

May 22, 2026

**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 (Equity)**

**976529 (Non-Convertible Debentures)**

**731582 (Commercial Paper)**

Dear Sir / Madam,

**Subject: Transcript of the Earnings Call in respect of the Audited Financial Results for the quarter and year ended March 31, 2026**

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 15, 2026, in respect of the Audited Financial Results for the quarter and year ended March 31, 2026.

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.chalet-hotels.com](http://www.chalet-hotels.com).

Request you to take the same on record.

Thanking You.

Yours faithfully,  
**For Chalet Hotels Limited**

**Christabelle Baptista**  
**Company Secretary and Compliance Officer**

Enclosed: As above

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**Chalet Hotels Limited**



**“Chalet Hotels Limited  
Q4 & Year Ended 31st March 2026 Conference Call”  
May 15, 2026**

**MANAGEMENT: MR. SHWETANK SINGH – MANAGING DIRECTOR AND  
CHIEF EXECUTIVE OFFICER  
MR. NITIN KHANNA – CHIEF FINANCIAL OFFICER**

**Moderator:** Ladies and gentlemen, good day, and welcome to Chalet Hotels Limited Quarter 4 and Full Year Ended 31st March 2026 Conference Call. This conference call may contain forward-looking statements about the company, which are based on beliefs, opinions and expectations of the company as on the date of this call.

These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Shwetank Singh, Managing Director and CEO. Thank you, and over to you, sir.

**Shwetank Singh:** Thank you, Michelle, and a very good morning, everyone. It's a pleasure to welcome you to this call today. We value this forum as it gives us an opportunity to share our journey and discuss the growth road map ahead. Also, it is imminent that we reflect on the evolving geopolitical and macroeconomic landscape that influences our industry today. As always, we welcome your queries and perspectives. They keep us anchored, focused and aligned in our pursuit of long-term value creation for all our stakeholders.

The fiscal year '25-'26 and indeed the last quarter has been quite remarkable, both for the industry at large and for Chalet in particular. Over the past year, the industry has navigated a complex and dynamic environment shaped by several macroeconomic and geopolitical events. These included Operation Sindoor, trade tariff-related uncertainties, aviation disruptions, extreme weather conditions and the heightened geopolitical tensions in West Asia. Despite these challenges, the industry delivered a resilient and robust performance marked by strong RevPAR growth, primarily driven by sustained expansion in average room rates.

This performance underscores the inherent strength of the domestic hospitality sector, supported by rising disposable incomes, evolving consumer preferences, India's expanding economic footprint and a strong resurgence in MICE activity and not to forget the evergreen demand driven by weddings.

Importantly, while there has been a healthy pipeline of signings by both domestic and global hotel brands, supply continues to lag behind, reinforcing our confidence and excitement as we plan ahead.

Turning specifically to the quarter. Performance was uneven across 3 months. January began on a softer note with no auspicious dates for weddings and additionally, Mumbai witnessing municipal elections in the third week of the month, followed by a long weekend with Republic Day falling on a Monday. These factors collectively impacted demand, particularly in Mumbai. It is also important to note that the base for January last year was strong, supported by large concerts, including international events like Coldplay and significant MICE activity elements that were absent this year. February was very strong with both ADRs and occupancies picking up.

However, towards the end of February, the escalation of geopolitical tensions in West Asia began to materially impact global travel patterns, leading to notable disruptions in March with widespread cancellation across segments.

In the context of international business travel, it is important to recognize the multiplier effect it creates. Overseas executive visits are typically accompanied by respective teams within India and international business travel slowed down in March, this associated domestic business demand also got impacted. Consequently, the quarter saw a meaningful impact in the form of both confirmed cancellations and opportunity losses.

Despite these short-term disruptions, we remain confident in the structural strength of our business and the broader industry fundamentals. Our balance sheet remains strong. Our asset portfolio is well positioned, and our growth strategy is aligned with long-term demand drivers. We continue to focus on disciplined execution, operational excellence and prudent capital allocation as we move forward.

With that context about the industry and macro environment, let me talk about our own performance and strategic initiatives.

The year '25-'26 has been a milestone year for us as our consolidated revenue crossed the INR25 billion mark and the EBITDA crossed the INR10 billion mark, reflecting both the scale and inherent strength of our diversified platform.

Excluding the residential business, our revenue grew by 18% year-on-year to INR20,741 million, with EBITDA of INR9,573 million, up 21% year-on-year. Importantly, EBITDA margin improved by 97 bps to 46.2%. For the quarter, our consolidated revenue was up by 6% year-on-year to INR5,711 million with EBITDA of INR2,786 million, up 8% year-on-year.

EBITDA margins improved by 100 bps to 48.8%. Excluding the residential business, our revenue was very similar, growing 6% year-on-year to INR5,706 million with EBITDA of INR2,800 million, up 6% year-on-year. EBITDA margin improved by 13 bps to 49.1%.

Let me now touch upon the hospitality business performance that is core of our platform. For the year, hospitality business grew 14% year-on-year on the revenue and 12% year-on-year on EBITDA, reflecting sustained demand and resilient pricing dynamics. On the quarter, hospitality revenue grew 3% year-on-year, while EBITDA stood at INR2,248 million, up 1% year-on-year. From an operating perspective, RevPAR declined 3% year-on-year in quarter 4, largely driven by a 7.7 percentage point drop in occupancy.

