

## AMR India Limited

March 04, 2024

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	222.73	CARE BB-; Stable; ISSUER NOT COOPERATING*	Revised from CARE BB; Stable and moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	389.95	CARE A4; ISSUER NOT COOPERATING*	Revised from CARE A4+ and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

\*Issuer did not cooperate; based on best available information.

### Rationale and key rating drivers

CARE has been seeking information from AMR India Limited to monitor the ratings vide e-mail communications dated November 09, 2023, to February 24, 2024, among others and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. The rating on AMR India Limited bank facilities will now be denoted as CARE BB-; Stable; CARE A4; ISSUER NOT COOPERATING\*

**Users of this rating (including investors, lenders, and the public at large) are hence requested to exercise caution while using the above rating(s).**

The ratings have been revised and migrated to INC category due to non-availability of requisite information due to non-cooperation by AMR India Limited with CARE'S efforts to undertake a review of the rating outstanding. CARE Ratings views information availability risk as a key factor in its assessment of credit rating.

**Analytical approach:** Standalone

### Outlook: Stable

The stable outlook reflects that the company will benefit from the experience of the promoters in the industry.

**At the time of last rating on April 06, 2023, the following were the rating weaknesses and strengths.**

### Detailed description of the key rating drivers:

#### Key weaknesses

##### Segment concentration risk:

The current work orders of the company are heavily concentrated to Mining projects comprising 97% of total order book. Followed by Irrigation and Infrastructure of 2%. The said orders are spread over Jharkhad, Telengana, Bihar, Orissa and Andhra Pradesh. The company has received L1 order of Rs. 500 crores for Krishnapattnam Road Project and the LOA is expected by April 2023. It is critical from the credit perspective that the company expands its work orders in different segments for its dependence on revenue. Tadicherla and Pinnapuram work orders are the major two projects which contributes highest to the revenue.

#### High GCA days:

The company operates in a highly working capital intensive industry marked by elongated collection period and high GCA days. Hence the utilisation of bank lines remained high during last 12 months ending December 2022. The Gross Current Asset (GCA) days although improved from 523 days in FY21 to 380 days in FY22, the same continues to remain stretched. The inventory period was at 47 days in FY22.

#### Fragmented nature of construction sector with tender-based nature of operations and execution challenges:

The infrastructure sector in India is highly fragmented and competitive with many small and mid-sized players. This coupled with tendering process in order procurement results in intense competition within the industry, fluctuating revenues and restrictions in profitability. Additionally, continued increase in execution challenges including delays in land acquisition, regulatory clearances, aggressive bidding, interest rate risk and delays in project due to environmental clearance are other external factors that affect the credit profile of industry players. All these are tender-based and the revenues are dependent on the ability of the company to bid successfully for these tenders. Profitability margins come under pressure because of competitive nature of the industry. However, the promoter's long industry experience of nearly five decades mitigates this risk to some extent.

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Ltd.'s publications

### Key Rating Strengths:

#### Provisional exit from CDR:

The company underwent corporate debt restructuring in 2014-15 because it had witnessed cash flow mismatch due to elongated collection period. However, gradually the company's liquidity position improved with streamlining of one of its key mining projects where it has been witnessing better collection efficiency. Subsequently, company received ROR approval from the lead bank. Furthermore, after payment of 10% of ROR, company received "provisional CDR exit" letter from its le. The final CDR exit letter will be received once the balance recompense amount of around Rs 21 crore is paid to the lenders which is expected by June 2023.

#### Significant Improvement in Total Operating Income in FY22 and 9MFY23:

TOI of the company significantly improved by 59% in FY22 vis-à-vis FY21 at the back of steady revenue from existing orders coupled with executing new orders. The company generates assured stable revenue from its Tadicherla projects where it has a long term agreement till 2047, with average yearly revenue of about Rs. 800 crore. Furthermore, the PBILTD margins have also remained satisfactory at 13%-14% during FY22 and 9MFY23. The company has an active orderbook of around Rs 18,000 crore (including Tadicherla project) thereby providing long term revenue visibility.

