



## IPO NOTE

## VIKRAN ENGINEERING LTD.

(A Rakesh Markhedkar Enterprise)

20<sup>th</sup> August 2025

## Capitalising on infrastructure EPC growth

## Executive summary

**Focus on high-growth critical infrastructure projects within the power (T&D) and water infrastructure sectors:** Vikran Engineering has seen a revenue CAGR of 32.2% over FY23-25. Growth was supported by an expanding order book in power T&D, project completions, diversification into new segments such as water and railway infrastructure, and larger-sized projects.

**Proven management track record:** The Promoter, Chairman and Managing Director, Rakesh Ashok Markhedkar, has experience of 34 years specifically in the EPC industry, in organisations such as Larsen and Toubro Limited, Voltage Engineering Limited, EMCO Limited, KEI Industries Limited, ERA Infra Engineering Limited and Bajaj Electricals Limited. He was instrumental in the business turnaround of EMCO, KEI and Bajaj Electricals.

**Industry tailwinds:** The Government of India has taken several initiatives such as the National Infrastructure Pipeline, PM Gati Shakti, Sagarmala project and Jal Jeevan Mission to enhance the infrastructure in the country. The sectors of power, water supply and sanitation and railway infrastructure are among the focus areas for overall infrastructure spending by the Government. The opportunity for EPC players is high owing to their integrated solutions, including everything from design to execution capabilities.

**Diversified presence in high-growth segments:** With its mainstay in the power transmission and distribution segment, the company has also diversified into high-growth segments of water and railway infrastructure. It also has experience in solar EPC of ground-mounted solar projects and smart metering.

**Long track record of successful project completions and a strong order book:** The company holds a diversified order book with significant contributions from power transmission (60.53%), water infrastructure (37.40%) & railway infrastructure (2.07%). These projects extend across 16 states, catering to government entities, public sector undertakings & private sector clients. The company has demonstrated substantial growth & maintains total order book of Rs 20,433 mn at the end of FY25, indicating robust future prospects.

**Superior Capital allocation & efficiency:** The company has good return ratios **ROCE: 23.3%, ROE : 16.6%** & Debt to equity of **0.6** times owing to asset light execution approach which reduces fixed cost & supports scalability.

**Design, engineering and execution capabilities:** An in-house team of designers and engineers helps in offering customised solutions for turnkey projects, delivering end-to-end 'Concept to Commission' EPC projects. The company is an ISO 9001:2015 certified organization for Quality Management Systems, 14001:2015 certified for environmental management systems and ISO 45001:2018 certified for occupational health and safety management system.

**IPO proceeds to help improve working capital:** Increased working capital position would enable the company to bid for larger and less competitive projects.

## Issue details

Issue size (Rs mn)	7,720
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## Fresh issue:

No. of shares (mn)	74.3-78.4
Value (Rs mn)	7,210

## OFS:

No. of shares	52.6-55.4
Value (Rs mn)	510
Face value (Rs)	1
Price band (Rs)	92-97
Post issue market cap (Rs mn)	24,099-25,017

## Pre-Offer Shareholding Pattern (%)

Promoter	81.8
Public	18.2

Post-Offer Shareholding Pattern (%)	At lower end	At higher end
Promoter	55.2	56.2
Public	44.8	43.8

## Objects of Offer (Rs mn)

Funding working capital requirements of our Company	5,410
General Corporate purposes	1,800

## Timeline

Offer opens	26 <sup>th</sup> Aug 2025
Offer closes	29 <sup>th</sup> Aug 2025
Finalization of Basis of Allotment	1 <sup>st</sup> Sept 2025
Initiation of refunds	2 <sup>nd</sup> Sept 2025
Credit of Equity Share to Allottees	2 <sup>nd</sup> Sept 2025
Listing of Equity Shares on Stock Exchange	3 <sup>rd</sup> Sept 2025

## Book Running Lead Manager

Pantomath Capital Advisors Private Limited
Systematix Corporate Services Limited

## Registrar to the offer

Bigshare Services Private Limited
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## Transmission, distribution and other EPC projects

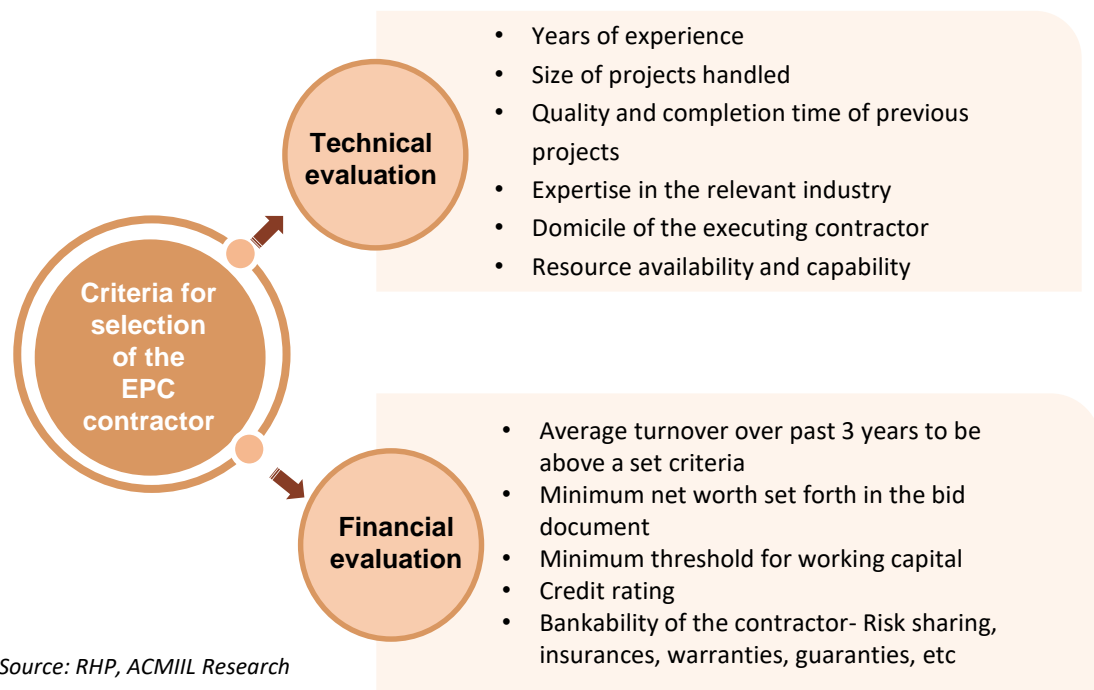
- Over the years, the infrastructure business has seen various contracting methods evolve. Traditional contracting models have been replaced by new approaches as projects have grown more complex. Gradually, the responsibility for project management has moved from the owner or developer to the contractor in the form of Engineering, Procurement, and Construction (EPC) contracts.
- In EPC contracts, the contractor assumes the risks of time and cost overruns, along with the responsibilities for design, material procurement, and construction. These contracts also shield the owner/developer from currency and interest rate fluctuations.
- Unlike other contracts where procurement and design are separate processes, EPC contracts integrate them, reducing the overall project duration. A contract which requires heavy financial and technical requirement is generally divided into smaller EPC projects.
- A typical EPC project covers: i) Design, ii) Civil works, iii) Equipment purchase and installation, iv) Commissioning.**
- Most of the EPC players provide integrated and customised solutions as per the client's requirements through a consultative approach. Favourable government initiatives and increased infrastructure development in sectors such as roads, power, railways, irrigation etc have boosted EPC contracts.
- In the **power sector**, EPC refers to a variety of activities which include **design, construction of power plants, substations, transmission lines, procurement of equipment, machinery and materials etc.**
- Specifically, the **Indian power EPC sector** has witnessed strong growth over the last few years, driven by the increasing demand for electricity, government initiatives, and rising investments in the sector. **Most of the small and mid-sized projects in the sector happen via the EPC route.**
- Robust generation capacity addition over the years and the government's focus on 100% rural electrification through last-mile connectivity has led to **extensive expansion of the power T&D system** across the country.

