March 26, 2026

Laxmi Civil Engineering Services Private Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term - Fund-based - Cash credit	50.00	50.00	[ICRA]A+(Stable); reaffirmed
Long-term/Short-term - Non-fund based - Others	1,300.00	1,300.00	[ICRA]A+(Stable) /[ICRA]A1; reaffirmed
Total	**1,350.00**	**1,350.00**	

**Instrument details are provided in Annexure-I*

Rationale

The rating reaffirmation for Laxmi Civil Engineering Services Private Limited (LCESPL) factors in its healthy order book of around Rs. 9,868 crore (incl. GST) as on November 30, 2025, translating into an order book to operating income (OB/OI) ratio of 3.0 times on FY2025 gross OI, providing medium-term revenue visibility. The ratings draw comfort from the promoters' extensive experience of over four decades in the water management segment, LCESPL's established execution track record, and its strong liquidity profile, with free cash and market investments of ~Rs. 421 crore as on March 13, 2026. Healthy coverage metrics (interest coverage of 11.1 times and DSCR of 11.0 times as on March 31, 2025) further support the ratings. The transitory increase in leverage (TOL/TNW of 1.4 times) as on March 31, 2025 was due to the infusion of unsecured loans by the promoters in FY2025 to meet interim business requirements. These are expected to be repaid over near term, leading to normalisation of leverage to below 1.2 times.

LCESPL reported an ~18% YoY growth in consolidated OI in FY2025 (CAGR of ~25% during FY2018–2025), aided by steady execution. However, order inflows moderated to Rs. 2,289.5 crore in FY2025 and further to Rs. 853.1 crore in 8M FY2026 (compared to FY2024: Rs. 6,409.7 crore), primarily due to cautionary approach undertaken by the company to prioritise remunerative projects in terms of funding and margin expectations. ICRA expects the OI to decline by 12%–14% in FY2026 due to slowdown in execution of few slow-moving projects. Nevertheless, growth is expected from FY2027 onwards at 10%–12% annually, led by ramp-up in execution of current OB and steady order inflows. The company has already been declared as the L1 bidder in six projects aggregating Rs. 2,750-3,000 crore across Maharashtra and West Bengal. Among these are also present, various solar and battery storage projects, which are part of the company's strategy to build qualifications in this segment and diversify their portfolio.

The ratings, however, remain constrained by high order book concentration in terms of segment, geography and clients, and execution risks, with ~49% of the projects, by value, at an early stage of execution (less than 25% completed), including certain delayed or stuck projects (around 19% of the OB). Nonetheless, ICRA derives comfort from the established track record of timely execution by LCESPL and receipt of timely extension for its various projects in the past. The water management projects executed by the company have operations and maintenance (O&M) obligations of 5-10 years. In case of any inadequate provisions with respect to these obligations, there could be an impact on the future operating margins. However, ICRA derives comfort from the company's policy to maintain minimum free cash and investments in the range of ~Rs. 400 crore. LCESPL faces stiff competition from established and much larger peers as well as several mid-size regional entities, which limits its pricing flexibility. It is also exposed to sizeable contingent liabilities in the form of bank guarantees (~Rs. 705 crore as on December 31, 2025), mainly for contractual performance, mobilisation advances and retention money. Nevertheless, ICRA draws comfort from its execution track record and absence of invocation of guarantees in the past.

ICRA notes that the company has certain non-core investments (~Rs. 203 crore as on March 31, 2025 and estimated at Rs. 270 crore as of FY2026-end), with plans to further invest around Rs. 125-150 crore in FY2027. ICRA expects these non-core investments to generate returns only over the medium to long term. Any material increase in these investments impacting the liquidity position and return metrics, will remain a key rating monitorable.

The Stable outlook reflects ICRA's expectations that LCESPL will benefit from its strong order book position, along with its proven execution ability, which is likely to support its credit profile, backed by strong coverage metrics and liquidity profile.

Key rating drivers and their description

Credit strengths

Healthy order book provides medium-term revenue visibility – LCESPL had a healthy gross order book of around Rs. 9,868 crore (incl. GST) as on November 30, 2025, translating into OB/OI ratio of 3.0 times based on its OI in FY2025 (2.5 times in case one large slow moving order is excluded), providing medium-term revenue visibility. The company recorded fresh order inflows of Rs. 2,289.5 crore and Rs. 853.1 crore in FY2025 and 8M FY2026, respectively, and has been declared as the L1 bidder in six projects worth Rs. 2,750-3,000 crore across Maharashtra and West Bengal, with awards expected during March-April 2026. With healthy inflows and execution, LCESPL reported an 18% YoY growth in its OI in FY2025 (CAGR of 25% during FY2018-2025).

