

June 1, 2010

CARE REAFFIRMS RATINGS TO THE BANK FACILITIES OF JUNIPER HOTELS PRIVATE LIMITED

CARE has reaffirmed '**CARE BBB +**' [**Triple B plus**] rating to the long-term bank facilities of JHPL. This rating is applicable for facilities having tenure of more than one year. Facilities with this rating are considered to offer moderate safety for timely servicing of debt obligations. Such facilities carry moderate credit risk. Additionally, CARE has reaffirmed '**PR 2+**' (**PR Two Plus**) rating to the short-term bank facilities of JHPL. This rating is applicable for facilities having tenure up to one year. Facilities with this rating would have adequate capacity for timely payment of short-term debt obligations and carry higher credit risk as compared to facilities rated higher. These ratings are assigned to the short-term and long-term bank facilities of JHPL aggregating Rs. 432.14 crore (enhanced from Rs.407.73 crore).

Facilities	Amount (Rs. crore)	Rating
Long term bank facilities	430.14	CARE BBB+
Short term bank facilities	2.00	PR2+
Total	432.14	

Rating Rationale

The ratings continue to gain strength from the vast experience of promoters, especially the Hyatt Group, in the hotel industry, locational advantage because of the proximity to the airports and the commercial area of North Mumbai, satisfactory profit margins in FY09 in spite of the slowdown in the hospitality sector and strong brand value of 'Hyatt'.

The ratings are constrained by envisaged expansion plans which are predominantly debt financed, current concentration risk due to operation of single property and near term unfavorable scenario of the hospitality industry.

Ability of the company to manage the funding requirements for the envisaged expansion projects and achieve the envisaged Revenue Per Available Room (RevPAR) for the existing property in a scenario of intense competition are the key rating sensitivities.

Company Profile

Incorporated in 1985, JHPL is a 50:50 JV between 'Hyatt' and the Saraf Group, one of the promoters of Asian Hotels Limited. JHPL operates the 5-star hotel 'Grand Hyatt' in North Mumbai.

The average Occupancy level of the hotel rooms and service apartments were 64% and 79% and in FY09. The Average Room Rate (ARR) during FY09 was around Rs. 12,097 / room night for room and Rs.15,251 / room night for service apartment. JHPL reported a total income and PAT of Rs.330 crore and Rs.61 crore respectively during FY09. Net sales and PAT declined during the year because of the slowdown in the hospitality industry and 26/11 terrorist attack in Mumbai. JHPL has envisaged expansion plans in Ahmedabad and Delhi which will be debt funded.

Analyst Contact

Name: Ms. Aarti Mhatre

Tel # 022 6754 3440

Email: aarti.dogra@careratings.com

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.

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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

4th 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, Ahmedabad - 380 015. 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 Place No. 6, Raja Ram Mohan Roy Road, Richmond Circle, Bangalore - 560 025. 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, Chennai 600 002 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 Hyderabad - 500 029 Tel – 040 _40102030 Mobile – 91600 04563 E-mail: rahul.patni@careratings.com</p>
<p>Mr. Sukanta Nag Regional Manager 3rd Floor, Prasad Chambers (Shagun Mall Building) 10A, Shakespeare Sarani Kolkata - 700 071. 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, New Delhi - 110 001. Tel – 011 2331 8701/2371 6199 Mobile – 98117 45677 E-mail : swati.agrawal@careratings.com</p>