for field crops and vegetables is also subject to government regulations.

#### **Seasonality and vulnerability of sales to agro-climatic conditions**

The major sales concentration of JKAGL in the first quarter ending June accounts of 50-60% of total sales. JKAGL's sales and profitability are vulnerable to agro-climatic conditions prevailing in the country. Due to lack of adequate irrigation facilities, the sales and consumption of seeds highly depend on the prevailing monsoon and other agroclimatic conditions in the country.

#### **Elongated operating cycle with inventory write-offs in FY25**

JKAGL has product range which includes major kharif and rabi crops and several hybrid seeds for vegetables which are sown in between the seasons. However, the major concentration of sales remains in kharif seasons, which include cotton and paddy seeds. Therefore, the company's majority sales happen in the quarter ending June, making the business operations seasonal which results in high inventory holding in the March quarter. JKAGL ensures adequate availability of seeds with carry and forward agents and distributors to ensure ample samples are available. Aligned with this, the finished seeds are also sold across dealers/distributors by extending credit periods. Also, the company is focusing on more hybrids for new improved attributes for which the company has to maintain sufficient inventory. The company takes 50% advance from the export customers and also from certain private players in the domestic market.

The company's operating cycle improved to 141 days as on March 31, 2025, from 258 days in the previous year, though remains elongated. This improvement was primarily driven by timely debtor realisation and a reduction in inventory days. The average inventory days remained at 214 days in FY25 against 286 days in FY24.

In FY25, the company undertook an inventory write-off of ₹39.72 crore considering higher sales returns and obsolescence of certain crop varieties, with ₹4.07 crore from the aforesaid amount subsequently sold till date. CareEdge Ratings envisage that there will not be further inventory write-offs in the near term.

Overall working capital intensity remains high due to the seasonal nature of operations, with a majority sales concentrated in the June quarter (Kharif season), leading to elevated inventory levels as at March end. Additionally, the company's focus on hybrid products necessitates maintaining adequate inventory levels. Going forward, operating cycle is expected to moderate to 120-150 days over the medium term.

### **Liquidity: Adequate**

The company's adequate liquidity is characterised by sufficient cushion of unencumbered cash and liquid investments of ₹105.06 crore and ₹77.54 crore as on March 31, 2025 and December 31, 2025, respectively, against nil outstanding term debt. In FY25, the company fully repaid outstanding term loans of ₹11.18 crore, resulting in a comfortable capital structure. Adjusted overall gearing (adjusted for standalone recourse facility taken from HDFC Bank for Farmers) stood of 0.59x (PY: 0.90x) as on March 31, 2025. Average and maximum working capital utilisation for 12 months ended September 2025 are below 10%, which depicts sufficient headroom to provide liquidity in case of exigency.

Going forward, the company expects to generate positive internal accruals in FY26 and onwards with no major capex plans in the near to medium terms, which is likely to further strengthen its liquidity profile. JKAGL is backed by strong support of parent company as it is of strategic importance for the overall group.

**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 – Nonfinancial Sector](#)

[Factoring Linkages](#)

[Consolidated approach](#)

[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 and other products	Other agricultural products

JKAGL was established in 1989 as an erstwhile division of JK Tyre & Industries Limited (JKTL) and later converted to public limited company in 2003. JKAGL is an Agri-input company mainly in business research, production, processing, and marketing high quality seeds for different crops such as bajra, jowar, paddy, cotton, maize, vegetables, and plant nutrient products. The group companies include JK Lakshmi Cement Limited (JKLC, rated 'CARE AA; Stable/ CARE A1+'), JKTL (rated 'CARE AA-; Stable/ CARE A1+'), Bengal & Assam Company Limited (BACL), JK Paper Limited. JKAGL is a subsidiary of BACL with 67.56% being held by BACL as on December 31, 2025.

Brief Financials- Consolidated (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Total operating income	148.10	161.79	134.63
PBILDT*	-25.23	-10.05	3.68
Profit after tax (PAT)	-20.82	-2.50	1.92
Overall gearing (x)	0.32	0.03	Not Available
Interest coverage (x)	-3.10	-1.70	0.79

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 (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		-	-	-	75.30	CARE A-; Negative
Term Loan-Long Term		-	-	NA	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	75.30	CARE A-; Negative	-	1)CARE A-; Negative (09-Jan-25)	1)CARE A-; Negative (29-Nov-23)	1)CARE A-; Stable (06-Oct-22)
2	Non-fund-based - ST-BG/LC	ST	-	-	-	1)Withdrawn (09-Jan-25)	1)CARE A2 (29-Nov-23)	1)CARE A2 (06-Oct-22)
3	Term Loan-Long Term	LT	-	-	-	1)CARE A-; Negative (09-Jan-25)	1)CARE A-; Negative (29-Nov-23)	1)CARE A-; Stable (06-Oct-22)

LT: Long term; ST: Short 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	Term Loan-Long Term	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	JK Agri Research Services Limited	Proportionate	Associate Company

**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.

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