May 19, 2025

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, 2025

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 enclosed herewith the transcript of the Earnings Call held by the Company on May 13, 2025, in respect of the Audited Financial Results for the quarter and year ended March 31, 2025.

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

CHRISTABELLE BERNADETTE BAPTISTA

Digitally signed by CHRISTABELLE BERNADETTE BAPTISTA
Date: 2025.05.19 22:30:56 +05'30'

Christabelle Baptista
Company Secretary and Compliance Officer

Enclosed: As above

“Chalet Hotels Limited

Q4 & FY '25 Earnings Conference Call”

May 13, 2025

MANAGEMENT: MR. SANJAY SETHI – MD & CEO
MR. SHWETANK SINGH – ED
MR. NITIN KHANNA– CFO

Moderator: Good day and welcome to the Q4 and FY '25 Earnings Conference Call hosted by Chalet Hotels Limited. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participant line will be in listen only mode and there will be an opportunity for you to ask question after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Sanjay Sethi, MD and CEO of Chalet Hotels Limited. Thank you, and over to you Mr. Sethi.

Sanjay Sethi: Thank you, Sejal. Good morning, ladies and gentlemen, and thank you for joining us for today's call. I'm delighted to have with us our Executive Director, Shwetank Singh, along with Nitin, our CFO, and, Ruchi, who looks after Investor Relations on this call.

Well, in these dynamic times, we are navigating through a VUCA environment, which is amplified by the current geopolitical situation in the subcontinent. Please rest assured that we are closely monitoring the situation and have enhanced security levels at all our hotels, office buildings and project sites.

We are committed to assessing any potential risks to our business, assets and people and have implemented contingency plans across all our hotels. While the current peace on our borders may seem fragile, the industry midterm macros remain robust driven by a favorable demand-supply arbitrage.

I'm thrilled to announce today that our Board has approved a definitive term sheet for acquiring a 15 acre beachfront land in Bambolim, North Goa for developing approximately 170 room luxury hotel over there. This will be Chalet's second project in the sought after holiday destination reflecting our belief in Goa's long-term potential.

The Indian Hospitality sector continues to benefit from strong tailwinds with average room rates reaching levels not seen ever, and healthy occupancies. Aside from the last one week, domestic air traffic has reported double-digit growth signaling a significant upswing in business travel demand and experiential consumption. At Chalet, with our focus on luxury to upscale segment, we are well positioned to leverage this trend and expand our leadership in existing and new markets.

It's with immense pride that we share that FY '25 has been our strongest year to date with Chalet Hotels delivering standout performances driven by robust business fundamentals, strong operating efficiencies, strategic acquisitions and timely inventory additions. In Q4, we acquired The Westin Resort & Spa, Himalaya for an enterprise value of INR5.3 billion, strengthening our position in the high growth leisure, spiritual and wellness market.

Despite a soft start to the last year due to the model code of conduct, we witnessed a sharp rebound in demand beginning Q3 FY '25, driven by a strong recovery in corporate travel, MICE, weddings and other social events. This momentum continued into Q4, culminating in a year of record revenue and profitability.

We achieved the highest ever average room rate, or ARR, of INR14,345 at portfolio level with a robust 21% increase year-on-year. Our highest ever quarterly RevPAR of INR10,909 was an additional bonus. Our Hospitality segment revenue grew for the quarter by 20% to INR4.6 billion with room revenue rising 27% year-on-year to INR3 billion.

Backed by a strong grip on cost and efficient operational execution, we have delivered a high flow-through with Hospitality division recording an EBITDA of INR2.2 billion, a jump of 22% and a margin of 48.5%, up 60 basis points year-on-year. On a consolidated basis, the revenue for Q4 stood at INR5.4 billion with EBITDA at INR2.6 billion and an EBITDA margin of 47.8%, the highest ever in any quarter in the company's history.

For the full year, I'm pleased to share that Hospitality revenue stood at INR15.2 billion while EBITDA climbed to an all-time high of INR6.8 billion. EBITDA margin for the period for the Hospitality division was 44.7%.

An update on the projects and pipeline under development. Pleased to share that in Bengaluru, the market continues to demonstrate robust performance, and we have operationalized earlier in this month an additional 121 rooms at the Bengaluru Marriott Hotel Whitefield, bringing the total inventory at the property to 512 rooms, making this hotel the largest hotel in the city and it aligns with our strategy of working with scale. We are encouraged by strong demand trends in the micro market and look forward to performance of the expanded inventory in the coming quarters.

The Dukes Retreat, Khandala is undergoing the final stage of upgradation and repositioning. As I mentioned last quarter, 73 rooms are in operation and by end of this month, the banquet hall and the rooms above will also come into play. The Resort will ultimately have 145 keys upon completion, and we are working on ensuring we deliver 100% of the project within H1, hopefully earlier than the end of H1.

Work continues to progress well at Taj Delhi Airport, and the building is now visible after basement completions and ground floor completion on the first floor there. So we should sort of look at completing this maybe in early part of the quarter 3 of - next year

Our Luxury Beachfront Resort at Varca remains on track and is scheduled for completion in FY '28. The second commercial tower at Westin Powai Lake Complex CIGNUS 2 is progressing on schedule and is expected to be completed in FY '27.

On our project at Airoli, I'd like to update you that there has been an unexpected delay due to change in the NGT regulations at the center. This has impacted several projects within the radius of 5 kilometers from the national park, and these projects have been moved to the center for site clearances.