*Traditional contracting models have been replaced by new approaches such as EPC as projects have grown more complex.*

## Bid selection criteria

- In India, in general, a single-stage two-part system is used for the selection of the EPC contractor to award projects. It includes technical evaluation and financial evaluation. Different sets of criteria are considered under each as seen below:

### Exhibit 1: Two-part system for selection of EPC contractor



Source: RHP, ACMIIL Research

*While selecting an EPC contractor, different set of criteria are considered, typically bifurcated into technical evaluation and financial evaluation.*

*Financial evaluation includes key factors such as minimum working capital threshold, minimum average turnover levels and minimum net worth.*

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## Growth drivers for Indian EPC industry

Growth driver	Rationale
Infrastructure Capex need for the country	India has an existing infrastructure deficit ,addressing this gap is essential for enhancing global competitiveness & reducing logistics costs . The government is trying to address this concern through increased allocation for infrastructure in Budget & other measures to support Infrastructure development. The government's focus on public capital expenditure is seen as essential for development of Infrastructure, as private investment remains subdued.
Government initiatives	To foster economic growth and development, Government of India has implemented several initiatives, including the National Infrastructure Pipeline, PM Gati Shakti, Sagarmala project, and Jal Jeevan Mission, to enhance the country's infrastructure. These initiatives have positively impacted the growth of the infrastructure industry in India, which in turn has contributed to the growth of the Engineering, Procurement, and Construction (EPC) industry.
Changing client needs	With increasing infrastructure investments there is change in client requirements for faster project execution, EPC contractors being better in project management, more efficient delivery, and greater transparency and communication has aided the industry to evolve and adapt to meet these changing needs.
Technological advancements	Advances in technology are driving the EPC industry forward, enabling more efficient and cost-effective project delivery.
Robotics and automation	The construction industry remains one of the most labour-intensive sectors. By leveraging robotics, these tasks can be completed faster and with greater precision, reducing human-induced errors and losses due to fatigue.
Sustainability	Sustainability is a key priority for many construction projects across the country. Green building practices aim to reduce the environmental impact of construction projects from start to finish by implementing environmentally friendly measures throughout the project lifecycle.

Source: RHP

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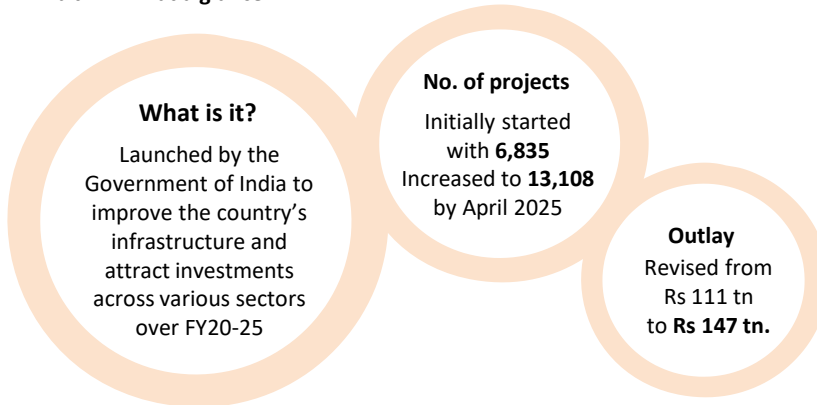
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## National Infrastructure Pipeline- Focus on infra to benefit EPC industry

Exhibit 2 : NIP at a glance

With various projects across sectors the NIP aims to create various employment opportunities while enhancing the standard of living.



Source: RHP, ACMIIL Research

Exhibit 3: Transport, Power, and water projects occupy major share under planned NIP spending of planned Rs 147 tn

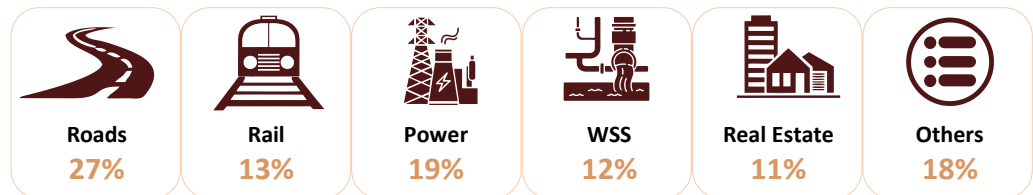


Exhibit 4: EPC: Strong opportunity due to high share vs. private/PPP route, Total EPC opportunity at ~Rs.92 tn

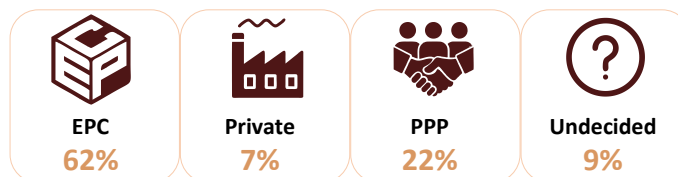
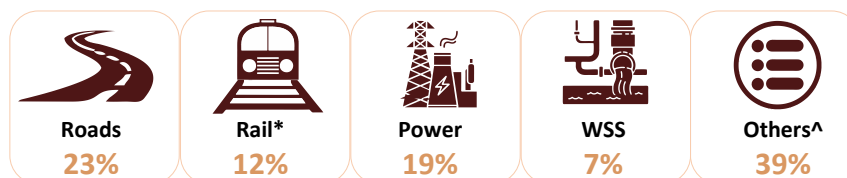


Exhibit 5: Within EPC contract, Vikran's focus areas of Rail, power and water have a high share



