

A2Z Engineers And Pile Foundations

March 06, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	1.30	CARE B+; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BB-; Stable and moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	35.60	CARE A4; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Ltd. has been seeking information from A2Z Engineers And Pile Foundations (A2Z) to monitor the ratings vide e-mail communications dated January 30, 2025, February 25, 2025 among others and numerous phone calls. However, despite our repeated requests, the firm has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. The rating on A2Z's bank facilities will now be denoted as **CARE B+; Stable/CARE A4; 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).

The ratings assigned to the bank facilities of A2Z have been revised and migrated to Issuer Non Cooperating category on account of non-availability of requisite information and due to non-cooperation with CARE Ratings Ltd's (CARE Ratings) efforts to undertake a review of the rating outstanding. CARE Ratings views information availability risk as a key factor in its assessment of credit risk. The ratings are constrained by moderate scale of operations, concentrated order book position, proprietorship nature of business with inherent capital withdrawal risk and presence in a highly competitive tender-based industry. The ratings however derive strength from vast experience of its promoters in the construction sector, well established track record of operations and comfortable debt protection metrics.

Analytical approach: Standalone

Outlook: Stable

Detailed description of key rating drivers:

At the time of last rating on March 29, 2024 the following were the rating strengths and weaknesses.

Key weaknesses

Moderate scale of operations with concentrated order book

A2Z undertakes construction of multi-story building including the piling works. It receives work orders mainly from Military Engineer Services (MES) and a few direct orders. The current order book comprises the projects to be executed within Kerala and Lakshadweep. The order book position stood moderate at Rs 99.33 crore as on December 31, 2023, which translates to 1.62 times of total operating income (TOI) of FY23. The scale of the operations of the firm also stood moderate with total income of Rs.61.37 crore in FY23 albeit grown at the CAGR of 47.69% over past three years.

Tender-based nature of operations and intensely competitive civil construction industry

A2Z receives its work orders mainly from MES/companies. There is limited revenue diversity, as contracts are executed mostly in Kerala. All these are tender-based, and the revenues are dependent on the company's ability to bid successfully for these tenders. Profitability is exposed to pressure because of the competitive nature of the industry. There are numerous unorganized players operating in the industry which makes the civil construction space highly competitive.

Proprietorship nature of business constitution with inherent risk of withdrawal of capital

A2Z is a proprietorship nature of business wherein the inherent risk of withdrawal of capital by the promoter at the time of their personal contingencies resulting in erosion of capital base leading to adverse effect on capital structure. However,

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

*Issuer did not cooperate; Based on best available information

the risks associated with proprietorship nature of the firm is outweighed by the significant experience of the promoter in the construction business and their ability to bring in capital to support the operations. There has been instance of withdrawal of capital during FY21 and FY22.

Key Strengths

Vast promoter experience

A2Z Engineers And Pile Foundations is managed by Mr. Mijulal P. He has over 30 years of experience in conceiving and developing projects, primarily in Infrastructure sector. The promoter looks after contract procurement and execution of activities. Mr. Mijulal P had been the former secretary of Builder's Association of India (Kochi Branch) and presently he is serving as the treasurer of Builder's Association of India (Kochi Branch).

Long track record of operations

The firm is engaged in construction activities since 1995. It is been enlisted with Military Engineering Services (MES) in class 'B' including provision of pile foundation since 2000 and in 2019, upgraded to class 'S'. Major piling and structural works for MES contracts in Kochi and Lakshadweep are executed by the firm.

Assumptions/Covenants: Not Applicable

Environment, social, and governance (ESG) risks

Not Applicable

Applicable criteria

[Policy in respect of non-cooperation by issuers](#)

[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](#)

About the company and industry

Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Industrials	Construction	Construction	Civil construction

A2Z is a proprietary concern of Mr. Mijulal P engaged in civil construction of buildings since 1995. It primarily undertakes civil construction including piling, structural, electrical, and plumbing for Military Engineering Services (MES) and for private sectors all over Kerala. The firm is enlisted with Military Engineering Services (MES) in class 's'.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	December 31, 2024 (UA)
Total operating income	40.03	61.37	25.34
PBILDT	2.89	4.47	2.70
PAT	1.28	2.06	1.23
Overall gearing (times)	1.42	1.17	NA
Interest coverage (times)	4.86	6.21	5.42

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

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 (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	October 2036	1.30	CARE B+; Stable; ISSUER NOT COOPERATING*
Fund-based - ST-Bank Overdraft		-	-	-	9.00	CARE A4; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantee		-	-	-	26.60	CARE A4; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

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 2024-2025	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
1	Fund-based - LT-Term Loan	LT	1.30	CARE B+; Stable; ISSUER NOT COOPERATING *	-	1)CARE BB-; Stable (29-Mar-24)	-	-
2	Fund-based - ST-Bank Overdraft	ST	9.00	CARE A4; ISSUER NOT COOPERATING *	-	1)CARE A4 (29-Mar-24)	-	-
3	Non-fund-based - ST-Bank Guarantee	ST	26.60	CARE A4; ISSUER NOT COOPERATING *	-	1)CARE A4 (29-Mar-24)	-	-

*Issuer did not cooperate; based on best available information.

* LT: Long term; ST: 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 - ST-Bank Overdraft	Simple
3	Non-fund-based - ST-Bank Guarantee	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

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About us:

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