May 17, 2022

National Stock Exchange of India Limited
Exchange Plaza
Bandra Kurla Complex,
Bandra (East),
Mumbai 400 051.
Scrip Code: CHALET

BSE Limited
Corporate Relationship Department
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai 400 001.
Scrip Code: 542399

Dear Sir / Madam,

Subject: Transcript of the Earnings Call in respect of the Audited Financial Results for the quarter and year ended March 31, 2022

Pursuant to Regulation 30 read with Para A of Part A of Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), please find attached herewith the transcript of the Earnings Call held by the Company on May 11, 2022, in respect of the Audited Financial Results for the quarter and year ended March 31, 2022.

Further, pursuant to the provisions of Regulation 46 of the Listing Regulations, the aforesaid transcript will also be disclosed on the website of the Company i.e. www.chalethotels.com.

Request you to take the same on record.

Thanking You.

Yours faithfully,
For Chalet Hotels Limited

Baptista

Christabelle Baptista
Company Secretary & Compliance Officer

CHALET HOTELS LIMITED MUMBAI

Encl.: As above

“Chalet Hotels Limited
Q4 FY2022 Earnings Conference Call”

May 11, 2022

MANAGEMENT: MR. SANJAY SETHI – MD & CEO
MR. MILIND WADEKAR – CFO

Moderator: Ladies and gentlemen, good day and welcome to Q4 FY2022 Earnings Conference Call of Chalet Hotels. As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Sanjay Sethi, MD & CEO, Chalet Hotels Limited. Thank you and over to you!

Sanjay Sethi: Thank you. Good morning ladies and gentlemen. I welcome you back to exciting times and to the earnings call of Chalet Hotels Limited. We have closed a challenging year with the pandemic; however, we have also witnessed profound resilience of the travel industry. The recovery period post each wave has got shorter and visibility of normalcy is far higher. Barring the impact of pure geopolitical tensions in Russia-Ukraine war, global travel across Europe, middle east, Asia have had a smart pick up. India revoked the disaster management act and all accompanying COVID restrictions across the country about a month ago and COVID cases have been declining and they continue to be around 3000 case per day for the past two months. Some states have imposed limited restrictions based on local case levels.

As an outcome travel confidence has improved significantly, domestic airlines witness 84% recovery to pre-COVID levels in India. Hospitality sector also witnessed a sharp recovery as per HVS in the month of March, occupancies pan-India were between 60% and 62% and ADR was between Rs. 5400 and Rs.5600. Amongst the key cities, Mumbai out-performed the overall recovery cycle. Chalet's portfolio also saw similar trend with Mumbai leading the way. Pune and Bengaluru were close second followed by Hyderabad. Recovery for the portfolio started in mid February and picked up pace in March. This has been driven by strong resurgence of business travel for domestic and international and assisted by the IPL games in Mumbai.

Let me add a few key initiatives for the year which are likely to have significant long-term impact. In the year gone by, Chalet re-strategized assets strategies through quick pivots on the retail segment. We restarted Bengaluru residential project. We recommenced hotel projects at Powai and at Pune and we reaffirm the commitment to a sustainable tomorrow. On the operational front despite a tepid first six weeks of the quarter due to the COVID the company had reported a reasonably good quarter with occupancies of 55% and ADR of Rs.5429, which are higher by 7% from the preceding quarter. Portfolio occupancies for March were at healthy 68%.

In the month of April, Chalet clocked occupancies of 81% as against 76% in April 2019 and RevPAR of 5757, a 93% recovery from April 2019. JW Marriott Sahar, Westin Powai, Four

Points Vashi and Novotel Pune reported RevPAR above April 2019 in April. This indicates that the recovery to pre-COVID levels could be much earlier than the previous estimate of H2 of FY2023. For the fourth quarter, revenues for the company were at 1.53 billion, a marginal drop from Q3 as the month of January and part of February was a washout for the industry.

Hospitality revenues were at 1.26 billion with an EBITDA of Rs.290 million for the quarter. In the retail and annuity segment earnings from the operational assets remain steady and continue to support cash flow. At the consolidated level revenue for the year was Rs.5.27 billion with an EBITDA of 1.14 billion though the debt in March was 22.34 billion. We will share numbers with finer details later.

