

Shapoorji Pallonji And Company Private Limited

October 09, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	2,099.98 (Reduced from 3,093.76)	CARE BBB-; Negative	Reaffirmed
Long-term / Short-term bank facilities	16,906.24	CARE BBB-; Negative / CARE A3	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation in ratings assigned to bank facilities of Shapoorji Pallonji and Company Private Limited (SPCPL) factors in long-established track record of the Shapoorji Pallonji (SP) group in infrastructure creation space, demonstrated project execution capabilities and satisfactory order book position providing medium term revenue visibility. SPCPL had an order book of ₹25,606 crore as on March 31, 2025, which at gross billing level for FY25 provides visibility for ~4 years.

Ratings also factor in improved profitability in FY25 (FY refers to April 01 to March) with SPCPL reporting a profit before interest, lease rentals, depreciation and taxation (PBILDT) of ₹420 crore in the year with a margin of 6% in FY25 (against 0.76% in FY24), primarily driven by the completion of legacy projects and execution of new work orders. Going ahead, CARE Ratings Limited (CareEdge Ratings) expects the margin to improve further driven by execution of work orders in hand.

Liquidity has been supported through fund infusion of ~₹500 crore by promoter group entities and reduction in debtors outstanding for over one year timer period. This apart, SPCPL monetised its partial stake in Sterling and Wilson Renewable Energy Limited (SWREL) in FY25 and prepaid debt amounting to ~₹994 crore. Following this prepayment, there are no scheduled repayments until June 2027, which is expected to support the company's liquidity position in the medium term.

The company has completed the re-organisation of real estate vertical in which real estate project special purpose vehicles (SPVs) held by SPCPL have been transferred to Shapoorji Pallonji Real Estate Private Limited (SPREL) in July 2024. At present SPCPL is continuing to act as holding-cum-operating company for other verticals and holds stake in listed/unlisted entities, which have considerable market value. Besides, SP group is the single largest minority shareholder in Tata Sons Private Limited (TSPL) with 18.37% stake, which has supported the group in completing large debt raising programs through pledge of such stake. The group has completed refinancing at the promoter level entity in May 2025 despite delayed timelines.

However, rating strengths are tempered by inordinate delay in securing access to enhanced working capital bank limits in contrast to earlier expected timelines. SPCPL's financial performance, although improved in FY25, remained subdued, marked by muted revenue growth, moderate operating profitability, and weak debt coverage indicators. While margins have improved in FY25, overall financial performance continues to remain modest. The company reported a 9% decline in revenue to ~₹6,633 crore in FY25, compared to ₹7,320 crore in FY24. The management has articulated that working capital limits are expected to be tied up by March 2026 which shall support the business growth and provide cushion to cashflows.

Ratings also factor in SPCPL's high group exposure in the form of loans/advances/corporate guarantees and high leverage at group level. Group exposure has been reducing in the last few years with recovery of advances and fall off guarantees. Outstanding guarantee remained high at ~₹3,509 crore as on March 31, 2025 (including the performance guarantee). Per the explanation shared with CareEdge Ratings for the outstanding corporate guarantees, in place of SPCPL, the promoter holding entities would support repayment requirement on the guaranteed obligation. There also exists cross default clause with financing raised at Goswami Infratech Private Limited (GIPL), which has high refinancing risk. However, the group has successfully raised funds from several global investors to refinance in the past, which is expected going forward.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant reduction in debt and contingent liabilities at SPCPL level.
- Scaling up of operations with improvement in PBILDT margins to 6-7% from core business operations on a sustained basis.
- Monetisation of assets improving liquidity profile.

Negative factors

- Lower than envisaged improvement in scale of operation due to non-availability of working capital finance.
- Subdued profitability and continued weak debt coverage metrics.

Analytical approach:

Standalone, factoring in credit support provided to group entities. While SPCPL is a construction company, it also acts as a holding company for group companies involved in businesses across segments. Consequently, it extended substantial support to its subsidiaries/associates, in the form of investments, advances and corporate guarantees, which are also factored in assessment.

