

November 11, 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 (Equity)
976529 (Non-Convertible Debentures)
730295 (Commercial Paper)

Dear Sir / Madam,

Subject: Transcript of the Earnings Call in respect of the Unaudited Financial Results for the quarter and six months ended September 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 November 5, 2025, in respect of the Unaudited Financial Results for the quarter and six months ended September 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



“Chalet Hotels Limited
Q2 and FY '26 Earnings Conference Call”
November 05, 2025

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

Moderator:

Ladies and gentlemen, good day, and welcome to Q2 and FY '26 Earnings Conference Call, hosted by Chalet Hotels Limited. This conference call may contain forward-looking statements about the company, which are based on beliefs, opinions and expectations of the company as on date of this call. These statements are not guarantee 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 touch-tone 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, Danish. Good morning, ladies and gentlemen, and thank you for joining us for the Q2 FY '26 call.

As many of you know, I'll be stepping down as the Managing Director and CEO of Chalet Hotels Limited on 31st of January 2026. After 26 consecutive quarters of leading these calls, today marks my final one in this role. It's a deeply personal and reflective moment, not just the close of a chapter, but a celebration of a journey we've shared since listing. Every quarter has been more than a set of numbers. It's been a story of resilience, growth and purposeful evolution.

This quarter very excitingly also marks the launch of our new brand, Athiva Hotels & Resorts, a premium lifestyle brand for the affluent young. Athiva is built on three deeply thought-out pillars of joy, wellness and sustainability. For me, this represents a crowning milestone in our collective journey, taking Chalet from a successful portfolio of assets to a fully integrated brand-led hospitality platform.

We have also announced our maiden interim dividend this quarter, another proud moment that reflects the company's strong fundamentals and commitment to shareholder value.

None of this would have been possible without the exceptional team that powers Chalet's success.

I'm joined today by Shwetank, Nitin and Gaurav, leaders who exemplify our values and will now steer Chalet into its next phase of growth.

Before I handover to Shwetank and Nitin to take you through the results, please accept my heartfelt gratitude for your support, for the questions that pushed us to think sharper and for the confidence that inspired us to strive higher.

As I move into a non-executive role, I do so with immense pride and complete faith in this team and the path ahead. I remain, as always, a deeply committed stakeholder, confident that Chalet's next chapter will be even more inspiring and value accretive. Shwetank, the floor is yours.

Shwetank Singh:

Thank you, Sanjay, for the vote of confidence in this amazing team, which is poised to take this company forward. Good morning, everyone. I'm thrilled to be addressing you today. These are indeed exciting times for all of us at Chalet and for the Indian hospitality ecosystem at large. I step into this role with immense enthusiasm and humility. I'm deeply aware and energized by the legacy of Chalet that has been built over the years. We have consistently set benchmarks in hospitality ownership and asset management in this country.

In the last few weeks, we marked a new chapter in our journey. In the continuum of developing, owning, asset managing and operating some of India's finest hotels, we are now brand owners for some of our own hotels as well. As many of you are aware, and as Sanjay said earlier in his piece, the evolution has a name, Athiva Hotels & Resorts, where joy is on the house. A premium lifestyle hospitality brand, Athiva finds its roots in a Sanskrit word that means "Abundance". It is built on the pillars of joy, wellness and sustainability. This brand represents more than an expansion of our portfolio. It signifies a strategic advancement for the company, although at present, it is intended solely as a unifying name for our select properties.

Athiva made its debut with the transformation of the iconic 'The Dukes Retreat' in Khandala, now relaunched as Athiva Resorts & Spa Khandala, featuring 147 rooms and all modern urban resort facilities. This is just the beginning. We have identified 5 additional properties with 900 keys that will transition into Athiva over the next few years.

With that, let me now turn to our Q2 FY26 performance. It's been another solid quarter of growth and momentum despite the uncertainty being presented by tariff wars and geopolitical tensions, especially in the Middle East.

Hospitality revenue stood at INR3.8 billion, up 13% year-on-year, driven by a 16% growth in average room rates. EBITDA for the Hospitality segment grew 10% to INR1.5 billion.

Unfortunately, during the quarter, we faced some headwinds in the form of several rain-related disruptions, especially in our resorts in the North and uncertainty surrounding the impact of tariffs, which affected the travel sentiment and occupancy in some of our business hotels.

For the commercial real estate business, revenue grew 76% year-on-year and stood at INR738 million, EBITDA growing by 88% year-on-year to INR607 million. During the quarter, we recognized revenue of INR2.8 billion for 55 apartments at the "Vivarea" Bangalore.

Therefore, on a consolidated basis, which includes the residential project, total revenue rose 94% to INR7.4 billion and consolidated EBITDA grew 98% to INR3.1 billion. Excluding our residential business, our core hospitality and commercial business delivered strong double-digit growth. Revenues were up 20% year-on-year, while EBITDAs were up 25% year-on-year.

On the development front, construction at our upcoming Delhi Airport hotel is progressing on schedule with the opening expected in the first half of next financial year.

Our second commercial tower - Cignus 2 at Westin Powai Lake is also on track for completion in Q4 FY27. For our property in Varca, Goa, we still await the final approvals and aim to commence construction in Q4 of the current financial year.

