



## Press Release

### Shapoorji Pallonji and Company Private Limited (SPCPL)

**April 01, 2025**

#### Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	2256.67 (Reduced from Rs.3217.50 crore)	IVR BBB/Negative (IVR Triple B with Negative Outlook)	IVR BBB/Negative; ISSUER NOT COOPERATING (IVR Triple B with Negative Outlook, Issuer Not Cooperating)	Rating reaffirmed and removed from Issuer Not Cooperating category	<a href="#">Simple</a>
Long Term/ Short Term Bank Facilities - Fund based (including proposed)	2743.33 (Enhanced from Rs.1782.50 crore)	IVR BBB/Negative/ IVR A3+ (IVR Triple B with Negative Outlook; IVR A Three Plus)	IVR BBB/Negative; ISSUER NOT COOPERATING/ IVR A3+; ISSUER NOT COOPERATING (IVR Triple B with Negative Outlook; IVR A Three Plus, Issuer Not Cooperating)	Rating reaffirmed and removed from Issuer Not Cooperating category	<a href="#">Simple</a>
Long Term/ Short Term Bank Facilities- Non fund based (including proposed)	15,000.00	IVR BBB/Negative /IVR A3+ (IVR Triple B with Negative Outlook; IVR A Three Plus)	IVR BBB/Negative; ISSUER NOT COOPERATING/ IVR A3+; ISSUER NOT COOPERATING (IVR Triple B with Negative Outlook; IVR A Three Plus, Issuer Not Cooperating)	Rating reaffirmed and removed from Issuer Not Cooperating category	<a href="#">Simple</a>
<b>Total</b>	<b>20,000.00</b> <b>(Rupees Twenty thousand crore only)</b>				

**Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.**

#### Detailed Rationale

Infomerics Ratings has reaffirmed its rating of IVR BBB/Negative/IVR A3+ for the long-term bank and short-term bank facilities of Shapoorji Pallonji and Company Private Limited (SPCPL). The reaffirmation continues to factor in long-established track record of the Shapoorji Pallonji (SP) group, strong financial flexibility of the promoter group and robust order book. The rating strengths are, however, constrained by inordinate delays in tie up of enhanced working capital limits which continue to impact operational performance, elongated



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debtors, high contingent liabilities and group exposure along with high leverage at a group level.

The Negative outlook continues to reflect expected subdued operational and financial performance in the near term due to delays in disbursement of additional working capital facilities critical to support growth of core operations and continued stretched liquidity leading to weak debt protection metrics. It also factors in the delays in refinancing / fund raising plans at the group level against earlier envisaged timelines. The outlook may be revised to Stable if there is a significant improvement in SPCPL's operational and financial performance, so also significant progress in asset monetisation efforts.

### **Key Rating Sensitivities:**

#### **Upward Factors**

- Significant increase in operating profitability from core operations on a sustained basis.
- Reduction in debt and contingent liabilities resulting in improvement of debt coverage ratios and liquidity position on a sustained basis.
- Improvement in working capital cycle.

#### **Downward Factors**

- Deterioration in operating profitability from core operations.
- Delays in disbursement of enhanced working capital limits limiting scaling up of operations.
- Higher than expected support to group companies by way of advances and/or guarantees and/or any delays in refinancing of the guaranteed obligations.

### **List of Key Rating Drivers with Detailed Description**

#### **Key Rating Strengths**

##### **Long-established track record of the Shapoorji Pallonji group**

Shapoorji Pallonji Group is a well-established, diversified industrial conglomerate in the construction, infrastructure, and real estate space with more than 150 years of operations. The company specializes in construction, design and building of turnkey projects and has built diverse civil and engineering structures such as factories, stadiums and auditoriums, airports, hospitals, housing complexes, power plants amongst others in India and overseas. Its interest also includes real estate development and water management. As the group's flagship



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company, SPCPL benefits from the vast experience of its qualified promoters and competent management.

### **Strong financial flexibility of the promoter group**

The SP Group is the single-largest minority shareholder in Tata Sons Private Limited (TSPL), the holding company of the Tata Group, with a 18.37% stake, which provides it financial flexibility. As of February 18, 2025, the stake was valued at about Rs 3.00 lakh crore. The SP group has raised funds at promoter holding entities level backed by pledge of shares of TSPL. Proceeds were used to refinance existing borrowings raised at promoter level and to refinance debt maturing at group entities. The management has articulated that the group is at advanced stage of refinancing through Sterling Investment Corporation Pvt Ltd shareholding which holds 9.185% stake in TSPL. Any delay in the said refinancing would be crucial to the group.

Further, in FY25 (refers to the period April 01 to March 31), as part of the group's restructuring, Shapoorji Pallonji Real Estate Private Limited (SPREL) has been formed as the real estate holding company and some SPCPL's real estate assets have been transferred to SPREL. The company plans to monetise the real estate vertical in the coming years.

