Annu Projects Ltd.

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IPO Note **24th Aug 2026**

Company Overview

Annu Projects Limited (APL) is an integrated Engineering, Procurement and Construction (EPC) and Operations & Maintenance (O&M) company focused on utility infrastructure. Incorporated in 2003, APL is promoted by Sanjay Kumar Sarraf and Krishna Ranjan, who have over two decades of experience in the infrastructure sector. The company primarily executes projects for Central and State Government entities, either directly through competitive bidding or as a sub-contractor to private companies executing government projects. Government-sector entities contributed 57.1% of FY26 revenue, with the balance coming from non-government customers. APL's business is concentrated in sewerage and telecom infrastructure, which together contributed over 94% of FY26 revenue. Sewerage accounted for 52.7%, covering pipe laying, sewage treatment plants, pumping stations and household connections. Telecom contributed 41.5% and represents the company's historical core business, covering optical fibre networks, telecom towers and O&M services. Gas pipeline infrastructure contributed 4.03%, primarily comprising MDPE (Medium Density Polyethylen) and GI (Galvanized Iron) pipeline installation and domestic gas connections. The company has capabilities spanning surveying, design, procurement, construction, installation and maintenance, across both overhead and underground utility infrastructure. Geographically, APL has a strong presence across eastern and central India, with Bihar, Jharkhand, West Bengal, Madhya Pradesh and Goa together contributing over 70% of revenue, while its broader project footprint extends to regions including Sikkim, Odisha, Kerala and the Andaman & Nicobar Islands.

Objects of the issue

- ⇒ The Offer comprises entirely a fresh issue of Rs. 175 crores. The company proposes to utilise the net proceeds from the fresh issue towards:
- ⇒ Funding capital expenditure requirements of company for purchase of machinery or equipment;
- ⇒ Funding working capital requirements of the company; and
- ⇒ General corporate purposes.

Investment Rationale

Integrated execution model supports better control over project execution and costs

APL has developed a strong in-house execution platform through more than two decades of experience across utility infrastructure. The company has completed 362 projects to date, building capabilities across surveying, design, procurement, construction, installation and maintenance rather than relying solely on subcontracted execution. This experience is supported by an owned fleet of more than 558 machines and equipment, including horizontal directional drilling machines, excavators, splicing machines, Digitrak systems and OTDR machines. Owning key equipment reduces dependence on third-party rentals and availability, allowing APL to mobilise machinery across sites and maintain greater control over project timelines and costs. The company also has arrangements with local workshops near project locations for faster maintenance and lower equipment downtime. The benefits of this model are reflected in improving profitability, with EBITDA margin increasing from 18.5% in FY24 to 20.8% in FY26, while PAT margin increased from 11.3% to 13.7% over the same period. APL's operating processes are further supported by required ISO certifications covering quality management and occupational health and safety. The company is also allocating Rs. 15.4 crores of IPO proceeds towards additional machinery, which should further increase its mechanised execution capability and reduce dependence on external equipment as it takes on larger and more complex projects. This combination of execution experience, owned equipment and in-house capabilities provides APL with greater control over project delivery while supporting operating efficiency.

Large order pipeline provides visibility while new segments and geographies expand the growth opportunity

APL has built a sizeable order pipeline relative to its current scale of operations, with an outstanding order book of Rs. 1,005 crores as of June 30, 2026, equivalent to 4.2x FY26 revenue. The telecom segment accounts for 82.9% of the order book, with the key driver being the Rs. 919 crore BharatNet Phase III sub-contract in Kerala. Beyond providing substantial revenue visibility, the project marks APL's expansion into South India and gives it an opportunity to deploy its established telecom capabilities in a new geography. The company is also pursuing regional project clusters and local partnerships to participate more effectively in state-level tenders and gradually expand beyond its traditional markets. APL is simultaneously broadening its addressable market through its entry into railway signalling, telecom and safety systems, including Kavach. Its first railway project, awarded by Eastern

Issue Details	
Offer Period	25th Aug 2026 - 28th Aug 2026
Price Band	Rs. 94 - Rs. 99
Bid Lot	151
Listing	BSE & NSE
Issue Size (no. of shares in crores)	177
Issue Size (Rs. in crores)	175
Face Value (Rs.)	10

Issue Structure	
QIB	10%
NII	40%
Retail	50%

BRLM	Mefcom Capital Markets. Ltd.
Registrar	KFin Tech. Ltd.

Particulars	Pre Issue %	Post Issue %
Promoter & Promoter Group	89.11%	65.05%
Public	10.89%	34.95%
Total	**100.00%**	**100.00%**

(Assuming issue subscribed at higher band)

Research Team - 022-61596138

Railway in June 2026, provides an initial entry into a new infrastructure segment while remaining closely aligned with APL's existing telecom and OFC capabilities. This makes the diversification more logical than entering an unrelated business, as the company can leverage its existing technical expertise and execution experience. The combination of a large executable order pipeline, entry into new geographies and expansion into adjacent infrastructure segments provides multiple avenues for growth beyond APL's existing sewerage and telecom base.

