



**Press Release**  
**AMAR INFRASTRUCTURE LIMITED**  
**April 04, 2024**

**Rating Assigned and Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	31.00	ACUITE BBB   Stable   Reaffirmed	-
Bank Loan Ratings	20.00	-	ACUITE A3+   Assigned
Bank Loan Ratings	115.00	-	ACUITE A3+   Reaffirmed
<b>Total Outstanding Quantum (Rs. Cr)</b>	166.00	-	-

**Rating Rationale**

Acuite has reaffirmed the long-term rating to '**ACUITE BBB**' (read as **ACUITE triple B**) and short-term rating to '**ACUITE A3+**' (read as **ACUITE A three plus**) to the Rs.146.00 Cr. bank facilities of Amar Infrastructure Limited. The outlook is '**Stable**'.

Acuite has assigned the short-term rating of '**ACUITE A3+**' (read as **ACUITE A three plus**) to the Rs.20.00 Cr. bank facilities of Amar Infrastructure Limited.

**Rationale for reaffirmation:**

The rating takes into account the improved operating performance and healthy financial risk profile of AIL. The operating income of AIL has been consistently growing since the last two years ended FY2023. The Company's revenue stood at Rs.380.84 Cr. in FY2023 as against Rs. 172.16 Cr. in FY2022. The operating margins ranged between 13.38-10.53 percent for the last two years ended FY2023. The ratings are supported by AIL's comfortable order book position of Rs. 1355.10 Cr. as on February 29, 2024, which is ~3.56 times of the FY2023 revenue which provides medium-term revenue visibility. The financial risk profile of AIL continues to be healthy with healthy debt protection metrics and minimal gearing. The overall gearing of the Company stood at 0.69 times as on March 31, 2023 as against 0.74 times as on March 31, 2022. The interest coverage ratio stood at 5.13 times in FY2023 as against 5.08 times in FY2022.

The rating is constrained by working capital intensive operations, exposure to execution-related risks, tender-driven nature of the business.

**About the Company**

Incorporated in 2009, Amar Infrastructure Limited (AIL) is a Chhattisgarh based company engaged in the construction of roads, bridges, buildings, infrastructure development across the country for last 32 years. The current directors are Mr. Surendra Rath, Mr. Narendra Rath, Mr. Sushil Chandak Kumar, Mr. Purushottam Das Bhutda and Ms. Meena Bhutda.

**Unsupported Rating**

Not applicable

**Analytical Approach**

Acuite has considered the standalone business and financial risk profile of AIL while arriving at the rating.

## Key Rating Drivers

### Strengths

- **Experienced management and established relationship with customers**

ALL has a track record of more than three decades in the construction sector. The company is promoted by Mr. Chaturbhuj Rath, Mr. Narendra Rath and Mr. Surendra Rath, who have an experience of over three decades in civil construction work. They are well supported by a team of experienced and qualified professionals. It has successfully completed various projects under different departments of government like M.P. Public Works Deptt., Bhopal, C.G. Public Works Deptt., South Eastern Railway, C.G. Water Resources Division, C.G. Housing Board and NHAI. The long-standing experience of the promoter and long track record of operations has helped the company to establish comfortable relationships with key suppliers and reputed customers. Acuité believes that the long track record and rich experience of the promoters augur well for the relationship with their key suppliers and customer.

- **Robust improvement in scale of operations , supported by healthy order book position**

The revenue of the company improved to Rs. 380.84 Cr. in FY2023 as against Rs.172.16 Cr. in FY2022 registering a growth of 121 percent y-o-y basis. The reason behind the improvement in the revenues is due to better execution of projects and healthy orders. Till February 2024, the company has been able to achieve a revenue of Rs. 325.01 Cr. The operating margins of the company declined to 10.53 per cent in FY2023 as compared to 13.38 per cent in the previous year on account of increase in raw material prices which could not immediately be passed on to the customers. The PAT margins increased to 5.70 per cent as on FY2023 as against 8.69 per cent as on FY2022. The company having an unexecuted order book position of Rs.1355.10 Cr. as on February 29, 2024. The outstanding order book is 3.56x of the FY2023 revenue. Going forward, the improvement in profitability margins will remain a key rating sensitivity. Acuité believes that the company will continue to sustain its order book position and maintain its business risk profile over the medium term.

