



# APEEJAY SURRENDRA PARK HOTELS LIMITED

Date: June 06, 2024

<b>Listing Manager,</b> <b>National Stock Exchange of India Limited</b> Exchange Plaza, 5 <sup>th</sup> Floor Plot No. C-1, Block G, Bandra Kurla Complex, Bandra (E) Mumbai – 400051, India <b>Symbol:</b> PARKHOTELS <b>ISIN No.:</b> INE988S01028	<b>BSE Limited</b> <b>Corporate Relationship Department</b> 1 <sup>st</sup> Floor, New Trading Ring Rotunda Building, Phiroze Jeejeebhoy Towers, Dalal Street, Fort Mumbai – 400001, India <b>Scrip Code:</b> 544111 <b>ISIN No.:</b> INE988S01028
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**Subject: Transcript of the conference call held with Investors and Analysts on the audited financial results of the Company for the quarter and financial year ended March 31, 2024**

Respected Sir/Ma'am,

Pursuant to Regulation 30 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015, please find enclosed the transcript of the conference call held with the Investors and Analysts on Thursday, May 30, 2024 with respect to the audited financial results of the Company for the quarter and financial year ended March 31, 2024.

The transcript of the call is also uploaded on the Company's website i.e. <https://www.theparkhotels.com/investor-relations/corporate-governance.html#corporateGovernance>.

This is for your information and records.

Thanking You,

Yours sincerely,

**For Apeejay Surrendra Park Hotels Limited**

**Shalini Keshan**  
**(Company Secretary and Compliance Officer)**  
Membership No.: ACS-014897

Encl: As above

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# Apeejay Surrendra Park Hotels Limited (ASPHL)

## Q4 & FY24 Earnings Conference Call Transcript May 30, 2024

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**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. Thank you and over to you.

**Devrishi Singh:** Thank you. Good evening, everyone, and thank you for joining us on Apeejay Surrendra Park Hotels Limited Q4 and FY24 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. Thank you and over to you, ma'am. Thank you, Devrishi.

**Priya Paul:** Good evening, everyone. On behalf of the management team at Apeejay Surrendra Park Hotels Limited, I would like to welcome you all to our earnings conference call.

I am pleased to share that we have concluded the financial year 2024 on a positive note, driven by our enhanced operational performance and strategic accomplishments. In FY24, our Company achieved a 10.4% YoY growth in ARR and an industry-leading 92% occupancy consistent with our past performance. This has contributed to a noteworthy 11% growth in RevPAR.

The past fiscal year had many significant milestones for ASPHL, particularly with our successful execution of our IPO, which was oversubscribed over 60 times. The proceeds

from the IPO were utilized to fully repay our loans, resulting in the Company becoming net cash positive. This solid financial foundation positions us well for future growth opportunities, which we are actively and consistently looking at.

Our expansion efforts this year have been noteworthy, with the inauguration of several hotels, adding 374 keys to our inventory. Furthermore, our iconic F&B brand Flurys has witnessed substantial growth, with the opening of multiple new outlets, particularly in Mumbai, and strengthening our presence nationally.

Looking ahead, we are making considerable progress in developing and expanding our existing land banks and strategic locations. Design and development work has commenced on all the projects. These projects, carefully designed in collaboration with top architects, reflecting global standards of design, our commitment to excellence and leadership through differentiation.

Over the next five years, we aim to double our inventory to 4,780 keys with a plan to open around 56 hotels. A significant portion of this growth will be driven by the asset-light model, with an increase of over 1,500 keys in this segment.

I want to emphasize ASPHL's and my commitment to 'leadership through differentiation', a principle that has played a crucial role in guiding our success, promoting innovation, and distinguish us within the industry. We are well-positioned to leverage our rich legacy of six decades, our exceptional brand, our innovative hospitality services, and diverse F&B offerings. We believe that these trends, combined with the groundwork laid in FY24 and the positive macroeconomic trends, will drive sustainable growth for the Company and all our stakeholders.

With this, I would like to hand over to Vijay Dewan, our Managing Director, who will take you through the detailed operational and financial highlights of Q4 and FY24. Thank you.

**Vijay Dewan:**

Thank you, Ms. Paul, and a very good evening to everyone. A very warm welcome once again to our earnings conference call.

2024 has been a remarkable year for us, driven by our enhanced operational performance and strategic accomplishments. Leadership in occupancy remains our biggest strength. We have India's leading occupancy rate at 92%. We have achieved record-breaking occupancy of 100% during this year at The Park Calcutta, 96% at The Park Navi Mumbai, and 95% at The Park New Delhi. We maintain our leadership in RevPAR in the upper-upscale segment.

