Hotels	CMP: ₹116.40	MCAP: ~₹24bn	Hold	21st August 2026

ASPH APEEJAY SURRENDRA PARK HOTELS

Key Takeaway

Q1 FY27 was a resilient quarter for Park Hotels despite temporary disruptions from the West Asia crisis, subdued air traffic, elevated energy costs and supply-chain challenges. The company maintained its industry-leading 92% occupancy and leadership in RevPAR, while consolidated revenue grew 10% YoY to ₹1720mn and EBITDA increased 8% YoY to ₹520mn. Growth ahead is expected to be driven by high-single-digit ARR growth, stabilization of recently added properties, 12 new hotels/472 keys in FY27, aggressive Flurys expansion, EM Bypass cash generation, and premium-market additions such as Juhu and Pune. Management remains focused on scaling the portfolio to 87 hotels and 6,719 keys by 2030, while targeting a significant improvement in ROCE to >20% through asset-light expansion and mixed-use development.

Concall Highlights

Q1FY27 Financial Performance

- Operating Revenue: ₹1670mn (+8% YoY)
- EBITDA: ₹470mn (+3% YoY)
- EBITDA Margin: 28.1%
- Consolidated Revenue: ₹1720mn (+10% YoY)
- Consolidated EBITDA: ₹520mn (+8% YoY)
- PAT: ~₹120mn (-14% YoY)
- PAT Margin: ~7%
- **PAT declined despite EBITDA growth due to:**
    - Higher finance costs associated with expansion and acquisitions.
    - ₹22mn deferred-tax impact following the transition to the new income-tax regime.
    - Management expects the tax burden and PAT performance to improve sequentially in the coming quarters.

Hotel Business Performance

Industry-Leading Occupancy

- Q1 FY27 Occupancy: 92%
- Park Hotels continued to maintain one of the highest occupancy levels among organized hotel players.
- The company also retained its leadership in RevPAR in the upper-upscale segment.
- Performance remained resilient despite:
    - West Asia geopolitical tensions
    - Subdued domestic air traffic
    - ~10% decline in international air traffic into India
    - High energy costs
    - Supply-chain disruptions.

With occupancy already at elevated levels, management expects future growth to increasingly come through ARR/ADR expansion.

Outlook for ARR Growth

- **High-Single-Digit ARR Growth Expected:** Management expects high-single-digit ARR growth going forward as demand conditions normalize.
- **Key drivers:**
    1. **Normalization of Travel Demand**
        - Domestic passenger traffic was broadly flat during Q1.
        - Mumbai domestic passenger traffic declined ~3.5%.
        - Hyderabad declined >12%.
        - Chennai declined ~13%.
        - Management expects these temporary disruptions to normalize over the coming quarters.

Important Data

Nifty	24,232
Sensex	77,538
Key Stock Data	
Close*	₹116.40
Market Cap (₹)	~₹24bn
52W High/Low	₹164//95
BSE Code	544111
NSE Code	PARKHOTELS
Bloomberg Code	PARKHOTE:IN

Shareholding Pattern (%) – Jun'26

Promoter	68.2
FIIs	4.1
DIIs	8.8
Public	18.9

Financials

(₹ mn)

Particulars	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	**-22.8**	-	-
Nifty50	-3.7	-	-
Sensex	-5.7	-	-

Source: Company, Way2Wealth

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2. **Strong Event Calendar**

Demand in Q2–Q4 FY27 is expected to benefit from:
- BRICS Summit in Delhi
- Bharat Mobility Expo
- Aero Show in Bengaluru
- Conferences and exhibitions
- ~40 wedding dates between November and March.

Management expects these events to support both occupancy and ARR, resulting in distinctly better performance in the coming quarters.

3. **Stabilization of New Properties**

Recently added properties such as:
- Ran Baas Palace, Patiala
- Lotus Palace, Chettinad
- Vembanad Lake

are expected to contribute increasingly as occupancy ramps up.

Property Stabilization

Management highlighted that most of the existing portfolio is already mature or entering maturity.

- **Ran Baas Palace, Patiala**
  - Current ARR: ~₹33,000
  - Property is entering its stabilization phase.
  - Management expects occupancy to improve significantly as awareness and demand build.
- **Lotus Palace, Chettinad**
  - Current ARR: ~₹13,000
  - Property is still ramping up.
  - Focus remains on improving occupancy and establishing the luxury positioning.
- **Vembanad Lake**
  - 15-room property acquired during the year.
  - Q3 and Q4 represent the peak season.
  - Management expects the property to stabilize during FY27.

Management noted that hotels generally take 2–3 years to stabilize, although properties in high-potential markets such as Mumbai, Pune and Kolkata can potentially stabilize within 1–1.5 years.

