Shapoorji Pallonji and Company Private Limited

June 30, 2026

Rating Action

Total Bank Loan Facilities Rated	Rs. 20,000.00 Crore	Regulator^
Long Term Rating	IVR BBB/ Negative (Rating Reaffirmed)	RBI
Short Term Rating	IVR A3+ (Rating Reaffirmed)	RBI
^Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.		

Refer Annexures for details of facilities/instruments, facility wise lender details, and detailed explanation of covenants.

Note: *None of the Directors on Infomerics 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.*

Rationale

Infomerics Ratings has reaffirmed the ratings assigned to the bank facilities of Shapoorji Pallonji and Company Private Limited (SPCPL). The rating factors improvement in operational performance in FY 2026 (FY refers to the period April 01 to March 31), satisfactory order book, long-established track record of the Shapoorji Pallonji (SP) group and, financial flexibility of the promoter group. The rating is, however, constrained by inordinate delays in tie up of enhanced working capital limits which continue to impact operational performance, elongated debtors resulting in high working capital intensity, and high contingent liabilities.

Outlook: Negative

The Negative Outlook continues on account of delayed enhancements of working capital facilities critical to support growth of core operations.

Analytical Approach

Approach	
Consolidation/ Standalone	**Standalone** Standalone factoring in support provided to group entities
Parent/ Group Support	Not Applicable

List of companies considered for consolidation/combined analysis is given at Annexure 4.

Key Rating Drivers with Detailed Description

Strengths

Improvement in operational performance in FY2026

TOI has increased by 14.75% in FY2026 to Rs. 7797.42 crore from Rs. 6795.26 crore in FY2025. EBITDA margins have been improving in the last two years from being negative in FY2024 to 3.92% in FY2025 and further to 7.38% in FY2026 due to better execution of projects. Going forward Infomerics expect the margin to improve further driven by steady execution of work orders in hand.

Satisfactory order book

SPCPL has a satisfactory order book of Rs. 24220.02 crore as on December 31, 2025, which is 3.11 times of the total operating income of FY2026 providing revenue visibility for the medium term. SPCPL added ~Rs. 4800 crore worth of new orders in FY2026. Orders from the group comprise less than 10% of the total orders as on December 31, 2025. The order book is well diversified across sectors, geographies, and clientele. The order book under engineering & construction (Rs.17953.5 crore) is well diversified across segments like commercial (45.56%), residential (38.34%), industrial (9.72%), hospitals/hotels/airports (4.79%) and institutional (1.34%).

Long-established track record of the Shapoorji Pallonji group

SP Group is well-established and a diversified industrial conglomerate in 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 company, SPCPL benefits from the vast experience of its qualified promoters and competent management.

Financial flexibility of the promoter group

The group is single-largest minority shareholder in Tata Sons Pvt Ltd, holding an 18.37% stake. The group has historically leveraged this stake to raise funds at promoter holding entities through share-backed borrowings. The proceeds have primarily been utilised to refinance existing promoter-level debt and meet refinancing requirements of various group entities. Further, in FY2025, as part of group's restructuring, Shapoorji Pallonji Real Estate Pvt Ltd (SPREL) has been formed as real estate holding company and some SPCPL's real estate assets have been transferred to SPREL. The company plans to monetise real estate vertical in the coming years. In FY2025, the group monetised its stake in Sterling and Wilson Renewable Energy Ltd for Rs. 838 crore, while in FY2026 it divested partial stake in Forbes Precision Tools & Machine Parts Limited. The listing of Afcons Infrastructure Ltd, in which SPCPL holds 15.41% stake, adds to financial flexibility. The group's ability to execute planned refinancing at group level and asset monetisation remains important for its deleveraging strategy.

Weaknesses

Delays in tie up of enhanced working capital limits

SPCPL's operating performance remained subdued over the past few years owing to the slow pace of project execution, due to constrained working capital availability. Delay in completion of security documentation adversely impacted the company's ability to fully utilise the sanctioned facilities, thereby constraining execution of its core EPC projects and limiting the envisaged scale-

up in operations. Consequently, profitability and debt protection metrics remained muted during the last few years. During FY2026 the company has received a partial enhancement in its fund-based working capital limits which supported an improvement in execution levels and operational scale up during the year. Management expects the balance working capital limits to be tied up by September 2026, which is expected to provide further support to business growth and operational performance.

