



SMC Ranking

★ ★ ☆ ☆ ☆ (2/5)

Issue Highlights

Industry	EPC
Offer for sale (Shares)	11,585,000
Fresh Issue (Shares)	17,671,232
Net Offer to the Public	29,256,232
Issue Size (Rs. Cr.)	368-397
Price Band (Rs.)	118-124
Offer Date	9-Sep-26
Close Date	11-Sep-26
Face Value	5
Lot Size	102

Issue Composition

	In shares
Total Issue for Sale	29,256,232
QIB	14,628,116
NIB	10,239,681
Retail	4,388,435

Shareholding Pattern (%)

Particulars	Pre-issue	Post-issue
Promoters & promoters group	100.00%	89.90%
QIB	0.00%	5.05%
NIB	0.00%	3.53%
Retail	0.00%	1.51%
Total	100.00%	100.00%

*calculated on the upper price band

Objects of the Issue

The Company proposes to utilise the Net Proceeds from the Issue towards the following objects:

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

About the company

LCC Projects Limited is a multidisciplinary EPC contractor from Gujarat that designs and builds irrigation and drinking-water systems for state and central agencies. Work covers dams, barrages, canals, lift irrigation, underground pipelines, multi-village water schemes and related O&M, with smaller exposures to metro stations, coal-mining development and a new precast yard at Jaspur. Almost all revenue is EPC (99.8% in FY26). In FY26 the company booked Rs. 3,600 crore of revenue, Rs. 520 crore of EBITDA (14.4% margin) and Rs. 286 crore of PAT (8.0% margin), after two-year CAGRs of 21.5%, 47% and 53% respectively. The unexecuted order book on 31 March 2026 was Rs. 7,953 crore across 103 projects — 2.2 times FY26 sales — of which about 83% is irrigation and water supply. Gujarat and Madhya Pradesh still dominate billing, but work now spans 12 states and government departments remain ~79% of the book.

Strengths

Multidisciplinary EPC company in irrigation and water supply: ICRA ranks LCC among the larger Gujarat-based corporates in this niche. Irrigation and water supplied 87.4% of FY26 revenue (Rs. 3,148 crore), down only modestly from 93.7% in FY24 as mining and metro work grew. The firm has completed 80 government and other projects, including the Kachchh long canal syphon, Dudhai sub-branch canal, Parbati Dam and Sitanagar composite dam-plus-micro-irrigation scheme. Most jobs finish on or ahead of schedule. In-house civil, electro-mechanical and design teams let LCC bid turnkey packages rather than only earthwork, which is why it can take 50,000-hectare lift-irrigation and multi-village drinking-water schemes.

Strong order book and diversified project portfolio: The book rose from Rs. 6,269 crore (FY24) to Rs. 7,882 crore (FY25) and Rs. 7,953 crore (FY26). Irrigation still accounts for Rs. 6,621 crore (83%), but “other” work — mining, roads, metro — is now 17%. Government clients are 79% of the book; private clients 21%. Revenue mix by state in FY26 was Gujarat 40%, Madhya Pradesh 37%, Rajasthan 10%, with Jharkhand, Odisha, Maharashtra and others filling the rest. The three largest live jobs — Sondwa Lift Micro Irrigation (Rs. 1,535 crore, 66% complete), Sidhi Bansagar (Rs. 1,525 crore, 71%) and Gandhi Sagar-1 (Rs. 1,154 crore, 75%) — give multi-year visibility, but also concentrate execution risk.

In-house design capabilities with technical depth: As of 31 July 2026 LCC employed 698 engineers and technicians; design staff average more than five years’ experience. The team produces hydraulic, structural and architectural designs for government approval using SCADA, WaterGEMS, Water Hammer, KY Pipe, STAAD.Pro, AutoCAD, GIS and GPS. Site surveys feed the bid design so quantities reflect actual ground conditions. Doing

Book Running Lead Manager

- Motilal Oswal Investment Advisors Limited

Name of the registrar

- KFin Technologies Limited

design in-house cuts third-party fees, tightens BoQs and supports O&M margins after handover. The same toolkit is used on pumping stations, treatment plants and surge analysis for long rising mains.

Strong risk management, project selection and dispute handling: Bids are filtered for customer credit, geography, JV risk and expected milestone cash flow. High-risk tenders go to top management with a priced mitigation plan. Contracts typically have stage payments and escalation clauses. A contracts cell handles claims on extra work, scope change and time extensions. The intent is to stay cash-flow positive through the cycle rather than chase every large tender. That discipline shows up in RoCE staying near 27% for three years even as the book and debt both grew.

Efficient business model: Before every bid the tender desk builds a full cost stack — materials, plant, sub-contract, staff, BGs and finance — then the vertical head and promoters lock the price. Pre-bid surveys and an integrated inventory system reduce mobilisation surprises. After award the focus is quality of construction so later O&M cost stays low. With limited fixed-asset intensity and tight opex control, LCC delivered RoE of 32.2%, 37.0% and 31.9% in FY26/25/24. A dedicated tender and business-development team keeps the pipeline full without loosening the pricing filter.

