

June 12, 2014

## CARE REVISES RATINGS ASSIGNED TO BANK FACILITIES OF P.D. AGRAWAL INFRASTRUCTURE LIMITED

### Ratings

Facilities	Amount (Rs. crore)	Ratings <sup>1</sup>	Remarks
Long term Bank Facilities	37.37 (enhanced from Rs. 18.33 crore)	<b>CARE BBB (Triple B)</b>	Revised from CARE BBB- [Triple B Minus]
Short term Bank Facilities	3 (reduced from Rs.4.80 crore)	<b>CARE A3+ (A Three Plus)</b>	Revised from CARE A3 [A Three]
Long term/Short term Bank Facilities	40 (reduced from Rs.50 crore)	<b>CARE BBB / CARE A3+ (Triple B / A Three Plus)</b>	Revised from CARE BBB- / CARE A3 [Triple B Minus / A Three]
<b>Total Facilities</b>	<b>80.37</b>		

### Rating Rationale

The revision in the ratings take into account the steady growth in toll revenue from the two operational road projects of PD Agrawal Infrastructure Limited (PDAIL) along with tie-up of funds towards major maintenance expenditure (MME) for one of its toll road projects leading to ease of liquidity and improvement in debt coverage indicators.

The ratings continue to take into account the vast experience of the promoters of PDAIL in the construction industry, moderate revenue visibility in its construction business, presence of price escalation clause in majority of its ongoing projects and the government's increasing focus on development of urban infrastructure and rural road project.

The ratings, however, continue to be constrained by the modest scale of its operations, geographical and customer concentration and intense competition in the construction space due to the fragmented industry structure coupled with tender-based contract awarding system followed by the government departments which exerts pressure on profitability.

The ability of PDAIL to increase its scale of operations and sustain growth in the order book while maintaining its capital structure would be the key rating sensitivities. Furthermore, completion of the ongoing MME in one of its toll road projects within the envisaged time and cost parameters would also be crucial.

### Background

Indore-based PDAIL was incorporated in 2001 to take over the existing business operations of a partnership firm M/s P.D. Agrawal on a going concern basis, which was promoted by Mr PD Agrawal in 1978. PDAIL is engaged in construction activities mainly in roads and bridges segment. It has two operational toll road projects under Build-Operate-Transfer (BOT) basis in Punjab.

As per the provisional results for FY14 (refers to the period April 1 to March 31), PDAIL reported a PAT of Rs.9.33 crore on a total operating income (TOI) of Rs.106.29 crore as against a PAT of Rs.7.45 crore on a TOI of Rs.101.59 crore in FY13 (Audited).

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

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor 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 in addition to the financial performance and other relevant factors.

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CIN - L67190MH1993PLC071691