

September 30, 2025

## SPML Infra Limited: Ratings reaffirmed and assigned for enhanced amount

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based - Term loan	477.00	408.00	[ICRA]BBB-(Stable); Reaffirmed
Long-term/Short-term – Non-fund based facilities	200.00	500.00	[ICRA]BBB-(Stable)/[ICRA]A3; Reaffirmed and assigned for enhanced amount
Long-term – Fund-based - Cash Credit	0.00	5.00	[ICRA]BBB-(Stable); Assigned
Long-term – Fund-based facilities	0.00	125.00	[ICRA]BBB-(Stable); Assigned
<b>Total</b>	<b>677.00</b>	<b>1,038.00</b>	

\*Instrument details are provided in Annexure I

### Rationale

The rating reaffirmation factors in SPML Infra Limited’s (SPML) established track record in engineering, procurement and construction (EPC) of water works for over four decades and its demonstrated capabilities in executing relatively large and complex projects in the past. It has received a sanction of Rs. 200 crore in non-fund based limits helping the company to submit performance guarantees or avail mobilisation advances for new own orders received in the past 12 months. During FY2021-FY2024, due to working capital constraints and non-availability of non-fund based limits from banking system, SPML was unable to take new projects and was executing the existing projects by way of either own execution or subcontracting or via the joint venture (JV) route. However, supported by improved liquidity position along with its technical knowhow and pre qualifications, the company has received Rs. 2,076 crore of own orders in the last 12 months improving the own order book position to around Rs. 2,850 crore as of August 2025 (from Rs. 1,093 crore as on March 31, 2024). Further, it has a JV order book of Rs. 3,494 crore as on March 31, 2025, through which it receives commission income on an upfront basis.

The ratings are, however, constrained by the pressure on margins as reflected in weak operating margins in FY2025 owing to sizeable share of revenues from legacy projects where the margins are lower. Given that the company is expected to start billing for new projects received from Q3 FY2026, the operating margins are likely to improve, and the extent of improvement and sustainability of the same remains a key rating monitorable. SMPL is incurring capex of Rs. 125 crore during FY2026 – Q1 FY2027 for construction of 2.5 GWh Battery Energy Storage System (BESS) manufacturing facility in Pune. The entire capex of the BESS plant is projected to be met from the equity infusion already brought in, internal cash accruals and from pending warrant proceeds of Rs. 151 crore, to be received by April 2026. SPML has partnered with Energy Vault Inc., whose proprietary B-vault technology shall be used for manufacturing BESS containers. The facility is expected to start commercial operations from Q2 FY2027. Successful completion of the capex without any major cost overrun and its ability to secure orders and execute them profitably remains critical from the credit perspective.

The ratings factor in the company’s stretched working capital position with large receivables, majorly on account of arbitration debtors, which is supported by high creditor outstanding. SMPL remains exposed to the risk of non-payment by the debtors, which would further lead to a stretch in its creditors. Given increasing scale of operations, the company’s ability to maintain prudent working capital cycle and maintain adequate liquidity remains important from the credit perspective. Further, it has exposure to sizeable contingent liabilities in the form of BGs, mainly for contractual performance, mobilisation advance and security deposits of legacy projects. However, there were no BG invocations over the last two years, which provides comfort.

Notwithstanding SPML's strong execution capabilities, any sizeable invocation of bank guarantees would affect the liquidity and financial risk profile.

In August 2023, National Asset Reconstruction Company Limited (NARCL) took over the entire debt of ~Rs. 2,612 crore from the erstwhile lenders. As per the debt restructuring, SPML is liable to repay ~Rs. 700 crore by FY2031 and it has already paid Rs. 291 crore as of March 2025. It has sizeable repayments of Rs. 110 crore in FY2028 and Rs. 191 crore (adjusted for additional prepayment of Rs. 24 crore made in FY2025) in FY2029. ICRA notes the company realised awards to the tune of Rs. 294 crore over the past two years and around Rs. 180 crore are in the advanced stages at the Apex Court, which is expected to be received in Q3 FY2026. Given the sizeable repayments, timely receipt of arbitration awards remain critical for debt servicing.

