December 22, 2025

Aarvee Engineering Consultants Limited: Ratings reaffirmed; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based – Cash credit limits	45.00	75.00	[ICRA]A+(Stable); reaffirmed/ assigned for enhanced amount
Long-term – Fund-based – Term loans	8.87	7.94	[ICRA]A+(Stable); reaffirmed
Short-term – Fund based – Working capital term loan	10.00	7.77	[ICRA]A1; reaffirmed
Long-term/Short-term – Non-fund based limits	203.40	243.40	[ICRA]A+(Stable)/[ICRA]A1; reaffirmed/ assigned for enhanced amount
Long-term/Short-term – Unallocated limits	14.92	6.10	[ICRA]A+(Stable)/[ICRA]A1; reaffirmed
Total	**282.19**	**340.21**	

**Instrument details are provided in Annexure I*

Rationale

The reaffirmation of ratings for Aarvee Engineering Consultants Limited (AECL) factors in the healthy order book (OB) position of Rs. 2,435.7 crore as on September 30, 2025, which translates to an OB/OI of 4.0 times of FY2025 revenues, reflecting good revenue visibility. The company's revenues increased to Rs. 554.5 crore in FY2025 from Rs. 506.8 crore in FY2024. The revenue growth is expected to sustain in the near to medium term, supported by the healthy order book position. The ratings positively consider its healthy financial risk profile with TOL/TNW of 0.7 times as on March 31, 2025, and interest cover of 7.0 times in FY2025. The same is expected to remain strong due to healthy operating margins and low leverage levels. The ratings note AECL's strong operational track record in providing consultancy services across diverse sectors in the infra consulting space and reputed client profile.

The ratings are, however, constrained by the company's high working capital intensive nature of business owing to the elongated receivable cycle and relatively long execution period, pushing work-in-process inventory days. Further, the company has modest cushion in the working capital limits with average utilisation of 87% and 90% of fund-based and non-fund based limits respectively over the past 12 months ending September 2025. Nevertheless, the expected sanction of non-fund based limits, utilisation of insurance/surety bonds for performance security and timely receipt of payments supports the liquidity position. The ratings are constrained by the intense competition prevailing in the domestic engineering consultancy business, as characterised by the presence of several large and established consulting players, leading international consultants and numerous boutique firms, which limits the pricing flexibility. ICRA notes the employee-intensive nature of the consulting business, and the challenges associated with the retention of key personnel, mainly in times of business buoyancy.

The Stable outlook on the company's long-term rating reflects ICRA's opinion that AECL would benefit from its healthy order book position and its execution capability, comfortable leverage and coverage metrics in absence of any debt-funded capex plans.

Key rating drivers and their description

Credit strengths

Healthy order book position providing revenue visibility – The company's order book position improved to Rs. 2,435.7 crore as on September 30, 2025 from Rs. 1,803.7 crore as on August 31, 2024 due to healthy order addition over the past one year. The OB/OI ratio stood healthy at 4.0 times of FY2025 revenues providing medium-term revenue visibility. Although the railways and water supply segments account for a predominant share of the order book, the order book is diversified with presence across 10 sectors. Further, the revenues grew to Rs. 554.5 crore in FY2025 from Rs. 506.83 crore in FY2024, supported by strong order execution, which is expected to sustain in the near term amid healthy order book position.

Comfortable financial risk profile – AECL's capital structure remains comfortable with TOL/TNW of 0.7 times as on March 31, 2025 and interest cover of 7.0 times in FY2025. The company's total debt increased to Rs. 72.0 crore as on March 31, 2025 compared to Rs. 57.2 crore as on March 31, 2024, majorly on account of a rise in working capital borrowings. Nevertheless, the debt levels are expected to remain range-bound, thereby supporting the coverage and leverage metrics in the medium term.

Established track record in engineering consulting business – AECL has extensive experience spanning more than three decades in providing engineering consultancy services across various sectors including highways and railways segment. The company's core competency lies in providing consultancy services in highways supervision, preparation of detailed project reports (DPR) for highways, railways, environment and water supply, irrigation, urban planning, buildings, geo-spatial investigations and power segments.

Credit challenges

High working capital intensity – AECL's business remains working capital intensive with the net working capital/operating income at 29.3% in FY2025 owing to elongated receivables and high work-in-progress position. The receivable days were high at 109 days in FY2025 with debtors more than six months of Rs. 38.3 crore as on March 31, 2025 and Rs. 40.0 crore as on September 30, 2025. The company's inventory levels increased to Rs. 61.2 crore as March 31, 2025 from Rs. 29.9 crore as on March 31, 2024 on account of pending certification from the departments. It has modest cushion in the working capital limits with average utilisation of 87% and 90% of fund-based and non-fund based limits, respectively, over the past 12 months ending September 2025. Nevertheless, the expected sanction of non-fund based limits, utilisation of insurance/surety bonds for performance security and timely receipt of payments is likely to support the liquidity position.

Competition from established local, multinational and boutique firms constraining pricing flexibility – The company faces stiff competition from several large consulting companies including Consulting Engineering Group Ltd (CES), RITES Limited, Louis Berger, Lea Associates South Asia, Systra, Aecom, etc. Nevertheless, strong technical expertise as well as established track record of operations supported AECL's revenues, diversified order book profile and profitability margins over the years. The company's established presence is expected to support the business risk profile going forward.

