September 29, 2025

BEKEM Infra Projects Private Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long Term – Fund Based – Cash Credit	180.0	195.0	[ICRA]A (Stable); reaffirmed
Long Term – Non-Fund Based – Bank Guarantee	927.0	867.0	[ICRA]A (Stable); reaffirmed
Long Term – Non-Fund Based – Letter of Credit	13.00	13.00	[ICRA]A (Stable); reaffirmed
Long Term- Proposed Non fund based	0.00	56.55	[ICRA]A (Stable); reaffirmed
Long Term – Fund Based – Term Loan	30.00	18.45	[ICRA]A (Stable); reaffirmed
Total	**1,150.00**	**1,150.00**	

**Instrument details are provided in Annexure I*

Rationale

The rating reaffirmation for Bekem Infra Projects Private Limited (BIPPL) factors in the improved order book position of Rs. 4,753.8 crore as on June 30, 2025 with addition of Rs. 3,163.5 crore of orders in the past 12 months. Further, the revenues witnessed a CAGR of 17.8% over the last four years to Rs. 1,250.4 crore in FY2025 from Rs. 764.6 crore in FY2021, driven by an improved order book position and execution. The revenue growth is expected to sustain in the medium term, supported by healthy order book position and its execution. The order book is also diversified in terms of projects and clients, with the top 5 projects accounting for 55% and the top 3 clients constituting 50% of the order book as on June 30, 2025. The rating also takes comfort from the experienced management, its demonstrated capabilities in executing relatively complex hydro-mechanical (HM) works for irrigation dams and hydel power projects.

The rating, however, is constrained by high working capital intensity at 29% in FY2025, which increased from 8.0% in FY2022 mainly on account of higher inventory levels due to pending certification and higher debtors. Further, debtors more than 180 days stood at Rs. 79.0 crore as on June 30, 2025, which are delayed due to pending bills certification. The order book has high geographical concentration and high segment concentration risks. It is also exposed to moderate execution risks (less than 10% financial progress), as most of these projects were recently received. Any delay in project execution could impact the company's revenues and profitability, which remains a key rating monitorable. BIPPL incurred sizeable capex in the past three years, which was majorly funded by term debt. Consequently, the company's debt levels increased to Rs. 397.4 crore as on March 31, 2025 from Rs. 78.1 crore as on March 31, 2022. The interest coverage deteriorated to 3.5 times in FY2025 from 4.2 times in FY2024 on account of higher interest expenses. Nevertheless, the interest coverage is expected to improve to more than 4 times in the medium term, supported by improved operating profits and reduction in interest cost and the extent of improvement remains a key rating monitorable.

ICRA has undertaken limited consolidation of BIPPL with its Hybrid Annuity Mode (HAM) Special Purpose Vehicles (SPV) factoring in the equity commitments and support towards meeting any cash flow mismatches. At present, it has six HAM projects (three achieved PCOD and other three are under construction) requiring a total equity of ~Rs. 441.8 crore. Of this, BIPPL has already infused ~Rs. 269.8 crore and the balance is likely to be infused over FY2026-FY2028. The company is adequately placed to infuse the balance equity from available liquidity and cash flow from operations. In addition, ICRA has considered the JV partners' remaining equity commitments for Jangareddygudem Projects Private Limited (JPPL) and Rajamahendravaram Greenfield Highway Private Limited (RGHPL) (totalling Rs. 29.5 crore as on March 31, 2025) to be funded by BIPPL. The company received 3 HAM projects in JV with DHD Infracon Private Limited. ICRA expects timely equity infusion from the JV partner supporting project execution. Any significant addition of new BOT projects or delays in equity infusion from JV partners, leading to higher equity commitments and adversely impacting the company's liquidity would remain a key rating monitorable.

The Stable outlook reflects ICRA's belief that the company would benefit from its healthy order book position and proven execution track record, which is expected to support its business going forward.

