



Vikran Engineering Ltd

Vikran Engineering Ltd

Rating
SUBSCRIBE

Issue Opens On
Aug 26, 2025

Issue Closes On
Aug 29, 2025

Listing Date
Sept 3, 2025

Price Band (INR)
92 - 97

Issue Size (INR Mn.)
7,694 – 7,720

Company Overview:

Vikran Engineering Ltd, is an Indian Engineering, Procurement, and Construction (EPC) company, capable of providing end-to-end services, having a diversified project portfolio including presence across multiple sectors such as power, water and railway. Its offerings includes end-to-end services from conceptualization, design, supply, installation, testing, and commissioning of turnkey projects.

The Company has a deep expertise in executing projects across power transmission & distribution, underground and surface water systems, solar EPC projects, smart metering, and traction substation works.

Its key differentiator is its strong in-house design and engineering capabilities and proven project execution efficiency.

With a track record of delivering projects to government entities, PSUs, and private companies, the firm focuses on operational excellence and cost efficiency while maintaining high regulatory and quality standards.

Outlook:

Vikran Engineering, is an Indian EPC Company established in 2008, specializing in executing power transmission and distribution projects, along with expertise in water and railway infrastructure projects. Till date it has completed over 45 projects across 14 states with a total contract value of INR 19,199 Mn.

The Company strategically utilizes third-party equipment's to maintain its asset light business model and scale up its operations rapidly with change in project demand and requirements, without worrying for asset management. It aims to diversify its revenue base by expanding into railways, metros, solar, and water irrigation projects, to drive improvement in margins and overall profitability.

Its revenue and EBITDA has grown at 32.2% and 41.8% CAGR over FY23-25, led by its strong operational excellence and efficient capital allocation structure.

Vikran's initial issue is available at 17.3x TTM EV/EBITDA which is much lower to its peer average of 32.0x TTM EV/EBITDA. We believe the issue is attractively priced, as its growth in terms of revenue and EBITDA, has trended in a similar range of its peers, while it is available at a much lower valuation. We assign a "SUBSCRIBE" rating to the issue.

Particulars (In INR Mn)	FY23	FY24	FY25
Revenue	5,243	7,859	9,158
EBITDA	797	1,333	1,602
EBITDA Margin (%)	15%	17%	17%
Profit After Tax	428	748	778
Net Worth	1,311	2,913	4,679

Source: IPO Prospectus, DevenChoksey Research

OFFER STRUCTURE

Particulars	IPO Details
No. of shares under IPO (Mn.)	79.6
Fresh issue (# shares) (Mn.)	74.3
Offer for sale (# shares) (Mn.)	5.3
Price band (INR)	92-97
Post issue MCAP (INR Mn.)	25,017

Issue	# Shares	INR Mn	%
QIB	3,97,93,814	Max. 3,860	Not more than 50%
NIB	1,19,38,144	Min. 1,158	Not less than 15%
Retail	2,78,55,670	Min. 2,702	Not less than 35%
Net Offer	7,95,87,629	7,720	100%

Shareholding Pattern	Pre Issue (%)	Post Issue (%)
Promoters	81.8%	56.2%
Public	18.2%	43.8%
Total	100.0%	100.0%

Objects of the Offer	INR Mn.
Funding working capital requirements of the Company	5,410
General corporate purposes	1,800

BRLM

1. Pantomath Capital Advisors Private Limited
2. Systematix Corporate Services Limited

Indicative Timetable	
Offer Closing Date	Friday, Aug 29, 2025
Basis of Allotment	Monday, Sep 1, 2025
Initiation of Refunds	Tuesday, Sep 2, 2025
Credit of Shares to Demat	Tuesday, Sep 2, 2025
Listing Date	Wednesday, Sep 3, 2025

Source: IPO Prospectus

Vikran Engineering Ltd

Industry Overview:

India's EPC industry

An EPC project is a turnkey contract where one company handles everything end-to-end including design, civil works, equipment procurement, its installation and final commissioning. Most of the EPC players provide integrated and tailor-made solutions to each client to meet performance guarantees, through a consultative approach. Favorable government initiatives, increased spend in infrastructure development across roads, power, railways and irrigation, is expected to provide impetus to EPC contracts.

Drivers of an EPC contract

EPC contracts in India are awarded through a competitive bidding process, utilizing a single-stage, two-part system that evaluates both technical and financial aspects.

- Technical qualifications such as proven industry experience and expertise, availability and capability of resources, design and engineering capabilities, project management skills, quality and safety records, and the use of modern techniques and design innovation.
- Financial qualifications include criteria like average annual turnover, minimum net worth, adequate working capital, financial stability, creditworthiness, and the ability to offer guarantees and bear risks.

Projects are generally awarded to the lowest bidder (L1) among pre-qualified contractors or sometimes based on a weighted average of technical and financial criteria and the bid value.





