JK Agri Genetics Limited

September 02, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long Term Bank Facilities	RBI	75.30	CARE BBB+; Stable	Downgraded from CARE A-; Negative

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has downgraded the rating assigned to the bank facilities of JK Agri Genetics Limited (JKAGL) from CARE A- to CARE BBB+, while resolving the outlook from Negative to Stable. The downgrade in the long-term rating reflects the continued subdued operating profitability of the company and the susceptibility of its earnings profile to sizeable sales return provisions, arising from the seasonal nature of the seed business and changing agro-climatic conditions. While the company has undertaken cost-rationalisation initiatives, including reduction in the number of distributors and rationalisation of crop offerings, which led to a positive PBILDT of Rs. 2.5 crore in FY26 as against a PBILDT loss of Rs. 10.05 crore in FY25, profitability continues to remain subdued. The continued PAT level losses led to moderation in net worth base, thereby constraining its financial risk profile. CareEdge Ratings expects the company's profitability metrics to remain modest over the near to medium term despite the benefits accruing from these initiatives. Going forward, the company's ability to turnaround operations and generate adequate cash accruals on a sustained basis, improving overall financial risk profile will remain a key monitorable.

The ratings however continues to derive strength from JKAGL being part of well-known and diversified JK Group with strong parentage of key investment arm of the group, Bengal & Assam Company Limited (holding 67.56% in JKAGL as on June 30, 2026), 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.

Further, zero long-term debt status, and a comfortable liquidity position with cash and cash equivalents of ₹81.46 crore as on June 30, 2026 as against total adjusted debt (entirely comprised of standard recourse facility) of Rs. 48.36 crore supported the company's capital structure.

The rating strengths, however, remain constrained by the high operating cycle owing to high pending dues from state governments and large inventory holding requirements, 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.

Negative factors

- Deterioration in operating profitability impacting its credit risk profile.
- Moderation in 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 considered consolidated approach 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).

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

[2]Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

However, Going forward; the approach may be changed to Standalone on account of JKARSL ceasing to be an associate company of JKAGL from March 06, 2026.

Outlook: Stable
Stable outlook factors the company's long track record of operations with strong brand presence and expectations of sustenance of its healthy capital structure, going forward.

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 June 30, 2026 (67.56% as on March 31, 2026). 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 ₹11,611 crore as on July 27, 2026. 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. Going forward, continued financial support from the promoter group, if required, is expected.

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 ₹10.24 crore (PY: ₹12.13 crore), which account for 6% of the company's overall revenue in FY26 (FY25: 7%). 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 cyclicality 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 FY26, the company has expended ~₹4.23 crore against ₹10.91 crore in FY25 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.

Adequate financial risk profile though constrained by sub dued profitability

JKAGL's operating income slightly declined by ~3% y-o-y to ₹157.60 crore in FY26 from ₹161.79 crore in FY25 primarily attributable to sales territory rationalisation with more focus of the management towards profitability along with other industry-wide challenges, including the proliferation of illegal glyphosate-resistant BT cotton seeds, delayed monsoon impacting bajra demand, weaker demand for certified wheat seeds, and geopolitical disruptions affecting exports. Nevertheless, the domestic

business continued to derive support from healthy performance in hybrid paddy and cotton seeds. Further, export revenue declined primarily due to geopolitical disruptions in Bangladesh, Sudan, and Nepal.
In Q1FY27, the company reported a TOI of ₹84.33 crore, compared with ₹91.93 crore in Q1FY26, decline was primarily due to higher sales return provisions arising from the impact of delayed monsoons and El Niño conditions.