Q4 has been the best ever. The consolidated total income stood at Rs. 156 crore, compared to Rs. 144 crore for Q4 FY23, registering an 8% increase. In Q4, room revenue achieved was Rs. 82 Crore at 52%, with the best ever ARR of 7,463. F&B revenue stood at Rs. 61 crore, at close to 40% of the topline. EBITDA for Q4 stood at Rs. 54 crore, a

remarkable 23% increase over last year. The EBITDA margin increased from 31% to 34%. Net profit stood at Rs. 18 crore, reflecting a 73% increase from Rs. 11 crore in Q4 of FY23.

During the quarter, which has gone by, 97 new keys were added under two zone brands, including a 65-room Zone by the Park Digha, which has a 100 packs convention centre. F&B continues to be our biggest strength, and five new outlets of Flurys were opened in Q4, taking the total number of Flurys outlets to 77.

Full-year performance for us has also been truly phenomenal, with a total income of Rs. 592 crore, compared to Rs. 524 crore in FY23, an increase of 13% over last year. EBITDA for the first time crossed Rs. 200 crore and stood at Rs. 205 crore, registering a 16% YoY growth, with an EBITDA margin of 35%. Various measures, such as optimizing procurement costs, leveraging technology for effective workforce management, and enhancing energy efficiency, have played an important role in reducing expenses and improving our margin performance.

Our F&B segment alone contributed 42% of our total revenues in FY24, underlining its importance as a key component of our overall growth strategy. In terms of divisional performance, Flurys business grew by 25% during FY23-FY24, from Rs. 38 to Rs. 48 crore. Flurys maintained its industry-leading margin at 18%. During the fiscal year, the Company has significantly strengthened its balance sheet. And as you are already aware, the proceeds of our successful IPO has enabled us to repay our loans and become a net cash-positive Company.

Our prudent capital allocation and successful IPO has provided for ample headroom for future growth. In FY24, ASPHL has expanded its portfolio by adding 372 keys across nine hotels under the Zone brand. Today, as a group, we are operating 33 hotels, totalling to 2,395 keys. Going forward, we plan to add 23 hotels, totalling to 2,385 keys over the next five years, taking the total number of hotels to 56, with keys of 4,080, which is double from the existing level.

This year, we plan to add 273 keys across six hotels. We plan to open the Chettinad Palace in July-August this year, and the Ran Baas Palace by the Park at Patiala by September-October this year. These two palace hotels will add to our ARR and revenue and EBITDA growth in this year. During this year, we plan to renovate 38 rooms in New Delhi, 14 rooms in Vizag, 30 rooms in Chennai. Additionally, we plan to upgrade close to 50 rooms in Calcutta, Navi Mumbai, and Bangalore. This will push our revenue up further during this year on account of blended ARR's.

New development is now our key focus area, and as you are aware, we have 15 lakh square feet of FSI embedded in our three land banks and existing hotels. Development work will start on 10 lakh square feet of this FSI during the course of year in three of our new hotels.

Construction work for the Park Pune, 200 rooms new hotel, will begin in September this year. For the Park Vizag, 100 room extension, construction work will begin in February-March next year. In January-February 2025, we plan to launch our mega project at Calcutta EM Bypass, which will entail 200-250 rooms and 100 apartments.

Architect for this project have been appointed, and they are Gensler from Singapore. Work on permissions has already begun, and many of these permissions are already in process. The sale of apartments should add roughly about Rs.100 crore to our cash flows every year for the next three years. The hotel is expected to be launched in 2029, and before that, the apartments will be completed by 2028.

In the F&B space, Flurys presently has 82 outlets as on date, and I am pleased to report that we have opened two new outlets at Bhubaneswar Airport, three new outlets in Mumbai this year, two at Mumbai T2 Airport, and one at ORB Sahar. Flurys will soon open at the Gateway of India and at the Colaba Causeway in June this year.

We plan to reach 100 outlets of Flurys by September this year and reach a target of 120-125 outlets by the end of the financial year. The expansion of Flurys this year takes us to new cities of Hyderabad, New Delhi, and Vizag. Flurys plans to add every year 40 to 50 outlets over the next five years.

We foresee a persistent demand-supply imbalance in the industry, especially in the key growth markets, which positions us favourably for anticipated double-digit growth. We are today in the starting phase of the hospitality super-cycle and expect the cycle to last for over a decade, if not more. Our cash accruals rising out of operations and sale proceeds of apartments will keep us net cash positive throughout the development cycle and this is a significant part of our strategy. The Company remains committed to maintaining strong financial discipline and corporate governance. Moving forward, my team at ASPHL remains dedicated to superior performance, growth, governance, and green. Thank you.

**Moderator:** We will now begin the Q&A session. We'll take our first question from the line of Pradyumna Choudhary from JM Financial. Please go ahead.

