

ROBUST HOTELS LIMITED

CIN-L55101TN2007PLC062085

Registered office: 365, Anna Salai, Teynampet, Chennai – 600018

Tel: +91 44 6100 1250 Email: info@sarafhotels.com

Date: 18.07.2023

To,

BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001	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 revised 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 issued revised rating against the rating dated 13.07.2023 on the 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.150.81 crore
Long Term Rating	Crisil BB +/-Stable (Upgraded from Crisil BB/Stable)
Short Term Rating	Crisil A4+ (Reaffirmed)

The rating letter received from CRISIL on 17th July, 2023 is enclosed herewith. Kindly take the above on record.

With regards,

For Robust Hotels Limited

Yasotha

Benazir N

Yasotha Benazir N

Company Secretary & Compliance Officer

Digitally signed by
Yasotha Benazir N
Date: 2023.07.18
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Rating Rationale

July 17, 2023 | Mumbai

Robust Hotels Limited

Long-term rating upgraded to 'CRISIL BB+/Stable'; short-term rating reaffirmed

Rating Action

Total Bank Loan Facilities Rated	Rs.150.81 Crore
Long Term Rating	CRISIL BB+/Stable (Upgraded from 'CRISIL BB/Stable')
Short Term Rating	CRISIL A4+ (Reaffirmed)

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

This Rating Rationale (RR) is being published in continuation to the RR dated 13th July 2023 which communicated that the ratings was under appeal. Upon due consideration of the additional information received, the ratings has been upgraded to 'CRISIL BB+/Stable/CRISIL A4+' from 'CRISIL BB/Stable/CRISIL A4+'. The detailed rationale follows:"

CRISIL Ratings has upgraded its ratings on the long-term bank facilities of Robust Hotels Limited (RHPL) to '**CRISIL BB+/Stable**' from 'CRISIL BB/Stable' and reaffirmed short term rating at 'CRISIL A4+'.

The upgrade factors in the sustained improvement in the financial risk profile as a result of the demerger of the two entities: Asian Hotels (East) Ltd (AHEL) and RHL. As a result, there has been significant improvement in the net worth which stood at Rs.506.60 crores as on March 31, 2023 against Rs.304.60 a year ago. Moreover, this has also resulted in bolstered liquidity profile with Rs.90 crores of cash and liquid assets as on March 31, 2023, which would provide ample cushion for debt servicing in the coming years. While the company has also got in-principle sanction letters which will alleviate the principal burden, completing the refinancing and sustenance of the business risk profile would remain key rating sensitivity factor.

The ratings reflects the extensive experience of the promoters, an established brand presence, healthy occupancy levels and Average Room Rent (ARR). The ratings also factors in a comfortable net worth and capital structure. These strengths are partially offset by moderate debt protection metrics, revenue concentration and susceptibility to cyclicity in the industry.

Key Rating Drivers & Detailed Description

Strengths:

- **Extensive experience of the promoters and established brand presence:** The company's promoters have more than three and half decades of experience in managing hotel operations association with Hyatt brand, which bring along its existing clientele (both domestic and international). Increase in foreign and NRI clients is expected to augur well for average room rate (ARR) on account of differential tari Hyatt's large network and global marketing strategies. The brand denotes luxury and a high quality of com critical differentiating factors in the premium hotel segment. The occupancy levels have been better than the pre-covid levels in fiscal 2023 and is expected to improve over the medium term.
- **Comfortable net worth and capital structure:** The financial risk profile is supported by healthy net worth of around Rs.506.60 crore as on March 31, 2023 against net worth of Rs.304.60 crore a year ago. The same has led to comfortable TOL/TNW ratio and gearing of 0.19 and 0.22 times, respectively as on March 31, 2023. With no debt-funded capital expenditure (capex) plans over the medium term and steady accretion to reserve and scheduled term loan repayments, gearing and capital structure is expected to improve further over the medium term.
- **Healthy occupancy levels and ARR:** Occupancy and ARR for the fiscal 2023 were at 77% to 85% and Rs 5700 to 6500 respectively, as compared to 70% and Rs 5400, respectively, pre-pandemic (for fiscal 2020). Renovation of the hotel rooms will further support the hotel to improve their ARR which will lead to improvement in revenue as well as the operation margins.

