

Recommendation	Subscribe	
Price Band	Rs 92-97	
Bidding Date	26 Aug – 29 Aug 2025	
Book Running Lead Manager	Pantomath Cap Advisors pvt Ltd, Systematix Services Ltd	
Registrar	Bigshare Services Private Ltd	
Sector	Capital Goods-EPC	
Minimum Retail Application- Detail At Cut off Price		
Number of Shares	148	
Minimum Application Money	Rs. 14356	
Payment Mode	ASBA	
Financials (Rs Cr)	FY24	FY25
Total Income	786	916
EBITDA	133	160
PAT for the year	75	78
Valuations (FY25)	Upper Band	
Market Cap (Rs Cr)	2,502	
Adj EPS	3	
PE	32	
EV/ EBITDA	17	
Enterprise Value(Rs Cr)	2709	
Post Issue Shareholding Pattern		
Promoters	56.2%	
Public/Other	43.8%	
Offer structure for different categories		
QIB	50%	
Non-Institutional	15%	
Retail	35%	
Post Issue Equity (cr)	25.8	
Issue Size (Rs in cr)	772	
Face Value (Rs)	1	

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BACKGROUND

Vikran Engineering Limited is one of the fast-growing EPC companies in India. The company provides end-to-end services including design, supply, installation, testing, and commissioning on a turnkey basis. Its operations cover multiple sectors such as power transmission & distribution, water infrastructure, and railways. Its clients include major government entities like NTPC, Power Grid, state power distribution companies, and railways. With government push for electrification, renewable energy, and water infrastructure, Vikran Engineering is well positioned to capture upcoming opportunities.

Details of the Issue:

The public issue consists of OFS aggregating up to Rs 51 Cr. And fresh issue up to Rs 721 Cr. Company proposes to utilize the Net Proceeds towards:-

- Funding working capital requirements – 541 Cr

Investment Rationale:

- Fast-growing EPC company with strong execution
- Diversified order book of ₹2,044.3 Cr
- Pan-India presence with robust supply chain
- Strong in-house design, engineering, and quality control
- Experienced promoters and professional management team

Valuation and Recommendation:-

Vikran delivers superior profitability compared to peers, with EBITDA margins of 17.5% versus the industry average of 11%. Its ROCE (22.1%) and ROE (16.6%) are also higher. In terms of valuation, the IPO is priced at a P/E of 32.1x and EV/EBITDA of 16.9x, which are lower than the peer averages of 37.7x and 23.9x, respectively, making the pricing reasonable. While the company is smaller in scale (₹916 Cr revenue vs. peer average of ₹12,935 Cr), it offers higher growth and better margins. Considering these factors, we recommend a **Subscribe** rating for the IPO.