As I highlighted earlier, this was predominantly a function of Mumbai underperforming relative to the rest of the industry. As per industry reports, Mumbai saw ADR growth of only 0% to 2% and an occupancy decline of 0 to 2 percentage points during January to March '26 compared to last year. In contrast, India overall average recorded ADR growth of 6% to 8% with a limited occupancy decline of 0 to 2 percentage points. If we look at our segment in the micro markets that we are present in, the variance was even starker. Additionally, our Powai property continues to face temporary constraints due to ongoing construction of CIGNUS II Tower, which has impacted weddings and MICE demand along with the crew, thereby affecting occupancies.

Given Mumbai's high contribution to our hospitality revenues, these factors masked the otherwise healthy performance that we had across the rest of our portfolio.

Compared to business hotels, resorts did very well during this quarter. Westin Rishikesh has delivered a strong performance and has continued its momentum into April and May. Athiva Khandala did its first full quarter of full inventory. We did multiple marketing activities during this period to create market awareness, and this was all exceptionally well received. The pickup in occupancy with ADR sustaining north of INR15,000 gives us confidence for the upcoming monsoons, which will be followed by the wedding season.

Coming to our commercial real estate business. During the quarter, we signed LOI for an additional 66,000 square feet at Bangalore, taking the overall occupancies to over 83%. Occupancy at Powai remains strong at 90%. Our March '26 run rate of rentals touched INR280 million, as indicated in the last call. While growth in FY '26-'27 would be driven by improvement in occupancies at Powai and Bangalore, commissioning of CIGNUS II in FY '27-'28 will bring a major growth in this business.

Now let me talk about our strategic initiatives during the quarter, starting with pipeline expansion. Chalet now has 3,389 operating keys with a pipeline of approximately 1,655 keys across 7 assets. That takes the total key count to more than 5,000, marking another milestone in our journey. During the quarter, we added 2 major projects to our pipeline, both in high-demand destinations with strategic advantage and potential to deliver high returns over the long term.

Udaipur - We completed the acquisition of Udaipur Resort, marking our entry into this fast-growing and deep leisure market of Udaipur. We have paid a total consideration of INR1,710 million for 144 key resort spread over 8.2 acres of land, reducing the land to launch risk substantially. The location is very prime, and the land is very beautiful. We intend to significantly upgrade the infrastructure and rooms before we rebuild and relaunch the property as an upper upscale resort, a wide-open space in the Udaipur market with limited new supply. We are also evaluating expansion potential through different avenues. Clarity on this shall emerge in the next few months. Thus, we are not able to share the project timelines, capex and brand-related information at this stage. But what I can tell you today is that this will be another marquee asset for our portfolio.

Hyderabad - In February, we announced an ultra-luxury 330 key hotel in Hyderabad, a greenfield project located outside Mindspace Madhapur. The hotel will operate under the Ritz-Carlton brand. This is our first ultra-luxury project, and we are excited about this, especially given the prime location in Hyderabad and that has strong demand for luxury product. Also, it helps us in positioning given our strong presence in the micro market with 2 properties already operational and performing very well. The hotel will be constructed by Mindspace REIT, and we shall be taking over a warm shell on a long-term lease basis. Our fit-out cost shall be close to INR5,600 million and largely after we get the possession in quarter 4 FY '28, so it is back ended. We expect to launch this project by end of FY '28 - '29.

I'm also delighted to share that our corporate sustainability assessment score by Dow Jones Sustainability Index has jumped from 67 to 82 this year, putting us at second place globally

among the hospitality peers. This is a significant achievement given our thrust on sustainable growth. Also, I would like to highlight that our green energy consumption has now moved up to 65%.

Let me now talk about the updates on live projects.

- Work is at full swing at the CIGNUS II Powai, and we are on track for a FY '27 end substantial completion, although the West Asia crisis has put some pressure on labour availability.
- We expect to launch 70 rooms at Taj project at Delhi International Airport by Q4 FY '27 with balance inventory to be launched in a phased manner thereafter.
- Mindspace has begun excavation work at Hyderabad and Airoli. Both the projects are on track.

In summary, the Indian hospitality industry's performance is being driven by a potent mix of strong domestic travel, higher disposable incomes, improved infrastructure and connectivity, event-linked tourism and a favourable demand-supply gap. There might be some short-term hiccups, but the story continues to unfold in a positive manner. Chalet is well geared up to seize the opportunity with strong cash flows and robust growth pipeline.

With that, I will now hand over to Nitin, who will take you through the financial details of the quarter.

**Nitin Khanna:**

Thanks, Shwetank. Good morning to everyone on the call. I'm pleased to walk you through our financial performance for the quarter and the year ended 31st March 2026 and also provide perspective on key financial and performance drivers, balance sheet strength and capital allocation.

Starting with the full year, our consolidated revenue increased by 60% year-on-year to INR28,124 million, supported by residential revenue recognition during the year. EBITDA grew correspondingly by 59% year-on-year to INR12,301 million. EBITDA margin stood at 43.7%. Excluding the residential segment, our performance reflects the underlying strength of the operating businesses.

Ex-residential revenue grew 18% year-on-year to INR20,741 million, while EBITDA increased 21% year-on-year to INR9,573 million. EBITDA margins expanded by 97 basis points to 46%, driven by operating leverage, strong cost discipline and portfolio mix.

