CHALET HOTELS LIMITED
Q1 FY2021 Earnings Call

August 12, 2020

MANAGEMENT: **MR. SANJAY SETHI – MD & CEO**
MR. RAJEEV NEWAR – CFO

Moderator: Ladies and gentlemen, good day and welcome to Q1 FY 21 Earnings Conference Call of Chalet Hotels Limited. We have with us today from the management, Mr. Sanjay Sethi – Managing Director and CEO and Mr. Rajeev Newar – CFO. 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, Managing Director and CEO. Thank you and over to you, Sir.

Sanjay Sethi: Thank you, Margreth. Good morning everyone and thank you for joining us today. I hope all of you and your family members are all safe and continue to remain so. My statement this quarter will primarily revolve around the efforts taken by Chalet Hotels to tackle the COVID-19 pandemic, and how we have been navigating through this crisis. As the situation becomes clearer, we have been diligently opening areas of our business with our prime and continued focus being prudent cash flow management and the health and wellbeing of our guests and associates. The Indian economy has started opening up as the state governments cautiously remove restrictions. We are seeing positive indications that the unlocking phase of markets and business is slowly gaining momentum as State Governments do their best to strike a balance between lives and livelihood.

According to the latest notification by the Director General of Civil Aviation, airlines have been allowed to deploy 45% of the pre-COVID capacity on domestic routes in August. While state owned Air India has been operating flights across the world under the Vande Bharat Mission, private airlines too are now moving in the direction of starting long haul flights. Under the framework of transport bubbles, flights from India to US, France, Germany, under the reciprocal arrangements have begun. And we see the same happening for UK now.

Alongside the aviation sector, Indian hospitality industry too has seen new guidelines allowing the opening of the business activities. Hotels have been allowed to open their doors to regular guests in all the four cities that our portfolio hotels are located in. Dine-in options are allowed in Hyderabad and Bengaluru, while take away or delivery service of food and beverage is permitted in all cities. Globally accepted safety and hygiene protocols and SOPs have been followed at all our hotels. Digital solutions, such as electronic menus, contactless payment options, touch less checkout, have now become the norm. Our hotels cater to a wide range of special purpose groups, namely seafarers, airline crew, rooms for companies seeking DCP options by housing their employees close to their offices and from the passengers from Vande Bharat flights. We also continue to cater to our brave COVID warriors at our hotels. On the F&B front, we continue to strengthen our business through new revenue streams, such as takeaway and delivery services. Chalet Hotels have also introduced innovative F&B offerings, such as drive thru breakfast, Sunday brunches delivered to your homes, premium laundry and housekeeping services available to nonresidents.

In-line with our strategy to improve employee productivity, we have been successful in bringing down the staff to room ratio to levels that are very close to what comparable hotels in the western countries operate with. As on 30th June 2020 our staff to room ratio stood at 0.88 versus 1.03 on 31st March of 2020. Payroll cost which is one of the largest operating costs in our business have also been reduced by 44% over the same quarter for the previous year, and 38% compared to the quarter - January to March 2020. In our last call, we had indicated that through market share enhancement, and cost management initiatives, we should be EBITDA positive by quarter two of this year. I'm happy to share that we've delivered this in Q1, with marginal EBITDA this quarter on a consolidated basis. The success of our market share story is indicated by the RevPar premiums that we've been able to deliver at our operating hotels in Q1.

So as per the STR reports, which compares us to a competitive set in our micro markets, our RevPar index, I'm going to share a few of those numbers with you, at the JW Marriott at Sahar in Mumbai in the quarter gone by was 207% against 113 last year for the same period. Similarly, at the Renaissance Hotel, it was 218% versus 87 last year. At the Westin in Hyderabad, the RevPar index was 197% against 155 last year, and at the Marriott Whitefield our RevPar index was 503% versus 149 last year, Four Points and Novotel Pune had remained closed - in fact, Four Points for most of the quarter and Pune for the entire quarter during this period.

