

Apeejay Surrendra Park Hotels Limited (ASPHL)

Q3 and 9M FY '26 Earnings Conference Call February 06, 2026

Moderator: Ladies and gentlemen, good day, and welcome to the Earnings Conference Call of Apeejay Surrendra Park Hotels Limited earnings conference call.

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. Anoop Poojari from CDR India.

Anoop Poojari: Thank you. Good afternoon everyone, and thank you for joining us on Apeejay Surrendra Park Hotels Q3 and 9M FY '26 Earnings Conference Call. We have with us 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, following which we will have an interactive question-and-answer 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 Mr. Vijay Dewan to make his opening remarks.

Vijay Dewan: Thank you, Anoop. Good afternoon everyone. A warm welcome to our Q3 FY '26 earnings call and thank you all for joining us today. On behalf of the entire leadership team at Apeejay Surrendra Park Hotels, I appreciate your continued interest, engagement and support.

Firstly, a new chapter begins this month with the project launch of The Park Unizen, serviced residences and The Park at EM Bypass Kolkata. This signature project is designed to shape the future of luxury living and hospitality in the country. The Park Unizen brings together two iconic brands of Kolkata, The Park and Ambuja Neotia. The Park Unizen will be an iconic brand and at an iconic location, providing iconic luxury living. The sale of these serviced residences over the next three years will add INR 300 crore to INR 350 crore in cash flow and will further strengthen the balance sheet of Apeejay Surrendra Park Hotels.

The third quarter was a positive and defining one for the company, marked by steady operating momentum and consistent outcomes across our portfolio. We delivered our best Q3 FY '26 performance with consolidated revenues crossing INR 200 crore for the first time, reflecting disciplined execution across the markets in which we operate. This is our best ever and first ever Q3 FY'26 at INR 200 crore.

We recorded healthy growth across key financial and operating parameters during the quarter, supported by positive trends across both business and leisure segments. Our hotels continue to outperform the market, maintaining leadership in occupancy and RevPAR in the upper upscale segment.

During Q3 FY '26, consolidated revenue stood at INR 200 crore, while EBITDA was at INR 71 crore, translating into an EBITDA margin of 35.3%. This performance was supported by industry-leading occupancy levels of 90%, along with year-on-year improvement in ARR and RevPAR of 11% and 9%, respectively. These trends reflect sustained pricing discipline, resilient demand across our core markets and the strength of our brands and operating model.

A healthy mix of corporate travel, weddings and leisure demand supported performance during the quarter. Our continued focus on differentiated guest experiences, strong F&B offerings and consistent service standards translated into robust operating outcomes. Our flagship hotels continue to deliver strong operating performance during the quarter. The Park Kolkata once again achieved 100% occupancy, which is a world benchmark, followed by The Park Chennai at 96% and properties at Bangalore and Navi Mumbai recording over 90% occupancy.

In addition, hotels across Delhi, Hyderabad, Goa, Vizag and Indore outperformed their respective markets, reporting occupancy premiums of close to 25% compared to competitors, underscoring the strength of our brands. We continue to invest selectively across our portfolio through ongoing refurbishments and targeted F&B enhancements.

During the period, several key properties, including New Delhi and Chennai, underwent room and venue upgrades, ensuring that our hotels remain contemporary, competitive and well positioned to capture evolving guest preferences. During quarter 4 this year, we plan to add 6 hotels totaling to 234 keys with properties opening at Vizag, Darjeeling, Katra, Kochi, Goa, and Dharamsala.

Out of the 234 keys opening this quarter, 57 keys would be on lease, 14 under ownership and 163 keys under management contracts. During '26-'27, we plan to add 438 keys. In total, we will add 17 hotels totaling to 672 keys over the next 14 months, taking our overall room count in '26-'27 to 3,219 keys with 56 hotels.

Alongside expansion, we continue to maintain a strong and prudent financial position. Our balance sheet remains comfortable, supported by healthy cash flows, a net worth of about INR 1,329 crore and mutual fund investments of nearly INR 58 crore. The financial flexibility backed by disciplined

capital allocation enables us to pursue growth opportunities, both at the inorganic and organic levels.

