

June 16, 2010

**CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES & STD/CP PROGRAMME OF SIMPLEX PROJECTS LTD.**

**Ratings**

Facilities/Instruments	Amount (Rs. crore)	Ratings <sup>1</sup>	Remarks
Long-term Bank Facilities	1151.0 (enhanced from Rs.532.0 crore)	'CARE A-' (Single A Minus)	Reaffirmed
Short-term Bank Facilities	35.0 (enhanced from Rs.13.5 crore)	'PR1' (PR One)	Reaffirmed
Long/Short-term bank facilities	145.0 (enhanced from Rs.87.0 crore)	'CARE A-'/ 'PR1' (Single A Minus / PR one)	Reaffirmed
<b>Total Facilities</b>	<b>1331.0 (enhanced from Rs.632 crore)</b>		
Short Term Debt (including CP)*	70.0 (enhanced from Rs.50.0 crore)	'PR1' (PR One)	Reaffirmed

\*carved out of working capital limits

**Rating Rationale**

The above ratings continue to draw strength from considerable experience of the promoters, satisfactory track record & project execution capability, healthy order book position with diversified project-mix, satisfactory client profile, comfortable profitability & financial position with satisfactory gearing ratios and increased thrust on infrastructure related activities by Government of India. The ratings however, continue to remain constrained by risk associated with executing overseas & highly big ticket projects, high average collection period, volatile input prices, entry of more & more unorganised & foreign players intensifying competition in the construction industry and slow recovery of the economy. The rating also takes cognizance of significant exposure to group & associate companies and infusion of equity by the company in FY10. Steady flow of orders and timely execution of the same, ability to execute the big ticket project successfully, containing operating cost thereby maintaining margin and regular receipt of contract proceeds are the key rating sensitivities.

**Company Profile**

Simplex Projects Ltd. (SPL), incorporated in 1990, is a medium sized Kolkata based construction company. It has, over the years, completed a good number of small sized and few medium sized projects (including a few small power projects) and has received commendation certificates from some of its clients. It is the pioneer in the 'fully automated multilevel car parking system' in India and has major presence in

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications.

eastern India, north-eastern India and northern India. SPL is currently belonging to Shri B.K. Mundhra & associates of Kolkata.

In FY09, SPL earned PBILDT of Rs.34.6 crore (Rs.29.5 crore in FY08) and PAT (after defd. tax provision) of Rs.19.9 crore (Rs.19.8 crore in FY08) on total income of Rs.294.7 crore (Rs.191.7 crore in FY08). Interest coverage ratio, though declined, was comfortable. Both overall gearing ratios and current ratio, though deteriorated, were satisfactory as on Mar.31, 2009.

The working results for the nine months ended Dec.31, 2009 (9MFY10) were satisfactory with improvement in revenue and other profitability related parameter. Gross billing and PAT of SPL was Rs.276.5 crore and Rs.19.3 crore respectively in 9MFY10, as against Rs.215.7 crore and Rs.14.0 crore in 9MFY09.

**Analyst Contact**

Name: Priti Agarwal/Avinava Adhikary

Tel # 033-22831800

Mobile # 9831967110/9836230249

Email: [priti.agarwal@careratings.com](mailto:priti.agarwal@careratings.com) / [avinava.adhikary@careratings.com](mailto:avinava.adhikary@careratings.com)

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CARE is headquartered in Mumbai, with Offices all over India. The office addresses and contact numbers are given below:

**HEAD OFFICE: MUMBAI**

**Mr. D.R. Dogra**

Managing Director

Cell : +91-98204 16002

E-mail : dr.dogra@careratings.com

**Mr. Rajesh Mokashi**

Dy. Managing Director

Cell : +91-98204 16001

E-mail: rajesh.mokashi@careratings.com

**Mr. Ankur Sachdeva**

Head - Business Development

Cell : +91-9819698985

E-mail: ankur.sachdeva@careratings.com

4<sup>th</sup> Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway,  
Sion (East), **Mumbai 400 022** Tel.: (022) 67543456 Fax: (022) 67543457

**Website: www.careratings.com**

**OFFICES**

<p>Mr.Mehul Pandya Regional Manager 32 TITANIUM Pralhadnagar Corporate Road, Satellite, <b>Ahmedabad - 380 015.</b> Tel – 079 4026 5656 Mobile - 98242 56265 E-mail: mehul.pandya@careratings.com</p>	<p>Mr.Sundara Vathanan Regional Manager Unit No. 8, I floor, Commander's PlaceNo. 6, Raja Ram Mohan Roy Road, Richmond Circle, <b>Bangalore - 560 025.</b> Tel – 080 2211 7140 Mobile – 98803 60878 E-mail: sundara.vathanan@careratings.com</p>
<p>Mr.Ashwini Jani Regional Manager Unit No. O-509/C, Spencer Plaza, 5th Floor, No. 769, Anna Salai, <b>Chennai 600 002</b> Tel: 044 2849 7812/2849 0811 Mobile – 91766 47599 E-mail : ashwini.jani@careratings.com</p>	<p>Mr. Rahul Patni Regional Manager 401, Ashoka Scintilla 3-6-520, Himayat Nagar<b>Hyderabad - 500 029</b> Tel – 040 _40102030 Mobile – 91600 04563 E-mail: rahul.patni@careratings.com</p>
<p>Mr. Sukanta Nag Regional Manager 3<sup>rd</sup> Floor, Prasad Chambers (Shagun Mall Building) 10A, Shakespeare Sarani <b>Kolkata - 700 071.</b> Tel – 033 2283 1800/1803 Mobile – 98311 70075 E- mail: sukanta.nag@careratings.com</p>	<p>Ms.Swati Agrawal Regional Manager 710 Surya Kiran, 19 K.G. Road, <b>New Delhi - 110 001.</b> Tel – 011 2331 8701/2371 6199 Mobile – 98117 45677 E-mail : swati.agrawal@careratings.com</p>