

# ROBUST HOTELS LIMITED

CIN-L55101TN2007PLC062085

Registered office: 365, Anna Salai, Teynampet, Chennai – 600018  
Tel: +91 44 6100 1250 Email: info@sarafhotels.com

Date: 14.07.2023

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.150.81 crore
Long Term Rating	Crisil BB/Stable (Reaffirmed)
Short Term Rating	Crisil A4+ (Reaffirmed)

The rating letter received from CRISIL on 13th 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: 2023.07.14 12:47:49  
+05'30'



## Rating Rationale

July 13, 2023 | Mumbai

### Robust Hotels Limited

*Ratings Reaffirmed*

#### Rating Action

<b>Total Bank Loan Facilities Rated</b>	<b>Rs.150.81 Crore</b>
<b>Long Term Rating</b>	<b>CRISIL BB/Stable (Reaffirmed)</b>
<b>Short Term Rating</b>	<b>CRISIL A4+ (Reaffirmed)</b>

*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 reaffirmed its 'CRISIL BB/Stable/CRISIL A4+' ratings on the bank facilities of Robust Hotels Limited (RHL; Formerly known as Robust Hotels Private Limited ).

The rating continues to reflect the extensive experience of the promoters and established brand presence and healthy occupancy levels and ARR. The rating also factors in a comfortable net worth and capital structure. These strengths are partially offset by weak debt protection metrics and susceptibility to cyclical and revival of demand amid the pandemic.

"Post communication of ratings, we have received an Appeal request along with additional information from the client. We acknowledged the request and continue to evaluate the appeal. This rating rationale is being published in line with regulatory timelines. CRISIL Ratings shall publish a separate rating rationale to communicate any change in rating / outlook post completion of appeal".

#### 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 in FY23 against networth of Rs.304.60 crore in FY22. 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 average room rent (ARR) for the fiscal 2023 was 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.

##### Weakness:

**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 as on 31st March 2023.

**Revenue concentration and susceptibility to economic downturns:** 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 in the near term; However repayments are expected to be supported by the accrual available and the surplus cash of Rs.21.33 crores and liquid investments of Rs.68.01 crore as on date which will aid financial flexibility. Bank lines were utilized at a modest 46% on average during the 12 months through April 2023.

**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 more than 30% leading to higher cash accruals.
- Reduction in repayment obligations through refinancing or sustenance of surplus liquidity for debt servicing.

**Downward Factors:**

- Delay in implementing the refinancing or current liquidity going below Rs.40 crores along 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	Unit	2023 (Audited)	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 Networth	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.

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**Annexure - Details of Instrument(s)**

ISIN	Name of 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-2030	73.26	NA	CRISIL BB/Stable
NA	Long Term Loan	NA	NA	Mar-2030	18.7	NA	CRISIL BB/Stable
NA	Long Term Loan	NA	NA	Mar-2030	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		--	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+		--	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	73.26	Housing Development Finance Corporation Limited	CRISIL BB/Stable
Long Term Loan	18.7	Housing Development Finance Corporation Limited	CRISIL BB/Stable
Long Term Loan	22	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
<a href="#">CRISILs Approach to Financial Ratios</a>
<a href="#">Rating criteria for manufacturing and service sector companies</a>
<a href="#">CRISILs Bank Loan Ratings - process, scale and default recognition</a>
<a href="#">CRISILs Bank Loan Ratings</a>
<a href="#">Understanding CRISILs Ratings and Rating Scales</a>
<a href="#">CRISILs Criteria for rating short term debt</a>

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