Development Pipeline & Expansion

FY27 Additions
- Management has a pipeline of:
  - 12 hotels
  - 472 keys
- This is expected to increase the portfolio from:
  - Current: 42 hotels / ~2,677 keys
  - FY27-end: ~3,149 keys

The company continues to pursue a combination of owned and asset-light properties, with asset-light expansion expected to become increasingly important.

FY30 Vision

Metric	Current	FY30 Target
Hotels	42	**87**
Keys	~2,677	**6,719**
Flurys outlets	111	**400**

Management targets:
- ~2x growth in owned assets
- 3x+ growth in asset-light properties
- Significant expansion across emerging leisure, pilgrimage and urban markets.

The long-term strategy is to create a larger and more scalable hospitality platform while maintaining capital discipline.

Major Development Projects

EM Bypass, Kolkata

- **Integrated hospitality-led mixed-use development comprising:**
  - 218 hotel rooms
  - 69 service apartments
- **Residential Sales Update**
  - 33 apartments sold out of 69.
  - Average realization: ~₹20,633/sq ft.
  - Q1 cash receipt: ₹210mn.
  - Expected FY27 cash inflow: ₹700–800mn.

  Management expects the project to generate approximately ₹3000–3250mn of sales attributable to the company over the development period.
- **Capital Efficiency Impact**

  The company intends to use proceeds from apartment sales to fund development of the hotel component.

  Management believes this model can substantially improve capital efficiency and expects company ROCE to potentially increase from approximately 9–10% currently to >20% by 2030.

  This makes EM Bypass one of the most important cash-flow and ROCE catalysts for the company.

Juhu, Mumbai

- **Project Details:**
  - 78-room hotel
  - Design phase completed.
  - Launch targeted for October 2027.
  - Property is positioned in one of Mumbai's premium hospitality markets.

  Management highlighted that the property was acquired at <₹40,000/sq ft, significantly below prevailing market acquisition values of roughly ₹1 lakh/sq ft.

  Mumbai ARR is currently estimated at ₹18,000–20,000, with management expecting 10–15% ARR growth.
- **Key advantages:**
  - Limited new hotel supply in Juhu.
  - Premium location.
  - Strong F&B opportunity.
  - Rooftop bar planned.
  - Potential for strong performance from the first year.

Vizag Hotel

- 100-room hotel
- Project team already on site.
- Launch expected during FY27.
- Completion targeted for early 2030.

Management sees significant opportunity in Vizag due to limited quality hotel inventory and expects the property to achieve strong ARR and performance once operational.

Malabar House, Fort Kochi

- 17-key heritage property
- Acquisition currently in progress.
- Expected completion: October–November 2026.
- Property is positioned as a premium leisure/heritage offering.

Management continues to evaluate additional opportunities in attractive leisure markets.

Pune: Significant Embedded Value Unlock

- **The FSI available on the company's Pune land has increased materially:**
  - Earlier FSI: 2.5 lakh sq ft
  - Revised FSI: 6.7 lakh sq ft
- **Planned utilization:**
  - ~2.5 lakh sq ft: Hotel development
  - 4 lakh+ sq ft: Residential development

Management believes the increased FSI materially enhances the value of the asset and provides an opportunity to replicate the mixed-use development model used at EM Bypass.

Flurys – Strong Asset-Light Growth Engine

- **Current Position**
  - Current outlets: 111
  - Revenue contribution remains an important part of the broader F&B platform.
  - Outlet count has grown from 17 in 2019 to 111 currently, implying ~21.5% CAGR.
- **FY27 Expansion**
  - **Target**:
    - 29 additional outlets
    - FY27-end target: ~140 outlets
  - Planned expansion:
    - Pune: 3 additional outlets
    - Mumbai: 3 outlets
    - Hyderabad: 5 outlets
    - NCR: 7 outlets
    - Bengaluru: 4 outlets
  - The company is also exploring strategic tie-ups with:
    - Adani Group airports
    - Phoenix Mills
    - DLF
    - PVR

  These partnerships could accelerate the asset-light rollout materially.
  - **Long-Term Target**
    - 400 Flurys outlets by FY30/31
    - Management also targets 100 outlets in West Bengal as the brand completes 100 years.

Flurys therefore has the potential to become a significant asset-light, scalable growth engine alongside the hotel business.

Food & Beverage Business

F&B remains a key differentiator for Park Hotels.

- F&B contributed approximately 43% of total revenue in Q1 FY27.
- Business includes:
  - Restaurants
  - Bars
  - Nightlife
  - Experiential dining.

Management views F&B as a major competitive advantage, particularly in premium markets such as Mumbai.
The high F&B contribution allows Park Hotels to participate in the broader hospitality and lifestyle consumption opportunity, rather than relying solely on room revenue.

Kolkata Opportunity

Management remains highly positive on Kolkata, where the company already has a strong operating presence.
Key opportunity areas:

- EM Bypass development.
- Existing Park Kolkata leadership.
- Limited quality hotel inventory.
- Future expansion opportunities.

