

Sharika Enterprises Limited

October 06, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term / Short-term bank facilities	-	-	Reaffirmed at CARE B+; Stable / CARE A4 and Withdrawn
Long-term bank facilities	-	-	Reaffirmed at CARE B+; Stable and Withdrawn
Short-term bank facilities	-	-	Reaffirmed at CARE A4 and Withdrawn

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has reaffirmed and withdrawn the outstanding ratings of 'CARE B+; Stable / CARE A4' (Single B Plus; Outlook: Stable/ A Four) assigned to bank facilities of Sharika Enterprises Limited (SEL) with immediate effect. The above action has been taken at the request of Sharika Enterprises Limited (SEL) and 'No Objection Certificate' received from the bank that has extended the facilities rated by CareEdge Ratings.

Ratings take into consideration the constraints related to the company's modest scale of operations, low profitability margins and elongated operating cycle. Ratings continue to remain constrained by project execution risk inherent in different infrastructure projects and its presence in a highly competitive industry and business risk associated with tender-based orders. However, ratings continue to draw comfort from experienced management with long track record of operations and moderate though concentrated order book position, moderate capital structure and debt coverage indicators of the company.

Analytical approach: Standalone

Outlook: Stable

The 'Stable' outlook reflects CareEdge Ratings' opinion that the entity will continue to benefit from the experience of promoters in the industry and its established track record of operations.

Detailed description of key rating drivers:

Key weaknesses

Modest scale of operations: SEL's scale of operations continue to remain modest where it has reported total operating income (TOI) and gross cash accruals (GCA) of ₹79.61 crore and ₹1.91 crore, respectively, in FY25 (FY refers to April 01 to March 31) against ₹78.60 crore and ₹2.28 crore, respectively, in FY24. The marginal increase in TOI considers higher execution and billing of contracts. The company achieved TOI of ₹16.88 crore in Q1FY26 (refers to April 01, 2025, to June 30, 2025; based on unaudited results).

Low profitability margins: The company's profitability margins as marked by profit before interest, lease rentals, depreciation and taxation (PBILDT) and profit after taxation (PAT) margin continued to remain low at 3.83% and 1.22%, respectively, in FY25. The company's profitability is governed by a mix of fixed price and short duration contracts (usually one year) executed by the company. Adverse movement in raw materials cost/input prices for fixed price contracts may adversely impact the company's profitability margins.

Elongated operating cycle: The company's operating cycle improved, however, continues to remain elongated at 124 days for FY25 (PY: 136 days) primarily considering timely realisation from its customers. The company raises bills on milestone basis that is on the completion of certain percentage of work, 70% against the supply of material, 10% at the time of erection, 10% after testing and commissioning and rest 10% is kept as retention money and thereon gets acknowledged by customer after necessary inspection of work done by the respective departments. Post inspection, the department clears payment in 3-4 months (maximum) by deducting certain percentage of bill raised (10% of bill amount) to be held for the warranty period in the form of retention money (usually upto five years), which can be released after submission of bank guarantee. There is normally a procedural delay in relation being customers are primarily government departments/ public sector undertakings. Major portion of contracts are executed in the last quarter of financial year and hence, the bills raised mostly get realised in the first quarter

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

of the next financial year resulting in elongated collection period. The inventory is in the form of raw materials and work in progress at different sites considering procedural delays involved in the certifications/validation of invoices for the contracts executed resulting in an average inventory holding period of 47 days for FY25. The company receives an average credit period of ~2-3 months from its suppliers owing to its long-standing presence in the industry.

Project execution risk inherent in different infrastructure projects: Given the nature of projects awarded, SEL is exposed to inherent risk in delays in certain projects undertaken by the company due to delay in approvals and sanction from regulatory bodies thus exposing SEL towards the risk of delay in projects resulting in a delay in the realisation of revenue growth. The company's ability to execute a project timely would be led by its own operational efficiency and timely stage payments received from its clients which are crucial from credit perspective.

Highly competitive industry with business risk associated with tender-based orders: SEL operates in a highly competitive industry where it faces direct competition from organised and unorganised players in the market given the low barriers to entry. There are many small and regional players catering to this market which has limited the company's bargaining power and has exerted pressure on its margins. The company majorly undertakes government and private projects, which are awarded through the tender-based/ bidding system. This exposes the company towards risk associated with the tender-based business, which is characterised by intense competition. The business' growth depends on its ability to successfully bid for tenders and emerge as the lowest bidder. Changes in the government policy or government spending on projects are likely to affect the company's revenues and profits of the company.

Key strengths

Experienced management with long track record of operations: SEL is currently being managed by Rajinder Kaul and Sanjay Verma. Rajinder Kaul (Managing Director) has done B.Tech and M.B.A. and has experience of over three decades in different sectors such as EPC business, power generation, transmission and distribution sector through his association with this entity and in individual capacity. Earlier, he was associated with the companies including 'Cable Corporation of India Limited' and 'Schneider Electric India Private Limited' at a managerial position. The other Director, Sanjay Verma, holds experience of over two decades in EPC business through his association with this entity. SEL is also supported by a team of qualified engineers, supervisory staff and technical team to work on sites having relevant experience in their respective fields.

