

August 7, 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

976529 (Non-Convertible Debentures)

Dear Sir / Madam,

Subject: Transcript of the Earnings Call in respect of the Unaudited Financial Results for the quarter ended June 30, 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 August 1, 2025, in respect of the Unaudited Financial Results for the quarter ended June 30, 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.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



“Chalet Hotels Limited
Q1 & FY '26 Earnings Conference Call”
August 01, 2025

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

Moderator:

Ladies and gentlemen, good day, and welcome to Q1 FY '26 Earnings Conference Call hosted by Chalet Hotels Limited. This conference call may contain certain 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 this 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 Dr. Sanjay Sethi, MD and CEO of Chalet Hotels Limited. Thank you, and over to you, Dr. Sethi.

Sanjay Sethi:

Thank you, Hamshad. Good morning, ladies and gentlemen, and thank you for joining us on today's call. I'm joined this morning in our office by my colleagues, Shwetank, Nitin, Gaurav and Ruchi. After my remarks and Nitin's commentary on finances, we'll be happy to take your questions after that.

Let me begin by warmly welcoming Mr. Manish Chokhani to the Board of Directors of Chalet Hotels Limited as an Additional Independent Director. He brings with him a wealth of experience, strategic foresight and a strong governance mindset - qualities that align closely with Chalet's next phase of growth and evolution.

As shared in the press note last evening, I have decided to step down from my executive role at the end of my current contractual tenure as Managing Director and CEO on 31st of January 2026. In anticipation of this step, we have worked over the last 30 months on the next line of leadership and succession at the company. I'm very pleased to see Shwetank being designated to take over from me early next year. This transition is the outcome of a meticulous and collaborative process aimed at preserving our strategic direction while infusing fresh perspective and energy.

And now back to the business of running one. The quarter gone by was marked by substantial external volatility. May brought a series of disruptions from geopolitical tensions on our borders to multiple airspace closures and a tragic aviation accident. These events triggered significant disruptions across the travel ecosystem. But yet again, the sector demonstrated strong resilience. I'm pleased to share that Chalet's own portfolio reflected equal strength.

Our performance this quarter underscores the strength of our differentiated business model anchored in asset ownership and operational depth in a landscape increasingly crowded by asset-light players. We continue to believe that long-term value in hospitality is created by owning the right assets in the right location, backed by deep operating capability and a prudent capital structure. This conviction allows us to weather shocks, protect margins and compound value consistently over time.

Adding to this foundation is our complementary diversification into the office annuity business, which acts as a natural hedge and provides a stable income stream. This dual engine model -

hospitality and commercial, strengthens our ability to grow sustainably while managing cyclical volatility.

During the quarter, we saw continued strength in revenue per available room, largely led by strong average room rates. Our F&B revenue also had a healthy growth of 13%. At the same time, our disciplined cost control remains a core lever in navigating towards uncertain environment. Hospitality revenue for the quarter stood at INR3.9 billion, up 18% year-on-year. EBITDA for the segment increased 20% to INR1.6 billion, with margin expansion of another 50 basis points to 41.7%.

On a consolidated basis, which includes our residential contribution, total revenue rose 146% to INR9.1 billion. Consolidated EBITDA came in at INR3.7 billion, a growth of 150%. Excluding the residential project, core revenues, which I want to emphasize here, the core revenue business of ours, which is primarily hospitality and supported by commercial real estate, the revenue grew by 27% and EBITDA grew by 37% year-on-year, respectively.

We added 165 keys for the year till date, a 5% expansion in the inventory in the first few months. In Bengaluru, we commissioned 121 rooms in a phased manner at Marriott Whitefield, taking the total count of that hotel to 512. Subsequent to that, another 8 rooms are ready, and they will be plugged into the system very shortly. So, we expect the total final inventory of that hotel to be at 520 rooms. This scale there gives us operational leverage in a high-performing market.

At The Dukes Retreat, Khandala, we've added 44 more rooms and a new banquet facility. The final 30 rooms will be completed shortly and will bring the resort to a final key count of 147. Construction at our upcoming hotel in Delhi Airport continues steadily and remains on track for opening next year. The civil work has actually reached the third floor, which is a typical floor and here onwards, it will move pretty quickly. Meanwhile, our teams are already on the site on MEP, internal civil and interior works.

On the commercial front, our second office tower, which is the CIGNUS II at Westin Powai Lake complex is also progressing very well and is scheduled for completion in FY '27. Meanwhile, our residential project, The Vivarea in Koramangala has seen excellent traction. Since its launch in October 2023, it has attracted robust demand at premium price points with now only 14 units to be sold.

