

No. CARE/DRO/RL/2022-23/3192

Shri Amit Mittal

Director

A2Z Infra Engineering Limited

B-38, Cosmos building, Sector 32, Jharsa Chowk, Gurgaon,
Haryana,
Gurgaon
Haryana 122001

February 16, 2023

Confidential

Dear Sir,

Credit rating for bank facilities

On the basis of recent developments including operational and financial performance of your Company for FY22 (Audited) and 9MFY23 (Unaudited), our Rating Committee has reviewed the following ratings:

| Facilities | Amount (Rs. crore) | Rating¹ | Rating Action |
|-----------------------------------|--|------------------------------|----------------------|
| Long Term Bank Facilities | 240.97 (Reduced from 271.25) | CARE D (Single D) | Reaffirmed |
| Short Term Bank Facilities | 377.30 (Reduced from 528.77) | CARE D (Single D) | Reaffirmed |
| Total Facilities | 618.27 (Rs. Six Hundred Eighteen Crore and Twenty-Seven Lakhs Only) | | |

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

3. 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 February 17, 2023, we will proceed on the basis that you have no any comments to offer.

¹Complete definitions of the ratings assigned are available at www.careedge.in and in other CARE Ratings Ltd.'s publications.



CARE Ratings Limited

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4. CARE Ratings Ltd. 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 Ratings Ltd. 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 Ratings Ltd. 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 Ratings Ltd. so as to enable it to carry out continuous monitoring of the rating of the bank facilities, CARE Ratings Ltd. 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 Ratings Ltd. shall also be entitled to publicize/disseminate all the aforementioned rating actions in any manner considered appropriate by it, without reference to you.

6. Our 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.

8. Users of this rating may kindly refer our website www.careedge.in for latest update on the outstanding rating.

9. CARE Ratings Ltd. 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,



Ruchi Kejriwal
Analyst
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Encl.: As above



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Disclaimer

The ratings issued by CARE Ratings Limited 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. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings Limited has based its ratings/outlooks based on information obtained from reliable and credible sources. CARE Ratings Limited does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings Limited have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings Limited or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE Ratings Limited is, inter-alia, based on the capital deployed by the partners/proprietor and the current financial strength of the firm. The rating/outlook may undergo a 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 Ratings Limited is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE Ratings Limited's rating. 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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Annexure 1

Details of Rated Facilities

1. Long Term Facilities

1.A. Term Loans

| Sr. No. | Name of Bank / Lender | Rated Amount (Rs. crore) | Debt Repayment Terms |
|---------|--------------------------|--------------------------|---|
| 1. | Axis Bank Ltd. | 43.02 | BG Invocation and LC Devolvement, Outstanding as on December 31, 2022 |
| 2. | Kotak Mahindra Bank Ltd. | 18.18 | BG Invocation, Outstanding as on December 31, 2022 |
| 3. | IDBI Bank Ltd. | 14.33 | Outstanding One Time Settlement (OTS) amount as on Jan 31, 2023 |
| 4. | IndusInd Bank Ltd. | 8.87 | OD/WCDL, outstanding as on December 31, 2022 |
| 5. | Union Bank of India | 5.15 | BG Invocation and LC Devolvement, Outstanding as on December 31, 2022 |
| 6. | DBS Bank India Ltd. | 5.00 | Outstanding OTS amount as on Jan 31, 2023 |
| 7. | Indian Bank | 3.54 | WCTL, outstanding as on December 31, 2022 |
| 8. | Kotak Mahindra Bank Ltd. | 3.11 | FITL, outstanding as on December 31, 2022 |
| 9. | Axis Bank Ltd. | 2.39 | FITL, outstanding as on December 31, 2022 |
| 10. | Indian Bank | 2.02 | FITL, outstanding as on December 31, 2021 |
| 11. | Indian Bank | 1.01 | Term Loan, Outstanding as on December 31, 2022 |
| 12. | Union Bank of India | 0.96 | FITL, outstanding as on December 31, 2022 |
| 13. | Union Bank of India | 0.68 | Term Loan, Outstanding as on December 31, 2022 |
| 14. | Indian Bank | 0.41 | Term Loan, Outstanding as on December 31, 2022 |
| 15. | Union Bank of India | 0.31 | Term Loan, Outstanding as on December 31, 2022 |
| | Total | 108.98 | |

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. | Axis Bank Ltd. | 25.00 | Fund Based CC* |
| 3. | Kotak Mahindra Bank Ltd. | 24.00 | Fund Based CC* |
| 4. | Indian Bank | 20.15 | Fund Based CC* |
| 5. | Union Bank of India | 15.09 | Fund Based CC* |
| 6. | IndusInd Bank Ltd. | 7.75 | Fund Based CC* |

