

ROBUST HOTELS LIMITED

CIN: L55101TN2007PLC062085

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

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Date: 02.02.2024

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.165 Crore (Enhanced from Rs. 150.81 Crore)
Long Term Rating	CRISIL BBB - /Stable (Upgraded from CRISIL BB +; Removed from Rating Watch with Developing Implications)

The rating letter received from CRISIL on 02nd February, 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

February 02, 2024 | Mumbai

Robust Hotels Limited

Rating upgraded to 'CRISIL BBB-/Stable'; removed from 'Watch Developing'; rated amount enhanced for Bank Debt

Rating Action

Total Bank Loan Facilities Rated	Rs.165 Crore (Enhanced from Rs.150.81 Crore)
Long Term Rating	CRISIL BBB-/Stable (Upgraded from 'CRISIL BB+'; Removed from 'Rating Watch with Developing Implications')

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 removed its rating on the bank facilities of Robust Hotels Ltd (RHL) from '**Rating Watch with developing Implications**' and upgraded the rating to '**CRISIL BBB-**' from 'CRISIL BB+' while assigning a '**stable**' outlook to the long term bank facilities.

The ratings of RHL were earlier placed on 'Watch with developing implications' following the announcement made by RHL indicating execution of an agreement with the promoters of Asian Hotels (West) Ltd (AHWL), which was under Corporate Insolvency Resolution Process (CIRP). The agreement was to revive AHWL from CIRP by paying (without any haircut) Rs.390 crores to the lenders and corporate creditors. This was expected to be infused by the Saraf group (holding RHL), post withdrawal of CIRP.

The ratings are now being removed from "Watch with Developing Implications" following completion of the acquisition process and receipt of clarity on the cash flows from RHL for the acquisition. The acquisition was largely funded by promoters in their personal capacity and only Rs.55 crore has been extended as loan from RHL to the newly incorporated group entity Novak Hotels Private Limited (Novak), to which the acquired assets are being transferred. Further, short term loan of Rs.50 crore will be extended to Novak and same is expected to be received in quarter's time. No further fund flow is expected from RHL in this process. Hence, this will not have any major impact on the credit risk profile of RHL.

The rating action factors in improvement in the company's financial risk profile, especially liquidity, on account of refinancing of terms loans. This has resulted in improvement in cushion between Net Cash Accruals and Repayment Obligation for next 3 fiscals ending fiscal 2026 from less than 1 time before the refinancing to more than 3 times currently. The rating also factors in improvement in expected operating performance in the current fiscal mainly driven by improvement in Annual Room Rent (ARR) and healthy Occupancy levels. These factors will result in an improvement in revenue and profitability.

The ratings continue to reflect the extensive experience of the promoters, established brand presence, and comfortable capital structure. These strengths are partially offset by average debt protection metrics, revenue concentration and susceptibility to cyclical 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 capital structure:** Gearing was at 0.23 time as on 31st march 2023 and will remain healthy at less than 0.5 times over the medium term despite increase in debt levels by Rs.70 crore in fiscal 2024. Net worth is strong at Rs.506.60 crore in fiscal and same is expected to be strengthened over the medium term.

Weaknesses:

- **Moderate debt protection metrics:** Debt protection metrics is moderate with Interest coverage ratio (ICR) was 1.69 times for fiscal 2023. However, ICR has improved in the current fiscal due to improved operating performance and reduction in debt levels for the majority of the year. Despite increase in debt levels in Q4 of FY 24, ICR is likely to remain at over 2.25 times on account of healthy operating performance.
- **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

The company has refinanced its existing debt in January 2024 with term loan of Rs.165 crore with a tenure of 15 years. This has resulted in improvement in cushion between NCA vs RO for the next 3 fiscal ending fiscal 2026 from less than 1 time before the refinancing to more than 3 times currently on account of reduction in repayment levels. The company currently has unencumbered cash and bank balance of Rs.6 crore as of January 2024. The current ratio is moderate at 1.38 times on March 31, 2023. 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.

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**

- Improvement in occupancy levels with stable revenue growth and operating margin sustained at over 25%.
- Sustained Improvement in debt protection metrics.

Downward factors

- Decline in revenue by more than 30 percent or steep decline in profitability leading to lower cash accruals.
- Larger than expected increase in exposure to group entities or significant capex leading to weakening of liquidity and thus the financial risk profile.

About the Company

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		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 Net worth	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 instrument	Date of allotment	Coupon rate (%)	Maturity date	Issue size (Rs.Cr)	Complexity Levels	Rating assigned with outlook
NA	Long Term Loan	NA	NA	Jan-39	165	NA	CRISIL BBB-/Stable

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	165.0	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	150.81	Axis Finance Limited	CRISIL BBB-/Stable
Long Term Loan	14.19	Axis Finance Limited	CRISIL BBB-/Stable

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 Bank Loan Ratings
Understanding CRISILs Ratings and Rating Scales
CRISILs Criteria for rating short term debt

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