



Press Release

Amir Chand Jagdish Kumar Exports Limited

May 25, 2024

Ratings

Instrument Facility	Amount (Rs. Crore)	Current Ratings	Previous Rating	Rating Action	Complexity Indicator
Long term Bank Facilities	120.37 (Enhanced from Rs. 120.00 Crore)	IVR A/ Stable (IVR Single A with Stable outlook)	IVR A-/ Stable (IVR A Minus with Stable outlook)	Upgraded/Assigned	Simple
Short Term bank Facilities	795.00	IVR A1 (IVR Single A One)	IVR A2+ (IVR A Two Plus)	Upgraded	Simple
Total	915.37	Rupees Nine Hundred Fifteen Crores and Thirty Seven lakhs only.			

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.

Details of Facilities are in Annexure 1

Detailed Rationale

Infomerics Valuation and Rating Private Limited (IVR) has upgraded/assigned the long term rating to IVR A with a Stable outlook & the Short Term rating as IVR A1 for the bank loan facilities of Amir Chand Jagdish Kumar Exports Limited (ACJKEL)

The upgradation of ratings draw comfort from its established track record of operations and experienced promoters, geographical location advantages and growing scale of operations. However, these strengths are partially offset by moderate operating cycle, exposure to agro-climatic risk, fragmented nature of the industry leading to thin profit margins and susceptibility to changes in government regulations.

The 'Stable' outlook indicates a low likelihood of rating change over the medium term. IVR believes ACJKEL will continue to benefit from its operational track record in the business, its reputed clientele and regular inflow of orders.

IVR has principally relied on the standalone audited financial results of ACJKEL upto 31 March 2023, 9MFY24 Provisional results and Projected Financials of FY2024 , FY2025 and



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FY2026 and publicly available information/ clarifications provided by the company's management.

Key Rating Sensitivities:

Upward Factors

- Significant growth in scale of business with improvement in profitability metrics thereby leading to overall improvement in cash accruals on a sustained basis, which is significantly higher than Infomerics expectations.
- Effective working capital management with improvement in operating cycle and liquidity

Downward Factors

- Deterioration in the capital structure with substantial increase in gearing ratio and deterioration in interest coverage.
- Elongation in the operating cycle impacting the liquidity/ unplanned capex deteriorating the financial matrix.

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.

Increase in Scale of operation as well as operating margins in FY23



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The total operating income of the company improved to Rs. 1,157.80 Crore in FY23 against Rs. 1,010.42 Crore in FY22 depicting a growth of 14.36% owing to the increase in realisation price of Basmati rice from 49,605.61 MT to Rs. 62,505.99 MT as on March 2023. The operating margins of the company also improved to 7.49% against 6.00% as on FY23 owing to the high logistics expenses during FY 22, attributed to the severe second wave of COVID-19, have gradually decreased in FY 23 and FY 24. However, the profitability margins remains constant and stood at 1.30% as on March 2023 against 1.34% in FY22. The Total operating income of the company has improved to Rs. 1346.15 Crore as on March 2024 resulting a growth of 16.26%.

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 Cup, Alibaba, Palm Tree, Sophia, and Jet. Further, the company has generated ~80.00% of its operating revenue from export of basmati rice to various countries in FY23 respectively.

Healthy order book position indicating moderate revenue visibility

Company has reported pending order book of around Rs. 802.76 crore of orders to be completed withing next 6 months to 8 months reflecting medium to near term revenue visibility.

Key Rating Weaknesses



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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 and forward booking.

Working capital intensive nature of operations

The operations of the company are working capital intensive as reflected in operating cycle of over 8 months in the three fiscals ending in FY23. 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 Jan 2024 remained on the higher side at ~82.44%. 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. 8.54 crore as on March 31, 2022 and Rs. 9.94 crore as on March 31, 2023 respectively) from the directors as quasi equity] stood at 2.19x as on March 31, 2023 (against 2.42x as on March 31, 2022) continued to remain high. Total indebtedness of the company remained high at 2.54x as on March 31, 2023 (2.84x as on March 31, 2022).

Analytical Approach: Standalone

Applicable Criteria :



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[Rating Methodology for Manufacturing entities](#)
[Financial Ratios & Interpretation Non- Financial Sector](#)
[Criteria for assigning rating outlook](#)
[Policy on default recognition](#)

Liquidity – Adequate

The liquidity position of the company is adequate marked by the sufficient gross cash accruals expected to meet repayments and interest obligations. 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 Jan-2024 stood at around 82.44% reflecting marginal cushion to meet incremental requirements. Further, current ratio of the company stood at 1.26x as on March 31, 2023 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.

Financials (Standalone):

For the year ended* As on	(Rs. crore)	
	31-03-2022	31-03-2023
	Audited	Audited
Total Operating Income	1,010.42	1,157.80
EBITDA	60.59	86.75
PAT	13.61	15.04
Total Debt	659.41	631.06



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For the year ended* As on	31-03-2022	31-03-2023
Tangible Net worth*	264.44	279.24
EBITDA Margin (%)	6.00	7.49%
PAT Margin (%)	1.34%	1.30%
Overall Gearing Ratio (x)	2.53x	2.30x

*as per Infomerics standards

Status of non-cooperation with previous CRA : Nil

Any other information: : Nil

Rating History for last three years:

Sl. No.	Name of Instrument/ Facilities	Current Rating (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23 Dated: March 27, 2023	Date(s) & Rating(s) assigned in 2021-22 Dated : Feb 15, 2022
1	Term Loan	Long Term	0.37	IVR A/ Stable (IVR Single A with Stable outlook)	-	-	-
2	Cash Credit	Long Term	120.00	(IVR Single A with Stable outlook)	-	IVR A-/ Stable (IVR A Minus with Stable outlook)	IVR A-/ Stable (IVR A Minus with Stable outlook)
3	EPC/PCFC	Short Term	480.00	IVR A1 (IVR Single A One)	-	IVR A2+ (IVR A Two Plus)	IVR A2+ (IVR A Two Plus)
4	SLC	Short Term	125.00	IVR A1 (IVR Single A One)	-	IVR A2+ (IVR A Two Plus)	IVR A2+ (IVR A Two Plus)



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Sl. No.	Name of Instrument/ Facilities	Current Rating (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23 Dated: March 27, 2023	Date(s) & Rating(s) assigned in 2021-22 Dated: Feb 15, 2022
							Two Plus)
5	FBP/FCBP	Short Term	100.00	IVR A1 (IVR Single A One)	-	IVR A2+ (IVR A Two Plus)	IVR A2+ (IVR A Two Plus)
6	Bank Guarantee	Short Term	90.00	IVR A1 (IVR Single A One)	-	IVR A2+ (IVR A Two Plus)	IVR A2+ (IVR A Two Plus)

Name and Contact Details of the Rating Analyst:

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.



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Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information visit www.infomerics.com

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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 – Term Loan			Nov 2024	0.37	IVR A/ Stable (IVR Single A with Stable outlook)
Long Term Bank Facilities – Cash Credit				120.00	(IVR Single A with Stable outlook)
Short Term Bank Facilities – EPC/PCFC				480.00	IVR A1 (IVR Single A One)
Short Term Bank Facilities – SLC				125.00	IVR A1 (IVR Single A One)
Short Term Bank Facilities – FBP/FCBP				100.00	IVR A1 (IVR Single A One)
Short Term Bank Facilities – Bank Guarantee				90.00	IVR A1 (IVR Single A One)



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Annexure 2: List of companies considered for consolidated analysis: Not applicable

Annexure 3: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-AmirChand-may24.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

