



SMC Ranking

★ ★ ☆ ☆ ☆ (2/5)

Issue Highlights

Industry	Capital Goods
Offer for sale (Shares)	5,257,731
Fresh Issue (Shares)	74,329,896
Net Offer to the Public	79,587,627
Issue Size (Rs. Cr.)	732-772
Price Band (Rs.)	92-97
Offer Date	26-Aug-25
Close Date	29-Aug-25
Face Value	1
Lot Size	148

Issue Composition

	In shares
Total Issue for Sale	79,587,627
QIB	39,793,814
NIB	11,938,144
Retail	27,855,669

Shareholding Pattern (%)

Particulars	Pre-issue	Post-issue
Promoters & promoters group	81.78%	56.17%
QIB	18.22%	28.40%
NIB	0.00%	4.63%
Retail	0.00%	10.80%
Total	100.00%	100.00%

*calculated on the upper price band

Objects of the Issue

The Company Vikran Engineering IPO proposes to utilise the Net Proceeds from the Issue towards the following objects:

1. Funding working capital requirements of the Company.
2. General corporate purposes

Book Running Lead Manager

- Pantomath Capital Advisors Private Limited
- Systematix Corporate Services Limited

Name of the registrar

- Bigshare Services Private Limited

About the company

Incorporated in 2008, Vikran Engineering Limited is an Engineering, Procurement, and Construction (EPC) company with expertise across power transmission and distribution, water infrastructure, railway infrastructure, and solar energy projects. The company specializes in EHV substations up to 400kV, underground and surface water systems, overhead tanks, distribution networks, and expanding solar EPC services. As of June 30, 2025, it has completed 45 projects across 14 states with a total executed value of Rs. 1,919.92 crore and is executing 44 ongoing projects across 16 states with an aggregate value of Rs. 5,120.21 crore, including an order book of Rs. 2,442.44 crore. Its key government clients include NTPC, Power Grid Corporation of India, South Bihar Power Distribution, North Bihar Power Distribution, and Transmission Corporation of Telangana. The company had 761 permanent employees as of June 30, 2025.

Strength

One of the fast-growing EPC companies with timely execution: Vikran Engineering Limited, incorporated in 2008, is one of India's fast-growing Engineering, Procurement, and Construction (EPC) companies. Its revenue from operations grew at a CAGR of 32.17% from Rs. 524.31 crore in FY 2023 to Rs. 915.85 crore in FY 2025. The company offers end-to-end services across power, solar, water, and railway infrastructure. As of June 30, 2025, it had completed 45 projects across 14 states and was executing 44 ongoing projects with an unexecuted order book of Rs. 2,442.44 crore, including Rs. 747.78 crore under the government's Jal Jeevan Mission.

Diversified order book and consistent financial performance: The company's order book represents a strong revenue pipeline. As of March 31, 2025, it stood at Rs. 2,044.32 crore, compared to Rs. 2,114.80 crore in FY 2024 and Rs. 2,045.79 crore in FY 2023. The order book is well-diversified across power transmission and distribution, water infrastructure, and railways, with power contributing the largest share at 60.53% in FY 2025. Around 61% of the orders are from state government clients, ensuring revenue visibility and stability. The diversified project portfolio reduces sector-specific risks, while strong financial growth has been maintained with revenue rising at a CAGR of 32.17% and profit at a CAGR of 34.78% between FY 2023 and FY 2025.

Pan-India presence with strong supply chain: Vikran Engineering Limited has a nationwide presence with 190 sites and stores across 22 states and is executing projects in 16 states. This extensive reach enables efficient on-ground support and higher customer satisfaction. Its customer base includes marquee clients such as NTPC Limited and several state power transmission corporations. The company also benefits from established relationships with over 3,500 suppliers and service providers, ensuring timely procurement of materials and equipment, reducing dependency on limited vendors, and maintaining strict adherence to project timelines.

