

May 14, 2025

Q4FY25 Result Update

Change in Estimates | Target | Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	BUY		BUY	
Target Price	1,130		1,108	
Sales (Rs. m)	21,817	24,492	21,823	24,549
% Chng.	-	(0.2)		
EBITDA (Rs. m)	9,935	11,167	10,064	11,341
% Chng.	(1.3)	(1.5)		
EPS (Rs.)	22.3	26.2	22.8	26.8
% Chng.	(2.2)	(2.5)		

Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	14,173	17,178	21,817	24,492
EBITDA (Rs. m)	5,846	7,359	9,935	11,167
Margin (%)	41.2	42.8	45.5	45.6
PAT (Rs. m)	2,386	3,450	4,877	5,714
EPS (Rs.)	11.6	15.8	22.3	26.2
Gr. (%)	68.8	36.0	41.4	17.2
DPS (Rs.)	-	-	-	2.6
Yield (%)	-	-	-	0.3
RoE (%)	14.1	14.1	14.8	15.1
RoCE (%)	9.8	10.7	13.6	14.1
EV/Sales (x)	14.7	12.4	9.8	8.7
EV/EBITDA (x)	35.6	29.1	21.5	19.0
PE (x)	75.3	55.4	39.2	33.4
P/BV (x)	9.7	6.3	5.4	4.7

Key Data

CHAL.BO | CHALET IN

52-W High / Low	Rs.1,052 / Rs.634
Sensex / Nifty	81,148 / 24,578
Market Cap	Rs.191bn / \$ 2,239m
Shares Outstanding	218m
3M Avg. Daily Value	Rs.236.21m

Shareholding Pattern (%)

Promoter's	67.41
Foreign	5.23
Domestic Institution	23.93
Public & Others	3.41
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	6.7	6.9	7.7
Relative	(1.2)	2.3	(3.4)

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Strong RevPAR traction continues

Quick Pointers:

- Same store RevPAR increases 23.0% YoY to Rs10,909 in 4QFY25.
- Enabling resolution taken to raise up to Rs10bn via debt instruments (NCDs & CPs).

CHALET reported better than expected performance with EBITDA margin of 46.3% (PLe 44.9%) aided by 21.4% growth in RevPAR and strong traction in leasing income. Apart from continuing momentum in RevPAR, near term growth in the hospitality business is likely to be driven by addition of ~450 keys at Khandala and Delhi over the next 2 years. Pipe-line for long term is stronger with plans to add new hotels in Goa, Airoli and Kerala which will take the total key count to ~4,500+ in next 4-5 years. Even the annuity business has started gaining traction with an expectation of reaching an occupancy of ~90% in next 2-3 quarters. We have cut our EPS estimates by ~2% over the next 2 years as we have re-aligned our employee cost assumptions and expect sales/EBITDA CAGR of 19%/23% over FY25-FY27E. Retain BUY" with a TP of Rs1,130 as we value the hotel business at EV/EBITDA multiple of 24x (no change in target multiple), annuity portfolio at a cap rate of 8.5% and the residential project at NAV of Rs29 per share.

RevPAR grows 21.4% YoY: Topline increased 24.8% YoY to Rs5,220mn (PLe Rs5,029mn, CE: Rs5,067mn). Hospitality revenue reached record levels, and was up 20.2% YoY to Rs4,604mn (PLe Rs4,444mn), while annuity revenue was up 75.1% YoY to Rs619mn (PLe Rs585mn). ARR increased 20.9% YoY to Rs14,345. RevPAR grew 21.4% YoY to Rs10,909 while occupancy stood at 76.0%.

EBITDA margin stood at 46.3%: EBITDA increased 32.0% YoY to Rs2,414mn (PLe Rs2,258mn, CE: Rs2,307mn) with a margin of 46.3% (PLe 44.9%). Hospitality/annuity EBITDA stood at Rs2,228mn/Rs498mn with margin of 48.4%/80.4% respectively. PAT rose 50.2% YoY to Rs1,238mn (PLe Rs1,059mn, CE: Rs1,138mn) with a margin of 23.7% (PLe: 21.1%).

