



## Press Release

### Amir Chand Jagdish Kumar Exports Limited

**March 27, 2023**

#### **Ratings**

Instrument Facility	Amount (Rs. Crore)	Current Ratings	Previous Rating	Rating Action	<a href="#">Complexity Indicator</a>
Long term Bank Facilities	60.00	IVR A-/ Stable (IVR Single A Minus with Stable outlook)	IVR A-/ Stable (IVR Single A Minus with Stable outlook)	Re-affirmed	Simple
Short Term bank Facilities	855.00	IVR A2 + (IVR Single A Two Plus)	IVR A2 + (IVR Single A Two Plus)	Re-affirmed	Simple
<b>Total</b>	915.00 (Rupees Nine Hundred and Fifteen Crores 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.

#### **Key Rating Sensitivities:**

##### **Upward Factors**

- Improvement in 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**



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- 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 Cup, Alibaba, Palm Tree, Sophia, and Jet. Further, the company has generated ~80.17% of its operating revenue from export of basmati rice to various countries in FY22 respectively.

##### **Healthy order book position indicating moderate revenue visibility**



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Company has reported pending order book of around Rs. 767.26 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 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 10 months in the three fiscals ending in FY22. 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 Dec 2022 remained on the higher side at ~94.37%. 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. 7.15 crore as on March 31,2021 and Rs. 10.20 crore as on March 31,2022 respectively) from the directors as quasi equity] stood at 2.53x as on March 31, 2022 (against 2.83x as on March



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31, 2021) continued to remain high. Total indebtedness of the company remained high at 2.92x as on March 31, 2022 (3.13x as on March 31, 2021).

**Analytical Approach:** Standalone

**Applicable Criteria :**

[Rating Methodology for Manufacturing entities](#)

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

[Criteria for assigning rating outlook](#)

### **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 Dec-2022 stood at around 94.37% reflecting marginal cushion to meet incremental requirements. Further, current ratio of the company stood at 1.22x as on March 31, 2022 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):**

**(Rs. crore)**



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For the year ended* As on	31-03-2021	31-03-2022
	<b>Audited</b>	<b>Audited</b>
Total Operating Income	1,102.21	1,010.42
EBITDA	65.62	60.59
PAT	14.11	13.61
Total Debt	702.48	659.41
Tangible Net worth*	251.23	264.44
EBITDA Margin (%)	5.95%	6.00%
PAT Margin (%)	1.28%	1.34%
Overall Gearing Ratio (x)	2.83x	2.53x

\*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 2022-23)			Rating History for the past 3 years		
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-22 Dated : Feb 15 <sup>th</sup> , 2021	Date(s) & Rating(s) assigned in 2020-21 Dated Jan 13 <sup>th</sup> , 2020	Date(s) & Rating(s) assigned in 2019-20 Dated : Dec 06 <sup>th</sup> , 2019
1	Cash Credit	Long Term	60.00	IVR A-/ Stable (IVR Single A Minus with Stable outlook)	IVR A-/ Stable (IVR Single A Minus with Stable outlook)	IVR A-/ Stable (IVR Single A Minus with Stable outlook)	IVR A-/ Stable (IVR Single A Minus with Stable outlook)
2	EPC/PCFC	Long Term	540.00	IVR A2 + (IVR Single A Two Plus)	IVR A2 + (IVR Single A Two Plus)	IVR A2 + (IVR Single A Two Plus)	IVR A2 + (IVR Single A Two Plus)
3	SLC/Overdraft	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)	IVR A2 + (IVR Single A Two Plus)
4.	FBP/FCBP	Short Term	100.00	IVR A2 + (IVR Single A Two Plus)	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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5	LC/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)	IVR A2 + (IVR Single A Two Plus)

### Name and Contact Details of the Rating Analyst:

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### About Infomerics:

Infomerics was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI).

Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.

Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks.

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

For more information visit [www.infomerics.com](http://www.infomerics.com)

**Disclaimer:** Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank



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facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs 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/ AOPs in addition to the financial performance and other relevant factors.

### 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	60.00				IVR A-/ Stable (IVR Single A Minus with Stable outlook)
Short Term Bank Facilities – EPC/PCFC	540.00				IVR A2 + (IVR Single A Two Plus)
Short Term Bank Facilities – SLC/Bank Overdraft	125.00				IVR A2 + (IVR Single A Two Plus)
Short Term Bank Facilities – FBP/FCBP	100.00				IVR A2 + (IVR Single A Two Plus)
Short Term Bank Facilities – LC/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/Len-AmirChand-mar23.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](http://www.infomerics.com)