The Stable outlook reflects ICRA's opinion that the company would benefit from the execution of new orders, given its established track record of executing EPC orders in water and power infrastructure segment, which is expected to support its credit profile going forward.

## Key rating drivers and their description

### Credit strengths

**Established track record of over four decades in the EPC of water segment** – SPML has an established track record of over four decades in execution of water distribution works. It has demonstrated capabilities in executing relatively large and complex water distribution and power projects at geographically diverse locations. Further, it is adequately placed to take up new projects in the water infrastructure segment amid its pre-qualification and technical knowhow. Given this, the company has received more than Rs. 2,000 crore of own orders in the past one year, improving the revenue visibility.

**Sizeable equity infusion to support the working capital requirements for taking new projects** – SPML's promoters infused equity to the tune of Rs. 206 crore in FY2025 and additional ~Rs. 151 crore is expected to be infused by April 2026 through warrants conversion. This along with the sanction of working capital facilities is likely to support order book addition and execution, along with its liquidity position.

**Geographically diverse order book position** – Given its technical knowhow and pre qualifications, the company has received Rs. 2,076 crore of own orders in the last 12 months improving the own order book position to around Rs. 2,850 crore as of August 2025 from Rs. 1,093 crore as on March 31, 2024. Further, it has a JV order book of Rs. 3,494 crore as on March 31, 2025, through which the company receives commission income on an upfront basis. It has received Rs. 37.9 crore as commission income in FY2025. Additionally, SPML has received new JV orders of around Rs. 1,700 crore in H1 FY2026m which is expected to support its commission income in FY2026. Further, the order book has a mix of water infrastructure and power projects, spanning across Gujarat, Rajasthan, Tripura, Jharkhand, Madhya Pradesh among others, providing geographical diversification.

### Credit challenges

**Modest profitability margins adjusted for arbitration and commission income** – The operating profitability margins remain muted at 0.8% in FY2025 (adjusted for arbitration income and interest) owing to sizeable revenues from the legacy order book where the margins are lower, absence of billing from new projects and high fixed overheads. However, with receipt of new orders in the current year and healthy billing expected from these projects, the profitability margins are likely to improve in the near term, and the extent of improvement remains a key monitorable.

**Stretched working capital position with large arbitration awards pending; risk of BG invocation** – The working capital position remains stretched due to large receivable position. The company has ~Rs. 299 crore of debtors pending under arbitration and other legal cases as on March 31, 2025. The creditors are also sizeable at Rs. 484 crore as on March 31, 2025. Thus, it remains exposed to any non-payment from debtors adversely impacting its liquidity position. However, the free cash balances of around Rs. 83 crore as of June 30, 2025 provides comfort to a certain extent.

The company has exposure to sizeable contingent liabilities in the form of BGs, mainly for contractual performance, mobilisation advance and security deposits. Notwithstanding SPML's strong execution capabilities, any sizeable invocation of performance guarantees would affect its liquidity and financial risk profile. In this regard, ICRA takes comfort from the non-invocation of BG in last 24 months ending June 2025. Further, the company is in advanced stage of completing various ongoing projects, which mitigates the BG invocation risk to an extent.

**Dependence on arbitration proceeds for debt servicing** – In August 2023, NARCL had taken over the entire debt of ~Rs. 2,612 crore from the erstwhile lenders. As per this, SPML is liable to repay ~Rs. 700 crore by FY2031 and it has already paid Rs. 291 crore as of March 2025. It has sizeable repayments of Rs. 110 crore in FY2028 and Rs. 191 crore (adjusted for prepayment of Rs. 24 crore made in FY2025) in FY2029. ICRA notes the company has realised awards to the tune of Rs. 294 crore over the past two years and around Rs. 180 crore are in the advanced stages. Given the sizeable repayments, timely receipt of arbitration awards remain critical for debt servicing.

### Liquidity position: Adequate

The company's liquidity position remains adequate with free cash balances amounting to Rs. 83.13 crore as on June 30, 2025. The debt repayment in FY2026 and FY2027 remains modest at Rs. 4 crore each, which will be repaid from internal cash accruals and interest on fixed deposits. SPML is likely to incur a capex of Rs. 125 crore during FY2026 – Q1 FY2027 for construction of BESS manufacturing facility in Pune, which is expected to be met from the infusion of warrant proceeds of Rs. 151 crore before April 2026.