Weaknesses:

- **Moderate protection metrics:** RHL's interest coverage and net cash accruals to total debt (NCATD) ratio stood at 1.9 times and 0.65 times for fiscal 2023.
- **Revenue concentration and susceptibility to economic downturns and industry cyclicity:** Entire revenue comes from its hotel in Chennai. Dependence on a single location exposes the company to any adverse change in 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 mitigates the risk.

Liquidity: Adequate

Cash accrual is estimated at Rs. 15 to 30 crore for the next 3 fiscals, against yearly repayment obligation of Rs 23 to 39 crore per annum as per the current repayment terms; However repayments are expected come down to less than Rs.19 crore per annum with the refinancing of existing term loans and hence from the second half of current fiscal accruals would be more than adequate to cover repayment obligations. Also, the surplus cash of Rs.21.33 crores and liquid investments of Rs.68.01 crore as on date will aid financial flexibility. Bank lines were utilized at a modest 46% on average during the 12 months through April 2023 which aids liquidity profile

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:

- Sustenance of operating performance with stable revenue growth and operating margins sustained at more than 25%.
- Reduction in repayment obligations through completion of refinancing.

Downward Factors:

- Delay in implementing the refinancing or current liquidity going below Rs.30 crores alongside continuation of heavy repayment obligation
- Large, debt-funded capital expenditure or acquisition impacting financial 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 brand Hyatt Regency in Chennai. The hotel has 325 rooms, including 28 suits, and is equipped with swimming pool, fitness centre, business centre, banquet hall, salon and restaurants. RHPL was a wholly owned subsidiary of Asian Hotels (East) Ltd and currently its demerged and listed their shares.

Key Financial Indicators

As on / for the period ended March 31		2023	2022
Operating income	Rs crore	106.34	41.42
Reported profit after tax	Rs crore	55.31	-35.00
PAT margins	%	52.02	-84.50
Adjusted Debt/Adjusted Net worth	Times	0.16	0.46
Interest coverage	Times	1.9	-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	Cash Credit	NA	NA	NA	5	NA	CRISIL BB+/Stable
NA	Long Term Loan	NA	NA	Mar-26	73.26	NA	CRISIL BB+/Stable
NA	Long Term Loan	NA	NA	Mar-26	18.7	NA	CRISIL BB+/Stable
NA	Long Term Loan	NA	NA	Mar-27	22	NA	CRISIL BB+/Stable
NA	Proposed Long Term Bank Loan Facility	NA	NA	NA	26.85	NA	CRISIL BB+/Stable
NA	Proposed Non-Fund based limits	NA	NA	NA	5	NA	CRISIL A4+

Annexure - Rating History for last 3 Years

Instrument	Type	Current		2023 (History)		2022		2021		2020		Start of 2020
		Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	145.81	CRISIL BB+/Stable	13-07-23	CRISIL BB/Stable	16-11-22	CRISIL BB/Stable	30-11-21	CRISIL B/Stable	14-12-20	CRISIL BB/Watch Developing	CRISIL BB+/Stable

			--		--		--	03-03-21	CRISIL D		--	--
Non-Fund Based Facilities	ST	5.0	CRISIL A4+	13-07-23	CRISIL A4+	16-11-22	CRISIL A4+	30-11-21	CRISIL A4	14-12-20	CRISIL A4+/Watch Developing	CRISIL A4+
			--		--		--	03-03-21	CRISIL D		--	--

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Cash Credit	5	IDBI Bank Limited	CRISIL BB+/Stable
Long Term Loan	22	Housing Development Finance Corporation Limited	CRISIL BB+/Stable
Long Term Loan	73.26	Housing Development Finance Corporation Limited	CRISIL BB+/Stable
Long Term Loan	18.7	Housing Development Finance Corporation Limited	CRISIL BB+/Stable
Proposed Long Term Bank Loan Facility	26.85	Not Applicable	CRISIL BB+/Stable
Proposed Non Fund based limits	5	Not Applicable	CRISIL A4+

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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