



Apeejay Surrendra Park Hotels Limited (ASPHL)

Q2 and H1 FY '26 Earnings Conference Call November 13, 2025

Moderator: Ladies and gentlemen, good day, and welcome to the earnings conference call of Apeejay Surrendra Park Hotels 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 touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Devrishi Singh of CDR India.

Devrishi Singh: Good afternoon, everyone, and thank you for joining us on Apeejay Surrendra Park Hotels Q2 and H1 FY '26 earnings conference call. We have with us Ms. Priya Paul – Chairperson; Mr. Vijay Dewan – Managing Director; and Mr. Atul Khosla – SVP Finance and CFO of the Company. We will begin the call with opening remarks from the management, followed by an interactive Q&A session.

Before we start, I would like to point out that some statements made in today's call may be forward-looking in nature, and a disclaimer to this effect has been included in the earnings presentation shared with you earlier.

I would now like to invite Ms. Priya Paul to make her opening remarks.

Priya Paul: Good afternoon, everyone. It is my pleasure to welcome you to the Q2 and H1 FY '26 earnings call of Apeejay Surrendra Park Hotels. On behalf of the Board and the management team, I thank you for joining us today and for your continued engagement with the Company.

The first half of FY '26 has been a period of strong momentum and sustained growth for us. Our Company delivered another record performing quarter with revenue up by 16.8% year-on-year and operating EBITDA rising 14.9% Y-o-Y in Q2 FY '26. Occupancy remained amongst the highest in the industry at 93% and RevPAR grew 11.9% year-on-year. This performance is a testament to the enduring strength of our brands and the trust of our guests. Most of all, the credit is to the motivation and commitment to results by each of our team members.

We continue to expand our footprint through an asset-light strategy supported

by a strong pipeline of new hotels and the ongoing success of Flurys, our iconic bakery and cafe brand. I am confident that we will have 50 operational hotels by the end of this financial year.

During the quarter gone by, we achieved an important milestone with the completion of our strategic deal for the Zillion Hotels property in Juhu, marking our entry into Mumbai. This represents our foray into one of India's most vibrant hospitality markets, a key gateway city, and this has been a long part of our growth vision. The property is being developed into an 80-room super luxury boutique hotel, which will bring our signature anything but ordinary hospitality services to Mumbai and will set new benchmarks for our brand.

Significant progress has been made in all our new-build projects at Kolkata, Visakhapatnam, Pune and Navi Mumbai and groundbreaking in Kolkata will be as in January 2026.

The global recognition received by Ran Baas The Palace, Patiala and The Lotus Palace Chettinad have further reinforced our standing as a design-led, experience-driven hospitality group. These projects reflect the meticulous care, creativity and passion of our teams in bringing heritage and contemporary luxury together. International accolades from Michelin, where is now a star hotel, Architectural Digest, Condé Nast among so many others highlight the global appeal that defines our portfolio. That success serves as a strong template for us to pursue similar high-end projects, strengthening our presence in the bespoke luxury segment.

Our commitment to sustainability and responsible growth remains central to our philosophy. Under the Park Planet Positive program, we are advancing key initiatives in renewable energy, resource efficiency and waste management, reflecting our long-term vision of building a modern, inclusive and environmentally conscious hospitality enterprise.

We believe India's hospitality industry is entering a multiyear growth phase, driven by growing prosperity, expanding travel infrastructure, new destination development and a growing preference for authentic experiential stay. At ASPHL, we are proud to be part of this evolution, combining creativity, innovation and personalized service to deliver distinctive experiences across our hotels, restaurants and cafes.

As we look ahead, we do so with optimism and confidence with a well-diversified portfolio, a strong balance sheet and an exceptional team, ASPHL is well positioned to capture the opportunities ahead and continue creating long-term value for all stakeholders.

I will now hand over to our Managing Director, Vijay Dewan, who will take you through the highlights of our operational and financial performance.

Vijay Dewan:

Thank you, Ms. Paul, and good evening, everyone, and a warm welcome to our Q2 FY '26 earnings call. It is always a pleasure to connect with all of you. On behalf of my leadership team, I would like to express our sincere appreciation for your continued trust and confidence in us.

The second quarter marked our best ever second quarter, a period of accelerated momentum and sustained growth. At the operating level, we have delivered strong high-teen revenue expansion and mid-teen EBITDA growth, reaffirming the strength of our strategy and our brand.

In the last earnings call, I had stated that we will be moving towards a high mid-teen growth, and I am proud to say that my team has delivered this high-teen growth on the revenue front. This performance has been further supported by India's leading occupancy of 93%, which we have achieved, along with 13% increase in ARR and a 12% rise in RevPAR. As we conclude the first half of FY '26, the Company continues on its

growth trajectory, driven by disciplined execution, operational excellence and strong brand momentum across both our hotel and F&B businesses.

During the quarter, revenue grew by 17% on a Y-o-Y basis to INR 165 crore and operating EBITDA improved by 15% Y-o-Y to INR 49 crore. We continue to maintain India's leading occupancy and market leadership in RevPAR in the upper upscale segment. As I mentioned, ARR grew by 13% and RevPAR grew by 12% in Q2 of FY '26.

Our flagship hotels continue to deliver industry-leading performance. The Park Kolkata achieved 100% occupancy. The Park Chennai registered 97% occupancy, while our Navi Mumbai and Bangalore properties reported occupancies above 90%. This resilience highlights the strength of our brands, our focus on guest experiences and the trust we have earned across our key markets.

We continue to reinvest in our portfolio through systematic refurbishments and F&B upgrades. Several key properties, including New Delhi and Chennai have undergone room and venue enhancements this year, ensuring our hotels remain contemporary and competitive. These initiatives have directly contributed to higher guest satisfaction and reinforced our pricing power.

