Management Discussion

Rushali Sadhani - Moderator, Arihant Capital Markets Limited
Thank you. Good evening everyone. Welcome you all to Apeejay Surrendra Park Hotels Limited for Q2H1 FY27 earning con call. On behalf of Arian Capital Limited, I would like to thank the management of Apeejay Surrendra Park Limited Hotels Limited for giving us this opportunity to host this call today. From the management side, we have Ms. Priya Paul, Chairman and Executive Director, Mr. Vijay Dewan, Managing Director, Mr. Manish Bagat, Chief Financial Officer. Without any further delay, I would like to hand over the call to Mr.

Vijay Dewan for the opening remarks.

Vijay Dewan - Managing Director, Apeejay Surrendra Park Hotels Limited
Uh, good evening everyone. Thank you for joining us today. To discuss our earnings of the 2nd quarter and first half of financial year '27. On behalf of the board and management team at Apeejay Surrendra Park Hotels, I would like to extend a warm welcome to all participants on this call. The Park Hotels have demonstrated how differentiated hospitality can deliver India's and possibly world's leading occupancy, strong RevPAR, double-digit EBITDA growth, and an absolute clear runway for expansion.

Guided by our vision of leadership through differentiation and powered by purpose, people, and performance, we are different in how we lead and the value we create for our teams, guests, and our shareholders. Our performance is our promise to deliver industry-leading growth in our segment of business, excellence in execution, and responsible governance. At the macro level, India remains the fastest-growing major economy in the world, with GDP accelerating to 7.7 in 25-26. Q1 also saw the economy grow at 7.8%.

The government has put in a capital outlay of Rs 12.2 lakh crores for the year 26-27, and this will add further momentum to infrastructure growth as well as travel and tourism. Demand-supply mismatch continues, and as per the latest ICRA report, Demand is expected to grow by 7 to 9% against supply growth of 5 to 6% during financial year '26-'27. Though there is some moderation in domestic and international air travel in H1, we expect strong growth as the geopolitical tensions have eased and energy prices have started coming down.

Phase 2 will see a strong pickup on account of MICE and wedding segments, as well as winter leisure travel, as well as faith and festival tourism. In Apeejay Surrendra Park Hotels, our portfolio across the PARK, the PARK COLLECTION, ZONE by the PARK, and ZONE Connect by the PARK allows us to serve different customer segments and markets. We are focused on expanding selectively, growing through managed and other asset-light formats, and improving performance across our existing hotels. We maintain positive momentum during the first half of FY27.

In Q2, operating revenue grew 7% year-on-year to INR 180 crores. Operating EBITDA increased 11% to INR 54 crores, with an operating margin improving by 1,100 basis points to 30.27%. PAT was INR 15 crores compared with INR 16 crores in Q2 of FY26. For H1 '27, operating revenue grew 7% year on year to INR 347 crores. Operating EBITDA crossed INR 100 crores for the first time in the company and the first time in our history, registering 7% year-on-year growth. PAT stood at INR 26 crores compared to 30 crores in H1 FY26, primarily due to higher depreciation and interest costs.

Across our own hotels, occupancy was 93%. ARR was INR 7,774 and RevPAR INR 7,219. We also continue to maintain our leadership in RevPAR in the upper upscale segment. Food and beverage remains an important part of our hospitality ecosystem. Our restaurants, nightclubs, and bars

complement the hotel business and give us additional opportunities to engage with guests and local customers. During the quarter, Shack at The Park Vishakhapatnam was named the Best Restaurant of the Year for South India by FHRAI.

Italia at The Park Bangalore received a Bronze Award for its wine program. Aqua and Epicentre at The Park Indore and Tide at The Park New Delhi also received recognition for their dining experiences. Ranbasta Palace in Bachala received the Tatler Best New Hotel Award 2026 and was included among the Tatler Best 20 Hotels in India. The hotel has also received and retained its 1 Michelin star status for the year 26-27. The hotel is well positioned for a strong performance in H2. Flurys has grown to 112 outlets across cafes, kiosks, and tea rooms.