Asset-light business model: The company follows an asset-light approach, enabling it to handle a larger volume of projects with lower investment in fixed assets. Equipment is largely rented from third-party lessors, reducing fixed costs and allowing cost-effective execution. This strategy provides flexibility to scale operations as required while optimizing capital efficiency. The effectiveness of this model is evident from its fixed asset turnover ratio, which rose from 57.38 in FY 2023 to 91.00 in FY 2024 and further to 101.27 in FY

2025.

In-house technical and quality assurance capabilities: Vikran Engineering Limited leverages in-house technical expertise to deliver turnkey EPC projects from design to completion. A dedicated Centralised Project Monitoring and Control Group (CPMG) ensures timely execution, financial discipline, and quality adherence. The company holds ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018 certifications for quality, environmental management, and occupational safety, and it conducts internal inspections and audits to maintain international standards.

Experienced promoters and management team: The company is led by experienced promoters and senior management with deep industry expertise. Rakesh Ashok Markhedkar, Promoter, Chairman, and Managing Director, has 34 years of EPC experience, an engineering degree, and a master's in quality management. He has worked with Larsen & Toubro and has been recognized with awards such as the "World's Best Emerging Leader" in 2023. He is supported by Avinash Ashok Markhedkar, Director since 2015 with over 33 years of experience, and Nakul Markhedkar, Whole-Time Director with 9 years of experience. Their collective leadership continues to guide the company's strategic direction and growth trajectory.

Strategy

Strengthening core competencies in power transmission and water infrastructure: Vikran Engineering Limited is strategically focused on EPC projects in power transmission and distribution and water infrastructure, positioning itself to capture the sector's growth potential. Power demand in India is projected to grow at a CAGR of 5–7% between FY 2026 and FY 2030, and the company is well-placed with a proven track record in transmission, distribution, and smart metering projects. In water infrastructure, investments are expected to reach Rs. 13.5–14.0 trillion during FY 2026–2030, where the company is already executing 12 projects, including those under the government's Jal Jeevan Mission, reinforcing its leadership in this vertical.

Selective global expansion strategy: The company commenced operations in Madhya Pradesh and has since expanded to 14 states, with 44 ongoing projects across 16 states as of June 30, 2025. Looking ahead, it aims to diversify into private sector EPC projects while also exploring international opportunities, particularly in Africa and the Middle East. With its expertise in domestic power transmission and distribution projects, Vikran Engineering Limited is positioned to address the pressing infrastructure gap in Sub-Saharan Africa, where nearly 750 million people lack electricity access, creating avenues for a growing global customer base.

Expanding the EPC portfolio into new sectors: As part of its growth strategy, Vikran Engineering Limited is broadening its portfolio into railways, metros, and solar EPC projects. The company intends to undertake solar PV projects of up to 100MWp and balance-of-system projects for solar plants up to 300MWp. It is actively bidding for water irrigation projects and has already secured four projects in the railway infrastructure segment. This diversification is designed to reduce dependence on existing verticals while capturing growth opportunities in India's expanding infrastructure ecosystem.

Leveraging government initiatives and policies: The company is strategically aligned with major government programs in power, water, and transportation. It intends to participate in initiatives such as the Revamped Distribution Sector Scheme (RDSS), National Solar Mission, and Swachh Bharat Mission. Vikran Engineering Limited has previously executed projects under key schemes like the Rajiv Gandhi Grameen Vidyutikaran Yojana and Deendayal Upadhyay Gram Jyoti Yojana. It is also well-positioned to leverage the Accelerated Irrigation Benefits Programme (AIBP) through active bids in irrigation projects. In the railway sector, it is executing a GIS substation project at Dahanu, Maharashtra, to power the Mumbai–Ahmedabad High-Speed Rail corridor, aligning with government priorities to secure future opportunities in this segment.

Risk Factor

- Most projects are awarded through competitive bidding. Delays in project completion or failure to win new contracts may adversely impact business prospects, growth, financial performance, and cash flows.
- Trade receivables, contract assets, and inventories form a large share of current assets and net worth. Ineffective management could hurt profitability, liquidity, and cash flow.
- The FY25 order book declined sharply from FY24, mainly due to reduced government orders and lower values in water and railway infrastructure projects.
- The company has delayed or defaulted in paying some statutory dues. Any further delays may attract regulatory action, impacting financials and cash flows.