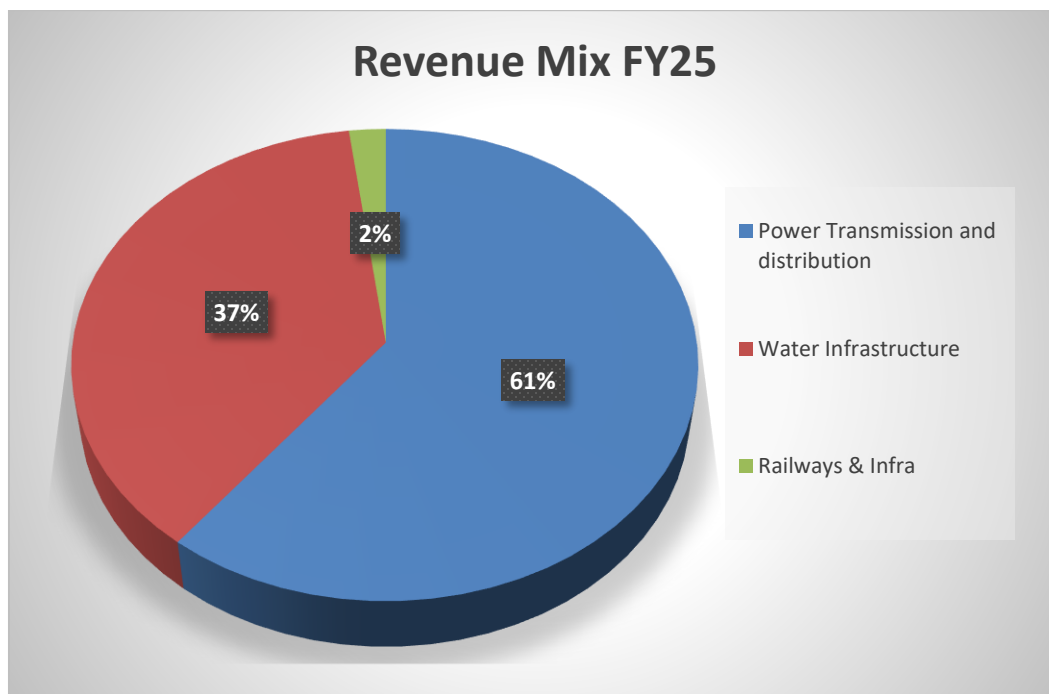
Financials	FY23	FY24	FY25
Net Revenues	524	786	916
Growth (%)	-	49.9%	16.5%
EBITDA	80	133	160
EBITDA Margin (%)	15.2%	17.0%	17.5%
PBT	54	101	110
Adjusted PAT	43	75	78
EPS	1.66	2.90	3.02
ROCE	28.6%	28.3%	22.1%
EV/Sales	5.2	3.4	3.0
EV/EBITDA	34.0	20.3	16.9
P/E	58.4	33.4	32.1

Source: Company data, NBRR

Company Background

Vikran Engineering Limited is a fast-growing EPC (Engineering, Procurement and Construction) company in India with operations in power transmission, distribution, water infrastructure, and railways. The company offers end-to-end services such as design, supply, installation, testing, and commissioning on a turnkey basis. As of August 31, 2024, it had completed 44 projects worth about ₹1,896 Cr across 11 states and was executing 34 ongoing projects in 17 states, reflecting its strong presence across the country. Its key clients include major government entities such as NTPC, Power Grid, state utilities, and railways. Vikran has also developed strong technical capabilities by building 10 extra high-voltage substations of up to 765 kV.

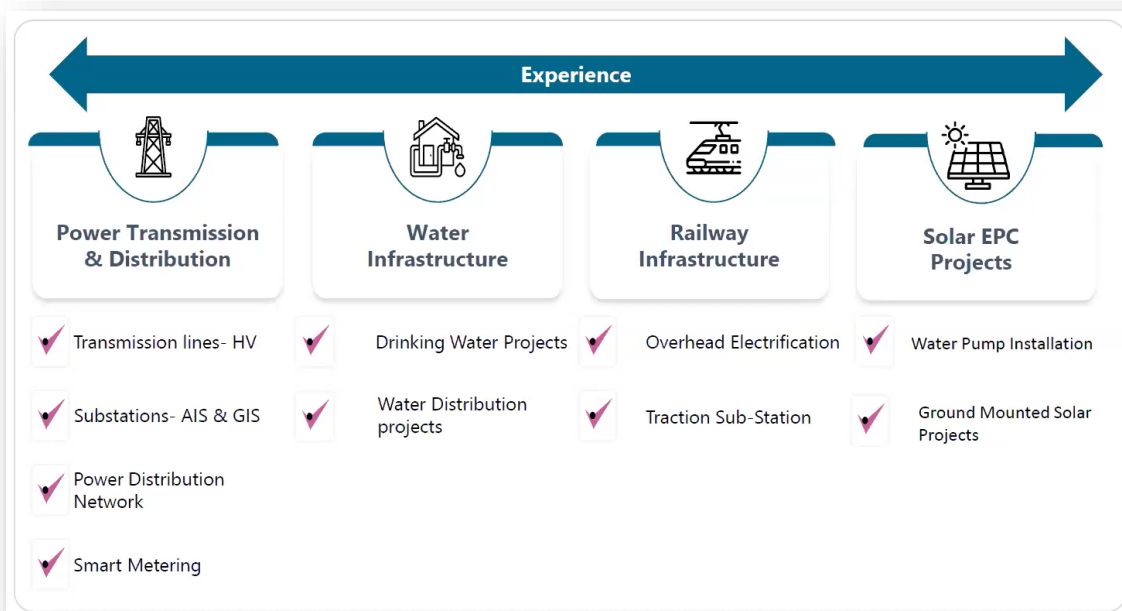
The company has established a pan-India footprint with 195 sites and stores, supported by more than 3,500 suppliers to ensure timely material availability and project execution. Its in-house design and engineering teams, supported by ISO certifications and strict quality controls, further strengthen execution capability. Vikran is led by experienced promoters, including its Chairman and MD, Rakesh Markhedkar, who has over 34 years of EPC sector experience and industry recognition. With government initiatives such as rural electrification, renewable energy expansion, and the Jal Jeevan Mission creating strong demand for EPC projects, Vikran is well positioned to benefit from these opportunities. Overall, the company combines execution strength, national presence, and a growing order book, making it an important player in India's EPC sector.



