

Kargwal Constructions Private Limited

January 05, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	13.00	CARE BB (RWD); ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category; Continues to be on Rating Watch with Developing Implications
Short Term Bank Facilities	22.00	CARE A4 (RWD); ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category; Continues to be on Rating Watch with Developing Implications

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 Kargwal Constructions Private Limited (KCPL) to monitor the rating vide e-mail communications dated November 17, 2025, November 28, 2025, December 01, 2025, December 05, 2025, December 10, 2025, December 17, 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 KCPL's bank facilities will now be denoted as '**CARE BB (RWD); ISSUER NOT COOPERATING/ CARE A4 (RWD); 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).

CARE Ratings Limited (CARE Ratings) has placed ratings assigned to the bank facilities of Kargwal Constructions Private Limited (Kargwal) on "Rating Watch with Developing Implications (RWD)" as per the board resolution received from Kargwal dated February 25, 2025, wherein respective company's board has approved the scheme of amalgamation between Kean Construction Private Limited (Kean) and Kargwal. Further, Kargwal has filed the application before NCLT dated March 26, 2025. The scheme is subject to requisite approvals from the National Company Law Tribunal (NCLT). The proposed merger would bring synergies in business, increase operation efficiency, integrate business functions and reduction in costs of the merged entity. The said merger is expected to strengthen its operational risk profile while the financial risk profile is expected to remain at a similar level. CARE Ratings will continue to closely monitor developments in this announcement and will take a view accordingly on Kargwal's ratings post-merger.

The ratings assigned to the bank facilities of Kargwal Constructions Private Limited (Kargwal); and its subsidiaries, commonly referred to as 'Kargwal Group' or 'Group') is tempered by groups small scale of operations, limited order book position along with client concentration, working capital intensive nature of operations. The rating is further tempered by the group's highly competitive and fragmented industry with tender driven nature of operations and geographical concentration risk. The rating continues to derive strength from resourceful and highly experienced promoters, well-established track record in construction business, moderate profitability margin and comfortable financial risk profile of the group.

Analytical approach: Consolidated

The analytical approach has been considered as consolidated on account of strong operational and financial linkages amongst Kargwal and its subsidiaries involved in the similar line of business with common management. Further, Kargwal has control over the management and operations of its subsidiaries and Kargwal has demonstrated financial support to the subsidiaries in the past. List of entities considered for consolidation mentioned in Annexure- 6.

Outlook: Not Applicable

Detailed description of the key rating drivers

At the time of last rating on April 17, 2025 the following were the rating strengths and weaknesses(updated based on publicly available information).

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

Key weaknesses**Small and fluctuating scale of operations:**

On a consolidated basis, TOI of Kargwal Group remained fluctuating in the range of Rs.80.23 crore to Rs.111.88 crore during FY22 to FY24. The TOI has reduced to Rs.102.84 crore in FY24 (vis-à-vis Rs.111.88 crore in FY23 and Rs.80.23 crore in FY22) primarily due to slower execution of newly received orders, as the initial phase of these orders typically takes longer to obtain necessary approvals from various authorities. Further, during 7MFY25, the group reported TOI of Rs. 52.57 crores.

On standalone basis, the company has reported growth of 33% in its TOI and remained at Rs. 62.79 crore during FY25 as against Rs. 47.04 crore during FY24 due to higher order execution during the year.

Relatively lower and concentrated order book position:

The group has a relatively lower unexecuted order book position amounting to 96.66 crore as on December 12, 2024 (0.96x of TOI in FY24) which is to be executed in the next 2 years. Out of total unexecuted orders, the order from Mumbai Port Trust for construction of new fish jetty consists of Rs. 86.90 crore which forms 90% of total unexecuted order book.

