

JULY 9, 2015

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

Rating

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	28.71	CARE BBB+ (Triple B Plus)	Revised from CARE BBB (Triple B)
Long-term/Short -term Bank Facilities	55.00 (enhanced from Rs.40.00 crore)	CARE BBB+/CARE A2 (Triple B Plus/ A Two)	Revised from CARE BBB/CARE A3+ (Triple B /A Three Plus)
Total Facilities	83.71		

Rating Rationale

The revision in the ratings of P.D. Agrawal Infrastructure Limited (PDAIL) takes into account steady growth in the revenue from its two operational toll road projects along with successful completion of major maintenance in both of them while maintaining healthy profitability margins and comfortable debt coverage indicators.

The ratings continue to take into account vast experience of the promoters along with PDAIL's established track record in the road construction business, its moderate order book which provides medium-term revenue visibility and the government's renewed thrust towards infrastructure development which could translate into more business opportunities for the construction players.

The ratings, however, continue to be constrained by PDAIL's relatively modest scale of operations, geographical and segmental concentration of its order book, working capital-intensive operations and its presence in a fragmented and competitive construction industry.

PDAIL's ability to further scale up its operations through timely execution of the existing orders and grow its order book through greater geographical and segmental diversification while maintaining its profitability margins and capital structure shall be the key rating sensitivities.

Background

Incorporated in 2001, Indore based PDAIL was promoted by Mr P.D. Agrawal to take over the existing business of partnership firm M/s P.D. Agrawal on going concern basis. The company is engaged in construction activities, mainly in the roads and bridges segment and has status of A-5 (eligible to bid for any amount) class contractor with different departments of Madhya Pradesh (M.P) state government.

PDAIL has two operational toll road projects under Build-Operate-Transfer (BOT) basis in the state of Punjab.

As per the provisional results for FY15, PDAIL earned a PAT of Rs.14.22 crore on a total operating income of Rs.110.42 crore as against a PAT of Rs.9.13 crore on a total operating income of Rs.107.34 crore during FY14 (Audited).

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

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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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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