Source: RHP, ACMIIL Research





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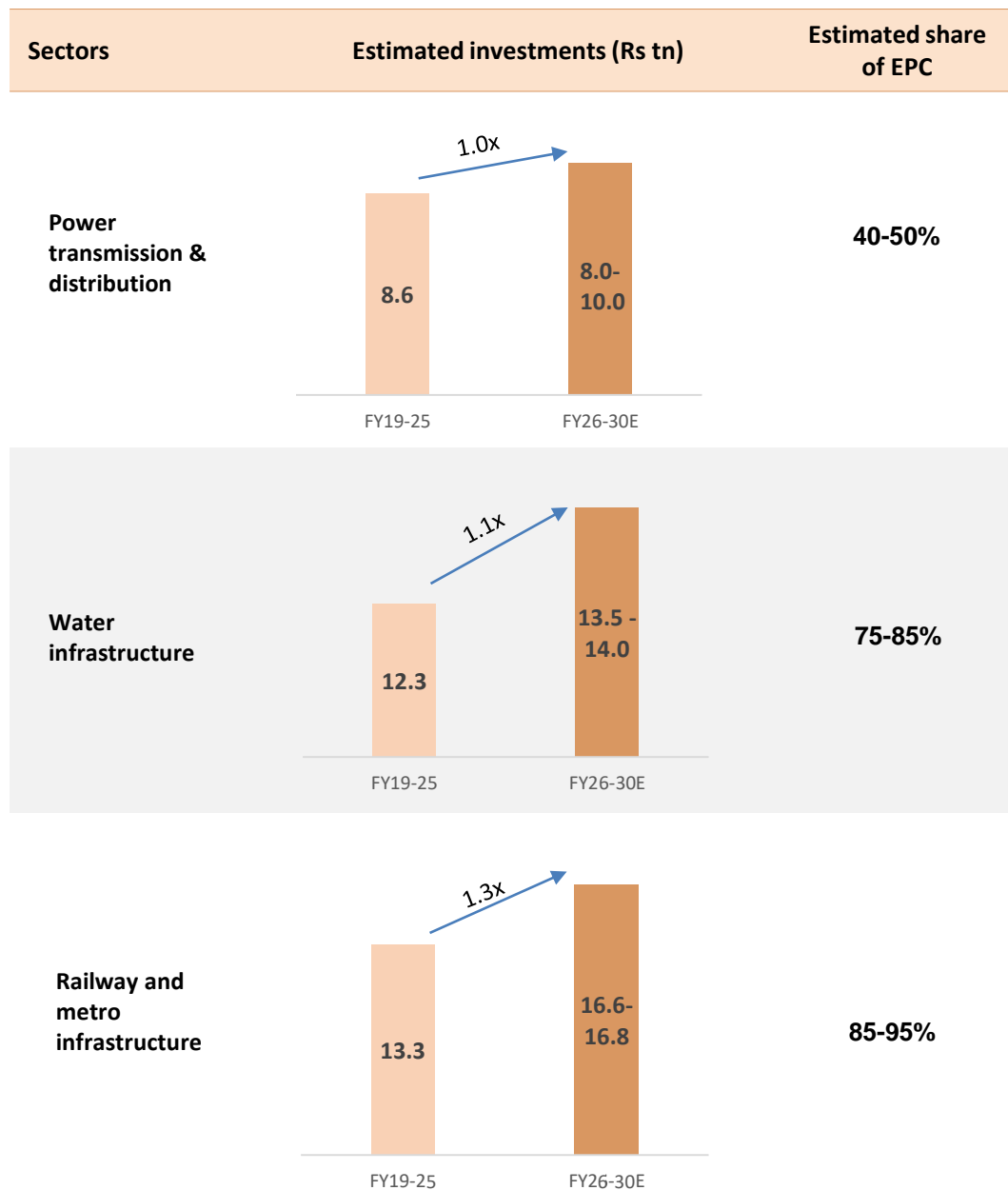
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## Total addressable market- Growth in investments in key sectors

Exhibit 6: Large opportunity for EPC players



In the power industry, most of the small and mid-sized projects in the sector happen via the EPC route, while some bigger projects happen via PPP route on an itemized basis.

High share of EPC expected in Railway infrastructure, followed by Water and Power T&D.

Indian Railways adopted the EPC model due to shortcomings of the conventional item rate contracts (including time and cost overruns due to design delays, variations in items and quantities, and inadequate funding, with the authority bearing most construction risks.)

Source: RHP, ACMIIL Research



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## Growth drivers for the key sectors

### 1. Power sector EPC

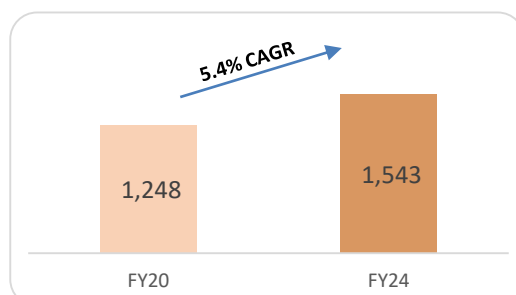
- Investments in the power sector are expected to see a rise of 1.7x from Rs 19-21 tn during FY19-25 to Rs 29-30 tn during FY26E to FY30E.
- Within this, investments in generation, transmission and distribution can be split as:
  - Generation:** +1.7x from Rs 11.6 tn during FY19-25 to Rs 19-21 tn during FY26E-30E.
  - Transmission:** +1.6x from Rs 3.2 tn during FY19-25 to Rs 4.5-5.5 tn during FY26E-30E.
  - Distribution:** +0.7x from Rs 5.4 tn during FY19-25 to Rs 3.5-4.5 tn during FY26E-30E.
- In the power sector, the generation segment drives investments with capacity additions aimed at clean energy, followed by distribution investments due to the Revamped Distribution Sector Scheme (RDSS) scheme and transmission investments.

### Exhibit 7: Key growth drivers supporting power EPC demand

Key growth drivers	Description
Rising power demand	With rising India's GDP coupled with other factors such as urbanisation, rise in population, rise in industrial output the power demand is expected to see a growth of <b>5-7% between FY25-29E</b> . In order to meet the rising demand the power sector is expected to see a capacity addition from 442 GW in FY24 to 700-710 GW in FY29E.
Government push towards reducing coal imports	In order to reduce the dependence on imports, the government is planning to increase the domestic coal production. This would lead to infrastructure growth, in turn boosting the EPC segment.
Increase focus on renewable energy	Additions of renewable energy infrastructure coupled with government support through schemes such as JNNISM and Ultra mega solar parks would further aid the growth in EPC industry
Development of transmission & distribution infrastructure	In December 2023, CEA has notified the draft National Electricity Plan (Volume II) for transmission which is under finalisation. The tentative transmission line and capacity addition as per the draft NEP is estimated to increase by ~1.2x to 580,293 ckm by FY27E from 485,544 ckm in FY24. Similarly, by FY32E, the substation capacity is expected to rise by ~1.3x.

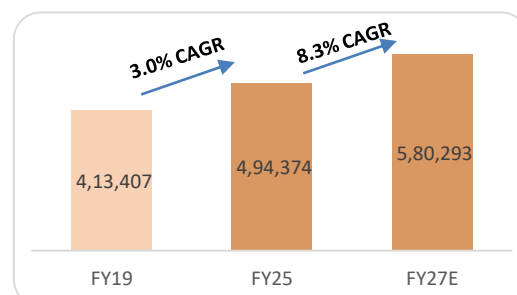
Source: RHP, ACMIIL Research

### Exhibit 8: Growth in electricity consumption per person in India (kWh)



Source: RHP, ACMIIL Research

### Exhibit 9: Growth in transmission lines in India (ckm)



Source: RHP, ACMIIL Research

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20<sup>th</sup> August 2025**2. Water (irrigation + Water supply and sanitation (WSS)) sector EPC**

- Irrigation, the process of supplying water to crops through artificial means such as canals, pipes and sprinklers, is the backbone of agriculture. However, irrigation penetration in India is low at 55% in FY25, but efforts are on to improve it.
- The demand for irrigation infrastructure is driven by the need to enhance agricultural productivity, support rural livelihoods and ensure food security.
- For WSS, the rise in investments is due to support from government through various schemes such as Swachh Bharat Mission (SBM), Jal Jeevan Mission, the National Mission for Clean Ganga (NMCG), Atal Mission for Rejuvenation and Urban Transformation (AMRUT).
- The investment in **Irrigation + WSS** is expected to rise +1.2x from Rs 12.3 tn during FY19-25 to Rs 13.5-14.0 tn during FY26E-30E.

