

September 3, 2010

CARE ASSIGNS 'CARE BBB-' AND 'PR3' RATING TO THE BANK FACILITIES OF DUET INDIA HOTELS (PUNE) PVT. LTD.**Ratings Assigned**

Facilities	Amount (Rs. cr)	Ratings ¹	Remarks
Long-term Loan	96.00	'CARE BBB-' [Triple B Minus]	Assigned
Long-term Non-fund Based Facilities	4.00	'CARE BBB-' [Triple B Minus]	Assigned
Short-term Bank Facilities (Letter of Credit)	15.00*	'PR3' [PR Three]	Assigned
Total	100.00*		

* Note: Rs.15 crore of LC is sub-limit of the above-stated long-term loan of Rs.96.00 crore

Rating Rationale

The rating derives comfort from the promoter's support, experienced management team in the hospitality sector and high degree of project's preparedness in terms of financing tie-ups and physical completion of the project. The rating also takes into account the marketing and operating tie-ups of Duet India Hotels (Pune) Pvt. Ltd (DIH Pune) with the leading hospitality brands. The rating, however, is constrained by the high level of competition of Pune hospitality market, residual project's implementation in a timely manner and inherent cyclicity associated with the hospitality industry.

Going forward, the ability of DIH Pune to timely commence the commercial operations, achieving the envisaged Average Room Rent (ARR) and occupancy levels and the future industry scenario of the Pune hospitality market would be key rating sensitivities.

Company Profile

DIH Pune (formerly known as Dawnay Day Hotel Pune Private Limited) was incorporated in the year 2006 for the operation and development of a five-star hotel in Pune, Maharashtra. DIH Pune is a wholly-owned subsidiary of Duet India Hotels Ltd (DIHL), which is an umbrella entity for all of the Duet Group hotels that are planned in India.

The proposed hotel would feature 162 standard rooms, 48 service apartments and seven suites. The project is planned to commence operations by October 2010. The total cost of the project is estimated at Rs.159.48 crore which is planned to be funded with a debt-equity ratio of 1.51:1 (including internal accruals). The financial closure of the project has been completed and the promoters have invested their equity contribution into the project.

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

The company has entered into an operating tie-up with an international hotel operator, namely JHM Interstate Hotels (India) Private Limited while the branding and marketing arrangement has been entered into with Sheraton International Inc.

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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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