Conversion of the mall to a commercial space in Bengaluru is on track for completion in Q3 of this year, development of the new commercial at Powai is as per plan for completion by end of the year, Bengaluru had a slight delay on an account of certain supply chain challenges, but we should be done with it in the next quarter.

At Powai we finished the phase 1 of the renovation of the hotel and erstwhile Renaissance was re-branded as Westin Mumbai-Powai Lake on March 1, 2022. We were restarting the phase 2 of the renovation in June after the IPL team checks out this year and complete it by end of this financial year. We got of the mockup room at Novotel ready for inspection and we are targeting to complete the additional 88 rooms by Q3 this year.

I am happy to share that the Koramangala demolition up to the tenth level is complete before schedule and we have received the NOC from HAL, process for approvals from BDA and MoEF are underway.

Recent recovery and demand dynamics at Hyderabad look conducive for an additional hotel and we are likely to take a decision on restarting work on the 168 room Westin II at Mindspace soon with the potential opening of the hotel in Q4 of the current financial year.

The Airoli project is still on wait and watch and we will continue to assess demand dynamics to take a decision on this project.

For the next two quarters, we will be focusing on four key areas, one capturing the domestic and global rebound, efficient execution of growth projects, roll out of the ESG strategy and attracting and nurturing talent.

Ladies and gentlemen, we are excited about the current business trends and have set internal target of surpassing revenues of EBIT and EBITDA numbers of FY2020 in the coming year itself. On this happy note let me now hand over to Milind to walk you through the financials.

Milind Wadekar: Thank you, Sanjay. Good morning, ladies and gentlemen. Reported revenue for the quarter was 1497 million, which was marginally lower than Q3 FY2022 due to the resurgence in cases led by Omicron. During the quarter, the company received income tax refund and we have written off few creditors of 38 million, which is recorded as other income and we have recorded 18 million under sunk cost towards retail assets repurposing. Adjusted for these EBITDA was at 331 million as against like-to-like performance in Q3 FY2022 of 419 million. Loss after tax for the company was at 115 million, an improvement from loss of 144 million in the sequential quarter of Q3. This was after taking credit for deferred tax asset of 146 million for the quarter.

The hospitality segment contributed 82% of the total revenue of the company in Q4 FY2022, occupancy for the quarter averaged at 55%, lower by 5% points sequentially. The ADR for the quarter was higher by 7% at Rs.5429 as against Q3 FY2022. As mentioned by Sanjay in the month of April, the company has clocked ADR of 7140 and occupancy of 81% highest in the pandemic period.

Revenue for hospitality was Rs.1264 million in the quarter and EBITDA was at Rs.290 million. On the cost front we continue to maintain lower fixed and variable costs compared to pre-COVID performance.

Fixed cost was lower by around 33% and variable costs were lower by around 42% for financial year 2022 as compared to financial year 2020. Hospitality payrolls cost was 19% of revenue in Q4 as compared to 15% of revenue in financial year FY2020. Utility cost as a percentage of revenue was held steady at 9% as against 7% in the financial year FY2020, clearly indicating efficiencies built over last two years at play while business catches up to pre-pandemic level.

Stated rental income from operating commercial assets has kept revenue and EBITDA from rental and annuity segment at 216 million and 144 million for the quarter respectively.

Net debt of the company from April 2021 to March 2022, has increased by 3.63 billion, which includes 3.49 billion of capex spends. The operating cash flows were supported by a steady rental and annuity business and prudent cost management. The net debt of the company as of March 2022 stands at 22.34 billion. The average cost of rupee loan as of March 2022 stands at 7.5%, an improvement of approximately 50 basis points since March 2021. We have cash and cash equivalent of 1.6 billion as of March 2022 and 6.95 billion available lines of credit for general corporate purpose and planned capex.

There has been no new subscriptions from promoters on zero percent, non-convertible redeemable preferential shares for funding the outflow relating to residential project during the quarter. The total subscription stands at 1750 million as at March 31, 2022. We are ahead of schedule at the site with the receipt of NOC from HAL, the other local development approvals are being processed as we speak. Based on our market assessment the realization per square feet for this project is expected to be higher than our earlier estimates.

With this, we now open the floor for questions.