During the quarter, we made meaningful progress on our inorganic growth road map with a series of strategic developments. We completed the acquisition of 76% stake at Juhu, Mumbai. This stake will go to 90% in '26-'27 with the property expected to open towards the end of March 2027.

We also marked our entry into Kerala through the acquisition of the Malabar House at Fort Kochi and Purity at Vembanad Lake, strengthening our presence in the luxury and leisure segment under The Park Collection.

The acquisition of both Purity and Malabar House are being done in a staggered manner at a cost of INR 64 crore. These acquisitions completed in Q3 FY '25 are well aligned with our strategy of adding high-quality experience-led properties in high-demand business and leisure destinations.

Our 2 heritage Palace hotels launched last year continue to gain traction in the luxury segment with Ran Baas completing its first anniversary during the year. The Lotus Palace Chettinad recorded an average room rate of close to INR 13,376 while Ran Baas, The Palace, Patiala achieved an ARR of around INR 31,967, reflecting growing brand recognition and demand in the experiential luxury space.

Ran Baas, The Palace was awarded the One MICHELIN Key, a high honor in October '25, and Prix Versailles featured Ran Baas in its global list of World Architecture and Design Award in December '25.

Our iconic brand, Flurys, continues its journey of reinvention and growth with 104 operational outlets across flagship cafes, kiosks and tearoom formats. During the quarter, Flurys recorded a healthy top line growth of 19%, supported by steady traction across both existing stores and newly opened cafes. The brand also delivered record high single day sales with INR 1 crore at Flurys on December 24th highlighting strong consumer resonance during peak festive periods. In Q4 FY '26 we plan to add 14 new stores while 27 is expected to mark a phase of accelerated store additions as the brand continues to expand its national footprint.

Turning to our performance on a nine-month basis, consolidated net revenue for nine-month ending FY26 grew by 15.3% to INR 524 crore compared to INR 454 crore in nine-month ending FY '25. EBITDA stood at INR 165 crore up 12.8% while profit after tax was at INR54 crore during the period. This performance reflects the strength of our diversified portfolio supported by sustained demand across key segments.

Innovation and digital adoption remain central to how we enhance guest experience and monetization. During quarter three we launched Nor1, the industry's most widely applied and profitable AI-based upselling platform across our portfolio. In addition, we continue to deploy AI-led

solutions such as digital check-ins, intelligent guest engagement tools and automation-driven back-end processes to maintain our superiority in the business.

Equally important our growth remains anchored in a strong people-first and now AI-first culture. We continue to leverage technology and AI not to replace people but to enable them to perform better and grow alongside in the organization. As we move ahead, our focus remains on sustaining growth, deepening guest engagement and creating long-term value for our shareholders.

With a clear growth roadmap, a robust financial position and a committed team, we are well-placed to carry forward the momentum in the periods ahead. I would like to thank our shareholders, our customers, our team members and our business partners for their continued trust and support in us. Thank you. I will now request the moderator to open the line for question and answers.

Moderator: The first question is from Archana Gude from IDBI Capital.

Archana Gude: I have a few questions. Firstly on the Park Pune, with this increased FSI, how that would translate into increased number of rooms?

Vijay Dewan: Park Pune - we are really excited about it now because the FSI has increased due to us falling into the metro corridor and new concessions have been given because of other reasons. So, our FSI today has increased from 2.5 lakhs to 6 lakh 72 thousand square feet. Currently, at the moment, we are going ahead with the project of 250 rooms. And at the same time, we are reassessing in terms of how we would like to monetize this asset and bring in additional value to our shareholders. It could happen that it could become a residential cum hotel, it could also happen that it could become a commercial or an IT park cum hotel.

Now should it become an IT park cum hotel, the FSI is even more for your information. We would be entitled to over 8 lakh square feet of FSI. This addition firstly of FSI is going to over a period of time add enormous shareholder value. At the moment, we are assessing various opportunities, but let me assure you at this stage, there is a substantial gain and we will ensure that maximum shareholder value gets created because of the new situation in Pune because of us falling into the metro corridor and being entitled to additional FSI.

Archana Gude: Sure sir. On this acquisition of Malabar House at Fort Kochi and Purity at Vembanad, what kind of ADR can be expected there, some guidance on that front would be helpful?