During the quarter gone by, we have given our ESG initiative a brand name, Parivartan, which, as the name suggests, is our mission to make a change. You may recall that we had signed the three Climate Group commitments in 2021, and I'm happy to share that we have achieved 100% electric vehicles and electric vehicle charging stations in all our operating assets as of September 2025, ahead of the target date.

Business on books for the second half of the financial year remains strong, supported by a healthy demand trend across key markets. We expect a robust performance, particularly from our leisure portfolio, driven by festive and holiday season, increased domestic travel and commencement of the MICE season.

Additionally, continued traction in weddings, socials and international inbound travel is expected to further support growth. Business from the corporate segment is also witnessing improved booking momentum. Overall, we remain very optimistic of a strong operating performance in the second half of the year for our business locations as well.

To summarize, our double engine strategy of owning high-quality hospitality assets, complemented by annuity yielding commercial real estate continues to serve us well. It gives us a solid foundation to pursue organic growth, brand expansion and selective acquisitions, all while maintaining disciplined capital allocation and a strong balance sheet.

As we step into the next phase, I want to emphasize that Athiva is not a pivot. It's an evolution in our journey. It strengthens our developer and owner DNA while positioning us for the future, one defined by experience-led travel, conscious luxury and warm Indian hospitality.

The path ahead is full of excitement, learning and opportunity. I'm deeply thankful for our Board, our teams, our partners and of course, to you, our investors, for your continued trust and support. Together, we will continue to build on the legacy of strong foundations to create enduring value for all our stakeholders.

With that, I'll now hand over to you, Nitin, and you can take everyone through the financial details of the quarter.

Nitin Khanna:

Thank you, Shwetank. Good morning, ladies and gentlemen. It is my pleasure to welcome you once again to the earnings call.

On a consolidated basis, our total revenue surged 94% year-on-year to INR7.4 billion, while EBITDA rose 98% with margins expanding by 75 basis points to 41.4%. This includes revenue recognition from sale of residential apartments at the Vivarea, Koramangala, Bengaluru, where we handed over possession of another 55 apartments during the quarter.

Revenue recognized from residential project during the quarter amounted to INR2.8 billion. Excluding the residential project year-on-year, revenues grew 20% to INR4.6 billion. EBITDA increased 25% to INR2 billion with a robust margin expansion of 144 bps to 43.4%.

Revenue from our hospitality business rose 13% year-on-year to INR3.8 billion. RevPAR increased by 5% to INR8,115. ADRs jumped 16% year-on-year to INR12,170 supported by a

strong rate performance in both Bengaluru and Hyderabad markets. On a like-for-like basis, which is excluding The Westin Resort & Spa Himalayas, revenue grew 10%, ADRs grew 14%. Occupancies dropped 4 percentage points, resulting in an overall RevPAR growth of 7%. Overall occupancy stood at 67%, lower by 7 percentage points year-on-year.

Disruptive weather conditions with long spells of heavy rainfall across the country impacted travel patterns during the quarter. Occupancy was also impacted by the gradual ramp-up of newly added inventory at the Bengaluru Marriott Hotel and the seasonal softness at the Westin Resort & Spa Himalayas. Both assets are expected to contribute meaningfully in the second half of the year, as highlighted by Shwetank.

We continue to remain committed to maintain efficient cost structures with focus on enhancing operational efficiencies. EBITDA margins moderated to 40% from 41.4% last year. However, on a like-for-like basis, EBITDA margins were stable at 41%. The margin contraction in quarter 2 was due to transitory impact on account of newly added assets, including resorts in the ramp-up phase. With strong execution and disciplined asset management, margins shall improve as these assets stabilize and operating leverage kicks in.

Revenue from our commercial real estate business rose 76% year-on-year to INR738 million with a September exit run rate of INR245 million revenue per month. EBITDA increased 88% to INR607 million, yielding an EBITDA margin of 82.3% in our commercial real estate business. Currently, occupancy across our commercial real estate portfolio stands at 77%, including a recently signed letter of intent during the quarter, the committed occupancy stands at 79%.

For the residential project, during Q2, we sold 7 units at an average rate of INR21,300 per square feet. A total of INR1.3 billion of cash flows were generated by collections during this quarter. As of September '25, cumulatively, 314 units have been sold from a total inventory of 321 units of the entire residential project.

Additionally, we have repaid an amount of INR2 billion towards preference share capital from promoters. On net debt, our net debt stood at INR20.9 billion with the average cost of finance contracting by 38 bps quarter-on-quarter to 7.62%. We maintained a healthy liquidity position of INR2.9 billion at the end of the quarter.

I'm also glad to convey that we were able to raise INR1 billion through our maiden issuance of commercial paper at a fixed coupon of 6.1%, which was rated A1+ by CRISIL ratings. Additionally, ICRA upgraded the credit ratings for Chalet Hotels from A+ to AA- stable for long-term credit.

Today, the gap between our blended finance cost and the RBI's repo rate stands at 212 basis points, which is a clear reflection of the strength of our balance sheet, the credibility which we have built with our lenders and our continued ability to access capital at increasingly competitive rates.

To add to that, it is also interesting to note that our total debt servicing is now covered by our cash flows from the Commercial Real Estate segment, which enables the hospitality business to pursue further growth accretive activities.

On the capital allocation front, the capital work in progress and the assets pending operationalization amounted to INR6.6 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 INR25 billion over the next 3 years, primarily funded through our internal accruals. The company's balance sheet continues to provide the financial muscle necessary to pursue potential strategic opportunities in the future.

