

Rinkle Vira
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Issue Details

| Issue Details | |
|---|-----------|
| Issue Size (Value in ` million, Upper Band) | 7,720 |
| Fresh Issue (No. of Shares in Lakhs) | 743.3 |
| Offer for Sale (No. of Shares in Lakhs) | 52.6 |
| Bid/Issue opens on | 26-Aug-25 |
| Bid/Issue closes on | 29-Aug-25 |
| Face Value | Rs. 1 |
| Price Band | Rs 92-97 |
| Minimum Lot | 148 |

Objects of the Issue:

- **Fresh Issue: ₹ 7,210 Million**
Funding working Capital requirements & General purpose
- **Offer for sale: ₹ 510 Million**

| Book Running Lead Managers | |
|--|--|
| Pantomath Capital Advisors Ltd, Systematix Corporate Services Ltd | |
| Registrar to the Offer | |
| Bigshare Services Pvt. Ltd | |

| Capital Structure (` Million) | Aggregate Value |
|--|-----------------|
| Authorized share Capital | 300 |
| Subscribed paid up Capital (Pre-Offer) | 184 |
| Paid up capital (Post - Offer) | 258 |

| Share Holding Pattern % | Pre Issue | Post Issue |
|----------------------------|-----------|------------|
| Promoters & Promoter group | 81.8% | 56.2% |
| Public | 18.2% | 43.8% |
| Total | 100% | 100% |

Financials

| Particulars (Rs. In Million) | FY25 | FY24 | FY23 |
|--------------------------------|--------------|--------------|--------------|
| Revenue from operations | 9,158 | 7,859 | 5,243 |
| Operating expenses | 7,556 | 6,527 | 4,446 |
| EBITDA | 1,602 | 1,333 | 797 |
| Other Income | 65 | 55 | 49 |
| Depreciation | 30 | 41 | 37 |
| EBIT | 1,638 | 1,347 | 809 |
| Interest | 536 | 340 | 282 |
| PBT | 1,102 | 1,008 | 527 |
| Exceptional Items | - | - | 13 |
| Tax | 324 | 259 | 111 |
| Consolidated PAT | 778 | 748 | 428 |
| EPS | 4.2 | 4.1 | 2.3 |
| Ratio | FY25 | FY24 | FY23 |
| EBITDAM | 17.5% | 17.0% | 15.2% |
| PATM | 8.5% | 9.5% | 8.2% |
| Sales growth | 16.5% | 49.9% | - |

Sector- Engineering, Procurement, and Construction (EPC)

Company Description

Incorporated in 2008, headquarters in Thane, Maharashtra Vikran Engineering is specializing in turnkey infrastructure projects across power transmission, water supply, and railway electrification.

It provides end-to-end services including design, supply, installation, testing, and commissioning and has successfully completed or is executing critical projects like high-voltage substations up to 765 kV, eagle-eyed water systems under Jal Jeevan Mission, railway electrification, and metro infrastructure across 14–16 states, showcasing both breadth and depth of execution capability substations up to 400 kV, and power distribution networks. It has also executed 30,000 smart metering connections. Its clients in the government sector include NTPC, Power Grid Corporation of India, among others.

As of June 30, 2025, the company has successfully completed 45 projects across 14 states with a total executed contract value of ₹19,199 million. As of the same date, the company had 44 ongoing projects across 16 states, aggregating orders of ₹51,202 million, of which the unexecuted order book stood at ₹24,424 million.

The company has around 30 major ongoing projects in the power transmission and distribution business, with a contract value of ₹33,571 million, 12 ongoing projects in the water infrastructure sector with a contract value of ₹16,937 million, and 2 ongoing projects in the railways and infrastructure sector with a contract value of ₹693 million.

With operations spanning across 22 states and 190 project sites, The Company has built a wide national footprint that enables it to deliver customized solutions tailored to regional requirements. Its strategic focus on adopting an asset-light business model where core project execution is prioritized while equipment is largely leased ensures cost optimization and operational flexibility

Valuation:

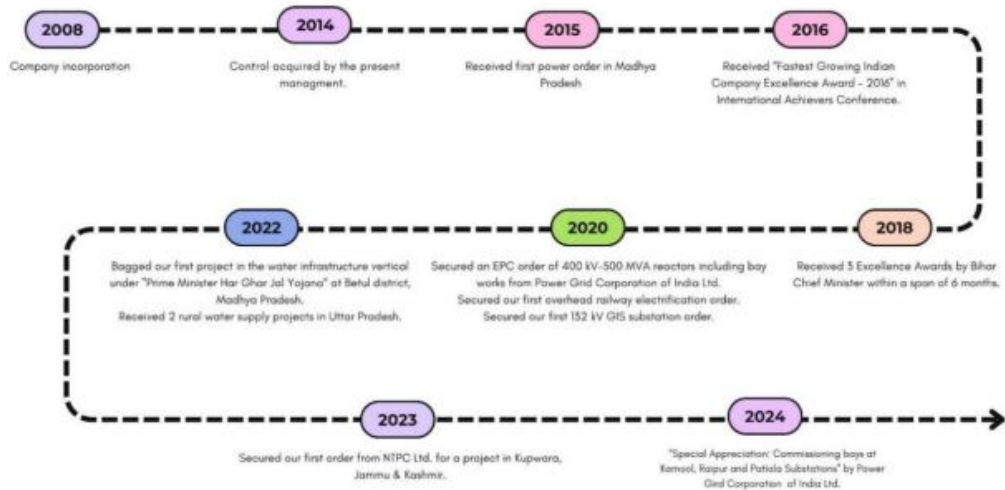
Vikran Engineering Limited is a rapidly growing engineering and infrastructure solutions company, offering end-to-end EPC services across diverse verticals, with a strong emphasis on power and water infrastructure. Leveraging its technical expertise and execution capabilities, the company has established a robust and diversified portfolio of projects. The company's projects include underground water distribution and surface water extraction, overhead tanks, and distribution networks.

