

Ankit Shah
ankitshah1@rathi.com

Issue Details

Issue Details	
Issue Size (Value in ₹`million, Upper Band)	4,271
Fresh Issue (No. of Shares in Lakhs)	177
Offer for Sale (No. of Shares in Lakhs)	116
Bid/Issue opens on	9-Sept-26
Bid/Issue closes on	11-Sept-26
Face Value	Rs. 5
Price Band	139-146
Minimum Lot	102

Objects of the Issue:

➤ Fresh Issue: ₹2,580 Million

- Purchase of equipment
- Prepayment and/or repayment, in full or in part, of all or a portion of certain outstanding borrowings availed by Company
- General corporate purposes

➤ Offer for Sale: ₹1,691 Million

Book Running Lead Managers	
Motilal Oswal Investment Advisors Limited	
Registrar to the Offer	
KFin Technologies Limited	

Capital Structure (₹` Million)	Aggregate Value
Authorized share Capital	1,400
Subscribed paid up Capital (Pre-Offer)	1,360
Paid up capital (Post - Offer)	1,448

Share Holding Pattern %	Pre Issue	Post Issue
Promoters & Promoter group	46.1%	39.5%
Public	53.9%	60.5%
Total	100.0%	100.0%

Financials

Particulars (Rs. In Million)	FY26	FY25	FY24
Revenue from operations	36,002	29,183	24,389
Operating Expenses	31,186	25,401	21,729
EBIDTA	4,816	3,782	2,660
Other Income	392	227	109
Depreciation	454	274	191
EBIT	4,754	3,736	2,578
Interest	962	801	499
PBT before Exceptional Items	3,793	2,935	2,079
Share of Profit/(Loss) of Associates	-10	1	-355
PBT	3,783	2,935	1,724
Tax Expense	919	699	504
Consolidated PAT	2,864	2,236	1,220
EPS	9.9	7.7	4.2
Ratio	FY26	FY25	FY24
EBITDAM	13.4%	13.0%	10.9%
PATM	8.0%	7.7%	5.0%
Sales growth	23.4%	19.7%	

Sector – Infrastructure EPC Industry

Company Description

LCC Projects Limited is a multidisciplinary engineering, procurement and construction (EPC) company primarily focused on the irrigation and water supply infrastructure segment in India. With over two decades of experience, the company has executed a wide range of infrastructure projects including dams, barrages, weirs, hydraulic structures, canals, pipe distribution networks, lift irrigation systems and multi-village water supply schemes. The company has expanded its presence across 12 states and serves various central and state government agencies.

The company derives the majority of its revenue from its EPC business, which contributed approximately 99.8% of revenue from operations in FY26. In addition to irrigation and water supply projects, LCC has executed metro rail infrastructure projects and has entered the mining development and operations (MDO) segment. As of March 31, 2026, the company had an order book of ₹79,531.81 million comprising 103 projects, providing strong revenue visibility. Its key ongoing projects include the Sondwa Lift Micro Irrigation Project, Sidhi Bansagar Multi-Village Water Supply Scheme and Gandhi Sagar 1 Multi-Village Water Supply Scheme.

To strengthen its execution capabilities, the company has established a precast concrete manufacturing facility at Jaspur, Gujarat, which produces precast construction components for infrastructure projects. The company maintains a fleet of heavy construction equipment and utilizes technologies such as SCADA, WaterGEMS, Water Hammer and STAAD-Pro for project design, monitoring and execution. Headquartered in Ahmedabad, Gujarat, LCC also operates regional offices in Madhya Pradesh, Rajasthan and Odisha.

Valuation

LCC Projects Limited is a multidisciplinary EPC company primarily focused on the irrigation and water supply infrastructure segment, with over two decades of experience and presence across 12 states in India. The company has demonstrated strong financial performance, with revenue from operations growing at a CAGR of 21.5% and PAT at a CAGR of 53.2% between FY24 and FY26. Its strong order book of ₹79,532 million as of March 31, 2026, comprising 103 projects, provides healthy revenue visibility, while its focus on geographical diversification, larger and more complex projects and expansion into segments such as mining, renewable energy and metro rail provides scope for sustained growth.

The company's strong order book, improving profitability and established execution capabilities provide a favourable growth outlook. However, the business remains exposed to government project dependence, customer and geographical concentration, project execution risks and relatively high leverage, warranting a balanced valuation outlook. At the upper price band, the company is valued at 14.8x FY26 P/E and 9.61x FY26 EV/EBITDA, implying a post-issue market capitalization of ₹42,292 million. Given the strong order book, healthy earnings growth and favourable long-term prospects for irrigation and water infrastructure, we believe the valuation is reasonable. Accordingly, we recommend a “**Subscribe – Long Term**” rating for the issue.

➤ Description of Business

The company is a multidisciplinary engineering, procurement and construction (“EPC”) company in the irrigation and water supply projects segment from Gujarat. The company is a multidisciplinary large corporate EPC company from Gujarat, poised to undertake infrastructure projects across 12 states in India. Over a period of two decades (including projects undertaken through the partnership firm prior to conversion to the company), the company has executed a wide range of projects in the irrigation and water supply segment such as construction of dams, barrages, weirs, hydraulic structures, canals, pipe distribution networks, lift irrigation works, water supply schemes, and other EPC projects. The table below sets forth the breakup of revenue between EPC and O&M:

Particulars	FY 2026		FY 2025		FY 2024	
	Revenue	% of Revenue	Revenue	% of Revenue	Revenue	% of Revenue
EPC	35,946	99.8%	29,104	99.7%	24,363	99.9%
O&M*	57	0.2%	79	0.3%	26	0.1%
Total	36,003	100.0%	29,183	100.0%	24,389	100.0%

* O&M activities include repair and maintenance works.

Additionally, the company has executed a project related to the construction of metro rail project including construction of station along with its approaches and viaducts and is in the process of executing a mining development and operations (“MDO”) project. As of the Fiscal ended March 31, 2026, the Order Book comprises 103 projects, of which Sondwa Lift Micro Irrigation Project, Sidhi Bansagar Multi – Village Scheme and Gandhi Sagar 1 Multi-Village Scheme are the top three projects, in terms of project value, having a project value of ₹15,349.52 million, ₹15,251.44 million, and ₹11,539.00 million, respectively. In the past, the company has also executed notable projects such as the construction of Tawa Left Bank Canal, Parbati Dam Project, Dudhai Sub Branch Canal Project and AKOT Lift Irrigation Scheme.

• Manufacturing Unit

The company has established a manufacturing unit, strategically located in Jaspur, Gujarat, for the production of precast concrete solutions for the infrastructure and construction industries. This unit has been set up to manufacture precast concrete elements, which are cast and cured in a controlled factory environment before being transported to construction sites for installation. Pre-casting is an advanced and highly efficient construction methodology in which structural and non-structural elements are cast, cured, and finished in a controlled environment, such as a dedicated casting yard or precast factory, before being transported and installed at the construction site. This technique allows for greater precision, uniformity, and quality assurance, as the components are produced under strict supervision with consistent mix design, curing conditions, and dimensional accuracy. By shifting major casting activities away from the site, pre-casting helps to reduce on-site congestion, minimize labour requirements, and accelerate project timelines, ultimately leading to faster, cleaner, and safer construction processes. Pre-casting finds extensive application across infrastructure, industrial, and building projects. In large-scale civil works such as metro systems and highway networks, pre-cast bridge girders, deck slabs, and pier caps are commonly used to facilitate rapid erection and minimize traffic disruption.