The Indian EPC industry remains highly competitive and fragmented, with firms chasing the same tenders, driving aggressive bidding, thus leading to thin margins. The EPC sector constitute high entry barriers including heavy capital needs, complex regulatory/compliance requirements, specialized technical and project-management expertise, and a demonstrated execution track record. These dynamics favor established players and make scale, credibility, and disciplined risk management critical for long-term success.

Structural Driver of EPC Demand





Government initiatives are driving infrastructure EPC demand

Government initiatives are a significant driver of infrastructure EPC demand in India. Key initiatives include:







- National Infrastructure Pipeline (NIP):** It was launched for a pipeline to be executed over FY20–25, aiming to improve India's infrastructure and attract investments across various sectors, with a revised target investment of INR 147tn. Transport, power, and water projects occupy major shares under NIP. Approximately 62% of NIP projects are implemented through the EPC model.
- Half of NIP projects are under construction as shown in below image:

			
Planning	Pre-construction	Under construction	Completed
16%	26%	54%	4%

a. Total EPC opportunity at ~INR 92tn

			
EPC	Private	PPP	Undecided
62%	7%	22%	9%

b. Transport sector occupies the highest share among the total EPC contracts followed by Power sector

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

Source: IPO Prospectus, DevenChoksey Research

Vikran Engineering Ltd

Industry Overview:

Key EPC players operating in the Indian industry are shown in below image:

Presence in segments	Roads	Railways*	Power	Water^	Building construction	Industrial construction
Bajel	û	û	ü	û	û	û
Kalpataru	û	ü	ü	ü	ü	ü
KEC International	û	ü	ü	ü	ü	ü
RPP Infra	ü	û	ü	ü	ü	ü
Shreem	û	û	ü	û	û	û
Sterling and Wilson	û	û	ü	ü	ü	ü
SPML Infra	û	û	ü	ü	û	û
Techno	û	û	ü	û	û	ü
Transrail	ü	ü	ü	û	û	û
Texmaco	û	ü	ü	ü	û	ü
Vikran	û	ü	ü	ü	û	û

Source: IPO Prospectus, DevenChoksey Research

EPC companies are expected to benefit from the robust increase in spending towards building railway and metro infrastructure across India.

Investments in Indian Railway and Metro Sector for FY25–FY30

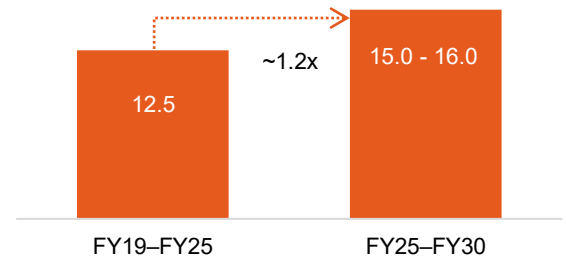
Railways is anticipated to witness a surge in investments by 1.2–1.3x from INR 12.5tn over FY19-25 to INR 15.0-16.0tn over FY25-30, majorly driven by spends for implementation of

- **Amrit Bharat station scheme** and **Network decongestion**
- **Vande Bharat trains** and **high-speed rail projects.**
- Focus on **electrification and modernization** of existing rail network, driving efficiency and sustainability of operations.

India is witnessing a rapid expansion in metro network across top major and Tier 1 cities, with investments are expected to double, from INR 0.8tn spend over FY19-25 to INR 1.5–1.7tn over FY25–FY30. The momentum is supported by completion of ongoing projects and initiatives for setup of new lines to improve commute options including launch of Metro-Neo and Metro-Lite for cost-efficient transit in smaller cities.

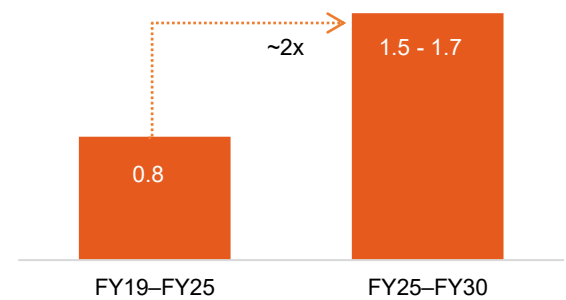
EPC companies account for almost 85-95% of the overall execution of railway and metro projects. The industry has pivoted from traditional item-rate contracts, which were prone to cost and time overruns and placed construction risks disproportionately on the authority. Only a small share of projects follow the PPP route, primarily in station redevelopment and private train operations.

