

January 22, 2016

CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF JK AGRI GENETICS LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ²	Remarks
Long-term Bank Facilities	91.94 (enhanced by Rs.13.58 crore)	CARE BBB+ (Triple B Plus)	Reaffirmed
Short-term Bank Facilities	2.00	CARE A3+ (A Three Plus)	Reaffirmed
Total	93.94 (Rupees Ninety Three crore and Ninety Four lakh only)		

Rating Rationale

The ratings of the bank facilities of JK Agri Genetics Limited (JKAL) continue to draw comfort from diversified product mix of JKAL with a focus on high profit yielding vegetable seed segment. The ratings also factor in the experienced promoter group, long track record of operations, established brand name, distribution network and strong in-house research and development along with technical collaboration with leading institutes. These rating strengths are, however, partially offset by the seasonality and vulnerability of sales to agro-climatic conditions, elongated operating cycle and the regulated nature of the industry.

Going forward, sustainability of profitability without adverse impact on the capital structure and effective management of the working capital cycle would remain the key rating sensitivities.

Background

JKAL was established in the year 1989 as an erstwhile division of JK Tyres & Industries Ltd (JKTL) and later converted to a private limited company in 1993. JKAL is engaged in the business of research, production and marketing of hybrid seeds. JKAL has a wide portfolio encompassing all the major crops including bajra, jowar, cotton, hybrid rice, maize, paddy, sunflower, mustard and vegetables (including tomato, chilli, okra, brinjal, gourds and melons).

JKAL had a total income of Rs.207.49 crore with a PAT of Rs.12.22 crore in FY15 (refers to the period April 1 to March 31) as compared with the total income of Rs.187.67 crore with a PAT of Rs.11.86 crore in FY14. During H1FY16, the company reported an operating income of Rs.139.45 crore and a PAT of Rs.13.27 crore.

²Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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