Vijay Dewan: Both these properties they are in the luxury space in these powerful resort destinations of the country. The Malabar House is in Fort Kochi, it is once again a Relais & Châteaux hotel enjoying currently ARR of close to 15,000 and then Purity which is even at a higher luxury level which is 17 rooms and a boat at Vembanad Lake. This property is currently enjoying ARR of around 14,000 but has a much higher potential of adding additional rooms.

So, the ARRs are currently at 14,000 and 15,000 in these properties, but the big opportunity is also on the side of occupancy because there lies our biggest strength without compromising on ARR we expect that the occupancy at these properties to significantly improve from where they are at the moment.

Archana Gude: Okay. And lastly on this Flurys, the number of addition of new outlets has been slightly subdued though the slate for Q4 looks pretty promising. So, what really has gone there? Why were we slow in adding the new outlets in Flurys in Q3 FY '26?

Vijay Dewan: Two-three reasons for it. Firstly, the capital allocation during this quarter has been more towards the acquisition of the Zillion Hotel and Resort at Juhu Mumbai and then the acquisition of Purity and Vembanad at Kochi. We are known for prudent capital allocation. One reason is that allocation of capital has significantly gone towards the side of hotel expansion.

Also, at the same time because of India's growth story has slightly slowed down, particularly you would know that the F&B retail space is experiencing a slight slowdown particularly many of the competitor stores of even international brands as you are based in Mumbai, you would know that they have been shutting down. Our focus during this quarter and as well as in quarter four has been more on revenue growth rather than on store growth and revenue profitability.

This has during the nine-month ending our growth in the Flurys business on the top line has been 33%. It has been 19% during the quarter. The 19% looks a little bit less compared to 33% but that is largely for the reason because quarter three falls in the high festive season of Flurys and this has a higher base.

So, our objective would be definitely to open more stores on one side but also ensure that we have - - we are able to maintain the kind of revenue growth which we are giving to our investors. So, there is a little bit of recalibration at the moment, but there will be a very high focus on revenue growth of a similar kind which we have delivered for nine-month ending and of course there will be increased focus on opening more stores. So, during quarter four now we plan to open 16 stores to take the number to about 120 stores with high revenue growth and then go on a faster and an accelerated pace as India's story improves.

The story is likely to improve because of various changes which have happened particularly now in the last in this month or the last month itself with improved relations with the United States in particular with the signing in of the India-UAE trade. The economy which is going to be back on a faster growth track and with improved economic conditions we will also grow at an accelerated pace in Flurys.

Archana Gude: Sure sir. Any updated numbers you like to give us for number of Flurys stores for '27 and '28?

Vijay Dewan: Number of stores we plan to take the number of stores from current which will we will conclude at 120 stores we plan to take it to about anywhere between 150 to 160 stores. All these new stores

that also recalibration has been done. In terms of earlier our expansion was a mix of kiosks and cafes but now the focus is going to be very heavy on opening more cafes. So, expect 30 to 40 cafes opening in '26-'27.

Moderator:

Thank you. The next question is from Jinesh Joshi from PL Capital. Please go ahead.

Jinesh Joshi:

Thanks for the opportunity. On EM Bypass Kolkata, earlier the plan was to open 250 rooms and construct 100 apartments but now we are seeing that there will be 218 rooms and 69 apartments. Can you please explain what has changed in the plan?

Vijay Dewan:

TFirstly simply to first explain the hotels, there is no change in the FSI which is being allocated to the hotel which is roughly about 310,000 square feet and what is being allocated to these service branded residences which is a little short of 300,000 square feet. The overall development continues to be 600,000 square feet.

In the hotel what has happened that looking at the market we have given more allocation to banqueting and conferencing facilities rather than just to the rooms and it is a function of design and planning. The final because the Kolkata market is also very strong in both weddings and on the MICE side, so we have sort of allocated more at this point of time, to banqueting and conference facilities which will actually significantly help the revenue model of the hotel going forward.

The good thing about the residences is that we are still constructing in the residences. To be exact now we are constructing 293,000 square feet. It is a marginal reduction, in fact the original plan was 300,000 as the design got implemented with the various kinds of rules and regulations finally the saleable area has come to 293,000 square feet.

