

**Shri Amit Mittal**  
**Director**  
**A2Z Infra Engineering Limited**  
Cosmos Building  
B-38, Sector - 32 Jharsa Chowk  
Gurgaon  
Haryana 122001

March 08, 2021

**Confidential**

Dear Sir,

**Credit rating for bank facilities**

On the basis of recent developments including operational and financial performance of your Company for FY20 (Audited), our Rating Committee has reviewed the following ratings:

Facilities	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	303.40 (Enhanced from 293.32)	CARE D (Single D)	Reaffirmed
Short Term Bank Facilities	528.77 (Reduced from 721.01)	CARE D (Single D)	Reaffirmed
<b>Total Facilities</b>	<b>832.17</b> <b>(Rs. Eight Hundred Thirty- Two Crore and Seventeen Lakhs Only)</b>		

2. Refer **Annexure 1** for details of rated facilities.



<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications.

**CARE Ratings Ltd.**

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13th Floor, E-1 Block, Videocon Tower  
Jhandewalan Extension, New Delhi - 110 055.  
Tel: +91-11-4533 3200 ☎ Fax: +91-11-4533 3238

3. The rationale for the rating will be communicated to you separately. A write-up (press release) on the above rating is proposed to be issued to the press shortly, a draft of which is enclosed for your perusal as **Annexure 2**. We request you to peruse the annexed document and offer your comments if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by March 09, 2021, we will proceed on the basis that you have no any comments to offer.
4. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
5. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating of the bank facilities, CARE shall carry out the review on the basis of best available information throughout the life time of such bank facilities. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.
6. CARE ratings do not take into account the sovereign risk, if any, attached to the foreign currency loans, and the ratings are applicable only to the rupee equivalent of these loans.
7. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.



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8. Users of this rating may kindly refer our website [www.careratings.com](http://www.careratings.com) for latest update on the outstanding rating.
9. CARE ratings are **not** recommendations to sanction, renew, disburse or recall the concerned bank facilities.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,



**Utkarsh Yadav**

Analyst

utkarsh.yadav@careratings.com



**Harish Kumar Chellani**

Senior Manager

harish.chellani@careratings.com

Encl.: As above

**Disclaimer**

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating.

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## Annexure 1

### Details of Rated Facilities

#### 1. Long Term Facilities

##### 1.A. Term Loans

Sr. No.	Name of Bank / Lender	Rated Amount (Rs. crore)	Remarks
1.	Axis Bank Ltd.	38.27	Outstanding as on December 31, 2021
2.	DBS Bank India Ltd.	27.75	Outstanding OTR amount as on December 31, 2020
3.	Kotak Mahindra Bank Ltd.	21.81	Outstanding as on December 31, 2021
4.	IndusInd Bank Ltd.	18.15	WCTL/WCDL, outstanding as on December 31, 2021
5.	ICICI Bank Ltd.	7.61	Outstanding OTR amount as on December 31, 2020
6.	IDBI Bank Ltd.	5.57	FITL, outstanding as on December 31, 2021
7.	Union Bank of India	5.16	Outstanding as on December 31, 2021
8.	Indian Bank (Erstwhile Allahabad Bank)	3.54	WCTL/WCDL, outstanding as on December 31, 2021
9.	Kotak Mahindra Bank Ltd.	3.11	FITL, outstanding as on December 31, 2021
10.	IDBI Bank Ltd.	2.51	Loans for EPC, outstanding as on December 31, 2021
11.	Axis Bank Ltd.	2.19	
12.	Indian Bank (Erstwhile Allahabad Bank)	2.02	FITL, outstanding as on December 31, 2021
13.	Indian Bank (Erstwhile Allahabad Bank)	1.01	Loans for power, outstanding as on December 31, 2021
14.	Union Bank of India	0.96	FITL, outstanding as on December 31, 2021
15.	Union Bank of India	0.68	Loans for power, outstanding as on December 31, 2021
16.	Indian Bank (Erstwhile Allahabad Bank)	0.41	Loans for EPC, outstanding as on December 31, 2021
17.	IndusInd Bank Ltd.	0.35	FITL, outstanding as on December 31, 2021
18.	Union Bank of India	0.31	Loans for EPC, outstanding as on December 31, 2021
	<b>Total</b>	<b>141.41</b>	