Con-call highlights: 1) The new Goa hotel in Bambolim is expected to be complete in ~3 years, with approvals anticipated in the next 6–9 months. Capex per key will be higher than Chalet's Varca property. Comparable market ARR's are in the range of Rs18K–21K. **2)** At the Koramangala project, 92% of flats have been sold, with only 27 units remaining. All 9 towers have received the OC and are ready for handover. **3)** Collections/outstanding receivables for Koramangala stood at Rs3.9bn/Rs4.1bn respectively in FY25. **4)** Capex of Rs23bn has been earmarked for next 3 years which will primarily be funded through internal accruals. **5)** As of Apr'25, the cost of debt was reset to 8.35% from 8.40%, with further reset expected in May'25, bringing it down to ~8.32%. **6)** Revenue is up 12% in May-25 so far despite recent geopolitical developments. **7)** Foreign guests accounted for 39%/42% of room nights in FY25/4QFY25 respectively. **8)** Occupancy for JW Sahar/Westin Powai stood at 83%/76% respectively, in 4QFY25. **9)** The project at Hyatt Regency, Airoli has been delayed due to regulatory changes for granting approvals to hotels that are located close to green zones. **10)** The rental annuity occupancy is expected to cross 90% over the next 2–3 quarters. **11)** Blended staff-to-room ratio has increased to ~1.01, driven by significantly higher staffing requirements at leisure hotels. **12)** Leisure segment is expected to form less than 20% of portfolio mix. **13)** US forms 60% of the foreign guest mix.

Exhibit 1: 4QFY25 Result Overview – Consolidated (Rs mn)

Y/e March	Q4FY25	Q4FY24	YoY gr.	Q4FY25E	% Var.	Q3FY25	QoQ gr.	FY25	FY24	YoY gr.
Net sales	5,220	4,183	24.8%	5,029	3.8%	4,578	14.0%	17,178	14,173	21.2%
Real estate development cost	21	21	-0.7%	23	-9.8%	21	0.0%	85	85	-0.3%
<i>As a % of sales</i>	<i>0.4%</i>	<i>0.5%</i>		<i>0.5%</i>		<i>0.5%</i>		<i>0.5%</i>	<i>0.6%</i>	
(Inc)/Dec in Stock of trade	-	-	NM	8	NM	-	NM	-	-	NM
<i>As a % of sales</i>	<i>0.0%</i>	<i>0.0%</i>		<i>0.2%</i>		<i>0.0%</i>		<i>0.0%</i>	<i>0.0%</i>	
Food and beverages consumed	321	288	11.2%	273	17.3%	312	2.9%	1,168	1,056	10.6%
<i>As a % of sales</i>	<i>6.1%</i>	<i>6.9%</i>		<i>5.4%</i>		<i>6.8%</i>		<i>6.8%</i>	<i>7.4%</i>	
Operating supplies consumed	126	104	21.5%	136	-7.2%	105	19.5%	425	397	7.0%
<i>As a % of sales</i>	<i>2.4%</i>	<i>2.5%</i>		<i>2.7%</i>		<i>2.3%</i>		<i>2.5%</i>	<i>2.8%</i>	
Employee Cost	677	516	31.1%	560	20.8%	578	17.1%	2,345	1,946	20.5%
<i>As a % of sales</i>	<i>13.0%</i>	<i>12.3%</i>		<i>11.1%</i>		<i>12.6%</i>		<i>13.6%</i>	<i>13.7%</i>	
Other Expenditure	1,661	1,425	16.6%	1,771	-6.2%	1,515	9.6%	5,797	4,843	19.7%
<i>As a % of sales</i>	<i>31.8%</i>	<i>34.1%</i>		<i>35.2%</i>		<i>33.1%</i>		<i>33.7%</i>	<i>34.2%</i>	
EBITDA	2,414	1,829	32.0%	2,258	6.9%	2,047	18.0%	7,359	5,846	25.9%
<i>EBITDA margin</i>	<i>46.3%</i>	<i>43.7%</i>		<i>44.9%</i>		<i>44.7%</i>		<i>42.8%</i>	<i>41.2%</i>	
Depreciation	498	371	34.1%	461	8.0%	477	4.3%	1,788	1,384	29.2%
EBIT	1,917	1,457	31.5%	1,797		1,570	22.1%	5,571	4,462	24.8%
<i>EBIT margin</i>	<i>36.7%</i>	<i>34.8%</i>		<i>35.7%</i>		<i>34.3%</i>		<i>32.4%</i>	<i>31.5%</i>	
Interest cost	482	529	-8.7%	455	6.1%	453	6.5%	1,591	1,967	-19.1%
Other income	154	61	150.7%	70	118.5%	67	131.1%	363	198	83.4%
PBT	1,588	990	60.4%	1,413	12.4%	1,184	34.2%	4,343	2,694	61.2%
Exceptional items/Share of JVs	-	-	NM	-	NM	-	NM	-	-	NM
Tax expenses	350	166	110.9%	353	-0.9%	218	60.3%	2,918	(88)	NM
<i>Tax rate</i>	<i>22.0%</i>	<i>16.7%</i>		<i>25.0%</i>		<i>18.4%</i>		<i>67.2%</i>	<i>NM</i>	
Loss from discontinued operation before tax	-	-	NM	-	NM	-	NM	-	-	NM
PAT	1,238	824	50.2%	1,059	16.9%	965	28.3%	1,425	2,782	-48.8%
<i>PAT margin</i>	<i>23.7%</i>	<i>19.7%</i>		<i>21.1%</i>		<i>21.1%</i>		<i>8.3%</i>	<i>19.6%</i>	
Noncontrolling interest	(0)	0	NM	1	NM	(0)	NM	-1	0	NM
Other comprehensive income (OCI)	5	(4)	NM	6	-22.7%	(2)	NM	-1	-8	NM
PAT inclusive of OCI	1,243	820	51.6%	1,066	16.7%	963	29.1%	1,424	2,773	-48.7%
EPS (Rs)	5.7	4.0	41.4%	4.9	16.8%	4.4	28.3%	6.5	13.5	-51.8%