At our Koramangala, Bengaluru project, we have obtained the OC now for all 9 towers, which are now being readied for handover. Sales, which commenced in October 2023 have gained strong traction. As of 31st March '25, only 27 units remain unsold. Including legacy sales, we have now sold 92% of the total inventory. In parallel, the development of the two new residential towers and one office block is progressing well.

Our progress on sustainability continues to be well recognized. Chalet was included in the Dow Jones Sustainability Index this time with a high score of 67 in February this year. We now rank sixth within the global Hospitality communities and the highest hotel company in India. We also earned a B score, which is a high score actually in the CDP assessment for both Climate Change and Water Security. Additionally, our green footprint now covers over 3 million square feet of our portfolio.

Ladies and gentlemen, we continue to be on the path of a strong growth trajectory. The tailwinds for the industry, combined with team Chalet's steadfast focus on guest experience and cost sets us on an exciting path for the next few years. As we step into a new financial year, we remain committed to settling new benchmarks in operational excellence, project execution and sustainable and value-accretive growth.

With that optimistic look, I now hand over to Nitin, who will walk you through the financial highlights in finer detail, and then the three of us will take the questions. Nitin?

Nitin Khanna: Thank you, Sanjay. Good morning, ladies and gentlemen. Quarter 4 FY '25 marked yet another quarter of record-breaking performance for the company. For the first time, our consolidated revenue crossed the INR5 billion milestone in a single quarter.

Notably, on a same-store basis, the Hospitality business achieved a significant milestone by attaining a 50% EBITDA margin for the quarter, another first for the company, and a new benchmark in operational efficiency. Annual revenue from the Hospitality business surpassed INR15 billion for the first time, reflecting solid growth and sustained momentum.

Let me now take you through the financial updates for the quarter. In the Hospitality segment, ADRs have jumped 21% to cross INR14,300. This was led by strong rate growth across geographies, especially the Bengaluru, Hyderabad markets, along with the newly added resorts in the portfolio. Occupancy remained stable at 76%, a rise of 30 basis points year-on-year. This in turn drove a 21% increase in RevPAR to INR10,909, hence, crossing the INR10,000 mark for the first time.

On a same-store basis, that is excluding The Dukes Retreat, Courtyard and the newly acquired Westin Resort & Spa, Occupancy stood at 79.4% and RevPAR continued to grow by a robust 23% year-on-year. As a result, our room revenue grew by 27% year-on-year for the quarter, while Hospitality segment grew by 20%, which stood at INR4.6 billion.

We have been diversifying into different micro markets with varied cost structures. While we navigate it, I'm pleased to report that we have maintained sharp focus on cost control strategies and maintained our industry leadership in margins. EBITDA margins for the quarter for the

Hospitality division was 48.5%, showcasing strong flow-throughs led by our focus on cost efficiencies and regular asset management interventions.

On the rental and annuity front, our revenue for the quarter jumped 75% to INR619 million. We clocked an exit run rate of INR210 million per month in March '25. The EBITDA for the division was at INR498 million with 80% margins. As Sanjay highlighted, we have made significant strides in the leasing velocity. As of today, we stand at an overall committed leasing of 77% and lease space of 71% of the available inventory.

Coming to the updates on the residential projects, we have sold additional 23 units during the quarter. At the end of FY '25, we have now sold 92% of the project inventory and we have reached the last leg of sales for the projects. Flats in Phase 1, which comprises of 9 towers are ready for handovers.

Majority of our new sales are for the final 2 towers which are currently under construction. And for the quarter, our blended selling rate shows a slight moderation to INR19,800. Overall collections during the year was INR3.9 billion, and we have outstanding receivables of INR4.1 billion as on 31st March '25.

Consolidated revenue for the quarter stood at INR5.4 billion, a growth of 27% year-on-year. Consolidated EBITDA was at INR2.6 billion with a growth of 36% year-on-year and a margin of 47.8% for the quarter. Consolidated PBT for the quarter was INR1.6 billion, a robust jump of 60% year-on-year. The PAT for the quarter was at INR1.2 billion, a strong jump of 50% year-on-year.

Now, coming to debt. During FY '25, the company deployed about INR11 billion on capex and strategic acquisition, the highest we have ever done in a single year. These investments are expected to be value accretive to our business over the next 3 to 4 years. As on 31st March '25, the net debt of the company stood at INR19.9 billion. We maintained a liquidity position of INR3.6 billion in the books.

During the quarter, we allotted INR750 million of listed non-convertible debentures for the first time and the instrument was rated AA- with a stable outlook by CRISIL at a coupon of 8.35%. This instrument provides us with another cost-efficient channel for fundraising and helps us with diversifying our capital structure risk. Overall, we closed the quarter with an average cost of finance standing at 8.4%, a reduction of 47 bps from March '24.

In the last Board meeting, the company has taken Board approval and will be seeking shareholder approval for NCD or commercial paper or any other market linked debt instrument up to INR10 billion. This is an enabling resolution with an objective to keep funding lines available based on future strategic requirements.

Capital work in progress, along with assets to be operationalized stands at INR6.7 billion as on 31st March. The company follows a prudent approach towards capital allocation and is actively investing to unlock the next phase of growth. We have budgeted for capital expenditure under the current plan of around INR23 billion to be deployed over the next 3 years, which will be largely funded through internal accruals. We will continue on our growth trajectory, and we have a robust balance sheet to support further strategic growth opportunities.

