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certified company

SIMPLEX INFRASTRUCTURES LIMITED

REGD. OFFICE :

'SIMPLEX HOUSE', 27, SHAKESPEARE SARANI, KOLKATA-700 017 (INDIA)
PHONES : +91 33 2301-1600, FAX : +91 33 2289-1468
E-mail : simplexkolkata@simplexinfra.com, Website : www.simplexinfra.com
CIN No. L45209 WB 1924 PLC 004969

Ref No. 01/CS/SE/001/35

Date: November 26, 2019

The Secretary
National Stock Exchange of India Limited
5th Floor, Exchange Plaza
Bandra Kurla Complex
Bandra East, Mumbai – 400 051

The Secretary
The Calcutta Stock Exchange Ltd
7, Lyons Range
Kolkata – 700 001

The Secretary
BSE Limited
1st Floor, New Trade Ring
Rotunda Building
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai – 400 001

Sub: Disclosure of Material Event/Information under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir,

This is to inform you that the credit ratings for Long/ Short-term Bank Facilities and Non-Convertible Debentures have been revised by CARE Ratings Limited vide their emails/letters dated November 25, 2019.

The revised ratings along with detailed rationale, pursuant to SEBI Circular No. CIR/CFD/CMD/4/2015, dated September 09, 2015, is enclosed as Annexure.

This is for your information and record.

Thanking You.

Yours faithfully,
For Simplex Infrastructures Limited


B. L. Bajoria
Sr. Vice President and Company Secretary

Enclosed: A/a



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Annexure

Disclosure pursuant to SEBI Circular No. CIR/CFD/CMD/4/2015, dated September 09, 2015

Ratings

| Srl. No. | Facility/ Instrument | Amount (Rs. in Crores) | Rating | Rating Action |
|----------|----------------------------------|------------------------|---|---|
| | Facilities | | | |
| 1. | Long Term Bank Facilities | Rs. 2,600.00 | CARE BB +; Negative (Double B Plus; Outlook: Negative) | Revised from CARE BBB; Negative (Triple B; Outlook: Negative) |
| 2. | Long/ Short Term bank facilities | Rs. 7,900.00 | CARE BB +; Negative/CARE A4+ (Double B Plus; Outlook: Negative/A Four Plus) | Revised from CARE BBB; Negative / CARE A3+ (Triple B; Outlook: Negative / A Three Plus) |
| | Total Facilities | Rs. 10,500.00 | | |
| | Instruments | | | |
| 3. | Non-Convertible Debentures | Rs.495.00 | CARE BB +; Negative (Double B Plus; Outlook: Negative) | Revised from CARE BBB; Negative (Triple B; Outlook: Negative) |

Detailed Rationale

The revision in the ratings assigned to Simplex Infrastructures Limited (Simplex) takes into account non infusion of equity of Rs.125 cr by promoters within the timelines as expected due to lapse of timelines for conversion of share warrants, moderation in profitability in Q2FY20 (refers to the period July 1 to September 30), continued elongation in already high collection period in Q2FY20 with increase in unbilled revenue leading to deterioration of working capital cycle further, stretched liquidity as indicated in high utilization of working capital limits on continuous basis and higher than expected debt levels as on September 30, 2019. CARE had envisaged significant reduction in receivables which couldn't materialize resulting into higher than expected debt levels. Further, the rating considers slow movement in execution of large orders due to delay in getting designs approved, handover of sites by clients, delay in receipt of payments, etc as well as audit observations/qualifications.

The ratings are also constrained by exposure to group companies, inherent cyclical trends associated with the construction sector and profitability susceptible to volatility in input prices, which is mitigated to an extent by presence of cost escalation clauses in majority of contracts in the order book. Besides, Simplex had issued corporate guarantee amounting to Rs.746 cr to its group entities. The management has maintained that cash accruals of such group entities are sufficient to meet their debt obligations and Simplex would not take any further exposure in these entities.

The ratings continue to derive strength from the long and satisfactory track record of the company, proven project execution capabilities, moderate order book position translating into medium-term revenue visibility and diversified project mix as well as client portfolio. The ratings also factor in company's plan to monetize one of the SPVs by the end of March 2020 as well as it plans to induct a strategic partner who would infuse funds.

The outlook continues to remain 'Negative' considering the continued elongation in collection period with further increase in unbilled revenue which is likely to pose pressure on liquidity and capital structure.

ADM. OFFICE : 12/1, NELLIE SENGUPTA SARANI, KOLKATA-700 087 ☎ : 2252-7596 / 8371 / 8373 / 8374 / 9372, FAX : (033) 2289-1468
BRANCHES : 502-A, POONAM CHAMBERS, SHIVSAGAR ESTATE, 'A' Wing, Dr. A. B. Road, "WORLI" MUMBAI-400 018 ☎ : 2491-8397 / 3537 ☎ : 192-9034 / 2759 / 2064
FAX : (022) 2491-2735 • "HEMKUNTH" 4TH FLOOR, 89, NEHRU PLACE, NEW DELHI-110 019 ☎ : 4944-4200, FAX : (011) 2491-5885
• "SIMPLEX HOUSE" 48 (Old No. 21) CASA MAJOR ROAD, EGMORE, CHENNAI - 600 008 ☎ : 2819-5050 / 55, FAX : (044) 2819-5058 / 5057

