



## Press Release

**Shapoorji Pallonji Infrastructure Capital Company Private Limited**  
**March 29, 2024**

### Ratings

| <b>Instrument / Facilities</b>   | <b>Amount (Rs. crore)</b>                    | <b>Ratings</b>   | <b>Rating Action</b> | <b>Complexity Indicator</b> |
|----------------------------------|--|--|----------------------|-----------------------------|
| Short Term Bank Facilities       | 75.00  | IVR A3 (IVR A Three)   | Assigned             | Simple                      |
| Proposed Long Term Bank Facility | 10.00  | IVR BBB-/Negative (IVR Triple B Minus with Negative Outlook) | Assigned             | Simple                      |
| <b>Total</b>                     | <b>85.00 (Rupees Eighty-five crore only)</b> |  |                      |                             |

**Details of Facilities are in Annexure 1**

### Detailed Rationale

The ratings assigned to the bank facilities of Shapoorji Pallonji Infrastructure Capital Company Private Limited (SPICCPL) derive strength from long established track record of the Shapoorji Pallonji (SP) Group and support from Shapoorji Pallonji and Company Pvt. Ltd. (SPCPL) (rated IVR BBB+/Negative/ IVR A2), diversified portfolio mix of SPICCPL and proven record of developing and monetizing of assets. The rating strengths are, however, constrained by equity commitments in the under-construction projects, external debt repayment and high quantum of contingent liabilities.

The Negative Outlook on SPICCPL's ratings reflects Infomerics' negative outlook on its parent, SPCPL. SPICCPL is likely to be dependent on support from the parent, in light of timing uncertainty typical of asset monetization programme envisaged by it. Some of the SPVs of SPICCPL too, need funding support which will most likely be received from the parent, SPCPL.

### Key Rating Sensitivities:

#### Upward Factors

- Improvement in parent's credit profile
- Improvement in operational and financial profile of SPICCPL
- Timely realisation of asset monetisation proceeds resulting in significant debt reduction.



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### **Downward Factors**

- Deterioration in the credit profile of the parent company
- Delay in realization of divestment proceeds.
- Increase in leverage to meet equity commitments or cost overrun of its under-construction projects.

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

#### **A. Key Rating Strengths**

##### **Long established track record of the SP Group and support from SPCPL**

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, etc. in India and overseas. Its interest also includes real estate development and water management. SPCPL is the flagship company of the group. SPICPL is the wholly owned subsidiary of SPCPL and acts as the infrastructure holding company of the SP Group's infrastructure business. SPICPL benefits from the SP Group's strong execution capabilities, extensive experience of the promoters and expertise of its managerial and technical personnel heading the key business verticals. The rating factors in the track record of timely financial and operational support from SPCPL and promoter entities.

##### **Diversified portfolio mix of SPICPL**

SPICPL has a diversified portfolio mix comprising roads, renewable energy, ports, and minerals. Its projects include one under construction Hybrid Annuity Model (HAM) road project in Himachal Pradesh, 120 MW of operational domestic solar power portfolio in Karnataka and Maharashtra, one under-construction port in Gujarat and an operational mine in Oman.

##### **Proven record of divestment of assets to reduce debt levels**

The company has been successfully divesting assets to generate cashflows to meet its funding requirements for various purposes including but not limited to debt repayment and equity commitments. In FY23 it divested one operational road project, Jammu Udhampur Highway and a 225 MW power plant in Bangladesh. The company used the divestment proceeds including but not limited to reduce its debt levels. External debt level on a standalone



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basis has reduced to Rs. 436.43 crores as on March 31, 2023, from Rs. 546.45 crores as on March 31, 2022. The consolidated external debt at SPICCPL as on February 15, 2024 (unaudited), stood at Rs.2749 crores as against Rs.8139 crores as on March 31, 2020. The company further plans to divest its assets in FY25. Timely monetisation of the assets will be a key rating monitorable.

### **B. Key Rating Weaknesses**

#### **Equity commitments in under construction projects and dependence on asset sale to meet debt repayment obligations**

SPICCPL has equity commitments of Rs. 210.94 crores in FY25 for its on-going road and port projects. Debt repayment of Rs. 238.37 crores in FY24 was met through parent support and proceeds received from divestment of assets. The company has debt repayment obligations of Rs. 32.50 crore in FY25 and Rs. 97.50 crore in FY26. The equity commitments and debt repayment obligations are largely expected to be met through likely divestments of solar and HAM projects. Infomerics notes the stated intent of the promoter group to timely support SPICCPL in case the need arises. Timely completion of the residual work in the projects within the stipulated cost will be a key rating monitorable from credit perspective.

#### **High quantum of contingent liabilities**

SPICCPL has extended credit support to various subsidiaries and associate companies by way of financial and corporate guarantees for the debt availed by them. As on February 15, 2024, the corporate guarantees stood at Rs. 943.60 crore (outstanding amounts of the debt for which guarantees have been extended). Further, some of the assets where corporate guarantees are issued by SPICCPL, are in the process of monetization, where the project debt will be passed on to the incoming investor hence outstanding corporate guarantees are expected to reduce in the medium term.

