

## Vikran Engineering & Exim Private Limited

July 02, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term bank facilities	84.00	CARE BB-; Stable; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category and Downgraded from CARE BB+; Stable outlook assigned
Long-term / Short-term bank facilities	215.75	CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category and Downgraded from CARE BB+ / CARE A4+; Stable outlook assigned
Short-term bank facilities	22.50	CARE A4; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category and Downgraded from CARE A4+

Details of instruments/facilities in Annexure-1.

\*Issuer did not cooperate; based on best available information.

### Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) had, vide its press release dated April 04, 2024, placed the rating of Vikran Engineering & Exim Private Limited (VEEPL) under the 'issuer non-cooperating' category as the company had failed to provide information for monitoring of the rating for the rating exercise as agreed to in its Rating Agreement. Rating downgrade reflects the non-submission of no dues statement for the rated facilities for over 12 months ending March 2025 and stretched liquidity reflected through high reliance on bank funding, elevated level of utilisation of credit limits and negative cash flow from operations due to adverse working capital movements.

The company continues to be non-cooperative despite repeated requests for submission of information through e-mail communications dated February 19, 2025, March 01, 2025, and March 11, 2025, and numerous phone calls. In line with the extant Securities and Exchange Board of India (SEBI) guidelines, CareEdge Ratings has reviewed the rating on the basis of the best available information, which however, in CareEdge Ratings' opinion is not sufficient to arrive at a fair rating.

**Users of these ratings (including investors, lenders, and the public at large) are hence requested to exercise caution while using the above rating.**

Ratings have been revised and continue to be placed under the 'issuer non-cooperating' category considering stretched liquidity reflected through high reliance on bank funding, elevated utilisation of credit limits, and negative cash flow from operations due to adverse working capital movements.

**Analytical approach:** Standalone

**Outlook:** Stable

### Detailed description of key rating drivers:

At the time of last rating action on April 04, 2024, the following were the rating strengths and weaknesses. (Updated for audited financials for FY24 (refers to April 1 to March 31)).

### Key weaknesses

#### Stretched working capital

Though there has been improvement in operating income, stretched operating cycle is reflected from high operating cycle at 193 days as of March 31, 2024, thus blocking the cash flow. The working capital utilisation has remained almost fully utilised for FY24 due to stretched working capital cycle. The gross current asset days have also significantly remained elevated at 388 days in FY24, a slight decrease since the previous year GCA days of 424 days in FY23.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

**Inherent challenges associated with the construction industry**

The disproportionate hike in the commodity prices compared to inflation indexation, aggressive bidding, delay in project progress due to the unavailability of regulatory clearances may affect the credit profile of the contractors and exert pressure on the margins of the entities in the industry.

**Key strengths****Improved orderbook with majority orders in nascent stage of operations**

The rating derives strength from improvement in order book from ₹1,432 crore as on September 30, 2021 to ₹2,497 crore as on December 31, 2022, which translates to 5.33x the total operating income (TOI) of FY22 (PY: 4.24x), however, moderated by 62% of outstanding the order book are in the nascent stages of operations, where the progress is less than 2% and company's foray into new sector especially in water supply projects from Uttar Pradesh, where the design approvals from multiple authorities is critical from execution perspective. The 34% of the ongoing orderbook have exceeded the scheduled completion date having major exposure to Andhra Pradesh Central Power Distribution Corporation Limited (APPDCL), though 71% of the orders are covered with escalation in the contracts. This apart, the top four orders contribute 74% of the order book, which exposes the company to inherent challenges in scaling up of operations.

**Geographical and sector diversification**

Over the years, VEEPL has successfully expanded its business and diversified its operations to several states. The company has work orders over eight states spread across India with Uttar Pradesh contributing 41% followed by Andhra Pradesh at 23%, Madhya Pradesh at 12%, and balance with other states. This apart, the company has diversified into water works, which is expected to provide better operating profit margins are having o/s orders of ₹1,236 crore (49%) (PY: 0%) in and balance 51% (PY: 100%) are from Transmission & Electrical works as on December 31, 2022.