The upcoming EM Bypass property is expected to benefit from the city's favorable demand-supply dynamics, with management expecting strong performance when the property becomes operational.
The Kolkata project is therefore expected to contribute through both hotel earnings and real-estate monetization.

Balance Sheet & Capital Allocation

- **Funding Strategy**
  The company plans to fund its expansion through:
  - Internal accruals
  - EM Bypass apartment-sale proceeds
  - Existing cash/mutual-fund balances
  - Available credit lines
  - Selective debt financing.

  The company maintains a conservative leverage profile.
- **Debt Position**
  - Net Debt/EBITDA: ~0.7x
  - Debt-to-equity remains low.
  - Management indicated sufficient borrowing headroom to fund incremental requirements.

Management expects the balance sheet to remain supportive of the company's aggressive expansion strategy.

Other Income & Treasury Income

- Mutual-fund income during Q1 was approximately ₹27–28mn.
- Management expects approximately ₹35mn of other income per quarter to be sustainable.
- Other income could increase as additional proceeds from EM Bypass apartment sales are received and deployed into financial investments.
- Mutual-fund investments were approximately ₹970mn.

Hence, treasury income is expected to provide an incremental support to earnings alongside the core hotel business.

Technology & Operational Efficiency

- **SAP S/4HANA:** The company completed implementation of SAP S/4HANA for finance during Q1.
- **Expected benefits:**
  - Stronger financial controls.
  - Better quality and timeliness of reporting.
  - Improved operational efficiency.
  - Better scalability as the hotel portfolio expands.

Management highlighted technology and internal systems as increasingly important as the company scales toward its long-term hotel and key targets.

Management Commentary & Outlook

Management remains positive on the outlook for FY27 and beyond, supported by:

- Strong domestic travel demand.
- Improving air connectivity.
- Weddings and social events.
- MICE and corporate demand.
- BRICS Summit.
- Bharat Mobility Expo.
- Aero Show.
- Limited quality-room additions.
- High-single-digit ARR growth.
- Stabilization of recently opened properties.
- Rapid asset-light hotel expansion.
- Flurys rollout.
- EM Bypass monetization.
- Premium-market expansion in Mumbai and Pune.

Management expects the coming quarters to be distinctly better than Q1 FY27, with ARR growth and event-driven demand providing the primary near-term earnings catalysts.

View

Q1FY27 was operationally resilient, with Park Hotels maintaining its industry-leading occupancy and RevPAR position despite temporary geopolitical and travel-related disruptions. While PAT declined due to higher finance costs and tax-related impact, the underlying business remains strong, with 92% occupancy, high-single-digit ARR growth potential, a 472-key FY27 pipeline, aggressive Flurys expansion and significant cash generation from EM Bypass providing multiple growth levers. The key medium-term catalyst is the company's ability to convert its strong occupancy position into ARR growth and operating leverage, while the EM Bypass and Pune mixed-use developments can materially improve capital efficiency. With a low-leverage balance sheet and an ambitious expansion strategy, the company remains well positioned for structural growth in Indian hospitality.

We maintain a positive long-term view, with ARR growth, new hotel additions, Flurys scaling and asset monetization being the key catalysts to monitor.

The company is currently trading at an EV/EBITDA multiple of 7.7x on FY28E. We recommend hold the stock.

Quarterly Performance

(₹ mn)

Particulars	Q1FY27	Q1FY26	YoY	Q4FY26	QoQ
Net Sales	1668	**1543**	**8%**	**1837**	**-9%**
Raw Material expense	209	201	4%	224	-6%
Increase/decrease in stocks	-1	-2	-47%	7	-115%
Employee Expense	406	367	11%	452	-10%
Other Expense	585	522	12%	624.9	-6%
Total Expense	1199	1089	10%	1307	-8%
EBITDA	**469**	**454**	3%	**530**	-12%
EBITDA margin	***28.1%***	***29.4%***	***-133bps***	***28.8%***	***-75bps***
Other Income	48	23	110%	8	539%
Depreciation	211	180	17%	192	10%
EBIT	**306**	**296**	**3%**	**345**	-11%
Interest expense	104	64.9	60%	87	19%
PBT	**202**	**231**	**-13%**	**258**	-22%
Tax expense	87	90	-3%	123	-29%
PAT	**115**	**142**	**-19%**	**135**	-15%
Exceptional Income/Loss	**0**	**-7**	-100%	**-16**	-100%
Adjusted PAT	**115**	**134**	-14%	**119**	-3%
EPS	0.5	0.7	-19%	0.6	-15%

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		
02-Jun-26	Q4FY26	114.0		

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Disclosure of Interest Statement: Apeejay Surrendra Park Hotels Ltd. as on 21st August 2026

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