SCHLOSS BANGALORE LIMITED

(formerly known as Schloss Bangalore Private Limited)
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Ref No.: THELEELA/2025-26/023

Date: July 29, 2025

To Sr. General Manager Listing Department BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai – 400001 **Scrip Code- 544408** **ISIN - INE0AQ201015**	To Sr. General Manager Listing Department National Stock Exchange of India Limited Exchange Plaza, C-1, Block G Bandra Kurla Complex Bandra (E), Mumbai – 400 051 **Symbol- THELEELA** **ISIN - INE0AQ201015**

Sub: Transcript of the Analysts / Institutional Call

Dear Sir/ Madam,

In continuation to our letter dated July 17, 2025 and pursuant to Regulation 30 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the Q1 FY26 Earnings Conference Call held on July 22, 2025.

The above information will also be available on the website of the Company at www.theleela.com/investors.

Thia is for your information and record.

Thanking you,

For Schloss Bangalore Limited

JYOTI MAHESHWARI
Digitally signed by JYOTI MAHESHWARI
Date: 2025.07.29 16:22:57 +05'30'

Jyoti Maheshwari
Company Secretary and Compliance Officer
Membership No.: A24469

Encl.: as Above

THE LEELA
PALACES HOTELS RESORTS

"Schloss Bangalore Limited"

Q1 FY26 Earnings Conference Call

July 22, 2025

CHORUS CALL

MANAGEMENT: **MR. ANURAAG BHATNAGAR –WHOLE TIME DIRECTOR AND CHIEF EXECUTIVE OFFICER – SCHLOSS BANGALORE LIMITED (FORMERLY KNOWN AS 'SCHLOSS BANGALORE PRIVATE LIMITED')**

MR. RAVI SHANKAR – HEAD-ASSET MANAGEMENT AND CHIEF FINANCIAL OFFICER – SCHLOSS BANGALORE LIMITED (FORMERLY KNOWN AS 'SCHLOSS BANGALORE PRIVATE LIMITED')

MR. ANKUR GUPTA – DEPUTY CHIEF INVESTMENT OFFICER AND HEAD OF APAC & ME REGION, REAL ESTATE – BROOKFIELD (SPONSOR)

MODERATOR: **MR. DIWAKAR PINGLE – ERNST & YOUNG IR**

Moderator: Ladies and gentlemen, good day and welcome to the Q1 FY26 Earnings Conference Call hosted by Schloss Bangalore Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this call is being recorded.

I now hand the conference over to Mr. Diwakar Pingle from Ernst & Young IR. Thank you and over to you.

Diwakar Pingle: Thank you. Good evening, everyone and welcome to the Q1 results of Schloss Bangalore Limited, India's only pure play luxury hospitality company that operates The Leela Palaces, Hotels and Resorts. The company has published its results and have uploaded the Investor presentation on the exchanges earlier today and you can also find them on the website.

Before we start, a disclaimer. Some of the statements made in today's earnings call may be forward-looking in nature. Such forward-looking statements are subject to risks and uncertainties which could cause actual results to differ from those anticipated. Such statements are based on management beliefs and assumptions made by information currently available to the management. Audiences are cautioned not to place undue reliance on these forward-looking statements while making their investment decisions.

On that note, let me introduce you to the management participating with us in today's conference call. We have with us Mr. Anuraag Bhatnagar, Managing Director and CEO, and Mr. Ravi Shankar, Head-Asset Management, CFO. We also have on the call, on behalf of the sponsor, Brookfield, the Global Deputy CIO and Head of APAC and ME Region, Ankur Gupta.

Without further ado, I would like to hand over the call to Mr. Bhatnagar. Thank you and over to you, Anuraag.

Anuraag Bhatnagar: Hello, good evening, everyone and thank you for joining us in our first Global Earnings Call. I wanted to welcome you to this call with the service philosophy of Leela, which is rooted in Atithi Devo Bhava– Guest is God. This philosophy has made the Leela brand synonymous with Indian hospitality and the highest level of luxury.

Following our successful IPO on 2nd of June this year, we are delighted to share our first quarter results. We are pleased to report very strong performance, delivering our highest ever first quarter revenue, EBITDA and margins. Let me briefly walk you through the structure of today's call over the next 15 odd minutes.

I am joined in by CFO and Head of Asset Management, Ravi Shankar. We will begin with an overview of the company's value proposition, followed by a detailed report of the quarter's performance. We will then share with you our growth strategy for the future before opening the floor to questions.

The Leela Palaces Hotels and Resorts platform is truly a unique and special business. First, we have a proud legacy of a globally celebrated brand which has been built over the past four decades.

Second, we are the only listed player with a focus on the significantly underserved luxury segment in India.

Third, we own iconic properties which are in high barriers-to-entry markets. Our chain of 13 hotels, which is contracted to go to 21 hotels across luxury destinations in India, gives us an unmatched national network. Our differentiated asset management practices are such that we consistently deliver superior EBITDA margins as high as 49.8% in FY25.

Last but not the least, post the IPO, we now have a strong balance sheet with 0.3x net debt to EBITDA, which positions us very well to execute on a robust pipeline. Taken together, all these five differentiators provide us with a platform to scale in a high growth luxury hospitality market.