And what we have done is, that we have again reconfigured the apartments. Earlier there was a mix of apartments of two sizes of 3,500 square feet and 4,000 square feet. Now all the apartments are going to be of 4,000 square feet and it is now a combination of apartments and duplex.

As a result of that, the number may look to be reduced from 100 to about 70-71 apartments or 69 as appearing in the document but that is all related, the entire saleable area has not reduced. The marketing plan has gone through a change because of market conditions so that we are able to maximize on the revenue for the promoters as well as for our shareholders.

Jinesh Joshi:

Sure sir. And in response to previous participant's question, you mentioned that we are slightly slow on Flurys because the capital allocation is more toward Zillion and some of the other acquisitions that we did, but if my understanding is correct Flurys is typically a rental model and where not much of capex is required also for furniture etc.? I think for tearoom the maximum capex that we spend is about INR 1 crore. So effectively the model is not that capital intensive. So just wanted to get some sense as to why are we slow if not much capital is required?

Vijay Dewan:

At the end of the day if I am opening 50 stores, it is an allocation of 50 crore in a year and during particularly only in this quarter that there has been a very high allocation on acquisition towards on the hotel side because of the Juhu Mumbai property as well as the properties in Vembanad. The allocation has moved more towards quarter four and into the next year, to actually ensure that our balance sheet remains significantly strong.

So that is one and on the other hand as I did explain that there is a general slowing down on the F&B retail restaurant business in India with many of our competitors shutting down their stores. We are not in that situation we are in the business of giving, providing to our customers high growth in Flurys which we are providing and also ensuring at the end of the day that we have industry leading margins in our Flurys business. We continue to be on track. It is a combination of how the market is and it is a combination of fund allocation and how the market is behaving.

I strongly feel obviously that the market is going to become stronger now here on, with the relations improving with the United States and the new trade agreement hopefully to be in place by the end of March. We are seeing that also in the market over the last week the things have started changing and more buoyancy is coming into our own capital markets.

With increased improvement in markets all along and a higher growth in India's economy we feel that we will be once again on a much faster growth track for Flurys. It is going to be absolutely there. We will not fall short in our growth plans for Flurys in '26-'27 as the market improves.

Jinesh Joshi:

One last question from my side. In the opening remarks you mentioned that Delhi and Chennai have undergone some kind of a renovation, so if you can just share what kind of ARR uptick can we see because of that? And, if you can give some indication as to, out of the 1,100 keys that we own how many rooms require renovation and what will be the renovation capex?

Vijay Dewan:

To answer your last question first, firstly as you know that we have about 1,115 keys now without adding the property in Juhu because it will get operational during the course of the next financial year. Typically, what we do is that we renovate about 10% or try to renovate about 10% of our inventory because we would like to refurbish and renovate more but we do not have that kind of bandwidth because we are operating at 90 plus percent occupancy across all our property.

Typically, the renovation cost is roughly about 25 lakhs per room. That will remain, we will stay in that limit of 25 lakhs per room as far as the capex is drawn and doing about 100 rooms per annum. During the course last year at Park Delhi, we had renovated 28 rooms and this year during the financial year we are renovating some of the public spaces which includes two restaurants and one bar.

So, the focus in Delhi this year has been on F&B and we expect that Delhi revenues will definitely improve on the whole, on the F&B side, Delhi is a 100 plus crore hotel. We expect at least 10% improvement on account of renovations at the Delhi hotel.

Atul Khosla: We will have a 10% rental on account of the Delhi hotel. Also, as you mentioned Chennai as such is performing very well in Q3 FY '26, Chennai had an incremental revenue of about 8% to 10%.

Vijay Dewan: Chennai at the moment because of the renovation being carried out in in that hotel during the course of the previous year and this year, has now emerged as one of our second sort of best performing hotel with ARR on a YTD basis during the course of the year increasing by 15% and the food revenue increasing by 12% and the beverage revenue improving by about 21%.

If at Park Chennai the growth rate during the course of this year up to December, has been close to 18%.

