

Issue Details		
Issue Opens	26 <sup>th</sup> August, 2025	
Issue Closes	29 <sup>th</sup> August, 2025	
Issue Size (Rs. Crs)	772	
Issue Size –Fresh (Rs Crs)	721	
Issue Size –OFS (Rs Crs)	51	
Issued, Subscribed and Paid Up Sh. Pre offer	18,35,81,130	
Fresh Issue (No. of Shares)	7,43,29,896	
Offer For Sale (No. of Shares)	52,57,731	
Total Issue (No. of Shares)	7,95,87,627	
Face Value	1.00	
Lot Size (Sh)	148	
Price Band	Rs 92 – Rs 97	
Issue Type	Book Built Issue IPO	
Book Value (in Rs.)( FY25)	25.50	
BRLMs	Pantomath Capital Advisors Pvt Ltd, Systematix Corporate Services Ltd	
Registrar	Bigshare Services Pvt Ltd	
Listing Venue	NSE , BSE	
Finalization of Allotment	On or about 01/09/2025	
Initiation of refund	On or about 02/09/2025	
Credit to Demat Account	On or about 02/09/2025	
Listing	On or about 03/09/2025	
Issue Structure		
QIBs	>=50%	
Non-Institutional	<=15%	
Retail Portion	<=35%	
<b>Total</b>	<b>100%</b>	
Shareholding %		
Categories	Pre issue	Post Issue
Promoter	81.78	56.17
Public	18.22	43.83
Recommendation		
SUBSCRIBE		

### **Company Background**

Incorporated in 2008, Vikran Engineering Ltd (VEL) is one of the fast-growing Indian Engineering, Procurement and Construction (EPC) company in India. It has a diversified project portfolio, with majority revenue from energy and water infrastructure verticals.

### **Objects of the issue**

- Fresh Issue of 7,43,29,896 shares amounting to Rs 721 Cr and an Offer For Sale of 52,57,731 shares amounting to Rs 51 Cr.. Thus the total Issue Size is 7,95,87,627 shares totaling Rs 772 Cr.
- Funding working capital requirements of the Company.
- General corporate purposes.

### **Key Points**

- VEL provides end-to-end services from conceptualization, design, supply, installation, testing and commissioning on a turnkey basis and has presence across multiple sectors including power, water, and railway infrastructure.
- Within the power sector, VEL has presence in both- power transmission and power distribution. In the water sector, its projects include underground water distribution and surface water extraction, overhead tanks, and distribution networks.
- VEL also has experience in Solar EPC of ground mounted solar projects and smart metering.
- As a part of railway projects VEL undertakes 132 kV traction substation projects and underground EHV cabling projects.
- VEL has successfully executed projects for government entities, public sector undertakings and private companies. Its focus on operational excellence, and efficient cost structure, has enabled it to deliver high-value projects that meet stringent regulatory and quality standards.
- As of June 30, 2025, it has successfully completed 45 projects across 14 states with a total executed contract value of Rs 1,919.92 cr. As of June 30, 2025, it has 44 ongoing projects across 16 states, aggregating orders of Rs 5,120.21 cr., of which orders worth Rs. 2,442.44 Cr remain unexecuted. VEL participates in competitive bidding processes, primarily based on tendering, to secure contracts.
- VEL's clients in the government sector include NTPC Limited, Power Grid Corporation of India Limited, South Bihar Power Distribution Co. Ltd., North Bihar Power Distribution Co. Ltd., Transmission Corporation of Telangana Limited, Madhya Pradesh Power Transmission Company Limited, Madhya Pradesh Madhya Kshetra Vidyut Vitran Company Limited, District Water and Sanitation Mission (PHED) and State Water and Sanitation Mission (SWSM).