Elongated debtors resulting in high working capital intensity

Total debtors including retention money continue to be high at Rs. 3403.3 crore as on March 31, 2026 (Rs. 3581.95 crore as on March 31, 2025). As of March 31, 2026, ~38% of the company's debtors were due for more than 6 months and includes a large sum from an arbitration award, which was won by the company and recovery proceedings are underway and ~34% is from retention money. ~10% of debtors belong to group companies. The time taken by government clients to certify work and release payment thereafter results in built up of debtors. The ability to recover the sticky debtors and thus improve cash flow position is a credit sensitivity. Further sizeable funds were also blocked in contract assets resulting in high working capital intensity.

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. 3484 crore as of September 2024 to Rs. 2586.63 crore as on March 31, 2026 and comprises financial guarantees of Rs. 2157.89 crore and performance guarantees of Rs. 428.74 crore. There is a counter guarantee from SPREL of ~Rs. 2500 crore. 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 core business operations. However, for the guaranteed debt, repayment is also dependent on ability to refinance in a timely manner. There was an instance of bank guarantee invocation by one customer of SPCPL in May 2026, which was settled by the company is a timely manner.

Further SPCPL has a large exposure to group entities through investments/advances. Aggregate exposure to group companies in form of investments/ loans stood at Rs. 8829.92 crore as on March 31, 2026, which is 1.36 times the tangible networth of the company as on March 31, 2026. SPCPL has reorganised the real estate business into a separate vertical in FY2025 and plans to do the same with other businesses, with SPCPL being only holding and operating company for the EPC business. Also, SPCPL faced crystallisation of indemnity claims from Sterling and Wilson Renewable Energy Ltd (SWREL) which was repaid by fund infusion from promoters in FY25 and FY26. Timely and continuous support from promoter group is crucial for credit profile of SPCPL.

Liquidity – Stretched

Due to delays in tie up of enhanced working capital limits and elongated debtors the liquidity position of the company remains stretched. The average fund-based utilization for the last 7 months ended March 2026 was ~53% indicating moderate utilisation. The company has unencumbered cash and cash equivalent of Rs. 435.38 crore as on March 31, 2026. Going forward, improvement in the core EPC business, along with timely monetisation of assets and/or capital infusion by promoter group remains crucial. SPCPL has nil principal repayment obligation until September 2027, which is likely to support the liquidity in the short term.

Rating Sensitivities

Upward Factors

- Significant increase in operating profitability from core operations on a sustained basis.
- Reduction in debt 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 securing working capital enhancement 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.

About the Company

Established in 1865, Shapoorji Pallonji and Company Private Limited is the group's flagship company held by the Mistry family through various group companies. It is a holding cum operating company of the Shapoorji Pallonji 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.

Key Financial Indicators (Standalone):

For the year ended/ As on*	31-03-2025	31-03-2026
	Audited	Provisional
Total Operating Income	6795.26	7797.42
EBITDA	266.08	575.08
PAT	249.45	116.86
Total Debt	3769.88	4107.65
Tangible Net Worth (TNW)	6374.37	6482.76
EBITDA Margin (%)	3.92	7.38
PAT Margin (%)	3.41	1.45
Overall Gearing (times)	1.07	1.19

For the year ended/ As on*	31-03-2025	31-03-2026
	Audited	Provisional
Interest Coverage (times)	0.47	1.03

**Classification as per Infomerics' standards; Amount in Rs. Crore; Source: Company*

Applicable Criteria

Rating Methodology for Infrastructure Companies

Financial Ratios & Interpretation (Non-Financial Sector)

Criteria for assigning Rating outlook

Policy on Default Recognition

Complexity Level of Rated Instruments/Facilities

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years

Sr	Facilities/ Instruments	Current Ratings (Year 2026-27)			Rating History for the past 3 years				
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2025-26	Date(s) & Rating(s) assigned in 2024-25		Date(s) & Rating(s) assigned in 2023-24	
					Apr 01, 2025	Feb 28, 2025	May 31, 2024	Nov 30, 2023	May 05, 2023
1.	Fund based facilities	LT/ ST	3099.97	IVR BBB/ Negative/ IVR A3+	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
2.	Non-fund-based facilities	LT/ ST	12600.00	IVR BBB/ Negative/ IVR A3+	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
3.	Fund based / Non-fund-based facilities	LT/ ST	4300.03	IVR BBB/ Negative/ IVR A3+	--	--	--	--	--

