



IPO NOTE
Vikran Engineering
Ltd.

25th Aug 2025.

Company Overview

Vikran Engineering Limited (VEL) is an Indian Engineering, Procurement and Construction (EPC) company, boasting a diversified project portfolio, with the majority of revenue from energy and water infrastructure verticals. The company provides end-to-end services from conceptualisation, design, supply, installation, testing and commissioning on a turnkey basis. VEL has its presence spanning 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. The company also has experience in Solar EPC of ground-mounted solar projects and smart metering. As of June 30, 2025, the company have completed 45 projects across 14 states with a total executed contract value of Rs. 19,199 million. As of June 30, 2025, VEL has 44 ongoing projects across 16 states, aggregating orders of Rs. 51,202 million, of which the order book is Rs. 24,424 million. As of FY25, the company derives 73.9% of its revenue from power T&D, 26.8% from water infrastructure and 0.3% from railway and infra. VEL covers the following projects in its business verticals: Power T&D, involving construction of high-voltage transmission lines (up to 765 kV), substations (up to 400 kV, both AIS and GIS), power distribution networks, and smart metering; Water Infrastructure, providing turnkey solutions such as drinking water supply systems, water distribution networks, rainwater harvesting, and multi-village rural water supply schemes under the Jal Jeevan Mission, with 12 ongoing projects across multiple states; and Railway Infrastructure, where the company is engaged in railway electrification, overhead electrification (OHE 25kV), signalling, underground EHV cable works, and traction substations.

Objects of the issue

The company proposes to utilize net proceeds towards funding the following objects:

- Funding working capital requirements of the company; and
- General corporate purposes.

Out of the total issue of Rs. 7,720 million, Rs. 510 million constitutes OFS, which will not be received by the company.

Investment Rationale

Robust order book with capital-efficient, asset-light business model to drive scalable growth

VEL’s robust financial performance and competitive advantage are a result of its strategic business model and strong market position. A key driver is its diversified order book, which helps mitigate risk by securing projects across multiple critical infrastructure sectors, including power transmission, water, and railways. This strategic diversification ensures a stable and continuous flow of business, as the company’s dependence on the health of any single industry decreases. The effect of this approach is a remarkable financial track record, evidenced by a 32.2% CAGR in revenue and a 34.8% CAGR in profit from FY23 to FY25. This financial strength is further amplified by the company’s commitment to an asset-light model, enabling the company to avoid high fixed costs and freeing up capital. This strategic choice is reflected in its exceptional fixed asset turnover ratio of 101.27 in FY25, demonstrating its ability to generate high revenue with minimal capital expenditure. The combination of a diversified portfolio and a capital-efficient, asset-light model provides the company with the financial resilience and operational flexibility needed to capitalise on India’s booming infrastructure market and sustain its growth trajectory.

Well-positioned to capitalise on policy-driven infrastructure push

Vikran Engineering’s alignment with government infrastructure priorities is materially strengthened by its integrated in-house capabilities and broad operational reach. The company’s team of engineers and designers enables it to provide end-to-end turnkey execution, supported by a Centralised Project Monitoring and Control Group (CPMG) that ensures projects are delivered with quality, efficiency, and cost control. These technical strengths are reinforced by its pan-India presence across 16 states with 190 sites and stores, ensuring on-ground support, resource optimisation, and faster project turnaround. Together, these create an execution platform that is both efficient and scalable, enabling the company to take on complex, multi-location EPC projects with confidence. This integrated model directly complements the significant policy-driven infrastructure push in India, where schemes like Jal Jeevan Mission, Saubhagya, DDUGJY, IPDS, and high-speed rail electrification are generating sustained project opportunities. The company’s proven ability to execute across power transmission, water, and railway infrastructure positions it as a credible partner for government agencies.

Issue Details	
Offer Period	26th August, 2025 - 29th August, 2025

Price Band	Rs. 92 to Rs. 97
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Bid Lot	148
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Listing	BSE & NSE
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Issue Size (no. of shares in mn)	79.6
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Issue Size (Rs. in bn)	7.7
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Face Value (Rs.)	1
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Issue Structure	
QIB	50%
NIB	15%
Retail	35%

BRLM	Bigshare Services Pvt. Ltd.
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Registrar	Pantomath Capital Advisors Pvt. Ltd., Systematix Corporate Services Ltd.
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Particulars	Pre Issue %	Post Issue %
Promoter & Promoter Group	81.8%	56.2%
Public	18.2%	43.8%
Total	100.0%	100.0%

(Assuming issue subscribed at higher band)