- **Healthy Financial Risk Profile**

The financial risk profile of the company is healthy marked by healthy network, low gearing and healthy debt-protection metrics. The tangible net worth of the company improved to Rs. 104.19 Cr. as on March 31, 2023 from Rs. 82.47 Cr. as on March 31, 2022 on account of accretion to reserves. Gearing stood at 0.69 times in FY2023 as against 0.74 times in FY2022. The debt-protection metrics of the company are healthy marked by interest coverage ratio (ICR) of 5.13 times in FY2023 as against 5.08 times in FY2022 and debt-service coverage ratio (DCSR) of 2.41 times in FY2023 as against 4.14 times in FY2022. The total outside liabilities to total tangible net worth (TOL/TNW) improved to 1.53 times in FY2023 as against 1.68 times in FY2022. The debt to EBITDA of the company stood at 1.57 times as on March 31, 2023 as against 1.93 times as on March 31, 2022. Going forward, Acuité believes the financial risk profile of the company will remain healthy on account of steady net cash accruals and no major debt funded capex plan over the near term.

### Weaknesses

- **Working capital intensive operations**

The operations of the company are of working capital-intensive nature marked by high GCA days. The Gross Current Asset (GCA) days stood at 170 for FY2023 as against 282 days for FY2022. However, GCA days improved as compared in FY2023 from FY2022. The inventory days stood at 9 days for FY2023 as against 33 days for FY2022. The debtor days

stood at 49 days for FY2023 as against 74 days for FY2022. Subsequently, the payable period stood at 74 days as on March 31, 2023 as against 78 days as on March 31, 2022 respectively. The average bank limit utilisation of the fund based working capital limits stood at 86 percent and 41 percent for Non- fund based limits for past 11 months ended February 2024.

- **Susceptibility of operating margin to volatile input prices**

Major raw materials used in civil construction activities are steel & cement and in road construction activities are stone, asphalt/bitumen and sand which are usually sourced from large players/dealers at proximate distances. The raw material & labour cost forms the majority chunk of the total cost of sales for the last three years. As the raw material prices & labour cost are volatile in nature, the profitability of the company is subject to fluctuation in raw material prices & labour cost. However, the company has an in-built price variation clause for major raw materials like cement, bitumen & steel in majority of its contracts which protects its margin to an extent.

### **Rating Sensitivities**

- Scaling up of operations and improvement in the profitability margin
- Timely execution of orders
- Sustenance of existing financial risk profile with healthy capital structure

### **Liquidity Position: Adequate**

The liquidity position of the company is adequate marked by sufficient net cash accruals against the maturing debt obligations. The company generated net cash accruals of Rs. 30.52 Cr. against maturing debt obligation of Rs. 7.45 Cr. Going ahead, the net cash accruals are expected to be in the range of Rs. 34.77-39.60 Cr. against the debt obligations of Rs. 6.02-10.83 crore during the period FY2024-2025. The current ratio of the company stood at 1.34 times in FY2023 and the unencumbered cash and bank balance stood at Rs.6.40 Cr. as on March 31,2023. Acuité believes that the liquidity of the company is likely to remain adequate over the medium term on account of comfortable cash accruals against long debt repayments over the medium term.

### **Outlook: Stable**

Acuité believes the company's outlook will remain 'stable' over the medium term on account of its experienced management, moderate business risk profile and financial risk profile. The outlook may be revised to 'Positive' in case the company registers higher than expected growth in revenues while sustaining its operating margins. Conversely, the outlook may be revised to 'Negative' in case of further decline in revenues or stretch in working capital cycle leading to deterioration in the liquidity position of the company.

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	380.84	172.16
PAT	Rs. Cr.	21.72	14.96
PAT Margin	(%)	5.70	8.69
Total Debt/Tangible Net Worth	Times	0.69	0.74
PBDIT/Interest	Times	5.13	5.08

### Status of non-cooperation with previous CRA (if applicable)

Not applicable

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
01 Feb 2023	Bank Guarantee (BLR)	Short Term	75.00	ACUITE A3+ (Assigned)
	Bank Guarantee (BLR)	Short Term	30.00	ACUITE A3+ (Assigned)
	Bank Guarantee (BLR)	Short Term	19.00	ACUITE A3+ (Assigned)
	Cash Credit	Long Term	20.00	ACUITE BBB   Stable (Assigned)
	Secured Overdraft	Long Term	2.00	ACUITE BBB   Stable (Assigned)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Karnataka Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	19.00	ACUITE A3+   Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	18.00	ACUITE A3+   Reaffirmed
Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	75.00	ACUITE A3+   Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	3.00	ACUITE A3+   Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	20.00	ACUITE A3+   Assigned
Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	20.00	ACUITE BBB   Stable   Reaffirmed
Karnataka Bank Ltd	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	5.00	ACUITE BBB   Stable   Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	2.00	ACUITE BBB   Stable   Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	4.00	ACUITE BBB   Stable   Reaffirmed

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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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