APEEJAY SURRENDRA PARK HOTELS LIMITED

Date: February 14, 2025

Listing Manager, **National Stock Exchange of India Limited** Exchange Plaza, 5th Floor Plot No. C-1, Block G, Bandra Kurla Complex, Bandra (E) Mumbai – 400051, India **Symbol:** PARKHOTELS **ISIN No.:** INE988S01028	**BSE Limited** **Corporate Relationship Department** 1st Floor, New Trading Ring Rotunda Building, Phiroze Jeejeebhoy Towers, Dalal Street, Fort Mumbai – 400001, India **Scrip Code:** 544111 **ISIN No.:** INE988S01028

Subject: Transcript of the conference call held with Investors and Analysts on the un-audited financial results of the Company for the third quarter (Q3) and nine months ended on December 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 Monday, February 10, 2025, with respect to the un-audited financial results of the Company for the third quarter (Q3) and nine months ended on December 31, 2024.

The transcript of the call is also uploaded on the Company's website i.e. https://www.theparkhotels.com/investor-relations/financial-information.html.

This is for your information and records.

Thanking You,

Yours sincerely,

For Apeejay Surrendra Park Hotels Limited

SHALINI KESHAN Digitally signed by SHALINI KESHAN Date: 2025.02.14 12:35:20 +05'30'

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Apeejay Surrendra Park Hotels Limited (ASPHL)

Q3 & 9M FY25 Earnings Conference Call Transcript

February 10, 2025

Moderator: Ladies and gentlemen, good day and welcome to 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 this conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Devrishi Singh from CDR India. Thank you and over to you, Mr. Singh.

Devrishi Singh: Thank you, Neerav. Good evening everyone and thank you for joining us on Apeejay Surrendra Park Hotels Q3 & 9M FY25 earnings conference call. We have with us, Mr. Vijay Dewan – Managing Director; Mr. Atul Khosla – SVP Finance and CFO of the Company; and Mr. Rabindra Basu – Director, Investor Relations. 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 Mr. Dewan to make his opening remarks. Thank you, and over to you, sir.

Vijay Dewan: Good evening, everyone and thank you for joining us on our earnings call today. On behalf of the entire management team, I would like to express our gratitude for your continued support and confidence in our vision and business strategy. We remain committed to creating long-term value for our stakeholders.

The year 2024 has been the year of triumph and success for us. Post our successful listing in February 2024oday we are a debt-free Company. The year has seen opening of our two palace hotels. The Lotus Palace Chettinad, and the majestic Ran Bass The Palace at Patiala. Flurys has reached the 100-store mark, which is truly historic for us and for an Indian Company out of Calcutta. We have also opened Zone Connect by The Park, 40 rooms at Prayagraj, ahead of the Kumbh.

In Q3 FY25, we have achieved double-digit operational growth and the highest revenue for the quarter. Operational EBITDA growth was 11% with margins at 36%. Growth in PBT stood at 58% YoY and PAT at 17% YoY. We have maintained our leadership in the upper-upscale segment of the Indian hospitality industry. Our owned hotels have recorded India's highest occupancy rate of 91%. Notable properties such as Kolkata have achieved 100% occupancy, while Navi Mumbai and Chennai have recorded 95% and 92% occupancy respectively. New Delhi, Hyderabad and Bangalore have registered 91% occupancy. This momentum continues as we innovate and elevate the guest experiences across our properties. We also maintain our leadership in RevPAR in the upper-upscale segment.

Q3 ARR growth was 9% and RevPAR growth was close to 12%. Among our palace hotels, The Lotus Palace Chettinad is now with an ARR of Rs. 14,000 and Ran Bass The Palace Patiala ARR of Rs. 35,000 plus. As these hotels stabilize, we expect our overall ARR’s to further improve. Zone Connect Prayagraj has seen very high ARR’s during the Kumbh festival and we expect the location to continue to attract strong occupancy levels even beyond the event as it's an important destination for religious travel.

