



PRESS RELEASE

Infomerics has assigned IVR A1+ rating to the proposed Commercial Paper programme of Simplex Infrastructures Ltd. upto an amount of Rs.250 crores (to be earmarked out of the tied-up fund based working capital limits)

Rating & Definition

Infomerics Valuation and Rating Pvt. Ltd. has assigned **IVR A1+ (pronounced IVR single A one plus)** rating to the proposed Commercial Paper programme of Simplex Infrastructures Ltd. (Simplex) upto Rs.250 crores for a maturity upto 365 days (**to be earmarked out of the tied-up fund based working capital limits**). Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk.

Rating Rationale

The aforesaid rating derives strength from Simplex's long & established presence in the construction sector, highly experienced managerial & technical team, sound engineering acumen & technical tie-ups, track record of completion of a large number of prestigious projects across domestic & overseas arena, presence across all construction verticals with specialisation in piling, strong order book reflecting satisfactory short to medium term revenue visibility, reputed clientele, modest financials with comfortable leverage and positive outlook of the domestic construction sector. The rating also takes into consideration the highly fragmented & competitive nature of the construction sector, significant price war in bidding, volatile input prices, working capital intensity, elongated receivable collection days and the bearish phase of the domestic construction sector in the recent past. Going forward, Simplex's ability to manage working capital (mainly the contract receivables), optimising cost of borrowings while raising resources to fund the growing level of operation and containment of construction expenses shall be the major rating drivers.



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Company Profile

Simplex was incorporated way back in 1924 and has been belonging to the Mundhra family of Kolkata since 1947. Simplex is one of the largest players in the domestic construction sector providing services encompassing the whole gamut of civil & structural construction activities including turnkey projects comprising layout plan, detailed civil & engineering design, architecture, structural construction and complete execution & commissioning. The company has, till date, executed over 2800 prestigious projects across the country & overseas market encompassing varied business segments. Simplex's presence in BOT segment is however negligible, given its stature. The company is the pioneer in the 'cast-in-situ' driven pile foundation. It has developed a niche for itself in concrete piling for decades and is the pioneer in the 'cast-in-situ' driven pile foundations in India. The company has access to latest technology on account of its tie-ups with technocrats, consultants, architects and engineers in a number of areas which has supplemented it to acquire strong engineering acumen. It also has a modest overseas presence, particularly in the Middle East countries.

The company has a strong order book position indicating decent short-medium term revenue visibility. It has satisfactory client mix comprising many well-known business houses, domestic and international conglomerates and different state governments. During the year ended on March 31, 2016 (FY2016), Simplex reported PAT (after prior period adjustment) of Rs.66.27 crores (Rs.62.43 crores in FY2015) on total income of Rs.5,853.62 crores (Rs.5,578.20 crores in FY2015).

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on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOP's), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOP's 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/ AOP's in addition to the financial performance and other relevant factors