Simplex Infrastructures Limited

December 10, 2020

Ratings

Facilities	Amount (Rs. crore)	Ratings[1]	Rating Action
Long Term Bank Facilities	75.40	CARE D (Single D)	Assigned
Long Term Bank Facilities	2,600.00	CARE D (Single D)	Reaffirmed
Long Term / Short Term Bank Facilities	7,900.00	CARE D / CARE D (Single D / Single D)	Reaffirmed
Total Bank Facilities	**10,575.40 (Rs. Ten Thousand Five Hundred Seventy-Five Crore and Forty Lakhs Only)**		
Non Convertible Debentures	170.00	CARE D (Single D)	Reaffirmed
Non Convertible Debentures	200.00	CARE D (Single D)	Reaffirmed
Non Convertible Debentures	75.00	CARE D (Single D)	Reaffirmed
Non Convertible Debentures	50.00	CARE D (Single D)	Reaffirmed
Total Long Term Instruments	**495.00 (Rs. Four Hundred Ninety-Five Crore Only)**		

Details of Facilities/instruments in Annexure-1

Detailed Rationale & Key Rating Drivers

The rating assigned to the bank facilities of Simplex Infrastructures Limited (SIL) continues to be constrained by the on-going delays in debt servicing due to stressed liquidity position on account of slowdown in recoveries from clients along with delays in approvals of bills.

Rating Sensitivities

Positive Factors – Factors that could lead to positive rating action/upgrade:

- Regularization of debt servicing for a continuous period of 3 months.
- Company earning sufficient cash accruals so as to meet its debt repayment obligations.

Detailed description of the key rating drivers

Key Rating Weakness

Delay in servicing of debt obligations

There are on-going delays in debt servicing obligation of the company. The slowdown in recoveries from clients, delays in approvals of bills from government clients resulted in stretched liquidity position of the company, thus resulting into delays. The total overdue stood at Rs.1,388.52 crore (including interest) as on September 30, 2020 in its cash credit account, defaults in redemption of NCDs and term loan repayment obligations.

Stable industry outlook

The focus of the government on infrastructure development is expected to translate into a significant business potential for the construction industry in the long-run. In the short to medium term, projects from infrastructure sector are expected to dominate the overall business for construction companies.

Liquidity Position - Poor

The company has poor liquidity position and there have been on-going delays in the debt servicing. The company incurred cash loss of Rs.346 crore in FY20 vis-à-vis debt repayment obligation of Rs.175.46 crore in FY20. The company has total overdue of Rs.1,388.52 crore (including interest) as on September 30, 2020. The company has a scheduled debt repayment obligation of Rs.305.38 crore in FY21.

[1]*Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.*

Analytical approach: Standalone

Applicable Criteria
Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings
CARE's Policy on Default Recognition
Criteria for Short Term Instruments
Financial ratios – Non-Financial Sector
Liquidity Analysis of Non-Financial Sector Entities
Rating Methodology – Construction Sector
CARE's policy on Curing Period

About the Company
SIL, 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 EPC contracts, turnkey projects related to civil construction across various sectors. 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 Saudi Arabia, Bangladesh, Bahrain, UAE, Qatar, Ethiopia and Sri Lanka.

Brief Financials (Rs. Crore)	FY19 (A)	FY20 (A)
Total Operating Income	6,141	3,950
PBILDT	812	154
PAT	123	-317
Overall gearing (times)	2.28	2.70
Interest coverage (times)	1.72	0.30

A: Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Available

Rating History (Last three years): Please refer Annexure-2

Covenants of rated instrument/facilities: Not Applicable

Complexity level of various instruments rated for this company: Annexure-4

Annexure-1: Details of Facilities/Instruments

Name of the Instrument	ISIN No.	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	-	2600.00	CARE D
Non-fund-based - LT/ ST-BG/LC	-	-	-	-	7900.00	CARE D / CARE D
Fund-based - LT-Term Loan	-	-	-	March 2023	75.40	CARE D
Debentures-Non Convertible Debentures	INE059B07013	29-Jun-12	13.00%	29-Jun-20	13.50	CARE D
Debentures-Non Convertible Debentures	INE059B07013	29-Jun-12	13.00%	29-Jun-21	13.50	CARE D
Debentures-Non Convertible Debentures	INE059B07013	29-Jun-12	13.00%	29-Jun-22	18.00	CARE D
Debentures-Non Convertible Debentures	INE059B07021	06-Dec-12	12.75%	06-Dec-20	7.50	CARE D
Debentures-Non Convertible Debentures	INE059B07021	06-Dec-12	12.75%	06-Dec-21	7.50	CARE D
Debentures-Non Convertible Debentures	INE059B07021	06-Dec-12	12.75%	06-Dec-22	10.00	CARE D