We continue to lead from the front on ESG. Chalet has been certified further as the Great Places to Work. This year is now the sixth consecutive year. It's a strong endorsement of our people-first culture and focus on employee well-being and capability building. On the environment front, we remain on track with our net zero targets and are actively delivering our commitments to the climate growth.

Ladies and gentlemen, our strategy of owning high-quality hospitality assets, complemented by our annuity yielding commercial real estate assets continues to provide a solid foundation for sustained growth. Our diversified model supported by a strong balance sheet and disciplined capital allocation positions Chalet to pursue both organic and inorganic opportunities with confidence. We also intend to do more of this over the next few quarters.

With that, I'll now hand it over to Nitin, who will walk you through the financial details for the quarter.

Nitin Khanna:

Thank you, Sanjay. Good morning, ladies and gentlemen. It is my pleasure to welcome you once again to the call. On a consolidated basis, total revenue surged 146% year-on-year to INR9.1 billion, while EBITDA rose 150% with margins expanding by 70 basis points to 40.9%. This includes revenue recognition from the handover of residential apartments at The Vivarea, Koramangala, Bengaluru, where we were delighted to welcome our first group of homeowners. 95 apartments were handed over during the quarter.

As previously discussed in our earnings call, revenue recognized from this project amounted to INR4.4 billion, contributing to INR1.6 billion to EBITDA. Excluding the residential component, revenue grew 27% year-on-year to INR4.7 billion and EBITDA increased 37% to INR2.1 billion, with a robust 330 basis points margin expansion to 44.4%.

Revenue from our Hospitality segment rose 18% year-on-year to INR3.9 billion, driven by a 10% increase in RevPAR, which reached INR8,059. ADR improved 17% year-on-year to INR12,207, supported by strong rate performance in both Bengaluru and Hyderabad markets. Overall occupancy stood at 66%, down 4.4% points year-on-year, primarily impacted by softness in the MMR market and the launch of additional inventory at Bengaluru Marriott Hotel, which, of course, coincided with geopolitical disruptions.

As this new inventory stabilizes, we expect occupancies to rebound. Excluding the Bengaluru addition, Chalet's occupancy was at 68%. On a like-for-like basis, which is excluding The Westin Resort & Spa, Himalayas, ADRs grew 13%, while occupancies declined 3.8% points, resulting in overall RevPAR growth of 7%.

We continue to diversify across micro markets with varied cost structures and remain focused on enhancing operational efficiencies. Backed by strong execution, EBITDA margins improved by 50 basis points to 41.7%, with further margin expansion expected through robust asset management and operating leverage from ramping up assets.

Revenue from our rental and annuity portfolio rose 106% year-on-year to INR732 million with a June exit rate run rate of INR250 million. EBITDA increased 130% to INR608 million, yielding an 83.1% EBITDA margin. Currently, committed leasing stands at 77% across our commercial portfolio.

Within the Residential segment, as previously indicated, we have initiated revenue recognition for 95 units of Koramangala Phase 1. Revenue from another 58 units will be recognized in the next quarter. We do not anticipate any further revenue recognition for the remainder of the financial year, which is FY '26. The next set of apartments would be ready for handover in the next financial year, which is FY '27.

During quarter 1, we sold 13 units at an average rate of INR21,100 per square feet, reflecting a 7% quarter-on-quarter increase. INR1.3 billion of cash flows were generated by this project in this quarter. As of June quarter, 307 units have been sold from a total inventory of 321 units for the entire project. We remain confident of delivering INR4 billion to INR4.5 billion on net exit

from this project within next 24 months, including the strata sale of the commercial tower measuring 0.15 million square feet.

Our net debt stood at INR20.2 billion with the average cost of finance contracting by 40 bps quarter-on-quarter to 8%. We maintained a healthy liquidity position of INR3.2 billion at the end of the quarter. The capital work in progress and the assets pending operationalization amounted to INR7.4 billion at the close of the quarter. With a disciplined capital allocation framework, we are strategically investing to drive long-term sustainable growth.

Under our current strategy, we have planned capex of INR20 billion by FY '27, primarily funded through our internal accruals. The company's balance sheet continues to provide the financial resources necessary to pursue potential strategic opportunities in the future.

With that, let me hand over to Shwetank for his introductory statement.