With this, let me open the floor for Q&A.

Moderator: The first question is from the line of Sameet Sinha from Macquarie Capital.

Sameet Sinha: A couple of questions. First one is the industry, I mean, obviously, we've seen a lot of investments, many international players coming into the market. What is Chalet's right to win in that sort of a situation as the competition for real estate, labor, everything continues to go up?

Secondly, in terms of the interest rate environment, it seems like there's going to be a few more cuts this year. Can you talk to us about what sort of leverage do you have to those rate cuts? Can you bring down your finance costs as those rates go down?

Sanjay Sethi: Thank you, Sameet. I'll take the first part of the question. So look, Chalet is on the asset owning side of the business, there are not too many people who are actually investing in new hotel projects at multiple -- or rather multiple hotel projects in one company. So from the institutional investors, there are not too many.

On the brand side, of course, there are many, and therefore, it's a crowded brand space. Given that the demand and supply gap continues to be favorable for investments in Hospitality going forward, we have a visibility of next 3 to 4 years where the arbitrage will be positive on the demand-supply side, we believe we stand very well.

The other thing that holds us well is our cost to build has been far more efficient than most of the people. And our operating costs have been tighter than most other people. Two, 3 reasons for that. We put in a lot of effort in designing hotels. Every square foot is accounted for.

And one metric that we look at closely is gross built up area per room because that in the denominator of return on capital employed is stuck with you for life. So we need to get that right in the first instance. I think that's going to hold us very well going forward because we've done this efficiently.

New projects, too, we are focusing hard on this. Even on our cost per square foot, we are marginally better or, let's just say, more efficient than many other developers. So between the 2, the denominator is well catered to our operating and asset management capabilities keep the numerator high, and therefore, we are able to deliver high return on capital, which will allow us to invest more going forward with the balance sheet size growing. Nitin?

Nitin Khanna: Yes. On the leverage side, my current cost of capital is 8.4%. We looked at resetting the rates. In April end, we are around 8.35%. We are also expecting some resets to set in the month of May as well. We are expecting May end will be around 8.32%. So I hope that answers your question on the leverage part.

Sanjay Sethi: I think you also said that there will be some resets by the RBI. Are you positioned well to...

Nitin Khanna: Yes, yes. Same reset has happened because of RBI.

Sameet Sinha: Okay. One final question, if you can sneak that in. So in Rishikesh, can you talk to us about the seasonality in that business? And what sort of RevPAR do you get at 60% occupancy? And what is the kind of the occupancy dilution from this property that you expect in fiscal '26?

Sanjay Sethi: We don't see any occupancy dilution because the hotel is actually in the ramp-up phase. It's an early part of its growth cycle. So we're actually expecting a positive growth on the occupancy side. If you look at the slide number 4, occupancy last year stood at 43% with an average room rate of INR26,500.

In the later part of the year, we've actually seen rates going north of INR26,500 closer to about INR27,000 and INR28,000 and occupancy will grow. We probably have a week or 2 given where we are in the last -- with the situation on the border front that we may lose this time, but I think we'll catch that up. Shwetank, do you want to add anything else?

Shwetank Singh: Yes. Just to add to that, there is -- in terms of seasonality, it is pretty much a year-round destination. The only period which sort of drops off a little bit is during the rainy season, which is a couple of months when the rains are a bit heavy and the approach to the hotel becomes compromised to some extent. But other than that, we are fairly yearlong destination there.

Sanjay Sethi: Sameet, just one additional point -- in our view, we bought this asset at 11x 1 year forward.

Moderator: The next question is from the line of Karan Khanna from Ambit Capital.

Karan Khanna: Congrats team on another strong quarter. Sanjay, my first question in light of the recent geopolitical developments, if you could talk a bit about how are these occupancies and the ARRs have been trending, in particular in the past couple of weeks? And more importantly, we've also seen a lot of global countries having issued travel advisory as far as travel to India is concerned.

Moderator: Sorry to interrupt sir, I would request you to please use your handset. Your audio is not clear.

Karan Khanna: Yes. Is this better?

Moderator: Yes.

Karan Khanna: Yes. So, Sanjay, in light of the recent geopolitical development, if you could talk a bit about how the occupancies and the ARRs have been trending, in particular in the past couple of weeks? If you could bifurcate that across your leisure and the business portfolio?

And more importantly, the share of foreign guests increasing to about 39% in FY '25. If you could comment a bit about what was the number in fourth quarter? And what are the kind of developments that you're seeing on the foreign tourist arrivals front, in particular given we've seen a lot of these global countries having issued travel advisory as far as India is concerned?

And also, if you could talk a bit about the social meeting calendar, the next 2 or 3 weeks is quite heavy as far as the social MICE is concerned. Are you seeing any cancellation over there as well?

Sanjay Sethi: Thank you, Karan, for your kind words in the beginning. Look, it has been a volatile last couple of weeks for everyone. And to say that we know what's going to come out of it I think we'll be fooling ourselves. It's volatile. It seems to be settling down. But as I said in my opening statement, it's still fragile in terms of the peace that we are holding on the border.

To answer your question on the impact on the business, I can give you a bit of an insight into this. Basically, we are trending in May month-to-date at 12% growth over last year. But we are -- from our internal targets, about 9% below the number that we had set ourselves to do when we set our budgets in January of this year.

