

## Sharika Enterprises Limited

May 29, 2026

### Rating Action

|                                                                                                                                                                                                                                       |                                         |                              |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|------------------------------|
| <b>Total Bank Loan Facilities Rated</b>                                                                                                                                                                                               | <b>Rs. 37.00 Crore</b>                  | <b>Regulator<sup>^</sup></b> |
| <b>Long Term Rating</b>                                                                                                                                                                                                               | <b>IVR B/Stable (Rating Downgraded)</b> | <b>RBI</b>                   |
| <b>Short Term Rating</b>                                                                                                                                                                                                              | <b>IVR A4 (Rating Reaffirmed)</b>       | <b>RBI</b>                   |
| <sup>^</sup> Kindly note that for activities or 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. |                                         |                              |

Refer Annexures for details of facilities/instruments, facility wise lender details, and detailed explanation of covenants

**Note:** None of the Directors on Infomerics Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

### Rationale

The ratings of Sharika Enterprises Limited (SEL) reflect sustained deterioration in operating performance during FY26 and deterioration in credit profile owing to higher debt levels and lower net worth. The company reported decline in revenue along with operating and net losses during the year mainly due to sharp increase in raw material prices, particularly copper, which impacted profitability margins. Further, the capital structure and debt protection metrics deteriorated owing to decline in net worth and increase in debt levels, while liquidity remained stretched marked by negative operating cash flows and elongated working capital cycle.

The rating, however, continues to derive support from the extensive experience of the promoters in the power, telecom, and infrastructure sectors along with the company's diversified operations across engineering, consultancy, manufacturing, and SCADA solutions. However, the rating remains constrained by susceptibility to raw material price fluctuations, working capital intensive operations, and project execution risks.

### Outlook: Stable

The outlook remains 'Stable' considering the company's established presence in the power and infrastructure sector along with the extensive experience of the promoters

### Analytical Approach

| Approach                  | Comments       |
|---------------------------|----------------|
| Consolidation/ Standalone | Standalone     |
| Parent/ Group Support     | Not Applicable |

### Key Rating Drivers with Detailed Description

#### Strengths

##### **Experienced promoter with long operational track record**

The promoters of Sharika Enterprises Limited Mr. Rajinder Kaul, Mr. Sanjay Verma, Mr. Arun Kaul, and Mr. Ravinder Bhan possess extensive experience in the power, telecom, and infrastructure sectors, with a combined industry experience of over seven decades. Their long-standing involvement and strategic guidance have been instrumental in driving the company's growth and diversification. The promoters' deep understanding of the industry dynamics, coupled with their operational expertise, provides stability to the company's management and supports its ongoing project execution capabilities across India.

#### Weaknesses

##### **Significant decline in operational performance**

SEL's revenue declined by 5.46% to Rs. 75.16 crore in FY26 (refers to the period from April 01, 2025, to March 31, 2026) from Rs. 79.61 crore in FY25, primarily on account of the management's decision to refrain from executing certain orders aggregating to approximately Rs. 60.63 crore due to the unprecedented increase in raw material prices, particularly copper, which is the key raw material used in cables. The sharp rise in copper prices adversely impacted the company's profitability and margins during the year. Consequently, the company reported operating losses of Rs. 7.52 crore with operating margin deteriorating to negative 10.00% in FY26, as against operating profit in the previous year. Further, SEL reported net losses of Rs. 7.71 crore in FY26.

##### **Leveraged Capital structure however improved total debt to EBITDA**

The capital structure of SEL deteriorated during FY26, as reflected by the overall gearing and TOL/ATNW ratios of 2.64x and 7.79x, respectively, as on March 31, 2026, as against 0.72x and 2.22x as on March 31, 2025. The deterioration was primarily driven by a significant decline in the company's adjusted tangible net worth to Rs. 9.74 crore as on March 31, 2026, from Rs. 20.72 crore as on March 31, 2025, owing to the net losses incurred during the year. Further, the company's investment in subsidiary companies/group companies increased to Rs. 6.78 crore as

on March 31, 2026, from Rs. 5.97 crore as on March 31, 2025, which also impacted the capital structure.

### **Susceptibility of its profitability to volatile input prices**

Major raw materials used in power distribution and transmission activities are cables, wires and steel. Any significant increase in the materials prices will impact the profitability margins of the company.

### **Liquidity –Stretched**

The liquidity profile of the company remains stretched, marked by negative operating cash flow of Rs. 6.42 crore in FY26 owing to elevated trade receivables at the year-end. Further, the DSCR remained below unity during the period. Nevertheless, the expected GCA is considered adequate to meet debt repayment obligations over FY27–FY28. Additionally, the current ratio remained comfortable at 1.11x as on March 31, 2026.

### **Rating Sensitivities**

#### **Upward Factors**

- Substantial improvement in the scale of operations along with profitability on sustained basis.
- Significant improvement in working capital cycle improving liquidity of the company.

#### **Downward Factors**

- Moderation in the scale of operations due to delays in project execution impacting profitability and liquidity of the company.
- Stretch in the working capital cycle impacting on the liquidity of the company.

### **About the Company**

Incorporated in 1998, SEL began its journey as a consultancy service provider in the power and telecom sectors. Over the years, the company has significantly diversified its operations, evolving into a comprehensive technology, engineering, construction, manufacturing, and consultancy services provider with a pan-India presence. Sharika is recognized as a leading solutions provider offering specialized expertise in software development and SCADA systems for power transmission and distribution. SEL is listed on BSE.