Shwetank Singh:

Good morning, all. I'm Shwetank. As I step into this role, I'm very cognizant that Sanjay's boots are one of the hardest to fill in the industry. What he's done for the company thus far is absolutely unparalleled. So, I must start by thanking you, Sanjay. Having said that, I feel fairly confident, and I feel confident because of 2 or 3 reasons.

First of which is that I've been working along with Sanjay for the last 2 years now as he mentored me through this role. The second reason that gives us a lot of confidence is the fact that he is going to continue on as a Board member and therefore, his wisdom will continue to stay in the company, which is going to be extremely helpful for us. And the third confidence comes from the fact that we are supported with a very capable team with complementary skill sets that we all bring to the table.

So please be rest assured that your company is in great hands and we hope to continue to outperform your expectations as we go along. Personally, I come in with 2.5 decades of experience, of which nearly 2 decades are with hospitality in a variety of roles. Before I joined Chalet Hotels, I was in my last role heading the hospitality business for a large real estate player in Dubai.

As we step in and take on this role, I'm very excited I will take forward the legacy of a beautiful company forward and hope to fulfil all your obligations and expectations.

We are now ready for the Q&A, and we can switch to the Q&A.

Moderator:

Thank you very much. The first question is from the line of Vikas from Antique Stock Broking. Please go ahead.

Vikas:

Congratulations on a good quarter. Hi Shwetank, congrats and wishing you all the best in your new role. And Sanjay sir, wish you best in your next chapter. I know you're still around. We will surely miss your unbiased view on demand and outlook.

So, my first question is to Sanjay sir, if you can take this. Would it be possible to share some colour on growth and the pipeline? Currently, we have around 600 rooms under construction in

addition to the CIGNUS 2, which is expected to come in the next 2, 3 years overall. In addition, we have another 600, which is in planning stage. It would be helpful if you can just provide some medium-term outlook over and above these additions would be great. That's my first question.

Sanjay Sethi:

Thank you, Vikas. Thank you for your kind words also. Look, we've got about 3,300 rooms, which are currently operational, a little over 3,300 actually. We have about 1,200 rooms which are in the pipeline that is announced in various stages of either planning approvals or actual development on the site. We have shared some dates with you in the past. We continue to hold them.

We are a growing company. And as I said in my opening statement, our intent is to continue to grow. If you ask me what I see happening – end of this year with the current pipeline plus operations about in excess of 4,500 rooms, I see no reason why our pipeline plus operating hotels will not cross the 5,000 marks in the current financial year itself. There are certain opportunities that we are pursuing in a mix of greenfield and shell leases.

Moderator:

Ladies and gentlemen, we seemed to have lost the line with the management. Please stay connected while we rejoin the management. Ladies and gentlemen, we have the management back online with us. Sir, you may proceed.

Sanjay Sethi:

Apologies for that. I just want to complete my part of the answer. So very quickly, 3,300 plus rooms in operation, 1,200 under various stages of development. That takes us to about 4,500 rooms. Our wish list or our goal this year is to get to 5,000 on that count. We have some visibility, early-stage visibility. As and when we progress on those, we'll come back and share them with you. That's about it for now. Thank you.

Vikas:

My second question is on this MMR region. So, is the drop in occupancy in the region is mainly due to the fully operational of Fairmont or there are other factors contributing to that? And in addition, how should we look at the southern markets, Bangalore and Hyderabad? We have seen some moderation in growth on Y-o-Y basis this quarter, especially in Hyderabad, I think we were doing 20%, and now it's closer to 10%.

Shwetank Singh:

Thank you, Vikas. Shwetank is back on the line just for everybody to get that. So, the MMR, what's happened in MMR is there is no doubt that the opening of new supply in the micro market of where the Sahar hotel is has had an impact, and -- but it's a slight impact. We would also like to remind you that we were coming off a very high base of occupancy at the JW. So, a little bit of moderation can be expected when it comes to that.

As far as Powai performance is concerned, we see it only as a minor blip for now and we expect that to improve in the next quarter itself. With respect to the Southern markets, Bangalore, we have opened an addition of -- we have added another 120 rooms to the inventory. So, you would have noticed a slight drop in occupancy as a result of that, but our rates have held and actually continued to do quite well. As a result, our RevPAR overall have -- our total revenue from that hotel has grown quite significantly.

With respect to Hyderabad, that market has been improving year-on-year for the last few years. As more and more commercial space gets opened and absorbed there, we expect it to continue to do very well. But a growth rate change can have some cyclicity and to expect a 20% growth overall year-on-year may not necessarily always hold true. So, it's just that adjustment that's going through, that Hyderabad might be going through right now.