Our development pipeline remains on track and is progressing well with nearly 600 rooms expected to be added across ownership, lease and management models during FY '26. Of this, over 400 rooms will come through new management contract, reflecting the strong momentum in our asset-light strategy. With this expansion, our portfolio is set to expand from 36 hotels at 2,436 keys to around 50 hotels nearing close to 3,000 keys, keeping us firmly on track to achieve 50 hotels by 2025.

This growth, along with steady improvements across existing assets positions us to sustain to a sustained and healthy and strong double-digit growth in revenue as well as in EBITDA. We continue to maintain a superior financial position with net worth of about INR 1,305 crore and an ICRA rating of A+. In fact, ICRA has revised the outlook from stable to positive. Liquidity remains comfortable, backed by mutual fund investments of nearly INR 45 crore, providing ample flexibility to support both operations and future expansion.

I am pleased to share that we have successfully completed the acquisition of 90% stake in Zillion Hotels & Resorts Private Limited, which owns the Juhu Mumbai property for approximately INR 206 crore. In addition, we are in the process of finalizing the acquisition of 31 rooms in Kochi. These strategic additions will further strengthen our presence in Mumbai and South India and enhance our premium positioning in the luxury segment portfolio and support long-term earnings growth.

It is important to note that the Kolkata Municipal Corporation has granted permission to commence work on our EM bypass project. A payment of approximately INR 24 crore has been made to the corporation for this permission. This mixed-use development gets underway in January '26 and is likely to be completed within three years of the start of the construction.

The two heritage Palace hotels launched, which were launched last year, continue to gain traction in the luxury segment. Recognition of Ran Baas The Palace, Patiala and The Lotus Palace Chettinad positions us strongly on the global stage and further reinforces our position as a design-led, experience-driven hospitality group. Ran Baas The Palace been awarded the Michelin One Key, a hallmark of quality and experiences for our customers and it also features in the Prix Versailles list of the most beautiful hotels of the world. It also features in the Condé Nast hot list for 2025. The Palace is currently selling at a rate of INR 40,000 to INR 45,000. The Lotus Palace, Chettinad features in the 100 best

new hotels by Travel + Leisure and has so far recorded an occupancy close to 30% with an average room rate close to 12,000.

Our iconic brand, Flurys, continues its remarkable journey of growth and reinvention with 102 operational outlets as on date, spanning flagship cafes, kiosk and tearooms, is now getting set to enter Andhra Pradesh and New Delhi. In quarter 2, Flurys recorded a strong growth of 22% on its topline. The period of quarter 2 has been utilized to organize infrastructure and capabilities to speed track the next phase of expansion of Flurys. Q3 and Q4 will see Flurys expand to 130 stores. The robust traction from newly opened cafes underlines Flurys growing appeal and its potential to become one of India's most admired national cafe brands.

Coming to our performance on a half yearly basis; - the consolidated net revenue for H1 FY '26 grew by 15.5% to INR 320 crore compared to INR 277 crore in H1 of FY '25. EBITDA stood at INR 94 crore, up from INR 82 crore in H1 of FY '25, while profit after tax rose to INR 30 crore from INR 25 crore a year earlier. This performance reflects the strength of our diversified portfolio, sustained demand across segments and our continued focus on efficiency and value creation.

Looking ahead, our strategic direction remains firmly anchored in our 3G philosophy of growth, governance and green. Under our Park Planet Positive program, we continue to advance our sustainability agenda across renewable energy, water conservation and waste management. In FY '25, we made strong progress on our sustainability goals, achieving meaningful reductions in emissions, energy and water use and expanding solar adaptation across our hotels with multiple properties earning IGBC Green Building certifications. We are now targeting 100% electric vehicle case transport by FY '26 and 95% landfill diversion, taking us closer to our milestone of waste neutrality by 2025, water neutrality by 2028 and carbon neutrality by 2032.

Innovation and digital adaptation continue to transform how we engage with our guests and how we operate our hotels. About INR 15 crore has been earmarked this year for AI-led initiatives such as web check-ins, digital identity, AI-based chatbots and concierge services across our hotels. At Flurys, a new billing system, loyalty program and self-ordering kiosks are being rolled out to enhance efficiency and convenience.

Organization-wide, the AI-based SAP S/4HANA ERP is progressing well, strengthening finance, cost management and compliance. We are also upgrading our revenue management system with Nor1 with generative AI built capabilities for dynamic pricing and sharper demand forecasting and upselling, vital to maintain industry-leading ARRs and occupancies. At Apeejay Surrendra Park Hotels, our journey is guided by the principles of innovation, sustainability and responsible growth. We take great pride in being an organization that not only employs people but also nurtures and empowers them. Our culture is defined by excellence, innovation, teamwork, commitment, integrity, empowerment and respect.

As we step into the next phase of growth, we remain committed to being a culture-first, people-first and now an AI-first organization. Our priorities include building a culture of continuous learning and innovation, strengthening employee well-being programs, both physical and mental health, creating more opportunities for women to lead from the front and lastly, leveraging AI technology not to replace people, but to empower, but to empower them and to drive growth.

As we move ahead, our focus remains for further improving growth, deepening guest engagement and creating enduring value for all our stakeholders. Once again, I extend my heartfelt gratitude to our shareholders, customers, team members and business partners for their continued trust and support in us. Thank you.

So now I will request the moderator to open the line for question and answers.