Outlook: Negative

SPCPL's credit profile remains weak due to delayed working capital funding, leading to slower business growth. Timely working capital financing is crucial to support growth and profitability and thus outlook continues to remain negative. Strong revival in business operations may lead to revision in outlook to Stable.

Detailed description of key rating drivers:

Key strengths

Experienced promoter group

With over 150 years of operations, the SP group is one of the India's oldest and well-reputed business groups in construction, infrastructure and real estate space. In its operations, SP group has built diverse civil and engineering structures such as factories, nuclear waste handling establishments, landmark stadiums and auditoriums, airports, hospitals, hotels, housing complexes, water treatment plants, roads and power plants, and Floating Production Storage and Offloading (FPSO) around the world. As the group's flagship company, SPCPL benefits from vast experience of its qualified promoters and management and from the group's resourcefulness.

Satisfactory order book

SPCPL has a robust order book of ₹25,606 crore as on March 31, 2025, which translates to orderbook to gross billing ratio of 3.86x, providing revenue visibility in the medium term. In the current fiscal, order book addition has been satisfactory with SPCPL adding ~₹3,000 crore worth order in H1FY26. The order book is well-managed across clients (government to private orders at ~55:45), geographies and segments.

A large part of the order book is from clients outside group and ~11% orders are from the group as on March 31, 2025. SPCPL has been majorly involved in industrial and building construction space with projects including construction of office space, government headquarters, sports complex, commercial complex, and residential buildings among others. SPCPL does not have exposure to development projects in BOT/PPP segment.

Improved profitability and cushion to liquidity with debt prepayment

SPCPL reported a PBILDT of ₹420 crore in the year with a margin of 6% in FY25 (against 0.76% in FY24), primarily driven by the completion of legacy projects and execution of new work orders. Going ahead, CareEdge Ratings expect the margin to improve further driven by execution of work orders in hand.

Liquidity has been supported through fund infusion of ~₹500 crore by promoter group entities and reduction in debtors outstanding for over one year. This apart, SPCPL monetised its partial stake in Sterling and Wilson Renewable Energy Limited (SWREL) in FY25 and prepaid debt amounting to ~₹994 crore in the year. Following this prepayment, there are no scheduled repayments until June 2027, which is expected to support the company's liquidity position in the medium term.

Financial flexibility at group

The SP group is the single largest minority shareholder of TSPL (holding company of the Tata group) with 18.37% stake, which has been providing it financial flexibility. The SP group has raised funds at promoter holding entities backed by pledge of TSPL's

shares. In May 2025, promoters raised ~₹28,600 crore by SICPL, which holds 9.185% stake in TSPL. Proceeds were used to refinance existing borrowings raised at promoter level and to refinance debt maturing at group entities. Most group businesses are held by SPCPL as subsidiaries, joint ventures (JVs) and associates with considerable market value.

In FY25, as part of the group's restructuring, SPREL has been formed as the real estate Holdco and some of SPCPL's real estate assets have been transferred to SPREL. The group is planning to monetise the real estate vertical in the next 2-3 years, which is expected to finance debt at promoter level entities. In FY25, the group has monetised stake in Afcons Infrastructure Limited and Gopalpur Ports Limited.

Key weaknesses

Slowdown of business operation

The revenue profile has remained subdued despite a strong order book position. The company reported a 9% decline in revenue to ~₹6,633 crore in FY25, compared to ₹7,320 crore in FY24 with slow work execution. The company witnessed inordinate delays in securing access to enhanced working capital bank limits, in contrast to expected timelines, which has hindered the business growth. The company secured working capital limits from few banks; however, documentation was not completed due to delays in security creation. The management articulated that security creation has been completed in July 2025, and it has approached several banks for sanction for working capital of ~₹1,000 crore. This is likely to be completed by March 2026. Considering delay in securing working capital limits, performance remained subdued in the last three years leading to weak debt coverage metrics where the total debt (including mobilisation advances)/PBILDT stood at ~11x in FY25 and repayment obligations supported by asset monetisation/promoter fund infusion. Hence, availability of working capital limits without further delays are critical from a credit perspective.

