



Press Release

Amir Chand Jagdish Kumar (Exports) Limited

February 15 , 2022

Ratings

Instrument Facility	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator
Long term Bank Facilities - Cash Credit	135.00 (enhanced from Rs.60 crore)	IVR A-/ Stable (IVR Single A Minus with Stable outlook)	Reaffirmed	Simple
Long term Bank Facilities – Term Loan.	1.87 (Reduced from 2.10 Crore)	IVR A-/ Stable (IVR Single A Minus with Stable outlook)	Reaffirmed	Simple
Short term Bank Facilities – (EPC)	500.00 (Enhanced from 455 Crore)	IVR A2 + (IVR Single A Two Plus)	Reaffirmed	Simple
Short term Bank Facilities – (Stand by Export Limit)	125.00 (Enhanced from 110 Crore)	IVR A2 + (IVR Single A Two Plus)	Reaffirmed	Simple
Short term Bank Facilities – FBG	65.00 (Reduced from 100 Crore)	IVR A2 + (IVR Single A Two Plus)	Reaffirmed	Simple
Short term Bank Facilities – BG	90.00	IVR A2 + (IVR Single A Two Plus)	Reaffirmed	Simple
Total	916.87 (Nine Hundred Sixteen Crores eighty Seven Lakhs Only)			

Details of Facilities are in Annexure 1

Detailed Rationale

The reaffirmation of the rating to the bank facilities of Amir Chand Jagdish Kumar (Exports) Limited has continued to derive comfort from its experienced promoters and long track record of operations, locational advantage, established market position with established brand and healthy order book position indicating moderate revenue visibility. The rating strengths are partially offset by exposure to intense competition in domestic and export market, exposure to foreign exchange fluctuations, working capital intensive nature of operations and moderate capital structure with moderate debt protection metrics.



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Key Rating Sensitivities:

Upward Factors

- Improvement in operating income/ profitability metrics thereby leading to overall improvement in cash accruals which is significantly higher than Infomerics expectation could lead to a positive rating action.

Downward Factors

- Dip in operating income and/or profitability impacting the debt coverage indicators or liquidity, subdued industry scenario could lead to a negative rating action
- Deterioration in capital structure

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced promoters and long track record of operations

The promoters, Suri family has long standing presence in the rice industry which has helped them to build established relationship with both customers and suppliers. Mr. J. K. Suri, Chairman & Managing Director, has over five decades of experience in the field of manufacturing, marketing and trading of food grain. On the back of long-standing experience of the promoters, the company enjoys established and healthy relationships with its customers and suppliers. The company is likely to benefit from the extensive experience of its promoters going forward.

Locational advantage

ACJKEL is engaged in milling and processing of rice and has set up rice mills in Amritsar, Punjab and Safidon, Haryana. The presence in these regions gives a competitive advantage in terms of easy availability of paddy, lower freight, and favourable pricing terms.

Established market position with established brand

The company is one of the leading suppliers of rice in Delhi, Maharashtra, Uttar Pradesh and Kerala and is also active in additional markets in North India for domestic sales. Over the years of its presence the company has developed various brands in the market, Aeroplane, World



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Cup, Alibaba, Palm Tree, Sophia, and Jet. Further, the company has generated ~78.66% of its operating revenue from export of basmati rice to various countries in FY21 respectively.

Healthy order book position indicating moderate revenue visibility

Company has reported pending order book of around Rs. 651.00 crore of orders to be completed withing next 6 months to 8 months reflecting medium to near term revenue visibility.

Key Rating Weaknesses

Exposure to intense competition in domestic and export market

The rice milling industry and trading of rice in India is characterized by stiff competition amid presence of many organized and unorganized players. Low entry barriers coupled with low technological requirement and very less product differentiation makes the rice milling operations vulnerable and limits the pricing flexibility.

Exposure to foreign exchange fluctuations

With high export activities, the company is exposed to the risk of forex fluctuation. However, ACJKEL use proper hedging mechanism through PCFC account.

Working capital intensive nature of operations

The operations of the company are working capital intensive as reflected in operating cycle of over 6 months in the three fiscals ending in FY21. Being an agro commodity, the procurement of paddy for the entire year is seasonal and happens during the months of October-December which increases the working capital requirement. Also, basmati requires ageing to attain desired quality and ACJKEL holds the finished goods inventory for a period of at least six months. The average cash credit utilization of the company during the past 12 months ending Nov, 2021 remained on the higher side at ~89.74%. Efficient management of working capital remains a key monitorable for ACJKEL.

Moderate capital structure with moderate debt protection metrics

The debt profile of the company is largely comprised of short-term debts. Owing to its large short-term borrowings, the overall gearing ratio of the company remained high as on the past three account closing dates. The overall gearing ratio (after considering unsecured loan of Rs.



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6.65 crore as on March 31,2020 and Rs. 7.14 crore as on March 31,2021 respectively) from the directors as quasi equity] stood at 2.82x as on March 31, 2021 (against 2.76x as on March 31, 2020) continued to remain high. Total indebtedness of the company remained high at 3.06x as on March 31, 2021 (3.48x as on March 31, 2020).