So, whilst we continue to have growth, we've been through now 6, 7 working days under this situation and 4 weekend days in this situation. So it has affected us 11 days. And I think despite that, if we are getting 12% growth, we should be pretty good.

Karan Khanna: Sure. And just a follow-up on this. Any thoughts on, let's say, the social calendar also and any cancellations that you're seeing for the rest of the quarter?

Sanjay Sethi: We've seen some cancellation on the MICE segment, which were due to happen in that last week or early this week. The others are on wait and watch pretty much like we are on wait and watch. We believe that if we get through this week eventless, we should be fairly good. We might have lost a couple of weeks, but that's the only loss.

Our growth trajectory should continue within that. The foreigners have a slightly longer time to recalibrate the travel plans. Domestic travel happens with a shorter lead time. So foreigners may take a little longer coming back. To answer one of the questions that you asked, 42% of the total room nights that we had were through foreign guests.

Karan Khanna: Sure. My second question, in light of these developments and in the past earnings call, you've spoken about double-digit RevPAR growth expectations for the industry in the next couple of years. Do you still expect that or you think that FY '26 could be a bit of a challenge perhaps and I think FY '27-'28 outlook remains unchanged? And what kind of resistance are you seeing on rate hikes from your corporate clients?

Sanjay Sethi: I'm pretty confident that double-digit RevPAR growth should not be a challenge.

Karan Khanna: Just a follow-up and this will be last question. Given the positive view on the upcycle in the near to midterm and given the kind of leverage you have on the balance sheet, which is up INR2,000 crores and 3x debt-to-EBITDA.

Going forward, given you are somewhere in the middle or potentially close to the peak of the cycle, would you be more aggressive in terms of acquiring assets instead of going ahead greenfield expansions? And more importantly, what would be the strategy in terms of growth going forward because you're already at 20% mix of leisure assets in your portfolio with the Goa acquisition?

Sanjay Sethi: Look, balance sheet is strong. Our intent is to grow rapidly. We have quite a few projects in hand, both greenfield and as you've seen, we've acquired four hotels in the last few years also.

In terms of where the future growth is going to come, whether it is going to be greenfield or ready assets, I think depending on opportunities, we expect both to happen. We also see some opportunities that may arise come up in the group developments in their office complexes. And if some of those work for us, we will look at that aggressively. In which case, it could be either land lease or share lease.

Moderator: The next question is from the line of Archana Gude from IDBI Capital.

Archana Gude: Congrats to the management team for another strong quarterly performance. Sir, two questions. My first question is on Goa market. In one of the media briefing the industry leader spoke about Goa being laggard market compared to the rest during Q4. So if you can help us our internal assessment of demand-supply scenario for next 2, 3 years in Goa would be helpful.

Sanjay Sethi: Thank you, Archana. Look, we believe Goa is a very deep market and it has both very strong mid- and long-term potential, and that's why we're betting big with one land parcel in North Goa, one in South Goa, both beachfront, seafront properties very nicely scaped out, both in the range of 170 to 190 rooms. I think we will get a very strong foothold when we finish developing these properties.

In terms of the trends, whilst we've seen some degrowth in some of the segments in Goa and for some months, you've got to remember it comes off a very high base. And on the better properties, which are beachfront properties, we've actually seen the opposite. We are seeing growth with them even now.

So with that, we are confident that we will -- so we are putting in our feasi is about to be conservative about4.5% rate growth, but that's true for our feasibility. I see no reason why Goa will not grow at double-digit RevPAR growth going forward, too.

Archana Gude: Sure sir. And sir, secondly on the margin front, this 46% EBITDA margin for FY '25 on a like-to-like basis is very commendable. Considering that resort revenue contribution was just at 6% in this year, is it right to assume that there is room for EBITDA margin improvement at -- as a resort revenue goes up at consol level?

Sanjay Sethi: Yes, true. There are quite a few of our projects which are either in the early stage of sort of ramping up. This includes Courtyard by Marriott Aravali, it includes The Westin Resort & Spa, Himalayas. It also includes The Dukes Retreat, which I can share that we are hardly doing any business right now. But when it kicks in it will come in very strong.

The rates at Dukes have been very comfortably at INR15,000, INR16,000 and we believe guests see value for money in that. So going forward that should also add. So there are three properties which are in ramp up phase. The rest of them are fairly sort of mature. I think the only other ramp-up that will happen is for the additional 120-odd rooms that we're adding in Bangalore. So this is an overview.

Just one additional point, the Four Points by Sheraton in Vashi also has about 33% of its inventory out of action as we speak. And all of that will come back when this has already been knocked over.

Moderator: The next question is from the line of Jinesh Joshi from PL Capital.

Jinesh Joshi: Sir, my question is with respect to our second hotel in Goa. I think we have mentioned that the total acquisition price is approximately INR136 crores, but I believe that predominantly pertains to land. So can you share what will be the overall capex per key including land and what is the comparable ARR of similar properties nearby and any indicative time line of completion?

Sanjay Sethi: So completion will take about 3 years from the time we get the approval. Expect to get the approval in the next 6 to 9 months' time. In terms of average room rates, the competitive market is operating at about between INR18,000 and INR21,000. This is the position at the upper upscale luxury positioning.