- Moderator:** We will now begin the question-and-answer session. The first question is from the line of Archana Gude from IDBI Capital.
- Archana Gude:** Congrats on good quarterly performance in Q2. So, I have a few questions. Firstly, can you give us some more colour on 13% ARR growth in terms of which markets help us to outgrow compared to peers? Some like-to-like performance would be helpful.
- Vijay Dewan:** So ARR performance has been exceptional actually in all the properties. We have had significant growth in ARR, firstly in Chennai, followed by Delhi. Delhi has also performed exceptionally well in terms of ARR, achieving ARR of almost INR 8,400 at the moment, which is a significant improvement. And then, of course, we have had expansion in ARR in Bangalore as well as in Kolkata. And yes, as I mentioned, our property in Patiala, we have achieved close to 20% occupancy. And as of date, our YTD ARR is close to around INR 28,200. And in Chettinad also, we have achieved close to about 30% occupancy with ARR of INR 11,887 and obviously steadily rising in the month of November. As I mentioned in the month of November at the moment, the Patiala hotel, the results are further improving. And in the first 11 days of the month, the hotel recorded ARR in excess of INR 40,000.
- Archana Gude:** And sir, do we expect similar kind of growth rate to continue? So how has been this October and till late of November since we are now entering the better quarters, Q3, Q4. So, do you foresee that maybe 13%, what we delivered in Q3, so that would be like 15% plus for H2 of FY '26?
- Vijay Dewan:** So, first thing is, these results are, by and large, industry-leading results. Occupancy of 93% is the leading occupancy. The ARR growth of 13% and 12% in the upper upscale segment is also industry-leading. To a large extent, we have actually outperformed the industry with this growth. Quarter 2 has been, as I said, one of the best quarters we have ever had. I had committed in the last earnings call that we will be heading towards a high-teen growth. And we are proud, and I am proud of my team, which has delivered for me a high-teen growth and which would surpass all expectations. We have also achieved a 15% growth in our EBITDA margins, with EBITDA margin standing at 30%. So, it has been, I would say, an outstanding performance.
- To the question that how quarter 3 and quarter 4 outlook is looking to be, the outlook is very, very positive, and we are looking for improving our growth rate as we sort of move forward. You have yourself mentioned Archana, that these are the strongest quarters of the industry. And yes, they are, festive and wedding season. And at the moment, as you know, during this year, most of the weddings are actually scheduled. In fact, 36 wedding dates are scheduled between now November 12 and the end of March. So, it is going to be very, very strong.
- Also on the other side, the most important thing is that the T20 World Cup is going to happen in February of next year, which is going to be very, very significant. It will drive performance even further up, not only for us, but also for the industry.
- More importantly, heads of State visits are also being planned. The Russian President is expected to be in India during quarter 3 and there is no reason that why Mr. Trump will not visit us in quarter 4. So, a lot of delegations are expected, a lot of conferences are expected. So, the outlook is very, very positive, and we expect to outperform in both Q3 and Q4.
- Archana Gude:** Sure, sir. That was pretty helpful. Sir, now coming to Flurys, we plan to add 30 outlets in FY '26 and with this 30 addition this year. So do you think that we need to, like earlier, we

said we will reach 200 number by FY '26-'27. So now that number looks slightly difficult. So how we should read?

Vijay Dewan: We are very strongly focused on 100 years, at the time of 100 years of Flurys to have 200 outlets. We have done some reorganization. We have used the period, as I mentioned, of quarter 2 to build infrastructure, to further build on infrastructure and to build on capabilities and competencies. And we are about to enter in a strong way, the state of Andhra Pradesh and the Union Territory of Delhi, and the expansion will be on track. Most importantly, for Flurys, we have delivered 22% growth in our revenues. So the growth rate of Flurys will continue. And again, in this business also, we will be putting in our best efforts to outperform the market.

Archana Gude: Sir, just taking cues from that. So, are we saying that if we reach 130 by FY '26 and do we intend to add 70 in FY '27? Is that like should we stick to the 200 number?

Vijay Dewan: We are, at the moment, sticking to the 200 number. During the previous year, which has gone by, that is '24-'25, we added actually 23 outlets. We were 77 outlets. We moved up to almost 100 outlets or 100 outlets plus. And there is no reason that we will not outperform those numbers for this year. And as we are building infrastructure or organizing, I would say, infrastructure and competencies and capabilities, these numbers will significantly go up.

Archana Gude: Sure, sir. Can you just bifurcate the 30 number outlet in terms of cafe restaurant and kiosk?

Vijay Dewan: So, the numbers we have actually provided in the investor document, but the main numbers are coming out of Delhi, which will be about five outlets, six more are going to be added.

Archana Gude: No I wanted some more like in terms of how many would be the cafe, restaurant and kiosk.

Vijay Dewan: So, the track is going to be a large part of these 30 outlets. Almost 90% of these outlets are going to be in the cafe format and the balance three or four outlets are going to be in the kiosk format. We have determined that the cafe format is the best format for expansion.

Archana Gude: Right. And lastly, sir, if you can help us with the EBITDA margin of Flurys for H1 FY '26 as well as Q2.

Vijay Dewan: So Flurys continues to be a very strong profitable business compared to our competitors. We are at the moment in high single digits in terms of our profitability.

Archana Gude: Okay. So, what was that number for H1, sir, the high single digit?

Vijay Dewan: Yes, that is the number for H1, and it is likely to continue to improve further.

Archana Gude: Sure sir, that was helpful.

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

Jinesh Joshi: Sir, I have a bookkeeping question. I mean if I look at our cash flow in 1H, I think we have spent about INR 188 crore. But given the fact that our count is stagnant and the four greenfield hotels are yet to begin construction, can you clarify as to where this money is being spent?

