

SEPTEMBER 28, 2015

CARE REVISES THE RATINGS ASSIGNED TO THE BANK FACILITIES/INSTRUMENTS OF SIMPLEX INFRASTRUCTURES LTD.

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Bank Facilities	2,400	CARE A (Single A)	Revised from CARE A+ (Single A Plus)
Long/Short term Bank Facilities	8,700	CARE A/CARE A1 (Single A /A One)	Revised from CARE A+/CARE A1+ (Single A Plus/A One Plus)
Total Facilities	11,100 (Rs. Eleven thousand one hundred crore only)		
Instruments			
Short-term Debt (including CP)@	500 (Rs. Five hundred crore only)	CARE A1 (A One)	Revised from CARE A1+ (A One Plus)
Short-term Debt (including CP)*	600 (enhanced from 500) (Rs. Six hundred crore only)		
Non-Convertible Debentures – Series I	200 (Rs. Two hundred crore only)	CARE A (Single A)	Revised from CARE A+ (Single A Plus)
Non-Convertible Debentures – Series II	200 (Rs. Two hundred crore only)		
Non-Convertible Debentures – Series III	150 (Rs. One hundred and fifty crore only)		

@ carved out of working capital limits

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

Rating Rationale

The revision in the ratings of Simplex Infrastructures Ltd. (Simplex) takes into account further elongation of collection period in FY15 (refers to the period April 1 to March 31) and higher than expected debt level to finance the increase in operating cycle leading to increased leverage. The ratings, however, 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 also factor in the 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

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

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 quarter ended June 30, 2015, Simplex earned PAT of Rs.17.91 crore on operating income of Rs.1,511.92 crore.

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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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