The Green Park outlet marks its entry into New Delhi. Flurys Kolkata was named the best bakery and patisserie at the eazydiner Foodie Awards this year. The brand's different formats allow us to serve customers across a range of occasions, and we will continue to expand in urban markets through our asset-light model. Flurys next opens in Greater Kailash 2 in New Delhi. Overall, Flurys will add another 28 outlets in this financial year and enter new markets at Jaipur, Lucknow, and Bangalore. We expect Flurys revenues to cross Rs 100 crores in FY26-27 which will be a significant achievement.

We are also pleased- we are also pleased to announce the opening of Zone Connect by the Park at Mathura, marking the brand's entry into Brij Bhumi, a destination of deep spiritual and cultural significance. The hotel offers 42 rooms across 3 categories, along with cafes, for all-day dining and town hall, and indoor event space for up to 150 guests. Its location provides convenient access to the Sri Krishna Janmabhoomi, Vrindavan temples, and other key attractions across Mathura. This launch strengthens our presence in India's pilgrimage and cultural destinations alongside our operational hotels in Katra and Prayagraj.

And planned openings in Vrindavan, Poojaen, and Ayodhya. We look forward to welcoming pilgrims and other travelers with a contemporary hospitality experience backed by our teams. We also launched Tide, our all-day dining restaurant at the park near Delhi, designed as a dining and social destination throughout the day. It brings together breakfasts, business lunches, relaxed afternoons, lively evening experiences under one setting. The menu features artisanal coffee, wood-fired pizzas, Asian-inspired flavors, small plates, and an elevated à la carte offering.

At the end of FY27, Today, our portfolio comprises of 43 hotels and 2,729 keys. Our roadmap is to reach 100 hotels and 7,500 keys by FY31, which is over a period of 6 years, with managed properties forming a larger share of the portfolio. This asset-light approach will help us expand across markets while managing capital requirements and improving the efficiency of our growth. Over the next 6 years, we plan to add 57 hotels totaling to 4,771 keys. And in FY26-27, the addition is 7 hotels with 321 keys.

And in FY27-28, 11 hotels with 558 seats across locations including Manali, Ayodhya, Dehradun, Indore, and Gangtok. We already have a hotel in Gangtok, so this will be a second hotel. Our mixed-use development project at EM Bypass comprising of 69 service apartments has received a terrific response. Near 100% of the launched inventory is sold at an average price of 19,500 per square foot. We expect the price to go up by at least 15% as we launch Phase 2 in February-March 2017. The project construction for both the residential and hotel project is progressing well.

Over 130 piles have been completed. The project is absolutely on target for 2030 opening. We expect to close Rs 325 crores as part of our share from the sale of apartments over the next 3 years. Already Rs 38.5 crores has been received. This will further strengthen our already strong balance

sheet. For information, over 400 keys of our own are now under development. 220 at Calcutta, 80 at Juhu Mumbai, and 100 at Vizag. Close to 90% stake has been acquired at Ceylon Hotels Juhu Mumbai during the course of the year, and for this hotel, fire NOC has been received and BMC NOC is expected anytime soon.

Our teams are on site to commence work. Projects should be completed by the end of next year. We also completed the acquisition of Purity at Vemana Lake, expanding our presence into high-potential tourism destination of Kerala. In Vishakhapatnam, we have recently signed an MOU with the government of Andhra Pradesh for a new development which is expected to receive subsidies of over- in the range of 10 to 20 crores over the next 5 years. In Pune, the available FSI for our land, which has increased from 2.5 lakh square foot- sorry, square feet- to 6.72 lakh square feet, providing scope of another mixed-use project with a hotel and residential or commercial development and enhancing the site's long-term potential.

