INITIATING COVERAGE
17th Aug 2026

SPML Infra Ltd

At an Inflection Point: Water Recovery and BESS-Led Growth

CMP: INR 190

Rating: BUY

Target Price: INR 366

Stock Info	
BSE	500402
NSE	SPMLINFRA
Bloomberg	SPML IN
Sector	Water & Infra
Face Value (INR)	2
Mkt Cap (INR Bn)	15.55
52w H/L (INR)	315/151
Avg daily Vol (in 000')	7,151.90

Shareholding Pattern %
(As on Mar, 2026)

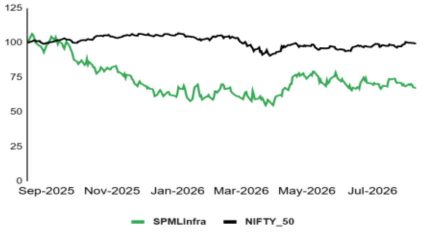
Promoters	40.51%
Public & Others	59.49%

Stock Performance (%)	1m	6m	12m
SPML:NSE	-2.88	-0.83	-33.6
Nifty_50	+1.4	-5.01	-0.96

Valuation summary

Y/E Mar, Rs mn	FY2026	FY2027E	FY2028E
Net Sales	8,685	13,016	19,651
EBIDTA	660	1,232	1,931
EBIDTA M	7.6%	9.5%	9.8%
Net Profit	747	961	1,429
Net Profit M	8.6%	7.4%	7.3%
PAT Adj	747	961	1,429
Diluted EPS	9.33	10.89	16.20
PER, x	20.36	17.44	11.73
EV/EBIDTA, x	28.31	14.47	8.59
ROE, %	7.9%	8.5%	11.3%

SPML Infra Ltd Vs Nifty 50



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SPML Infra Limited is one of India's experienced water and environment infrastructure EPC companies, incorporated in 1981. In a rich legacy spread across four decades, it has completed 700 projects spanning water supply, wastewater treatment, bulk water supply for irrigation and power substation, transmission & distribution, including over 5000 MLD of water treatment plants and 10,000+ km of pipelines, upto 3000 mm diameters. The company is pre-qualified for ~90% of Indian water works and is among the few able to bid for single water projects above INR 10 bn. Following the NARCL resolution of its legacy debt, the order book has been rebuilt ~5x to INR 53,690 Mn by end of FY26 of which ~75% is post-2024 work bid at a minimum 10% margin. From FY27 it adds Battery Energy Storage Systems, anchored by an INR 11,280 Mn NTPC order, largest single order and an exclusive ten-year partnership with Energy Vault, USA.

Investment Rationale:

Pre-qualification credentials and restored bidding capacity strengthen the water franchise: SPML's key competitive advantage is its four-decade execution track record, with 700+ projects, 5,000+ MLD of water-treatment capacity, 10,000+ km of pipelines and O&M contracts of up to 20 years. The company is pre-qualified for ~90% of Indian water works and is among the few players capable of bidding for single projects above INR 10 bn, creating a meaningful entry barrier in a credentials-driven market. Importantly, these qualifications are attached to the corporate entity and survived the restructuring, while the restoration of financial capacity has reduced its dependence on consortiums. Bank facilities have increased to INR 5,050 Mn (largely non-fund-based) and ~INR 3,050 Mn of surety bonds, allowing SPML to bid and execute projects more independently. This recovery is already visible in order inflows, which crossed INR 20,000 Mn within 18 months of the restoration of guarantee capacity.

Order book rebuilt five-fold, with the mix shifting to higher-margin work: SPML secured FY26 orders of INR 56,160 Mn across water, irrigation, T&D and BESS, rebuilding its order book from INR 10,930 Mn in FY24 to INR 53,690 Mn by FY26, equivalent to ~4.3x FY27E revenue. Nearly 75% of the order book comprises newer projects secured after 2024 at targeted margins of 10-12%, while the INR 13,690 Mn legacy book carries relatively lower margins and is expected to taper over the next 2-3 years. The company is also focusing on larger, fully funded projects in cash-rich states, with price protection and escrow mechanisms to limit working-capital requirements. Further, several water projects carry 10-20 year O&M contracts, providing recurring revenue and strengthening SPML's credentials for future tenders. Large projects are executed through JVs/consortiums, making attributable order value of INR 42,800 Mn.

Strong government water capex cycle supports order conversion through FY27-FY29: Water projects typically require 6-12 months for design and approvals followed by 2-3 years of execution, providing a clear path for SPML's strong FY25-FY26 order inflows to translate into revenue over the next three years. The opportunity pipeline remains supported by government spending with the FY27 Jal Shakti allocation of INR 948.1 bn (incl. INR 676.7 bn for JJM) plus AMRUT 2.0's INR 80 bn under MoHUA. The approval of JJM 2.0, with the total mission outlay increased to INR 8.69 tn and the deadline extended to December 2028, should support tender activity through FY27. However, the gap between government allocations and actual fund releases remains a key monitorable for execution and ordering.

Debt resolution, promoter infusion and rating upgrades have repaired the balance sheet: SPML's legacy debt has been substantially addressed through the NARCL resolution, with INR 3,250 Mn already repaid against the INR 7,000 Mn sustainable obligation and the remaining INR 3,750 Mn spread over five years and linked to arbitration realizations, limiting the cash-flow burden.

Arbitration awards of INR 6,270 Mn already provide coverage for the outstanding obligation, while the company expects further recoveries from INR 45,260 Mn of claims filed. Equity raised since 2022 stands at INR 8,190 Mn, including INR 3,970 Mn from promoters, taking net worth to INR 9,482 Mn in FY26 from INR 4,635 Mn in FY24. Consolidated borrowings have declined to INR 3,580 Mn from INR 18,440 Mn in FY21, with debt/equity improving to 0.38x. The stronger financial profile has also restored access to institutional credit, while CRISIL and ICRA upgraded SPML to BBB (Stable) in July 2026.

Improving order mix provides visibility for structural margin expansion: FY26 revenue (total income) increased 12.6% YoY to INR 8,879 Mn, while EBITDA rose 40.2% YoY to INR 854 Mn and PAT increased 55.8% YoY to INR 747 Mn. More importantly, core operating margin improved to ~7.6% from ~6.3% in FY25 as execution recovered, with quarterly revenue rising from INR 1,560 Mn in Q1FY26 to INR 2,905 Mn in Q4FY26. As the lower-margin legacy book runs off and newer projects secured at 10-12% margins become a larger part of revenue, we expect core EBITDA margin to expand from 7.6% in FY26 to 9.5% in FY27 and ~10.1% by FY30. Operating leverage, lower finance costs and the roll-off of one-off legal, consultancy, ECL and bank charges should provide further support to profitability, while escrow-based execution should improve cash-flow quality.

Battery storage adds a second business with capacity already de-risked: SPML's BESS entry builds on its existing power EPC, substation and grid-integration capabilities rather than requiring an entirely new execution skillset. The INR 11,280 Mn NTPC Barauni order for a 250 MW/1,000 MWh system is larger than the company's FY26 revenue, covers ~40% of the initial 2.5 GWh Phase-1 capacity and includes 18 months of execution followed by 15 years of O&M. Through its exclusive ten-year partnership with Energy Vault, SPML is developing battery assembly, integration and OEM capabilities, allowing it to supply battery packs and containers to other EPC players rather than remaining dependent on captive EPC orders. Phase-1 is fully built and certifications are underway, while capacity is planned to increase from 2.5 GWh to 5 GWh by 1HFY28. This provides a potentially more scalable and higher-margin revenue stream, supported by increasing domestic BESS demand and government support.

SPML 2.0 shifts the company from volume-led growth towards quality-led execution: Under the new strategy, SPML is focusing on quality, larger, fully funded and higher-margin projects, with minimum targeted margins of 10-12%, price protection, lower execution complexity and greater focus on cash-rich states. Escrow mechanisms are being used to reduce working-capital pressure, while digitalization and AI tools are being deployed to improve project selection, cost control and operational efficiency. The combination of restored bidding capacity, a stronger balance sheet, better-quality order book, lower financial leverage and entry into BESS marks a significant change from the company's earlier growth model. With the key constraints of legacy debt and limited bidding capacity largely addressed, execution of the INR 53,690 Mn order book remains the key driver for the next phase of earnings growth.

Valuation & Outlook: SPML enters FY27 with the two constraints that held it back for a decade largely removed. The balance sheet is repaired, with borrowings down to INR 3,580 Mn from INR 18,440 Mn in FY21 net worth nearly doubled to INR 9,482 Mn, while bidding capacity is restored through INR 5,050 Mn of bank facilities and ~INR 3,050 Mn of surety bonds. What remains is execution. We expect revenue to grow from INR 8,685 Mn in FY26 to INR 19,651 Mn in FY28E, a 50.4% CAGR, as the INR 53,690 Mn order book enters peak recognition through FY27-FY29, with core EBITDA margin widening from 7.6% to 9.8% as the legacy block runs off. PAT should rise to INR 1,429 Mn in FY28E, and the company expects to turn net cash. The balance NARCL dues of INR 3,800 Mn are covered by arbitration awards of INR 6,270 Mn (including interest accrued to Oct-2025) already in hand, against INR 45,260 Mn of claims filed of which management expects ~INR 15,000 Mn to convert. **At the CMP of INR 190 per share, we initiate a "BUY" rating at a TP of INR 366, valued at a blended FY29E EV/EBITDA of 11.3x, implying an upside potential of ~92.6%.**

Investment Rationale

Prequalification credentials and restored bidding capacity strengthen SPML's water franchise: SPML's key competitive advantage lies in its execution track record built over four decades, with 700+ projects completed, including 5000+ MLD water treatment plant, 10,000+ km of pipelines and O&M contracts extending up to 20 years. The company is pre-qualified for ~90% of Indian water works; among a handful of players able to bid >INR 10 bn single projects in bulk water through river to reservoir. These credentials are critical qualification requirements for large government water tenders and create a meaningful entry barrier for new players. Water EPC in India is fundamentally a credentials business, state PHEDs and mission directorates require prior completion of comparable-capacity schemes, minimum financial thresholds and litigation disclosures before a bid is even opened. Critically, pre- qualification attaches to the corporate entity's completed track record, the credential base survived the restructuring period intact and order inflow was able to recover to over INR 20,000 Mn within 18 months of bank guarantee capacity being restored.

The company has a ~41% litigation win ratio and has retained its technical qualifications during the restructuring period, limited financial and non-fund-based capacity restricted standalone bidding and increased its dependence on consortium structures which has improved substantially with improved liquidity and the sanction and enhancement of bank and surety-bond limits. The company has raised several rounds of funds by way of preferential allotment and these proceeds are also being deployed towards Water, Power and BESS, capex and working capital, strengthening SPML's ability to bid and execute projects on its own account.