High group exposure

In the present form, SPCPL operates as holding-cum-EPC entity, and hence, has large exposure to group entities through investments/advances and guarantee extended. Aggregate exposure to group companies in the form of investments/loans is ~0.91x net worth as on March 31, 2025. This apart, outstanding guarantee stood at ~₹3,509 crore as on March 31, 2025. For guarantees extended, the management has stated that no support from SPCPL is expected, and promoter-holding entities would support such entities on need basis. Consolidated borrowings have also been high and its reduction through planned asset monetisation is crucial from deleveraging perspective and restoring financial flexibility.

SPCPL has close linkage with promoter group entities to meet obligations towards dues under guarantees issued. Apart from contingent liabilities, SPCPL faced crystallisation of indemnity claims from SWREL in FY24 and FY25, which was repaid by fund infusion from promoters.

There also exists cross default with debt raised at promoter Holdco level via GIPL. Such debt is maturing in the next seven months, and thus, timely raising of funds to refinance such maturing debt is crucial. However, the group has successfully raised funds from several global investors to refinance in the past, which is expected going forward.

Elongated working capital cycle

SPCPL has been witnessing extended collection days and gross current asset days with normal debtors elongated, contract asset built up due to milestone-based billings/time taken for work certification by the government clients, and high receivables from group companies. While there has been some traction in debtors' recovery in the last one year with recovery of long-pending receivable, reduction in debtors over one year and unbilled revenue, overall debtors continue to remain high. Average collection period (including net contract assets) remained high at ~240 days in FY25.

On absolute terms, debtors including contract assets have reduced by ~₹120 crore; however, the debtors as percentage of revenue increased from 82% in FY24 to 88% to FY25, due to lower turnover. Ability to improve its receivable and cashflow position is important from a credit perspective.

Liquidity: Stretched

Due to the absence of working capital limits and stretch in debtors, liquidity remained stretched. SPCPL had free cash and bank balance of over ₹213 crore as on March 31, 2025. SPCPL has nil principal repayment obligation until June 2027, which is likely to support the liquidity in the short term.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)
[Liquidity Analysis of Non-financial sector entities](#)
[Rating Outlook and Rating Watch](#)
[Financial Ratios – Non financial Sector](#)
[Construction Sector](#)
[Infrastructure Sector Ratings](#)
[Short Term Instruments](#)
[Investment Holding Companies](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil construction

SPCPL is the holding-cum-operating and flagship company of the SP Group. It is involved in construction activities with a reputed clientele and presence in Indian and overseas markets. SPCPL is held by the Mistry family through different group entities. The SP Group is an extensive conglomerate with business interests in several sectors such as construction, EPC, Oil & Gas, real estate, renewable power, ports, roads, shipping and logistics, consumer products, and textiles among others. Most group businesses are held by SPCPL as subsidiaries, JVs and associates.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	7,780	6,995
PBILDT	59	420
PAT	822	197
Overall gearing (times)	0.63	0.47
Interest coverage (times)	0.07	0.75

A: Audited UA: Unaudited NA: Not available; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan	-	-	-	March - 2031	2099.98	CARE BBB-; Negative
Fund-based - LT/ ST-Working Capital Limits	-	-	-	-	1400.00	CARE BBB-; Negative / CARE A3
Non-fund-based - LT/ ST-BG/LC	-	-	-	-	15506.24	CARE BBB-; Negative / CARE A3