Marking another key milestone in our growth journey, I'm pleased to share that the Board has declared an interim dividend of INR1 per share. This represents the company's maiden dividend declaration, reflecting our commitment to reward the shareholders while maintaining a disciplined capital allocation framework. It also reflects the strength of our balance sheet and the confidence we have in our performance going forward.

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

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| Moderator: | Our first question comes from the line of Vikas Ahuja from Antique Stock Broking. |
| Vikas Ahuja: | Congrats on a good quarter. My first question is regarding the rebranding of Dukes to Athiva. Although it has been only a few weeks, could you share any early trends in occupancy or ARR following the brand transition? Additionally, with the repositioning of the property under the new brand, should we build in any impact on margins in coming years due to increase in sales and marketing investments? |
| Sanjay Sethi: | <p>Vikas, as you rightly said, very early days as far as Dukes trends are concerned. I can tell you, it's been very positively received. The guest feedback have been astounding. The experiences are true to the brand that we've launched. And we believe with this foundation being strong, the resort will do extremely well.</p> <p>We do expect that in about 3 to 4 quarters time, it would have reached stable occupancies of the mid-60s, and the margins should be high. On the sales and marketing front, we don't expect any material change in this.</p> |
| Vikas Ahuja: | <p>Okay. The second question is with the addition of new properties, and we saw that in the dip in the occupancy, the Bangalore and Athiva formerly Dukes. Do we expect occupancy to come back above 70% in second half because we did talk about the occupancy moving up in second half in the presentation?</p> <p>Also, for the medium term, what should we consider as a steady-state occupancy levels across portfolios, particularly for business hotels versus resorts, properties like Aravali or Himalayas, maybe you have started reporting a consolidated number around that.</p> |

- Sanjay Sethi:** Vikas to continue with the answer on your question. We do not expect any impact on margins because of sales and marketing costs. These hotels were anyways run on an individual basis. Whilst we've had a onetime cost, which is going to be absorbed in this coming quarter, on the launch of the brand, there's no major ongoing cost to worry about. So margins will continue to hold strong.
- Vikas Ahuja:** Sure. I will just repeat my second question. Thank you for the answer. Second one was with the addition of new properties, the Bangalore Marriott, Athiva, formerly Dukes. So we saw a dip in occupancy. We reported around 66 point something percent. So do we expect occupancy to move back to above 70% in second half? Because in the presentation, we did mention that occupancy levels should stabilize in the second half. And for the medium term, what should we consider as a steady-state occupancy levels across portfolios, particularly for business hotels versus the resorts?
- Sanjay Sethi:** So Vikas, we don't give forward-looking numbers, but I can assure you that the second half is going to be robust and strong, and we should be back to the occupancies that we've been delivering in the past. This is a 1 or 2 quarter blip on account of new inventory addition. We've added 166 new rooms. It takes time to stabilize those rooms and we expect this to fall back into normal space very quickly.
- Vikas Ahuja:** My final question is the lease space revenues increased only marginally this quarter, around INR60 lakhs during the quarter. Should we interpret this as a minimal change in occupancy levels at Powai and Bangalore? Also, by when do we expect full 0.9 million square feet at Cignus 1 to be fully leased? And what will be the monthly run rate for rentals expected once we have full occupancy before Cignus 2 starts flowing in?
- Nitin Khanna:** So leasing activity was muted this quarter, primarily as discussions on a few key accounts, they are still underway. In the next quarter, probably you might see some good news coming in. We continue to prioritize quality over pace in terms of tenant selection. So that's the reason it's a little slow. From my earlier statement, exit of March, we are still expected to exit at INR30 crores per month rental. Currently, it is at INR24.5 crores per month.
- Moderator:** Our next question comes from the line of Dipak Saha from Nirmal Bang Institutional Equities.
- Dipak Saha:** Just one question on the Athiva side. Sir, if you can share your broad thought process on ultimately when, I know these are early days, but once it matures, do we have plans to finally enter into management contracts and those sort of portfolios with Athiva?
- Sanjay Sethi:** So Dipak, what we've done today is strung together the individually named properties that we were operating. That's what we're going to do over the next 6 months or so. There will be 3 hotels under this. We've got another 3 hotels, which will be developed under this brand, 2 in Goa, 1 in Trivandrum, that will take us to 6.
- But as we continue to develop and look at new assets owned by us, we will continue to evaluate them for Athiva separately. And if they do justice to Athiva or Athiva can do justice to them, they will be Athiva. But that doesn't stop us from working with other brands. Some of the bigger

hotels and big cities with international demand will continue to be partnered with international and Indian brands, which are large in nature and distribution capabilities.

To answer your final part of the question in terms of an asset-light or managing hotels for others, look, at the moment, we don't have any timeline in mind. I don't think it's imminent. But what we've done is we've created a springboard for an asset-light business at some point of time, sometime in the future.

Dipak Saha:

Sir, secondly, on the resort portfolio, I mean, the blip that we had for 2 quarters, right? And you alluded to the fact that in the coming quarters are looking very strong. So just trying to understand if you can share some color from occupancy and ARR point of view, is it that occupancies will revert back to the normal levels or you are seeing occupancies higher than last year and how the ARR's are shaping up from a booking point of view for H2? How is the trend on that front?