I want to talk a little bit about the brand. The Leela brand has won not only national awards, but is recognized as the top three luxury brands in the world by prestigious institutions such as Travel and Leisure and Conde Nast International. The Leela brand strength and a focus on customer service excellence helps us achieve best in industry net promoter scores and command the highest RevPAR premiums in the industry.

Our net promoter score at 86 is 10 points higher than any other reported peer performance. Our RevPAR is nearly three times that of the overall Indian hospitality average. We believe this is a real moat in our business. As we look at the market opportunity, the Indian luxury market remains significantly underpenetrated. There are only 29,000 keys out of 170,000 branded keys in the country, which are categorized as luxury.

The market is underserved, and this gap is increasing. Whilst demand in this segment - the luxury segment - is projected to grow at around 11% CAGR, supply is only coming in at around 6%. As the only pure pay luxury player in this under-served market, Leela is uniquely placed to capitalize on this gap. Since 2020, the Leela platform has had a track record of delivering on growth.

We have delivered more than 15% CAGR in our RevPAR and have gone from 8 hotels to 13 hotels and added approximately 1,000 luxury keys. The growth ahead is also equally exciting with our signed pipeline taking us to a chain of 21 luxury hotels with more than 4,500 keys.

Now I will hand over to our CFO and Head of Asset Management, Ravi to take us through the Q1 performance and balance sheet details.

Ravi Shankar: Thank you, Anuraag. Good evening, everyone. Post our IPO, we now have a strong balance sheet poised for growth with only INR227 crores of net debt on our books which translates to a 0.3x net debt to EBITDA. This positions us well to execute on our robust pipeline. Our ratings have also improved to AA stable.

Now we will deep dive into the Q1 financial and business highlight in more detail. We had a very strong quarter with a total income increased by 25% YOY to INR 301 crores. EBITDA grew by 63% to INR 128 crores with margin expanding 980 basis point to 42.5%. Our best ever quarter performance. This strong performance despite the headwinds of the geopolitical tension and Operation Sindoor and is delivered on the back of our platform strength and the strong asset management focus of the team.

We are also pleased to report that we are PAT positive for this quarter. Lower leverage and robust operating momentum supported a positive PAT quarter. We have grown from a loss of INR 75 crores in Q1 2025 to a profit of INR 8.7 crores. This turnaround was driven by two key factors: first, a INR 49 crores boost from business momentum and EBITDA growth and a INR 33 crores reduction in finance cost.

The revenue growth for our platform came on the back of both occupancy and ADR increase. While the occupancy increased by 4% from 59.7% to nearly 64%, the ADR has increased by 13%. This resulted in a RevPAR increase of 20%. The revenue growth has been delivered across segments. We had a double-digit growth upward of 15% or more in all our markets.

Leisure hotels led growth, while metro demand continues to stay healthy. We have maintained or enhanced market share in all our cities. In terms of composition, retail continues to be our strength and a dominant segment contributing 55% of the total business. We delivered 17% growth in this segment on the back of our dynamic pricing and focus on direct sales channel which has always been our strength. Most importantly, our RevPAR growth has outpaced the industry.

According to STR, the Indian luxury hospitality segment is estimated to have grown at 10% where our RevPAR has grown by 20%. As we look at the revenue growth, F&B which is an important pillar of our total RevPAR and a differentiator for the Leela platform, has grown at a healthy 16%. With nearly 39% of our revenue coming from F&B, we at Leela are very focused on constant innovation and market leadership in our F&B offering. Our HMA fees which are capital light have also grown at a healthy 20%.

In this quarter, we have three big operational updates. First, we have unveiled our new website which is a true reflection of luxury. With best practice on SEO optimization and website conversion, we have witnessed a 72% increase in revenue from website. Second, we have relaunched our fine dining restaurant The Qube in the Leela Palace New Delhi. We are proud to report that we completed the renovation in 21 days in an operational hotel.

And third, we are ready to open doors to the new invite-only membership club proposition, The ARQ, in The Leela Palace Bengaluru. In terms of growth, the Leela platform has signed a definite agreement to expand into Mumbai's commercial epicentre BKC with an owned hotel, The Leela Palace Mumbai with 250 keys. BKC has huge untapped demand for hospitality with no new hotel supply since 2011.

The market has only 39 keys per million square feet of office while Delhi has almost 6x and that at 230. We have secured this land at an attractive basis, and we will be leveraging partnership synergies with Brookfield such that it will provide development support to the project.

We have also completed starting acquisition of c.1.8 acres of land in Udaipur adjacent to our existing hotel, Leela Palace, which will allow us to expand with nearly 33 keys and add 10,000 square feet of banquet space. This will give us an advantage in targeting the luxury weddings and the MICE segment in Udaipur. We also continue to ramp up our capital light expansion into Hyderabad through a ramp-up of the hotel, the Leela Hyderabad in the Banjara Hills. Overall, as we look ahead, we are confident in delivering a double-digit EBITDA growth in FY26.

The Leela platform has strong embedded growth on the back of four pillars. First is the same-store growth in our business. Second is our entry to new verticals. Third is the expansion of our own hotel through the development pipeline. And the fourth pillar is the expansion through HMAs. We are confident of delivering double-digit same-store growth in our existing market.

