

INR 712 Crore Arbitration Awards Secured & Further INR 3000 Crore Claimed by SPML Infra Limited



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India's leading water management and infrastructure development company, SPML Infra Limited has secured several Arbitration Awards of cumulated amount of ~ INR 712 Crore (including interest upto 30th Sept, 2019) for the projects from different clients in India. The PSU clients', against whom the Company has received the awards, have preferred to appeal the same, which are presently at various levels of hearing at the Courts. SPML Infra Ltd. is very confident of receiving the full amount of Arbitral Awards along with the interest upto the date of receipt in due course.

SPML Infra Ltd. has substantial claims which are expected to be converted into arbitral awards in the next few years. The Company has already filed its claims and is in the final stages of filing several claims with the value of ~ INR 3000 Crore (USD 393.4 Mn) over and above the Arbitral Awards of ~ INR 712 Crore that have been awarded and expected to be realized in due course of time.

It is well established that due to good corporate governance and proper claim management with digitally stored records and documents, the company is highly capable of converting most of the project claims into awards. From the historical track record and based on the various studies conducted on the subject by the Company and different stakeholders, including lenders, SPML Infra expects higher realization of its claims, however, the Lenders have conservatively considered the realization of ~ INR 1076 Crore from Claims & Awards over a period of time in the on-going debt resolution plan, in-principally agreed by them. It gives reasonable clarity to the lenders for recovering their sustainable & un-sustainable debts significantly much before the time being considered in the Resolution Plan.

Out of the aforesaid ~ INR 712 Crore, there is a clarity on ~ INR 287 Crore which have been partly received by the Company at its bank account and also deposited with the Court. The Company also expects further deposit of sizeable amounts as per the directions of the Courts. The aforesaid ~ INR 287 Crore and such further amounts as deposited at Courts and realized by the Company will be used for the reduction of debts of the lenders.

Mr. Subhash Sethi, Chairman, SPML Infra Ltd. commented, "The arbitration awards are encouraging and we are really pleased that our project claims have been upheld in the arbitration process. The arbitrators have issued the orders on merits. Sometimes, the delays in land acquisitions, drawing approvals and unforeseen changes in contractual conditions with other pressing issues makes it difficult for the construction companies to execute the projects. We are very hopeful that our contract claims will be substantiated in future as well and with the proactive approach of our government, I anticipate that the arbitration process in our country will be streamlined with the amendment of the Arbitration and Conciliation Act, and there should be a set limit of time to complete the exercise and grant the genuine claims to the contractors. The revised timelines as stipulated in the amendment of the Act, gives clear visibility to Company to realise the claims amounts through arbitration. It shall also help to settle the dues of the lenders much before the time estimated in the resolution plan and will help improve the realization value to the Lenders. However, the Company always prefers to settle the matter with mutual discussion with its clients."

Shares of SPML Infra Limited was last trading in BSE at Rs. 66.15 as compared to the previous close of Rs. 63.00. The total number of shares traded during the day was 39671 in over 304 trades.

The stock hit an intraday high of Rs. 66.15 and intraday low of 63.00. The net turnover during the day was Rs. 2620127.00