Company Name: Apeejay Surrendra Park Hotels Ltd
Quarter under review: Q1-FY27

Apeejay Surrendra Park Hotels Ltd – Q1-FY27 Concall Highlights:

Apeejay Surrendra Park Hotels Limited (Consolidated)					
INR In Mn	Q1-FY27	Q1-FY26	Y-o-Y	Q4-FY26	Q-o-Q
Operational Income	1,668	1,543	8.1%	1,837	-9.2%
EBITDA	469	455	3.1%	529	-11.3%
EBITDA M (%)	28.12%	29.49%	-137 bps	28.80%	-68 bps
PAT	115	134	-14.2%	119	-3.4%
PAT M (%)	6.89%	8.68%	-179 bps	6.48%	41 bps
Diluted EPS	0.54	0.63	-14.3%	0.56	-3.6%

Operational Highlights:

- Maintained industry-leading 92% occupancy and leadership in RevPAR in the upper-upscale segment, despite geopolitical and operating headwinds.
- F&B contributed ~43% of total revenue, supported by restaurants, nightlife and experiential dining formats.
- Flurys expanded to 111 outlets, with a new outlet opened at Inorbit Mall, Visakhapatnam; first standalone Gurugram café opened post quarter.
- Flurys is targeting 29 additional outlets in FY27, taking the store count to 140 outlets by year-end through an asset-light expansion model.
- 12 hotels comprising 472 keys are planned for addition in FY27, taking the portfolio to 3,149 keys across 54 hotels.
- 33 of 69 service apartments at the EM Bypass project have been sold, supporting recurring cash flows and project monetization.
- The Park Mumbai, Juhu completed its design phase and is targeted for launch in October 2027.
- Development of the 100-room Vizag hotel progressed with project teams on site and launch targeted during the quarter.
- Acquisition of Malabar House, Fort Kochi, comprising 17 keys, is underway and expected to be completed by October–November 2026.
- Pune land FSI increased from 2.5 lakh sq. ft. to 6.7 lakh sq. ft., with plans to allocate 2.5 lakh sq. ft. to hotel development and 4 lakh sq. ft. to residential development.
- Implemented SAP S/4HANA for Finance, strengthening financial controls, reporting quality and operational efficiency.
- Long-term expansion targets include 87 hotels with 6,719 keys and 400 Flurys outlets by FY30, supported by 2x growth in owned assets and 3x+ growth in the asset-light model.

Key Questions & Answers discussed during the Concall:

- **With occupancy at 92%, how should ARR and RevPAR evolve going forward?** We expect high-single-digit ARR growth as demand conditions normalize. Conferences, exhibitions and the wedding season should support stronger pricing, with upcoming quarters expected to perform better than Q1.
- **What impacted ARR growth during Q1 FY27?** We were impacted by the West Asia crisis, subdued domestic air traffic and a ~10% decline in international air traffic into India. Supply-side disruptions also created pressure during the quarter.
- **How will Flurys achieve its target of 140 outlets by FY27?** We plan to add 29 outlets across Pune, Mumbai, Hyderabad, NCR and Bengaluru. We are also exploring partnerships with Adani airports, Phoenix Mills, DLF and PVR to accelerate our asset-light expansion.
- **What is the long-term expansion opportunity for Flurys?** We are targeting 400 Flurys outlets by 2030, primarily through an asset-light model. We also aim to build 100 outlets in West Bengal as the brand completes 100 years.
- **Is the current level of other income sustainable?** We expect around INR 3.5–4 crore of quarterly other income to be sustainable. Additional EM Bypass proceeds could increase our mutual fund corpus and support further investment income.
- **Which properties can drive performance improvement through stabilization?** We expect Ran Baas Palace, Lotus Palace and Vembanad Lake to contribute as they stabilize. Ran Baas has already achieved ARR of around INR 33,000, while Lotus Palace is at around INR 13,000.
- **What is the typical stabilization period for new hotels?** Hotels generally take 2–3 years to stabilize, depending on the market. In high-potential markets such as Mumbai and Pune, we believe properties can stabilize within 1–1.5 years.
- **Can the EM Bypass mixed-use model generate better returns than a conventional hotel?** We believe the model can improve returns by using service apartment proceeds to fund hotel development. This reduces the capital burden and enhances the overall return profile of the project.
- **What is the potential impact of EM Bypass on ROCE?** We expect our share of EM Bypass sales to generate around INR 300–325 crore of cash flows. We believe this can take ROCE from around 9–10% currently to above 20% by 2030.
- **How will the additional FSI in Pune be utilized?** Our available FSI has increased from 2.5 lakh sq. ft. to 6.7 lakh sq. ft. We plan to use around 2.5 lakh sq. ft. for hotel development and 4 lakh sq. ft. for residential development.
- **What is the expected CAPEX requirement for FY27?** We expect FY27 CAPEX to be around INR 200–250 crore. We will fund this through EBITDA generation, EM Bypass proceeds, mutual fund investments and available credit facilities.
- **What is the overall CAPEX requirement for the current pipeline?** Our overall requirement is estimated at around INR 1,500 crore net of EM Bypass proceeds. We expect to largely fund this through internal accruals and available liquidity.

- **Why did PAT decline despite revenue growth in Q1 FY27?** Our PAT was impacted by an increase of around INR 2.5–3 crore in finance costs, primarily due to Zillion acquisition financing. The transition to the new tax regime also impacted the quarter.

- **What factors determine entry into a new market?** We primarily evaluate location, demand potential, supply outlook and ARR potential before entering a market. We prefer high-potential markets with limited supply to achieve faster stabilization and better returns.

- **What is the outlook for The Park Mumbai, Juhu?** We expect strong performance from the first year, supported by limited supply and Mumbai's 10–15% ARR growth. Our F&B and nightlife capabilities should provide further differentiation and revenue opportunities.

- **How important is F&B to the overall business?** F&B contributed approximately 43% of our revenue during Q1 FY27. We see restaurants, nightlife and experiential dining as key differentiators and important additional revenue opportunities.

- **How will EM Bypass proceeds impact other income?** We have already received INR 21 crore and expect another ~INR 50 crore during the year. These proceeds will add to our existing ~INR 97 crore mutual fund portfolio and support investment income.

- **What is the expected impact of the new tax regime on PAT?** We expect our tax rate to moderate to around 30–35% from Q2 onwards. This should provide a positive impact on PAT as the benefit of the lower tax rate flows through.

- **How will the company fund its expansion while maintaining balance-sheet discipline?** We will use internal accruals, EM Bypass proceeds, mutual fund investments and credit facilities to fund expansion. Our low leverage also provides flexibility to raise additional debt if required.

- **Why does the company invest in regular rather than direct mutual funds?** We maintain these investments primarily for liquidity and potential inorganic opportunities. We believe our net returns remain competitive, with mutual funds contributing around INR 2.8 crore during Q1.

Key Participants:

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