

August 11, 2020

National Stock Exchange of India Limited

Exchange Plaza
Bandra Kurla Complex,
Bandra (East),
Mumbai 400 051.

Scrip Code: CHALET

Dear Sir/Madam,

Subject: Response to query dated August 14, 2020 in respect of the intimation of the Company regarding amalgamation of the wholly-owned subsidiaries of the Company viz., Belaire Hotels Private Limited and Seapearl Hotels Private Limited with the Company

With respect to your email dated August 14, 2020 seeking clarification from the Company in respect of the announcement submitted to the Exchange on August 11, 2020, regarding amalgamation of the wholly-owned subsidiaries of the Company viz., Belaire Hotels Private Limited and Seapearl Hotels Private Limited into the Company, we wish to clarify as under:

1	Name of the entity(ies) forming part of the amalgamation / merger	Belaire Hotels Private Limited (BHPL/Transferor Company)	Seapearl Hotels Private Limited (SHPL/Transferor Company)
2	Details in brief such as, size, turnover etc.	Owner of Novotel Hotel, Nagar Road, Pune. Turnover as on March 31, 2020: Rs.388.32 Mn Other Income: Rs.7.98 Mn	Hospitality Company, looking at business opportunities. Turnover as on March 31, 2020: Rs. Nil Other Income: Rs.1.25 Mn
3	Whether the transaction would fall within related party transactions? If yes, whether the same is done at "arm's length"	Both the entities, whose amalgamation is being considered, are Wholly Owned Subsidiaries of the Company and will be covered under the definition of Related Party by virtue of being so. In view of the two entities being wholly owned subsidiaries, no shares will be issued. Hence the "arm's length" test cannot be applied in this case. Further, Regulation 23(5) of the Listing Regulations provides that the provisions of sub-regulations (2), (3) and (4) of Regulation 23 shall not be applicable to transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the General Meeting for approval. Moreover, the transaction will be consummated subject to approval of the National Company Law Tribunal.	
4	Area of business of the entity(ies);	Hotels & Restaurants	Hotels & Restaurants
5	Rationale for amalgamation / merger;	The Transferor Companies are wholly owned subsidiaries of Chalet Hotels Limited (Chalet / Transferee Company) and most of the business of the Transferor Companies are being carried out by the Transferee Company. The restructuring, consolidation and streamlining pursuant to this Scheme shall achieve the following benefits:	



Chalet Hotels Limited (Formerly Chalet Hotels Pvt. Ltd.)

Regd. Off. : Raheja Tower, Plot No.C-30, Block 'G', Next to Bank of Baroda, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051.

Phone : +91-22-2656 4000 Fax : +91-22-2656 5451 Website : www.chalet-hotels.com

CIN : L55101MH1986PLC038538

		(i) Consolidation of the business of the Transferor Companies and the Transferee Company, leading to synergy in operations, greater financial strength, and improve the position of the merged entity by offering unified yet comprehensive services to the customer(s) of the Transferor Companies and the Transferee Company post the completion of the Scheme; (ii) Assisting in achieving higher long term financial returns and making available the assets, employees, financial, managerial and technical resources, personnel, capabilities, skills, expertise and technologies of the Transferor Companies and the Transferee Company leading to synergistic benefits, enhancement of future business potential, cost reduction and efficiencies, productivity gains and logistical advantages, including operational rationalization, organizational efficiency and optimal utilization of resources, which will be in the interest of shareholders, employees, if any, creditors and other stakeholders, thereby contributing to significant future growth and enhancement of shareholder value post the completion of the Scheme; (iii) Rationalization and standardization of the business processes, economies of scale, corporate and administrative efficiencies, and streamlining of operations to enable more efficient management, control and day to day operations to reduce overheads, administrative and other expenditure, which will contribute to make the Transferee Company more profitable, thereby further enhancing the overall shareholder value post completion of the Scheme; (iv) Enabling common accounting, common compliances, and common auditing resulting in reduction of costs, post the completion of the Scheme; (v) Pooling in administrative synergies and know-how of the Transferor Companies with the Transferee Company, post the completion of the Scheme.
6	In case of cash consideration amount or otherwise share entitlement / exchange ratio;	Not Applicable - The entire issued, subscribed and paid up share capital of the Transferor Companies is held by Chalet and its nominees. Accordingly, pursuant to the Scheme, no shares of the Transferee Company shall be allotted in respect of its holding in the Transferor.
7	Brief details of change in shareholding pattern (if any) of listed entity	In view of the explanation provided at #6 above, there will be no change in the shareholding pattern of the Company.

Yours faithfully,
For Chalet Hotels Limited



Christabelle Baptista
Company Secretary & Compliance Officer