Peer Comparison

Co_Name	Total Income	PAT	EPS	P/E	P/BV	BV	FV	Price	Mcap
Kalpataru Proj.	22315.78	585.70	41.37	31.43	3.41	381.40	2	1300.30	22205.55
K E C Intl.	21846.70	570.74	22.83	36.12	4.11	200.88	2	824.65	21952.18
Transrail Light	5212.24	326.63	28.36	27.50	5.57	140.11	2	779.90	10470.63
Bajel Projects	2562.61	15.46	1.12	187.86	3.65	57.63	2	210.40	2432.66
SPML Infra	770.64	47.94	6.57	42.41	2.60	107.31	2	278.65	1997.63
Techno Elect(M)	697.69	120.75	17.91	15.40	6.91	39.90	2	275.80	1574.82
VIKRAN ENGINEERING LTD	915.85	77.82	3.02	32.15	2.10	46.10	1	97.00	2501.74

*Peer companies financials are TTM based

**VIKRAN ENGINEERING LTD based on Actual FY25

Valuation

Considering the P/E valuation, on the upper end of the price band of Rs 97, the stock is priced at pre issue P/E of 22.88x on FY25 EPS of Rs 4.24. Post issue, the stock is priced at a P/E of 32.15x on its EPS of Rs. 3.02. Looking at the P/B ratio at Rs.97 pre issue, book value of Rs.25.49 of P/Bvx 3.81x. Post issue, book value of Rs.46.10 of P/Bvx 2.10x.

Considering the P/E valuation, on the lower end of the price band of Rs.95, the stock is priced at pre issue P/E of 21.70x on FY25 EPS of Rs. 4.24. Post issue, the stock is priced at a P/E of 30.49x on its EPS of Rs. 3.02. Looking at the P/B ratio at Rs. 92 pre issue, book value of Rs. 25.49 of P/Bvx 3.61x. Post issue, book value of Rs.46.10 of P/Bvx 2.00x.

Industry Outlook

The transmission sector, a crucial part of the power industry, required more attention to meet the growing demand for electricity and the expanding generation capacity. Existing investments from budgets, internal funds, and PSU loans were insufficient to meet this demand. To address this issue, the Electricity Act allowed private companies to participate in the power transmission sector through a competitive bidding process called tariff-based competitive bidding (TBCB). The National Tariff Policy of 2006 provided guidelines for this process, aiming to promote competition, attract private investment, and increase transparency in constructing transmission infrastructure. India stands out as one of the few countries that have opened its transmission sector to private participation, generating significant interest from private businesses. The Electricity Act, 2003 coupled with TBCB for power procurement, encouraged private participation in the power transmission sector and has supported the growth of transmission lines in India sector.

Outlook

Vikran Engineering's outlook remains cautious yet resilient. The company benefits from a diversified revenue base across government, PSU, and private contracts, supported by competitive bidding strength and sectoral expertise. However, declining order book, delays in project execution, high receivables, and negative operating cash flows pose material risks. Sustaining profitability and securing timely tenders will be crucial. Future performance depends on efficient execution, improved cash flow management, and favorable government policies.

An Indicative timetable in respect of the Issue is set out below:

EVENT	INDICATIVE DATE (On or about)
BID/ISSUE OPENS ON	26-August-25
BID/ISSUE CLOSES ON	29-August-25
Finalisation of Basis of Allotment with the Designated Stock Exchange	01-September-25
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account	02-September-25
Credit of Equity Shares to Demat Accounts of Allottees	02-September-25
Commencement of trading of the Equity Shares on the Stock Exchanges	03-September-25

Annexure

Consolidated Financials

Profit & Loss

Rs. in Cr.

