

Vikran Engineering Ltd.

Nifty: 24,968 | Sensex: 81,636

IPO Note | 26th August, 2025

Sector: Infrastructure

Price Range: ₹92 - ₹97

Focusing on Infrastructure EPC projects....

Vikran Engineering Limited, incorporated in 2008, is a fast-growing EPC firm based in Thane, Maharashtra, specializing in turnkey infrastructure projects across power transmission (72.9% of FY25 revenue), water supply (26.7%), and railway electrification (0.31%). The portfolio includes high-voltage transmission lines, substations, smart metering, underground and surface water projects under the Jal Jeevan Mission, and railway electrification works.

- India’s power demand is expected to rise from 1,790–1,800 billion units in FY26 to 2,255–2,265 billion units by FY30, reflecting a CAGR of 5–7%. This growth will be fueled by sustained economic momentum, upgrades in distribution infrastructure, and key reforms by the central government aimed at improving the efficiency and resilience of the power sector.
- Vikran’s Revenue/EBITDA/PAT grew at a CAGR of 32%/42%/35% between FY23 and FY25, reaching ₹915.8/₹160/₹77.8cr due to a healthy order book and superior execution.
- In FY25, the company delivered an EBITDA margin of 17.5% and a PAT margin of 8.5%, primarily due to a higher contribution from the power transmission segment in the overall revenue mix, from 48% to 73% from FY23 to FY25.
- As of June 30, 2025, the company has an order book of ₹2,442.44cr. The order book to sales ratio is 2.7x, which provides revenue visibility for the next 2-3 years.
- The company has ~30 major ongoing projects in the power transmission and distribution business, with a contract value of ₹3,357.18cr, 12 ongoing projects in the water infrastructure sector, with a contract value of ₹1,693.71cr and 2 ongoing projects in the railways & infrastructure sector with a contract value of ₹69.32cr as of June 30, 2025.
- At the upper price band of ₹97, Vikran’s FY25 P/E ratio of 32x appears fairly priced compared to peers. Vikran has an established position as a fast-growing EPC player with a diversified order book across power transmission, water infrastructure, and railway sectors. The company’s strategic focus on capitalizing on government initiatives like the Revamped Distribution Sector Scheme and Jal Jeevan Mission, coupled with its asset-light model and pan-India presence, positions it well to benefit from India’s infrastructure boom. Therefore, we recommend a SUBSCRIBE rating for investors with a long-term horizon.

Purpose of IPO

The Issue comprises of a fresh issue of up to 7,43,29,896 equity shares totalling ₹721cr and OFS of up to 52,57,731 shares totalling ₹51cr. The objectives of the issue are i) Funding of the working capital requirements of the company (₹541cr), ii) General corporate purposes.

Key Risks

- Most projects are won via competitive bidding; delays or failure to secure new contracts may affect growth, performance, and stability.
- Policy changes or delays in government tenders may disrupt operations, contract flow, and adversely impact financial performance.

Peer Valuation

Company	CMP(₹)	MCap(₹ cr)	Sales (₹ cr)	EBITDA(%)	PAT (%)	EPS(₹)	RoE (%)	P/E(x)	EV/EBITDA	P/BV	Mcap/sales
Vikran Engineering Ltd	97	2,502	916	17.5	8.5	3.0	16.6	32.1	17.3	5.3	2.7
Kalpataru Projects International Ltd	1,278	22,130	22,316	8.2	2.6	33.9	10.1	37.7	10.4	3.4	1.0
Techno Electric & Engineering Company Ltd	1,479	17,596	2,269	15	18.6	33.3	14.3	44.5	25.9	4.6	7.8
SPML Infra Ltd	290	2,021	771	5.5	6.2	2.0	7.8	98.6	32	2.9	2.6
KEC international Ltd	820	21,779	21,537	6.9	2.7	21.7	12.1	37.9	16.1	4.1	1.0

Source: Geojit Research, Bloomberg; Valuations of VEL are based on upper end of the price band (post issue), Financials as per FY25 consolidated.