Railway Investment Spending (INR tn)



Source: IPO Prospectus, DevenChoksey Research

Metro Investment Spending (INR tn)



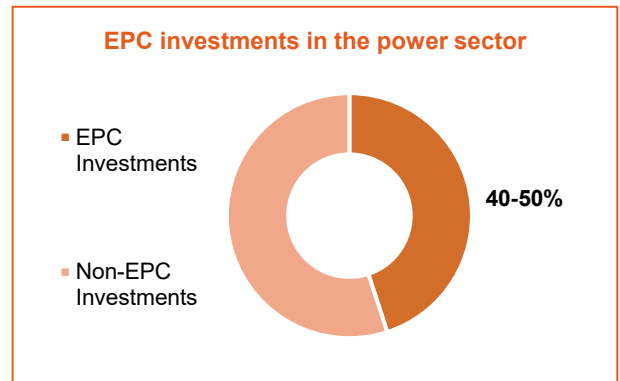
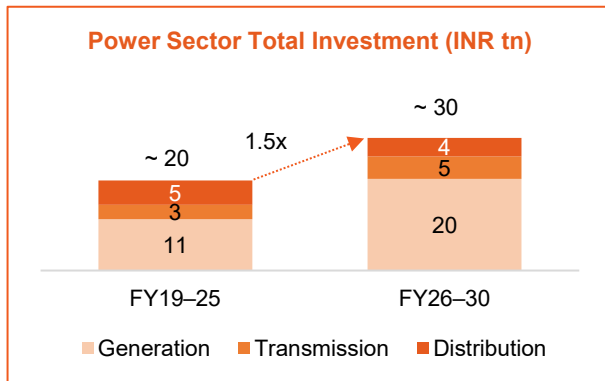
Source: IPO Prospectus, DevenChoksey Research

Vikran Engineering Ltd

Industry Overview:

Power sector also accounts a major share in overall EPC projects awarded in India. As per Crisil Intelligence, Indian power sector is expected to invest over INR 29–30tn over FY26–30, benefitting the EPC companies, led by spends across:

- Investments in power generation is expected to grow by ~1.7x from INR 11.6tn spent over FY19-25 to INR 19-21tn to be spent over FY26-30, 70% of it to be contributed by renewable energy to meet India's COP26 target of 500 GW non-fossil capacity.
- Investments in transmission lines is expected to increase from INR 3.2tn spent over FY19-25 to INR 4.5–5.5tn to be spent over FY26-30 to integrate large-scale renewable capacity.
- Power distribution is expected to witness an investments of INR 3.5–4.5tn to be spent over FY26-30, for upgradation of power grid and for smart meter deployment to reduce carbon emissions and overall working capital cycle of the industry.
- EPC projects account for ~40–50% of the overall power sector investments. EPC projects in the power sector includes the plant design, its construction, procurement, of materials for substations and transmission lines, along with providing necessary civil works needed for the completion of the project. Most small and mid-sized projects are awarded to the EPC companies, while the large projects are routed through the PPP model and brownfield expansions are generally executed by the in-house team. The Indian power EPC market has grown strongly due to rising electricity demand, government support, and higher sectoral spending.



Investments in Water EPC sector for FY25 - FY30

Water sector (irrigation + water supply & sanitation) is expected a marginal growth in investments from ~INR 12.3tn spent over FY19-25 to INR 13.5–14tn to be spent over FY26–30. to be spent majorly for improving irrigation facilities and a continuous water supply of potable water to all the citizens across the country.

EPC projects account for almost 95% of the overall standalone water supply projects, while the wastewater treatment and water supply projects on an aggregate basis forms almost 80–90% of the investments, while the remaining projects are executed through public-private partnerships (PPP) model.

Investment in irrigation sector is majorly driven by larger irrigation projects, central schemes including PMKSY, AIBP, CAD&WM, and the need for resilient irrigation to enhance crop yields, rural livelihoods, and food security, while the investment in water supply and sanitation is driven by government programs including Swachh Bharat Mission, Jal Jeevan Mission, NMCG, and AMRUT, along with urban planning including execution of smart cities and expansion of municipal limits across urban and rural areas.

Segment	Type of Projects	Clientele in the Segment
Irrigation	Construction of dams, barrages, canals, lift irrigation, micro irrigation, and tunneling	Most tenders for the development of irrigation and water projects are issued by respective state government departments
Water supply	Intake facilities, storage reservoirs, distribution systems, treatment plants, laying of pipelines, rainwater harvesting	

Source: IPO Prospectus, DevenChoksey Research

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Company Overview:

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It has a diverse experience in executing projects for power transmission, power distribution, under ground water distribution, surface water extraction, overhead tanks, and other distribution networks. The company also has experience in Solar EPC of ground-mounted solar projects and smart metering, along with deep expertise in executing railway infrastructure projects for substations and underground EHV cabling projects.

Its key strengths lie in in-house design and engineering, combined with timely project execution. By maintaining operational excellence and a cost-efficient structure, the company has consistently delivered high-value projects for government entities, public sector undertakings, and private enterprises, meeting rigorous regulatory and quality benchmarks.

Asset light model

The company operates on an asset-light business model by executing projects with relatively lower investment in fixed assets. To address project-specific equipment needs across different states, it rents machinery from third-party lessors, to reduce its fixed costs and lead cost-efficient and logistically effective project execution. Renting and leasing enables improved capital allocation; by prioritizing focus on core business activities rather than asset management.

Leasing and renting improves operational flexibility and enables rapid scale-up with change in project demand without being restricted by asset capacity. Its strategy of utilizing third-party equipment is evident in its efficient capital allocation and fixed asset turnover ratios, which have gradually improved from 57 in FY23 to 101 in FY25. Looking ahead, the asset-light approach is expected to further reduce upfront capital requirements and strengthen overall operational efficiency.