• Key Ongoing Projects

As of Fiscal 2026, the company had 103 projects in its Order Book. The top ongoing projects in terms of contract value include:

Project	State	Contract Value (₹ mn)	Completion
Sondwa Lift Micro Irrigation Project	Madhya Pradesh	15,350	65.7%
Sidhi Bansagar Multi-Village Scheme	Madhya Pradesh	15,251	70.7%
Gandhi Sagar 1 Multi-Village Scheme	Madhya Pradesh	11,539	75.2%
Luvkushnagar, Chhatarpur (Tarped) and Bijawar, Multi-Village Drinking Water Supply Scheme	Madhya Pradesh	11,336	55.7%
Bishrampur Mining Project	Chhattisgarh	6,693	11.5%
Lift Irrigation Pipeline Project from Todiya Rock (Mahi River)	Gujarat	5,723	98.5%
Diyodar-Lakhni Lift Irrigation MS Pipeline Project	Gujarat	5,383	70.0%
Konar Irrigation Project – Part B	Jharkhand	5,144	0.3%
Bhandura Nala Diversion Scheme	Karnataka	5,142	0.0%
Konar Irrigation Project – Part C	Jharkhand	4,192	1.3%

• Completed Projects

Project Name	Customer	State	Total Value (₹ million)	Year of Completion
Dudhai Sub Branch Canal Project	Sardar Sarovar Narmada Nigam Limited	Gujarat	3,202	2021
Sitanagar Project	Water Resource Division, Damoh, Madhya Pradesh	Madhya Pradesh	2,669	2023
Anandpur Barrage Project	Anandpur Canal Division Salapada	Odisha	2,249	2025
Madia Multivillage Project	Madhya Pradesh Jal Nigam	Madhya Pradesh	2,011	2024
Parbati Dam, Madhya Pradesh	Customer 5#	Madhya Pradesh	1,463	2023
Kachchh Branch Canal Project	Customer 6#	Gujarat	1,413	2016
Kachchh Branch Canal Pkg IV	Sardar Sarovar Narmada Nigam Limited	Gujarat	1,315	2019

Madiya Dam, Madhya Pradesh	Project Administrator, Betwa Project Implementation Unit No. 2, Rahatgarh, Madhya Pradesh	Madhya Pradesh	1,248	2023
Underground Pipeline Dabhoi Pkg -10	Sardar Sarovar Narmada Nigam Limited	Gujarat	1,211	2019
Kachchh branch canal (IR-11-12)	Customer 10#	Gujarat	1,185	2022

The table below sets forth the details of the stage (in %) of completion of all the ongoing projects as on March 31, 2026:

Particulars	Up to 10%	10% to 30%	30% to 70%	More than 70%
Percentage of completion of Ongoing Projects*	15.5%	8.7%	19.4%	56.3%

• Geographic Presence and Project Execution

The company has experience of executing projects across diverse geographic locations in India. The company has diversified its geographical presence in the construction and development and execution of projects in various states of India, such as Madhya Pradesh, Gujarat, Odisha, Maharashtra, Chhattisgarh, Jharkhand, Uttar Pradesh, Haryana, Himachal Pradesh, Rajasthan, Andhra Pradesh, and Karnataka. The company has undertaken projects with different levels of complexities in relation to project execution such as managing water flow dynamics, ensuring structural stability, mitigating geographical challenges like uneven terrain and soil conditions, construction in hilly terrain slope protection and rock fall protection due to high rainfall. The company expanded its operations from 10 states in Fiscal 2024 to 12 states by Fiscal 2026, namely, Gujarat, Madhya Pradesh, Odisha, Rajasthan, Maharashtra, Uttar Pradesh, Karnataka, Jharkhand, Chhattisgarh, Andhra Pradesh, Himachal Pradesh, and Haryana. Headquartered at Ahmedabad, Gujarat, as of March 31, 2026, the company also has one regional office each, in the states of Madhya Pradesh, Rajasthan and Odisha, from where it undertakes projects to ensure smooth execution and administrative functions.

The company's approach for undertaking projects includes stringent criteria for project selection, supported by a disciplined bidding strategy that incorporates comprehensive risk assessments to protect returns. As part of the risk assessment, the company evaluates geographical risks based on market presence, size, growth opportunities and geopolitical factors. The company also maintains an equipment base comprising a wide range of heavy machinery and specialized equipment. This equipment base along with the ability to source other high – tech equipment and the in – house capabilities in managing specialized equipment, has been instrumental in the execution and timely completion of several complex projects. The company uses latest technologies such as SCADA, water gems, water hammer and Staad-pro (used in structural design) for various functions such as design planning and for design database, for mapping and analysing topographic data amongst others. The strategy reduces the company's reliance on any single market or customer. The diverse range of customers includes various central and state government departments, metro rail corporations, public sector undertakings and private sector organizations. This expansion allows the company to better manage cash flow, optimize resource allocation and improve overall financial stability.

• Financial Performance

The company strives to maintain a robust financial position focusing on having a strong balance sheet and increased profitability. The strong balance sheet enables the company to fund its strategic initiatives, pursue opportunities for growth and effectively manage unanticipated cash flow fluctuations. The company has demonstrated strong financial performance and revenue from operations has grown at a CAGR of 21.50% from ₹24,389.12 million in Fiscal 2024 to ₹36,002.52 million in Fiscal 2026. Driven by strong operational capabilities, the company has been able to minimize costs and achieve healthy profit margins. PAT has grown at a CAGR of 53.23% from ₹1,219.97 million in Fiscal 2024 to ₹2,864.41 million in Fiscal 2026. EBITDA has grown at a CAGR of 46.76% from ₹2,413.65 million in Fiscal 2024 to ₹5,198.97 million in Fiscal 2026.

➤ Strengths:

• Multidisciplinary EPC company in India for irrigation and water supply projects

The company is a multidisciplinary EPC company in India, in terms of market share, in the irrigation and water supply projects segment, as of the fiscal year ended March 31, 2026. The company focuses on complex projects and has a strong track record in successful project management, execution and timely completion of irrigation and water supply projects across India, with a majority of the company's projects being executed ahead of or on schedule. Revenue from operations by project category:

Particulars	FY 2026		FY 2025		FY 2024	
	Revenue	% of Revenue	Revenue	% of Revenue	Revenue	% of Revenue
Irrigation and water supply projects	31,482	87.4%	27,093	92.8%	22,863	93.7%
Others	4,520	12.6%	2,090	7.2%	1,526	6.3%
Total	36,002	100.0%	29,183	100.0%	24,389	100.0%

Irrigation and water supply projects include canal construction, construction of dams and barrages, micro irrigation systems, pipeline network projects, urban and rural drinking water projects, sewage treatment plants, and desalination work, amongst others. Other projects include mining, road work, metro rail related work, other operating revenue, and revenue from sale of goods. In the past the company has undertaken a number of complex irrigation and water supply projects in India. As of March 31, 2026, the company has a track record of completing 80 projects for various Government departments and other customers. The company's track record showcases its ability to capitalize on its design and engineering capabilities, execution expertise, and effective internal systems. The company's skilled workforce, supported by an execution-driven culture, is as an integral factor of its success. Further, the company's ability to leverage its experience in executing projects across India provides it with a significant advantage in project execution and timely delivery. The company has executed several significant projects across the country and has developed

competency in areas including metro rail related construction and construction of industrial buildings, hydraulic structures, dams and barrages in different soil and geographic conditions.

- Strong Order Book and diversified project portfolio**

In the industry in which the company operates, an Order Book holds significant importance as it represents the estimated contract value of the unexecuted portion of a company's existing projects and provides visibility on possible future revenues. The company's Order Book has grown from ₹62,689.68 million as of March 31, 2024, and to ₹78,821.71 million as of March 31, 2025 to ₹79,531.81 million as of March 31, 2026. The company's order book is diversified across business verticals. Albeit irrigation and water supply projects form the largest part of the Order Book, it has different components which ensure that the Order Book continues to remain diversified.

