

June 7, 2010

**CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF UNITY INFRAPROJECTS LTD.****Ratings**

<b>Facilities/ Instruments</b>	<b>Amount (Rs. crore)</b>	<b>Ratings<sup>1</sup></b>	<b>Remarks</b>
Long-term Bank Facilities	586 (enhanced from Rs.548.50 cr)	<b>CARE BBB+</b>	<b>Reaffirmed</b>
Short-term Bank Facilities	508	<b>PR2+</b>	<b>Reaffirmed</b>
Long-term/Short-term Bank Facilities	1,265 ( enhanced from 890 cr)	<b>CARE BBB+ /PR2+</b>	<b>Reaffirmed</b>
<b>Total</b>	<b>2,359</b>		

**Rating Rationale**

The ratings take into account UIL's professionally qualified management, long track record and established position in the construction industry and healthy profitability. The ratings also derive strength from the strong and diversified order book position, equity funds raised through Qualified Institutional Placement (QIP) route and positive outlook for the infrastructure sector.

The ratings are, however, constrained by deterioration in leverage and high working capital utilisation. The ratings also consider UIL's exposure to riskier real estate & Build, Operate & Transfer (BOT) projects through its subsidiaries and the expected support to these subsidiaries.

The ability of UIL to improve its liquidity position and successfully execute the increased order book without further deterioration in the leverage profile will be a key rating sensitivity.

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

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## Company Profile

UIL is in business of civil construction of residential and commercial projects for over a decade. UIL has a healthy order book position aggregating Rs.5,738 crore as on February 28, 2010, which has more than doubled from Rs.2,694 crore as on March 31, 2009. UIL has invested about Rs.153 crore in Special Purpose Vehicles (SPVs) with several projects which are yet to start implementation and may need support from UIL going forward. Total income for the company has grown by 33% to Rs.1,204 crore in FY09 mainly driven by steady progress in the projects under implementation. PBILDT margin was more or less in the range of 12% since major projects were from civil construction. PAT margin declined to 5.71% in FY09 from 6.85% in FY08, due to high capital costs. For 9M FY09 the total income of the company was Rs.988 crore and PAT was at Rs.59 crore.

### **Analyst Contact**

Name: Smita Rajpurkar

Tel # 022 6754 3451

Board # 022 6754 3456

Email: [smita.rajpurkar@careratings.com](mailto:smita.rajpurkar@careratings.com)

***CARE classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries /regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.***

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CARE is headquartered in Mumbai, with Offices all over India. The office addresses and contact numbers are given below:

**HEAD OFFICE: MUMBAI**

**Mr. D.R. Dogra**

Managing Director

Cell : +91-98204 16002

E-mail : dr.dogra@careratings.com

**Mr. Rajesh Mokashi**

Dy. Managing Director

Cell : +91-98204 16001

E-mail: rajesh.mokashi@careratings.com

**Mr. Ankur Sachdeva**

Head - Business Development

Cell : +91-9819698985

E-mail: ankur.sachdeva@careratings.com

4<sup>th</sup> Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway,  
Sion (East), **Mumbai 400 022** Tel.: (022) 67543456 Fax: (022) 67543457

**Website: www.careratings.com**

**OFFICES**

<p>Mr.Mehul Pandya Regional Manager 32 TITANIUM Pralhadnagar Corporate Road, Satellite, <b>Ahmedabad - 380 015.</b> Tel – 079 4026 5656 Mobile - 98242 56265 E-mail: mehul.pandya@careratings.com</p>	<p>Mr.Sundara Vathanan Regional Manager Unit No. 8, I floor, Commander's PlaceNo. 6, Raja Ram Mohan Roy Road, Richmond Circle, <b>Bangalore - 560 025.</b> Tel – 080 2211 7140 Mobile – 98803 60878 E-mail: sundara.vathanan@careratings.com</p>
<p>Mr.Ashwini Jani Regional Manager Unit No. O-509/C, Spencer Plaza, 5th Floor, No. 769, Anna Salai, <b>Chennai 600 002</b> Tel: 044 2849 7812/2849 0811 Mobile – 91766 47599 E-mail : ashwini.jani@careratings.com</p>	<p>Mr. Rahul Patni Regional Manager 401, Ashoka Scintilla 3-6-520, Himayat Nagar<b>Hyderabad - 500 029</b> Tel – 040 _40102030 Mobile – 91600 04563 E-mail: rahul.patni@careratings.com</p>
<p>Mr. Sukanta Nag Regional Manager 3<sup>rd</sup> Floor, Prasad Chambers (Shagun Mall Building) 10A, Shakespeare Sarani <b>Kolkata - 700 071.</b> Tel – 033 2283 1800/1803 Mobile – 98311 70075 E- mail: sukanta.nag@careratings.com</p>	<p>Ms.Swati Agrawal Regional Manager 710 Surya Kiran, 19 K.G. Road, <b>New Delhi - 110 001.</b> Tel – 011 2331 8701/2371 6199 Mobile – 98117 45677 E-mail : swati.agrawal@careratings.com</p>