Moderator: Thank you so much. We will now begin the question and answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. We take the first question from the line of Karan Khanna from Ambit Capital. Please go ahead.

Karan Khanna: Congratulations on a good set of results. Sanjay, I had two questions, firstly on the recent brand upgradation to Westin Powai any initial comments in terms of the overall market perception in terms of conference or occupancies and ADRs also had this led to an increase in corporate sales for the property?

Sanjay Sethi: Karan, thank you for the question. Yes, we have seen the really strong response to the change of brand and the renovation of the hotel in Powai and it has done extremely well in the month of April, I think both corporates as well as MICE presence has picked up over their, weddings are going strong and it seems to be renewed interest in that property after the brand change. So I can confirm to you that the response is very positive I am not in the liberty of sharing number because we have not made them public, but it has been very well received.

Karan Khanna: Sure and secondly, Sanjay in the past you have spoken about looking to enter into the leisure segment at some point, is the recovery now visible, any thoughts or any incremental thoughts in terms of are you looking at various markets and what kind of a property will you be looking at?

Sanjay Sethi: Karan two things on this, number one over the pandemic the leisure segment has got created even within the existing hotels that we have right, that was staycation model that was created that give us an opportunity to create urban resorts and I think the Powai Hotel, which is now Westin Powai Lake is a clear example of that, the location has fantastic experience, opportunities for leisure travelers, it is drivable distance within the city of Mumbai, yet an oasis within the city of Mumbai so that is one. Coming back to investments in leisure assets, yes, our engagement on some of those opportunities continue, if we are in conversation we cannot share exact details, but our intent is to add two or three leisure assets into the portfolio.

Karan Khanna: Sure and then finally on the commercial side, you know rental portfolio is expected to increase to 3 million square feet, what is your strategy here in terms of segment contribution in revenue and EBITDA once these assets stabilize and what initiatives would you be taking with respect to building a separate team for leasing along with update on the leasing momentum across as and when we have completion assets, that would be the last question, thank you?

Sanjay Sethi: So, Karan, we have already got a team in place that is helping us for the leasing activity as soon as the façade for the Bengaluru asset is up, leasing activity will pick up pace because we are using it till the façade is up, we got more than enough interest for the whole building as well as part of the buildings. Mumbai of course the leasing activities start in about couple of quarters from now, at that point of time if we need to create a team we will do that, but I do not see a need for that because the demand is really high. In terms of revenue I think we have shared indicative numbers in the past on rentals for these two locations, we expect that we will actually end up higher than those number that we shared in the past and the EBITDA flow through will be 90% plus.

Karan Khanna: Sure, thank you and all the best, Sanjay and team.

Moderator: Thank you. We take the next question from the line of Vikas Ahuja from Antique Stock Broking. Please go ahead.

Vikas Ahuja: Good morning and thanks for the opportunity. My first question is on the occupancy levels in April, which was in the presentation it was about 80% increase from 68% in March, is it largely led by Mumbai or other cities also witnessed a similar trend, I am talking direction wise at least and do we think Q1 would be better than pre-COVID across markets as well I mean you have talked about the overall portfolio, but looking across all the markets, that is my first question?

Sanjay Sethi: There were two questions, the occupancy in April we said is 81% and I think the signs are positive in all cities in fact in my statement earlier I did mention that even a couple of other hotels outside Mumbai have shown similar results, so to give you a sense we have seen Mumbai of course do extremely well on the back of the IPL this is also in the city with the hotel reporting between 80% and 92% occupancy, Four Points Vashi had actually 98% occupancy, Marriott Bengaluru, which was only hovering around 20% mark earlier now it is 56% and I must point out here this 56% is in a total inventory of 391 rooms if you take 67 rooms of ALC or Accenture Learning Center out the occupancy is actually 62%, so that there is a healthy pick up there too. Hyderabad also cocked 77% occupancy and Pune was again in the 90s, so clearly all hotels have done well, it is not just the Mumbai phenomena, but everyone has picked up, Bengaluru is lower than the rest of them, but has had a very healthy and smart pickup from where it was two or three months back. Q1 in terms of numbers I do not want give any forward looking numbers at this point whether it will be at pre-pandemic numbers or not, is yet to be seen in our estimate we think in this financial year we should be able to close all financial year as an opening statement above FY2020 even on a like-to-like basis.

