

Rating Rationale

Brickwork Ratings assigns 'BWR BBB' & 'BWR A3+' for the Bank Loan facilities aggregating ₹800 Cr of Amir Chand Jagdish Kumar (Exports) Ltd

Brickwork Ratings (BWR) has assigned the following **Ratings**¹ for the Bank Loan Facilities of Amir Chand Jagdish Kumar (Exports) Ltd (ACJKEL or 'the Company').

Facility	Amount (₹ Cr)	Tenure	Rating
Cash Credit (Fund Based)	95.00	Long Term	BWR BBB (Pronounced BWR Triple B) Outlook: Stable
FCTL (ECB) (Fund Based)	22.70		
PCL (Fund Based)	530.00	Short Term	BWR A3+ (Pronounced BWR A Three Plus)
FBN/FBP (Fund Based)	100.00		
LC (Non-Fund Based)	25.00		
Proposed/Untied-up (Fund/Non-Fund Based)	27.30		
Total	800.00	INR Eight Hundred Crores Only	

BWR has principally relied upon the audited financial results of the company up to FY15, provisional financials for FY16, projected financials up to FY18, publicly available information and information/clarifications provided by the company.

The ratings positively factor in the experience of the promoters, operational track record of the company, established brand name 'Aeroplane', diversified customer base & geographical presence, healthy order book position, efficient receivables management and strong distribution network. The ratings are, however, constrained on account of working capital intensive nature of operations as the company has to maintain stock of inventory, high gearing level, exposure to adverse climatic conditions and intensely competitive nature of industry.

Background:

Amir Chand Jagdish Kumar (Exports) Ltd (ACJKEL) was incorporated in 2003 at New Delhi after taking over the business of M/s Amir Chand Jagdish Kumar (a 25 year old partnership concern). An ISO 9001:2000 company, ACJEKL was promoted by Mr. J.K. Suri and his son Mr. Rahul Suri. The company is engaged in the processing of basmati and non-basmati rice. ACJKEL sells its products under its own brand "Aeroplane" as well as under private labels for some of its international customers. The company procures paddy from local mandis through commission agents mainly from Punjab and Haryana. It has three processing units located at

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Amritsar (Punjab), Safidon (Haryana) and Delhi. Combining all the three plants, ACJKEL has a capacity to process 225313 MT of rice.

In the domestic market, the products are sold through a network of 500 distributors. In the international market, the products are sold through commission agents. The company exports to both Government as well as Private Entities.

Ownership & Management:

ACJKEL is wholly owned by Mr. JK Suri and his son Mr. Rahul Suri.

The Board of Directors include Mr. JK Suri, Mr. Rahul Suri and Ms. Ramnika Suri. All the directors are well qualified & experienced and are also assisted by a team of qualified professionals.

Financial Highlights:

The company reported Net Revenue of Rs. 1107.13 Crs in FY15. The EBITDA Margin increased from 6.36% in FY14 to 7.10% in FY15 and Net Margin increased from 1.20% in FY14 to 1.29% in FY15. Net worth of the company stood at Rs. 155.12 Crs as on March 31, 2015 with an Overall Gearing of 3.53 times. The borrowings are in the form of working capital limits and the company has negligible amount of long term debt.

On a provisional basis, ACJKEL reported an Operating Income of Rs. 1160.46 Crs with an EBITDA Margin of 7.56% and Net Margin of 1.51% for FY16.

Rating Outlook:

The outlook is expected to be stable over the current year. Going forward, ability of the company to improve its capital structure, maintain receivables level and manage overall working capital requirements efficiently shall remain key rating monitorables.

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