

SPML Infra eyes smart city projects

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KOLKATA, FEBRUARY 23

Infrastructure developer SPML Infra Ltd, which is into water, sanitation and power, is eyeing smart city projects apart from engineering procurement and construction (EPC) contracts.

According to Subhash Chand Sethi, Chairman, the company will look to bid at upcoming smart city tenders in Guwahati (Assam), while other cities like Aizawl (Mizoram), Itanagar (Arunachal Pradesh) and Pune (Maharashtra) are also on its radar.

The company is currently executing the city infrastructure part for the upcoming smart-city at Ujjain. The project is likely to be completed by December.

“We will bid for the Guwahati smart city project once the tenders open. This apart, we will also explore the possibility of bidding for other upcoming smart city projects,” he told *BusinessLine* on the sidelines of Infra East, an annual infrastructure seminar, organised by the Confederation of Indian Industry (CII).

As Sethi points out, smart city projects may boost the company’s topline to the tune of ₹150-200 crore per annum. SPML had over the first nine months of this fiscal reported top-line of ₹866 crore and a profit of ₹24 crore. The company, under the Scheme for Sustainable Structuring of Stressed Assets (S4A), has converted about half of its debt to optionally convertible debentures (OCD).

Out of total debt of ₹1,117 crore, a sum of ₹546 crore is being converted into OCDs with tenure of 10 years till 2027 carrying a coupon 0.01 per cent with yield to maturity (YTM) of 8.15 per cent. In the first five years, only the said coupon of 0.01 per cent will be paid, while the payment of the effective YTM is from sixth to tenth year.

“We are hopeful of reducing our debts with arbitration awards from the government coming through,” Sethi said. SPML’s dues from Centre and State governments is to the tune of ₹400 crore.

Overseas operations

According to the SPML Chairman, the focus will also be on increasing its presence overseas, especially in Africa and South Asia.

As a part of de-risking its overseas ventures, the company has decided to go for projects that are externally funded by institutions like World Bank, JICA and so on.

For example, SPML Infra with its joint venture partner OM Metals Infraprojects has secured an international order, funded by the World Bank, from Africa worth ₹205 crore.

This apart, it has also won a project in the African nation of Rwanda. “Over the next few years, we are hopeful of overseas projects accounting for 10 per cent of our turnover,” he said.

According to Sethi, who is also the Chairman of CII’s Eastern Region Infrastructure Sub-committee, banks are most likely to tighten their purses post the ₹11,500-crore scam at PNB.

Published on February 23, 2018