Source: Company, PL

Exhibit 2: Hospitality/Annuity business forms 88%/12% of 4QFY25 revenue

Particulars (Rs mn)	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Hospitality revenue	1,263	2,298	2,233	2,656	3,094	2,822	2,845	3,437	3,829	3,255	3,352	3,999	4,604
<i>As a % of sales</i>	<i>85.4%</i>	<i>90.9%</i>	<i>90.1%</i>	<i>91.6%</i>	<i>91.7%</i>	<i>90.8%</i>	<i>90.5%</i>	<i>91.9%</i>	<i>91.5%</i>	<i>90.2%</i>	<i>88.9%</i>	<i>87.4%</i>	<i>88.1%</i>
Rental/Annuity revenue	216	231	244	244	281	285	300	302	354	355	419	576	619
<i>As a % of sales</i>	<i>14.6%</i>	<i>9.1%</i>	<i>9.9%</i>	<i>8.4%</i>	<i>8.3%</i>	<i>9.2%</i>	<i>9.5%</i>	<i>8.1%</i>	<i>8.5%</i>	<i>9.8%</i>	<i>11.1%</i>	<i>12.6%</i>	<i>11.9%</i>
Total sales	1,479	2,529	2,477	2,899	3,375	3,107	3,144	3,739	4,183	3,610	3,771	4,575	5,223

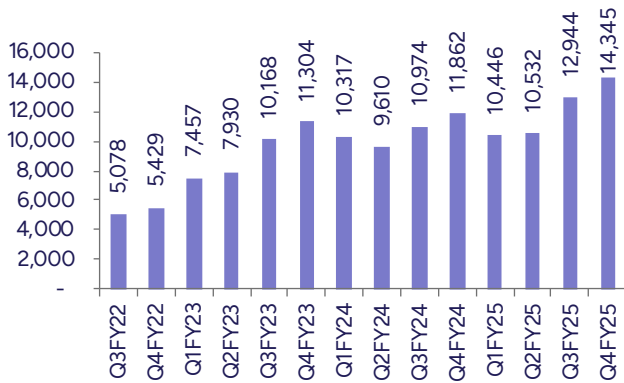
Source: Company, PL

Exhibit 3: Hospitality/Annuity EBITDA margin of 48%/80% in 4QFY25

Particulars (Rs mn)	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Hospitality EBITDA	290	950	811	1,085	1,473	1,198	1,180	1,589	1,832	1,341	1,387	1,847	2,228
<i>EBITDA margin</i>	<i>23.0%</i>	<i>41.3%</i>	<i>36.3%</i>	<i>40.9%</i>	<i>47.6%</i>	<i>42.5%</i>	<i>41.5%</i>	<i>46.2%</i>	<i>47.8%</i>	<i>41.2%</i>	<i>41.4%</i>	<i>46.2%</i>	<i>48.4%</i>
Rental/Annuity EBITDA	144	183	198	198	260	227	237	251	272	264	323	455	498
<i>EBITDA margin</i>	<i>66.7%</i>	<i>79.1%</i>	<i>81.1%</i>	<i>81.2%</i>	<i>92.5%</i>	<i>79.6%</i>	<i>79.0%</i>	<i>83.1%</i>	<i>76.9%</i>	<i>74.3%</i>	<i>77.1%</i>	<i>78.9%</i>	<i>80.4%</i>
Total EBITDA	434	1,133	1,009	1,283	1,733	1,425	1,417	1,840	2,104	1,605	1,710	2,302	2,726