Shwetank Singh:

So basically, the issue that we have had with resort is only temporary. It was driven by, as Nitin also pointed out and I said in my speech earlier, it was driven by very adverse weather conditions, particularly in the Himalayas, we were 57% higher rainfall than long-term average, for example.

The auspicious dates also tend to move year-to-year. And unfortunately, in this period, we didn't have those dates like we had last year. Further, what made the situation slightly more difficult for us is the fact that we had lesser long weekends this year as compared to last year. So when all this were put together, we experienced lower-than-expected occupancy for this quarter.

Second half of the year is very strong. The social dates are coming back, and that should also make us get better at it. It will be difficult to predict an exact occupancy level, but we do expect it to be really strong, both on occupancy and ADR. And therefore, the business should come rolling back. The impact that this kind of a performance has on margins will also get corrected in the second half. So we remain very bullish.

Dipak Saha:

And on the Khandala portfolio, sir, the additional keys that we're talking about, the Phase 2 was expected, I think, in Q2-Q3 FY '26. Any update on that part? And will we have full impact on Q3 and Q4?

Shwetank Singh:

Yes. So actually, the 147 rooms in Khandala, we were only short by about 25 keys, and that's ready. In fact, we have our first sold out date coming on 14th of November, so when we had sold out for all 147 rooms. So that's done. So we will get about half of this quarter getting the entire key count at Khandala.

Dipak Saha:

And Q4 will have the full impact?

Shwetank Singh:

Yes, Q4 will have the full impact.

Dipak Saha:

Sir, last question from my side. I know you don't share specific guidance, but just broadly trying to understand, despite all these headwinds, if I go by your presentation, first half, we have delivered INR312 crores odd EBITDA on the hospitality side, which is a 15% growth.

And last year, if we see Q3, Q4, we had INR407 crores, INR408 crores H2 kind of an EBITDA number. So on those higher basis, is it safe to assume that given you're seeing strong traction on the leisure side and business continues to be strong given less number of holidays and continued working days, kind of a mid-teen to early 20s EBITDA growth is still possible?

Shwetank Singh: You will get me to answer that somehow. But broadly, I would say that absolutely, we should hit that and hopefully better.

Moderator: Our next question comes from the line of Abhay Khaitan from Axis Capital.

Abhay Khaitan: So firstly, I would like to congratulate Dr. Sethi for his great stint at Chalet and wish him continued success in his next endeavors as well. So my first question is on Athiva again. So just wanted to understand the kind of positioning that Chalet is thinking for Athiva or if there is any comparable brand that we can think of on how Athiva is going to be positioned going forward?

And even if we look at the assets that is there in the pipeline, so Goa and Trivandrum were the ones we already knew, but the Aksa Beach and the Navi Mumbai, I believe they are the properties of the Raheja Group. So will they be part of the Chalet portfolio now? Or will they be something which is outside Chalet portfolio but still be managed by them?

Sanjay Sethi: Abhay, thank you for your kind words. As regards to my next endeavour, it's to actually retire. So thank you for that. Coming to your questions, I'll answer The Resort and Four Points one first. Four Points is very much a part of Chalet Hotels, just so that we're clear on that.

The Resort, Madh Island will convert to Athiva as a management contract. So in that case, we will have an asset-light play, but internal to the group. We are not going out. So this was one part of your question. There was one more regarding the positioning. So we are positioned for the affluent young travellers with the millennial and the Gen Z mindset.

In terms of brand positioning, because you'll find it difficult to otherwise understand, whilst we categorize between upper upscale and upscale as the category that we will play in, and there will be a variation for that, we do not sort of tie up into these horizontal lines that consultants tend to divide the segmentation into.

But if you were to look at comparable hotels in a micro market, we would be akin, and I'm naming some brands here just for the sake of clarity, we'll be akin to the Marriott within the Marriott portfolio, the Taj in the Taj portfolio, the Hyatt Regency in the Hyatt Regency portfolio, the Hilton in the Hilton portfolio. So that's our positioning, which is 5-star and 5-star Deluxe.

Goa, one of the resorts is going to be at the higher end, it will be a luxury resort. The other one will be pretty much a 5-star Deluxe hotel. So I hope this answers your question in terms of positioning. And at the end of the day, the positioning is how you position your product offering and your pricing in that specific micro market. So it will be driven by the micro markets, brands that play in that market. But I hope I've been able to throw some color on where this is positioned.

Abhay Khaitan: Yes indeed. This is very useful. So my second question is on the city-wise performance that you have reported for the quarter. So while Hyderabad, Bangalore has seen very strong ARR growth,

we saw Mumbai at low single digits in terms of ARR growth and NCR has actually seen a decline. So is there any particular property within Mumbai that is causing this sort of trend? Or is it like a broad-based trend? That's part number one.

And number two is that are we seeing some improvement given that October is completed. What sort of improvement have we seen in October so far?

Shwetank Singh:

Abhay, it would have been nice to have your best wishes for the new team as well, but we'll take that as a granted. To your first part, in Mumbai, our 2 big boxes are in Powai and Sahar, as you're aware. And Sahar has seen some supply of late, of about 1,000 rooms. And what that has done is, on compression days, it takes away some of the occupancy that was earlier available to move to the Powai area also. So that's been one impact of the new supply.

Then the fact that we do have a competition next door is beginning to at least show some effect on the banquet business and the conferencing business, and they have started to make some impact. However, during this period, we have still managed to grow our market share at Sahar by 3 percentage points. So that's the good news story.