Strong financial profile with low leverage and healthy coverage metrics – LCESPL has a strong financial profile, characterised by large-scale operations, steady profitability, sizeable net worth and strong liquidity position (reflected in free cash and market investment of ~Rs. 421 crore as on March 13, 2026, in addition to cushion in fund-based working capital lines). Further, a favourable cash conversion cycle, supported by short receivable days and extended credit periods, aids the company to maintain low reliance on external funds. This is reflected in healthy coverage metrics (interest coverage of 11.1 times and DSCR of 11.0 times as on March 31, 2025). The leverage metric – TOL/TNW – rose momentarily to 1.4 times as on March 31, 2025, owing to the infusion of unsecured loans by the promoters in FY2025 to meet interim business requirements. These are expected to be repaid over near term, leading to normalisation of leverage to below 1.2 times.

Established track record of promoters in executing water management projects – The promoters (Mr. Vijay Kumar Shah and Mr. Rajendra Doshi) have an experience of more than four decades in the water management segment. LCESPL is registered as a Class-I civil contractor with various departments across nine states (Maharashtra, Karnataka, Goa, Chhattisgarh, Madhya Pradesh, Kerala, Uttar Pradesh, Bihar and Gujarat).

Credit challenges

Exposed to order book concentration and execution risks – LCESPL faces high segmental concentration with ~91% of the order book pertaining to water management projects (water supply, lift irrigation and sewerage), along with moderate geographical concentration with top three states accounting for ~80% of the order book as on December 31, 2025. While geographical concentration supports optimal resource deployment, its impact on the company's revenues could be severe if the region of operations gets affected by unforeseen risks. It is also vulnerable to execution risk, with ~49% projects [including certain delayed or stuck projects (around 19% of the OB)], by value, in the nascent stages (less than 25% executed) of execution as well as moderate client concentration with top three customers constituting 51% of the unexecuted order book as on December 31, 2025. Nonetheless, ICRA derives comfort from the established track record of timely execution by LCESPL, strong counterparty profile and timely receipt of extensions, wherever required. Some of its major clients include Narmada Valley Development Authority (NVDA), Madhya Pradesh Jal Nigam Maryadit (MPJNM), Maharashtra Krishna valley Development Corporation (MKVDC), Rural Water Supply and Sanitation department, Odisha (RWSS).

Sectoral risks including stiff competition and sizeable non-fund based exposure – LCESPL faces stiff competition from established and much larger peers as well as several mid-size regional entities, which limits its pricing flexibility. The heightened competition, coupled with input cost volatilities, could exert pressure on LCESPL's profitability, though built-in price escalation clause in majority of the contracts protects the operating margin from raw material price fluctuation risk to some extent. Further, the company is exposed to sizeable contingent liabilities (~Rs. 705 crore as on December 31, 2025, viz. 70% of its net worth as on March 31, 2025), in the form of bank guarantees, mainly for contractual performance, mobilisation advances and retention money. Nevertheless, ICRA draws comfort from its execution track record and absence of invocation of guarantees in the past.

Liquidity position: Strong

LCESPL's liquidity profile is expected to remain strong, driven by steady cash flows from operations and supported by sizeable free cash and market investment balances (~Rs. 421 crore as on March 13, 2026) and buffer in the fund-based working capital limits. The average fund-based limit utilisation against the drawing power over the last 15 months ending in December 2025 remained low at 6%, with an average cushion of around Rs. 45 crore. Against these sources, the company has debt repayment obligation of ~Rs. 11 crore over the next two years, planned capex of Rs. 145-150 crore (partly debt funded) and investments of Rs. 125-150 crore. As per the management's guidance, a liquidity buffer of around Rs. 400 crore will be maintained by the company on a regular basis.

Rating sensitivities

Positive factors – ICRA could upgrade LCESPL's ratings upon substantial improvement in business risk profile, driven by order book diversification, along with a significant improvement in scale of operations and profitability margins, while maintaining comfortable debt coverage metrics and strong liquidity position.

