Narshinha Engineering Works (Revised)

July 02, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	19.00	CARE B+; Stable	Assigned
Short Term Bank Facilities	5.50	CARE A4	Assigned

Details of instruments/facilities in Annexure-1.

The list of facilities / instruments falling under the purview of various financial sector regulators (FSRs), along with the names of respective FSRs has been disclosed under Annexure-6.

Rationale and key rating drivers

Ratings assigned to the bank facilities of Narshinha Engineering Works (NEW) remained constrained due to small scale of operations and moderate profitability margins, stretched liquidity position, the constitution of the entity being a partnership firm thereby leading to risk of withdrawal of capital. The ratings are further constrained by the profit margins being susceptible to fluctuation in raw material prices.

Rating derive strength from its established track record of operations and experienced promoters, comfortable capital structure and debt coverage indicators.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in order book position above 3x of the latest financial year revenue thereby providing revenue visibility over medium term.
- Increase in the scale of operations with total operating income (TOI) exceeding ₹50 crore on a sustained basis.

Negative factors

- Deterioration in the profitability margins leading to deterioration of the debt coverage indicators marked by interest coverage ratio below 1.5x on a sustained basis
- Increasing working capital cycle above 90 days thereby impacting the liquidity of the entity
- Significant withdrawal of capital from the firm by the partners

Analytical approach: Standalone

Outlook: Stable

The "stable" outlook on the reflects CARE Ratings Limited (CareEdge Ratings) expectation that the firm will continue to benefit from its experienced promoters thereby maintaining its financial risk profile.

Detailed description of key rating drivers:

Key weaknesses

Small scale of operations with low revenue visibility in absence of adequate order book position

The overall scale of operations stood small with total operating income (TOI) stood in the range of ₹11.03 crore to ₹39.45 crore during FY22 to FY26. Although TOI grew at a compounded annual growth rate (CAGR) of 30.73% in last 5 years ended FY26, TOI moderated by 16% to ₹32.21 crore in FY26 against ₹38.21 crore in FY25 on account of moderation in sales realisation which due to lower sales from electrical contract services. It has modest net worth base, which stood at ₹7.80 crore as on March 31, 2026. The small scale of operations limits the entity's financial flexibility and ability to scale up the business significantly. Further, competition in the industry will continue to restrict future growth prospects. The firm has meagre order book position of ₹7.33 crore as on May 31, 2026, which has impacted due to global uncertainties led by middle east crisis. Nevertheless, firm has already initiated participating in various tenders to secure the orders from Maharashtra State Electricity Distribution Company Limited (MSEDCL) and Maharashtra State Electricity Transmission Company Limited (MSETCL). Hence, ability of the firm to increase its scale of operations remains key credit monitorable.

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

Moderate profitability margins
NEW's operating profitability exhibited a stable trend with a profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin within the range of 5-6% in the past three years ended FY26. It stood moderate at 5.62% during FY26 compared to 5.37% in FY25, the slight improvement was due to reduction in the raw material cost. Profit after Tax (PAT) margin stood moderate and slightly deteriorated in FY26 to 4.66% compared to 5.35% in FY25 owing to higher depreciation and interest cost.

Profitability susceptible to fluctuation in raw material prices
NEW is exposed to raw material price volatility risk due to volatility in the price of steel products depending on the demand supply gap. Further, transformer oil is also constituting considerable pie in the cost structure, which is a crude oil derivative and hence, prices of the same remain susceptible to crude oil prices which remained highly volatile in the recent past. In absence of the price escalation clause, any adverse price fluctuation could negatively impact the profit margins. Hence profitability margins remain susceptible to fluctuation in the raw material prices.

Partnership nature of constitution
NEW's constitution being a partnership firm has the inherent risk of possibility of withdrawal of the partner's capital at the time of personal contingency and the firm being dissolved upon the death/retirement/insolvency of the partner. Moreover, the partnership firms have restricted access to external borrowing which limits their growth opportunities to some extent.

Key strengths

Extensive experience of promoters with long standing operational track record of the firm
The firm is managed by Ghanshyam Sharma and his son, Harshad Sharma, who are the partners of the entity. Ghanshyam Sharma has over four decades of experience in electrical contracting and looks after the contracting business segment while Harshad Sharma holds a Bachelor of Engineering (E&TC) and an MBA and looks after the transformer manufacturing segment. Over the years of existence, the firm has established long standing relationship with its customers, suppliers and stakeholders.

Comfortable capital structure and debt coverage indicators
The entity's capital structure stood comfortable, as marked by an overall gearing of 0.72x as on March 31, 2026 (0.98x as on March 31, 2025) due to low reliance on external debt. Its debt profile largely comprises working capital debt. The total outside liabilities to net worth stood low at 0.84x as on March 31, 2026 (moderated from 1.33x as on March 31, 2025). The improvement in capital structure was on account of profit accretion to partners' capital. Going forward, the capital structure is expected to be moderated on account of proposed increase in working capital borrowings.