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Issue Details	
Date of opening	August 26, 2025
Date of closing	August 29, 2025
Total No. of shares offered (cr.)	7.96
Post Issue No. of shares (cr)	25.8
Face Value	₹1
Bid Lot	148 Shares
Minimum application for retail (upper price band for 1 lot)	₹ 14,356
Maximum application for retail (upper price band for 13 lot)	₹ 1,86,628
Listing	BSE,NSE
Employee Discount	-
Lead Managers	Pantomath Capital Advisors Private Limited, Systematix Corporate Services Limited
Registrar	Bigshare Services Private Limited

Issue size (upper price)	Rs.cr
Fresh Issue	721.0
OFS	51.0
Total Issue	772.0

Shareholding (%)	Pre-Issue	Post Issue
Promoter & Promo. Group.	81.8	56.17
Public & others	18.2	43.83
Total	100.0	100.00

Issue structure	Allocation (%)	Size Rs.cr
Retail	35	270.2
Non-Institutional	15	115.8
QIB	50	386
Emp. Reservation	-	-
Total	100	772

Y.E March (Rs cr) Consol.	FY23	FY24	FY25
Sales	524.3	785.9	915.8
Growth YoY(%)	-	49.9	16.5
EBITDA	79.7	133.3	160.2
Margin(%)	15.2	17	17.5
PAT Adj.	42.8	74.8	77.8
Growth (%)	-	74.7	4.0
EPS	1.7	2.9	3.0
P/E (x)	58.4	33.4	32.1
EV/EBITDA (x)	33.3	20.1	17.3
P/BV(x)	19.1	8.6	5.3



Business Description:

Vikran Engineering Ltd. is one of the fast-growing Indian Engineering, Procurement and Construction (EPC) company. The company provides end-to- end services from conceptualisation, design, supply, installation, testing and commissioning on a turnkey basis and has presence across multiple sectors including power, water, and railway infrastructure. Within the power sector, the company has presence in both- power transmission and power distribution.

In the water sector, the company’s 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 the company undertakes 132 kV traction substation projects and underground EHV cabling projects. The company has a diversified project portfolio, with majority revenue from energy and water infrastructure verticals.

The company’s key competencies encompass in-house design and engineering and timely project execution. The company has successfully executed projects for government entities, public sector undertakings and private companies. The company’s focus on operational excellence, and efficient cost structure, and has enabled it to deliver high-value projects that meet stringent regulatory and quality standards.

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 Dana-pur 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, sub-stations 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 laying 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.

The details of contribution to revenue from operations by each vertical is set out below:

(Amount in ₹ million, unless otherwise stated)

Vertical	Fiscal 2025		Fiscal 2024		Fiscal 2023	
	Revenue from operations	% of total revenue from operations	Revenue from operations	% of total revenue from operations	Revenue from operations	% of total revenue from operations
Power Transmission and Distribution	6676.69	72.90	3,875.83	49.31	2,530.80	48.27
Water Infrastructure	2453.25	26.79	3,873.37	49.28	2,590.08	49.40
Railway & Infra	28.53	0.31	110.28	1.40	122.17	2.33
Total	9158.47	100.00	7,859.48	100.00	5,243.05	100.00

Source: RHP, Geojit Research

Key strengths:

- ◆ One of the fast-growing engineering, procurement and construction (“EPC”) companies, with timely execution of power transmission and distribution and water infrastructure sector
- ◆ Diversified Order Book across business verticals and consistent financial performance
- ◆ Pan India presence with strong supply chain
- ◆ Asset light model
- ◆ In-house technical and engineering capabilities, process control and quality assurance