Infrastructure business verticals

The company's projects span three key infrastructure verticals:

Power Transmission and Distribution - It undertakes high-voltage transmission line construction up to 765 kV, substations up to 400 kV (both AIS and GIS), and power distribution networks. It has also executed 30,000 smart metering connections under this vertical.

Water Infrastructure - It provides comprehensive turnkey solutions covering surface and underground drinking water projects, water distribution networks, and rainwater harvesting systems. Its scope extends to the design, supply, and erection of intake water treatment plants and overhead service reservoirs, as well as the supply of drinking water through tube wells and reservoirs up to household connections, particularly in rural areas. The company also executes ductile iron pipeline projects under multi-village schemes such as the Jal Jeevan Mission. Its first project in this segment was awarded in August 2022 in Betul, Madhya Pradesh, for INR 2,460 Mn. under the Prime Minister Har Ghar Jal Yojana, and it currently has 12 ongoing projects across Uttar Pradesh, Chhattisgarh, and Madhya Pradesh.

Railway Infrastructure - The company is engaged in railway electrification, having completed projects in overhead electrification and signaling systems. Its experience includes OHE 25kV, 50 Hz AC railway electrification projects, 220 kV underground EHV cable work, and the construction of 132 kV transmission lines and traction substations.

Revenue from business verticals

The sharp growth in Power T&D revenue is driven by structural demand for transmission expansion, higher sub-station capacity additions, and government push for electrification.

Water Infrastructure continues to benefit from flagship government programs but has seen its relative share diluted by stronger T&D growth.

Railway Infra remains a supplementary segment with limited contribution due to focus and scale of other verticals.

Revenue Split by verticals

Vertical	FY23	FY24	FY25
Power Transmission and Distribution	48.3%	49.3%	72.9%
Water Infrastructure	49.4%	49.3%	26.8%
Railway & Infra	2.3%	1.4%	0.3%

Source: IPO Prospectus, DevenChoksey Research

Vikran Engineering Ltd

Company Overview:

Order Book across business verticals

The company's revenue mix and order book has been driven by a stronger growth in the Power Transmission & Distribution (T&D) segment. Revenue from Power T&D segment has grown at a 60.0%+ CAGR over FY23-25, majorly driven by structural tailwinds witnessed across the industry. Further, its revenue share has increased from 48.3% in FY23 to 72.9% in FY25.

India's push for universal electrification, expansion of the national transmission grid, and steady growth in substation capacity, particularly in the 220 kV, 400 kV, and 765 kV segments, is expected to drive further growth in the Poer T&D segment. The company's ability to execute Extra High Voltage (EHV) projects and turnkey power distribution contracts augurs well to capitalize on the government's increased spend of INR 4.5 to 5.5tn in the transmission sector over FY26-30.

The Water Infrastructure segment has remained stable over FY23-25, led by a steady execution under government programs including Jal Jeevan Mission (JJM), Swachh Bharat Mission, AMRUT, and National Mission for Clean Ganga. The order book of the water infrastructure segment remains healthy at INR 7,478 Mn. (as of June 2025) underscoring visibility of sustained future revenues.

The Railways and Infra vertical has accounted for marginal contribution, the segment remains supplementary in nature compared to the company's power and water businesses. It has capability to execute railway projects for overhead electrification and traction substations.

Overall, the company's trajectory demonstrates a clear pivot toward power transmission and distribution as the dominant revenue driver, underpinned by government investment and renewable energy integration needs. Simultaneously, the water infrastructure business provides a steady stream of projects, ensuring diversification and alignment with long-term national missions. Railways & Infra, though small, continues to support breadth of operations. Together, these verticals reflect a well-diversified order book of INR 20,443 Mn. as of March 2025, giving visibility into sustained growth across geographies and sectors.

Order Book by business vertical (INR Mn.)

Region	FY 23	% of Order Book	FY 24	% of Order Book	FY 25	% of Order Book
Power Transmission & Distribution						
North	39	0.2%	2,266	10.7%	3,147	15.4%
South	5,618	27.5%	3,268	15.5%	3,414	16.7%
East	2,779	13.6%	5,961	28.2%	2,197	10.8%
West	2,194	10.7%	757	3.6%	3,616	17.7%
Total (A)	10,630	52.0%	12,252	57.9%	12,374	60.5%
Water Infrastructure						
North	7,007	34.3%	5,769	27.3%	5,645	27.6%
South	-	-	-	-	-	-
East	2	0.0%	874	4.1%	588	2.9%
West	2,085	10.2%	1,806	8.5%	1,413	6.9%
Total (B)	9,093	44.5%	8,449	40.0%	7,646	37.4%
Railways & Infra						
North	-	-	-	-	-	-
South	118	0.6%	54	0.3%	31	0.2%
East	-	-	-	-	0	0
West	617	3.0%	392	1.9%	392	1.9%
Total (C)	735	3.6%	446	2.1%	423	2.1%
Grand Total (A+B+C)	20,458	100%	21,148	100%	20,443	100%

Source: IPO Prospectus, DevenChoksey Research

Vikran Engineering Ltd

Company Overview:

Order Book by client

The company's business mix demonstrates a clear dominance of government and public sector contracts, which provide stability and long-term revenue visibility. In FY25, state government orders constituted 61.0% of the total order book (INR 12,471 Mn.), driven by projects in transmission, distribution, and water infrastructure under schemes like DDUGJY, Saubhagya, IPDS, and Jal Jeevan Mission.

