

Chalet Hotels (CHALET IN)

Rating: BUY | CMP: Rs896 | TP: Rs1,089

February 3, 2026

Q3FY26 Result Update

Change in Estimates | Target | Reco

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	BUY	BUY		
Target Price	1,089	1,183		
Sales (Rs. m)	23,830	28,374	23,394	27,673
% Chng.	1.9	2.5		
EBITDA (Rs. m)	10,853	13,288	10,685	12,967
% Chng.	1.6	2.5		
EPS (Rs.)	24.1	32.2	24.0	32.0
% Chng.	0.4	0.4		

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	17,178	20,784	23,830	28,374
EBITDA (Rs. m)	7,359	9,137	10,853	13,288
Margin (%)	42.8	44.0	45.5	46.8
PAT (Rs. m)	3,450	4,048	5,266	7,028
EPS (Rs.)	15.8	18.5	24.1	32.2
Gr. (%)	36.0	17.4	30.1	33.5
DPS (Rs.)	-	1.0	2.4	3.2
Yield (%)	-	0.1	0.3	0.4
RoE (%)	14.1	12.5	14.4	16.7
RoCE (%)	10.7	11.7	13.3	15.5
EV/Sales (x)	12.7	10.6	9.2	7.7
EV/EBITDA (x)	29.7	24.0	20.3	16.5
PE (x)	56.7	48.3	37.2	27.8
P/BV (x)	6.4	5.7	5.0	4.3

Key Data

CHAL.BO | CHALET IN

52-W High / Low	Rs.1,082 / Rs.634
Sensex / Nifty	83,739 / 25,728
Market Cap	Rs.196bn/ \$ 2,172m
Shares Outstanding	219m
3M Avg. Daily Value	Rs.184.55m

Shareholding Pattern (%)

Promoter's	67.33
Foreign	5.08
Domestic Institution	23.99
Public & Others	3.61
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(0.8)	0.6	12.0
Relative	1.6	(3.2)	3.2

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RevPAR growth remains strong

Quick Pointers:

- Received environmental clearance for Hyatt, Airoli.
- Plans to acquire 150 keys hotel in Udaipur for Rs1,710mn.

In 3QFY26, CHALET IN recognized residential revenues of Rs166mn with EBITDA margin of 24.0% and consequently reported results are not comparable on YoY basis or with our estimates. Excluding residential business, CHALET IN's operating performance was better than our estimates with EBITDA margin of 45.9% (PLe 44.6%) aided by 11.8% growth in RevPAR and strong traction in leasing income. While commercialization of Taj, Delhi has been delayed; addition of keys at Bangalore (129-keys added in 1HFY26) and Khandala (147 keys fully operational from mid-Nov onwards) will support growth in the interim. In addition, receipt of environmental clearance at Hyatt, Airoli paves way for another greenfield addition in foreseeable future. Annuity business is also likely to witness addition of 0.9mn sq ft of area by 4QFY27E (5-slabs already casted). Overall, the growth funnel remains strong with a potential to add ~150 keys in the near term, if the Udaipur acquisition goes through after due diligence. Given the strong project pipeline, we expect sales/EBITDA CAGR of 18%/22% over FY25-FY28E. We broadly retain our estimates and maintain BUY with a TP of Rs1,089 as we value the hotel business at 20x FY28E EBITDA (earlier 24x; multiple re-aligned as we roll-forward), annuity portfolio at a cap rate of 8.5% and the residential project at NAV of Rs17 per share.

RevPAR grew 11.8% YoY: Revenue increased by 27.1% YoY to Rs5,817mn. Excluding residential business, revenue increased 24.9% YoY to Rs5,720mn (PLe Rs5,410mn, CE Rs5,399mn). Hospitality revenue was up 22.9% YoY to Rs4,913mn (PLe Rs4,672mn), while annuity revenue was up 29.0% YoY to Rs744mn (PLe Rs738mn). ARR increased 15.7% YoY to Rs14,970. RevPAR grew 11.8% YoY to Rs10,162 while occupancy stood at 67.9%.