Clearly in all the operating hotels in the portfolio, we've grabbed a lion's share of the available business. Our hotel occupancies for the quarter stood at 24% on a base of full portfolio with Mumbai clocking 30%. If you were to take away the Vashi hotel and Pune hotel which were shut down during the quarter, our occupancies will be higher than this. The Vashi hotel for example, was shut down right till 15th of June, and Pune hadn't opened at all during this period. In fact, Pune has only very recently on 6th of August, opened its doors to welcome our guests back. The average daily rates or ADRs, stood at Rs.3860, which were 52% lower than the same quarter in the previous year. An interesting number is that the RevPar for us grew by 46% between April and June, so the two month gap between April and June, saw a 46% increase in RevPar, which clearly is an indicator - as it's grown month-on-month. We have seen a similar sort of a trend following through in July also. On the retail business front, our shopping mall in Bengaluru is now open for business. While the footfalls are slowly ramping up, we see a trend of higher spend per footfall at the mall.

Commercial rentals remained unaffected, providing the much needed respite to our revenues. On the project front, as we had shared last time, we have put most of the projects on hold, including the Hyderabad hotel. Hyderabad hotel could potentially have been commissioned by June of this year, but with the crisis, work couldn't go on and given the demand scenario, right now we've decided to defer the opening to the next calendar year.

We, however, have some renovation going on at Renaissance in Mumbai, basically we will restrict to the renovation to the lobby area and at the end of this renovation, the guest will have a far superior arrival and lobby experience when they check into our hotel. We are likely to complete this project by the end of October.

Currently, the lobby area is the only area that we are actually renovating. The two projects of office towers have right now been put on hold. We've decided to see what sort of tenant dynamics we see and depending on that, we will proceed. Our idea is to lock in at least an anchor tenant for each of these sites, before we start committing fresh capital into these projects. However, the feedback from our Group's real estate team is that there should be more than reasonable demand for both the sites. Before, I end, I must take a moment to thank all our colleagues across the hotels for a stellar contribution under very trying circumstances. Ladies and gentlemen, we at Chalet Hotels are now ready to welcome our guests and help them experience wonderful hospitality all over again. As, I hand over to Rajeev to take you through the numbers, I also wish him all the best for his next professional endeavor and thank him for his contribution to the success of Chalet Hotels. Rajeev over to you.

Rajeev Newar: Thank you. Thank you, Sanjay and good morning ladies and gentlemen. I hope everyone is staying safe and healthy. Before we start, let me offer the usual disclaimer on forward looking statements and rounding-off of numbers during conversation. Further, when I refer to PY, it basically refers to the corresponding quarter of the previous year. Our presentation has been uploaded on the stock exchanges, and is available on our website as well. I hope you have had a chance to go through the same.

Now moving on to the financial overview for the quarter ended June 30, 2020. The total income for the quarter was Rs.589 million, which was 76% lower than the previous year. You would appreciate that the drop in revenues was largely on account of the prevailing conditions and restrictions in place. However, the EBITDA was positive at Rs.3 million and this was largely on account of the various demand drivers as well as the stringent cost measures that we as a company undertook. Revenue from hospitality was 53% of the overall revenue, whereas retail and commercial contributed to 36%. The balance 11% came from other income. Within the hospitality segment, room revenue was the dominant segment, which accounted for 69% of the total hospitality income. F&B and other income accounted for 18% and 13% respectively.

The loss from the hospitality segment for the quarter stood at Rs.145 million. However, what is encouraging to notice is that retail and commercial segment continue to be resilient during these times. The revenue from the segment was Rs.230 million, which was higher as compared to the corresponding quarter of the previous year, which was Rs.152 million. More importantly, the EBITDA from this segment also showed a sharp improvement from Rs.74 million last year to Rs.173 million in the current year. Within this, the revenue for Orb and the commercial tower was Rs.205 million as compared to Rs.80 million for the corresponding quarter of the previous year.

