

RETIRING DEBT of SP Jammu Udhampur Highways part of a larger refinancing plan at the group Shapoorji SPV may Buy Back ₹1,875 cr Bonds

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Mumbai: SP Jammu Udhampur Highways Ltd, a special purpose vehicle backed by the Shapoorji Pallonji Group, is planning to buy back bonds worth about ₹1,875 crore as it seeks to extinguish existing debt, people familiar with the matter told ET.

The move is part of a larger refinancing plan at the group, people close to the development said. Buying back the debentures will also aid in unlocking value during any potential monetisation of the asset, they said.

The bonds, sold between 2015 and 2016, are supposed to mature between June this year and December 2030. Axis Trustee Services is the debenture trustee.

"The company is aiming to redeem bonds/non-convertible debentures early," one of the people told ET.

"They are looking to buy back bonds at ₹100 on par," another person said.

The SP group did not comment. Mutual funds including ICICI Prudential, Kotak Mutual Fund,

SBI Mutual Fund and IIFCL had invested in the bonds, show data collected from Prime Database and ValueResearch. But, as of March 31 this year, ICICI Prudential remained the only investor among mutual funds. The fund house declined to comment.

Other existing investors include provident funds, insurers and corporate treasuries.

Buyback of debentures will also help the SPV unlock value during any potential monetisation of the road asset

These bonds are carrying a high rate of interest at 9.15-9.25%. About seven months ago, ICRA Ratings downgraded the bonds by two notches to AA-minus, citing the company parent's one-time loan restructuring exercise, which according to the rating company, "has constrained its capacity to extend support to group companies".

The special purpose company aims to bring down issuances of non-convertible debentures to zero, as the move should help the group

Redeeming Early

₹1,875 crore

Total outstanding bonds

₹735 crore

Bonds that matured until **December 2021**



SPJHI bonds were downgraded in October to **AA-**

Secondary market is illiquid

Last secondary trade happened in **Sept 2021**



up look at other options to regain fortune, dealers said.

However, the bonds in the secondary market appear illiquid with the papers not changing hands frequently. The last secondary market trade took place in September last year for a paltry sum of Rs 3 crore.

Out of the total outstanding papers, more than one-fourth has al-

ready been redeemed at Rs 735 crore as of December end. This year, two redemptions are supposed to take place, in June and December.

"The proposal of buyback should have the stamp of approval from NHAI (National Highways Authority of India) as it is an annuity plan," said an executive of a company that has invested in the bonds.

SP Jammu Udhampur Highways was incorporated on June 25, 2010, for strengthening and widening 64.58 km of the Jammu-Udhampur section of the NH44 on a design, build, operate, finance and transfer (DBFOT) annuity basis.

A concession agreement between the NHAI and the company was signed on July 19, 2010, for 20 years. The highway project was to receive a fixed and pre-agreed semi-annual annuity of ₹201.9 crore from the NHAI up to June 2031 in accordance with the concession agreement.

Shapoorji Pallonji Roads Pvt Ltd holds a 74% stake in the company, while Shapoorji Pallonji & Company owns the remaining 26%.