

SPML Infra swings back to black, eyes 15 per cent topline growth this year



Delhi-based infrastructure developer SPML Infra Ltd seems to have begun the current fiscal on a strong note. The company has come out of the red in the first quarter ended June and announced fresh orders worth Rs 1232 crore for water supply projects in the current quarter.

The company, which has a sizeable presence in the water infrastructure space, is expecting more orders to flow to it in the remaining part of the year. SPML Chief Operating Officer Rishabh Sethi expects order inflows to be in the region of Rs 2,000-2,500 crore for the full year and a 10-15 per cent rise in company's topline.

SPML Infra had announced that it made a profit of just Rs 93 lakh for the first quarter ended June 2014, as against a loss of Rs 20.32 crore in the corresponding quarter of previous year. In the preceding quarter ended March 2014, the company had a net profit of Rs 75.91 crore, but for the entire 2013-14, standalone net profit was a meagre Rs 4.82 crore.

Net sales during June 2014 quarter was Rs 271.27 crore as against Rs 205.16 crore in corresponding quarter of previous year and Rs 330.58 crore in the preceding quarter ended March 2014.

The company, like several of its peers, has been hit by economic challenges and weaker than expected financial growth in infrastructure sector. Also, a very high finance cost seems to have hit the company's bottomline.

While SPML had profit of Rs 152.35 crore during 2013-14, after making provision for finance cost to the tune of Rs 147.27 crore, its profit came out to be just Rs 5.08 crore during the entire year.

The company's topline, however, was a robust Rs 1046.44 crore for 2013-14.

"The profit margin was low in first quarter due to booking of loss in some old projects coupled with foreclosure of a project. We expect much higher return in remaining quarters", said Sethi.

In early September, SPML said it had bagged three projects worth Rs 1,232.3 crore from UP Jal Nigam, Agra and Sardar Sarovar Narmada Nigam.

Two orders received from UP Jal Nigam are worth Rs 1002.17 crore and involve augmenting drinking water supply for Agra city with laying of 128 kilometers of water pipeline. SPML will be executing the JICA-funded Agra project with its JV partner, Megha Engineering Infrastructure Limited.

"Water management including transmission and distribution is our core competency and we have already laid more 4000 kilometers of cross country water pipelines of various size and

length in all terrains", said Sethi.

The Rs 230.13 crore order from Sardar Sarovar Narmada Nigam Ltd, Gandhinagar is for infrastructure development for hydro generating units at Kutchh.

The scope of work includes civil, electrical and mechanical construction with design, engineering, testing and commissioning of three small hydro power projects with combined capacity of 23 MW along with a five-year contract for operations & maintenance. SPML will execute this project in partnership with Om Metals Infraprojects Limited.

The company has previously carried out several projects entailing creation of infrastructure for hydro power plants in Himachal Pradesh, Karnataka, Mizoram and Uttarakhand.

"Apart from these LoIs, SPML has a number of L1 position in several projects and we expect to receive orders very soon. In the remaining part of this financial year, we expect to get another Rs 2000-2500 crore worth of fresh orders", said Sethi.

SPML Infra's current order book position stand at over Rs 7000 crore, consisting mainly of water supply followed by power transmission & distribution projects.

"We are working and promoting sustainable water management. The water supply and distribution sector needs focused attention and we expect this segment to be a promising business in the years to come", Sethi added.

Responding to a query on the kind of projects being pursued, Sethi said the company was eyeing projects in the water and wastewater sector along with management contracts for city water distribution with long term operation and maintenance contracts.

"Currently, we are executing a number of water supply and distribution projects in the municipal space, apart from several rural water supply schemes in Rajasthan. We are open to wastewater treatment and management in industrial segment also but that has to be large enough to utilise the kind of expertise we have in this segment", he added.

The company also seems to have put on the backburner plans to venture into the desalination space.

"We are focusing on completing the ongoing projects on time and expect that our top line growth would be in the vicinity of 10-15 per cent during the current year. We have plans to venture into desalination segment as well, but that will take some time", Sethi added. The company is also looking to raise funds from various options including sale of some its assets. The company has secured approval from its Board for sale of its investments in some hydropower and road assets, besides raising upto Rs 100 crore through the qualified institutional placement (QIP) route. IWR