EBITDA margin (adjusted for residential business) stood at 45.9%: EBITDA increased by 29.5% YoY to Rs2,651mn. However, EBITDA (adjusted for residential business) increased 28.4% YoY to Rs2,628mn (PLe Rs2,411mn, CE Rs2,426mn) with a margin of 45.9% (PLe 44.6%) as against a margin of 44.7% in 3QFY25. Hospitality/annuity EBITDA stood at Rs2,226mn/Rs621mn with a margin of 45.3%/83.5% respectively.

PBT of core business increases 40.2% YoY: As residential income has been recorded during the quarter, PAT comparison would not give the right picture as residential income would be subject to tax. Hence, we compare the reported PBT performance with our estimates. PBT before exceptional items rose 40.2% YoY to Rs1,659mn (PLe Rs1,491mn, CE Rs1,601mn) with a margin of 29.0% (PLe 27.6%) as against a margin of 25.9% in 3QFY25.

Con-call highlights: 1) Occupancy declined 2.3% YoY to 67.9% due to addition of 129 keys in Bengaluru, ramp-up of 100 keys at Khandala, renovation-related disruption at Vashi, and temporary crew business impact at Powai due to construction of commercial tower-2. 2) The NCR resort has been rebranded to Aravali Marriott Resort & Spa, with upgrades including a clubhouse, pool bar, and

enhanced meeting facilities. **3)** Additional 1,50,000 sq. ft. was leased at Powai during 3QFY26, taking occupancy above 80%. Occupancy is expected to exceed 90% in the near term. **4)** The annuity portfolio achieved a rental run rate of Rs250mn per month in Dec-25. The run-rate is expected to increase to Rs280-300mn over FY27E. **5)** Net debt stood at Rs20bn, while the average cost of borrowing declined by 14 bps QoQ to 7.48%. **6)** CWIP and assets pending business commencement totalled Rs7.2bn in 3QFY26. **7)** Capex of ~Rs25bn has been planned over FY27E-FY29E. **8)** Taj, Delhi has been delayed due to pollution-related stoppages, and a partial launch is expected by 4QFY27E with staggered commissioning thereafter. **9)** The Vashi Hotel will be rebranded as ATHIVA in 4QFY26E. **10)** The Koramangala residential project's Phase 2, comprising 168 units, is expected to be handed over in FY27E. **11)** CHALET IN had acquired land in Rishikesh for Rs600mn, which provides an optionality for future expansion, though any development will be evaluated after stabilization of the existing inventory, with early-stage plans indicating potential villa-led format. **12)** Construction at ATHIVA, Varca, South Goa is delayed given pending approvals.

Exhibit 1: 3QFY26 Result Overview – Consolidated (Rs mn)