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## 1.B. Fund Based Limits

Sr. No.	Name of Bank / Lender	Rated Amount (Rs. crore)	Remarks
1.	IndusInd Bank Ltd.	40.00	Fund Based-LC Bill Discounting
2.	IDBI Bank Ltd.	30.00	Fund Based CC*
3.	Axis Bank Ltd.	25.00	
4.	Kotak Mahindra Bank Ltd.	24.00	
5.	Indian Bank (Erstwhile Allahabad Bank)	20.15	
6.	Union Bank of India	15.09	
7.	IndusInd Bank Ltd.	7.75	
	<b>Total</b>	<b>161.99</b>	

\*Cash Credit

**Total Long Term Facilities : Rs.303.40 crore**

## 2. Short Term Facilities

### 2.A. Non-Fund Based Limits

Sr. No.	Name of Bank / Lender	Rated Amount (Rs. crore)	Remarks
1.	Axis Bank Ltd.	209.06	Non-fund based BG/LC*
2.	IDBI Bank Ltd.	151.47	
3.	Indian Bank (Erstwhile Allahabad Bank)	57.90	
4.	Union Bank of India	42.00	
5.	Kotak Mahindra Bank Ltd.	40.01	
6.	IndusInd Bank Ltd.	28.33	
	<b>Total</b>	<b>528.77</b>	

\*Bank Guarantee/Letter of Credit

**Total Short Term Facilities : Rs.528.77 crore**

**Total Facilities (1.A+1.B+2.A) : Rs.832.17 crore**

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**Annexure 2**  
**Draft Press Release**  
**A2Z Infra Engineering Limited**

**Ratings**

Facilities/Instruments	Amount (Rs. crore)	Ratings <sup>2</sup>	Rating Action
Long Term Bank Facilities	303.40 (Enhanced from 293.32)	CARE D (Single D)	Reaffirmed
Short Term Bank Facilities	528.77 (Reduced from 721.01)	CARE D (Single D)	Reaffirmed
<b>Total Bank Facilities</b>	<b>832.17</b> <b>(Rs. Eight Hundred Thirty-Two Crore and Seventeen Lakhs Only)</b>		

*Details of instruments/facilities in Annexure-1*

**Detailed Rationale & Key Rating Drivers**

The ratings assigned to the bank facilities of A2Z Infra Engineering Limited (A2Z) takes into account the ongoing delays in repayment of the debt obligations by the company due to its stretched liquidity position.

**Rating Sensitivities**

**Positive Rating Sensitivities**

- Timely track record of debt servicing by the company for continuous period of 3 months
- Sustainable improvement in the operations of the company
- DSCR improves to >1x on a sustained basis

**Detailed description of the key rating drivers**

**Key Rating Weaknesses**

***Ongoing delays in debt servicing***

There are ongoing delays in servicing of its debt obligations due to the stretched liquidity position.

***Weak financial performance***

The company's total operating income stood at Rs.400.19 crore in FY20 against Rs.521.51 crore in FY19. The company reported loss of Rs.290.89 crore during FY20 (FY19: Profit of Rs. 32.12 crore). EBITDA stood at negative Rs.22.90 crore against Rs.56.34 crore previous year. The loss consists of non-cash expense from assets written off amounting to Rs.149.96 crore. The management has performed an impairment of three cogeneration power plants set up in collaboration with certain sugar mills on Build, Own, Operate and Transfer (BOOT) basis. As such the GCA in FY20 stood at negative Rs. 94.92 crore against Rs.43.68 crore previous year. The overall gearing deteriorated to 1.07x as on March 31, 2020 (0.59x as on March 31, 2019).

**Liquidity: Poor**

The liquidity of the company is poor, owing to delays in debt servicing. The company had cash and bank balance of Rs.5.44 crore as on March 31, 2020.

