

Amir Chand Jagdish Kumar (Exports) Limited: Assigned

Facilities	Amount (Rs. Crore)	Ratings/Outlook
Cash Credit	30.00	SMERA BBB/Stable (Assigned)
Foreign Documentary Bill Purchase (FDBP)/FUDBP	50.00	SMERA BBB/Stable (Assigned)
Standby Export	30.00	SMERA BBB/Stable (Assigned)
Letter of Credit	10.00	SMERA A3+ (Assigned)

SMERA has assigned long-term rating of '**SMERA BBB**' (read as **SMERA triple B**) and short term rating of '**SMERA A3+**' (read as **SMERA A three plus**) on the Rs.120.00 crore bank facilities of Amir Chand Jagdish Kumar (Exports) Limited (ACJKL). The outlook is '**Stable**'. The ratings are supported by the long track record of operations in the rice industry, established market position and diversified customer base. The ratings also take into account the strategic location of the processing unit and demand for its product in key markets. The ratings further note the comfortable financial risk profile marked by healthy growth in revenue and profitability. However, the aforementioned strengths are offset by the company's exposure to the capital intensive operations in a fragmented and competitive rice milling industry. SMERA also notes that the company is exposed to agro-climatic risk.

ACJKL, established in 2005, is a Delhi-based company engaged in the processing and trading of basmati and non-basmati rice. The company sells its products under the Aeroplane Rice brand name. ACJKL benefits from its experienced management. The company promoted by Mr. J K Suri and family have around three decades of experience in the rice processing business. The company is poised to benefit from the favourable demand prospects for basmati rice in the Middle East market.

ACJKL's leverage (debt-to-equity) is moderate at 3.25 times as on March 31, 2015 as compared to 3.86 times in FY2013-14. The company's total debt of Rs.541.33 crore (as on March 31, 2015) includes subordinated unsecured loan of Rs.5.84 crore from related parties. SMERA has treated such unsecured loan as quasi-equity. ACJKL's interest coverage ratio is comfortable at 1.45 times in FY2015. (refer to financial year, April 01 to March 31). The company's operations are susceptible to adverse changes in climatic conditions which may affect the availability of paddy. ACJKL faces intense competition from several players in the rice industry.

Rating Sensitivity Factors

- Debt funded capital expansion
- Efficient working capital cycle

Outlook: Stable

SMERA believes ACJKL will maintain a stable outlook over the medium term and continue to benefit from its established operations and experienced management. The outlook may be revised to 'Positive' if the company registers sustainable improvement in profitability, cash accruals and working capital management. Conversely, the outlook may be revised to 'Negative' in case of deterioration in revenue and cash accruals or stretch in the working capital cycle.

Criteria applied to arrive at the ratings:

- Manufacturing Entities

About the Company

ACJKL, established in 1986 by Mr. J K Suri and family is engaged in the processing and trading of basmati and non-basmati rice. The company sells rice in the domestic and export markets under the Aeroplane Rice brand name. The corporate office is located at Delhi while the processing units of the company are located at Ajnala, Amritsar and Safidon in Haryana.

For FY2014-15, ACJKL reported profit after tax (PAT) of Rs.14.27 crore on operating income of Rs.1163.06 crore as compared with PAT of Rs.15.83 crore on an operating income of Rs.1322.02 crore for FY2013-14. The networth stands at Rs.166.54 crore (including unsecured loan of Rs. 5.84 crore) as on March 31, 2015 as compared with Rs.139.50 crore (including unsecured loan of Rs. 5.59 crore) a year earlier. Further, the company achieved revenue of Rs.1163.06 crore (Provisional) in FY2015-16.

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ABOUT SMERA

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