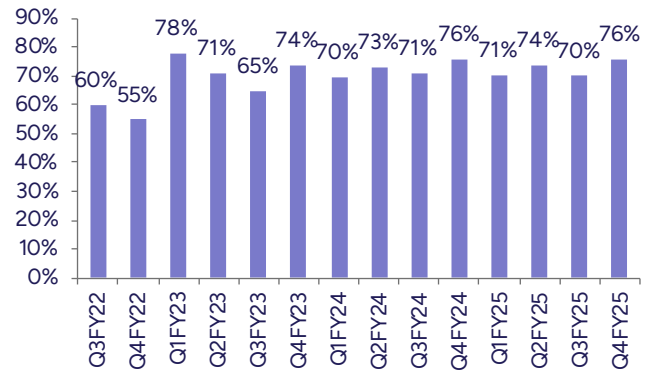
Source: Company, PL

Exhibit 4: ADR stood at Rs14,345 in 4QFY25 (In Rs)



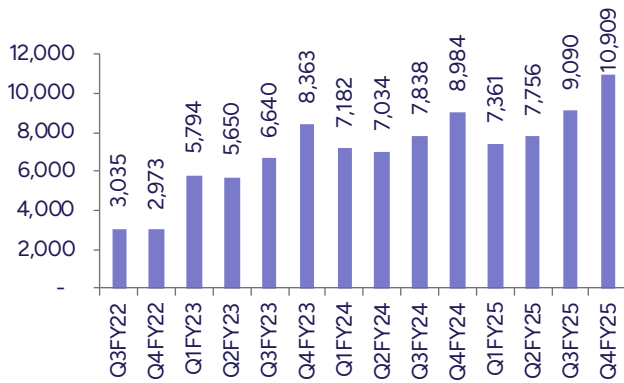
Source: Company, PL

Exhibit 5: Occupancy levels at 76% for 4QFY25



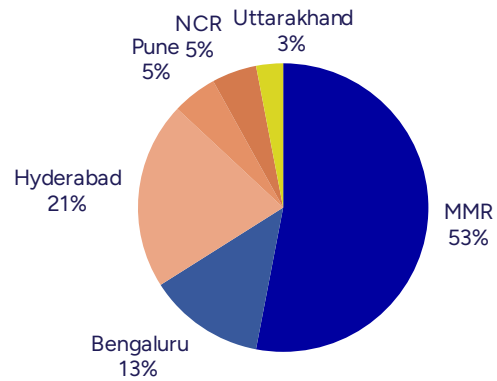
Source: Company, PL

Exhibit 6: RevPAR for 4QFY25 was at Rs10,909 (In Rs)



Source: Company, PL

Exhibit 7: MMR forms 53% of Chalet's revenue



Source: Company, PL

Exhibit 8: SOTP valuation of Chalet Hotels

Particulars (Rs mn)	Methodology	Multiple	EBITDA - FY27E	EV
Hotels	EV/EBITDA	24	9,543	2,29,026
Commercial	Capitalization rate	12	2,687	31,615
Residential (Koramangala)	NAV	NA	NA	6,241
Total EV				2,66,882
Less: Debt				24,539
Add: Cash				4,588
Equity value				2,46,930
O/S shares				218
TP (Rs)				1,130