Particulars	Period ended 31-Mar-25 (12 Months)	Period ended 31-Mar-24 (12 Months)	Period ended 31-Mar-23 (12 Months)
Revenue from operations	915.85	785.95	524.31
Total expenditure	741.58	627.67	432.28
Operating Profit	174.27	158.28	92.02
OPM%	1.90	2.01	1.76
Other Income	6.52	5.49	4.87
Total Net Income	180.79	163.77	96.90
Interest	67.63	58.96	40.53
PBDT	113.16	104.81	56.37
Depreciation	2.97	4.05	3.70
PBT & Exceptional items - gain (net)	110.19	100.76	52.67
Exceptional items - gain (net)	0.00	0.00	1.30
PBT & Exceptional items - gain (net)	110.19	100.76	53.98
Tax	32.37	25.93	11.14
PAT	77.82	74.83	42.84

Balance sheet is on next page

Balance Sheet

Rs. in Cr.

Particulars	As on 31-Mar-25	As on 31-Mar-24	As on 31-Mar-23
Non-current assets			
Financial liabilities			
Property, Plant and Equipment	9.04	8.64	9.14
Investment properties	2.07	2.07	2.07
Intangible assets	0.20	0.23	0.94
Right-of-use assets	1.50	0.94	1.81
Financial Assets			
Other Financial Assets	20.69	25.67	43.19
Other Non Current Assets	15.24	8.76	5.86
Non current tax assets (net)	1.85	3.88	3.24
Other non-current assets	11.90	13.06	13.79
Total non-current assets	62.49	63.25	80.03
Current asset			
Inventories	59.94	50.72	35.66
Financial Assets			
Investments	1.13	0.90	0.81
Trade receivables	634.33	463.90	369.91
Cash and cash equivalents	2.50	0.08	0.12
Bank balances other than above	64.57	49.87	14.80
Loans	2.03	0.00	0.00
Other financial assets	11.53	3.11	1.29
Contract assets	466.37	289.16	194.64
Other current assets	49.80	38.79	15.21
Total current assets	1292.18	896.54	632.44
Total Assets	1354.68	959.79	712.47
Non-current liabilities			
Financial Liabilities			
Borrowings	31.92	10.70	36.51
Lease liabilities	0.80	0.38	0.75
Provisions	3.59	2.81	2.12
Total Non- Current liabilities	36.31	13.89	39.37
Current liabilities			
Financial Liabilities			
Borrowings	241.03	172.69	118.42
Lease liabilities	0.72	0.36	0.95
Trades Payable - total outstanding dues of micro enterprises and small enterprises	91.81	48.26	89.64
Trades Payable - total outstanding dues of creditors other than micro enterprises and small enterprises	385.81	248.67	203.57
Other financial liabilities	17.09	4.09	3.90
Other current liabilities	70.68	152.07	103.45
Provisions	7.39	10.59	16.42
Current Tax Liability (Net)	35.97	17.91	5.62
Total Current liabilities	850.49	654.62	541.96
Total	886.80	668.51	581.33
Net worth represented by:			
Equity Share Capital	18.36	0.33	0.29
Other equity	449.52	290.95	130.85
Net Worth	467.87	291.28	131.14

RANKING METHODOLOGY

WEAK	★
NEUTRAL	★★
FAIR	★★★
GOOD	★★★★
EXCELLENT	★★★★★

E-mail: researchfeedback@smcindiaonline.com



Corporate Office:
11/6B, Shanti Chamber,
Pusa Road, New Delhi - 110005
Tel: +91-11-30111000
www.smcindiaonline.com

Mumbai Office:
Lotus Corporate Park , A Wing 401 / 402 ,
4th Floor , Graham Firth Steel Compound,
Off Western Express Highway, Jay Coach Signal,
Goreagon (East) Mumbai - 400063
Tel: 91-22-67341600, Fax: 91-22-28805606

Kolkata Office:
18, Rabindra Sarani,
Poddar Court, Gate No.-4, 5th Floor, Kolkata-700001
Tel: 91-33-39847000, Fax: 91-33-39847004

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