So it will compete in that price range. Occupancies continue to be high for Goa overall in the low-to mid-70s. And remember, this hotel will open about 3.5 years from now.

Shwetank Singh: And to further add, we will position it -- if we were to compare it to our own Varca property and how we are looking at it, we would expect a premium of about 10% to 15% on the rate with respect to the Varca property. And therefore, we are not averse to doing a slightly higher capex here per key in order to give the right product positioning to this hotel.

Jinesh Joshi: Got that. And sir, secondly, I just wanted to understand the context behind the enabling the resolution taken for the fundraise via NCDs and CPs, I think collectively put together the amount is roughly about INR1,250 crores. But I think in FY '25 our FCF was roughly about INR950 crores.

And I think we should generate a healthy cash in FY '26 as well which perhaps can maybe fund our capex requirements. And if I also heard you right, you mentioned that our capex requirements will be met by internal accruals. So in that context, any specific reason for this enabling resolution to raise more money via debt?

Sanjay Sethi: Thanks, Jinesh. If you remember in the last board and in the last earnings call we had taken an approval of around INR600 crores the debt to be raised through NCDs. Now this is a enabling resolution for INR1,000 crores. We will look at any debt instruments including CPs. The amount of INR250 crores is actually included in this INR1,000 crores.

These are not immediate requirement, but this will be used as and when required for any strategic reasons. So you are right. Our capex, whatever we have declared the capex requirements will be met through our internal accruals.

Jinesh Joshi: Understood. Sir, one last question from my side on the Koramangala Project. I think if I heard you right, you mentioned that we have received the OC and 92% of the inventory is already sold. And I believe one of the requirements to kind of start revenue accretion was getting the OC and having more than 90% of the inventory having sold out. So we have achieved those milestones. But I do not see any revenue accretion happen. So can you just explain by when it will begin?

Nitin Khanna: So Jinesh, the collection is 90%. The condition was the 92% in terms of collection of flats which are going for possession. So the second condition is actual handover of possession. The actual handover possession is starting in the quarter one and probably by July we will be handing over possessions and recognizing revenue in our books as well.

Sanjay Sethi: So there will be material recognition of revenue is what we believe in this current quarter.

Moderator: The next question is from the line of Prashant Biyani from Elara Capital.

Prashant Biyani: Congrats on good set of numbers. Sir, can you just highlight about the occupancies for MMR region specifically JW and Westin Powai?

Sanjay Sethi: Sorry, could you repeat that question please? I'm so sorry, Prashant.

Prashant Biyani: Yes. I was saying can you highlight the occupancies and rates for MMR region specifically for JW Sahar and Westin Powai? How it has been on a Y-o-Y basis?

Sanjay Sethi: For the year or for quarter 4?

Prashant Biyani: For quarter 4.

Sanjay Sethi: So look, we try not to give individual occupancies and rates because rates become price sensitive information to the competition. But the occupancies at Sahar were 83%. I'm happy to share that much. And Westin Powai was about 76%.

Prashant Biyani: And sir, April onwards, are you seeing any impact on occupancy in JW due to Fairmont?

Sanjay Sethi: No, we haven't felt any impact of Fairmont as yet. I think in fact it became complementary to our business because both the hotels have large banquet halls, which allow us to do large events and sometimes we end up sharing the business. We already had, two big events where both hotels had a common client and so far no impact. I mean 83% occupancy rate is looking very healthy. Sahar rate grew by 11%. Clearly the impact is not too much.

Prashant Biyani: Sure. Sir, I was just comparing the timeline for commencement of Hyatt Regency, Airoli. I believe there's some delay of around 12 to 18 months if I compare the timeline from last PPT versus for Q4. So what is causing this delay?

Shwetank Singh: Okay. Just to clarify, there's actually been a regulation change and what the approvals that were coming through from the MoEF locally out of Maharashtra has because of the change by NGT where if you are within 5 kilometer radius of protected forest, which in this case would be the Sanjay Gandhi National Park, means that the file will actually have to move to the center for approval.

And basically the file is caught between the center and the state as of now. And because of the change there is a lot of load that has come through to the center. So there is some delay in getting the approvals. It's just that from informal numbers we hear that there are about 200 projects in Mumbai alone that have been impacted.

Prashant Biyani: Okay. And sir, on the broader strategy of acquisitions, would you have an outer target of how much debt equity ratio would you want to have or any outer target for inorganic growth that you would like to do? So many of acquisitions… something like that. I know this can't be. These things can't be fixed as such. But in general, so as to pre-emptive, something is there lined up maybe in the next 6 months or a year time frame for a modeling purpose?

Sanjay Sethi: Prashant, we are a growing company and we believe there is a lot of headroom for growth going forward. The market seem to support growth and whilst I think someone did mention that we are at the peak of the cycle, I don't believe we are at the peak of the cycle yet. We are at least three, four years out from that.

We will keep our gunpowder dry on our balance sheet for any opportunities on acquisitions, whether they are mergers or acquisitions or greenfield land parcel acquisitions and will continue to grow at a pace to get us to that 5,000 room mark in the next, between operating and pipeline, in the next year or so.

Moderator: The next question is from the line of Vaibhav Mule from Yes Securities.

Vaibhav Mule: Congratulations sir on a good set of number. I actually had a question regarding Mumbai market. So Terminal 1 will be shut from November onwards. So that terminal alone used to cater to around 10 million to 15 million passengers per year. So, what kind of impact do you foresee from the shutdown of Terminal 1?

