


**Key Takeaway**

FY26 was another year of strong operating execution for Park Hotels despite disruptions from Operation Sindoor and geopolitical tensions in the Middle East. The company crossed ₹7,000mn revenue for the first time, maintained industry-leading occupancy levels, strengthened its development pipeline, accelerated its asset-light strategy, and outlined an ambitious target of expanding from 2,677 keys to 6,635 keys by FY30. Growth going forward is expected to be driven by ARR expansion, new hotel additions, premiumization, Flurys expansion, and monetization of embedded real estate assets.

**Concall Highlights**
**FY26 Financial Performance**
**Q4FY26**

- Operating Revenue: ₹1,840mn (+4% YoY)
- EBITDA: ₹530mn
- EBITDA Margin: 28.9%
- PAT: ₹120mn
- PAT Margin: 6.4%

**FY26**

- Operating Revenue: ₹7,070mn (+12% YoY)
- EBITDA: ₹2,180mn
- EBITDA Margin: 30.8%
- PAT: ₹660mn
- PAT Margin: 9.2%

- Management** highlighted that FY26 growth came despite two major disruptions:
  - Operation Sindoor impact in Q1.
  - Middle East conflict causing cancellations in Delhi and Hyderabad during Q4.

**Despite these challenges, management believes FY26 performance was resilient and ahead of expectations.**

**Hotel Business Performance**
**Industry-Leading Occupancy**

- FY26 Occupancy: 91%
- ARR: ₹8,304 (+9% YoY)
- RevPAR: ₹7,584 (+7% YoY)

**Q4 Metrics**

- Occupancy remained industry-leading.
- ARR: ₹9,165 (+3% YoY)
- RevPAR: ₹8,149

**Best Performing Hotels**

Hotel	Occupancy
The Park Kolkata	100%
The Park Chennai	95%
The Park Navi Mumbai	93%

- Management reiterated that Park Kolkata has maintained near-100% occupancy for almost a decade (excluding Covid years) due to:**

- Strong location advantage.
- Entertainment-led positioning.
- High repeat customer base (~30%).
- Strong revenue management capabilities.

**Important Data**

Nifty	26,373
Sensex	74,267

**Key Stock Data**

Close*	₹114
Market Cap (₹)	~₹24bn
52W High/Low	₹173//95
BSE Code	544111
NSE Code	PARKHOTELS
Bloomberg Code	PARKHOTE:IN

\*Close as on 01 June 2026

**Shareholding Pattern (%) – Mar'26**

Promoter	68.2
FII's	4.0
DII's	8.5
Public	19.3

**Financials**

Particulars	FY26					FY28E
	FY24	FY25	FY26	FY27E	FY28E	
Revenue	5,790	6,315	7,073	8,146	9,958	
EBITDA	1,925	2,045	2,180	2,790	3,452	
EBITDA Margin (%)	33.2	32.4	30.8	33.1	34.6	
Adj.PAT	688	836	657	1,204	1,563	
EPS (₹)	3.2	3.9	3.0	5.6	7.3	
PE(x)	44.0	36.2	37.2	20.5	15.8	
EV/EBITDA (x)	15.4	14.9	12.7	9.6	7.7	
RoE (%)	7.8	6.7	5.3	8.6	10.3	
RoCE (%)	11.1	10.2	8.0	10.8	12.6	

Source: Company Data, Way2Wealth

**Relative Performance**

Absolute Return (%)	1Yr	3Yr	5Yr
ASPHL	-39.8	-	-
Nifty50	-4.7	-	-
Sensex	-8.0	-	-

Source: Company, Way2Wealth

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### Outlook for ARR Growth

With occupancy already at industry-leading levels, future growth will primarily come through:

**1. Room Renovations:** Planned upgrades at:

- Kolkata
- Chennai
- Bangalore
- Visakhapatnam

Management expects product enhancement to support higher room rates.

**2. Structural Demand-Supply Gap**

- India has only ~216,000 branded hotel rooms.
- Demand growth continues to exceed supply growth by 200–300 bps.

This should support continued ARR expansion across the portfolio.

**3. Premiumization:** Future developments will increasingly focus on:

- Luxury hotels
- Larger room inventory
- Higher ARR properties

Upcoming projects in Mumbai, Pune, Vizag and Navi Mumbai are expected to be positioned at premium price points.

