Press Release

Vikran Engineering Limited
December 22, 2025

Ratings

Instrument/ Facility	Amount (Rs. Crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	140.40	IVR A-/Stable (IVR A minus with Stable Outlook)	IVR BBB+/Stable (IVR Triple B Plus with Stable Outlook)	Rating Upgraded	Simple
Long Term /Short Term Bank Facilities	280.00	IVR A-/Stable/IVR A2+ (IVR A minus with Stable Outlook/ IVR A Two Plus)	IVR BBB+/Stable/IVR A2 (IVR Triple B Plus with Stable Outlook/ IVR A Two)	Rating Upgraded	Simple
Short Term Bank Facilities	40.00	IVR A2+ (IVR A Two Plus)	IVR A2 (IVR A Two)	Rating Upgraded	Simple
Total	**460.40**	**Rupees Four Hundred Sixty Crore and Forty Lakh**			

Details of Facilities are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Valuation and Rating Limited (IVR) has upgraded the long-term rating to IVR A- with Stable Outlook and short-term rating to IVR A2+ for the bank loan facilities of Vikran Engineering Limited (VEL or ''the company'')

The rating upgradation of VEL considers the improved scale of operations as well as substantial increase in the order book, while rating continues to factor comfort from the experienced promoters in the same line of business, comfortable capital structure and financial risk profile, geographical/sector diversification, and stable demand outlook for the industry. The company got listed on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) on September 03, 2025. The company raised total amount of ~Rs.772 crore through the Initial Public Offering (IPO) and the proceeds are proposed to be used as working capital mainly to fast track the ongoing projects as well as to execute the newly added orders. Thus, availability of funds further strengthens the liquidity of the company. However, these strengths are partially offset by working capital intensive nature of operations, tender-based nature of business, highly competitive nature of business, besides susceptibility of operating margin to volatile input prices.

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The Stable outlook indicates a low likelihood of rating change in the medium term. IVR believes that VEL's business & financials risk profile will be maintained over the medium term on the back of company established track record of operations, continuation of strong order book position, which provides revenue visibility in medium term.

IVR has principally relied on the standalone audited financial results of VEL's up to 31 March 2025 (refers to 1 April 2024 to 31 March 2025), & projected financials from FY26 to FY28 (refers to 1 April 2025 to 31 March 2028), and publicly available information/clarifications provided by the company's management.

Key Rating Sensitivities:

Upward Factors

- Sustenance of growth in scale of operations with improvement in profitability & moving of order book as per execution schedule, while containing of operating costs at satisfactory level.
- Sustained improvement in debtor days resulting in improvement in operating cycle.

Downward Factors

- Elongation in working capital cycle beyond 120 days on sustained basis leading to stretched liquidity and moderation in the total outstanding liabilities (TOL)/tangible net worth (TNW) ratio above 3x on sustained basis.
- Decline in the scale of operations resulting in moderation of profitability indicators. and non-achievability of projections by sizeable gap.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced promoters and reputed clientele:
VEL is promoted by Mr Rakesh Markhedkar, who has over three decades of experience in the power transmission and distribution segment. He has handled various assignments across various reputed companies in the power sector. He is assisted by his family members and a team of qualified professionals in handling the day-to-day operations of the company. Referring to current order book clientele mainly includes Uttar Pradesh Water Supply and Sanitation Mission, Andhra Pradesh Central Power Distribution Corporation Limited, NTPC Limited, MP Power Transmission Co. Ltd, South Bihar Power Distribution Company Ltd, Power Grid Corporation of India Limited, reducing the counterparty credit risk to a large extent.

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Improved scale of operations and healthy order book position provides revenue visibility:

The total operating income (TOI) was declined in FY21 due to Covid-19 adverse impact; However, post covid company shown consistent growth in the topline having CAGR of 24% for last 3 fiscal years (FYs) till FY25. TOI of the company shown annual growth of 16.53%, from Rs 785.95 crore in FY24 to Rs 915.85 crore in FY25 primarily driven by increase in the revenue from power distribution vertical which contributed around 60% to the TOI followed by water infrastructure with ~27% and EHV with ~13% share in TOI. The company registered improved revenue of Rs 335.45 crore in H1FY26 against Rs 295.30 crore in H1FY25. The company has healthy outstanding order book to TOI ratio of ~4.62 times as on November 2025, which strengthen revenue visibility in medium term. Currently the company has outstanding pending order book of ~Rs 4240 crore as on November 2025 whereas the orders are to be executed over a period of next 6 to 18 months provides revenue visibility in medium term and price escalation clauses in most of the orders (~65% orders), mitigate the effect of risk of fluctuation of raw material prices to an extent.