In the cities where we own hotels, there is a strong demand for luxury keys and virtually no upcoming supply till FY28. In addition, we consistently invest strategically behind asset enhancement with high ROI, such that we are able to command higher than any competitor in the segment. For example, we are investing in adding propositions such as family villas, kid clubs and state-of-the-art spas to attract more luxury family travellers to our hotels.

To supplement our same-store growth, we are also entering into strategic verticals. We will be launching the invite-only membership club offering ARQ, which will extend the Leela brand into the ultra-luxury and deliver high-margin growth, leveraging existing infrastructure and cost. The ARQ is positioned to have 2,000-plus paying members on stabilization.

We will have 5 club offerings across Bengaluru, Chennai, Delhi, Mumbai over the next few years. We are also launching the Leela Luxury Residences starting with Mumbai, where we will be coming up with 60-plus keys of ultra-luxury service apartments with a 22,000-square-feet club offering. The expected launch of this project is FY27.

We believe there is strong potential for expansion into other urban metros, such as Pune, Bengaluru and NCR. In terms of the expansion of the owned hotels, we have a pipeline of 725 keys under development across leading luxury destinations, including Mumbai, Agra, Srinagar, Ranthambore, Bandhavgarh and Ayodhya. In addition, there is an active pipeline including in select international markets with a high share of India's tourist diaspora.

We also have a signed pipeline of 203 keys of capital-light expansion through HMA in Sikkim and Mumbai, with several discussions ongoing. As we look ahead, we are targeting to reach INR 2,000 crores EBITDA by FY30. Our strategy is focused, our execution is precise and our vision is ambitious, and as we continue to set new benchmarks for true Indian luxury on the global stage. Now we can open the floor for questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. We'll take our first question from the line of Aditya Mathur from Bank of America. Please go ahead.

Aditya Mathur: Hi. Firstly, thanks, Anuraag. Thanks, Ravi, for the detailed presentation. I had a question on the contracted pipeline. I see you have talked about the addition of the BKC hotel. Firstly, would it be possible to get some colour on the investment, the partnership structure that you talk about with Brookfield, timelines or any expectations you have on this one?

Ravi Shankar: So we are introducing the Leela Palace to Mumbai through a landmark 250-key luxury hotel with an ARQ club in the heart of BKC, one of the most underserved luxury hospitality market in India with no new hotel supply since 2011. And there's only 738 keys operational. This hotel is a 50-50 JV between Brookfield and us. And the hotel, we are right now in the stage of design and concept development. And we'll come back with more details in the coming time.

Aditya Mathur: Sure, so this is how long would this be? Would it be like four-five years or would it be longer?

Ravi Shankar: So we have already got the award right now and we are working on the design concept stage and deciding the timeline for the construction.

Aditya Mathur: Sure, sure. So we'll wait for more details as and when you're ready. The second thing I just wanted to ask you about the RevPAR growth across the various properties. They all seem to be extremely strong, especially the leisure properties. Just wanted to check if there is any call out on the reasons for the same, particularly in, say, Jaipur and Udaipur, and how sustainable this is. Is there any base effect on any quarterly variation that one may need to be aware of?

Anuraag Bhatnagar: So hi. See the RevPAR growth, if you look typically the segment that we play in, if you look at historically, Leela has always been growing high double digit over the last five years on RevPAR. And we have a 40% premium on the index when it comes to RevPAR.

Specifically talking about our resorts in Udaipur and Jaipur that you spoke about. This particular quarter, there were some high value celebrations, There were certain events, there were certain delegations, and we have been working on a strategy to pivot towards FIT-led consumer growth. We definitely believe that this RevPAR premium that we command, and this high double-digit growth that we have in RevPAR, not just in our resorts but across even our city hotels, is here to stay.

If you take a step back and just look at some macro indicators, India today is grossly underserved when it comes to luxury keys. Less than 18% of the total branded inventory is in luxury. And if you look at that in context of the high double-digit growth in demand of luxury consumers and very limited supply coming in, the markets that we operate in, this fundamental, there will be a delta of almost five to six percentage points in terms of demand versus supply.

So I definitely believe that this RevPAR growth is likely to stay. And we have also invested in a lot of digital investments, strengthened our sales and distribution network, and brought in revenue management practices to ensure that we capitalize on this delta.

Aditya Mathur: Sure, sure. Thank you. Thank you, Anuraag. And if I can just squeeze in one more on the debt part of it. I think, Ravi, you mentioned the net debt number has come down quite substantially. Is there any range that you would like to keep this in? And what's the comfort on where this would be, let's say, by year end? Specifically for this year, if you could just throw some lights on any investments or capex that you've planned for the current year for FY26?

Ravi Shankar: So starting with the question on the capex, this year we'll be investing around INR 400 crores of capex in the same store growth. That's basically on the value drivers where we are adding the Leela Club in Delhi, Bengaluru, and Chennai. We are adding 33 keys in Udaipur and 10,000 square feet of ballroom space, plus other value enhancement in different hotels, out of which we have already spent INR 100 crores.

Rest, INR 1,130 crores is on the contracted pipeline for the five hotels, which will be spent in the next two and a half years. This year, if you look at our net debt to EBITDA, we have 0.3X. And even if we take into account our growth with a contracted pipeline, plus even the active pipeline that we have, our net debt to EBITDA in the next few years will be an average of 2.5X, a little up or down, and will taper down as we move forward. And this year will be a similar 0.3X net debt to EBITDA.

