Apeejay Surrendra

Operator: Good afternoon, everyone. This is the second day of Bharat Connect Conference 2026 September edition. I welcome you all to the call of Apeejay Surrendra Park Hotels Limited. Today, from management, we have Mr. Vijay Dewan and Mr. Atul Khosla. Before I hand over the call to management, I will lay out the flow of the event.

We will start with opening remarks by management and then move on to the Q&A round. Any participant who would like to ask questions can raise their hand or put them in the chat box. First, we will take questions from participants who have raised their hands and then move on to the chat box. If time permits, we will take the questions that I have received from clients who were unable to participate. I now hand over the call to management. Over to you, sir.

Vijay Dewan: I will briefly begin. I believe our presentations are already loaded, covering Q1, and we also had a webinar with {? Everom ?}. The important point is that we started FY27 with positive momentum, demonstrating the resilience and strength of our business model.

We have already sold 33 of the 69 apartments in our EM Bypass hotel and residential complex project, and the launch has been very successful. Of the 69 apartments, 34 were initially launched, and 33 have been sold. This will lead to improved cash flow of 70-80 crores during the course of the year, and 21 crores has already been received.

Despite the headwinds arising from the West Asia crisis, nearly flat air traffic growth during the quarter, high energy costs, and supply chain disruptions, we retained our leadership position in India with occupancy of 92% and maintained our leadership in RevPAR and the upscale segment. There was some pressure on margins due to oil and gas prices and supply chain disruptions, but margins were still maintained.

In Q1, we delivered operating revenue of 167 crores, reflecting year-on-year growth of 8%, and EBITDA of 47 crores, up 3% year-on-year, with an EBITDA margin of 28.12%. Consolidated revenue was 172 crores, up more than 10%, and EBITDA was 52 crores, up 8%.

The performance once again affirms the strength of our brand and the relevance of our differentiated hospitality positioning. PAT for the quarter was 12 crores, with a PAT margin of 7%. The decline was mainly due to the recognition of finance costs relating to the expansion. There is always a trade-off when you expand: you incur some finance costs, but that will lead to higher growth by FY30. The debt-equity ratio remains favorable at 0.12, and net debt to EBITDA is 0.7.

F&B constitutes an important part of our overall business, contributing approximately 43% of total revenue. Our restaurant, nightlife, and experiential dining formats continue to complement our hotel business and provide additional revenue through customer engagement and revenue generation.

F&B should also be understood in the context of our business. It provides substantial revenue and acts as a natural hedge during periods when the business is not performing well. When the business is performing well, per-customer revenue is also always high at Park Hotels.

In terms of Ranbaas, the Palace Patiala remains featured in the global list of architecture and design hotels. In July, Ranbaas hosted a prestigious {? Vallee and Chateau ?} annual conference, of which

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Ranbaas is also a member. Several Zone by The Park and Zone Connect properties received TripAdvisor Travelers' Choice Awards and other recognition during this period. This recognition reinforces the strength of our brand and our continuous focus on delivering a differentiated guest experience.

Coming to our Flurys model, the brand continues to strengthen and now has a presence in 111 outlets, including cafés and tea rooms. During the quarter, we added a new outlet in Orbit Mall, Visakhapatnam. Subsequent to the quarter, we further expanded into North India by opening our first standalone Flurys café in Gurugram in August, which has been well received by the market.

Flurys in New Delhi will open in Green Park by early October, as well as in Kailash. We plan to open another 28-29 outlets, and by year-end we have a model of reaching 140 outlets. Over 3-4 years, we plan to take Flurys to approximately 350-400 outlets on a pan-India basis. Of course, Flurys has a very different business model in the F&B space, and by that time, if we have a turnover of more than 300 crores, we will have a different SOTP valuation for this business.

Looking at FY27, we now have a pipeline of 12 hotels comprising 472 of this year. These additions will take our portfolio from 42 hotels with 2,677 keys to 3,149 keys by FY27.

On the development front, we have continued to make progress across several strategic projects. At EM Bypass, Kolkata, our integrated, hospitality-led mixed-use development comprises 218 rooms and 69 serviced apartments. This project has witnessed record-breaking sales of serviced apartments and continues to demonstrate encouraging traction, with 37 apartments sold.