Y/e March	Q3FY26	Q3FY25	YoY gr.	Q3FY26E	% Var.	Q2FY26	QoQ gr.	9MFY26	9MFY25	YoY gr.
Net sales	5,817	4,578	27.1%	5,410	7.5%	7,353	-20.9%	22,115	11,959	84.9%
Real estate development cost	139	21	557.0%	-	NM	262	-47.1%	1,231	64	1832.0%
As a % of sales	2.4%	0.5%		0.0%			3.6%		5.6%	0.5%
(Inc)/Dec in Stock of trade	(65)	-	NM	-	NM	1,379	NM	3,137	-	NM
As a % of sales	NM	0.0%		0.0%			18.8%		14.2%	0.0%
Food and beverages consumed	372	312	19.3%	359	3.6%	305	21.9%	981	847	15.7%
As a % of sales	6.4%	6.8%		6.6%			4.1%		4.4%	7.1%
Operating supplies consumed	132	105	24.9%	135	-2.7%	102	28.6%	336	299	12.4%
As a % of sales	2.3%	2.3%		2.5%			1.4%		1.5%	2.5%
Employee Cost	729	578	26.1%	714	2.1%	697	4.6%	2,120	1,668	27.1%
As a % of sales	12.5%	12.6%		13.2%			9.5%		9.6%	14.0%
Other Expenditure	1,860	1,515	22.8%	1,791	3.9%	1,616	15.1%	5,095	4,135	23.2%
As a % of sales	32.0%	33.1%		33.1%			22.0%		23.0%	34.6%
EBITDA	2,651	2,047	29.5%	2,411	10.0%	2,992	-11.4%	9,216	4,944	86.4%
EBITDA margin	45.6%	44.7%		44.6%			40.7%		41.7%	41.3%
Depreciation	585	477	22.5%	552	5.9%	574	1.8%	1,698	1,290	31.6%
EBIT	2,066	1,570	31.6%	1,859	11.2%	2,418	-14.6%	7,518	3,654	105.7%
EBIT margin	35.5%	34.3%		34.4%			32.9%		34.0%	30.6%
Interest cost	459	453	1.4%	471	-2.4%	454	1.2%	1,399	1,108	26.2%
Other income	75	67	13.1%	103	-26.7%	85	-11.5%	298	209	42.8%
PBT	1,683	1,184	42.2%	1,491	12.8%	2,049	-17.9%	6,418	2,755	133.0%
Exceptional items/Share of JVs	10	-	NM	-	NM	-	NM	10	-	NM
Tax expenses	432	218	97.8%	373	15.8%	501	-13.9%	1,588	2,568	-38.2%
Tax rate	25.8%	18.4%		25.0%			24.5%		24.8%	93.2%
Loss from discontinued operation before tax	-	-	NM	-	NM	-	NM	-	-	NM
PAT	1,241	965	28.5%	1,118	10.9%	1,548	-19.9%	4,820	187	2483.3%
PAT margin	21.3%	21.1%		20.7%			21.1%		21.8%	1.6%
Noncontrolling interest	(0)	(0)	NM	-	NM	(0)	NM	(1)	(1)	NM
Other comprehensive income (OCI)	4	(2)	NM	-	NM	(1)	NM	3	(6)	NM
PAT inclusive of OCI	1,245	963	29.3%	1,118	11.3%	1,548	-19.6%	4,823	180	2575.0%
EPS (Rs)	5.7	4.4	28.3%	5.1	10.9%	7.1	-19.9%	22.1	0.9	2464.0%

Source: Company, PL

3QFY26 results are not comparable on YoY basis or with our estimates due to revenue recognition from residential business

Exhibit 2: Snapshot of results excluding residential business

Particulars (Rs mn)	3QFY26	3QFY25	YoY gr.	2QFY26	QoQ gr.	3QFY26E	% Var
Hospitality revenue	4,913	3,999	22.9%	3,802	29.2%	4,672	5.2%
Annuity revenue	744	576	29.0%	738	0.8%	738	0.8%
Total revenue	5,657	4,575	23.7%	4,540	24.6%	5,410	4.6%
Company wide EBITDA	2,628	2,047	28.4%	1,889	39.1%	2,411	9.0%
<i>EBITDA margin</i>	46.5%	44.7%		41.6%		44.6%	
Company wide PBT	1,659	1,184	40.2%	947	75.3%	1,491	11.3%
<i>PBT margin</i>	29.3%	25.9%		20.8%		27.6%	

Source: Company, PL

Exhibit 3: Hospitality/Annuity/Real estate business forms 84%/13%/3% of 3QFY26 revenue

Particulars (Rs mn)	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Hospitality revenue	2,656	3,094	2,822	2,845	3,437	3,829	3,255	3,352	3,999	4,604	3,856	3,802	4,913
<i>As a % of sales</i>	91.6%	91.7%	90.8%	90.5%	91.9%	91.5%	90.2%	88.9%	87.4%	88.1%	42.9%	51.6%	84.4%
Rental/Annuity revenue	244	281	285	300	302	354	355	419	576	619	732	738	744
<i>As a % of sales</i>	8.4%	8.3%	9.2%	9.5%	8.1%	8.5%	9.8%	11.1%	12.6%	11.9%	8.2%	10.0%	12.8%
Real estate revenue	NA	4,391	2,821	166									
<i>As a % of sales</i>	NA	48.9%	38.3%	2.8%									
Total sales	2,899	3,375	3,107	3,144	3,739	4,183	3,610	3,771	4,575	5,223	8,979	7,361	5,823