The company as I mentioned, had initiated several steps and initiatives to leverage and rationalize cost across all heads. Correspondingly, the operating cost were lower at almost 65% on a quarter-on-quarter basis. At Koramangala, which is a residential project, 92 flat owners continue to remain invested. No fresh subscription, of the 0% Non-Convertible (Non-Cumulative) Redeemable Preference Shares were sought from the promoters and the subscription value continues to be at the level it was on March 31, 2020, which was Rs.125 crores. During the quarter, the company accounted for a deferred tax credit of Rs.246 million on account of the business losses. And there was also a reversal of provision of income tax relating to previous years aggregating to Rs.65 million. Furthermore, in the other income, we also accounted for Rs.37 million as interest on account of these refunds from income tax.

On the Treasury front, the finance cost for the quarter was Rs.400 million as compared to Rs.357 million for the same quarter of the previous year. This was largely on account of the fact that we drew some of these loans in March as well as Rs.250 million during the quarter to stay liquid during these times. Notwithstanding this fact, the gross borrowing stood at almost at around Rs.1800 crores and the net borrowing stood at approximately around Rs.1700 crores. I must mention here that the company has not availed the moratorium offered by the banks. As we speak, the company has undrawn limits of Rs.1200 million for general corporate purposes and Rs.1150 million for capital spends. Further, the company also has cash equivalent of about 500 million. I must mention here that, over the last three years that I have been with a group - I'll cherish these memories, it has been a great journey, great team, great leadership here. The migration to IndAS, GST, participating in the IPO, the acquisitions, the merger, the demerger and the time has come when the team has really risen to the occasion and are very capable of holding fort. And therefore, I had made a request to the board to allow me to step down and explore opportunities. I continue to be a Brand Ambassador of Chalet. I continue to wish the company well. I thank Sanjay and the entire team - specifically also the team which has worked with me all the three years- for all the support without which many of these initiatives would not have been possible. Also take this opportunity to thank the Board for the guidance to me during this period. With this, we now open the floor to questions. Thank you.

Moderator: Thank you very much. We will now begin to question answer session. The first question is from the line of Aditya Bagul from Axis Capital.

Aditya Bagul: Good Morning Gentlemen – Congratulations on a decent set of numbers in such troubled times. Two questions from my end. Sanjay firstly to you, want to understand a little bit on how Marriott International is looking at the situation. We know that there have been several learnings and we were ahead of the curve, because we got an understanding from them. So just some thoughts on how they're looking at the situation. When do they see a recovery sort of happening in terms of the occupancy trend - one globally and two specifically to India. That's question number one. Question number two is, Rajeev to you - really commendable effort in terms of cost control initiatives, employee the room number of 0.88 is really, really commendable. I just wanted to understand how much of this is structural and how much of this is transient because our occupancy is so low. That's it.

