

July 8, 2010

**CARE REAFFIRMS THE RATING ASSIGNED TO THE BANK FACILITIES OF  
UPL ENVIRONMENTAL ENGINEERS LTD.****Ratings**

<b>Facilities/Instruments</b>	<b>Amount (Rs. crore)</b>	<b>Ratings<sup>1</sup></b>	<b>Remarks</b>
Long-term Bank Facilities	22.77 (revised from 25.62)	<b>CARE BBB+</b>	Reaffirmed
Short-term Bank Facilities	30.00	<b>PR3+</b>	Reaffirmed
<b>Total Facilities</b>	<b>52.77</b>		

**Rating Rationale**

The ratings continue to derive strength from the promoters' relevant experience in executing environmental-based Engineering, Procurement and Contract (EPC) projects and moderate order book size with majority of the projects having inbuilt cost-escalation clause. The ratings also factor the inherent synergistic benefits arising out of undertaking contracts for its group companies and the favourable industry prospects. The ratings are however, constrained by the small size of operations with relatively low profitability margins, high working capital-intensive business model as reflected in significant working capital limit utilization, along with high gearing ratio impacting its credit profile.

Besides, ability of UPLEEL to execute the projects in a timely fashion, improve profitability margins and successfully procure larger projects constitute key rating sensitivities.

**Company Profile**

Incorporated in October 1994, UPL Environmental Engineers Limited (UPLEEL) is a subsidiary of Tatva Global Environment Ltd. (80% stake) and a part of United Phosphorus Limited group. UPLEEL, mainly an EPC contractor offers services in environment engineering & consultancy. As on March 15, 2010 the outstanding order book to be executed in FY11 was Rs.295.00 crore, representing 2.77(x) of FY09 sales.

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<sup>1</sup>Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and various CARE publications



*Press Release*

On a total income of Rs.106.56 crore, UPLEEL reported PAT of Rs.3.22 crore in FY09. The long-term debt-equity ratio and overall gearing ratio of UPLEEL were 0.51x and 2.18x respectively as on March 31, 2009. UPLEEL reported PBILDT and PBT of Rs.6.07 crore and Rs.2.25 crore respectively for 9MFY10 on total income of Rs.58.07 crore.

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