They have a strong order book of Rs 2000+ Cr (2x FY25 Revenues) which gives them growth visibility for the next 2 years. Given the government's focus on recycling the water and their push on power infrastructure, the company is well positioned to capitalize on future tenders.

On the valuation front, based on annualized FY25 earnings, the company is seeking a P/E of 32.1 times, and a post-issue market capitalization of approximately Rs 25,017 million, making the issue appear fully priced. With a consistent track record of executing large-scale projects along with asset-light model for marquee government and public sector clients and PAN India presence, Vikran Engineering Limited is well-positioned to capitalize on opportunities in the high-growth infrastructure sector. Considering its scalability, financial strength, and sectoral tailwinds, we assign a '**Subscribe for Long term**' rating for the IPO

Company Overview

Vikran Engineering Ltd. is an Engineering, Procurement and Construction (EPC) Company. They have a diversified project portfolio, with majority revenue from energy and water infrastructure verticals. Within the power sector, they have presence in both- power transmission and power distribution. In the water sector, their 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. Also, as a part of railway projects they undertake 132 kV traction substation projects and underground EHV cabling projects.



The company provides end-to-end turnkey services, including conceptualisation, design, supply, installation, testing, and commissioning, with a presence across multiple sectors such as power, water, and railway infrastructure.

- In the power sector, it operates in both transmission and distribution.
- In the water sector, its projects include underground water distribution, surface water extraction, overhead tanks, and distribution networks.
- It also has experience in Solar EPC for ground-mounted solar projects and smart metering.
- Under railway infrastructure, the company undertakes 132 kV traction substation projects and underground EHV cabling projects.

With a diversified portfolio, the majority of revenue is derived from the energy and water infrastructure verticals.










The company’s strengths include in-house design and engineering expertise, along with a strong track record of timely project execution. It has successfully delivered projects for government entities, public sector undertakings, and private companies. Its focus on operational excellence and an efficient cost structure has enabled the delivery of high-value projects that consistently meet stringent regulatory and quality standards.

The company reported the highest operating EBITDA margin of 17.50% for Fiscal 2025; the 2nd highest PAT margin of 8.44% in FY 2025; and the 2nd highest Return on Equity (ROE) among the peers compared during FY 2025.

The company’s clients in the government sector include NTPC, Power Grid Corporation of India, South Bihar Power Distribution Co. Ltd., North Bihar Power Distribution Co. Ltd., Transmission Corporation of Telangana Limited, Madhya Pradesh Power Transmission Company, Madhya Pradesh Madhya Kshetra Vidyut Vitran Company, District Water and Sanitation Mission (PHED) and State Water and Sanitation Mission (SWSM). Further the company is working on certain projects for Assam Power Distribution Company and the Danapur division of the Eastern Central Railway. The company’s projects cover the following infrastructure business verticals.

- **Power Transmission and Distribution:** The company undertakes the construction of high-voltage transmission lines up to 765 kV, substations up to 400 kV (both Air Insulated Substations (AIS) and Gas Insulated Substations (GIS)), and power distribution networks. The company has also executed 30,000 smart metering connections under this vertical.
- **Water Infrastructure:** The Company provides turnkey solutions for water infrastructure projects such as surface and underground drinking water projects. The company’s experience and scope extend to designing and implementing water distribution networks and rainwater harvesting systems. The company’s water infrastructure includes wide range of services such as design, supply, and erection of intake water treatment plant and overhead services reservoir. The company undertake the project of supply of drinking water through tube well and overhead services reservoir up to house connections primarily in rural areas. The project scope also includes the supply and lying of ductile iron pipes under multi village scheme under “Jal Jeevan Mission”. The company has 12 ongoing projects under the water infrastructure vertical in the states of Uttar Pradesh, Chhattisgarh and Madhya Pradesh.
- **Railway Infrastructure:** The Company is also involved in the railway infrastructure sector, particularly in railway electrification. The company has successfully completed projects involving overhead electrification and signalling systems. Also, as a part of railway electrification projects OHE 25kV, 50 Hz AC railway electrification project, 220 kV underground EHV cable work and construction of 132 kV transmission line and 132 kV railway traction substations projects.

