

Simplex Infrastructures Limited

COMPANY SNAPSHOT					
CMP	Initiation Price	Target	Potential Upside	Recommendation	MCap (Rsbn)
Rs64	Rs540	Rs150	135%	BUY	Rs3.2

About the Company:

Simplex Infrastructures Ltd (Simplex) is a diversified company established in 1924, executing projects in several sectors like Transport, Energy & Power, Mining, Buildings, Marine, Real Estate etc. It is one of the leading construction players in India for nearly 90 years, executing projects with consistent quality assurance, cost control and adherence to milestones in a safe environment as per the customer requirements. Simplex has been closely associated with the country's infrastructure with over 2,900 completed projects spanning across almost the entire gamut of construction industry. The diverse clientele ranges from statutory bodies to national and state governments to domestic and international conglomerates. The management of the company has Mr. A.D Mundhra as the Vice-Chairman and Mr. Rajiv Mundhra as the Whole Time Director.

Results Declared:

- The net sales for the quarter reported a drop of 16.1% to Rs13,286mn as compared to Rs15,842mn in the same quarter last year
- The EBITDA margins for the quarter under review stood at 12.9%
- The net profit de-grew by 26.1% to Rs209mn as against Rs283mn in the comparative quarter
- The EPS stands at Rs3.7
- The fresh order inflow during the quarter is Rs1122cr. The order book as of June 2019 stands at Rs15347cr in addition to the L1 of Rs1070cr

Financials:

Result Update (Q1FY20)								
Q1FY20 Result (Rs mn)	June-19	June-18	y-o-y	Mar-19	q-o-q	FY19	FY18	y-o-y
Total Revenue	13286	15842	(16.1%)	15747	(15.6%)	60,415	57,662	4.8%
EBITDA	1720	1753	(1.9%)	1834	(6.2%)	7,103	6,496	9.3%
Other Income	188	296	(36.7%)	376	(50.1%)	1,119	1,363	(17.9%)
Interest	1198	1193	0.4%	1231	(2.7%)	4,708	4,516	4.3%
Depreciation	355	452	(21.4%)	381	(6.9%)	1,677	1,834	(8.6%)
Exceptional Items	-	-	-	-	-	-	-	-
Tax	145	122	19.6%	262	(44.4%)	611	340	79.9%
Net Profit	209	283	(26.1%)	336	(37.8%)	1226	1170	4.8%

Outlook and Recommendations:

Although there has been a drop in the topline, the company has reported better operating margins with the improvement clocked in the gross margins. The order backlog remains to be decent for the year under reference. However, considering the recent CARE Rating downgrade as well as the slowdown being witnessed in the real estate sector, the company stock price has taken a beating. In tandem to that we would like to tone down our target to Rs150 (from the earlier Rs300) over a 12 months horizon.

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