



Rating Rationale

Amir Chand Jagdish Kumar (Exports) Limited

July 18, 2017

Brickwork Ratings upgrades ratings for the Bank Loan Facilities amounting to Rs. 810.05 Crores of Amir Chand Jagdish Kumar (Exports) Limited

Particulars:

Facility Rated	Amount (Rs. Crs)		Tenure	Rating *	
	Previous	Present		Previous	Present
Fund Based	117.70	110.05	Long Term	BWR BBB (Pronounced BWR Triple B) Outlook: Stable	BWR BBB+ (Pronounced BWR Triple B Plus) Outlook: Stable (Upgrade)
Fund Based	630.00	630.00	Short Term	BWR A3+ (Pronounced BWR A Three Plus)	BWR A2 (Pronounced BWR A Two) (Upgrade)
Non-Fund Based	52.30	70.00			
Total	800.00	810.05	INR 810.05 Crores (INR Eight Hundred Ten Crores and Five Lakhs Only)		

* Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rationale/Description of Key Rating Drivers/Rating Sensitivities:

BWR has principally relied upon the audited financial results up to FY16, provisional financials for FY17, projected financials up to FY19, publicly available information and information/clarifications provided by the company.

The rating upgrade takes into account increased profitability and overall improved financial risk profile of the company marked by higher Networth, improved gearing and better coverage indicators.

The ratings continue to factor positively 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,



improved but high gearing level, exposure to adverse climatic conditions and intensely competitive nature of industry.

Going forward, the ability of the company to further strengthen its capital structure, maintain receivables at ~ 30 days and sustain profit margins shall remain key rating monitorables.

Rating Outlook: Stable

BWR believes that Amir Chand Jagdish Kumar (Exports) Ltd's business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the company is able to show considerable improvement in revenue and profitability levels. The rating outlook may be revised to 'Negative' if the growth in revenue and profits is lower than expectations.

About the Company:

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 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 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.

Company's Financial Performance:

ACJKEL reported an Operating Income of Rs. 1156.52 Crs in FY16 as compared to Rs. 1107.13 Crs in FY15. The Net Profit of the company increased marginally from Rs. 14.27 Crs in FY15 to Rs. 14.34 Crs for FY16. The company's EBITDA has remained comfortably higher than its interest obligations over the past three years.

On a provisional basis, the company has reported an Operating Income of Rs. 1180.06 Crs with a Net Profit of Rs. 19.61 Crs for FY17.

Rating History for the last three years:

Sl. No.	Facility	Current Rating (July 2017)			Rating History		
		Type	Amount (Rs Crs)	2017	July 2016	2015	2014
Fund Based							
1.	Term Loan (ECB)	Long Term	15.05	BWR BBB+	BWR BBB	NA	NA
2.	Cash Credit		95.00				
3.	PCL/PCFC	Short Term	530.00	BWR A2	BWR A3+		
4.	FBN/FBP		100.00				
Non-Fund Based							
1.	Letter of Credit	Short Term	70.00	BWR A2	BWR A3+		

Hyperlink/Reference to Applicable Criteria:

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)
- [Short Term Debt](#)

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For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.