

June 3, 2010

CARE ASSIGNS 'CARE BBB-' RATING TO THE BANK FACILITIES OF SATELLITE DEVELOPERS LTD.

CARE has assigned a '**CARE BBB-**' (**Triple B Minus**) rating to the Long-term Bank Facilities of Satellite Developer Limited (SDL). This rating is applicable to facilities having tenure of over one year. Facilities with this rating are considered to offer moderate safety for timely servicing of debt obligations. Such facilities carry moderate credit risk.

CARE assigns '+' or '-' signs to be shown after the assigned rating (wherever necessary) to indicate the relative position within the band covered by the rating symbol.

This rating is assigned to long-term bank facilities of SDL aggregating Rs.400.00 crore.

Instrument	Amount (Rs. crore)	Rating
Long-term Bank Facilities	400.00	' CARE BBB- '
Total	400.00	

Rating Rationale

The rating derives strength from the company's experienced management, significant presence in Mumbai, its established track record of executing projects in the city, ongoing projects at good locations with good booking status as on October 2009 and the Government's support to real estate sector.

The rating also takes cognisance of prepayment of loans by SDL out of the refund of deposit from National Textile Corporation (NTC) and SDL's strong operational performance during FY09. The rating is, however, constrained by the persisting slowdown in the commercial real estate sector, moderately high gearing level as on March 31, 2009 and the increase in scope of one of the super-premium villa project, which is primarily debt-funded.

SDL's timely execution of its ongoing projects, the company's ability to mobilise advances and achieve sales as scheduled, and at the envisaged rates especially of the super-premium villas at Napean Sea Road remain the key rating sensitivities.

Company Profile

Incorporated in 1953, SDL is the flagship company of the Satellite group. The company has undertaken small and medium sized projects in the past. Till FY09, the company has completed a mix of residential as well as commercial projects aggregating 3.79 million square feet (msf). Currently, the company, on a standalone basis, is executing projects involving construction of commercial and residential complexes of around 0.9 msf of saleable area.

On a total income of Rs.139.30 crore, SDL earned a PAT of Rs.12.13 crore in FY09. During H1FY10, SDL reported net sales and PBILDT of Rs.111.90 crore and Rs.33.04 crore respectively.

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CARE 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.

Disclaimer

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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