Exposed to industry-specific challenges like high employee attrition and exposure to macro-economic scenario as capex spends are cyclical in nature – Employee retention remains crucial, given the high costs associated with training its employees for execution of projects. Further, employees with specific skills are to be deployed for projects, exposing AECL to risks arising from employee retention. The company's ability to retain talent remains crucial for maintaining its competitive position, as most of the projects are awarded based on the technical expertise of the key personnel and past track record of project execution. AECL's employees include civil, mechanical, electrical and electronic engineers and architects. It has a satisfactory track record of retaining key management personnel mitigating the employee retention risk to an extent. The company's revenues are likely to depend on large capex-driven projects in both domestic and overseas markets. Slower pace of growth in capex spending rate in capital-intensive sectors, such as highways, railways, EWS, could impact revenue visibility in the short term.

Liquidity position: Adequate

The company's liquidity position is adequate with free cash balances of ~Rs. 5.37 crore as on March 31, 2025. Although the average utilisation of working capital limits is higher at 87% for the last 12 months that ended on September 30, 2025, timely receipt of payments from project supervision is expected to support its liquidity position. Further, the cash flow from operations is likely to be sufficient, given its limited capex requirements and low repayment obligations in the near to medium term.

Rating sensitivities

Positive factors – The ratings are likely to be upgraded if the company is able to significantly scale up its revenues while improving the business diversification and profitability margins, along with substantial reduction in working capital intensity resulting in improved debt coverage metrics and liquidity position on a sustained basis.

Negative factors – Pressure on the ratings could emerge in case there is any material decline in revenues or profitability indicators or any increase in working capital intensity leading to weakened liquidity position. Deterioration in interest coverage ratio to below 6.0 times, on a sustained basis, may exert negative pressure on the company's ratings.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

Aarvee Engineering Consultants Limited (Erstwhile Aarvee Associates Architects Engineers & Consultants Pvt. Ltd) was established in 1989 and is a multi-disciplinary engineering consulting company offering design and engineering consultancy and project management services primarily within the infrastructure segment such as railways, highways, power, ports, power, urban infrastructure development, water resources development, irrigation, environmental engineering services and geospatial solutions. The company enjoys a pan-India presence and several project offices in all major states across the country.

Key financial indicators (audited)

AECL (Standalone)	FY2024	FY2025
Operating income	506.8	554.5
PAT	42.2	56.9
OPBDIT/OI	14.4%	17.9%
PAT/OI	8.3%	10.3%
Total outside liabilities/Tangible net worth (times)	0.7	0.7
Total debt/OPBDIT (times)	0.7	0.7
Interest coverage (times)	7.0	7.0

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

		Current (FY2026)		Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Dec 22, 2025	Date	Rating	Date	Rating	Date	Rating
Fund-based – Cash credit limits	**Long-term**	75.0	[ICRA]A+ (Stable)	Jan 10, 2025	[ICRA]A+ (Stable)	Oct 09, 2023	[ICRA]A+ (Stable)	Sep 23, 2022	[ICRA]A+ (Stable)
Fund-based – Term loans	**Long-term**	7.94	[ICRA]A+ (Stable)	Jan 10, 2025	[ICRA]A+ (Stable)	Oct 09, 2023	[ICRA]A+ (Stable)	Sep 23, 2022	[ICRA]A+ (Stable)
Fund based – Working capital term loan	**Short-term**	7.77	[ICRA]A1	Jan 10, 2025	[ICRA]A1	-	-	-	-
Non-fund based limits	**Long-term/ Short-term**	243.40	[ICRA]A+ (Stable)/ [ICRA]A1	Jan 10, 2025	[ICRA]A+ (Stable)/ [ICRA]A1	Oct 09, 2023	[ICRA]A+ (Stable)/ [ICRA]A1	Sep 23, 2022	[ICRA]A+ (Stable)/ [ICRA]A1
Unallocated limits	**Long-term/ Short-term**	6.1	[ICRA]A+ (Stable)/ [ICRA]A1	Jan 10, 2025	[ICRA]A+ (Stable)/ [ICRA]A1	Oct 09, 2023	[ICRA]A+ (Stable)/ [ICRA]A1	Sep 23, 2022	[ICRA]A+ (Stable)/ [ICRA]A1

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based – Cash credit limits	Simple
Long-term – Fund-based – Term loans	Simple
Short-term – Fund based – Working capital term loan	Simple
Long-term/Short-term – Non-fund based limits	Simple
Long-term/Short-term – Unallocated limits	Not Applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Long-term – Fund-based – Cash credit limits	NA	NA	NA	75.0	[ICRA]A+(Stable)
NA	Long-term – Fund-based – Term loans	March 2019	NA	March 2027	7.94	[ICRA]A+(Stable)
NA	Short-term – Fund based – Working capital term loan	NA	NA	NA	7.77	[ICRA]A1
NA	Long-term/Short-term – Non-fund based limits	NA	NA	NA	243.40	[ICRA]A+(Stable)/ [ICRA]A1
NA	Long-term/Short-term – Unallocated limits	NA	NA	NA	6.1	[ICRA]A+(Stable)/ [ICRA]A1

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis – Not Applicable

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ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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