Moving to the quarter, consolidated revenue grew 6% year-on-year to INR5,711 million with an EBITDA of INR2,786 million, up 8% year-on-year. This has resulted in a 100 basis point improvement in EBITDA margin to 48.8%. On an ex-residential basis, quarterly revenues stood at INR5,706 million, up 6% year-on-year with an EBITDA of INR2,800 million, also reflecting 6% year-on-year growth. The EBITDA margin improved by 13 basis points to 49.1%, highlighting the consistency in underlying operating performance.

Let me now cover the Hospitality segment. For the full year, hospitality revenues grew 14% year-on-year to INR17,311 million, supported by incremental inventory and RevPAR growth.

EBITDA increased 12% year-on-year to INR7,603 million with EBITDA margins at 43.9%, a decline of 81 basis points year-on-year. RevPAR for the year was up by 5% to INR9,226.

For the quarter, hospitality revenue rose 3% year-on-year to INR4,740 million with EBITDA of INR2,248 million, up 1% year-on-year. EBITDA margin for the quarter stood at 47.4%, lower by 102 basis points. The moderation in margins is primarily attributable to portfolio mix and stabilization dynamics. Our resort assets are at an early stage of stabilization, with average occupancy at around 43% for the year, which we expect to trend towards 60% as these assets mature.

Additionally, the P&L currently absorbs costs related to incremental inventory at Bengaluru, which, as highlighted in earlier calls, is a transitory impact, and this shall normalize as occupancies ramp up over the next few quarters. We remain focused on maintaining cost-efficient operating structures, project productivity and exercising disciplined asset level cost control as the portfolio scales.

Turning to the commercial real estate businesses. This segment continues to provide high-margin, stable cash flows. For the year, CRE revenues grew 55% year-on-year to INR3,061 million and 37% year-on-year to INR847 million for the quarter. The monthly rental exit run rate in March '26 stood at INR280 million.

On the profitability front, full year EBITDA increased 65% year-on-year to INR2,544 million, translating into a strong EBITDA margin of 83.1%. Quarterly EBITDA stood at INR708 million, up 42% year-on-year with an EBITDA margin of 83.6%. Current portfolio committed is at approximately 88%. We expect monthly rentals to scale up to INR300 million during FY '27. Commissioning of CIGNUS II at Powai will lead to a step change in growth FY '28 onwards.

Moving to residential project. During the year, we handed over 152 units, resulting in a revenue recognition of INR7,383 million and EBITDA of INR2,728 million. To briefly refresh the project structure:

- Phase 1 residential has been completed with 152 units handed over and 1 unit pending handover.
- Phase 2 residential comprising 168 units is under development with handover expected in FY '27.
- The project also includes 160,000 square feet of commercial space, which is yet to be developed and will be leased post completion.

Coming to balance sheet debt and capital allocation. Over the last 2 years, we have deployed approximately INR19 billion towards growth capex and acquisitions. Despite the significant investment phase, net debt has reduced from INR25 billion as of March '24 to approximately INR19 billion as of March '26. While a portion of this deleveraging was supported by equity inflow in April '24, it is important to highlight that approximately INR15 billion has been funded through internal accruals, reflecting the strength of our operating cash flows and disciplined capital allocation.

We continue to maintain comfortable liquidity position with a cash buffer of around INR4 billion as of year-end. The average cost of finance remains stable at 7.48% as of March '26. From a capital deployment perspective, capital work in progress and assets not yielding returns stood at INR8.3 billion at year-end, providing visibility on near- to medium-term growth.

Looking ahead, we have outlined a planned capex of approximately INR30 billion over FY '27 to FY '29 across our hospitality and commercial real estate portfolio. This includes announced acquisition and committed investments and importantly, is expected to be largely funded through internal accruals, underscoring our focus on maintaining balance sheet discipline.

We have also taken an enabling approval for debt raise of up to INR10 billion. To clarify, this is purely enabling in nature, and there is no immediate plan to raise incremental debt. Overall, our balance sheet continues to provide adequate headroom and financial flexibility to pursue strategic opportunities as they arise.

The CRE portfolio with 2.4 million square feet of leasable area has the potential to generate INR3 billion to INR4 billion of annual cash flows at stabilization. Combined with strong EBITDA generation from the hospitality business, this creates a robust and sustainable free cash flow base to support our long-term growth strategy.

With that, I would like to open the floor for questions. Thank you.

**Moderator:** The first question is from the line of Vikas Ahuja from Antique Stock Broking.

**Vikas Ahuja:** Sir, my first question is, why did we choose to do the subsidiary level dilution structure for DIAL instead of funding it entirely through internal acquisition or maybe through debt? I mean, for us, this was a great deal we got and now we are diluting stake. It's a little confusing for me. And who are the investors coming in DIAL? What strategic value do they bring beyond capital? Any color on this would be great. And after that, I have a follow-up.

**Shwetank Singh:** Vikas, thank you for the question. Look, we are implementing a number of projects at this stage, and we have also announced some acquisitions recently, as you're well aware. In order to manage this growth in a very calibrated manner, the Board has approved a onetime proposal for a minority equity shareholding in just one of our projects.

So it is not something that we are sort of taking for the long term. It is for one of the projects. We have done it at DIAL, it's a project under execution, as you are well aware. It is a great project. Nothing has changed on the fundamentals of the project at all. This is one strategic call that we have taken to fully understand this space. That's all there is to it at this stage.