Particulars	FY 2026		FY 2025		FY 2024	
	Amount	% of total order book value	Amount	% of total order book value	Amount	% of total order book value
Irrigation and water supply projects	66,214	83.3%	70,904	90.0%	53,631	85.5%
Other projects	13,318	16.7%	7,918	10.0%	9,059	14.5%
Total	79,532	100.0%	78,822	100.0%	62,690	100.0%

As of March 31, 2026, the company's Order Book consisted of 103 projects. The company's government contracts are sourced from a wide range of entities across geographies and include a number of governmental departments. Further, the company maintains relationships with a number of private and government customers. The consistent growth in the company's Order Book is a result of its extensive experience, its commitment to maintaining quality standards and its project execution skills. The growth in the company's Order Book has also contributed to its strong financial performance. Further, the company's financial strength also enables it to access additional bank financing, which in turn, will enable it to bid for additional projects which will help it build a strong Order Book.

- In-house project designing capabilities with robust technical knowledge**

The company has qualified in-house teams who are responsible for different aspects of its projects starting from identifying prospective projects to the operation and maintenance of the projects. The company is able to undertake a significant number of activities related to the projects in-house, thereby ensuring timely completion of its projects, reducing its reliance on third parties and decreasing its costs. The integrated structure also allows the company to control its budget and maximize returns for the project, including the operation and maintenance margins. The company has an in-house design and engineering team comprising 698 qualified engineers and technical personnel as on July 31, 2026. The average work experience of the design team members is over five years. The company is also focused on ensuring that each project is executed in conformity with the work description provided in the contracts and adheres to the quality and standard of construction associated with the company.

The company has an in-house design and engineering team which focusses on design capabilities for geographical and technical complexities and critical aspects of the projects. At the pre-bid stage, the business development team visits the actual site and submits the report to the design team so that they can work out a design which suits the actual site condition and tender work from a realistic project execution perspective. The company uses latest technologies like SCADA, water gems, water hammer, KY Pipe, E-Survey (used on hydraulic and surge design), Staad – pro (used in structural design) and AutoCAD for design planning and for design data base, Geographic Information System for mapping and analysing topographic data, soil testing equipment for soil investigation and GPS technology for precise location data.

- Strong risk management, project selection and dispute resolution processes**

The company recognizes the inherent risks prevalent in the infrastructure sector and has set up a risk management system that assists in identifying, measuring and monitoring the various risks that may arise in its operations. The company's project selection process focusses on finding and winning projects in which it expects to have steady cash flows through periodic payments, which it expects will allow it to stay cash flow positive throughout the project lifecycle. The company has a team of experienced Senior Management that is responsible for analysing and evaluating all proposed new bids and investments. Their assessment includes a review of various aspects, including credit risk, market risk, and operational risk associated with such bids or capital expenditures. The risk management processes span the entire project lifecycle. At the pre-tendering stage, the risks that the company evaluates include customers risk, project risk and joint venture risk. At the tendering stage, detailed analysis is done towards scope of work, construction method, estimates of construction materials and equipment. This analysis is prepared by the techno commercial team along with the risk management team and shared with the business unit head along with a risk pricing plan and a risk mitigation plan.

At the project execution stage, the risks faced include known operational risks, design risk, challenges in site access and logistics, and subcontracting risks. The company addresses these risks through periodic project reviews and risk monitoring at the project site by the project team. Moreover, through the company's project selection process, it maintains a high-quality, diverse, order book. The company identifies and prioritizes projects that align with its risk appetite and strategic objectives, thereby contributing to its sustainable growth. The company aims to reduce its credit risk in two ways. First, by collecting payments at different stages of the project upon the completion of various project milestones. Second, through escalation clauses in its contracts that help it pass cost overruns on to its customers. The company operates a robust contracts management system through which it handles disputes across various geographies. The company actively engages in resolving disputes with its customers through a collaborative and constructive approach to ensuring that parties reach mutually agreeable resolutions.

- Efficient business model**

The company's growth is largely attributable to its efficient business model which involves careful identification of its projects and cost optimisation, which is a result of executing its projects with optimum planning and strategy. The company tries to ensure that its pricing for projects is not only competitive but also reflective of the true value it provides. Before bidding for a project, the tendering department prepares cost estimates for the entire project, including direct costs, indirect costs and finance costs. After arriving at the total cost for the project, the entire costing exercise is reviewed by the head of the relevant business vertical, who then discusses and finalizes the final price with top management and key management team. Through this approach, the company aims to ensure that its projects are optimally priced and minimize unanticipated cost overruns. The company follows a strategic approach during the pre-bidding stage, which involves undertaking technical surveys and feasibility studies and analysing the technical and design parameters and the cost involved in undertaking the project. The strategic approach during the pre-bidding stage enables the company to bid at competitive prices and helps it to win projects.

Once the company wins a bid, its focus is to ensure high quality of construction during the execution stage of the project, which helps it to reduce maintenance and repair costs and thereby aiding it in realising higher margins during the operation and maintenance stage. On account of efficient utilisation of resources, effective control over operational expenses, low emphasis on fixed assets, the company has been able to generate RoCE of 27.13%, 27.64%, and 27.63%, respectively, and RoE of 32.24%, 36.96%, and 31.87%, respectively, for the Fiscals 2026, 2025, and 2024, respectively. The company has a tender and business development team dedicated to driving growth and securing new opportunities. With a strong foundation in tender preparation and submission, they effectively navigate the complexities of the bidding process to ensure the company's proposals stand out. They endeavour to build and maintain relationships with customers, stakeholders, and partners, facilitating smooth communication and collaboration throughout the project lifecycle. Additionally, their experience in price analysis allows them to conduct thorough market assessments, ensuring that the company's pricing strategies are competitive and aligned with industry standards. The company has an integrated inventory management system, which enables it to manage its inventory efficiently and monitor equipment supply and mobilisation of its resources in a cost effective and timely manner. The company carries out pre-bid surveys, study of the project sites to gauge the local conditions in order fine tune its estimations, budgets and mobilisation plans as befits each project site.

➤ **Key Strategies:**

- **Strengthen the company's presence in India by expanding the geographical footprint**

The company started its operations from Gujarat and gradually expanded to undertake projects in other states in India. As of March 31, 2026, the company has Ongoing Projects across 12 states in India such as Madhya Pradesh, Gujarat, Odisha, Maharashtra, Chhattisgarh, Jharkhand, Uttar Pradesh, Haryana, Himachal Pradesh, Rajasthan, Karnataka and Andhra Pradesh. The company plans to continue the strategy of diversifying and expanding its presence in different states within India for the growth of the business. Agriculture and allied activities form an integral part of the Indian economy and currently, ~18% of India's GVA is contributed by this sector. India, possessing ~4% of the world's water resources supports a population of 1.4 billion. Limited water resources for agricultural activities, coupled with erratic monsoons and change in weather patterns, intensifies the need for efficient irrigation practices so as to ensure reduction of water stress in the country. Furthermore, this has resulted in irrigation systems becoming critical in maximizing agricultural output and ensuring food security for the nation.

The disparity between availability of water and the actual demand for it necessitates innovation and sustainable management practices in the agricultural sector. The irrigation sector forms the backbone of India's agricultural landscape, playing a crucial role in ensuring food security, improving climate resilience, and stabilising farm incomes. Strengthening this sector through the development of robust infrastructure, modernisation of irrigation systems, and the promotion of sustainable water management is essential to enhance productivity. To achieve this, the Government of India has introduced several targeted programmes and schemes that encourage the adoption of water-efficient irrigation practices. The flagship scheme, Pradhan Mantri Krishi Sinchayee Yojana (PMKSY), has been central to this effort by improving irrigation coverage, promoting innovative techniques, and providing financial support for sustainable practices. Within this framework, the Per Drop More Crop (PDMC) initiative, which has been implemented under the Rashtriya Krishi Vikas Yojana (RKVY) since 2022-23, focuses on strengthening and incentivising micro-irrigation projects.