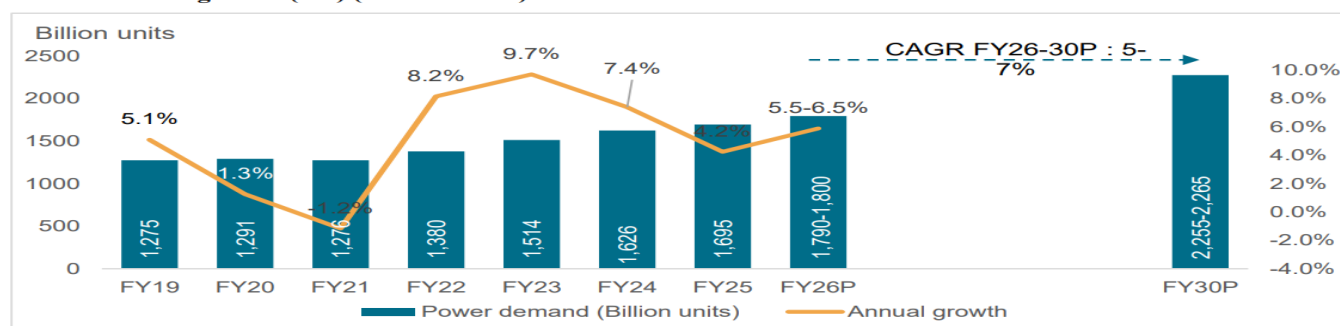
Key strategies:

- ◆ Continue to strengthen core competencies in power transmission and distribution and water infrastructure sectors.
- ◆ Selectively expanding geographical footprint globally.
- ◆ Expand EPC portfolio into other EPC sectors.
- ◆ Capitalizing on government initiatives and policies.

Industry Outlook

In fiscal 2026, power demand is estimated to increase by 5.5-6.5% on year to 1,790-1,800 BU. Buoyant economic performance and weather changes are expected to be key drivers for power demand growth in fiscal 2026. Over the next few years, from FY26 to FY30, power demand is expected to maintain a CAGR of 5-7%, reaching 2,255-2,265 billion units. This growth will be supported by healthy economic expansion, improvements in distribution infrastructure, and major reforms initiated by the central government to enhance the overall health of the power sector.

Power demand growth (BU) (FY19-FY30P)



Source: CEA, Crisil Intelligence

Source: RHP, Geojit Research

Promoter and promoter group

The Promoters of the company are Rakesh Ashok Markhedkar, Avinash Ashok Markhedkar and Nakul Markhedkar.

Brief Biographies of directors

- **Rakesh Ashok Markhedkar**, is the Chairman and Managing Director of the Company. He has 34 years of experience, largely in EPC sector.
- **Avinash Ashok Markhedkar**, is a Whole-Time Director of the Company. He is also one of the Promoters of the Company. He has over 33 years of experience.
- **Nakul Markhedkar** is a Whole-Time Director of the Company. He is also one of the Promoters of the Company. He has over 9 years of experience.
- **Rakesh Kumar Sharma** is the Independent Director of the Company. He has approximately 34 years of experience.
- **Arun Bhagwan Unhale** is the Independent Director of the Company. He has an experience of over 39 years
- **Priti Paras Savla** is the Independent Director of the Company. She has an experience of about 21 years.
- **Ashish Bahety** is the Chief Financial Officer of the Company. He has over 18 years of experience in finance sector.
- **Dibyendu Ray** is the Chief Operating Officer of the Company. He has about 34 years of work experience.
- **Kajal Sagar Rakholiya**, is the Company Secretary and Compliance Officer of the Company. She has over 9 years of experience in secretarial roles.

CONSOLIDATED FINANCIALS

PROFIT & LOSS

Y.E March (Rs cr)	FY23	FY24	FY25
Sales	524.3	785.9	915.8
% change	0.0%	49.9%	16.5%
EBITDA	79.7	133.3	160.2
% change	-	67.2%	20.2%
Depreciation	3.7	4.1	3.0
EBIT	76.0	129.2	157.3
Interest	28.2	34.0	53.6
Other Income	4.9	5.5	6.5
Exceptional items	1.3	0.0	0.0
PBT	54.0	100.8	110.2
% change	-	86.7%	9.4%
Tax	11.1	25.9	32.4
Tax Rate (%)	21%	26%	29%
Reported PAT	42.8	74.8	77.8
Adj	0.0	0.0	0.0
Adj. PAT	42.8	74.8	77.8
% change	-	74.7%	4.0%
Post issue No. of shares (cr)	25.8	25.8	25.8
Adj EPS (Rs)	1.7	2.9	3.0
% change	0.0%	74.7%	4.0%