Vikas Ahuja: This is helpful and the other question I have is that pre-COVID if we look at those numbers we were doing EBITDA margin of close to 35% now assuming full recovery in FY2023 and FY2024 and considering pent-up demand as well, is it fair to assume that in next 18 to 24 months we might see margins much better than what it used to be takeover specially considering a better mix of commercial reduced employee to room ratio and other cost savings or do you think you know the current cost of escalation at around higher wages, power, etc., we will keep margin subdued so I am not asking for a guidance on margins just more on a quantitative what are the takes on margins may be from two years perspective?

Sanjay Sethi: With revenue hitting pre-pandemic number in the current financial year as stated earlier and our fixed cost as well as variable cost well below pre-pandemic numbers there is no reason why the margins would not improve, but I am not going to give any guidance at this point and you are right as and when the office business comes in that will again add a further improvement on the margins.

Vikas Ahuja: And the impact of the higher wages and the other costs which is which is the phenomena now and most of the other companies are also facing that is not going to impact the savings on costs which we are seeing?

Sanjay Sethi: We had taken the impact of all the inflation in our current forecasts of this year as well as wages. Wages the increments had to be given and has been given and we see no reason why we would not be able to improve performance. Milind wants to add something on this.

Milind Wadekar: Vikas, see on power side we have long-term power purchase agreements so we do not expect a major increase under that head and in fact one of our property we have negotiated better than last year, so power side I mean the cost will be more or less same as last year except for the variation on an account of occupancy.

Sanjay Sethi: So what Milind is saying is that our cost per unit will be below FY2020 numbers and similar to what it was last year in fact slightly better than last year with revenue going up as a percentage we should achieve the cost to revenue which should be better off.

Vikas Ahuja: Sure and then finally is it possible to get the attrition number if you have, that would be all, thanks a lot?

Sanjay Sethi: So, attrition in our industry has always been high even pre-pandemic attrition rates were in the 40, we have not seen any major change from that.

Vikas Ahuja: Thank you.

Moderator: Thank you. We take the next question from the line of Archana Gude from IDBI Capital. Please go ahead.

Archana Gude: Thank you for the opportunity. Sanjay, I have three questions, firstly on the business side, can you guide us some more on the business mix in terms of leisure and corporate for this quarter and full year?

Sanjay Sethi: For the quarter that has gone by in February and March, we saw strong resurgence of business travel coming back and the transient segment has improved significantly in the mix and it has actually gone up to now 66% of the revenue in the last quarter, which is primarily the business travel and that is for the full quarter if you were to look at the second half of February and March, will probably be in the mid to high 70's, so clearly business travel is the primary driving factor for the occupancies now and in March we did 68% occupancies, we see that being the largest contributor and in April, we have also seen a strong resurgence of international business travelers coming in and it is still nowhere near its peak number it is in fact probably halfway there and in spite of it being only half way there our occupancies in April were 81%.

Archana Gude: Sure, Sir, when we look at the Bengaluru markets, you can give us more detail on why exactly the Bengaluru markets are so laggard and we compare the rest of the cities and they're doing pretty well, so Bengaluru is like a kind of weak market for almost everybody, is there any structural change that has happened last couple of years during this COVID time, what exactly is going wrong with the Bengaluru markets?

Sanjay Sethi: So I think what went wrong was COVID and now that the COVID is going out the recovery is very sharp as I mentioned, Bengaluru probably has a highest recovery percentage in terms of occupancies and rates for the portfolio, so let me explain Bengaluru market to you and the rest of the audience you know Bengaluru is divided between three geographical locations, one is city center, which has continue to do well driven by mix of domestic business travelers for all industries, the other is the electronic city side, which is primarily the hardware side and the third is where our hotel is located which is the IT districts of Whitefield and the outer ring road of Sharjapur, within the Whitefield in outer ring road the primary business was MNC companies with their BPOs and IT business, IT financial fintech etc., so that obviously was slow till now with the opening of the guys for international travel and a lot more travel happening within the IT industry now, we see that coming back very strongly, see now they are going to follow the traditional cycles of weekday, weekends that were there in the past as well as the business traveler is concerned, weeks we have holidays you see occupancies dip and weeks which are clear we will see a very, very high occupancy, so that phenomena we started seeing which is now falling in line with what the pre-pandemic level was.

