

## A2Z Infra Engineering Limited

### January 27, 2020

#### Ratings

Facilities	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long-term Bank Facilities	293.32	CARE D; ISSUER NOT COOPERATING*	Issuer not cooperating; Based on best available information
Short-term Bank Facilities	721.01	CARE D; ISSUER NOT COOPERATING*	Issuer not cooperating; Based on best available information
<b>Total Facilities</b>	<b>1014.33</b> <b>(Rupees One thousand fourteen crore and thirty three lakhs only)</b>		

*Details of instruments/facilities in Annexure-1*

#### Detailed Rationale & Key Rating Drivers

CARE has been seeking information from A2Z Infra Engineering Limited (A2Z) to monitor the rating(s) vide e-mail communications dated December 20, 2019, December 25, 2019, December 27, 2019, December 30, 2019, January 06, 2020 and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. The rating on the bank facilities of A2Z Infra Engineering Limited will now be denoted as **CARE D; ISSUER NOT COOPERATING\***.

**Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).**

#### Detailed description of the key rating drivers

*The rating assigned to the bank facilities of A2Z Infra Engineering Limited (A2Z) continues to factor in delays in debt servicing by the company. (Updated for the information available from Registrar of Companies, stock exchange):*

#### 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 collection period of the company remained relatively higher to about 731 days in FY19 indicates slow realization of debtors. The company's overall gearing has improved to 0.59x (PY: 1.21) on account of decrease in total debt, however total debt to GCA and total debt to PBILDT have remained higher to 7.84 times and 6.08 times respectively. Along with this, the company reported revenue of Rs. 521.51 crore during FY19 (PY: Rs 370.74 crore) with profit at operating level of Rs 56.34 crore in FY19 (PY: Loss of Rs 10.44 crore). During 6MFY20, A2Z reported total operating income and PBILDT of Rs 270.10 crore and Rs 8.50 crore respectively.

**Analytical approach:** Standalone

#### Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[CARE's Criteria on assigning Outlook to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Financial ratios – Non-Financial 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 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

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

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	FY18(A)	FY19(A)
Total operating income	370.74	521.51
PBILDT	-10.44	56.34
PAT	-114.77	32.12
Overall gearing (times)	1.21	0.59
Interest coverage (times)	-0.08	1.37

A: Audited

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

Name of the Instrument	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 2022	146.89	CARE D; ISSUER NOT COOPERATING*
Fund-based-Working capital facilities	-	-	-	146.43	CARE D; ISSUER NOT COOPERATING*
Non-fund-based-Short Term	-	-	-	721.01	CARE D; ISSUER NOT COOPERATING*

#### 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 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Term Loan	LT	146.89	CARE D; ISSUER NOT COOPERATING*	1)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	146.43	CARE D; ISSUER NOT COOPERATING*	1)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	721.01	CARE D; ISSUER NOT COOPERATING*	1)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)	-

**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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### About CARE Ratings:

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