Sanjay Sethi: So we're expecting a positive impact. Our hotel is in Terminal 2 and we've been told 5 million passenger capacity will be shifted to Terminal 2. And the balance will go to the Navi Mumbai airport as and when that opens. So we're actually expecting a positive outcome of that. Our hotels are in very short distance from Terminal 2.

And also what will happen is with the Navi Mumbai airport opening, we believe two things are going to happen. One, the cargo aircraft will be split now between both the airports which will free up passenger carrying capacity more because the constraint is not terminal so much. It is the landing capacity that hinders growth from Mumbai.

So we believe that there will be a positive impact on the second airport opening. People who have to travel to the mainland side will use the Navi Mumbai airport. People who have work or business in the main city or in the island city will land at T2. So positive in all aspects.

Vaibhav Mule: Understood. My second question was on your rental annuity business. Currently you mentioned your committed occupancy stands at 77%. So when can this occupancy we expect to reach, you know above 90% or so?

Sanjay Sethi: So look, we missed some of the stated deadlines earlier. So I hesitate to give new dates. But you know we are within that 2 or 3 quarter range now. Roughly that will get to 90 plus percent. Rates have been higher than we had shared earlier. So to some extent the gaps have been made up by rate. And because office leases are typically longer leases about 8, 9 years, once they get to 90 plus percent occupancy, it stays pretty stable at 90 plus comfortably.

Moderator: Next question is from the line of Abhay Khaitan from Axis Capital.

Abhay Khaitan: So my first question is on that, on the ARR growth. We see that the strongest growth have been seen in the Hyderabad and the Bengaluru market and the growth is actually higher than what we have seen across the industry. So just wanted to understand what are the factors that has enabled such a strong growth in these cities for the quarter and do you think this is sustainable going forward?

Sanjay Sethi: Yes, this is very sustainable for sure, Abhay. I'll tell you two, three things that are happening. Bangalore was a late starter to go back to normalization post COVID and it's now sort of come back to its own well to pre COVID numbers. After that, the capacity addition that we've done at Bangalore, it will again help us immensely because Mondays to Fridays is largely sold out, the rates have been very strong and because the new supply has been limited, we expect rates will continue to grow in both markets.

Hyderabad has been a pleasant surprise to everyone over the last 1.5 years and it continues to stay strong and robust. Again on Hyderabad, the supply is limited. Couple of announcements have happened, but then early stages of planning. So we're at least three, four years out.

Abhay Khaitan: If I can squeeze in just 1 more. So what I can -- what we have seen is that the last three major announcements that we have seen from the Chalet side has been on the tourist locations, two in Goa and one in Rishikesh. And whereas we see that, the recent surge in ARR growth and the supply demand mismatch that we have been talking about is mostly focused on that cities.

So is there like can we assume that is there a strategical shift for the company to shift more towards the leisure locations? Because historically we had more assets in the metro cities and focus more on the business travelers. So do we see that the strategy and do we see the strategy going forward as well?

Sanjay Sethi: So, what we've done was in fact last about 3 or 4 years back we had stated our strategy that we'd like a small plan B leisure side of the business and we were doing diversification on 3, 4 fronts. One was the geographical diversification and we were de risking our business from 1 or 2 geographies by expanding the geographies.

We've done that in Delhi, we've done that in Rishikesh, we've done that in Pune and so on and so forth and Goa now. The other diversification was in category or segment of target audience that we were addressing and that's where the leisure resorts came into play. We had stated that we'd like ideally 20% of our portfolio to be in the leisure space.

We are clearly much below that right now and we believe that we'll be able to take best advantage if we have both sides of the segments catered to. Finally, we had the asset class diversification and that's where we did two things. We revived the residential project and we expanded the size of the project for our office portfolio, which office portfolio will tend to give an annuity income and EBITDA which will support us through any risk of down cycle ever in future.

And so we've done that for life now and it is material. Nitin mentioned earlier, exit income in March was INR21 crores. That's going to grow pretty rapidly in the next few quarters. And as we add more office assets we are hopeful that we will hit overall income north of INR450-odd crores from the announced pipeline of offices that we have. So these diversifications overall was the strategy and we are executing to strategy.

Moderator: The next question is from the line of Raghav Malik from Jefferies Group.

Raghav Malik: Just a follow up to the previous participant's question. So you highlighted that 9% is the kind of impact on your revenue target basis the recent developments, the cross border situation. So I mean is it possible to sort of bifurcate that even qualitatively between MMR and outside MMR, the kind of RevPAR or revenue impact you may have seen?

Sanjay Sethi: I can't give you exact numbers, but I can tell you that Bangalore and Hyderabad have got impacted the worst because of the nature of the target audience, which is foreign travelers coming into the hotels for IT, ITES and GCC businesses. Leisure has taken a halt.

Also we see Courtyard by Marriott Aravali and The Westin Resort & Spa, Himalayas getting impacted on transient, as well as some group business. Group includes weddings. No major cancellation on wedding till date, but we lost some conferences which were due to happen last week.

Raghav Malik: And clarification, so on the Airoli project you mentioned that, what is the new kind of start date or start date that we can expect from your front?

Sanjay Sethi: You know, difficult to put a date on it because it's lying with the central government. But I don't see this starting for another 6 months at least. Right, Shwetank?

Shwetank Singh: Yes.