Aditya Mathur: Understood, even by year end. Got it understood. Thank you so much, and all the best to you guys.

Moderator: Thank you. Next question is from the line of Sreetika Ray Mohapatra from JP Morgan. Please go ahead.

Sreetika Ray Mohapatra: Thank you for the initial remarks, and congratulations on a great set of numbers. I just wanted to, if possible, to provide an update on the progress of the upcoming assets. What stages are they in? We understand that the expected launch will be in FY28 for the five new hotels. But if you could draw some light on how each of these assets are progressing.

Anuraag Bhatnagar: Hi. I can tell you in brief that we are very much on track for our overall timelines, as we have declared. We are either having received approvals or in process of receiving approvals for all our projects. The various properties are at varying stages, ranging from design development, planning to early construction.

I mean, in terms of Agra, Srinagar, we are in final stages of concept design. We are at advanced approval stage. And in Agra it is expected to come in the next few months and the construction will begin by the end of the year. In Srinagar, final handover processes going on. Concept design is in progress and the teams have been mobilized on ground to start the construction.

Bandhavgarh and Ranthambore concept designing is in place and progress of approvals is in process. Ayodhya as well and BKC, I think Ravi has already mentioned to you. And likewise, our two managed hotels, we are looking at Sikkim is in advanced stages of the mock-up room design. And the Leela luxury residences is like we plan to put an operating team very much on the ground for pre-opening towards this year end.

Sreetika Ray Mohapatra: Thanks, Anuraag. Also, the presentation mentions an international expansion plan as well, in terms of scouting for opportunities. Is there anything already that is in the works or being looked at and any particular regions that you may be looking to target?

Anuraag Bhatnagar: If I just take a step back, Leela has been present internationally, maybe not in terms of an asset yet. But nearly 50% of our business comes from international markets. And Leela has been recognized globally through various publications and the readers, travellers as one of the best luxury brands.

So we are always open and evaluating opportunities in markets, which are A, either key source markets for Leela in India and B, the markets where India is travelling. So we are evaluating several options and I'm sure we'll be in a position to let you know once we come to a meaningful closure.

But we see significant potential for international expansion driven by the strength of the Leela brand, the expertise of our management team and the global operating experience of Brookfield. We just need to make sure that we are maintaining long-term financial discipline and ensuring that the decisions that we take are prudent and right.

Sreetika Ray Mohapatra: Thanks. That's very helpful. Also, while we're in early days of this quarter, how are you seeing the market offtake after the recent headwinds that we had seen in 1Q and how do you see the rest of the year shaping up in terms of demand and growth across your properties?

Anuraag Bhatnagar: If I kind of talk about the first quarter and thank you for observing that we have some very strong set of numbers, where we have seen a 20% growth in terms of RevPAR in Q1. This is despite the two weeks odd blip that we observed in the month of May on account of geopolitical tensions and Operation Sindoor.

That being said, typically as we have all seen in terms of cycles, H2 is significantly stronger, which means Q3 and Q4. And we see from the business on books and the funnel and the events that are happening in the country, in the locations that we are present in, we see a very strong runway ahead and a very strong finish to this balance of this year for FY26. We are looking at closing towards mid-to-high teens in terms of overall growth for FY26.

Moderator: Thank you. We'll take our next question from the line of Karan Khanna from Ambit Capital. Please go ahead.

Karan Khanna: Yes, hi. Thanks for the opportunity and congrats on a great quarter. So Anuraag, my first question to you, well, you did speak about the trends that you're seeing in the current quarter as well. But more importantly, if you think about the FTA recovery, which has been a challenge for the industry, how are the trends playing out for you, particularly in the July, August, September quarter? And more importantly, as we enter the season-heavy period of second half, what are the expectations going into that?

Anuraag Bhatnagar: I think as far as FTA is concerned, I touched upon it, nearly 50% of our business is international for Leela. And you know, India as a country today we still haven't caught up on the pre-COVID levels when it comes to foreign tourist arrivals. But we see, based on the bookings and the popular offtake of certain marquee products, like the Leela Palace Trail that we launched last year, the Arq at Pichola that we launched last year, a very high-end premium luxury product. We are expecting the H2 of this year, which is typically the FTA season from October to the end of March, to be a very high robust season in terms of FTA arrivals. And we are already seeing early-stage expressions of interest and long lead bookings coming our way, plus this is also the season when we get international incentives and delegations.

So we don't see that. Rather, we see that as an opportunity because the baseline has changed post-COVID. So we see that as a lot of headroom of opportunity because this international business, not only they stay longer, they typically tend to spend USD10 to USD20 more depending on locations and they consume and spend more money on overall F&B and wellness spendings and transportation.

Karan Khanna: Sure. And just looking at the occupancies for FY25, it stood at 65%. How should we think about scope for increase here, given that you have a mix between leisure and business properties, where demand will vary greatly based on seasonality for leisure and working days for business hotels?

Anuraag Bhatnagar: So as far as occupancy is concerned, we have made a few shifts in terms of our internal strategy and market segmentation, which have yielded very well for us. There's a lot of investment that has happened in terms of driving direct business, which contributes nearly two-thirds of our total business.