Negative factors – The ratings may be downgraded if there is any slowdown in order execution impacting profitability and coverage metrics, or if the liquidity is materially impacted owing to deterioration in working capital cycle. A specific credit metric for a downgrade is if TOL/TNW is above 1.2 times, on a sustained basis. Any higher-than-expected investment in non-core businesses and/or dividend payouts, leading to material deterioration in liquidity profile, would result in a negative rating action.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Construction Corporate Credit Rating Methodology
Parent/group Support	Not Applicable
Consolidation/Standalone	Consolidation; the list of companies that are considered to arrive at the ratings are shared in Annexure II.

About the company

LCESPL is a civil contractor, involved in the water management related infrastructure development in India. The company undertakes developmental work in various areas such as process designing, installation, civil constructions, commissioning, and O&M services spread across water supply schemes, lift irrigation schemes, wastewater treatment and distribution, among others. With an aim to diversify, the company has started bidding for tunneling projects as well as solar and battery storage projects. LCESPL is an ISO 9001:2000 company and is also registered as a Class I civil contractor with various departments across various states. At present, it is operating in nine states namely Madhya Pradesh, Maharashtra, Odisha, Uttar Pradesh, Karnataka, Goa, Chhattisgarh, Gujarat and Jammu and Kashmir. It is executing work for various reputed government, semi-government and municipal authorities.

Key financial indicators (audited)

Consolidated	FY2024	FY2025
Operating income (Rs. crore)	2,372.3	2,794.7
PAT (Rs. crore)	253.4	192.9*
OPBDITA/OI (%)	7.4%	9.8%
PAT/OI (%)	10.7%	6.9%
Total outside liabilities/tangible net worth (times)	1.0	1.4
Total debt/OPBDITA (times)	0.1	0.7
Interest coverage (times)	16.9	11.1

*Source: Company, ICRA Research; PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation; All financials and ratios are as per ICRA's calculations; *Reported PAT for FY2025 was Rs. 233.6 crore, accounting for taxation on share-buyback directly through reserves.*

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for past three years

Instrument	Current rating(FY2026)			Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
	Type	Amount rated (Rs. crore)	March 26, 2026	Date	Rating	Date	Rating	Date	Rating
Fund-based - Cash credit	Long-term	50.00	[ICRA]A+(Stable); Reaffirmed	May 24, 2024	[ICRA]A+ (Stable)	-	-	February 07, 2023	[ICRA]A (Stable)
				December 31, 2024	[ICRA]A+ (Stable)	-	-	March 01, 2023	[ICRA]A (Stable)
Non-fund based - Others	Long-term/Short-term	1300.00	[ICRA]A+(Stable) /[ICRA]A1; Reaffirmed	May 24, 2024	[ICRA]A+ (Stable)/[ICRA]A1	-	-	February 07, 2023	[ICRA]A (Stable)/[ICRA]A1
				December 31, 2024	[ICRA]A+ (Stable)/[ICRA]A1	-	-	March 01, 2023	[ICRA]A (Stable)/[ICRA]A1

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term - Fund-based - Cash credit	Simple
Long-term/Short-term - Non-fund based – Others	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance / sanction	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook
NA	**Fund-based - Cash credit**	NA	NA	NA	50.00	[ICRA]A+ (Stable)
NA	**Non-fund based - Others**	NA	NA	NA	1,300.00	[ICRA]A+ (Stable)/ [ICRA]A1

Source: Company

Please Click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation approach
Laxmi Civil Engineering Infrastructure Pvt Ltd	100%	Full Consolidation
Arihant Laxmi JV	100%	Limited Consolidation
Nine Elements Developers Pvt. Ltd.	49%	Limited Consolidation
Laxmi SSEPL JV	50%	Limited Consolidation
Laxmi Tritech JV	80%	Limited Consolidation
Aquatech Laxmi JV	51%	Limited Consolidation
HCC LCESPL JV	49%	Limited Consolidation
Laxmi Civil Engineering Services Pvt Ltd - P Das Infrastructure JV	75%	Limited Consolidation
Laxmi Civil Engineering Services Pvt Ltd - PVRPL JV	51%	Limited Consolidation
JMC Laxmi Wilo JV (51%-42%-7%)	42%	Limited Consolidation
Laxmi Civil Engineering Services Pvt Ltd- Rectronic-Devices and Systems JV	50%	Limited Consolidation
JMC LCESPL JV	30%	Limited Consolidation
LCESPL ANC JV	60%	Limited Consolidation

Source: Company, FY2025 Annual report

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ABOUT ICRA LIMITED

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Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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