

Press Release

Brickwork Ratings assigns “BWR IPO Grade 3” to the proposed Initial Public Offer of NKG Infrastructure Limited.

NKG Infrastructure Limited

**IPO Grading: BWR IPO Grade 3
(Average Fundamentals)**

Brickwork Ratings (BWR) has assigned BWR IPO Grade 3 to the proposed IPO of NKG INFRASTRUCTURE LIMITED (NKG). Brickwork Ratings’ BWR IPO Grade 3 indicates average fundamentals for the issue in relation to the other listed equity securities in India.

The grading factors the positive outlook and growth prospects of the infrastructure industry in India, NKG management’s experience in the construction industry, a strong second line of management and good operational performance over the past 4 years. The grading is constrained by NKG’s complex holding structure, the highly regulated and competitive nature of the construction industry, NKG’s dependence on the Government bodies for most of its revenues and the SEBI action that a group company, Intec Share and Stock Brokers Ltd., has faced.

NKG Infrastructure (NKG) was incorporated in November 1989 as N.K. Garg & Company Pvt. Ltd. It was renamed NKG Infrastructure Ltd in August 2005. The company is promoted by Mr. Naresh Kumar Garg, Mr. Pradeep Kumar Garg, Mr. Devendra Kumar Garg and Aman Promoters Pvt. Ltd. NKG’s registered office is in New Delhi and corporate office in Ghaziabad, UP. The geographical spread of its operations covers the states of Uttar Pradesh, Haryana, Madhya Pradesh, Maharashtra, Uttarakhand, Orissa, Himachal Pradesh and Delhi.

NKG is a construction company that primarily operates in the following segments:

- Road & Bridges
- Houses / Commercial buildings
- Medical Colleges / Hospitals
- Electrical transmission & Distribution infrastructure
- Water works / Sewers / Civil works of hydro projects

They bid for projects on a stand-alone basis as well as through project specific Joint Ventures. The company has acquired significant experience in the execution of EPC contracts, having completed projects with a cumulative value of Rs. 2200 crores since 2006. NKG's asset base - comprised of construction equipment and machinery, which is an important pre-requisite for winning contracts - stood at Rs. 101.03 crores as at 31st March 2010.

As at 31st March 2010, the value of NKG's order book was Rs. 2958 crores, and it consisted of 83 projects. Although road works forms the majority of its sales revenue in FY10, in future, the company plans to focus on securing BOT Annuity projects, Water & Sewerage works and Electrical T&D infrastructure works.

The company intends to utilize the IPO proceeds of about Rs. 275 crores to enhance its 'bid capacity' and 'pre-qualification capability'. IPO funds will be used to purchase capital equipment, meet working capital requirement and to repay/pre-pay a portion of the company's existing debt. Deployment of funds is entirely at the discretion of management.

NKG Infrastructure Limited is compliant with the provisions of Clause 49 of the Listing Agreement. The Board of Directors of NKG consists of four Executive Directors and eight non-Executive Directors, of whom six are Independent. The Chairman of the Board is a non-Executive Director.

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