Atul Khosla: And Q3 FY '26 was 20-plus. So, there is a renovation impact.

Moderator: We will move to the next question. The next question is from Vaibhav Muley from Haitong Securities. Please go ahead.

Vaibhav Muley: Thank you for the opportunity and congratulations on a good set of numbers. My first question was on our expansion pipeline. For the last two quarters, we have actually consistently seen delays in our time lines. Now EM Bypass has been delayed from Jan 2029 to Jan 2030. Pune has seen 6 months delay. I can understand for Pune due to change in the FSI. But for again, Juhu, we have seen 3-month delay, given Navi Mumbai is now from 2029 has moved to 2030?

Since now the pipeline seems more back-ended, how do you plan to manage growth for FY '27 and '28, especially given our key projects are now look slightly back-ended for operationalization? And along with that, if you can provide for Q4 and FY '27, the 672 keys that we plan to open, the breakup in terms of managed and owned keys and also the brand-wise segmentation?

Vijay Dewan: First thing, of course, is that if we were to look at Pune. Pune, what has happened is that as you yourself said that there is a change in FSI and this is by itself going to create value as we go forward. When we look at our project in Juhu, when we had acquired Juhu, we had 60,000 square feet of development and we were having just 60 keys.

So now the good news again for Juhu is, which is pushing it back by a few months, that we have been able to take out more area for customer use. And as a result of this, we are actually going to get 88 keys. The designers and architects and all other things are appointed and they are doing the work. So as of now, the work is about to begin.

And there is a good chance that the work may finish within this calendar year itself. But on the safer side, we have said that we will be able to launch it towards the end of the financial year. We would be happy to launch it during the peak season. But the good news on Mumbai is that the number of rooms are going up.

And not only that the number of rooms are going up, we have been able to create new spaces also for F&B. Still the things are under finalization, it looks that we will have a front-facing Flurys

restaurant and we will have an exciting restaurant on the rooftop. Along with that, we will have a retractable roof, we will have one of the best bars opening in the Juhu area.

So, the revenue model will be what was envisaged at the time of the acquisition. The revenue model by the time we open is going to be significantly higher because of the changes which we are able to make with our expertise and, of course, with the help of the architects and designers. This is going to be an ultra-luxury boutique hotel where you will actually arrive into an area of entertainment.

What we are conceptualizing at and what is going to get finally for you to see is it is going to be a great boutique hotel, a super luxury boutique hotel with everything getting highly differentiated, your arrival experience being differentiated, your F&B experience getting totally differentiated. Coming to your question on Navi Mumbai, good thing about the governments at the moment across India is that they are giving significant importance to tourism. There is FSI changes virtually every year. So now it looks that not only 250-room hotel at Navi Mumbai, it will be a 300-plus room hotel at Navi Mumbai as we go and start construction. So again, greater value will be added. On the other hand, in our project in Visakhapatnam, the permissions are almost done. It is going to be within this month or early next month or by next month, we should be able to do the groundbreaking and start the construction at the hotel in Vizag.

We are fully in control of the development. And as we go along we will deliver iconic properties, the new ones and refurbish and renovate our existing properties to give enormous value to our promoters and shareholders. The room breakup is in terms of our expansion, as we mentioned, 434 keys are coming up right away. And we are going to have about 104 keys under lease and that keys are going to be under management contract.

So, this is how the distribution of the keys are going to be. 57 keys are going to be on lease, 14 are under ownership as I mentioned in my opening statement and 163 keys are going to be under management contracts out of the 254 we open now, during the course of this financial year. And out of the 438, which we open in the next financial year that is '26-'27, the keys are entirely under management contract, plus 85 keys of the Mumbai property.

Vaibhav Muley: Understood. That was very helpful. My second question was on Flurys. We have now reduced our store guidance to 130 stores for FY '26 and 150 to 160 stores for FY '27. When do you expect the target of taking the store count 200 to be achieved now?

Vijay Dewan: Till 2028 we will be at the 200 mark. And we remain committed to our overall plan of having 450 to 500 stores to be precise by '29-'30. There is no change in plan on that front. On the other hand, there is no change in the revenue growth plan. As I mentioned, more than the store growth, we are absolutely focused on revenue growth and ensuring high profitability in our stores.