Investment Rationale

Fast-growing EPC Company with strong execution

Vikran Engineering is among India's fast-growing EPC players, offering end-to-end solutions in power transmission, distribution, water, and railway infrastructure. With 44 completed projects worth ₹1,895.8 Cr and 34 ongoing projects across 17 states, the company has built strong execution capabilities, including 10 EHV substations up to 765kV. Supported by government push in renewables, rural electrification, and Jal Jeevan Mission, it is well-positioned to capture sector growth opportunities.



Pan-India presence with robust supply chain

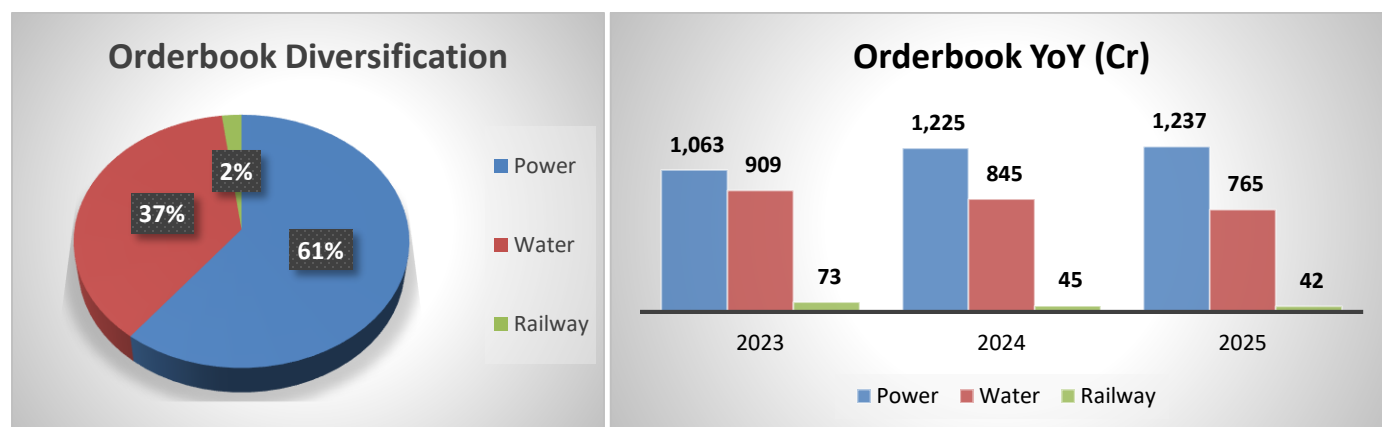
With execution across 22 states and active projects in 17, Vikran has established a strong national footprint supported by 195 sites and stores. It serves marquee clients such as NTPC, state transmission corporations, and power distribution companies. A network of 3,500+ suppliers ensures material availability, efficient logistics, and timely project completion, reducing dependency risks.