Key rating drivers and their description

Credit strengths

Healthy order book position – The order book position improved to Rs. 4,753.8 crore as on June 30, 2025 from Rs. 2,749.9 crore as on July 31, 2024 with addition of Rs. 3,163.5 crore of orders in the past 12 months. The revenues witnessed a CAGR of 17.8% to Rs. 1,250.4 crore in FY2025 from Rs. 764.6 crore in FY2021, driven by an improved order book position and execution. The revenue growth is expected to sustain in the medium term, supported by healthy order book position.

Diversified order book in terms of projects and clients – The order book is diversified in terms of projects and clients, with the top 5 projects accounting for 55% and the top 3 clients constituting 50% of the order book as on June 30, 2025. BIPPL's client profile is reputed majorly consisting of Central Government entities including NHAI, which results in a low counterparty credit risk.

Established track record in executing HM works and healthy operating margins – BIPPL has a long track record spanning over three decades in executing complex hydro-mechanical works for irrigation and hydel power projects. The operating margins stood healthy at above 15% for the past four years, driven by HM and structural works, which are niche areas and have higher margins. The operating margins are expected to remain above 15% in the near term, supported by healthy share of revenues from HM projects.

Credit challenges

High working capital intensity and debt-funded capex resulted in moderate debt coverage metrics – The working capital intensity increased to 29% in FY2025 from 8.0% in FY2022, mainly on account of higher inventory levels due to pending certification and higher debtors. Further, the company incurred sizeable capex in the past three years, which was majorly funded by term debt. Consequently, its debt levels increased to Rs. 397.4 crore as on March 31, 2025 from Rs. 78.1 crore as on March 31, 2022. The interest coverage deteriorated to 3.5 times in FY2025 from 4.2 times in FY2024 on account of higher interest expenses. Nevertheless, the interest coverage is expected to improve to more than 4 times in the medium term, supported by improved operating profits and reduction in interest cost and the extent of improvement remains a key rating monitorable.

Sizeable equity commitments for HAM projects – ICRA has undertaken limited consolidation of BIPPL with its HAM SPVs, factoring in the equity commitments and support towards meeting any cash flow mismatches. At present, it has six HAM projects (three achieved PCOD and other three under construction) requiring total equity of ~Rs. 441.8 crore. Of the same, BIPPL infused ~Rs. 269.8 crore and the balance is likely to be infused over FY2026-FY2028. The company is adequately placed to infuse the balance equity from available liquidity and cash flow from operations. Moreover, BIPPL is exposed to project implementation risks for these HAM projects.

Order book exposed to geographical and segment concentration risks; risks associated with construction sector, including sizeable non-fund based exposure – The geographical concentration is high with top three states (Karnataka, Maharashtra, Orissa) accounting for 81% of the order book and high segment concentration risk with top 2 segments (roads and irrigation) contributing to 82% of the order book as on June 30, 2025. Further, BIPPL is exposed to the cyclicality inherent in the construction industry and intense competition in the tender-based contract award system resulting in the risk of volatility in order inflows, revenues and pressure on profit margins. However, its long presence and established relationships with clients provide comfort. Most contracts have the provision for price variation of key raw materials such as cement and steel, which protects the entity's profitability to an extent. It is also exposed to sizeable contingent liabilities in the form of bank guarantees (BGs) (~Rs. 298.8 crore as on June 30, 2025), mainly towards performance guarantees, mobilisation advances and security deposits. Nonetheless, ICRA draws comfort from BIPPL's healthy execution track record and no invocation of guarantees in the past.

Liquidity position: Adequate

BIPPL's liquidity position is adequate, with free cash balances of Rs. 14.4 crore as on March 31, 2025, and cushion of ~Rs. 111.7 crore in working capital limits as on June 30, 2025. It has a debt repayment obligation of Rs. 133.0 crore and ~Rs. 166.0 crore of equity commitments for HAM projects in FY2026. The same can be comfortably met through the estimated cash flow from operations and cushion in working capital limits. It is likely to incur a capex of Rs. 60.0 crore in FY2026, which will be funded by a mix of debt and internal accruals.

Rating sensitivities

Positive factors – The rating might be upgraded if there is diversification in the order book, along with a significant increase in the scale of operations and profitability margins, resulting in improved debt coverage metrics and liquidity position on a sustained basis.