Pre-qualification Moat and Restored Bidding Capacity

· Execution track record	Qualification standing - entity-level, survived restructuring	
700+ projects completed	Pre-qualified for ~90% of Indian water works	
5,000+ MLD water treatment plants	Can bid >INR 10 bn single river-to-reservoir projects	
10,000+ km of pipelines	~41% litigation win ratio	
O&M contracts up to 20 years	In-house DPR & design; GWI top-50 globally	
· Bidding capacity	**Restructuring period**	**Restored now**
Bank facilities	INR 2,050 Mn	INR 5,050 Mn
Of which non-fund-based limits	Limited	INR 5,000 Mn
Surety bonds	—	~INR 3,050 Mn
Commercial paper	—	INR 600 Mn (rated A3+)
Guarantee regime	Near-100% cash margin	Non-fund-based limits and surety bonds
Bidding mode	Standalone restricted; JV-dependent	Constraint eased; less consortium-dependent
BG invocations, 24m to Jun-25	—	Nil
· Already converting to orders		
Own order intake, 12m to Aug-25	~INR 20,760 Mn	
Own order book, From Mar-24 to Aug-25	INR 10,930 Mn to INR 28,500 Mn	
Bid pipeline submitted, awaiting result	~INR 80,000 Mn, of which ~INR 22,000 Mn at L1 / near-conversion	

Source: SPML Infra; Arihant Research.

Order wins validate the recovery in bidding capability, while long O&M tails strengthen future qualification: SPML secured FY26 orders worth INR 56,160 Mn across water, irrigation, transmission and BESS, including Bharatpur JJM (INR 14,380 Mn), Indore AMRUT 2.0 (INR 10,730 Mn) and others presented in the table. Cumulatively, this has driven a five-fold rebuild in the order book from INR 10,930 Mn in FY24 to INR 53,690 Mn by FY26, equivalent to ~4.1x FY27E revenue, with nearly 75% of the order book comprising post-2024 projects bid under the minimum 10% margin discipline. Geographic diversification across multiple states reduces client concentration, while several water projects carry 10-20-year O&M contracts which adds annuity revenue and strengthening execution credentials for future tenders. Some large projects are executed through JV/consortium structures (including 51% participation in Bharatpur, 26% in Chennai packages and 10% in Nonera); therefore, attributable order value should be considered instead of gross contract value while modelling. The JV model remains a capital-light strategy, allowing SPML to monetize its pre-qualification and project management expertise while avoiding incremental working-capital requirements.

New Order Wins

FY26 order inflows (incl. May-2026 NTPC BESS award) | Figures in INR Mn unless stated | Attributable Value = Gross Order Value × SPML share, per JV/consortium participation

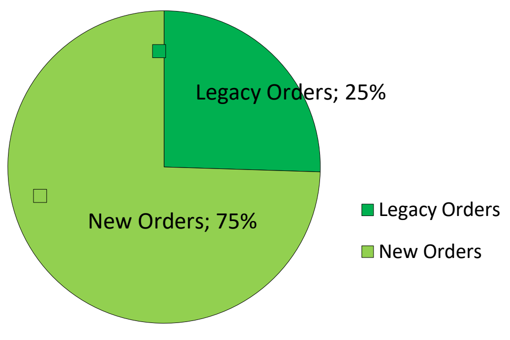
Project	Client Name / Scheme	Location	Segment	Order Type	SPML Share %	Gross Order Value (INR Mn)	Attributable Value (INR Mn)
Jal Jeevan Mission Project (JV with JWIL Infra)	PHED - Consortium with 51% share	Rajasthan (Bharatpur)	Water	Rural Water Supply + 10-yr O&M	51%	14,380.0	7,333.8
Water Supply Project under AMRUT 2.0	Indore Municipal Corporation	Madhya Pradesh (Indore)	Water	Urban Water Supply + 10-yr O&M	100%	10,730.0	10,730.0
Water Infra Project - Kekri-Sarwar (Package III)	Jal Jeevan Mission - Govt. of India	Rajasthan (Ajmer)	Water	Water Supply + 10-yr O&M	100%	3,850.0	3,850.0
Konar Irrigation Project	Water Resource Department	Jharkhand	Irrigation	Irrigation Infrastructure + 10-yr O&M	100%	6,180.0	6,180.0
Reservoir & Pumping Station Project	CMWSSB - Consortium with 26% share	Tamil Nadu (Chennai)	Water	Reservoirs, Pumping & Distribution + 20-yr O&M	26%	2,580.0	670.8
Nonera Water Supply Project - JJM (JV with Shree Hari Infraprojects)	PHED, Jhalawar, Rajasthan - 10% share	Rajasthan (Kota)	Water	Water Supply + 10-yr O&M	10%	2,070.0	207.0
Water Infra Project under AMRUT (JV with JWIL & Vishnusurya Projects)	CMWSSB - 26% share	Tamil Nadu (Chennai)	Water	Water Supply + 15-yr O&M	26%	3,440.0	894.4
BESS, NTPC Thermal Power Stations	NTPC Ltd.	Barauni, Bihar	BESS	BESS Implementation - EPC	100%	11,280.0	11,280.0
Grid Substation & Transmission Infrastructure	RRVPNL	Kota, Rajasthan	T&D	Supply, erection, testing & commissioning of 400 kV	100%	1,654.0	1,654.0
New Order Wins (Total)					**76%**	**56,164.0**	**42,800.0**

Water projects generally require 6-12 months of design and DPR approvals, followed by 2-3 years of execution, positioning the strong FY25-26 order inflows to enter peak revenue recognition during FY27-FY29. The opportunity pipeline remains robust, supported by FY27 central water allocations of ~INR 1,028,100 Mn - the Ministry of Jal Shakti's INR 948,100 Mn plus INR 80,000 Mn for AMRUT 2.0 under MoHUA - including INR 676,700 Mn for Jal Jeevan Mission (JJM). The March 2026 approval of JJM 2.0, with total mission outlay increased to INR 8.69tn and the deadline extended to December 2028, is expected to accelerate tendering activity through FY27.

Segment mix (attributable)

Segment	Attributable (INR Mn)	% of attributable book
Water	23,686.0	55.3%
Irrigation	6,180.0	14.4%
BESS	11,280.0	26.4%
T&D	1,654.0	3.9%
Total	**42,800.0**	**100.0%**

Order book split (by value)



Outstanding Orderbook value	53,690 Mn

Segment	Amount (INR Mn)	% of book
Legacy Orders	13,690	25.5%
New Orders	40,000	74.5%
Total	**53,690**	**100.0%**

Order book quality is structurally improving as the mix shifts towards higher-margin projects: While order inflows have strengthened scale, the quality of the order book has also improved meaningfully. As of March 2026, nearly 75% of the order book comprised newly secured projects, while the balance represented legacy back-to-back contracts carrying relatively lower margin profiles. As these legacy projects taper, the blended margin profile is expected to improve steadily.

Management has adopted a more selective bidding approach, focusing on cash-rich states and funded projects with price protection, lower execution complexity and expected execution margins of 10-12%. Most projects are executed through an escrow mechanism, significantly reducing working-capital requirements and improving cash-flow visibility, while the 3-4 year execution cycle provides healthy revenue visibility and supports sustained earnings growth.

Debt resolution, promoter infusion and rating upgrades materially strengthen the balance sheet: SPML's NARCL/IDRCL obligation stands at INR 7,000 Mn, inclusive of interest, with no additional interest obligation expected under the current repayment schedule. The context is material: the entire legacy lender exposure of ~INR 26,120 Mn inclusive of unpaid interest was taken over by NARCL/IDRCL in August 2023, after an SBI-led six-bank consortium had placed the stressed loans into a Swiss-challenge e-auction in May 2023, and the restructuring split the exposure into a sustainable tier - where SPML elected INR 7,000 Mn over eight years in preference to INR 9,670 Mn over ten years - and an unsustainable tier of ~INR 6,020 Mn converted into zero-coupon, unlisted, secured NCDs that are waived in full upon repayment of the sustainable tier, other than a conversion right allowing NARCL to maintain a ~12.5% shareholding. The structure is therefore an extinguishment rather than a deferral. Of this, INR 3,250 Mn has already been repaid, including voluntary prepayments, while the residual INR 3,750 Mn is spread over five years, materially reducing near-term repayment pressure and interest burden on cash flows. The schedule is deliberately linked to arbitration realizations with very nominal payment from the cash flow of the company by this the company is almost debt free and no burden on the cash flow for the repayment of loan liability.

Total Debt (inclusive of interest)

Particulars	Amount (INR Mn)
Total arbitration awards in hand (incl. accumulated interest to Oct 2025)	**6,270**
Claims filed till date	**45,260**

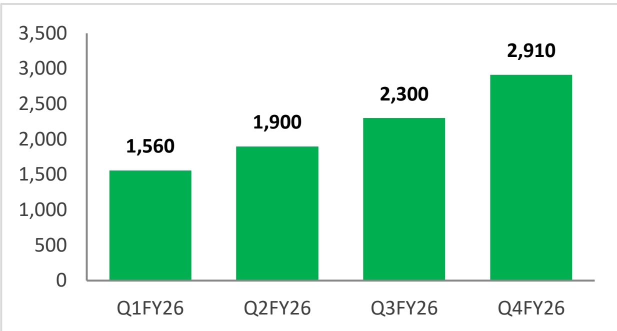
~46% of the sustainable-tier obligation already retired, including voluntary prepayments.

The deleveraging has been supported by meaningful equity infusion, with the company raising INR 8,190 Mn since May 2022, including INR 3,970 Mn of direct promoter contribution Consequently, net worth increased to INR 9,990 Mn in FY26 from INR 5,090 Mn in FY24, while consolidated borrowings fell to INR 3,580 Mn from INR 18,440 Mn in FY21 and debt/equity declined to 0.38x from 1.18x in FY24. Promoter holding has been rebuilt to ~41.0% (April 2026) from ~35.1% (June 2025) through cash infusions rather than conversions alone, although the repair has come with ~42% share-count dilution since October 2024, and ~27% of promoter holding remains pledged to NARCL as resolution collateral, releasing progressively as instalments are met. The improved financial position has also restored access to institutional credit, with bank facilities enhanced to INR 5,050 Mn and ~INR 3,000 Mn of surety bonds arranged, strengthening bidding and execution capabilities. This improvement was recognized by rating agencies in July 2026, with CRISIL and ICRA upgrading SPML to BBB (Stable) marking a significant improvement in the company's credit profile. Balance repayable amount is backed by arbitration awards of INR 6,780 Mn along with accrued interest. Of the INR 45,260 Mn claims filed, the company expects ~INR 15,000 Mn to convert into awards, improving liquidity further.

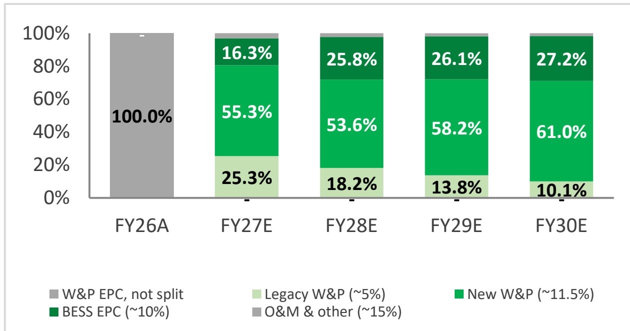
Improving order mix provides visibility for structural margin expansion: FY26 revenue grew 12.6% YoY to INR 8,879 Mn, while EBITDA rose 40.2% YoY to INR 854 Mn (margin +176 bps YoY to 9.73%); PAT rose 55.1% YoY to INR 747 Mn. Although revenue came in below management's INR 9,000-10,000 Mn guidance due to delayed customer funding and slower March execution, the sequential quarterly and Q4FY26 revenue growth of ~52% YoY provide the path to rebuilt order book translating into execution.