So whether it's our city hotels or our resort hotels, we definitely believe that our occupancies will be hovering closer to 70, early 70s towards the end of this year and with significant growth in ADR as well.

Karan Khanna: Sure. So a second question, well, in one of your slides, you've guided for a mid-to-high teen sort of an EBITDA growth in FY26. But given that most of your growth assets will come on stream by FY28, how should we think about, let's say, FY26-27 and 27-28 growth numbers for the company?

Anuraag Bhatnagar: So I think I've already spoken about the same store. All our Leela hotels, whether resorts or city hotels are in such iconic locations and in such micro markets, where there's no new supply coming in and the demand is growing in double digit. That being said, we have also invested a lot back into value drivers in each of our assets.

For instance, we are adding a new ballroom in Leela Palace, New Delhi. We added one ballroom in Leela Palace Bengaluru last year. We have upgraded and re-launched our restaurants in Leela Palace, New Delhi, the Qube and Le Cirque. There's a new F&B venue opening in Bengaluru.

Luxury retail is getting repurposed as we speak with some global international luxury brands creating an entire ecosystem in The Leela Palace Bengaluru. We are launching a world-class spa. New plunge pool villas have been launched in Leela Palace Udaipur and so on and so forth. So these asset enhancements that we have done across the portfolio of our hotels will create a compounding effect on the business because they create a brand stickiness.

The most important launch, which I would say that we are doing this year and Ravi alluded to it, is the launch of members-only, by invitation-only, private members club called The ARQ. We are launching this year itself, we are launching in three of our hotels, starting with the Leela Palace Bengaluru, where we are targeting thought leaders and trailblazers and this is going to be a great offering from the Leela portfolio.

This creates a compounding effect for the rest of our business. On the expansion side, two of our hotels will open in FY27. So in between now and 28, we have two openings. The Leela Luxury Residences would be opening, the Leela Sikkim would be opening, and we will have all these clubs that we spoke about coming to life and all the value drivers across all our hotels would have been stabilized. This is happening between now and 28.

Moderator: Thank you. Next question is from the line of Murtuza Arsiwalla from Kotak Securities. Please go ahead.

Murtuza Arsiwalla: Yes. Hi, sir. Two questions. One is for Ravi, sir. Actually, more on the bookkeeping. We see a drop in the depreciation cost year-on-year for 1Q versus 1Q25. Anything to explain that drop in depreciation because the base would be the same assets? Second is, obviously, some of the previous participants have talked about Jaipur and Udaipur, RevPAR and you talked about.

How much do you think would have been the impact still of the tensions? A lot of the peers who have reported so far referred to the sort of border tensions in terms of impacting ARR and RevPAR. Do you think these numbers could have been even stronger than what it would have or how much had those tensions not been there? So those are my two questions.

Anuraag Bhatnagar: I think I will take the RevPAR and then I'll hand over to Ravi to talk about the depreciation. If I give you a month-by-month breakup of Q1, when you spoke about these border tensions and probably what other companies…

Murtuza Arsiwalla: Yes.

Anuraag Bhatnagar: …have been reporting in terms of cancellations. Luxury as a segment is relatively inelastic and bounces back. This we have seen over various cycles and this is not just the Leela-specific phenomena. It's a global phenomenon if you look at any luxury brand across segments. And I think Leela has also, going through our numbers you can see that, that luxury has more resilience than any other segment.

That being said, there was a blip for around two-odd weeks in the month of May, wherein we had high double-digit growth, nearly 20% growth in the month of April, as well as June. So whether it's Jaipur or Udaipur, there is a very strong Indian domestic demand of luxury consumers. And the experiences that we have created over the last few years, the programming that we have brought into play, for instance, each of our hotels we have made them extremely family-friendly, attracting the new consumer behaviour of multi-generational travellers.

We are creating villas in Jaipur as we speak, and new kids' clubs in Jaipur and Udaipur to ensure that we have families who come for staycations, they drive down for two to three nights and they have great experiences in programming to back them up to focus on length of stay, to insulate us from the seasonality and some of these blips that can happen. So on the RevPAR side.

Ravi Shankar: And just to add, if you look at Jaipur, we have increased our occupancy in Q1 by 16.5%. We did 59% of occupancy in Jaipur, that was almost a 16.5% increase. So that's how our hotels are ramped up because you have put in the entire FIT strategy in our resort hotels.

And on the depreciation point, the brand was in the Schloss HMA, which is the corporate company. This brand got amortised over a period of five years, with the last year being FY '25. That's the main reason for the decrease in the depreciation and the similar depreciation number would continue in the coming quarter. Except for the value drivers that we are now doing, that will get capitalized and we'll have some incremental depreciation amount quarter-by-quarter.

Murtuza Arsiwalla: Sure. So basically, the brand amortization has been completed last year. That led to the drop and as you capitalize more assets or other investments that...

Ravi Shankar: Yes.

Murtuza Arsiwalla: Okay.

Moderator: Thank you. We'll take our next question from the line of Binay Singh from Morgan Stanley.

Binay Singh: Hi, team. Congratulations on a good set of numbers. Two questions actually. First, as we talked about expansion, including international expansion, is there any debt-to-EBITDA ratio that you would not want to cross, like any sort of guardrails or any benchmarks that you sort of kept in mind?