### **Recommendation**

VEL is fastest growing Indian EPC, posted CAGR of 32.17% revenue growth. It has diversified portfolio of projects with end-to-end services linked. The company posted growth in its top and bottom lines for the reported periods. Strong order book position of more than Rs 2,442 Cr gives it a steady earnings visibility in the near term. Various social and economic infrastructure projects announced by the Government provide good growth opportunities for established players like VEL. Keeping in mind, its diversification strategies into solar and its fairly leveraged balance sheet position, we would recommend a SUBSCRIBE to the issue.

Consolidated Financials In INR Crs	FY25	FY24	FY23
Net Sales	915.85	785.95	524.31
Operating Profit	160.23	133.30	79.72
Adjusted Profit After Tax (PAT)	77.81	74.84	42.83
EPS	4.35	4.92	2.89
Equity Paid Up	18.36	0.33	0.29

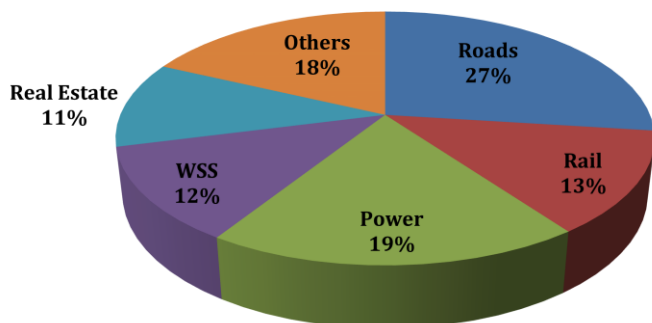
Company's RHP, ACE Equity, AUM Research

## Industry Overview

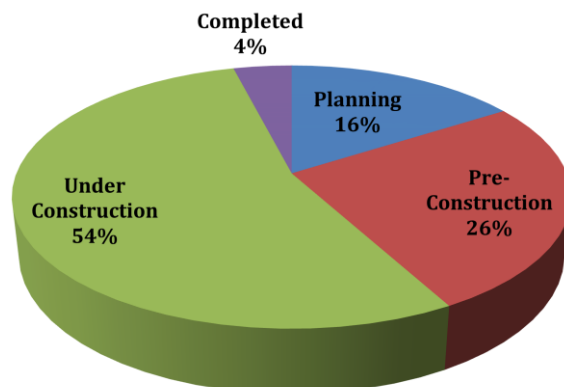
### Overview of National Infrastructure Pipeline (NIP)

- **Vision:-** In fiscal 2019, Government of India has launched the National Infrastructure Pipeline (NIP) for fiscal 2020 – 2025, with an aim to improve India's infrastructure and attract investments across various sectors.
- **Plans:-** NIP, economic and social infrastructure projects worth more than Rs 1,000 million per project under construction, proposed greenfield projects, brownfield projects and those in conceptualisation stage were considered. These pipelines of projects are implemented by all the states and union territories of India and 22 infrastructure ministries under Government of India.
- **Aim:-** With various projects across sectors the NIP aims to create various employment opportunities while enhancing the standard of living. It also aims to increase investments in the projects by improving investors' confidence through better project preparation, reducing aggressive bids/failure in project delivery and ensuring enhanced access to sources of finance.
- **Beginning:-** Initially, the NIP started with 6,835 projects. By April 2025, this number has increased to 13,108 projects across 32 different sectors. Out of these, 1,077 projects are currently under development, showing progress in India's infrastructure development efforts.