**Vikas Ahuja:** Okay. And also, given the large upcoming pipeline, including the Hyderabad and the DIAL, Hyatt Airoli, and Goa projects, how should we think about annual capex intensity over FY '27 to '29? How much of this capex upcoming should be funded through internal accruals versus internal debt? And what is the expected peak debt if we can -- I understand with DIAL also, we are just trying to manage the debt levels, what we have done. If any peak debt guidance we can get would be great?

**Shwetank Singh:** So Nitin actually referred to it in his speech in quite a lot of detail. Just high level, I'll give you, then Nitin will give you more details. I mean he correctly pointed out that over the last 2 years, we have invested about INR19 billion in capex and INR15 billion of that came from internal accruals.

The proof of the pudding is in the fact that INR25 billion was our debt earlier 2 years back. We are at INR19 billion. So, whilst we have been investing in the capex, we have actually been reducing debt. So, our internal accruals remain very strong.

Our capital work in progress right now is INR8.3 billion, something that is not yielding any output for us. In total, we are expecting to invest about INR30 billion between FY '27 and '29. How we are going to fund it, Nitin will give you a little bit more idea.

**Nitin Khanna:** Look Vikas, the same cash flow momentum will continue. And I don't see any major capital, which we are going to draw from the borrowings as such, unless there is a very strategic acquisition coming in our place. So, for announced projects, this entire INR30 billion will be funded through internal accruals.

Secondly, I also pointed out that the CRE business, the one project which is already in pipeline will start giving us results in FY '28. So that's one big jump which we'll see from a CRE business. From hospitality business, we still have 2 assets which are in the ramp-up stage. You see Athiva, which has just launched in November '25, we are yet to see the complete results.

From the FPS part, we are launching Athiva in the next quarter, we are still to see a ramp-up, which will be coming over there. Bangalore, 120-plus rooms, we still see that effect on EBITDA coming in. So, I'm fairly confident that from the same momentum of cashflow will continue, and we will be doing the efficient capital allocation as we have been doing in the recent past.

**Shwetank Singh:** And, just to add, the new commercial real estate that's coming up is also 900,000 square foot. So, it's a big development, and that will be very value accretive for us in terms of cash flows.

**Vikas Ahuja:** Yes, sir. This is helpful. One final bookkeeping. ADR uptick of 8% possible to get same-store number. Also, can management share FY '27 ADR outlook if we have any? Because with the outbound international travel becoming expensive and domestic leisure demand improving, do you think Chalet, City heavy, Marriott-led portfolio to see relatively lower same-store ADR versus the peer? That's my final question, sir.

**Shwetank Singh:** No, not really. We continue to believe in the strength of the business. In fact, if you have heard the recent announcements from our honorable Prime Minister has spoken about encouraging more travel within India. So, it's a trend that we are closely watching out for. Already, I think the Middle East image has taken a bit of a beating. And therefore, we expect the marriages to move from Middle East back to India. So actually we are expecting a strong recovery and bounce back in the second half of the year, broadly speaking. So, we don't see any slowdown coming yet.

**Vikas Ahuja:** Sir, my question was we are more corporate heavy versus some of your peers, which are more leisure heavy. So, for example, this quarter also, our RevPAR number, I mean, even the ADR

number was a little lower than the peers. So, I was trying to understand that whether that trend you think will continue in the near term because flying to other countries have become expensive, but it's same -- it's vice versa also, right? And we get our FTA number is much higher than some of the others.

**Shwetank Singh:**

No. So, we hear you. It's not that it's a trend that we don't look for, but we don't see any slowing down in particular for any of these reasons. Yes, we are a bit business heavy, but we have also been diversifying our portfolio into the leisure side. So, we are absolutely in a good space with respect to all of this, I think.

**Moderator:**

The next question is from the line of Sameet Sinha from Macquarie.

**Sameet Sinha:**

So, I had a couple of questions kind of going deeper into the previous one. Clearly, domestic travel has picked up and hopefully, it will continue to gain momentum, especially over the summer. Can you talk about sort of what initial trends you are seeing in terms of spend, especially in the context of the statement that you made earlier where foreign travellers tend to travel with other people, especially domestic executives and that? So, there's a multiplier effect there. So that is one question. My second is in terms of commercial leasing, you're saying that it will be totally leased out by fiscal '28. Any reason it could take that long or what's the hold up? I know in the past that you've spoken about that you're very careful about the quality of the counterparty there. Is that the reason or is the Bangalore market seeing any sort of different sort of macro impact?

**Shwetank Singh:**

Okay. Let me take the questions in the 2 parts. On the commercial leasing side, actually, we have had a very decent pickup at Bangalore. I think we have now upped our occupancy to nearly 91% in Bangalore. So, I think we have made good progress there. And actually, part of our comment on the leasing was for CIGNUS II, it was not for our existing inventory.

Our existing inventory is above 90% occupancy right now. So, I suspect that we only have a 10% play there. And if you see our exit has almost reached the INR30 crores per month mark. So, I think on the leasing side, we are doing fairly well. With the recent pickup, our occupancies have improved quite dramatically.

With respect to foreign tourist arrivals, of course, there is a geopolitical tension that is unresolved as we speak. And it continues to be a space that we monitor, but we have pivoted during this period. We have closely monitored this trend and therefore, gone back to some of our corporates with more favourable rates and better offer. And therefore, we have upped the game on that.

We have also looked at the crew segment and increased our base occupancies by bringing them in wherever possible. So, as I said, we are monitoring this trend closely. We expect it all to return very quickly after the tensions subside.