**Rich experience of promoters in Transmission & Distribution Industry (Power Sector)**

VEEPL is promoted by Rakesh Markhedkar, who has over three decades of experience in the power transmission and distribution segment and has handled assignments in leadership positions across reputed companies. He has also been bestowed with many prestigious awards in the power sector. He is assisted by his family and a team of qualified professionals in handling the day-to-day operations of the company.

**Stable long-term demand outlook for power T&D and water industry**

Looking at the government's continued focus towards connecting every rural household for ensuring un-interrupted power and water supply through schemes such as Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) and Pradhan Mantri Sahaj Bijli Har Ghar Yojana (Saubhagya), Jal Jeevan Mission, the transmission & distribution industry and the water industry is expecting many new projects, necessitating erection of thousands of kilometres of new transmission and distribution lines and construction of hundreds of new substations. The EPC players in this segment are envisaged to benefit from such rise in demand for new infrastructure.

**Liquidity:** Stretched

VEEPL's liquidity position remains constrained, marked by significant dependence on bank borrowings and high utilisation of credit facilities. Although earnings before interest, taxation, depreciation, and amortisation (EBITDA) improved in FY24, operating cash flows remained negative due to adverse working capital movements. The company has limited unencumbered cash reserves, has undertaken debt-funded capital expenditure, facing imminent debt obligations.

**Assumptions/Covenants:** Not applicable**Environment, social, and governance (ESG) risks:** Not applicable**Applicable criteria**[Definition of Default](#)[Information Adequacy Risk and Issuer Non-Cooperation](#)[Rating Outlook and Rating Watch](#)[Financial Ratios – Non financial Sector](#)[Liquidity Analysis of Non-financial sector entities](#)[Construction Sector](#)[Infrastructure Sector Ratings](#)

[Short Term Instruments](#)
**About the company and industry**
**Industry classification**

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil construction

VEEPL, erstwhile Ratnagiri Financial Advisory Pvt. Ltd., was incorporated in 2008. Rakesh Markhedkar and his family acquired the company in November 2014 and rechristened it as VEEPL. The company is presently engaged in executing power transmission lines, substations and distribution projects up to 400 kV voltage level on EPC basis. Recently, the company has diversified into water infra segment focusing on distribution system, village pipe network, intake well, water treatment plant and into railway segment offering civil works, track laying, overhead electrification, and signalling and telecommunication.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	524.31	785.95
PBILDT	79.36	134.09
PAT	42.84	74.85
Overall gearing (times)	1.20	0.63
Interest coverage (times)	2.85	4.09

A: Audited; 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 - LT-Cash Credit	-	-	-	-	84.00	CARE BB-; Stable; ISSUER NOT COOPERATING*
Non-fund-based - LT/ST-Bank Guarantee	-	-	-	-	215.75	CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING*
Non-fund-based - ST-Letter of credit	-	-	-	-	22.50	CARE A4; ISSUER NOT COOPERATING*

\*Issuer did not cooperate; based on best available information.

**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	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	215.75	CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING *	-	1)CARE BB+ / CARE A4+; ISSUER NOT COOPERATING * (05-Apr-24)	-	1)CARE BBB-; Stable / CARE A3 (03-Mar-23)
2	Fund-based - LT-Cash Credit	LT	84.00	CARE BB-; Stable; ISSUER NOT COOPERATING *	-	1)CARE BB+; ISSUER NOT COOPERATING * (05-Apr-24)	-	1)CARE BBB-; Stable (03-Mar-23)
3	Non-fund-based - ST-Letter of credit	ST	22.50	CARE A4; ISSUER NOT COOPERATING *	-	1)CARE A4+; ISSUER NOT COOPERATING * (05-Apr-24)	-	1)CARE A3 (03-Mar-23)

\*Issuer did not cooperate; based on best available information.

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	Non-fund-based - LT/ ST-Bank Guarantee	Simple
3	Non-fund-based - ST-Letter of credit	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](mailto:care@careedge.in) for clarifications.

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