Sanjay Sethi: Thank You Aditya - So very quickly, we've been in touch with Marriott and ACCOR both to stay well informed on what's happening around the globe. And the signs of some of the countries especially China for example are encouraging. We've seen occupancies in China in the month of July. That's 60%. Rest of Asia has also done very well and the ramp up is pretty rapid. The three areas which have not done well in Asia, right now is South Asia - that includes India, Indonesia, and Vietnam. Vietnam, has started off very well and ramped up very well until the government came in and did a massive lockdown. In fact, 40 odd thousand tourist had to be sent out overnight from there, but the rest of the countries across the continent have been doing very well. In West they have seen pockets of success. Clearly F&B is back in Europe, most of Europe, which has opened up its restaurants and it's almost close to normal in some of those places. The wine and dine experience is now continuing to early hours of the morning over Fridays and Saturdays. And clearly there's a strong improvement there**.** ACCOR has given a similar feedback that China's doing very well, India, Vietnam and Indonesia are troubled, Thailand has seen a strong recovery and in terms of a mix of segments, drivable distance resorts in India have seen some success. I've heard that Mussoorie is doing well on weekends but completely empty during the weekdays. They've seen Chandigarh pick up, Chandigarh hitting 35% - 36% occupancies and Goa is seeing sporadic occupancies because of the requirement of the COVID-19 test etc. and certain restrictions on bars, shacks and swimming pools, etc. So, leisure traffic is also to a certain extent hindered by the fact that whilst you can travel to some of these cities, the facilities are really not available. On the business traffic side right now, most of the business across the country is what we call special purpose groups. These are project based businesses, which have to kick start projects, these are long stays who are coming and staying with us. These are people who need to spend some time in hotels before they start work because the Indian government requires them to do so, once they enter India. So it's all of that business. However, I would give you some indicators - so, we have in our portfolio Four Points By Sheraton at Vashi which is 152 room hotel. We are allowed because of the state regulations here, 33% capacity to be occupied on a daily basis. And we hit that 33% which is 50 rooms per day, literally in the first, three or four days and we stayed there after that right upto today. And these are large accounts with the traveler staying there for long stays to complete projects.

On the overall view on when things will open in India, I really don't see FIT, business travel picking up till at least post Diwali. That's what I had shared in the last call also. But, I don't think we'll hit normal numbers till probably third quarter next year. So whilst it will ramp up, it will be a slow ramp up, unless a vaccine is found. Yesterday's story from Russia and if it is authentic, is extremely positive. I also believe that the memory on this front will be very short lived once the vaccine is out, once everyone's got inoculated it will be life back to normal in most cases. That's my view on how things are going to happen.

In terms of costs – which you asked Rajeev, I will pitch in with a little bit before Rajeev comes on, whether it's structural or adhoc right now, most of the costs especially on the fixed cost side, are now good forever for us, as far as we are concerned, we've been able to drive in further efficiencies into our productivity levels for good. So whilst we will be and this is still work in progress of the test – we are going to actually achiever a target of 0.75 room to people ratio. We achieved 0.88 at the end of June and end of July we have achieved 0.82 already. 0.75 should be good for the next year or so, though this may creep up to maybe 0.8 or 0.85 at some point of time, but we are going to be way below where we you used to operate normally at. This is the structure largely.

Aditya Bagul: Yes, just one question on that. All of this is done - while there might be some relaxations at the moment, there might very stringent caveats put by these brands. So, if you're operating a JW Marriott, you require an X number of employees per room - is that something?

Sanjay Sethi: No. So, as I said earlier in my opening statement, the numbers are not coming close to what the hotels in the West operate at similarly branded hotels. So therefore, we actually in India over the last 20 years, had got spoiled for choice in terms of employees because labor cost in India used to be very cheap at one point of time. That's not the case anymore. Now, this pandemic or gives us an opportunity to reset that situation and get these productivity levels and efficiency levels into our systems for good forever.

Sanjay Sethi: Any points Rajeev you want to add?

Rajeev Newar: No, thanks Aditya, Sanjay has already answered that and thanks for the words of encouragement. Thank you so much.

Moderator: Thank you. The next question is from the line of Amandeep Singh from Ambit Capital. Please go ahead.

Amandeep Singh: Thank you for the opportunity - Sir in your investor presentation on slide #15 you have mentioned that your current debt to FY21 EBITDA is 23.68, does this imply that you are expecting an EBITDA more than Rs.700 million and if that's the case what will drive this improvement in profitability?

Rajeev Newar: This ratio is something which we should look at in the light of what the current situation is as an extrapolated ratio. The ratio that is more relevant for us is the ratio that we achieved in FY20. Because this year is not really a standard year. It is an extraordinary year and therefore, I would recommend that, that ratio is there but the ratio which we achieved in FY '20 was close to about 4.9. And we obviously over a period of time, we obviously are believe that, that should come down with period of time.