The same-store growth where the bulk of the properties are, the Flurys outlets are experiencing a 9% same-store growth, which is truly remarkable in this market. And the success of Flurys, as I mentioned again in my opening statement, comes for the fact that people believe in Flurys by the

fact that on the 24th of December, we clocked Flurys on the whole INR 1 crore of revenue. This demonstrates the strength of our brand and also the commitment to our loyal customers of Flurys. We really thank them for that.

Atul Khosla: So we are going to same revenue target INR 500 crore upto 3 to 4 years. So INR 500 crore target remains the same. That is where concentration has been done to improve the revenue.

Vaibhav Muley: How was the EBITDA margin for Flurys this quarter?

Atul Khosla: It was in the range of 12%, Q3 FY '26.

Vaibhav Muley: This is pre-Ind AS?

Atul Khosla: This is pre-Ind AS. Yes.

Vaibhav Muley: All right, sir. Thank you so much, sir and all the best.

Moderator: Thank you. The next question is from Vinit Bajaj from Nirmal Bang Institutional Equities. Please go ahead.

Vinit Bajaj: My question is regarding Kolkata market. The company has reported close to full occupancy along with ARR levels that are marginally higher than industry average. Could you please help us understand the key drivers behind the sustained performance versus the market? Additionally, could you please provide some color on how room rates in the Kolkata market is currently trending?

Vijay Dewan: Kolkata for the last 10 years has been our flagship performing hotel. It is always been our flagship hotel, has been doing 100% occupancy over the last 10 years, except in the two COVID years. Even in those two COVID years, it had India's highest occupancy of close to 70%. The large part of this success in Kolkata firstly goes to the team, which is managing this hotel, both on the room side of the business as well as on the F&B side of the business. In terms of ARR growth up to YTD level, this hotel has recorded an 11% growth in ARR, which is in line with the market as per the HVS report of 11% to 13% growth in ARR.

But since occupancy is 100%, this could be the only hotel in India and possibly in the world where the RevPAR growth is also 11%. Because if occupancy is 100%, then RevPAR and ARR, they come together. This is the highest RevPAR growth in the Kolkata market, whereas for the HVS report, the growth is only in the range of 6% to 9% because Kolkata's occupancy in the branded hotels is somewhere between 70% to 71%.

This hotel has always outperformed the market, and it will continue to do so because it has, of course, a highly committed and motivated team. Second most important thing why occupancy and performance is high is because this hotel is at a great location, like being present if it was to be taken somewhere else, it could be on Oxford Street or on Times Square. So, it has a great location. It is in the heart of the central business and entertainment district. It is the number 1 street of Kolkata.

Third is that we have not only a unique revenue management system now, we have Nor1, which is an AI-based system attached to revenue management.

And lastly, why occupancy is high or at the highest level in Kolkata is that, typically in business hotels, what tends to happen is that business travellers are there during the weekdays from Monday to Thursday, and hence during weekends generally the occupancy dips. In Kolkata you see, the overall city occupancy is around the 70% mark. But this hotel is unique. It has great F&B. It has great night clubs and bars. It uses entertainment as a source of creating customer value. And that key differentiator of creating customer value through entertainment has a magnetic impact on customers to come and stay at this hotel on the weekends.

Generally, in this hotel, what tends to happen is because of high level of entertainment, fashion shows, bands, various other DJs playing at this hotel, the demand on this property is higher on the weekends than even on the weekdays. The higher demand on the property itself creates higher ARR.

So not only the occupancy is 100%, because of the higher demand on the property itself, it amazingly creates a higher ARR for this property, purely because of this unique entertainment position, which again, very few hotels or no hotels have it in India.

Occupancy management is an art by itself. One has to look at not only the demand in the city, you also have to look at the demand in in the micro market. The micro market in Kolkata will be the central businesses trade. And lastly, one has to carefully manage the demand on the property itself.

Demand is not just demand - supply, it is demand on the city, demand in the micro market and finally managing the demand on your property itself so as to arrive at a significant ARR or one of the best ARR performances. I hope that answers all your questions.

Vinit Bajaj: Yes.