FY26 revenue	EBITDA	EBITDA margin	PAT	Q4FY26 revenue
8,879	**854**	**9.62%**	**747**	**2,905**
INR Mn, +12.6% YoY	*INR Mn, +40.2% YoY*	*+190 bps YoY*	*INR Mn, +55.8% YoY*	*INR Mn, +51.6% YoY*

FY26 quarterly execution ramp (INR Mn)



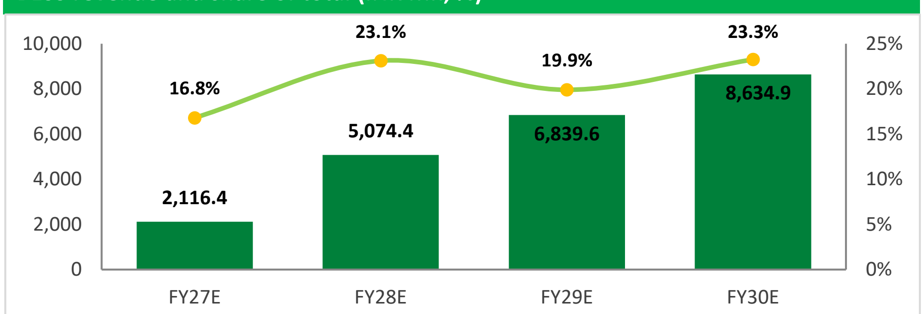
Revenue mix by margin bucket (% of revenue)



Source: SPML Infra 4QFY26 earnings presentation, Annual Reports; Arihant Research estimates.

On a core basis, excluding commission, arbitration and other income, operating margin improved to ~7.6% in FY26 from ~6.3% in FY25 and an adjusted 0.8% at the trough, highlighting the need to distinguish reported and underlying profitability. The order book comprises INR 13,690 Mn of lower-margin legacy projects and ~INR 40,000 Mn of new orders targeted at 10-12% margins, with most projects executed through escrow mechanisms, reducing working-capital requirements.

BESS revenue and share of total (INR Mn, %)



As the legacy book is executed over the next 2-3 years, the increasing contribution from higher-margin projects should drive structural margin expansion. Additional support comes from operating leverage as revenue scales, the addition of the ~10% margin BESS manufacturing business, and the roll-off of non-recurring FY26 expenses. While Q4FY26 EBITDA margin of 8.27% was affected by one-off legal, consultancy, ECL and bank charges, Q3FY26 margin of 11.38% better reflects underlying profitability. With minimal finance costs, over INR 5,000 Mn of tax shields, and management guiding for over 25% growth in both revenue and profit in FY27, earnings quality and profitability remain well supported.

Battery storage adds a second business with capacity already de-risked: SPML's BESS foray leverages its existing power EPC expertise rather than a new skillset. The EPC closely mirror traditional power projects, with SPML now assembling DC containers/PCS in-house to capture additional margin. The key differentiator is O&M: BESS contracts run 10-12 years on a cost-based model versus 1–3 years for traditional power, opening a long-term annuity revenue stream via LTSAs. The NTPC award of INR 11,280 Mn covers a 250 MW / 1,000 MWh battery energy storage system at the Barauni thermal station, with scope including 5 MWh DC battery containers with battery and thermal management systems, 33 kV panel boards, 220 kV AC and DC cabling, a 220 kV switchyard and associated balance of plant, delivered over eighteen months and followed by fifteen years of operation and maintenance.

NTPC Barauni BESS order - the contract at a glance

Contract value **INR 11,280 Mn** *largest single order to date*	System size **250 MW / 1,000 MWh** *NTPC Barauni, Bihar*	vs FY26 revenue **1.27x** *FY26 revenue INR 8,879 Mn*
Phase-1 absorbed **~40%** *of the 2.5 GWh Phase-1 line*	Build period **18 months** *from the May-2026 award*	O&M tail **15 years** *post-commissioning, to ~2042*

May-26	Q1FY27	FY27E	Nov-27	15-year
NTPC award	Phase-1 line, 2.5 GWh	INR 2,116 Mn revenue	18-month build ends	O&M tail

For perspective, the contract value alone exceeds SPML's entire FY26 revenue of INR 8,880 Mn. The structure is sound and better considered than a typical small-cap diversification. The company positions BESS as an extension of its existing power EPC business, noting that scope covering BMS, EMS, SCADA, power conversion and grid integration maps onto a four-decade infrastructure record, including two decades in grid substations and transmission, while technology is sourced through an exclusive ten-year partnership with Energy Vault rather than developed in house.

SPML is building a BESS assembly, integration, and OEM capability through its exclusive Energy Vault partnership, positioning the Company as a manufacturing and technology partner rather than solely an EPC contractor, one capable of supplying systems across multiple projects and customers, not just captive to its own contracts. This opens a more scalable, higher-margin revenue stream than execution-only EPC work. The distinction is strategically important: viewed purely as EPC, SPML risks being grouped with contractors opportunistically bidding into the sector; viewed as an assembly/OEM player, SPML stands among the few domestic entities building genuine manufacturing capability in a market with limited local supply. The order secures ~40% of Phase 1 capacity of 2.5 GWh even before commissioning; on that front, Phase-1 is now fully built, and the company has also started obtaining various certifications from IEC/UL certifications for the battery pack required for supplying containers to NTPC against the current order and the company is targeting first billing to NTPC in Q4FY27, subject to approvals. Looking ahead, the line is being scaled from 2.5 GWh to 5 GWh with annual capacity for 600 container units - along with the container facility expansion - expected to be completed in 1HFY28, and the company is actively bidding as an OEM to EPC contractors for both battery packs and containers. Policy support remains strong, with the FY27 Budget allocating INR 10 Bn for battery storage viability gap funding and providing customs duty exemptions on BESS capital goods. NTPC alone targets ~22 GWh of storage by 2032.

Transformation: SPML 1.0 to SPML 2.0: SPML Infra Ltd. was built over four decades under the leadership of Mr. Subhash Sethi and Mr. Sushil Sethi as Executive Directors, who successfully delivered more than 700 projects during the company's earlier phase. The company has since transitioned to next-generation leadership: Mr. Abhinandan Sethi, an MBA from London Business School, now leads the company’s operations as Managing Director, supported by the continued guidance of Mr. Subhash Sethi and Mr. Sushil Sethi, who serve as Non-Executive Directors. Mr. Abhinandan Sethi has built a demonstrable track record of turning the business around steering it forward with limited capital, driving the restructuring of legacy debt, spearheading the company's entry into new business lines including Battery Energy Storage Systems (BESS), leading multiple rounds of successful fund-raising to support growth, and inducting key professionals into business operations along with expanding the board with diversified expertise. Together, these initiatives have taken the company into a new phase, captured in the SPML 2.0 transformation story.

SPML 2.0: Key Strategic Initiatives

Parameter	SPML 2.0
Order philosophy	Focus on order quality and bottom-line performance
Project selection	Fewer, larger, high-margin, fully funded projects
Geographic focus	Cash-rich states, enabling efficient management of debtor days
Working capital	Escrow mechanism deployed to further reduce working capital pressure
Order screening	Every order screened for DPR backing, higher margins, price protection and minimal execution complexity
Target margins	Minimum margins of 10-12%
Technology driven	All key business processes have been digitalised, and the Company makes extensive use of AI tools to enable faster and more timely decision-making, smarter order selection, cost minimisation and improved operational efficiency
Sector focus	Strong presence in the Water and Power sectors, with a strategic entry into BESS - all priority areas for the Government - positioning SPML Infra well for future growth. The manufacturing of BESS units and battery containers will enable the Company to serve as an OEM to EPC players, offering faster order execution and higher working capital rotation
Debt position	Debt is linked to arbitration awards, placing no significant pressure on cash flow. Total liabilities payable over the next five years are approximately INR 3,800 Mn, against expected recoveries of approximately INR 6,270 Mn from arbitration awards over the same period. In addition, the Company has INR 45,260 Mn of claims under arbitration/litigation, with expected realization of ~INR 15,000 Mn based on past recovery rates.
Corporate Governance & ESG	Board of Directors with exceptional expertise across finance, infrastructure, capital markets and corporate governance, providing strong strategic oversight. Concurrent Auditor and Internal Auditor: EY. Agency for Specialized Monitoring (ASM): KPMG. ESG oversight is integrated through Board-level sustainability review and periodic disclosures aligned with leading ESG reporting frameworks

Source: SPML Infra; Arihant Research.

SPML 2.0: The Turnaround Sequence: The recovery followed a sequence, not a single event. Resolving the NARCL debt repaired the balance sheet; promoter equity and restored bank and surety limits rebuilt bidding capacity; and the rating upgrade reopened access to credit. Only then could order wins follow. Each step was a precondition for the next, which is why order inflow recovered roughly eighteen months after the debt was resolved. The first four steps are complete and are what de-risk the last three.

Under the leadership of Mr. Abhinandan Sethi, the company has implemented several strategic initiatives that have transformed the entire organization. Some of the key initiatives are outlined below:

1. **NARCL debt resolution**
   Legacy exposure of ~INR 26,120 Mn taken over, Aug 2023
2. **Promoter equity infusion**
   INR 3,970 Mn from promoters, INR 8,190 Mn raised since May 2022
3. **Bank & surety limits restored**
   INR 5,050 Mn bank facilities, ~INR 3,050 Mn surety bonds
4. **Credit rating upgrade**
   CRISIL and ICRA at BBB (Stable), A3+ short term, Jul 2026
5. **Strong new order wins**
   FY26 inflows of INR 56,160 Mn across water, irrigation, T&D and BESS
6. **Order book rebuilt**
   INR 53,690 Mn, ~4.1x FY27E revenue, ~75% bid at 10-12% margin
7. **Entry into BESS**
   INR 11,280 Mn NTPC order, exclusive Energy Vault partnership

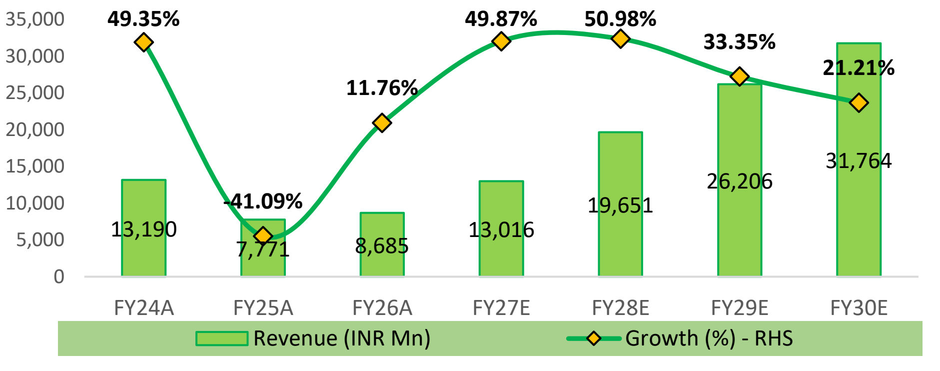
Key terms: NARCL is the government-backed asset reconstruction company that took over the legacy bank exposure. Surety bonds are insurance-backed substitutes for bank guarantees, which free up bank limits for execution. BESS refers to Battery Energy Storage Systems.