Working capital intensive operations:

The operations of the group are working capital intensive in nature with funds being blocked in debtors and inventory. The group presents the bills to its clients on a percentage completion basis and being into construction activity given the service nature of operations where company purchases the inventory based on the orders received. Also, as the company completely deals with government projects due to which average inventory of the group's on consolidated basis continues to remain high at 68 days in FY24 (vis-à-vis 60 days in FY23). Furthermore, the company is required to maintain a security deposit as retention money of 2-5% of the contract value (depending upon the value and nature of contract) at the time of entering into the contract, thus, the collection period remained at 70 days in FY24 (vis-à-vis 63 days in FY23). Further, the groups received ~60 days of credit period from its suppliers. Thus, the operating cycle of the group remained moderate; albeit elongated at 87 days in FY24 (vis-à-vis 75 days in FY23).

On standalone basis, Kargwal's operating cycle has improved yet remained elongated to 72 days during FY25 as against 131 days during FY24. The improvement was due to improved inventory period to 135 days during FY25 from 142 days during FY24 and collection period to 23 days during FY25 as against 48 days during FY24.

Susceptibility of profit margins due to volatile material prices: The raw material (mainly cement and steel) is the major cost driver and the prices of the same are volatile in nature, thus exposing its profitability to adverse price fluctuations in the prices of material. However, the same is being mitigated to an extent due to the existence of price escalation clause in the contract.

Highly competitive and fragmented industry with tender driven nature of operations:

The civil construction industry is fragmented in nature with a large number of medium and small-scale players present at regional level. This coupled with the tender-driven nature of construction contracts creates huge competition and may put pressure on the profit margins of the players. Moreover, the tenders mainly depend on the budgetary fund allocations. Furthermore, the site & environment clearance risk is also associated with the project due to which the timely completion is a constraint.

Key strengths**Experienced promoters:**

Kargwal is a part of Kargwal Group founded by Mr. Murli H Varma which has been into construction business since 1975. The Kargwal Group has a presence in diverse construction activities ranging from industrial plants, ports, bridges, real estate activities viz. townships of residential and commercial complexes etc. Currently the overall management of the company is handled by Mr. Dharmesh Rajendra Varma and Ashish Bharatbhai Kansara both the promoters mutually handle the operations of the company who possess an average experience of more than two decades in same line of business through their association with the group entities.

Declined albeit moderate profit margins during FY24:

The group's consolidated profitability margins continuously declined during the past three financial years ended FY24. The PBILDT margin declined from 9.29% in FY23 to 8.19% in FY24 due to slow-moving orders and delays in execution caused by changes in the scope of work from the client's side leading to lower realization. These changes led to increased project costs, and the company was unable to secure the expected escalation benefits, ultimately impacting on its profit margins. Furthermore, the PAT margin of the company declined from 2.81% in FY23 to 1.28% in FY24 due to an increase in depreciation as well as finance costs. On a consolidated basis, the PBILDT margin of the company is expected to remain at similar levels in the near term.

On standalone basis, PBILDT margin has improved to 8.70% during FY25 as against 5.95% during FY24 on the back of improved TOI coupled with reduced employee costs. Further, due to higher depreciation costs, PAT margin has declined from 2.99% during FY24 to 2.23% during FY25. Kargwal has reported GCA of Rs. 4.93 crore during FY25.

Comfortable capital structure and debt coverage Indicators:

On consolidated basis, the capital structure of the group has improved and stood comfortable marked by overall gearing stood at 0.61x as on March 31, 2024 (vis-à-vis 0.75x as on March 31, 2023) on account reduction in total debt due to repayment of unsecured loans from others. The debt coverage indicators have deteriorated marginally and remained moderate with total debt to GCA stood at 4.98 times in FY24 (vis-à-vis 4.57x in 23) and interest coverage at 3.25x in FY24 (vis-à-vis 4.45x in FY23) due to lower profitability during FY24.

On standalone basis, Kargwal's capital structure was comfortable marked by overall gearing ratio of 0.43x as on March 31, 2025 (P.Y.: 0.45x). Debt coverage indicators was moderate marked by TDGCA of 3.60 years as on March 31, 2025 (P.Y.: 3.80 years) and Interest coverage of 2.51x during FY25 (1.10x during FY24).

