

July 03, 2026

SPML Infra Limited: Ratings upgraded 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	408.00	380.00	[ICRA]BBB (Stable); Upgraded from [ICRA]BBB- (Stable)
Long-term/Short-term – Non-fund based facilities	500.00	1000.00	[ICRA]BBB (Stable)/[ICRA]A3+; Upgraded from [ICRA]BBB- (Stable)/ [ICRA]A3 and assigned for enhanced amount
Long-term – Fund-based – Cash credit	5.00	200.00	[ICRA]BBB (Stable); Upgraded from [ICRA]BBB- (Stable) and assigned for enhanced amount
Long-term – Fund-based facilities	125.00	15.00	[ICRA]BBB (Stable); Upgraded from [ICRA]BBB- (Stable)
Total	1,038.00	1,595.00	

*Instrument details are provided in Annexure II

Rationale

The rating upgrade reflects SPML Infra Limited's (SPML) improved financial performance in FY2026, with strengthening of core operating margins, driven by the increasing contribution from recently secured higher-margin projects and expected further traction of the same in the near to medium term. The ratings factor in ICRA's expectation of sustained improvement in operating performance, supported by the execution of a sizeable order book position of around Rs. 2,970 crore of own orders as on May 31, 2026, and strengthening of the net worth base with impending proceeds of recently issued preference shares of Rs. 183 crore in April 2026. The proceeds are likely to support the company's ongoing capex, execution and needs for future growth capital. The business profile is bolstered by the sanction of Rs. 500 crore of non-fund based (NFB) limits, enabling the company to provide performance guarantees and access mobilisation advances for recently secured orders. Additionally, the increasing use of surety bonds in lieu of bank guarantees is expected to moderate the cash margin requirements for non-fund based limits and improve the liquidity position going forward. The ratings draws comfort from the company's established track record of over four decades in execution of water projects and its demonstrated capability in executing large and complex infrastructure projects.

During FY2021-FY2024, the company faced working capital constraints and limited access to non-fund based limits, which restricted its ability to secure new projects and led to increased reliance on joint venture (JV) based execution and subcontracting. However, supported by improving liquidity and strong technical capabilities, SPML has secured over Rs. 2,800 crore of standalone orders since April 2025, resulting in an own order book of Rs. 2,970 crore (including legacy orders) as of May 2026. In addition, the company maintains a JV order book of Rs. 1,685 crore, which provides stable upfront commission income, thereby supporting overall earnings and operating margins.

The ratings are, however, constrained by the project execution risks, with significant capex of around Rs. 238 crore to be incurred by the end of FY2027 towards establishment of a 5-GWh Battery Energy Storage System (BESS) manufacturing facility in Pune, of which Rs. 100 crore of capex is already incurred as on date from the funds infused by Promoters. The balance capex is proposed to be funded through equity infusion and internal accruals, and its timely completion without any cost overruns, along with the company's ability to secure and profitably execute BESS orders, remains a key monitorable from the credit perspective. SPML has entered into a strategic partnership with Energy Vault Inc., leveraging its proprietary B-Vault technology for BESS container manufacturing, with commercial operations expected to commence in H2 FY2027.

The ratings factor in the company's working capital-intensive nature of operations, characterised by elevated receivables, primarily due to arbitration-related dues, partly supported by high creditor levels, which include arbitration related dues. The company remains exposed to the risk of delayed realisation from debtors, which could further elongate the working capital cycle and exert pressure on liquidity, especially amid scaling-up of operations. Additionally, SPML has sizeable contingent liabilities in the form of bank guarantees, mainly towards performance security, mobilisation advances, retention bank guarantees and legacy project obligations. While no major invocations have been witnessed in the past three years, providing some comfort, any material invocation of such guarantees could adversely impact the company's liquidity position and financial risk profile.

ICRA takes note of the debt resolution undertaken through India Debt Resolution Company Limited (IDRCL) in August 2023, wherein debt of around Rs. 2,612 crore was acquired from the erstwhile lenders, with SPML obligated to repay Rs. 700 crore by FY2031 (under early repayment option)/ Rs. 967 crore by FY2034, of which Rs. 319 crore has already been repaid (including prepayment of Rs. 48 crore) as of March 2026. While repayments remain modest in the near term (Rs. 4 crore in FY2027), they increase materially thereafter to Rs. 110 crore in FY2028 and Rs. 215 crore in FY2029 (Rs. 167 crore adjusted for prepayment). The ratings factor in the company's track record of arbitration realisations of more than Rs. 311 crore in the past and expected inflows of around Rs. 284 crore in advanced stages, though timely receipt of such claims remains critical for meeting the upcoming repayment obligations.