Source: SPML Infra; Arihant Research.

Financial Analysis

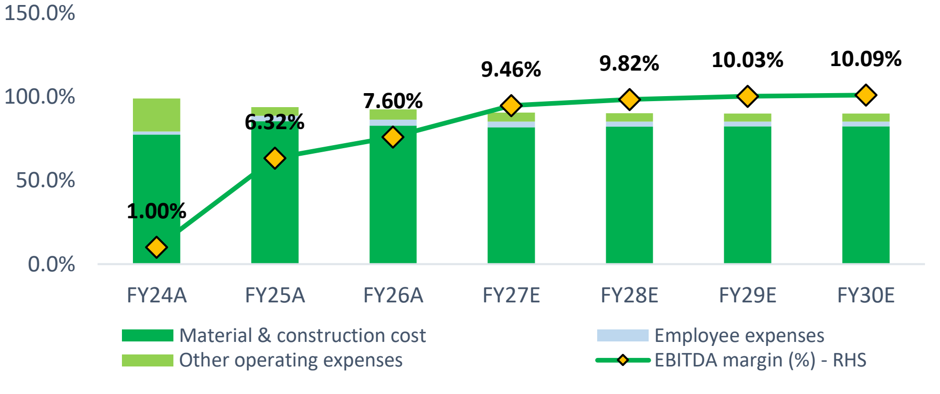
Revenue is expected to grow at a CAGR of 38.3% over FY26A-FY30E, from INR 8,685 Mn to INR 31,764 Mn. The growth is dependent on execution rather than an order-win story. Revenue fell from INR 13,190 Mn in FY24A (which included INR 2,087 Mn of arbitration-linked receipts) to INR 7,771 Mn in FY25A, as the inability to issue bank guarantees through the NARCL resolution restricted standalone bidding and pushed work into consortium structures. FY26A revenue recovered 11.8% YoY to INR 8,685 Mn on a core basis, below management's INR 9,000-10,000 Mn guidance, though the quarterly ramp xconfirms that the rebuilt book is converting. With INR 53,690 Mn of orders in hand at 31 March 2026, equal to 6.2x FY26A revenue, and a 2-3 year execution cycle behind a 6-12 month approval phase, the FY25-FY26 inflows enter peak recognition through FY27-FY29. We model revenue of INR 13,016 Mn in FY27E (+49.9%) and INR 19,651 Mn in FY28E (+51.0%), within which new water and power work scales from INR 7,200 Mn to INR 10,542 Mn and BESS adds INR 2,116 Mn and INR 5,074 Mn, while the legacy block declines. Growth then moderates to 33.4% in FY29E and 21.2% in FY30E.

Revenue grows at a CAGR of 38.3% over FY26A-FY30E

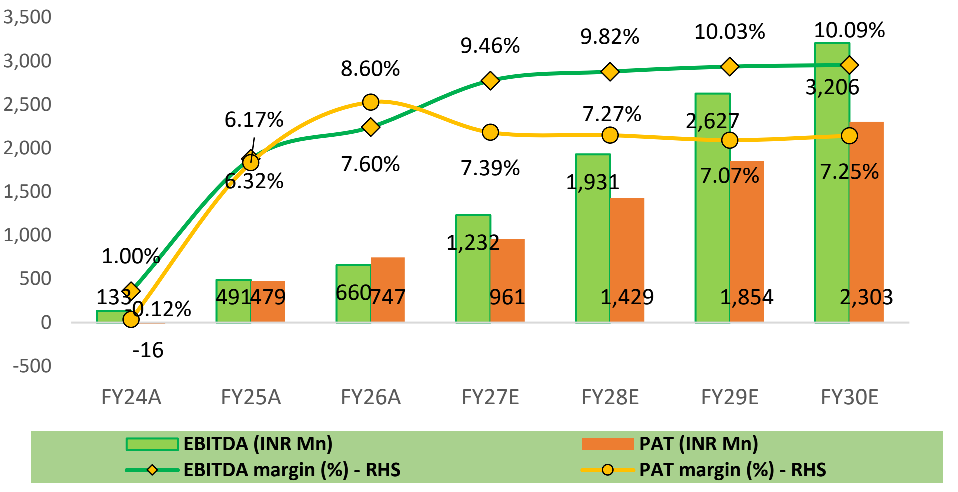


Material and construction cost is the largest cost line at 82-89% of revenue, and its trajectory is dependent on order-book quality. Other operating expenses spiked to 19.8% of revenue on legal, consultancy and expected-credit-loss charges taken through the resolution, while material cost optically fell to 77.3%. On the cleaner FY25A-FY26A base of 85.3% and 82.6%, we model 81.7% in FY27E as the pre-2024 back-to-back block is replaced by post-2024 work bid at a minimum 10% margin, settling near 82% thereafter. Employee cost is the clearest operating-leverage line, easing from 3.7% of revenue to 2.9% by FY30E on a broadly fixed project-management team.

Cost structure stabilizes as post-2024 work replaces the legacy block



EBITDA margin expands from 7.6% in FY26A to 10.1% by FY30E as the legacy block runs off



Core EBITDA margin has moved from 6.3% in FY25A to 7.6% in FY26A, and we expect 9.5% in FY27E and 10.1% by FY30E. The reported FY26 EBITDA of INR 854 Mn and 9.62% margin includes commission, arbitration and other operating income; the core basis we present strips these out and compares with ~6.3% in FY25A and an adjusted 0.8% at the trough. The INR 13,690 Mn legacy block works at thinner but recurring spreads and runs off over two to three years, while the INR 40,000 Mn of post-2024 orders is bid at 10-12%; on build the legacy share of operating profit falls from 10.7% in FY27E to 4.0% in FY30E. Second, BESS, at a ~10% margin, lifts from 17.2% of operating profit in FY27E to 26.9% by FY30E, with O&M and other operating revenue carried at ~15%. Third, operating leverage: employee and other operating expenses together fall around 215 bps of revenue between FY26A and FY30E.

FY26A PAT of INR 747 Mn (+55.8% YoY) came in at an 8.6% margin, flattered by a nil effective tax rate against accumulated losses and INR 188 Mn of other income. We assume an effective tax rate of 17.5% in FY27E, 20.0% in FY28E and ~25% from FY29E, so PAT margin settles at 7.1-7.2% even as EBITDA margin widens. Below EBITDA the structure is now kind. Finance cost is INR 79 Mn in FY26A against INR 569 Mn in FY24A, since the NARCL settlement carries no incremental interest and the residual charge is bank guarantee commission and interest on mobilization advances. PAT compounds at 32.5% over FY26A-FY30E to INR 2,303 Mn and EPS at 29.3% to INR 26.1, the gap between the two reflecting the full-year effect of the 88.2 Mn share count following the equity raised in FY25-FY26.

Outlook and Valuation

SPML Infra is expected to benefit from India's scheme-funded water capex cycle, supported by an FY27 Ministry of Jal Shakti allocation of INR 948 bn and the extension of Jal Jeevan Mission to December 2028 with an outlay of INR 8,690 bn. Following the NARCL resolution, the order book has been rebuilt five-fold to INR 53,690 Mn as of March 2026, equivalent to ~4.1x FY27E revenue, of which INR 42,800 Mn is attributable to SPML. Pre-qualification for ~90% of Indian water works survived the restructuring intact, and restored bank limits of INR 5,050 Mn and surety bonds of ~INR 3,050 Mn allow the company to bid standalone again.

Order-book quality is expected to drive margin expansion through FY27-FY29. Nearly 75% of the book is post-2024 work bid at a minimum 10-12% margin, while the INR 13,690 Mn legacy block runs off over two to three years. Management bids selectively in cash-rich states on funded projects with price protection, and most contracts are executed through escrow, limiting working-capital absorption. We expect revenue to compound at 50.4% to INR 19,651 Mn in FY28E, core EBITDA margin to widen from 7.6% to 9.8%, and PAT to reach INR 1,429 Mn.

BESS adds a second earnings engine with capacity already de-risked. The INR 11,280 Mn NTPC Barauni award covers 250 MW / 1,000 MWh over eighteen months with a fifteen-year O&M tail, and absorbs ~40% of the 2.5 GWh Phase-1 line, which is now fully built. Technology is sourced under an exclusive ten-year partnership with Energy Vault rather than developed in-house, and the line is being scaled to 5 GWh by 1HFY28. This positions SPML as an OEM to EPC contractors rather than an execution-only contractor, and supports a higher multiple than the core EPC business.

The balance sheet supports the growth. Borrowings have fallen to INR 3,580 Mn from INR 18,440 Mn in FY21, net worth has nearly doubled to INR 9,482 Mn, and the residual NARCL obligation of INR 3,800 Mn is linked to arbitration realizations and covered by awards of INR 6,270 Mn already in hand. CRISIL and ICRA upgraded the company to BBB (Stable) in July 2026, and we expect SPML to turn net cash by FY28E. Key monitorable are the gap between scheme allocation and release, receivable days of 321 in FY26, and imported cell prices in BESS. The company is valued on a sum-of-the-parts basis at 10x FY29E EV/EBITDA for Water & Power EPC, 15x for BESS and 10x for O&M and other income. **At the CMP of INR 190 per share, we initiate a “BUY” rating at a TP of INR 366, valued at a blended FY29E EV/EBITDA of 11.3x, implying an upside potential of ~92.6%.**

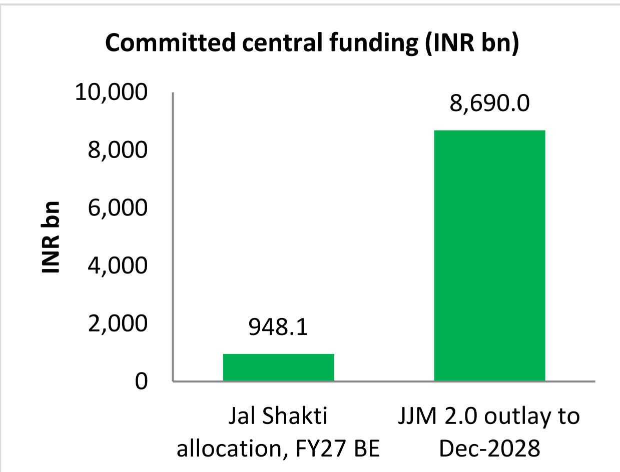
SPML Infra FY29E based implied valuation	Water & Power EPC	BESS	O&M & Other	
FY29E EBITDA (INR Mn)	1,869	684	75	2,627
EV/EBITDA (x)	**10.0x**	**15.0x**	**10.0x**	**11.3x**
EV (INR Mn)	18,685	10,259	750	29,695
Net Debt/(cash) (INR mn) - FY29E end				(2,600)
Market Cap (INR mn)				32,294
Share outstanding (mn)				88.2
Value per share (INR) - FY29E				**366**
CMP (INR)				**190**
Upside/Downside (%)				**92.6%**
Rating				**Buy**