| Vertical | Fiscal 2025 Revenue from operations | Fiscal 2025 % of total revenue | Fiscal 2024 Revenue from operations | Fiscal 2024 % of total revenue | Fiscal 2023 Revenue from operations | Fiscal 2023 % of total revenue |
|-------------------------------------|-------------------------------------|--------------------------------|-------------------------------------|--------------------------------|-------------------------------------|--------------------------------|
| Power Transmission and Distribution | 6,677 | 72.9% | 3,876 | 49.3% | 2,531 | 48.3% |
| Water Infrastructure | 2,453 | 26.8% | 3,873 | 49.3% | 2,590 | 49.4% |
| Railway & Infra | 29 | 0.3% | 110 | 1.4% | 122 | 2.3% |
| Total | 9,158 | 100% | 7,859 | 100% | 5,243 | 100% |

| Ongoing Projects | |
|---|---|
| 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: Betul, Madhya Pradesh Year of Start: August 2022 |  |
| S/s Extension Pkg-SS69 for ii)400KV Saharsa S/s extn, associated with eastern region strengthening Scheme-XXIII Extension of 4nos. 400kv line bays. Location: Saharsa, Bihar Year of Start: July 2020 |  |
| Extention of 220kV Amritsar S/S under Requirement of 1 No. 220kV Line Bay at 400/220kV Amritsar (PG) by Public Sector Client. Location: Amritsar, Punjab Year of Start: March 2023 |  |
| 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: Namsai, Arunachal Pradesh Year of Start: March 2021 |  |
| Tower Package TW 29B for Transmission line works including supply of conductor, Insulators, earth wire/OPGW, hardware fitting and accessories for conductor and earth wire/OPGW for (i) 132KV S/C Deomali-Khonsa-29.58km. (ii) 132KV Khonsa-Changlang-45km (iii) 132KV S/C on D/C tower Khonsa-Langding-25.23km associated with comprehensive scheme for strengthening of Transmission & Distribution System in Arunachal & Sikkim: Intra state: Arunachal Location: Changlang, Arunachal Pradesh Year of Start: February 2021 |  |
| S/s Extension Pkg-SS69 for i) 400/220 kV Muzaffarpur S/s extension, associated with eastern region strengthening Scheme-XXIII, for Power Grid Corporation of India Limited- Erection, testing & commissioning of 500MVA ICT, along with associated line bays & 220 KV GIS Location: Muzaffarpur, Bihar Year of Start: July 2020 |  |
| Loss Reduction Work under RDSS scheme in District Kupwara, Kashmir. Location: Kupwara, Jammu and Kashmir Year of Start: November 2023 |  |
| Name and Description of Project | Image |
| 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 trail-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, Pahari State Water & Sanitation Mission (SWSM), Uttar Pradesh Location: Raebareli, Uttar Pradesh Year of Start: July 2023 |  |
| Supply and fixing of 0.4 Millions agriculture service connections of smart metering in Guntur, Krishna and Prakasam Districts under YSR Uchiya Vyavasaya Vidyut Pathakam (DBT Scheme) to capture Agricultural services consumption data. (Andhra Pradesh) Location: Guntur, Andhra Pradesh Year of Start: February 2023 |  |

Strengths:

- One of the fast-growing engineering, procurement and construction (“EPC”) companies, with timely execution of power transmission and distribution and water infrastructure sector

The company is one of the fast-growing Indian EPC company in terms of revenue growth over FY23-25, compared to the average industry growth estimates and the peer set considered. The company’s revenues grew at a CAGR 32.17% from ₹5,243 Mn in FY 2023 to ₹ 9,158.5 Mn in FY 2025. The company provides end-to-end services from conceptualization, design, supply, installation, testing and commissioning on a turnkey basis and has presence across multiple sectors including power, water, and railway infrastructure. The company’s key competencies encompass inhouse design and engineering and timely project execution. As of June 30, 2025, the company has successfully completed 45 projects across 14 states with a total executed contract value of ₹ 19,199 Mn. As of June 30, 2025 the company had 44 ongoing projects across 16 states, aggregating orders of ₹ 51,202 Mn, of which unexecuted Order Book was ₹ 24,424 Mn. At the same time, the company has built 10 EHV substations and transmission projects of up to 765kV. The company also provides EPC services in relation to Extra High Voltage (“EHV”) Air Insulated Substations (“AIS”) up to 400 kV. The company is executing projects under JJM in Uttar Paresh, Madhya Pradesh and Chhattisgarh. In FY2025, the company has executed projects worth ₹ 2,453 Mn in water infrastructure vertical. As on June 30, 2025, the company had an Order Book of ₹ 7,477 Mn under water infrastructure vertical.

- Diversified Order Book across business verticals and consistent financial performance

The company’s Order Book is diversified across business verticals including power transmission and distribution, water infrastructure, and railway infrastructure. Further, the company has presence in all power transmission and distribution segments, which helps the Order Book to remain diversified

within the power sector as well. The company’s Order Book has moved from ₹ 20,457 Mn as of March 31, 2023, to ₹ 21,148 Mn as of March 31, 2024 to ₹ 20,443 Mn as of March 31, 2025.