Ravi Shankar: So, Binay, thanks for the question. With our contracted pipeline or even with the active pipeline we have both in India, internationally, our intention is to have an average net debt-to-EBITDA of around 2.5x. Sometimes higher, lower, but average around 2.5x. That's the threshold which we have in our mind, Binay.

Binay Singh: Okay, and that is helpful. Secondly, this 2030 guidance that we've given on the EBITDA side..so does it include, if you could, A, give us the key drivers of that? B, does it include the BKC property that you've talked about in the presentation? And C, does it include other income or is it without other income? So these three points. Thanks.

Ravi Shankar: So, first of all, Binay, what we have done in this quarter, just to clarify on the Other Income, we moved all[1] our operating income to Revenue from Operations. Right now, Other Income only[1] includes treasury income. So now we have made our accounts much cleaner for you guys to refer to.

The INR 2000 crores has a very small amount of treasury that is generated because of some of working capital kept. So it's a very insignificant amount of treasury income in the INR2,000 crores. Now, how we would achieve the guidance that we have given for INR2,000 crores? That's first lever is a same-store growth, where we'll drive our occupancy and ADR, and RevPAR to high double digits, and with our operating leverage, we'll have around a mid-teens of EBITDA growth, plus the value driver which Anuraag spoke about, the three clubs, the spa, the retail coming in, all this will also add to the EBITDA, plus with the contracted pipeline of the five hotels, Agra, Ayodhya and Ranthambore, etc., plus the two managed hotels, which is Sikkim and Mumbai.

With these contracted pipelines and same store, we'll double the EBITDA from INR 700 crores of FY25 to almost we'll doubling it by FY30. And with the active pipeline, like the Leela BKC, which we just mentioned during our call, and the other active pipeline, we'll increase our EBITDA by another INR 500 crores, reaching almost INR 2000 crores of EBITDA.

Anuraag Bhatnagar: To add on to what Ravi just mentioned, we are creating two new brand verticals, the ARQ Club, which is coming in five locations, as well as the Leela Luxury Residences. We see a long runway ahead, especially looking at the market in India, looking at the way the offices are moving and what's happening in the real estate economy. We definitely see there's a lot of potential and tailwinds behind expanding the Leela Luxury Residences model to other cities as well, starting with the first one in Mumbai, as well as for the ARQ Club.

Binay Singh: Right. Right. So that is helpful. So just to sum up, it's basically 15% same-store EBITDA growth and the remaining is coming from new properties to reach this number of INR 20 billion or so, right? And Mumbai is included in this. The BKC is included…

Anuraag Bhatnagar: Yes.

Binay Singh: In this target -- EBITDA target.

Ravi Shankar: And this is a guidance[2], Binay, not a target[2]. This is a guidance[2] that we have for the five years, how we would track.

Binay Singh: Great. Great. Great.

Moderator: Next question is from the line of Achal Kumar from HSBC.

Achal Kumar: Yes. Hi. Thanks for taking my question. I have -- so, first of all, I just want to understand about your BKC construction. So basically, I think most of the hotel operators and owners have been talking about sort of expensive land and high cost of capital as one of the biggest hurdles, especially in greenfield capacity addition and the cities like Mumbai, payback period is very high.

So, what are your thoughts on that? I mean, is it like, because they are so high that it is still feasible to have a hotel construction BKC or is there anything else? So just want to understand how you see the economics, especially in places like BKC where land must be very, very expensive?

Ravi Shankar: Thank you for the question and very interesting. Just to give a clarity, the land that we have acquired, it's already at a very attractive basis of 20% to 25% less than the deals that are in the market and the information in the public domain. Also, just to give you some more statistics about the BKC market, BKC has 39 keys per million square feet of space versus 230 in Delhi and 185 in Bengaluru. And there's a major supply gap there.

Also, it's backed by strong demand fundamentals, including India's largest convention center and rising commercial density. So there's already a huge potential for the hotel to have a very high occupancy and ADR because of the demand supply gap. There is no luxury hotel, no supply coming from 2011, only 738 keys, which is in the BKC centre. So as a result, the fundamentals are very strong and the returns are also attractive and that's the reason we have gone for this project.

Achal Kumar: Right. Okay. Fine. So, you mean that because of high ARRs and the sort of under penetration, this makes the project quite feasible? That's how we should look at it, right?

Anuraag Bhatnagar: See, I mean, I'll just come in here. The last hotel that opened in BKC was opened in 2011. If you look at today BKC with the NMACC, with the office consumption and the Global Fortune 500 companies operating from this financial district, there's a long headroom for both occupancy and ADR to grow in this micro market. And plus, as Ravi mentioned, our basis of cost was very realistic and reasonable at 25% lower than in this prime location on G Block that we have acquired.

Achal Kumar: Right. Okay. Yes. My second question is around your business. So you mentioned that 50% of your business comes from international markets. So on that note, I mean, if you see all the sort of international players, whether it's Marriott, whether it's InterContinental, everybody is sort of talking about increasing their presence in India and everybody's talking about opening 1000 hotels or whatever. Even IndiGo talked about opening so many hotels in -- along with Accor.

So do you think, and when it comes to international inbound tourism, I think definitely Marriott and all, those are sort of a preferred brand. So how do you think the competitive landscape could play or could have an impact on your business given the current circumstances and given how international brands are sort of targeting their presence in India?