Sanjay Sethi: Yes, 6 months is the minimum we should expect here.

Moderator: The next question is from the line of Murtuza Arsiwalla from Kotak Bank.

Murtuza Arsiwalla: Just want to check, you did put out a target of about 5,000 keys in a year or two and you've been moving pretty rapidly in that direction. Any sense that, would you want to pursue more growth opportunities should they come your way and will the 5,000 keys be comfortably supported by the balance sheet, at the pace that you're looking to do it?

Just some sense on how you're looking because the way we see it, Chalet has obviously been most aggressive amongst the peer sets in terms of adding new assets. So how does the balance sheet support and how are your medium-term targets with that number of 5,000?

Sanjay Sethi: Yes, so look, I think the internal accruals are getting stronger by the day and that's in turn strengthening the balance sheet. We are also keeping our gunpowder dry in way of future credit facilities if required to prop up any acquisition opportunity that we get. Our business development team is also working on opportunities on locations that we've identified as potential high growth locations going forward.

We see many more of the new announcements now coming up for big city business hotels going forward. So that's where we're going likely to focus on and I think we have the bandwidth through our balance sheet management capabilities, execution capabilities and the India opportunity are strong to support this strategy for us.

Murtuza Arsiwalla: So you need not necessarily stop at 5,000 keys because you're already at 4.5 with, all of the BD that you've done in the last sort of 12 months or so?

Sanjay Sethi: 5,000 was a holding number because I was asked that question and I did say that it will be within the next, year or so.

Moderator: Sir, does that answer your question?

Murtuza Arsiwalla: Yes.

Moderator: The next question is from the line of Aliasgar Shakir from Motilal Oswal Financial Services Mutual fund.

Aliasgar Shakir: I had a question on some more color on the RevPAR growth. So you know, I mean if I see a couple of numbers, one is your, occupancy for business versus resorts. Of course your resort occupancy is relatively has a lower level maybe because you know, your hotel probably a couple of them have come recently and also, I mean when I split that further into, your FTA versus domestic travel, the resort segment has very low foreign, I mean, travel.

So I mean, if you can just give some color in terms of the scope of RevPAR growth coming from the resort space and whether you think that the improvement in foreign travel within the resort space can give you more room to, you know, improve your RevPAR over the next 2 years?

Sanjay Sethi: Look, the resort RevPAR performance has 3 or 4 current dynamics to it. One, The 2 acquired resorts of Courtyard by Marriott Aravali and The Westin Resort & Spa, Himalayas are in the early years of ramp up. So what we'll see growing there is occupancy led growth, holding the rates or maybe growing the rates at 4%, 5%, 6% so that we can get RevPAR growth which is comfortably in the double digits.

That will be our strategy going forward. The current geopolitical situation is not affected because we are talking about March 31 numbers. This did not start then. We expect that the coming season for weddings is going to be extremely strong and we expect a massive pickup on both these locations there.

The second element to the resort side was Dukes where we have a very small inventory without the banquet facilities. And from Monday through Fridays, Dukes will have to rely on MICE business as that comes into operations say by end of this month or early next month, we will have that capability to fill out the Mondays to Fridays also. So within this, I think our resort portfolio will start showing higher RevPAR.

Aliasgar Shakir: Got it. And also the foreign travel point that I was highlighting, yes, of course I know in the current environment that could be really challenging. But the scope of growth in RevPAR because of that segment being very small in your resort business?

Sanjay Sethi: So, resort, unlikely to have a large element upon travel, it will remain in the low single digits from resort to resort it may differ, but overall say in the low single digits and we don't expect any foreign travel just yet.

Aliasgar Shakir: This is very clear. If I can just squeeze in one more quickly on your leverage. So you did mention that your focus on 5,000 rooms and trying to drive that with, some leverage, but just, I mean wanted your thoughts from the point of view that while, initially believe that we are away from the peak, but you know, I mean in terms of keeping some room, so that if there are any contingencies the way we saw in the last couple of weeks, we are not, I mean, at a very high leverage. What are your thoughts on that point?

Sanjay Sethi: Sure. Aliasgar, you're right. We need to be cautious. What we've done is, we're taking enabling resolutions to keep the balance sheet capability for growth available to us. But we're not going to jump into the deep end of the pool right away.

Moderator: The next question is from the line of Saurabh Jain from HDFC Life Insurance.

Saurabh Jain: I just had one question. So, can you comment on the performance of the resort that you acquired in NCR i.e. Courtyard by Marriott Aravali. I'm seeing that you did about INR75 crores to INR80 crores of revenue, but can you comment on the EBITDA and the growth numbers Y-o-Y, because in about 13 months since you have acquired the current asset so just want to understand the build-up on that?

Sanjay Sethi: So Saurabh, we don't give individual hotel numbers because it becomes sensitive competitive information and it sort of creates a problem. We used to do that several years back and then we were told why are you giving away your individual hotel numbers. But let me share two things about that resort. It is in the third year of operations and as we had promised earlier, we are repositioning the resort from a Courtyard by Marriott to Marriott. The work has just started and we expect by October, November, Shwetank?

Shwetank Singh: Yes.

Sanjay Sethi: Let's say November to be safe. We will be in a position to rebrand this as Marriott, which will position us differently on the competitive set and allow us growth. Wedding segment is strong there, wedding season will start and we expect that to do well.