**Exhibit 10: Key growth drivers supporting water infra EPC demand**

Key growth drivers	Description
Adoption of Micro-Irrigation Systems	Subsidies and financial incentives provided by the government under schemes like Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) would further aid in the adoption of micro-irrigation.
Technological Innovations	Adoption of continuous advancements in irrigation technologies, such as precision irrigation, automated systems, and remote monitoring would support growth in irrigation penetration.
Sustainable Water Management Practices	Sustainable water management practices aid in optimizing water usage, reduce wastage of water, reduction of operational costs, making irrigation more affordable for farmers.
Increasing agriculture Demand	The growing demand for food due to the rising population drives the need for enhanced agricultural productivity. Efficient irrigation systems are essential for maximizing crop yields.
Government Policies and Schemes	Government scheme like Pradhan Mantri Krishi Sinchayee Yojana (PMKSY), Atal Bhujal Yojana (ABY), Accelerated Irrigation Benefits Programme (AIBP), Command Area Development and Water Management (CADWM) Programme and more have initiated to aimed at expanding irrigation coverage and improving water use efficiency

*Source: RHP, ACMIIL Research*





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### 3. Railways and metros sector EPC

- The focus and functioning of Indian Railways took a turn for the better following the announcement of the Railway Budget 2016-17 that outlined the five-year capex, along with steps to ensure minimal populism, key structural reforms such as delegation of power, mooted an independent Rail Development Authority for setting tariff and performance norms, expediting project sanctioning and hosing resources into priority projects.
- In the last 5 years, the sector has benefitted from government's focus on completing dedicated freight corridor (DFC) projects, traction in high-speed rail, investment in newer avenues such as Vande Bharat trains, and focus on the station redevelopment program, the sector.
- Going ahead, growth will be supported by led by investments in network decongestion, Amrit Bharat station development scheme, and high-speed rail projects.
- The growth is expected to be as below:
  - Railways:** +1.3x from about Rs 12.2 tn during FY19-25 to Rs 15-16 tn during FY26E-30E.
  - Metros:** +2.1x from Rs 0.8 tn during FY19-25 to Rs 1.5-1.7 tn during FY26E-30E.

#### Exhibit 11: Key growth drivers supporting EPC demand in railways and metros

Key growth drivers	Description
Urbanisation and population growth	Rising urbanization and population growth in India are driving the demand for efficient railway network in the country. New metro systems are being constructed in order to accommodate the increasing the number of commuters in urban areas.
Technological advancements	High speed trains, automated signaling systems, and GPS enabled tracking of trains are being integrated to improve operational efficiency and passenger safety along with travel convenience. Further, Indian railways has also introduced 'KAVACH', the domestically developed Train Collision Avoidance System.
Enhanced intermodal and last-mile connectivity	Improved railway and city rail metro integration with freight corridors, airports, well-connected highways, bus terminals, and inland ports would further aid in better scheduling of timed transfers and reduction in logistical wait-time.
Government thrust	Increase in government focus for overall development of infrastructure through schemes and policies such as Station redevelopment, modernization of 40,000 normal bogies to vande-bharat bogies, national rail plan (NRP-2030) under which Gol aims to increase share of railways in freight to 45% and reduce the transit time among others.

Source: RHP, ACMIIL Research

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## About the Company

- **Vikran Engineering Limited** is a company specializing in high-growth critical infrastructure, specifically in Transmission & Distribution (T&D) EPC projects. Vikran operates in the rapidly expanding sector of Transmission and Distribution, which is **critical for the energy infrastructure** of India. The promoter, Rakesh Markhedkar, has more than 34 years of experience in the EPC industry.
- Vikran Engineering has a presence across multiple sectors including power, water, and railway infrastructure.
- **Power Sector:** Vikran has a presence in both power transmission and power distribution, including projects up to 400kV level for power transmission and up to 765kV for extra high voltage (EHV) substations. They also undertake the construction of 132 KV transmission lines and bay extension projects as part of railway electrification. The company also participates in high-growth EPC opportunities like solar projects, smart metering, and renewable energy infrastructure.
- **Railway/metro Infrastructure:** The company is involved in railway electrification projects, including overhead electrification and signaling systems.
- **Water Sector:** Vikran's projects include underground water distribution surface water extraction, overhead tanks, and distribution networks.
- The company emphasizes operational excellence and an efficient cost structure to deliver high-value projects that meet regulatory and quality standard they also have in-house design and engineering capabilities and have implemented a SAP S/4 HANA system.

## Geographical presence

- Vikran Engineering Limited has a **pan-India presence** with projects executed across 22 states, and ongoing projects in 16 states.
- The company has 190 sites and store locations supporting its operations.
- Vikran Engineering started its operations in Madhya Pradesh and expanded its geographical reach over time, Vikran Engineering is also selectively expanding its geographical footprint globally, The company believes its experience and qualifications in domestic power transmission and distribution projects will help them gain a customer base in other countries.
- Vikran Engineering plans to expand into infrastructure EPC projects in Middle East owing to its experience & qualifications in domestic power Infrastructure projects



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## Business segments

The company categorises its business in three segments:

1. **Power Transmission & distribution (T & D)** – Transmission Lines up to 765Kv, Substations –AIS & GIS upto 400kV, Power distribution network 33kV/11kV & Smart Metering.
2. **Water Infrastructure:** Drinking water projects, Sewage, Pressurized /Gravity- Canal /Pipe Transmission, Rain water harvesting, interlinking of rivers.
3. **Railway Infrastructure:** Overhead Electrification, Power systems & Signaling system.

## Exhibit 12: Vikran Revenue Segment wise Breakup (in %)

Segment	FY2023	FY2024	FY2025
Power & Distribution	48	49	73
Water Infrastructure	49	50	27
Railway Infrastructure	3	1	0

Source: RHP, ACMIIL Research

## Technical Capabilities

Area of capability	Description
Dedicated Design and Engineering Team	<ul style="list-style-type: none"> <li>Dedicated design and engineering team, with industry knowledge and experience in the company's business verticals.</li> </ul>
Integrated In-House Model	<ul style="list-style-type: none"> <li>In-house resources to deliver a project from conceptualisation until completion. This includes a design and engineering team for each business vertical to oversee the timely completion of projects. It also includes project management professionals, a competent supply chain management group and a trained construction team.</li> </ul>
Advanced Tools and Software	<ul style="list-style-type: none"> <li>Invested in software and technological tools which are used by the design and engineering team, including implementation of SAP system.</li> </ul>
Quality Assurance and Certifications	<ul style="list-style-type: none"> <li>Centralised project monitoring and control group (CPMG) to oversee projects and review control mechanism periodically.</li> <li>Holds certifications for ISO 9001:2015 (Quality Management System), ISO 14001:2015 (Environmental management system), and ISO 45001:2018 (Occupational health and safety management system).</li> </ul>
Timely Execution and Innovation	<ul style="list-style-type: none"> <li>Track record of executing projects within the contractual time periods, and some ahead of schedule. A diversified supply chain also helps to adhere to project timelines.</li> </ul>