As of now, we operate 36 hotels with a total of 2,495 keys. Over the next five years, we are on track to double our key count to a total of 5,048 keys. This includes development of 830 keys of our own, which include Pune - 200 keys, Kolkata - 250 keys, Vizag - 100 keys, Navi Mumbai - 170 keys, and Jaipur - 150 keys. All projects remain on track and we can look forward to further additions in the coming year. The Kolkata Municipal Corporation has granted in principle approval to go ahead with our project, and in this month, we plan to submit working drawings for approval to the Kolkata Municipal Corporation. The sale of 100 service apartments will begin before the festive season this year and we will add close to Rs. 100 crore to our balance sheet every year for the next 3 years.

Our cash flows from operations and the sale of these apartments will continue to keep us net cash positive throughout the development cycle over the next 4 to 5 years, which remains a significant part of our strategy. The 16 lakh square feet of development, adding 830 rooms, is being carried out on our legacy land parcels and will ensure high IRR’s from these projects in the range of 30% to 40%. As we execute this expansion, we remain focused on enhancing the guest experiences and driving higher operational efficiencies. As part of this initiative, we have refurbished and renovated close to 100 rooms this year, which we expect will significantly improve our ARR’s in the coming quarters. These investments will not only enhance our product offering, but also contribute meaningfully to our revenue growth. We have successfully relaunched 4 restaurants after renovation this year.

Flurys, our iconic bakery and confectionary brand, opened 23 new outlets during the year so far, reaching the 100 store milestone. Out of these, 8 new outlets were added to Mumbai and during this year, we have entered the cities of Indore and Hyderabad. This year, we plan to set up a large central factory for Flurys in North India and this cold chain format will change and it will cover the whole of North India from a central kitchen. This will lead to even faster growth for Flurys and help in its pan-India in their presence. Flurys is on course with its expansion plan and to provide industry-leading margins. Flurys, as you know, started in Calcutta in 1927, and we plan to reach 200 stores in 2027, its centenary year for Flurys.

Coming to our current financial performance; - Consolidated total income for Q3 FY25 stood at Rs. 179 crore, reflecting a healthy 9.2% YoY growth. RevPAR reached 7,658, supported by a steady ARR of 8,387. ARR growth YoY was 8.9% and RevPAR growth stood at 11.7%.

EBITDA for the quarter was Rs. 63 crore, making 11% YoY growth, with margins steady at 35.7%. Looking ahead, the Company remains committed to enhancing its operational efficiencies.

In Q3 FY25, the F&B segment accounted for 44% of our total income. The Flurys brand delivered exceptional performance, hosting a 39% YoY growth during this period. Looking ahead, we aim to reach, to see that each mature Flury store to achieve an annual revenue target of Rs. 1 crore specifically for the cafe and restaurant segment, underscoring our confidence in this vertical's potential. We believe Flurys is well positioned to become one of the most prominent Pan-India brands, and we expect strong growth in the Flurys business in the coming years.

The Company's profit before tax stood at Rs. 85 crore in Q3 FY25, achieving a 58.2% YoY growth. Our normalized PAT for the quarter stood at Rs. 32 crore, demonstrating an impressive 17.3% YoY growth.

The synergy of our 3G's approach, that is Growth, Governance, and Green initiatives, - continue to guide our long-term strategy. Sustainability is a key part of our expansion plans, ensuring that our growth aligns with environmental responsibility and strong governance. With focused efforts on waste management, water conservation, and carbon efficiency, we are driving meaningful progress towards a more sustainable future.

In conclusion, I would like to say that ASPHL remains confident in its ability to sustain leadership in the upper-upscale segment of the hospitality sector, driven by strategic expansions, investments, and operational efficiencies. As I highlighted in my previous earnings call, we are entering the early phase of what we anticipate to be a super cycle for the hospitality sector, one that could span more than a decade. Additionally, segments like spiritual tourism, weddings, MICE, wildlife tourism, and a new category of "B-Leisure" will play a key role in the sector's expansion.