The project has also seen healthy realizations, with an average realization of approximately 20,633. The strong sales momentum of this project, as I stated earlier, will significantly improve our cash flow and provide additional support for the ongoing growth of our initiatives and opportunities. The project is scheduled to be completed by FY30.

We have also made significant progress on our Juhu project. The 78-room project has completed its design phase and will be launched by October 27. It will further strengthen our presence in one of the most important hospitality markets and also help us participate in a higher-ARR market.

We have made good progress on our upcoming 100-room hotel, and the project team is already on site. The project is ready to be launched in October and is expected to be completed by 2030.

We continue to evaluate opportunities that can strengthen our portfolio in major markets. The acquisition of Malabar Out...

Management: ...and food coaches in progress. The property comprises 17 rooms on approximately half an acre of land, and the acquisition is expected to be completed by November 2026.

At Pune, the FSI available to us on our land has changed from 2.5 lakh square feet to approximately 6.7 lakh square feet. This will add immense value to our business. Our plan is to utilize 2.5 lakh square feet for hotel development, while the balance 4 lakh square feet will be used for residential development, enhancing the value of the company.

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Overall, over the next 4 years, we plan to double the inventory from 42 hotels and {? 2,167 keys ?} to 87 hotels and {? 4,128 keys ?}. This represents 2x growth from our own assets and 3x growth from the asset-light model.

Flurys' outlet growth is planned to reach 400 outlets, and this is expected by 2030. Operational efficiency and technology also remain key areas of focus. During the quarter, we completed the implementation of SAP S/4HANA for finance. This will strengthen our financial controls, improve the quality and timeliness of reporting, and enhance operational efficiency across the organization.

At APSH, our journey continues to be guided by the 3Gs principles: Growth, Governance, and Green. Our focus is now on disciplined execution, expanding into high-potential markets, strengthening our brand, and improving returns on capital.

With the Indian hospitality sector in a compelling growth cycle, we believe we are well positioned to capture a higher share of the opportunity and deliver sustained long-term growth.

The subsequent quarters of the industry are being supported by approximately 40 wedding dates during H2, along with several other summits that are expected to take place. The market in H2 also continues to be strong in terms of wedding dates, Aero India Bangalore, Bharat Mobility Expo, and other events.

These are the brief highlights. Our results in terms of {? Q1 FY27 ?} are available, and the AGM has also been held. This was a brief description, and we are now open to questions.

Operator: Thank you. If anyone has any questions, please raise your hand or put the questions in the chat box.

Management: Thank you. Manish, would you like to add something?

Manish Bhagat: Further to what Mr. Atul said, I would like to add that the Kolkata project is 100% complete in terms of Phase 1. Phase 2 is to be launched as communicated in the investor presentation. From an execution and sales perspective, Phase 1 is 100% complete, and Phase 2 will be launched by Diwali or the end of Q3. That is under process.

If there are any further questions, we can take them forward, as Mr. Atul said.

Operator: We have a question from Harshvardhan Gupta. Please go ahead.

Harshvardhan Gupta: Hi, sir. Am I audible?

Management: Yes.

Harshvardhan Gupta: I wanted to know how you view profitability during this high-growth period. When can we expect our earnings to increase as well? Five years is a very long time.

Management: I understand, but the 5-year period will take us to FY30, with the increased inventory. Otherwise, based on what Mr. Dewan said on CNBC, top-line growth is expected to be in the high single digits this year, and margins normally increase by {? 100-150 basis points ?} in H2 on the higher side.

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Harshvardhan Gupta: Right, sir. You also touched upon the upcoming real estate projects in Pune. What will be the approximate timeline for those projects, and could you please repeat the quantum we are expecting from them in terms of approximate revenue?

Management: The Pune market is large. We said approximately 1 year ago that the FSI of 2.5 lakh square feet had increased to 6.7 lakh square feet. We have taken the incremental 4 lakh square feet of FSI back to the drawing board and will come back to you shortly.