Debt coverage indicators also stood comfortable as marked by interest coverage of 4.65x in FY26 (14.99x in FY25) and total debt to gross cash accruals (TD/GCA) of 3.65x in FY26 (3.27x in FY25). Moderation during the year was on account of reduction in absolute profitability. Going forward, debt coverage indicators are expected to moderate due to expected debt availment for meeting incremental working capital requirements.

Liquidity: Stretched

NEW's liquidity profile remains stretched due to low cash accruals led by small scale of operations and negative cash flow from operations. The firm doesn't have any long-term debt repayment obligations in absence of term loan. As on March 31, 2026, the current and quick ratio stood at 1.97x (PY: 1.59x) and 1.64x (PY: 1.46x) respectively. The working capital bank limits of ₹7 crore were utilised at around 70% for the 12 months ended May 2026. Additionally, NEW maintained unencumbered cash and bank balances of ₹2.12 crore in as on March 31, 2026 (compared to ₹5.08 crore as on March 31, 2025). Cash flow from operations was negative at ₹0.84 crore in FY26 compared to negative ₹2.39 crore in FY25.

Assumptions/Covenants: Not applicable

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

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Short Term Instruments
Construction Sector

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital Goods	Electrical Equipment	Other Electrical Equipment

Incorporated in 2013 as a partnership firm, Narshinha Engineering Works (NEW) is engaged in the manufacturing of transformers and execution of electrical contracting works. It is managed by Ghanshyam Sharma and Harshad Sharma as partners of the firm. The firm is an approved vendor for MSEDCL and MSETCL. NEW operates a manufacturing facility at MIDC area, Nanded, Maharashtra with an installed transformer manufacturing capacity of 3,000 units as on March 31, 2026. Further, the firm is planning to diversify its business into installation of solar powered submersible pumps and hybrids systems.

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (UA)
Total operating income	38.28	32.21
PBILDT	2.05	1.81
Profit after tax (PAT)	2.05	1.50
Overall gearing (x)	0.98	0.72
Interest coverage (x)	14.99	4.65

A: Audited UA: Unaudited; 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-Long Term		-	-	-	19.00	CARE B+; Stable
Non-fund-based - ST-Bank Guarantee		-	-	-	5.50	CARE A4

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 2026-2027	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
1	Fund-based-Long Term	LT	19.00	CARE B+; Stable				
2	Non-fund-based - ST-Bank Guarantee	ST	5.50	CARE A4				

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-Long Term	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 Facilities/Instruments and FSRs

As required by SEBI Circular dated February 10, 2026, to Credit Rating Agencies (CRAs), the list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is disclosed below:

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments
1.	Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities)	SEBI
2.	Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities)	MCA
3.	Listed PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	SEBI
4.	Listed PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	SEBI
5.	Unlisted PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	RBI
6.	Listed Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
7.	Unlisted Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
8.	Loan Facilities (Fund / Non-Fund Based) From Banks / NBFCs / NHB / FIs ^	RBI
9.	External Commercial Borrowings and Other Similar Borrowings	RBI
10.	Certificates of Deposit	RBI
11.	Fixed Deposits Raised by Banks, NBFCs, HFCs, FIs	RBI
12.	Fixed Deposits Raised by Corporates Other Than Banks, NBFCs, HFCs, FIs	MCA
13.	Inter Corporate Deposits / Loans Extended by Corporates	MCA
14.	Borrowing Programme ~	-
15.	Issuer Ratings #	-
16.	Credit Ratings for Capital Protection Oriented Schemes (By Mutal Funds and AIFs)	SEBI
17.	Credit Quality Ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18.	Listed Security Receipts	SEBI
19.	Unlisted Security Receipts	RBI
20.	Independent Credit Evaluation (ICE)	RBI
21.	Expected Loss Ratings (For Loan Facilities (Fund / Non-Fund Based) from Banks / NBFCs / NHB / FIs)	RBI
22.	Expected Loss Ratings (Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities))	SEBI
23.	Expected Loss Ratings (Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities))	MCA
24.	Unlisted PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	Investor-side regulator such as IRDAI, PFRDA @

* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), among others, The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In the press releases subsequent to issuance(s), CareEdge Ratings shall separately capture the rated quantum details along with names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned in regulatory regime prior to introduction of SEBI CRA Circular dated February 10, 2026, and the investor side regulators have accordingly been included.

Note: For facilities / instruments falling under the purview of FSRs other than SEBI, the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

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.

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