

July 25, 2015

Facilities	Amount (Rs. Crore)	Rating
Term Loan I	4.50	SMERA BBB/Stable (Assigned)
Term Loan II	3.00	SMERA BBB/Stable (Assigned)

SMERA has assigned a rating of '**SMERA BBB**' (read as **SMERA triple B**) to the Rs. 7.50 crore bank facilities of The Dukes Retreat Limited (TDRL). The outlook is '**Stable**'. The rating derives comfort from the strong occupancy at the hotel resulting in healthy profitability considering the premium brand and locational advantage. However, the rating is constrained by geographical concentration risk and low margin in the locomotive business.

Rating Sensitivity

- Scaling up of operations while maintaining profit margins

Outlook: Stable

SMERA believes TDRL will maintain its healthy business risk profile in the medium term on the back of strong occupancy rate at hotels and experience of the promoters in the business. The outlook may be revised to 'Positive' in case TDRL achieves higher than expected revenues with sustainable profitability and improvement in the capital structure. Conversely, the outlook may be revised to 'Negative' in case of further deterioration in its financial risk profile.

About the Company

The Dukes Retreat Limited (TDRL) was incorporated in 1972 as Mayoors Hoteliers Private Limited and was renamed The Dukes Retreat Private Limited in 1985. It was converted into a public limited company in 1996 and is managed by Ms. Sonali Thakker.

TDRL has two divisions: the hospitality division at Khandala (Maharashtra) and the locomotive division at Hyderabad. The hospitality division operates Dukes Retreat at Khandala, Maharashtra with around 80 rooms, five conference halls, three restaurants, a bar, a swimming pool, and a health club.

At the locomotive division, the company manufactures locomotives for the railways, the cement industry and power plants. The range of Ventra products include diesel hydraulic and mechanical, battery locomotives as well as self-propelled vehicles, inspection cars, track maintenance vehicles, mine cars and other allied rail equipment. It has a manufacturing capacity of 24 locomotives per annum with capacities ranging from 50 horsepower (HP) to 1200 (HP).

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SMERA RATINGS LIMITED

The Dukes Retreat Limited (TDRL)

Rating Rationale

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