ICRA notes that under the agreed structure with IDRCL, the company is required to make a minimum cumulative repayment of Rs. 500 crore by August 2028, failing which the same would be treated as an event of default, irrespective of arbitration realisations. Accordingly, SPML's ability to meet the stipulated repayment milestones, supported by timely receipt of cash inflows from arbitration proceeds and prudent liquidity management, remains a key monitorable from the credit perspective. Nevertheless, ICRA takes comfort from the management guidance on infusion of fresh equity to ensure timely repayment of IDRCL dues, in the event receipt of arbitration proceeds are delayed.

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 segments and timely infusion of equity, 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 the execution of water distribution projects, along with its demonstrated capability to undertake large and complex projects across diverse geographies. The company remains well-positioned to capitalise on opportunities in the water infrastructure and power segment, supported by its technical expertise and pre-qualification credentials. In line with this, SPML has secured over Rs. 2,800 crore of own orders in the past one year, resulting in an outstanding own order book of Rs. 2,970 crore (including legacy orders) as on May 31, 2026, providing strong revenue visibility.

Sizeable equity infusion to support the working capital requirements for taking new projects – SPML's promoters have infused Rs. 293 crore from October 2024 through preference shares/warrant proceeds, which includes balance infusion of Rs. 82 crore in April 2026. Further, the company has announced issuance of preference shares/warrants to the tune of Rs. 183 crore in April 2026, of which Rs. 52 crore is to be received shortly, which is expected to enhance the liquidity position. This along with the sanction of working capital facilities is likely to support order book addition and execution.

Improved profitability margins supported by execution of new orders – The core operating profitability margins (adjusted for arbitration income and interest) improved in FY2026, driven by the higher contribution from the recently secured high-margin orders, which has largely offset the impact of legacy projects, characterised by low margins, absence of billing from new projects in the earlier periods and elevated fixed overhead costs. Going forward, the ramp-up in execution and billing from new projects is expected to support further improvement in operating performance. Additionally, the progressive completion of legacy low-margin projects, along with the increasing share of higher-margin fresh orders, is likely to alleviate margin pressure and support a sustained improvement in profitability over the medium term.

Credit challenges

Stretched working capital position with large arbitration awards pending; risk of BG invocation – The company's working capital profile is stretched, reflected in elevated receivables with Rs. 532.35 crore of debtors pending under arbitration and other legal cases as on March 31, 2026. It is partially offset by sizeable creditor balances of Rs. 626.52 crore (including arbitration related dues). Accordingly, SPML remains exposed to the risk of delays or non-realisation of receivables, which could adversely impact its liquidity position. The ratings factor in the company's exposure to significant contingent liabilities in the form of bank guarantees, primarily towards performance security, mobilisation advances, retention bank guarantees and security deposits. While the absence of any major bank guarantee invocation over the last 36 months ending March 2026 provides comfort, any material invocation could adversely affect the company's liquidity and financial risk profile. Nevertheless, the advanced stage of completion of the ongoing projects is expected to partially mitigate the risk of guarantee invocation to an extent.

Sizeable capex towards BESS facility – The company has a significant capex plans of around Rs. 238 crore by end of FY2027 towards the establishment of a 5-GWh BESS manufacturing facility in Pune, of which Rs. 100 crore of capex is already incurred as on date from the funds infused by Promoters. The balance capex is proposed to be funded through equity infusion and internal accruals, and its timely completion without any cost overruns, along with its ability to secure and profitably execute BESS orders, remains a key monitorable from the credit perspective. SPML has a strategic partnership with Energy Vault Inc., leveraging its proprietary B-Vault technology for BESS container manufacturing, with commercial operations expected to commence in H2 FY2027.