Also, majority of the businesses are held by SPCPL as subsidiaries, joint ventures, and associates with significant market value. These subsidiaries, joint ventures and associates hold several land parcels in the country which it can monetise. In FY24 and FY25 the group has monetised Gopalpur port for Rs.2000 crore, sold its stake in Sterling and Wilson Renewables Energy Ltd for Rs.838.00 crore (proceeds of which used for debt repayment obligation for FY25) and increased financial flexibility from listing of Afcons Infrastructure Ltd (AIL) (SPCPL holds ~15.41% in AIL). The company plans to continue divestment of assets to reduce overall debt at group level.

### **Robust order book**

SPCPL has a robust order book of Rs.27663.52 crore as on September 30, 2024, which translates into 3.70 times of the total operating income of FY24 providing revenue visibility for the medium term. SPCPL added ~Rs.2,000 crore worth of new orders in Q2FY25. Orders from the group comprise less than 10% of the total orders as on September 30, 2024. The order book is well diversified across sectors, geographies, and clientele. The order book under engineering & construction (Rs.20,673 crore) is well diversified across various segments like industrial (12.27%), commercial (36.90%), residential (38.53%), smart city (0.33%), hospitals/hotels/airports (8.87%) and institutional (3.10%).



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### **Key Rating Weaknesses**

#### **Inordinate delays in tie up of enhanced working capital limits continues to impact operational performance**

SPCPL's operating performance has been subdued in the last two years due to slow pace of execution of projects along with limited working capital availability. Of the total sanctioned working capital limits of Rs.615.00 crore only Rs.325 crore is disbursed due to delays in security perfection. The prolonged delays in security documentation as against expected timelines due to the absence of NOC from a term lender has impacted the pace of execution of the core EPC business and ability to scale up operations as envisaged, thus resulting in lower profitability and muted debt protection metrics in last two years.

The company's total operating income increased by a meagre ~3% from Rs.7202.66 crore in FY23 to Rs.7479.03 crore in FY24. EBITDA continued to be negative in FY23 and FY24. Company incurred a loss of Rs.678.97 crore in FY23 however has made a profit of Rs.886.17 crore which is due to non-operating income largely on account of gain on sale of investment/assets. Due to negative EBITDA interest coverage ratio continues to be negative. However, DSCR of the company improved from being negative in FY23 to 2.09x in FY24 due to improved PAT level. However, in H1FY25 the company has achieved a turnover of Rs.3128.24 crore and EBITDA margin has turned positive to 3.18% on account of new order inflow and execution.

#### **Elongated debtors**

Total debtors including retention money continue to be high at Rs.2818.89 crore as on December 31, 2024 (Rs.3397.55 crore as on March 31, 2024). The time taken by government clients to certify work and release payment thereafter results in built up of debtors. Also, about 21% of debtors belong to group companies. The ability to recover the sticky debtors and thus improve cash flow position is a credit sensitivity.

#### **High contingent liabilities and group exposure**

SPCPL being an operating cum holding company has extended credit support to various subsidiaries and associate companies by way of financial guarantees for the debt availed by them, in addition to performance guarantees extended for various group projects. The total guarantees given have reduced from Rs.5665 crore as in September 2021 to Rs.3484 crore as in September 2024 and comprises financial guarantees of Rs.2810.20 crore and



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performance guarantees of Rs.674.24 crore. There has been a further reduction in total guarantees to ~Rs.2734 crore as on December 31,2024. As per the management, only need based support to group companies will be extended by the promoter entities and cash flows of SPCPL will remain invested in its core business operations. However, for the guaranteed debt, repayment is also dependent on ability to refinance in a timely manner.

Further SPCPL has a large exposure to group entities through investments/advances. Aggregate exposure to group companies in the form of investments/loans stood at Rs.7691.02 crore as on March 31, 2024, which is 1.24 times the tangible networth of the company as on March 31, 2024. SPCPL has reorganised the real estate business into a separate vertical in FY25 and further plans to do the same with other businesses, with SPCPL being only holding and operating company for the EPC business. This will unlock capital at SPCPL level, while simultaneously reducing quantum of support/exposure to its group companies.

Also, SPCPL faced crystallisation of indemnity claims from Sterling and Wilson Renewable Energy Ltd (SWREL) which was repaid by fund infusion from promoters in December 2023. Timely and continuous support from the promoter group is crucial for the credit profile of SPCPL.

### **High leverage at a group level**

The consolidated debt at SPCPL has reduced significantly from Rs.32,500 crore as on March 31,2021 to ~Rs.20,000 crore as on March 31, 2024, however, continues to remain high due to increased borrowings at promoter level to refinance debt in the underlying group companies. Going forward, deleveraging at group level through planned asset monetisation will be a key rating monitorable.