**Pradyumna Choudhary:** All my questions are related to the RevPAR number. For us, the RevPAR growth at 7% seems to be near the lower-end compared to our listed peers, right? So, like, what really changed this, are we finding it hard in some cities and what can we really do to change it? And a related one is, for example, we have seen negative or flat RevPAR growth in markets like Bangalore and Hyderabad also. Today itself, another peer pointed out to these very markets where they spoke about RevPAR growth being amongst the best in the country. So, why is there this difference? And lastly, on the outlook for FY25, maybe you can start with RevPAR revenue and a EBITDA outlook for FY25.

**Vijay Dewan:** So, as far we are concerned, as you know that we are market leaders in occupancy, we have achieved 92% occupancy, which is India's best. Our ARR growth on a YTD basis has

been 11%. And I don't know from where you have picked up the number, but our RevPAR growth is also 11% as far as the overall performance is concerned. So, RevPAR, the way the demand-supply situation is at the moment in the country, the demand is increasing by 10.5%.

**Pradyumna Choudhary:** Sorry to intervene. I was talking about Q4 FY24 numbers mentioned on slide number five. RevPAR growth is 6.7%.

**Vijay Dewan:** No, but in terms, we have to look at it in totality. So, in totality, the number is 11% and we are confident that these numbers in terms of growth will continue in the year ahead because of the mismatch in demand and supply. So, the market that you mentioned about, that is the market of Navi Mumbai is concerned, and as far as Bangalore is concerned, Bangalore, we are expecting that the ARR, because there were additional supply coming in the central business district, so there was some pressure on the RevPAR, but this has fully stabilized. Bangalore, in fact, in the country has the highest inventory of 15,000 rooms. So, there has been some sort of pressure in terms of the RevPAR, but going forward, it is looking stronger as corporate business has come back and as IT is coming back in a big way, and as the US is also completely showing signs of recovery on the IT front. We also expect that the ARRs in Bangalore are going to significantly rise going forward.

Now, in terms of your other question, in terms of how the growth is going to be in the following year, so in the following year, the growth trajectory for us is going to continue, it is going to be strong as it was in the previous two years. So, this growth trajectory in terms of revenue as well as EBITDA growth is going to continue, plus we are adding, starting quarter two, we are adding a hotel in two palace hotels, that is the first one is the opening of the Chettinad Palace, followed by the Palace Hotel in Patiala. And these two palace hotels, being palace hotels, there's going to be significant improvement which is going to take place in the revenues as well as in the ARR. So, this is going to further enhance our overall growth. On the F&B side, there are new restaurants which are opening in our hotels, plus we are adding significantly to our growth in Flurys, currently we have 82 outlets, and we plan to add 40 to 45 outlets during the course of the year. So, F&B will also continue to be our strength and overall, the growth trajectory is going to continue.

**Pradyumna Choudhary:** But like given Q4 was a bit slow in terms of RevPAR, are we seeing some sort of moderation in demand, because given FY24 in itself would be a very strong base, right? So, that's where I was coming from, for FY25, based on Q4 growth numbers, are we expecting...

**Vijay Dewan:** If you were to look at our overall performance, in Q3 we have done a total performance of Rs. 163 crore and we have delivered Rs.156 crore in terms of Q4. And Q3 and Q4 for us are always the stronger quarters and they are more or less the same. Now, in terms of how the outlook is looking, it is looking very strong because India's growth story firstly is strong, the domestic arrivals at domestic and international airports are rising significantly.

Last year, India recorded its highest passenger arrivals of Rs. 15.3 crore on the domestic side. What is going to change this year is because the international arrival, which was behind because India had only 9.2 million international arrivals last year and this was way below the pre-COVID level of 10.8 million passenger arrivals. But as economies are improving in Europe and also improving in the United States, international travel this year is expected to significantly cross the pre-COVID levels. This will definitely help in increasing and maintain the momentum in increasing ARR as well as RevPAR's going forward. So, we expect that the business growth will continue. The ARR growth in the Indian hospitality sector is going to continue at the rate of 12% to 14% and this will also reflect in our results.

**Pradyumna Choudhary:** And last question was on Hyderabad side. Why has the RevPAR growth been weak there?

**Vijay Dewan:** No. So, Hyderabad growth, this is a hotel which is a 270-room hotel. So, as a result of this because of high occupancy it creates a pressure on the ARR. But we expect that during the course of this year that there is increased business in the central business district and is expected to go up during the course of this year, 2024-2025.

**Pradyumna Choudhary:** Understood. Thank you.

**Moderator:** We'll take our next question from the line of Adhidev Chattopadhyay from ICICI Securities. Please go ahead.

**Adhidev Chattopadhyay:** So, first question is that we have outlined a number of growth initiatives, including refurbishment of the existing rooms, the Flurys expansion, and whatever new owned hotels which we'll be bringing to market for the next four or five years. Could you help us understand what will be the cumulative capex requirement over the next 4-5 years and on an annual basis, how much of this capex will be? That was the first question.