Public sector undertakings (PSUs) such as NTPC and Power Grid Corporation accounted for 18.4% of the order book in FY25 (INR 3,763 Mn), led by growing traction in large-scale transmission and substation projects, especially EHV systems up to 765 kV. Private sector accounted for 19.9% of the overall orderbook in FY25, was driven by specialized T&D and renewable-linked EPC projects.

Central government contracts represented only 0.7% of the order book in FY25, a continued decline from 3.1% in FY23, as the Company has been focused towards partnering with states and PSUs to execute and implement larger and recurring projects.

Overall, the company's revenue growth has been driven by its diversified exposure to multiple government entities and PSUs across 14 states, mitigating sector-specific risks. With 44 ongoing projects aggregating to INR 51,202 Mn. (as of June 2025), and strong track record of completing 45 projects across 14 states with total contract value of INR 19,199 Mn., the company is well positioned to capitalize on emerging opportunities in transmission, water, and public infrastructure.

Order Book by client (INR Mn)

Region	FY 23	% of Order Book	FY 24	% of Order Book	FY 25	% of Order Book
Central Government						
North	—	—	—	—	—	—
South	118	0.6%	54	0.3%	31	0.2%
East	407	2.0%	170	0.8%	119	0.6%
West	117	0.6%	0	—	—	—
Total (A)	642	3.1%	224	1.1%	149	0.7%
State Government						
North	3,505	17.1%	2,715	12.8%	4,161	20.4%
South	5,252	25.7%	3,169	15.0%	2,972	14.5%
East	544	2.7%	1,203	5.7%	726	3.6%
West	4,137	20.2%	2,512	11.9%	4,612	22.6%
Total (B)	13,438	65.7%	9,599	45.4%	12,471	61.0%
Total Government Orders (A+B)	14,080	68.8%	9,823	46.5%	12,620	61.7%
Public Sector Undertakings (PSUs)						
North	39	0.2%	2,266	10.7%	1,608	7.9%
South	365	1.8%	99	0.5%	442	2.2%
East	1,829	8.9%	2,031	9.6%	1,296	6.3%
West	142	0.7%	51	0.2%	417	2.0%
Total (C)	2,375	11.6%	4,448	21.0%	3,763	18.4%
Private Sector						
North	3,501	17.1%	3,054	14.4%	3,023	14.8%
South	—	—	—	—	—	—
East	2	0.0%	3,431	16.2%	645	3.2%
West	500	2.4%	392	1.9%	392	1.9%
Total (D)	4,003	19.6%	6,877	32.5%	4,060	19.9%
Grand Total (A+B+C+D)	20,458	100.0%	21,148	100.0%	20,443	100.0%

Source: IPO Prospectus, DevenChoksey Research

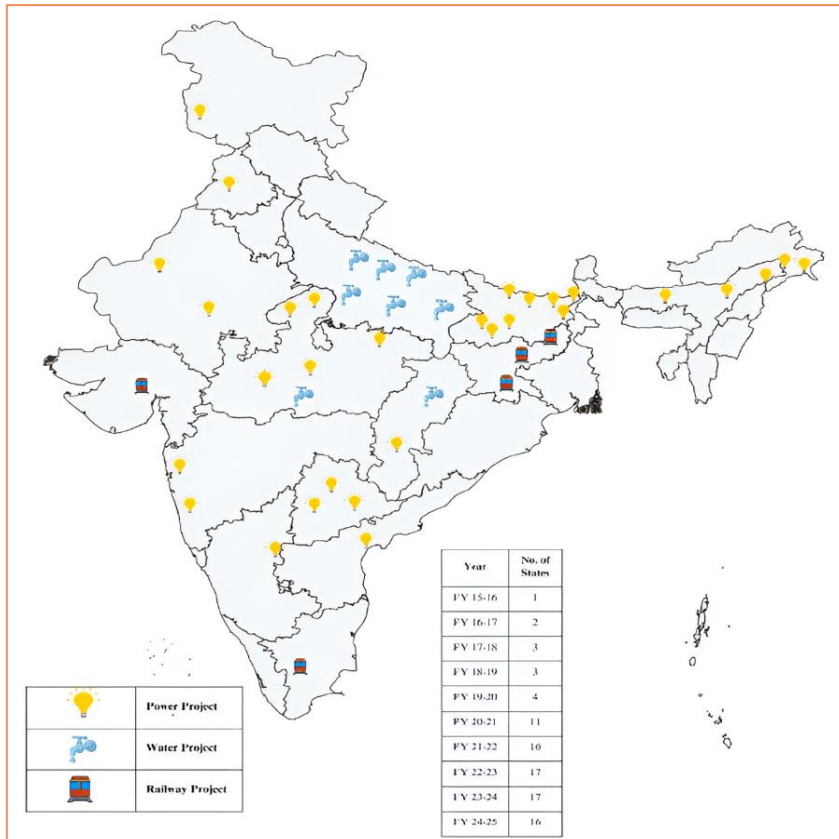
Vikran Engineering Ltd

Company Overview:

