Shapoorji Pallonji And Company Private Limited

October 08, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long Term / Short Term Bank Facilities	RBI	13,600.00 (Reduced from 16,906.24)	CARE BBB; Stable / CARE A3	LT rating upgraded from CARE BBB-; Outlook revised from Negative and ST rating reaffirmed
Long Term Bank Facilities	RBI	2,178.89 (Enhanced from 2,099.98)	CARE BBB; Stable	Upgraded from CARE BBB-; Negative

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Revision in the ratings assigned to the bank facilities of Shapoorji Pallonji and Company Private Limited (SPCPL) factors in the significant improvement in the operational and financial performance of the company during FY26 (FY refers to April 01 to March) and improved liquidity profile along with sanction of additional working capital lines.

SPCPL reported a growth in revenue by 15% on a y-o-y basis (increasing from ₹6,995 crore in FY25 to ₹8,033 crore in FY26) and a profit before interest, lease rentals, depreciation and taxation (PBILDT) of ₹799 crore in FY26 (FY25: Rs.408 crore). PBILDT margin improved sharply to ~9.95% in FY26 compared with 5.83% in FY25 and 0.76% in FY24. While order book position of the company has been stable, absence of working capital and losses on account of legacy projects had been weighing down the overall financial performance. With resolution of same through tie up of additional working capital lines (including availing mobilization advances) as well as new order addition, the execution has picked up resulting in the improvement in performance. This has supported the debt coverage with Interest coverage ratio strengthening to 1.43x in FY26 (as against 0.72x in FY25) and a satisfactory Debt Service Coverage Ratio with no term debt repayment obligation until July 2027. Going ahead, CARE Ratings Limited (CareEdge Ratings) expects operating margins to continue to remain at a stable level, almost in line with FY26 level.

The rating upgrade also factors in improved liquidity profile with liquidity buffer in form of unutilized working capital limits (average utilization of ~56%) and recovery of old receivables including arbitration won and recovered subsequently (post fiscal FY26). There has been a steep reduction in debtors pending for more than a year (to ₹938 crore as on March 31, 2026, from ₹1,474 crore as on March 31, 2025, and Rs.1652 crore as on Mar 31, 2024) and receivable days reduced to 227 days in FY26.

SPCPL continues to operate as the holding-cum-operating company for other business verticals and holds stakes in listed and unlisted entities with considerable market value. Besides, its operating subsidiaries have also exhibited improved performance over the past two years. SP Dubai Middle East LLC, wholly owned subsidiary of the SP Group has established a strong order book of EPC work in Dubai (~₹33,000 Crore) and reported a revenue of ₹16,656 crore and a healthy EBITDA of ₹984 in FY26. The subsidiary has secured working capital lines and is self-sufficient with no reliance on SPCPL. CareEdge Ratings understands there is an upstreaming potential of Rs.500 per year to SPCPL over the next 2 years (FY28-29) which shall further augment the liquidity/support debt coverage.

SP group is the single-largest minority shareholder in Tata Sons Private Limited (TSPL), with an 18.37% stake. This holding has supported the group in undertaking large debt-raising programmes through pledge of the stake. At a group level, during July 2026, the group has refinanced the borrowings raised through pledge of shares in Tata Sons P. Ltd (TSPL) held by Cyrus Investment P. Ltd, the promoter holding company. The demonstrated refinancing ability is expected to continue supporting financial flexibility over the medium term.

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

[2]Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

The ratings continue to derive strength from the long-established track record of the Shapoorji Pallonji (SP) group in infrastructure creation, its demonstrated project execution capabilities, and its satisfactory order book position, which provides medium-term revenue visibility. SPCPL had an order book of ₹25,009 crore as on March 31, 2026, providing revenue visibility for more than three years based on the gross billing level of FY26.

The rating strengths are however tempered by the continued high group exposure through loans, advances and corporate guarantees, along with elevated leverage at the group level. Group exposure has been reducing over the past few years due to recovery of advances and reduction in guarantees. However, outstanding guarantees remained high at about ₹3,117 crore as on March 31, 2026, including performance guarantees. As explained to CareEdge Ratings, promoter holding entities are expected to support repayment requirements for obligations covered under these guarantees. Also, while collection days have improved, it still remains moderately elevated which could pressurize the liquidity profile.

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 profitability
- Monetisation of assets/cash upstreaming from subsidiaries improving liquidity profile

Negative factors

- Subdued profitability with weakening of debt coverage metrics
- Continued elongation of receivable days impacting liquidity profile

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 various group companies involved in businesses across various segments. Consequently, there are linkages with subsidiaries/associates, in the form of investments, advances and corporate guarantees which are also factored in the assessment.

