

BEKEM Infra Projects Private Limited

Instrument	Amount	Rating Action
	In Crore	As on March 16
Fund Based Limits	53.00 (enhanced from 50.0 earlier)	[ICRA]BBB+(stable) re-affirmed
Non Fund Based Limits	110.00	[ICRA]BBB+(stable) re-affirmed
Unallocated limits	116.00 (reduced from 119.00 earlier)	[ICRA]BBB+(stable) re-affirmed
Total	279.00	

ICRA has reaffirmed the [ICRA]BBB+ (pronounced ICRA triple B plus) rating assigned to Rs.279 crore bank lines of BEKEM Infra Projects Private Limited (BEKEM or BIPPL)¹. The outlook on the long term rating is Stable.

ICRA's rating reaffirmation continues to draw comfort from BIPPL's demonstrated ability in executing civil and earth works for irrigation projects, large scale fabrication and structural works. BIPPL has secured repeat orders from number of clients over the past few years indicating health track record. BIPPL has diversified geographical presence with orders spread over 12 states. ICRA also factors in BIPPL's healthy outstanding orderbook of Rs. 1156 crore as on 31st December 2015, which is 5.5 times the company's FY15 operating income and provides healthy revenue visibility. Further, as BIPPL's entire retained earnings are being ploughed back, BIPPL's dependence on external borrowings has been limited, resulting in comfortable coverage and leverage indicators.

ICRA's rating however is constrained by high working capital intensity of operations, driven by retention money of Rs. 47.2 crore. The high retention money is on account of slow execution in various projects coupled with 20%retention money clause in Network for Spectrum project. Further, elongated billing cycle (based on attaining milestones) associated with the Network for Spectrum project has also increased the working capital requirements, resulting in high utilization of the cash credit limits. ICRA also notes that BIPPL has recently diversified into competitive segments like roads and railways which could result in subdued operating margins. BIPPL remains exposed to execution risks as ~50% of the outstanding orderbook is in preliminary stages of execution, with less than 5% financial progress.

Company Profile

BEKEM Infra Projects Pvt. Ltd (BEKEM) was started in the year 1994 as a proprietorship concern (M/s B. Krishna Mohan Engineers & Contracts), based out of Hyderabad. The proprietorship was converted in to a partnership firm with effect from 1st April 2008. Further, the partnership firm was converted into a private limited company with effect from Sept 15, 2009. The Company executes hydro-mechanical works on sub contract basis for EPC contractors in the irrigation and hydro power sector. BEKEM also undertakes civil construction contracts for dams and barrages and heavy engineering structural works for various clients at its workshop. In the last three years, the company also diversified into roads, railway bridges and canal works by executing projects on a sub-contract basis in different states across India. In 9 month FY16, BEKEM reported an operating income (OI) of Rs.195.18 crore and PAT of Rs.9.24 crore.

March 2016

¹ For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications.



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