

July 23, 2010

**CARE CONFIRMS THE RATING ASSIGNED TO THE BANK FACILITIES OF  
WARASGAON LAKE VIEW HOTELS LTD.  
(ERSTWHILE LAVASA STAR HOTEL LTD.)**

**Ratings Assigned**

Facilities/Instruments	Amount (Rs. crore)	Ratings <sup>1</sup>	Remarks
Long-term Bank Facilities	81.00	' <b>CARE BBB (SO)</b> ' [ <b>Triple B (SO)</b> ]	Revised from 'In Principle CARE BBB (SO)' [ In principle Triple B (SO)]

**Rating Rationale**

The rating is based on credit enhancement in the form of corporate guarantee given by Lavasa Corporation Limited (LCL, Rated CARE BBB).

LCL's rating takes into account the renowned promoters of the company, the status of the project with respect to land acquisition, development of basic infrastructure, regulatory approvals and sales. The rating also factors in the expertise of the various consultants appointed for the project and past experience of HCC, one of the leading promoters of the project, in the construction industry.

The rating is, however, constrained by substantial concentration of land bank within one region and project execution risks.

Ability of WLHL to generate sufficient social infrastructure and commercial activity which are necessary for the viability of the project, sustained growth in the tourism industry, recovery of the real estate sector and future growth of the economy remain the key rating sensitivities.

**Company Profile**

WLH, promoted by Lavasa Corporation Limited (LCL) is currently undertaking a project to develop a 200-room, 4-star hotel at Lavasa (an integrated hill-station township admeasuring around 13,000 acres, close to Pune which is being developed by LCL).

WLHL has tied up with Accor for the management of the hotel project. Accor, a European leader in hotels and tourism, and a global leader in corporate services, operates in nearly 100 countries with 166,000 employees.

The project is being developed at an estimated cost of Rs.135 crore. As on March 31, 2010, WLHL has incurred total cost of Rs.19.85 crore. The hotel is expected to be operational by November 2010. The company has already achieved financial closure.

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and any other CARE publications".

**About Guarantor LCL:**

LCL is currently undertaking a project to create an integrated hill-station township – Lavasa, spread over 13,000 acres, providing residential and business/leisure tourism and educational infrastructure close to Pune. LCL aims to offer all the necessary support facilities and infrastructure to become a self-contained township and tourism centre. The total project is envisaged to be taken up in various phases, the time period of which will span till 2021. LCL received most of the major approvals required for the development of Lavasa, viz environmental, forest, pollution, quarrying, irrigation etc.

The total developmental cost to be incurred till FY14 will be about Rs.6,547 crore which is proposed to be funded through equity of Rs.825 crore, internal accruals/developmental revenue of Rs.3,820 crore, debt of Rs.1,077 crore and Deep Discount Convertible Debentures (DDCDs) of Rs.825 crore.

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***CARE classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries /regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.***

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