Source: Company, PL

Exhibit 4: Hospitality/Annuity/Real estate EBITDA margin stood at 45%/83%/25% in 3QFY26

Particulars (Rs mn)	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Hospitality EBITDA	1,085	1,473	1,198	1,180	1,589	1,832	1,341	1,387	1,847	2,228	1,608	1,521	2,226
<i>EBITDA margin</i>	40.9%	47.6%	42.5%	41.5%	46.2%	47.8%	41.2%	41.4%	46.2%	48.4%	41.7%	40.0%	45.3%
Rental/Annuity EBITDA	198	260	227	237	251	272	264	323	455	498	608	607	621
<i>EBITDA margin</i>	81.2%	92.5%	79.6%	79.0%	83.1%	76.9%	74.3%	77.1%	78.9%	80.4%	83.1%	82.3%	83.5%
Real estate revenue	NA	1,628	1,073	41									
<i>EBITDA margin</i>	NA	37.1%	38.0%	24.7%									
Total EBITDA	1,283	1,733	1,425	1,417	1,840	2,104	1,605	1,710	2,302	2,726	3,844	3,201	2,888

Source: Company, PL

Exhibit 5: ADR stood at Rs14,970 in 3QFY26 (In Rs)



Source: Company, PL

Exhibit 6: Occupancy levels at 68% for 3QFY26



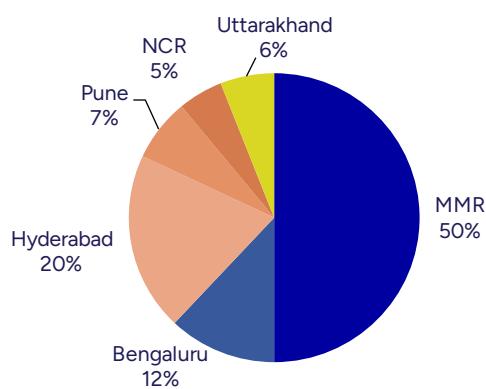
Source: Company, PL

Exhibit 7: RevPAR for 3QFY26 was at Rs10,162 (In Rs)



Source: Company, PL

Exhibit 8: MMR forms 50% of Chalet's revenue



Source: Company, PL

Exhibit 9: SOTP valuation of Chalet Hotels

Particulars (Rs mn)	Methodology	Multiple	EBITDA FY28E	EV
Hotels	EV/EBITDA	20	10,851	2,17,016
Commercial	Capitalization rate	12	3,579	42,105
Residential (Koramangala)	NAV	NA	NA	3,617
Total EV				2,62,738
Less: Debt				26,417
Add: Cash				1,879
Equity value				2,38,200
O/S shares				219
TP (Rs)				1,089