We expect sustained double-digit growth for our business in the quarters ahead as we capitalize on these emerging trends. Once again, I would like to express my gratitude to our shareholders, customers, team members, well-wishers, friends, and business partners for their trust in us. Thank you.

Moderator: We will now begin with the Q&A session. The first question is from the line of Archana Gude from IDBI Capital.

Archana Gude: Congrats on a good set of numbers and thank you for this opportunity. I have two questions. So, firstly, on this ARR, 9% of all your growth in ARR is encouraging. How should we read these numbers in terms of same store growth?

Vijay Dewan: No, so the ARR by and large is coming from the existing hotels which we are owning. And it's the occupancy also, 91% is from the properties which we own. We have achieved, as I mentioned, 100% occupancy in our hotel in Calcutta. And we have achieved 95% occupancy in Navi Mumbai, and we have achieved 91% in New Delhi, Chennai, and Bangalore.

As far as ARR is concerned, we achieved during the 9-month ending, we have achieved in New Delhi, which is very significant, an ARR of Rs. 8,472, which actually increased by over a Rs. 1,000 compared to last year in quarter 3. If we were to look at our hotel in Calcutta, 9-month ending, it was at Rs. 5,004. It has increased to Rs. 7,406. Likewise, if you see our hotel in Bangalore, it has increased from Rs. 6,587 to Rs. 7,015. So, all our hotels are showing above double-digit growth in terms of ARR. And this trend is likely to continue in the quarter 4 as well.

I must also add that I mentioned that we have opened Palace Hotel in Chettinad, which been opened in the month of September, October, and it is now stabilizing, and it is giving us an ARR of Rs. 14,000. Whereas if we look at Ran Bass, the majestic Ran Bass, The Palace at Patiala, it's starting to give us ARRs in the range of Rs. 35,000 to Rs. 40,000. And these two hotels, as they stabilize in quarter 4 and in the quarters ahead are really going to stabilize, further increase, further help us increase our ARRs.

And I expect actually it's not just about double digit growth, but as we go into the year ahead, we are expecting higher double-digit growth, possibly ahead of 15% as we move forward.

Archana Gude: That was helpful. You said that for FY26, somewhere higher mid-teens growth for full year can be expected?

Vijay Dewan: Yes, we can say that, yes. At the end of the year with FY26, end of the year, we can expect higher double-digit growth and possibly in the higher mid-teens. Definitely ahead of 15.

Archana Gude: Secondly on this Flurys, congrats on reaching 100 mark. Sir, are we sticking to this 120 outlets guidance for FY25? You mentioned that by FY27, we should have somewhere 200 outlets. Sir, how many number of outlets should be matured by FY27?

Vijay Dewan: No, so every year if we are opening 40 to 50 outlets, in fact, during this quarter itself, we are planning to open another 14 outlets. And these are opening largely again in Mumbai, Calcutta, and now also in Hyderabad. And starting next year, over the next 2 years, we plan to add 30 - 50 outlets. So, maturity of the outlets, I would say that in '26, '27 should be at least 150 outlets should have matured. And it's not that the plan is only up to 2027. I mentioned 2027, the aim is because we reach 100 years of Flurys, because Flurys started in Calcutta in 1927. It will be an important historic landmark for us. So, at that stage, we are aiming to have 200 stores over say by the time we complete 100 years, or we reach the centenary year.

Archana Gude: Right. So, this Rs. 1 crore revenue for Flurys, the matured one you spoke about. Roughly what kind of EBITDA margin would that generate?

Vijay Dewan: We have always maintained, firstly the Rs. 1 crore revenue per store is largely going to be in the cafe and in the average of cafe and restaurants. It is not going to be Rs. 1 crore for the kiosks we open. And Flurys is a mix of kiosks, cafes, and restaurants. Going forward, we are going to open, more cafes and restaurants. And the margins continue to be industry leading for us in the range of 18% to 20%. They have been like this, and we will possibly even exceed these percentages as we go forward.