PAN India Supply chain and customers:

The company has executed projects across 22 states, with ongoing work in 16 states, supported by 190 sites and offices ensuring pan-India reach and customer-focused EPC services. A diversified supplier base of over 3,500 partners strengthens its supply chain, enabling timely project delivery with consistent quality and efficiency.

PAN India presence



Source: IPO Prospectus, DevenChoksey Research

In FY25, revenue from the top customer stood at INR 2,637 Mn., contributing 28.8% of total revenue, while the revenue concentration among the top ten customers remained high at 88.1% in FY25, compared to 76.7% in FY24 and 88.6% in FY23, reflecting continued reliance on a few large clients while maintaining stability across years.

Revenue split by top customer and top 10 customers

Particulars	FY 23	FY 24	FY 25
Revenue from top customer	25.7%	21.3%	28.8%
Revenue from top ten customers	88.6%	76.7%	88.1%

Source: IPO Prospectus, DevenChoksey Research

Vikran Engineering Ltd solidifies its position as a rapidly expanding Indian EPC company, reflected by a healthy order Book of INR 24,424 Mn. (as of June 30, 2025), which stood significantly diversified across its core business verticals including power transmission and distribution, water infrastructure and railways & Infra.

We believe Vikran engineering is strategically positioned to capitalize on EPC opportunities, led by a favorable macroeconomic landscape, with India's GDP expected to grow at an average of 6.7% CAGR over FY25-31, driven by sustained investment in infrastructure led by higher CapEx outlay and a consistent growth in power demand at 5.0-7.0% CAGR.

Vikran Engineering Ltd

Strategies:

■ **Core Competency Enhancement in Infrastructure Execution**

The Company has streamlined its focus on EPC projects in power transmission, distribution, and water infrastructure, leveraging its execution track record to expand into higher-value projects. Supported by government reforms and sectoral investment momentum, the Company aims to strengthen its presence in substations, underground cabling, and water infrastructure, positioning itself to capitalize on emerging opportunities and sustain long-term growth.

■ **Targeted International Growth Plans**

The Company, having expanded its presence across multiple Indian states, is now focusing on infrastructure EPC opportunities in the private sector and select international markets. With growing demand for transmission and distribution networks in regions such as Africa and the Middle East, the Company seeks to leverage its domestic expertise to establish a global footprint and tap emerging opportunities abroad.

■ **Strategic Expansion Beyond Core EPC**

The Company is broadening its EPC portfolio beyond its core focus by expanding into railways, metros, solar, and water irrigation projects. Leveraging its experience and execution capabilities, it aims to diversify offerings, reduce reliance on existing sectors, and capture opportunities in emerging areas such as renewable energy and industrial EPC, thereby enhancing growth and profitability with lower working capital intensity.

■ **Harnessing Government Infrastructure Initiatives**

The Company is aligning its strategy with government-led infrastructure programs in power, water, and transportation, leveraging its track record in system strengthening schemes and irrigation projects. By participating in initiatives such as RDSS, National Solar Mission, PMKSY, and high-speed rail development, the Company seeks to capitalize on policy-driven investments and expand its presence across priority sectors.

Risks:

■ **Bidding & Completion Risk Exposure**

The business is highly dependent on projects secured through competitive bidding and timely execution, where if it fails to qualify, win, or complete contracts may materially impact financial performance and growth prospects.

■ **Vigilance Action: Two-Year Ban**

The Railway Board, based on CORE/Vigilance findings, passed an order dated July 26, 2024, banning the Company for two years for alleged integrity breach and illegal gratification. The Company has challenged this order before the Hon'ble Delhi High Court, which has stayed its operation on August 13, 2024; the matter remains sub judice with the next hearing scheduled on September 26, 2025.

■ **Business Dependence on Tenders & Asset Management**

The Company's operations are working-capital intensive with receivables, inventories, and contract assets forming over 83% of total assets, making cash flows sensitive to project delays. Heavy reliance on government tenders further exposes the business to policy changes, payment risks, and contract uncertainties impacting financial performance.

■ **Overdue Receivables Impact on Cash Flows**

Delays in recoveries, ongoing disputes (including the ₹292.9 million RSDCL claim), and potential write-offs heighten working capital pressure, impacting cash flows, financial condition, and results of operations.

■ **Statutory Dues & Receivables Risk**

A significant portion of the Company's receivables has remained overdue beyond the credit period, with certain amounts under dispute, posing risks to cash flow and recoverability. Further, past delays in payment of statutory dues, though subsequently cleared, highlight compliance risks that could invite regulatory action and adversely impact liquidity and financial condition.