The company recognises the importance of geographical diversification in the business operations and aim to maximize opportunities in states in India in which the company operate and concurrently expand the footprint in other states like Bihar, and Goa, capitalizing on diverse growth trends in India. The company aims to effectively target growth opportunities, broaden the revenue base, and mitigate risks associated with market conditions and price fluctuations resulting from concentration in a specific geographic region. Furthermore, the company intends to leverage growth prospects and consolidate the market position in new states in India. Gradual diversification of the company's project portfolio will act as a safeguard against risks arising from specific states in India or projects and protect the company from the impact of concentrated business activities in limited geographical regions. These strategic initiatives, complemented by the company's expertise in business development and strategic planning enable the company to completely utilize the potential of existing markets while continuously identifying emerging opportunities. The company's commitment to this strategy allows the company to effectively navigate changing landscapes, respond to market demands, and maintain sustainable growth over the long term.

- **Diversify and optimize the project mix and cater to large and more complex projects**

The company intends to further develop its long-standing customer relationships by continuing the focus on quality in delivery and execution. Through client interaction, real-time reporting implemented under the stakeholder communication system, the company's project management teams closely monitor client satisfaction and are responsive to their evolving needs. The company possesses a track record of timely project completion through competent and experienced project management teams and active promoter engagement. In line with the same, completing the company's customers' projects in a timely manner whilst upholding the high standards of quality, is the most effective manner in which the company can develop and maintain strong relationships with the customers.

While the company continue to focus on water management projects as part of the growth strategy, the company intends to diversify into and will continue to bid for projects related to renewable energy including solar and wind power projects and other projects including mining, waste-water

management, desalination, railways, metro rail and sewerage network and treatment. The company believe that diversifying into new EPC segments will strengthen the company position in the multidisciplinary EPC projects industry and fully utilize existing expertise in managing such projects.

The company intends to foray and develop capabilities in the renewal energy sector with a primary focus on foraying into solar projects. To improve profitability and cash flows, the company intends to select future projects carefully and optimize the client mix. Over the years, the scale and complexity of the projects has gradually increased, and the company seek to continue to focus on projects with higher contract value. Further, the company's financial strength also enables the company to access additional bank financing, which in turn, will allow the company to bid for larger projects, with opportunities for potentially higher margins. The company intends to actively leverage opportunities to bid for larger and more prestigious projects, with opportunities for potentially higher margins.

- **Continue to invest in technology infrastructure to enhance in-house design and engineering, and project execution capabilities and thereby improve operational efficiencies**

Information technology is part of almost every aspect of the company's operations, from business development to procurement and quality management. The company's IT system and other internal processes have become a core support of all aspects of the business and operations. The company has invested in computer aided design technology to enable the design and engineering team to achieve design and detailing parameters based on the customers' requirements, including IOT, SCADA, Water Gems, Water Hammer, KY Pipe, E-Survey, Staad-pro and AutoCAD for design planning and for design data base, Geographic Information System for mapping and analysing topographic data, soil testing equipment for soil investigation and GPS technology for precise location data. For the execution of water supply projects sector, the company use SCADA to monitor water levels in reservoirs, tanks, and pipelines on a real-time basis, to automate control of pumps, valves, treatment systems, alert generation for leaks, pressure drops, or contamination. Further, the company use IoT as a sensor for tracking water quality, smart meters for real time water consumption tracking and predictive maintenance of pipelines using sensor data.

The company has also implemented ERP infrastructure across a significant portion of the operations and internal departments and are in the process of implementing SAP systems in the workstreams, which contributes to the integration of the supply chain relationships, design and engineering and other internal processes, network of sales and marketing offices and the project management team to contribute towards enhancement of cost and time efficiency. The company intends to continue to invest in technology infrastructure to enable further innovation, improve operational efficiencies, increase customer satisfaction and improve sales and profitability. The company also intend to enhance design and engineering capabilities which provide the company with a competitive advantage, as well as to explore sustainable cost improvement initiatives for operations.

- **Continue to focus on efficient cost management in relation to project execution**

Cost management is a significant aspect of the company's project execution strategy. The company aim to manage costs in by efficiently managing working capital and ensuring that projects are priced correctly. By strategically partnering with a diverse and reliable network of sub-contractors, the company can flexibly scale resources based on project demands, ensuring optimal utilization of assets, and minimizing capital expenditure. The company also aim to extend the useful life of equipment through various initiatives undertaken by in-house and external expert teams. This allows the company to defer purchases of new equipment, resulting in cost savings.

The company aim to further strengthen the working capital cycle management through timely bill certifications and collections from customers. The company's project selection process focusses on finding and winning projects in which the company expect to have steady cash flows through periodic payments, which the company expect will allow the company to stay cash flow positive throughout the project lifecycle. Further, the company emphasize the importance of limiting costs to site-level project teams. Their progress is then monitored during project monitoring reviews, where the company also monitor the overall budget for the project.

- **Growing a highly skilled and motivated workforce and strengthening the equipment base**

The company aim to steadily grow the talent pool to enhance project execution capabilities. The company's total number of permanent employees are 2,093 as of Fiscal 2026, which has increased from 1,942 as of Fiscal 2025, and 1,825 as of Fiscal 2024. The company are also focussed on ensuring that the employees are trained in the latest project execution methods and technologies that the company deploy. The company do this by providing a range of training opportunities, such as civil training, mechanical training, electrical, electronic and instrumentation training, safety training, and fabrication programs. The company own and rent large and modern construction equipment and mobilize such equipment at the beginning of each project, resulting in increased fixed costs to the company. As of March 31, 2026, the company owned construction equipment assets such as excavator, tipper, transit mixer, grader, JCB, rock breaker, DGs, crusher, silo and transportation vehicles.

➤ **Industry Snapshot:**

- **Overview of Irrigation Industry in India**

Agriculture and allied activities form an integral part of the Indian economy and currently, ~18% of India's GVA is contributed by this sector. India, possessing ~4% of the world's water resources supports a population of 1.4 billion. Limited water resources for agricultural activities, coupled with erratic monsoons and change in weather patterns, intensifies the need for efficient irrigation practices so as to ensure reduction of water stress in the country. Furthermore, this has resulted in irrigation systems becoming critical in maximizing agricultural output and ensuring food security for the nation. The disparity between availability of water and the actual demand for it necessitates innovation and sustainable management practices in the agricultural sector.

- **Agriculture and Irrigation in India**

As per PLFS (Periodic Labour Force Survey), the agricultural sector of India employs an estimated ~45% of India's workforce and comprises an estimated ~15% of India's GVA, making itself pivotal to the economy. However, traditional farming methods often yield less efficiency and productivity. This led the Government of India (GoI) to bring about the fourth agricultural revolution known as Agriculture 4.0. This initiative aims to improve yield quality and precision, while minimizing environmental damage, leading to more efficient and sustainable farming methods. Despite recent global headwinds, the sector has shown resilience and has even been a driving force to boost the economy forward. Irrigation schemes in India can be classified based on either cultivable command area (CCA) or by way of water application schemes used. Based on Cultivable Command Area (CCA):

- a) Minor Irrigation schemes: Projects having Cultivable Command Area (CCA) of less than 2,000 hectares (ha).
- b) Medium Irrigation schemes: Projects having Cultivable Command Area (CCA) of more than 2,000 but less than 10,000 ha.
- c) Major Irrigation schemes: Projects having Cultivable Command Area (CCA) of more than 10,000 ha.

Based on the Way of Water Application:

- a) Gravity/Flow Irrigation Scheme: In this type, water is usually stored at a higher elevation, enabling supply by way of gravity. It can be further classified into perennial and non-perennial irrigation schemes based on supply of water during crop period.
- b) Lift Irrigation Scheme: In this type of systems, water is required to be pumped from lower elevation to the field or canal network.

In India both traditional and modern irrigation techniques are used in tandem. Traditional methods include moats, chain pump, dhelki, Rahat which are primarily dependent on surface and well waters. These are simpler and less costly, but lack precision, as compared to modern methods. Sprinkler system, drip irrigation system are modern irrigation methods, which provides extreme precision and reduces wastage of water, but can often be costlier to install and maintain.

• Major Irrigation Projects in India

During the First Five Year Plan, India had 74 major and 143 medium irrigation projects. This number increased significantly with the government taking up 406 major, 1135 medium and 259 ERM schemes during FY1951 to FY2012 (end of XI Plan). 231 major, 880 medium and 122 ERM projects have been recorded as completed by end of XI Plan.