Sanjay Sethi:

Just one line from my side. This is Sanjay here. Look, I'm really not concerned about Bangalore. Bangalore occupancy has dropped by 6-odd percent only because we added 120-odd new rooms. The rate that has grown at about 27%, 28% for the quarter, which is a substantial growth.

Mumbai, though our occupancies may be muted, we still managed to grow the rate at 10%. And remember, this is the quarter where we have the India-Pak face-off. We've had a slight capacity issue on account of the unfortunate air accident, which blocked a lot of aircraft. So, all of that combined together and despite that, this is what we've been able to deliver, and we expect this to go from strength to strength going forward.

Vikas:

Sure. That's helpful. And also, on one broader level question. Some of your competitors are building in substantial war chest to acquire assets, maybe through partnerships with private equity or promoter backing. So, if we get any large opportunity, how we are prepared to do that, how we'll go looking for those funds?

And finally, one bookkeeping question. So residential, we have booked INR450 crores around that number this quarter. How should it flow for the rest of the project? And roughly, the cash flow from this would be close to around INR200 crores, INR300 crores, which will be deployed back into as a capex. So, I mean that is how -- if you can just give us some trajectory, how should we build in our numbers.

Shwetank Singh:

Vikas, let me answer the first part on the acquisition, and then I can hand over to Nitin for the second part of the question. So as far as the acquisition is concerned, we are very well capitalized. We are always on the lookout for suitable opportunities. If you look at our debt levels, we are very comfortable and well within the range of 3.5x EBITDA which is the benchmark that we internally hold to sort of keep checking ourselves.

So therefore, a short answer to that question would be that we are very open to new acquisition opportunities and very well capitalized to take advantage of as and when the opportunity may arise. Nitin for the second part?

Nitin Khanna:

Let me just clarify on the resi part also. So, as you are well aware that revenue recognition is primarily directed from an accounting entry perspective. Our cash flows are completely different. I think from your question perspective, I think in my opening remarks, I had very clearly clarified that 95 flats we have recognized the revenue or handed over to the flat owners in quarter 1. And in quarter 2, the number is 58.

And I also told that in quarter 3 and quarter 4, we are not expecting any handovers. Any further revenue, which will come will only fall in FY '27 itself.

Vikas:

Okay. From a cash flow perspective, how much we are going to...

Moderator: Sorry to interrupt, sir, but I may request you to rejoin the question queue for follow-up questions. The next question is from the line of Sameet Sinha from Macquarie.

Sameet Sinha: Sanjay, congratulations. I enjoyed working with you, short, but still enjoyed it. All the best for your next endeavour. Welcome, Shwetank, I look forward to working with you. A couple of questions. I guess, as you talk about the 5,000 total keys, how are you thinking about business versus leisure?

And the reason I ask is because the leisure as it increases as part of the portfolio, I'm trying to understand how it changes the P&L. I mean the staff-to-room ratio is obviously higher there. You have higher percentage of F&B, which is a low-margin business. So, if you can think about it the next 5 years, how could the P&L change? And then I have a follow-up.

Shwetank Singh: Thank you for the question. And Sanjay is still around. So please don't start saying bye to him. He is still around for a while. So, to answer your question, our growth strategy has been quite clear and that's something that we sort of always keep as our North Star. When we got into COVID, we looked at our portfolio and wanted to get some geographical diversification as well as some portfolio diversification between leisure and business. It's a strategy that we have followed broadly to stay within the large cities with big boxes and then within drivable distances from key airports.

It's according to this strategy that we went on and acquired some leisure hotels into our portfolio. And we'll continue to sort of stay with that strategy for the foreseeable future. As to say what exact percentages we will end up with would be difficult. But we had started off with the mindset of at least bringing in 20% of our portfolio into the leisure properties.

Having said that, you're right, the staff-to-room ratios in leisure properties typically tend to be higher. Overall, we are at about 0.97 for our portfolio, which I believe is the best in the industry. And The Westin Rishikesh that we acquired recently was at 2.27 when we acquired, but we have managed to bring it down to 1.67, thereby bringing in asset management efficiencies that we are known to bring into play.

Sameet Sinha: Got it. One second question. So, in terms of the residential revenue recognition, Nitin, can you talk about -- it seems like EBITDA margins tracking at about 37%. Is that how we should assume as the other apartments recognized as well, that's a good margin structure to go with?