Negative factors – Pressure on the rating may arise if there is a material decline in revenues or earnings resulting in deterioration of debt coverage indicators. Higher-than-expected funding (equity/ cost overrun/ operational shortfall) support towards HAM projects, or a sustained elongation in the working capital cycle, impacting its liquidity position could exert pressure on the rating. Specific credit metrics that would lead to a rating downgrade will include TOL/TNW increasing beyond 1.4 times on a prolonged basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Construction
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the rating, ICRA has done limited consolidation of HAM special purpose vehicles (SPVs) factoring in the equity commitments and support towards meeting any cash flow mismatches. Refer Annexure II.

About the company

BIPPL was initially set up by Krishna Mohan Bollineni as a proprietorship concern (M/s B. Krishna Mohan Engineers & Contracts) in Hyderabad and was started in 1994. The proprietorship was converted into a partnership firm with effect from April 1, 2008, with the joining of Mr. Saratbabu Bollineni and subsequently, converted into a private limited company and changed its name to Bekem Infra Projects Private Limited BIPPL) with effect from September 15, 2008. The company is a pioneer in the design, manufacture, installation, testing and commissioning of hydro-mechanical works as well as structural and civil works on direct/subcontract basis for EPC contractors in the irrigation, buildings, railways, roads, power, defence, oil and gas segments.

Key financial indicators

BEKEM Standalone	FY2024	FY2025*
Operating income	1209.9	1250.4
PAT	91.0	83.8
OPBDIT/OI	18.0%	17.7%
PAT/OI	7.5%	6.7%
Total outside liabilities/Tangible net worth (times)	1.2	1.3
Total debt/OPBDIT (times)	1.4	1.8
Interest coverage (times)	4.4	3.5

Source: Company, ICRA Research;- Provisional numbers All ratios as per ICRA's calculations; Amount in Rs. crore PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation*

Status of non-cooperation with previous CRA:

Any other information: None

Rating history for past three years

	Current (FY2026)			Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Sep 29, 2025	Date	Rating	Date	Rating	Date	Rating
Fund Based – Term Loan	Long term	18.45	[ICRA]A (Stable)	Nov 13, 2024	[ICRA]A (Stable)	-	-	-	-
Fund-based – Cash Credit	Long term	195.00	[ICRA]A (Stable)	Nov 13, 2024 Nov 04, 2024	[ICRA]A (Stable) [ICRA]A (Stable)	Nov 10, 2023	[ICRA]A (Stable)	Dec 20, 2022	[ICRA]A (Stable)
Fund-based – Bank Guarantee	Long term	867.00	[ICRA]A (Stable)	Nov 13, 2024 Nov 04, 2024	[ICRA]A (Stable) [ICRA]A (Stable)	Nov 10, 2023	[ICRA]A (Stable)	Dec 20, 2022	[ICRA]A (Stable)
Non-Fund-based – Letter of Credit	Long term	13.00	[ICRA]A (Stable)	Nov 13, 2024 Nov 04, 2024	[ICRA]A (Stable) [ICRA]A (Stable)	Nov 10, 2023	[ICRA]A (Stable)	-	-
Proposed Fund Based Limits	Long term	-	-	-	-	Nov 10, 2023	[ICRA]A (Stable)	-	-
Proposed Non-Fund Based Limits	Long term	56.55	[ICRA]A (Stable)	-	-	Nov 10, 2023	[ICRA]A (Stable)	-	-
Unallocated Limits	Long term	-	-	-	-	-	-	Dec 20, 2022	[ICRA]A (Stable)

Complexity level of the rated instruments

Instrument	Complexity indicator
Long Term – Fund Based – Term Loan	Simple
Long Term – Fund Based – Cash Credit	Simple
Long Term – Non-Fund Based – Bank Guarantee	Very Simple
Long Term – Non-Fund Based – Letter of Credit	Very Simple
Long Term- Proposed Non fund based	Very 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	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Fund Based – Cash Credit	NA	NA	NA	195.0	[ICRA]A (Stable)
NA	Non-Fund Based – Bank Guarantee	NA	NA	NA	867.0	[ICRA]A (Stable)
NA	Non-Fund Based – Letter of Credit	NA	NA	NA	13.00	[ICRA]A (Stable)
NA	Proposed Non fund based	NA	NA	NA	56.55	[ICRA]A (Stable)
NA	Long Term – Fund Based – Term Loan	Jan 2024	NA	Jan 2028	18.45*	[ICRA]A (Stable)