On the leisure side, there seems to be no stopping. People continue to want to travel. Our leisure portfolio is doing very well. And with Athiva Khandala, in particular, we are still stabilizing. So, the growth potential on that is very, very substantial for this year.

**Moderator:**

We'll take the next question from the line of Prateek Kumar from Jefferies.

**Prateek Kumar**

My first question is on your quarter. Can you split your quarter like on a month-wise basis, particularly discussing March because your RevPAR of minus 3% compares to 6% to 8% for peers. So, what specifically has hurt you more? And how was your March performance? And then maybe how on a net basis, things have -- I don't know if it has improved in April, May or how are they shaping up?

**Shwetank Singh:**

Okay. Good question, even though the question hurts us, but it's still a good question. In my speech, I referred to a very steady January for the reasons that Mumbai was not up to the mark because of the municipal elections and a long weekend, which sort of stunted the growth in Mumbai. February was very strong across the board. In fact, some of our South hotels were upward of 35% growth year-on-year.

So, at the structural demand level, there's nothing wrong; it continues to be very strong. And if you look at Chalet's performance throughout, our strength has always been foreign tourists, and they are brilliant. They stay longer. They consume more F&B, they stay around the hotel, and given they have higher per diem, so they pay us better.

In the South hotels, particularly in March, what we witnessed was a dramatic amount of cancellations. Just to give you a number, we lost almost 9,000 room nights from foreign tourist arrivals and some attached business, as I had referred to in my speech from the domestic side, which was a much smaller number, but still an attached number.

Overall, I think the political tensions have caused about a 10% to 12% disruption in our business. If that hadn't happened, I think we would have been really strong. When you compare us to our peers, you have to also sort of look at the fact that our portfolio is where it is. And given that portfolio, we have had great days, and this was an unfortunate quarter from our perspective where we were in a micro market, which was not very strong.

But that tends to change. These are short-term trends. Fundamentally, Mumbai is still one of the strongest markets this country has. And the fact that there are such barriers to entry, we will continue to operate. We'll be continuing to operate in a very, very strong market, I think.

**Prateek Kumar:**

And how has this trend moved like foreign tourist arrivals, which is 40% of the mix in April, May? Have they significantly improved or how has that changed?

**Shwetank Singh:**

It's not a good idea to just look at percentages. We heard a lot of our peers talk about just percentages because percentages can be misleading when the overall demand itself has dropped. So, the way to look at it is the real loss in room nights.

And as I said, just for March alone, we lost about 9,000 room nights from foreign tourist arrivals vs last year. It has become a bit better now. April has been stronger and actually has surprised us also on a year-on-year trend. And May is really strong. But to give you a full picture, May last year at this time was very weak because of Operation Sindoor. So, we are getting a bit of advantage for that. June looks steady. So, this quarter will be fairly strong overall is our expectation.

**Moderator:**

The next question is from the line of Akash Gupta from Nomura.

**Akash Gupta**

Congrats on great performance for the quarter. Sir, my question number one is that we have multiple hotels which are in stabilization phase in FY '27. And then we also have introduced.. we have done new acquisitions over the past 2 years. I just wanted a quick summary on like where are we in the stabilization phase of each of the hotels? And how should we look at that by FY '27 end? That's my first question.

**Shwetank Singh:**

Thank you, Akash. Just to sort of talk about our portfolio, let me break it down. Let's take the easy one first. We have added 129 rooms to Bangalore. And as Nitin keeps pointing out, 129-room addition is like adding a whole new hotel. So that is still picking up, and therefore, you must have seen an occupancy drop overall in Bangalore. But that's because we are still absorbing the new set of rooms. It came at a time where there are geopolitical headwinds. So, the timing was not great in hindsight. But we still believe that by becoming one of the largest hotels in that micro market, we are going to sort of gain from the inventory size and quickly rebound to a 60% occupancy. So, there is a big headroom that's coming from Bangalore very clearly.

Moving on, Athiva Khandala is only entering its first proper operational year. And with the positioning that we have managed to do for it with ADRs north of 15,000, we believe that there is a very strong potential of growth there in this year and in the coming 2 to 3 years. Therefore, we can expect a very good sort of performance coming from there. On the customer side, we have had excellent feedback, very well received. And that's something that we have been actually working on very consciously and spending a lot of marketing dollars on. And that seems to have worked because almost every feedback that we have had is brilliant and our rating is over 4.9 on TripAdvisor. So very good performance there from that hotel.

FPS, which we are rebranding to Athiva, will also see a big upside mainly because that market has become stronger in that area with the opening of the new airport, but also the fact that we have invested close to INR100 crores in that property, completely cutting it out and rebuilding it from scratch. Our projects team has done a brilliant job. It's a Hirsch Bedner design. And what has come out as a product is absolutely beautiful, and we expect that to again have a very strong impact overall on the portfolio in terms of growth.

Looking at our other 2 resorts, Westin Rishikesh had a very difficult year last year with Operation Sindoor and the fact that we had extreme monsoons. So, on a low base, stabilizing hotel is expected to give a very good growth over last year.

Our Courtyard at Aravali, which has now been rebranded to Marriott Aravali should also have a significant upside given that there is a clear brand uptick on it. And Delhi NCR being a very brand-conscious market, we expect the rates to go up as a result. So overall, we have multiple opportunities.

