

## LCC Projects Ltd – IPO Investment Note

| Issue Open        | Issue Close       | Price Band (₹) | Rating    |
|-------------------|-------------------|----------------|-----------|
| 09 September 2026 | 11 September 2026 | ₹139-146       | Subscribe |

### Investment Summary

LCC Projects Limited presents an attractive multidisciplinary EPC growth story, supported by its established capabilities in irrigation and water supply infrastructure, strong project execution track record and sizeable order book. The company benefits from longstanding relationships with government departments and a growing presence across multiple states, while its in-house design and engineering capabilities, disciplined project selection and cost-management processes provide a strong execution platform. Its expansion into renewable energy, mining, metro rail and other infrastructure segments offers scope to diversify the project mix and pursue larger, potentially higher-margin opportunities. Key monitorables going forward include sustained order inflows and tender success, timely execution of the existing order book, working-capital and receivables management, reduction in leverage, and successful scaling of newer business verticals without compromising margins. Supported by strong execution capabilities, healthy order-book visibility and a robust earnings trajectory, we recommend a **“Subscribe”** stance on the issue.

### Company Overview

LCC Projects Limited, incorporated in 2017 and headquartered in Ahmedabad, Gujarat, is a multidisciplinary Engineering, Procurement and Construction (EPC) contractor with a core focus on irrigation and water supply infrastructure across India. The company undertakes complex infrastructure projects spanning canal construction, dams and barrages, micro-irrigation systems, water supply and pipeline networks, sewage treatment and desalination, while also executing projects in metro rail, mining, roads and renewable energy. As of March 31, 2026, LCC Projects had an order book of ₹7,953.18 crore across 103 projects, with operations spread across 12 states and a strong presence in government-awarded infrastructure projects. The company has executed over 63 irrigation and water supply projects, supported by in-house design capabilities, an experienced project execution team and a track record of undertaking large-scale turnkey projects.

### Business Model

LCC Projects follows a tender-driven EPC business model, with projects sourced predominantly from central and state government departments through competitive bidding, alongside select private-sector opportunities. During the pre-bidding stage, the company conducts technical surveys, feasibility studies, site assessments and detailed cost analysis to evaluate project viability and formulate competitive bids. Its techno-commercial and risk-management teams assess construction methods, material and equipment requirements, direct and indirect costs and project-specific risks before finalising the bid, while project-specific joint ventures or consortiums may be formed where additional technical or financial qualifications are required.

Post award, the company provides end-to-end project execution, covering engineering and design, procurement, construction, testing, commissioning and trial runs, with several contracts also incorporating long-term operations and maintenance. LCC deploys a combination of owned and hired construction equipment and a permanent workforce of 2,093 employees, while its in-house engineering capabilities support project planning and execution. The company has also established a manufacturing unit in Jaspur, Gujarat for precast concrete components, enabling controlled production and potentially improving execution efficiency and project timelines.

Revenue is primarily generated from execution of irrigation and water supply EPC contracts, which contributed 87.44% of revenue from operations in FY26, with additional contributions from renewable energy, metro rail, mining, roads and other infrastructure projects. Government departments accounted for 89.34% of FY26 revenue, reflecting the company's strong exposure to public infrastructure spending. Several contracts include multi-year O&M obligations, providing an additional revenue stream beyond the initial construction phase, while the company's order-book-led model provides visibility for future revenue and is replenished through continuous tender participation.

## Financial Performance

- **Revenue CAGR ~ (FY24–FY26): ~21.5%**, with revenue from operations increasing from ₹2,438.91 Cr in FY24 to ₹2,918.29 Cr in FY25 and ₹3,600.25 Cr in FY26, supported by higher execution of irrigation and water supply projects and a growing contribution from multidisciplinary EPC projects.
- **EBITDA:** ₹241.37 Cr (FY24) → ₹401.04 Cr (FY25) → ₹519.90 Cr (FY26), while margins are at ~14.44% in FY26.
- **PAT trajectory:** ₹122.00 Cr (FY24) → ₹223.63 Cr (FY25) → ₹286.44 Cr (FY26) with a 7.96% margin.
- **Return metrics:** Return ratios remained robust, with RoE standing at 32.24% in FY26 versus 36.96% in FY25 and 31.87% in FY24, while RoCE stood at 27.13% in FY26 compared with 27.64% in FY25 and 27.63% in FY24.
- **Balance sheet:** Net worth stood at ₹888.41 Cr as of FY26, with total debt of ₹860.65 Cr and a Debt-to-Equity ratio of 0.97x, indicating a relatively leveraged balance sheet, Cash & Cash Equivalents at ₹172.16 Cr.
- **Key Ratios:** Basic EPS ₹10.53, NAV ₹32.66 per share.

