

Vikran Engineering Ltd– IPO Investment Note

Issue Open	Issue Close	Price Band (₹)	Rating
26 August 2025	29 August 2025	₹92-97	SUBSCRIBE

Company Overview

Incorporated in 2008 and headquartered in Thane, Maharashtra, Vikran Engineering Limited is a fast-growing EPC (Engineering, Procurement & Construction) company specializing in turnkey infrastructure projects across power transmission & distribution, water supply, railway electrification, and solar EPC. The company provides end-to-end services covering design, supply, installation, testing, and commissioning, and has executed landmark projects including high-voltage substations up to 765 kV, distribution networks, smart water systems under the Jal Jeevan Mission, railway and metro electrification works, and over 30,000 smart metering connections. As of June 30, 2025, Vikran had completed 45 projects across 14 states with a total contract value of ₹19,199 million, while maintaining 44 ongoing projects across 16 states worth ₹51,202 million, with an unexecuted order book of ₹24,424 million. Its portfolio includes 30 major projects in power transmission & distribution (₹33,571 million), 12 in water infrastructure (₹16,937 million), and 2 in railways & infrastructure (₹693 million). With operations spanning 22 states and 190 project sites, Vikran has built a pan-India footprint supported by marquee clients such as NTPC and Power Grid Corporation of India. Its asset-light business model, which prioritizes efficient project execution while leasing equipment instead of heavy capital ownership, underpins its cost efficiency, scalability, and operational flexibility positioning the company strongly in India's infrastructure growth story.

Business Model

Vikran Engineering operates on a turnkey EPC model, providing end-to-end services covering design, engineering, procurement, installation, testing, and commissioning of infrastructure projects. The company follows an asset-light model, leasing most of its equipment instead of owning it, which helps optimize costs, improve return ratios, and scale operations efficiently. Its business is diversified across power transmission and distribution, water infrastructure, railway and metro electrification, and solar EPC with smart metering, though power and water projects contribute the bulk of revenues. The client base is largely government and PSU-driven, including NTPC, Power Grid Corporation of India, and state utilities, where revenue recognition is milestone-based and receivables are backed by strong counterparties, albeit with longer working capital cycles. Growth is driven by a robust order book (₹51,202 million as of June 30, 2025, with an unexecuted order book of ₹24,424 million), providing multi-year revenue visibility. With operations spread across 22 states and 190 sites, Vikran leverages its national footprint and localized execution teams to deliver region-specific solutions, positioning itself as a cost-efficient, scalable, and reliable EPC player in India's infrastructure sector.

Investment Rationale

1. Strong Revenue Growth and Execution Track Record

Vikran Engineering has emerged as one of the fastest-growing EPC players in India, with revenues growing at a CAGR of 32.14% from FY23 to FY25 (₹5,243 Mn → ₹9,158.5 Mn). This growth significantly outpaces industry averages and peers, underlining its superior execution capabilities. The company has successfully delivered 45 projects across 14 states with a cumulative executed value of ₹19,199 Mn, including large-scale power substations (up to 765 kV) and critical water infrastructure projects under Jal Jeevan Mission. Timely delivery and in-house design strength establish a reputation for reliability—an essential factor in securing repeat business in government-led infrastructure projects.

2. Diversified Order Book Providing Revenue Visibility

The company's order book stands at ₹20,443 Mn as of March 31, 2025, spread across power transmission & distribution (60.5%), water infrastructure (37.4%), and railways & infra (2.1%). Importantly, within the power segment itself, the order book is well diversified regionally across north, south, east, and west India. Such balance shields revenues from sector-specific or regional slowdowns. The order book has remained stable across FY23–FY25 (~₹20,000–21,000 Mn), ensuring consistent revenue visibility. With 44 ongoing projects valued at ₹51,202 Mn and an unexecuted order backlog of ₹24,424 Mn, Vikran enjoys a multi-year growth runway with predictable cash flows.



3. Pan-India Presence and Supply Chain Strength

Vikran Engineering has expanded from its Madhya Pradesh roots into a pan-India operator, executing projects across 22 states and 190 sites. Such a widespread presence enables it to deliver localized solutions while reducing logistical bottlenecks. The company has also established strong supplier relationships, having worked with 3,500+ vendors and service providers in the past three years. This ecosystem provides visibility on raw materials, allows better cost planning, and reduces supply chain risk—an edge in large EPC contracts where cost control is critical. This geographic scale and vendor network position the company strongly to capture incremental opportunities in power and water infrastructure.

4. Asset-Light Model Driving Capital Efficiency

Unlike traditional infrastructure players, Vikran Engineering operates on an asset-light model, renting equipment as needed rather than owning heavy fixed assets. This approach reduces fixed costs, provides flexibility to scale up or down quickly, and ensures efficient capital utilization. The company's fixed asset turnover ratio highlights this advantage, improving from 57.4x in FY23 to 101.3x in FY25. Such efficiency translates into higher ROCE and ROE versus peers, supporting sustainable profitability without straining the balance sheet. In an industry often criticized for capital intensity and stretched returns, Vikran's model stands out as structurally lean and scalable.