Archana Gude: Sure that is pretty helpful and the last question is for Milind, can you help with the capex figures for FY2023 and FY2024?

Milind Wadekar: Our capex for next two years will be in the range of Rs.740 Crores major will be incurred in FY2023 of around Rs.540 Crores again out of this 540 Crores we will spend around 400 Crores on commercial office building and balance Rs. 131 Crores to Rs.140 Crores on hotels.

Archana Gude: Sure, this amount which you have mentioned in the presentation 425 Crores for Koramangala project, have you also consider the cost inflation which has happened in last six months or that number is yet to reflect in this number?

Milind Wadekar: We have considered inflation, and we think it may cool down next year or so, but we have considered impact of commodity price increase.

Archana Gude: Sure, that is pretty helpful. Thank you so much and all the best.

Moderator: Thank you. We take the next question from the line of Jeetu Panjabi from EM Capital Advisor. Please go ahead.

Jeetu Panjabi: Thanks. Good to see things are coming back and when you talked about the April occupancies kind of makes you feel good, so one question just on the demand side obviously you can see that there are booking for the next few months as you go ahead and also you can see there is a lot of weddings and other stuff that got pushed out and those bookings also must be coming in, so can you just say that this year is going to be a really good year driven by all those pent-up weddings and other stuff besides just business is coming back?

Sanjay Sethi: Jeetu, it is always pleasure talking to you, yes, indeed I can confirm that this year should be better on two or three counts, one corporate travel is back with a vengeance, I do not know whether corporate travel has too much of pent-up demand I think it is more steady demand that is going to happen and we see that already happening, on the wedding and other events or MICE events including meeting, etc., there has clearly been a long period of no activity and I think that is going to come up as pent-up demand that is going to reflect in the hotels, we are not in wedding season, in spite of that we are seeing a lot of wedding queries even during this period, so typically the wedding season would start now after Navratri in October-November, we are seeing the first half itself getting very, very busy with weddings at least in Mumbai, so that is a very, very good sign for us that the weaker months of the year will also get the support of weddings now.

Jeetu Panjabi: Okay, so my second question is just more strategically do you kind of say that we will probably have some really good times of the next year or two, what are you doing from a management standpoint differently, are you thinking of taking up more properties on a licence basis or on a brand basis or whatever, just want to know how is your thinking as management of how you all take the business forward to the next year during this period?

Sanjay Sethi: Our strategy for the next couple of years is focused on growth and the growth is coming in two forms through growth assets, one is diverse application strategy of getting a healthy mix of non-hotel assets in addition to hotel, we are an asset owning company and we have diversified our risk by getting into annuity business, we are already there from some time, we are expanding the portfolio from over 1.5 million to 3 million over the next two to two-and-a-half years so that one and there is two projects under way, the third yet to start. The two projects are the 750,000 square feet of office building within the Westin Powai complex and the second one in Bengaluru, which is roughly around 650,000 square feet of new building plus 300,000 of the mall that has got converted into office, so between these two we have almost about 1.7 million square feet and we have got another 750,000 square feet in Powai, which is not yet started. We would like to see the traction on leasing of the first office building Powai before we commit to the second building, so far it looks very, very good and extremely well positioned but I would like to see traction on it. On the hospitality side, we have got two things happening, of course the re-branding of Powai is the big win for us, second is the 168 room hotel in Hyderabad, which will be the second Westin, which is now half completed, we are hoping to start that work in the near future and have that up and about operational maybe by January 2023. The third one is the addition of 88 rooms at Pune. The fourth one is the 260 room hotel that we have in Navi Mumbai, which is put on hold, so we would like to wait and watch on that market before we commit to it, but in addition to that we do still see a lot of stress assets on the market and we continue to evaluate them, there are also couple of new hotel deals that have come in the market, some of them are bits in various cities and some with semi government organizations and we are looking at them very closely, but we do see us growing and adding maybe about 1000 to 1500 rooms over the next four to five years to our current portfolio 2500.

Jeetu Panjabi: One final question, if we take total net debt as of March 2022, what is our number and what would be the ballpark, say a rough number is going to look like in March 2023, how the direction will move?