## Financial Snapshot

| Metric                  | INR CR   |          |          |
|-------------------------|----------|----------|----------|
|                         | FY24     | FY25     | FY26     |
| Revenue from Operations | 2,438.91 | 2,918.29 | 3,600.25 |
| EBITDA                  | 241.37   | 401.04   | 519.90   |
| EBITDA Margin           | 9.90%    | 13.74%   | 14.44%   |
| Profit After Tax (PAT)  | 122.00   | 223.63   | 286.44   |
| PAT Margin              | 5.00%    | 7.66%    | 7.96%    |
| Basic EPS (₹)           | 4.48     | 8.22     | 10.53    |

## Investment Rationale

### 1. Strong Order Book Provides Revenue Visibility:

LCC Projects has built a sizeable order book of ₹7,953.18 Cr as of FY26, up from ₹6,268.97 Cr in FY24, comprising 103 projects across multiple infrastructure verticals. The healthy order pipeline, backed largely by government projects, provides visibility for future execution and supports sustained growth.

### 2. Established Track Record in Irrigation & Water Infrastructure:

The company has completed 80 projects for government departments and other customers and has established expertise in complex irrigation and water supply projects. Its core segment contributed 87.44% of FY26 revenue, positioning LCC to benefit from continued investments in water management, irrigation and related infrastructure.

### 3. Strong In-house Design & Engineering Capabilities:

LCC has an in-house design and engineering team comprising 698 qualified engineers and technical personnel, enabling the company to undertake key project activities internally and reduce dependence on third parties. Its use of technologies such as SCADA, GIS, AutoCAD, WaterGEMS and specialised hydraulic-design tools further supports execution of technically complex projects.

### 4. Efficient Project Selection and Cost Management:

The company follows a structured pre-bid process involving site surveys, feasibility studies, detailed costing and risk assessment before committing to projects. This disciplined approach, coupled with project-level cost monitoring and escalation clauses, has supported healthy profitability with FY26 RoE of 32.24% and RoCE of 27.13%.

### 5. Diversification into Higher-Growth EPC Verticals:

While irrigation and water supply remain the core business, LCC is progressively expanding into renewable energy, mining, metro rail, wastewater, desalination and other infrastructure segments. Renewable energy already contributed 6.71% of FY26 revenue, while the company intends to pursue larger and more complex projects with potentially higher margins.

**6. Experienced Management and Pan-India Execution Capabilities:**

The promoters bring substantial sector experience, with Arjan Suja Rabari and Laljibhai Arjanbhai Ahir having over 28 years and 16 years of industry experience, respectively. LCC has also expanded its execution footprint to 12 states, providing a platform to leverage its project execution capabilities across geographies.

**Key Risk Factors****1. High Dependence on Government Projects and Tender Wins:**

Government departments accounted for 89.34% of FY26 revenue, while 79.07% of the order book was attributable to government customers. Further, the company's bid success rate declined to 13.53% in FY26 from 22.89% in FY24, making future growth dependent on continued tender wins and government spending.

**2. Significant Customer Concentration:**

The top ten customers contributed 72.30% of FY26 revenue, exposing the company to meaningful concentration risk. Any deterioration in relationships, delays in project awards or payments, or loss of key customers could adversely impact revenue, cash flows and profitability.

**3. Working Capital and Receivables Risk:**

Trade receivables increased sharply to ₹455.82 Cr in FY26, with receivables rising to 12.66% of revenue from 6.42% in FY24 and the turnover ratio declining to 10.20x from 14.46x. Given the working-capital-intensive nature of EPC projects, delays in bill certification and collections could place pressure on liquidity and increase reliance on debt.

**4. Relatively High Leverage Could Constrain Financial Flexibility:**

LCC's Debt-to-Equity ratio stood at 0.97x in FY26, versus 0.34x for Enviro Infra Engineers, and the company acknowledges that borrowings are used to fund working capital and capital expenditure. Higher interest and debt-servicing obligations could restrict the company's ability to fund future growth and increase vulnerability to project or economic downturns.