Name of the Instrument	ISIN No.	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Debentures-Non Convertible Debentures	INE059B07039	31-Dec-12	12.75%	31-Dec-20	15.00	CARE D
Debentures-Non Convertible Debentures	INE059B07039	31-Dec-12	12.75%	31-Dec-21	15.00	CARE D
Debentures-Non Convertible Debentures	INE059B07039	31-Dec-12	12.75%	31-Dec-22	20.00	CARE D
Debentures-Non Convertible Debentures	INE059B07047	12-Feb-13	14.25%	12-Feb-23	50.00	CARE D
Debentures-Non Convertible Debentures	INE059B07054	26-Dec-13	14.50%	26-Dec-20	40.00	CARE D
Debentures-Non Convertible Debentures	INE059B07062	11-Mar-14	14.50%	11-Mar-21	30.00	CARE D
Debentures-Non Convertible Debentures	INE059B07070	18-Mar-14	14.50%	18-Mar-21	25.00	CARE D
Debentures-Non Convertible Debentures	INE059B07088	28-Mar-14	14.50%	28-Mar-21	5.00	CARE D
Debentures-Non Convertible Debentures	INE059B07096	09-Jul-14	13.15%	09-Jul-21	75.00	CARE D
Debentures-Non Convertible Debentures	INE059B07104	28-Jul-14	13.15%	28-Jul-21	25.00	CARE D
Debentures-Non Convertible Debentures	INE059B07120	22-Jan-15	15.65%	22-Jan-20	50.00	CARE D
Debentures-Non Convertible Debentures	INE059B07138	17-Jun-15	15.05%	17-Jun-20	50.00	CARE D
Debentures-Non Convertible Debentures	INE059B07146	24-Jul-15	15.05%	17-Jun-20	25.00	CARE D

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Debentures-Non Convertible Debentures	LT	170.00	CARE D	-	1)CARE D (11-Dec-19) 2)CARE BB+; Negative (25-Nov-19) 3)CARE BBB; Negative (14-Aug-19) 4)CARE A-; Negative (10-Jun-19)	1)CARE A-; Stable (28-Sep-18)	1)CARE A; Stable (05-Oct-17)
2.	Fund-based - LT-Cash Credit	LT	2600.00	CARE D	-	1)CARE D (11-Dec-19) 2)CARE BB+; Negative (25-Nov-19) 3)CARE BBB; Negative (14-Aug-19) 4)CARE A-; Negative (10-Jun-19)	1)CARE A-; Stable (28-Sep-18)	1)CARE A; Stable (05-Oct-17)
3.	Commercial Paper-Commercial Paper (Carved out)	ST	-	-	-	1)Withdrawn (14-Aug-19)	1)CARE A2+ (28-Sep-18)	1)CARE A1 (05-Oct-17)
4.	Short Term Instruments-CP/STD	ST	-	-	-	-	-	1)Withdrawn (05-Oct-17)
5.	Non-fund-based - LT/ ST-BG/LC	LT/ST	7900.00	CARE D / CARE D	-	1)CARE D / CARE D (11-Dec-19) 2)CARE BB+; Negative / CARE A4+ (25-Nov-19) 3)CARE BBB; Negative / CARE A3+ (14-Aug-19) 4)CARE A-; Negative / CARE A2+ (10-Jun-19)	1)CARE A-; Stable / CARE A2+ (28-Sep-18)	1)CARE A; Stable / CARE A1 (05-Oct-17)
6.	Debentures-Non Convertible Debentures	LT	200.00	CARE D	-	1)CARE D (11-Dec-19) 2)CARE BB+; Negative (25-Nov-19) 3)CARE BBB;	1)CARE A-; Stable (28-Sep-18)	1)CARE A; Stable (05-Oct-17)

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
						Negative (14-Aug-19) 4)CARE A-; Negative (10-Jun-19)		
7.	Debentures-Non Convertible Debentures	LT	75.00	CARE D	-	1)CARE D (11-Dec-19) 2)CARE BB+; Negative (25-Nov-19) 3)CARE BBB; Negative (14-Aug-19) 4)CARE A-; Negative (10-Jun-19)	1)CARE A-; Stable (28-Sep-18)	1)CARE A; Stable (05-Oct-17)
8.	Debentures-Non Convertible Debentures	LT	50.00	CARE D	-	1)CARE D (11-Dec-19) 2)CARE BB+; Negative (25-Nov-19) 3)CARE BBB; Negative (14-Aug-19) 4)CARE A-; Negative (10-Jun-19)	1)CARE A-; Stable (28-Sep-18)	1)CARE A; Stable (05-Oct-17)
9.	Term Loan-Long Term	LT	-	-	-	1)Withdrawn (14-Aug-19) 2)CARE A-; Negative (10-Jun-19)	1)CARE A-; Stable (28-Sep-18)	1)CARE A; Stable (05-Oct-17)
10.	Fund-based - LT-Term Loan	LT	75.40	CARE D	-	-	-	-

Annexure 3: Detailed explanation of covenants of the rated instruments: *NA*

Annexure 4: Complexity level of various instruments rated for this company:

Sr. No.	Name of the Instrument	Complexity Level
1.	Debentures-Non Convertible Debentures	Complex
2.	Fund-based - LT-Cash Credit	Simple
3.	Non-fund-based - LT/ ST-BG/LC	Simple

Note on complexity levels of the rated instrument: *CARE has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.*

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About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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