**Analytical Approach:** Standalone factoring in support provided to group entities

### **Applicable Criteria:**

[Criteria of assigning Rating Outlook](#)

[Rating Methodology for Infrastructure Companies.](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)





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### **Liquidity – Stretched**

Due to delays in release of enhanced working capital limits, weak operating performance and elongated debtors, the liquidity position of the company remains stretched. The average monthly utilisation of fund-based bank limit remained high ~99% for 12 months ended December 2024 providing limited liquidity buffer. SPCPL had Rs.1035 crore principal repayment in FY25 which includes mandatory repayment of Rs.870 crore as per terms of OTR. In October 2024 company repaid Rs.838.00 crore from the stake sale of Sterling Wilson. The company had unencumbered cash balance of Rs.192.24 crore as on December 31, 2024. Going forward, improvement in the core EPC business, along with timely monetisation of assets and/or capital infusion by promoter group remains crucial. Further, the SP group is the largest private shareholder of TSPL with 18.37% stake, which provides financial flexibility.

### **About the company**

Established in 1865, having a legacy of over 150 years of business, the Shapoorji Pallonji Group is a diversified industrial conglomerate held by the Mistry family. It has a leading presence in engineering & construction, infrastructure, real estate, water, energy, and financial services through its various group companies. The SP Group is also the largest minority shareholder (18.37%) in Tata Sons Private Limited. SPCPL is the group's flagship company held by the Mistry family through various group companies. It is a holding cum operating company of the SP Group. Most of the groups' businesses are held by SPCPL as subsidiaries, joint ventures, and associates. It specializes in design and construction of turnkey projects with presence in India and overseas.

### **Financials (Standalone):**

**(Rs. Crore)**

<b>For the year ended/ As on*</b>	<b>31-03-2023</b>	<b>31-03-2024</b>
	<b>(Audited)</b>	<b>(Audited)</b>
Total Operating Income	7202.66	7479.03
EBITDA	-108.99	-63.53
PAT	-678.97	886.17
Total Debt	4317.37	4095.41
Tangible Net Worth	5224.49	6216.42
EBITDA Margin (%)	-1.51	-0.85
PAT Margin (%)	-8.54	9.05
Overall Gearing Ratio (x)	1.14	1.07



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For the year ended/ As on*	31-03-2023	31-03-2024
Interest Coverage (x)	-0.16	-0.08

\* Classification as per Infomerics' standards.

**Status of non-cooperation with previous CRA:** None

**Any other information:** Nil

### Rating History for last three years:

Sr. No	Name of Instrument / Facilities	Current Ratings (Year 2025-26)			Rating History for the past 3 years				
		Type	Amount (Rs. crore)	Rating	Date(s) & Rating assigned in 2024-25		Date(s) & Rating assigned in 2023-24		Date(s) & Rating assigned in 2022-23
					Feb 28, 2025	May 30, 2024	Nov 30, 2023	May 05, 2023	Sept 23, 2022
1.	Term Loan	Long Term	2256.67	IVR BBB /Negative	IVR BBB/Negative; ISSUER NOT COOPERATING	IVR BBB /Negative	IVR BBB+/ Negative	IVR A / Stable	IVR A/ Stable
2.	WCDL/OD (incl. Proposed)	Long Term/ Short Term	2743.33	IVR BBB/ Negative/ IVR A3+	IVR BBB/Negative; ISSUER NOT COOPERATING / IVR A3+; ISSUER NOT COOPERATING	IVR BBB/ Negative/ IVR A3+	IVR BBB+/ Negative/ IVR A2	IVR A/ Stable/ IVR A1	IVR A/ Stable/ IVR A1
3.	LC/BG (incl. proposed)	Long Term/ Short Term	15,000.00	IVR BBB/ Negative/ IVR A3+	IVR BBB/Negative; ISSUER NOT COOPERATING / IVR A3+; ISSUER NOT COOPERATING	IVR BBB/ Negative/ IVR A3+	IVR BBB+/ Negative/ IVR A2	IVR A/ Stable/ IVR A1	IVR A/ Stable/ IVR A1

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**About Infomerics:**



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Infomerics Valuation and Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

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### Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Fund based bank facility- Term Loan	-	-	-	March 31,2031	2256.67	IVR BBB / Negative
Long Term/Short Term Fund based bank facilities-WCDL/OD (incl. proposed)	-	-	-	-	2743.33	IVR BBB/Negative/ IVR A3+





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Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term/Short Term Non-Fund based bank facilities-LC/BG (incl. proposed)	-	-	-	-	15,000.00	IVR BBB/Negative/ IVR A3+

**Annexure 2: Facility wise lender details:**

<https://www.infomerics.com/admin/prfiles/len-SPCPL-apr25.pdf>

**Annexure 3: Detailed explanation of covenants of the rated Security:** Not Applicable

**Annexure 4: List of companies considered for consolidated analysis:** Not Applicable

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).