

August 20, 2010

**CARE REAFFIRMS RATINGS TO THE BANK FACILITIES OF
GHARPURE ENGINEERING & CONSTRUCTIONS PVT LTD.**

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	19.00	'CARE BBB+' [Triple B Plus]	Reaffirmed
Short-term Bank Facilities	28.00	'PR3+' [PR Three Plus]	Reaffirmed
Total Facilities	47.00		

Rating Rationale

The ratings take into cognizance the strong promoter background, expertise in executing liquid waste management projects, inherent synergies arising out of contracts undertaken for group companies, healthy & growing order book position, low gearing levels and positive industry outlook. The ratings are, however, constrained by the relatively small scale of operations, regional concentration mainly in Maharashtra and low-margin construction projects.

Ability of GECPL to procure larger projects and consequent execution within stipulated time frame and maintain profitability margins constitute the key rating sensitivities.

Company Profile

GECPL part of the well-known United Phosphorus Ltd. (UPL) group, is an Engineering Procurement and Construction contractor engaged in Engineering, Designing, and Construction & Consultancy services for liquid waste processing i.e. waste water treatment and sewerage distribution systems. The company also undertakes secondary activities viz construction of commercial, residential and industrial buildings. The company pursues projects on its own and also through its group companies. As on December 15, 2009, GECPL had an outstanding order book position of Rs.425.54 crore, representing 5.72x of FY09 sales and comprising 12 projects.

GECPL reported sales of Rs.69.44 crore in FY09 and posted a PAT of Rs.2.19 crore on the back of execution and completion of civil construction projects, mostly sewerage and water treatment plants in Maharashtra. For the period ended 9MFY10, GECPL reported a PAT of Rs.1.15 crore on a total operating income of Rs.84.01 crore.

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CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

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