Operational efficiency and technology remain important to us as we expand. SAP S/4HANA finance and material management modules are now live. These systems have strengthened financial controls and reporting, will help improve material visibility, and support more consistent operating processes across larger portfolios. Our focus is on disciplined execution, expanding in high-potential markets, strengthening our brands, and improving returns on capital. We remain committed to delivering a distinctive guest experience while building the scale and operating capabilities required for the next phase of our growth.

At Apeejay Surrendra Park Hotels, our journey continues to be guided by the principle of growth, governance, and green. With purpose, people, and performance shaping how we put our strategy into action. On the green pillar this year, we have achieved 100% electric guest mobility across our own hotels with a fleet of 35 cars. 4 of our hotels, as you know, the owned hotels, as you know, are now IGBC Green certified, and we expect the remaining hotels in the green category by the end of this financial year.

We have achieved elimination of 20 lakh single-use plastic items and 14.8 lakh PET bottles, and we remain committed to water neutrality by 2030 and energy neutrality by 2033. We have built a business that is broader, more diversified, and more capital efficient than ever before. We have a strong core hospitality business, a growing F&B and retail platform through flurys, a differentiated portfolio of brands, and an expanding asset-light network and new ways of unlocking value from our existing assets.

As we move forward, our focus will be to add the right number of hotels in the high-growth and high-potential markets of the country and achieve a pan-India presence for flurys. Our vision is to be both a people-first and an AI-first organization, combining the power of our people with the potential of technology to create unique, immersive, and memorable experiences for our customers. We remain committed to strong and sustained growth in the years ahead. In the end, on behalf of my team across the organization, I would like to thank you and your continued- for your continued support and trust and confidence in our journey.

Your support inspires us to aim higher and create enduring value. With this, I would like to hand over to the moderator to open the floor for questions and answers. Thank you.

Questions & Answers

Operator
Thank you very much. We will now begin the question and answer session. Anyone who wishes to ask a question may press star and 1 on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and 2. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. We'll take our first question from the line of Archana Gude from IDBI Capital. Please go ahead.

Archana Gude - Analyst, IDBI Capital Markets & Securities
Hi sir, thank you for the opportunities. I have 4 questions. Firstly, on the management fees. So if you can help us, uh, with the number for H1 FY27 and how we should look at its growth considering we have a strong slate of managed hotels for, uh, you know, in near term.

Vijay Dewan - Managing Director, Apeejay Surrendra Park Hotels Limited
So as far as the management fee is concerned, currently it remains at 2%. But this portfolio of managed hotels, as I have described, that currently we have overall 1,278 managed keys- this is actually going to rise to 3,627 keys purely on the management side of the business. So this is expected- this in terms of the hotels is a 3x growth over the next 6 years. So over the next 3 years, I expect the management fee to actually- the management income coming out of this business, this vertical, to actually rise to 4% from 2%.

So

Archana Gude - Analyst, IDBI Capital Markets & Securities
If you can quantify in the absolute number, this 2% for each one,

Vijay Dewan - Managing Director, Apeejay Surrendra Park Hotels Limited
7 crores.

Archana Gude - Analyst, IDBI Capital Markets & Securities
Okay, sure. And sir, um, in the opening remark you spoke about the MOU with the government of Andhra Pradesh for the new Vizag development. So if you can guide us more on the number of rooms, capex, etc., would be helpful.

Vijay Dewan - Managing Director, Apeejay Surrendra Park Hotels Limited
So currently in Vishakhapatnam, as you know, we have 65 rooms. This was our second hotel. We started in Calcutta in 1965- uh, '67, sorry. And our hotel, second hotel in Vishakhapatnam, opened in 1968. This 65-hotel room in Andhra Pradesh at Vishakhapatnam is Andhra Pradesh's first 5-star hotel. We have now decided to do another new hotel at the same venue, which will be a 100-room hotel, ultra-luxury hotel. All rooms are actually going to be facing the beach and they will have balconies. And with world-class facilities.

This hotel is, uh, it will be completed at a cost of 150 crores.

Archana Gude - Analyst, IDBI Capital Markets & Securities
And any timeline for that?

