

October 13, 2026

Laxmi Civil Engineering Services Private Limited: Ratings reaffirmed; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial sector regulator [#]
Long-term – Fund-based – Cash credit	50.00	125.00	[ICRA]A+ (Stable); reaffirmed and assigned for enhanced amount	RBI
Long-term/Short-term – Non-fund based – Others	1,300.00	1,399.00	[ICRA]A+ (Stable)/ [ICRA]A1; reaffirmed and assigned for enhanced amount	RBI
Long-term – Fund based – Term loan	-	121.50	[ICRA]A+ (Stable); assigned	RBI
Short-term – Non-fund based – Forward cover	-	2.40	[ICRA]A1; assigned	RBI
Total	1,350.00	1,647.90		

*Instrument details are provided in Annexure I

[#]SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI

Rationale

The rating action for Laxmi Civil Engineering Services Private Limited (LCESPL) factors in its healthy order book of around Rs. 12,610 crore (including GST) as on July 31, 2026, translating into an order book to operating income (OB/OI) ratio of 3.8 times on the gross OI (provisional) of FY2026, providing medium-term revenue visibility. The ratings draw comfort from the promoters' extensive experience in the water management segments (water supply, lift irrigation and sewerage), LCESPL's established execution track record and its strong liquidity profile, with cash and market investment balances (including encumbered fixed deposits of nearly Rs. 234.7 crore) of around Rs. 745.9 crore as on June 30, 2026. Healthy coverage metrics [interest coverage of 11.2 times and DSCR¹ of 10.3 times as on March 31, 2026 (provisional)] further support the ratings. The reduced albeit elevated leverage (TOL/TNW of 1.27 times) as on March 31, 2026 (provisional) was primarily on account of higher contract liabilities at the year-end. However, these liabilities have subsequently come down with the progress in project execution in FY2027. Hence, the leverage is expected to normalise and remain below 1.2 times.

LCESPL's consolidated OI in FY2026 (provisional) remained flat, compared to FY2025 levels. Nevertheless, order inflows recovered strongly, with fresh orders of Rs. 3,470.3 crore (including GST) secured in 4M FY2027, and sustained order bookings are expected during the balance eight months of the fiscal. Moreover, the entity has been declared as the L1 bidder in tenders aggregating around Rs. 1,500 crore. While its OI is likely to remain at broadly similar levels in FY2027, owing to slower execution in certain projects and delays in approvals for some large projects, revenue growth is likely to happen from FY2028 onwards, driven by the ramp-up in execution of the current order book and sustained order inflows.

The ratings, however, remain constrained by moderate segmental, geographical and client concentration in the order book, along with elevated execution risks, given that about 61% of the unexecuted order book as on July 31, 2026, is at an early stage of execution (less than 25% completed). Further, around 38% of the pending order book as on July 31, 2026, pertains to delayed/slow-moving projects, although requisite approvals have been received recently for some of these projects. 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 generally have operations and maintenance (O&M) obligations of 5-10 years. In case of any inadequate provisions with respect to these

¹ Debt Service Coverage Ratio

obligations, there could be an impact on its operating margins in future. Nonetheless, ICRA derives comfort from the company's policy to maintain minimum free cash and investments in the range of Rs. 300-400 crore. LCESPL also 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 (around Rs. 887 crore as on March 31, 2026), 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, with plans for further investments over the next few fiscals. 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 order book of around Rs. 12,610 crore (including GST) as on July 31, 2026, translating into an OB/OI ratio of 3.8 times on FY2026 gross OI (provisional), providing medium-term revenue visibility². Further, order inflows recovered strongly, with fresh orders of Rs. 3,470.3 crore (including GST) secured in 4M FY2027 and sustained order bookings are expected during the balance eight months of the fiscal. Moreover, the entity has been declared as the L1 bidder in tenders aggregating around Rs. 1,500 crore. Additionally, the company has bids outstanding for projects aggregating around Rs. 12,000 crore across numerous states, which is likely to support consistent inflows and execution.

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. 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 11.2 times and DSCR³ of 10.3 times as on March 31, 2026 (provisional)]. The reduced albeit elevated leverage (TOL/TNW of 1.27 times) as on March 31, 2026 (provisional) was primarily on account of higher contract liabilities at the year-end. However, these liabilities have subsequently come down with the progress in project execution in FY2027. As the elevated levels taper off over the near-to-medium term, leverage is expected to normalise and remain 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 (water supply, lift irrigation and sewerage). LCESPL is registered as a Class-I civil contractor with various departments across multiple states including Maharashtra, Karnataka, Goa, Chhattisgarh, Madhya Pradesh and Gujarat, among others.