Archana Gude: Sir that was helpful. So, how are we placed for the new hotel addition on management contracts, do you see some kind of competition as everybody's being very competitive on getting the hotel on management contract with the mid-sized hoteliers like us? So, how has been the response and overall scenario on the ground?

Vijay Dewan: So, as we have currently close to about 1,050 keys on the management side of the business. And this business also, we plan to double as we go forward over the next 5 years. This business is doing well for us. Yes, there is competition, but this business is growing well for us and will continue to grow at the same pace in the years ahead.

Archana Gude: Thank you and all the best. Looking forward to stronger numbers in Q4. Thank you so much.

Moderator: The next question is from line of Ashish Golechha from Bee Ventures LLP.

Ashish Golechha: Congratulations to you for very good set of numbers. My first question is, last year we achieved a net profit of Rs. 69 crore and that Rs. 69 crore was on account of interest payment of Rs. 66 crore. So, for the current year, once the interest payment outgo is becoming less, can our estimates be around Rs. 110 crore to Rs. 125 crore, if you could throw some light on that? My second question, sir if you could idea any idea on the future, once our Flurys is doing so good, and you have outlined a very good plan till 2027. Any plans for demerging it?

Atul Khosla: Firstly, in terms of profitability, we do remain committed, since Rs. 60 crore of the interest liability has gone. So PBT will be in range of Rs. 100 crore to Rs. 120 crore. And of course, it will be further subject to taxation. So, it will be within that range of PBT.

Secondly in terms of Flurys, as we go to 200 mark, as we cross the 200 mark in FY27, we will be looking at the various options which are available, the Board will be discussing various options available for future growth of the model, as a separate also in terms of SOTP valuation. Options will be explored and will be looked into and taken to the Board.

Vijay Dewan: Yes. So, just to add to that, at the moment, the focus is to actually grow Flurys from 100 stores to 200 stores. That will be the primary focus, and the Board will evaluate new options once we have reached the 200-store mark.

The most significant thing about Flurys, which I mentioned in my opening remarks, is that now we are, during the course of this year, we will be setting up a large central commissary, which will be in the range of 20,000 square feet in the Delhi NCR region. This is a change actually in our strategy. Earlier, we were setting up decent sized commissaries in the place of operation, like we have one in Mumbai, we have a large one in Calcutta. But now we will open a central large commissary in the NCR region. And the plan is to actually use it to supply the whole of North India. So, the future growth of Flurys is going to be much faster than the growth which we are seeing right now because we are moving now to a cold chain format, freezing the products, and then making them fresh at the time of delivery. So, this is a change in model which will happen, and this will lead to rapid expansion of Flurys, firstly in North India and then overall full of India.

Ashish Golechha: You talked about in the presentation regarding Prayagraj. If you could throw some light regarding the number of keys and room occupancy in Prayagraj considering the Mahakumbh is going very nice. So, it would be really great for us participants.

Vijay Dewan: So, Mahakumbh actually has been a great success for our country. It has already, as per estimates achieved revenues of close to Rs. 3,000 crore for the country and we are lucky that we have been able to open Zone Connect by the Park at Prayagraj. It's a 40-room hotel under management contract and we have been seeing ARR's of Rs. 40,000 and obviously 100% occupancy all throughout this period starting from January. And we expect this high occupancy and ARR's to continue because India's spiritual tourism growth is really phenomenal. It's not only just that it is there in Kumbh, it's the similar trends which have emerged in Varanasi as well as in Ayodhya. Ayodhya last year has seen 1.6 crore in terms of travelers to the city and this trend is going to continue. So, domestic tourism and within that, spiritual tourism is going to play a key part as we move forward.

Ashish Golechha: Thank you so much, this was really helpful.

Moderator: The next question is from the line of Raman K.V. from Sequent Investments.

Raman K V: My first question is with respect to The Park EM Bypass, Kolkata. In the presentation it is mentioned it's a 100 apartment. You also mentioned in your opening remark that you will start the sale by this year, and it will generate a cash flow of Rs. 100 crore, right?