Vijay Dewan - Managing Director, Apeejay Surrendra Park Hotels Limited
Also, timelines are, they remain the same. The timeline is that Vishakha Padma Motels, the construction is about to start. All the permissions are in place. In fact, GBMC, which was the last permission for starting the work, we have paid the GBMC fees and we are about to start work in the next 7 to 10 days. The expected completion date remains the same. It will open in 2030, uh, sometime around this time, that is in the second half of 2030. The hotel should open. What is very significant about the MOU which we have signed with the government is that we, uh, we should be entitled to, because of this agreement, a subsidy for constructing this, for building this hotel.

This subsidy could be anywhere, as I mentioned, in the range of 10 to 20 crores or even more. So there is a capital subsidy which has a limit of 10 crores for all hotels which are over 100 crores. And then there is a 5-year, 5 to 7-year, uh, SGST refund which the government will give to the cost of the project. So all this will result in a saving of 10 to 20 crores or even more over the, over the 5 years of the, of the spread of the project. So it's a very good understanding which, which has been achieved, and we are really thankful to the government of Andhra Pradesh for, for their visionary and dynamic approach.

Archana Gude - Analyst, IDBI Capital Markets & Securities
So coming to flurys, we added 6 flurys in H1, and we have guided this number to touch 140 by the end of this year. So that looks slightly on a, you know, slightly aggressive guidance

Vijay Dewan - Managing Director, Apeejay Surrendra Park Hotels Limited
It is, it is,

Archana Gude - Analyst, IDBI Capital Markets & Securities
Uh,

Vijay Dewan - Managing Director, Apeejay Surrendra Park Hotels Limited
It is a very aggressive target, but we are confident. As I mentioned in the last earnings call, we have a new team now, um, which is being headed by a new Chief Operating Officer. The good thing about Flurys expansion is that firstly it has entered Delhi through New Delhi, through the green, through Green Park. And the second outlet will open in, again, in Delhi, in Greater Kalash 2, all prime markets of New Delhi. The team has already signed close to, uh, 20 outlets, so construction and work is going to happen on all these and new signings.

And we still remain very confident to deliver 140 out outlets by the end of financial year. The team is, is new, it is young, it's full of fire and passion, and we are confident that they will deliver,

Archana Gude - Analyst, IDBI Capital Markets & Securities
Right? So you said that 20, uh, for the 20 flurys, the, uh, signings are already in place, uh, right, sir? I mean, so maybe more 8 to be added, uh, or next time

Vijay Dewan - Managing Director, Apeejay Surrendra Park Hotels Limited
They will, they will get added. We are going to be As I mentioned, it's not only that Flurys is expanding in Delhi. Flurys is about to enter Jaipur, that is in Rajasthan. It's going to enter Lucknow. It's also going to enter Bangalore during the course of this financial year. So work is already going on on all, all these, plus new outlets are going to further open in Bengal. New outlets are also being planned and under execution in Hyderabad, Visakhapatnam, Bhubaneswar and the rest of Bengal. And there are three outlets which are being planned in Assam as well.

Archana Gude - Analyst, IDBI Capital Markets & Securities
Sure, sir, that is pretty heartening to listen. And lastly sir, if you can help us for this capex for H2 FY27 and FY28. That's my last question sir.

Vijay Dewan - Managing Director, Apeejay Surrendra Park Hotels Limited
So Mr. Costa 3 people on the call. In fact, there are 4 people on the call. So Mr. Costa will take this question of CapEx for Q2- H2, sorry.

Manish Bagat - Chief Financial Officer, Apeejay Surrendra Park Hotels Limited
So H2, which we will have a CapEx of around 100 CR, which will include the CapEx for, uh, Juhu Hotel, which will start, and the, the Starting capex for the wise is, this will be to and and for M bypass this will be financed through no the M bypass inflows coming from the sale of apartments and about 15 to 24 capex on from Flurys and 10 crore India operation capex for the balance balances.