During FY2024–25, a total of 58 major/medium irrigation and multipurpose projects along with 5 drinking water projects were under appraisal by the Central Water Commission (CWC). Among these, 12 projects, including 3 major and medium irrigation/multipurpose projects, progressed through the appraisal process. In FY2025, the government has invested in various irrigation projects (both major and medium), which are at various stages of construction. Many projects are also approved by the Advisory Committee of DoWR, RD&GR in the year.

• Irrigation / Multipurpose Projects Accepted during FY2025

During FY2025, various irrigation and multipurpose projects were accepted by the Advisory Committee of DoWR, RD&GR. Key projects include the 1st RCE of Eastern Gandak Canal System (Gandak Phase-II) in Bihar, with an estimated cost of ₹3,030.95 crore and CCA of 1.22 lakh hectares; Hidsing Medium Irrigation Project in Odisha, with an estimated cost of ₹332.26 crore and CCA of 2,958 hectares; and Mankada Medium Irrigation Project in Odisha, with an estimated cost of ₹1,053.69 crore and CCA of 9,850 hectares.

• Government Initiatives

The irrigation sector forms the backbone of India's agricultural landscape, playing a crucial role in ensuring food security, improving climate resilience, and stabilising farm incomes. Strengthening this sector through the development of robust infrastructure, modernisation of irrigation systems, and the promotion of sustainable water management is essential to enhance productivity. To achieve this, the Government of India has introduced several targeted programmes and schemes that encourage the adoption of water-efficient irrigation practices. The flagship scheme, Pradhan Mantri Krishi Sinchayee Yojana (PMKSY), has been central to this effort by improving irrigation coverage, promoting innovative techniques, and providing financial support for sustainable practices. Within this framework, the Per Drop More Crop (PDMC) initiative, which has been implemented under the Rashtriya Krishi Vikas Yojana (RKVY) since 2022–23, focuses on strengthening and incentivising micro-irrigation projects. Together, these initiatives aim to expand cultivable areas with reliable water access, enhance water-use efficiency, and modernise irrigation methods, ultimately making farming more sustainable and resilient.

- 1. Pradhan Mantri Krishi Sinchayee Yojana (PMKSY):** The Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) continues to serve as the Government of India's flagship irrigation programme aimed at expanding assured irrigation, improving on-farm water-use efficiency, and promoting sustainable water management. Over the past decade, PMKSY has emerged as a key driver of irrigation-led agricultural transformation, with central assistance exceeding ₹64,407 crore. Since FY2017, the programme has benefited over 27 million farmers and has created or restored irrigation potential across 24.61 million hectares. Recognising the continued importance of irrigation infrastructure, the Union Budget FY2026–27 allocated ₹6,587 crore to PMKSY to further strengthen irrigation coverage, enhance water-use efficiency, and promote climate-resilient agriculture.
- 2. Modernisation of Command Area Development and Water Management (M-CADWM):** Following Cabinet approval in April 2025, the Modernisation of Command Area Development and Water Management (M-CADWM) scheme is being implemented as a sub-scheme under PMKSY-AIBP with an initial outlay of ₹1,600 crore. The programme leverages SCADA, IoT-based monitoring, pressurised piped irrigation networks, and micro-irrigation infrastructure to improve water accounting and distribution efficiency. As of March 2026, 32 pilot clusters across 23 States and Union Territories have been approved under the scheme, with a Budget Estimate of ₹550 crore for FY2026–27, providing the foundation for a future national irrigation modernization framework.

3. **Accelerated Irrigation Benefit Programme (AIBP):** The Accelerated Irrigation Benefit Programme (AIBP) was launched by the Government of India in FY1997 to expedite the completion of ongoing major and medium irrigation projects that were beyond the financial capacity of states, with priority accorded to drought-prone and tribal regions. Following the launch of the Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) in FY2016, AIBP was subsumed as one of its key components. The programme focuses on accelerating the creation of irrigation infrastructure to improve water availability and enhance agricultural productivity. Since FY2017, AIBP has received central assistance of ₹21,023 crore, benefiting approximately 17.30 million farmers, making it the largest component of PMKSY in terms of beneficiary coverage. As of FY2025–26, the programme has created 30.66 lakh hectares of irrigation potential, including 4.09 lakh hectares during FY2023–24 to FY2025–26, reflecting continued progress in expanding assured irrigation coverage.
4. **Har Khet Ko Pani (HKKP):** Under the Surface Minor Irrigation (SMI) sub-component of Har Khet Ko Pani (HKKP), the Government supports the development of small surface irrigation schemes to expand assured irrigation in underserved regions. Since April 2016, the programme has created irrigation potential of 4.29 lakh hectares, including 0.96 lakh hectares during FY2023–24 to FY2025–26, strengthening irrigation access and improving water availability for agriculture. The Repair, Renovation and Restoration (RRR) of Water Bodies component focuses on restoring traditional water bodies to improve storage capacity, groundwater recharge, and irrigation potential. Since April 2016, the programme has restored irrigation potential of 1.27 lakh hectares, including 0.41 lakh hectares during FY2023–24 to FY2025–26, contributing to enhanced water conservation and sustainable irrigation management. As per latest updates (PIB, July 2025), the Government of India has released ₹545.35 crore as central assistance to states under the RRR of Water Bodies scheme (PMKSY–HKKP) from FY2016–17 up to 31st March 2025. This has restored an irrigation potential of 1.20 lakh hectares and revived 191.28 million cubic meters (MCM) of storage capacity. Major beneficiary states include Odisha (₹151.56 cr, 33.83 th ha restored), Tamil Nadu (₹146.74 cr, 14.25 th ha restored), and Rajasthan (₹82.01 cr, 17.77 th ha restored), among others.
5. **Watershed Development Component (WDC):** The Watershed Development Component (WDC) under PMKSY emphasizes integrated watershed management to enhance water availability, restore soil health, and increase agricultural productivity in rain-fed regions. This component plays a pivotal role in supporting farmers in areas with limited irrigation infrastructure by promoting measures such as rainwater harvesting, soil moisture conservation, and groundwater recharge. Implementation under WDC has been progressing steadily, with state governments rolling out projects that combine water conservation with sustainable agricultural practices. A recent example includes the Madhya Pradesh government's plan to construct 50,000 farm ponds across the state for irrigation purposes. These ponds act as small reservoirs designed to collect and store rainwater, thereby ensuring water availability throughout the crop cycle. Their benefits extend beyond irrigation, as they also improve soil health, reduce dependency on erratic monsoons, and enable multiple cropping patterns. Over time, the cumulative impact of such interventions strengthens water security, improves rural livelihoods, and drives long-term agricultural sustainability in rain-fed areas.
6. **Per Drop More Crop (PDMC):** The Per Drop More Crop (PDMC) initiative aims to improve on-farm water-use efficiency by promoting the adoption of micro-irrigation technologies, including drip and sprinkler irrigation systems. The scheme provides financial assistance to farmers to encourage wider adoption of precision irrigation, thereby reducing water consumption, enhancing crop productivity, and promoting sustainable agricultural practices. PDMC primarily focuses on improving irrigation efficiency at the farm level through micro-irrigation techniques. Drip irrigation delivers water directly to the root zone through a network of emitters and lateral pipes, minimizing evaporation and runoff losses, while sprinkler irrigation distributes water uniformly under pressure, simulating natural rainfall and enabling efficient irrigation across a wide range of crops and field conditions. Implemented under PMKSY since FY2015–16 and under the Rashtriya Krishi Vikas Yojana (RKVY) since FY2022–23, the programme has emerged as India's flagship micro-irrigation initiative. According to PIB (June, 2026), approximately 110.92 lakh hectares have been brought under micro-irrigation. Since its inception, the Government has released ₹26,325 crore in central assistance under the scheme, significantly improving water-use efficiency and promoting precision agriculture across the country.