Comfortable capital structure and financial risk profile

The capital structure of the company is comfortable, having overall gearing & long-term debt to tangible net worth ratio of 0.61x (PY: 0.65x) and 0.14x (PY: 0.07x) as on March 31, 2025 respectively. The total indebtedness of the company is at moderate level with TOL/TNW at 1.97x in FY25 (PY: 2.41x). The operating (EBITDA) margins improved from 16.96% in FY24 to 17.50% in FY25 primarily on account of improved topline which resulted in better overhead absorption. Net profitability as indicated by profit after tax (PAT) margins declined slightly from 9.46% in FY24 to 8.44% in FY25, primarily due to increase in interest expenses from Rs 31.99 crore in FY24 to Rs 53.99 crore in FY25. The company's debt-protection metrics remain comfortable. However, the interest service coverage ratio moderated to 2.99x in FY25 (PY: 4.17x) due to higher interest expenses, while the debt service coverage ratio remained adequate at 1.99x in FY25 (PY: 2.66x) moderated on account of scheduled repayments of NCDs. Total debt to EBITDA weakened to 1.70x in FY25 (PY: 1.38x) on account of increased debt levels primarily working capital borrowings.

Geographical/Sector diversification:

VEL has diversified business verticals in engineering, procurement and construction (EPC) viz. Extra High Voltage Line (EHV) Projects (13% in FY25; PY:14%), Power Distribution (PD) Projects (60% in FY25; PY:35%) , water distribution projects (27% in FY25; PY:49%) and railway infrastructure projects (0.29% in FY25 (PY: 0.70%)) and now company has also ventured into Solar EPC projects and has also got offers worth more than ~Rs 2000 crore which further strengthens company's revenue profile. The operations of the company are well diversified in multiple states majorly in Uttar Pradesh, Andhra Pradesh, Madhya Pradesh and Rajasthan etc., which further mitigates geographical concentration risk to an extent.

Key Rating Weaknesses

Working capital intensive nature of operations:

Due to the nature of the business, working capital requirement of the company is high. Though overall operating cycle of the company is at comfortable level of 62 days, however the debtor collection period is stretched at 222 days in FY25, increased from 200 days in FY24 and to counter the high debtors, trade payable period is also elongated to 187 days (PY: 165 days). Debtor & payable are high due to the nature of business where majorly the sales registered in last quarter. Being in EPC business 60%-70% of sales are derived out of procurement and the company onboard suppliers with credit line of 60-90 days which would get due in the next FY. Hence, the company has high procurement in the last quarter which is converted in sales in current FY. Further some part of creditor invoice is maintained/retained by company in the form of retention money based for medium to long term on the performance of the supplies.

Tender-based nature of business & highly competitive nature of business.

The company majorly procures orders which are awarded through the tender-based system wherein the scale of operation is dependent on the successful bidding and receipt of tenders. This exposes the company to the risk associated with the tender-based business, which is characterized by intense competition. The growth of the business depends on its ability to successfully bid for the tenders and emerge as the lowest bidder. This apart, any changes in the government policy or government spending on projects are likely to affect the revenues and profits of the company. The EPC industry is highly competitive with direct competition from several EPC players in the power transmission & distribution industry and the intense competition could exsert pressure on the pricing of the tender which further may affect the profit margins. In addition to that, given the nature of projects awarded mainly though government entity, the company is exposed to inherent risk in terms of delays in project execution & cost overrun of certain orders which may arise due to approvals, arranging infrastructure, political interference, fluctuation in raw material prices, besides delay in sanction of required working capital limits for the completion of orders, may result in a delay in the realization of revenue growth & could affect the profit margins adversely

Susceptibility of operating margin to volatile input prices

The raw material & labour cost forms the majority chunk of the total cost of revenue. As the raw material prices & labour cost are volatile in nature, the profitability of the company is subject to fluctuation in raw material prices & labour cost. However, the presence of price escalation clause in majority of the contracts protect the margin to an extent.

