
October 20, 2010

**CARE ASSIGNS 'CARE BBB-' RATING TO BANK FACILITIES OF
SARE SAAMAG REALTY PVT. LTD.**

Ratings Assigned

Facilities	Amount (Rs. cr)	Ratings ¹	Remarks
Long-term Working Capital Term Loan	15.00	'CARE BBB-' [Triple B Minus]	Assigned
Total	15.00		

Rating Rationale

The rating derives comfort from the promoter's financial support of Sare Saamag Realty Pvt. Ltd. (SSR), favorable capital structure arising from very low debt and upfront equity contribution for the project, association with reputed contractor and high proportion of area sold in the ongoing phase-I of the project. The rating, however, is constrained by the lack of the company's operating history, project funding largely dependent on customer advances, significant competition from local real estate projects and the inherent risk associated with the real estate industry.

Going forward, timely progress, execution of the project work within the estimated cost and achievement of the envisaged sales in a timely manner shall be the key rating sensitivities.

Company Profile

SSR is a Special Purpose Vehicle (SPV) promoted by SARE (Cyprus) SPV Ltd. (SARE-Cyprus) and Saamag Group for the development of an integrated township in Ghaziabad. SARE-Cyprus owns 76% and the remaining stake is held by the Saamag group.

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

The total project land is 72.9 acres, which SSR has planned to develop in four phases. Presently, the company is developing the Phase-I of the project which involves the development of 7.15 acres of area. The total cost of the project in Phase-I is estimated at Rs.75.7 crore which is planned to be funded with a debt-equity ratio of 0.25:1. SSR has appointed a reputed contractor for the project.

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CARE has 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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