Ankur Gupta: Hi, this is Ankur. I was trying to chime in and answer your question on the BKC land first. If I may just come in here. Yes, so two things. You mentioned, in a way, segued into your question about the international brands as well. You've heard a lot of operators talk about land costs and land basis. What they don't have is a sponsorship that the Leela business has with the largest real estate alternative asset manager in the world, which has really come to light in this project where Brookfield Capital is partnering with the Leela business to create something unique, and which is not available to most hotels, standalone owners, operators, managers, which is also a segue into why we believe this is a very good opportunity because of the limited competition that business has from any other hotel brand, and which is represented in a way that for the last decade and a half, no hotel has come up in the BKC district despite the district becoming one of the top destinations, not just in India, but globally.

So, I hope that is also something that we are able to provide as a promoter of the Leela business, which is very, very unique. And this is the first example of this. I would like to believe that many more examples will come, which will place us uniquely compared to any other competition that you may talk about.

The second part of your question, I would like to believe that everybody is talking about an asset-light model, which means that without investing a dollar, from thin air, people can create thousand hotels every year, which I don't think realistically on this call we can all believe that that's possible.

Any which ways, Leela has a unique business model, which relies upon realistic targets, as well as a segment, which is massively underpenetrated, which most of the names that you talked about are not able to target in a place like India. And secondly, where is the capital going to come from? Is a no pun intended, billion-dollar question.

Achal Kumar: Right, okay, thank you so much and wish you all the best.

Moderator: We'll take our next question from the line of Sumit Kumar from JM Financial. Please go ahead.

Sumit Kumar: Hi, good evening. Thanks for the detailed update and a fantastic set of numbers. My first question was partly answered. For the RevPAR growth of Udaipur, can you please make it out what was led by occupancy and how much was ADR growth?

Anuraag Bhatnagar: Okay. The overall growth, as you can see on Slide number 17, is 29%. You just give me a moment and I'll give you the details.

Sumit Kumar: Sure, and my second question is on the Udaipur expansion. So, do we have any update on that? What will be the completion timelines? As well as what kind of a product that will -- it will be similar to the existing offering or you'll probably sort of position it maybe even at a much premium level.

Anuraag Bhatnagar: So I'll quickly come to the new land, but I can just give you the details. The growth is coming 20% from ADR and nearly 4% to 5% from occupancy in terms of the RevPAR that has happened growth of 29%. Now this new land that we have acquired is sharing a common boundary wall with the Leela Palace in Udaipur. It's c.1.8 acres of lake facing land.

As I mentioned earlier, we are doing design development and preparing the site right now in the final stages of getting all to build approvals. This we are looking at developing 33 keys and a 10,000 square foot banquet space. This is our opportunity to expand our premium inventory and capture a larger share of MICE business.

If you look at the demand supply data points in Udaipur as well, we see a double-digit, high double digits demand in that city from celebrations, MICE, international incentives and very high-end exotic FIT movement. So, we believe that this addition of 33 keys and this 10,000 square foot of ballroom space and an additional restaurant will further strengthen our palace offering.

And this particular hotel, all the rooms are going to be facing the lake. And with Leela, typically our room sizes are 30% higher than anybody else in luxury hospitality. We really believe this will complement our existing palace as the new offering of Arq in Pichola has done on the other side of the lake adjacent to Leela.

Ravi Shankar: And also, this will also help us to increase our share in the weddings, the luxury weddings and the MICE because we'll have multiple venues and additional ballrooms.

Sumit Kumar: Okay. Any idea on when this will get completed? By '28, will that be safe to assume?

Ravi Shankar: So next 18 to 24 months, this will be operational, Sumit.

Sumit Kumar: Okay. So, we are at 88 rooms. There is some villa rooms also coming and then 33 on top of this, correct?

Anuraag Bhatnagar: So we'll be a total of 134 keys[3] once we finish.

Sumit Kumar: Okay.

Moderator: Thank you. Next question is from the line of Prashant Biyani from Elara Securities. Please go ahead.

Prashant Biyani: Yes, thank you for the opportunity. So, sir, is it that 2, 2.5 years will be suffice for construction of own portfolio assets? I heard in the initial remarks that most of them are in the design stage, the first 5 months that we had discussed. So, 2, 2.5 years would be suffice timeline for operationalization?

Anuraag Bhatnagar: If I tell you, like, yes, I mean, in terms of on design, development and to execution, if you look at what has already been done, we have been achieving some real short and quick and quality timelines with a lot of efficiency. We have an in-house design development and technical services team. We work historically with some of the best partners and vendors. And we are very confident in terms of the timelines that we are declared of achieving all our project goals.

Ankur Gupta: If I may just clarify, these are not new projects. They've been in the works for several years. What the timelines you see are from today onwards. And as we know, design approvals et cetera take a bunch of the time. The actual physical construction for the hotels that we are talking about in the short-term and, some of these are repositioning of existing hotels, like in Srinagar. And some are ground developments like the resorts in the wildlife, which have a shorter timeline.

Of course, the BKC project will take 4 years. And some of the projects might take even longer than that. But the track record of opening the Mumbai residence is next year. And followed by Sikkim and the other hotels to follow. That is the path that the company has guided us to. And I believe that we have the right knowledge, track record and the sponsorship to achieve that.