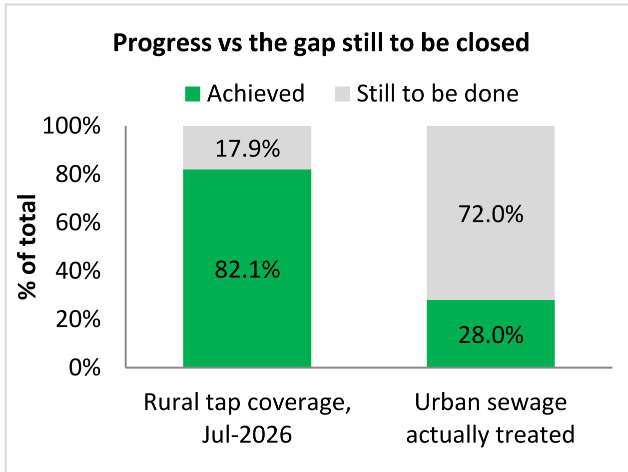
Source: Company reports, Arihant Capital Research

Industry Overview

India Water & Wastewater Infrastructure

A scheme-funded capex cycle now entering its service-delivery phase: India's water sector is largely driven by government spending, with central and state schemes determining the pace of new orders. The Ministry of Jal Shakti has been allocated INR 948.08 bn in FY27, including INR 676.70 bn for Jal Jeevan Mission, while AMRUT 2.0 has received INR 80.00 bn under MoHUA. Rural tap-water coverage has increased from 16.7% of households in Aug-2019 to 82.2% by Jul-2026, shifting the focus from new connections to completing pending work, improving supply and long-term maintenance. Wastewater remains a large opportunity, with urban India treating only 28% of the sewage it generates. However, the key risk remains the gap between government budget allocations and actual spending, which can impact the pace of project execution and ordering.





The value chain spans abstraction to reuse, with contracts shifting to annuity: Order values, technology intensity and margin profile differ by stage: bulk transmission and treatment are capital- and engineering-heavy; distribution is civil-work-heavy; metering and SCADA are technology-led; and O&M is annuity-like with 10-20 year tenures. Contract structures have moved from item-rate EPC toward HAM and DBOT/BOOT formats, particularly under Namami Gange, where private parties carry 15-year O&M obligations.

Water & wastewater value chain - stages and contract models

SUPPLY SIDE - SOURCE TO TAP				
Intake & Abstraction Dams, intake wells, headworks	**Bulk Transmission** Pipelines, pumping, reservoirs	**Treatment (WTP)** Conventional, membrane, desalination	**Distribution** Networks, ESRs, house connections	**Smart Water Management** Metering, SCADA, NRW, billing
RETURN SIDE - USE TO SOURCE				
Sewage Collection Sewers, trenchless rehabilitation	**STP / CETP / ETP** Sewage, common and industrial effluent	**Sludge & Septage** FSTPs, dewatering, biosolids	**Reuse & Recycling** Tertiary treatment, ZLD, industrial supply	**Return to Source** Discharge to CPCB norms
O&M LAYER - 10 to 20 year tenures, spanning every stage above (annuity revenue)				

Source: Ministry of Jal Shakti, MoHUA, NMCG scheme, Arihant Research.

Market estimates vary widely; government spending is a better indicator: India's water and wastewater treatment market estimates vary significantly depending on the scope covered. India's treatment equipment and technology market is estimated at USD 1.3-3.0 bn in CY24/CY25, with 8-11.2% CAGRs expected through CY30-31. Given the wide variation, government scheme spending is a better indicator of the EPC opportunity, as these allocations are much larger than the equipment market and directly drive project orders for contractors.

India water & wastewater market, third-party estimates, by scope

Scope of estimate	As per (yr)	Base size (USD bn)	Expected (USD bn)	CAGR
Water & wastewater treatment technology	CY25	2.98	5.17 by CY31E	9.6%
Industrial water & wastewater infrastructure	CY24	2.87	4.65 by CY30E	8.3%
Wastewater treatment plants	CY24	1.33	2.46 by CY30E	10.8%
Water & wastewater treatment (broad)	CY22	1.51	-	11.2%
Committed central scheme outlays	**FY27**	**-**	**INR 8,690 bn JJM 2.0 to Dec-28; INR 2,770 bn AMRUT 2.0**	

Source: Mordor Intelligence, Frost & Sullivan, PIB, Arihant Research

Four central missions account for most of the demand

Jal Jeevan Mission, the largest demand pool: Launched in Aug-2019 to provide functional tap connections to every rural household. Coverage increased from 32.3 mn households (16.7%) at launch to 159.1 mn (82.2%) as of 3-July-2026, leaving ~34.4 mn households uncovered. JJM 2.0, approved in Mar-2026, extends the mission to Dec-2028 with a total outlay of INR 8,690 bn, including INR 3,590 bn central share.

Focus is shifting from connections to reliable water supply. The Ministry's 2024 assessment showed taps working in 87% of households, but only 76% were fully functional, i.e. receiving 55 lpcd, on time and meeting quality standards. JJM 2.0 therefore focuses more on regular service, maintenance and sustainable water sources, with Gram Panchayats taking a larger role in O&M.

AMRUT 2.0, urban water supply and sewerage. Covers ~4,900 statutory towns with an outlay of INR 2,770 bn, including INR 767.6 bn central share. Targets 26.8 mn tap and 26.4 mn sewer/septage connections. FY27 allocation stands at INR 80 bn, down 20% YoY.

Namami Gange II, river cleaning and sewerage: Has an outlay of INR 225 bn for 2021-26 and targets 7,000 MLD of treatment capacity around the Ganga by Dec-2026. 3,806 MLD (58%) was completed as of Dec-2025. Projects are typically structured with 15-year O&M contracts, providing longer-term revenue visibility.

Scheme mandates, allocations and timelines

The details below in the table, consolidates every major centrally sponsored scheme that generates water and wastewater order flow, with its FY27 budget estimate, physical target and end date. The Ministry of Jal Shakti's FY27E allocation is 5% below its own FY26 budget estimate even as it is 129% above the FY26 revised estimate, and the urban schemes have been cut while rural has been restored.

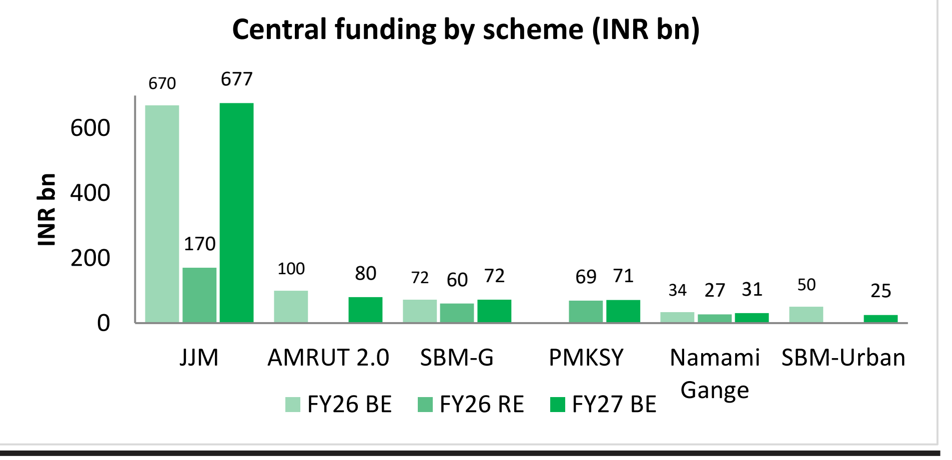
Central water & sanitation schemes

Scheme	Mandate	FY27E (INR bn)	Target	Timeline
Jal Jeevan Mission 2.0	Functional household tap connection at 55 lpcd for every rural household	**676.7**	100% of 193.6 mn rural households; 35.4 mn remaining (Mar-26)	Aug-2019 to Dec-2028
AMRUT 2.0	Urban water supply, sewerage, water-body rejuvenation, reuse	**80.0**	26.8 mn tap + 26.4 mn sewer/septage connections, ~4,900 towns	Oct-2021 to FY26
SBM-Urban 2.0	Urban sanitation, faecal sludge, legacy waste	**25.0**	Garbage-free cities; ODF++ certification	Oct-2021 onward
Namami Gange II	Ganga basin sewerage, STPs, industrial effluent monitoring	**31.0**	7,000 MLD STP capacity; 3,806 MLD done (58%, Dec-25)	2021 to FY26
PMKSY II	Irrigation expansion and water-use efficiency	**71.4**	15 mn ha irrigation potential (AIBP); 78% achieved	FY22 to FY26
River interlinking	Inter-basin transfer; 30 identified links	**19.1**	35 mn ha additional irrigation potential	Ken-Betwa under implementation
Ministry of Jal Shakti - Total		**948.1**	**vs INR 995.0 bn FY26 BE (–5%) and INR 414.4 bn FY26 RE (+129%)**	

Source: Union Budget 2026-27 Demand for Grants (Jal Shakti, MoHUA); PRS Legislative Research; PIB, Arihant Research.

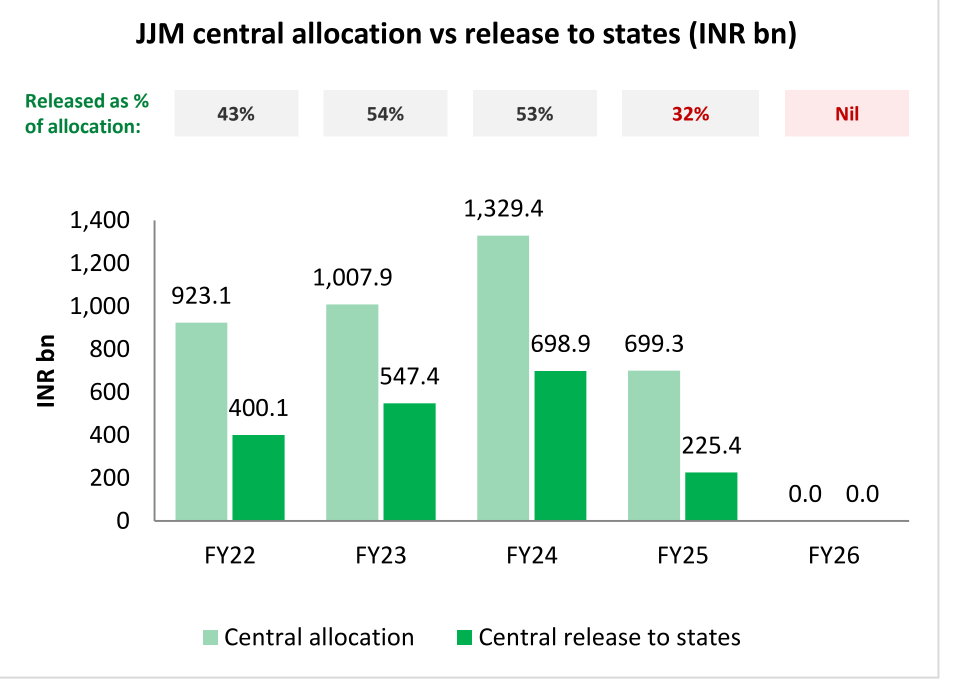
The FY27 budget is not a uniform tailwind, with rural spending restored but urban spending cut: The FY27 Union Budget has restored rural water spending closer to FY26 budgeted levels after a sharp decline in FY26 revised estimates, while urban schemes have seen cuts. JJM was allocated INR 676.7 bn, nearly 4x the FY26 revised estimate.

