

February 17, 2014

**CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF
SPML INFRA LTD**

Ratings

Bank facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	2,235.63	CARE BB+ (Double B Plus)	Reaffirmed
Short-term Bank Facilities	450.00	CARE A4+ (A Four Plus)	Reaffirmed
Total Bank Facilities	2,685.63		

Rating Rationale

The ratings assigned to SPML Infra Ltd. (SIL) continue to be constrained by the high average collection period, significant exposure to group companies/JVs and volatility in input prices. The ratings also factor in the moderate financial performance in FY13 (refers to the period April 1 to March 31) and loss in H1FY14 and deterioration in overall gearing ratio. The ratings however, continue to draw strength from the experience of the promoters, long track record of the company and satisfactory revenue visibility in view of healthy order book position. Improving profitability, managing working capital effectively, timely receipt of contract proceeds and ability of the group & subsidiary companies to yield commensurate returns would remain the key rating sensitivities.

Background

SIL, incorporated in August, 1981, was promoted by Mr. P. C. Sethi. It is the flagship company of the Kolkata-based SPML group.

Currently, SIL is engaged in execution of EPC projects in water sector (involving laying of pipelines to draw water from rivers and dams for various water distribution systems and water supply networks), power (involving setting-up of transmission/distribution lines and switchyards and rural electrification projects) and infrastructure sectors (like civil work for power plants, roads and irrigation projects), BOOT and O&M based projects in water management, solid waste management and hydropower projects. In FY14, SIL also ventured into power distribution franchisee. However, water management remained the core area of operation for SIL accounting for about 70% of its order book position as on December 31, 2013.

In FY13, SIL achieved a PAT (after deferred tax) of Rs.11.75 crore (Rs.2.99 crore in FY12) on a total income of Rs.1,127.05 crore (Rs.914.65 crore in FY12). During H1FY14, the company reported net loss of Rs.15.32 crore (net profit of Rs.3.47 crore in H1FY13) on a total income of Rs.534.39 crore (Rs.514.50 crore in H1FY13).

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CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

¹ Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

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