<sup>2</sup> Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

**CARE Ratings Ltd.**

**Analytical approach:** Standalone

**Applicable Criteria**

[Criteria on assigning Rating Outlook and Credit Watch](#)

[CARE's Policy on Definition of Default](#)

[Policy on Curing Period](#)

[Financial Ratios – Non-financial Sector](#)

[Criteria on rating of Short-Term Instruments](#)

[Criteria on rating methodology- Construction Sector](#)

[Liquidity Analysis of Non-Financial Sector entities](#)

**About the Company**

Incorporated in January 2002 as A2Z Maintenance Services Private Ltd, the company was renamed 'A2Z Maintenance & Engineering Services Private Ltd' in May 2005. Subsequently, the company became a public limited company in March 2010. A2Z came up with an IPO in December 2010 and raised Rs.776.2 crore. The company got its present name in December 2014 and is primarily engaged in providing Engineering, Procurement and Construction (EPC) services in power transmission and distribution sector.

<b>Brief Financials (Rs crore)</b>	<b>FY19(A)</b>	<b>FY20(A)</b>
Total operating income	521.51	400.19
PBILDT	56.34	-22.90
PAT	32.12	-290.88
Overall gearing (times)	0.59	1.07
Interest coverage (times)	1.37	NM

A: Audited, NM: Not meaningful

**Status of non-cooperation with previous CRA:** Not applicable

**Any other information:** Not applicable

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

**Annexure-1: Details of Instruments/Facilities**

<b>Name of the Instrument</b>	<b>Date of Issuance</b>	<b>Coupon Rate</b>	<b>Maturity Date</b>	<b>Size of the Issue (Rs. crore)</b>	<b>Rating assigned along with Rating Outlook</b>
Fund-based - LT-Term Loan	-	-	-	141.41	CARE D
Fund-based-Working capital facilities	-	-	-	161.99	CARE D
Non-fund-based-Short Term	-	-	-	528.77	CARE D

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**Annexure-2: Rating History of last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Term Loan	LT	141.41	CARE D	1)CARE D (28-Apr-20)	1)CARE D; ISSUER NOT COOPERATING* (27-Jan-20) 2)CARE D (04-Apr-19)	1)CARE D (05-Apr-18)	1)CARE D (10-Jul-17) 2)CARE D; ISSUER NOT COOPERATING* (04-Apr-17)
2.	Fund-based-Working capital facilities	LT	161.99	CARE D	1)CARE D (28-Apr-20)	1)CARE D; ISSUER NOT COOPERATING* (27-Jan-20) 2)CARE D (04-Apr-19)	1)CARE D (05-Apr-18)	1)CARE D (10-Jul-17) 2)CARE D; ISSUER NOT COOPERATING* (04-Apr-17)
3.	Non-fund-based-Short Term	ST	528.77	CARE D	1)CARE D (28-Apr-20)	1)CARE D; ISSUER NOT COOPERATING* (27-Jan-20) 2)CARE D (04-Apr-19)	1)CARE D (05-Apr-18)	1)CARE D (10-Jul-17) 2)CARE D; ISSUER NOT COOPERATING* (04-Apr-17)

**Annexure 3- Complexity level of various instruments rated for this Company**

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Term Loan	Simple
2.	Fund-based-Working capital facilities	Simple
3.	Non-fund-based-Short Term	Simple

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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Contact no.: +91-11-4533 3200

Email ID: [swati.agrawal@careratings.com](mailto:swati.agrawal@careratings.com)

### About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

### Disclaimer

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**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**

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## Annexure 1

### Details of Rated Facilities

#### 1. Long Term Facilities

##### 1.A. Term Loans

Sr. No.	Name of Bank / Lender	Rated Amount (Rs. crore)	Remarks
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7.	IndusInd Bank Ltd.	7.75	
	<b>Total</b>	<b>161.99</b>	

\*Cash Credit

**Total Long Term Facilities : Rs.303.40 crore**

## 2. Short Term Facilities

### 2.A. Non-Fund Based Limits

Sr. No.	Name of Bank / Lender	Rated Amount (Rs. crore)	Remarks
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**Total Facilities (1.A+1.B+2.A) : Rs.832.17 crore**

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**Annexure 2**  
**Draft Press Release**  
**A2Z Infra Engineering Limited**

**Ratings**

Facilities/Instruments	Amount (Rs. crore)	Ratings <sup>1</sup>	Rating Action
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*Details of instruments/facilities in Annexure-1*

**Detailed Rationale & Key Rating Drivers**

The ratings assigned to the bank facilities of A2Z Infra Engineering Limited (A2Z) takes into account the ongoing delays in repayment of the debt obligations by the company due to its stretched liquidity position.

