

## Laxyo Limited

November 18, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	2.50	CARE BBB; Stable	Assigned
Long Term / Short Term Bank Facilities	57.50	CARE BBB; Stable / CARE A3+	Assigned

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

The ratings assigned to bank facilities of Laxyo Limited (LL) derive strength from its extensive experience of promoters, its long track record in executing engineering, procurement, and construction contracts (EPC) contracts, primarily for railways projects. The ratings also take cognizance of LL's technical know-how in mining segment for providing vertical tunnelling services. The ratings also factor geographical and segmental diversification of LL's orderbook, healthy profitability, albeit moderate scale of operations and adequate liquidity.

The above rating strengths are however, partially offset by LL's working capital intensive nature of operations, moderate financial risk profile and its presence in a highly fragmented and competitive construction industry where profit margins are vulnerable to fluctuations in raw material prices.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Growth in total operating income (TOI) above ₹275 crore while maintaining its profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin.
- Augmentation of net worth base resulting in an improvement in the company's capital structure.

#### Negative factors

- Reduction in TOI below ₹175 crore and/or PBILDT margin below 11% on a sustained basis.
- Deterioration in overall gearing beyond 1.25x on a sustained basis.
- Increase in working capital intensity with gross current assets over 150 days.

#### Analytical approach: Consolidated

CareEdge Ratings Limited (CareEdge Ratings) has taken a consolidated view of Laxyo Limited and its joint ventures (JVs), which are all in similar line of business. List of JVs consolidated is presented in Annexure-6.

#### Outlook: Stable

Stable outlook reflects CareEdge Ratings' expectations that LL will continue to benefit from its experienced promoters and established presence in a niche segment of the railway EPC sector.

### Detailed description of key rating drivers:

#### Key strengths

##### Experienced promoters with established track record of operations

Operations of LL are currently managed by third generation of promoters of the Sharma family viz. Mr. Dev Prakash Sharma, Mr. Jay Prakash Sharma, and Mr. Yogesh Sharma who have over three decades of extensive experience in the industry. The promoters are ably supported by fourth generation of the Sharma family, who are also actively involved in the business. LL has an established track record of around two decades in the Railway EPC sector primarily executing projects pertaining to laying railway tracks and construction of railway bridges and civil works. LL also benefits from fleet of assets, which it has built over the years, demonstrating strong execution strength.

##### Revenue visibility from geographically and segmentally diversified orderbook

As on September 01, 2025, LL had an order book of ₹591 crore, which is to be executed in span of round 18-36 months indicating revenue visibility at 2.78x of FY25 (FY refers to the period from April 01 to March 31) TOI from counterparties such as Indian

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

Railways (~66%), Container Corporation of India Limited (~13%), PWD (~11%), Madhya Pradesh Building Development Corporation (~4%) and other reputed players (~6%).

LL's orderbook is diversified across various segments of railway infrastructure such as Railway tracks (38%), bridges (26%), yard improvement (7%), buildings and railway quarters (7%) etc. across various geographies such as Madhya Pradesh (41%), Rajasthan (23%), Gujarat (21%), Maharashtra (11%), Odisha (5%), and Uttar Pradesh (1%). Further, LL has also been awarded L1 for order value of ₹38.90 crore as on September 01, 2025.

### **Healthy profitability from growing; albeit moderate scale of operations**

LL's TOI has reported growth at a compound annual growth rate (CAGR) of ~20% over the past five years to ₹211.11 crore in FY25 (with EPC and operations and maintenance (O&M) orders contributing ~84% of TOI during FY25; PY: ₹174.31 crore). Going forward, LL's TOI CAGR is expected to be maintained in the medium term backed by execution of recently awarded EPC projects, increase in equipment rental income and rentals of real estate at railway station platform. In H1FY26 (provisional), LL has reported TOI of ₹109.53 crore.

LL's presence in a niche segment, low reliance on subcontracting, and healthy inhouse asset base has resulted in healthy PBILDT margin and profit after tax (PAT) margin at 14.25% and 5.52%, respectively (PY: 11.24% and 3.63%, respectively). Going forward, LL is expected to maintain its profitability in the medium term on back of increase in TOI from machinery rentals and economies of scale.

### **Key weaknesses**

#### **Working capital intensive nature of operations**

LL's EPC operations remain inherently working capital intensive, driven by requirements for security deposits, retention money, and margins for non-fund-based facilities. Historically, the company's gross current asset (GCA) days has ranged between 105 and 125 days in the last three years ended FY25. With the anticipated increase in EPC activity and retention clauses in most projects, overall working capital requirements are expected to remain elevated over the medium term.

In FY25, LL's GCA days improved to 105 (PY end: 122 days) and operating cycle to 60 days (PY end: 66 days), supported by a reduction in the collection period to 64 days from 78 days at FY24 end. Sustaining this improvement amid growing operations will remain a key monitorable.