We don't expect this to be necessarily the case going forward. We do expect the second half to be really strong. And as MICE and corporate business comes back and social also starts to make an impact. So overall, I think despite the new supply, we have done fairly well in both the markets overall.

Abhay Khaitan:

Okay. And any improvement in October, any trend that you can maybe share so far?

Shwetank Singh:

October wasn't necessarily very strong. But overall, we have still done well. But it is always best to see October performance typically along with November. So when you see October and November put together because of the movement of Diwali and Dussehra, which happened both in the same month, that's when it is best to comment on the overall performance. But we continue to maintain that our quarter is very strong, and we will put out very good results at the end of this quarter as well.

Moderator:

Our next question comes from the line of Prashant Biyani from Elara Capital.

Prashant Biyani:

My questions are on Athiva brand. Sir, when we are seeing regional or small or unbranded hotels tying up with large branded chains, while neither we are a small company nor a regional operator, but what made us to take this step to carve out our own brand?

Sanjay Sethi:

Good question, Prashant, and thank you for all the updates that you keep sending us on the industry, very interesting data points. Look, Prashant, it was like this. We were anywhere running three hotels individually named. And we are going to build more, which would again have individual names. It did make sense to do that. I thought there was value to be created by stringing them together with a common name.

So in a sense, what we've done is we've strung the individual named hotels, which we were running ourselves anyway with a common name and thereby creating some value through synergies, through scale, size and at some point of time through the brand itself. So this is what

we've done. You're right, it's a crowded brand market. You're right, there are regional players. I think what we've come here and done is we've put in a lot of effort and thought behind this over the last few years.

We have built capabilities on the operating, sales & marketing, distribution and talent side. And now we're putting them to play because these abilities, capabilities and resources were already available, we put them all together to create a brand, which is for internal use at the moment.

We think it's a positive move, which is going to both be value accretive on the P&L as well as going forward, it can potentially open up a new business vertical for us sometime down the line as an asset-light business vertical.

Prashant Biyani: Sir, can you give a detailed elaboration of your marketing strategy for Athiva as without the support of distribution network of international hotel chains, getting optimum occupancy at high ARR could be a herculean task?

Sanjay Sethi: So just let me begin with the Athiva first. When we bought over Dukes Retreat, when it was the Dukes Retreat, it was operating at roughly around 70% occupancy with an average room rate of INR8,000 with 80 rooms. Today, we have close to almost 147 rooms ready. We are operating at INR14,000.

Our occupancies will build up to similar occupancies despite 80% expansion in capacity at some point of time. So number one, all the hotels that we are looking at are largely being addressed by domestic markets. And to address domestic markets and do well with them, will not be a problem at all. It will largely be done through our sales team, which are in Pune and Mumbai.

All three hotels that we are speaking in right now, 80% of the market, maybe even larger lies within only Mumbai and Pune. And that market is already covered by our sales team. It's been covered for the last 1 or 2 years now. So we've got that covered. We may not have global distribution at this point of time. But right now, the domestic demand is enough to fill up these hotels with very encouraging rates.

Shwetank Singh: To add one more point to it, just to remind you that we have spent a significant amount of capex in both of these properties to reposition them to a much higher level. And that is always helpful when you start off with a new brand. So that should also add to all the stuff that Sanjay just said.

Prashant Biyani: Right. And sir, without any forward-looking numbers, once Athiva brand stabilizes, how much incremental EBITDA can you make with your own brand vis-à-vis if you would have continued with the current business model of a third-party brand? I just wanted to get a sense is the incremental financial benefit, will it be such a magnifying number that you resorted to moving with your own brand rather than continuing with a third-party operator?

Sanjay Sethi: No, I think that's not the way we are looking at it. It's not about incremental or massive expansion of EBITDA margin. I'm saying today, if we can maintain the EBITDA margin and the absolute EBITDA contribution and grow the revenue at the market pace and have a market share solid in place, we are good to go. It's not a major commitment on the cost side.

The question is why not have a brand of our own. And I think more importantly, it's today only 5% of the play of the total portfolio. And it's not necessarily the biggest thing that we have going. I think the biggest thing that we have going is the 95% of the balance portfolio that continues to rock the market. This brand is ancillary for now. At some point of time, it can become a major play in our scheme of things.

Moderator: Our next question comes from the line of Adhidev Chattopadhyay from ICICI Securities.

Adhidev Chattopadhyay: So first question is on our Delhi Airport hotel now that we are close to the opening. Could you help us understand how we will scale up this hotel? Will it be a soft opening or a full-fledged opening at one go? And if you could just let us understand what sort of position will this hotel have? I know it will be branded as a Taj, but will it be more a MICE driven hotel or you'd like to also bring in weddings or how will the overall demand mix be over there? That's the first question.

Shwetank Singh: Adhidev, so in this hotel, we are uniquely positioned because we are actually doing the fit-outs bottom up. So the rooms will be fitted out post the fitting out of the public area. So what that does is that it allows us to open with partial inventory as well. And we would certainly like to do that so that we are quicker to the market and start to get revenues into the portfolio.

In terms of positioning, yes, it is a franchise with IHCL. It was the first franchise that IHCL gave to anybody showing that how deep the faith is in the ability of Chalet to operate these hotels to the right levels and standards of operations.