**Rating Sensitivities**

**Positive Rating Sensitivities**

- Timely track record of debt servicing by the company for continuous period of 3 months
- Sustainable improvement in the operations of the company
- DSCR improves to >1x on a sustained basis

**Detailed description of the key rating drivers**

**Key Rating Weaknesses**

***Ongoing delays in debt servicing***

There are ongoing delays in servicing of its debt obligations due to the stretched liquidity position.

***Weak financial performance***

The company's total operating income stood at Rs.400.19 crore in FY20 against Rs.521.51 crore in FY19. The company reported loss of Rs.290.89 crore during FY20 (FY19: Profit of Rs. 32.12 crore). EBITDA stood at negative Rs.22.90 crore against Rs.56.34 crore previous year. The loss consists of non-cash expense from assets written off amounting to Rs.149.96 crore. The management has performed an impairment of three cogeneration power plants set up in collaboration with certain sugar mills on Build, Own, Operate and Transfer (BOOT) basis. As such the GCA in FY20 stood at negative Rs. 94.92 crore against Rs.43.68 crore previous year. The overall gearing deteriorated to 1.07x as on March 31, 2020 (0.59x as on March 31, 2019).

**Liquidity: Poor**

The liquidity of the company is poor, owing to delays in debt servicing. The company had cash and bank balance of Rs.5.44 crore as on March 31, 2020.

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**Analytical approach:** Standalone

**Applicable Criteria**

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[Liquidity Analysis of Non-Financial Sector entities](#)

**About the Company**

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<b>Brief Financials (Rs crore)</b>	<b>FY19(A)</b>	<b>FY20(A)</b>
Total operating income	521.51	400.19
PBILDT	56.34	-22.90
PAT	32.12	-290.88
Overall gearing (times)	0.59	1.07
Interest coverage (times)	1.37	NM

A: Audited, NM: Not meaningful

**Status of non-cooperation with previous CRA:** Not applicable

**Any other information:** Not applicable

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

**Annexure-1: Details of Instruments/Facilities**

<b>Name of the Instrument</b>	<b>Date of Issuance</b>	<b>Coupon Rate</b>	<b>Maturity Date</b>	<b>Size of the Issue (Rs. crore)</b>	<b>Rating assigned along with Rating Outlook</b>
Fund-based - LT-Term Loan	-	-	-	141.41	CARE D
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**Annexure-2: Rating History of last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Term Loan	LT	141.41	CARE D	1)CARE D (28-Apr-20)	1)CARE D; ISSUER NOT COOPERATING* (27-Jan-20) 2)CARE D (04-Apr-19)	1)CARE D (05-Apr-18)	1)CARE D (10-Jul-17) 2)CARE D; ISSUER NOT COOPERATING* (04-Apr-17)
2.	Fund-based-Working capital facilities	LT	161.99	CARE D	1)CARE D (28-Apr-20)	1)CARE D; ISSUER NOT COOPERATING* (27-Jan-20) 2)CARE D (04-Apr-19)	1)CARE D (05-Apr-18)	1)CARE D (10-Jul-17) 2)CARE D; ISSUER NOT COOPERATING* (04-Apr-17)
3.	Non-fund-based-Short Term	ST	528.77	CARE D	1)CARE D (28-Apr-20)	1)CARE D; ISSUER NOT COOPERATING* (27-Jan-20) 2)CARE D (04-Apr-19)	1)CARE D (05-Apr-18)	1)CARE D (10-Jul-17) 2)CARE D; ISSUER NOT COOPERATING* (04-Apr-17)

**Annexure 3- Complexity level of various instruments rated for this Company**

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Term Loan	Simple
2.	Fund-based-Working capital facilities	Simple
3.	Non-fund-based-Short Term	Simple

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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