Vijay Dewan: Correct.

Raman K V: Sir, in how many years it will generate?

Vijay Dewan: So, let me explain to you this project in detail. This is close to 6 lakh square feet development, close to 3,00,000 square feet is going to be used for the development of serviced apartments and close to 3,00,000 square feet is going to be used for the development of the hotel. The construction work for both the hotel and the apartments is likely to start by the middle of this year and also at the same time, the sale of the serviced apartments are also going to start before the festive season. This is a 3,00,000 square feet development of the service apartments, which will give us at a minimum rate of Rs. 20,000 per square feet, a revenue of around Rs. 600 crore.

And this is a joint development, we have a joint development agreement for this with the Ambuja Neotia Group on a 55:45 revenue share basis with the cost totally to the developer. And we expect our share of the revenue to be in the range of Rs. 300 crore.

Raman K V: You have joint agreement with Ambuja?

Vijay Dewan: Yes, joint development agreement. They will be developing this project for us on a revenue share basis of 55:45, 55% coming to us and 45% to the Ambuja group with all costs being borne by them. And they will be selling and marketing this project. And the Hotel project will be exclusively 100% owned by us. So, of the Rs. 600 crore, roughly Rs. 300 crore will come to us. And we plan to sell roughly about 33% of these apartments every year. So, our share in this will be Rs. 100 crore for the next 3 years. We will get Rs. 100 crore every year for the next 3 years.

Atul Khosla: And the important part is this Rs. 300 crore proceeds will be used to construct the hotel. So, effectively, this EM Bypass with 250 room in the prime location is going to be with zero cost, so that zero cost with a very high IRR and so you can expect ARR's when it's open in that area is going to be around in the range of Rs. 12,000.

Raman K V: I have a doubt with respect to the Flurys business. So, you said Rs. 1 crore once the store matures. How long will it take a store to mature?

Vijay Dewan: See, most of this depends largely on locations, but on average, the stores are maturing roughly in about 6 to 7 months.

Raman K V: Okay, which means like the stores which were opened in the first quarter will contribute Rs. 1 crore in quarter 4 of this year, right?

Vijay Dewan: You are right, but I am saying this is for the cafes and restaurants. On the whole, we have a mix of kiosks, cafes, and restaurants. And most of the expansion in the future is going to be for cafes and restaurants, and a lower portion is going to be for the cafes. And yes, we are saying that we will stabilize the store for the cafes and restaurants at the Rs. 1 crore mark. But currently, if you see, it is 50-50 for kiosks, cafes and restaurants. But as we go forward, 70% to 75% of our new stores, are going to be cafes and restaurants.

Raman K V: Okay, so you're not planning to expand the kiosk aggressively as aggressively as cafes?

Vijay Dewan: The mix is going to change and will be more tilted towards cafes and restaurants because as we have learned more about this business, we feel that we should actually have more cafes and restaurants.

Raman K V: One last question with respect to, you said you are opening large central confectionaries in NCR Delhi. It's a 1,000, 2,000 square feet area, right?

Vijay Dewan: 20,000.

Raman K V: 20,000. And basically, it will be used as a central kitchen and you will be supplying whole…

Vijay Dewan: Whole of North India.

Raman K V: Thank you, sir.

Moderator: The next question is from the line of Tanya from AUM Capital.

Tanya Kothary: Congratulations for a strong set of numbers. I just have a couple of queries. I saw an increase in the inventories from Rs. 16 crore in March to Rs. 111 crore in September. Was this due to the transfer of land and construction costs related to EM Bypass Kolkata Project?

Atul Khosla: Yes, it is due to the inventory. This is because of the shifting of inventory on account of EM Bypass, for sale of apartments.

Tanya Kothary: Okay. So, who are the target customers like in the service apartments? Are they luxury residents or long-term rental properties or short stay corporate housing? Like which segment is it going to cater, the service apartments?