Strong in-house design, engineering, and quality control

Vikran executes projects in an integrated manner with in-house design, engineering, and quality monitoring teams. Backed by 93+ years of cumulative expertise, the team ensures timely, customized, and high-quality execution across verticals. A centralized monitoring system, ISO certifications, and strict internal audits strengthen process control, enhancing credibility with clients.

Diversified order book

Vikran Engineering has built a well-diversified order book across power transmission & distribution, water, and railway projects, giving strong revenue visibility and reducing dependence on a single segment. The total order book grew from ₹2,046 Cr in FY23 to ₹2,115 Cr in FY24, and stood at ₹2,044 Cr in FY25, reflecting stability despite sector challenges. Power transmission & distribution continues to dominate with ₹1,237 Cr (60.5% of FY25 order book), while water infrastructure contributes ₹765 Cr (37.4%), and railways ₹42 Cr (2.1%). With 62.5% of projects from government, 18.4% from PSUs, and 19.9% from private clients, the mix ensures steady revenues and reduces dependence on any single segment.



Experienced promoters and professional management team

The company is led by Chairman and MD, Rakesh Ashok Markhedkar, who has over 34 years of EPC experience. He holds a degree in Electrical Engineering, a Master's in Quality Management from BITS Pilani, and also completed a General Management Program at IIM Bangalore. In his career, he has worked with leading firms like L&T, Voltas, EMCO, KEI Industries, ERA Infra, and Bajaj Electricals. His leadership has earned industry awards such as World's Best Emerging Leader (2023) and Most Promising Business Leader of Asia (2017). Supported by an experienced board and management team, his expertise gives Vikran strong credibility and growth potential.

Risk/Concerns

Dependence on government projects

Most of Vikran's revenues come from government and public sector contracts. Any delays in tendering, approvals, or payments from these agencies can affect cash flows and profitability.

Competitive Bidding Pressure

The company depends on winning projects through competitive bidding. Intense competition may force aggressive pricing, which can hurt margins. Despite spending significant time and resources on preparing bids, there is no certainty of securing new contracts, which could affect future growth.

Risk of Negative Cash Flows

The company has experienced negative operating cash flows despite revenue growth. Cash flow from operations was -₹66 Cr in FY24, and -₹129 Cr in FY25. Sustained negative cash flows highlight delays in payments and high working capital requirements, which may strain liquidity, increase dependence on borrowings, and affect future growth.

Competitive EPC industry

The EPC sector is highly competitive with large players like L&T, Kalpataru, KEC, etc. Aggressive bidding and pricing pressure may reduce margins and limit growth opportunities.

Valuation and Recommendation

Vikran Engineering is a fast-growing EPC company with operations in power, water, and railways. It has executed 44 projects worth ₹1,896 Cr and has an order book of ₹2,115 Cr, giving strong revenue visibility. The company reported 32% revenue CAGR and margin improvement, supported by an experienced promoters. However, risks include dependence on government contracts, tough competition, and negative cash flows.

Vikran delivers superior profitability compared to peers, with EBITDA margins of 17.5% versus the industry average of 11%. Its ROCE (22.1%) and ROE (16.6%) are also higher. In terms of valuation, the IPO is priced at a P/E of 32.1x and EV/EBITDA of 16.9x, which are lower than the peer averages of 37.7x and 23.9x, respectively, making the pricing reasonable. While the company is smaller in scale (₹916 Cr revenue vs. peer average of ₹12,935 Cr), it offers higher growth and better margins. Considering these factors, we recommend a “**Subscribe**” rating for the IPO.