Order Book by business vertical

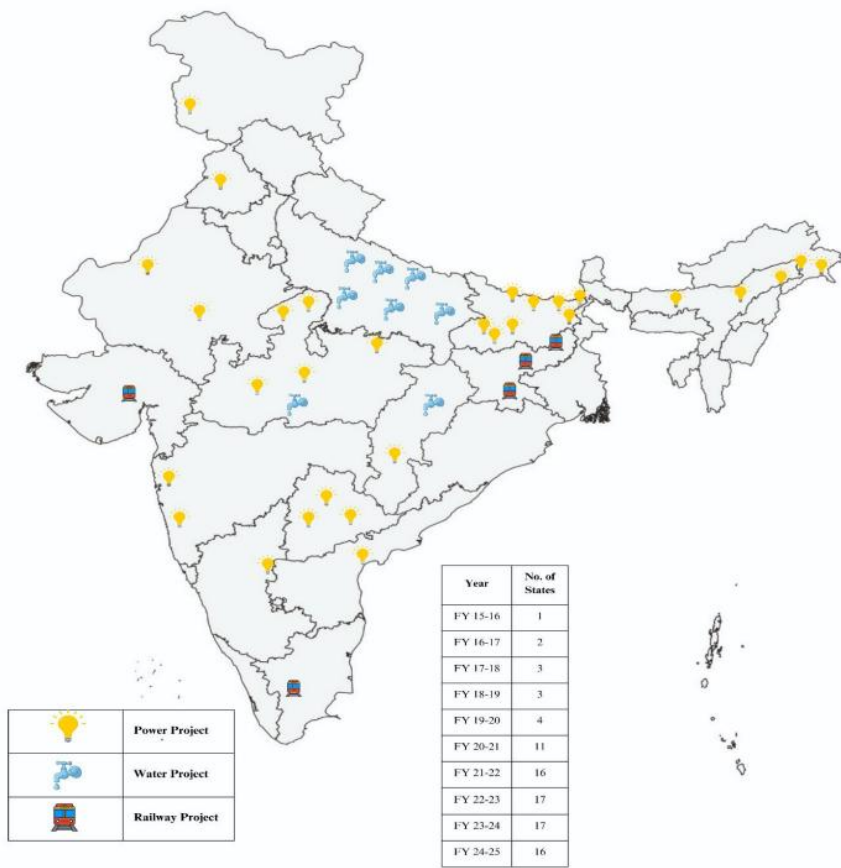
| Region | Order Book (₹ mn) as at Mar 31, 2025 | % of Order Book 2025 | Order Book (₹ mn) as at Mar 31, 2024 | % of Order Book 2024 | Order Book (₹ mn) as at Mar 31, 2023 | % of Order Book 2023 |
|-------------------------------------|--------------------------------------|----------------------|--------------------------------------|----------------------|--------------------------------------|----------------------|
| Power transmission and distribution | | | | | | |
| North | 3,147 | 15.4 | 2,266 | 10.7 | 39 | 0.2 |
| South | 3,414 | 16.7 | 3,268 | 15.5 | 5618 | 27.5 |
| East | 2,197 | 10.8 | 5,961 | 28.2 | 2779 | 13.6 |
| West | 3,616 | 17.7 | 757 | 3.6 | 2194 | 10.7 |
| Total (A) | 12,374 | 60.5 | 12,252 | 57.9 | 10630 | 52.0 |
| Water infrastructure | | | | | | |
| North | 5,645 | 27.6 | 5,769 | 27.3 | 7,007 | 34.3 |
| South | - | - | - | - | - | - |
| East | 588 | 2.9 | 874 | 4.1 | 2 | 0.0 |
| West | 1,413 | 6.9 | 1,806 | 8.5 | 2,085 | 10.2 |
| Total (B) | 7,646 | 37.4 | 8,449 | 40.0 | 9,093 | 44.5 |
| Railways & Infra | | | | | | |
| North | - | - | - | - | - | - |
| South | 31 | 0.2 | 54 | 0.3 | 118 | 0.6 |
| East | 0 | Negligible | - | - | - | - |
| West | 392 | 1.9 | 392 | 1.9 | 617 | 3.0 |
| Total (C) | 423 | 2.1 | 446 | 2.1 | 735 | 3.6 |
| Grand Total (A+B+C) | 20443 | 100 | 21148 | 100 | 20458 | 100 |