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	14,173	17,178	21,817	24,492
YoY gr. (%)	25.6	21.2	27.0	12.3
Cost of Goods Sold	1,538	1,678	2,030	2,211
Gross Profit	12,634	15,500	19,787	22,282
Margin (%)	89.1	90.2	90.7	91.0
Employee Cost	1,946	2,345	2,789	3,283
Other Expenses	4,843	5,797	7,063	7,832
EBITDA	5,846	7,359	9,935	11,167
YoY gr. (%)	29.1	25.9	35.0	12.4
Margin (%)	41.2	42.8	45.5	45.6
Depreciation and Amortization	1,384	1,788	1,921	2,095
EBIT	4,462	5,571	8,013	9,071
Margin (%)	31.5	32.4	36.7	37.0
Net Interest	1,967	1,591	1,898	1,935
Other Income	198	363	387	482
Profit Before Tax	2,694	4,343	6,502	7,618
Margin (%)	19.0	25.3	29.8	31.1
Total Tax	(88)	2,918	1,626	1,905
Effective tax rate (%)	(3.3)	67.2	25.0	25.0
Profit after tax	2,782	1,425	4,877	5,714
Minority interest	0	(1)	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	2,386	3,450	4,877	5,714
YoY gr. (%)	69.2	44.6	41.4	17.2
Margin (%)	16.8	20.1	22.4	23.3
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	2,782	1,426	4,877	5,714
YoY gr. (%)	51.7	(48.7)	242.1	17.2
Margin (%)	19.6	8.3	22.4	23.3
Other Comprehensive Income	(8)	(1)	-	-
Total Comprehensive Income	2,773	1,424	4,877	5,714
Equity Shares O/s (m)	205	218	218	218
EPS (Rs)	11.6	15.8	22.3	26.2

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Non-Current Assets				
Gross Block	37,203	44,907	48,907	52,907
Tangibles	37,042	44,753	48,753	52,753
Intangibles	161	154	154	154
Acc: Dep / Amortization	12,739	13,999	15,351	16,930
Tangibles	12,624	13,883	15,236	16,815
Intangibles	115	115	115	115
Net fixed assets	43,370	51,286	57,084	60,810
Tangibles	43,324	51,248	57,046	60,771
Intangibles	46	38	38	38
Capital Work In Progress	369	1,832	639	418
Goodwill	686	817	817	817
Non-Current Investments	981	1,790	1,188	1,077
Net Deferred tax assets	1,623	(711)	(393)	(343)
Other Non-Current Assets	1,645	3,115	1,745	1,837
Current Assets				
Investments	8	988	988	988
Inventories	5,420	6,325	897	1,007
Trade receivables	552	782	897	1,007
Cash & Bank Balance	1,323	1,862	3,543	4,588
Other Current Assets	1,356	1,466	1,418	1,470
Total Assets	57,495	70,635	69,587	74,409
Equity				
Equity Share Capital	2,055	2,185	2,185	2,185
Other Equity	16,459	28,278	33,155	38,297
Total Networkth	18,513	30,462	35,339	40,482
Non-Current Liabilities				
Long Term borrowings	18,546	15,530	16,530	16,530
Provisions	118	158	153	171
Other non current liabilities	235	414	393	367
Current Liabilities				
ST Debt / Current of LT Debt	10,957	10,013	10,013	10,013
Trade payables	2,071	1,713	2,391	2,684
Other current liabilities	6,100	10,312	3,333	2,877
Total Equity & Liabilities	57,495	70,635	69,587	74,409

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	2,694	4,343	6,502	7,618
Add. Depreciation	1,384	1,788	1,921	2,095
Add. Interest	1,967	1,591	1,898	1,935
Less Financial Other Income	198	363	387	482
Add. Other	38	(181)	-	-
Op. profit before WC changes	6,082	7,541	10,322	11,648
Net Changes-WC	1,366	2,830	(996)	(517)
Direct tax	(553)	(867)	(1,626)	(1,905)
Net cash from Op. activities	6,894	9,504	7,700	9,227
Capital expenditures	(6,511)	(13,459)	(6,507)	(5,579)
Interest / Dividend Income	199	115	-	-
Others	(36)	(510)	1,585	10
Net Cash from Invt. activities	(6,349)	(13,854)	(4,922)	(5,569)
Issue of share cap. / premium	135	9,903	-	-
Debt changes	381	(3,358)	1,000	-
Dividend paid	-	-	-	(571)
Interest paid	(1,746)	(1,387)	(1,898)	(1,935)
Others	152	(203)	(200)	(107)
Net cash from Fin. activities	(1,078)	4,956	(1,098)	(2,613)
Net change in cash	(532)	606	1,681	1,045
Free Cash Flow	298	(4,007)	1,193	3,648