It will not be a MICE hotel. It will not be a Shaadi hotel at all. It will be a very transient-driven hotel. And in fact, we expect occupancies to be really high. And on certain days, we even expect it to be more than 100% where we can keep turning over the rooms through the day. So that's how we are positioning it.

Yes, it will also be a good location for senior leaders to meet up or small meetings to be held. We have multiple boardrooms where we can accommodate these small meetings and smaller sort of get togethers.

May I just add to that to complete the answer to your questions that we will be leveraging the partnership that we have with Taj here. Their distribution, their loyalty program, their sales and marketing will all come into play. So that's something that we will be banking heavily on, and we look forward to doing extremely well with this hotel.

Adhidev Chattopadhyay: Sir, just to continue, so the rates, broadly, will they be comparable to hotels in Aerocity? Is that the sort of thing? Or you will be, as you said, more occupancy focused rather than ARR focused over here, just to understand the product.

Sanjay Sethi: The rates will definitely be competitive with the similarly positioned hotels in Aerocity.

Adhidev Chattopadhyay: Okay. The second question is on the Vivarea residential project. Now that obviously, we have been booking the revenue. And could you just help us understand the promoter loan and how it will be retired? Or has it already been done? What are the plans over there?

- Nitin Khanna:** Adhidev, I think in my opening statement, I had already told that the INR200 crores of promoters pref shares has already been paid off. The earlier ICD, which they had given, that is also paid off in the earlier 2 quarters. So as of now, from a promoter perspective, the entire loan and pref shares have been closed.
- Adhidev Chattopadhyay:** Okay. There is no other pending carry or anything which is there. Sir, then just if you can help us broadly understand what is now the residual cash flow broadly which Chalet may get pretax or post-tax, whatever you could share incrementally from here?
- Nitin Khanna:** Yes. Resi projects normally the cash collection happens in the initial phase while you are launching those projects. There are 3 projects. First project we have just handed over. The second project will be in FY '27. The last project, which is the commercial project will get handed over in FY '28. So we still have some time to think over it, whether the commercial will be on purely sales basis or we really want to lease that out.
- So from a pure cash flow perspective, for residential, I think I have already earmarked that for this project we will be releasing around INR250 crores in Chalet's balance sheet post payment of INR200 crores to the promoters.
- Moderator:** Our next question comes from the line of Hrishikesh Bhagat from Kotak Mutual Fund.
- Hrishikesh Bhagat:** First is on this Athiva, new brand. So will it any way change upcoming renegotiation with our third-party license or any commercial arrangement? Or is there any noncompete clause we have with our existing licenses or brands which we have already?
- Sanjay Sethi:** Hrishikesh, no such non-compete clause. In fact, all our partners, whether it's the Marriott or the Accor who are already working with us, they have been briefed well in advance about this launch. They are very encouraging. In fact, they said there's no better time to launch a brand than now, and they have supported us in this journey.
- They have been partners with us for 25 years, and they are equally excited about Chalet launching its own brand and they are supporting this thing. In terms of any new contracts, we don't have any upcoming immediate kinds of contracts, except the one at Vashi, which will convert to Athiva and that the brand is very well aware of.
- Hrishikesh Bhagat:** Okay. The second question was related to that only. You said the coming soon in Athiva, the new Navi Mumbai, it's that Vashi Sheraton that will get converted into that.
- Sanjay Sethi:** So, they are going under major renovation, it's going to be repositioned to compete against the upscale hotels or upper upscale hotels in that market now. It has been fully gutted out and redone. It's come out beautiful. I mean, it's hard work, but it will be done by end of December.
- Moderator:** Our next question comes from the line of Jinesh Joshi from PL Capital.
- Jinesh Joshi:** If I heard you right in the opening remarks, you mentioned that we have sold approximately 314 units out of 321 at Koramangala. But if I look at our balance sheet, the figure of inventory, which I presume largely pertains to the real estate project is down from INR630-odd crores to about

INR309 crores. So there is a 50% reduction in inventory, but a considerable portion of our units have been sold. So if you can just help reconcile these numbers?

Nitin Khanna:

So from a pure accounting perspective, what happens is the entire construction comes and sits in your inventory. And while we are handing over these units, which is handing over the possession, the revenue gets built and the cost gets taken out from CWIP and it gets accounted.

The collection, which we get from selling of these units, which are still under construction, lies as a liability from an accounting perspective. So when for these 150 units, when the accounting happens, there is a revenue which gets booked. There is a cost apportionment happens, so result in there is an EBITDA.

The third part is basically the collection goes out and there is a debtors which gets recognized in the system. If there is a pending collection which is probably the 5% or the 2%, which remains, that is shown as a net debtor in our balance sheet. So this is how the accounting happens.

And on your second question on the inventory. So the Phase 2, which is under construction, which probably we will be handing over in FY '27, plus the commercial, which we are just starting, which is shovel to the ground. That also entire amount comes as a part of our inventory.

Jinesh Joshi:

Understood. And sir, one clarification required. I think earlier you also mentioned that in Sahar because of competition that has come next door, it has impacted our banquet and conference business. Now I know that we don't give out any specific property-wise ADR and occupancy numbers. But can you give us some color as to how the occupancy and ADR is trending at Marriott Sahar post the new competition coming up?