Order Book by type of client

| Region | Order Book (₹ mn) FY25 | % of Order Book FY25 | Order Book (₹ mn) FY24 | % of Order Book FY24 | Order Book (₹ mn) FY23 | % of Order Book FY23 |
|-----------------------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|
| Central Government | | | | | | |
| North | - | - | - | - | 118 | 0.6 |
| South | 31 | 0.2 | 54 | 0.3 | 118 | 0.6 |
| East | 119 | 0.6 | 170 | 0.8 | 407 | 2.0 |
| West | - | - | - | - | 117 | 0.6 |
| Total (A) | 149 | 0.7 | 224 | 1.1 | 642 | 3.1 |
| State Government | | | | | | |
| North | 4,161 | 20.4 | 2,715 | 12.8 | 3,505 | 17.1 |
| South | 2,972 | 14.5 | 3,169 | 15.0 | 5,522 | 25.7 |
| East | 726 | 3.6 | 1,203 | 5.7 | 544 | 2.5 |
| West | 4,612 | 22.6 | 2,512 | 11.9 | 4,137 | 20.2 |
| Total (B) | 12,471 | 61.0 | 9,599 | 45.4 | 13,438 | 65.7 |
| Total Government (A+B) | 12,620 | 61.7 | 9,823 | 46.5 | 14,080 | 68.8 |
| Public Sector Undertakings (PSUs) | | | | | | |
| North | 1608 | 7.9 | 2266 | 10.7 | 39 | 0.2 |
| South | 442 | 2.2 | 99 | 0.5 | 365 | 1.8 |
| East | 1296 | 6.3 | 2031 | 9.6 | 1823 | 8.9 |
| West | 417 | 2.0 | 51 | 0.2 | 147 | 0.7 |
| Total (C) | 3763 | 18.4 | 4448 | 21.0 | 2375 | 11.6 |
| Private Sector | | | | | | |
| North | 3,023 | 14.8 | 3,054 | 14.4 | 3,501 | 17.1 |
| South | - | - | 0 | - | - | - |
| East | 645 | 3.2 | 3,431 | 16.2 | 1,070 | 5.2 |
| West | 392 | 1.9 | 392 | 1.9 | 500 | 2.4 |
| Total (D) | 4,060 | 19.9 | 6,877 | 32.5 | 4,003 | 19.6 |
| Grand Total (A+B+C+D) | 20,443 | 100 | 21,148 | 100 | 20,458 | 100 |

➤ Pan India presence with strong supply chain

The company has delivered projects in 22 states and is currently active in 16 states. With a pan-India presence supported by 190 sites and stores (as of June 30, 2025), it provides local support, ensuring efficient execution and customer satisfaction. It has built long-standing partnerships with suppliers and service providers, giving it better visibility on raw material and equipment markets. This helps manage the supply chain, maintain inventory, and improve project planning. Over the past three years, the company has worked with 3,500+ suppliers and service partners across multiple states.



➤ Asset light model

The company follows an asset light model by executing more orders with relatively lower investment in fixed assets. The company take equipments on rent from third party lessors of equipment across various states to meet its requirements of equipments as per project needs. This helps the company to reduce the fixed costs and makes the execution of the projects cost and logistics efficient. It also helps the company’s management team to focus on core function areas of business rather than managing and maintaining such in-house assets. Further, the company believes that it can scale up and down fairly faster with the changes in operations without worrying about asset capacities and ownership. The company’s believes its asset light business model will result in efficient utilisation of capital. The company’s fixed asset turnover ratio as of FY 2025, 2024, and 2023 was 101.27, 91.00, and 57.38, respectively.

➤ In-house technical and engineering capabilities, process control and quality assurance

The company undertakes its EPC business in an integrated manner. The company has developed resources in-house to deliver a project from conceptualization until completion ensuring overall overview of the project and execution of the project. The company has a team of 12 designers and engineers who have industry knowledge in the business verticals with a total cumulative experience of over 93 years who help the company to offer customised solutions for its turnkey projects. The in house integrated model allows the company to capture a larger proportion of the value chain in the EPC business. The company has centralised project monitoring and control group (“CPMG”) at the Registered and Corporate Office comprising 5 members, who oversee the project and review control mechanism periodically wherein they monitor the progress of projects as per project milestones, budgetary financial control and schedule periodic meetings within various departments and management review meetings. The company is an ISO 9001:2015 certified organization for Quality Management System, 14001:2015 certified for environmental management system and ISO 45001:2018 certified for occupational health and safety management system

➤ Experienced promoters and management team, having domain knowledge

The company has witnessed business growth under the leadership and guidance of one of the Promoters, Chairman and Managing Director, Rakesh Ashok Markhedkar, who has 34 years of experience, largely in EPC sector. Avinash Ashok Markhedkar has over 33 years, Nakul Markhedkar, the company’s Whole-Time Director has 9+ years of experience. The company’s senior management team is able to leverage their collective experience and knowledge in the EPC industry, to execute business strategies for the company’s growth. The company’s KMP and SMP team comprises of professionally qualified people having experience in various business functions.

Key Strategies:

➤ Continue to strengthen the core competencies in power transmission and distribution and water infrastructure sectors

The company is focused on executing EPC projects in power transmission & distribution and water infrastructure. Power demand in India is expected to grow at 5–7% CAGR between FY26–30, reaching 2,255–2,265 billion units, driven by economic growth, distribution upgrades, and government reforms. Over the past 8 years (till June 30, 2025), the company has delivered 3 transmission projects (up to 400kV), 7 EHV substation projects (up to 765kV), 30 distribution projects, and installed 30,000 smart meters. It now aims to pursue larger and higher-value projects, particularly in substations and underground cabling. In water infrastructure, the company is executing 12 ongoing projects as of June 30, 2025, including works under the Jal Jeevan Mission in Madhya Pradesh, Uttar Pradesh, and Chhattisgarh. With the government’s rising focus on water projects, the company sees strong growth opportunities to expand in this sector.