Sanjay Sethi: May I come in. I just want to add to that, Amandeep thank you for your question. So look, we at Chalet have the benefit of a diversified portfolio. And we've always spoken about it as a strength within the within the portfolio. The fact that we have rental assets, especially the office assets, which continue to be rent yielding without any compromise on the rental returns, gives us a lot of comfort. And, as we stabilize hotel business, especially as hotels open out in the subsequent quarters, and F&B opens out we do expect revenues to increase. So, whilst I will not agree or disagree with the number that you throw up on the EBITDA, but it's there to calculate. But yes, we are hopeful that we will do that and better.

Amandeep Singh: Sure sir, that's helpful. Sir you mentioned earlier the alternative revenue streams including SPG, seafarers group, etc. So, can you help us understand how much revenue accretion through occupancies and correspondingly room rentals are you expecting from these streams?

Sanjay Sethi: We would not like to give any forward-looking numbers for now. See, Amandeep, we are exploring all opportunities and the idea is to sweat the asset. As for some period of time, we may not be able to occupy some of the key real estate areas in our hotels, we'd like to use them for alternate use, and see how we can sweat the asset better. So we are exploring the markets to see what we can get in terms of maybe in a short term office rentals, or alternate forms of office for example you have the, hot desking options, and stuff like that. We're exploring that, we've also had some interest from couple of large brands of F&B wanting to come in and take up some space in the hotels. I think they are driven by the fact that hotels are considered to be safer places to be in. And therefore from that perspective for them to locate themselves in that hotel, gives a communication of health, safety, hygiene and comfort. But, we don't have a number as yet to share with you.

Amandeep Singh: Sure sir. And sir are you witnessing any permanent reduction in upcoming supplies in any of your key markets, given COVID induced funding challenges for many developers. Also any closure of hotels as well as small in nearby vicinity of existing portfolio?

Sanjay Sethi: I wouldn't like to hazard a guess on closure because I don't know what the condition of people viz. the owners are. But yes, we've heard that there is a lot of stress in the market and that stress could force some of the owners to convert the asset into alternate use, or maybe exit those investments. On the new supply, yes, there is a tremendous slowdown that's going to happen. As we shared with you, we ourselves have delayed some of the projects right. And to build a hotel from scratch to opening can take you any between 2.5 to 3 years right up to 7 years depending on how approvals come through and how large the project is. So for the next five to six years, we see a strong slowdown in the supply side, it was anyway expected to be only 4.5% to 5% year-on-year for the next four, five years. And that's going to get further muted as years go and in the next few years. So what will happen is when business returns to normal, the good part will be that the supply side would be very weak, and therefore we expect a significantly better performance by hotels that make it through the crisis.

Amandeep Singh: Sir, that's helpful. And sir lastly how are the rental negotiation with your retail tenants panning out, have you seen any store closure or how are the early footfall and consumption trends in your existing mall asset?

Sanjay Sethi: There are conversations that are on, there are some people who have expressed the inability to continue – these are limited right now in numbers. There are some people who have requested for rent relief. And we will have to work in partnership with them to see what remains a win-win situation. We have been able to cut down CAM cost as physical cost. So therefore we are able to pass on that benefit to some of the tenants. But that's cost to cost where we have been able to reduce them so that they get the benefit of that. Some of them are shut down for longer periods of time. Some of them are operating with takeaways and deliveries. So there'll be different conversations with different ends. Overall, there will be some impact, we are looking at alternate options and we will come back to you shortly with a plan on that front.

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

Nihal Jham: Thank you So much and Good Morning to the Management. Sir, I just had one question when you are giving your performance comparison to players for all the four properties which are open, was that specifically for the last month or it was for Q1?