CASH FLOW

Y.E March (Rs cr)	FY23	FY24	FY25
PBT Adj.	54.0	100.8	110.2
Non-operating & non cash	25.2	33.8	55.3
Changes in W.C	-73.6	-201.0	-294.6
C.F. Operating	5.5	-66.5	-129.1
Capital expenditure	-0.9	-2.0	-2.7
Change in investment	0.0	0.0	0.0
Sale of investment	0.1	0.0	0.0
Other invest.CF	-13.4	-13.9	-6.6
C.F - investing	-14.3	-15.9	-9.3
Issue of equity	0.0	81.5	102.7
Issue/repay debt	34.2	35.8	89.6
Dividends paid	-1.0	-3.9	-3.8
Other finance.CF	-24.4	-31.0	-47.9
C.F - Financing	8.8	82.4	140.6
Change. in cash	0.0	0.0	2.3
Opening Cash	0.1	0.1	0.1
Closing cash	0.1	0.1	2.3

BALANCE SHEET

Y.E March (Rs cr)	FY23	FY24	FY25
Cash	14.9	50.0	67.1
Accounts Receivable	369.9	463.9	634.3
Inventories	35.7	50.7	59.9
Other Cur. Assets	211.9	332.0	530.9
Investments	2.1	2.1	2.1
Deff. Tax Assets	5.9	8.8	15.2
Net Fixed Assets	10.9	9.6	10.5
CWIP	0.0	0.0	0.0
Intangible Assets	0.9	0.2	0.2
Other Assets	60.2	42.6	34.4
Total Assets	712.5	959.8	1354.7
Current Liabilities	396.7	449.0	548.3
Provisions	18.5	13.4	11.0
Debt Funds	156.6	184.1	274.5
Other Fin. Liabilities	3.9	4.1	17.1
Deferred Tax liability	5.6	17.9	36.0
Equity Capital	131.1	291.3	467.9
Reserves & Surplus	0.0	0.0	0.0
Shareholder's Fund	131.1	291.3	467.9
Total Liabilities	712.5	959.8	1,354.7
BVPS (Rs)	5.1	11.3	18.1

RATIOS

Y.E March	FY23	FY24	FY25
Profitab. & Return			
EBITDA margin (%)	15.20	16.96	17.50
EBIT margin (%)	14.5	16.4	17.2
Net profit mgn.(%)	8.2	9.5	8.5
ROE (%)	32.7	25.7	16.6
ROCE (%)	45.3	26.2	19.0
W.C & Liquidity			
Receivables (days)	257.5	193.6	218.8
Inventory (days)	35.9	28.5	31.4
Payables (days)	204.1	137.9	190.3
Current ratio (x)	1.5	1.9	2.3
Quick ratio (x)	1.0	1.1	1.3
Turnover & Levq.			
Net asset T.O (x)	47.9	76.6	91.0
Total asset T.O (x)	0.7	0.9	0.8
Int. covge. ratio (x)	2.7	3.8	2.9
Adj. debt/equity (x)	1.2	0.6	0.6
Valuation ratios			
EV/Sales (x)	5.1	3.4	3.0
EV/EBITDA (x)	33.3	20.1	17.3
P/E (x)	58.4	33.4	32.1
P/BV (x)	19.1	8.6	5.3



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Geojit Investments Ltd. Registered Office: 7th Floor 34/659-P, Civil Line Road, Padivattom, Kochi-682024, Kerala, India. Phone: +91 484-2901000, Website : www.geojit.com/GIL . For investor queries: customercare@geojit.com

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