Vikran Engineering Ltd

SWOT Analysis



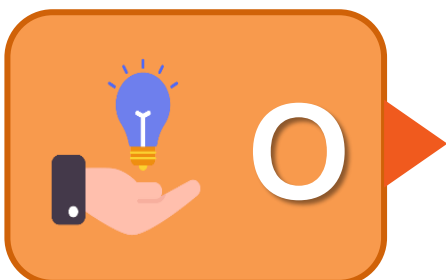
Strengths:

- **Diversified EPC Portfolio:** The Company has presence across power transmission and distribution, water and solar EPC projects, and railway projects reduces reliance on a single sector and provides multiple revenue streams.
- **Execution Track Record:** It has successfully delivered complex projects including the 765kV substations, smart metering, and rural electrification, strengthening credibility in large-scale infrastructure delivery.
- **In-house Capabilities:** The Company key differentiator includes its strong design and engineering expertise coupled with SAP-driven operational systems ensures efficiency, quality control, and timely execution.
- **Robust Vendor Network:** A large supplier base across India ensures procurement flexibility, cost efficiency, and resilience in supply chain management.



Weaknesses:

- **Low Market Share:** Despite growth, the Company remains a small player (<0.5%) in Indian EPC markets, limiting competitiveness against larger peers.
- **Working Capital Intensity:** High receivables and inventory lock-ups strain liquidity, making cash flows vulnerable to project delays or payment cycles.
- **High Tender Dependence:** Heavy reliance on government bidding processes exposes the business to thin margins, long cycles, and policy-related uncertainties.
- **Scale Limitations:** Smaller balance sheet restricts ability to independently bid for very large projects, often requiring JVs or consortium partnerships.



Opportunities:

- **Sectoral Growth:** Rising investments in power transmission, rural electrification, and water infrastructure provide a structural long-term demand for EPC services.
- **Railways & Solar Expansion:** Government thrust on metros, high-speed rail, and renewable energy provides new high-value EPC opportunities.
- **Global Markets:** Infrastructure deficits in Africa and the Middle East provides avenues for expansion by leveraging its strong domestic experience.
- **Smart Infrastructure Demand:** Growth in smart metering, underground cabling, and digital grid projects presents high-margin and future-ready opportunities.



Threats:

- **Execution and Delay Risks:** Project delays, cost overruns, or contract foreclosures may lead to penalties and reputational damage.
- **Competitive Pressure:** Larger EPC players with scale, capital, and global reach may outbid or outcompete the Company for marquee projects.
- **Regulatory & Payment Risks:** Shifts in government policies or delayed payments from PSU clients could strain liquidity and disrupt growth plans.
- **Commodity Volatility:** Fluctuations in steel, cement, and conductor prices directly impact project costs under fixed-price EPC contracts.

Vikran Engineering Ltd

Peer Comparison

Peers (FY25)	Vikran Engineering	SPML Infra Ltd	Transrail Lighting	Techno Electric & Engineering	Kalpataru Projects	KEC International
Market cap	25,017	19,976	1,04,706	1,79,572	2,22,056	2,19,522
Enterprise Value	27,722	31,055	2,78,455	1,44,849	2,32,737	3,73,542
Sales	9,158	7,706	53,078	22,687	2,23,023	2,17,483
Sales Growth (YoY)	7.9%	-41.6%	30.6%	51.0%	13.8%	9.4%
EBITDA	1,602	427	6,734	3,393	20,320	15,875
EBITDA Margin (%)	17.5%	5.5%	12.7%	15.0%	9.1%	7.3%
Net profit	778	479	3,266	3,781	5,857	5,707
Profit Margin (%)	8.5%	6.2%	6.2%	16.7%	2.6%	2.6%
Total Equity	4,679	7,701	18,811	37,396	65,133	53,475
ROE (%)	16.6%	7.8%	21.6%	12.8%	10.1%	12.1%
ROIC (%)	16.9%	5.1%	20.7%	NA	8.0%	11.0%
P/E	32.1x	41.7x	32.1x	47.5x	37.9x	38.5x
P/S	2.7x	2.6x	2.0x	7.9x	1.0x	1.0x
EV/EBITDA	17.3x	72.7x	41.4x	42.7x	11.5x	23.5x
EV/Sales	3.0x	4.0x	5.2x	6.4x	1.0x	1.7x
Net Debt / EBITDA	1.7x	3.7x	0.1x	-8.5x	1.1x	2.1x
Net Debt / Equity	0.6x	0.2x	0.0x	-0.8x	0.3x	0.6x

Source: Factset, IPO Prospectus, DevenChoksey Research

Vikran Engineering Ltd

Outlook:

Vikran Engineering, is an Indian EPC Company established in 2008, specializing in executing power transmission and distribution projects, along with expertise in water and railway infrastructure projects. Till date it has completed over 45 projects across 14 states with a total contract value of INR 19,199 Mn.