Valuation

Annu Projects Limited (APL) is an EPC and O&M player focused on essential utility infrastructure, with its business primarily driven by the telecom and sewerage segments, which together account for over 94% of FY26 revenue. The company also has an established presence in gas pipelines and is expanding into railway signalling, giving it exposure to multiple infrastructure spending themes. APL has delivered healthy growth in both scale and profitability, with revenue from operations growing at a 25.2% CAGR during FY24-FY26 and PAT growing at a 37.8% CAGR. EBITDA margin improved from 18.5% in FY24 to 20.8% in FY26, while PAT margin increased from 11.3% to 13.7%, supported by higher contribution from EPC execution and improving operating efficiency. APL's profitability compares favourably with the peer group. Its 20.8% EBITDA margin is well above the 14.5% average of the comparable EPC peers excluding Suyog Telematics, whose asset-light tower-leasing model results in an unusually high margin. APL's 13.7% PAT margin is broadly in line with the 14.5% peer average, while its 21.3% RoNW is significantly higher than the peer average of around 14.9%. The company's 22.7% RoCE also indicates healthy capital efficiency. These metrics suggest that APL's profitability and capital returns are already competitive despite its smaller operating scale. APL also has stronger revenue visibility relative to most peers, with a 3.9x book-to-bill ratio compared with an average of around 2.5x for Likhitha Infrastructure, Bondada Engineering and EMS. This provides a sizeable executable pipeline relative to the company's current revenue base. However, the quality of earnings needs to be considered alongside its 237-day receivable cycle, volatile operating cash flows and high customer concentration, which can result in a significant gap between reported profitability and cash generation. **At the upper price band of INR 99 per share, APL is valued at 19.64x FY26 post-issue EPS of INR 5.04, broadly in line with the 20x average P/E of its four listed peers. Given its faster revenue growth, above-peer profitability on most relevant measures, healthy capital efficiency and strong order visibility, we believe the valuation is reasonable. Accordingly, we recommend a "SUBSCRIBE" rating for the issue with a long-term investment horizon, while recognising the company's working-capital intensity and customer concentration risks.**

Key Risks

⇒ Over 90% of revenue is derived from telecom and sewerage infrastructure, exposing APL to sector-specific demand, government spending and policy changes. Any slowdown in these segments could materially impact revenue and profitability.

⇒ Government entities contributed 57% of FY26 revenue, making APL dependent on government tendering and project awards. Aggressive bidding can pressure margins, while administrative delays, stringent contract terms and changes in government spending can affect project execution and collections.

⇒ The top 10 customers contributed 98% of FY26 revenue, creating significant customer concentration. Loss of a key customer, payment delays, disputes or project cancellations could materially affect revenue and cash flows.

⇒ APL's order book is subject to execution and project-specific risks and does not guarantee future revenue. Projects may face delays, modifications or cancellations, while execution can depend on timely customer-side approvals such as Right of Way, forest clearances and design approvals.

Annu Projects Ltd.

Income Statement (Rs. in crores)

Particular	FY24	FY25	FY26
Revenue			
Revenue from operations	154	180	241
Total revenue	**154**	**180**	**241**
Expenses			
Purchase of Traded Goods	5	12	7
Change in Inventory	-1	-8	14
Consumption of Material	38	65	46
Construction Expense	67	64	107
Employee benefit expenses	4	4	6
Other expenses	12	10	11
Total operating expenses	**125**	**148**	**191**
EBITDA	**29**	**32**	**50**
Depreciation & amortization expenses	2	2	3
EBIT	**27**	**30**	**47**
Other Income	1	2	3
Finance costs	4	4	4
PBT	**24**	**28**	**46**
Tax Expense	7	7	13
Total comprehensive profit	**17**	**21**	**33**
Dailuted EPS	**4.0**	**4.6**	**6.9**

Source: RHP, BP Equities Research

Cash Flow Statement (Rs. in crores)

Particulars	FY24	FY25	FY26
Cash Flow from operating activities	8	-35	0
Cash flow from/(used in) investing activities	-4	-1	-23
Net cash flows (used in) / from financing activities	-4	34	26
Net increase/(decrease) in cash and cash equivalents	**0**	**-3**	**2**
Cash and cash equivalents at the beginning of the period	**3**	**3**	**0**
Cash and cash equivalents at the end of the period	**3**	**0**	**3**

Source: RHP, BP Equities Research

Annu Projects Ltd.

Balance Sheet (Rs. in crores)

Particulars	FY24	FY25	FY26
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	20	18	37
Right-of-use assets	0	2	0
Intangible Assets	0	0	0
Investment Property	4	4	4
Other Non Current Financial Assets	10	10	5
Deferred Tax Assets	1	2	1
Other Non Current Assets	2	2	2
Total Non Current Assets	**38**	**38**	**49**
Current Assets			
Inventories	19	20	6
Trade Receivable	58	80	157
Unbilled Revenue	16	60	77
Cash and Cash Equivalents	3	0	3
Other Bank Balance	5	5	7
Other Current Financial Assets	8	13	17
Other Current Assets	13	17	26
Total Current Assets	**123**	**196**	**292**
Total Assets	**161**	**233**	**342**
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	3	48	48
Other Equity	66	74	107
Non Controlling Interest	(0)	0	0
Total Equity	**69**	**122**	**155**
Liabilities			
Non Current Liability			
Borrowings	3	2	14
Lease Liabilities	0	2	0
Provisions	1	1	1
Other Non Current Liabilities	0	0	0
Total Non Current Liability	**4**	**4**	**15**
Current Liabilities			
Borrowings	17	21	39
Lease Liabilities	0	0	0
Trade Payables	43	59	76
Other Current Financial Liabilities	12	16	16
Current Tax Liability	3	3	4
Provisions	0	1	5
Other Current Liabilities	13	6	31
Total Current Liability	**88**	**107**	**171**
Total Liabilities	**92**	**111**	**187**
TOTAL EQUITY AND LIABILITIES	**161**	**233**	**342**

Source: RHP, BP Equities Research

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Disclaimer Appendix

Analyst (s) holding in the Stock : Nil

Analyst (s) Certification:

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