- Atul Khosla:** See, INR 52 crore is towards the budgets and capex of peak ASPHL. INR 130 crore is approximately lined up for the and which has been replaced for the Zillion acquisition. We have taken a line of credit of which is one line of credit for Zillion of INR 105 crore on the books of Zillion from ICICI Bank. That is big money has gone.
- And towards acquisition, we have also invested another INR 130 crore; so INR 80 crore on this line of creditors and takeover of creditors and the balance INR 50 crore is towards the equity thing of the Zillion.
- So, this mainly for the acquisition. That is why my net cash net debt is at present INR 132 crore. But since the transition has happened on 26 September, we foresee at the end of the year, again, this net debt will be to the going towards neutral only.
- Jinesh Joshi:** Got that. Secondly, I mean, if I look at our RevPAR in Hyderabad, it has declined by about 8% in 2Q. So, if you can specify the reason for this because I think the market as such has done well. But for us, I think there has been some kind of a disappointment. That is one. And secondly, also, if I look at our F&B revenue, that has increased by about 17%. So, if you can just help us understand this number a bit better.
- Vijay Dewan:** So, Hyderabad has been one of our top performing markets in which we have achieved compared to the city of Hyderabad, as you rightly said that the business has improved. So, the city nevertheless has done occupancy of only 76%, and we have achieved occupancy of 90%. And this is a significant premium to what Hyderabad market is doing.
- When we look at the RevPAR for the hotel, the RevPAR for the hotel for the city has been INR 5,541, and we have achieved a RevPAR of INR 6,348, which is also industry-leading. Now when we looked at, yes, the Hyderabad ARR, the ARR has slightly dipped, but it is totally in line. And in quarter 3 because of higher conference bookings and higher wedding business; and we have large banquet halls within the city in the Hyderabad market. And we have got a large number of advanced bookings for these weddings and conferences. And we expect the ARR again to be higher than that of the market as we go forward.
- Jinesh Joshi:** Actually, what I was explicitly looking for is the reason for decline because in the PPT, we have given the 1H number, which you pointed out as INR 6,348. If I back calculate and arrive at the 2Q number and benchmark it with 2Q of FY '25, apparently, there has been an 8% decline. So that is what I wanted to know.
- Vijay Dewan:** So, in Hyderabad, when you look at the Hyderabad market, the Hyderabad market is distinctly divided into 2 categories. That is the category of the CBD area and then the Gachibowli and the IT area. The improvement in ARR, which you are seeing has largely happened that 9% to 14% increase in ARR has largely happened in the IT and in the Gachibowli area. But if we were to send you the details of how the CBD area has behaved, our ARR continues to grow, and it continues to outperform the market.
- Jinesh Joshi:** Sure. And secondly, on the managed portfolio side, I mean, we were at about 1,000 rooms in '25. And if I am not mistaken, our current key count is approximately 1,041. And if I heard you right in the opening commentary, you mentioned that we plan to add about 400 rooms in the second half. And also in the earlier calls, we had given a commentary of adding about 400 to 500 keys each year. But given how the performance has been in 1H, are we on track to kind of achieve the FY '26 guidance? Also, when we see that we have about 293 keys on the managed side, which are under development, have you signed management contracts? Or how is the visibility pipeline with respect to those keys?

Vijay Dewan: So, currently, you have actually rightly picked it up, we have said that we are going to be adding 400 keys. So, there is a full structure as to how we are going to achieve it and how these properties are opening. We are about to open Goa - 42 keys and about Kochi - 31 keys during the course of this month, which is 73 keys are expected to open during the course of this month itself.

We plan to open 102 keys in December, about 70 keys in the month of January, 100 keys are going to open in February FY '26. And then in March, we plan to open 243 keys. All this adds to about 588 keys. And largely out of this 400 is going to be on the asset-light side of the model. And the balance is 31, which is going to be in terms of ownership and 144 in terms of lease properties. So, there is a full plan which is there, which takes us from 2,436 keys to close to 3,024 keys.

Jinesh Joshi: Understood. Sir, one last question from my side, and that is on Flurys. Now if I remember right, at the start of the year, we had guided for 50 outlets and then we brought down the guidance to about 40 in the previous quarter. And now we are seeing 30. So basically, I just wanted to understand the problem area over here. I mean, what exactly is the problem in terms of opening up the outlets? Has it got to do with the real estate? Or has it got to do with something else? If you can clarify on that part, it will be really helpful.

Vijay Dewan: So, firstly, we remain, by and large, committed to the growth numbers, which we are giving. We had said that, yes, we will be doing 40 to 50 outlets last year. And at the beginning of this year, we had revised this down to 40 and now to 30. The reason, of course, as I mentioned, we have used the period of quarter 2 to sort of organize ourselves for a much stronger growth in quarter 3 and quarter 4. You will see that we are able to open because last year itself, we opened 23 outlets. And there is no reason that we will not open 30 outlets this year. So, we have organized ourselves. We are working to improve infrastructure, and we have improved infrastructure. We are improving in terms of capabilities and competencies. Our Head of Flurys has been appointed at New Delhi. And we have further strengthened our human resources and in Maharashtra so that we can drive growth not only in terms of Mumbai, but also in terms of Pune and more cities in Maharashtra.

We have our own hotel in Visakhapatnam. We are going to use that hotel to drive growth. The properties are already being signed. You will see that two properties are going to open in Visakhapatnam. And as you know, the Google's biggest data center is going to be in Visakhapatnam and that city is growing at a very fast pace, and we have identified Vizag to be a fast-growing market for Flurys as well.

So not just two outlets of four outlets. And as Google's data center opens, maybe more outlets in Andhra Pradesh as well as in the city of Visakhapatnam. We remain fully committed to expand further in Mumbai. The organization, the infrastructure has been further improved during the course of this year or particularly in quarter 2.

So, currently, we are at 16 outlets, and we are going to add six more outlets in quarter 3 and quarter 4. And these outlets are going to be largely premier locations of Mumbai. It is going to be in Airoli and in Bandra and in another important mall in Thane and many other important places, three other important places in Mumbai.

Delhi, we are in the process at the moment of identifying. It is not just opening up five to six outlets in Delhi. We are in touch with real estate agents. So suddenly, as we move forward, you will see very rapid expansion of Flurys. We are looking at getting to 200 outlets. We are focused on that to deliver 200 outlets. And over a period up to '29-'30, we remain committed to get to around 400 outlets of Flurys.

Jinesh Joshi: Thank you and all the best.

Moderator: The next question is from the line of Prachi Agarwal from Axis Capital.

