

ROBUST HOTELS LIMITED

CIN: L55101TN2007PLC062085

Registered Office: No. 365, Anna Salai, Teynampet, Chennai – 600 018.

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Date: 07.08.2024

To,

The Manager Listing Department BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001	The Manager Listing Department National Stock Exchange of India Ltd. Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai-400 051
Type of Security: Equity shares Scrip Code : 543901	Type of Security: Equity shares NSE Symbol : RHL

Dear Sir,

Sub: Intimation of credit rating under Regulation 30 of SEBI (LODR) Regulations, 2015.

Pursuant to Regulation 30 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, please note that CRISIL Ratings (“CRISIL”) has reviewed the rating on bank facilities of the Company. In this regard please find below the ratings for the bank loan facilities of the Company:

Total Bank Loan Facilities Rated	Rs.170 Crore (Enhanced from Rs. 165 Crore)
Long Term Rating	CRISIL BBB/Stable (Upgraded from CRISIL BBB - /stable')
Short Term Rating	CRISIL A3+ (Assigned)

The rating letter received from CRISIL dated 07th August, 2024 is enclosed herewith. Kindly take the above on record.

With regards,

For Robust Hotels Limited

Yasotha Benazir N
Company Secretary & Compliance Officer



Rating Rationale

August 07, 2024 | Mumbai

Robust Hotels Limited

*Long term rating upgraded to 'CRISIL BBB/Stable'; 'CRISIL A3+' assigned to short term bank debt;
Rated amount enhanced for Bank Debt*

Rating Action

Total Bank Loan Facilities Rated	Rs.170 Crore (Enhanced from Rs.165 Crore)
Long Term Rating	CRISIL BBB/Stable (Upgraded from 'CRISIL BBB-/Stable')
Short Term Rating	CRISIL A3+ (Assigned)

Note: None of the Directors on CRISIL Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

1 crore = 10 million

Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL Ratings has upgraded its rating on the long-term bank facilities of Robust Hotels Ltd (RHL) to '**CRISIL BBB/Stable**' from '**CRISIL BBB-/Stable**'. CRISIL Ratings has also assigned its '**CRISIL A3+**' rating to the short short-term bank facility.

The upgrade is driven by improvement in overall credit profile. Revenues increased to Rs. 122 crores in fiscal 2024, from Rs. 107 crores in fiscal 2023, supported by healthy recovery in demand, resulting in robust occupancy levels with increase in average room rent. Operating margin remained healthy at over 25 %. This resulted in improvement in financial risk profile with net cash accruals increasing from Rs.15 crores in 2023 to over Rs.23 crores in fiscal 2024. Liquidity profile remains comfortable with investments and unencumbered cash and balance of Rs.6 crore. Company is in the process of availing overdraft limit of Rs.5 crore which will further support liquidity.

Revenue and profitability is expected to further improve supported by increasing ARR and healthy demand.

The ratings continue to reflect the extensive experience of the promoters, established brand presence, and healthy financial risk profile. These strengths are partially offset by revenue concentration and susceptibility to cyclicality in the industry.

Key Rating Drivers & Detailed Description

Strengths:

- **Extensive experience of the promoters and established brand presence:** The promoters have more than three and half decades of experience in managing hotel operations association with Hyatt brand, which brings along its existing clientele (both domestic and international). Increase in foreign and non-residential Indian clients is expected to augur well for ARR, led by the differential tariff system and the large network and global marketing strategies of Hyatt. The brand denotes luxury and high quality of critical differentiating factors in the premium hotel segment.
- **Healthy financial risk profile:** Capital structure is healthy marked by gearing of less than 0.5 time as on 31st march 2024. With absence of major capital expenditure plans over the medium term and strong network, capital structure to remain healthy over the medium term. Debt protection metrics are comfortable with Interest coverage ratio (ICR) of 2.5 times in fiscal 2024 due to improved operating performance. ICR to be sustained at over 2.5 times over the medium term.

Weakness:

- **Revenue concentration and susceptibility to economic downturns and industry cyclicality:** RHL derives its entire revenue from its hotel in Chennai. Dependence on a single location exposes the company to any adverse change in the demand-supply situation and event risk. Moreover, the hospitality industry is susceptible to downturns in domestic and international economies. During weaker periods, revenue per available room for premium and mid-segment hotels get more acutely affected than economy hotels. However, RHL has acquisition plans which mitigate the risk.