**Vijay Dewan:** So, Adhidev, thank you for the question. As you know, we have achieved an EBITDA of Rs. 205 crore and our objective would be to remain net cash positive. So, as I mentioned that Rs. 200 crore has been achieved and the growth trajectory is going to be, will be maintained. So, we will remain within, as far the projects is concerned, we will remain in terms of our spend, within the cashflow which will be generated from the internal accruals. So, this will be the strategy going forward to remain net cash positive, to maintain the growth trajectory, and to remain net cash positive going forward. So, the money which will be generated will be used for development work.

And as I also mentioned that our mega project at the Calcutta EM bypass is going to be launched this year. We expect very high proceeds coming in from the sale of the apartments. Our share of those proceeds is going to be over the next three years starting FY 25-26 is going to be in the range of Rs. 100 crore per year.

So, we expect the cash flow to be further enhanced by Rs. 100 crore over the next three years and this will also be used for various development projects in the Company. Three projects, as I mentioned are getting launched, the Pune Hotel, 200 rooms which will be done at a cost of Rs. 200 crore, but that is also spread over three years. Then we have Vishakhapatnam, 100 rooms at Rs. 100 crore and then EM bypass which is self-sufficient.

**Adhidev Chattopadhyay:** Okay. Sir, you just shared a cumulative number across all these things just for a modelling perspective. That was my question for next three-four years. The total spend we expect on all these growth plans of ours?

**Atul Khosla:** The cumulative number is for these 600 keys will be around Rs. 600 crore. That's the standard cumulative numbers one could see out of which EM bypass we will have a Rs. 300 crore inward cash flow also, approximate. And in case of renovation capex, it will be about around Rs. 45-50 crore per annum plus the Flurys will be about Rs. 100-120 crore capex over the period.

**Adhidev Chattopadhyay:** Okay, that is helpful. Second question is on the two palace hotels are opening this year in Chennai and the other one. Could you just give us some guidance on for those markets, what are the sort of ARR which it could command in what range in the first year of opening?

**Vijay Dewan:** So, the ARR in palace hotels, as you know is significantly higher than in other resort hotels. We are expecting the ARR to be in the range of 12,000 to 15,000 at Chettinad. And as far as the Patiala hotel is concerned in the range of 20,000 to 25,000. So, this is in terms of the guidance.

**Adhidev Chattopadhyay:** Okay. And what would be the indicative EBITDA margin profile for such hotels? I mean, should it be significantly higher than what we are doing right now for the existing hotels just to understand the overall EBITDA trajectory.

**Vijay Dewan:** Yes, this year is going to be the first year of operation of these hotels. And the hotel in Patiala also has large banqueting facilities both indoor and outdoor. But considering that this will be the first year of operation, we are expecting the EBITDA to be in the range of 40% plus.

**Adhidev Chattopadhyay:** Okay, thank you.

**Vijay Dewan:** And going forward, we expect because that the EBITDA in these hotels should go to 50%.

**Adhidev Chattopadhyay:** Okay, thank you.

**Moderator:** Thank you. We'll take our next question from the line of Raghav Malik from Jefferies. Please go ahead.



- Raghav Malik:** Congrats on a good set of numbers especially on the occupancy front. I just had my first question around occupancy itself. So, if we say 92% is our occupancy and I can see in the presentation that it says it's from a weekday and weekend both. So, any chance we could get like a split on what would be the weekday occupancy sort of be like for us?
- Vijay Dewan:** No. So, different hotels will have different range of occupancies depending upon where they are. But if you were to look at the hotel in Calcutta, it has recorded 100%. It has created a record in recording 100% occupancy for the year. Hotel in Navi Mumbai is 96%. So, there is no way. It means that all throughout the week occupancies are high. Yes, there is a 3% to 4% variation, that is all I can say. And hotel in Delhi also in the year which has gone by has recorded a 95% occupancy. So, just 2% to 3%, 4% variation depending upon on the city of operation.
- Raghav Malik:** Okay. And just another book-keeping question on maybe the F&B split between our Flurys business and hotel business.
- Vijay Dewan:** So, the overall business split is like this. If you were to take it at 100%, 8% of our business at the moment is from Flurys and 2% to 3% is coming out of asset-light model...
- Atul Khosla :** So, in terms of total business, we have..
- Vijay Dewan:** So total F&B business for us has been Rs. 250 crore and Rs. 48 crore is coming out of Flurys. So, you can take Rs. 50 crore coming out of Flurys.
- Atul Khosla :** It is Rs. 200 crore. So, it is about 34% of the total revenue without Flurys.
- Raghav Malik:** And my second question was just on the management fees front. So, we are saying our keys will approximately double in the next few years. I just wanted to understand, I know you mentioned that a majority would be asset heavy in the capital heavy model. So, is there any change we can expect in the management fees going ahead? Any asset-light sort of activity that we are planning?
- Vijay Dewan:** So, as far as these rooms on the management side are going to significantly improve. So, currently, as the contribution from this is 2% to 3%, we expect this contribution to double over the next five years.
- Raghav Malik:** Okay, thank you.
- Moderator:** We have our next question from the line of Pranav Shrimal from PINC Wealth Advisory. Please go ahead.
- Pranav Shrimal:** I had a couple of questions. So, one question would be that in our ARR calculation, we include the room rent and wine and F&B revenue, right?
- Vijay Dewan:** No. ARR is just room revenue.