Nitin Khanna: So, thanks for your question, Sameet. Look, there has been a history in this project, Koramangala, and you have been here -- everybody is well aware of that. In the first phase of handing over flats to the owners, the priority has been to hand over to the old customer at first.

These were the units which were sold at a rate, which was around INR10,000. And as you have rightly seen that the last flats, which we have been selling are around INR20,000 per square feet. So, the margins are probably better in the Phase 2. The Phase 1 margin has been a little lower because the older customers have been handed over as of now.

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

Karan Khanna:

Firstly, congratulations, Sanjay, on a great tenure and for all the contributions that you've made to Chalet Hotels over the past few years. Best wishes with the new responsibilities you'll be taking as a Non-Executive Director. And congrats, Shwetank, and best wishes with the new role as MD and CEO.

My first question to you, Sanjay. And while we've been hearing about stickiness in occupancies where after a hotel reaches a certain occupancy level around the 70% mark, that's when hoteliers start increasing ARR and occupancies tend to remain stable. This has largely been the trend for you as well. This quarter, however, you've taken aggressive ARR hikes, but the occupancies fell 6% and 2% for MMR and non-MMR portfolio, respectively. Could you share your thoughts on the same?

And how do you plan to navigate the ARR occupancy trade-off going forward? And more important, on a like-for-like basis, your RevPAR growth was about 7%, 8%. But if you look at some of your peers that have reported, I think number was north of 12%, 13%. So how do we read this for Chalet?

Sanjay Sethi:

Karan, thank you for your kind words. Look, in terms of occupancy stickiness and growth -- rate growth dynamics, you got it largely right that once you move north of 70%, the rates tend to climb up very quickly. But you got to keep in mind, the quarter that we are discussing is amongst the 2 weakest quarters in the annual cycle. Despite that, we've had material ADR growth in the portfolio, even if we exclude Rishikesh. So that story of ADR growth continues to be strong.

On occupancy, and I do not want to underemphasize, it's important for you to understand. This is in a quarter where we had, after many years, a conflict between India and Pakistan, which is material in nature. There was air disruption on account of the conflict. There were air disruptions in the West Asia region. There were air disruptions after the unfortunate crash that we all were so sorry to hear about. Despite that, we've delivered this.

So, our story, I think, remains extremely bullish and strong. We expect Sahar, Powai, Bangalore, Hyderabad continue on the trend of increasing average room rates. And at Powai, we also expect occupancies to fill up when the good season comes. That's when the MICE business kicks in, in the annual cycle, which is H2. I hope I have answered.

Karan Khanna:

Yes. So just as a follow-up, Sanjay, looking at the sector as a whole, and it's an inherently cyclical industry, which has now been in an up cycle for the last 5 years. Now the last cycle peaked during year 4 or year 5. While we understand the structural demand drivers are more resilient now, if you look at the quantum of signings in the last few years across the industry that seems to suggest that we will see a lot of new supply coming into the market over the next 1 or 2 years. And then signings have been happening in Tier 1 markets as well.

So, could you share your revised thoughts on the cyclicity of the sector as a whole and perhaps your view going forward for the next 3 or 4 years? Do you still maintain a double-digit RevPAR growth for Chalet hotels in particular?

Sanjay Sethi:

I'll give you an initial reaction and Shwetank will sort of step in with his thoughts. I absolutely hold our belief that 10% and in fact, double-digit RevPAR growth is pretty much given for the

next few years. And I'm very confident this will happen for the next 3 to 4 years, at least. Beyond that, I don't have visibility.

And I believe that this will be driven by a strong travel ecosystem within India, both on leisure and business side. We've got to keep aside 1 or 2 quarters once in a while when this situation happens, but business is back to normal as we speak. Shwetank?

Shwetank Singh:

Yes. Just to add to that, this is an industry where supply can't sneak up on you. It's notoriously hard to execute in India and a lot of people out there have actually failed in trying to execute this. So, when we hear of signings and we hear of plans, we should factor in some degree of loss along the way. And our math tells us that, that may not be better than 35%, 40% overall.

So we do take announced supply with a pinch of salt, but we are very mindful of it. And overall, I think for the country, the demand is still outpacing supply quite comfortably even despite the new announcements. So we remain very, very bullish about the sector for the near future.