Vijay Dewan: This is going to be in the upper-upscale and luxury segment. The apartments are being positioned in the range, the starting price now is in the range of Rs. 18,000 to Rs. 20,000. And as we go forward, we expect the average to be in the range of Rs. 22,000 to Rs. 25,000, but this is for we will have to wait and see but our opening price is expected to be in the range of Rs. 18,000 to Rs. 20,000 and that is the price range in which the apartments are selling now.

Tanya Kothary: Okay. And the cash flow which you have said is it going to be added from next year itself, that is FY26, the Rs. 100 crore?

Vijay Dewan: Rs. 100 crore cash will come in the balance sheet. It will not form part of the P&L because the entire Rs. 300 crore will only get recognized at the end of the handover of the apartments. But the cash flow of the Company will continue to improve by Rs. 100 crore every year starting this year.

Tanya Kothary: And regarding the finance cost, we are reduced it significantly and I would say that is completely nil. Are we seeing any borrowing costs further going up in the next year because you have so much of projects coming up and lined up?

Atul Khosla: No, we don't expect too much of loan cost because of the fact, this year also our total project cost is expected to be in the tune of Rs. 140 crore. Next year also, it will be tune of Rs. 140 crore to Rs. 170 crore and our cash EBITDA last year was also Rs. 205 crore, and this year it's expected to be already more than that. So, if we maintain that much EBITDA level also, we will have a surplus after doing the project cash allocation of about Rs. 150 crore to Rs. 175 crore. And, we are already parking this surplus for future purpose from the EBITDA. So, as on date my current mutual fund balance is Rs. 40 crore.

Tanya Kothary: Okay, Thanks sir.

Moderator: The next question is from the line of Jaydeep Taparia from IDBI Capital Markets.

Jaydeep Taparia: Congratulations on the good set of numbers. My question is specifically on the markets like Navi Mumbai and Chennai property, we are seeing a higher occupancy rate of around 92% and 95%. But on the ARR front, things are not very green. Like what's impacting our capability to charge a higher ARR over there?

Vijay Dewan: No, ARRs for Navi Mumbai have been also steadily increasing. And as we have seen, there is a lot of traction happening because of the entertainments which are taking place, particularly in the DY Patil Stadium. And during the quarter, during the month of November, the ARR's hit a record high during those three days periods in Navi Mumbai. And during the quarter, we have seen that the ARR hit actually Rs. 6,206 from Rs. 5,806, and the RevPAR was Rs. 5,806 with an occupancy of 92%. And we expect these ARR's to further improve as the airport, the most significant thing is that the airport is likely to be commissioned during the course of the next financial year. The runway strip is absolutely ready. And that is the other reason that we are now going to further develop at Navi Mumbai. Presently, we have only 80 rooms and we are seeing a very strong market in Navi Mumbai. One is for the connectivity; the other is the connectivity has significantly improved between Navi Mumbai and Mumbai because of the coastal road and also for the airport. So, we plan to add another 170 rooms for which we have already completed the schematic design drawings. They are actually being completed and we are now going to be shortly going for the sanction of these drawings and for the additional approval of FSI. The FSI which is going to be available is going to be about 3.5 lakh square feet and this will give us a total of 80 rooms we have, 170 rooms we add, so a total of 250 keys on the whole. So, this is going to be Navi Mumbai for us. It's showing a lot of promise and it's going to significantly add to investor value as we go forward.

Jaydeep Taparia: Thank you, sir. The next question is, are there any inorganic opportunities currently on the table. So, in the presentation, it is mentioned that the Company looks at organic and inorganic opportunities. So, any inorganic opportunities right now on the table?

Vijay Dewan: There are some, that is why I did mention that obviously we are going to be developing these 830 keys for which work is in progress and it is in various stages. And firstly, it is on course in all the projects including our mega project EM Bypass in Calcutta. And more significantly, as we go into the next year, we are evaluating inorganic opportunities. And as in runs, they crystallize, we will be back with you.