➤ Selectively expanding the geographical footprint globally

The company started its operations from Madhya Pradesh and gradually expanded over time to complete projects in 14 states in India. As of June 30, 2025, the company is currently executing 44 projects across 16 states in India. As part of its growth strategy, the company aims to expand into infrastructure EPC projects in the private sector and explore international markets, particularly in African and Middle Eastern regions. The company believes its experience and qualifications in domestic power transmission and distribution projects will help it to gain customer base in other countries and capitalize on emerging opportunities.

➤ Expand the EPC portfolio into other EPC sectors

The company plans to expand its presence in various verticals, including railways and metros, to enhance the business growth. This is expected to diversify its offerings, reduce dependency on existing services, and target higher-margin opportunities with lower working capital requirements. Over the coming years, the company will focus on current projects while exploring opportunities to broaden the portfolio into other EPC sectors. For instance, 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. In the water sector, the company is qualified and actively bidding for water irrigation projects. As of June 30, 2025, the company has secured 4 projects in the railway infrastructure sector. The company is also exploring new sectors such as renewable energy and industrial EPC projects.

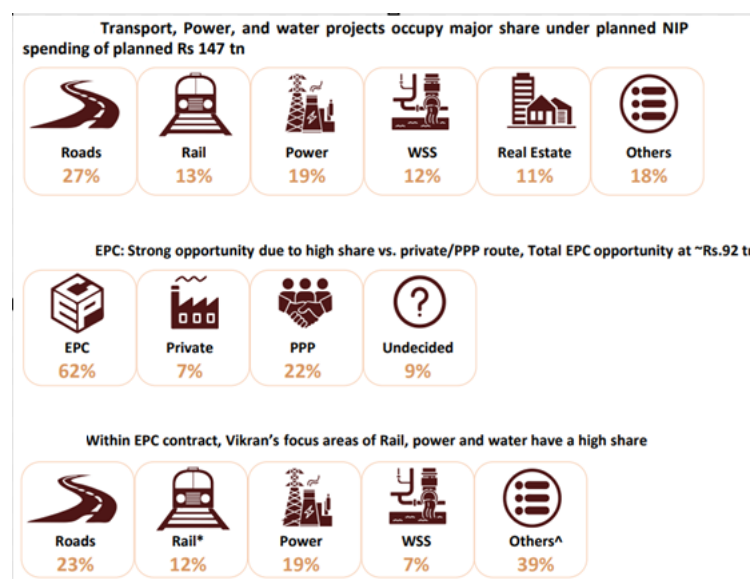
➤ Capitalizing on Government initiatives and policies

The company plans to capitalize on government infrastructure initiatives and policies that promote the development of power, water, and transportation infrastructure. The company intends to participate in government programs like Revamped Distribution Sector Scheme (RDSS), National Solar Mission and Swachh Bharat Mission. The company has successfully carried out multiple system strengthening projects in India under Rajiv Gandhi Grameen Vidyutikaran Yojana, Integrated Power Development Scheme (IPDS), Deendayal Upadhyay Gram Jyoti Yojana (DDUGJY), Pradhan Mantri Sahaj Bijli Har Ghar Yojana- (Saubhagya). The company is currently executing a project for a GIS substation at Dahanu, Maharashtra which will provide power supply to bullet trains under the HSR initiative. The company aims to secure more such opportunities in the future, by trying to align with government priorities.

Industry Snapshot:

➤ Overview of National infrastructure pipeline

The Government of India launched the **National Infrastructure Pipeline (NIP)** in FY2019 for FY2020–25 to boost infrastructure and attract investments. Initially covering 6,835 projects, the pipeline has expanded to **13,108 projects across 32 sectors** by April 2025, with **1,077 under development**. The investment target has been revised from **₹111 trillion to ₹147 trillion**. Focused on key sectors like roads, railways, power, water supply, and sanitation (about 70% of NIP), the program aims to enhance living standards, create jobs, and improve investor confidence through better project preparation and financing access.