Archana Gude - Analyst, IDBI Capital Markets & Securities
And so for FY28, any guidance on that?

Manish Bagat - Chief Financial Officer, Apeejay Surrendra Park Hotels Limited
FY28, see, for the, for the Vizag and for, uh, for group properties, which is, and the investment, you'll have around 150 to 200 overall CapEx.

Archana Gude - Analyst, IDBI Capital Markets & Securities
Sure. And sir, flurys will also need, right? We have- we plan to add 40 outlets, 40-50 outlets. So that should be another roughly 30-40 crores.

Manish Bagat - Chief Financial Officer, Apeejay Surrendra Park Hotels Limited
Yeah, that's what we have said. Flurys will remain 30 to 40 crore depending on the number of outlets being opened and the common space.

Archana Gude - Analyst, IDBI Capital Markets & Securities
That was helpful. Thank you so much and all the best, sir.

Vijay Dewan - Managing Director, Apeejay Surrendra Park Hotels Limited
Thank you, Archana.

Manish Bagat - Chief Financial Officer, Apeejay Surrendra Park Hotels Limited
Thank you so much.

Operator
Thank

Archana Gude - Analyst, IDBI Capital Markets & Securities
You.

Operator
Next question is from the line of Yash Solani from Kadam Family Office. Please go ahead.

Yash Solani - Analyst, Kadam Family Office
Hello, am I audible, sir?

Vijay Dewan - Managing Director, Apeejay Surrendra Park Hotels Limited
Yes, you're audible.

Yash Solani - Analyst, Kadam Family Office
Thank you so much for the opportunity. So my question was regarding the earnings quality. So the operating EBITDA grew by 11% year on year and tax fell by 9.9%. Depreciation also rose and interest got more than doubled. So what is the run rate for depreciation and interest in the second half of this FY and the next FY? And like, when does EBITDA growth start outspacing them?

Vijay Dewan - Managing Director, Apeejay Surrendra Park Hotels Limited
So firstly, as, as we have pointed out and you have also said, the EBITDA growth has been 11% Y on Y. The good news is that on a quarter-to-quarter basis, the EBITDA growth is 16%, which is quite remarkable. So from Q1 to Q2, um, we have the EBITDA growth now is 16% at Rs 54 crores. This is at the operating level. As we move into Q3 and Q4, which the hotel business, as you know, is tilted towards Q3 and Q4. We expect these numbers to further improve, and they should be able to offset the increase in depreciation and interest.

Uh, increase in interest is largely, uh, largely on account of what has happened because of the acquisition. 188 crores has been paid for 90% stake at the moment towards the acquisition of Zillion. We have also paid 21-odd crores towards the acquisition of Purity at, at Vemanaad Lake in Kerala. So these acquisitions, along with our existing projects, has actually increased the loan by- from Rs 150 crores to Rs 300 crores at the gross level. What is also very important is that we have mutual funds investments of about Rs 100 crores.

So this actually- the gross debt-to-EBITDA at the moment is 0.23 to 1. And net debt to equities is 0.1. So this is where we are at the moment, but interest has increased largely because of the increase in loan because of the 2 acquisitions we have done over the past, you can say, 12 months from H1 of last year to H1 of this year. Depreciation increase is also happening Because of new properties which are being added, which were added in the previous year, which is Patiala and the Chettinad Palace, as well as ROU on account, uh, right of use on account of increase in flurys outlets between H1 of last year to H2, H1 of this year.

These are the profit, the, the PAT, as well as the PPT are expected to improve further as we enter the season.

Yash Solani - Analyst, Kadam Family Office
Okay, sir, thank you so much for your

Vijay Dewan - Managing Director, Apeejay Surrendra Park Hotels Limited
Answer. Thank you. Yes, thanks so much.

Operator
Thank you. Next question is from the line of Kaushik Poddar from KB Capital Markets. Please go ahead.

Kaushik Poddar - Analyst, KB Capital Markets
Yeah, on the flurys front, can you give a sense of the kind of margin you are looking- you are at present at and What is your target margin, say, by FY30?