Prachi Agarwal: Firstly, congratulations on the strong performance this quarter. Like you mentioned, you have delivered an industry-leading performance. I see ARR growth of 13% and occupancy of 93%. This is quite high considering this was a softer quarter for the sector. Could you help us understand what really drove this, especially when other companies were struggling with the RevPAR growth?

And secondly, I wanted to ask you, given that your occupancy levels are very high already, typically, once the hotel reaches the 80% mark, the ARR becomes the main driver for RevPAR growth. So how do you think about the ARR progression from here? And do you see any scope for further pushing the rates? And if so, how long do you think it can sustain?

Vijay Dewan: Firstly, I have said this before also, and you have also said it yourself that once the occupancy levels are at such high levels, the growth is bound to happen. So, in terms of the cities of our operations, we are present in 8 of the 10 growth markets of the country. And in these key growth markets, the key thing is that there is a 400-basis point difference in terms of demand and supply. And as this demand and supply mismatch is playing out, it is benefiting us the most, and that is why you have seen this 13% growth in ARR.

The most important thing which me and my team, I must say, we have been working or the organization, which is Surrendra Park Hotels is working on, is to not only look at inorganic growth capabilities, it is in terms of how do we build organic growth capabilities. A lot of effort which was put in over the previous year in building organic growth capabilities is today yielding results.

So, what is exactly organic growth capabilities; - organic growth capabilities is actually to have the world's leading or best revenue management system. We have been having it, and we are further improving it. We are today in the process of implementing not only on the back of the house or the heart of the house AI-driven software, but also further for the Nor1, which we are introducing, which is an Oracle-based software, is further going to enhance our organic growth capabilities. And that is the key growth focus of the par. How do you continuously work to improve organic growth capabilities; - so, this Nor1, which is now getting installed in our hotels, - what it is going to do is actually it is going to help us in upselling our product, upselling in terms of the rooms, upselling in terms of our F&B facilities, and also upselling in terms of other facilities which we have, which includes even Flurys. So, whether it is spa or whether it is any other guest experiences, which we are offering or whether it is car rentals. So, all this capability is getting enhanced both in the front of the house as well as in the heart of the house. In the heart of the house, the organic growth capabilities are being enhanced in terms of central purchasing.

One of the key challenges we have is that how do we deliver on a continuous basis, how do we continuously improve efficiency. We are focused to deliver a higher efficiency and a higher growth performance in the quarters ahead. One is that it will be obviously determined by demand-supply mismatch and stronger quarter 3 and quarter 4. But the big part of our success has come through building organic growth capabilities. And as demand-supply mismatch plays out further, our growth is going to be even more stronger.

Prachi Agarwal: That was helpful, thank you.

Moderator: The next question is from the line of Vaibhav Muley from Yes Securities.

Vaibhav Muley: So I noticed some delays into our expansion pipeline versus Q1 FY '26. So, within the quarter, actually, we have seen significant delays. For example, Kolkata now, we are estimating three years for post commencement of construction. So, Jan '29 is what the timeline is for our project now versus April '28 earlier. Similarly, for Pune from April '27 now the timeline would be somewhere near June '28. And similarly for Vizag from September '27 now the timeline would be again, June '29. So at least 1 to 1.5 years of delay that we have seen across these three projects. For Zillion as well, - earlier we were saying that hotel will be operational by June of 2026, now we are saying it will be by December, so another six months delay over there. So exactly what has changed within the quarter that we have seen such delays across our key projects. So, except Navi Mumbai, most of the projects have seen the delay. So, I would like to get some clarity on that, if possible.

Vijay Dewan: So, firstly, we are absolutely committed to, in terms of both organic as well as inorganic growth. So, your question is largely related to inorganic growth in the Company. So, the first is regarding EM Bypass. The EM Bypass project, we had submitted our drawings for approval on time in the month of April. And these drawings on the basis of the ease of doing business model of the West Bengal Government actually has come out the fastest.

The only part of the delay has been largely to do with the large holidays, which happened during the Durga Puja time as well as during the Diwali time, which has pushed back this project opening by actually a month or 1.5 months. And it is also related to the fact that we would like the key officials of the Government to actually inaugurate this hotel.

The most important thing about this project is that the permissions have been granted. It is a greenfield project. The KMC permission has been granted. The fire permissions have been granted for this project, and it is all ready to start. The groundbreaking is expected in the month of January. And any hotel in India actually takes about three years to complete. But yes, it will be our endeavour. We are starting this project in January. It will be our endeavour to deliver this project ahead of time.

Also, the key aspect of this project is that it is a mixed-use development and significantly, as you know, improve the cash flows of the Company. So, we feel that it is on track. Whatever time we may have sort of missed on, the organization will put in its best effort to sort of cover up. But hotels normally do take about three years to complete. So that is the timeline which we have given. The best part is that the hotel work is now beginning, and all clearances have been obtained, and it is on track to sort of start.

The other key aspect is that, yes, there has been a slight pushback whether you are seeing it in Pune as well as possibly you are seeing in Visakhapatnam. But as an organization, we are totally focused on terms of organic growth. So, if from the original format, there is a slight delay in terms of Pune as well as in Visakhapatnam, we are compensating that growth with the acquisition of Zillion Hotels & Resorts and compensating it with the acquisition, which is about to take place in terms of the properties in Kochi. So, as far as the model is concerned, it remains fully protected and Bombay being a high revenue-generating market, it will cover up for any sort of delays which have taken place. It does not mean that this is just the beginning in terms of our acquisition strategy. As you know that our balance sheet remains exceptionally strong. The credit rating has been reaffirmed at A+ and the outlook has been changed from stable to positive. So, there is sufficient ammunition, or you can say, gunpowder, which is available with us to actually further propel organic growth and compensate for any kind of delays which may be happening in some of the projects which are underway. They are more related to permission delays. But as far as EM Bypass is concerned, as far

as even the other two properties are concerned, considering how the environment is, they are well on track, and we are committed to delivering these projects. And more than that, we are committed to the growth of the Company, which is going to happen on the inorganic side, and it is going to happen through other expansions, which will take place. So, nothing of great concern. The things are well on track, and we are on track to deliver whatever we have promised in terms of our growth.

