Vikran Engineering Limited

June 19, 2026

Rating Action

Total Bank Loan Facilities Rated	Rs. 579.73 Crore (Enhanced from Rs. 460.40 Crore)	Regulator^
Long Term Rating	IVR BBB+/Stable (Rating Downgraded)	RBI
Short Term Rating	IVR A2 (Rating Downgraded)	RBI
^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 downgrade in the rating assigned to the bank facilities of Vikran Engineering Limited (VEL) reflects the high equity infusion requirement for its solar projects over the coming years, along with order book concentration risk, as around 35% of the unexecuted order book pertains to the solar projects. Timely financial closure of project debt, equity infusion, and execution of the projects within envisaged timelines remain critical rating monitorable. The rating also factors in the company's high working capital intensity. In addition to that, rating continues to remain constrained by the tender-based nature of operations, and intense industry competition.

However, the rating continues to draw support from VEL's improved scale of operations, healthy order book providing revenue visibility, comfortable capital structure and debt protection metrics, and the extensive experience of its promoters coupled with an established clientele base.

Outlook: Stable

The Stable Outlook reflects VEL's improved scale of operations and healthy order book position, which provides adequate revenue visibility and is expected to support its business and financial risk profile over the medium term.

Analytical Approach

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

List of companies considered for consolidation/combined analysis is given at Annexure 4.

Key Rating Drivers with Detailed Description

Strengths

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

The total operating income (TOI) of the company shown annual growth of 36.41%, from Rs 915.85 crore in FY25 to Rs 1249.31 crore in FY26 primarily driven by increase in the revenue from addition of new solar segment. The outstanding order book of the company stood at Rs 5206.12 crore as on March 31, 2026, which is 4.17x of FY26 TOI 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 (~70% orders), mitigate the effect of risk of fluctuation of raw material prices to an extent.

Comfortable capital structure and debt protection metric

The capital structure of the company stood comfortable, reflected in overall gearing & long-term debt equity ratio on tangible net worth (TNW) ratio at 0.25x (PY: 0.60x) and 0.09x (PY: 0.14x) in FY26 respectively. The total indebtedness of the company is at moderate level with total outstanding liabilities (TOL)/ TNW at 1.09x in FY26 (PY: 1.96x). The company's debt-protection metrics remain comfortable. However, the interest service coverage ratio moderated to 2.64x in FY26 (PY: 2.99x) due to higher interest expenses, while the debt service coverage ratio is satisfactory at 1.63x in FY26 (PY: 1.99x), moderated on account of scheduled repayments of NCDs. Total debt to EBITDA remained comfortable at 1.67x in FY26 (PY: 1.70x).

Geographical/Sector diversification

VEL has diversified business verticals in EPC viz. Solar EPC Projects (56.16% in FY26), Electric High Voltage Line (EHV) Projects (8.88% in FY26), Power Distribution (PD) Projects (28.48% in FY26), water distribution projects (6.42% in FY26) and railway infrastructure projects (0.01% in FY26). However, order book is mainly concentrated in solar segment which leads to order book concentration risk. The operations of the company are diversified in multiple states majorly in Maharashtra, Uttar Pradesh, Andhra Pradesh, Madhya Pradesh and Rajasthan etc., which further mitigates geographical concentration risk to an extent.

Established promotors 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 Onix Renewable Limited, 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.

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 54 days in FY26, however the debtor collection period is stretched at 245 days in FY26, increased from 222 days in FY25 and to counter the high debtors, trade payable period is also elongated to 215 days (PY: 187 days). The company's business working capital-intensive, as indicated by the net working capital by TOI ratio of above 1x in FY26. Debtor & payable are high due to the nature of business where majorly the sales registered in last quarter. 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 in the Power T&D 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 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.

Liquidity – Adequate

The company is expected to generate adequate cash flows from operations against fixed term repayment obligations of Rs 59.96 crore for FY27. The average utilization of fund-based facilities stood moderately high at ~83% for the last 12 months ending March 2026 and for nun fund-based utilization stood at ~72% for the last 12 months ending March 2026. Liquidity is further supported by the availability of unencumbered cash and bank balance of Rs. ~33 crores as on March 31, 2026.

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 collection leading to improvement in working capital intensity.

Downward Factors

- Elongation in working capital cycle beyond 120 days on sustained basis leading to stretched liquidity
- Significant decline in the scale of operations resulting in moderation of profitability indicators. and non-achievability of projections by sizeable gap.