Dependence on arbitration proceeds for debt servicing – In August 2023, IDRCL had taken over the entire debt of around Rs. 2,612 crore from the erstwhile lenders, under which SPML is required to repay Rs. 700 crore by FY2031 (under early repayment option)/ Rs. 967 crore by FY2034, of which Rs. 319 crore has already been repaid (including prepayment of Rs. 48 crore) as of March 2026. While repayments remain modest in the near term (Rs. 4 crore in FY2027), the same are estimated to increase materially thereafter to Rs. 110 crore in FY2028 and Rs. 215 crore in FY2029 (Rs. 167 crore adjusted for prepayment of Rs. 48 crore till March 31, 2026). The ratings factor in the company's track record of arbitration realisations of more than Rs. 311 crore in the past and expected inflows of around Rs. 284 crore in the advanced stages, though timely receipt of such claims remains critical for meeting the upcoming repayment obligations. The company's ability to profitably scale up operations to improve its cash flow position to reduce its dependence on arbitration proceeds, or through timely equity infusion as demonstrated in the recent past remains the key rating monitorable. Nevertheless, ICRA takes comfort from the management guidance on infusion of fresh equity to ensure timely repayment of IDRCL dues, in the event receipt of arbitration proceeds are delayed.

Liquidity position: Adequate

The company's liquidity position remains adequate with free cash balances amounting to Rs. 54.19 crore as on March 31, 2026. Further, the liquidity position has improved by the receipt of balance Rs. 82 crore in April 2026 from the warrants raised in October 2024. The debt repayment in FY2027 remains modest at Rs. 4 crore each. However, the repayment is significant in FY2028 at Rs. 110 crore, which will be repaid from internal cash accruals and expected arbitration awards. SPML is likely to incur balance capex of Rs. 138 crore in FY2027 for construction of BESS manufacturing facility in Pune, which is anticipated to be met from the infusion of preference shares/warrant proceeds.

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 ratings 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. Further, reasonable visibility of cash flows/liquidity for payment milestone of IDRCL due by August 2028 remains vital for a rating upgrade.

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 or delay in the receipt of warrant proceeds will 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 ratings.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate credit rating methodology Construction
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 of June 2026, the promoters held 41% stake in the company, of which 26% has been pledged as collateral with lender (NARCL).

Key financial indicators**

SPML Infra Limited (Standalone)	FY2025	FY2026*
Operating income	731.3	829.2
PAT	49.3	76.2
OPBDIT/OI	0.8%	4.3%
PAT/OI	6.7%	9.2%
Total outside liabilities/Tangible net worth (times)	1.2	1.1
Total debt/OPBDIT (times)	90.1	12.0
Interest coverage (times)	1.4	4.5

Source: Company, ICRA Research; *provisional financials; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; **restated numbers adjusting for interest on arbitration claims and related expenses.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount Rated (Rs. crore)	July 03, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
Fund-based – Term loan	Long Term	380.00	[ICRA]BBB (Stable)	Sep 30, 2025	[ICRA]BBB- (Stable)	Dec 04, 2024	[ICRA]BBB- (Stable)	-	-
Non-fund based facilities	Long Term/ Short term	1000.00	[ICRA]BBB (Stable)/ [ICRA]A3+	Sep 30, 2025	[ICRA]BBB- (Stable)/ [ICRA]A3	Dec 04, 2024	[ICRA]BBB- (Stable)/ [ICRA]A3	-	-
Fund-based – Cash credit	Long Term	200.00	[ICRA]BBB (Stable)	Sep 30, 2025	[ICRA]BBB- (Stable)	-	-	-	-
Fund-based facilities	Long Term	15.00	[ICRA]BBB (Stable)	Sep 30, 2025	[ICRA]BBB- (Stable)	-	-	-	-

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10, 2026

ICRA-rated instruments fall under the regulatory purview of various Financial Sector Regulators (FSRs), as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	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 branches of Indian Banks/other similar borrowings	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	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

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

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated February 10, 2026, and accordingly, investor side FSRs have been mentioned.

Other activities offered by ICRA fall under the regulatory purview of various FSRs, as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)

Sr. No.	Activity Name	FSR
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) 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 can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based – Term loan	Simple
Long-term/Short-term – Non-fund based facilities	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 II: 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	380.00	[ICRA]BBB (Stable)
NA	Long-term/Short-term – Non-fund based facilities	NA	NA	NA	1000.00	[ICRA]BBB (Stable)/ [ICRA]A3+
NA	Long-term – Fund-based – Cash credit	NA	NA	NA	200.00	[ICRA]BBB (Stable);
NA	Long-term – Fund based facilities	NA	NA	NA	15.00	[ICRA]BBB (Stable);

Source: Company

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

Annexure III: List of entities considered for consolidated analysis: Not Applicable

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Branches



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