

A2Z Infra Engineering Limited

April 28, 2020

Ratings

| Facilities | Amount (Rs. crore) | Rating ¹ | Rating Action |
|----------------------------|---|----------------------|--|
| Long-term bank facilities | 293.32 | CARE D (Single D) | Revised from CARE D; ISSUER NOT COOPERATING* (Single D ; ISSUER NOT COOPERATING*) |
| Short-term Bank Facilities | 721.01 | CARE D (Single D) | Revised from CARE D; ISSUER NOT COOPERATING* (Single D ; ISSUER NOT COOPERATING*) |
| Total facilities | 1014.33 (Rupees One Thousand Fourteen crore and Thirty-Three lakhs only) | | |

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 delay in repayment of its 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 3 months
- Sustainable improvement in the operations of the company
- DSCR improves to >1x

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 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 9MFY20, A2Z reported total operating income and PBILDT of Rs 331.83 crore and Rs 11.11crore respectively.

Liquidity: Poor

The liquidity of the company is poor, owing to delays in debt servicing. The company had cash and bank balance of Rs. 8.42 crore as on March 31, 2019

Analytical approach: Standalone

Applicable Criteria

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

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

[Rating Methodology – Infrastructure Sector Ratings](#)

[Financial ratios – Non-Financial Sector](#)

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

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.

| 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 |
| Fund-based-Working capital facilities | - | - | - | 146.43 | CARE D |
| Non-fund-based-Short Term | - | - | - | 721.01 | 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 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 | 146.89 | CARE D | - | 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 | 146.43 | CARE D | - | 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 | 721.01 | CARE D | - | 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) |

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. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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About CARE Ratings:

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