Karan Khanna:

Sure. And my second and last question to you, Shwetank. Given that you've been with Chalet for the last couple of years and will now be spearheading the organization, could you share your views on how you see the portfolio mix evolving going forward? And given your past experience at Golden Sands Dubai, how do you see the portfolio evolving in terms of will it be more indexed towards leisure? Or what's the ideal mix of business, leisure and maybe mixed-use assets across markets according to you?

And any thoughts of how you plan to pursue this growth in terms of additions to the pipeline, the sourcing of funding and perhaps some thoughts on long-term comfortable leverage levels for the business?

Shwetank Singh:

Oh, God, how much time we have on this call, you've asked me 5, 6 different questions. Okay. Let me give you a short answer for the first part. We have -- through Sanjay's effort and the team's effort, we have managed to put in a model that works perfectly for us, where we have a very, very beautiful hospitality portfolio broken down by leisure and business, geographically diversified as well now and propped up very well to sort of cover for the cyclicity through a very strong commercial real estate business. So that model has worked for us.

The residential business is clearly a one-off. That's something that we don't necessarily plan to continue going forward. So when we look at this model, there is no reason for us to change and mend what's not broken. It's been one of our strength areas and we'll continue to build on this exact model.

But I would like to point out that within this commercial real estate is not something that we do as the first choice, wherever we have built commercial space, we have built it on or near an existing hotel where we own the land, thereby actually giving us zero cost on the land and therefore, very high returns on what we put in place. So that's how we'll continue to look at our portfolio.

As I answered earlier also in the call, we will continue to look at big boxes in big cities and especially we would love to go to markets which are in the making and just be ahead of the

commercial real estate curve because that's how this business has been built and that's been something that's been very successful for us. And that's how we'll continue to look at going forward. In terms of -- what was the second part of your question,

Karan Khanna: Yes. In terms of addition, while you did speak about it, the sourcing of funding, will you be looking to fund it by your own balance sheet? And what's the comfortable leverage levels according to you?

Shwetank Singh: So as I said earlier, we normally like to say, and I would ask Nitin to add more colour to it, but we would like to stay within the 3.5x multiple of EBITDA when it comes to debt. We have multiple sources of raising debt. The main one being lease rent discounting. So that's something that we have in our portfolio and it's a great strength for our portfolio as well.

The second part is, of course, the fact that we are producing a lot of cash from this business and that is allowing the internal accruals also to be utilized for expansion as we go along. So overall, we are fairly well capitalized and even ready for any further opportunities that we may have on the acquisition side. Would you like to add anything?

Nitin Khanna: I think you covered it off.

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

Prashant Biyani: Sir, with delay in commencement of Hyatt Regency, Airoli and Bambolim asset in Goa, would you like to advance the construction of Trivandrum Hotel? Otherwise, the organic asset addition in FY '28 looks to be challenging.

Shwetank Singh: Prashant, thank you for the work that you are putting in for the industry. We all receive your e-mails quite often and I see that a lot of hard work is going into what you're trying to do and all the best for that.

To answer your question, yes, it has been challenging to move forward Airoli because of the NGT laws that changed and we spoke about it on our last call as well. In terms of Trivandrum, there are still a few steps left before we can actually start executing this project. The main one being the signing of a lease document with the government. In order to do that, also, there are a couple of steps left.

So even if we would love to sort of move that project forward, right now, we are not in the position to move it forward. We will have to wait for these routes to be crossed before we take it up as a project. Whilst this is happening, the market has changed in Trivandrum and we continue to study it very closely, and we will come back to you when we are prepared to take this project forward.

Prashant Biyani: Sure. Sir, how has July been in terms of occupancy across portfolio and in particular, for hotels, which are more dependent on FTA? And to a question which Mr. Sethi answered about taking the total portfolio size to 5,000 keys, in which micro markets would the team like to add assets now? These were my 2 questions.

Shwetank Singh: Okay. As a company, we don't like to give forward guidance on what's just happened in the current quarter. July has been a tough month for hospitality in general, but that's where I would leave it for now because August and September look strong.

With respect to which markets we would like to grow in, as I said earlier, we want to continue to build in larger cities either through greenfield or through acquisitions if we get the right asset in the right market. And we will continue to look at leisure portfolios within drivable distance from key airports. And that's the strategy we'll continue to sort of hold to.

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

Jinesh Joshi: Sir, I have a question on our interest cost, which has gone down by about 40 basis points on sequential basis. So once we reach an occupancy of, say, about 90% in the annuity business in say about next 2 to 3 quarters and the lease income stabilizes, where can the borrowing cost at given we...