Vijay Dewan - Managing Director, Apeejay Surrendra Park Hotels Limited
So the H2, uh, the H- the Q2 performance of Flurys has been very encouraging. We have had a margin of 8%. Again, this is- this business is also higher in Q3 and Q4, so bulk of the business takes place in in Q3 and Q4. So at the moment in H1, we are at 42 crores, again with the, with the margin of about 9%. So this is expected to move forward. It should end somewhere in the range of 12% as we move forward in, into Q3 and Q4. Bulk of the business of Flurys again takes place in Q3, Q4. Our effort always has been to ensure that Flurys remains a profitable business as we move forward.

So the outlets which we, which we open are open with great degree of scrutiny, and a great effort is done in doing the surveys correctly to see that we are opening flurys at the right spots in the cities. If your KB Capital is from Bombay, then all the outlets which you will see in Mumbai are at the best of the best locations, be at the airport, be at the BKC in the Crescenzo building, be at the One World Centre, and most importantly, Flurys at the Gateway of India in Colaba. The, the outlets are selected with great degree of care to ensure that they, they are high performing and they are profitable.

Similarly, we have done in Delhi. Calcutta market, in any case, we control. But if you were to look at Delhi, first we open in NCR in the DLF DLF Mall at Gurgaon, and then we have opened in the High Street at Green Park. Then we open at Greater Kalash. Again, the selection of the outlets make a diff- makes a big difference in terms of the full expansion plans. And that is why the one is the selection of the outlets, second is the The size of the outlet is very crucial because a higher size can lead to higher rentals and actually can create a pressure on the bottom line.

So we are careful, we study the market with great degree of care, we select the right places, and we ensure the right size to deliver profitability to our investors. It doesn't mean that we do not make mistakes. But if we fail in an outlet, we kill that outlet also very fast. The good news- other good news for Flurys is that same-store growth continues to be good. In the old stores or same stores which are more than 1 year old, we are experiencing on an average with all the 112 stores included a growth rate of 9 to 10%.

So flurys is, uh, is a strong vertical for us, and it is poised for significant growth in the years ahead. So we are very confident to deliver flurys in the range of 250 to 300 outlets by 2030.

Kaushik Poddar - Analyst, KB Capital Markets
Yeah, see, I happen to be from Kolkata, so I'm aware of flurys in a big way. Uh, and recently I was in Bombay, and I had stayed at Taj Santa Cruz, and you have an outlet next to that at the airport, next to Taj Santa Cruz. So I didn't see the kind of rush that probably one sees in other outlets of flurys in Calcutta. So that is my first concern. Is it that- are we- see, in order to be in a business, any business, one has to do the positioning. Have we got the positioning right, uh, in the minds of the consumer?

That's my question.

Vijay Dewan - Managing Director, Apeejay Surrendra Park Hotels Limited
So we feel- how is the positioning different? Oh no, firstly, Flurys is, uh, is, uh, is positioned absolutely correctly in terms of confections, cafe, and connections. Second, very important thing you mentioned about the outlet next to the Taj in Santa Cruz. You would also know at this stage the airport, which is Terminal 1- large number of airlines at Terminal 1- they have been shifted to the airport at Navi Mumbai. So the traffic as a result of that at the arrival point where this outlet is located next to the Taj Centre Cruise has significantly reduced.

The good news is that this is one of the most beautiful outlets of Flurys in Santa Cruz or in Mumbai,

among the most beautiful outlets. And it is, uh, with our discussion with the Adani Group, we are going to get very soon a space at the new airport in Navi Mumbai. The little bit of dip or less business you are seeing at the Santa Cruz is largely associated with the shifting of the airlines to the new airport of Navi Mumbai and Panvel.

Kaushik Poddar - Analyst, KB Capital Markets
Yeah, but how is the- how is Flurys positioned as opposed to any other QSRs?

