Press Release

SPG Infraprojects Private Limited
February 24, 2025

Ratings

Instrument / Facility	Amount (Rs. Crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Facilities	52.00 (Increased from 27.00)	IVR BBB-/Stable	IVR BB/ Negative; ISSUER NOT COOPERATING (IVR Double B; with Negative Outlook / Issuer Not Cooperating)	Upgraded, removed from ISSUER NOT COOPERATING category, and Outlook revised	Simple
Long Term Facilities	- (Reduced from 22.00)	IVR BBB-/Stable	IVR BB/ Negative; ISSUER NOT COOPERATING (IVR Double B; with Negative Outlook / Issuer Not Cooperating)	Upgraded, removed from ISSUER NOT COOPERATING category, Outlook revised and withdrawn	Simple
Short Term Facilities	- (Reduced from 3.00)	IVR A3	IVR A4; ISSUER NOT COOPERATING [IVR A Four; Issuer Not Cooperating	Upgraded, removed from ISSUER NOT COOPERATING category and withdrawn	Simple
Total	**52.00 (Rupees Fifty-Two Crore)**				

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

The rating was migrated to ISSUER NOT COOPERATING category as the company had not submitted all the required information for surveillance under the stipulated timelines. Subsequently, SPG Infraprojects Private Limited cooperated and provided the information leading to removal of the rating from ISSUER NOT COOPERATING category.

Infomerics Ratings has upgraded its rating assigned to the Bank facilities of SPG Infraprojects Private Limited on account of established track record of operations and experienced management, demonstrated track record with proven project execution capability, reputed clientele, continuous funding support from the promoters, comfortable financial risk profile and healthy order book.

The ratings are however constrained due to dismal operating performance YTD December 2025 and significant dependence on Q4 to achieve the projected FY25 numbers, tender based nature of business and susceptibility of operating margin to volatile input prices.

The 'Stable' outlook indicates that SPG Infraprojects Private Limited is expected to continue to get benefits out of the established track record, and reputed clientele.

The withdrawal of the rating assigned to the long term and short-term facilities of Yes Bank Limited takes into account the No Objection Certificate provided by the bank and the company's request for withdrawal through email dated February 10, 2025. The rating withdrawn is in line with Infomerics' policy on withdrawal of rating and as requested by the company.

Key Rating Sensitivities:

- **Upward Factors**
  - Substantial and sustained improvement in the revenue and cash accruals while maintaining the debt protection metrics and improvement in capital structure and liquidity and
  - Improvement in the operating cycle.
- **Downward Factors:**
  - Any decline in revenue and/or profitability leading to deterioration in debt protection metrics, or
  - Any deterioration in the liquidity and operating cycle**.**

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Established track record of operations and experienced management

The company has a successful track record of around a decade in the existing line of business. Overall activities of SIPL are managed by five directors. The directors are ably supported by qualified and well experienced management team. Over the years they have built strong relationships with customers and suppliers.

Demonstrated track record with proven project execution capability

SIPL has long track record of more than a decade in EPC segment. Over the years of its operation the company has gradually established its credibility and successfully executed many projects. The repeat orders received from its clientele validates its construction capabilities.

Reputed clientele

The company is dealing with government and private clients namely Public Welfare Department (PWD), Northern Railways, Uttar Pradesh Rajkiya Nirman Nigam (UPRNN), Bridge and Roof Company India Limited (BRCIL), NBCC Limited (NBCC), HSCC India Limited (HIL) and National Highways and Infrastructure Development Corporation (NHIDC) etc. The company has been associated with most of the key clients for a long time, and the successful execution of the projects has also helped it in getting repeat orders. Due to reputed client profiles, the company has low counterparty credit risk although at times, there can be delays in the realisation of some bills.

Continuous funding support from the promoters

The company enjoys access to financial support from promoters, who infused interest bearing unsecured loans (Rs. 11.04 crore) in FY2024 [refers to period April 1st, 2023, to Mar 31, 2024] to help company meet its working capital requirement. The promoters have also given a guidance of continuation of funding support, going forward as well.

Comfortable financial risk profile

Company’s capital structure stood moderately leveraged as on March 31, 2024, marked by adjusted overall gearing at 1.36x as on March 31,2024 against 1.58x as on March 31,2023 and the total indebtedness of the company as reflected by TOL/ATNW improved from 2.31x as on March 31, 2023, to 1.89x as on March 31, 2024. The interest coverage ratio and DSCR have been comfortable over the last three years and stood at 3.65x and 2.40x respectively in FY24 as against 3.69 and 2.31x in FY23 [refers to period April 1st, 2022, to Mar 31, 2023].

Healthy order book

The company has a healthy unexecuted order book position to the tune of about Rs 615.30 crore as on 30 November 2024 which is to be executed in 1-2 year, thereby providing a moderate revenue visibility for medium-term.

B. Key Rating Weaknesses

Dismal operating performance YTD December 2024 and Significant dependence on Q4 to achieve the projected FY25 numbers

The company has achieved about 35% of the projected revenue for FY 25, which creates a significant dependency on the last quarter to achieve the projected numbers. While there are adequate orders which provides revenue visibility for the medium term, execution and billing in Q4 FY 25 is crucial to achieve the projected revenue for FY 25 and is a key monitorable.