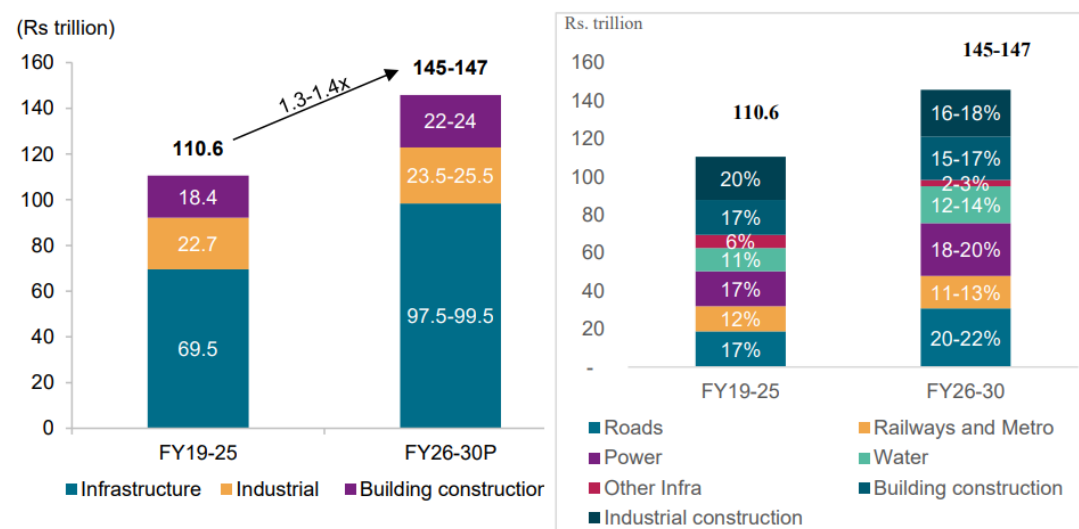
➤ Overview of EPC industry in India

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. This shift is evident in the move from owner-managed projects to 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. Contract which requires heavy financial and technically requirement generally divided into smaller EPC projects. A typical EPC project covers design, civil works, equipment purchase and installation, and commissioning. Most of the EPC players provide integrated and customised solutions as per the client requirements through a consultative approach. Favourable government initiatives, increased infrastructure development in sectors such as roads, power, railways, irrigation etc have provided impetus to EPC contracts.

Growth in sector is expected to be propelled by the infrastructure segment over the medium to long term as the building construction and industrial sectors are expected to record sedate growth rates. The share of infrastructure projects is expected to increase to 66.5-68.5% of the overall investments

for the fiscals 2026- 30 as against 63% in from fiscal 2019-25, as infrastructure investments are expected to see faster growth than the other two segments (building construction and industrial) due to the Government's focus on Infrastructure under the National Infrastructure Pipeline (NIP), National Monetisation Pipeline (NMP) and the Gati Shakti initiative. The Central government's focus on roads, urban infrastructure and railways will boost infrastructure investments. At an investment level, investments in the infrastructure sector are expected to be 1.4-1.5x during fiscals 2026-30 compared to fiscals 2019-25. Industrials segment investments are expected to increase by 1.1 times between fiscals 2026-30 compared with fiscals 2019-25. Investments in the sector are driven by the investments in oil and gas segments led by capital expansion plans by industry players as well as investments by upstream oil & gas and downstream natural gas players. Further to this, investments through PLI scheme in major capital intensive sectors such as auto and auto components, textiles and specialty steel are expected to aid the growth in investments. Investments in building construction are expected to increase by 1.2-1.3 times, though its share is expected to fall to 16- 18% between fiscals 2026-30 compared with a share of 20% between fiscals 2019-25. This growth is majorly driven by rise of investments in residential segment during the period

Overall investments across sectors



➤ Overview of power EPC in India

A typical EPC project covers design, civil works, equipment purchase installation, and commissioning. However, the scope of an EPC work has been evolved over the years and now may also include O&M (Operation and Management) services. Most of the EPC players provide integrated and customised solutions as per the client requirements through a consultative approach.

• Type of Projects:

Generation: End-to-end EPC projects for setting of generation power plants or sections of projects which include but not limited to Flue Gas Desulphurization (FGD) Systems, Boilers, Turbine and Generator systems, steam generator and its auxiliaries.

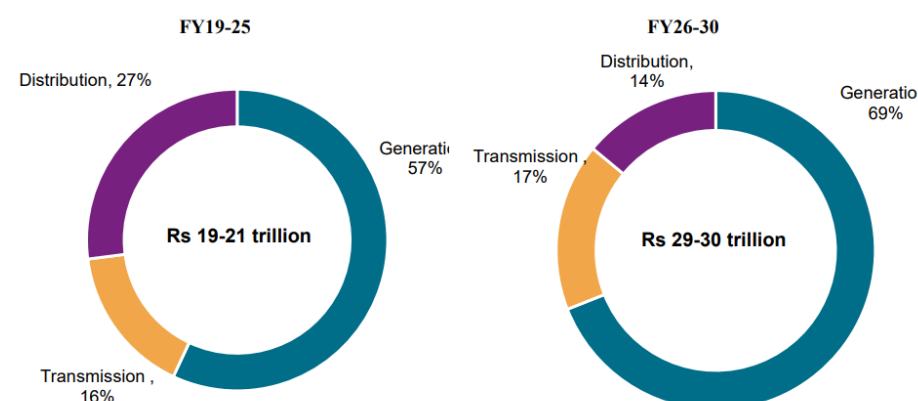
Transmission and distribution (T&D): In T&D projects include but not limited to erection of various sub-stations such as transmission substation, distribution substation and converter substation, construction of transmission lines, underground and overhead distribution power line construction, smart metering.

• Mode of Construction:

Turnkey projects: Under turnkey project structure, the contractor holds full responsibility of design and execution of the works, including EPC. Therefore, the contractor makes the facility ready to be used at the turn of a key. The project must be delivered at a pre-determined time and pre-determined cost and the contractor must adhere to project specifications. In case of deviations, the contractor is liable to pay monetary compensation.

Balance of plant: In case of balance of plant (BoP) structure, the entire project is broken into multiple packages with a major chunk contracted through EPC route and the rest through BoP. For coal based thermal plants, main plant equipment BTG (Boiler-Turbine-Generator) can be sourced singularly and BoP comprising of all Mechanical, Electrical, Instrumentation & Control systems and equipment as well as entire civil works along with system engineering and plant interfacing can be procured from various manufacturers.