**Analytical Approach:** Standalone and parent support



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### **Applicable Criteria:**

[Criteria of assigning Rating Outlook](#)

[Rating Methodology for Infrastructure Companies](#)

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

[Criteria on Default Recognition](#)

[Criteria on parent / group support](#)

### **Liquidity: Stretched**

Given its status as a holding entity and limited EPC related operations, there remains a high dependency on timely realisation of divestment proceeds to meet the debt servicing obligations. The debt repayment obligation of Rs. 238.37 crore in FY24 is being met through pending divestment proceeds received and parent support. The company plans to divest its solar and HAM projects in FY25 and use the divestment proceeds to repay the debt obligations and fund the equity commitments of Rs. 210.94 crores in the ongoing projects. The timely divestments will be a key rating monitorable. The company has cash and cash equivalent of Rs. 33.57 crore as on March 31, 2023. Further, the strong financial flexibility of the parent provides comfort and the stated intent of the promoter group to timely support SPICCPL in case the need arises is noted.

### **About the company**

SPICCPL was established in 1997 and is a holding company for the infrastructure business of SP Group. It is a wholly owned subsidiary of SPCPL. The company is in the business of acquiring, developing, and maintaining and monetizing infrastructure assets like ports, solar plants, roads and gas-based power. SPICCPL's portfolio comprises of projects across different verticals, namely roads, power, port, and mining.



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### Financials (Standalone):

| (Rs. crore)                 |                         |                         |
|-----------------------------|-------------------------|-------------------------|
| For the year ended / As On* | 31-03-2022<br>(Audited) | 31-03-2023<br>(Audited) |
| Total Operating Income      | 242.69                  | 213.94                  |
| EBITDA                      | 31.47                   | 40.14                   |
| PAT                         | -86.83                  | 201.00                  |
| Total Debt                  | 1506.67                 | 880.47                  |
| Tangible Net worth          | 831.68                  | 1512.77                 |
| <b>Ratios</b>               |                         |                         |
| EBITDA Margin (%)           | 12.97                   | 18.76                   |
| PAT Margin (%)              | -27.83                  | 47.66                   |
| Overall Gearing Ratio (x)   | 1.81                    | 0.58                    |

\*Classification as per Infomerics' standards

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

**Any other information:** Nil

### Rating History for last three years:

| Sr<br>No. | Name of<br>Instrument/Facilities                | Current Ratings (Year 2023-24) |                                 |                     | Rating History for the past 3 years             |  |   |
|-----------|---|--------------------------------|---------------------------------|---------------------|---|--|---|
|           |   | Type                           | Amount outstanding (Rs. crore)  | Rating              | Date(s) & Rating(s) assigned in 2022-23         | Date(s) & Rating(s) assigned in 2021-22                                  | Date(s) & Rating(s) assigned in 2020-21 |
| 1.        | Bank Facilities – Fund Based-Overdraft          | Short Term                     | 63.50                           | IVR A3              | -   | -  | -                                       |
| 2.        | Bank Facilities – Non-Fund Based-Bank Guarantee | Short Term                     | 11.50                           | IVR A3              | -   | -  | -                                       |
| 3.        | Bank Facilities – Fund Based-Proposed facility  | Long Term                      | 10.00                           | IVR BBB- / Negative | -   | -  | -                                       |
| 4.        | Bank Facilities – Fund based                    | Long Term                      | --<br>(Previously rated 640.00) | -                   | (November 9, 2022)<br>IVR BBB/Stable, Withdrawn | (August 10, 2021)<br>IVR BBB-/ Credit Watch with Developing Implications | -                                       |



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| Sr .<br>N<br>o. | Name of<br>Instrument/Facil<br>ities | Current Ratings (Year 2023-24) |  |        | Rating History for the past 3 years                                 |   |  |
|-----------------|--------------------------------------|--------------------------------|--|--------|---|---|--|
|                 |                                      | Type                           | Amount<br>outstandin<br>g (Rs.<br>crore) | Rating | Date(s) &<br>Rating(s)<br>assigned in<br>2022-23                    | Date(s) &<br>Rating(s)<br>assigned in<br>2021-22  | Date(s) &<br>Rating(s)<br>assigned in<br>2020-21 |
| 5.              | Bank Facilities –<br>Fund based      | Short Term                     | --<br>(Previously<br>rated<br>25.00)     | -      | (November<br>9, 2022)<br>IVR A3,<br>Withdrawn                       | (August 10,<br>2021)<br>IVR A3 /<br>Credit<br>Watch with<br>Developing<br>Implications  | -  |
| 6.              | Bank Facilities –<br>Non-Fund based  | Long Term/<br>Short Term       | --<br>(Previously<br>rated<br>685.00)    | -      | (November<br>9, 2022)<br>IVR<br>BBB/Stable/<br>IVR A3,<br>Withdrawn | (August 10,<br>2021)<br>IVR BBB-<br>/Credit<br>Watch with<br>Developing<br>Implications<br>/ IVR A3 /<br>Credit<br>Watch with<br>Developing<br>Implications | -  |

### Name and Contact Details of the Rating Analyst:

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### About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) 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





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ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

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

For more information visit [www.infomerics.com](http://www.infomerics.com).

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### Annexure 1: Details of Facilities

| Name of Facility  | Date of Issuance | Coupon Rate/ IRR | Maturity Date | Size of Facility (Rs. crore) | Rating Assigned/ Outlook |
|-------------------|------------------|------------------|---------------|------------------------------|--------------------------|
| Overdraft         | -                | -                | -             | 63.50                        | IVR A3                   |
| Bank Guarantee    | -                | -                | -             | 11.50                        | IVR A3                   |
| Proposed facility | -                | -                | -             | 10.00                        | IVR BBB- / Negative      |

**Annexure 2: List of companies considered for consolidated analysis:** Not Applicable

**Annexure 3: Facility wise lender details:**

<https://www.infomerics.com/admin/prfiles/len-SPICCP-24-mar24.pdf>

**Annexure 4: Detailed explanation of covenants of the rated instrument/facilities:** 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).