Shwetank Singh:

As I said earlier, despite the fact that the market has seen new supply and it's nearly 1,000 rooms, we still have grown our market share by 3 percentage points. So we have done quite well overall. When I mentioned that there was some impact on the banqueting business, it's because the market has become slightly more competitive, which means we have to price ourselves accordingly. And that's the only adjustment we have done overall.

So the immediate future, the quarter that we are going through and the next quarter, they all seem strong and will continue to grow.

Sanjay Sethi:

May I just add that I think it's important to understand that with the 400 change rooms of the Fairmont that open next door, JW Marriott Sahar still continues to grow. Just want to highlight that part.

Jinesh Joshi:

Sure, sure. And lastly, if you can just give out the breakdown of the capex figure that you have shared that it will be about INR25 billion over the next 2 years, if you can give out some breakdown?

Nitin Khanna:

So Jinesh, this is for all the announced projects. I can't give you a split of each and every asset, but this is spread through 2 of the Goa properties, the DIAL pending work, which we are doing, The Dukes, which probably will be handing over in the coming quarter and the Hyatt in Airoli.

So these are basically the capex projects. Along with that, we will be finishing the Phase 4 commercial in Powai by next year, and there is a refurbishment for all the other hotels.

Moderator: Our next question comes from the line of Sameet Sinha from Macquarie.

Sameet Sinha: Can you talk about the leasing business? I mean it seems like the incremental leasing activity was kind of weak. What are the dynamics there? And secondly, talking about the new brand, Athiva, wishing you all the success with this. And if it becomes successful, do you think there's an opportunity to have a management fee sort of strategy? I think I heard the word asset-light being mentioned. Is that what was being referred to?

Sanjay Sethi: I'll take the Athiva part first. Look, for now Athiva is intended for internal use. We've got 6 assets identified which has been either converted or will convert to Athiva over the next few years. As we keep adding new assets to the portfolio of our own assets, we will continue to evaluate whether they will be Athiva or we'll work with other partners, especially if there is global distribution required for those hotels. So everything will be done on individual level. That's the first part.

Second part on the asset-light strategy, there's no announced strategy as of now. But what we in a sense by launching Athiva created a springboard for some asset-light opportunity at some point of time, we don't know when at this point of time. It's a silent value creator that's lying within our folds.

Nitin Khanna: Yes. On the commercial real estate overview, so currently, as you know, we have around 2.3 million square feet, the total GLA available, out of which we have already leased out 1.8 million square feet. The total leased percentage is around 77%.

Last 2 quarters have been a little muted because primarily the discussions were going on with a few key accounts. There is some announcement which is due in the coming quarter. And we continue to prioritize our quality over pace in terms of tenant selection.

Sanjay Sethi: I think what we've been able to achieve, Sameet, with that is the lease rentals have gone up with the strategy that we followed because once we establish higher lease amounts, and they are significantly higher than what we had indicated initially, and they continue to climb as we speak, we believe that it will stand very well for future.

Shwetank Singh: And finally, to add that if you look at the commercial real estate market overall, the absorption has been higher than the supply. So the occupancy levels are actually improving throughout and so are the rates, either they're remaining stable or increasing in most of the markets that we are in. So we are not necessarily worried. We are actually taking our pick and taking our time to decide who to go with.

Moderator: Our next question comes from the line of Vaibhav Muley from YES Securities.

Vaibhav Muley: My first question was on our overall business portfolio. I noticed some diversion trends into our MMR and others market. So our MMR portfolio has actually reported relatively lower ADR

growth, while there has been a minor dip into occupancy. But our overall business portfolio has reported almost 390 bps dip in occupancy, but ADR growth has been pretty significant.

So has this been a strategic call where we have focused more on occupancy expansion or maintaining occupancy in MMR region, while in other markets like Pune, Bangalore and Hyderabad, we have focused on ADR growth at the expense of occupancy. And just related to this question, if you could also share some broader demand trends for Pune, Bangalore and Hyderabad markets?

Gaurav Singh:

For the MMR region, I think there's been consistent questions that came in the past callers as well, which we were able to give a sense of. Essentially, with the market having addition of inventory of supply come in over the last year or so, particularly in the airport belt, we've had to strategize accordingly and have shifted our strategy towards remaining competitive and ensuring that we still continue to grow our market share, which is what has taken shape in MMR.

In the other markets in Bangalore and Hyderabad, as you suggested, it has not been a strategy to drive just the rates and not look at the occupancy. It is actually the addition of additional rooms that has dropped the occupancy relative to what it was in the previous quarters. As we ramp up those rooms, we believe that we will be able to go back to our original occupancy levels and in fact, get better than that. And the same story remains with Pune as well. Last year, we added additional rooms in our Pune inventory, and that has also been now absorbed. We are continuing to get same-store in Pune growth numbers on month-on-month and quarter-on-quarter, showing positive growth in Pune.

Rates have been very, very strong in Hyderabad, Bangalore and Pune, and that has been the case across the markets, and we've actually been on the better half of that from the market as well. When we look at our share, we've been gaining market share, particularly on the ARI index, growing that by large single-digit growth in some markets to almost double-digit growth in the Bangalore, Hyderabad markets.

Shwetank Singh:

And just to finish Vaibhav, all the three markets that you said, have been really strong and buoyant overall, and we have taken full advantage of that and improved our position. Hyderabad case in point being, we've now rocketed to number one position in our competition set, and we intend to stay there. So we have done better than the market in all the three markets.