The Company strategically utilizes third-party equipment's to maintain its asset light business model and scale up its operations rapidly with change in project demand and requirements, without worrying for asset management and can focus on its core project activities. As of March 31, 2025, its overall order stood at INR 20,443 Mn., providing strong revenue visibility for upcoming few years. Moreover, the Company aims to diversify its revenue base by expanding into railways, metros, solar, and water irrigation projects, to drive improvement in margins and overall profitability. Moreover, it plans to leverage its deep expertise and execution capabilities for executing industrial and renewable EPC projects to scale rapidly.

Its revenue and EBITDA has grown at 32.2% and 41.8% CAGR over FY23-25, led by its strong operational excellence and efficient capital allocation structure, through which it has consistently delivered high-value projects for government entities, public sector undertakings, and private enterprises, meeting rigorous regulatory and quality benchmarks.

Through its initial issue it plans to raise INR 7.2bn, for funding the working capital requirement of INR 5.4bn and residual amount for general corporate purposes. We believe with strong tailwinds in power transmission and distribution segment; the Company is well positioned to capitalize on the future growth through its deep expertise in timely executing the projects by deploying its asset light model.

Vikran's initial issue is available at 17.3x TTM EV/EBITDA which is much lower to its peer average of 32.0x TTM EV/EBITDA. We believe the issue is attractively priced, as its growth in terms of revenue and EBITDA, has trended in a similar range of its peers, while it is available at a much lower valuation. We assign a "SUBSCRIBE" rating to the issue.

Relative Valuation

Company Name	CMP (INR)	Market Cap (INR Mn)	Revenue CAGR	EBITDA CAGR	PAT CAGR	EBITDA Margin (%)	EV/EBITDA		ROE	ROIC
			Last 2 FY	Last 2 FY	Last 2 FY	FY25	FY25	TTM	FY25	FY25
Vikran engineering	97	25,017	32.2%	41.8%	34.8%	17.5%	17.3x	17.3x	16.6%	16.9%
Domestic Peers										
Kalpataru Projects	1,293	2,22,056	16.9%	17.5%	15.3%	9.1%	9.0x	12.0x	10.1%	8.0%
Techno Electric & Engineering	1,545	1,79,572	65.4%	91.1%	97.8%	15.0%	25.9x	44.4x	12.8%	NA
SPML Infra Ltd	276	19,976	-6.6%	16.3%	1007.4%	5.5%	39.3x	72.0x	7.8%	5.1%
KEC International	828	2,19,522	12.3%	32.4%	80.1%	7.3%	15.0x	16.0x	12.1%	11.0%
Transrail Lighting	768	1,04,706	30.1%	41.7%	74.3%	12.7%	9.3x	15.5x	21.6%	20.7%
Mean			23.6%	39.8%	255.0%	9.9%	19.7x	32.0x	12.9%	11.2%
Median			16.9%	32.4%	80.1%	9.1%	15.0x	16.0x	11.4%	8.0%

Source: Factset, IPO Prospectus, DevenChoksey Research and Analysis

Vikran Engineering Ltd

Financials:

Income Statement (INR Mn)	FY23	FY24	FY25	Cash Flow (INR Mn.)	FY23	FY24	FY25
Revenue	5,243	7,859	9,158	Net Cash Flow from Operating Activities	56	(665)	(1,291)
Operating Expenditure	4,446	6,527	7,556	Net Cash Flow from Investing Activities	(143)	(159)	(143)
EBITDA	797	1,333	1,602	Net Cash Flow from Financing Activities	88	824	1,406
EBITDA Margin %	15%	17%	17%	Net Cash Inflow/(Outflow)	(0)	(0)	(28)
Other Income	49	55	65	Cash and cash equivalents acquired pursuant to scheme of amalgamation	0	0	1
Depreciation	37	41	30	Cash and Cash Equivalents at beginning of period	1	1	1
Interest	282	340	536	Cash and Cash Equivalents at end of period	1	1	25
Exceptional items	13	0	0				
PBT	540	1,007	1,102				
Tax	111	259	324				
PAT	428	748	778				
PAT Margin (%)	8%	10%	8%				
Adj. EPS	1.7	2.9	3.0				

Balance sheet (INR Mn)	FY23	FY24	FY25
ASSETS			
Non-Current Assets			
Property, plant and equipment	91	86	90
Other financial assets	432	257	207
Other non-current assets	277	289	328
Current Assets			
Inventories	357	507	599
Other financial assets	3,869	5,179	7,161
Other current assets	2,098	3,280	5,162
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			
Borrowings	365	107	319
Lease Liabilities	7	4	8
Provisions	21	28	36
Current Liabilities			
Lease Liabilities	9	4	7
Borrowings	1,184	1,727	2,410
Other financial liabilities	2,971	3,010	4,947
Other current liabilities	1,255	1,806	1,140
Total Equity and Liabilities	7,125	9,598	13,547

Source: IPO Prospectus, DevenChoksey Research

Vikran Engineering Ltd

ANALYST CERTIFICATION:

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