Scheme-wise central allocations - FY26 BE vs FY26 RE vs FY27 BE (INR bn)



In contrast, AMRUT 2.0 allocation was cut 20% to INR 80 bn, SBM-Urban was halved to INR 25 bn, and MoHUA's water supply and sanitation allocation fell 15% to INR 22.3 bn. For contractors, the mix is important, with rural schemes likely to drive volumes in FY27-FY28, while urban sewerage ordering will depend on the next phase of AMRUT 2.0.

The execution gap between allocation and release is the sector's defining risk: Budget allocations consistently overstate actual spending in the sector. Under JJM, central releases to states have been only 32-54% of the central allocation in every year since FY22. In FY26, no funds were allocated or released to states as the Ministry withheld grants pending Cabinet approval for the extension and revised guidelines. Only INR 2.3 bn was spent from unutilized funds from earlier years. As a result, FY26 JJM revised estimate was 75% below the budget estimate, while the Ministry's overall revised estimate was 58% below budget.



Source: JJM Dashboard, Ministry of Jal Shakti; PRS Legislative Research; PIB (Aug-2026), Arihant Research.

Under-utilisation is not confined to JJM. In FY26 (RE), SBM-G spending was 17% below budget, river interlinking 25% below and PMKSY 20% below. Namami Gange has been persistently underspent: against INR 301.0 bn allocated between FY15 and FY26, actual expenditure was ~INR 188.4 bn to Mar-2025, and NMCG disbursed INR 204.3 bn against an estimate of INR 268.3 bn (76%). For contractors, this converts headline order-book growth into working-capital absorption and makes state-level payment discipline and escrow structures the critical commercial variable.

Industrial and new-economy demand is the emerging non-scheme-funded pool: Every demand pool discussed so far is funded by a central or state scheme and therefore inherits the release risk set out in previous chart. A second pool is emerging that is funded by private industrial capex and governed by discharge consent rather than budget allocation: semiconductor fabs, data centres, solar and green-hydrogen manufacturing, and refinery expansion. These are smaller in aggregate value than JJM or AMRUT, but carry materially higher technology content, ultrapure water, desalination and zero liquid discharge, shorter procurement cycles, and corporate rather than municipal counterparties. The details below in the table, consolidates every major centrally sponsored scheme that generates water and wastewater order flow, with its FY27 budget estimate, physical target and end date. The Ministry of Jal Shakti's FY27E allocation is 5% below its own FY26 budget estimate even as it is 129% above the FY26 revised estimate, and the urban schemes have been cut while rural has been restored.

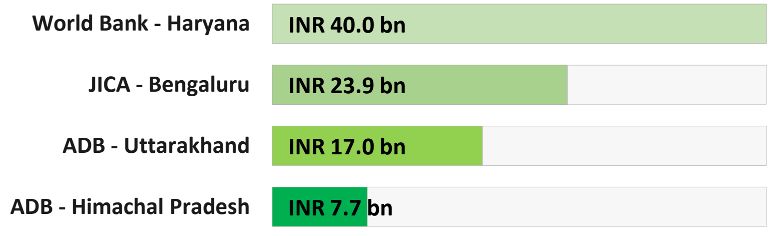
New-economy water demand, intensity, India build-out and treatment

Segment	Indicative water requirement	India build-out driver	Treatment scope
Semiconductor fabs	2-10 mn gallons/day per fab (~8-38 MLD)	**India Semiconductor Mission fabs (Gujarat, Assam)**	UPW, recycle and reuse, ZLD
Data centres	~150 bn litres/yr (CY25) to ~359 bn litres by CY30	**Capacity ~1.5 GW (2025) to 4.5-6.5 GW by 2030**	Cooling make-up, reuse
Solar PV manufacturing	UPW and DM water for cell and module lines	**ALMM- and PLI-led cell and module capacity**	UPW, DM, ETP, ZLD
Green hydrogen	~9 litres/kg H_2 stoichiometric; 10-25 litres/kg treated feed in practice	**National Green Hydrogen Mission, 5 MMT p.a. by 2030**	Desalination, DM, UPW
Refining and petrochemicals	Full water block, raw water, DM and effluent	**Refinery capacity expansion programmes**	RWTP, RO-DM, ETP, ZLD
Textiles, distillery, tannery, pharma	ZLD recovers 90-95% of effluent at 80-100 kWh/m^3	**Existing base in critically polluted clusters**	MEE, MVR, crystalliser

Source: WEF (2024); IRDS; CEEW; Rubix; MNRE; CPCB; MoEFCC draft Liquid Waste Management Rules 2024; Frost & Sullivan, Arihant Research.

Externally aided funding is a parallel channel with different disbursement risk: Multilateral and bilateral lenders fund a material share of Indian urban water and sewerage work outside the central scheme framework. These projects are routed through the Department of Economic Affairs, appear separately in the Union Budget's externally aided projects statement, and carry lender procurement rules, disbursement and independent supervision. For contractors the significance is not the headline size of the loan, but that payment does not depend on the state budget cycle driving the release gap.

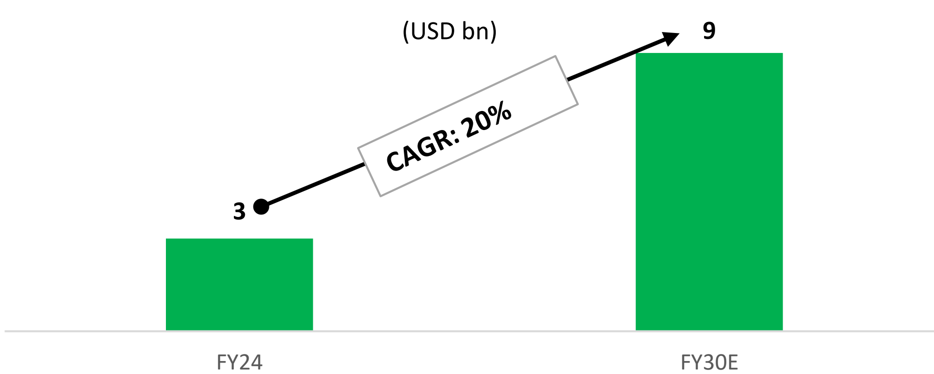
Selected recent externally aided commitments to Indian water and sanitation.



Source: World Bank; JICA-BWSSB loan agreement; ADB project announcements; Budget 2027, Arihant Research.

BESS Emerged as Fastest Growing Structural Opportunity: India's rapidly emerging Battery Energy Storage Systems (BESS) market represents one of the most attractive adjacent growth opportunities for solar EPC players as rising solar penetration drives demand for storage solutions enabling round-the-clock power supply, grid balancing, frequency regulation, and peak shaving. To accelerate adoption, the Ministry of Power in February 2025 directed all renewable energy implementing agencies and state utilities to incorporate a minimum two-hour co-located storage system equivalent to 10% of installed solar capacity in all future solar tenders, with implementation guidelines reinforced in June 2025. The Central Electricity Authority estimates India will require over 236 GWh of BESS capacity by 2031-32, with the market expected to grow from approximately Usd 2 bn in 2026 to Usd 8.6 bn by 2031 at a CAGR of over 33%. The structural case has hardened, since 8,133 GWh of solar generation was curtailed between April and June 2026 alone, 18% more than the 6,900 GWh curtailed across the whole of FY26 as project commissioning outpaced transmission build-out, making storage the least-cost route to monetizing otherwise stranded generation.

India BESS Market Growth Opportunity (FY24-FY30E)



BESS is particularly suited for 2-6 hour storage applications due to millisecond response times vs 5+ minutes for pumped hydro, significantly lower land requirements of ~100 sqm/MW compared with ~2,000 sqm/MW for pumped storage, and faster deployment timelines of ~1.5 years versus 4-5 years. Lithium-ion BESS costs have declined from USD 130-140/kWh in 2023 to USD 110-115/kWh in FY25 and are projected by CRISIL to reduce further to USD 75-85/kWh by FY30, although that decline paused through 2026 as lithium prices firmed; installed system costs outside China and the US currently benchmark near USD 125/kWh, of which core equipment accounts for roughly USD 75/kWh. Correspondingly, discovered tariffs have fallen sharply from INR 1.084 mn/MW/month in SECI's first BESS tender in August 2022 to INR 0.448 mn/MW/month in Gujarat's March 2024 tender, and further to a record INR 0.148 mn/MW/month in APTRANSCO's 1,000 MW award in December 2025, before firming to INR 0.181-0.225 mn/MW/month in the Kerala and Tamil Nadu awards of early 2026, the first sustained reversal since the market opened. Procurement is simultaneously lengthening from two-hour to four-hour duty, priced in energy terms at INR 6.27-6.46/kWh in SECI's peak-power and UPPCL's May 2026 awards, against INR 3.1-3.5/kWh discovered in solar-plus-storage tenders in May 2026.

SPML Infra Ltd: Peer Comparison

Particulars	SPML Infra	VA Tech Wabag	Ion Exchange	Enviro Infra Engineers	EMS Ltd
	SPMLINFRA	WABAG	IONEXCHANG	EIEL	EMSLIMITED
Core activity	Water & wastewater EPC + power T&D; BESS assembly and integration from FY27	Pure-play water technology; EPC, O&M, DBO, BOOT and HAM; asset-light	Water treatment engineering + specialty chemicals + consumer products; manufacturer-led	Water & wastewater EPC (STP, CETP, water supply) + O&M; renewables from FY26	Urban water & sewerage EPC + O&M; fully in-house execution
Revenue mix (FY26)	~100% water & power EPC BESS nil (first order May-26)	India ~44% Rest of world ~56%; EPC-led with O&M tail	Engineering ~63% Chemicals ~26% Consumer ~11%	WWTP 65% Water supply 18% Renewables 11% O&M 4% Annuity 2%	Water & sewerage ~70-75% balance civil and O&M
Order book / visibility	INR 53.7 bn (Mar-26); legacy 13.7 + new 40.0 FY26 - INR 56.2 bn	INR 172.3 bn (Mar-26), a record; FY26 intake INR 74.7 bn	INR 26.4 bn engineering order book (Mar-26); intake +40% YoY	INR 68.1 bn (Mar-26), up 242% YoY incl. renewables	INR 23.9 bn unexecuted; bid pipeline INR 25-30 bn
Revenue FY26 (INR bn)	**8.7**	**39.4**	**29.1**	**11.5**	**7.3**
Order book / revenue (x)	**6.2x**	**4.4x**	**0.9x**	**5.9x**	**3.3x**
EBITDA (%) - FY26	**7.6%**	**13.3%**	**7.2%**	**24.2%**	**~21%**
PAT (%) - FY26	**8.6%**	**9.4%**	**4.9%**	**16.4%**	**12.4%**
Net debt / (net cash)	**INR 3.6 bn debt**	**INR 9.5 bn net cash**	**D/E 0.36x**	**INR 4.2 bn debt**	**-**
P/E (x, on FY26 EPS)	**20.04x**	**31.6x**	**50x**	**18.9x**	**29.7x**
EV/EBITDA (x, on FY26 EBITDA)	**27. 91x**	**23.17x**	**22.1x**	**12.57x**	**17x**

Against its listed water-infrastructure peers, SPML Infra is one of the few names that pairs water and wastewater EPC with power transmission and, from FY27, battery energy storage. VA Tech Wabag, Enviro Infra and EMS are water-only; Ion Exchange adds specialty chemicals and consumer products to an engineering base. The closest structural parallel is Enviro Infra, which also stepped into renewables during FY26 through the Suyog Urja acquisition.

