

SEPTEMBER 01, 2016

CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES/INSTRUMENTS OF SIMPLEX INFRASTRUCTURES LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Bank Facilities	2,561.34 (enhanced from 2,462.11)	CARE A (Single A)	Reaffirmed
Long/Short term Bank Facilities	8,000 (reduced from 8,637.89)	CARE A/CARE A1 (Single A / A One)	
Total Facilities	10,561.34 (Rupees Ten Thousand Five Hundred Sixty One crore and Thirty Four Lakh only)		
Instruments			
Short-term Debt (including CP)@	300 (reduced from 500) (Rupees Three Hundred crore only)	CARE A1 (A One)	Reaffirmed
Short-term Debt (including CP)*	100 (reduced from 600) (Rupees One Hundred crore only)		
Non-Convertible Debentures – Series I	200 (Rupees Two Hundred crore only)	CARE A (Single A)	Reaffirmed
Non-Convertible Debentures – Series II	200 (Rupees Two Hundred crore only)		
Non-Convertible Debentures – Series III	150 (Rupees One Hundred and Fifty crore only)		

@ carved out of working capital limits

*Simplex Infrastructures Limited has given an undertaking that cash credit limit will not be utilized to the extent of STD utilisation

Rating Rationale

The ratings assigned to Simplex Infrastructures Limited (Simplex) continue to draw strength from the long and satisfactory track record of the company, proven project execution capabilities with strong technical tie-ups, strong order book position translating into medium-term revenue visibility, diversified project mix as well as client portfolio and stable profitability in FY16.

The ratings, however, continue to be constrained by the high average collection period leading to high leverage and volatile input prices.

Ability to manage working capital effectively and raise resources to manage growth in operation, improvement in collection period as well as overall gearing are the key rating sensitivities.

Background

Simplex, incorporated in 1924, is one of the leading construction companies of the country, belonging to Mundhra family of Kolkata. The company is primarily engaged in foundation work, turnkey projects and general civil construction. Over the decades, Simplex has completed large number of prestigious contracts and has received commendation certificates

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

from many of its clients. The company also has overseas presence in countries like Bangladesh, Bahrain, UAE, Oman, Qatar, Saudi Arabia and Ethiopia.

In FY16, Simplex reported PAT (after provision for deferred taxation) of Rs.66.27 crore (Rs.62.43 crore in FY15) on operating income of Rs.5,902.57 crore (Rs.5,629.51 crore in FY15).

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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