During FY26, while the company has undertaken cost-rationalisation initiatives, including reduction in the number of distributors and rationalisation of crop offerings, which led to a positive PBILDT of Rs. 2.5 crore in FY26 as against a PBILDT loss of Rs. 10.05 crore in FY25, profitability continues to remain subdued. Despite the operational improvement, the company continued to report a net loss in FY26, primarily on account of the one-time reversal of deferred tax assets and MAT credit entitlement during the quarter ended March 2026, consequent to its decision to opt for the new tax regime under Section 115BAA of the Income Tax Act from FY27 onwards although Gross cash accruals (GCA) improved significantly to ₹3.87 crore in FY26 from ₹0.73 crore in FY25. The continued PAT level losses led to moderation in net worth base, thereby constraining its financial risk profile. However, zero long-term debt status, and a strong liquidity position with cash and cash equivalents of ₹81.46 crore as on June 30, 2026 as against total adjusted debt (entirely comprised of standard recourse facility) of Rs. 48.36 crore supported the company's capital structure.
CareEdge Ratings expects the company's profitability metrics to remain modest over the near to medium term despite the benefits accruing from these initiatives. Going forward, the company's ability to turnaround operations and generate adequate cash accruals on a sustained basis, improving overall financial risk profile will remain a key monitorable.

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

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 (For FY26, 58% of the total sales in Q1FY26, For FY25: 49% of the total sales in Q1FY25), 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 has shown improvement in FY26 to 111 days from 141 days in FY25, and 258 days in FY24, though remaining elongated. The average inventory days stood at 221 days in FY26 as against 214 days in FY25. 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 remain around 100–150 days over the medium term.

Liquidity: Adequate

The company's liquidity position remains adequate, marked by a healthy cushion of unencumbered cash and liquid investments of ₹76.39 crore and ₹81.46 crore as on March 31, 2026 and June 30, 2026, respectively. Liquidity is further supported by the absence of any outstanding term debt obligations. Adjusted overall gearing (adjusted for standalone recourse facility taken from HDFC Bank for Farmers) remains comfortable at 0.57x (PY: 0.59x) as on March 31, 2026. Average of Maximum working capital utilisation for 12 months ended April 2026 is below 20%, which depicts sufficient liquidity headroom. Going forward, the company is expected to generate positive cash accruals from FY27 onwards with no major capex plans in the near to medium terms, which is likely to further support its liquidity profile. The liquidity position also derives strength from JKAGL's strategic importance to the JK Group and the resulting financial flexibility.

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]
[Factoring Linkages]
[Consolidated 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

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 June 30, 2026.

Brief Financials @ (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)	Q1FY27 (UA)
Total operating income	161.79	157.60	84.33
PBILDT*	-10.05	2.50	15.17
Profit after tax (PAT)	-2.50	-7.17	10.87
Overall gearing (x)	0.03	0.00	NA
Interest coverage (x)	-1.71	0.55	NA

A: Audited; UA: Unaudited; Note: these are latest available financial results
*PBILDT: Profit before interest, lease rentals, depreciation, and tax
@Financials for FY25 and FY26 are presented on a consolidated basis, while Q1FY27 financials are on a standalone basis

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

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of the regulators:
A list of facilities / instruments falling under the purview of various financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	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	RBI	Simple	-		-	-	75.30	CARE BBB+; 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 2026-2027	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
1	Fund-based - LT-Cash Credit	LT	75.30	CARE BBB+; Stable	-	1)CARE A-; Negative (25-Feb-26)	1)CARE A-; Negative (09-Jan-25)	1)CARE A-; Negative (29-Nov-23)
2	Non-fund-based - ST-BG/LC	ST	-	-	-	-	1)Withdrawn (09-Jan-25)	1)CARE A2 (29-Nov-23)
3	Term Loan-Long Term	LT	-	-	-	1)Withdrawn (25-Feb-26)	1)CARE A-; Negative (09-Jan-25)	1)CARE A-; Negative (29-Nov-23)

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: Lender details

To view lender-wise details of bank facilities please click here

Annexure-5: 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*

** JK Agri Research Services Limited ceased to be an Associate of the Company w.e.f. 5th March 2026.*

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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About us:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

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