The company does not bid new work below 10% and guides the current book at 10-12%. As the INR 13.7 bn legacy block runs off by FY30, the blended margin should converge toward the peer median. The company leads in revenue visibility. Its INR 53.7 bn order book is 6.2x FY26 revenue, the highest cover in the peer set, ahead of Enviro Infra at 5.9x, Wabag at 4.4x and EMS at 3.3x. FY26 order intake of INR 56.2 bn included the INR 11.3 bn NTPC Barauni battery storage award, the largest single order in the company's history and one that ties up roughly 40% of planned Phase-1 capacity before the plant is commissioned. On the balance sheet side, SPML carries INR 3.6 bn of restructured NARCL debt and 321 debtor days, against Wabag's INR 9.5 bn net cash and a sixth consecutive year in that position. Promoter infusion of INR 3.97 bn over three years, the July-2026 allotment of 0.69 mn shares and 9.54 mn warrants at INR 186, and CRISIL's BBB/Stable assignment on INR 10.95 bn of facilities in July-2026 have materially repaired the position, but SPML remains the most working-capital-intensive name in the group.

SPML Infra Ltd: Company Overview

SPML Infra Ltd, incorporated in 1981 and promoted by the Kolkata-based Sethi family, is one of India's oldest pure-play water and environment infrastructure EPC companies, listed on the NSE and BSE. It has executed 700+ projects across EPC, PPP and BOOT models spanning water supply, treatment, T&D networks and wastewater, alongside power T&D, substations and, more recently, Battery Energy Storage Systems (BESS).

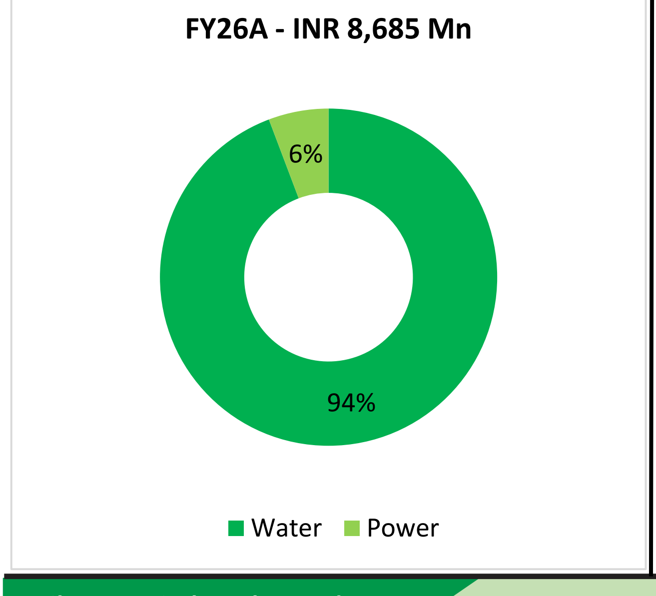
Pre-qualified for ~90% of Indian water works and among the few players able to bid single bulk-water projects above INR 10bn, SPML carries an order book of ~INR 53.7bn (~4.1x FY27E revenue), anchored to well-funded central missions such as Jal Jeevan Mission and AMRUT 2.0.

Of the order book, ~INR 13.7bn is legacy low-margin work, with the balance bid under a 10%+ margin discipline; as the legacy book runs off over 2-3 years, blended margins expected to expand structurally. SPML also runs a capital-light JV model, contributing pre-qualification credentials and project management for upfront commission income without absorbing full project risk, while 10-20-year O&M contracts add recurring annuity revenue.

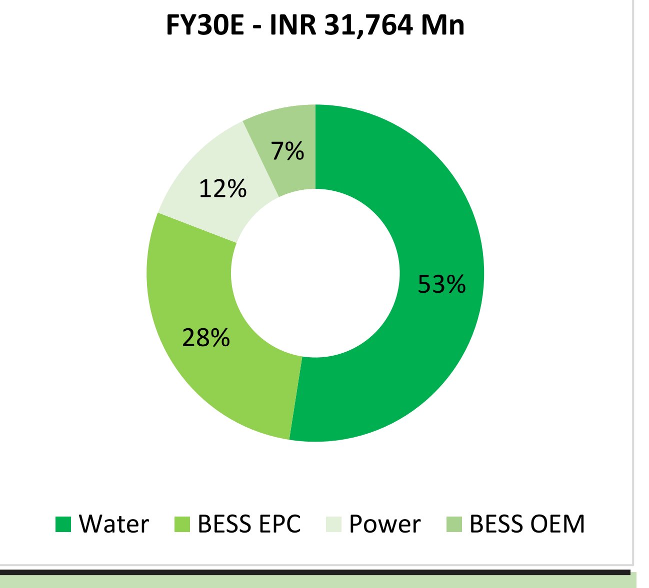
In energy storage, SPML holds an exclusive 10-year technology partnership with NYSE-listed Energy Vault, underpinned by an INR 11,280 Mn NTPC order (250 MW / 1,000 MWh, Barauni). It is scaling a 5 GWh BESS unit at Supa-Parner MIDC (Ahmednagar, near Pune), with the first 2.5 GWh phase now fully built, and the company has also started obtaining various IEC/UL certifications for the battery pack required for supplying containers to NTPC against the current order and the company is targeting first billing to NTPC in Q4FY27, subject to approvals. Looking ahead, the line is being scaled from 2.5 GWh to 5 GWh with annual capacity for 600 container units - along with the container facility expansion - expected to be completed in H1FY28, with capex funded from warrant proceeds rather than debt; the company is actively bidding as an OEM to EPC contractors for both battery packs and containers.

Financially, ~INR 8.2bn of equity infusion since 2022 (including ~INR 4.0bn from promoters), plus INR 5.05bn of banking and ~INR 3.05bn of surety-bond limits, has nearly doubled net worth to ~INR 9.5bn. The company has been recognised by the July 2026 upgrades from CRISIL and ICRA to BBB (Stable). Going forward, the company's focus remains on technically complex, higher-margin projects while expanding in BESS, positioning SPML as a financially-rehabilitated play on India's water and storage infrastructure cycle.

SPML Infra Revenue Mix (%) By Segments - FY26



SPML Infra Revenue Mix (%) By Segments - FY30



Promoters and Directors

Name	Position	Experience
Subhash Sethi	Chairman (Promoter)	• Promoter and Chairman of SPML Infra and a member of the founding Sethi family. • Over three-and-a-half decades in infrastructure engineering and development; began with a small water-pumps venture in Guwahati that grew into SPML (formerly Subhash Projects & Marketing Ltd, renamed 2010). • Instrumental in the adoption of the EPC model for water, sewage and power projects; diversified the group into smart cities, urban infrastructure, power T&D and renewables.
Sushil Sethi Jain	Vice Chairman (Promoter)	• Co-promoter of SPML Infra and a member of the founding Sethi family. • Long-serving executive who steered the company as Managing Director before assuming the Vice Chairman role. • Decades of leadership experience across the group's water, power and infrastructure businesses.
Abhinandan Sethi	Managing Director	• Next-generation promoter leading SPML's strategy, operations and expansion into emerging infrastructure sectors, including Battery Energy Storage Systems (BESS). • Oversees projects, planning and policies for sustainable growth. • Alumnus of La Martiniere, Kolkata; B.Sc. from Boston University; MBA from London Business School.
Manoj Digga	Executive Director - Commercial & CFO	• Executive Director (Commercial) and Chief Financial Officer of the Company. • 33+ years of experience in finance, accounts, taxation and corporate transactions, including equity and acquisitions. • Qualified Chartered Accountant, Company Secretary and Cost Accountant.
Arundhuti Dhar	Independent Director	• Business leader with experience across HR, banking, finance, trade and EPC. • Formerly with American Express, HDFC Bank and IL&FS; board member at Eveready Industries. • St. Xavier's alumnus; entrepreneur supporting underprivileged empowerment.
T.S. Sivashankar	Independent Director	• Financial-services professional with 30+ years of experience. • Former Managing Director at The Rohatyn Group and senior roles at Citibank across private equity, capital markets, corporate finance and treasury. • B.Tech from IIT Madras; MBA from IIM Lucknow.
Mahendra Pal Singh	Independent Director	• Over 40 years in urban development, water & sanitation, metro rail, freight corridors and mega infrastructure projects. • Formerly Chief of Development Operations at JICA (Govt. of India) and Chief Advisor at Glentech Group. • BE in Chemical Engineering; Master's in Management & Economics.

Nita Karmakar	**Independent Director**	• 40+ years in finance, management, corporate affairs, project management and marketing. • Formerly with L&T, BHEL and CII; former Independent Director at Tata Steel and Governing Board member at JIS University. • BE in Chemical Engineering; PGDBM (Finance) from IIM Calcutta.
Rajeev Kumar Jain	Independent Director	• 33+ years in media strategy and communications across finance, defence, petroleum, health and rural sectors. • Former Indian Information Service (IIS) officer and Director General of the Press Information Bureau; represented India at the WEF and WTO. • M.Com and LLB from Delhi University; MBA from Slovenia.
T.V. Rangaswami	Nominee Director	• Nominee Director (representing NARCL) with 30+ years in capital markets. • Formerly associated with ICICI, Reliance, Edelweiss, BSE and NSE; strong knowledge of legal and regulatory frameworks. • Commerce graduate and Member of the Institute of Cost & Works Accountants of India.

Key Managerial Personnels

Name	Position	Experience
Malay Kr Chakraborti	Executive Vice President	• 32+ years of experience in the EPC sector. • Expertise in project management, procurement, and operations & maintenance of large water and power infrastructure projects. • B.Tech in Mechanical Engineering.
Samir Patel	Chief of Technology & Operations (BESS)	• 25+ years of international experience in lithium-ion batteries, battery energy storage systems and electric mobility. • Has led utility-scale BESS projects across the UK, Europe and Asia. • Drives SPML's expansion into energy storage and advanced battery solutions.
Parag Patil	Vice President-Operations	• He is a seasoned professional in high-volume plant commissioning, supply chain optimization, and quality management systems. • He plays a key role in overseeing facility design, streamlining material flow and scaling up production processes. • With a focus on operational excellence and efficiency, he ensures smooth execution across all manufacturing and delivery functions.
Sumit Bhattacharya	Chief Human Resource Officer	• 25+ years across human resources, talent management, total rewards, learning & OD and HR process automation. • Leads business-HR partnership across the group. • Postgraduate in talent management (XLRI); diploma in communication strategy (TISS).