• Rise in Irrigation Investments in India

India's irrigation sector has witnessed significant growth in investments, driven by both government initiatives and market potential. The Indian irrigation systems market is projected to grow at a CAGR of 10.9% during 2023–2028, according to India Investment Grid. With the world's largest irrigated crop area of 8.26 million hectares and the second-largest arable land area of 159.7 million hectares, India presents immense opportunities for expansion and modernization of irrigation infrastructure.

A key driver of this growth is the Micro Irrigation Fund (MIF), operationalized by NABARD in 2019–20 with an initial corpus of ₹5,000 crore to support state governments in expanding micro-irrigation coverage beyond the provisions of the Pradhan Mantri Krishi Sinchai Yojana (PMKSY) – Per Drop More Crop. The Ministry of Agriculture & Farmers' Welfare (MoA&FW) further augmented the fund by an additional ₹5,000 crore during the Union Budget 2021–22 for the 15th Finance Commission period, offering a 2% interest subvention on loans to participating state governments starting from October 3, 2024 (previously 3%). As of 31 May 2025, cumulative loans sanctioned under MIF stood at ₹4,719.10 crore, with ₹3,750.57 crore already released. The loans sanctioned by NABARD under the Micro Irrigation Fund (MIF) aim to expand micro-irrigation coverage by 22.22 lakh hectares. Out of this, 21.69 lakh hectares had been covered by the participating states as of 31 March 2025.

The Pradhan Mantri Krishi Sinchai Yojana (PMKSY) continues to be a major contributor to irrigation investments. Between FY 2022–26, a total budget of ₹93,068 crore has been earmarked, including ₹37,454 crore in central support and ₹20,434 crore facilitated through NABARD-led debt servicing, with the remaining expenditure expected to be covered by state governments. The 2025 budget further allocated ₹8,259 crore to PMKSY to accelerate irrigation coverage and improve water-use efficiency. State-level initiatives are complementing central schemes. In Maharashtra, electricity rate concessions have been extended for 1,789 lift irrigation schemes until March 2027, with allocations of ₹886 crore for FY 2025–26 and ₹872 crore for FY 2026–27 to offset revenue losses to the Maharashtra State Electricity Distribution Company Limited (MSEDCL). Rural irrigation projects in Akola district, including the Ghonga and Kanadi minor irrigation projects, will receive ₹4.76 crore and ₹4.92 crore respectively for canal repairs and restoration of storage capacity, enhancing sustainable water supply for local farmers. In parallel, urban infrastructure in Nagpur is being strengthened with a ₹268.84 crore HUDCO loan for sewage and water projects, reflecting a balanced approach to urban and rural water management.

• Constructed and Under Construction Dams in India

As per the National Register for Specified Dams (NRSD), May 2026, India has 6,814 specified dams, comprising 6,598 completed (operational) dams and 216 dams under construction. Together, these dams have a total gross storage capacity of 336.6 billion cubic metres (BCM), including 316.8 BCM from completed dams and 19.8 BCM from dams under construction. The total live storage capacity stands at 273.9 BCM, of which 260.0 BCM is contributed by completed dams and 13.9 BCM by projects under construction. Maharashtra has the highest number of specified dams (2,862), followed by Madhya Pradesh (1,374) and Gujarat (525).

The total gross storage capacity of specified dams is 336.6 BCM, comprising 316.8 BCM from completed dams and 19.8 BCM from dams under construction. The total live storage capacity stands at 273.9 BCM, comprising 260.0 BCM from completed dams and 13.9 BCM from projects under construction.

• Government Initiatives for Safety and Improvement in Dam Construction

To holistically develop the dams and combat the various dam safety issues, the GoI enacted the Dam Safety Act in December 2021. The GoI also implemented the Dam Rehabilitation and Improvement Project (DRIP) in 2012 to rehabilitate and upgrade over 200 selected dams across the country. Phase I (2012–2021) was implemented with World Bank support at a cost of ~₹2,567 crore and covered 223 dams across 7 states. It also introduced comprehensive guidelines for Emergency Action Plans (EAPs), laying the foundation for dam-specific disaster preparedness. Phase II & III (2021–2031), approved by the Union Cabinet, cover 736 dams across 19 States and 3 Central Agencies with a total budget of ₹10,211 crore. DRIP-II became operational on 12th October 2021 and is being co-financed by the World Bank and Asian Infrastructure Investment Bank (AIIB), each contributing US\$ 250 million.

Under Dam Rehabilitation and Improvement Project (DRIP) Phase II & III, a total of 736 dams across 19 States and 3 Central Agencies have been identified for rehabilitation, including 597 dams under Phase II and 139 dams under Phase III. The total approved outlay for DRIP Phase II and III is ₹10,211 crore, comprising ₹5,107 crore each for Phase II and Phase III. As of 15 November 2025, implementing agencies under DRIP Phase II had incurred a cumulative expenditure of ₹1,931.22 crore against the allocated amount of ₹5,107 crore, supporting structural rehabilitation, safety upgrades, and institutional strengthening activities across participating states. Major allocations have been made to states including Rajasthan (₹503 crore), Tamil Nadu WRD (₹510 crore), Karnataka (₹699 crore), Maharashtra (₹379 crore), Uttar Pradesh (₹354 crore), and Gujarat (₹350 crore). Under the Dam Safety Act 2021, a four-tier institutional mechanism was implemented, where National Committee on Dam Safety (NCDS) and National Dam Safety Authority (NDSA) were established at Centre level and State Committee on Dam Safety and the State Dam Safety Organization were established at the state level.

The NCDS is tasked with coming up with necessary dam safety policies and recommend regulations for proper inspection, surveillance and maintenance of specified dams. NDSA acts as the regulatory authority overseeing the implementation of the stipulated policies and regulations. At the state and union territory level, the State/UT Dam Safety Committees & Organisations are also similarly established. Currently all large dams of India fall under the ambit of the Dam Safety Act, 2021. India's aging dam infrastructure coupled with challenges faced due to climate change can lead to dam failure related disasters. The implementation of the Dam Safety Act helps minimize this risk through regular maintenance, surveillance and upgradation of infrastructure to modern standards. It also helps in maintaining downstream ecosystems and employs sustainable procedures for reduced environmental impacts.

• Potential for Hydropower in India

India is currently experiencing an energy transition, opting for more renewable alternatives to the traditional fossil-fuel based energy sources. Solar, wind and hydropower take the lion's share, amounting to more than 90% of the renewable energy mix as in June 2026. Hydroelectric power especially has played a key role by providing essential peaking support to the electricity grids, thereby providing stable power. The potential to develop this renewable source is quite high since out of the total assessed hydro power potential of 133.4 GW (projects of over 25MW capacity).

This is due to infrastructural challenges faced like remote location, unpredictable terrain, natural disasters, environmental and ecological issues, Rehabilitation and Resettlement (R&R) issues, legal problems, cross-border conflicts etc. To help mitigate these problems, the GoI has enacted various initiatives.

- Large Hydro Power projects (> 25 MW projects) are declared as Renewable Energy source.
- Within Renewable Purchase Obligation (RPO), provision has been created for Hydro Purchase Obligation (HPO) as a separate entity.
- Bringing down hydropower tariff through tariff rationalization measures.
- Budgetary support provided for enabling infrastructure.
- New mechanisms introduced to effectively address contractual disputes.
- Waiving off Inter State Transmission System (ISTS) charges from new hydroelectric projects and Pumped Storage projects (PSPs).
- Reduction of timeline by Central Electricity Authority (CEA) for concurrence of Detailed Project Report (DPR).

All these initiatives are aimed at boosting the efficiency of hydropower generation and developing the country's hydro power potential further. The North Eastern region has conventional exploitable potential of 55.9 GW, while the Northern region has conventional exploitable potential of 47.0 GW. The Western region has pumped storage exploitable potential of 66.6 GW and the Southern region has 60.5 GW. Maharashtra has pumped storage exploitable potential of 43.0 GW, while Arunachal Pradesh has conventional exploitable potential of 50.4 GW.

