

DECEMBER 12, 2016

CARE REAFFIRMS THE RATING ASSIGNED TO THE CP ISSUE OF SIMPLEX INFRASTRUCTURES LIMITED

Rating

Facilities	Amount (Rs. crore)	Rating ¹	Remarks
Commercial Paper Issue*	550.00 (enhanced from 300.00) (Rupees Five Hundred and Fifty crore only)	CARE A1 (A One)	Reaffirmed

* carved out of the sanctioned working capital limits of the company.

Rating Rationale

The rating assigned to Simplex Infrastructures Limited (Simplex) continues 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 margins in FY16 (refer to the period April 01 to March 31) and H1FY17.

The rating, however, continues 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 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.5,629.61 crore in FY15).

In H1FY17, Simplex reported PAT (after provision for deferred taxation) of Rs.35.04 crore (Rs.51.26 crore in H1FY16) on operating income of Rs.2,692.79 crore (Rs.2,937.21 crore in H1FY16).

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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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