- Pranav Shrimal:** ARR is only room revenue?
- Vijay Dewan:** Yes, only room revenue.
- Pranav Shrimal:** So, F&B and wine is not included in the ARR calculation?
- Vijay Dewan:** No. F&B is separate. Room revenue is separate. And then we have other revenues which come in a hotel from spa, from laundry and various other facilities like car rentals and various other things. F&B revenue is absolutely separate, which is totally food and beverage revenue. And as you that this F&B revenue is a significant portion of our business. Room revenue for last year was at 49% of the total revenue. The F&B revenue was roughly about 42% to 43% of our total revenue, which is also among the leading in terms of the F&B contributions.
- Pranav Shrimal:** So, among this F&B revenue, Flurys is not included, right?
- Atul Khosla :** No, this 42% includes Flurys. Without Flurys, it was Rs. 200 Crore and 34%.
- Pranav Shrimal:** Could you repeat? In this 42%, we don't include Flurys, right?
- Vijay Dewan:** No, in 42% Flurys, 42%-43% Flurys is included.
- Pranav Shrimal:** It is included?
- Vijay Dewan:** It is included. The actual number is 42.29%.
- Priya Paul:** I think you might want to explain what RevPAR includes, because that has the total revenue. Just explain that, please.
- Vijay Dewan:** No, RevPAR, of course, is revenue per available room. So, our RevPAR has grown by 11% and ARR's have also grown by 11%. And the occupancy industry leading remains at 92%.
- Pranav Shrimal:** No, I agree. My simple doubt is, sir, if I want to calculate, for example, ARR and RevPAR of park, 49%, approximately half revenue, half is from room revenue. Another 43%-42% comes from F&B, which does not include Flurys, or does this amount include Flurys?
- Atul Khosla:** No, this 42% includes Flurys. That's why I said, if you want to exclude Flurys, then F&B revenue is, of total revenue, 34%.
- Pranav Shrimal:** So, we include Flurys in our ARR and RevPAR calculations?
- Vijay Dewan:** No, ARR calculations do not include. Let me give you the overall picture. We have done Rs. 592 Crore. Out of the Rs. 592 Crore, Rs. 291 crore is room revenue, Rs. 250 crore is F&B revenue, and Rs. 51 crore is other revenue. The Rs. 291 crore has an occupancy of 92%, ARR of 6,700, and obviously a RevPAR of roughly around, 6,724 is the ARR, and 6,192 is the RevPAR.

- Pranav Shrimal:** So, what is included in the Rs. 51 crore other income, that includes management fees of approximately Rs. 11 crore and Flurys?
- Atul Khosla:** No, it includes management fees, it includes the fees from other areas like spa and others, which is included in another Rs.10 crore. Other than F&B and room revenue, there are other revenues. So, that is also included there, which could be various other, one is the spa, and there are membership fees. So, there are many other various sets, and there are sets included in, some rental income also is there. So, in our Hyderabad hotel, we have some shopping markets, so that income will also be there. So, there are various sets in the income, but about Rs. 15 crore is the management fees.
- Pranav Shrimal:** Now, if I just want to know the exact income that only the hotel segment generates, including F&B from the hotels, that is the hotel room, the other hotel services, and F&B only from the hotel, what would that amount be?
- Atul Khosla:** Total hotel division revenue is Rs. 531 crore revenue, and the hotel division EBITDA is Rs. 188 crore. This includes total revenue of the hotel division.
- Pranav Shrimal:** Total revenue of hotel division is Rs. 531 crore.
- Vijay Dewan:** Let me explain once again by dividing it into three divisions. The hotel division, out of Rs. 592 crore, has given revenues of Rs. 531 crore. Flurys has given a revenue of Rs. 48 crore. And the asset-light model, which is the management hotel division has given revenues of Rs. 12.37 crore. So, totaling to Rs. 592 crore.
- Pranav Shrimal:** Thank you.
- Moderator:** Thank you. Next question is from the line of Nikhil Agrawal from VT Capital. Please go ahead.
- Nikhil Agrawal:** Sir, you mentioned that you will be launching about 228 rooms. You mentioned 273 keys in the presentation, it's mentioned 228 keys. So, what exactly is that?
- Vijay Dewan:** No, so it is 228 keys are going to be launched in this particular year. There are 37 keys in Patiala. 15 keys are going to open in the Chettinad Palace. We are opening on the asset-light side Zone by the park Muzaffarpur, 50 rooms, Zone by the park Darjeeling 50 rooms, Zone Connect Dehradun, 54 rooms and Zone Connect Jim Corbett 22 rooms, totaling to 228 keys over these six hotels. Under the overall development plans, we planned over five years, 23 hotels with 1,385 keys.
- Nikhil Agrawal:** So, in FY25, basically 52 rooms are getting added under the asset-heavy owned and leased model. And the remaining they're getting added under the managed hotels.
- Vijay Dewan:** Correct.