• Overview of Canals in India

India's canal network forms an important component of the country's inland water transport (IWT) infrastructure, supporting cargo movement, passenger mobility, tourism, irrigation, and regional connectivity. The country has a network of 111 National Waterways (NWs) spanning 20,187 km

across 23 States and four Union Territories, of which 32 National Waterways are currently operational. The Union Budget 2026-27 has proposed the operationalisation of 20 additional National Waterways over the next five years, further expanding the navigable inland transport network. Cargo movement on National Waterways reached an all-time high of 145.84 million metric tonnes (MMT) in FY 2024-25, highlighting the increasing role of waterways in India's multimodal logistics ecosystem. Canal-based waterways, unlike natural river systems, are engineered transport channels designed to provide controlled navigation conditions, stable water levels, and predictable vessel movement. These waterways support the efficient movement of bulk commodities, including construction materials, agricultural products, minerals, and industrial goods, while reducing dependence on road and rail infrastructure. Under India's inland waterways development framework, operational waterways require essential infrastructure such as navigational channels, terminals, jetties, and digital navigation systems to facilitate safe and commercial vessel operations.

Among India's operational National Waterways, several important canal stretches contribute significantly to inland connectivity. National Waterway-3 (West Coast Canal) in Kerala, extending across the state's interconnected canal and backwater network, supports passenger ferry services, tourism, and local freight movement. Other canal-based waterways include NW-8 (Alappuzha–Changanassery Canal) and NW-9 (Alappuzha–Kottayam–Athirampuzha Canal) in Kerala, which provide regional connectivity through navigable inland channels. Kerala's inland water transport network benefits from its extensive approximately 1,680 km long network of waterways, including canals, backwaters, and rivers, making it one of India's most developed canal-linked transport systems. The economic importance of canal-based waterways is increasing as India focuses on developing low-cost and sustainable freight transportation solutions. Inland waterways can transport large volumes of cargo with lower fuel consumption and emissions compared with road transport. A standard inland vessel with a capacity of around 2,000 tonnes can replace nearly 125 trucks with 16-tonne capacity, demonstrating the efficiency of water-based logistics for bulk cargo movement. As of FY 2024-25, cargo operations were functional on 29 National Waterways, with total cargo movement reaching 145.84 MMT, reflecting the growing commercial utilisation of inland routes.

Government initiatives are accelerating the development of canal infrastructure through investments in fairway improvement, terminal development, dredging, and navigation systems. The National Waterways Act, 2016 provided the legal framework for declaring 106 additional waterways as National Waterways, expanding the network beyond the original five National Waterways. Under ongoing infrastructure development programmes, waterways are being equipped with multimodal terminals, navigation aids, and digital monitoring platforms such as River Information Services (RIS), Least Available Depth Information System (LADIS), and vessel tracking systems to improve operational efficiency. Going forward, canal-based waterways are expected to gain greater importance as India targets an increase in the share of inland waterways and coastal shipping in the national transport mix from the current level of around 6% to 12% by 2047. Investments in new National Waterway operationalisation, green vessel adoption, private terminal development, and integration with road and rail corridors are expected to strengthen canals as sustainable logistics and economic development corridors.

- **Water Supply and Sanitation**

India, possessing ~4% of the world's water resources supports a population of 1.4 billion, which is 18% of the world's total population. The per capita water availability has been declining steadily since FY1951 due to the increase in population. As per the Central Water Commission study, the average annual per capita water availability for FY2021 and FY2031 has been assessed as 1486 cubic meter and 1367 cubic meter respectively. Annual per-capita water availability of less than 1700 cubic meter is considered as water stressed condition whereas annual per-capita water availability below 1000 cubic meters is considered as a water scarcity condition.

India largely depends on the erratic monsoons for its water requirements which has worsened further due to climate change. Increasing urban population adds further stress to urban water demand and supply. As of 2024, India's urban population stood at 36.87% of the total population, marking a slight increase from 36.36% in 2023. Rapid urbanization leads to unpredictability of water and inadequate management of water resources. It needs adaptive water management strategies including water conservation, efficient water use practices, recycling and reuse, and integrated water resource management.

The supply of drinking water and sanitation services in urban areas are provided from different sources such as groundwater, surface water and recycled water. According to the Household-level data from the National Sample Survey Office's [NSSO] 76th round survey conducted in FY2018, the main source of drinking water for ~41% of urban households is piped water supply to their houses. This implies that ~59% of the urban households depend on sources like bottled water, community taps, handpumps, tube wells.

Groundwater is one of the most common sources for rural and urban domestic water supply. However, increasing water stress, lack of sufficient municipal water supply, led to overexploitation and depletion of this resource. In order to improve the management of groundwater in selected states, the government has undertaken a national groundwater program called Atal Bhujal Yojana (ABHY). It has been implemented in 8,220-gram panchayats across seven Indian states. It aims at monitoring and evaluating the water demand and supply while helping the villagers understand the importance of water availability and usage.

Industry water demand is projected to increase from 67 billion cubic meters (BCM) in FY2025 to 81 BCM FY2050 marking a 21% increase from FY2025 to FY2050. The industrial demand of water increases as commercial and manufacturing sector growth accelerates in India. A huge toll is also placed on India's water bodies especially rivers which are blocked by large scale development ventures. Major river bodies such as Ganga and Yamuna are becoming one of the most polluted rivers in the world due to heavy discharge of untreated sewage and sludge along the tributaries.

Indian government is working with World Bank to rejuvenate it by building and maintaining sewage treatment plants along with a network of drains. It would help in sewage treatments before reaching the rivers. As per the survey by Central Pollution Control Board (CPCB) in FY2023, out of 603 rivers in 1920 locations all over the country, 311 were identified as polluted river stretches.

Another challenge in the urban water supply is the supply leakages. As per estimations, around 25-50% of the water is lost during distribution through the public supply networks in Indian cities.

Indian government launched various reforms and initiatives to ensure quality drinking water supply in the rural and semi urban areas in efforts to reduce the gap with the urban areas. Under Jal Jeevan Mission (JJM), focus was shifted from providing water at habitation level (included hand pumps and public standposts) to household level through tap water on regular basis. Village Water & Sanitation Committee/Pani Samiti is being established in every village to ensure water conservation, maintain water quality and spread public awareness.

Water Quality Monitoring & Surveillance enables the provision of clean tap water supply to every rural home and public institution in the rural areas. Testing and monitoring of the water supply and regular water surveillance provides confidence in consuming water directly from tap.

The Department of Drinking Water and Sanitation (DoDWS) under the Ministry of Jal Shakti continues to focus on improving access to safe drinking water and strengthening sanitation infrastructure across rural and urban areas. As per the Union Budget FY2026-27, the allocation for Drinking Water and Sanitation has been increased to ₹74,895 crore (Budget Estimate), compared with the Revised Estimate of ₹23,031 crore in FY2025-26, representing a significant increase of approximately 225%. The allocation reflects the government's continued emphasis on expanding water supply coverage, strengthening sanitation systems, improving wastewater management, and supporting flagship programmes related to drinking water security and sanitation development.

• Key Drivers for Water Supply Management

Adoption of water saving technologies, efficient agricultural practices and better infrastructure for water supply and wastewater treatment can improve the overall water supply management. Some of the key drivers for water supply management are:

- 1. Increase in Population and Rapid Urbanisation:** As India's population keeps growing, the requirement for water supply also increases, putting pressure on water resources. Furthermore, urbanization and industrialization contribute to water pollution, limiting the water supply from freshwater resources.
- 2. Overuse and Depletion of Groundwater:** Groundwater is one of the largest sources of fresh water. Overexploitation of groundwater for industrial activities, domestic use and irrigation purposes can lower the groundwater table and reduce the surface water supplies.
- 3. Agricultural Needs:** Inefficient water management in agriculture reduces the availability of water and declines the quality of water. Excess irrigation pollutes the surface and groundwater as it induces nutrient and pesticides losses.
- 4. Inefficient Use of Water:** Inefficient water use is driven by poor infrastructure, outdated pipelines, and lack of water-saving technologies. Water leakage, often caused by cracked and worn-out pipes, leads to significant wastage. Implementing advanced leak detection technologies and strengthening the water supply system can mitigate these losses.
- 5. Water Energy Nexus:** Harnessing energy requires huge amount of water just as power is needed for water treatment and supply. Renewable energy sources are integrated in water pumps, water supply and distribution systems and wastewater treatment plants thereby reducing emissions.