Sanjay Sethi: So, Milind is going to comment on that, as he said the capex plan for this year that will get added to the current debt, so Milind you can share the peak debt and all?

Milind Wadekar: So, the net debt as of March 2022 is 2234 Crores and we expect it will peak to 2600 Crores in FY2023 and it will start tapering down

Sanjay Sethi: And within that 2600 Crores odd most of it is capital work in progress that is yet to yield EBITDA numbers and the EBITDA potential from these capex in progress is extremely high.

Milind Wadekar: Let me give you one more number, in FY2019, post-IPO we were at Rs.1500 Crores and today we are at Rs.2300 Crores, we have spent around Rs.450 Crores in capex in last two years and we did acquisition of Rs.300 Crores in FY2020, so if we add all these, our capex is around Rs.750 Crores, which is represented by incremental debt.

Jeetu Panjabi: Sanjay I like to ask one last question with your permission is what is not working well, what is disappointing at this point as a whole whatever you do?

Sanjay Sethi: To answer that question could have been pretty clear in my mind about a quarter back, last two months everything seems to be working in the right direction, so we are very pretty bullish now.

Jeetu Panjabi: Okay, wonderful, good wishes and all the best. Thank you.

Moderator: Thank you so much. We take the next question from the line of Amandeep Singh from Ambit Capital. Please go ahead.

Amandeep Singh: Thanks for your opportunity, otherwise most of my questions have been answered, can you give us some sense on changing ADR for corporate travel versus pre-COVID given business travel is now coming back in a big way?

Sanjay Sethi: Sure, Amandeep, happy to reconnect with you again, so look let me explain this is slightly in a longer explanation, one is we gotta to break down the corporate segment into two, domestic and international, so domestic ADRs are same as they were pre-pandemic, international ADRs are almost same as pre-pandemic; however, the mix right now is different than pre-pandemic weighing more heavily towards domestic, as and when that starts correcting itself into 50:50 ratio for domestic and international, we expect to be back on ADRs in the corporate side to pre-pandemic, so we think this will happen over the next quarter or two, I think it is positive here among the details that we expected to hit pre-pandemic overall revenue numbers and gross EBITDA numbers in H2 of this year, I think we are getting very close to it in Q1 itself.

Amandeep Singh: That is really helpful and secondly one bookkeeping question, can you just help us with revenue break up between rooms, F&B and on others for the hospitality segment in Q4?

Sanjay Sethi: Certainly, we have it on the presentation, I can share that within a minute, so firstly on a consolidated performance basis in FY2022, hospitality contributed 77% of the revenue, in Q4 it has contributed 82% of the revenue, then if you would have come to the hospitality rather the breakup of business.

Milind Wadekar: So quarter four FY2022, room revenue was 683 million, F&B was for 488 million, other services 88 million. Total 1260 million and for the year room revenue 2195 million, F&B revenue was 1565 million, other services was at 337 million, total 4100 million, so all in all I think we are back to the ratios that we were pre-pandemic.

Amandeep Singh: So, this is very helpful. Thank you and all the very best.

Moderator: Thank you. We take the next question from the line of Prateek Poddar from Nippon India. Please go ahead.

Prateek Poddar: Just two questions, can you talk a bit about staycation, but just wanted to check whether the trends are still sustaining given the sharp increase in ADR for the properties or for the mix changing more on the corporate travel that is question number one?

Sanjay Sethi: Sorry, could you just repeat that?

Prateek Poddar: So, on staycation which were the segment which was doing very well for us in FY2021-FY2022 whether the trends are sustaining in the month of April because the ADRs have reverted, so I just want to check if that is still appetite at these ADRs for staycation or that has gone down?

Sanjay Sethi: Look it is changing towards corporate for sure, staycation I think the challenges at staycation now is in the two primary hotels that we used to see in the staycation, there is no availability of rooms, so whilst the demand continues to be consistent, the corporate travel has taken a lot more rooms within our hotels and the second thing is with the exam season and the school season on as the people back to offices we do see the weekday trend going down a little bit, weekend continues to be very strong.

Prateek Poddar: Got it and also pre-COVID if you were to compare the percentage of staycations I am assuming that during the weekend you would be running at lower occupancy that is on the weekdays, what is the trend like, have you seen a higher percentage of staycations versus pre-COVID?