Vaibhav Muley: Understood, sir. Just related to this, would we now also evaluate more incremental growth opportunities in terms of maybe expanding our lease model given there are some delays in our own projects. So, any plans to evaluate more such growth opportunities in the near term where there can be immediate revenue and EBITDA accretion to the P&L? And again, what would be the now revenue and EBITDA guidance and margin guidance for FY '26 and '27?

Vijay Dewan: So, one thing is very clear that, as I mentioned that the Park is absolutely committed to growth. And it is actually getting committed to growth on both sides, the organic side as well as the inorganic side. As I explained while answering the other question that the organic growth capabilities is a key focus area, and that is starting to deliver results.

The lease part, which is there, we are going to add about 144 more keys on the lease platform during the course of the year. And yes, we would be acquiring as we move forward in the 500 mix, we plan to develop over 500 properties, 500 keys in terms of hotels every year. That is our goal to add 500 on the asset-light as well as on the lease side. So, 20% to 25% of that 500 will always be our focus to deliver in terms of lease. And that you will see that happening now.

In terms of a guidance, as such, we do not give any guidance. But yes, growth in quarter 3 and quarter 4 is going to definitely further improve. If we have delivered a percentage of growth during quarter 2, these percentages are likely to improve further.

Vaibhav Muley: Understood, thank you for answering the question and all the best.

Moderator: The next question is from the line of Madhav Jhawar from SKP Securities.

Madhav Jhawar: I just wanted to confirm regarding the 58 keys that you are planning to add in the remaining financial year. So out of these 58 keys, how many would be the lease and which are the hotels which would come under the lease model?

Vijay Dewan: So, 144 keys are coming up in the lease model. The properties which are in the lease model is firstly Goa, which is 42 keys. Then we have Dharamshala, which is coming up, which is 48 keys. We have also another property coming up in Goa, which is a small villa of three bungalow converted into a villa of nine rooms. Then we have a property coming up in Manali and Shimla, two properties coming up on these. This is 24 rooms in Manali and Shimla 24 rooms. So, all these, they add up to about 144 keys. And 31 keys are going to be actually on the ownership side of the model, and the balance are going to be on the asset-light side of the model, which is roughly 400 keys.

Madhav Jhawar: Okay. And as per my calculation, during the quarter, the revenues from Ran Baas The Palace was around INR 2.5 crore. So could you please confirm my numbers are above or below directionally if you can provide, is it around INR 2.5 crore.

Vijay Dewan: So firstly, we have set a very high target for the Ran Baas The Palace. And to answer your question, the quarter 1 for the Ran Baas The Palace was a little soft. The reason for that being that there was tension and there was war at the border and many of our airports were shut in the North. And particularly Chandigarh airport was shut for over 20 to 25 days during the course of quarter 1. So that the performance has significantly

improved in quarter 2 and at the moment and your numbers are mostly in line. We do not give individual property numbers. But yes, they are mostly in line. And actually, they are much higher than actually what number you have put forward of INR 2.5 crore. They are definitely about 30% more than what you have mentioned.

The key thing in this property is actually our positioning and our branding. This property has got global recognition. The global recognition is in terms of the MICHELIN Key, which we have got. And this MICHELIN Key is very rare, and there are very few hotels in India, which have been given One MICHELIN Key. Second is that this features in one of the most beautiful hotels for Prix Versailles. And we are going to get and collect an award for this in Paris on December 4. And then, of course, we have got three, four other significant awards for this. One is the Architectural Digest Award, which is also a very significant award, which we have got in terms of the restoration. It is one of the great design hotels and AHEAD Award for the best hotel conversion is another award which Ran Baas has got. And also, it features in the Condé Nast hot list for 2025, which is also considered to be very, very prestigious. The ARR is unbelievable. We are seeing huge traction in ARR, as I mentioned, so far on a YTD basis. And then, of course, for the month of November, we are sitting plus of INR 40,000. So, it is looking very, very bright. The positioning is moving from one strength to another strength, and we are expecting great results out of this property. And we are actually positioning not only our hotel, we are positioning the city, we are actually positioning the state of Punjab as a luxury destination.

Atul Khosla:

Just would like to add one thing that is property of Patiala, and similarly, our Lotus Palace, they function like 30% during the H1 and 70% during the H2. And H2 happens to be the most important part of that property. So therefore, you will see the calculations for that.

Madhav Jhawar:

Okay. Just one more thing, I wanted to know as a Company for the inorganic growth plan, what is your thought process, basically are any acquisitions furthermore? So those acquisitions will be like in the leisure destinations, the luxury properties or like what is your strategy regarding the acquisitions if they were to happen in the future?

Vijay Dewan:

So, as far as the growth is concerned, currently on the inorganic side, we have at the moment 1,101 keys. So, we plan to virtually double this inventory over the next five years. And we have acquired one property and we are in the process of acquiring one more during the course of this year. And it will all depend as far as the acquisitions are concerned, it all depends on the opportunities which play out.

The most important task, obviously, for our organization is that we have 15 lakh square feet of land development of the FSI, which we have embedded in our land banks. The most important thing for us is actually build on these 15 lakh square feet. And that remains a significant part of our growth, is to build on the land parcels and the embedded FSI, which we have, which is huge, it is 15 lakh square feet of embedded FSI in our land banks. And this will add unbelievable, or enormous value to our brand and enormous value for our shareholders as we go forward.