- Nikhil Agrawal:** And what about FY26, any roadmap? Can you provide any roadmap for FY26?
- Vijay Dewan:** So, as we mentioned that this trajectory is going to continue as far as the FY26 number is concerned. So, we plan to add similar numbers on the asset-light side of the model. In fact, the number of keys are going to be much larger. We plan to add about 383 keys on the asset-light side of the model next year. FY26 includes about 43 keys in Calcutta, an additional hotel in Indore, 118 keys, Lucknow 100 keys, Alibag 50 keys and Patna 42 keys.
- Nikhil Agrawal:** And under the owned and leased model?
- Vijay Dewan:** No, currently there are various discussions which are going on as far as the lease models are concerned. But as and when the deals are going to get concluded, we will let you know.
- Nikhil Agrawal:** Okay. And you mentioned that ARR growth of 12%-14% in FY25, which is in-line with the industry, that's for Park Hotel as well, right?
- Vijay Dewan:** I am saying that there is going to be, this is what the industry trend and all the reports are showing, whether they are from ICRA or from any other hotel source, the expected increase in hospitality business is going to be in the range of 12% to 14%. And we expect our growth trajectory to continue and actually get further enhanced. We have done 11% ARR growth, and we are sitting at very high occupancy, which is in the upper upscale segment, and this is the fastest growing segment. So, we expect to outperform in terms of ARR in the year ahead.
- Nikhil Agrawal:** We expect to outperform the industry, you mean, in terms of the ARR?
- Vijay Dewan:** I am saying that we are going to outperform in terms of performance, in terms of ARR growth, we are going to do exceedingly well.
- Nikhil Agrawal:** All right.
- Vijay Dewan:** So, it will be in line with the industry or better.
- Nikhil Agrawal:** Okay. So, will you be like compromising on the occupancy since we have industry-leading occupancy, so we can easily compromise on the occupancy and increase the ARR, right?
- Vijay Dewan:** See our biggest strength, we have to stick to our strengths. That will remain our biggest strategy, because high occupancy and good ARR gives us good RevPAR, and RevPAR, of course, is the true indicator of a hotel's performance. We expect that going forward, once the stable Government is formed, we expect the occupancy to further increase for our hotel, and ARR to be in line with industry-leading to higher RevPAR in the year ahead.
- Nikhil Agrawal:** All right.

- Moderator:** We'll take our next question from the line of Nitin Gandhi from Inoquest Advisors. Please go ahead.
- Nitin Gandhi:** Can you just share some thoughts on Chettinad Palace and Patiala Palace? How much time is needed to reach two targets, that is, the occupancy level beyond 85-90, and F&B contributing 50% of the revenue?
- Vijay Dewan:** No, these hotels are going to be operating, firstly, in a very different segment. They are not going to be operating in the business segment. These hotels are going to be high ARR, and because of high ARRs, there is going to be the RevPAR increase is going to be because of the ARR. Expected occupancy in these hotels is going to be in the range of about 60% or so on YTD basis. But because the room inventory is less and because we expect the overall occupancy for a hotel Company to go up, we should be able to maintain the occupancy level at the group level of 92%.
- Nitin Gandhi:** So, with these two hotels, you are saying that it's likely to be 60% occupancy?
- Vijay Dewan:** These two hotels, being high ARR and seasonal in nature, but ARRs, as we mentioned, are going to be significantly higher. See, our ARR currently is in the range of a little short of 7,500. But these hotels, like the one in Chettinad, will be closer to 15,000 as we stabilize. And in Patiala, it will be stabilizing around 25,000. So, they are going to be very, very high ARR hotels, and they will obviously contribute greater to the EBITDA margin. And in a stabilized year, these hotels are going to add 50% to the EBITDA margin, starting with 40% now.
- Nitin Gandhi:** And they can achieve this in FY27 comfortably?
- Vijay Dewan:** I expect that next year will be a stable year. This is the launch year, but next year will be the stable year for these hotels. It could happen earlier as well, because in none of our hotels, there has been ever any underperformance. And this year, we have also, and it's just short of the start of this financial year, we have also launched Zone by the park at Digha with a 1,000-pax convention center. And this hotel will also add to our revenue and EBITDA margins.
- Nitin Gandhi:** And the second question is regarding F&B. Are you with whatever 3 or 5 years view, which you are sharing right now about room addition, will you continue to hold those 45%-50% F&B revenue for ongoing basis?
- Vijay Dewan:** No, if you were to look at the trend of Park Hotels over the last 5 years, the previous trend, in fact, we have always had very high. F&B is our biggest strength, and it will continue to be our strength. And there is a very strong F&B, the food F&B on the retail side of F&B, there is a very significant plan. So, the plan is, of course, is to add roughly 40-50 outlets of Flurys on an annual basis. And Flurys will significantly contribute to the growth of F&B.