Sanjay Sethi: See, there was no staycation business pre-COVID, this is a new segment that got formed, so anything that comes in is incremental from our perspective and if the demand seems to be healthy except for this whole period of schools and exams and all that we think it will continue to support the weekend occupancies going forward, so two things are happening I think on the weekend side we see staycations and social functions has supported occupancies during weekends as well as holiday seasons.

Prateek Poddar: So, versus pre-COVID your RevPAR has structurally gone up right because now you have certain occupancies on the weekend versus we did not have that?

Sanjay Sethi: Not yet Prateek, but it will because if you look at my opening statement also I said we had 93% recovery on RevPAR for the month of April because the rates were still not at par with April 2019, however, the occupancies were very high, so we have not seen RevPAR go above April 2019, but it will at some point of time during this year in fact very close from now onwards we still see the ADRs really hit the pre-pandemic level numbers in big city hotel across India.

Prateek Poddar: Last question Sir, how much would IPL be pulling down your ADR I am assuming that you would have given certain discounts and you know this is an uptake in ADRs have caught everyone by surprise, is there a pull down because of IPL wherein your RevPAR would have been higher had you not sold a certain part of your inventory for IPL?

Sanjay Sethi: If we had thought that the IPL will drag down the RevPAR we probably would not have taken the IPL. I think IPL has worked well for us whilst at Powai the rate for the IPL team is lower than the blended ADR, at JW Sahar it actually at par with the blended ADR, so it is not hurting us.

Prateek Poddar: Great, Sanjay. Thanks and all the best for the future.

Moderator: Thank you so much. We take the next question from the line of Rajiv Bharati from DAM Capital. Please go ahead.

Rajiv Bharati: Good morning, Sir, thanks for the opportunity. Sir, regarding the capex you mentioned 140 Crores on the hotel side and of which I think 22 Crores to 25 Crores is towards Novotel and if I am not wrong 750 was a total which is required for the second Westin so the balance 40 Crores is towards, can you reconcile that number?

Milind Wadekar: Rajiv, Milind here, RHI re-branding 150 rooms are pending and some banquet renovations, so we spent around Rs. 45 Crores on Westin at Powai, new Westin in Hyderabad we will be spending around Rs.60 Crores and normal hotels renovation capex.

Rajiv Bharati: On this RHI with the re-branding thing have the rates gone up because of this re-branding?

Sanjay Sethi: So, it has yet to seen, this re-branded was in March and then we had the IPL team come in, but corporate segment is paying us much higher rate than they were prior to the pre-pandemic.

Rajiv Bharati: What I wanted is in terms of the entry when the management contract agreement with Marriott, has the percentage?

Sanjay Sethi: No, the percentage has actually come down with the new contract, so when we did the renewal of the contract after the 20 years was over we were able to negotiate slightly marginally better deal than before, so our outflow to Marriott will actually be marginally lower than before at least at the percentage revenue, if the revenue is higher than obviously the absolute amount will be higher.

Rajiv Bharati: Sir, the debt repayment this time would be close to 180 Crores odd this year?

Sanjay Sethi: No, debt repayment will be in the range of Rs.300 Crores for the year FY2023.

Rajiv Bharati: So, you said that your peak debt would be 2600 and your capex would be 540 this turnaround current debt is 2234 and the interest is close to 100, right?

Sanjay Sethi: Yes.

Rajiv Bharati: And with regard to the office at Sahar, you said 50% is leased at this point what is the rent free period in this case which is operational right now?

Sanjay Sethi: So, this 50% is already yielding rent.

Rajiv Bharati: That is all. Thanks a lot.

Moderator: Thank you. We take the next question from the line of Nihal Jham from Edelweiss. Please go ahead.

Nihal Jham: Couple of questions from my side. Sir you mentioned that the recovery comes through at around 94% and if I had to just breakup the demand you have been highlighting that the foreign travel is still to come back and correct me if I am wrong, my understanding is that Chalet used to get 50% of its business coming in from foreign travel pre-COVID, so assuming that number is significantly lower, is it that domestic corporate travel is significantly high, which is leading to this kind of occupancy?