**Key Financial Indicators (Standalone):**

| For the year ended/ As on* | 31-03-2025     | 31-03-2026     |
|----------------------------|----------------|----------------|
|                            | <b>Audited</b> | <b>Audited</b> |
| Total Operating Income     | 79.61          | 75.16          |
| EBITDA                     | 3.05           | -7.52          |
| PAT                        | 0.97           | -7.71          |
| Total Debt                 | 14.94          | 25.75          |
| Tangible Net Worth (TNW)   | 26.69          | 16.52          |
| EBITDA Margin (%)          | 3.83           | -10.00         |
| PAT Margin (%)             | 1.22           | -10.13         |
| Overall Gearing (times)    | 0.56           | 1.56           |
| Interest Coverage (times)  | 1.72           | 4.60           |

\*Classification as per Infomerics' standards; Amount in Rs. Crore; Source: Company

**Applicable Criteria**

[Rating Methodology for Infrastructure Companies.](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition and Post default curing period](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Rating Methodology For Service Sector](#)

**Status of non-cooperation with previous CRA: Not Applicable**

**Any other information: None**



### Rating History for last three years

| Sr. No. | Instruments/Facilities    | Current Ratings (Year 2026-27) |                                |              | Rating History for the past 3 years     |                                         |                                         |
|---------|---------------------------|--------------------------------|--------------------------------|--------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|
|         |                           | Type (Long Term/Short Term)    | Amount outstanding (Rs. Crore) | Rating       | Date(s) & Rating(s) assigned in 2025-26 | Date(s) & Rating(s) assigned in 2024-25 | Date(s) & Rating(s) assigned in 2023-24 |
|         |                           |                                |                                |              | February 23, 2026                       | June 23, 2025                           | --                                      |
| 1.      | Fund based facilities     | LT                             | 12.00                          | IVR B/Stable | IVR BB-/Stable                          | IVR BB/Stable                           | --                                      |
| 2.      | Non-Fund based facilities | ST                             | 25.00                          | IVR A4       | IVR A4                                  | IVR A4                                  | --                                      |

### Annexure 1: Instrument/Facility Details

| Name of Facility/Security | ISIN | Date of Issuance | Coupon Rate/IRR | Maturity Date             | Size of Facility (Rs. Crore) | Rating Assigned/Outlook | Listing Status | Regulator <sup>^</sup> | <u>Complexity Indicator</u> |
|---------------------------|------|------------------|-----------------|---------------------------|------------------------------|-------------------------|----------------|------------------------|-----------------------------|
| Term Loan                 | NA   | NA               | NA              | 13th March 2028           | 1.00                         | IVR B/Stable            | NA             | RBI                    | Simple                      |
| Cash Credit*              | NA   | NA               | NA              | NA                        | 11.00                        | IVR B/Stable            | NA             | RBI                    | Simple                      |
| GECL#                     | NA   | NA               | NA              | Repaid Fully on June 2025 | 0.00 (reduced from Rs. 0.04) | --                      | NA             | RBI                    | Simple                      |
| Bank Guarantee*           | NA   | NA               | NA              | NA                        | 25.00                        | IVR A4                  | NA             | RBI                    | Simple                      |

<sup>^</sup>Kindly note that for activities or 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.

\*During last review, the analytical team have rated proposed cash credit and bank guarantee of Rs. 8.37 crore, which now has been converted to final cash credit and bank guarantee.

#GECL have been repaid fully on June 2025 as per NDC certificate vide June 2025. And the same has been withdrawn as per NDC and client request. Withdrawal is in line with the Infomerics withdrawal policy.

**Annexure 2: Facility wise lender details:**

[https://infomericstorage.blob.core.windows.net/uploads/Len\\_Sharika\\_Enterprises29\\_May26\\_80b296fe90.pdf](https://infomericstorage.blob.core.windows.net/uploads/Len_Sharika_Enterprises29_May26_80b296fe90.pdf)

| Sl. No | Bank/FI     | Type of Facility/Instrument | Nature     | Rated Amount (Rs. In crore) |
|--------|-------------|-----------------------------|------------|-----------------------------|
| 1      | Canara Bank | Term Loan                   | Long Term  | 1.00                        |
| 2      | Canara Bank | Cash Credit                 | Long Term  | 11.00                       |
| 3      | Canara Bank | Bank Guarantee              | Short Term | 25.00                       |

**Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable**

**Annexure 4: List of companies considered for Consolidated/Combined analysis:**

**Not Applicable**

**Annexure 5: List of activities / instruments and names of regulators**

| Sr. No. | Instrument / activity Name                                                                                     | Regulator of the instrument |
|---------|----------------------------------------------------------------------------------------------------------------|-----------------------------|
| 1       | Listed/Proposed to be listed Bonds/Debentures/Preference Shares                                                | SEBI                        |
| 2       | Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference Shares                                           | 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 Bank / NBFCs/ NHB/ FIs ^                                            | RBI                         |
| 9       | External Commercial Borrowings/Loans from overseas lenders/Loans from Multilaterals                            | RBI                         |
| 10      | Certificates of Deposit                                                                                        | RBI                         |
| 11      | Fixed Deposits raised by NBFCs, Banks, HFCs, FIs                                                               | RBI                         |
| 12      | Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs                                         | MCA                         |
| 13      | Inter Corporate Deposits/Loans extended by Corporates                                                          | MCA                         |
| 14      | Borrowing programme ~                                                                                          | Refer foot note             |
| 15      | Issuer Ratings #                                                                                               | Refer foot note             |
| 16      | Credit Ratings for Capital Protection Oriented Schemes (by Mutual 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 |

**Footnotes:**

\* 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), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In Press Release(s) subsequent to issuance(s), CRA shall separately capture the rated quantum details along with names of respective regulators.

# 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.

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

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

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**About Infomerics**

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