However, since you are in the real estate market, you know that, like EM Bypass, this project will generate substantial cash inflows. Second, what happens is that, let us say, the Pune project cost was approximately 200 rooms and {? 250 ?}. Monetization of this kind helps improve the cash available and improves the ROCE of the project because the project cost almost becomes nil.

That is what I am comparing with the EM Bypass model. In EM Bypass, we had cash inflows of around 350 crores. The hotel cost will be around 300 crores, or whatever the final amount is. If you look at it from that perspective, our project cost effectively becomes nil.

Harshvardhan Gupta: Agreed, sir. I wanted to understand the broad timelines and the quantum.

Management: In terms of quantum, the broad timeline will be determined once we finalize whether it will be residential development or another form of monetization. That will take approximately 6 months to 1 year, after which the project will require another 2-3 years or more. That would be the broad timeline.

Harshvardhan Gupta: In the future, do we also have plans to undertake similar projects elsewhere? Since we have been successful in Kolkata, and now in Pune as well, could we see more of these types of projects?

Management: The way we view the Indian market, we do have land banks, and at times the FSI increases. If the FSI increases, we will have an opportunity. Pune became an opportunity because the FSI changed only about 1 year ago.

In November, we had planned based on {? three, three-and-a-half ?} FSI, but if it increases to 4-5 FSI, then we will probably have further potential. In India, state governments are now looking at increasing FSI. Since we already hold land banks or assets in prime locations in India, we may have these types of opportunities.

As the government guidelines are issued, we will have greater clarity.

Harshvardhan Gupta: Thank you for that. Coming to Flurys, I wanted to understand this. We have had some new management come in recently, I believe. You also mentioned that the model is unique in terms of F&B. Could you provide more detail on what we are doing differently with Flurys and why we are so enthusiastic about expanding Flurys on such a large scale?

Management: Manish, would you like to take this? I will add to it afterward.

Manish Bhagat: Flurys is a legacy brand and already has a presence in the market. We want to capitalize on that brand recognition. We are not building a new brand that the market would not

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recognize. We will build on the existing brand, and we see the potential for it to become a different vertical altogether over the next 3-4 years, when we have approximately 300 stores, with a separate market capitalization for that business vertical.

Management: Flurys is unique because it has already captured the Mumbai market. It has started capturing the Delhi-NCR market, while Kolkata has always been famous for the brand. That is where the potential lies.

As we expand, we are positive about Flurys. Once we reach a certain critical mass, we can compare it with competitors such as Theobroma and Starbucks, and with the valuations of Blue Tokai. All these valuations provide a reference point.

However, we want to reach a critical mass. When I refer to SOTP valuation, these businesses are often valued at multiples of sales. Flurys would be an independent division, still run as an independent SBU, and therefore it will have potential. That is the reason for our enthusiasm.

Harshvardhan Gupta: That is very helpful, sir. What about the other F&B brands that we have? How are we viewing those? For example, Someplace Else and other standalone restaurant brands?

Management: We have many brands. We have taken out Someplace Else. We continue to evaluate them. We have Tantra, Aura in the spa business, and Aqua. We have various brands, but we also continue to place them under our management contract portfolio and evaluate them. As and when required, we will leverage them externally.

First, we try to consolidate them. Someplace Else Mumbai is also part of the Indore hotel, so it is part of a managed property. We are evaluating and expanding our brands. For example, we have the Leather Bar in Chennai. Leather Bar is very famous, and Pasha's is also famous.

We continue to build our brands. Another important aspect is that our brands have existed for many years. Someplace Else has been around for approximately 30 years, and Leather Bar has been around for more than 20 years. Normally, people are not able to sustain and build brands for so many years. We have the strength of these brands and will continue to leverage them.

We will continue to evaluate them and bring them forward as we take the next steps.

Harshvardhan Gupta: Thank you, sir. Could you give us some broad guidance on the growth we can expect from these other F&B brands, or would that be difficult to say?

Management: We have given overall company-wide growth guidance, which Mr. Dewan has already discussed on CNBC. We generally do not provide guidance by brand. What we have said is that total F&B revenue will remain at 43-45% of the overall revenue, and that proportion will remain the same.

