

July 8, 2010

**CARE REAFFIRMS RATING ASSIGNED TO THE BANK FACILITIES OF
COIMBATORE INTEGRATED WASTE MANAGEMENT CO. PVT. LTD.****Ratings**

Facilities/Instruments	Amount (Rs. crore)	Ratings¹	Remarks
Long-term Bank Facilities	27.44	'CARE BBB-' (Triple B Minus)	Reaffirmed
Short-term Bank Facilities	10.50	'PR3' (PR Three)	Reaffirmed
Total Facilities	37.94		

Rating Rationale

The ratings continue to derive strength from the promoters' relevant experience in operations & maintenance of similar facilities and achieving of financial closure for the project. The ratings are also strengthened by eligibility of grant under Jawaharlal Nehru National Urban Renewal Mission (JNNURM) scheme.

The ratings are, however, constrained by project implementation risk, moderate credit profile of Coimbatore Municipal Corporation (CMC) and the expected operating losses in the initial years.

Ability of CIWMCPL to commence the project within the stipulated time frame, timely disbursement of balance grant by the Government and successful operation & maintenance would be the key rating sensitivities.

Company profile

CIWMCPL is a Special Purpose Vehicle (SPV) incorporated on January 16, 2008 to undertake a comprehensive waste management project awarded by CMC in the State of Tamil Nadu for a concession period of 20 years on Build, Operate, Own and Transfer (BOOT) basis. It is being promoted by United Phosphorus Limited (UPL) and Baruch Environmental Infrastructure Ltd (BEIL). UPL is a leading global producer of agrochemicals while BEIL is a subsidiary of Tatva Global Environment Ltd., which undertakes environmental projects through its subsidiaries and SPVs.

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

The cost of the project is estimated to be Rs.86.47 crore and is to be funded at a debt-equity ratio of 1.77:1 excluding the grant/subsidy of Rs.48.25 crore. As on February 28, 2010, CIWMCPL had incurred total expenditure of Rs.79.73 crore (92.21% of total project cost). As on March 17, 2010, the company had completed development of one of its transfer stations and closure of 2 of the 3 dumpsites. The construction and development of Sanitary Landfill Facility and Waste Processing facility was under progress.

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CARE 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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