Credit challenges

Exposed to order book concentration and execution risks – LCESPL faces moderate client and segmental concentration with over 75% of the order book pertaining to water management projects (water supply, lift irrigation and sewerage), along with high geographical concentration with top three states accounting for almost 84% of the outstanding order book as on July 31, 2026. 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 risks, given that about 61% of the unexecuted order book as on July 31, 2026, is at an early stage of execution (less than 25% completed). Further,

²Adjusted for slow-moving orders (as per ICRA's assessment), the company's unexecuted OB stood at around Rs. 7,770 crore as on July 31, 2026, converting into an OB/OI of 2.33 times.

³ Debt Service Coverage Ratio

around 38% of the pending order book as on July 31, 2026, pertains to delayed/slow-moving projects, although requisite approvals have been received recently for some of these projects. 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 City and Industrial Development Corporation, Maharashtra (CIDCO), 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. However, the 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. 951 crore viz. 77% of its net worth as on March 31, 2026 (provisional)], mainly in the form of bank guarantees, 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 is expected to remain strong, driven by steady cash flows from operations and supported by sizeable cash and market investment balances (including encumbered fixed deposits of nearly Rs. 234.7 crore) of around Rs. 745.9 crore as on June 30, 2026, alongside the availability of fund-based working capital lines. The average fund-based limit utilisation against the drawing power over the last seven months ending in July 2026 remained negligible, with an average cushion of almost Rs. 50 crore. Against these sources, the company has debt repayment obligation of about Rs. 19 crore and planned capex of Rs. 145-150 crore (partly debt funded) over FY2027-FY2028 along with certain non-core investments.

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	Corporate Credit Rating Methodology Construction
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, primarily 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 added tunnelling as well as solar and battery storage projects in its order book. 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 ten states namely Maharashtra, Madhya Pradesh, Odisha, Uttar Pradesh, Karnataka, Goa, Chhattisgarh, Gujarat, West Bengal and Jammu and Kashmir. It executes projects for various reputed government, semi-government and municipal authorities.

Key financial indicators (audited)

Consolidated	FY2025	FY2026*
Operating income (Rs. crore)	2,794.7	2,774.3
PAT (Rs. crore)	192.9 [#]	247.7
OPBDITA/OI (%)	9.8%	10.9%
PAT/OI (%)	6.9%	8.9%
Total outside liabilities/tangible net worth (times)	1.4	1.3
Total debt/OPBDITA (times)	0.7	0.3
Interest coverage (times)	11.1	11.2

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; *Provisional figures; [#]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 (FY2027)			Chronology of rating history for the past 3 years					
	FY2027			FY2026		FY2025		FY2024	
	Type	Amount Rated (Rs. crore)	Oct 13, 2026	Date	Rating	Date	Rating	Date	Rating
Fund-based – Cash credit	Long-term	125.00	[ICRA]A+ (Stable)	Mar 26, 2026	[ICRA]A+ (Stable)	May 24, 2024	[ICRA]A+ (Stable)	-	-
		-	-	-	-	Dec 31, 2024	[ICRA]A+ (Stable)	-	-
Non-fund based – Others	Long-term/ Short-term	1,399.00	[ICRA]A+ (Stable)/ [ICRA]A1	Mar 26, 2026	[ICRA]A+ (Stable)/ [ICRA]A1	May 24, 2024	[ICRA]A+ (Stable)/ [ICRA]A1	-	-
		-	-	-	-	Dec 31, 2024	[ICRA]A+ (Stable)/ [ICRA]A1	-	-
Fund-based – Term loan	Long-term	121.50	[ICRA]A+ (Stable)	-	-	-	-	-	-

Current rating (FY2027)				Chronology of rating history for the past 3 years					
FY2027				FY2026		FY2025		FY2024	
Instrument	Type	Amount Rated (Rs. crore)	Oct 13, 2026	Date	Rating	Date	Rating	Date	Rating
Non-fund based – Forward cover	Short-term	2.40	[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
Long-term – Fund-based – Term loan	Simple
Short-term – Non-fund based – Forward cover	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	Financial sector regulator [#]
NA	Fund-based – Cash credit	NA	NA	NA	125.00	[ICRA]A+ (Stable)	RBI
NA	Non-fund based – Others	NA	NA	NA	1,399.00	[ICRA]A+ (Stable)/ [ICRA]A1	RBI
NA	Fund-based – Term loan	FY2027	-*	FY2032^	121.50	[ICRA]A+ (Stable)	RBI
NA	Non-fund based – Forward cover	NA	NA	NA	2.40	[ICRA]A1	RBI