#### Experienced Promoters and management team:

The promoters of AMR have close to three decades of experience in the construction Industry. AMR has strong in-house engineering & design capabilities and highly experienced engineering team. Mr. A. Mahesh Reddy and Mr. A. Girish Reddy have received prestigious awards in the past for delivering outstanding performance in the construction industry. AMRL is an ISO 9001:2000 certified construction company.

#### Liquidity: Stretched

The liquidity of the company is stretched with almost fully utilised working capital limits. The company has sought enhancement in its working capital lines which will provide cushion to its liquidity, going forward. The gross current assets days also remain elongated as the company operates in a working capital-intensive business.

#### Assumptions/Covenants: NA

#### Environment, social, and governance (ESG) risks : NA

#### Applicable criteria

[Definition of Default](#)

[Policy in respect of non-cooperation by issuers](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Construction](#)

[Short Term Instruments](#)

#### About the company and industry

#### Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Industrials	Construction	Construction	Civil Construction

AMR India Limited (AMRL) was incorporated as a partnership firm in 1992 and had been undertaking small civil works in mining and industrial infrastructure activities and later in FY2001 AMR Constructions was converted to a Public limited company as "AMR Constructions Limited"(AMRCL). AMRL has been engaged in construction activities in Mining, Irrigation, civil Construction and industrial infrastructure. AMR India Limited is promoted by Mr. A. Adinarayana Reddy and his two sons namely Mr. A. Mahesh Reddy, Mr. A. Girish Reddy and other family members.

Brief Financials (₹ crore)	March 31, 2021 (A)	March 31, 2022 (A)	9MFY23 (UA)
Total operating income	871.18	1,384.50	1120.32
PBILDT	113.85	203.67	140.33
PAT	49.96	93.52	56.13
Overall gearing (times)	1.13	0.55	0.55
Interest coverage (times)	3.49	2.52	2.52

A: Audited UA: Unaudited; Note: 'the above results are latest financial results available'

**Status of non-cooperation with previous CRA:** NA

**Any other information:** Nil

**Rating history for last three years:** Please refer Annexure-2

**Covenants of rated instrument / facility:** Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

**Complexity level of various instruments rated:** Annexure-4

**Lender details:** Annexure-5

#### Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	222.73	CARE BB-; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantee		-	-	-	389.95	CARE A4; ISSUER NOT COOPERATING*

\*Issuer did not cooperate; based on best available information.

**Annexure-2: Rating history for the last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	Fund-based - LT-Term Loan	LT	-	-	-	1)Withdrawn (11-Jul-22) 2)CARE D (06-Apr-22)	1)CARE D; ISSUER NOT COOPERATING* (14-Jun-21)	-
2	Fund-based - LT-Cash Credit	LT	222.73	CARE BB-; Stable; ISSUER NOT COOPERATING*	1)CARE BB; Stable (06-Apr-23)	1)CARE BB-; Stable (11-Jul-22) 2)CARE D (06-Apr-22)	1)CARE D; ISSUER NOT COOPERATING* (14-Jun-21)	-
3	Non-fund-based - ST-Bank Guarantee	ST	389.95	CARE A4; ISSUER NOT COOPERATING*	1)CARE A4+ (06-Apr-23)	1)CARE A4 (11-Jul-22) 2)CARE D (06-Apr-22)	1)CARE D; ISSUER NOT COOPERATING* (14-Jun-21)	-

\*Issuer did not cooperate; based on best available information.

\*Long term/Short term.

**Annexure-3: Detailed explanation of covenants of the rated instruments/facilities: NA****Annexure-4: Complexity level of the various instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Non-fund-based - ST-Bank Guarantee	Simple

**Annexure-5: Lender details**

To view the lender wise details of bank facilities please [click here](#)

**Annexure-6: List of all the entities consolidated: NA**

**Note on the complexity levels of the rated instruments:** CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

## Contact us

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**About us:**

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