Rating Rationale

July 31, 2025 | Mumbai

Bondada Engineering Limited

Ratings upgraded to 'Crisil A/Stable/Crisil A1'; Rated amount enhanced for Bank Debt

Rating Action

Total Bank Loan Facilities Rated	**Rs.800 Crore (Enhanced from Rs.483 Crore)**
Long Term Rating	**Crisil A/Stable (Upgraded from 'Crisil A-/Stable')**
Short Term Rating	**Crisil A1 (Upgraded from 'Crisil A2+')**

Note: None of the Directors on Crisil Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.
1 crore = 10 million
Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

Crisil Ratings has upgraded its ratings on Bondada Engineering Ltd (BEL; a part of the Bondada group) to '**Crisil A/Stable/Crisil A1'** from 'Crisil A-/Stable/Crisil A2+'.

The upgrade reflects the healthy business performance of the group in fiscal 2025 and the strong orderbook position reflecting the continued growth momentum for fiscal 2026. Revenue rose to Rs 1,571 crore in fiscal 2025, from Rs 801 crore, while the operating margin rose to 11.1% from 8.5%. Orders worth more than Rs 5,000 crore offer adequate revenue visibility for the medium term.

During fiscal 2025, the company raised Rs 107.5 crore via issue of equity on preferential basis, and Rs 55 crores via warrants. This, coupled with accretion to reserves of Rs 115 crore, led to significant improvement in networth. Overall gearing was low at 0.38 time as on March 31, 2025.

The ratings continue to reflect the proven track record of the group in the telecommunication (telecom) industry and the solar EPC (engineering, procurement and construction) segment. The ratings also factor in the extensive experience of the promoters, diversified business operations and geographical reach, and well-established clientele. These strengths are partially offset by a concentrated order book, the large working capital requirement and susceptibility to tender-based operations.

Analytical Approach

Crisil Ratings has evaluated the consolidated business and financial risk profiles of BEL and its subsidiaries - Bondada Ecobuild Pvt Ltd (BEPL), Bondada Abodes Pvt Ltd (BAPL), Bondada Renewable Energy Pvt Ltd (BREPL), Bondada E&E Pvt Ltd (BEEPL), Bondada Green Engineering Pvt Ltd (BGEPL), Atpole Technologies Pvt Ltd (ATPL), Bondada Managed Services Pvt Ltd (BMSPL), GreenBond RE Park Pvt Ltd (GPPL). This is because all these entities, collectively referred to as the Bondada group, are under a common management and have fund flow fungibility between them.

Please refer Annexure - List of Entities Consolidated, which captures the list of entities considered and their analytical treatment of consolidation.

Key Rating Drivers & Detailed Description

Strengths:

- **Proven track record in the telecom and solar EPC industries and extensive experience of the promoters:** The group has been providing EPC and operations and maintenance (O&M) services in the telecom industry since 2012. It has worked on over 11,600 telecom sites across seven states in India and has completed several contracts in the telecom tower and solar EPC segments. Further, the two-decade-long experience of the promoters, their strong understanding of market dynamics, and healthy relationships with customers and suppliers should continue to support the business.

- **Healthy order book, though concentrated, offering revenue visibility:** Orders worth more than Rs 5,000 crore, outstanding as of March 2025, need to be executed over the next 18-24 months. The group has managed to secure new orders for the solar segment from Maharashtra State Power Generation Co Ltd (MAHAGENCO), KPI Green Energy Ltd, Bihar Renewable Energy Development Agency (BREDA), NLC India Ltd in fiscal 2025. Further, it has received Letter of Acceptance (LoA) for Rs 836 crore and Rs 204 crore towards battery energy storage systems (BESS) from TN Green Energy Corporation Ltd and TG Genco, respectively ,in fiscal 2026. Order book will remain moderately concentrated, with the top three orders constituting more than 63% of the total order book as on March 31, 2025. However, strong credit risk profiles of counterparties mitigate concentration risk. Timely execution of key orders and diversification of order book will be key sensitivity factors.

- **Diverse business operations:** The group started its business as a telecom EPC service provider and gradually ventured into other services such as solar EPC and O&M, telecom tower and optical fibre cable (OFC) O&M, manufacturing of telecom towers, supply of autoclaved aerated concrete (AAC) blocks, other construction material and unplasticised polyvinyl chloride (uPVC) products. During fiscal 2025, the solar EPC segment contributed to 70-75% of consolidated revenue, and is likely to remain a major revenue contributor in the medium term. Further, the BESS project will assure annuity income of close to Rs 100 crore per annum from fiscal 2027 onwards. A diverse range of business operations allows the group to weather economic downturns and position itself for sustained growth in the long term.