Vaibhav Muley:

Understood, sir. My second question was on our Airoli project and our Kerala project. So has there been any additional update in both of these projects? So we did mention a delay in the approval for Airoli because of the NGT approval being moved to Central. Now when do you expect this project to commence? And any update on the timeline? And same on Kerala as well?

Shwetank Singh:

Okay. So on Airoli, there's been definite positive movement. The Supreme Court order has come through. And the cases are now being signed off on. We are in the queue, but we expect over the next 2 months to 3 months for Airoli approvals to come through. So we are definitely on a much better footing than where we were last time when we were more or less in a limbo.

With respect to Trivandrum, the file is making its movement through the corridors of the government. But it's the overall sentiment towards the project in the bureaucracy and the

government stays very positive. And so are we getting more and more positive about the Trivandrum market. So hopefully, that will move, but it's difficult to give you a timeline on Trivandrum in particular.

Moderator: Our next question comes from the line of Rajiv Bharati from Nuvama.

Rajiv Bharati: So my question is on Airoli. So as and when this approval comes in, I mean, do we get, let's say, additional FSI there? Is there any chance we increase the room count or any other facility in the thing? And are we still sticking with the Hyatt brand? And is there a chance that we move to some other brand or Athiva by any chance?

Shwetank Singh: So let me answer the second part. That's an easy answer. We have already signed the agreement with Hyatt Regency. So we continue to stay it's a franchise and that's a space that we like. So we will stick to Hyatt Regency. Just as a reminder, this is actually a building where the shell is being handed over by our sister company, Mindspace on a lease model to us.

So actually, it is a mixed-use building with commercial and parking in the bottom few floors and the hotel actually starts from 27th floor onwards, thereby giving us the best views that are possible in that area. So there is no question of FSI change as of now.

And we have a substantial inventory coming up. I think it's over 270-odd rooms that we are expecting to come in that hotel. So it's a number that we like. And with the new airport coming up in Navi Mumbai, we expect that market to be really favorable in the coming times. And I think we are timing this hotel quite well overall.

Moderator: Our next question comes from the line of Nikhil from Kizuna Wealth.

Nikhil: Congratulations on a good set of numbers. Sir, we saw occupancy as well as ADR dip in the NCR region. So can you explain what caused this dip? And how are we going to get back the traction?

Shwetank Singh: Okay. Just to clarify, when we say NCR region, that's one hotel for us. That's the Courtyard Marriott in Aravali. So the first thing that I would like to remind you is that, as we speak, undertaking a rebranding exercise on that, and it will be launched as Marriott Hotel & Resorts in the coming quarter. So that should help with the numbers.

We have had a slightly disappointing performance there, mainly because of the reasons that I had cited earlier on, which was, (a) weather related and (b) change in social dates. And generally, this quarter is a difficult quarter for Delhi because the weather conditions are not exactly favorable. Second half of the year remains very strong. What's coming through is a very strong October, November, December. So we are not very worried about it, and I think we will continue to grow there.

Nikhil: And sir, would you provide us your outlook on the wedding season that is coming on? How are the bookings? And as we said that we had a competition in the banquet region in Sahar. So how is that outlook going to be?

- Gaurav Singh:** So the wedding season typically is based on auspicious dates in the year. And the last quarter that we are speaking of at the moment did not have even one auspicious date in the whole 3 months that passed by. What that has done is that it has obviously moved these dates into other quarters. And the coming quarter, which is quarter 3, is looking extremely buoyant with that.
- We see very good signs at the moment with strong bookings in our books. And even Q4 seems to be pacing extremely well with that. So the second half of the year, in general, is looking positive from a wedding business perspective.
- Moderator:** Our next question comes from the line of Pratik Oza from Systematix Securities.
- Pratik Oza:** So our core hospitality revenue grew by 13%, but EBITDA margin contracted. So on Slide number 9, it was mentioned that payroll as a percentage and utility increased by 20 bps and 70 bps, respectively.
- So my question is how much of this margin pressure is a temporary effect from the 166 new rooms which we had added in 1H and that are still in the gestation period versus a more structural increase in our underlying cost base for power and talent?
- Gaurav Singh:** We did speak about the opening of 166 rooms, and that's been the real impact on the payroll because while the teams have been hired and they have been trained and then put on the job, we have not started to actualize revenues from these rooms the way that we would in a stable environment.
- As we stabilize our occupancies in the coming few months, we see that this payroll margin will fall back in place and so will the margins on the whole. We are quite confident in the coming quarter that it should be back to where we've seen it in the past and in fact, better than that.
- Shwetank Singh:** So the short answer is that it's not structural at all. It's temporary as we stabilize.
- Moderator:** Ladies and gentlemen, in the interest of the time, that was the last question for today. I now hand the conference over to Dr. Sethi for the closing comments.
- Sanjay Sethi:** Thank you once again, everyone, for joining us for the call. We are very positive about the way forward, both H2 and the coming years look very exciting for Chalet Hotels. Athiva is clearly something that has excited all of us internally. And we'll always remain available for any queries or questions that you may have. So please do feel free to reach out to us.
- I also want to share with you that Deepak has joined us to head Investor Relations in place of Ruchi, who's taken on a new role outside. So a warm welcome to Deepak, and he'll be available for coordinating anything that you may need to coordinate in the future. Thank you so much.
- Moderator:** Thank you, sir. Ladies and gentlemen, on behalf of Chalet Hotels Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.
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