5. Integrated In-House Capabilities and Quality Systems

Vikran differentiates itself through integrated in-house design, engineering, and execution capabilities. A team of 12 experienced engineers (93+ years cumulative expertise) supports customized turnkey solutions across verticals. Projects are centrally monitored by a dedicated Centralized Project Monitoring & Control Group, ensuring adherence to timelines, budgets, and quality benchmarks. Additionally, the company is certified under ISO 9001:2015 (quality), ISO 14001:2015 (environment), and ISO 45001:2018 (safety). These systems instil confidence among government and PSU clients, where adherence to quality, compliance, and safety is mandatory. This execution discipline is a key driver of repeat contracts and new project wins.

6. Experienced Leadership and Sector Tailwinds

The company is led by a promoter family with over three decades of EPC experience—Chairman & MD Rakesh Ashok Markhedkar, Avinash Markhedkar, and Whole-Time Director Nakul Markhedkar. Their domain expertise has guided Vikran's transition from a state-focused contractor to a national player with ambitions to enter African and Middle Eastern markets. Sector tailwinds further strengthen its growth prospects. India's power demand is projected to grow at 5–7% CAGR over FY26–30, while water infrastructure is a top government priority under Jal Jeevan Mission and urban supply upgrades. By aligning with government programs like RDSS, Saubhagya, and National Solar Mission, Vikran is well-placed to capitalize on policy-driven growth in infrastructure.

Key Risks

1. Competitive Bidding Pressure

Vikran Engineering's growth depends on securing projects through competitive bidding, a process that is both resource-intensive and unpredictable. Aggressive pricing to win contracts can compress margins, while losing bids reduces revenue visibility. Since bid preparation itself requires significant time and costs, repeated failures to win tenders could impact both financials and efficiency.

2. Client Concentration Risk

A material share of revenues, ranging between 21–29% in the last three years, is derived from a single client. Such dependence increases vulnerability to contract terminations, delays, or reduced project allocation. Any adverse development with this client could significantly impact revenues, margins, and order book stability.

3. Execution & Subcontractor Challenges

EPC projects are inherently complex, involving risks of delays, cost overruns, supply chain disruptions, or subcontractor underperformance. Since Vikran relies on subcontractors for portions of execution, inefficiencies or disputes can affect timelines and quality. These risks may not only inflate costs but also damage client relationships and credibility.

4. High Working Capital Intensity & Liquidity Strain

The company operates in a working capital-intensive sector, where payments are milestone-based and often delayed, especially with PSU clients. This mismatch between receivables and execution costs may strain liquidity. Additionally, limited access to financing or higher borrowing costs could exacerbate cash flow pressures, affecting project execution.

5. Dependence on Key Personnel & Bank Guarantee Obligations

Vikran's business relies heavily on the expertise and leadership of its promoter group and senior management, making succession and retention critical. Any loss of key personnel could disrupt operations and strategy execution. Moreover, the company's need to furnish bank guarantees for projects exposes it to risks if guarantees are invoked or if banks restrict further issuance, potentially tightening cash flows.

Financial Snapshot

Metric	FY23	FY24	FY25
Revenue (₹ Cr)	524.3	785.9	915.8
EBITDA (₹ Cr)	79.7	133.3	162
Net Profit (₹ Cr)	42.8	74.8	77.8
EBITDA Margin (%)	15.2%	16.9%	17.6%
PAT Margin (%)	8.1%	9.5%	8.5%
EPS (Basic) (₹)	2.33	4.08	4.24

IPO Details and Use of Proceeds

Parameter	Details
Issuer	Vikran Engineering Ltd
IPO Structure	Fresh Issue + Offer for Sale
Issue Size	₹772 Cr (Fresh Issue: ₹721 Cr; OFS: ₹51 Cr)
Price Band	₹92 – ₹97 per share
Face Value	₹1 per share
Post-Issue Market Cap	~₹2,501 Cr (at upper band)
IPO Opening Date	August 26, 2025
IPO Closing Date	August 29, 2025
Listing	BSE, NSE
Promoter Holding (Pre/Post)	Pre: 81.8% / Post: 56.2%
Book Running Lead Manager(s)	Pantomath Capital Advisors Ltd
Use of Proceeds	Funding Working Capital Requirements (541 Cr) General Corporate Purposes

Valuation and Recommendation

Vikran Engineering Limited has built a strong presence in the EPC space, with a diversified focus on power transmission & distribution and water infrastructure, backed by proven execution capabilities and an asset-light business model. The company's robust order book of over ₹2,000 Cr provides healthy growth visibility for the next two years. Supported by government initiatives in water and power infrastructure, Vikran is well placed to capitalize on upcoming project opportunities. On the valuation front, the IPO is priced at a P/E of **32.1x FY25** annualized earnings, translating into a post-issue market capitalization of around **₹25,017 Mn**, which appears fairly valued relative to industry peers. However, given its consistent track record of executing large-scale projects, pan-India presence, scalable operations, and favorable sectoral tailwinds, we recommend a '**Subscribe**' rating on the issue.

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