Source: RHP, ACMIIL Research



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## Awards &amp; Recognition



**“World Best Performing Business Leaders Awards, 2023 \_London”**  
by International Achievers Conference in 2023.



**“Most Promising Business Leaders of Asia Award - 2017”**  
by Economic Times.



**“Fastest Growing Indian Company Excellence Award - 2016”**  
by International Achievers Conference in 2016.



**“Excellence Award”**  
by Bihar State Power Holding Company Ltd.

Source: RHP, ACMIIL Research

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## Management

**Rakesh Markhedkar****(Founder, Promoter, Chairman & Managing Director)**

Rakesh Markhedkar has **34 years experience in the EPC industry** in the areas of Power, Infrastructures & Industrial Projects. He has previously worked in Larsen and Toubro Limited, Voltage Engineering Limited, EMCO Limited, KEI Industries Limited, ERA Infra Engineering Limited and Bajaj Electricals Limited.

His educational background includes:

- Bachelor's in engineering (electrical) from Samrat Ashok Technological Institute.
- Master's degree in science in quality management from the BITS Pilani, Rajasthan
- Participated in the general management programme for Larsen and Toubro Limited conducted by IIM Bangalore

He is known as a **turnaround specialist** in the EPC industry as previously he has successfully turned around 3 companies where he was in leading management positions (EMCO, KEI, Bajaj Electricals).

He is also recipient of **various domestic & international awards**.

**Avinash Markhedkar (Whole Time Director)** : He is An IIM Kolkata & Bhopal University Graduate Mechanical Engineer with 33 years of experience in EPC Industry in the areas of Power, Infrastructures & Industrial Projects and associated with Vikran from past 8 years. Previously associated with JK Cement Projects, L&T, FL Smidth, Reliance Infrastructure.



**Nakul Markhedkar (Whole Time Director)**: B.Tech in Electronics & Telecommunication with 8 years experience in Business Strategies, Procurement, Marketing, Business Development & cash flow management at VIKRAN Engineering.



**Dibyendu Ray (Chief Operating Officer)**: He has 37 years of industry experience with reputed organization like BARC, KEC International, GE T & D, Siemens & Served as COO at Sterling & Wilsons Pvt Ltd. Holds BE in Electrical Engineering with Gold Medal from Jadhavpur University and is also a Post-Graduate in Management from IIM Calcutta.



**Ashish Bahety (Chief Finance Officer)**: Ashish is a CA & MBA(finance) with 18 years of rich experience having being previously associated with Kalpataru Projects International, CRISIL Ltd, NSL Group, Deloitte & E & Y.



*The company is driven by competent promoters and a professionally experienced management team with a proven track record, supported by an expert project management team and second-generation promoters.*

Source: RHP, ACMIIL Research





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## Order Book

The company has a proven expertise in delivering high-value & complex projects across sectors, including 45 completed projects, across 14 states (as of Jun-2025).

## Exhibit 13: Completed vs ongoing projects

	 Cumulatively completed	 Ongoing
No. of projects	45	44
No. of states	14	16
Contract value (Rs mn)	19,199	51,202 (including order book of 24,424)

Data as of 30<sup>th</sup> June 2025  
Source: RHP, ACMIIL Research

Order Book holds significant importance as it represents the estimated contract value of the unexecuted portion of a company's existing assigned EPC contracts and provides visibility on future revenues.

The order book value for FY25 stood at Rs 20,443mn.

## Exhibit 14: Movement in the order book in the last 3 years

Particulars (Rs mn)	FY23	FY24	FY25
Opening Total Order Book in hand as on the specified date	5,173	20,458	21,148
Order Book realized	6,428	9,577	7,714
Order Book realized (as a % of opening book)	124.25	46.81	36.48
Order Book additions, net of cancellations	21,712	10,267	7,009
Order Book cancelled net off orders added for existing projects (as a % of opening book)	419.68	50.19	33.14
Closing Order Book	20,458	21,148	20,443
Order Book outstanding ( as a % of opening book)	395.44	103.37	96.67

Source: RHP, ACMIIL Research



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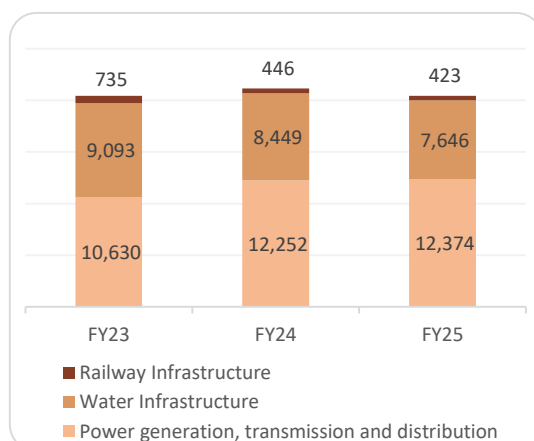
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### Order book diversification

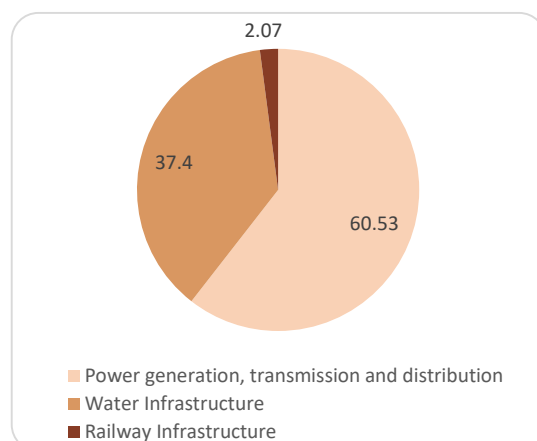
- Vikran's involvement in a variety of projects, ranging from extra high-voltage transmission lines to water treatment plants to railway electrification, helps in maintaining flow of business opportunities and mitigates sector-specific risks.
- This diversification reduces reliance on any single revenue stream, providing stability and helps to face market fluctuation.
- In order to further diversify, the company is set to expand into the solar EPC industry by undertaking turnkey projects for solar PV systems up to 100MWp and balance of system projects for solar power plants up to 300MWp.