Jaydeep Taparia: Okay. And my last question is, could you provide some light on your future CAPEX plan for the last quarter and the coming FY26?

Atul Khosla: Last quarter, the CAPEX plan is approximately Rs. 30 crore. And the next financial year, of various projects, the CAPEX should be in the range of Rs. 150 to Rs. 170 crore. And we expect that to be taken out from our internal accruals plus there's Rs. 100 crore of cash will come from EM Bypass projects also. So, my cash requirement will be fully met and still on account of it, we are creating a liquidity from the EBITDA's and we already have Rs. 40 crore lying in the mutual funds from the surplus liquidity after project CAPEX payment.

Vijay Dewan: So, the balance sheet on the whole is strong and it is becoming stronger as we go forward.

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

Vaibhav Mule: Congratulations on a very good set of numbers. Can you share the year-wise breakup of your pipeline in terms of owned and managed rooms over the next 5 years?

Vijay Dewan: So, the main projects which we are opening, that is the first project which we will open is in Pune. 200 rooms are going to open in Pune, along with 100 rooms in the same year in '27. So, in FY27, the hotels will open, the first hotel Pune is going to open in April 27 followed by Vizag 100 rooms in October of '27. So, about in '27-28, 300 of our own keys are going to be added. This will be followed by the opening of our hotel which is the Kolkata EM Bypass Project. This project actually opens in April of 2028. So, in '28-29, you can expect 250 keys opening on account of our hotel in Calcutta. And along with that, in '29, we will open about 400 keys, which is Navi Mumbai and our hotel in Jaipur. So, these will open in FY28-29. Lastly, for each year, as far as the management contracts is concerned, we plan to add roughly about 300 keys every year.

Vaibhav Mule: Understood sir, thank you so much.

Moderator: The next question is from line of Sagarika Chetty from Anand Rathi.

Sagarika Chetty: I just wanted to get a sense of your palace properties. What kind of occupancy did we see in Q3 and what kind of steady state ARRs are we expecting in FY26 for both properties as well as the occupancy?

Vijay Dewan: So, the occupancy in these properties at the moment is roughly around 20%. And as we go forward, these are going to stabilize in the range of 40% to 50% in FY26-27. But in these palace hotels, the game is not going to be on occupancy as it is in the rest of our hotels. This is going to be an ARR game, and we expect the ARRs, I am talking about YTD ARRs for the hotel in Chettinad to be in the range of Rs. 15,000 and for the Ran Bass Palace to be in the range of Rs. 45,000 to Rs. 50,000 in the coming year. This year, we are expecting Rs.14,000 and Rs. 35,000. 14,000 for the Lotus Palace Chettinad and Rs. 35,000 for the hotel in Patiala. So, this is going to be the key to our ARR growth and key to the fact that we are going to be having higher double-digit growth in the coming year because of these palace hotels. And these palace hotels as, if you have gone through the presentation, they have been extremely well received, not only by customers, but by the media as well. And both the hotels have got extensive coverage in Condé

Nast Traveler as well as Travel and Leisure, which are the leading luxury magazines. The hotel in Patiala is expected to be in the Gold list for the year 2025, which is going to be a very significant achievement. Also, the hotel in Patiala, Ran Bass, the Palace hotel has already undergone inspection for being a Relais & Chateaux Hotel, which is going to be a marketing tie-up with this Company, and Relais & Chateaux Hotels are the most prestigious hotels in the world and we expect this hotel to achieve that status by the end of February or by beginning of March. And once this marketing arrangement is completed with Relais & Chateaux.

Sagarika Chetty: Understood sir. And just one more question. So, you said that you mentioned Rs. 150 to Rs. 170 crore CAPEX outlay for the next year, can you just briefly provide a bifurcation, especially in the context of the 200-room addition in the Navi Mumbai property? So, what is the CAPEX bifurcation of your upcoming properties?