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Net Revenue	3,610	3,771	4,578	5,220
YoY gr. (%)	16.2	19.9	22.5	24.8
Raw Material Expenses	379	394	438	468
Gross Profit	3,232	3,377	4,140	4,752
Margin (%)	89.5	89.6	90.4	91.0
EBITDA	1,402	1,495	2,047	2,414
YoY gr. (%)	27.7	18.7	23.3	32.0
Margin (%)	38.8	39.7	44.7	46.3
Depreciation / Depletion	389	424	477	498
EBIT	1,013	1,071	1,570	1,917
Margin (%)	28.1	28.4	34.3	36.7
Net Interest	317	339	453	482
Other Income	81	61	67	154
Profit before Tax	777	794	1,184	1,588
Margin (%)	21.5	21.1	25.9	30.4
Total Tax	171	2,179	218	350
Effective tax rate (%)	22.0	274.4	18.4	22.0
Profit after Tax	606	(1,385)	965	1,238
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	607	(1,385)	965	1,238
YoY gr. (%)	30.0	(480.0)	36.7	50.2
Margin (%)	16.8	(36.7)	21.1	23.7
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	607	(1,385)	965	1,238
YoY gr. (%)	(31.6)	(480.0)	36.7	50.2
Margin (%)	16.8	(36.7)	21.1	23.7
Other Comprehensive Income	(2)	(2)	(2)	5
Total Comprehensive Income	605	(1,387)	963	1,243
Avg. Shares O/s (m)	218	218	218	218
EPS (Rs)	2.8	(6.4)	4.4	5.7

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	11.6	15.8	22.3	26.2
CEPS	18.3	24.0	31.1	35.7
BVPS	90.1	139.4	161.8	185.3
FCF	1.5	(18.3)	5.5	16.7
DPS	-	-	-	2.6
Return Ratio(%)				
RoCE	9.8	10.7	13.6	14.1
ROIC	10.2	10.4	14.3	15.0
RoE	14.1	14.1	14.8	15.1
Balance Sheet				
Net Debt : Equity (x)	1.5	0.7	0.6	0.5
Net Working Capital (Days)	100	115	(10)	(10)
Valuation(x)				
PER	75.3	55.4	39.2	33.4
P/B	9.7	6.3	5.4	4.7
P/CEPS	47.7	36.5	28.1	24.5
EV/EBITDA	35.6	29.1	21.5	19.0
EV/Sales	14.7	12.4	9.8	8.7
Dividend Yield (%)	-	-	-	0.3

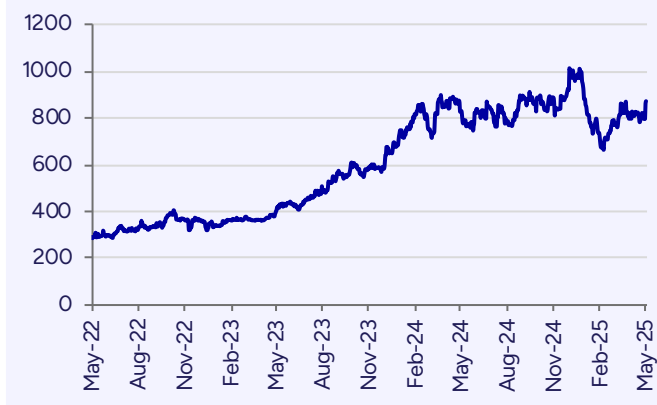
Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
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Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	09-Apr-25	BUY	1,108	825
2	31-Jan-25	BUY	1,064	767
3	09-Jan-25	Accumulate	1,076	940
4	25-Oct-24	Accumulate	921	845
5	09-Oct-24	Accumulate	922	891
6	28-Jul-24	Accumulate	887	836
7	08-Jul-24	Accumulate	902	850
8	15-May-24	Accumulate	830	789

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Chalet Hotels	BUY	1,108	825
2	Delhivery	BUY	350	249
3	DOMS Industries	BUY	3,308	2,635
4	Imagicaaworld Entertainment	BUY	97	67
5	Indian Railway Catering and Tourism Corporation	BUY	850	715
6	InterGlobe Aviation	BUY	5,875	5,157
7	Lemon Tree Hotels	BUY	173	139
8	Mahindra Logistics	Hold	287	310
9	Navneet Education	Hold	152	136
10	Nazara Technologies	BUY	1,127	973
11	PVR Inox	Hold	1,027	884
12	S Chand and Company	BUY	294	193
13	Safari Industries (India)	BUY	2,437	1,960
14	Samhi Hotels	BUY	267	176
15	TCI Express	BUY	924	636
16	V.I.P. Industries	BUY	433	265
17	Zee Entertainment Enterprises	BUY	137	111

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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