Mr. Arun Aggarwal	Finance & Accounts	• With over 27 years of experience in the mining and metals industry. He brings deep expertise in financial management, strategic planning, and MIS, complemented by strong leadership and business development capabilities.
Rajinder Singh	Vice President- Research & Development	• He holds a master's degree in Product Design from IIT Bombay and a B.E. in Production Engineering. • With over 28 years of extensive experience, he has successfully led numerous R&D projects, particularly in BESS, Lithium Battery Technologies, Telecom, and UPS systems. • He has strong exposure to strategic marketing, business development, and commercial functions, showcasing a well rounded expertise in both technical innovation and business strategy.
Partha Roy	Chief Legal Officer	• 20+ years of multi-sector experience in management advisory and strategic supervision of legal affairs. • Oversees legal operations, risk mitigation and litigation management. • LLB; Executive Programme in Business & Corporate Laws from IIM Calcutta.

SPML Infra Ltd: Key Milestones

Four decades of water and power infrastructure execution, from incorporation in 1981 to the entry into battery energy storage in 2026. The credential base built across these projects is what survived the restructuring and underpins the current order book.

1981-1995 | Foundation and public listing

1981-82	Incorporated; entered water EPC and management projects
1984	Listed on the Indian stock exchanges
1995	Undertook a rights issue

2000-2018 | Scale-up across water and power

2000-05	Completed first DBO project and commissioned an EPC project in record time; received private equity investment from Citigroup; entered power T&D
2011	Won the KPMG-Infrastructure Today Award for Most Admired Infrastructure Company
2017-18	Commissioned 220 kV GIS substations and 500 MVA autotransformers, enhancing reliability of power supply

2021-2026 | Rebuild and diversification

2021-22	INR 11,580 Mn water supply order under Jal Jeevan Mission; Economic Times Infra Award 2022 as Most Admired Company in Water Infrastructure
2024-25	INR 14,380 Mn order in Rajasthan, INR 10,730 Mn in Madhya Pradesh and INR 6,180 Mn in Jharkhand; entered Battery Energy Storage Systems; Construction Week Lifetime Achievement Award 2025 to the Chairman
2026	INR 11,280 Mn BESS order from NTPC, the largest single order in the company's history

700+	5,000+ MLD	10,000+ km
projects completed	water treatment capacity built	of pipelines laid

Source: SPML Infra; Arihant Research.

Valuation summary						
Y/E Mar, Rs mn	**FY2024**	**FY2025**	**FY2026**	**FY2027E**	**FY2028E**	**FY2029E**
Net Sales	13,190	7,771	8,685	13,016	19,651	26,206
EBIDTA	133	491	660	1,232	1,931	2,627
EBIDTA M	1.0%	6.3%	7.6%	9.5%	9.8%	10.0%
Net Profit	(16)	479	747	961	1,429	1,854
Net Profit M	-0.1%	6.2%	8.6%	7.4%	7.3%	7.1%
PAT Adj	(35)	479	747	961	1,429	1,854
Diluted EPS	(1.35)	6.36	9.33	10.89	16.20	21.01
PER, x	-	29.87	20.36	17.44	11.73	9.04
EV/EBIDTA, x	100.20	35.40	28.31	14.47	8.59	5.39
ROE, %	-0.3%	6.2%	7.9%	8.5%	11.3%	12.7%
Debt/Equity (x)	1.18	0.48	0.38	0.28	0.22	0.14

Income Statement						
Y/E Mar, Rs mn	**FY2024**	**FY2025**	**FY2026**	**FY2027E**	**FY2028E**	**FY2029E**
Net sales	**13,190**	**7,771**	**8,685**	**13,016**	**19,651**	**26,206**
Growth, %	49.3%	-41.1%	11.8%	49.9%	51.0%	33.4%
Raw material expenses	10,196	6,625	7,177	10,639	16,109	21,534
Employee expenses	243	252	317	443	629	786
Other Operating expenses	2,618	402	530	703	983	1,258
EBITDA (Core)	**133**	**491**	**660**	**1,232**	**1,931**	**2,627**
Growth, %	-54.0%	270.8%	34.3%	86.7%	56.8%	36.1%
Margin, %	1.0%	6.3%	7.6%	9.5%	9.8%	10.0%
Depreciation	24	9	22	188	250	259
Interest paid	569	42	79	98	139	171
Other Income	439	124	188	220	245	280
Non-recurring Items	19	-	-	-	-	-
Pre-tax profit	**(2)**	**565**	**747**	**1,165**	**1,787**	**2,477**
Tax provided	14	86	-	204	357	624
Profit after tax	**(16)**	**479**	**747**	**961**	**1,429**	**1,854**
PAT Adj.	(35)	479	747	961	1,429	1,854
Growth, %	-1144.5%	-1453.6%	55.8%	28.7%	48.7%	29.7%

Balance Sheet						
As at 31st Mar, Rs mn	**FY2024**	**FY2025**	**FY2026**	**FY2027E**	**FY2028E**	**FY2029E**
PPE	60	26	30	1,513	1,690	1,706
CWIP	-	3	642	-	-	-
Goodwill	-	-	-	-	-	-
Rights Of Use Assets	2	-	363	334	307	282
Financial Assets	3,332	3,883	3,309	3,309	3,309	3,309
Other Non Current Assets	5,185	5,060	5,338	5,338	5,338	5,338
Total Non current Assets	**8,580**	**8,972**	**9,682**	**10,494**	**10,644**	**10,635**
Inventories	374	500	1,240	1,961	3,230	4,308
Receivables	4,044	3,958	5,138	6,774	8,270	9,348
Cash & CE	2,281	1,294	636	1,060	1,985	3,538
Bank Balances	57	791	1,032	1,032	1,032	1,032
Other Current Assets	2,144	2,887	3,992	4,675	5,400	5,795
Other Financial Assets	1,439	1,264	1,243	1,243	1,243	1,243
Total Current Assets	**10,339**	**10,696**	**13,281**	**16,745**	**21,160**	**25,264**
Total assets	**18,918**	**19,668**	**22,962**	**27,239**	**31,804**	**35,899**
Total Equities	**4,635**	**7,701**	**9,482**	**11,268**	**12,697**	**14,551**
Non current borrowings	3,061	3,382	3,161	1,346	80	66
Other Non current liabilities	4,204	2,734	2,491	2,491	2,491	2,491
Total Non current liabilities	**7,265**	**6,117**	**5,652**	**3,836**	**2,571**	**2,557**
Current borrowings	2,430	304	420	1,806	2,757	1,904
Trade Payables	3,737	4,777	6,244	8,001	9,854	11,650
Other Current Liabilities	852	768	1,166	2,328	3,926	5,237
Total Current Liabilities	**7,018**	**5,850**	**7,829**	**12,135**	**16,536**	**18,791**
Total equity & liabilities	**18,918**	**19,668**	**22,962**	**27,239**	**31,804**	**35,899**

Cash Flows						
Y/E Mar, Rs mn	**FY2024**	**FY2025**	**FY2026**	**FY2027E**	**FY2028E**	**FY2029E**
Profit after tax	(16)	479	747	961	1,429	1,854
Adjustments: add						
Depreciation & amortisation	24	9	22	188	250	259
Interest adjustment	569	42	79	98	139	171
Change in assets & liabilities						
Inventories	551	(127)	(740)	(721)	(1,269)	(1,077)
Trade receivables	524	87	(1,034)	(1,636)	(1,496)	(1,079)
Trade payables	30	491	1,353	1,757	1,853	1,797
Other liabilities & provisions	1,864	(1,004)	267	1,163	1,598	1,311
Other assets	8,692	(1,340)	(1,263)	(683)	(725)	(395)
Taxes	12	31	0	-	-	-
Net cash from operating activities	**12,248**	**(1,331)**	**(568)**	**1,127**	**1,779**	**2,841**
Net sale/(purchase) of tangible assets	1,409	345	(1,027)	(1,000)	(400)	(250)
Net sale/(purchase) of investments	(122)	(741)	88	-	-	-
Others	-	-	-	-	-	-
Net cash (used) in investing activities	**1,287**	**(397)**	**(939)**	**(1,000)**	**(400)**	**(250)**
Interest expense	(569)	(42)	(79)	(98)	(139)	(171)
Dividend paid	-	-	-	-	-	-
Other financing activities	(10,886)	783	928	396	(315)	(867)
Net cash (used) in financing activities	**(11,455)**	**742**	**848**	**298**	**(454)**	**(1,038)**
Net increase/(decrease) in cash	**2,080**	**(986)**	**(659)**	**425**	**924**	**1,553**
Opening cash balance	201	2,281	1,294	636	1,060	1,985
Closing balance	**2,281**	**1,294**	**636**	**1,060**	**1,985**	**3,538**

Ratios	FY2024	FY2025	FY2026	FY2027E	FY2028E	FY2029E
Per Share data						
EPS (INR)	-1.35	6.36	9.33	10.89	16.20	21.01
Growth, %	-1786.9%	-570.1%	46.7%	16.8%	48.7%	29.7%
Book NAV/share (INR)	86.36	101.57	114.04	127.71	143.91	164.92
DPS (INR)	0.00	0.00	0.00	0.00	0.00	0.00
Return ratios						
Return on assets (%)	-0.1%	2.4%	3.3%	3.5%	4.5%	5.2%
Return on equity (%)	-1.5%	6.2%	7.9%	8.5%	11.3%	12.7%
Return on capital employed (%)	5.3%	5.3%	6.4%	8.6%	12.2%	15.9%
ROIC	48.6%	5.5%	7.3%	8.3%	12.1%	16.4%
Turnover ratios						
Asset turnover (x)	0.70	0.40	0.38	0.48	0.62	0.73
Sales/Working Capital (x)	2.33	1.03	0.97	1.43	2.15	3.06
Receivable days	185	310	321	260	200	165
Inventory days	10	24	52	55	60	60
Payable days	147	273	301	250	200	175
Working capital days	48	61	72	65	60	50
Liquidity ratios						
Current ratio (x)	1.47	1.83	1.70	1.38	1.28	1.34
Quick ratio (x) (excl. c&ce)	1.14	1.47	1.48	1.21	1.10	1.10
Interest cover (x)	0.23	11.81	8.33	12.55	13.86	15.34
Dividend cover (x)	-	-	-	-	-	-
Total debt/Equity (%)	118.5%	47.9%	37.8%	28.0%	22.3%	13.5%
Net debt/Equity (%)	68.0%	20.8%	20.2%	9.4%	-1.4%	-17.9%
Valuation						
PER (x)	-	29.87	20.36	17.44	11.73	9.04
PEG (x) - y-o-y growth	-	(0.05)	0.44	1.04	0.24	0.30
Price/Book (x)	2.18	2.05	1.77	1.49	1.32	1.15
EV/Net sales (x)	1.01	2.24	2.15	1.37	0.84	0.54
EV/EBITDA (x)	100.20	35.40	28.31	14.47	8.59	5.39
EV/EBIT (x)	24.62	29.00	22.46	14.34	8.72	5.41

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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