Saurabh Jain: And on the revenue growth number because that you have already disclosed in the presentation. So any growth numbers in terms of how is it grown in FY '25? Just the revenue growth number would be helpful.

Sanjay Sethi: So, Ruchi, just briefed me, it's 10% is the revenue growth. So what we were saying was that we had double digit growth on the resort, and from our perspective, we had looked at buying this about 11x, 12x, 1 year forward EBITDA, largely within that range now.

Saurabh Jain: Sir, your comments on that peak debt level you are close to about INR2000 crores on net debt side, same thing capex sales pending for FY '26 and '27. So just your comment on what is the peak debt that you see?

Sanjay Sethi: So peak debt, we'll come back to you in a bit with the numbers, we've just added this new project in our pipeline and we are also waiting to see what the cycle for payouts or spends will be for Airoli because that will impact the peak debt because if it's spread out a little longer, then the peak debt will remain low. But we are conscious of the fact that we would not like to be. We'd like to be south of 3.5x for sure. In fact hopefully in the 3 range.

Moderator: The next question is from the line of Rajiv from Nuvama Wealth Management Limited.

Rajiv: Sir, regarding, which -- is it Varca and Bambolim both will be under the Dukes flag and...

Sanjay Sethi: No, not true.

Rajiv: Okay. So and on the leisure side, how do we work out in terms of the peak profitability in this case? Will it be better than what your city hotels are doing?

Sanjay Sethi: So you know what happens is 2, 3 dynamics for leisure hotels once they're stable compared to business hotel. One is business hotels are typically larger and so you get the benefit of scale on their cost side. Leisure hotels are typically smaller in the range of about 120 to 180, 200 rooms max.

So you don't get that much of benefit of scale. But the average room rates are typically higher in leisure hotel. Occupancy is slightly lower in leisure hotel. On a blend, the RevPAR in a mature leisure hotel is higher than most city hotels, but costs also slightly higher. If you noticed our leisure portfolio, the number of employees per room is significantly higher and therefore on a blended basis our employee per room has shifted to 1.01 or 1.1.

And so those costs have to be carried through. We expect leisure hotels to be largely in the range as the overall portfolio maybe a percent or 2 lower than the business hotel average. But then again we expect our leisure portfolio to be less than 20% of the total portfolio. I've been corrected, the employee to room ratio now blended is 1.01.

Rajiv: And one minor thing, sir, this is regarding your the cancellation between how much forward booking is affected. Is this only till Q1 or we are seeing Q2 also getting hit?

Sanjay Sethi: So far we know May is affected. We had cancellations for May, June as of now no strong indications of cancellation. I think one or two groups have been affected, but for now we don't have any further information. We don't see any impact in Q2 if things settle down in the coming week, 10 days or so.

Moderator: The next question is from the line of Kaustubh from ICICI Direct.

Kaustubh: Sir, my question is again on the cancellation, you mentioned that around…

Moderator: Sorry to interrupt sir. I would request you to please use your handset.

Kaustubh: And congrats for a good set of numbers. Sir, my question is again on the business you have lost for last 11 days. Is there any chance of some of this business, getting cover up in the coming quarters or whatever, expectation is in terms of the growth we have been looking in cities like

Bangalore and Hyderabad. Is it fair to assume that this the consistent growth in these markets will help to cover up, some part of business you have lost in last 10 to 11 days?

Sanjay Sethi: So Kaustubh, your guess can be as good as mine on this. I haven't watched the news for the last one and a half hour and we know the world is changing so rapidly. We don't know what's happened in the last one and a half hour, but the peace seems to be holding. Our Prime Minister sent a very strong and clear message yesterday.

I think the intervention by US, if any, we don't know whether that's true or not, has clearly sort of brought sanity to the region and we continue to hope that we will not have any other incursions or interaction between the two countries. And if that happens, we see no reason why June won't come back as strong as before.

Nitin Khanna: And just to add to that, Kaustubh, particularly in the MICE segment, whilst we have had some cancellations, a lot of them have opted for pushing it forward, not necessarily cancelling completely. So there is clearly an opportunity space being available of course, because there's limited space that we have on the conferencing side. They are not actually fully cancelled. They have just been pushed forward so.

Kaustubh: And just addition to that, US is signing deals with the countries now, trade deals. It is expected it will get signed with India soon. So what kind of business opportunity or in a sense indirect business opportunity you -- you are expecting from this till signing to happen?

Sanjay Sethi: So, Kaustubh -- in our foreign traveler mix, US is 60% of the foreign travelers and companies based out of there if they get better trade conditions and we can see that India seems to have got some preferential treatment on that though we are still waiting for the final verdict, will keep us competitive and therefore we expect the businesses to grow. And if those businesses grow, we expect to get a lot more room nights from that segment. The way it looks now should be a positive.

Moderator: Thank you. Ladies and gentlemen, given the time constraint, the management will be available for any pending questions offline. I now hand the conference over to Mr. Sethi for closing comments.

Sanjay Sethi: Thank you, ladies and gentlemen, for joining us today. It's been a very exciting quarter for us and I think that only doubles up the excitement that we have for the next 3 or 4 years with the growth in the portfolio, stabilizing the assets and rolling out really high margins in the portfolio.

As we get better going forward, we will expect margins to grow and we'll definitely expect the office margins, rental margins to then contribute significantly to growth of the consolidated EBITDA margin. Thank you again. Have a great day.

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