Source: Company; *Linked to 6 months T-bill rate; ^Factoring in the maximum validity and repayment periods

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Annexure II: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation approach
Laxmi Civil Engineering Infrastructure Pvt. Ltd.	100%	Full Consolidation
Nine Elements Developers Pvt. Ltd.	49%	Limited Consolidation
Shah Doshi Services LLP	20%	Limited Consolidation
Laxmi SSEPL JV	50%	Limited Consolidation
Laxmi Trittech JV	80%	Limited Consolidation

Company name	Ownership	Consolidation approach
Aquatech Laxmi JV	51%	Limited Consolidation
Arihant Laxmi JV	100%	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	42%	Limited Consolidation
Laxmi Civil Engineering Services Pvt Ltd –Recktronic Devices & Systems JV	50%	Limited Consolidation
JMC-LCESPL JV	30%	Limited Consolidation
Laxmi ANC JV	60%	Limited Consolidation
Laxmi-Avighna Wilo JV	51%	Limited Consolidation
LCESPL-WMEL (JV)	85.5%	Limited Consolidation
Laxmi Super JV	80%	Limited Consolidation

Source: Company, ICRA Research

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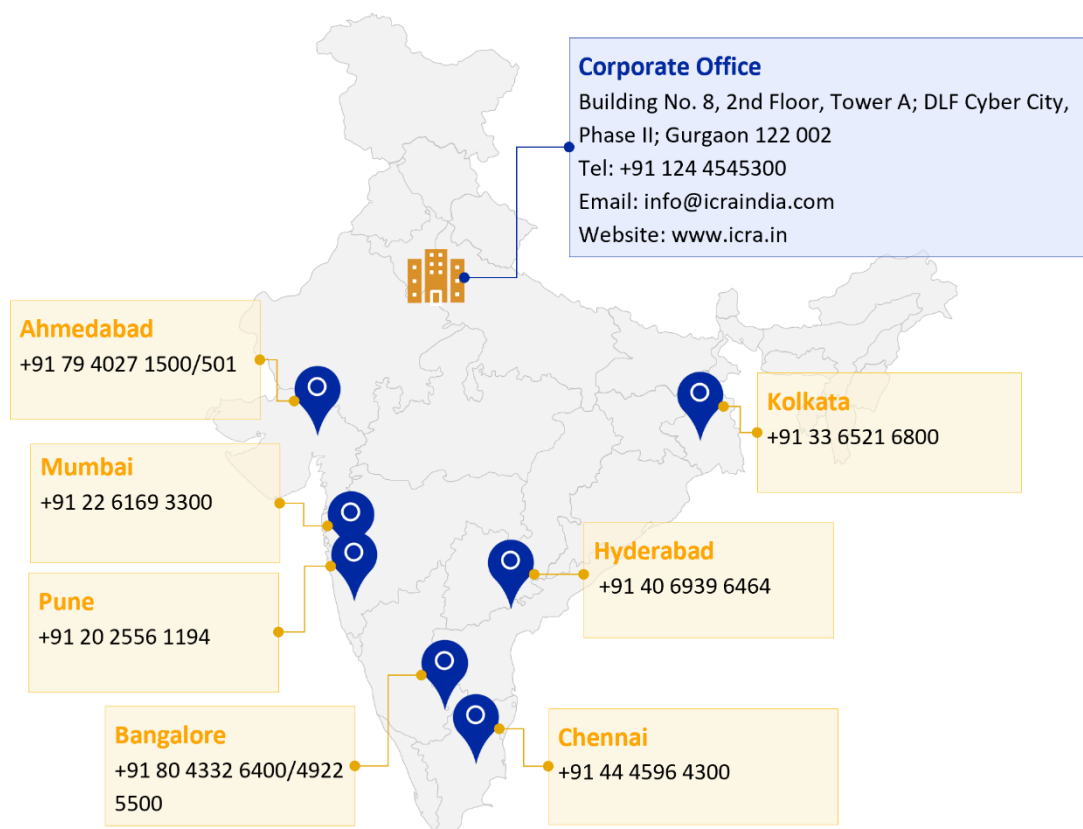


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