

May 26, 2020

National Stock Exchange of India Limited

Exchange Plaza
Bandra Kurla Complex,
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Mumbai 400 051.

Scrip Code: CHALET

BSE Limited

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Scrip Code: 542399

Sub: Press Release - Business Update on the evolving COVID-19 situation

Ref: Intimation under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020

Pursuant to the provisions of Regulation 30 read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020 please find attached herewith a copy of the Press Release titled, '**Business Update on the evolving COVID-19 situation**' being issued by the Company.

We request you take the above information on record.

Thanking You.

Yours faithfully,
For **Chalet Hotels Limited**

Christabelle Baptista
Company Secretary & Compliance Officer

Encl.: As above



Mumbai, May 26, 2020

Business Update on the evolving COVID-19 situation

This document has been prepared by Chalet Hotels Limited (Chalet/the Company) in view of the current COVID-19 situation to provide an interim update on our response to the crisis and in continuation to the disclosure made by the Company to the stock exchanges on March 27, 2020. We acknowledge that the situation is still evolving as we publish this document and accordingly, the management will continue to review its plans from time to time, based on further developments. A rejoinder to this note will follow post the Board meeting.

The tourism and hospitality industry has been adversely impacted with the spread of Covid-19. The Indian Government had recently announced the fourth phase of the lockdown to control the spread of the COVID-19 pandemic. The near-term impact is contingent on various external factors such as lifting of the lock down, travel restrictions and revival of the economy.

The Company has been participating in various engagements with the policy makers to recommend mitigation policies. Similarly, the Company is closely engaging with its operating partners and stakeholders to assess the consequent impact and recalibrate the way in which business is conducted going forward.

With a clear focus on a road map for recovery, the business processes and arrangements are being suitably realigned that includes an increased focus on health and safety of our guests and associates. The recent announcement by the Indian Government to open the domestic commercial air traffic soon, bodes well for the hospitality industry.



The energy and eagerness of our associates to rise to the occasion has truly helped in strengthening the plans put in play by the Company. The team has exhibited strong motivation and resilience to take the challenges head on.

Prioritizing Safety:

Whilst branded hotels follow adequate brand standards when it comes to guest service and hygiene, these standards are being further enhanced by our hotel operators to align with learning from the emerging global best practices in this situation. This is being and will continue to be implemented through structured training modules and redefined protocols that would need to be followed by our associates and guests for the wellbeing of all.

Focus on Cashflow:

In the near term the earnings and profitability of our business is expected to be materially impacted. From a business continuity purpose and in preparation for the future, cashflow availability is a key focus area in these circumstances.

The Company has over the years built a strong hotel led mixed-use asset development model. In the current situation, while operations for Hotel and Retail segments continue to witness direct impact from the crisis, rentals from Commercial Operations provides a steady annuity shield and resilience to the operating cashflows. The Retail portfolio, which includes the two malls in Mumbai and Bengaluru, are currently closed in line with government protocols.

We are closely watching market conditions as the lockdown unfolds and evaluating all projects in pipeline and will pace them in line with market conditions. The revised timelines for the development plan will need to be reassessed as the situation unfolds.

The management, based on its assessment of the situation, has internally revised its business forecasts for the near term and assessed the cashflow needed. The cash on books, the sanctioned lines of credit and the operating cashflows as per the forecast appear to be reasonably adequate to meet the debt servicing obligations and minimal capital spends in respect of the development pipeline for the year.

Business Updates:

Within the hotel's portfolio, 4 of our 6 hotels today have in-house guests which include stay-on guests, doctors and medical fraternity. Our colleagues at the hotels, continue to provide hospitality services to these guests under these trying circumstances.

The Company shall continue to assess the emerging consumer behavior and demand drivers thereby suitably realign its business strategy with a view to continue being a dominant player in the marketplace. The management team at the hotel continue to proactively engage with their key stakeholders and guests.