Experienced promoters and stable operating bench: Chairman and MD Arjan Suja Rabari has more than 28 years in the trade; co-MD Laljibhai Arjanbhai Ahir more than 16. Several business-unit and functional heads have been with the group for over a decade. Permanent headcount rose from 1,825 (FY24) to 2,093 (FY26). Promoters still own 82% pre-issue (41% each for the two selling promoters), so alignment after the OFS remains high. Industry knowledge plus a long internal bench is what lets the company bid 12-state, multi-package work without a large hired-gun overlay.

Strategy

Strengthen presence by widening the geographic footprint: LCC started in Gujarat and now has live work in 12 states, plus regional offices in Madhya Pradesh, Rajasthan and Odisha. Next targets named in the RHP include Bihar and Goa. The logic is simple: India has 4% of the world's water and 1.4 billion people; agriculture is still ~18% of GVA; monsoons are erratic. Programmes such as PMKSY and Per Drop More Crop keep state irrigation capex alive. Spreading the book reduces the Gujarat–MP concentration that still drives most billing and collections.

Diversify the project mix toward larger and more complex jobs: Water remains the core, but management wants solar EPC, wastewater and STPs, desalination, railways/metro, sewerage networks and mining. Average job size has already stepped up — several live packages exceed Rs. 500–1,500 crore. Larger turnkey work uses the existing design-and-plant platform and, if executed well, can lift margins. The trade-off is higher working-capital and BG utilisation, which is why part of the fresh issue is earmarked to repay debt.

Keep investing in design, IT and execution technology: SCADA and IoT already run pumps, valves, reservoir levels and leak alerts; moisture and weather sensors support irrigation scheduling. ERP covers a large part of operations and SAP is being rolled through remaining workstreams so design, procurement, site and finance sit on one ledger. Further spend is planned on a single-instance ERP so cost and time

variance is visible job by job. The aim is faster drawings, fewer site surprises and better bid accuracy.

Tighten cost and working-capital discipline: Management wants more of the plant hired rather than owned, longer life from existing excavators, tippers and crushers, and faster bill certification. Site teams are measured against the original budget. Selecting jobs with periodic milestone payments is meant to keep the cycle cash-flow positive. FY26 still saw trade receivables jump to Rs. 456 crore (12.7% of sales) from 6.4% two years earlier, so this strategy is as much a necessity as a choice.

Grow a skilled workforce and the equipment base: Headcount is already above 2,000. Training covers civil, mechanical, electrical, instrumentation, safety and fabrication. The company owns excavators, tippers, transit mixers, graders, JCBs, rock breakers, DGs, crushers and silos, and will use Rs. 14.7 crore of IPO proceeds for four wide-body dump trucks and one heavy excavator. Own plant plus a bench of trained people is what lets LCC mobilise quickly on new packages without waiting on the hire market.

Key Risk Factors

- Customers (mostly government departments) may delay or fail to pay billed amounts; trade receivables have already risen to 12.7% of FY26 sales.
- Contingent liabilities of Rs. 130 crore (claims, bank guarantees and tax) equal 14.6% of net worth and would hit earnings if they crystallise.
- Leverage is high versus listed peers — total debt Rs. 861 crore and debt/equity 0.97x — which can restrict bidding capacity and raise finance cost.
- The top ten customers gave 72% of FY26 revenue (top three about 43%), so losing any large irrigation or jal-nigam account would cut sales sharply.
- About 79% of the order book and most historical revenue come from state and central water departments, including Jal Jeevan Mission jobs that were still 20% of the FY26 book; a policy or funding pause would slow execution.

Peer Comparison

Company	Total Sales	PAT	EPS	P/E	P/BV	BV	FV	Price	Mcap
Vishnu Prakash R	712.67	-196.44	-Ve	N.A	0.72	50.54	10	36.38	453.45
Enviro Infra	1263.86	180.88	10.47	19.00	2.90	68.66	10	198.95	3492.17
LCC Projects Limited	3600.25	286.44	9.89	14.76	3.80	38.40	5	146.00	4229.20

*Peer companies financials are TTM based

*** LCC Projects Limited financials are based on FY26

Valuation:

Considering the P/E valuation, on the upper end of the price band of Rs. 146, the stock is priced at a pre-issue P/E of 13.86x on FY2026 EPS of Rs. 10.53. Post issue, the stock is priced at a P/E of 14.76x on its EPS of Rs. 9.89. Looking at the P/B ratio at Rs. 146, pre-issue book value of Rs. 32.84 gives a P/BV of 4.45x. Post issue, book value of Rs. 38.40 gives a P/BV of 3.80x.

Considering the P/E valuation, on the lower end of the price band of Rs. 139, the stock is priced at a pre-issue P/E of 13.20x on FY2026 EPS of Rs. 10.53. Post issue, the stock is priced at a P/E of 14.06x on its EPS of Rs. 9.89. Looking at the P/B ratio at Rs.

139, pre-issue book value of Rs. 32.84 gives a P/BV of 4.23x. Post issue, book value of Rs. 38.40 gives a P/BV of 3.62x.