Assumptions/Covenants: Not Applicable

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

Applicable Criteriaa:

[Criteria on Information Adequacy Risk and Issuer Non-Cooperation](#)

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

[Criteria on Assigning 'Outlook' or 'Rating Watch' to Credit Ratings](#)

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

[CARE Ratings' Criteria on Rating of Short Term Instruments](#)

[Rating Methodology -Construction Sector](#)

[CARE Ratings' Criteria on Consolidation & Combined Approach](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil Construction

Kargwal Constructions Private Limited (Kargwal) is a part of Kargwal group promoted by Mr. Murli H Varma in the year 2007 and currently managed by Mr. Dharmesh Rajendra Varma and Mr. Ashish Bharatbhai Kansara as present directors of the company. Kargwal and the group are engaged in civil construction and engineering work of ports and jetties for central government infrastructure project and other public sector undertakings. Furthermore, the company also undertakes work orders for pilling and drilling for rotary rugs. Furthermore, 90% of the revenue is generated from Central government tendering and bidding process and 10% from pilling works. The group has completed over 200 jetties and port across PAN India. On the other hand, the company procures various materials viz. clovers, frames, nets, steel & TMT sheets, metals, bars, angles, pipes, sand, bricks, cement, etc. from the domestic suppliers where the project is going on.

Consolidated:

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	7MFY25 (UA)
Total operating income	111.88	102.84	52.57
PBILDT	10.39	8.42	7.01
PAT	3.14	1.32	2.64
Overall gearing (times)	0.75	0.61	NA
Interest coverage (times)	4.45	3.25	5.94

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

Standalone:

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (CA Certified)
Total operating income	59.23	47.04	62.79	33.67
PBILDT	7.26	2.80	5.47	2.13
PAT	3.15	1.41	1.40	0.21
Overall gearing (times)	0.71	0.53	0.51	0.42
Interest coverage (times)	3.12	1.10	2.51	2.54

A: Audited; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: CRISIL has continued the rating assigned to the bank facilities of KCPL into Issuer Not Cooperating category vide press release dated April 28, 2025 on account of its inability to carry out a review in the absence of the requisite information from the company.

Any Other information: Not Applicable

Rating History for last three years: Annexure-2

Covenants of rated instrument / facility: 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-Cash Credit		-	-	-	13.00	CARE BB (RWD); ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantee		-	-	-	22.00	CARE A4 (RWD); 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	Type	Current Ratings		Rating History			
			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-Cash Credit	LT	13.00	CARE BB (RWD); ISSUER NOT COOPERATING*	1)CARE BB (RWD) (17-Apr-25)	1)CARE BB; Stable (26-Dec-24)	1)CARE BB; Stable (06-Oct-23)	1)CARE BB-; Stable (06-Dec-22)
2	Non-fund-based - ST-Bank Guarantee	ST	22.00	CARE A4 (RWD); ISSUER NOT COOPERATING*	1)CARE A4 (RWD) (17-Apr-25)	1)CARE A4 (26-Dec-24)	1)CARE A4 (06-Oct-23)	1)CARE A4 (06-Dec-22)

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

LT: Long term; ST: 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-Cash Credit	Simple
2	Non-fund-based - ST-Bank Guarantee	Simple

Annexure-5: Lender details

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

Annexure 6: List of entities consolidated

Sr. No.	Name of entity	Extent of consolidation	Rationale for consolidation
1.	Kargwal KM JV	Full	Subsidiary with 98% proportion of interest
2.	Anytime Harbour of Yachts Pvt Ltd	Full	Subsidiary
3.	Kargwal and Indiana Build (JV)	Full	Subsidiary
4.	Consolidated Remedies Pvt Ltd.	Full	Subsidiary
5.	Rachana Kargwal and creative Assoc.	Full	Subsidiary

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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