**5. Project Execution, Cost Overrun and Diversification Risks:**

EPC projects are exposed to delays arising from site access, logistics, design changes, subcontracting and other execution challenges. At the same time, LCC is entering newer segments such as renewable energy, where it has relatively limited experience, creating execution and profitability risks as the company diversifies beyond its core irrigation and water-supply business.

## IPO Details and Use of Proceeds

| Parameter                          | Details                                                                                                                                                                                                                                                                       |
|------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Issuer</b>                      | LCC Projects Ltd.                                                                                                                                                                                                                                                             |
| <b>IPO Issue Size</b>              | Total Issue Size: ₹427.14 Cr<br>Fresh Issue of ₹258 Cr & OFS of 169.14 Cr                                                                                                                                                                                                     |
| <b>Price Band</b>                  | ₹139 – ₹146 per share                                                                                                                                                                                                                                                         |
| <b>Face Value</b>                  | ₹5 per share                                                                                                                                                                                                                                                                  |
| <b>Post-Issue Market Cap</b>       | Approx. ₹4229 Cr                                                                                                                                                                                                                                                              |
| <b>IPO Opening Date</b>            | 09 September 2026                                                                                                                                                                                                                                                             |
| <b>IPO Closing Date</b>            | 11 September 2026                                                                                                                                                                                                                                                             |
| <b>Listing</b>                     | NSE / BSE                                                                                                                                                                                                                                                                     |
| <b>Promoter Holding (Pre/Post)</b> | Pre-IPO: ~ 100% → post-IPO: ~ 89.90%                                                                                                                                                                                                                                          |
| <b>Book Running Lead Managers</b>  | Motilal Oswal Investment Advisors Limited                                                                                                                                                                                                                                     |
| <b>Use of Proceeds</b>             | <ul style="list-style-type: none"> <li>• Purchase of equipment (~14.7 Cr)</li> <li>• Prepayment and/or repayment, in full or in part, of all or a portion of certain outstanding borrowings availed by our Company (~180 Cr)</li> <li>• General Corporate Purposes</li> </ul> |

## Valuation and Outlook

At the **upper price band of ₹146 per share**, LCC Projects Limited commands a **post-issue market capitalisation of approximately ₹4,229 crore**. Based on FY26 PAT of **₹286.44 crore**, the implied **post-issue P/E works out to ~14.76x** on FY26 EPS of ₹10.42. The company's listed peer set disclosed in the RHP comprises **Vishnu Prakash R Punglia Limited and Enviro Infra Engineers Limited**, with Enviro Infra Engineers trading at **19.14x P/E**, while Vishnu Prakash reported negative FY26 earnings and therefore does not carry a meaningful P/E. At ~14.76x P/E, LCC Projects is valued at a discount to the meaningful listed peer multiple, despite delivering a strong **32.24% RoNW** in FY26. On an **EV/EBITDA basis**, the issue is valued at approximately **8.9x EV/EBITDA**, Fairly below Enviro Infra Engineers' FY26 multiple of ~13x. The valuation is supported by LCC's strong earnings trajectory, with revenue growing at a **21.50% CAGR** and PAT at a **53.23% CAGR** during FY24–FY26, alongside EBITDA margin expansion from **9.90% in FY24 to 14.44% in FY26**. Growth prospects remain supported by the sizeable **₹7,953 crore order book**, continued government spending on irrigation and water infrastructure, and the company's strategy to diversify into renewable energy, mining, metro rail and other EPC segments. However, investors should monitor customer and government-order concentration, working-capital intensity, leverage and execution risks associated with larger and newer projects. Considering the **strong order-book visibility, healthy earnings growth, robust return profile and reasonable P/E valuation versus the disclosed peer**, we recommend a **"Subscribe"** stance on the issue, with investors closely tracking project execution, debt reduction and cash-flow conversion post listing.

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Registration and Contact Details: Name of Research Analyst - Mangal Keshav Financial Services LLP, Research Analyst  
Registration No.: INH000018319.

LLPIN: AAM-3358

Registered Office: 501, Heritage Plaza, JP Road, Opp Indian Oil Colony, Andheri West, Mumbai 400053.

Correspondence/Administrative Office Address - 501, Heritage Plaza, JP Road, Opp Indian Oil Colony, Andheri West, Mumbai 400053.

TEL: 022 61907900