Sanjay Sethi: Nihal, Hi this is Sanjay here. This is for Q1, so this is three running months, April to June. I must clarify that this is as per the 'compsets' that are set up for each of these hotels, in agreement with STR, where there are restrictions that you can't have more than similarly branded hotels of more than 30% to 40%. So you have to have alternate hotels, you have to be within your segment of hotel category, they have to be within your micro market and all of that together. And within that compset these are the numbers that I shared with you a little earlier. But they were for three months.

Nihal Jham: Yes, so where I was coming from is that there was anyways a premium in most of the properties as you mentioned last year's figures and that is only increased for Q1 of this year and considering that most of the guest profile was similar, in terms of Vande Bharat or BCP and the rates at least in case of Vande Bharat were regulated. So, if you could just give little color of how you manage to increase this differential, that will be very interesting from our side?

Sanjay Sethi: So, Nihal it's all about grabbing the lion's market share and I did say that in the opening statement that we were very aggressive right from day one. We did have sort of a head start from our brand partners about what had happened in China and what could potentially be streams of revenue for us as these shut down. I must say that Marriott has done a wonderful job. Novotel was closed to they didn't have their opportunity to present to us but all the other Marriott hotels they did a fabulous job of grabbing the right market share. It is very important also that we did not take on any COVID positive guests, neither did we allow any of our hotels to be taken up by the government for COVID positive guests. There were some hotel that were acquired by the government. We were able to manage that and yet get enough business whether it was the COVID warriors, whether it was the Vande Bharat flight people, whether it was BCP programs or the other long stay guests who were staying with us and we have also done it very smartly. Just to share with you, because this is something that we are very proud off, that at Renaissance for example, we have got three towers - one the Marriott Executive Apartment and the two towers of the Renaissance Hotel. So whilst more than 400 doctors have been staying with us for roughly around 3.5 to 4 months, and they are dwindling now, they are coming down slightly now, they were restricted to one tower. So we did not that way put any of our other guests or employees at risk, and that tower services were outsourced, whether it was cleaning, F&B services, etc. were outsourced to an agency. And in the Marriott Executive Apartment, we sent every other business into that tower, which had 170 rooms.

Similarly, at Sahar whilst we did not take on any positive guest, we had a few government requests - there were just four or five rooms are occupied for the government - BMC requirement, but we had a lot of Vande Bharat travelers over there because of the proximity to the airport. In addition to that, we had a lot of long stay guests and we got a lot of crew. Right now, it's largely cargo crew. We had a good, fabulous turnaround on one of the large global cruise and when they start operating which should be in the next couple of weeks or so. We have been able to pull that group for another competitor and bring them in, which again becomes base occupancy for us for the next two years.

Nihal Jham: Sure. So, last point was that Sanjay, would it be right to say that the occupancy was the main differential in the increase in the premium compared to your peer set?

Sanjay Sethi: Yes, the occupancy and the ADR - it's a combination of both - the fact that we delivered an ADR of Rs.3800 was the doctors were giving us an ADR for most of the quarter at Rs.2000 means that we did get a better ADR from other segments. And we were able to balance this out and this is without subsidizing any of the doctor's rooms through any other source.

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

Sumant Kumar: My question is regarding the wedding booking. So can you discuss more about how the trend and booking is for the upcoming wedding season?

Sanjay Sethi: Thank you Sumant for the question. That's been one pleasant surprise along the way. We've had a surge of weddings in Hyderabad and Bengaluru and more so in Hyderabad and Bengaluru. Pune we have just opened five days back and already do a couple of weddings. So clearly this the segment is doing well and our team has been successful in picking up the weddings. So just to give you a number we have done close to 10 weddings or so, so far. And we have a lot more bookings already with us. The Hyderabad hotel has witnessed more weddings then it has done in the whole year in the past. So clearly a positive sign, but as you know, there are restrictions on the number of guests that are allowed for the wedding. So from that perspective, the revenues haven't been as large as they used to be. Rajneesh shares with me that we have got another 8 to 10 in the pipeline for the next week itself. So clearly, there's a lot of demand for the wedding. And one thing, I must highlight here Sumant is that, we see a strong shift of weddings from standalone banquet halls and lawns, to the organized sector of hospitality and hotels, especially for the five star segment. Just because you don't want the food catered by standalone caterers anymore.