Industry Overview

India's irrigation and rural-urban water network is being rebuilt under national missions rather than one-off state budgets. Agriculture still contributes about 18% of GVA while the country holds only about 4% of global fresh water for 1.4 billion people, so micro-irrigation, lift schemes and piped drinking water are structural, not cyclical, spends. Flagship programmes — PMKSY, Per Drop More Crop, Jal Jeevan Mission and state jal-nigam multi-village schemes — keep awarding EPC packages for canals, underground pipe networks, WTPs and 10-year O&M. Urbanisation (more than half the population expected in cities by 2050) adds sewage treatment, wastewater reuse and metro-related civil work. Challenges are familiar: tender concentration with a few government buyers, working-capital stretch, land and forest clearances, and political risk if a mission's funding is recast. ICRA's commissioned report is the source the RHP uses; it should not be read as a forecast.

Outlook

LCC's outlook remains cautiously positive, supported by a robust Rs. 7,953 crore order book, strong positioning in irrigation and water infrastructure, geographic expansion and growing capabilities in complex turnkey projects. Government-led water and irrigation spending should sustain demand, while diversification into wastewater, solar EPC, metro and mining could broaden growth. However, high leverage, rising receivables, customer concentration and dependence on government projects remain key risks to execution and cash flows.

An Indicative timetable in respect of the Issue is set out below:

EVENT	INDICATIVE DATE (On or about)
IPO Open Date	Wed, Sep 9, 2026
IPO Close Date	Fri, Sep 11, 2026
Tentative Allotment	Tue, Sep 15, 2026
Initiation of Refunds	Wed, Sep 16, 2026
Credit of Shares to Demat	Wed, Sep 16, 2026
Tentative Listing Date	Thu, Sep 17, 2026

Annexure

Consolidated Financials

Profit & Loss

Rs. in Cr.

Particulars	Period ended 31-Mar-26 (12 Months)	Period ended 31-Mar-25 (12 Months)	Period ended 31-Mar-24 (12 Months)
Revenue from operations	3,600.25	2,918.29	2,438.91
Total expenditure	3,118.59	2,540.06	2,172.93
Operating Profit	481.66	378.24	265.99
OPM%	13.38	12.96	10.91
Other Income	39.20	22.72	10.88
Total Net Income	520.86	400.96	276.86
Interest	97.00	80.15	49.89
PBDT	423.86	320.81	226.98
Depreciation	45.36	27.36	19.06
PBT before share of associates / JVs	378.50	293.45	207.92
Share of P/L of associates and JVs	(0.13)	0.08	0.02
PBT	378.37	293.53	207.94
Tax	91.93	69.91	50.43
Profit & Loss	286.44	223.63	157.52

Balance sheet is on next page

Balance Sheet

Rs. in Cr.

Particulars	As on 31-Mar-26	As on 31-Mar-25	As on 31-Mar-24
Non-current assets			
Property, plant and equipment	179.46	148.40	133.80
Intangible assets	8.52	0.64	0.49
Capital work in progress	0.00	33.80	0.00
Investment property	30.33	10.16	10.60
Right-of-use assets / Goodwill on consolidation	0.82	0.82	0.82
Investments (non-current financial)	9.96	5.26	5.09
Other financial assets (non-current)	111.96	119.87	124.82
Deferred tax assets	2.20	0.00	0.00
Other non-current assets	10.17	6.91	5.94
Total non-current assets	353.41	325.87	281.55
Current assets			
Financial Assets			
Inventory	247.93	201.35	135.62
Trade receivables	455.82	250.17	156.62
Cash and cash equivalents	172.16	102.85	21.89
Bank balances other than cash	288.46	209.02	109.11
Other financial assets (current)	293.98	86.01	45.23
Current tax assets (net)	0.00	7.82	0.24
Other current assets	635.79	544.38	379.73
Total current assets	2094.13	1401.60	848.44
Total Assets	2447.54	1727.46	1129.99
LIABILITIES			
Non-current liabilities			
Borrowings (non-current)	66.29	80.67	53.41
Other financial liabilities (non-current)	53.16	54.59	47.42
Provisions (non-current)	0.00	0.03	0.00
Deferred tax liabilities	0.07	0.50	4.41
Total non-current liabilities	119.51	135.78	105.24
Current liabilities			
Financial liabilities			
Borrowings (current)	794.37	666.10	368.23
Trade payables — MSME	47.92	9.87	0.08
Trade payables — others	212.62	93.27	171.68
Other financial liabilities (current)	284.40	78.06	72.88
Provisions (current)	2.17	1.14	0.64
Current tax liabilities (net)	0.44	0.00	0.00
Other current liabilities	92.87	136.48	27.87
Total current liabilities	1434.78	984.91	641.39
Total liabilities	1554.29	1120.68	746.63
Net worth represented by:			
Equity share capital	136.00	136.00	34.00
Other equity	752.41	468.99	348.83
Non-controlling interests	4.84	1.79	0.54
Total Equity	893.25	606.78	383.36

RANKING METHODOLOGY

WEAK	★
NEUTRAL	★ ★
FAIR	★ ★ ★
GOOD	★ ★ ★ ★
EXCELLENT	★ ★ ★ ★ ★

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