Harshvardhan Gupta: Noted, sir. Thank you very much. That is all from me. Thank you.

Operator: Thank you. The next question is from Zara Patel. Please go ahead.

Zara Patel: Hi. I hope I am audible. Can you hear me?

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Management: Yes, we can hear you.

Zara Patel: Regarding the overall hotel business, our pipeline is expanding toward Tier 2 markets through the managed-contract segment, with a focus on the upper-mid-market, correct? Many hotels are currently building pipelines in Tier 2 and Tier 3 markets, which may come online over the next 2 years. In the longer term, do you think there could be a supply glut in these Tier 2 markets? How do you view the supply-demand trajectory over the next 5 years?

Management: I will start, and then Manish can take it forward. If you look at the Indian story, the supply-demand gap is the opposite of a glut. There is no supply available, and by the time supply is completed, demand has increased.

In India, supply takes time because of the many approvals and other requirements. Demand is growing very quickly as people's travel habits evolve. Our investments are in 10 key markets in India, while our management contracts and other businesses also cover Tier 2 and Tier 3 markets.

Demand is also strong in those markets. Recently, we have been taking an asset on lease in Mathura. If you look at the Mathura region, demand is very strong because of the growth in religious tourism.

Even if you look at data going back more than 10 years, I do not believe the Indian story or Indian demand is declining. India never had excess demand; there was a period of 10 years when supply exceeded demand. Now supply is nowhere near exceeding demand.

Very few supplies are coming up in the main top 10 cities, and in Tier 2 and Tier 3 cities, supply is coming up very slowly. There was previously no supply in those markets. That is where the new supply is coming from. Manish, you can take it forward.

Manish Bhagat: Further to what Mr. Atul said, it takes approximately 3-5 years minimum for a hotel to start operations. Therefore, the supply market over the next 3 years will not change easily, because it is not easy for anyone to start a hotel immediately.

The management contracts we are signing would come up in another 1-2 years, depending on the size of the hotel. Therefore, supply would always remain lower than demand in the current environment. As the Indian growth story progresses, we expect demand traction to remain high.

The government is also improving airport infrastructure and focusing on Tier 2 cities, which adds to the growth story for those cities. Zone by The Park, as Mr. Atul said, is primarily addressing this through management contracts, with Tier 2 and Tier 3 cities being the main focus.

Zara Patel: Understood. Regarding the managed-contract business, many other players are also focusing on expanding only through managed contracts. What differentiates us and leads asset owners to choose us to manage their properties? Is it that we provide them with higher EBITDA margins, or is there another factor? Are we receiving leads from asset owners who are approaching us to manage their assets? What do we provide that leads them to choose us over the competition?

Atul: They like our mid-segment brand, Zone by The Park. Second, occupancy is provided when someone comes to us. Our occupancy in the main hotels is approximately 90%, and occupancy in

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Zone is also high. That is a key strength.

Third, we also run our own hotel properties, including The Park Hotels, where we are both the owners and the managers. Since we are owners, our efficiency levels are high. That gives owners comfort when they work with us.

We provide them with comfort because we run our own properties as owners. Our efficiency level and our approach to management involve stepping into the owners' shoes and managing the properties while ensuring efficiency and margins as an owner would.

We run the properties as if they were our own. We do not treat ourselves as merely operating managers. Therefore, our efficiency levels are better. Manish can also add to this.

Manish Bhagat: As Mr. Atul correctly pointed out, the other brands you referred to, such as Marriott, Accor, IHG, Hilton, and Hyatt, are only management companies. Park, as a company, is both an owner and an operator. This differentiates us and gives owners confidence because we understand their philosophy and their requirements. I believe that is the differentiating factor between the other brands and the Park group.

Zara Patel: Understood. What percentage of revenue do we receive from managed contracts?

Atul: From management contracts, if I consider our overall top line, it is approximately 2-2.5%. As the other businesses continue to increase, this will remain approximately 2-2.5% in this context. However, there is an increase in flow-through.

Management income is shown as other managed income and is part of other operating income.

Zara Patel: The EBITDA margins would be much higher in managed contracts, correct?