**Exhibit 15: Order book (Rs mn) as per segment; diversified into water infrastructure in last 3 years**



Source: RHP, ACMIIL Research

**Exhibit 16: Composition of order book as per segment in FY25 (%); highest share of power T&D**



Source: RHP, ACMIIL Research

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## Key clients

Some of Vikran's clients in the government sector include:

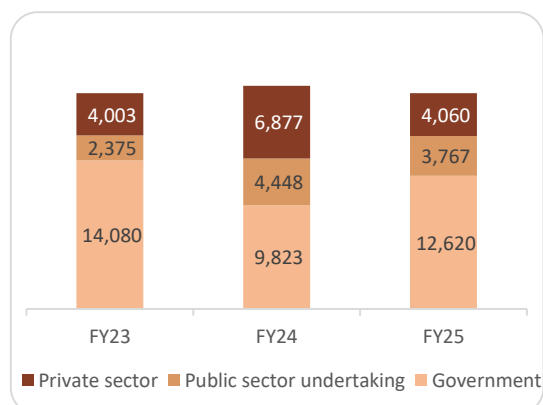


Source: RHP, ACMIIL Research

The company has developed pre-qualifications in power T&amp;D government projects for:

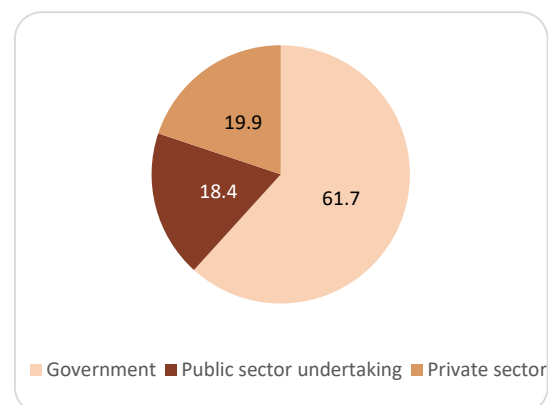
- power transmission lines upto 400 kV
- Substations upto 765 kV
- power distribution projects of 33 kV and 11 kV, distribution substations and distribution lines
- Energy meter service connection projects.

Exhibit 17: Order book (Rs mn) as per type of client



Source: RHP, ACMIIL Research

Exhibit 18: Composition of order book as per client in FY25 (%)



Source: RHP, ACMIIL Research

## IPO NOTE

# VIKRAN ENGINEERING LTD.

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## Some projects completed in the last 8 years include:

- 3 projects under various schemes in the power transmission sector of up to 400kV level
- 7 projects for EHV substations up to 765kV level
- 30 projects in the power distribution sector
- Execution of 30,000 smart metering connections.

## Examples of few completed and ongoing projects

### Completed

#### 765 kV AIS Bays / 400 kV Bays in Raipur

Substation

Client: Power Grid Corporation of India Limited

Location: Raipur

Start Date: December 2022

Year of Completion: November 2023



#### 90 KM of Ashta - Ujjain 400 kV DCDS

Transmission Line on twin Moose Conductor for MPPTCL

Location: Ujjain, Madhya Pradesh

Start Date: May 2021

Year of completion: June 2022



#### OHE 25kV, 50 Hz AC Railway Electrification

Project between Sengottai &amp; Punalur section of Tamil Nadu for CORE

Location: Tamil Nadu

Start Date: January'2022

Date of Completion: - September'24



### Ongoing

**Engineering, Procurement, Construction, Testing, Commissioning, Trial Run and Operation & Maintenance of Various Components of Ghogri Multi-Village Scheme, District Betul in Single Package on 'Turn-Key Job Basis' including Trial Run and Operation & Maintenance of the Entire Water Supply Scheme for 10 Years**

Location: Madhya Pradesh

Year of Start: August'2022



**Tower Package TW 30B for Transmission line works** including supply of conductor, Insulators, earthwire/OPGW, hardware fitting and accessories for conductor and earthwire/OPGW for (i) 132KV S/C on D/C tower Miao-Namsai-41.04km. (ii) 132KV S/C Changlang-Jairampur-60km associated with comprehensive scheme for strengthening of Transmission & Distribution System in Arunachal & Sikkim : Intra state : Arunachal:

Location: Arunachal Pradesh

Year of Start: March'2021



**Re-Organization work of water supply scheme** on solar based including survey Design, Supply of all materials, labour T&P complete in all respect on turn-key basis after completion, commissioning and completion of trial-run with defect liability period of works including Har Ghar Jal certificate and handing over to Gram panchayat for District Raebareli. Under Jal Jeevan Mission Programme mentioned as under Meethapur, Ambara Paschim, Pahuri State Water & Sanitation Mission (Swsm), Uttar Pradesh

Location: Uttar Pradesh

Year of Start: July'2023





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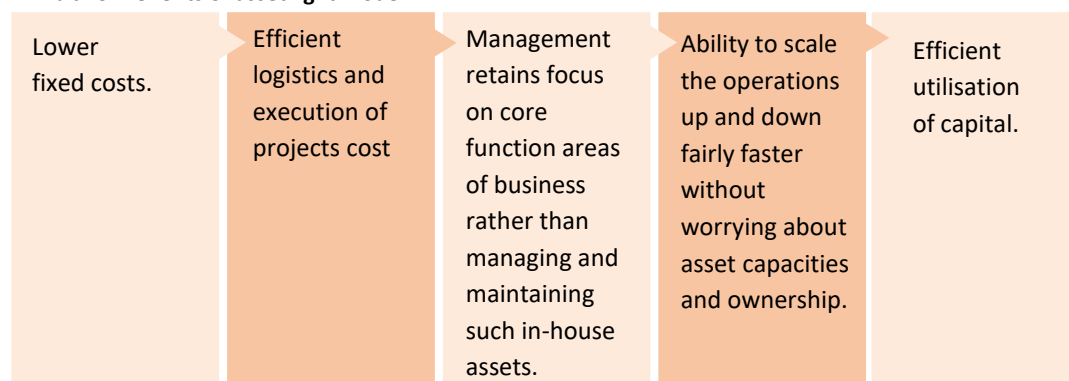
20<sup>th</sup> August 2025

Being asset-light gives the company flexibility to choose any project, in any geography, where it can source the materials and equipment locally.

## Asset light model

- The company follows an asset light model by executing more orders with relatively lower investment in fixed assets.
- The equipment required for projects is rented from third party lessors of equipment across various states.

## Exhibit 19: Benefits of asset light model



Source: RHP, ACMIIL Research

## Exhibit 20: High fixed asset T/O due to asset light model

	FY23	FY24	FY25
Revenue (Rs mn)	5,243	7,859	9,158
Fixed assets (Rs mn)	91	86	90
Fixed asset T/O (x)	57.4	91.0	101.3

Source: RHP, ACMIIL Research

## Exhibit 21: Asset Turnover ratio for Peers

Name of the Company	FY23	FY24	FY25
Bajel	15.04	22.51	33.51
Kalpataru	8.26	9.83	10.23
Techno Electric	17.35	34.98	60.14
SPML infra	9.47	219.25	297.76
KEC international	16.19	17.45	20.34
Transrail Lighting	8.75	11.76	13.01

Source: RHP, ACMIIL Research

## Exhibit 22: Superior return ratios for Vikran due to capital efficiency

Name of the Company	ROE (%)	ROCE (%)
<b>Vikran Engineering</b>	<b>16.63</b>	<b>23.34</b>
Bajel	8.97	8.97
Kalpataru	8.77	15.02
Techno Electric	11.31	7.85
SPML infra	6.22	4.49
KEC international	10.67	15.73
Transrail Lighting	17.36	32.41

Source: RHP, ACMIIL Research





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## Enhanced working capital post IPO