- **Geographical presence and well-established customer base:** The group has longstanding relationships with customers and suppliers. It has executed projects across more than 23 states for telecom, solar and OFC-related services. Customers include well-established players, such as Reliance Jio, Airtel, Tata Communications, Bharti Infratel Ltd, Indus Towers, American Tower and BSNL. BEL has bagged repeat orders from these customers.

- **Strong financial risk profile:** Financial risk profile was further strengthened by issue of equity of Rs 107.5 crore and warrants for Rs 55 crore during fiscal 2025. Networth stood at Rs 476.83 crore as on March 31, 2025, and may improve further, aided by healthy accretion to reserve. Though sizeable debt is likely to be availed to execute the BESS projects, capital structure should remain comfortable with peak gearing less than 0.9 time over the medium term. The company may raise short-term debt to cover the incremental working capital expenses to support the large order book – both orders in hand and orders in the pipeline. Debt protection metrics will also remain comfortable, with interest coverage ratio likely to be over 6 times over the medium term

Weaknesses:

- **Large working capital requirement:** Gross current assets are estimated to be around 227 days as on March 31, 2025, driven by receivables of 125 days and inventory of 50-60 days. Receivables tend to be high as significant portion of revenue gets billed towards the last quarter of the fiscal. The company receives interest free advances from customers, which helps meet the working capital requirement. With large orders in hand, ability to manage working capital efficiently, ensuring minimal reliance on external debt and maintenance of adequate liquidity, remains a monitorable.

- **Susceptibility to tender-based operations:** Revenue and profitability will depend on the ability to win large tenders. However, intense competition necessitates that players bid aggressively to bag orders and thus, restricts the operating margin. Hence, securing large orders from strong counterparties in a timely manner remains crucial to sustain growth over the medium term.

Liquidity: Strong

Liquidity should remain supported by ample surplus available in cash accrual and the bank limit. Bank limit utilisation averaged around 83.16% in the 12 months ended June 30, 2025. Expected annual cash accrual of over Rs 175 crore will be sufficient to cover the yearly debt obligation of less than Rs 2 crore in fiscal 2026.

Outlook: Stable

The Bondada group will continue to benefit from the extensive experience of its management in the telecommunication (telecom) industry and the solar EPC (engineering, procurement and construction) segment; timely execution of large orders in hand should boost the business risk profile over the medium term.

Rating sensitivity factors

Upward factors:

- Healthy flow of orders, lending diversity to the order book, and their efficient execution, leading to revenue above Rs 4,000 crore and healthy operating margin of over 10%.
- Controlled debt and significant improvement in networth, ensuring sustenance of capital structure at a healthy level

Downward factors:

- Delay in execution of existing orders, resulting in revenue below Rs 1,200 crore
- Stretch in working capital cycle, weakening the financial risk profile and liquidity

About the Group

BEL was incorporated in 2012, to carry out design and EPC work for the telecom and solar segments. It also provides O&M services to telecom service providers. Dr. Bondada Raghavendra Rao and Mr Baratam Satyanarayana are the promoters.

BEPL (formerly, Smartbrix Infra Technologies Pvt Ltd), manufactures building material such as AAC blocks, jointing mortar, wall putty and ready plaster at its facility in Krishna district, Andhra Pradesh. The unit has an installed capacity of around 1.50 lakh cubic metre per annum. BEL holds 71.33% of the paid-up capital of BEPL.

BAPL was originally incorporated as Proaxive Tech Solutions Pvt Ltd. The company manufactures uPVC products such as doors and windows at its two manufacturing facilities, with a combined capacity of nearly 2.88 lakh sq ft. per annum. BEL holds 99.99% stake in the company.

BREPL (formerly, Bondada Green Energy Pvt Ltd) was incorporated in 2023. It became a 100% subsidiary of BEL with effect from November 2023 and will be undertaking solar/wind independent power producer projects.

BEEPL, established in June 2023, manufactures (light emitting diode) LED lights. BEL holds 64.54% of the paid-up capital in the company.

BGEPL was incorporated in fiscal 2024, as a wholly owned subsidiary. It manufactures solar module mounting structures, telecom towers and poles, transmission towers, crash barriers and industrial cable trays. BEL holds 74.91% of the paid-up

capital in the company.

