

MARCH 08, 2016

CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF SIMPLEX INFRASTRUCTURES LTD.

Ratings

Bank Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	2,462.11 (enhanced from 2,400.00)	CARE A (Single A)	Reaffirmed
Long/Short-term Bank Facilities	8,637.89 (reduced from 8,700.00)	CARE A/CARE A1 (Single A / A One)	
Total Facilities	11,100 (Rs. Eleven thousand one hundred crore only)		

Rating Rationale

The ratings assigned to the bank facilities of Simplex Infrastructures Ltd (Simplex) continue to draw strength from the long and satisfactory track record of the company, proven project execution capabilities with strong technical tie-ups and strong order book position comprising both geographically and sectorally diversified projects. The ratings, however, continue to be constrained by the high average collection period leading to high leverage and volatile input prices. Improvement in collection period, proposed equity infusion resulting in reduction in debt level and timely execution of orders along with containment of borrowing costs are the key rating sensitivities.

Background

Simplex, incorporated in 1924, is one of the leading construction companies of the country, belonging to Mr. B. D. Mundhra & his 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, Ethiopia and Sri Lanka.

In FY15, Simplex reported PAT (after provision for deferred taxation) of Rs.62.43 crore (Rs.60.56 crore in FY14) on operating income of Rs.5,607.69 crore (Rs.5,528.46 crore in FY14). As per the unaudited working results for the nine months ended December 31, 2015, Simplex earned PAT of Rs.50.49 crore on operating income of Rs.4,337.64 crore.

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

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.

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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.

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

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CIN - L67190MH1993PLC071691