Cost efficiencies have always been a key driver for business performance at Chalet and these practices have held us in good stead during this crisis too and allowed us permissible forms of cost savings. The hotel operators who manage our hotels have a significant presence in China and since the crisis impacted China first, they had some key learning and developed a mitigation strategy that emerged in the process. Chalet had the opportunity of an early warning on the crisis and a head start in implementing various mitigation initiatives such as hiring freeze, managing our inventory of supplies and reworking our re-order levels as early as February 2020. This also allowed us to build a business



risk mitigation plan fairly early in the cycle. Chalet was able to undertake a detailed review of all the fixed costs and has managed to significantly drive optimization wherever permissible, while continuing to ideate on new thoughts.

Another significant cost for the Company is Heat, Light and Power costs, where significant steps have been taken to reduce consumption. The Company has also worked with service providers on reducing the effective landed costs.

A comprehensive renegotiation exercise is under way with our vendors and service providers, initial outcome of these discussions has been favorable. The Company is also engaging with the hotel operators for a lower outflow in respect of the services rendered by / through them.

Our HR and IT teams were quick off the block to set up Business Continuity Plans on people and IT front. All our corporate office associates are connected seamlessly on MS Teams.

The senior management of the Company has been actively working with various Hospitality and Industry associations (FAITH, HAI, FHRAI, CII & FICCI) in engaging with the Government to seek relief for the industry. This will provide the sector incremental support for revival over the short to midterm.

Gearing for post COVID-19 Lockdown

During this period of lockdown, the Company has taken various steps towards rethinking the 'new normal' for the business and gearing our offerings for the post COVID-19 lockdown world. Going forward, social distancing is expected to be the new norm and hence elaborate health and travel history checks and distancing measures will be key in ensuring traveler safety.

Today all our hotels including the ones without guests are adequately manned to align with the inhouse guest count, plant and machinery are regularly operated and sourcing arrangements are in place to the extent permissible to ensure smooth operations of the business. The hotels are thus in a position to scale up at a short notice, post lockdown.

With the phased withdrawal of the lockdown, it is expected that the hospitality industry will recover in line with the economy.

Salute to the COVID-19 Heroes:

In these unprecedented times, we have endeavoured to do our bit to help our Nation and our community. Our hotels are privileged that our meal packets are being accepted by those in lock down duty. Our hotels have made PPE kits available to the police officials and employees of the municipal corporation on lock down duty. We are also honoured to keep our doors open for the front-line warriors from the medical fraternity in Mumbai.

While there is gloom in the air, we do have some happy news to share. Our Company is now certified as a **Great Place to Work** by **Great Place to Work® Institute (India)**.





Caveat

This press release contains "forward-looking statements" including statements related to the expected effects on our business, our future plans, capital expenditure plans, liquidity and working capital expectations, and similar statements concerning anticipated future events and expectations due to the COVID-19 pandemic and Government lockdown. These are not historical facts and may not be accurate. The actual results may vary from our expectations herein, which are based on our own assumptions. The assumptions in this note are based on internal deliberations by the management and its understanding based on its interactions with the various stakeholders. The Company undertakes no obligation to continue to give such statements in future. The statutory audits are under way and Board meeting is slated to be held soon post which the Company will try (without undertaking any obligation) to release an updated understanding of the situation.

About Chalet Hotels Limited:

Chalet Hotels Limited (CHL), is an owner, developer and asset manager of high-end hotels in key metro cities in India. Our hotel platform comprises five operating hotels, including a hotel with a co-located serviced residence, located in the Mumbai Metropolitan Region, Hyderabad and Bengaluru. CHL's hotels are branded with globally recognized hospitality brands and are in the luxury-upper upscale and upscale hotel segments. The hotel platform emphasizes strategic locations, efficient design and development, appropriate positioning in hotel segments together with branding and operational tie-ups with leading hospitality companies. CHL uses its experience to actively manage the hotel assets to drive performance.

In addition, CHL developed commercial and retail spaces, co-located with existing hotels. CHL has developed hotels at strategic locations generally with high barriers-to-entry and in demand dense business districts. The Company generally develops its hotels on large land parcels, allowing them to situate a greater number of rooms, as well as provide a wide range of amenities, such as, fine dining and speciality restaurants, large banquet and outdoor spaces. CHL endeavour is to build hotels to superior standards targeting the luxury-upper upscale and upscale hotel segments at an efficient gross built up area and development cost per key. For more information about the company, please visit our website www.chalethotels.com

For further details please contact:

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