Atul: Yes, they are much higher. At present, they are approximately 50-55%, but going forward they will be 70%. The direct cost of running the division remains almost at the same level, while the contribution keeps increasing as we sign more contracts.

Zara Patel: Understood. Thank you, sir.

Operator: Thank you. The next question is from Rahul. Please go ahead.

Rahul: Hello, can you hear me?

Operator: Yes, we can.

Rahul: Could you break down your revenue and EBITDA for the last financial year? How much came from your own properties, how much from management contracts, and how much from Flurys or the independent restaurant business?

Atul: We cannot give an exact breakdown, but we can give you a broad idea. As I said, managed contracts contribute 2-2.5% of revenue. Flurys contributes approximately {? 7 to 8% ?} of the margin. The Flurys division generated 80 crores out of 707 revenue last year, so roughly 12%. That is how the Flurys division operates.

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However, the Flurys division does not provide the same level of profitability as the hotel division. That is the broad picture.

Rahul: For the owned properties, what is the EBITDA margin?

Atul: For owned properties, it is slightly higher. If I consider the last 12 months, it is more than 34%. However, we do not provide separate guidance for that. I am only saying that it is on the higher side.

Flurys contributes approximately 12% of total top line, and its margin is on the lower side, but it remains EBITDA positive.

Rahul: Understood. Our occupancy is consistently much higher than the industry. What allows us to maintain such high occupancy consistently?

Atul: We have maintained this, and it is the main strength of our brand. People love our brand, and we track how to maintain occupancy every weekend and every hour—24x7, just like the stock market. We manage occupancy continuously.

This is our core strength, and it has been part of our DNA, developed over a period of time. Even during the COVID period, we had occupancy of approximately 78%, which very few others would have achieved.

This is a strength developed by Park Hotels. That is why I said managed properties also come to us for our occupancy. Once you have occupancy, most of the costs are taken care of, and that is why our RevPAR is very high. In our Park Hotels, RevPAR and ARR are generally considered to be the same.

Rahul: From an ARR perspective, how do we compare with the comparable set? Do we discount on weekends or in other situations compared with the competition to increase occupancy?

Atul: No, never. Finance teams sometimes say that if you reduce occupancy by 3%, you will get a higher ARR, and many analysts ask about this, but that does not happen.

We always manage occupancy across the different customer segments. For example, Park Kolkata has had 100% occupancy for, I believe, 7–8 years. We do not discount. We try to capture all customers and monitor everything.

If there were discounting, it would be an Excel model saying that a certain occupancy level results in a certain ARR. That is not the way we operate. Manish can also highlight this, as he has seen that occupancy remains consistent.

This is also highlighted in my DRHP and RHP, which means it has been reviewed and verified by many people, including Horwath HTL, which provided the industry report.

Manish Bhagat: The occupancy we maintain is a blended mix of segments, including B2B, retail customers, and other segments. The ARR we report is also blended. That is how the industry works.

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Because of the brand presence and reliability, we have higher occupancy. As Mr. Atul said, this is a legacy and the result of the trust customers have in the brand.

Rahul: Understood. One last question on Flurys. You said it is EBITDA positive. Is that pre-Ind AS, or is it EBITDA positive after rent? What would be the—

Atul: It is EBITDA positive after rent as well. We follow our Marwari approach. As to what is formally disclosed, I can discuss that separately on a call.

The formal guidance we are giving is that, at present, Flurys is not shown as a separate segment. Going forward, within 1 year, we will show it as a separate segment and then disclose and report the relevant details.

Rahul: Understood. Thank you.

Operator: Thank you. The next question is again from Zara. Please go ahead.

Zara Patel: You mentioned that managed revenue is 2-2.5% of sales. I have seen hotels such as Marriott and Lemon Tree charge anywhere between 4%, 5%, and 6%, with 4-6% being the range. Why is our percentage so low?

Manish Bhagat: Zara, Manish here. Marriott also charges a percentage of revenue, but the overall percentage of 4-5% is a combination of 2 components. One is a percentage of revenue, and the other is a percentage of adjusted GOP based on a slab. On a blended basis, it comes to 4-5%.