Outlook: Stable

The outlook on long term rating has been revised from 'Negative' to 'Stable' following improvement in financial performance and availability of working capital finance supporting the liquidity profile. SPCPL's credit profile is expected to remain stable, underpinned by a robust order book, its execution track record and expected maintenance of profitability and liquidity.

Detailed description of key rating drivers

Key strengths

Improvement in financial performance

SPCPL's revenue grew by 15% year-on-year to ₹8,033 crore in FY26 from ₹6,995 crore in FY25. Its PBILDT improved sharply to ₹799 crore in FY26 from ₹408 crore in FY25. PBILDT margin improved significantly to around 9.95% in FY26 from 5.83% in FY25 and 0.76% in FY24.

Despite a strong order book, the company's financial performance had remained constrained by inadequate working capital and losses from legacy projects. Improvement in working capital availability through additional working capital lines, including mobilisation advances, along with new order additions, enhanced project execution and supported the improvement in operating performance.

Going forward, CareEdge Ratings expects operating margins to remain stable and largely in line with FY26 levels, supported by sustained execution of its healthy order book, improved working capital availability, and continued new order inflows.

Improved liquidity profile and satisfactory debt coverage

The company has witnessed an improved liquidity profile, with a liquidity cushion supported by unutilised working capital limits, with average utilisation of around 56%, and recovery of old receivables, including amounts realised from arbitration awards received subsequent to FY26. The company has also reported a significant reduction in debtors outstanding for more than one year, declining to ₹938 crore as on March 31, 2026, from ₹1,474 crore as on March 31, 2025, and ₹1,652 crore as on March 31, 2024. Accordingly, receivable days improved to 227 days in FY26.

Led by growth in PBILDT, debt coverage indicators also improved, with the interest coverage ratio strengthening to 1.43x in FY26 from 0.72x in FY25. The company also maintained a satisfactory debt service coverage ratio, supported by the absence of any term debt repayment obligation until July 2027. However, total debt, including mobilisation advances, continues to remain high at around 6.4x PBILDT in FY26. Continued scaling up of operations while improving/maintaining margins shall be important.

SPCPL continues to operate as the holding-cum-operating company for other business verticals and holds stakes in listed and unlisted entities with considerable market value. Its operating subsidiaries have also demonstrated improved performance over the past two years, providing additional financial flexibility to the group. SP Dubai Middle East LLC, a wholly owned subsidiary of the SP Group, has established a strong EPC order book in Dubai of approximately ₹33,000 crore and reported revenue of ₹16,656 crore and a healthy EBITDA of ₹984 in FY26. CareEdge Ratings understands that there is a potential for upstreaming of about ₹500 crore per year to SPCPL over FY28 and FY29 from SP Middle East. This is expected to further strengthen liquidity and support debt coverage metrics over the medium term.

Financial flexibility at group

The SP group is the single-largest minority shareholder in Tata Sons Private Limited (TSPL), the holding company of the Tata group, with an 18.37% stake, which continues to provide significant financial flexibility to the group. The group has historically raised funding at promoter holding entities through pledge of TSPL shares. At a group level, during July 2026, the group has refinanced the borrowings raised through pledge of shares in Tata Sons P. Ltd (TSPL) held by Cyrus Investment P. Ltd, the promoter holding company. The demonstrated refinancing ability is expected to continue supporting financial flexibility over the medium term.

As part of the group's restructuring exercise in FY25, Shapoorji Pallonji Real Estate Private Limited (SPREL) was established as the real estate holding company and certain real estate assets of SPCPL were transferred to it. The group plans to monetise the real estate vertical over the next two to three years, which is expected to support debt servicing and refinancing requirements at promoter-level entities. CareEdge Ratings expects continued asset monetisation and financial flexibility from strategic investments to support the group's refinancing ability over the medium term.

Comfortable order book

SPCPL had a robust order book of ₹25,009 crore as on March 31, 2026, translating into an order book-to-gross billing ratio of 3.24x and providing healthy revenue visibility over the medium term. Order inflows have remained satisfactory, with fresh orders worth around ₹7,122 crore secured in FY26 and ₹2,600 crore secured in H1FY27. The order book remains well diversified across clients, geographies and segments, with government and private sector orders accounting for around 57% and 43%, respectively.