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Infrastructure Companies

Financial Ratios & Interpretation (Non-Financial Sector).
Criteria for assigning Rating outlook.
Policy on Default Recognition
Complexity Level of Rated Instruments/Facilities

Liquidity– Adequate

The company's liquidity is adequate marked by expectation of sufficient cushion in gross cash accruals (GCA) against its debt repayments. It is expected to generate sufficient cash accrual against fixed term repayment obligations over the next three fiscal years. The company has comfortable current ratio of 1.52x as on March 31, 2025 (PY: 1.36). The average utilization of fund & non-fund-based facilities stood moderately high at ~92% & 82% respectively for the last 12 months ending November 2025. Liquidity is further supported by the availability of unencumbered cash and bank balance of Rs. 577.05 crores as on September 30, 2025, which primarily includes funds raised through IPO that are kept as fixed deposits for working capital requirements.

About the Company

Vikran Engineering Limited (Formerly, known as Vikran Engineering & Exim Pvt. Ltd), incorporated in 2008 & started its operations in 2014 with existing management, have registered address at Thane, Maharashtra. The company is engaged in EPC projects in PAN India, and mainly works for various government projects in power, railway electrification and water infrastructure. The promoters of the company have more than 3 decades of the experience.

Financials (Standalone):

(Rs. crore)

For the year ended*/As on	31-03-2024	31-03-2025
	Audited	Audited
Total Operating Income	785.95	915.85
EBITDA	133.30	160.24
PAT	74.85	77.82
Total Debt	183.39	272.94
Tangible Net worth	282.30	450.93
EBITDA Margin (%)	16.96	17.50
PAT Margin (%)	9.46	8.44
Overall Gearing Ratio (x)	0.65	0.61
Interest Coverage (x)	4.17	2.99

**Classification as per Infomerics' standards*

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Status of non-cooperation with previous CRA: CARE Ratings Ltd has continued the ratings of the company under ISSUER NOT COOPERATING category vide press release dated July 02, 2025, on account of non cooperations & non-submission of requisite information.

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/ Facilities	Current Rating (Year 2025-26)			Rating History for last 3 years			
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2025-26 (April 01, 2025)	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24 (March 26, 2024)	Date(s) & Rating(s) assigned in 2022-23
1.	Long Term Bank Facilities	Long Term	140.40	IVR A-/ Stable	IVR BBB+/ Stable	-	IVR BBB/ Stable	-
2.	Long Term/Short Term Bank Facilities	Long Term/ Short Term	280.00	IVR A-/ Stable /IVR A2+	IVR BBB+/ Stable /IVR A2	-	IVR BBB/ Stable /IVR A3+	-
3.	Short Term Bank Facilities	Short Term	40.00	IVR A2+	IVR A2	-	IVR A3+	-

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About Infomerics:

Infomerics Valuation And Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd.] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

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Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.
Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

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Annexure 1: Details of Facilities

Name of Facility	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility* (Rs. Crore)	Rating Assigned/ Outlook
Long Term Bank Facilities – GECL	-	-	-	Till Nov-27	4.41	IVR A-/Stable
Long Term Bank Facilities – GECL	-	-	-	Till Mar-28	3.71	IVR A-/Stable
Long Term Bank Facilities – GECL	-	-	-	Till Feb-28	1.46	IVR A-/Stable
Long Term Bank Facilities – GECL	-	-	-	Till Nov-27	0.82	IVR A-/Stable
Long Term Bank Facilities – CC	-	-	-	-	130.00	IVR A-/Stable
Long Term/Short Term Bank Facilities – BG	-	-	-	-	280.00	IVR A-/Stable/IVR A2+
Long Term Bank Facilities – LC	-	-	-	-	40.00	IVR A2+

**Size of the facilities as per the last rating.*

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Annexure 2: Facility wise lender details:
https://infomericstorage.blob.core.windows.net/uploads/LEN_Vikran_Engineering22_Dec25_16bc91d2b7.pdf

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

Annexure 4: List of companies considered for consolidated/combined analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.