There have been F&B outlets also that we have opened, which have not stabilized. Those are also growth engines. There are a few additions that we are doing through our asset sweating route, which we will keep announcing in subsequent quarters. So, there's a lot of work that's going on within the portfolio, which should give us significant upside overall.

**Akash Gupta:**

My second question was on your two acquisitions, Udaipur and Hyderabad. Sir, could you give us an understanding as to how you are thinking about those 2 micro markets? And second is what kind of IRRs have you baked in into the calculations for these numbers? And what kind of ADR growth rates have you baked in for these IRRs?

**Shwetank Singh:**

Our stated strategy on development has always been very clear. We want to put big boxes as large, concentrated bets in key markets just ahead of the infrastructure curve. On the leisure side, we have always said that we wanted to diversify our portfolio to get to at least 20% of our revenue from the leisure segment. And leisure, we define as drivable distance, which is about 1-1.5 hours from a key airport. Besides this, we have also said that we will look at some deep markets in leisure such as Goa, Udaipur, Jaipur, etc. So, it has always been our stated strategy to go to these markets, and we have taken a very proactive approach to our development strategy.

Having said that, we always believed Udaipur is a deep market. If you look at our acquisitions more recently, we have basically focused on reducing the land to launch risk. While greenfield is our strength and continues to stay our strength, we believe that the maximum value resides in turning around opportunities such as Udaipur, where we are taking up a resort and actually gutting it completely and refurbishing it to a much higher level and positioning, ATHIVA coming from DUKES is a classic example of that.

We see Udaipur similarly. All segments are firing at Udaipur today and continue to do so. A classic example is the issues that the world faced right now with the geopolitical tensions. Actually, Udaipur gained overall because those marriages came back to Udaipur from being destination weddings outside the country. Udaipur is strong, continues to stay strong. We have taken up a case where we can actually make refurbishment and reposition.

Hyderabad has been on fire for a long time. And that particular micro market, we love because we have 13 million square feet of our own office space there in that micro market from our sister concern Mindspace. We already have 2 hotels there – the 2 Westins. This is the third, taking full advantage of the cluster, giving us a new position point also and will give us an advantage so that we can actually start to dictate the price in that market.

Taking it on lease, from Mindspace, I think, is also a brilliant strategy because it actually lowers our capex burden to the extent of the warm shell and also back ends our fitment cost on the capex side. And we have publicly spoken of a INR560 crore capex overall, but there are 2 things that I want to remind you all. First of all, it will be back-ended. Second of all, it also includes about 40,000 square feet of commercial space, the cost of which is also built into that capex. So, we continue to remain very efficient when it comes to the capex.

We believe that, that market is really strong and will continue to grow. In fact, we don't mind looking at a few more hotels in and around financial district of Hyderabad also. The GCC story of India is very clear. There have been multiple articles that you must have seen; everything seems to have grown in that sector, and India continues to be very strong, and that's something that we have complete trust and faith.

**Moderator:**

We'll take the next question from the line of Adhidev Chattopadhyay from ICICI Securities

**Adhidev Chattopadhyay:** I'll just squeeze in my questions in one shot. Sir, first is just the accounting thing on the capital WIP of more than INR800 crores, where does it sit on the balance sheet as of March '26 because the capital WIP number looks just north of INR100 crores. Could just clarify on that? And the other question is on our Bombay hotels operation was the Westin and the Four Points, which is getting converted into Athiva now. If you could just help us, you alluded in your opening remarks that occupancy has been impacted a bit by the CIGNUS Tower II construction. So, in FY '27, what is the outlook on occupancy considering this? And with the Athiva rebranding in Vashi, how do you see the occupancy trending in the year FY '27?

**Shwetank Singh:** We have lost track of the questions. But Nitin will start with the capex question, and then we'll jump in for the other part.

**Nitin Khanna:** INR800 crores actually sits from an accounting balance sheet perspective in 3 segments. So one is, of course, the direct CWIP. The second is if you see the notes to accounts, it actually sits in IPUC, is around INR486 crores. The CWIP pure number is INR132 crores. And balance is actually lying under inventory, which is around INR269 crores, if you add that up, that comes around INR800 crores.

**Shwetank Singh:** Let me just deal with the Athiva question first. FPS – that market has always been strong. We have always been a leader in that market and by a very, very long margin. We actually chose this opportunity to invest significantly in that property because we wanted to rebrand it at a higher level for our brand. And therefore, we made that investment. We don't see any slowing down in that market.

In fact, we expect that market to be growing quite rapidly. And I think our timing of launch on that market has been quite fortuitous. It doesn't always happen like that. But in this case, we have managed to time it quite well, is my belief.

Coming to Powai, I think we did mention that there is a short-term stress on the occupancy side because we have an under construction commercial building there. The stress is coming because of 2 - 3 factors. One is the crew doesn't like the noise. They like to sleep in odd hours of the day as and when their flights come in so we had some crew that has left us; we have managed to retain some of them in JW Sahar, but we have still had a net outflow on that. Secondly, we have lost the porche of the banquet space, mainly because there was a connectivity at the basement level with the building next door that is under construction. We are rapidly closing that out, and we should be able to close it out fully and significantly in the next quarter. Post which we expect our MICE and social business to resume back to business as usual.

**Moderator:** We'll take the next question from Karan Khanna from Ambit Capital.

**Karan Khanna:** Just two quick questions. Firstly, in terms of the guidance for pipeline addition for FY '27, given that you've already crossed 5,000 keys with positive guidance at the start of the year. So how should we think about that going into FY '27? And which segment will it be more leisure or business? So that's question number one.