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	17,178	20,784	23,830	28,374
YoY gr. (%)	21.2	21.0	14.7	19.1
Cost of Goods Sold	1,678	1,894	2,199	2,462
Gross Profit	15,500	18,890	21,631	25,912
Margin (%)	90.2	90.9	90.8	91.3
Employee Cost	2,345	2,854	3,055	3,640
Other Expenses	5,797	6,899	7,722	8,984
EBITDA	7,359	9,137	10,853	13,288
YoY gr. (%)	25.9	24.2	18.8	22.4
Margin (%)	42.8	44.0	45.5	46.8
Depreciation and Amortization	1,788	2,297	2,438	2,645
EBIT	5,571	6,839	8,416	10,643
Margin (%)	32.4	32.9	35.3	37.5
Net Interest	1,591	1,850	1,906	1,986
Other Income	363	418	512	714
Profit Before Tax	4,343	5,398	7,021	9,370
Margin (%)	25.3	26.0	29.5	33.0
Total Tax	2,918	1,349	1,755	2,343
Effective tax rate (%)	67.2	25.0	25.0	25.0
Profit after tax	1,425	4,048	5,266	7,028
Minority interest	(1)	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	3,450	4,048	5,266	7,028
YoY gr. (%)	44.6	17.4	30.1	33.5
Margin (%)	20.1	19.5	22.1	24.8
Extra Ord. Income / (Exp)	-	10	-	-
Reported PAT	1,426	4,058	5,266	7,028
YoY gr. (%)	(48.7)	184.7	29.8	33.5
Margin (%)	8.3	19.5	22.1	24.8
Other Comprehensive Income	(1)	-	-	-
Total Comprehensive Income	1,424	4,058	5,266	7,028
Equity Shares O/s (m)	218	218	218	218
EPS (Rs)	15.8	18.5	24.1	32.2

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	44,709	49,209	53,709	59,709
Tangibles	44,538	49,038	53,538	59,538
Intangibles	171	171	171	171
Acc: Dep / Amortization	13,801	15,416	17,252	19,243
Tangibles	13,668	15,283	17,119	19,111
Intangibles	133	133	133	133
Net fixed assets	51,286	57,209	61,792	65,968
Capital Work In Progress	1,832	1,091	1,356	1,731
Goodwill	817	817	817	817
Non-Current Investments	1,790	1,136	1,050	1,232
Net Deferred tax assets	(711)	(624)	(405)	284
Other Non-Current Assets	3,115	2,286	2,026	1,844
Current Assets				
Investments	988	988	988	988
Inventories	6,325	3,132	979	1,166
Trade receivables	782	854	979	1,166
Cash & Bank Balance	1,862	1,703	969	1,879
Other Current Assets	1,466	1,455	1,549	1,986
Total Assets	70,635	71,024	72,886	79,913
Equity				
Equity Share Capital	2,185	2,185	2,185	2,185
Other Equity	28,278	32,107	36,847	43,172
Total Networth	30,462	34,292	39,031	45,357
Non-Current Liabilities				
Long Term borrowings	15,530	18,370	18,370	18,370
Provisions	158	145	167	199
Other non current liabilities	414	374	357	426
Current Liabilities				
ST Debt / Current of LT Debt	10,013	8,047	8,047	8,047
Trade payables	1,713	2,278	2,612	2,954
Other current liabilities	10,312	5,672	2,801	3,039
Total Equity & Liabilities	70,635	71,024	72,886	79,913

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	4,343	5,398	7,021	9,370
Add. Depreciation	1,788	2,297	2,438	2,645
Add. Interest	1,591	1,850	1,906	1,986
Less Financial Other Income	363	418	512	714
Add. Other	(181)	-	-	-
Op. profit before WC changes	7,541	9,545	11,365	14,002
Net Changes-WC	2,830	(917)	(672)	(875)
Direct tax	(867)	(1,349)	(1,755)	(2,343)
Net cash from Op. activities	9,504	7,278	8,938	10,784
Capital expenditures	(13,459)	(7,460)	(7,265)	(7,175)
Interest / Dividend Income	115	-	-	-
Others	(510)	1,252	151	(102)
Net Cash from Inv. activities	(13,854)	(6,208)	(7,113)	(7,277)
Issue of share cap. / premium	9,903	-	-	-
Debt changes	(3,358)	874	-	-
Dividend paid	-	(219)	(527)	(703)
Interest paid	(1,387)	(1,850)	(1,906)	(1,986)
Others	(203)	(36)	(125)	92
Net cash from Fin. activities	4,956	(1,231)	(2,558)	(2,597)
Net change in cash	606	(160)	(734)	910
Free Cash Flow	(4,007)	(181)	1,673	3,608