The 6 lakh square feet of development, which is about to commence on the EM Bypass is very, very significant because it is half is in terms of residences, which will be sold and half is going to be for a hotel, which will be a 200-room hotel. And it is at the most premium site of Calcutta on EM Bypass and the Eastern metropolitan area, a very, very prime location next to the Marriott and the ITC or the new hub, which is the new Park Street of Calcutta.

And developing these FSI is, number one, the significant part of our strategy. Yes, if good opportunities come, we will be open to take on properties through direct

acquisition like which we have done for Zillion Hotels & Resorts at Juhu, and the second two properties, which we are acquiring in the South of India in Kochi. So, if more opportunities come, we will definitely be looking at them.

- Moderator:** The next question is from the line of Abhay Jain from Hem Securities.
- Abhay Jain:** Congratulations for great set of numbers. I have only one question. Can you give some color on EBITDA margins are going to be in FY '26 and next year FY '27 and FY '28?
- Vijay Dewan:** So, it is a very good question because at the moment, the margin is in and around 30%. And it always is in and around this number because these 2 quarters, that is quarter 1 and quarter 2 are relatively softer quarters for the hospitality industry.
- The most significant part, of course, for us is that we have converted this into one of our best quarters. Now last year, we had delivered close to 34% of EBITDA margin. And large part of that happened in quarter 3 and quarter 4. It will be our endeavour to actually improve on the margin, which we achieved in quarter 3 and quarter 4 last year, we delivered a total of...
- Atul Khosla:** We delivered INR 205 crore with EBITDA margin of 33%, but out of which also the H1 margin was 30% and H2 was the margin of 33%. We continue to have better margins and expect to continue the same performance in Q3 and Q4 that will remain similar.
- Vijay Dewan:** So, Abhay, our objective always would be in quarter 3 and quarter 4, which is the peak in terms of hospitality performance is actually to work towards to give at least a 100-basis point improvement in terms of profitability.
- Atul Khosla:** Year-on-year basis, '25 and '26. That is right.
- Abhay Jain:** So, I am expecting 100 basis points of jump every year in EBITDA margins going forward. Am I right, sir?
- Vijay Dewan:** We will be working and to deliver that for sure. That most importantly, we have delivered that in '24, '25, and we will be working to deliver that in '25-'26. As we said, the growth rate, as I said at the beginning only that we are working to further improve on the growth rate. The growth rates, which we have achieved in quarter 2 are the best at the moment.
- Abhay Jain:** Thank you.
- Moderator:** The next question is from the line of Naman Barjatya from AUM Capital.
- Naman Barjatya:** Congratulations on a good set of numbers. As most of the questions have already been answered, I just wanted to know if you all are expecting that demand to still continue during H2, so are there any specific strategies that we have to continue doing better than our competitors? If you could put some color on it.
- Vijay Dewan:** So, Naman, large part of the strategy I have given in terms of already answering some of the other set of questions. But yes, this is a very specific one you asked. So, to answer it specifically to you, one is that building on organic growth capabilities. And this is going to help us outperform our competitors because we are ahead of on this front in terms of implementing Nor1 in our hotels and further strengthening our IT systems and loyalty programs. We have a very strong loyalty program, which we are further strengthening.
- We are putting in strategies in place to further developing our new website, which is soon going to be under development. And then not only to develop a new website, but

to increase productivity on our own website. And this will reduce commissions in terms of online platforms, and it will improve our profitability margins.

On the F&B side of the business, we are constantly upgrading ourselves, constantly opening new or refurbishing our outlets during the course of the last year, 1.5 years, we are continuously working on redeveloping or renovating our restaurants. We have renovated 601, which is our flagship hotel in Chennai.

And we have repositioned our F&B outlet in Bangalore. And we have also refurbished one of our bars. One of our biggest strength is, of course, to actually improve business through the process of entertainment and bars, which is our biggest. And that trend is going to even play out stronger in the coming quarters. We are very focused on events and entertainment.

So, what is happening in terms of demand in India, it is not only just happening now as the economy is improving, as the spending power is increasing with in terms of per capita coming very close to \$3,000 per person and significant improvement in the upper strata of per capita income. So, the trends are changing. So, one of the trend, of course, there is going to happen because of weddings is going to happen because of conferences and conventions. There is growth which is going to happen because of state visits and other such things which will happen.

But most importantly is that India is going to have a lot of international concerts and musicals. A lot of foreign artists are starting to come in and not only perform in Mumbai, they are going to perform in many of the metro cities. And this entertainment and events business, which is our biggest strength of the past other than its high occupancy and RevPAR, which is market leading, there is this big strength on the events and entertainment side, and this will play out. And this will play out even more as the economy further opens up and as per capita and international concerts and plays out more in India. And this will further help in terms of organic growth.

Naman Barjatya:

Okay, thank you. That was very clear. And just one last question. Like should we expect our present growth in terms of your ARR RevPAR and occupancy to continue in the upcoming quarters? Or should we expect some moderation going ahead?

Vijay Dewan:

So, the industry has moderated, but the Park continues to be on a high trajectory of growth. We expect that this particular cycle, which is playing out in the industry, we believe that it is going to be a super cycle. It is not going to end here. India has only 196,000 rooms odd rooms in the branded category as per the last or the latest hotel report and about 114,000 rooms are only coming in over the next 1 year and out of which only about 80% will actually finally come out. So about 90,000 rooms are going to be added over the next five years. So, which is very less compared to the size of our country and the growth which India is showing.

So, the most important thing to note here is that we have a \$4.19 trillion economy, which is growing at a very, very strong rate, and we are the fourth largest economy in the world at the moment. But we have our room inventories, which are less than what you see on an all-India basis, the room inventory is less than what you see in UAE, which is Dubai and Abu Dhabi sort of combined or Sharjah sort of combined together. So, the demand-supply mismatch is in because of very limited supply coming in, is in for a long growth story.

