Press Release

July 12, 2010

CARE REVISES THE RATING ASSIGNED TO BANK FACILITIES & NCD ISSUE OF VICEROY HOTELS LTD.

Ratings Assigned

Facilities/Instruments	Amount (Rs. crore)	Ratings[1]	Remarks
Long-term Bank Facilities	691.34	**'CARE D' (Single D)**	Revised from 'CARE B'
Non-Convertible Debentures (NCDs)	47.50	**'CARE D' (Single D)**	Revised from 'CARE B'
Total Facilities/Instruments	**738.84**		

Rating Rationale

The rating revision factors in delay in the repayment of interest on NCDs. The rating continues to be constrained by deterioration in financial position of the company due to declining occupancy levels and average room rents, increase in debt levels due to funding of projects under execution, especially considering extensive time and cost overrun in the projects, strained liquidity position due to large loan repayments aggravated by challenging operating conditions on account of the slowdown in economy.

Company Profile

VHL presently runs a five star category, 297 room hotel viz. "Marriot Hyderabad" and a 200-room hotel 'Courtyard' in 4-star category at Gandhinagar, Hyderabad. VHL is also implementing two five star hotel projects simultaneously in Chennai and Bangalore.
On a total income of Rs. 67 cr, VHL earned a PAT of Rs.3 cr in FY09. VHL have registered net loss of Rs.1 cr in FY10 (unaudited) on a total income of Rs 60 cr.

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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.

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

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