

December 13, 2012

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

Ratings

Facility	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	25.49 (reduced from Rs.29.46 crore)	CARE BBB- (Triple B Minus)	Reaffirmed
Long-term/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	65.49		

Rating Rationale

The ratings continue to derive strength from the vast experience of the promoters of P.D. Agrawal Infrastructure Limited (PDAIL) in the construction industry, stable revenue from two operational toll road projects, moderate order book position, presence of price-escalation clause in majority of the projects on-hand and the Government's focus on 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 its presence in a fragmented industry with intense competition due to tender-driven nature of the business.

The ability of PDAIL to increase its scale of operations and order book through diversification into new geographies and revenue segments while maintaining profitability margins and capital structure would be the key rating sensitivities.

Background

Promoted by Mr P.D. Agrawal, 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 formed by Mr Agrawal in 1978. PDAIL is engaged in infrastructure development activities mainly in construction of roads and bridges. PDAIL has two operational toll road projects under Build-Operate-Transfer (BOT) basis in Punjab.

PDAIL earned a PAT of Rs.5.81 crore on a total operating income of Rs.80.35 crore in FY12 (refers to the period from April 1 to March 31) as against a PAT of Rs.8.14 crore on a total operating income of Rs.49.48 crore in FY11.

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