Press Release

June 11, 2008

CARE ASSIGNS 'A+' RATING TO NCD ISSUE OF UNITECH LTD. & 'PR1+' RATING TO STD ISSUE

CARE assigned 'CARE A+' (single A plus) rating to the proposed NCD (non convertible debentures) aggregating Rs.200 crore of Unitech Ltd (Unitech).

CARE assigned 'PR1+' (PR one plus) rating to the STD (short term debt) aggregating Rs.200 crore of Unitech Ltd (Unitech) (enhanced from Rs.100 cr).

The rating takes into account, promoter's long experience in construction and real estate sector, established brand, track record of timely delivery and strong execution capabilities for real estate projects, large land bank size (procured at historical prices), inflow of funds through sale of investments and improved profitability. The rating is constrained by high leverage ratios, large area under construction and inherent risks in real estate sector.

Unitech, the flagship company of the Unitech Group, was promoted in 1971 as a construction company. In 1986, the company ventured into real estate development business. It is chaired by Mr. Ramesh Chandra and day-to-day affairs are looked into by the two managing directors; Mr. Ajay Chandra and Mr. Sanjay Chandra alongwith whole time director; Mr. A.S. Johar.

The company's principal activities are real estate development, construction and consultancy in related areas. Unitech developed over 8 mn. sq. ft. of residential area, in more than 20 projects, and over 7 mn. sq. ft. of commercial & retail space alongwith 6 integrated townships aggregating 1065 acres at various locations across the country.

Traditionally, most of the developments were done by the company in NCR. It also started focusing on other cities in the country as well.

The company declared land bank of nearly 13,758 acres (economic share in Jan. 2008) in various parts of the country (accrued over a period of time at historic prices) on which various real estate projects would be undertaken.

Unitech is currently executing a number of integrated townships and group housing projects resulting in saleable area of 29.63 mn. sq. ft. It is also executing 8 commercial projects (22.73 mn. sq. ft.), 5 retail projects (1.22 mn. sq. ft.), hotels and SEZs (special economic zones).

Total operational income of the company grew at a CAGR of 125%, from Rs.650 crore in FY05 to Rs.3298 crore in FY07. The growth in income is primarily on account of continuous increase in the area sold by the company over the years and increase in the average sale price per sq. ft. Substantial increase in total income during FY07 is on account of selling 60% stake in five of its SEZs and one IT park to Unitech Corporate Parks Ltd. (UCP) for a consideration of more than Rs.1500 crore. This has also added to increase in the total operational income of the company on consolidated basis.

Increase in PBILDT margin was mainly driven by higher contribution from the real estate income and increase in average sale price per sq ft.

The stock split and the bonus issue resulted in increase in paid up equity share capital of the company to Rs.162.34 crore on Mar. 31, 2007.

The overall gearing is relatively high at 2.96 times (inclusive of deferred liabilities), as on Mar. 31, 2007.

Unitech has a fund-based working capital limit of Rs.117 crore and a non-fund based limit of Rs.234 crore from various banks. The company normally does not utilise the working capital limits from bankers and is taking project specific loans / limits, which are being utilised by the company.

The company has been able to generate a total operational income of Rs.3035 crore, at a PBILDT margin of over 57%, during nine months ended Dec.31, 2007, which is an increase of 79% in total income period-on-period on account of higher sales, in terms of area sold and higher sales realisations per sq. ft. for the area sold.

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