The same would apply in the case of Park. Mr. Atul can reconfirm this, but there are 2 components: a percentage of revenue and a percentage of profit. That is how the management contract works.

Atul: We charge approximately 2.5-3% as a percentage of top line, 1.5-2% as a marketing fee, and then a step-up of 5-8% of GOP.

Of course, since our Zone brand is still developing, there could be some variation in the total. On a top-line basis, ours should be approximately 5-6% of the total stabilized management contracts.

If a property's management contract stabilizes after 1-2 years, the fee is approximately 5-6% of the top line. However, when you consider it against the company's total top line, it comes to approximately 2% or 2.5% of the top line as management fees.

As management fee contracts continue to be added over 3-4 years, this percentage is expected to increase from 2% to approximately 2.5-3%.

Zara Patel: Understood. Regarding the percentage of GOP, is it considered only after we provide them with a certain GOP and it exceeds that level, or is it a fixed fee that we have to charge?

Atul: That is why I said it is a step-up fee of 5-8%. If you deliver an X percentage, say 30%, it could be 5%. If you deliver 35%, we may charge 6%. The terms are different across markets and contracts. It depends on whether you exceed the budget—for example, 35%. All the contracts are different, but the range is 5-8%. That is why I mentioned it.

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I hope that answers your query.

Zara Patel: Yes, sir. Thank you.

Operator: We have one question in the chat box from Vinod. It says, "Debt increasing, margins down. How does management see the business potential over the next 2 years?"

Atul: Our net debt to EBITDA is very low. We have acquired {? Zillion ?}, which cost approximately 209 crores, of which approximately 180 crores has been paid.

When you make an acquisition, acquisition financing is a trade-off. It provides growth, which will come through in 2028 and 2029 when the property opens. When you acquire a property, acquisition financing results in some debt and interest charges. That is why the interest has been charged.

We now have cash available on the balance sheet. Our debt-to-EBITDA and net debt-to-EBITDA ratios are very low. We are therefore looking for opportunities to grow quickly, including new projects and acquisition opportunities.

If an acquisition opportunity arises, we will use it immediately. I think that is also what investors like. We will use it to propel the growth of the company. There will be some associated charges, but they are not high. All the debt components are at very low ratios. Debt-to-EBITDA is 0.7, so it is not even close to 1.

Operator: What is the other question?

Manish Bhagat: How does management see the business potential over the next 2 years?

Atul: The management potential has already been discussed. Mr. Atul has already given that.

Operator: If anyone has any further questions, please raise your hand or put the questions in the chat box. There is one more question from Rahul. Please go ahead.

Rahul: For a couple of your projects, you are also undertaking residential sales and constructing hotels on the same land. Can you discuss the quantum of cash flow you expect from the residential or commercial sales at EM Bypass and the other project?

Atul: As clarified, EM Bypass is expected to generate 300-350 crores, although it may increase. On an approximate basis, we have said that 300-350 crores is expected from EM Bypass.

Management: ...from the sale of apartments, which is our share. The total will be higher. Our share is based on a 55:45 arrangement, so our revenue share is this amount.

In Pune, we will provide clarity once we close the transaction and finalize whether it will be residential or another option.

Rahul: Is this the cost associated with the project, or is it the net amount?

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Management: This is net because it is based on revenue sharing. In Pune, once we close the transaction and finalize whether it will be residential or another option, we will be able to clarify the matter.

Rahul: Would you have a rough sense of the square footage and average pricing there in terms of cash flow? Also, how much capex would you need per key to construct the hotel in both projects?

Management: Capex has already been indicated. It is approximately 1.2 or 1.3 crores per key. Depending on the project, we will provide further details. However, you know that residential rates in Pune are also very high.

We need to analyze it in detail, but our option is generally not to get into the cost; we focus on the revenue models. That much I can tell you.

In Kolkata also, there was a profit-sharing model, but we chose the revenue model so that we would not have to get into the costs. As you asked, EM Bypass has some cost associated with it, but our focus is on the revenue associated with the project.

That would be our priority, but we will see when we go back to the drawing board. Pune is a very strong residential market as well as a high commercial-rate market.