Moderator: Sorry to interrupt, sir, could you be a bit more louder?

Nitin Khanna: We're not able to hear you properly, Jinesh.

Jinesh Joshi: Yes, yes. So I had a question on our interest cost, which was down by about 40 basis points. So what I was trying to ask is that once we reach an occupancy of, say, about 90% in the annuity business and the lease income stabilizes, where can the interest cost settle at given we will have full LRD benefits that would come to us?

Nitin Khanna: So thanks for your question, Jinesh. As I had pointed out in my opening statement as well, our current exit rentals for June quarter is already in the range of INR25 crores. And in the earlier calls, we have been saying that our exit for this year-end might go around INR30 crores. So with occupancies ramping up, I personally feel that the rate of interest currently where the occupancies are already at 77%, we are utilizing LRD facilities.

With occupancies increasing to 90%, we might see a little blip coming in, but it will not be a substantial reduction in terms of rate of interest. With the repo rate and the current difference between the current repo rate and the spread, it is already very low. As you can see, the rate of interest has already come down to 8%. We are already in talks for refinancing with the current lenders. And with this ramping up, we do see a positive change coming in the coming quarters.

Jinesh Joshi: Got that. Two short follow-up questions. One is on our same-store RevPAR in the resort business, which is up by about 20.8% Y-o-Y. So any specific reason you would want to call out which led to a very sharp jump in this quarter given the fact that it was impacted by certain aberrations. So that is one.

And secondly, if I remember right, for our Koramangala project, there was some promoter support which had come in with respect to preferential issuance and also some loans. So given that the cash flow situation from the project is expected to improve, is any promoter-led liability left to be reassigned?

- Shwetank Singh:** Okay. I'll answer the first part of your question. There has indeed been a 20.9% RevPAR growth in the leisure portfolio. And the main reason for that is that we are still stabilizing at Courtyard. And if you remember, we had acquired a hotel which was not fully stable and such growth can be expected in a stabilizing hotel.
- It's not something that you should necessarily hold us to in the coming future. But that's one of the reasons why that has happened. At Dukes, we are picking up performance. So that's also added to this growth. That's where I'll leave it because that's the same-store -- the question was on the same-store.
- Jinesh Joshi:** Right. And that's promoter-led thing, yes.
- Shwetank Singh:** Nitin will answer that.
- Nitin Khanna:** Can you just repeat your question, please?
- Jinesh Joshi:** Sir, if I remember right, on the Koramangala side, I think the promoters had given some loan to fund the project temporarily and there was some preferential issuances well. So now given the cash flow situation is better, I mean, have we repaid that amount is what I wanted to check.
- Nitin Khanna:** So you're right. So there was a INR200 crores ring-fencing, which was done by the promoters during the IPO, out of which INR40 crores we have already paid in the current quarter. And with cash flows getting improved in the coming quarter, we will pay as per our commitment.
- Moderator:** The next question is from the line of Vaibhav from YES Securities.
- Vaibhav:** Congratulations on a strong set of numbers. And congratulations, Shwetank for your new role. My first question was specifically on the MMR region. So with the opening of Fairmont in the vicinity of JW Sahar, our OTA channel check suggested the pricing for Fairmont was similarly in the range of JW Sahar?
- So given Fairmont is focusing on improving the occupancy at the expense of slightly lower ARR's, do you see that as -- that can potentially impact JW Sahar in any way in the coming quarters? That was my first question. And along with that, if you could just give a broad colour on the asset-wise operational performance for Mumbai assets, mainly on ADR and occupancy front?
- Shwetank Singh:** Okay. For the first part of the question, I don't know for what period and for what particular date you checked the rates for. And typically, these tend to go up and down depending on what the base occupancy levels are within the hotel on that particular date. So I wouldn't read too much into it if the check was for a 1- or 2-day period.
- However, having said that, whenever a new hotel opens in any micro market, there is bound to be some strain on existing hotels and that's the occupancy strain that we felt for this quarter. And finally, I would say that -- and Fairmont is very likely to try to position themselves on a rate front with our existing hotel. And therefore, I'm not too surprised that they are trying to peg the

price exactly where we are pegged at for any given day, at least on the open channels. Does that answer your question?

Vaibhav: Yes, yes. Perfect. And regarding your CRE portfolio, I just wanted to confirm what kind of occupancy run rate do you expect by the end of the year?

Nitin Khanna: So currently, we are at 77%. We are expecting some good leads coming in the....