So, this is going to be a super cycle. It is not going to end as of now. So, our strategy, we are very focused, and we are present in all the metro destinations in the key growth markets. And this is where the big growth is going to happen, and we are right on track to deliver and be part of the super cycle.

Moderator: The next question is from the line of Venkatesh Philka from Jinanand Research Analyst.

Venkatesh Philka: I would like to ask a question about Indore. Even though we have outperformed in ARR and RevPAR in Indore, we have slightly underperformed in terms of occupancy. What may be the reason for that?

Vijay Dewan: So very good question that why we are not able to replicate the performance which is there in our other hotels. This is largely because of slight disruption. I do not know how familiar you are with Indore. Our hotel is located very close to the new Phoenix Mall. And actually, in this mall, we have opened our Flurys outlet.

But what is happening in and around this hotel is that there is a metro work going on, and there is a lot of work going on in terms of road development. And that is sort of slightly impacting the occupancy of this hotel.

Most important thing, of course, for this hotel is that it has the market-leading ARR as well as RevPAR. So, the city ARR is close to about INR 5,000, and we are achieving INR 6,700-odd in terms of ARR. And even in terms of RevPAR, we are at around INR 4,500. Yes, the occupancy is slightly less. And as I explained, it is largely to do with what is going on in and around the property, but all these projects are now coming to an end, and the things are significantly improving.

On the other hand, we have used this opportunity with our partner, we have used this opportunity to actually add more rooms. So, another set of 20 rooms have been added during this period, and this will actually propel growth, for this hotel as we go forward.

Venkatesh Philka: Understood. And another question is, according to the report by ANAROCK in May '25, the domestic tourism industry growth is projected at 13.4% CAGR for next five years. How do you expect the revenue growth in the next five years in terms of CAGR?

Vijay Dewan: For the industry, it will be double-digit growth. There is no question about it because we are in a super cycle of double-digit growth. This 13% is a good number, and that will translate into double digits if the demand is going to be, actually, you are actually projecting a much higher demand. Actually, the data which I have is that demand is actually going to grow at 10.5% over the next five years and the supply side is going to be at 8.4%. But yes, it will be different for leisure destinations as well as for metro destinations or top growth markets.

In the growth markets where we are operating, the gap is going to be much higher, and the double-digit growth should continue over a long period of time. And do not forget that at the end of the day, India has this determination, which comes from our political leadership that we are going to becoming a \$1 trillion economy as far as hospitality is concerned. So that automatically means high double-digit growth.

Venkatesh Philka: Okay, thank you. Understood. And congratulations for the great quarter.

Moderator: The next follow-up question is from the line of Madhav from SKP.

Madhav: So, yes, firstly congratulations, just wanted to congratulate you that, first, Flurys on a same-store basis, the performance is really good. So even if the store opening is below guidance, that is fine. We do not want you to hurry up and open, and then on a same-store basis, the performance is below. So, we do not want that. So, I just wanted to congratulate you on that. I just wanted to ask that on the centralized kitchen that you are planning to open. So, any update on that?

- Vijay Dewan:** So, this is where the organizing is going on. So, we are now moving on to actually use some of the outsourced facilities. So, the growth actually is going to be much faster because of that rather than doing it ourselves. So, you will see faster growth. And really thank you for being with our brand and appreciating us on the brand.
- One of the important things about Flurys is that we are absolutely committed to preserving the heritage of Flurys. And actually, the recipes and the method of making and is being preserved for almost now 100 years, and we are very proud of it. And for a large part of our products, we are going to retain that.
- And what has happened over the last 10 years or so that these cafes which we are opening, they are gems and jewels. Each cafe, which we have opened in Mumbai, they are extraordinary in terms of design and in terms of services. You would have seen the new one which have opened at Terminal 1, outgate of Terminal 1. It is one of the most beautifully designed Flurys outlets.
- And similarly, as the Crescenzo building in BKC or whether it is at Colaba, we are opening outlets with great degree of care and great degree and also after understanding of the location. So, location is not only important for us as far as hotels are concerned, it is equally important for us for each of our Flurys outlets. And equally important for us is design, equally important for us are the services and the experiences.
- And today, we are very high focus in terms of Flurys cafes, not only Flurys tearooms, but Flurys cafes. We are now having our own brand of Flurys tea and Flurys cafe coffee, which is now available. And all this is going to actually help in growth and help in growth in terms of the EBITDA margin.
- Madhav:** Yes, looking forward for great performance ahead for Flurys. Just on the mature Flurys store, cafe format, for a mature store, what would be the store level EBITDA margin pre-Ind AS, I am talking about after the lease expenses?
- Atul Khosla:** Annualized, it is about 12%.
- Madhav:** Okay, thank you.
- Moderator:** The next question is from the line of Naman Barjatya from AUM Capital.
- Naman Barjatya:** I just, wanted to confirm that, are we expecting the EBITDA margin to stay the course or can there be any moderation going ahead on the positive side?
- Atul Khosla:** So, as we said the EBITDA margin will be higher 100 basis points year-on-year basis. H2 EBITDA is much higher than the H1, Q3 and Q4. You see last year also the EBITDA margin of the H2 was approximately 35-plus, so it will be taking similar trend and year-end was about 33%, we expect it to be 100 basis points higher. And same trend to continue on a year-on-year basis.
- Naman Barjatya:** That was all from my side. All the best for the future.
- Moderator:** Thank you very much. Ladies and gentlemen, as there are no further questions, I would now like to hand the conference over to the management for closing comments.
- Vijay Dewan:** So, thank you all, and I would like to thank everyone for attending this call and for showing interest in Apeejay Surrendra Park Hotels. I hope we have been able to answer all your questions. Should you need any further clarification or would like to know more about our Company, please free to reach out to us or to CDR India. Thank you once again and hope to see you at the next quarter earnings call.

Moderator: On behalf of Apeejay Surrendra Park Hotels Limited, that concludes this conference. Thank you for joining us today, and you may now disconnect your lines.

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