Analytical Approach: Standalone

Applicable Criteria :

[Rating Methodology for Manufacturing companies](#)

[Financial Ratios & Interpretation Non- Financial Sector](#)

Liquidity – Adequate

The liquidity position of the company is adequate marked by the sufficient gross cash accruals in the range of INR 27.57 Crore – 36.51 Crore between F.Y 22-24 and expected to meet repayments and interest obligations of INR 9.02 – 0.33 Crore between F.Y 22-24 . ACJKEL has working capital intensive nature of business led by the seasonal availability of commodity and processing time required to attain the final product. Average working capital utilization for the last 12 months ended at Nov-2021 stood at around 89.74% reflecting marginal cushion to meet incremental requirements. Further, current ratio of the company stood at 1.23x as on March 31, 2021 imparting comfort for meeting its near-term liabilities.

About the Company

Amir Chand Jagdish Kumar Exports Limited (ACJKEL) was incorporated in year 2003 by Mr. J.K. Suri having over 40 years of experience in rice industry. ACJKEL is also looked after by second generation promoters Mr. Rahul Suri having experience of over 20 years in rice industry.

Established in 1969, ACJK was initially constituted as a proprietorship concern ‘M/s Amir Chand Jagdish Kumar’. Thereafter, the promoters moved to Delhi, in 1988 and set up a partnership concern which was subsequently converted into a proprietorship entity and then gradually into a Limited Company - Amir Chand Jagdish Kumar Exports Limited (ACJKEL) in August, 2003.



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Financials (Standalone):

(Rs. crore)

For the year ended* As on	31-03-2020	31-03-2021
	Audited	Audited
Total Operating Income	1221.66	1102.21
EBITDA	70.26	69.35
PAT	12.28	14.11
Total Debt	647.39	702.49
Tangible Net worth*	244.00	258.37
EBITDA Margin (%)	5.75	6.29
PAT Margin (%)	1.00	1.28
Overall Gearing Ratio (x)	2.76	2.82

*as per Infomerics standards

Status of non-cooperation with previous CRA : NIL

Any other information: Mr. Bhupinder Nayyar who is a member of Rating Committee is also on the Board of Amir Chand Jagdish Kumar Exports Limited. However, Mr. Nayyar did not participate in the entire rating exercise, including the rating decision.

Rating History for last three years:

Sl. No.	Name of Instrument / Facilities	Current Rating (Year 2021-22)			Rating History for the past 3 years		
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2020-21 (Jan 13, 2021)	Date(s) & Rating(s) assigned in 2019-20 (Dec 06, 2019)	Date(s) & Rating(s) assigned in 2018-19
1.	Cash Credit	Long Term	135.00	IVR A-/ Stable Outlook	IVR A-/ Stable Outlook	IVR A-/ Stable Outlook	-
2.	Term Loan	Long Term	1.87	IVR A-/ Stable Outlook	IVR A-/ Stable Outlook	IVR A-/ Stable Outlook	-
3.	PC/PCFC	Short Term	500.00	IVR A2 + (IVR Single A Two Plus)	IVR A2 + (IVR Single A Two Plus)	IVR A2 + (IVR Single A Two Plus)	-
4	Standby Export Limit	Short Term	125.00	IVR A2 + (IVR Single A Two Plus)	IVR A2 + (IVR Single A Two Plus)	IVR A2 + (IVR Single A Two Plus)	-



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Sl. No.	Name of Instrument / Facilities	Current Rating (Year 2021-22)			Rating History for the past 3 years		
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2020-21 (Jan 13, 2021)	Date(s) & Rating(s) assigned in 2019-20 (Dec 06, 2019)	Date(s) & Rating(s) assigned in 2018-19
5	FBG	Short Term	65.00	IVR A2 + (IVR Single A Two Plus)	IVR A2 + (IVR Single A Two Plus)	IVR A2 + (IVR Single A Two Plus)	-
6	BG	Short Term	90.00	IVR A2 + (IVR Single A Two Plus)	IVR A2 + (IVR Single A Two Plus)	IVR A2 + (IVR Single A Two Plus)	

Name and Contact Details of the Rating Analyst:

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About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine-tune its product offerings to best suit the market.

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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Bank Facilities- Cash Credit	-	-	-	135.00	IVR A-/ Stable Outlook
Long Term Bank Facilities- Term Loan				1.87	IVR A-/ Stable Outlook
Short Term Bank Facilities - EPC				500.00	IVR A2 + (IVR Single A Two Plus)
Short Term Bank Facilities- Standby Export Limit				125.00	IVR A2 + (IVR Single A Two Plus)
Short Term Bank Facilities- FBG				65.00	IVR A2 + (IVR Single A Two Plus)
Short Term Bank Facilities- BG	-	-	-	90.00	IVR A2 + (IVR Single A Two Plus)

Annexure 2: List of companies considered for consolidated analysis: Not Applicable.

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Amir-Chand-JagdishKumar-lenders-feb22.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com