

A2Z Infra Engineering Limited

March 05, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	147.80 (Reduced from 240.97)	CARE D	Reaffirmed
Short Term Bank Facilities	337.29 (Reduced from 377.30)	CARE D	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The reaffirmation in 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

Outlook: Not Applicable

Detailed description of the key rating drivers:

Key weaknesses

Ongoing delays in debt servicing

As per the audited annual report for the FY23(refers to the period from April 01, 2022, to March 31, 2023, and provisional report for 9MFY24(refers to the period from April 01, 2023, to December 31, 2023), 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.

Assumptions/Covenants: Not Applicable

Environment, social, and governance (ESG) risks: Not Applicable

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Construction](#)

[Infrastructure Sector Ratings](#)

[Short Term Instruments](#)

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

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, 2022 (A)	March 31, 2023 (A)	9MFY24(UA)
Total operating income	136.36	69.70	57.92
PBILDT	-149.19	-17.40	-21.94
PAT	-172.24	-91.54	-8.84
Overall gearing (times)	3.06	15.83	NA
Interest coverage (times)	-7.37	-2.48	-8.57

A: Audited UA: Unaudited; NA: Not Available Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

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	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Term Loan		-	-	31-12-2021	79.81	CARE D
Fund-based-Working capital facilities		-	-	-	67.99	CARE D
Non-fund-based-Short Term		-	-	-	337.29	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 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*	79.81	CARE D	-	1)CARE D (16-Feb-23)	1)CARE D (03-Mar-22)	1)CARE D (09-Mar-21) 2)CARE D (28-Apr-20)
2	Fund-based-Working capital facilities	LT	67.99	CARE D	-	1)CARE D (16-Feb-23)	1)CARE D (03-Mar-22)	1)CARE D (09-Mar-21) 2)CARE D (28-Apr-20)
3	Non-fund-based-Short Term	ST**	337.29	CARE D	-	1)CARE D (16-Feb-23)	1)CARE D (03-Mar-22)	1)CARE D (09-Mar-21) 2)CARE D (28-Apr-20)

*Long term

** Short term

Annexure-3: Detailed explanation of 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.

Contact us

<p>Media Contact</p> <p>Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in</p> <p>Relationship Contact</p> <p>Ankur Sachdeva Senior Director CARE Ratings Limited Phone: +91-22-67543444 E-mail: Ankur.sachdeva@careedge.in</p>	<p>Analytical Contacts</p> <p>Sajan Goyal Director CARE Ratings Limited Phone: +91- 120 - 4452000 E-mail: sajan.goyal@careedge.in</p> <p>Rajan Sukhija Assistant Director CARE Ratings Limited Phone: +91- 120 - 4452000 E-mail: Rajan.Sukhija@careedge.in</p> <p>Abhay Wanchoo Rating Analyst CARE Ratings Limited E-mail: Abhay.Wanchoo@careedge.in</p>
---	--

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.

Disclaimer:

The ratings issued by CARE 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. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE Ratings 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 have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings 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 is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades.

For the detailed Rationale Report and subscription information, please visit www.careedge.in