Tender based nature of business

The company is mostly getting its orders through tenders floated by various government departments. As the infrastructure industry is highly fragmented due to presence of many organised and unorganised players tender driven nature of business leads to volatility in revenue and profitability. Further, being in infrastructure segment the company is exposed to inherent risks associated in this industry like slowdown in new order inflows, risks of delays in execution etc.

Susceptibility of operating margin to volatile input prices

The company's operating margins are susceptible to volatility in prices of raw materials, although the same risk has been mitigated to some extent with the presence of price escalation clause.

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Infrastructure Companies.
Financial Ratios & Interpretation (Non-Financial Sector)
Guideline on what constitutes Non-cooperation by clients
Criteria of assigning Rating Outlook
Complexity Level of Rated Instruments/Facilities
Policy on withdrawal of ratings
Policy on Default Recognition

Liquidity: Adequate

The company is earning adequate levels of GCA, and the liquidity position of the company was adequate with GCA of Rs. 11.45 crore to cover the debt obligation of Rs. 2.33 crore in FY24. The expected GCA of Rs.11.59 and 11.22 crore in FY25 and FY26 are adequate to cover the debt obligation of Rs.0.27 and 0.27 crore in FY25 and FY26.This indicates adequate degree of liquidity of the company in meeting its obligations. The fund based working capital utilization stood at 52.02% for the 12 months ended December 2024. The company has current ratio of 1.68x as on 31 March 2024. Additionally, the company has cash and cash equivalents of Rs 4.30 Crore as on 31 March 2024. The operating cycle remained elongated, stood at 152 days in FY24 when compared to 118 days in FY23.

About the company

SPG Infraprojects Private Limited (SIPL) was originally established as a partnership concern (M/s Shirpal Goel) in the year 1962 to carry out various civil construction contracts and later in 2012, the partnership concern was taken over in continuity by SIPL. It is currently managed by directors namely Mr. Ashok Kumar Goel, Mr. Varun Goel, Mr. Kunal Jain, Mr. Mukul Jain and Mr. Rahul Chauhan. The company is engaged in the construction of civil, electrical, commercial, road and railway development projects for both private organizations and government departments.

Financials (Standalone):

Rs. Crore

For the year ended* / As on	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	238.42	210.06
EBITDA	16.46	15.28
PAT	9.09	10.09
Total Debt	66.23	70.24
Tangible Net worth	42.05	51.63
EBIDTA Margin (%)	6.90	7.28
PAT Margin (%)	3.79	4.71
Overall Gearing ratio (X)	1.58	1.36
Interest coverage (x)	3.69	3.65

**Classification as per Infomerics' standards*

Status of non-cooperation with previous CRA:

ACUITE Ratings has continued the rating of bank facilities of SPG Infraprojects Private Limited in 'Issuer not cooperating' category vide press release dated January 16, 2024, due to inadequate information.

Any other information: None

Rating History for last 3 years:

Sr. No.	Name of Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years			
		Type	Amount outstanding (Rs. Crore)	Rating	Rating (Oct 14, 2024)	Date(s) & Rating(s) assigned in 2023-24 (Sep 21, 2023)	Date(s) & Rating(s) assigned in 2022-23(July 18, 2022)	Date(s) & Rating(s) assigned in 2021-22
1	Cash Credit/Overdraft	Long Term	19.00	IVR BBB- /Stable	IVR BB/ Negative; ISSUER NOT COOPERATING*	IVR BB+ / Negative; ISSUER NOT COOPERATING*	IVR BBB/Stable	-
2	Bank Guarantee**	Long Term	33.00	IVR BBB- /Stable	IVR BB/ Negative; ISSUER NOT COOPERATING*	IVR BB+ / Negative; ISSUER NOT COOPERATING*	IVR BBB/Stable	-
3	Bank Guarantee**	Long Term	- (Reduced from 22.00) #	IVR BBB- /Stable	IVR BB/ Negative; ISSUER NOT COOPERATING*	IVR BB+ / Negative; ISSUER NOT COOPERATING*	IVR BBB/Stable	-

Sr. No.	Name of Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years			
		Type	Amount outstanding (Rs. Crore)	Rating	Rating (Oct 14, 2024)	Date(s) & Rating(s) assigned in 2023-24 (Sep 21, 2023)	Date(s) & Rating(s) assigned in 2022-23(July 18, 2022)	Date(s) & Rating(s) assigned in 2021-22
4	Overdraft	Short Term	- (Reduced from 3.00) #	IVR A3	IVR A4/ ISSUER NOT COOPERATING*	IVR A4+ / ISSUER NOT COOPERATING*	IVR A3+	-

*Issuer did not cooperate; based on best available information

**BG Tenor is more than 12 months

#Withdrawing based on request from the client along with NOC from the Bank

Analytical contacts:

Name: Rekha Chokkalingam

Tel: (022) 62396023

Email: rekha.chokkalingam@infomerics.com

About Infomerics:

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.

For more information visit www.infomerics.com

Annexure 1: Facility details:

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit/Overdraft	-	-	-	Revolving	19.00	IVR BBB- /Stable
Bank Guarantee	-	-	-	More than one year	33.00	IVR BBB- /Stable

Annexure 2: Facility wise lender details:
https://www.infomerics.com/admin/prfiles/len-SPGInfra-feb25.pdf

Annexure 3: Detailed explanation of covenants of the rated security/facilities: 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.