Rahul: Understood. Other than these 2 projects, could this option be available for any of the other land parcels we are developing, or is it currently limited to these 2?

Management: Pune became an opportunity recently because the FSI changed. There are other locations in India, such as Navi Mumbai, where the FSI could increase. If the government increases the FSI, similar opportunities could arise.

This is expected to develop, but at present it is limited to 2 projects. Pune was not included in our investor presentation 1 or 1.5 years ago. Government authorities are reviewing these matters, so opportunities can arise if you own land banks.

For example, in Vizag, we have utilized a certain portion of the land, but we also have a 6-acre land parcel. If the government increases the FSI, we may have additional potential.

The same could apply in Hyderabad or anywhere else where we have land. Navi Mumbai definitely appears to have potential because it is a very strong market and is developing rapidly. The government and CIDCO may change the regulations. That is the market expectation.

Once the change is formally implemented, we will try to monetize it to the extent possible.

Rahul: Understood. Regarding the capex of 1.2-1.3 crores per key for these hotels, the land has already been paid for. Is this amount excluding land, and what star category would these hotels be?

Management: We have always been focused on five-star deluxe properties, and these will also be in the premium category. We will be developing high-end hotels.

For example, in Juhu, the ARR will be at the next level. The idea is that EM Bypass will also be a property in that area's relevant category. ARRs will therefore be very high, in the range of

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10,000–13,000.

If you are developing that type of property, you also have to invest accordingly. The addition of these new properties will take our ARR to a different level. This has already been mentioned in our investor presentation and earnings call.

Rahul: Understood. For all 3 projects, would you expect ARR to be in the 10,000–12,000 range?

Management: It could be higher than that as well. EM Bypass could also be higher. However, if you look at 1 or 2 years ago, we had given an expectation for ARR, but the market is now much more favorable. We have stopped giving specific guidance because, for example, if we are opening something in FY29, we will provide the expectation closer to the opening.

The market is behaving very differently for premium products. If you want to go to Mumbai today or tomorrow, as Manish is in Mumbai, you will not find a hotel for less than approximately 15,000–20,000.

When we open in Juhu, the ARR could be approximately 18,000–20,000. The type of customer will also change.

For EM Bypass, Kolkata, the product will take us to a different level. The same applies to Pune. In Vizag, the city is developing, and it has the only hotel on the beach. The design is also distinctive. We are known for our design, so the property will be treated as a premium-category property.

Rahul: Understood. So all 3 projects that you mentioned will be five-star deluxe hotels, and you are saying they will have very high ARRs. Pune could be 10,000–12,000, EM Bypass could be higher, and Juhu could be—

Management: I have not categorized them that way. I said earlier that the ARR was expected to be 10,000–12,000, but it may go to 14,000. EM Bypass may also reach 14,000.

The opening dates are important. Earlier, we provided an expectation based on the properties opening in 3 years, but market conditions have changed.

I am explaining Pune because, if you try to book anything there today, you will not find a room available. The demand-supply situation is at a completely different level. There is no supply, and the city is growing rapidly.

The same applies to Kolkata. There is no supply, and Park Hotels leads the Kolkata market.

Vizag is similar. The city is growing, and I believe we are the only hotel, apart from possibly Novotel, located on the beach. There is no other hotel on the beach.

The new block is planned so that, other than the first floor, which will primarily contain the banquets, all the rooms will face the beach and the sea. That is how the view has been planned. Therefore, the property will have an absolute view premium as well as other premiums.

Rahul: Understood. Thank you.

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Operator: Thank you. Due to time constraints, we will have to close the call. I request management to give the closing remarks.

Management: Manish, would you like to take it?

Manish Bhagat: Thank you, sir. I would like to thank everyone for participating in the call. We are available for any further questions. If anyone has questions separately, you can reach out to us through the Arihant Capital process. We look forward to meeting you on the next call. If there are any questions, we will provide regular updates from management.

Management: Thank you, everyone. Please get back to us with any queries.

Operator: I would like to thank management and the participants on behalf of Arihant Capital for taking the time to share insights about the company. Thank you very much.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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