

SPML India seeks investors to expand its water infrastructure vertical, exec says

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SPML Infra [NSE: SPMLINFRA], a Bangalore, India-based water and power infrastructure development company, is seeking investors for a minority stake to help expand its water infrastructure management business, Chairman Subhash Sethi said.

It is willing to hear from both financial and strategic investors, that can help it win new projects, Sethi said. It would ideally like a water-focused private equity fund that has international expertise with water management and distribution, he said, as such a fund would add value to the business along with financing. He pointed to **Tigris Water Fund** as one such fund.

Sethi said that it would look to mandate advisors for a deal.

Founder Sethi family owns close to a 60% stake in the company, according to the exchange website. Private equity firm **CVCI Rosehill** owns a 15% stake, and the remainder is owned by the public and a few institutional investors. Though there is no active process on, CVCI Rosehill could consider a secondary sale, Sethi said.

It has not decided the amount of capital it would look to raise but water distribution projects to each district in India could cost up to INR 6 bn (USD 91m), Sethi said. Additionally, SPML is looking to bid for river linking and flood management projects, and also lift irrigation projects, he added.

SPML could consider demerging the water infrastructure vertical into a separate entity and could divest a stake in the demerged arm, the chairman said. Of the total order book of INR 50 bn, the water vertical constitutes 65%, he pointed out.

In 2009, the company had mandated PwC to find a strategic buyer for three capital-intensive build-own-operate-transfer (BOOT) projects, as reported by *Mergermarket*. The projects were in Aurangabad, Bhiwandi and Latur, Sethi said, and the company was looking to raise a total of INR 6 bn in all three projects. However, the company did not go ahead with the fundraise or the projects, as there were many “grey” areas, including revenue flows and high capital requirements to complete the projects, Sethi noted.

SPML’s reported revenues of INR 14 bn (USD 211 m) in FY16, and has a market cap of INR 2.6 bn.

SPML has around 900 employees. The services it offers include engineering, process technology, procurement, fabrication, construction and commissioning.