Valuation

Vikran Engineering is one of the fastest-growing EPC player in terms of revenue growth. The company has executed projects for government entities, public sector undertakings and private companies. Its focus on operational efficiency and efficient cost structure has enabled VEL to deliver high-value projects that meet stringent regulatory and quality standards. Vikran Engineering's large and diversified order book, supported by its asset-light execution model, provides strong revenue visibility while minimising capital intensity and enhancing return ratios. This financial strength is complemented by its in-house engineering capabilities and extensive pan-India presence, which allow the company to efficiently bid for and execute projects under government-led infrastructure schemes. Looking ahead, the company plans to expand selectively into solar EPC (100MW+ turnkey projects), irrigation, metro, and overseas markets (Africa and the Middle East) where electrification and infrastructure needs remain acute. This diversification, combined with steady government support, places Vikran as a credible beneficiary of India's infrastructure growth cycle, while also opening long-term avenues in adjacent EPC verticals. Financially, the company has demonstrated strong growth momentum, with both revenue and PAT delivering robust double-digit expansion over FY23-FY25. Profitability has also improved, as reflected in EBITDA margins rising from 15.2% in FY23 to 17.5% in FY25. The balance sheet has strengthened, with leverage reducing significantly, improving from 1.2x in FY23 to 0.6x in FY25. However, return ratios moderated, with ROE and ROCE declining to 16.6% and 21.2% in FY25 from 32.7% and 26.4% in FY23, respectively, largely due to the sizeable equity infusion undertaken between FY24-FY25. **On the upper price band, the issue is valued at a P/E ratio of 22.3x based on FY25 earnings, which is trading at a discount, compared to its peers. Thus, considering the company's favourable market positioning, we recommend a "SUBSCRIBE" rating for this issue.**

Key Risks:

- The company has reported negative operating cash flows in FY24 and FY25 despite being PAT positive. Continued shortfalls in cash generation could strain liquidity, limit growth investments, and adversely impact financial stability.
- As of June 30, 2025, the company's order book was Rs. 24,424 million. However, inclusion of projects in the order book cannot be considered indicative of future revenue, as such projects may be delayed, modified, or cancelled due to factors such as customer payment delays, regulatory approvals, or changes in project scope.
- Nearly 82.4% of the order book value is contributed by the company's top ten customers, 56.1% by its top five and 13.4% by its top one customer, highlighting potential concentration risk.

Income Statement (Rs. in millions)

Particulars	FY23	FY24	FY25
Revenue			
Revenue from operations	5,243	7,859	9,158
Total revenue	5,243	7,859	9,158
Expenses			
Cost of Materials Consumed	2,665	3,850	4,837
Project related expenses	962	1,678	1,604
Employee Benefits	405	590	676
Other Expenses	414	410	439
Total operating expenses	4,446	6,527	7,556
EBITDA	797	1,333	1,602
Depreciation & amortization	37	41	30
EBIT	760	1,292	1,573
Finance costs	282	340	536
Other Income	49	55	65
Profit before Exceptional items	527	1,008	1,102
Exceptional Item	13	0	0
PBT	540	1,008	1,102
Current tax	134	288	375
Income tax pertaining to earlier years	0	0	8
Deferred tax	-23	-28	-59
Total tax	111	259	324
Net Profit	428	748	778
Diluted EPS	2.9	4.9	4.4

Cash Flow Statement (Rs. in millions)

Particulars	FY23	FY24	FY25
Cash Flow from operating activities	56	-665	-1,291
Cash flow from/(used in) investing activities	-143	-159	-93
Net cash flows (used in) / from financing activities	88	824	1,406
Net increase/(decrease) in cash and cash equivalents	0	0	23
Cash and cash equivalents at the beginning of the period	1	1	1
Cash and cash equivalents at the end of the period	1	1	25

Source: RHP, StoxBox

Balance Sheet (Rs. in millions)

Particulars	FY23	FY24	FY25
Assets			
Non-Current Assets			
Property, plant and equipment	91	86	90
Intangible Assets	21	21	21
Intangible Asset Under Development	9	2	2
Capital Work in progress	18	9	15
Financial Assets			
(i) Other financial assets	432	257	207
Deferred tax assets	59	88	152
Non-Current Tax Assets	32	39	18
Other Non-Current Assets	138	131	119
Total Non Current assets	800	633	625
Current Assets			
Inventories	357	507	599
Financial Assets			
(i) Investments	8	9	11
(ii) Trade Receivables	3,699	4,639	6,343
(iii) Cash and cash equivalents	1	1	25
(iv) Bank balances other than (ii) above	148	499	646
(v) Loans	0	0	20
(vi) Other financial assets	13	31	115
Contract Assets	1,946	2,892	4,664
Other current assets	152	388	498
Total Current Assets	6,324	8,965	12,922
Total Assets	7,125	9,598	13,547
Equity and Liabilities			
Equity Share Capital	3	3	184
Other Equity	1,308	2,909	4,495
Total Equity	1,311	2,913	4,679
Non-Current Liabilities			
Financial Liabilities			
(i) Borrowings	365	107	319
(ii) Lease Liabilities	7	4	8
Provisions	21	28	36
Total Non-Current Liabilities	394	139	363
Current Liabilities			
Financial Liabilities			
(i) Borrowings	1,184	1,727	2,410
(ii) Lease Liabilities	9	4	7
(iii) Trade Payables			
Total outstanding dues of micro enterprises and small enterprises	896	483	918
Total outstanding dues of creditors other than micro and small enterprises	2,036	2,487	3,858
(iv) Other financial liabilities	39	41	171
Other current liabilities	1,035	1,521	707
Provisions	164	106	74
Current tax liabilities (Net)	56	179	360
Total Current Liabilities	5,420	6,546	8,505
Total Liabilities	5,813	6,685	8,868
Total Equity and Liabilities	7,125	9,598	13,547

Source: RHP, StoxBox

Disclaimer Appendix

Analyst (s) holding in the Stock : Nil

Analyst (s) Certification :

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