Vijay Dewan - Managing Director, Apeejay Surrendra Park Hotels Limited
So Flurys, as you know, firstly it's It's a heritage brand. It, as you are from Calcutta, you said, so it opened in 1927. The recipes, the craftsmanship, and the quality firstly is being maintained at Flurys to create the most delectable confections. Second is that it is offering coffee Which is, which is the trend, which is the fastest moving hot beverage and cold beverage at the moment, not only in India but across the world. So it's confections, it is coffee, and it is connection. That is what the positioning is.

It's heritage plus the 3 C's. And our outlets- you are from Calcutta, you are saying that you must have seen that we have opened close to 75 outlets. Yes, there could be problem in some of the outlets, but majority of the outlets would do well. Whether we have opened the outlet at Purnadas Road, or we have opened in South City, or we have opened a new outlet now in Jaipur, or in Salt Lake, or the 7 outlets at airport, they are all highly successful outlets. The dip which you are seeing in Santa Cruz is actually beyond our control because the airport has got shifted.

The positioning is very clear. It is heritage, it is confections, coffee, and connections. Thank

Kaushik Poddar - Analyst, KB Capital Markets
You, thank you, thank you. Okay,

Vijay Dewan - Managing Director, Apeejay Surrendra Park Hotels Limited
Thank you. Thank you,

Operator
Ladies and gentlemen. To ask a question, please press star and 1 on your phone. Next question is from the line of Sparsh Jayant from Solanki Family Office, please go ahead.

Yash Solani - Analyst, Kadam Family Office
Hello, thank you for

Vijay Dewan - Managing Director, Apeejay Surrendra Park Hotels Limited
Giving me this opportunity. Uh, I want to ask that what does the Q3 look like so far given the, uh, October and November ARR, the wedding season, and the corporate meetings demand upcoming demand? How do you expect the ARR to beat the Q3 of FY26? Well, this is bound to happen. Firstly, India has a huge demand-supply gap. Uh, there is demand-supply gap in all the cities from where we are operating, particularly in all the metros where we are. So that is itself going to propel ARR growth. Wedding season, as I mentioned, is just about to start.

Out of the 52 weddings which were- which are in the calendar of weddings for '26-'27, 36 weddings are going to take place between now and March, with the bulk of the weddings taking place in January, February, as, as well as December. So on the wedding side, it looks very good. The wedding segment in India is increasing

Archana Gude - Analyst, IDBI Capital Markets & Securities
At

Vijay Dewan - Managing Director, Apeejay Surrendra Park Hotels Limited
A growth rate of 14.3%, and on a CAGR basis, it the biggest business in India next to groceries and food. Currently it is at $125 billion or so and expected to become actually $235 billion business. The MICE segment is growing in India at roughly 10 to 13%, and there are a lot of conferences and conventions in MICE to on the whole, starting with obviously the main conference is the Aero Show in Bangalore. We have a very strong, big conference taking place at both the venues in New Delhi, that is at Yashwagumi and the Bharat Napham, which is the Bharat Mobility and Auto Show.

It is going to be the largest auto show ever to be seen in India. Apart from that, there are many other small and large energy shows and many other conferences and conventions which are being planned. So the positive side is on the MICE segment is very, very positive. India was not growing in this segment earlier. But now conferences and convention facilities are world-class in most of the cities of India, which is Bombay, Delhi, Hyderabad, Calcutta. So all these places have convention centers, and today my segment is increasing at a very steady pace.

The good news in India is also on faith and spiritual tourism. This business is showing a remarkably strong growth. It's a $65 billion business. It is also growing at the rate of about 10 to 12% and is expected to cross $101 to $133 billion business over the next 5 years. So it is also showing a very strong trend going forward. Festival season itself is very strong, and it is something really remarkable. India's festival business is showing remarkable growth. Festival business has actually grown 14x in 2019 to- 2014 to now.

