

Looking to execute orders worth Rs 1400cr this year: SPML

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In an interview to CNBC-TV18, Rishabh Sethi, ED, SPML spoke about the latest happenings in the company and the road ahead. The company's standalone debt currently stands at Rs 450 crore and most of which is on account of working capital, he said.

As of June 2014, SPML has an order backlog of Rs 6,200 crore and is looking to execute orders worth Rs 1,400 crore this year, he added. However, the company requires nearly Rs 100 crore of working capital to execute current orders and is exploring fundraising plans to meet those requirements, he said.

Meanwhile, the company might consider divesting stake in hydro and road projects. SPML has invested Rs 55 crore and around Rs 100 crore in road and hydro projects respectively. It has five hydro assets and two highway projects.

Below is the verbatim transcript of Rishabh Sethi's interview to CNBC-TV18's Ekta Batra and Reema Tendulkar

Ekta: There was a board meet yesterday that took place and you all have approved the selling of investments in your hydropower as well as road assets and may be even raising funds upto Rs 100 crore via qualified institutional placement (QIP). Can you take us through the finer nuances of this, what would this mean for the company, when would it be completed by, what sort of assets are you looking to sell?

A: The board agreed to meet our current working capital requirements to execute the healthy order book that we have. To add to our current portfolio or working capital we would look at exploring selling of some assets that are in the books of the company which is we have got five hydropower projects and two investments in road projects. In addition if the money can be secured in the next few months, other than that we may also look at QIP. So right now it is more of an exploring approval and we will get back to the board in a week or 10 days to give a detailed plan for the same.

Reema: Could you tell us what the current valuation is for your five hydropower projects as well as your two investments in road projects as things stand currently?

A: We don't have the market value but in the road project the company has invested about Rs 55 crore over the last few years. And in addition to hydropower also about Rs 100 crore has been invested in the projects. This has all been operational or final stages of completion so we think the value would be good in the market but we haven't gone out yet. So we expect to get some sort of an idea in the next couple of weeks actually.

Ekta: When do you plan to possibly start scouting for buyers and have you already appointed bankers, where does the process stand?

A: We have got the permission to appoint bankers now so we hope to start meeting people from Monday.

Reema: So between the two options, one is divesting your stake in hydro as well as road versus a QIP, your preference would be to first try and see whether you can raise money via your stake sale in these assets?

A: Exactly because the current market price does not reflect the order book that we have and the margins that we are looking in that. So we expect the asset sale to be an interim gap and then go for a bigger fund raise in the future.