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| Sr. No. | Name of Bank / Lender | Rated Amount (Rs. crore) | Remarks |
|---------|-----------------------|--------------------------|---------|
| | Total | 131.99 | |

**Cash Credit*

Total Long Term Facilities : Rs.240.97 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. | Indian Bank | 57.90 | Non-fund based BG/LC* |
| 3. | Union Bank of India | 42.00 | Non-fund based BG/LC* |
| 4. | Kotak Mahindra Bank Ltd. | 40.01 | Non-fund based BG/LC* |
| 5. | IndusInd Bank Ltd. | 28.33 | Non-fund based BG/LC* |
| | Total | 377.30 | |

**Bank Guarantee/Letter of Credit*

Total Short Term Facilities : Rs.377.30 crore

Total Facilities (1.A+1.B+2.A) : Rs.618.27 crore



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A2Z Infra Engineering Limited

Press Release

| Facilities/Instruments | Amount (₹ crore) | Rating ¹ | Rating Action |
|----------------------------|---------------------------------|---------------------|---------------|
| Long Term Bank Facilities | 240.97 (Reduced from 271.25) | CARE D | Reaffirmed |
| Short Term Bank Facilities | 377.30 (Reduced from 528.77) | CARE D | Reaffirmed |

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to the bank facilities of A2Z Infra Engineering Limited continues to factor in delays in debt servicing by the company.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Timely repayment of debt obligations for more than three months along with improvement in liquidity position of the company.

Analytical approach: Standalone

Key weaknesses

Ongoing delays in debt servicing

As per the audited annual report for the FY22 and provisional report for 9MFY23, there are on-going delays in debt servicing by the company.

Liquidity: Poor

The liquidity of the company is poor, leading to delays in debt servicing.

Applicable criteria

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

[Construction](#)

About the company and industry

Industry Classification

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

Incorporated in January 2002 as A2Z Maintenance Services Private Ltd, the company was renamed 'A2Z Maintenance & Engineering Services Private Ltd' in June 2005. Subsequently, the company became a public limited company in March 2010. A2Z came up with an IPO in October 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.

| Brief Financials (₹ crore) | March 31, 2021 (A) | March 31, 2022 (A) | 9M FY23 (UA) |
|----------------------------|--------------------|--------------------|--------------|
| Total operating income | 187.85 | 136.36 | 54.79 |
| PBILDT | -47.89 | -149.19 | -27.41 |

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

| Brief Financials (₹ crore) | March 31, 2021 (A) | March 31, 2022 (A) | 9M FY23 (UA) |
|----------------------------|--------------------|--------------------|--------------|
| PAT | -83.14 | -172.24 | -7.59 |
| Overall gearing (times) | 1.58 | 3.06 | NA |
| Interest coverage (times) | -0.99 | -7.37 | NA |

A: Audited, UA: Unaudited, NA: Not Available

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

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

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

Complexity level of the 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-Term Loan | | - | - | 31-12-2021 | 108.98 | CARE D |
| Fund-based-Working capital facilities | | - | - | - | 131.99 | CARE D |
| Non-fund-based-Short Term | | - | - | - | 377.30 | CARE D |

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 2022-2023 | Date(s) and Rating(s) assigned in 2021-2022 | Date(s) and Rating(s) assigned in 2020-2021 | Date(s) and Rating(s) assigned in 2019-2020 |
| 1 | Fund-based - LT-Term Loan | LT | 108.98 | CARE D | - | 1)CARE D (03-Mar-22) | 1)CARE D (09-Mar-21) 2)CARE D (28-Apr-20) | 1)CARE D; ISSUER NOT COOPERATING* (27-Jan-20) 2)CARE D (04-Apr-19) |
| 2 | Fund-based-Working capital facilities | LT | 131.99 | CARE D | - | 1)CARE D (03-Mar-22) | 1)CARE D (09-Mar-21) 2)CARE D (28-Apr-20) | 1)CARE D; ISSUER NOT COOPERATING* (27-Jan-20) 2)CARE D (04-Apr-19) |
| 3 | Non-fund-based-Short Term | ST | 377.30 | CARE D | - | 1)CARE D (03-Mar-22) | 1)CARE D (09-Mar-21) | 1)CARE D; ISSUER NOT COOPERATING* (27-Jan-20) |

| Sr. No. | Name of the Instrument/Bank Facilities | Current Ratings | | | Rating History | | | |
|---------|--|-----------------|------------------------------|--------|---|---|---|---|
| | | Type | Amount Outstanding (₹ crore) | Rating | 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 | Date(s) and Rating(s) assigned in 2019-2020 |
| | | | | | | | 2)CARE D (28-Apr-20) | 2)CARE D (04-Apr-19) |

*Long term/Short term.

Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities: Not Applicable

Annexure-4: Complexity level of the various instruments rated

| 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 |

Annexure-5: Lender details

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

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.

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About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

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