

January 3, 2014

**CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF
P.D. AGRAWAL INFRASTRUCTURE LIMITED**

Ratings

| Facilities | Amount (Rs.crore) | Ratings ¹ | Remarks |
|--------------------------------------|--|---|------------|
| Long-term Bank Facilities | 18.33 (reduced from Rs.25.49 crore) | CARE BBB- [Triple B Minus] | Reaffirmed |
| Short-term Bank Facilities | 4.80 (reduced from Rs.5 crore) | CARE A3 [A Three] | Reaffirmed |
| Long-term/Short-term Bank Facilities | 50 (enhanced from Rs.35 crore) | CARE BBB- / CARE A3 [Triple B Minus / A Three] | Reaffirmed |
| Total Bank Facilities | 73.13 | | |

Rating Rationale

The ratings continue to take into account the vast experience of the promoters of P.D. Agrawal Infrastructure Limited (PDAIL) in the construction industry, its stable revenue from two operational toll road projects, fair revenue visibility in the construction business, presence of price escalation clause in a majority of the projects on-hand and the Government's focus on the urban infrastructure and rural road project.

The ratings, however, continue to be constrained by the modest scale of its operations, geographical and customer concentration, increasing investments in the group entities, and its presence in a fragmented industry having intense competition due to the tender driven nature of the business.

The ability of PDAIL to increase its scale of operations and sustain growth in the order book while maintaining capital structure would be the key rating sensitivities. Furthermore, completion of the major maintenance expenditure (MME) in one of its two toll road projects within the envisaged time and cost parameters and fresh investment commitments in the real estate ventures of the group 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 P D Agrawal in 1978. PDAIL is engaged in infrastructure development activities mainly in roads and bridges. PDAIL has two operational toll road projects under Build-Operate-Transfer (BOT) basis in Punjab.

During FY13 (refers to the period April 1 to March 31), PDAIL reported a PAT of Rs.7.45 crore on a total operating income (TOI) of Rs.101.59 crore as against a PAT of Rs.5.81 crore on a TOI of Rs.80.35 crore in FY12. As per the provisional results for H1FY14, PDAIL earned a PBT of Rs.4.47 crore on a TOI of Rs.29.74 crore.

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¹Complete definitions of the ratings assigned are available at www.careratings.com and other CARE publications

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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