Annexure 1: Instrument/Facility Details

Name of Facility	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook	Listing Status	Regulator^	Complexity Indicator
Term Loan	--	--	--	March 31, 2031	95.45	IVR BBB/ Negative	NA	RBI	Simple
LCs/ BGs	--	--	--	--	11.61	IVR BBB/ Negative / IVR A3+	NA	RBI	Simple
LCs/ BGs	--	--	--	--	198.65	IVR BBB/ Negative / IVR A3+	NA	RBI	Simple
LCs/ BGs	--	--	--	--	403.00	IVR BBB/ Negative / IVR A3+	NA	RBI	Simple
LCs/ BGs	--	--	--	--	808.00	IVR BBB/ Negative / IVR A3+	NA	RBI	Simple
WCDL	--	--	--	--	214.00	IVR BBB/ Negative / IVR A3+	NA	RBI	Simple
OD	--	--	--	--	56.00	IVR BBB/ Negative / IVR A3+	NA	RBI	Simple

Name of Facility	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook	Listing Status	Regulator^	Complexity Indicator
LCs/ BGs	--	--	--	--	150.00	IVR BBB/ Negative / IVR A3+	NA	RBI	Simple
Term Loan	--	--	--	March 31, 2031	1431.81	IVR BBB/ Negative	NA	RBI	Simple
Term Loan	--	--	--	March 31, 2031	318.18	IVR BBB/ Negative	NA	RBI	Simple
WCDL	--	--	--	--	15.00	IVR BBB/ Negative / IVR A3+	NA	RBI	Simple
OD	--	--	--	--	10.00	IVR BBB/ Negative / IVR A3+	NA	RBI	Simple
LCs/ BGs	--	--	--	--	375.00	IVR BBB/ Negative / IVR A3+	NA	RBI	Simple
WCDL/OD	--	--	--	--	100.00	IVR BBB/ Negative / IVR A3+	NA	RBI	Simple
LCs/ BGs	--	--	--	--	1550.00	IVR BBB/ Negative / IVR A3+	NA	RBI	Simple
WCDL/OD	--	--	--	--	100.00	IVR BBB/ Negative / IVR A3+	NA	RBI	Simple
LCs/ BGs	--	--	--	--	600.00	IVR BBB/ Negative / IVR A3+	NA	RBI	Simple
Term Loan	--	--	--	March 31, 2031	254.53	IVR BBB/ Negative	NA	RBI	Simple
LCs/ BGs	--	--	--	--	400.00	IVR BBB/ Negative / IVR A3+	NA	RBI	Simple
LCs/ BGs	--	--	--	--	672.30	IVR BBB/ Negative / IVR A3+	NA	RBI	Simple
LCs/ BGs	--	--	--	--	520.60	IVR BBB/ Negative / IVR A3+	NA	RBI	Simple
WCDL/OD	--	--	--	--	200.00	IVR BBB/ Negative / IVR A3+	NA	RBI	Simple
LCs/ BGs	--	--	--	--	2000.00	IVR BBB/ Negative / IVR A3+	NA	RBI	Simple
WCDL	--	--	--	--	0.90	IVR BBB/ Negative / IVR A3+	NA	RBI	Simple
LCs/ BGs	--	--	--	--	800.00	IVR BBB/ Negative / IVR A3+	NA	RBI	Simple
LCs/ BGs	--	--	--	--	466.77	IVR BBB/ Negative / IVR A3+	NA	RBI	Simple
Proposed	--	--	--	--	304.10	IVR BBB/ Negative / IVR A3+	NA	RBI	Simple
Proposed	--	--	--	--	4300.03	IVR BBB/ Negative / IVR A3+	NA	RBI	Simple
Proposed	--	--	--	--	3644.07	IVR BBB/ Negative / IVR A3+	NA	RBI	Simple

^Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure 2: Facility wise lender details:
https://infomericstorage.blob.core.windows.net/uploads/len_SPCPL_june26_0ea3e20a9b.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

Annexure 5: List of activities / instruments and names of regulators

Sr. No.	Instrument / activity Name	Regulator of the instrument
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference Shares	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) *	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) *	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) *	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs ^	RBI
9	External Commercial Borrowings/Loans from overseas lenders/Loans from Multilaterals	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Borrowing programme ~	Refer foot note
15	Issuer Ratings #	Refer foot note
16	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
17	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18	Listed Security Receipts	SEBI
19	Unlisted Security Receipts	RBI
20	Independent Credit Evaluation (ICE)	RBI
21	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/ NBFCs/ NHB/FIs)	RBI
22	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
23	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
24	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) @	Investor-side Regulator such as IRDAI, PFRDA

Footnotes:

** Includes securitisation transactions involving assignee payout, acquirer's payout.*

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In Press Release(s) subsequent to issuance(s), CRA shall separately capture the rated quantum details along with names of respective regulators.

 # There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

^ *Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.*

@ *These ratings were assigned during regulatory regime prior to the introduction of SEBI CRA Circular dated Feb 10, 2026, and accordingly, investor side regulators have been included.*

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