About the Company

VEL was incorporated in 2008 started operations from 2014. The company, registered in Thane, Maharashtra, is engaged in the engineering, procurement & construction (EPC) projects and developer mode across India, and mainly works for various government projects in solar, power transmission and distribution, railway electrification and water infrastructure. The promoters of the company have more than three decades of the experience. The company got listed on NSE and BSE on September 03, 2025.

Key Financial Indicators (Standalone):

For the year ended/ As on*	31-03-2025	31-03-2026
	Audited	Audited
Total Operating Income	915.85	1249.31
EBITDA	160.24	175.13
PAT	77.82	91.70
Total Debt	272.94	292.27
Tangible Net Worth (TNW)	452.43	1207.05
EBITDA Margin (%)	17.50	14.02
PAT Margin (%)	8.44	7.24
Overall Gearing (times)	0.60	0.25
Interest Coverage (times)	2.99	2.64

**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

Status of non-cooperation with previous CRA: None

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
					Dec 22, 2025	Apr 01, 2025	-	Mar 26, 2024
1.	Fund based facilities	LT	184.73	IVR BBB+/Stable	IVR A-/Stable	IVR BBB+/Stable	-	IVR BBB/Stable
2.	Non-Fund based facilities	LT/ST	395.00	IVR BBB+/Stable/A2	IVR A-/Stable/A2+	IVR BBB+/Stable/A2	-	IVR BBB/Stable/A3+

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^	Complexity Indicator
Term Loan/GECL	-	-	-	Nov 2027	2.65	IVR BBB+/Stable	Not Applicable	RBI	Simple
Term Loan/GECL	-	-	-	Mar 2027	1.62	IVR BBB+/Stable	Not Applicable	RBI	Simple
Term Loan/GECL	-	-	-	Feb 2027	0.93	IVR BBB+/Stable	Not Applicable	RBI	Simple
Term Loan/GECL	-	-	-	Nov 2027	0.53	IVR BBB+/Stable	Not Applicable	RBI	Simple
Cash Credit	-	-	-	-	60.00	IVR BBB+/Stable	Not Applicable	RBI	Simple
Cash Credit	-	-	-	-	30.00	IVR BBB+/Stable	Not Applicable	RBI	Simple
Cash Credit	-	-	-	-	20.00	IVR BBB+/Stable	Not Applicable	RBI	Simple
Cash Credit	-	-	-	-	4.00	IVR BBB+/Stable	Not Applicable	RBI	Simple
Cash Credit	-	-	-	-	20.00	IVR BBB+/Stable	Not Applicable	RBI	Simple
Cash Credit	-	-	-	-	30.00	IVR BBB+/Stable	Not Applicable	RBI	Simple
Cash Credit	-	-	-	-	10.00	IVR BBB+/Stable	Not Applicable	RBI	Simple
Cash Credit	-	-	-	-	5.00	IVR BBB+/Stable	Not Applicable	RBI	Simple
Letter of Credit	-	-	-	-	20.00	IVR A2	Not Applicable	RBI	Simple
Letter of Credit	-	-	-	-	25.00	IVR A2	Not Applicable	RBI	Simple
Letter of Credit	-	-	-	-	10.00	IVR A2	Not Applicable	RBI	Simple
Letter of Credit	-	-	-	-	5.00	IVR A2	Not Applicable	RBI	Simple

Letter of Credit	-	-	-	-	5.00	IVR A2	Not Applicable	RBI	Simple
Bank Guarantee	-	-	-	-	125.00	IVR BBB+/Stable /A2	Not Applicable	RBI	Simple
Bank Guarantee	-	-	-	-	95.00	IVR BBB+/Stable /A2	Not Applicable	RBI	Simple
Bank Guarantee	-	-	-	-	20.00	IVR BBB+/Stable /A2	Not Applicable	RBI	Simple
Bank Guarantee	-	-	-	-	16.00	IVR BBB+/Stable /A2	Not Applicable	RBI	Simple
Bank Guarantee	-	-	-	-	15.00	IVR BBB+/Stable /A2	Not Applicable	RBI	Simple
Bank Guarantee	-	-	-	-	29.00	IVR BBB+/Stable /A2	Not Applicable	RBI	Simple
Bank Guarantee	-	-	-	-	15.00	IVR BBB+/Stable /A2	Not Applicable	RBI	Simple
Bank Guarantee	-	-	-	-	15.00	IVR BBB+/Stable /A2	Not Applicable	RBI	Simple

^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.

Annexure 2: Facility wise lender details:
https://infomericstorage.blob.core.windows.net/uploads/Len_Vikran_Engg19_Jun26_941c59abae.pdf

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

Sr. No.	Instrument / activity Name	Regulator of the instrument
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

***Note:** 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."*

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