Atul Khosla: Yes, next year it will be mainly in Pune. Operating properties in Pune will be about, including operating properties about another you can say Rs. 40 crore, so that is Rs. 80 crore. And we will also be starting The Vizag, which you can say could be another Rs. 40 crore. But then we will be starting EM Bypass also and Flurys - Rs. 30 crore.

Sagarika Chetty: Thank you.

Moderator: The next question is from line of Harshit Baid, Individual Investor.

Harshit Baid: You mentioned the average revenue from a store plus, from a cafe plus a restaurant. What would the same be for a kiosk?

Vijay Dewan: Kiosk, the revenue is around Rs. 20 to 30 lakhs.

Harshit Baid: And could you give us a rough idea of the additional 100 stores? Would it be an expansion in the existing cities or are we looking at newer markets apart from new cities?

Vijay Dewan: So, let me explain to you. We have already reached 100 stores and now new stores are opening. 14 stores are about to open. And we are going to have about 40 stores in the coming year. Over the next 2 years in Delhi, we will be adding 20 stores every year. The first thing is to add the central commissary in the NCR region. And then to have, overall to have a growth rate of about 40 to 50 stores. So, the large part of the growth over the next 2 years is actually going to be happening in the North, and which is going to be 40 stores in Delhi, and the other stores, 40 to 50 stores further in the entire northern belt, which will include Chandigarh, Lucknow, which will include cities like Ludhiana, Jaipur and in Rajasthan. So, all the high-density tier-2 cities are going to be targeted in the North so as to have roughly about 150 stores in the northern area over the next 2 years.

The balance 50 are going to be added in Hyderabad as well as the expansion will continue in Maharashtra which is already going to be 20 stores by the end of this financial year and then we will add another 20 stores between Mumbai and Pune over the next 2 years to actually take it to the 200 mark.

Harshit Baid: Okay, and just a last question, the Flurys brand, is it owned by The Surrendra Park Hotels Company or is it owned by another group Company?

Vijay Dewan: It is totally owned by the main Company, which is the Apeejay Surrendra Park Hotels. This is the main Company which is owning the brand, and it will continue to be so. So, there is going to be no change. In fact, all the brands which are with us are actually totally owned by Apeejay Surrendra Park Hotels Limited. It includes also the Someplace Else brand, which is a Standalone Bar brand, which we have taken it outside the hotel, which is running in BKC in the Jio World mall in Mumbai. So, all the brands are owned by Apeejay Surrendra Park Hotels Limited (ASPHL) and continue to be.

Harshit Baid: So, The Flurys Tea which is sold, which Typhoo which now sold as Flurys Tea, does any revenue of that flow into the Company?

Vijay Dewan: Yes, so the Flurys Tea and subsequently Flurys coffee, this is owned by another Company of The Apeejay Group and for which we get a royalty from the parent group, which is 1% of their total sale. And this is an agreement which was signed earlier and it will continue to be so. The good thing about this Flurys, is that parent Company Flurys business is they are also getting into coffee business. And they are going to be procuring our own coffee. And currently we are buying roughly about 500 kgs of coffee. And this is actually very interesting and lead to higher margins for the Flurys business. So, we have our own Baristas now and we are going to be buying our own coffee, which currently as I mentioned, it's 500 kgs per month. And we are buying this high quality coffee in the range of Rs. 1,200 to Rs. 1,300 kg. And buying our own coffees from, this is going to be in the range of Rs. 900. So, roughly about 25% savings on coffee will accrue to us as we sort of go forward.

Harshit Baid: And this royalty income is shown under other income in our books?

Vijay Dewan: Yes, it is always part of the other income.

Harshit Baid: Okay, thanks.

Moderator: With this, I now hand the conference over to the management for closing comments.

Vijay Dewan: So, thank you everyone and I would like to thank everyone for attending this call and for showing interest in Apeejay Surrendra Park Hotels Limited. I hope we have been able to answer all your questions. Should you need any further clarification or would you like to know more about the Company, please feel free to reach out to us or to CDR India. Once again, thank you for joining the call and see you all in the next quarter. Thank you.

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

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