

March 23, 2012

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

Ratings

Facilities	Amount (Rs. Crore)	Ratings¹	Remarks
Long-term Bank Facilities	29.46	CARE BBB- (Triple B Minus)	Reaffirmed
Long/Short-term Bank Facilities	35.00	CARE BBB-/CARE A3 (Triple B Minus)/(A Three)	Reaffirmed
Short-term Bank Facilities	5.00	CARE A3 (A Three)	Reaffirmed
Total Facilities	69.46		

Rating Rationale

The ratings of P.D. Agrawal Infrastructure Limited (PDAL) continue to derive strength from the experience of its promoters, two operational toll road projects, modest order book position, lesser raw material price fluctuation risk on account of presence of price-escalation clause in majority of the projects on hand and the Government's focus on urban infrastructure & rural road network.

The ratings of PDAL however continue to be constrained by the small scale of its operations, geographically concentrated operations in the state of Madhya Pradesh, lower-than-envisaged toll collections of HT Tanda road, expected foray into the real estate sector, fragmented nature of the construction industry and increasing level of competition in the industry.

Increase in the scale of operations, growth in order book position and diversification into new revenue segments and geographies while maintaining profitability margins and capital structure would be the key rating sensitivities.

Background

PDAL, incorporated in 2001, is promoted by Mr P. D. Agrawal. PDAL has taken over the existing business operations of a partnership concern M/s. P.D. Agrawal & Co. (formed by Mr Agrawal in 1978) on a going concern basis. PDAL is primarily engaged in infrastructure development activities - mainly roads and bridges. PDAL is registered as A-V class (eligible to bid for a contract of any amount) Government contractor in Madhya Pradesh (MP) Public Works Department, MP Water Resources Department, Narmada Valley Development Authority, Indore Development Authority and Indore Municipal Corporation.

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

During FY11 (refers to the period April 1 to March 31), PDAL has reported a PAT of Rs.8.13 crore on a total income of Rs.49.47 crore as against a PAT of Rs.2.93 crore on a total income of Rs.53.85 crore in FY10.

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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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