Moderator: The next question is from Madhav Agarwal from SKP Securities. Please go ahead.

Madhav Agarwal: Thank you for the opportunity. I wanted to know which are the hotels we are planning the renovation work. As you mentioned, it is complete in Delhi and Chennai. Chennai is ongoing, right? And apart from that, which are the hotels?

Vijay Dewan: Renovation is a process where the rooms go in for a larger period of shutdown, which could be about a period of 6 months or so. What we are doing this year is that we are going to undertake a renovation of roughly about 80 keys or 90 keys on the whole.

28 keys are going to be further renovated at New Delhi. 30 keys are getting renovated in Chennai and 20 keys are going to be renovated in Bangalore. On top of that, there are going to be 60 rooms, which will be refurbished in Kolkata. In Kolkata, there is going to be a mixture of renovation and refurbishment. At one given time, we would have not more than 100 rooms under renovation plus refurbishment, which will continue at Kolkata.

We would love to renovate and upgrade more rooms, but because of very high occupancy experienced in our hotels, it is virtually impossible to renovate more than 10% of the inventory. We are committed to give you India's leading occupancy. We are committed to give you the best RevPAR or market-leading RevPAR in the upper upscale segment and of course, high ARR, to lead the market on a continuous basis. That we have been doing for the last 10 years, and there is no reason why we would not be able to do that in the next decade as well.

Madhav Agarwal: All right. Very helpful. Just one last question. What is the estimated capex and year-wise capex what you have planned for next 3 years, if you can share? Because now, as you mentioned, the FSI for several properties have increased. So if you can share the year-wise breakup, estimated capex.

Atul Khosla: See, as we have stated earlier also, the inventory expected is, Pune 200 rooms, Mumbai 250 rooms, Vizag 100, EM Bypass 250, and Jaipur 150. So roughly at 1.2 crore per key, it is INR 950 crore capex.

Out of which EM Bypass now 300, may become 350 as that is receivable from the sales proceeds. Kochi is around 60-64 and Zillion is 210 with 60 on renovation, 330 plus which is INR 330 crore. So, it is roughly 800 plus 330 crore it is the acquisition cost. Average capex per year which we do is INR40 crore for operational capex, which is like 100 rooms going every year and Flurys about INR 180 crore to INR 200 crore over a period of top 5 years. Our total capex of this becomes INR 1,570 crore.

Out of which if we see what the addition is coming is coming from one aspect. One is the proceed of EM Bypass is increasing, which was earlier at 250 to 300, is now expected to be higher. Second is that we are reimagining Pune will be above 2.5 lakh square feet of FSI, which is going to be monetized and will be generate a cash inflow rather than cash outflow as we went into the new model. So for that, it should help in further cash flow. Plus, if I take an average EBITDA of around 250 to 260 for 5 years, so I do have a 1,300 cash and the balance still remains funded through the lines of credit, which already is there, about 250 to 300.

This new Pune is also going to lead to some substantial monetization like EM Bypass. So that will help in my acquisition further cash flow available for inorganic growth acquisitions etcetera.

Madhav Agarwal: Okay. Why I asked this question was, as you mentioned that the monetization of this Pune, whichever way you will be monetizing it, the commercial or the residential and both of these will be as you mentioned - the EM Bypass in early 2030 and Pune also early 2030.

My question is before that, like is it going to happen that your net debt is going to rise significantly or is it any capping you have got in your mind? Because before these monetization starts to accrue in your financials, I assume that now your net debt is expected to rise in the next 2 years.

Atul Khosla: Firstly, even without this, the net debt is not going to increase. Because in case of EM Bypass also, the money is going to start coming now. Now the money which I am getting from the sale of apartment is already reducing my net debt.

So that is going to come over a 3-year period, INR 350 crore. This is only building up the construction of EM Bypass. So in a way, the money is coming even before the construction starts.

In case of Pune, we are still reimagining, but whether you say commercial or other, that will actually start funding the hotel portion also, which, let us say, you reimagine one model of EM Bypass. EM Bypass is one, in Pune how it will be monetized will also come in picture so it will give some advance or some other cash flow that options will work out. So that will help even in the construction of the Pune hotel. In a way it will help in increasing fee, like reducing the net debt.