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Non-fund-based - LT/ ST-BG/LC	LT/ST	15506.24	CARE BBB-; Negative / CARE A3	-	1)CARE BBB-; Negative / CARE A3 (09-Oct-24) 2)CARE BBB-; Negative / CARE A3 (22-May-24)	1)CARE BBB; Negative / CARE A3 (01-Dec-23) 2)CARE BBB+; Negative / CARE A3+ (09-Oct-23)	1)CARE A-; Stable / CARE A2 (04-Oct-22) 2)CARE A-; Stable / CARE A2 (14-Jun-22)
2	Fund-based - LT-Term Loan	LT	2099.98	CARE BBB-; Negative	-	1)CARE BBB-; Negative (09-Oct-24) 2)CARE BBB-; Negative (22-May-24)	1)CARE BBB; Negative (01-Dec-23) 2)CARE BBB+; Negative (09-Oct-23)	1)CARE A-; Stable (04-Oct-22) 2)CARE A-; Stable (14-Jun-22)
3	Fund-based - LT/ ST-Working Capital Limits	LT/ST	1400.00	CARE BBB-; Negative / CARE A3	-	1)CARE BBB-; Negative / CARE A3 (09-Oct-24) 2)CARE BBB-; Negative / CARE A3 (22-May-24)	1)CARE BBB; Negative / CARE A3 (01-Dec-23) 2)CARE BBB+; Negative / CARE A3+ (09-Oct-23)	1)CARE A-; Stable / CARE A2 (04-Oct-22) 2)CARE A-; Stable / CARE A2 (14-Jun-22)

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
						Negative / CARE A3 (22-May-24)	Negative / CARE A3+ (09-Oct-23)	(14-Jun-22)

LT: Long term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - LT/ ST-Working Capital Limits	Simple
3	Non-fund-based - LT/ ST-BG/LC	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

<p>Media Contact</p> <p>Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in</p> <p>Relationship Contact</p> <p>Saikat Roy Senior Director CARE Ratings Limited Phone: 912267543404 E-mail: saikat.roy@careedge.in</p>	<p>Analytical Contacts</p> <p>Puja Jalan Director CARE Ratings Limited Phone: 914040020131 E-mail: puja.jalan@careedge.in</p> <p>Tej Kiran Ghattamaneni Associate Director CARE Ratings Limited Phone: 914040020131 E-mail: tej.kiran@careedge.in</p> <p>Sriram Gurujala Goud Lead Analyst CARE Ratings Limited E-mail: sriram.goud@careedge.in</p>
--	---

About us:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

Disclaimer:

This disclaimer pertains to the ratings issued and content published by CARE Ratings Limited ("CareEdge Ratings"). Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. Any opinions expressed herein are in good faith and are subject to change without notice. The rating reflects the opinions as on the date of the rating. A rating does not convey suitability or price for the investor. The rating agency does not conduct an audit on the rated entity or an independent verification of any information it receives and/or relies on for the rating exercise. CareEdge Ratings has based its ratings/outlook on the information obtained from reliable and credible sources. CareEdge Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. The users of the rating should rely on their own judgment and may take professional advice while using the rating in any way. CareEdge Ratings shall not be liable for any losses that user may incur or any financial liability whatsoever to the user of the rating. The use or access of the rating does not create a client relationship between CareEdge Ratings and the user.

CAREEDGE RATINGS DISCLAIMS WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR OTHER WARRANTIES OR CONDITIONS, TO THE EXTENT PERMITTED BY APPLICABLE LAWS, INCLUDING WARRANTIES OF MERCHANTABILITY, ACCURACY, COMPLETENESS, ERROR-FREE, NON-INFRINGEMENT, NON-INTERRUPTION, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE OR INTENDED USAGE.

Most entities whose bank facilities/instruments are rated by CareEdge Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CareEdge Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. CareEdge Ratings does not act as a fiduciary by providing the rating. The ratings are intended for use only within the jurisdiction of India. The ratings of CareEdge Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades. CareEdge Ratings has established policies and procedures as required under applicable laws and regulations which are available on its website.

Privacy Policy applies. For Privacy Policy please refer to https://www.careratings.com/privacy_policy

© 2025, CARE Ratings Limited. All Rights Reserved.

This content is being published for the purpose of dissemination of information. Any use or reference to the contents herein on an "as-is" basis is permitted with due acknowledgement to CARE Ratings. Reproduction or retransmission in whole or in part is prohibited except with prior written consent from CARE Ratings.

**For detailed Rating Report and subscription information,
please visit www.careratings.com**