Segment-wise investment in power sector



➤ Market opportunity

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. Robust generation capacity addition over the years and government's focus on 100% rural electrification through last mile connectivity has led to extensive expansion of the T&D system across the country. The total length of domestic transmission lines rose from 413,407 circuit kilometres (ckm) in Fiscal 2019 to 494,374 ckm in Fiscal 2023. Sub-station capacities in the country have grown from 899,663 MVA in fiscal 2019 to reach 1,337,513 MVA in fiscal 2025, at a CAGR of 6.8%. The growth in sub-station capacities has majorly seen traction in 220 kV, 400 kV and 765 kV segments, contributing to 31%, 42% and 24% of the incremental additions between fiscals 2019 and fiscal 2025. In case of water supply and sanitation,

the growth is majorly poised by support from government through various schemes such as Swachh Bharat Mission (SBM), Jal Jeevan Mission and the National Mission for Clean Ganga (NMCG). In addition to these schemes such as Atal Mission for Rejuvenation and Urban Transformation (AMRUT), which focuses on development of water supply and sanitation facilities among others along the infrastructure growth in urban regions.

Comparison with listed entity

| Name of the company | Face Value (₹ per share) | Revenue from operations (₹ in millions) | Basic EPS | P/E | RONW (%) | NAV (₹) | P/BV (x) |
|--------------------------------------|--------------------------|---|-----------|-------|----------|---------|----------|
| Vikran Engineering Ltd | 1 | 9,158 | 4.3 | 32.1 | 16.5% | 25.2 | 3.8 |
| Listed Peers | | | | | | | |
| Bajel Projects Ltd | 2 | 25,982 | 1.3 | 155.1 | 2.3% | 57.6 | 3.5 |
| Kalpataru Projects International Ltd | 2 | 2,23,157 | 35.3 | 36.1 | 8.7% | 378.8 | 3.4 |
| Techno Electric & Engineering Ltd | 2 | 22,686 | 37.1 | 41.6 | 11.3% | 321.5 | 4.8 |
| SPML Infra Ltd | 2 | 7,706 | 7.6 | 36.4 | 6.3% | 107.4 | 2.5 |
| KEC International Ltd | 2 | 2,18,467 | 21.8 | 37.9 | 10.5% | 200.8 | 4.1 |
| Transrail Lighting | 2 | 53,077 | 25.7 | 29.8 | 17.3% | 140.1 | 5.4 |

*Note – 1) P/E, P/BV Ratio has been computed based on the closing market price of equity shares on NSE on Aug 25, 2025, other Financial highlights as 31st March 2025.
2) P/BV, NAV, EPS, P/E of the Vikran Engineering is calculated on EPS of FY25, and post issue no. of equity shares issued.

Key Risk:

- **Competitive bidding:** The Company depends heavily on winning projects through bidding, which is highly competitive. Losing bids or pricing too aggressively can hurt revenues and margins, while preparing bids requires significant resources with no assurance of success.
- **Client dependence:** A large share of revenue (21–29% in the past three years) comes from one client, creating risk if the client ends projects early.
- **Execution challenges:** Project completion may face delays, cost overruns, supply shortages, or unforeseen events, impacting profitability.
- **High working capital needs:** The business requires substantial working capital, and delays in client payments or limited access to financing could strain liquidity.
- **Bank guarantees:** The Company must provide bank guarantees; inability to arrange them or their invocation may weaken cash flows.
- **Subcontractor reliance:** Non-performance or inefficiency of subcontractors can disrupt execution.
- **Cost estimation errors:** Inaccurate cost estimates can make bids uncompetitive or reduce profitability.
- **Dependence on key people:** The business relies on senior management, and losing them or failing to attract skilled talent could affect operations.

Valuation:

Vikran Engineering Limited is a rapidly growing engineering and infrastructure solutions company, offering end-to-end EPC services across diverse verticals, with a strong emphasis on power and water infrastructure. Leveraging its technical expertise and execution capabilities, the company has established a robust and diversified portfolio of projects. The company's projects include underground water distribution and surface water extraction, overhead tanks, and distribution networks.

They have a strong order book of Rs 2000+ Cr (2x FY25 Revenues) which gives them growth visibility for the next 2 years. Given the government’s focus on recycling the water and their push on power infrastructure, the company is well positioned to capitalize on future tenders.

On the valuation front, based on annualized FY25 earnings, the company is seeking a P/E of 32.1 times, and a post-issue market capitalization of approximately Rs 25,017 million, making the issue appear fully priced. With a consistent track record of executing large-scale projects along with asset-light model for marquee government and public sector clients and PAN India presence, Vikran Engineering Limited is well-positioned to capitalize on opportunities in the high-growth infrastructure sector. Considering its scalability, financial strength, and sectoral tailwinds, we assign a **‘Subscribe for Long term’** rating for the IPO

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|------------------------------------|------|--|-------|------|
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| Mid Caps (101st-250th company) | >20% | | 0-20% | <0% |
| Small Caps (251st company onwards) | >25% | | 0-25% | <0% |

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