### Development Pipeline & Expansion

➤ **FY27 Additions:** Management plans to add:

- 12 hotels
- 472 keys

**Of these: 8 hotels will be asset-light.**

Total portfolio expected to cross: 3,000 keys by FY27

➤ **FY30 Vision**

Metric	Current	FY30 Target
Hotels	42	85
Keys	2,677	6,635

➤ **Growth drivers:**

- 2x growth in owned hotels.
- 3x growth in asset-light brands (Zone by The Park & Zone Connect).

### Major Development Projects

➤ **EM Bypass Kolkata:** Integrated project comprising:

- 218 hotel rooms
- 69 serviced apartments

➤ **Residential Sales Update**

- 34 apartments launched.
- 29 apartments sold.
- Average realization: ₹20,857/sq.ft.

➤ **Cash Flow Impact**

- Cash flow improvement till April FY26: ₹110mn.
- Additional expected cash inflow during FY27: ~₹700mn.

➤ **Second apartment block launch:**

- September–October 2026.

Management remains highly optimistic on Kolkata real estate demand.

➤ **Juhu, Mumbai:** Project Details:

- 78 rooms.
- Construction starts June 2026.
- Completion targeted around March 2027.

➤ **Vizag Hotel**

- 100-room development.
- Environmental clearance obtained.
- Construction expected to start August 2026.

Timeline shifted due to regulatory approvals but management aims to accelerate completion.

➤ **Kerala Acquisitions**

- **Purity, Cochin**
  - Acquired during FY26.
  - Operated only for 3 months in FY26.
  - Expected to contribute meaningfully in FY27.
- **Malabar House, Cochin**
  - Acquisition expected to close in June FY27.
  - Delay due to foreign ownership approval process.
  - Positioned as a luxury heritage property attracting international travelers.
- **Flurys – Strong Growth Momentum**

**FY26 Performance**

- Revenue Growth: +29% YoY
- Outlet Count: 110 stores

Management reiterated Flurys remains profitable.

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**Expansion Plans**

➤ **Next 10 Months**

Target: Add 30+ outlets

- **New markets:**
  - NCR: 8 outlets
  - Pune: 5 outlets
  - Bangalore: 4 outlets
- **Also expanding in:**
  - Hyderabad
  - West Bengal

**Goal:** Reach 100 stores in West Bengal by 2027 (centenary year).

➤ **Strategic Shift in Expansion Model**

Management has abandoned the earlier plan of building a Delhi central kitchen.

- **Instead:**
  - Manufacturing will be outsourced.
  - Recipes and quality control remain in-house.
  - Quality monitoring teams will be stationed at production facilities.
- **Benefits:**
  - Faster rollout.
  - Lower capital requirements.
  - Better returns on capital.
  - Easier pan-India expansion.

○ **Leadership Strengthening**

**New COO: Rohit Kakra**

**Experience:**

- 23 years in retail F&B.
- Previously led operations at Costa Coffee and Pizza Hut.

Expected to drive Flurys' next phase of growth.

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**Food & Beverage Business**

➤ F&B remains a key differentiator.

**FY26**

- F&B Revenue crossed ₹3,000mn.
- Contribution to total revenue: ~43%.

Management highlighted that F&B revenues often rival or exceed room revenues at flagship hotels, especially Kolkata.

➤ **Key strengths:**

- Restaurants.
- Nightlife.
- Bars.
- Experiential dining formats.

This drives industry-leading Total RevPAR (TRevPAR).

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**Leisure & Palace Hotels Update**


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➤ **Ran Baas, Patiala**
**FY26:**

- **ARR: ₹31,000+**
- **Occupancy: ~20%**

**FY27 Target:** Occupancy approaching 50%.

Management expects substantial growth as awareness improves.

➤ **Lotus Palace, Chettinad**
**FY26:**

- **ARR: ~₹12,000**
- **Occupancy: ~30%**

➤ **Focus remains on:**

- Brand building.
- Luxury positioning.
- Higher occupancy ramp-up.

**Kolkata Opportunity:** Management remains extremely bullish on Kolkata.

➤ **Key Reasons**

- Existing supply: ~5,100 branded rooms.
- New supply over next 5 years: only ~1,700 rooms.

➤ **Management believes:**

- Demand growth will significantly exceed supply growth.
- Recent political developments could boost investments and business activity.

➤ **Park Hotels is positioning Kolkata as a major growth market through:**

- Existing hotel leadership.
- EM Bypass development.
- Future expansion plans.

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**Balance Sheet & Capital Allocation**


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➤ **Dividend:** Board approved 75% dividend payout

➤ **Funding Strategy**

Management estimates: Total planned development spend: ~₹14,000mn over five years.