#### **Moderate capital structure, albeit satisfactory debt coverage indicators**

LL's capital structure stood moderate marked by a net worth base of ₹60.19 crore, overall gearing and total outstanding liabilities to tangible net worth (TOL/TNW) of 0.88x (1.12x) and 1.41x (1.80x), respectively, as on March 31, 2025. The company invests in specialised machinery and equipment on a continuous basis to support its bidding for new tenders/ give them on rental basis. Over the next three years, it plans a capital expenditure of ~₹65 crore, which is expected to be primarily debt-funded (75:25 debt-to-internal accruals). Of the planned capex, ~₹28 crore has already been incurred in H1FY26 and no further capex is planned in FY26. Capex includes investments in dredging equipment, raise bore tunnelling, Plasser Quick Relaying System (PQRS) machines, and a steel girder unit. With an average loan tenure of four years, repayment obligations are expected to increase and remain closely aligned with internal accruals. While rental income from the new machinery is expected to support these repayments, the coverage remains satisfactory marked by total debt (TD) by PBILDT and interest coverage ratio of 1.77x and 5.64x, respectively, in FY25 (PY: 2.76x and 5.15x, respectively).

#### **Susceptibility of profitability to raw material price volatility**

Major input materials for railway EPC works include steel and cement, prices of which remain volatile. Consequently, profitability remains susceptible to fluctuations in raw material prices. The company procures materials from suppliers approved by Indian Railways, specifically by the Research Design and Standards Organization (RDSO). However, a major portion of awarded contracts include price escalation clauses, which partially mitigate the risk associated with raw material price volatility.

#### **Presence in a highly fragmented, competitive, and tender-driven construction industry**

The construction industry remains fragmented, with the presence of regional medium-scale players and large entities engaged in execution of turnkey projects for railway infrastructure development. This, and the tender-driven nature of construction contracts, leads to intense competition and exerts pressure on profit margins. However, high entry barriers in terms of technical qualifications and past track record in execution of similar projects partially mitigate this risk.

#### **Liquidity: Adequate**

LL's liquidity is expected to remain adequate, marked by envisaged gross cash accruals ₹25-34 crore vis-a-vis scheduled repayment obligations the range of ₹14-22 crore in FY26-28, sufficient cushion in form unutilised portion of working capital limits

and positive cashflow from operations in FY25. Average utilisation of the LL's fund-based (FB) limits was 55% in the past 12 months ended June 2025. The company reported cashflow from operations of ₹25.44 crore as of FY25-end (PY: ₹14.21 crore). Promoters have infused unsecured loans of ₹8 crore in Q1FY26.

### Applicable criteria

- [Definition of Default](#)
- [Liquidity Analysis of Non-financial sector entities](#)
- [Rating Outlook and Rating Watch](#)
- [Financial Ratios – Non financial Sector](#)
- [Construction Sector](#)
- [Short Term Instruments](#)
- [Consolidation](#)

### About the company and industry

#### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil construction

LL was incorporated in December 2007 and is based out of Indore, Madhya Pradesh. The company is promoted by the third generation of the Sharma family in this business, viz. Dev Prakash Sharma, Jay Prakash Sharma, and Yogesh Sharma. LL is engaged in execution of EPC contracts primarily in the railway sector, raise bore tunnelling and dredging. The company also undertakes O&M contracts related to railways and rental of tunnelling and dredging equipment.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	September 30, 2025 (UA)
Total operating income	174.31	211.11	109.53
PBILDT	19.59	30.07	NA
PAT	6.33	11.65	NA
Overall gearing (times)	1.12	0.88	NA
Interest coverage (times)	5.15	5.64	NA

A: Audited UA: Unaudited; NA: Not applicable, Note: these are latest available financial results

**Status of non-cooperation with previous CRA:** Not applicable

**Any other information:** Not applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

#### Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	31-07-2032	2.50	CARE BBB; Stable
Fund-based-LT/ST		-	-	-	57.50	CARE BBB; Stable / CARE A3+

**Annexure-2: Rating history for last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based-LT/ST	LT/ST	57.50	CARE BBB; Stable / CARE A3+				
2	Fund-based - LT-Term Loan	LT	2.50	CARE BBB; Stable				

LT: Long term; LT/ST: Long term/Short term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities:** Not applicable

**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based-LT/ST	Simple

**Annexure-5: Lender details**

To view lender-wise details of bank facilities please [click here](#)

**Note on complexity levels of rated instruments:** CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for clarifications.

**Annexure-6: List of entities to be consolidated:**

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Laxyo Mavani JV	Proportionate	Joint Venture
2	Laxyo-Shukla JV	Proportionate	Joint Venture
3	Laxyo-Sanjay Bagdi JV	Proportionate	Joint Venture
4	Laxyo-Jai Jawan JV	Proportionate	Joint Venture
5	Laxyo-Yolax JV	Proportionate	Joint Venture
6	Laxyo Divine JV	Proportionate	Joint Venture
7	Laxyo MK Traders JV	Proportionate	Joint Venture

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