Moderator: Ladies and gentlemen, we seemed to have lost the connection with the management. Please stay connected while we rejoin the management. Ladies and gentlemen, we have the management back on line with us. Sir, you may proceed.

Nitin Khanna: Yes. Apologies for this disconnection. I was talking about the CRE run rate, how it's proceeding. So we could see some good leads coming up in the coming quarters. Some of the clients have hard options. We see a positive optimism over there. We are expecting to land somewhere around 90% occupancies in the coming quarters.

Vaibhav: Perfect, sir. And you didn't provide the colour on the asset-wise ARR and occupancy in the Mumbai market?

Shwetank Singh: That's something we normally refrain from giving you exact numbers hotel by hotel. But if you go through our investment deck, you should be able to work that out is how I would leave it for you.

Moderator: The next question is from the line of Naveen Baid from Nuvama Asset Management.

Naveen Baid: Congratulations, Sanjay, on a great stint at Chalet. I just wanted -- a housekeeping question. In terms of the Koramangala project, how much of cash flows we are yet to receive net of the expenditure that we may have to incur in the project?

Nitin Khanna: Look, in the last call, if you remember, in the month of December, we did say that the total project when we see commercial and in the resi Phase 2 also coming up, in next 2 years, we will be getting a INR500 crores from the entire project. That's something from the entire project. For balance collectible, currently, we have around INR345 crores in the current project, whatever we have sold.

Naveen Baid: So, both put together, about INR850 crores we are yet to receive over the next couple of years.

Nitin Khanna: No, no. INR345 crores is including in that INR500 crores, yes.

Naveen Baid: Okay. Okay. Got it. And how much are we going to spend? I mean, of course, there's some phases which is still remaining. So how much are we going to spend over the next couple of years?

Nitin Khanna: I think the INR500 crores, which I gave is actually net of all the spends.

Moderator: The next question is from the line of Nikhil from Kizuna Wealth.

- Nikhil Poptani:** Congratulations on a good set of numbers. Sir, my first question is like what is our strategy for the Mumbai region, specifically JW Sahar? Like how are we going to build up our occupancy going forward? Are we going to cut down the rates because due to competition? Or we are going to have some strategy for it? Can you please highlight on that point?
- Shwetank Singh:** No. Let me first start by -- and I will hand it over to Gaurav to sort of fill us in. He's our Chief Operating Officer. But short answer is there is no reason to cut rates or there is no reason to sort of take a very hard stance on that. The way we look at it is we need to maximize our revenues through a RevPAR strategy at all times.
- And we will -- whilst we have to -- we are in a market where we will need to react to some of the competition, we broadly would hold to our long-term strategy and the way we see the market progressing. I'll ask Gaurav to add.
- Gaurav Singh:** Thank you, Nikhil. This is Gaurav. Continuing on what Shwetank said, we continue to look at our segmentation and our channels of business. Given that new inventory has been added in the market, the channels of business and also our segmentation is something that will keep changing.
- And we believe that going forward, there may be a change from transient to group and contract business. But in principle, we have very strong belief that we will have a good quarter and a good financial year even in the hotel that you just suggested.
- Shwetank Singh:** And finally, to round that off, we have very deep faith in the fact that Marriott brings on board a very strong loyalty program and that should hold us in very good stead in that market despite the growing competition.
- Nikhil Poptani:** Yes, that's great to hear and assuring. Sir, can you give us the breakup of how much is your airline business or contract business in our JW Sahar, MMR region basically?
- Shwetank Singh:** Whilst we do track that data, we don't have it in front of us right now. So, if you could e-mail it to us separately -- e-mail to us separately, we would write back to you and give you that data point.
- Sanjay Sethi:** I just want to add here, the airline business is not a massive business. And if you do want a reference point, the contract segment, which includes the airline crew business, in quarter 1 '26 was roughly 11% of the total room nights that were occupied.
- Moderator:** Ladies and gentlemen, as there are no further questions from the participants, I now hand the conference over to Dr. Sethi for closing comments.
- Sanjay Sethi:** Thank you so much, everyone. Thank you for your kind words. But do remember, I'm still here, another 6 months of an executive role to sort of have a fiduciary responsibility towards that. Shwetank, I and the rest of the team will work hard to make sure we deliver and build on the momentum that we've created, grow on the momentum that we've created, and I'm very confident that the industry is still not peaked out. I think the peak is another couple of years away, but we'll have a really good run for the next 4 years. Thank you and wish you all the best.

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.