Group entities accounted for only around 2% of the order book as on March 31, 2026, indicating limited dependence on related-party business. SPCPL primarily executes industrial and building construction projects, including office spaces, government headquarters, sports complexes, commercial complexes and residential buildings, and does not have exposure to build-operate-transfer (BOT) or public-private partnership (PPP) development projects. CareEdge Ratings expects the sizeable and diversified order book to continue supporting revenue growth and business visibility over the medium term.

Experienced promoter group

With a track record of over 160 years, the Shapoorji Pallonji (SP) group is among India's oldest and well-established business groups in the construction, infrastructure and real estate sectors. The group has executed a diverse range of civil and engineering projects globally, including factories, nuclear waste handling facilities, stadiums, auditoriums, airports, hospitals, hotels, housing complexes, water treatment plants, roads, power plants and Floating Production Storage and Offloading (FPSO) units. As the flagship entity of the group, SPCPL benefits from the extensive experience of its promoters and management team, apart from the group's financial and operational resource base. CareEdge Ratings expects the group's established execution capabilities and industry presence to continue supporting SPCPL's business profile over the medium term.

Key weaknesses

High group exposure

SPCPL continues to operate as a holding-cum-engineering, procurement and construction (EPC) entity and has significant exposure to group entities through investments, loans, advances and guarantees. Aggregate exposure to group companies in the form of investments and loans stood at around 0.98x of net worth as on March 31, 2026, while outstanding guarantees remained high at around ₹3,117 crore. Management has indicated that obligations under these guarantees, if any, would be supported by promoter holding entities and not by SPCPL.

SPCPL remains closely linked to promoter group entities because of guarantees extended and potential support requirements. The group has demonstrated its ability to raise funds from global investors for refinancing; however, asset monetization/continued refinanced shall remain crucial for reducing group leverage and maintaining financial flexibility over the medium term.

Elongated working capital cycle

SPCPL continues to have an elongated working capital cycle, characterised by high collection and gross current asset days. Although receivable days improved marginally to 227 days in FY26 from 239 days in FY25, they continue to remain high. CareEdge Ratings also understands arbitration receivable recovery of ~Rs.400 crore (billed as unbilled revenue as on Mar 31, 2026) post fiscal FY26 formed a part of unbilled revenue as on Mar 31, 2026, thereby elevating the receivables. This apart, there have been reduction in long pending debtors improving the debtors ageing. However, timely collection of receivables and reduction in contract assets will remain important from a liquidity and working capital perspective over the medium term.

Liquidity: Adequate

SPCPL had free cash and bank balance of over ₹435 crore as on March 31, 2026. SPCPL has nil principal repayment obligation until July 2027 against which GCA is adequate. It has received working capital sanction of Rs.875 crore against which average utilization is ~60% which provides liquidity cushion.

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

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, 2025 (A)	March 31, 2026 (Prov.)
Total operating income	6,995	8,033
PBILDT*	408	799
Profit after tax (PAT)	249	117
Overall gearing (x)	0.47	0.48
Interest coverage (x)	0.72	1.43

A: Audited; Prov.: Provisional; Note: these are latest available financial results
PBILDT: profit before interest, lease rentals, depreciation and taxation

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

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of the regulators:
A list of facilities / instruments falling under the purview of various financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan	RBI	Simple	-		-	23-06-2031	2178.89	CARE BBB; Stable
Fund-based - LT/ ST-Working Capital Limits	RBI	Simple	-		-	-	1000.00	CARE BBB; Stable / CARE A3
Non-fund-based - LT/ ST-BG/LC	RBI	Simple	-		-	-	12600.00	CARE BBB; Stable / 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 2026-2027	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
1	Non-fund-based - LT/ ST-BG/LC	LT/ST	12600.00	CARE BBB; Stable / CARE A3	-	1)CARE BBB-; Negative / CARE A3 (09-Oct-25)	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)
2	Fund-based - LT-Term Loan	LT	2178.89	CARE BBB; Stable	-	1)CARE BBB-; Negative (09-Oct-25)	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)
3	Fund-based - LT/ ST-Working Capital Limits	LT/ST	1000.00	CARE BBB; Stable / CARE A3	-	1)CARE BBB-; Negative / CARE A3	1)CARE BBB-; Negative / CARE A3	1)CARE BBB; Negative / CARE A3

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2026-2027	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
						(09-Oct-25)	(09-Oct-24) 2)CARE BBB-; Negative / CARE A3 (22-May-24)	(01-Dec-23) 2)CARE BBB+; Negative / CARE A3+ (09-Oct-23)

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

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

Annexure-4: 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.

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