Vijay Dewan:

Building business resilience is also part of our strategy and it is also part of our strength. Currently as you know the gross debt is INR 236 crore. But the net debt is only INR 154 crore because there is large mutual fund investment of close to INR 60 crore. With the funds coming in and as EBITDA continues to improve hopefully by the end of this financial year itself the investment in mutual fund should be closer to INR 100 crore.

Our focus is, of course continue on the path of growth both inorganic and organic, but at the same time, keep a focus on correct capital allocation and building business resilience, which is hard to do but if a company has business resilience it is able to overcome any kind of downside in the market. So that continues to be our game plan and our strategy. We will continue to ensure that the net debt to equity is on the lower side and always much lower than that of our competitors.

Currently it is at 0.11 and we would like to be in this kind of range only from 0.1 to 0.2 in our entire cycle of this growth. More importantly, we are very focus in terms of the return on capital employed as well and as these land parcels, they get monetized particularly beginning of the EM Bypass expect the return on capital to be significantly higher than our competitors once EM Bypass is sort of capitalized, monetized or ready.

More importantly in EM Bypass as we are now just about to launch the project in this month which we are all excited about. The cash flows have been completely worked out. In the first year itself which means now this calendar year we would be expecting 30% cash flow. In the second year we would expect out of these INR 350 crore as estimated by the two powerful brands will be 20% in the second, followed by 30% in the third year, and the remaining in the in the final fourth year of the handover. So, this cash flow is also being worked out to the last detail now as the project is about to get launched. 30 20 30 and 10. Very strong cash flows are expected over the next three years which will help in maintaining our debt-to-equity position strong. It will propel both organic and inorganic growth.

Atul Khosla:

Further to add on that, our internal target is always to be debt to EBITDA below two. So that we have a sufficient cushion so we will not be exceeding that.

Madhav Agarwal:

Very helpful sir. Just Ran Baas, Patiala, as per my calculations I believe in the third quarter the revenue was clocked somewhere along INR 6 crore, is it can you confirm if yes some directional if not exact numbers?

Vijay Dewan: This Ran Baas Palace, Patiala got launched in January this year. Your numbers are close to being absolutely correct, and we hope to actually further improve on these numbers of INR 6 crore, which we have mentioned as we go forward because it is getting not only recognition domestically it is getting widespread international exposure and branding.

Today it has got covered in all the top magazines whether it is the Condé Nast Traveler India or whether it is Condé Nast International, it features in the hot list of the Condé Nast Traveler for the year 2025. More importantly it is a one Michelin star. There were 24 hotels in India which have got classified in the one Michelin key hotel by Michelin, which reflects on its high quality of product as well as very high quality of food and beverage services and offering unique service experiences. Only the you can get a Michelin key or a Michelin you have become a Michelin star.

Michelin has started classifying Indian hotels for their product quality and service excellence and food excellence. We expect, because of all this recognition this hotel to significantly outperform, in this quarter itself - in quarter four as well as in the quarters ahead.

More importantly since we have acquired Malabar House, we have acquired Malabar House because it is also a high-quality hotel, it is a running hotel. The full benefits of Malabar House are going to come again in the next financial year because this year it has sort of just got acquired. A high ARR hotel with good international support and now with domestic support.

More importantly again a Relais & Châteaux hotel which is a mark of quality and service excellence. So, with all these properties which we have acquired and with the opening of Bombay, we expect excellent results and the growth momentum to continue in the in the years ahead.

Madhav Agarwal: Great. Thank you and all the best.

Vijay Dewan: Thank you so much.

Moderator: Thank you so much. That was the last question in queue. I would now like to hand the conference over to the management team for any closing comments.

Vijay Dewan: As we move ahead, our focus would remain on sustaining growth, strengthening margins and creating long-term value for our shareholders through a balanced mix of expansion, asset optimization and innovation.

At the end 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 and should you need any further clarification or would like to know more about our company, please feel free to reach out to us directly or to CDR India.

Thank you once again for taking the time to join the call and we look forward to engaging with you again in the next quarter.

Moderator: Thank you very much. With that we conclude today's conference. Thank you for joining us, ladies and gentlemen.

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