GPPL was incorporated in June 2025, and BEL holds 51% stake in this company. The management intends to operate the solar/wind or battery storage divisions under the BOO (build-own-operate) model along with a partner involved through this entity. Operations are yet to commence.

BMSPL was incorporated in June 2024, to provide O&M services for cell towers, fibre optic systems and cables. BEL holds 95% of the shares in the company.

BEL acquired 60% stake in ATPL in December 2023. It is a leading manufacturer of advanced torque motors and controllers for electric two- and three-wheelers, drones, defense and industrial application motors. ATPL specialises in design, development and production of brushless direct current (BLDC) and permanent magnet synchronous motors. With this acquisition, the company plans to enter the BLDC motor business.

Key Financial Indicators

As on/for the period ended March 31		2025	2024
Operating income	Rs crore	1571.38	800.72
Reported profit after tax (PAT)	Rs crore	115.37	46.31
PAT margin	%	7.34	5.78
Adjusted debt/adjusted networth	Times	0.38	0.37
Interest coverage	Times	7.37	8.06

Any other information: Not applicable

Note on complexity levels of the rated instrument:
Crisil Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

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Annexure - Details of Instrument(s)

ISIN	Name Of Instrument	Date Of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs. Crore)	Complexity Levels	Rating Outstanding with Outlook
NA	Bank Guarantee	NA	NA	NA	385.00	NA	Crisil A1
NA	Cash Credit	NA	NA	NA	270.00	NA	Crisil A/Stable
NA	Proposed Bank Guarantee	NA	NA	NA	72.00	NA	Crisil A1
NA	Proposed Cash Credit Limit	NA	NA	NA	65.00	NA	Crisil A/Stable
NA	Long Term Loan	NA	NA	31-Jul-33	8.00	NA	Crisil A/Stable

Annexure – List of entities consolidated

Names of Entities Consolidated	Extent of Consolidation	Rationale for Consolidation
Bondada Engineering Ltd	Full	Parent
Bondada EcoBuild Pvt Ltd	Full	Subsidiary and common management
Bondada Abodes Pvt Ltd	Full	Subsidiary and common management
Bondada E&E Pvt Ltd	Full	Subsidiary and common management
Atpole Technologies Pvt Ltd	Full	Subsidiary and common management
Bondada Renewable Energy Pvt Ltd	Full	Subsidiary and common management
Bondada Managed Services Pvt Ltd	Full	Subsidiary and common management
Green Bond RE Park Pvt Ltd	Full	Subsidiary and common management

Annexure - Rating History for last 3 Years

	Current			2025 (History)		2024		2023		2022		Start of 2022
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	343.0	Crisil A/Stable	21-01-25	Crisil A-/Stable	01-08-24	Crisil A-/Stable		--		--	--
			--		--	07-03-24	Crisil BBB+/Positive		--		--	--

Non-Fund Based Facilities	ST	457.0	Crisil A1	21-01-25	Crisil A2+	01-08-24	Crisil A2+		--		--	--
			--		--	07-03-24	Crisil A2		--		--	--

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Bank Guarantee	40	Bank of Baroda	Crisil A1
Bank Guarantee	145	The Federal Bank Limited	Crisil A1
Bank Guarantee	25	Kotak Mahindra Bank Limited	Crisil A1
Bank Guarantee	75	HDFC Bank Limited	Crisil A1
Bank Guarantee	100	State Bank of India	Crisil A1
Cash Credit	60	Axis Bank Limited	Crisil A/Stable
Cash Credit	35	Kotak Mahindra Bank Limited	Crisil A/Stable
Cash Credit	5	State Bank of India	Crisil A/Stable
Cash Credit	10	Bank of Baroda	Crisil A/Stable
Cash Credit	75	HDFC Bank Limited	Crisil A/Stable
Cash Credit	65	The Federal Bank Limited	Crisil A/Stable
Cash Credit	20	State Bank of India	Crisil A/Stable
Long Term Loan	8	The Federal Bank Limited	Crisil A/Stable
Proposed Bank Guarantee	72	Not Applicable	Crisil A1
Proposed Cash Credit Limit	65	Not Applicable	Crisil A/Stable

Criteria Details

Links to related criteria
Basics of Ratings (including default recognition, assessing information adequacy)
Criteria for consolidation
Criteria for manufacturing, trading and corporate services sector (including approach for financial ratios)

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