Sanjay Sethi: Yes, Nihal, your assessment is right, domestic corporate travel is higher and as far as international travel is back as I mentioned earlier 50% of the international travel is back, another 50% is yet to pickup because you know the opening of the skies happened very recently for international travel and there is still some challenges of long haul flights from US because of the Ukraine-Russia war so the direct flights were still not coming in, so they take connecting flight via Europe or middle east, so that not happened, but once that sort of stabilizes and on a weekly basis we are seeing growth in foreign travel, so we will come back to pre-COVID numbers on foreign travel in the very near future and that happens that combined with the increase in domestic travel, which has come out very strong, that was not our strongest point pre-pandemic, but over the last two years we worked very hard with domestic account in India and we have been able to now get a very large share of that business into our hotels and that is helping us.

Nihal Jham: Just following up on that in your discussion with the account, is there any sense that there is a lot of pent-up element in domestic corporate travel because the assumption obviously was if the things normalize there will be some amount of room nights, which ideally was given as some of the meeting which may be happening virtually but the trend currently is very different in terms of at least how your numbers have been, so what is your sense there going forward in about three to four months. Would these kind of room nights on domestic corporate sustain or there could be some filling of that we expect to happen?

Sanjay Sethi: My belief is the corporate business individual travel will sustain, the reason being that I do not think despite of the pent up demand that gets created there because it is in a two year of hiatus as far as travel was concerned, so this is sustainable demand I think where the pent-up impact will come in is on the MICE segment and wedding segment where there could be a surge for some months and then will stabilize, so that is my assessment.

Nihal Jham: Sir, just one last question, you gave a number of thousand rooms that you are looking at we have the visibility obviously the Hyderabad and Pune project, any sense of which are the cities that you may be looking expanding incrementally?

Sanjay Sethi: So, our growth strategy remains consistent that is what we have shared in the last few years, we are currently present in Mumbai, Pune, Hyderabad and Bengaluru, in Hyderabad of course we are adding one hotel that will be there. In Mumbai, at Navi Mumbai there could potentially another hotel at Airoli, but we would like to spread our geographical spread as well as our portfolio as well as get into the leisure segment, so the leisure destination of Goa maybe the northern hills in India and the intent to be in the NCR region is very strong.

Nihal Jham: Understood.

Moderator: Thank you. We take the next question from the line of Sumant Kumar from Motilal Oswal. Please go ahead.

Sumant Kumar: My, question is regarding the MICE, so can you talk about the pre-pandemic level MICE activity percentage of our business and the current MICE business and what is the quantum of pent-up demand you can see in the coming quarters and after a couple of quarter you see some normalization in MICE segment?

Sanjay Sethi: So, Sumant, I do not have that number handy right now, but we would be happy to share that number, but I am giving a very rough guesstimate here I think our MICE business in Powai was very high when it was Renaissance, now with Westin I see that remaining high going forward, JW Sahar also because of the nature of it and size of its banqueting facilities has always been very strong in MICE business, we think that will remain considerably very strong, overall I think the ratio of MICE to non-MICE segments will remain consistent with where we were in the pre-pandemic era, gotta remember that MICE thus compromises the ADR a little bit, so we will obviously play the revenue management game to balance out the split between these two segments as we go forward depending on the time of the year the up and the down cycles within the travel business and all of that and make sure that we get optimal results on the both.

Sumant Kumar: Thank you so much.

Sanjay Sethi: I can add also that the MICE business may increase largely as JW Sahar because we now have an access to a very large lawn which is now available for use.

Sumant Kumar: Thank you so much.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to Mr. Sanjay Sethi for closing comments.

Sanjay Sethi: Thank you, as I said earlier we excited about where we are today and the future from here on looks strong, we will obviously put in everything that is available as resources to back the business to ensure that we remain very healthy on margins, we will continue to stay focused on the cost side and whatever advantage that we have been able to bring into the business through cost rationalization over the last couple of years we will come continue to benefit the business as we go forward, our focus is that as I mentioned even in my opening statement will be too basically ensure that we capture the domestic and global rebound, make sure that we execute the growth project very efficiently, attract and nurture talent rollout the ESG strategy and as I mentioned before keep costs as a strong focus area for us going forward. Thank you all, stay well.

Moderator: Thank you. On behalf of Chalet Hotels Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.