Share of different sectors under planned NIP Spending of Rs 147 Trillion

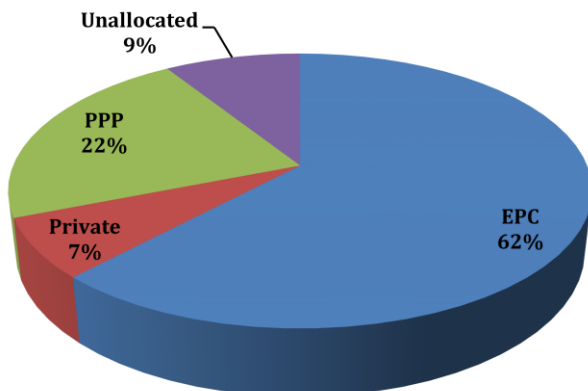


Stages of Implementation

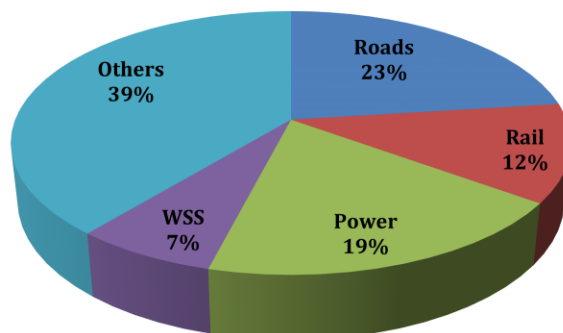


### WSS – Water, Supply & Sanitation

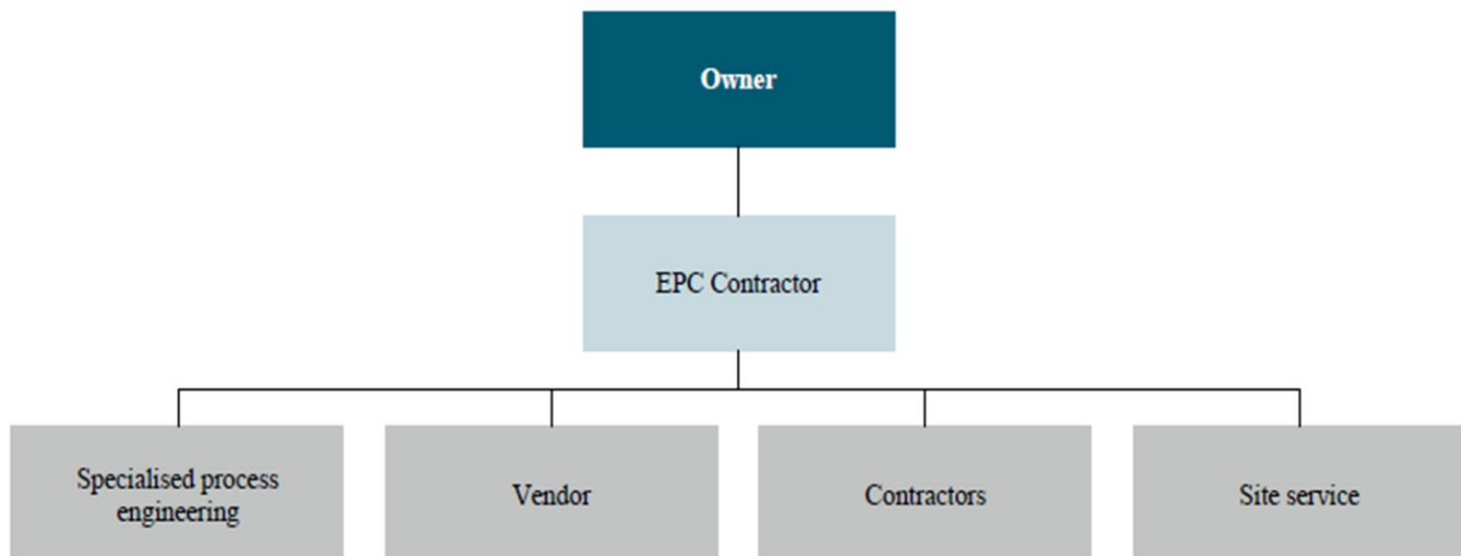
Share of different entities



Share of different infra segments



## EPC Model

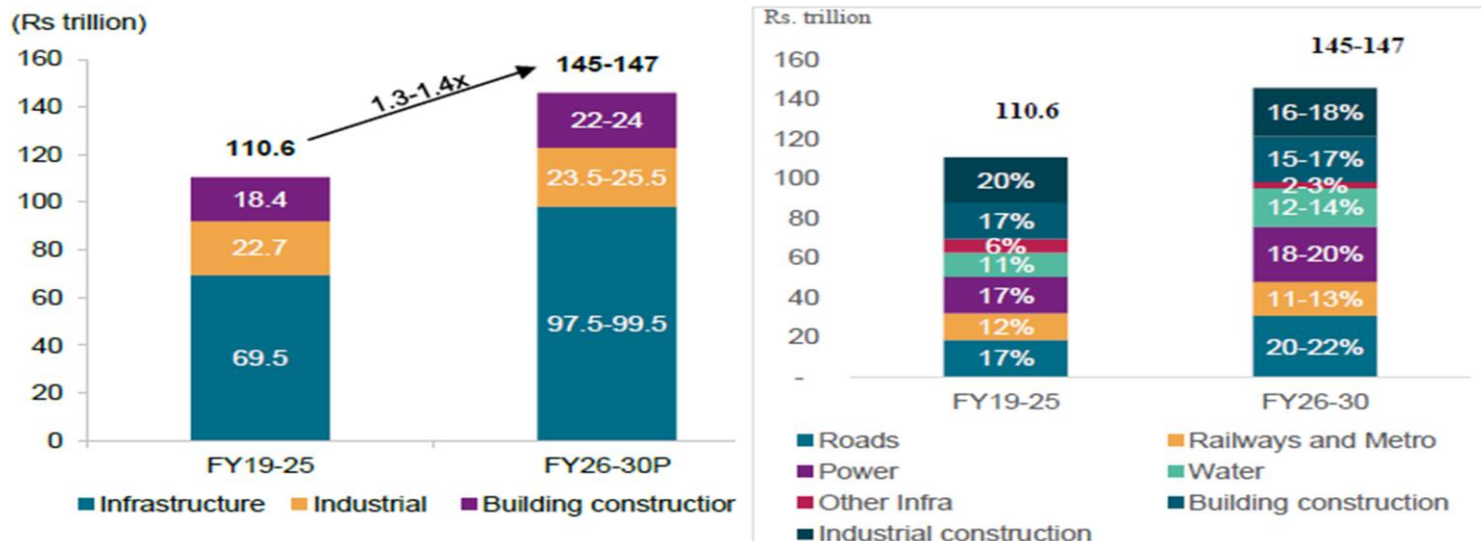


Source:- Company's RHP, AUM Research

## Overview of key client types in Indian EPC industry

- 1) Public Sector Institutions:-** These include government bodies and public sector undertakings (PSUs) involved in large-scale infrastructure projects. Various ministries such as the Ministry of Road Transport and Highways, Ministry of Power, and Ministry of Railways oversee significant infrastructure development. Organizations like Oil and Natural Gas Corporation (ONGC), National Thermal Power Corporation (NTPC), and Indian Railways act as major clients for EPC contractors.
- 2) Private Sector Clients:-** Private companies across various industries also play a substantial role in the EPC industry. Companies in sectors such as oil and gas, power, petrochemicals, and manufacturing frequently require EPC services for setting up plants and facilities. Real estate developers and commercial establishments often engage EPC contractors for large-scale construction projects.
- 3) International Clients:-** Foreign companies and multinational corporations looking to establish or expand their presence in India often require EPC services. Global players in industries such as energy, automotive, and chemicals may engage Indian EPC firms for their projects in India. International development agencies and financial institutions like the World Bank and Asian Development Bank often fund infrastructure projects, requiring EPC services for execution.

## Overall investments across sectors



Source:- Company's RHP, AUM Research

## Company Overview

VEL's projects cover the following infrastructure business verticals:-

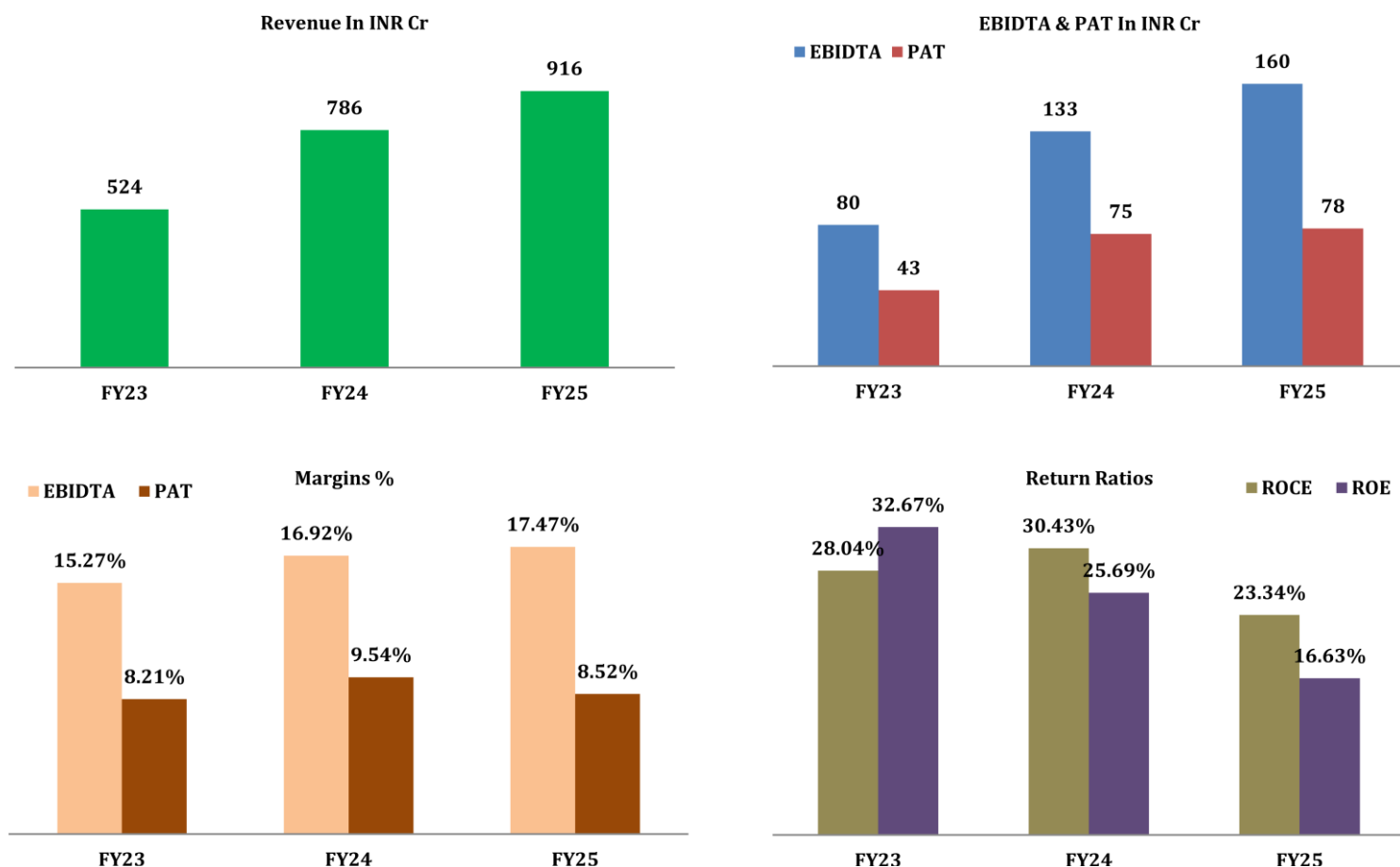
- 1) Power Transmission and Distribution:** VEL undertakes the construction of high-voltage transmission lines up to 765 kV, substations up to 400 kV (both Air Insulated Substations (AIS) and Gas Insulated Substations (GIS)), and power distribution networks. It has also executed 30,000 smart metering connections under this vertical.
- 2) Water Infrastructure:-** VEL provides turnkey solutions for water infrastructure projects such as surface and underground drinking water projects. Its experience and scope extends to designing and implementing water distribution networks and rainwater harvesting systems. VEL's water infrastructure includes wide range of services such as design, supply, erection of intake water treatment plant and overhead services reservoir. It undertakes the project of supply of drinking water through tube well and overhead services reservoir upto house connections primarily in rural areas. The project scope also includes the supply and laying of ductile iron pipes under multi village scheme under "Jal Jeevan Mission".
- 3) Railway Infrastructure:-** VEL is involved in the railway infrastructure sector, particularly in railway electrification. It has successfully completed projects involving overhead electrification and signalling systems. Also, as a part of railway electrification projects OHE 25kV, 50 Hz AC railway electrification project, 220 kV underground EHV cable work and construction of 132 kV transmission line and 132 kV railway traction substations projects.

## Revenue Break Up

Particulars In INR Cr	FY25	FY24	FY23
Power Distribution & Transmission	667.67	387.58	253.08
Water Infrastructure	245.32	387.34	259.01
Railways & Infra	2.85	11.02	12.22
<b>Total</b>	<b>915.84</b>	<b>785.94</b>	<b>524.31</b>

Source:- Company's RHP, AUM Research

It has an order book worth Rs. 2442+ cr. as of June 30, 2025.



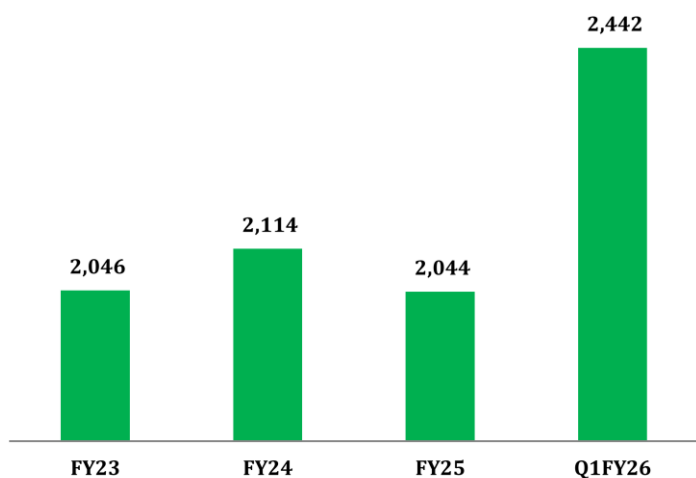
## **Rationale for Investment**

- 1) **One of the fast-growing EPC companies, with timely execution of power transmission and distribution and water infrastructure sector**
  - **End to end services:-** VEL provides end-to-end services from conceptualisation, design, supply, installation, testing and commissioning on a turnkey basis and has presence across multiple sectors including power, solar, water, and railway infrastructure.
  - **Key competencies:-** VEL's key competencies encompass in house design and engineering and timely project execution. As of June 30, 2025, VEL has successfully completed 45 projects across 14 states with a total executed contract value Rs 1,919 Cr. It has currently 44 ongoing projects across 16 states, aggregating orders of Rs 5,120 Cr of which Rs 2,442 Cr is unexecuted.
- 2) **Diversified Order Book across business verticals**
  - **Order books:-** VEL's order books stood at Rs 2,046 Cr in FY23, Rs 2,115 Cr in FY24 and Rs 2,044 Cr at the end of FY25.
  - **Verticals:-** VEL's order books spans across business verticals including power transmission and distribution, water infrastructure, and railway infrastructure. Further, VEL has presence in all the power transmission and distribution segments, which helps VEL's Order Book to remain diversified within the power sector as well.
  - **Flow of business opportunities:-** VEL's government and public sector contracts are sourced from a wide range of entities across geographies. Its involvement in a variety of projects, ranging from extra high-voltage transmission lines to water treatment plants to railway electrification, helps in maintaining flow of business opportunities and mitigates sector-specific risks. This diversification reduces its reliance on any single revenue stream, providing stability and helps it to face market fluctuation.
  - **Geographical distribution:-** Geographically, VEL's order book is mainly concentrated in Uttar Pradesh (28%), followed by Bihar (17%), Andhra Pradesh (14%), Jammu & Kashmir (11%), Madhya Pradesh (10.84%) and Arunachal Pradesh (7.53%), while the rest are below 5%.
  - **Plans to venture overseas:-** VEL began its operations from Madhya Pradesh and gradually expanded over time to complete projects in 14 states in India. As of June 30, 2025, it is currently executing 44 projects across 16 states in India. As part of its growth strategy, it aims to expand into infrastructure EPC projects in the private sector and explore international markets, particularly in African and Middle Eastern regions.
- 3) **Asset Light Model**
  - **Low investment in fixed assets:-** VEL operates on an asset light model by executing more orders with relatively lower investment in fixed assets. It sources equipments on rent from third party lessors of equipment across various states to meet its requirements of equipments as per project needs. This helps it in reducing its fixed costs and makes the execution of its projects cost and logistics efficient.
  - **Focus on core areas:-** Keeping an asset light model enables VEL to focus on core function areas of business rather than managing and maintaining such in-house assets leading to efficient utilization of capital.
- 4) **In-house technical and engineering capabilities, process control and quality assurance**
  - **Undertakes projects in an integrated manner:-** VEL has developed resources in-house to deliver a project from conceptualization until completion ensuring overall overview of the project and execution of the project.
  - **In House integrated models:-** VEL's in-house integrated model includes a design and engineering team for each business vertical to oversee timely completion of projects, in line with the applicable quality standards thereby allowing VEL to capture a larger proportion of the value chain in the EPC business.
- 5) **Support from Government initiatives**
  - **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 various 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 as well as 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.
  - **High Speed Rail Corridors:-** The Government of India has envisaged development of high-speed rail (HSR) corridors and has identified 8 corridors for constructing HSR projects of which the Mumbai Ahmedabad corridor is under construction while DPR preparation of the remaining projects is under preparation. VEL is currently executing a project for a GIS (Gas insulated switchgear) substation at Dahanu, Maharashtra which will provide power supply to bullet trains under the HSR initiative. By trying to align itself with government priorities, VEL aims to secure more such opportunities in the future.
  - **Expansion of its EPC portfolio:-** Banking on its experience, market position, and project management capabilities across various geographies, VEL aims to further expand its EPC project portfolio. It is also exploring new sectors such as renewable energy and industrial EPC projects. Its proposed entry into these sectors is expected to reduce its reliance on current infrastructure project portfolio and capitalize on the growing demand for solutions.

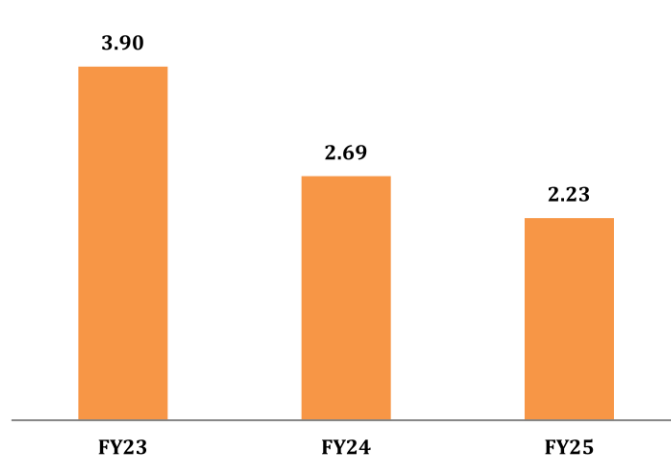
Consolidated P&L Account (Value in Rs. Crs)			
Particulars	FY25	FY24	FY23
<b>Net Sales</b>	<b>915.85</b>	<b>785.95</b>	<b>524.31</b>
<b>Expenditure</b>			
Cost of material consumed	483.68	384.96	266.48
Project related expenses	160.42	167.77	96.18
Employee expenses	67.63	58.96	40.53
Other expenses	43.89	40.96	41.40
<b>Total Operating expenses</b>	<b>755.62</b>	<b>652.65</b>	<b>444.59</b>
<b>EBIDTA</b>	<b>160.23</b>	<b>133.30</b>	<b>79.72</b>
Other Income	6.52	5.49	4.87
<b>PBIDT</b>	<b>166.75</b>	<b>138.79</b>	<b>84.59</b>
Depreciation	2.97	4.05	3.70
<b>PBIT</b>	<b>163.78</b>	<b>134.74</b>	<b>80.89</b>
Finance Cost	53.59	33.98	28.22
<b>Profit Before Tax &amp; Exceptional Item</b>	<b>110.19</b>	<b>100.76</b>	<b>52.67</b>
Exceptional Item	0.00	0.00	1.30
<b>Profit Before Tax</b>	<b>110.19</b>	<b>100.76</b>	<b>53.97</b>
Current Tax	37.53	28.75	13.42
Earlier Period Tax	0.78	0.00	0.00
Deferred Tax	-5.93	-2.83	-2.28
<b>Total Tax</b>	<b>32.38</b>	<b>25.92</b>	<b>11.14</b>
<b>Profit After Tax</b>	<b>77.81</b>	<b>74.84</b>	<b>42.83</b>
EPS	4.35	4.92	2.89

\*Source: Company, Ace Equity, AUM Research

Order Books In INR Cr



Order Books To Sales x



Consolidated Balance Sheet (Value in Rs. Crs)			
Particulars	FY25	FY24	FY23
<b>Equity</b>	<b>18.36</b>	<b>0.33</b>	<b>0.29</b>
Other Equity	449.51	290.95	130.85
<b>Total Equity</b>	<b>467.87</b>	<b>291.28</b>	<b>131.14</b>
<b>Non Current Liabilities</b>			
Borrowings	31.92	10.70	36.51
Lease Liabilities	0.80	0.38	0.75
Provisions	3.59	2.81	2.12
<b>Total Non Current Liabilities</b>	<b>36.31</b>	<b>13.89</b>	<b>39.38</b>
<b>Current Liabilities</b>			
Borrowings	241.10	172.69	118.42
Lease Liabilities	0.72	0.36	0.95
Trade Payables	477.54	296.93	293.21
Other Financial Liabilities	17.09	4.09	3.90
Other Current Liabilities	70.68	152.06	103.45
Provisions	7.39	10.59	16.42
Current Tax Liabilities	35.97	17.91	5.62
<b>Total Current Liabilities</b>	<b>850.49</b>	<b>654.63</b>	<b>541.97</b>
<b>Total Equity &amp; Liabilities</b>	<b>1354.67</b>	<b>959.80</b>	<b>712.49</b>
<b>Non Current Assets</b>			
<b>Property</b>	<b>9.04</b>	<b>8.64</b>	<b>9.14</b>
Investment Property	2.07	2.07	2.07
Intangible Assets	0.20	0.23	0.94
Right of Use of Assets	1.50	0.94	1.81
Other Financial Assets	20.69	25.67	43.19
Deferred Tax Assets	15.24	8.76	5.86
Other Non Current Assets	13.75	16.94	17.02
<b>Total Non Current Assets</b>	<b>62.49</b>	<b>63.25</b>	<b>80.03</b>
<b>Current Assets</b>			
Inventories	59.93	50.73	35.66
Trade Receivables	634.33	463.90	369.91
Cash & Bank Balances	67.07	49.95	14.92
Loans	2.03	0.00	0.00
Other Financial Assets	12.66	4.01	2.10
Contract Assets	466.36	289.17	194.66
Other Current Assets	49.80	38.79	15.21
<b>Total Current Assets</b>	<b>1292.18</b>	<b>896.55</b>	<b>632.46</b>
<b>Total Assets</b>	<b>1354.67</b>	<b>959.80</b>	<b>712.49</b>

\*Source: Company, Ace Equity, AUM Research

### **Aum Capital RESEARCH DESK**

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