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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 2283-5964 / 5965 / 5966
E-mail : simplexkolkata@simplexinfra.com, Website : www.simplexinfra.com
CIN No. L45209 WB 1924 PLC 004969

Ref No. 01/CS/SE/001/93909
Date: August 16, 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 regarding the credit rating for Non-convertible Debentures (NCDs), Bank Facilities, etc. revised by CARE Ratings Limited for the following facilities vide their emails/letters dated August 14, 2019, received by us on August 14, 2019 at around 09:00 P.M.

Relevant extract of the letter, 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 BBB; Negative (Triple B; Outlook: Negative)	Revised from CARE A -; Negative (Single A Minus; Outlook: Negative)
2.	Long/ Short Term bank facilities	Rs. 7,900.00	CARE BBB; Negative / CARE A3+ (Triple B; Outlook: Negative / A Three Plus)	Revised from CARE A -; Negative/ CARE A2+ (Single A Minus; Outlook: Negative/ A Two Plus)
	Total Facilities	Rs. 10,500.00		
	Instruments			
3.	Non-convertible Debentures (Series I – III)	Rs. 495.00	CARE BBB; Negative (Triple B; Outlook: Negative)	Revised from CARE A -; Negative (Single A Minus; Outlook: Negative)
4.	Commercial Paper *	-	-	Withdrawn

* Carved out of working capital limits

Detailed Rationale

The revision in the ratings assigned to Simplex Infrastructures Limited (Simplex) takes into account continued elongation in already high collection period in FY19 (refers to the period April 1 to March 31) leading to deterioration of working capital cycle, high utilization of working capital limits, higher than expected debt levels as on Mar 31, 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, etc. as well as audit observations/qualifications and change in one of the statutory auditors.

The ratings also factor in company's plan to monetize one of the SPVs by the end of March 2020 and equity infusion of RS.125 cr in respect of balance share warrant proceeds by Nov 2019 which would most be utilized for reduction in debt levels.

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.



ADM. OFFICE : 12/1, NELLIE SENGUPTA SARANI, KOLKATA-700 087 ☎ : 2252-7596 / 8371 / 8373 / 8374 / 9372, FAX : (033) 2252-7595
BRANCHES : 502-A, POONAM CHAMBERS, SHIVSAGAR ESTATE, 'A' Wing, Dr. A. B. Road, "WORLI" MUMBAI-400 018 ☎ : 2491-8397 / 3537, 2492-9034 / 2756 / 2064
FAX : (022) 2491-2735 • "HEMKUNTH" 4TH FLOOR, 89, NEHRU PLACE, NEW DELHI-110 019 ☎ : 4944-4200, FAX : (011) 2646-5869
• "SIMPLEX HOUSE" 48 (Old No. 21) CASA MAJOR ROAD, EGMORE, CHENNAI - 600 008 ☎ : 2819-5050 / 55, FAX : (044) 2819-5056 / 5057



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The ratings also take note of the relatively stable operating income and profitability in FY19. Further there was an equity infusion of Rs. 477 crore in FY19 which has resulted in marginal reduction in debt resulting in improvement in overall gearing albeit the debt level continues to remain higher than envisaged.

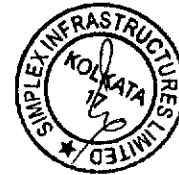
The ratings are constrained by continued elongation of the operating cycle in FY19 (refers to the period April 1 to March 31) as a result of higher than envisaged level of receivables, exposure to group companies, inherent cyclical trends associated with the construction sector and profitability susceptible 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 has 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 timeliness, adequacy of funds to be generated as well as raised, collection from legacy debtors and subsequent debt reduction remain key rating monitorables.

Further, CARE has withdrawn the rating assigned to Commercial Paper programme of the company at the request of the company and there is no amount outstanding under the issue as on date.

Outlook Negative

The outlook continues to remain 'Negative' considering the continued elongation in collection period leading to deterioration of working capital cycle and high utilization of working capital limits. The same is not in line with CARE's expectation of improvement in receivables period as well as reduction in borrowings to the envisaged levels. The outlook may be revised to 'Stable' if the company is able to bring down its level of debtor's and utilize the proceeds thereof towards reduction in debt levels.



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