Liquidity: Adequate

Cash accruals are expected to be in the range of Rs.19 to 26 crore per annum over the medium term which will be sufficient against term debt obligation of Rs. 4.8 to 8.4 crore per annum. In addition, it will act as cushion to the liquidity of the company. Company has provided short term loan to group company Novak Industries private Limited for acquisition of Hyatt Mumbai which stood at Rs.124.86 crore as on 31st march 2024. Repayment of short term loan from Novak will remain a key monitorable. Low gearing and moderate net worth support its financial flexibility and provides the financial cushion available in case of any adverse conditions or downturn in the business. Company has unencumbered cash and bank balance and investments of Rs.6 crore as of July 2024. Newly sanctioned cash credit limit of Rs.5 crore also supports liquidity.

Outlook: Stable

CRISIL Ratings believes that RHL shall benefit from its established market position and from the financial flexibility of its promoters.

Rating Sensitivity factors

Upward factors:

- Stable revenue growth and operating margin sustained at over 25% leading to higher accruals
- Sustained improvement in financial risk profile

Downward factors:

- Decline in revenue by more than 30 percent or steep decline in profitability leading to lower cash accruals.
- Any further increase in exposure to group entities or significant capex leading to weakening of liquidity profile

About the Company

Incorporated in 2007 and promoted by Mr. Radhe Shyam Saraf and his family members, RHL operates a five-star hotel property under the Hyatt Regency brand in Chennai. The hotel has 325 rooms, including 28 suits, and is equipped with a swimming pool, fitness center, business center, banquet hall, salon and restaurants. RHL was a wholly owned subsidiary of Asian Hotels (East) Ltd; the company has demerged and listed its shares.

Key Financial Indicators

As on / for the period ended March 31	Unit	2023	2022
Operating income	Rs crore	106.72	41.42
Reported profit after tax	Rs crore	55.32	-35.00
PAT margins	%	51.84	-84.50
Adjusted Debt/Adjusted Networkth	Times	0.22	0.46
Interest coverage	Times	1.69	-0.21

Any other information: Not Applicable

Note on complexity levels of the rated instrument:

CRISIL Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

CRISIL Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the CRISIL Ratings` complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name of the instrument	Date of Allotment	Coupon Rate (%)	Maturity Date	Issue size (Rs.Crore)	Complexity Level	Rating assigned with outlook
NA	Long Term Loan	NA	NA	Jan-2039	165	NA	CRISIL BBB/Stable
NA	Overdraft facility@	NA	NA	NA	5	NA	CRISIL A3+

@Includes sublimit of Rs.2.5 crore letter of credit and Rs.2.5 crore bank guarantee

Annexure - Rating History for last 3 Years

Instrument	Current			2024 (History)		2023		2022		2021		Start of 2021
	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT/ST	170.0	CRISIL A3+ / CRISIL BBB/Stable	02-02-24	CRISIL BBB-/Stable	22-12-23	CRISIL BB+/Watch Developing	16-11-22	CRISIL BB/Stable	30-11-21	CRISIL B/Stable	CRISIL BB/Watch Developing
			--		--	21-11-23	CRISIL BB+/Watch Developing		--	03-03-21	CRISIL D	--

			--		--	24-08-23	CRISIL BB+/Watch Developing		--		--	--
			--		--	17-07-23	CRISIL BB+/Stable		--		--	--
			--		--	13-07-23	CRISIL BB/Stable		--		--	--
Non-Fund Based Facilities	ST		--		--	22-12-23	CRISIL A4+/Watch Developing	16-11-22	CRISIL A4+	30-11-21	CRISIL A4	CRISIL A4+/Watch Developing
			--		--	21-11-23	CRISIL A4+/Watch Developing		--	03-03-21	CRISIL D	--
			--		--	24-08-23	CRISIL A4+/Watch Developing		--		--	--
			--		--	17-07-23	CRISIL A4+		--		--	--
			--		--	13-07-23	CRISIL A4+		--		--	--

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Long Term Loan	115	Axis Finance Limited	CRISIL BBB/Stable
Long Term Loan	50	Aditya Birla Finance Limited	CRISIL BBB/Stable
Overdraft Facility [@]	5	Axis Bank Limited	CRISIL A3+

[@]Includes sublimit of Rs.2.5 crore letter of credit and Rs.2.5 crore bank guarantee

Criteria Details

Links to related criteria
CRISILs Approach to Financial Ratios
Rating criteria for manufacturing and service sector companies
CRISILs Bank Loan Ratings - process, scale and default recognition
CRISILs Criteria for rating short term debt

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