

Paliya Construction Kailarash

November 18, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	12.00	CARE BB-; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BB; Stable and moved to ISSUER NOT COOPERATING category
Long Term / Short Term Bank Facilities	18.00	CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING*	LT rating downgraded from CARE BB; Stable and ST rating reaffirmed and 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 Limited (CareEdge Ratings) has been seeking information from Paliya Construction Kailarash (PCK) to monitor the rating vide e-mail communications dated September 18, 2025, September 15, 2025, September 09, 2025, August 26, 2025, August 19, 2025, August 06, 2025, July 29, 2025, July 15, 2025, July 04, 2025, June 18, 2025 and June 13, 2025 among others 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 Ratings Limited (CareEdge Ratings) has reviewed the rating on the basis of the best available information which however, in CARE Ratings Limited (CareEdge Ratings)'s opinion is not sufficient to arrive at a fair rating. The ratings on PCK's bank facilities will now be denoted as '**CARE BB-; Stable; ISSUER NOT COOPERATING/ 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 Paliya Construction Kailarash (PCK) have been revised on account of non-availability of requisite information. The ratings remained constrained on account of moderate capital structure and debt coverage indicators in FY24 (Audited refers to the period April 01 to March 31). The ratings further remained constrained on account of geographically concentrated revenue profile and order book, tender driven nature of operations, presence in intensely competitive and fragmented construction industry with exposure of profit margins to fluctuation in raw material prices, constitution as a partnership firm. The ratings, however, derives strength experienced promoters, growing scale of operations albeit moderate profitability margins.

Analytical approach: Standalone

Outlook: Stable

Detailed description of the key rating drivers

At the time of last rating on September 13, 2024, the following were the rating strengths and weaknesses.

Key weaknesses

Moderate capital structure and debt coverage indicators

The capital structure remained moderate as marked by an overall gearing ratio of 1.74x as on March 31, 2024 as against below unity overall gearing in past years. The deterioration in overall gearing is due to increase in working capital requirement with increasing scale of operations. The utilization of working capital limits and outstanding unsecured loans remained higher as on balance sheet date. The debt coverage indicators also remained moderate as marked by interest coverage ratio of 2.47x in FY24 (Audited) (2.04x in FY23) with improvement in operating profits. Total debt to Gross cash accruals (TD/GCA) has remained high at 5.47x as on March 31, 2024 (9.57x as on March 31, 2023) mainly due to high debt level.

Geographically concentrated revenue profile and order book

Over the years, PCK has concentrated presence with all the orders from single state. The orderbook of the firm also remained concentrated to regions in and around the state of Madhya Pradesh only, leading to a high concentration risk. Geographical concentration of the order book exposes PCK to any adverse changes in the political environment or policy matters of the state and would affect the projects at large.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Tender driven nature of operations

The business of PCK is a tender driven in nature and the operating margins primarily depend upon the rates quoted at the time of bidding and the same vary depending on the nature & size of the project after gauging the level of competition prevailing at the time of bidding. The tenure of the project is usually between 12-36 months and varies as per the size and volume of the contract. Moreover, the availability of tenders is mainly dependent on the budgetary fund allocations.

Presence in intensely competitive and fragmented construction industry with exposure of profit margins to fluctuation in raw material prices

PCK is operating in an intensely competitive construction industry with presence of large number of contractors. Furthermore, with low counterparty credit risk and a relatively stable payment track record of projects funded by government bodies, these projects are lucrative for all the contractors and hence are highly competitive. Nevertheless, aggressive bidding by the firm or delay in project progress due to unavailability of regulatory clearances may affect the credit profile of the contractor and exert pressure on the margins. Further, considering execution period of orders awarded to PCK usually ranges from 12- 36 months, its profitability remains susceptible to fluctuations in the input prices. However, presence of price escalation clause in majority of contracts mitigates the risk to a certain extent.

Constitution as a partnership firm

PCK being a partnership firm, inherently carries the risk of capital withdrawal by partners during personal contingencies, potentially eroding the capital base and adversely affecting the capital structure. Furthermore, partnership entities have restricted access to external borrowing as credit worthiness of partner would be the key factors affecting credit decision for the lenders.

Key strengths

Experienced promoters

PCK is promoted by Morena (MP) -based Paliya family & is currently managed by Mr. Anoop Sharma and Mr. Navneet Sharma (sons of founder of PCK- Mr. Dwarika Prasad Paliya) who possesses experience of around one decade in construction business, looks after the day-to-day operations of the firm. PCK executes small to medium size projects for various government departments since 2007 and has established relationship with its customers and suppliers.

Growing scale of operations albeit moderate profitability margins

The scale of operations as marked by TOI reported growth of more than two folds in FY24 with execution of newly allotted tenders. TOI of PCK stood at ₹91.86 crore during FY24 as against ₹38.32 crore for FY23 mainly owing to bagging of high value orders and execution of 7 orders of CM rise school construction. Despite increase in TOI, the profitability margins declined to 5.51% in FY24 from 6.56% in FY23 due to increase in material costs. The GCA level increased and remained at ₹2.46 crore during FY24 from ₹1.13 crore during FY23 with increase in scale of operations.

Comfortable orderbook position indicating revenue visibility in short- medium term; albeit limited counter party credit risk

PCK has on hand orders of ₹237.90 crore as on August 25, 2024, translating into comfortable orderbook to TOI ratio of 2.59x for FY24. With major contracts to be executed within time span of 12-36 months, the orderbook provides revenue visibility in short to medium term. Further, entire orders of PCK are from Public Works Department leading to low counterparty credit risk.

Applicable Criteria

[CARE Ratings' criteria on information adequacy risk and issuer non-cooperation](#)

[Policy on default recognition](#)

[Rating Outlook and Credit Watch](#)

[Financial Ratios – Non financial Sector](#)

[Construction Sector](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil Construction

Gwalior (Madhya Pradesh) based Paliya Construction Kailarash (PCK) was formed in 2007 by Mr. Dwarika Prasad Paliya, Mr. Anoop Sharma and Mr. Suresh Upadhyay. In June 2015, Mr. Suresh Upadhyay retired from the partnership firm and new partners Mr. Navneet Sharma and Mrs. Bandana Sharma admitted since April 2019. PCK is registered contractor with Public Works Department, Madhya Pradesh (PWD). Firm is engaged in construction of various infrastructure space projects announced by Madhya Pradesh State government such as hospitals, schools, hostels, residential units under housing board schemes etc.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	38.32	91.86
PBILDT	2.51	5.06
PAT	0.81	1.81
Overall gearing (times)	0.98	1.74
Interest coverage (times)	2.04	2.47

A: Audited; 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: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of 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-Working Capital Limits		-	-	-	12.00	CARE BB-; Stable; ISSUER NOT COOPERATING*
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	18.00	CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING*

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

Annexure-2: Rating history for 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 2025-2026	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
1	Fund-based - LT-Working Capital Limits	LT	12.00	CARE BB-; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB; Stable (13-Sep-24)	-	-
2	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	18.00	CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING*	-	1)CARE BB; Stable / CARE A4 (13-Sep-24)	-	-

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

LT: Long term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Working Capital Limits	Simple
2	Non-fund-based - LT/ ST-Bank Guarantee	Simple

Annexure-5: Lender details

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

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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About us:

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