- Nitin Gandhi:** And I was referring to hotels F&B?
- Vijay Dewan:** Hotels F&B is strong, and it will continue to be strong. Don't forget that we are going to be adding more F&B through Patiala in particular where there is going to be large weddings and banqueting, which will take place. So, that will also significantly add. We also are running a separate beverage business outlet in Mumbai at the Jio World Mall, which is the Someplace Else. This also we plan to roll out into other cities in the coming years.
- Nitin Gandhi:** Okay, thank you. All the best.
- Moderator:** We'll take our next question from the line of Abhishek Khanna from Kotak Institutional Equities. Please go ahead.
- Abhishek Khanna:** Sir, I just wanted to understand what explains the impressive 90% occupancy at your hotels, including 100% at some assets when the industry is sitting at sub-70 and even some of the peers which are in the business hotel segment sitting in that 70%-80% range? Could you give the share of room nights sold to various customers, whether that's retail, corporate or airline queue? And have we tied up any hotel keys in a long-term corporate contact? That's the first question.
- I'll just ask the second one also. How do our ARR's compare to competition, which are in a similar category, let's say a 3-star versus 3-star or a 4 versus 4? Are we in line with the peers in the same micro-markets or are we at a premium or at a slight discount? In fact, I just wanted to understand the reason for this impressive occupancy number that you've been showing for the last 2 years.
- Vijay Dewan:** No, firstly, occupancy has not been high for Park Hotels in just the last 2 years. In fact, we have been delivering India's leading occupancy for a decade now. And even during the COVID period, we have India's highest occupancy. In the first year of COVID, we had 67% occupancy. In the second year, we had 79% occupancy. So, one of the reasons why occupancy is very high is that we are strategically located in the key growth markets of the country. We operate a very sophisticated revenue management system. And we have a very high percentage of repeat customers. It is in the range, depending upon the hotel, it is in the range of 25%-30%.
- And lastly, we run our hotels to be very business-like during the day and very energetic and pulsating during the night because we provide entertainment in our hotels through nightclubs and bars. So as a result of that, today's business travellers not only traveling for business, its combining business with leisure and entertainment. So, there is a new segment of business which has emerged, which is the Bi-Leisure segment. And this segment constitutes the new generation that is the millennials as well as the Gen Z. And this is the fastest growing segment at the moment. The way our business mixes at the moment, we have 47% corporate business currently, which is in the year which has gone by, 35% is leisure business and 7% is airlines and about the balance 10% is standard FIT

travel business. So corporate business is increasing. It was at roughly about 40% in the previous year. It's gone up to 47%. And within the corporate segment, this Bi-Leisure business is significantly increasing and will continue to increase. We are among the only hotel Company which offers entertainment in India and is very focused on this segment of business. So, we continue to see high occupancy because of this season in the years to come. And we are operating in the upper-upscale segment of business. So, in this segment, we have market leadership as per the global STR report in occupancy, RevPAR, as well as in ARR. So, we are market leaders in here.

**Abhishek Khanna:** Just one last thing, have you tied up any rooms for corporates?

**Vijay Dewan:** No. The tie-up we have, there is no such permanent rentals in terms of rooms are sold on a day-to-day basis. There are no permanent rooms which are being sold. But yes, we have contracts with through the GDS. We have signed various RFPs. These RFPs with corporate companies are for this year is about 120 RFPs we have signed. So, there are negotiated rates with 120 companies as far as the Park group is concerned. And we run our own loyalty program and in which we have, which is Park preferred. We have about 130,000 members. And these preferred customers also contribute significantly to our business.

**Abhishek Khanna:** Got it. Thanks a lot.

**Moderator:** We'll take our next question from the line of Prince Choudhary from Pioneer Investcorp Ltd. Please go ahead.

**Prince Choudhary:** I wanted to know that our revenue of Rs. 284 crore, F&B room rent Rs. 284 crore, F&B is Rs. 242 Crore. Does this include the Flurys in this revenue?

**Vijay Dewan:** No. So, as I explained, the total revenue from the room size is Rs. 291 crore. This is exclusively room revenue. F&B revenue is Rs. 250 crore, out of which roughly Rs. 50 crore is Flurys and Rs. 200 crore is hotels. And Rs. 51 crore is other revenue, which includes spa, which includes rental, which also includes car hiring, and which also includes laundry and various other services, which the hotel provides. So, the breakup is 49% for rooms, 42.2% for F&B and 8% for other income.