- As illustrated in [Exhibit 1](#), for any project, there are set technical and financial parameters for the selection of an EPC contractor. Financial eligibility is based on factors such as:
  - Average turnover over past 3 years to be above a set criteria
  - Minimum net worth outlined in the bid document
  - Minimum threshold for working capital
  - Credit rating
  - Bankability of the contractor- risk sharing, insurance, warranties, guarantees, etc
- To target projects which are larger in size or longer in gestation period, or to undertake a higher number of projects, an EPC company will need to enhance its working capital availability.
- With the fund-raising through IPO, Vikran Engineering will be able to boost its working capital, thus enabling it to bid for larger projects, which generally tend to have less competition and better margins.**

*Working capital is required for mobilization of resources, including construction materials and labour, and for other work on projects before payment is received from our customers.*

*The company finances its working capital requirements through a variety of sources including cash credit facilities, working capital demand loans, bill discounting and vendor financing.*

### Exhibit 23: Average project size on the rise

	 Cumulatively completed	 Ongoing
No. of projects	45	44
Contract value (Rs mn)	19,199	51,202 (including order book of 24,424)

Data as of 30<sup>th</sup> June 2025 Source:  
RHP, ACMIIL Research

## Stable outlook by rating agencies

- The Company has received the following ratings from India Ratings in 2024:
  - IND BBB+/Stable/IND A2 (for Fund-based facilities)
  - IND A2 (for non-Fund-based facilities)
  - IND BBB+/Stable (for term loans)
- The Company has received the following ratings from Infomerics Ratings in 2024:
  - IVR BBB Stable (Long Term/ Short Term Bank Facility)
  - IVR A3+ (for Short Term Bank Facility)



## IPO NOTE

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## Management interaction

- Due to the country's focus on reaching a generation capacity of 500GW of renewable energy by 2030E, there will be a huge demand for power evacuation. In addition, investments will also be required for the automation of the existing old network. Thus the Power T&D industry is poised for continued growth.
- After 'Har Ghar Bijli', the focus is now on ensuring access to tap water in all houses through the 'Har Ghar Jal' initiative. Additionally, there is huge potential in improving sewer systems and treatment plants and in river connecting projects.
- States such as Uttar Pradesh, a few Northeastern states and Orissa are doing well in the water development program. Other states such as Maharashtra, Rajasthan, Gujarat, Chhattisgarh, Andhra Pradesh, Telangana, and Karnataka will also see an uptick. The company is riding this wave currently.
- The management is flexible when it comes to presence in its focus segments. It selects projects based on the demand, funding structure, profitability and feasibility of each project individually.
- A couple of years ago, the management observed a higher flow of projects in the water segment compared to the power segment. As a result, they entered into the water infrastructure segment.
- Water projects have a higher margin profile than power projects, as it is more labour-intensive while power has a higher share of equipment cost. However, now the company is also seeing improved margins for power due to higher demand and better/ less competitive projects.
- The company generally looks at projects in terms of groups/ clusters, with geographical proximity to each other.
- The company also has experience working in difficult terrain such as Jammu & Kashmir, Arunachal Pradesh and Assam. This experience helps it to gain pre-qualification for such regions, where the competition is lower.
- The average order size for the company is around Rs 1,000-1,500 mn.
- Projects sized below Rs 1,000 mn have a higher competitive intensity. But in some smaller projects, the requirement of pre-qualification may also be high, where larger players can also compete.
- Larger projects have a margin benefit in the range of ~1.5%-2.0%. The engineering team required is more or less similar, with the only major constraint being working capital.
- Post the IPO, with higher working capital, the company will be able to bid for larger projects.
- As a strategy, the company will not invest in any large capital-intensive equipment even as it targets larger projects going ahead.
- The average project duration for the company is 2-3 years. Project duration higher than 12 months but lower than 24 months is comfortable due to the ease of rotation of bank guarantees.
- The management takes up only those contracts where there is a price escalation (on a quarterly basis), to protect against increases in raw material prices. Only in projects of less than 1-year duration, there would be no price escalations.
- Projects with 100% state funding are avoided and only those where there is central government funding are preferred. If there is no central government funding, the bid will include a higher margin.
- ~80% of the company's revenue is coming from projects funded directly or indirectly by the central government, and the management prefers to continue that.
- The company needs to issue bank guarantees to the client as part of the contract. Performance bank guarantees are generally at 5-10% of the contract value.
- Retention money held by the customer varies between 5%-10%.



## IPO NOTE

**VIKRAN ENGINEERING LTD.**

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20<sup>th</sup> August 2025**Risk factors**

- **Competitive bidding process:** The company primarily secures projects through competitive bidding, and failure to qualify for or win new contracts could negatively impact business. This competition can also lead to aggressive pricing, which may affect profitability. The company spends considerable time and resources in the preparation and submission of bids. However, due to the highly competitive nature of such bids, there is no guarantee that the company's bid will be accepted.
- **Client concentration:** In the last three years, the revenue contribution of the top client has been in the range of 21%-29%. Due to this high share, the company will be at risk in case the client prematurely terminates existing projects.
- **Execution Risks:** The completion of orders involves various execution risks, including delays in the supply of raw materials, unanticipated cost increases, force majeure events, and time and cost overruns.
- **High working capital requirement:** The company requires significant working capital, and insufficient cash flows or inability to access suitable financing may adversely affect its operations. This also includes the risk of delays in payment by clients.
- **Reliance on Bank Guarantees:** The company is required to furnish bank guarantees, and the inability to arrange them or the invocation of such guarantees could adversely affect cash flows.
- **Subcontractor Risks:** The company relies on subcontractors, and is subject to risks associated with their non-performance or poor performance.
- **Inaccurate Cost Estimation:** Inability to accurately estimate project costs may lead to higher bid amounts and the failure to win contracts.
- **Management and Personnel:** The company is dependent on key managerial and senior management personnel, and their loss or the inability to attract or retain them could negatively impact the business.

## IPO NOTE

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## Peer Comparison

Particulars FY25 (Rs mn)	Vikran Engineering	Bajel Projects	Kalpataru Projects	Techno Electric & Engineering	SPML Infra	KEC International	Transrail Lighting
Revenue from Operations	9,158	25,982	2,23,158	22,687	7,706	2,18,467	53,078
EBITDA	1,602	593	18,341	2,944	427	15,039	6,734
EBITDA Margin (%)	17.5	2.3	8.2	13.0	5.5	6.9	12.7
PAT	778	155	5,673	4,229	479	5,707	3,266
PAT Margin (%)	8.44	0.59	2.53	17.42	5.82	2.6	6.1
ROE (%)	16.6	2.3	8.8	11.3	6.2	10.7	17.4
ROIC (%)	23.3	9.0	15.0	7.9	4.5	15.7	32.4
Net Worth	4,679	6,663	64,689	37,396	7,701	53,475	18,811
Debt to Equity Ratio (x)	0.6	0.2	0.7	0.0	0.5	0.7	0.3
Fixed Asset Turnover (x)	101.3	33.5	10.2	60.1	297.8	20.3	13.0
Inventory Turnover (x)	11.6	17.3	12.2	134.6	15.2	14.2	7.7
Order Book	20,443	29,840	6,44,950	1,09,516	30,000	3,33,980	1,59,150
Order Book to Revenue from Operations (%)	223.2	114.9	289.0	482.7	389.3	152.9	299.8

Source: RHP, ACMIIL Research

VIKRAN outperforms its peers in key financial metrics such as EBITDA margin, PAT margin, ROE, and ROIC.