Prashant Biyani: Sure. So, for the club that will start by FY27, three of them, I think we are starting by then, three or four. So how many members are we targeting for the clubs by FY27?

Anuraag Bhatnagar: By 2030. In the next 5 years, we're looking at around...

Prashant Biyani: I was saying '27.

Anuraag Bhatnagar: It's a phased out. See, the club is an aspirational product. It is the highest end of luxury. As for an exact number, this is not a push sale. This is a by-invitation. And we are very, very mindful that this club is going to create a brand affinity and a brand extension for us. Our goal, which we believe we'll be achieving, is around 2,000 members over the next 5 years in a phased out manner.

The hard approach is to create experiences, programming, brand affinity, and create those privileges for all the guests who relate with Leela.

Prashant Biyani: And typically, the guests generally hold more than one club memberships at the luxury end?

Anuraag Bhatnagar: The target audience who we have identified and who have shown a lot of interest, they may be holding global club memberships. They are very, very aware of what offerings to expect, and what experiences. And this is what differentiates us from any other clubs that are operating today in the country.

Prashant Biyani: Sure. And so on the BKC land or BKC hotel, as you have shown in the image, is it that the commercial tower will be beside Leela Palace or they would be in the same tower, both of them?

Ankur Gupta: I'll just come in here. Lots of people toy around or assume that we can build multi-use towers. People with experience know that multi-use product in the same tower is very difficult. So there will be two separate towers here. One will be the commercial tower, one will be the hotel tower. Leela's interest clearly lies in the hotel tower here.

And as I mentioned earlier, Brookfield is the partner with the largest office portfolio in the world and the largest office portfolio in India. And this is the unique nature about this partnership. The benefits of the multi-use is available to both and the experience of doing something like this is available to a very few handful of operators, developers, managers in the world. One of those being Brookfield and the Leela combination.

Prashant Biyani: And just lastly, what would be the mix of our domestic and international guests?

Anuraag Bhatnagar: I think I answered that earlier. Are you talking about specifically about Mumbai or talking about at a portfolio company level is 50-50?

Prashant Biyani: Company level. So in case it's 50-50, are we seeing any disruption due to the flight cancellations that we are seeing from Air India or the wide body aircraft that they have cancelled for now?

Anuraag Bhatnagar: No, I think we answered that question earlier as well, but we haven't seen any disruption as our business is very strong and is relatively inelastic to the short term. And if you've seen our growth is 20% on RevPAR across not just every market, but every segment that we operate in. We have grown over 20%.

Moderator: Thank you. We'll take our next question from the line of Sumant Kumar from Motilal Oswal. Please go ahead. Sumant, please go ahead with your question. As there is no response, we'll move on to the next question from the line of Maulik Raja from Fresh Food. Please go ahead.

Maulik Raja: Yes, sir. I would just like you to throw some light on as I see that the operations are slightly declined by 6.21 year-on-year. Is it just due to Operation Sindoor any other thing? And one other thing I want to ask is I read somewhere that currently occupancy is around 63%. And you said that you are planning to get up to 70%. So it will be the max what we want to achieve or in future we are expecting more occupancy than 70%.

Anuraag Bhatnagar: Okay. So all our hotels have an occupancy right now between -- for this particular year we're looking at early 70s on occupancy. But our hotels have a headroom to grow. As I mentioned, the demand in those markets and those micro markets is high double digits and there is no real supply coming. We have the highest guest experience score of 86, which makes Leela Hotels the automatic and the best address by choice for all our guests.

There are a lot of investments. All our hotels have been renovated. A lot of capital was deployed over the last few years. So all our hotels asset quality is spanking new. There is a lot of unleashed potential waiting, especially in terms of 200 business coming in. It has not yet reached a pre-COVID level.

India today as a market is still under-served, not just in supply, but also underserved when it comes to average daily rates compared to any other city in Asia Pacific or in Middle East. So there's a lot of headroom in terms of occupancy for growing in the hotels, as well as average daily rates.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to management for closing comments. Over to you, sir.

Anuraag Bhatnagar: Thank you all very much for joining us in this first ever call post our listing and I thank you all for your time that you invested in listening to us and our story and the growth that Leela has delivered in the first quarter. It's a very strong platform for us to start and it has been a defining quarter for Schloss Bangalore, not only have we delivered a strong operational and financial performance, strengthened our balance sheet and taken meaningful strides in executing a long-term strategy.

With our differentiated luxury brand, a robust pipeline and supportive industry tailwinds, we are very well positioned to build on this momentum and create sustained value for all our stakeholders. Thank you all very much. Thank you.

Moderator: Thank you. On behalf of Schloss Bangalore Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.

Notes: *This transcript has been edited for readability and does not purport to be a verbatim record of the proceedings*

1 : For the quarter ended 30th June 2025, we have reclassed rental income and other ancillary services from "Other income" to "Revenue from operation" and post this reclass "Other income" majorly includes treasury income.

2 : As per Q1 FY26 earning release investor presentation Company is targeting to achieve Rs 2,000 Cr EBITDA by FY30 which is not a guidance.

3 : Post expansion completion, The Leela Palace Udaipur is expected to have 126 keys instead of 134 keys.