• Storm Water Drainage

Storm water drainage systems are used to protect urban areas against flooding in a phased manner. These need to be planned and then employed in a structured manner, keeping design, operation, maintenance, rainfall analysis, construction and economies in mind. In India, these projects are prioritized, coming behind only drinking water supply and sewerage projects in most cases. Urban flooding might be caused by heavy rainfall, high intensity rainfall, unplanned urbanization which becomes unable to support excess population growth, incorrect disposal of storm run-off etc. This can be mitigated if the storm water drainage system is properly developed along with accurate rainfall intensity analysis and strategic planning and implementation, protecting both property and citizens' lives.

The flood control and mitigation measures usually fall under the purview of the state government and Urban Local Bodies/Urban Development Authorities at city level, while the GoI supports the efforts through schematic interventions/ advisories, financial and technical support. The GoI has also published various documents and advisory guidelines:

- Urban and Regional Development Plans Formulation and Implementation (URDPFI) Guidelines, 2014
- Standard Operating Procedure (SOP) for Urban Flooding
- River Centric Urban Planning Guidelines in 2021
- Creation of Rainwater Harvesting Parks (by MoHUA)

Furthermore, under the AMRUT Mission, storm water drainage is a key component. As reported by the states, currently 772 Storm Water Drainage projects worth Rs. 2,140 crore have been completed, resulting in elimination of 3,556 water logging points. Additionally, 69 projects worth Rs. 878 crore are currently under the implementation stage across 19 States/ Union Territories (UTs), estimated to tackle another 372 water logging points.

AMRUT 2.0 also aims at rejuvenation of water bodies and wells, by harvesting rainwater through storm water drains into water body (which is not receiving sewage or effluents). Under the mission, 2,713 water body rejuvenation projects worth Rs. 5,432 crore have been approved till date.

➤ KPI:

Particulars	Unit	For Fiscal 2026	For Fiscal 2025	For Fiscal 2024
Operational KPIs				
Order book	₹ million	79,532	78,822	62,690
GAAP KPIs				
Revenue from operations	₹ million	36,003	29,183	24,389

Growth in revenue from operations	%	23.4%	19.7%	99.1%
EBITDA	₹ million	4,816	3,782	2,660
EBITDA margin	%	13.4%	13.0%	10.9%
PAT	₹ million	2,864	2,236	1,220
PAT margin	%	8.0%	7.7%	5.0%
Total Debt	₹ million	8,607	7,468	4,216
Total Debt to Equity	Times	1.0	1.2	1.1
Return on Equity	%	32.2%	37.0%	31.9%
Return on Capital Employed	%	27.1%	27.6%	27.6%
Net Worth	₹ million	8,884	6,050	3,828

➤ **Peer Comparison:**

Name of the company	Face Value (₹ per share)	Revenue from operations (₹ million)	Basic EPS as on March 31, 2026 (₹)	Diluted EPS as on March 31, 2026 (₹)	P/E as on August 28, 2026	RONW (%)	NAV per equity share (₹)
LCC Projects Limited	5	36,003	10.4	10.4	14.8	32.2%	32.7
Listed peers							
Vishnu Prakash R Punglia Limited	10	8,512	-12.0	-12.0	NA	NA	50.5
Enviro Infra Engineers Limited	10	11,456	10.4	10.4	19.1	15.3%	70.2

➤ **Key Risk:**

- **Receivable risk:** The company's inability to collect receivables outstanding and due to be paid by the company's customers, in a timely manner, or at all, may adversely affect the company's business, financial condition, results of operations and cash flows.
- **Contingent liabilities:** The company has certain contingent liabilities which have been disclosed in the company's Restated Consolidated Financial Information, which if they materialize, may adversely affect the company's results of operations, cash flows and financial condition.
- **High leverage:** The company has a significantly higher level of indebtedness and leverage compared to the company's listed industry peers, which could increase the company's financial risk and adversely affect the company's operational flexibility and competitive position.
- **Customer concentration:** Revenue from the company's top ten customers comprise a significant portion of the company's revenue from operations i.e. 72.30% for Fiscal 2026, 84.10% for the Fiscal 2025, and 82.76% for the Fiscal 2024. Any failure to maintain the company's relationship with these customers, any adverse changes affecting their financial condition or the loss of any of the company's customers will have an adverse effect on the company's business, results of operations, financial condition and cash flows.
- **Legal proceedings:** There are outstanding legal proceedings involving the company, Subsidiaries, Promoters and Directors. Any adverse decision in such proceedings may adversely affect the company's business, financial condition and results of operations.
- **Government project dependence:** The company is an infrastructure company operating primarily in the irrigation and water supply projects segment and the company's business significantly (79.07% for the Fiscal 2026, 85.19% for the Fiscal 2025, and 87.72% for the Fiscal 2024) depends on projects awarded by state and central government departments, which may impact the company's results of operations and financial conditions.
- **Geographic concentration:** The company's operations are geographically concentrated in the states of Gujarat and Madhya Pradesh. Any localized social unrest, natural calamities, etc., could have material adverse effect on business and financial operations.
- **Employee attrition:** The company's employee attrition rate for Fiscal 2026 was 23.94%. If the company is unable to manage attrition and attract and retain skilled professionals, it may adversely affect the company's business prospects, reputation and future financial performance.
- **Regulatory compliance:** The company is subject to anti-bribery, anti-corruption and sanctions laws and regulations any violation of which could adversely affect the company's reputation, business, financial condition, results of operations.
- **Bidding & order acquisition:** The company's business significantly depends on the company's ability to successfully bid for and acquire projects in the irrigation and water supply projects segment. In the Fiscals 2026, 2025, and 2024, the company's bid success rate was 13.53%, 21.35%, and 22.89%, respectively. The company's inability to successfully bid for and acquire new projects in the irrigation and water supply projects segment could have an adverse effect on the growth of the company's business.
- **Jal Jeevan Mission dependence:** A significant portion of the company's Order Book is derived from Jal Jeevan Mission projects, and any change in related Government policy may adversely affect the company's business.
- **Sub-contractor dependence:** The company relies on sub-contractors, to complete certain aspects of project execution and any failure arising from non-performance, delayed performance or inadequate quality in the performance of work by such third parties, or a failure by third-party subcontractors to comply with applicable laws, to obtain the necessary approvals, or provide services on agreed terms, could adversely affect the company's business, financial condition, results of operations and cash flows.

- **Bank & performance guarantees:** As a part of the company's business, for projects with certain customers, the company is required to furnish bank guarantees and performance guarantees. The company's inability or failure to arrange for such guarantees or the invocation of such guarantees may adversely affect the company's cash flows and financial condition.

➤ **Valuation:**

- The company's strong order book, improving profitability and established execution capabilities provide a favourable growth outlook. However, the business remains exposed to government project dependence, customer and geographical concentration, project execution risks and relatively high leverage, warranting a balanced valuation outlook. At the upper price band, the company is valued at 14.8x FY26 P/E and 9.61x FY26 EV/EBITDA, implying a post-issue market capitalization of ₹42,292 million. Given the strong order book, healthy earnings growth and favourable long-term prospects for irrigation and water infrastructure, we believe the valuation is reasonable. Accordingly, we recommend a **"Subscribe – Long Term"** rating for the issue.

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 - ☐ Compliance officer-Deepak Kedia, email id - deepakkedia@rathi.com, Contact no. +91 22 6281 7000.
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