That is the kind of growth which festival business- the Diwali festival itself is a Rs 6 lakh crore business in India today, followed by the Durga Puja and the Ganesh Chaturthi. These 3 festivals combined together is a Rs 7.3 lakh crore business, and it's a major supporter of India's economy. So H2 is, is strong and it is looking strong. On account of weddings, on account of spiritual. Your question particularly on ARR. ARR's are expected to grow during this period higher than what they have grown already for us.

We expect strong Q3 and Q4 going forward.

Yash Solani - Analyst, Kadam Family Office
Thank you so much, sir.

Vijay Dewan - Managing Director, Apeejay Surrendra Park Hotels Limited
Thank you, Suresh. Thank you.

Operator
Thank you. Next question is from the line of Shiv, an individual investor. Please go ahead.

Vijay Dewan - Managing Director, Apeejay Surrendra Park Hotels Limited
Hi, good afternoon.

Operator
It is Shiv.

Vijay Dewan - Managing Director, Apeejay Surrendra Park Hotels Limited
Okay, Shiv. Hello, hi, good afternoon. Am I audible? Yes, yes, yes. Hi, I mean, firstly, I appreciate the

way Mr. Diwan explained the company's performance and strategy, so thank you for that. I have 4 quick questions. With the- I mean, our debt is on the track to approach pre-IPO levels. I mean, how much further could it rise, and does the management plan to control the leverage in some form? Um, similarly, when can we expect the EBITDA growth to translate into some meaningful PAT and cash flow growth?

And lastly, I mean, I'm pretty sure I can confidently say this for a lot of shareholders, I mean, our stock is significantly underperforming the peers and trading below its IPO price. Is management considering a buyback or other measures to restore investor confidence? I mean, that, that's it from my end. So, uh, as far as we are concerned, we don't- our job in the management is to run the hotel company in a very effective and efficient manner, and we are focused on growth in sustained growth for all our shareholders.

We do not track the value of the share on a day-to-day basis. Uh, in terms of the debt which you mentioned, the debt is not at the same level. Uh, the level of the debt was in the range of 600-odd crores when we went for the IPO, and post-IPO, the debt-equity ratio is being well maintained. It's well below- it is probably among the best in, in all the listed companies at the moment. A debt ratio of 0.23 to 1 is possibly among the best. And if you were to look at net debt to equity, it is somewhere around 0.1 to 1.

So we have 100-odd crores of money which is invested, lying at the moment in mutual funds. Debt is at the moment 300 crores, and the gross debt is 300 crores, so the net debt is roughly around 200 crores. So it is a very strong balance sheet, and it will always be our effort to actually maintain a strong balance sheet. On your question of how PAT and PBT is going to improve as volumes- as the Q3 and Q4 come in, both on the PBT side and the PAT side, we expect good improvement taking place. The, the important thing to understand at the moment is Uh, the EBITDA is in double digits.

The PAT has, has dropped at the moment a little, but that happens in a company which is on a path of growth and expansion. And as we move into 2030 and 2031, our current ROCE is just a little sub-10. But as the properties open up, return on capital employed will go past 20 for sure. So all this is, is a game of patience. It's a long-term, uh, strategic, uh, story of the park. We are committed to sustained growth and we are on course to deliver owned assets, uh, and adding 400 rooms over quickly over the next, uh, 4 to 5 years, and then also adding, uh, opening new projects.

So it's a, it's a very strong and bright future for the company. Great, looking forward to the next quarter. All the best. Thank you, Shiv.

Operator
Thank you. Ladies and gentlemen, to ask a question, please press star and 1 on your phone now. As there are no further questions, I now hand the call over to management for closing comments. Over to you, sir.

Vijay Dewan - Managing Director, Apeejay Surrendra Park Hotels Limited
So thank you everyone, and I would like to thank you all for joining the call today. And I hope we are able to address all your queries. If you have any further questions, you can reach out to our investor relations team at Valorem Advisors. Thank you once again for participating in the call. Thank you.

Operator
Thank you, sir. On behalf of Aryan Capital Markets Limited, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines.