

Retail Research	IPO Note
Sector: Power EPC	Price Band (Rs): 92 – 97
21 st August 2025	Recommendation: NEUTRAL

Vikran Engineering Ltd.

Company Overview:

Vikran Engineering Ltd. is among the fastest-growing Indian EPC companies in terms of revenue growth from FY23 - FY25, outperforming industry and peer averages. Though smaller in scale, revenue grew at a CAGR of 32.2%, from Rs 524.3 cr in FY23 to Rs 915.8 cr in FY25. The company's diversified portfolio spans energy, water and railway infrastructure, offering turnkey solutions across design, supply, installation and commissioning. Key areas include power transmission & distribution, water supply systems, solar EPC, smart metering and railway electrification projects.

Key Highlights:

1. Business Verticals: (A) Power Transmission & Distribution: The company executes high-voltage transmission lines up to 765 kV, substations up to 400 kV (AIS & GIS) and power distribution networks. It also completed 30,000 smart metering installations under this vertical. **(B) Water Infrastructure:** The company offers turnkey water infrastructure solutions, including surface and underground drinking water projects, distribution networks, rainwater harvesting and water treatment plants. Its scope also covers rural drinking water supply via tube wells and overhead reservoirs, along with multi-village ductile iron pipeline projects under the Jal Jeevan Mission. **(C) Railway Infrastructure:** The company is active in railway infrastructure, focusing on electrification projects including 25 kV OHE systems, signalling, 220 kV underground EHV cabling, and construction of 132 kV transmission lines and traction substations.

2. Timely execution of projects with a diversified order book serving to marquee clients: The company has delivered several EPC projects ahead of schedule or on time. As of Jun'25, it has completed 45 projects across 14 states worth Rs 1,919.9 cr, and are executing 44 projects across 16 states with a diversified order book of Rs 2,442.4 cr (Power Transmission & Distribution, Water infrastructure and Railway & Infra). The company secure contracts through competitive bidding, serving clients like NTPC, Power Grid, South & North Bihar Discoms, Telangana Transco, Madhya Pradesh Power Transmission, District Water and Sanitation Mission (PHED), State Water and Sanitation Mission (SWSM), Assam Discom and Eastern Central Railway.

3. Pan India presence: As of Jun'25, the company has executed projects across 22 states and are currently active in 16, supported by 190 sites and store locations. The company's pan-India presence enables efficient, customer-focused EPC services. With over 3,500 suppliers and service providers in the last three FYs coupled with diversified supply chain ensures timely delivery, quality execution and reduced dependency on individual vendors.

4. Asset light model: The company follow an asset-light model, renting equipment as needed to reduce fixed costs and improve project efficiency. This approach enables flexible scaling, better capital utilization and allows team to focus on core operations. The company's fixed asset turnover ratio improved from 57.4 in FY23 to 101.3 in FY25, reflecting enhanced operational efficiency.

Valuation: The company is valued at FY25 P/E of 32.1x and EV/EBITDA of 12.4x at post-issue capital at the upper price band respectively. Vikran Engineering is among the fastest-growing Indian EPC companies, with a diversified portfolio spanning energy, water, and railway infrastructure. The company offers turnkey solutions across design, supply, installation, and commissioning. It registered strong Revenue/EBITDA/PAT CAGR of 32.2%/41.8%/36.9% (FY23-FY25) to Rs 915.8 cr/ Rs 160.2 cr/ Rs 77.8 cr respectively. As of Jun'25, the company boasts a diversified order book of Rs 2,442 cr (2.7x of FY25 sales). The company follows an asset-light model, renting equipment as needed to reduce fixed costs and improve project efficiency. Among core peers (Kalpataru Projects International, KEC International and Transrail Lighting), the company has the highest profitability margins (EBITDA and PAT) as of FY25. We maintain a NEUTRAL view on the company and would like to monitor the performance of the company vis-à-vis its major peers post listing.

Issue Details	
Date of Opening	26 th August 2025
Date of Closing	29 th August 2025
Price Band (Rs)	92 – 97
Issue Size (Rs cr)	772
OFS (Rs cr)	51
Fresh Issue (Rs cr)	721
No. of shares @ Upper Price Band	7,95,87,629
Face Value (Rs)	1
Post Issue Market Cap (Rs cr)	2,410 – 2,502
BRLMs	Pantomath Capital Advisors Private, Systematix Corporate Services
Registrar	Bigshare Services Private Ltd.
Bid Lot	148 shares and in multiple thereof
QIB shares	50%
Retail shares	35%
NIB shares	15%

Objects of Issue	
	Estimated utilization from net proceeds (Rs cr)
Funding working capital requirements of the company	541.0
General corporate purpose [^]	-
Total proceeds from fresh issue	721.0

[^] The amount to be utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds.

Shareholding Pattern		
Pre-Issue	No. of Shares	%
Promoter & Promoter Group	15,01,32,780	81.8
Public & Others	3,34,48,350	18.2
Total	18,35,81,130	100.0

Post Issue @Upper Price Band	No. of Shares	%
Promoter & Promoter Group	14,48,75,048	56.2
Public & Others	11,30,35,979	43.8
Total	25,79,11,027	100.0

Source: RHP, SSL Research

Key Financials

Particulars (Rs cr)	FY23	FY24	FY25
Revenue from operations	524	786	916
EBITDA	80	133	160
Adj. PAT	42	75	78
EBITDA Margin (%)	15.2	17.0	17.5
Adj. PAT Margin (%)	7.9	9.5	8.5
RoE (%)	31.7	25.7	16.6
RoCE (%)	28.3	28.4	22.1
P/E (x)*	42.9	23.8	22.9

Source: RHP, SSL Research

*Note: Pre-issue P/E based on upper price band

Risk Factors

- **Competitive bidding:** Most of the projects are secured through competitive bidding. Delays or failure to win new contracts may impact business performance, growth and financial stability.
- **Regulatory action:** The Railway Board's Executive Director (Gati Shakti - Electrical) issued an order on July 26, 2024, recommending a two-year ban on the company for breaching the code of integrity and involvement in illegal gratification, as per CORE/Vigilance findings.
- **Working capital risk:** Trade receivables, contract assets and inventories form a major part of their current assets. Poor management could impact profitability, liquidity and cash flow.
- **Tender dependency risk:** The company's revenue mix 61.7% from government, 18.4% from PSUs and 19.9% from private sector is tender-driven. Delays or policy changes in government tenders may impact operations, contracts and financial performance.

Growth Strategies

- Continue to strengthen core competencies in power transmission and distribution and water infrastructure sectors.
- Selectively expanding geographical footprint globally.
- Expand EPC portfolio into other EPC sectors.
- Capitalizing on government initiatives and policies.

Revenue Mix

Particulars (Rs cr)	FY23		FY24		FY25	
	Revenue from operation	%	Revenue from operation	%	Revenue from operation	%
Power Transmission & Distribution	253.1	48.3	387.6	49.3	667.7	72.9
Water Infrastructure	259.0	49.4	387.3	49.3	245.3	26.8
Railway & Infrastructure	12.2	2.3	11.0	1.4	2.9	0.3
Total	524.3	100.0	785.9	100.0	915.8	100.0

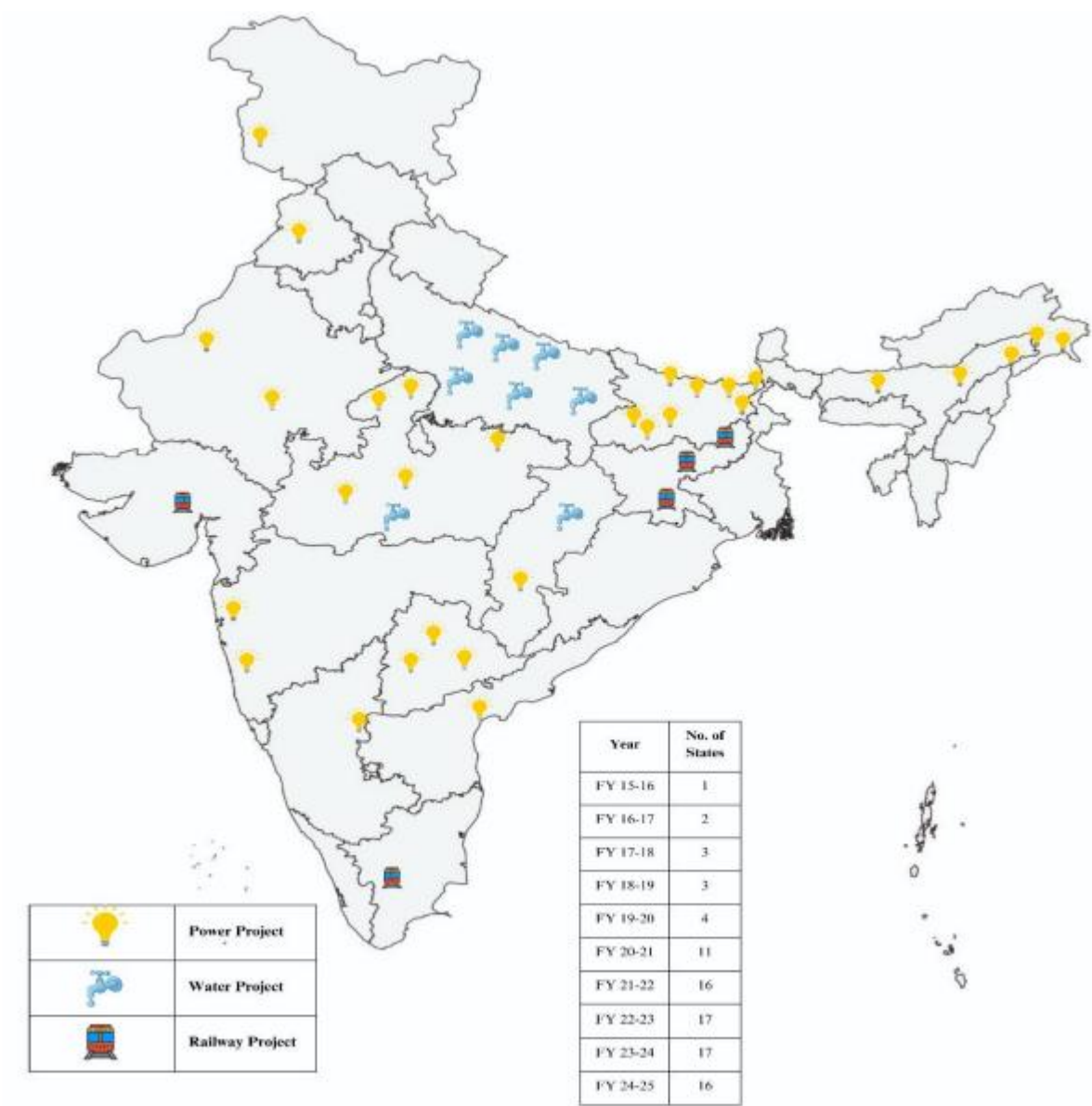
Source: RHP, SSL Research

Diversified Order-Book

Particulars (Rs cr)	FY23		FY24		FY25	
	Revenue from operation	%	Revenue from operation	%	Revenue from operation	%
Power Transmission & Distribution						
North	3.9	0.4	226.6	18.5	314.7	25.4
South	561.8	52.8	326.8	26.7	341.4	27.6
East	277.9	26.1	596.1	48.7	219.7	17.8
West	219.4	20.6	75.7	6.2	361.6	29.2
Total (A)	1,063.0	100.0	1,225.2	100.0	1,237.4	100.0
Water Infrastructure						
North	700.7	77.1	576.9	68.3	564.5	73.8
South						
East	0.2	0.0	87.4	10.3	58.8	7.7
West	208.5	22.9	180.6	21.4	141.3	18.5
Total (B)	909.3	100.0	844.9	100.0	764.6	100.0
Railways & Infrastructure						
North						
South	11.8	16.0	5.4	12.2	3.1	7.2
East						
West	61.7	84.0	39.2	87.8	39.2	92.8
Total (C)	73.5	100.0	44.6	100.0	42.3	100.0
Total (A+B+C)	2,045.8	100.0	2,114.8	100.0	2,044.3	100.0

Source: RHP, SSL Research

Pan India Presence



Source: RHP, SSL Research

Industry Overview

Overview of the National Infrastructure Pipeline:

In FY19, Government of India has launched the National Infrastructure Pipeline (NIP) for FY20 – FY25, with an aim to improve India’s infrastructure and attract investments across various sectors. To draw up NIP, economic and social infrastructure projects worth more than Rs 1,000 mn 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.







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.

Initially, the NIP started with 6,835 projects. By Apr’25, 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. The total investment target under NIP during the period, has been revised from Rs 111 tn to Rs 147 tn.

Despite a slowdown in the global economy, emerging economies like India continue to prioritize infrastructure development, with a focus on essential services such as roads, railways, power, water supply, and sanitation, which account for approximately 70% of the NIP.

These sectors are less affected by economic fluctuations and are supported by long-term budget allocations, providing a stable source of opportunities for EPC companies. Currently, around 62% of NIP projects are being implemented through the EPC model, presenting significant opportunities for EPC companies operating in these areas

Transport, power, and water projects occupy major share under planned NIP spending of planned Rs 147 tn

					
Roads	Rail*	Power	WSS	Real estate	Others^
27%	13%	19%	12%	11%	18%

*Rail also includes investments under Mass Rapid Transit System (MRTS)

^Others include irrigation, rural infra, ports, airports, health, petroleum, natural gas, education, etc

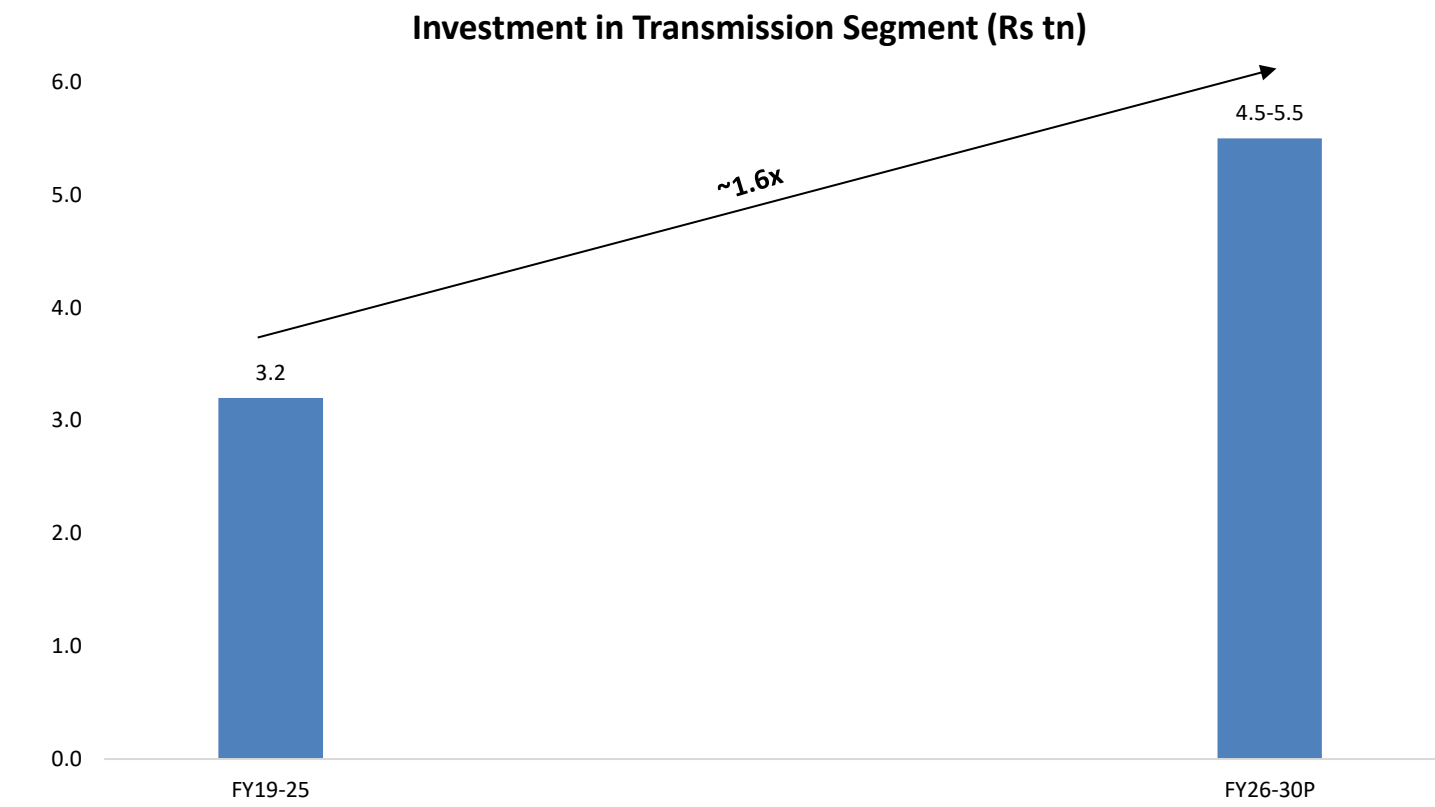
Source: RHP, SSL Research

Overall Investments across sectors:



Source: RHP, SSL Research

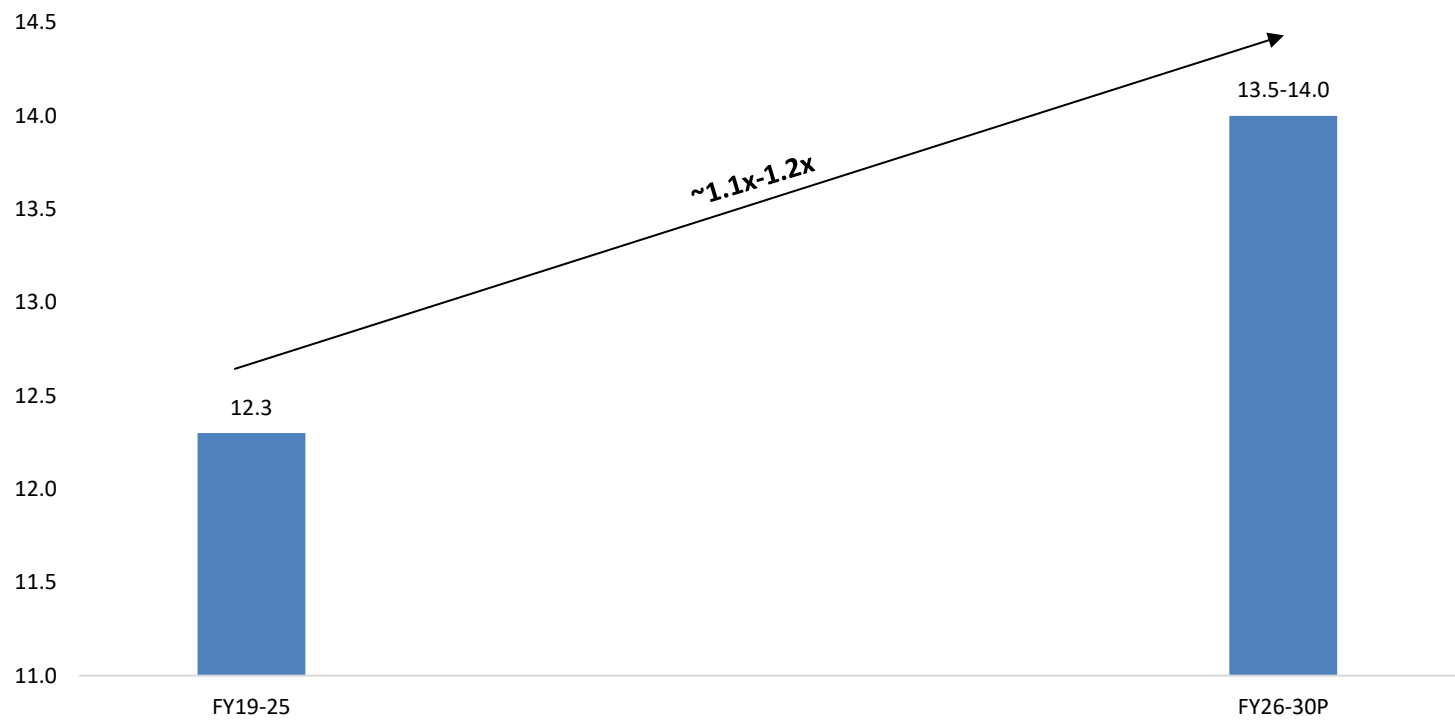
Investments in Transmission Segment of power sector:



Source: RHP, SSL Research

Investments in Indian water sector (Irrigation + WSS):

Investment in Indian Water Sector (irrigation + WSS)



Source: RHP, SSL Research

Financial Snapshot

INCOME STATEMENT			
Particulars (Rs cr)	FY23	FY24	FY25
Revenue from Operations	524	786	916
YoY growth (%)	-	49.9	16.5
Cost Of Revenues (incl Stock Adj)	363	553	644
Gross Profit	162	233	272
Gross margins (%)	30.8	29.7	29.7
Employee Cost	41	59	68
Other Operating Expenses	41	41	44
EBITDA	80	133	160
YoY growth (%)	-	67.2	20.2
EBITDA margins (%)	15.2	17.0	17.5
Other Income	5	5	7
Interest Exp.	28	34	54
Depreciation	4	4	3
PBT	53	101	110
Exceptional item	1	-	-
Tax	11	26	32
PAT	43	75	78
YoY growth (%)	-	74.7	4.0
PAT margin (%)	8.2	9.5	8.5
Adj. PAT	42	75	78
YoY growth (%)	-	80.2	4.0
Adj. PAT margin (%)	7.9	9.5	8.5

BALANCE SHEET			
Particulars (Rs cr)	FY23	FY24	FY25
Assets			
Net Block	9	9	9
Intangible Assets	1	0	0
Right of use assets	2	1	1
Other Non-current Assets	68	53	52
Current Assets			
Current Investment	1	1	1
Inventories	36	51	60
Trade receivables	370	464	634
Cash and Bank Balances	15	50	67
Short-term loans and advances	-	-	2
Other Current Assets	17	42	61
Contract Assets	195	289	466
Total Current Assets	632	897	1,292
Current Liabilities & Provisions			
Trade payables	293	297	478
Other current liabilities	113	174	124
Short-term provisions	16	11	7
Total Current Liabilities	423	482	609
Net Current Assets	210	415	683
Total Assets	290	478	746
Liabilities			
Share Capital	0	0	18
Reserves and Surplus	131	291	450
Total Shareholders' Funds	131	291	468
Minority Interest	-	-	-
Total Debt	155	183	273
Long Term Provisions	2	3	4
Lease Liabilities	2	1	2
Total Liabilities	290	478	746