**Prince Choudhary:** So, when we calculate ARR, what things does it include?

**Atul Khosla:** When we calculate ARR, what we do is the room revenue gets divided, the room revenue is included, and it gets divided by the total number of rooms sold. So that's how we do it. The total number of room nights and total room nights sold, we calculate average daily room revenue. It's only the room revenue that's included. It's only room revenue.

**Prince Choudhary:** So, sir, that number does not match with that. You have given ARR as 6,699 and it does not match with that number?

- Atul Khosla:** It does match. See you'll have to, see how you're calculating the room nights.
- Prince Choudhary:** Does it include management fees for calculation of ARR?
- Atul Khosla:** No, management fees is not included. Management fees is part of other revenue.
- Prince Choudhary:** F&B excluding flurys, right?
- Atul Khosla:** F&B is also not included for room revenue. It's only room revenue. ARR is only room revenue. Room revenue divided by the room nights of the owned and leased properties. ARR of only owned and leased properties. You want to understand calculation in detail, you can email or call us. We will explain.
- Vijay Dewan:** Very simply to explain, as far as the ARR is concerned, say you take the total room revenue and divide that by the total number of rooms sold, should arrive at the ARR. As far as the RevPAR is concerned, you take again the total revenue and divide that by the total number of rooms available for sale, not the room sold. Total number of rooms available for sale gives you the RevPAR.
- Atul Khosla:** All right.
- Moderator:** We'll take our next question from the line of Sagarika Chetty from Anand Rathi Securities. Please go ahead.
- Sagarika Chetty:** First of all, great set of numbers. Just a couple of questions. First of all, in terms of Flurys, what kind of margins are you aiming for and what is the capex planned for Flurys on a per year basis?
- Atul Khosla:** Flurys our margin are between, this year we have done 18%. We are just aiming in the range of around about 20%, which is the industry-leading margin. In terms of current year, capex is around between the range of Rs. 35 to - Rs. 40 crore for Flurys. And overall, it's over a period of 5 years, it's a range of Rs.100 to Rs. 120 crore. So, that is the range. Current year is slightly because we are also opening commissaries. That's where the range is.
- Sagarika Chetty:** Okay, understood. And in terms of the customer bifurcation, can you give us some light on the number of the percentage of domestic versus international customer segmentation?
- Vijay Dewan:** Yes, so this is at the moment 89% for the year which has gone by. It's 89% domestic and 11% foreign.
- Sagarika Chetty:** Okay, thank you so much.
- Moderator:** We'll take a last question from the line of Sunny, an individual investor. Please go ahead.



**Sunny:** I just want to know, since the occupancy is around 92%, for the existing hotels, the revenue growth going forward would be only through ARR?

**Vijay Dewan:** So, the existing hotels, the growth is going to be, there is always room for improvement in occupancy. There is no reason, as we have displayed, that our occupancy is 100% in Kolkata, 96% in Navi Mumbai, and 95% in New Delhi. So, there is no reason that in our other hotels also, we are focused to further increase occupancy in our other hotels. So, there is no reason why occupancy will not go further. We are confident that it will. And then, of course, the growth is going to come from ARR, which the industry expectation is 12% to 14%. And this growth trajectory, which was 11% last year, there is no reason that we will not maintain that growth trajectory, and there's no reason why we will not surpass it. Second, the ARR growth is going to happen because of the new openings of the palace hotels. Palace hotels, which are opening, are going to drive our ARR. And also, the leased hotels are also there to support growth on the overall front in terms of revenues.

**Sunny:** Correct. And where are we showing the banquet revenues, is it entirely in F&B?

**Vijay Dewan:** Yes. Banquet revenue is entirely in F&B.

**Sunny:** Including the rental of the hall and all?

**Vijay Dewan:** No. Rental goes to other income. The F&B, otherwise, does not at the moment include. It's the pure F&B revenue.

**Sunny:** Okay. And when we are calculating the ARR, is this only for the owned and leased property, not the managed hotels, I guess?

**Vijay Dewan:** Yes. Only this is calculated for the owned and leased properties. The management division income is separate, which is Rs. 12.7 crore.

**Sunny:** And also, occupancy as well. It's only for owned and leased?

**Vijay Dewan:** Absolutely correct.

**Sunny:** Okay, thank you.

**Moderator:** Thank you. Ladies and gentlemen, we'll take that as the last question for today. I would now like to hand the conference over to management for closing comments. Over to you.

**Vijay Dewan:** So, from our side, we are absolutely committed to sustained growth, superior corporate governance, to sustainability and being green, going forward. And this superior performance will continue in the years to come.

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

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