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E	
Per Share(Rs)					
EPS		15.8	18.5	24.1	32.2
CEPS		24.0	29.0	35.3	44.3
BVPS		139.4	157.0	178.7	207.6
FCF		(18.3)	(0.8)	7.7	16.5
DPS		-	1.0	2.4	3.2
Return Ratio(%)					
RoCE		10.7	11.7	13.3	15.5
ROIC		10.4	12.9	14.9	16.6
RoE		14.1	12.5	14.4	16.7
Balance Sheet					
Net Debt : Equity (x)		0.7	0.7	0.6	0.5
Net Working Capital (Days)		115	30	(10)	(8)
Valuation(x)					
PER		56.7	48.3	37.2	27.8
P/B		6.4	5.7	5.0	4.3
P/CEPS		37.4	30.8	25.4	20.2
EV/EBITDA		29.7	24.0	20.3	16.5
EV/Sales		12.7	10.6	9.2	7.7
Dividend Yield (%)		-	0.1	0.3	0.4

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Net Revenue	5,220	8,946	7,353	5,817
YoY gr. (%)	24.8	147.8	95.0	27.1
Raw Material Expenses	468	3,059	2,048	577
Gross Profit	4,752	5,887	5,305	5,240
Margin (%)	91.0	65.8	72.1	90.1
EBITDA	2,414	3,573	2,992	2,651
YoY gr. (%)	32.0	154.8	100.1	29.5
Margin (%)	46.3	39.9	40.7	45.6
Depreciation / Depletion	498	539	574	585
EBIT	1,917	3,034	2,418	2,066
Margin (%)	36.7	33.9	32.9	35.5
Net Interest	482	485	454	459
Other Income	154	138	85	75
Profit before Tax	1,588	2,686	2,049	1,672
Margin (%)	30.4	30.0	27.9	28.8
Total Tax	350	655	501	432
Effective tax rate (%)	22.0	24.4	24.5	25.8
Profit after Tax	1,238	2,031	1,548	1,241
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	1,238	2,032	1,548	1,251
YoY gr. (%)	50.2	234.8	(211.8)	29.6
Margin (%)	23.7	22.7	21.1	21.5
Extra Ord. Income / (Exp)	-	-	-	(10)
Reported PAT	1,238	2,032	1,548	1,241
YoY gr. (%)	50.2	234.8	(211.8)	28.5
Margin (%)	23.7	22.7	21.1	21.3
Other Comprehensive Income	5	(1)	(1)	4
Total Comprehensive Income	1,243	2,031	1,548	1,245
Avg. Shares O/s (m)	218	218	219	219
EPS (Rs)	5.7	9.3	7.1	5.7

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	09-Jan-26	BUY	1,183	874
2	06-Nov-25	BUY	1,183	960
3	07-Oct-25	BUY	1,188	966
4	04-Aug-25	BUY	1,071	882
5	09-Jul-25	BUY	1,130	859
6	14-May-25	BUY	1,130	875
7	09-Apr-25	BUY	1,108	825

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Apeejay Surrendra Park Hotels	BUY	240	131
2	Chalet Hotels	BUY	1,183	874
3	Delhivery	BUY	516	423
4	DOMS Industries	BUY	3,084	2,356
5	Imagicaaworld Entertainment	BUY	73	49
6	Indian Railway Catering and Tourism Corporation	BUY	840	656
7	InterGlobe Aviation	Hold	5,186	4,909
8	Lemon Tree Hotels	BUY	185	149
9	Mahindra Logistics	BUY	407	340
10	Navneet Education	Reduce	119	156
11	Nazara Technologies	Hold	253	279
12	PVR Inox	BUY	1,261	1,043
13	S Chand and Company	BUY	291	185
14	Safari Industries (India)	BUY	2,570	2,119
15	Samhi Hotels	BUY	290	169
16	TCI Express	BUY	705	569
17	V.I.P. Industries	Hold	380	387
18	Zee Entertainment Enterprises	BUY	133	85

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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