## Business overview of peers

Presence in segments	Roads	Railways	Power	Water	Building Construction	Industrial Construction
Kalpataru	✗	✓	✓	✓	✓	✓
KEC International	✗	✓	✓	✓	✓	✓
Techno Electric	✗	✗	✓	✗	✗	✓
Bajel Projects	✗	✗	✓	✗	✗	✗
Vikran	✗	✓	✓	✓	✗	✗

Source: RHP, ACMIIL Research

**Kalpataru Projects-** Kalpataru Power Transmission Ltd is a global EPC player with diversified interest in power transmission and distribution, oil and gas pipeline, railways and biomass based power generation

**KEC International-**KEC International is a global infrastructure EPC major in the verticals of Power Transmission and Distribution, Railways, Civil, Urban Infrastructure, Solar, Oil & Gas Pipelines, and Cables

## Competition

**Techno Electric & Engineering-**Techno Electric & Engineering Company Ltd (TEECL) is engaged in providing Engineering, Procurement and Construction (EPC), asset ownership and operations and maintenance services in the power infrastructure industry

**Bajel Projects–** Incorporated in 2022, Bajel Projects Ltd is in the business of Engineering, Procurement and Construction. It's EPC segment comprises of Power Transmission & Power Distribution

Source: RHP, ACMIIL Research

## IPO NOTE

## VIKRAN ENGINEERING LTD.

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## Financial Statements

## Income Statement

YE March (Rs mn)	FY23	FY24	FY25
Revenue from operations	5,243	7,859	9,158
YoY growth (%)	10.6	49.9	16.5
Cost of materials consumed	2,665	3,850	4,837
% of revenue	50.8	49.0	52.8
<b>Gross profit</b>	<b>2,578</b>	<b>4,010</b>	<b>4,322</b>
<b>Gross profit margin (%)</b>	<b>49.2</b>	<b>51.0</b>	<b>47.2</b>
Project related expense	962	1,678	1,604
Employee benefits expenses	405	590	676
Other expenses	414	410	439
<b>EBITDA</b>	<b>797</b>	<b>1,333</b>	<b>1,602</b>
YoY growth (%)	216.4	67.2	20.2
<b>EBITDA margin (%)</b>	<b>15.2</b>	<b>17.0</b>	<b>17.5</b>
Depreciation and amortisation	37	41	30
<b>EBIT</b>	<b>760</b>	<b>1,292</b>	<b>1,573</b>
YoY growth (%)	234.9	70.0	21.7
<b>EBIT margin (%)</b>	<b>14.5</b>	<b>16.4</b>	<b>17.2</b>
Finance costs	282	320	536
% of gross borrowings	18.2	17.4	19.6
Other income	49	55	65
<b>Profit/(loss) before exceptional items and tax</b>	<b>527</b>	<b>1,027</b>	<b>1,102</b>
Exceptional items- gain (net)	13	-	-
<b>Profit before tax</b>	<b>540</b>	<b>1,027</b>	<b>1,102</b>
<b>PBT margin</b>	<b>10.3</b>	<b>13.1</b>	<b>12.0</b>
Tax expense	111	279	324
Effective tax rate	20.6	27.2	29.4
<b>Profit for the year</b>	<b>428</b>	<b>748</b>	<b>778</b>
YoY growth (%)	550.0	74.7	4.0
PAT margin	8.2	9.5	8.5
EPS (Rs)	2.89	4.92	4.35

Source: RHP, ACMIIL Research

## Cash Flow Statement

YE March (Rs mn)	FY23	FY24	FY25
<b>PBT</b>	<b>540</b>	<b>1,008</b>	<b>1,102</b>
Add: Depreciation	37	41	30
Add: Net Interest	234	268	420
Other adjustments	(19)	10	30
Chg in working cap	(671)	(1,819)	(2,720)
Tax	(65)	(191)	(226)
<b>Operating Cash flow</b>	<b>56</b>	<b>(665)</b>	<b>(1,291)</b>
Capex	(9)	(20)	(27)
<b>Free Cash Flow</b>	<b>47</b>	<b>(685)</b>	<b>(1,317)</b>
Investments	(155)	(172)	(97)
Interest/ dividend income	21	33	51
<b>Investing Cash flow</b>	<b>(143)</b>	<b>(159)</b>	<b>(93)</b>
Equity Capital	-	815	1,027
Debt	334	350	887
Interest paid	(237)	(300)	(470)
Dividend paid	(10)	(39)	(38)
<b>Financing Cash flow</b>	<b>88</b>	<b>824</b>	<b>1,406</b>
Net chg in cash	(0)	(0)	23
<b>Opening cash position</b>	<b>1</b>	<b>1</b>	<b>2</b>
<b>Closing cash position</b>	<b>1</b>	<b>1</b>	<b>25</b>

Source: RHP, ACMIIL Research

## Balance Sheet

YE March (Rs mn)	FY23	FY24	FY25
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	91	86	90
Investment properties	21	21	21
Intangible assets	9	2	2
Right-of-use assets	18	9	15
Financial assets			
Other financial assets	432	257	207
Deferred tax assets (net)	59	88	152
Non current tax assets (net)	32	39	18
Other non-current assets	138	131	119
<b>Total non-current assets</b>	<b>800</b>	<b>633</b>	<b>625</b>
<b>Current assets</b>			
Inventories	357	507	599
Financial assets			
Investments	8	9	11
Trade receivables	3,699	4,639	6,343
Cash and cash equivalents	1	1	25
Bank balances other than above	148	499	646
Other financial assets	13	31	135
Contract assets	1,946	2,892	4,664
Other current assets	152	388	498
<b>Total current assets</b>	<b>6,324</b>	<b>8,965</b>	<b>12,922</b>
<b>Total assets</b>	<b>7,125</b>	<b>9,598</b>	<b>13,547</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
a) Equity share capital	3	3	184
b) Other equity	1,308	2,909	4,495
<b>Total equity</b>	<b>1,311</b>	<b>2,913</b>	<b>4,679</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	365	107	319
Lease liabilities	7	4	8
Provisions	21	28	36
<b>Total non-current liabilities</b>	<b>394</b>	<b>139</b>	<b>363</b>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	1,184	1,727	2,410
Lease liabilities	9	4	7
Trade payables			
- Dues of MSMEs	896	483	918
- Dues of trade payables other than MSMEs	2,036	2,487	3,858
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
<b>Total current liabilities</b>	<b>5,420</b>	<b>6,546</b>	<b>8,505</b>
<b>Total liabilities</b>	<b>5,813</b>	<b>6,685</b>	<b>8,868</b>
<b>Total equity and liabilities</b>	<b>7,125</b>	<b>9,598</b>	<b>13,547</b>

Source: RHP, ACMIIL Research

## Working capital days

YE March (Rs mn)	FY23	FY24	FY25
Inventory days	25	24	24
Debtor days	258	215	253
Creditor days	204	138	190
<b>NWC days</b>	<b>78</b>	<b>101</b>	<b>86</b>

Source: RHP, ACMIIL Research



Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	$\geq 15\%$
SELL	$< -10\%$
HOLD	$> -10\%$ to $15\%$

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