Listed Peers

FY 25	Kalpataru Projects Ltd	Techno Electric & En	KEC International Li	Transrail Lighting Lir	Average	Vikran Engineering
Revenue	22,316	2,269	21,847	5,308	12935	916
CAGR (FY23-FY25)	17%	65%	12%	30%	31%	32%
EBITDA Margin	9.1%	14.9%	7.7%	12.7%	11.1%	17.5%
Asset Turns (x)	2.1	0.6	2.3	2.1	1.8	1.2
Wkg Cap Days	72	564	53	91	195	176
ROCE	14.8%	14.2%	16.8%	26.2%	18.0%	22.1%
ROE	8.7%	11.3%	10.7%	17.4%	12.0%	16.6%
Debt/Equity	0.7	0.0	0.7	0.4	0.4	0.6
EV/EBITDA	12.2	52.8	15.0	15.6	23.9	16.9
P/E	37.9	42.5	38.5	32.1	37.7	32.1
Price/Sales	1.00	7.93	1.01	1.97	3.0	2.73
Orderbook/sales	2.69	4.85	1.57	2.74	2.96	2.23

Source: Company Data, NBRR

Financials

Consolidated Nos

P&L (Rs. Cr)	FY23	FY24	FY25
Net Revenue	524	786	916
% Growth	-	50%	17%
Cost of goods sold	363	553	644
% of Revenues	69.2%	70.3%	70.3%
Employee Cost	41	59	68
% of Revenues	7.7%	7.5%	7.4%
Other expenses	41	41	44
% of Revenues	7.9%	5.2%	4.8%
EBITDA	80	133	160
EBITDA Margin	15.2%	17.0%	17.5%
Depreciation	4	4	3
Other Income	5	5	7
Interest	28	34	54
Exceptional item	1	0	0
PBT	54.0	100.8	110.2
Tax	11	26	32
Tax rate	21%	26%	29%
Adj PAT	42.8	74.8	77.9
% Growth	-	75%	4%
EPS (Post Issue)	1.7	2.9	3.0

Ratios & Others	FY23	FY24	FY25
Debt / Equity	1.2	0.6	0.6
EBITDA Margin (%)	15%	17%	17%
Debtors Days	258	215	253
Inventory Days	25	24	24
Creditor Days	204	138	190
Asset Turnover (x)	1.8	1.7	1.2

Valuation Ratios	FY23	FY24	FY25
Price/Earnings (x)	58	33	32
EV/EBITDA (x)	34	20	17
EV/Sales (x)	5	3	3
Price/BV (x)	19	9	5

Source: Company Data, NBRR

Balance Sheet (Rs. Cr)	FY23	FY24	FY25
Share Capital	0.29	0.33	18
Other Equity	131	291	450
Minority Interest	0	0	0
Networth	131	291	468
Total Loans	157	184	274
Other non-curr liab.	2	3	4
Trade payable	293	297	478
Other Current Liab	129	185	131
Total Equity & Liab.	712	960	1,355
Property, Plant and Equipme	9	9	9
CWIP			
Goodwill/Other Intangible a	3	1.2	1.7
Non Currrent Financial asse	43	26	21
Other non Curr. assets	23	26	29
Inventories	36	51	60
cash and cash equivalents	0.1	0.1	2
Bank bal	15	50	65
Investments+loans	3	3	5
Trade receivables(debtor)	370	464	634
Other Current assets	211	331	528
Total Assets	712	960	1,355

Cash Flow (Rs. Cr)	FY23	FY24	FY25
CF from operations	6	-66	-129
Payment for purchase/Sa	-1	-2	-5
Maturity/(increase) in fix	-16	-17	-10
Interest, dividend and other	2	3	5
CF from Investing	-14	-16	-9
Proceeds from issue of Equi	0	82	103
Proceeds/ Repayment Long-t	34	36	90
Principal paid on lease li	-0.7	-0.9	-1
interest & div paid	-25	-34	-51
CF from Financing	8.8	82.4	140.6
Net Change in cash	(0.02)	(0.04)	2.42
Cash & Bank at beginning	0.14	0.12	0.08
Cash & Bank at end	0.1	0.1	2

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