And secondly, just a clarification on Ritz-Carlton Hyderabad. Is the capex number INR560 crores, which is as per the presentation or INR630 crores as per the earlier press release? And is

it safe to assume INR25,000 ARR and 80% stabilized occupancy? And by when can we expect stabilization of this hotel?

And just a follow-up on this, what can be the lease payments, more like 15% lease payment to Mindspace REIT or will it be higher? And in that context, what kind of margins are you expecting for this project?

**Shwetank Singh:**

So, the one in Hyderabad is INR560 crores of capex. When we had reported it in the press, we had actually done the right thing by adding IDC and with lease deposit. And therefore, that had added up to INR 630 cr. We realized that the market didn't interpret it that way and hence we wanted to clarify this that pure construction cost that's going into the building is INR560 crores with including 40,000 square feet of commercial space. So, it is still very, very efficient, probably at the top end of capex deployment in that price positioning of the hotel.

Coming to the price positioning – should we expect INR25,000, I think quite easily. Today, the market at the top end is driven by ITC, and we know that they are fairly in that region already, if not higher than that. So, there is no reason for us not to expect that kind of pricing from a hotel which will be brand new and probably much superior to the comp set there. So that's the second part of the conversation.

**Nitin Khanna:**

Karan, from a direction perspective, I think we normally don't give future directions in a very specific property. And this is, again, a capex, which is back ended. I would suggest to keep this information up to this level only.

**Karan Khanna:**

Sure. And on the pipeline for FY '27, Shwetank, how does that look like? Is there a guidance you'd like to lay out for that?

**Shwetank Singh:**

I hope you like our expansion plans because we are now up to 1,655, taking up to over 5,000 keys. So, I think we are probably amongst the best in the market when it comes to the growth cycle.

Secondly, are we going to stop there is your main question? Absolutely not. We continue to be in a growth phase. As a company, we love our group and sister companies as well. So, we tend to work with them for a while, it just helps us to follow the commercial development. It just gives us captive demand and almost ensures that we start on a very, very strong base as soon as we come to the opening.

So overall, we love expansion. We are going to continue to expand. What are we going to do in terms of what kind of assets? We continue to be very efficient on the greenfield. We love conversions because we know that we can sort of reduce the risk on land to launch and get a higher return on our capex employed overall. But we would also not stop at acquiring good hotels like the Westin Rishikesh, or the Marriott in Aravali because we know that it significantly reduces the execution risk for us overall and gets us to cash flows very quickly.

**Moderator:**

The next question is from the line of Achal Kumar from HSBC.

**Achal Kumar:** I want to understand about the impact. So, you highlighted that you lost 9,000 rooms, but that's all from foreign tourist arrivals. How do you see the domestic -- I mean, because everybody is talking about the domestic replace international. So how do you see the domestic demand? And do you see the domestic corporate events are actually increasing then? They are not cancelling? So how should we think about that? And you must be talking to your corporates; how do you see that business? So that is first question.

Secondly, on the strategy about the growth, you highlighted that you're expanding beyond business hotels. So, you're expanding luxury you said 20% you have decided to grow 20% at least or maintain 20% luxury side. But I mean, I think if you see the GCC growth, I mean a lot of GCC growth is coming in Tier 2 - Tier 3 cities like Jaipur, Coimbatore and all. So, is your strategy still remains limited to expansion in these known cities, or you are sort of open and then you plan to grow in other cities where you see a lot of business coming through in the GCC and even in the leisure?

**Shwetank Singh:** So sorry, just to clarify, we didn't say luxury. We said 20% in the leisure segment.

**Achal Kumar:** Sorry, sorry. My bad.

**Shwetank Singh:** No, I just wanted to clarify that because that luxury is not something that we want to get to 20%. In terms of our growth, as I said, our strategy is very well stated. We are not going to mend what is not broken. The strategy is working brilliantly for us.

We will go to leisure spaces, deep markets, but we will continue to expand in the key markets just ahead of the infrastructure curve with large big-boxes, because we know the unit economics on them is brilliant. And therefore, if you see our industry leading EBITDA margins come from the fact that these are big boxes with very efficient operations and a brilliant asset management team to back up all of that. So, we will continue to grow and continue to grow in a diversified manner as we have said before.

**Moderator:** We'll move on to the next question from the line of Dipak Saha from Ashika Institutional Equities.

**Dipak Saha:** One question you see the last 2 quarters trend the diversion between RevPAR and room revenue, even this quarter - minus 3% RevPAR leading to 4% kind of room revenue growth. So under normal course of business given the last year base was also very low, if we are able to pull off mid-single digit, high single digit kind of RevPAR growth, is it fair to assume that, that can culminate into double mid-double-digit kind of room revenue growth at least for FY '27?

**Shwetank Singh:** Yes.

**Dipak Saha:** Last one on the lease side, any risk from work from home point of view in terms of incremental signing that is possible? I'm saying on the commercial side as far as incremental signings are concerned, given the commentary that has come from the senior leadership. I understand long term, we are secure. But in terms of incremental signings on the commercial annuity, do we see any moderation risk on the commercial annuity side?

**Shwetank Singh:** No, not at all. In fact, if anything, our demand side has gone up and quite significantly. And while at Chalet, we understand the space, the group understands the space even better. And if you see the growth of Mindspace, you'll realize it just continues to grow.