Cash Flow (Rs Cr)	FY23	FY24	FY25
Cash flow from Operating Activities	6	(66)	(129)
Cash flow from Investing Activities	(14)	(16)	(9)
Cash flow from Financing Activities	9	82	141
Free Cash Flow	5	(69)	(132)

RATIOS			
	FY23	FY24	FY25
Profitability			
Return on Assets (%)	5.8	7.8	5.7
Return on Capital Employed (%)	28.3	28.4	22.1
Return on Equity (%)	31.7	25.7	16.6
Margin Analysis			
Gross Margin (%)	30.8	29.7	29.7
EBITDA Margin (%)	15.2	17.0	17.5
Net Profit Margin (%)	7.9	9.5	8.5
Short-Term Liquidity			
Current Ratio (x)	1.2	1.4	1.5
Quick Ratio (x)	1.1	1.3	1.5
Avg. Days Sales Outstanding	258	215	253
Avg. Days Inventory Outstanding	36	33	34
Avg. Days Payables	241	166	231
Fixed asset turnover (x)	44.1	80.2	85.3
Debt-service coverage (x)	0.4	0.6	0.5
Long-Term Solvency			
Total Debt / Equity (x)	1.2	0.6	0.6
Interest Coverage Ratio (x)	2.9	4.0	3.1
Valuation Ratios*			
EV/EBITDA (x)	24.1	14.4	12.4
P/E (x)	42.9	23.8	22.9
P/B (x)	13.6	6.1	3.8
EV/Sales (x)	3.7	2.4	2.2
Mkt Cap/Sales (x)	3.4	2.3	1.9

**Valuation ratios are based on pre-issue capital at the upper price band*

Source: RHP, SSL Research

Peer Comparison

Particulars (Rs cr)	Vikran Engineering	Bajel Projects	Kalpataru Projects International	Techno Electric & Engineering	SPML Infra	KEC International	Transrail Lighting
CMP (Rs)	97	215	1,279	1,479	290	820	790
Sales	916	2,598	22,316	2,269	771	21,847	5,308
EBITDA	160	66	2,031	339	43	1,683	673
Net Profit	78	15	567	423	48	571	327
Mkt Cap.	2,502	2,473	21,743	17,009	2,175	21,730	21,330
Enterprise Value	1,987	2,345	24,172	16,919	2,334	24,775	21,353
EBITDA Margin (%)	17.5	2.5	9.1	14.9	5.6	7.7	12.7
Net Profit Margin (%)	8.5	0.6	2.5	18.6	6.2	2.6	6.2
P/E (x)	32.1	164.8	38.3	40.2	45.3	38.1	65.2
EV/EBITDA (x)	12.4	35.5	11.9	49.9	54.3	14.7	31.7
RoE (%) – Pre/Post Issue	16.6%/6.5%	2.6%	8.7%	11.3%	6.2%	10.7%	17.4%
RoCE (%) – Pre/Post Issue	22.1%/11.2%	11.6%	14.9%	14.2%	8.4%	17.3%	26.3%
EV/Sales (x)	2.2	0.9	1.1	7.5	3.0	1.1	4.0
Operational Metrics							
Order Book (Rs cr)	2,442	-	65,475	1,408	-	34,409	14,654
Order Book/Sales	2.7	-	2.9	0.6	-	1.6	2.8

The data is based on FY25 financial data.

For Vikran Engineering Ltd, the Market Cap, P/E (x), EV/EBITDA (x), RoE (%), RoCE (%) and EV/Sales (x) are calculated on post-issue equity share capital based on the upper price band.

Order book as of Jun'25.

CMP of peer companies is as of 20th August, 2025.

Source: RHP, SSL Research.

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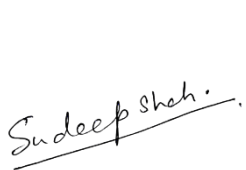
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