### Environmental and social risks

**Environmental consideration** – SPML operates at multiple project sites simultaneously and therefore, the risk of business disruptions on account of physical climate risks is low. Given that construction activity generates air and water pollution, waste generation, entities like SPML remain vulnerable to the risk of temporary bans on operations in areas that are more sensitive to deteriorating air/water quality, exposing the company to the price escalation risk. Nevertheless, most of its projects have price escalation clauses and it seeks compensation from the client if there is a delay on account of environmental issues, geographical issues, etc.

**Social consideration** – Entities involved in construction activities like SPML encounter social risks stemming from the health and safety concerns of its workers, which could invite regulatory or legal action, besides reputational harm. However, it has a track record of maintaining healthy relationships with its workers/employees, including contractual labour with no material incidents of a slowdown in execution in relation to workforce management.

### Rating sensitivities

**Positive factors** – The rating could be upgraded in case the company demonstrates material improvement in profitability, along with healthy revenue visibility while maintaining comfortable debt coverage metrics and liquidity position on a sustained basis.

**Negative factors** – The ratings could be downgraded if there is sustained pressure on earnings, which could impact the debt coverage metrics. Weakening in liquidity position in the backdrop of stretch in working capital cycle or any large debt funded capex or undertaking of any developmental projects will also exert pressure on the ratings. Material delay in receipt of arbitration amounts or any adverse legal outcomes on arbitration proceedings could exert pressure on the rating.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate credit rating methodology</a> <a href="#">Construction</a>
Parent/Group support	NA
Consolidation/Standalone	Standalone

## About the company

SPML Infra Limited was established in 1981 and is a publicly listed infrastructure development company primarily involved in water distribution and power segments. The company completed over 650 projects across India on EPC, public-private partnership (PPP) and build-own-operate-transfer (BOOT) basis in the past four decades. SPML Infra is listed on both the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). As on June 30, 2025, the promoters held 35.12% stake in the company, of which 27.11% has been pledged as collateral with lender (NARCL).

## Key financial indicators (audited)

SPML Infra Limited (Standalone)	FY2024	FY2025
Operating income	1230.4	770.9
PAT	-73.3	49.3
OPBDIT/OI	2.5%	5.9%
PAT/OI	-6.0%	6.4%
Total outside liabilities/Tangible net worth (times)	2.3	1.2
Total debt/OPBDIT (times)	18.1	11.7
Interest coverage (times)	0.5	1.2

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

## Status of non-cooperation with previous CRA: Not applicable

## Any other information: None

## Rating history for past three years

Instrument	Current (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount Rated (Rs. crore)	Sep 30, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund based - Term Loan	Long Term	408.00	[ICRA]BBB-(Stable)	Dec 04, 2024	[ICRA]BBB-(Stable)	-	-	-	-
Non fund based facilities	Long Term/Short term	500.00	[ICRA]BBB-(Stable)/[ICRA]A3	Dec 04, 2024	[ICRA]BBB-(Stable)/[ICRA]A3	-	-	-	-
Fund based - Cash Credit	Long Term	5.00	[ICRA]BBB-(Stable)	-	-	-	-	-	-
Fund based facilities	Long Term	125.00	[ICRA]BBB-(Stable)	-	-	-	-	-	-

## Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term - Fund based - Term loan	Simple
Long-term/Short-term - Non fund based facilities	Very simple
Long-term - Fund based - Cash Credit	Simple
Long-term - Fund based facilities	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

**Annexure I: Instrument details**

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Long-term - Fund based - Term loan	Aug 2023	-	Mar 31, 2031	408.00	[ICRA]BBB- (Stable)
NA	Long-term/Short-term - Non fund based facilities	NA	NA	NA	500.00	[ICRA]BBB-(Stable)/ [ICRA]A3
NA	Long-term - Fund based - Cash Credit	NA	NA	NA	5.00	[ICRA]BBB-(Stable);
NA	Long-term - Fund based facilities	NA	NA	NA	125.00	[ICRA]BBB-(Stable);

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

**Annexure II: List of entities considered for consolidated analysis: Not Applicable**

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ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

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