The GCC story is, as there is a recent article also on Times of India, if you have seen, everything seems to have nearly grown at 30% - 32% in the last 3 to 4 years on the GCC space. So, it's a space that's really growing. We don't see any slowing down on that.

**Moderator:** The next question is from the line of Abhay Khaitan from Axis Capital.

**Abhay Khaitan:** So just one question on the margin side. So even in FY '26, we saw that there was some slip in the hospitality EBITDA margin. And going forward, if we are expecting incremental occupancy to come more from domestic versus international, how are we looking at the margin outlook in FY '27 and '28? And what are the strategies that Chalet as a unit can take to increase that?

**Shwetank Singh:** See, look, if you see historically, our margins have been absolutely at the top-end of the industry, and it continues to stay there. What we need to realize is that for the city hotels, we are not likely to significantly grow the margin percentage. We are pretty much at a stable point where the flow-through is equal to the margin. So, you can't grow the margin at that point even mathematically. So, they will continue to remain stable, and that will be our key challenge and our asset management team's key challenge to keep that margin stable.

But on the leisure side, we still have some growth because we have not stabilized on the margins in our leisure portfolio. And we expect that to grow to at least mid-40s, thereby overall continuing to grow the margins of the portfolio.

Don't forget, we have a little bit of scope on the CRE side also because our margins are at, I think 83% - 84% right now. So there is some growth that we can bring from there. Don't forget that we had also mentioned asset sweating which is very central to how we look at our existing business. We will continue to add new revenue-generating areas where they didn't exist before. And therefore, we will continue to see margin expansion as well as a growth overall on the revenue side.

**Nitin Khanna:** I think in addition to that, we also have Bangalore ramp-up. We have added 121 rooms, which also will kind of impact our margins. And once the complete ramp-up happens, that also will stabilize our EBITDA margin.

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

**Jinesh Joshi:** Sir, my question is on DIAL while you highlighted that this is a onetime proposal for one project. But just wanted to understand this decision a bit better. Basically, this is an airport hotel, you have Taj as a branding partner. So that means that the scale can be much faster in the first year itself. Then in such a scenario, why choose to dilute -- why not take debt and fund the capex of that particular hotel?

**Shwetank Singh:** Sorry, can you repeat your question? We were losing you in between.

**Jinesh Joshi:** Why choose an equity partner in DIAL rather than funding the capex via debt because this is an airport hotel where occupancy can be very healthy in the first year itself. So, wanted to know the reason behind dilution versus debt funding?

**Shwetank Singh:** So, this is not a capital decision for us, Jinesh. Let me clarify that. This is not a capital decision. We are trying out a project level partnership that we have not tried before. We're just trying to figure out how this works. You have already seen the strength of our balance sheet. It's not that we are looking or scrolling for capital right now. So, it's not a capital decision, just for clarity.

**Moderator:** We'll take the next question from the line, and this will be the last question for today. Due to paucity of time, Kaustubh Pawaskar from ICICI Direct.

**Kaustubh Pawaskar** I will just ask the question which earlier participant was trying to ask, on the demand. Sir, you mentioned in your initial comments that you have witnessed cancellation on the foreign tourist arrival in terms of the room nights.

What we are trying to understand is that if this scenario continues, global uncertainties continue, I'm not talking from the quarter 1 perspective. I'm talking from the entire year perspective. Q1 might be good for us because the base was low.

But if this uncertainty continues, so from domestic corporate cancellation point of view or if there are any cancellations going ahead since even government is also trying to emphasize more on online meetings or Work from home scenario and if corporate tries to reduce on their travel cost going ahead. So in that context, is there any risk of cancellation from the domestic corporate travel point of view? And if this is first part of the question.

Second part of it is that whatever steps you are talking about or the upside risk we have in terms of the leisure properties or the rooms coming occupancies at Bangalore new rooms getting that will mitigate whatever the risk which I'm talking about?

**Gaurav Singh:** This is Gaurav. I'm answering this on behalf of the team here. From a perspective of what Shwetank just touched upon, the international traveller, we did have a decline in the numbers that were shared to you, approximately 9,000 in just the month of March.

But when we look at the domestic traveller, so to speak, we've had no decline principally in the entire portfolio. We believe that given that there is more scope of opportunity available in the portfolio now with the occupancy availability, we'll be able to use that space available by correcting our segments towards driving the occupancy upwards.

When we speak of correcting a segment, it is essentially looking at segments which we otherwise may have restricted given that we had international business coming in, largely like groups, MICE that could have been restricted in larger size.

If I was to give a perspective of that as a number, we've seen an upward trend of almost 10% on our group segment, moving from 20% to 22% of the entire business segment just in the last month alone. And these corrections will allow us to be able to move our segmentation, driving domestic demand upwards.

**Moderator:** As that was the last question, I now hand the conference back to Mr. Shwetank Singh for closing comments. Thank you, and over to you, sir.

**Shwetank Singh:** Thank you so much. I understand there was still a long queue of questions, and I know we missed some of the people. Please feel free to write to Deepak, who heads Investor Relations for us. We'll be very happy to answer your questions separately.

As always, we appreciate your insightful suggestions and queries. We hope we have been able to respond to all your queries. In case you need any further clarifications or insights on our business, please contact Deepak once again, and he will be able to help you. Good day and thank you so much.

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

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**(This document has been edited for readability purpose)**