Moderate though concentrated order book position: SEL has an unexecuted order book position of ~₹89.00 crore as on July 7, 2025, which is equivalent to ~1.12x of its TOI achieved in FY25, reflecting near term revenue visibility. However, the present entire unexecuted order book is concentrated ~60% towards contracts from Ali Mohammad Baba & Sons, Jammu & Kashmir, NHPC Limited, Jammu & Kashmir and LS Cable India Private Limited. Thus, the company is exposed to risk of unfavourable changes in policies towards award of new contracts. Effective and timely execution of orders have a direct bearing on the company's total income and margins.

Moderate capital structure and debt coverage indicators: The company's capital structure continues to remain moderate as marked by overall gearing ratio which stood at 0.55x as on March 31, 2024, mainly considering satisfactory net worth base against limited debt levels.

Owing to limited debt levels, the company's debt coverage indicators continue to remain moderate as marked by interest coverage ratio and total debt to GCA of 1.79x and 7.88x, respectively, for FY25. The improvement is due to high PBILDT levels backed by increase in turnover.

Liquidity: Stretched

The liquidity position of the company remained stretched characterised by elongated collection period of 151 days in FY25, which led to high average utilisation of its fund-based working capital limits which stood ~80%-90% utilised for last 12 month's period ending July 2025. The company has low free cash and bank balances to meet its short-term working capital requirements. The company reported GCA of ₹1.91 crore in FY25 against repayment obligations of ~₹1.80 crore in same year with no major capex plan in near term.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Withdrawal Policy](#)

[Service Sector Companies](#)

[Construction Sector](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil construction

SEL (erstwhile known as Sharika Enterprises Private Limited) was incorporated in May 1998 as a private limited company. Later, in 2017, it was converted into public limited company (Listed). The company is currently being managed by Rajinder Kaul and Sanjay Verma. The company undertakes engineering procurement construction (EPC) contracts where it is engaged in designing, supply, installation, testing, laying, commissioning and maintenance of power transmission EHV cables & accessories, electrical sub-stations, switchyards, power capacitors, switchgears, cast resin transformers, auto re-closers, fault passage indicators (FPI), LED street lighting system, solar home lighting system, and grid & offgrid rooftop solar power plants, among others. The company is also engaged in providing consultancy for project management and EPC contracts in power generation, transmission and distribution sector which contributes ~10% of the total income in FY25. It has signed a joint venture (JV) agreement with SPIN Engenharia De Automacao Ltd, a premier Brazilian company and Naxon Kontrol System (NKS), Philippines specialising in advanced automation and control systems for the energy sector for the development of India-specific Supervisory Control and Data Acquisition (SCADA) and Advanced Distribution Management & Outage Management System (ADMS).

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	Q1FY26 (UA)*
Total operating income	78.60	79.61	16.88
PBILDT	1.84	3.05	-0.68
PAT	2.26	0.97	-1.01
Overall gearing (times)	0.34	0.55	NA
Interest coverage (times)	1.50	1.79	-1.42

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

*refers to April 01, 2025, to June 30, 2025.

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-Cash Credit		-	-	-	0.00	Withdrawn
Fund-based - LT-Term Loan		-	-	March, 2028	0.00	Withdrawn
Fund-based/Non-fund-based-LT/ST		-	-	-	0.00	Withdrawn
Non-fund-based - ST-Bank Guarantee		-	-	-	0.00	Withdrawn

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-Term Loan	LT	-	-	1)CARE B+; Stable (06-Oct-25)	1)CARE B+; Stable (10-Mar-25)	1)CARE B; Stable (08-Mar-24)	-
2	Fund-based - LT-Cash Credit	LT	-	-	1)CARE B+; Stable (06-Oct-25)	1)CARE B+; Stable (10-Mar-25)	1)CARE B; Stable (08-Mar-24)	-
3	Non-fund-based - ST-Bank Guarantee	ST	-	-	1)CARE A4 (06-Oct-25)	1)CARE A4 (10-Mar-25)	1)CARE A4 (08-Mar-24)	-
4	Fund-based/Non-fund-based-LT/ST	LT/ST	-	-	1)CARE B+; Stable / CARE A4 (06-Oct-25)	1)CARE B+; Stable / CARE A4 (10-Mar-25)	1)CARE B; Stable / CARE A4 (08-Mar-24)	-

LT: Long term; ST: Short 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-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Fund-based/Non-fund-based-LT/ST	Simple
4	Non-fund-based - 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

Media Contact Name: Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in Relationship Contact Name: Ankur Sachdeva Senior Director CARE Ratings Limited Phone: +91-22-6754 3444 E-mail: ankur.sachdeva@careedge.in	Analytical Contacts Name: Puneet Kansal Director CARE Ratings Limited Phone: +91- 120-445 2018 E-mail: puneet.kansal@careedge.in Name: Sandeep Aggarwal Associate Director CARE Ratings Limited Phone: +91- 120-445 2062 E-mail: sandeep.aggarwal@careedge.in Name: Aashu Singh Lead Analyst CARE Ratings Limited E-mail: aashu.singh@careedge.in
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