*Source: Company; *- Sanctioned debt is Rs.30.0 crore and current outstanding is Rs.18.45 crore*

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

Annexure II: List of entities considered for consolidated analysis

Company Name	BEKEM Ownership	Consolidation Approach
Jangareddygudem Projects Private Limited	51.00%	Limited Consolidation
Rajamahendravaram Greenfield Highways Private Limited	51.00%	Limited Consolidation
Eastern Ghats Highway Project Pvt. Ltd	50.00%	Limited Consolidation
Belagavi Expressways Private Limited	40.00%	Limited Consolidation
Badami Highways Private Limited	70.00%	Limited Consolidation
Aihole Expressways Private Limited	70.00%	Limited Consolidation
Global Steel Structure Private Limited	100.00%	Limited Consolidation

Source: BIPPL

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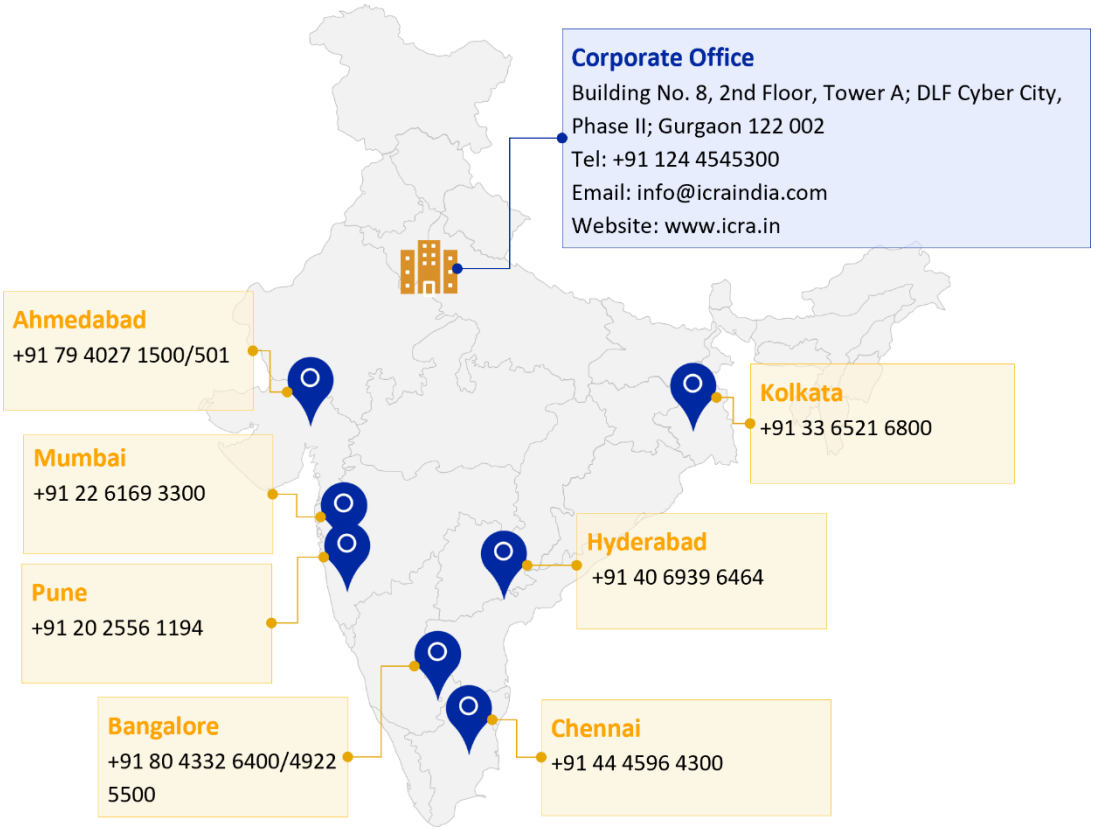

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