○ **Funding sources:**

- Internal accruals.
- Apartment sale proceeds.
- Existing cash balance (~₹750mn).
- Available credit lines.

○ **Debt Position**

Current borrowing cost: ~8.5%

**Management indicated that:**

- Project interest will largely be capitalized.
- P&L impact from interest expense should remain manageable.

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**Technology & Sustainability**


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➤ **Technology**

- Completed: SAP S/4 HANA implementation.

**Expected benefits:**

- Better controls.
- Improved reporting.
- Higher operational efficiency.

- AI Initiatives
  - Management reiterated its ambition to become:
    - People-first.
    - AI-first organization.
- Focus areas:
  - AI-driven upselling.
  - Revenue optimization.
  - Enhanced guest experience.

## Management Commentary & Outlook

### Management remains highly confident about FY27 and beyond, citing:

- Strong domestic travel demand.
- Robust weddings and MICE activity.
- Favorable demand-supply dynamics.
- Growing premium travel consumption.
- Rapid expansion of asset-light brands.
- Flurys scaling opportunity.
- Embedded value unlocking from real estate assets.

The company expects growth to increasingly come from ARR expansion, new hotel additions, premiumization of the portfolio, strong F&B performance, and aggressive scaling of its asset-light hospitality platform. With a target of 6,635 keys by FY30, Park Hotels is positioning itself as one of India's fastest-growing hospitality platforms while maintaining sector-leading occupancy and RevPAR performance.

## View

The company delivered a steady Q4FY26 with revenue growing 4% YoY to ₹1,840mn despite disruptions from Middle East geopolitical tensions. EBITDA stood at ₹530mn with a margin of 28.9%, while PAT declined to ₹120mn due to higher depreciation and finance costs linked to ongoing expansion projects. Occupancy remained industry-leading and ARR grew 3% YoY, reflecting continued pricing power. Management highlighted strong growth visibility driven by asset-light hotel expansion, Flurys scale-up, EM Bypass Kolkata monetization, and sustained strength in domestic travel demand, supporting confidence in long-term growth despite near-term profit pressure. The company is currently trading at an EV/EBITDA multiple of 7.7x on FY28E. **We recommend hold the stock.**

**Quarterly Performance**

(₹ mn)

Particulars	Q4FY26	Q4FY25	YoY	Q3FY25	QoQ
<b>Net Sales</b>	1837	1773	4%	2001	-8%
Raw Material expense	224	212	5%	253	-12%
Increase/decrease in stocks	7	6	3%	-1	-1400%
Employee Expense	452	380	19%	389	16%
Other Expense	625	553	13%	652.3	-4%
Total Expense	1307	1151	14%	1294	1%
<b>EBITDA</b>	<b>530</b>	<b>622</b>	<b>-15%</b>	<b>706</b>	<b>-25%</b>
<b>EBITDA margin</b>	<b>28.8%</b>	<b>35.1%</b>	<b>-625bps</b>	<b>35.3%</b>	<b>-646bps</b>
Other Income	8	29	-74%	15	-50%
Depreciation	192	198	-3%	194	-1%
<b>EBIT</b>	<b>345</b>	<b>453</b>	<b>-24%</b>	<b>527</b>	<b>-35%</b>
Interest expense	87	49.9	75%	101	-14%
<b>PBT</b>	<b>258</b>	<b>403</b>	<b>-36%</b>	<b>426</b>	<b>-39%</b>
Tax expense	123	126	-2%	170	-27%
<b>PAT</b>	<b>135</b>	<b>277</b>	<b>-51%</b>	<b>256</b>	<b>-47%</b>
<b>Exceptional Income/Loss</b>	<b>-16</b>	<b>0</b>	<b>NA</b>	<b>-14</b>	<b>14%</b>
<b>Adjusted PAT</b>	<b>119</b>	<b>277</b>	<b>-57%</b>	<b>242</b>	<b>-51%</b>
EPS	0.6	1.3	-51%	1.2	-47%

Source: Company, Way2Wealth

**Coverage**

Date	Coverage	Report Price (₹)	Buy Range (₹)	Target Price (₹)
06-Feb-25	Quick Insight	197.0	180 – 190	220 – 230
12-Feb-25	Q3FY25	166.8		
02-Jun-25	Q4FY25	151.0		
12-Aug-25	Q1FY26	148.0		
18-Nov-25	Q2FY26	142.0		
13-Feb-26	Q3FY26	129.4		

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Name of the Security	Apeejay Surrendra Park Hotels Ltd.
Name of the analyst	Ashwini Sonawane
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