Sumant Kumar: Okay. And how is the online booking trend?

Sanjay Sethi: Online booking trend Sumant is not very strong right now. In fact, more than 90% of the business that we have done in the quarter came out of direct bookings to hotels. And online hasn't picked up too much. We've seen some traction happening on some staycations but not very strong right now. And most of the business hence had been picked up by the Sales and Marketing team as against the distribution network.

Moderator: Thank you. The next question is from the line of Abhinav Rao Nadipally from India First Life Insurance. Please go ahead

Abhinav Rao Nadipally: Sir, my question is regarding the collections or receivables. How do you see it like because our mix has changed now that you are dealing with municipal authorities and even the cash flow of airlines is shaky. So, how do you see that and what is the strategy going forward?

Rajeev Newar: Firstly, let me give you an overview. Between March and July, we have been able to collect Rs.118 crores of receivables. Now, that itself is a very large number. Our revenues for this period was some Rs.30 odd crores and the collection has been Rs.118 crores. BMC - on the bills we've manage to get us registered as vendors with the BMC very early in the cycle. The bills have been accepted, the process is on, we do expect the first lot release to happen in the next week or so.

Abhinav Rao Nadipally: Okay. And secondly sir on the 9th slide, you have given the details of ADR and Occupancy levels. Despite Mumbai having a higher occupancy kind of number, the ADRs are very low, compared to the other cities?

Rajeev Newar: Yes, Abhinav it's very obvious. So, Mumbai is the only city, as far as our portfolio is concerned that we have the doctors stay with us and for doctors, the ADR was Rs.2000. So, therefore once we got the doctors Occupancy, they dragged down the average room rate for us. It almost about 275 to 280 rooms a day, 400 doctors staying with us for most of the quarter.

Moderator: Thank you. The next question is from the line of Vikas Ahuja from Antique Stockbroking. Please go ahead.

Vikas Ahuja: Good Morning Everybody - I just have one bookkeeping question, in terms of the liquidity how much is the debt payment as for this fiscal year and the next FY 22 and then that number would be pretty helpful?

Rajeev Newar: Hi Vikas, this is Rajeev here. So, for the year for the remaining three quarters, the debt that remains to be paid is about Rs.171 odd crores and the interest obligation is roughly in the range of RS.124 crores. So, roughly between the debt obligation is about Rs.300 odd crores and as I mentioned to you that there are three elements #A is the line of credit that we have, #B is the working capital opportunities that we have because we have certain working capital opportunities that have been identified, which will also result in some reasonable liquidity. And the third is the operating cash flow, a combination of these three should lastly see us managing the debt obligation for the current year which is about Rs.300 odd crores. Now, if you were to look at the following years, just to give you a sense that, for FY 22, the loan repayment is in the range of about Rs.250 crores, which is also there in our annual report. And the interest would be about Rs.200 odd crores.

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

Sanjay Sethi: Thank you. Thank you ladies and gentlemen for your time, we just want to close the call with a note of cautious optimism. You got to understand that till now we haven't had a full opening up, in fact it has been extremely sporadic. And we believe that sooner than later there will be a full opening up in India too. And when that happens, we will have an opportunity of a large step up and I believe that there will be two types of step ups, one as we find the general medical condition of the community in India improving and a proper care being given to COVID positive cases. The second step up which will be the larger step up is when there is an availability of certified vaccine available and the ability for people to get vaccinated and then travel fearlessly across the borders. Thank you for your time, do stay well, stay safe and look forward to catching up with you soon.

Rajeev Newar: Thank you.

Moderator: Thank you. On behalf of Chalet Hotels Limited, we conclude this conference. Thank you for joining us. You may now disconnect your line.

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