

**Shri Amit Mittal**

**Director**

**A2Z Infra Engineering Limited**

Cosmos Building

B-38, Sector - 32 Jharsa Chowk

Gurgaon

Haryana 122001

March 02, 2022

**Confidential**

Dear Sir,

**Credit rating for bank facilities**

On the basis of recent developments including operational and financial performance of your Company for FY21 (Audited) and 9MFY22 (Unaudited), our Rating Committee has reviewed the following ratings:

Facilities	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	271.25 (Reduced from 303.40)	CARE D (Single D)	Reaffirmed
Short Term Bank Facilities	528.77	CARE D (Single D)	Reaffirmed
Total Facilities	800.02 (Rs. Eight Hundred Crore and Two Lakhs Only)		

- Refer **Annexure 1** for details of rated facilities.
- 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 03, 2022 we will proceed on the basis that you have no any comments to offer.
- 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.
- 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 afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.
- 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.

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

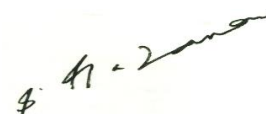
If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,



**Aditya Vikram Mittal**  
Analyst  
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**S. Raja Raman**  
Associate Director  
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Encl.: As above

**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.

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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	Outstanding as on December 31, 2021
2.	Kotak Mahindra Bank Ltd.	18.18	
3.	IndusInd Bank Ltd.	14.40	WCTL/WCDL, outstanding as on December 31, 2021
4.	DBS Bank India Ltd.	6.00	Outstanding OTR amount as on Jan 31, 2022
5.	IDBI Bank Ltd.	5.57	FITL, outstanding as on December 31, 2021
6.	Union Bank of India	5.15	Outstanding as on December 31, 2021
7.	Indian Bank	3.54	WCTL/WCDL, outstanding as on December 31, 2021
8.	Kotak Mahindra Bank Ltd.	3.11	FITL, outstanding as on December 31, 2021
9.	IDBI Bank Ltd.	2.51	Loans for EPC, outstanding as on December 31, 2021
10.	Axis Bank Ltd.	2.39	FITL, outstanding as on December 31, 2021
11.	Indian Bank	2.02	
12.	Indian Bank	1.01	Loans for power, outstanding as on December 31, 2021
13.	Union Bank of India	0.96	FITL, outstanding as on December 31, 2021
14.	Union Bank of India	0.68	Loans for power, outstanding as on December 31, 2021
15.	Indian Bank	0.41	Loans for EPC, outstanding as on December 31, 2021
16.	Union Bank of India	0.31	
	<b>Total</b>	<b>109.26</b>	

##### 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	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. 271.25 crore**

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## 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	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. 800.02 crore**

**Annexure 2**  
**Draft Press Release**  
**A2Z Infra Engineering Limited**  
 March 03, 2022

**Ratings**

Facilities/Instruments	Amount (Rs. crore)	Rating <sup>2</sup>	Rating Action
Long Term Bank Facilities	271.25 (Reduced from 303.40)	CARE D (Single D)	Reaffirmed
Short Term Bank Facilities	528.77	CARE D (Single D)	Reaffirmed
<b>Total Bank Facilities</b>	<b>800.02</b> <b>(Rs. Eight Hundred Crore and Two Lakhs Only)</b>		

Details of instruments/facilities in Annexure-1

**Detailed 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.

**Key rating sensitivities**

Positive: Factors that could lead to positive rating action/upgrade

- Timely track record of debt servicing by the company for continuous 3 months
- DSCR improves to >2x on a sustained basis

**Detailed description of the key rating drivers****Key Rating Weakness**

**Delay in Debt servicing obligation:** The liquidity position of the company continues to remain weak on account of weak operational and financial performance leading to delay in debt servicing.

**Liquidity: Poor**

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

**Analytical Approach:** Standalone

**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](#)

[Policy On Curing Period](#)

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

**About the Company**

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 (Rs. crore)	31-03-2020 (A)	31-03-2021 (A)	9MFY22 (UA)
Total operating income	401.81	206.10	95.58
PBILDT	-21.28	-29.64	-10.79
PAT	-290.89	-83.14	-52.76
Overall gearing (times)	1.08	1.58	-
Interest coverage (times)	-0.44	-0.61	-0.28

A: Audited

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

**Any other information:** Not Applicable

<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

**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 for this company:** Annexure 4

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

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan		-	-	December 31, 2021	109.26	CARE D
Fund-based-Working capital facilities		-	-	-	161.99	CARE D
Non-fund-based-Short Term		-	-	-	528.77	CARE D

**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 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1	Fund-based - LT-Term Loan	LT	109.26	CARE D	-	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)	1)CARE D (05-Apr-18)
2	Fund-based-Working capital facilities	LT	161.99	CARE D	-	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)	1)CARE D (05-Apr-18)
3	Non-fund-based-Short Term	ST	528.77	CARE D	-	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)	1)CARE D (05-Apr-18)

\* Long Term / Short Term

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

**Annexure 4: Complexity level of various instruments rated for this company**

Sr. No	Name of 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: Bank Lender Details for this Company**

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

**Note on complexity levels of the rated instrument:** 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](mailto:care@careedge.in) for any clarifications.

#### Contact us

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##### 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

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. 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.

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