PL Capital
PRABHUDAS LILLADHER

Apeejay Surrendra Park Hotels (PARKHOTE IN)

Rating: BUY | CMP: Rs150 | TP: Rs238

A value play at cusp of growth revival

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October 16, 2025

Company Initiation

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	6,315	7,099	8,583	10,226
EBITDA (Rs. m)	2,045	2,355	2,876	3,716
Margin (%)	*32.4*	*33.2*	*33.5*	*36.3*
PAT (Rs. m)	914	1,058	1,276	1,747
EPS (Rs.)	4.3	5.0	6.0	8.2
Gr. (%)	*33.1*	*15.7*	*20.6*	*36.9*
DPS (Rs.)	0.5	0.5	0.5	1.0
Yield (%)	*0.3*	*0.3*	*0.3*	*0.7*
RoE (%)	*7.4*	*7.9*	*8.9*	*11.1*
RoCE (%)	*11.0*	*11.1*	*12.2*	*14.7*
EV/Sales (x)	5.0	4.6	3.9	3.3
EV/EBITDA (x)	15.6	14.0	11.7	9.1
PE (x)	34.8	30.1	25.0	18.2
P/BV (x)	2.5	2.3	2.1	1.9

Key Data	APEJ.BO | PARKHOTE IN
52-W High / Low	Rs. 208 / Rs. 129
Sensex / Nifty	82,605 / 25,324
Market Cap	Rs. 32 bn/ $ 362 m
Shares Outstanding	213m
3M Avg. Daily Value	Rs. 121.46m

Shareholding Pattern (%)	
Promoter's	68.14
Foreign	4.79
Domestic Institution	9.83
Public & Others	17.25
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(7.1)	4.5	(6.8)
Relative	(8.0)	(3.0)	(7.7)

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Rating: BUY| CMP: Rs150 | TP: Rs238

A value play at cusp of growth revival

We initiate coverage on Apeejay Surrendra Park Hotels (PARKHOTE IN) with a BUY rating and TP of Rs238. We believe PARKHOTE IN is at a cusp of growth revival led by 1) addition of 258 owned & leased keys over FY25-FY28E, 2) rapid store expansion in Flurys with a target to reach 200 outlets by FY27E and 3) aggressive plans to expand via the management contract route with 2,198 keys under various stages of development. Despite capex outlay of Rs9,000mn over the next 3 years, we do not expect debt levels to rise materially given healthy OCF generation indicating BS strength is likely to remain intact. Apart from BS comfort, PARKHOTE IN offers valuation cushion as well given the stock trades at 14.0x/11.7x our FY26E/FY27E EBITDA estimates with revenue/EBITDA/PAT CAGR of 17%/22%/24% over the next 3 years. Amid strong growth prospects, healthy BS and attractive valuation we initiate with a BUY on PARKHOTE IN with a TP of Rs238 valuing the hotels business at 15x Sep-27E EBITDA and Flurys at 3x Sep-27E sales.

Best in class occupancy with high F&B revenue composition: PARKHOTE IN has one of highest occupancy rates amongst peers (~92% over the last 3 years). High occupancy is a function of i) strategically located owned hotels across key metro cities, ii) a strong brand legacy, iii) robust loyalty program, iv) well-curated F&B and multiple entertainment avenues (night clubs and bars), and v) competitive pricing. PARKHOTE IN has over 88 restaurants, nightclubs and bars across hotels. The night club and entertainment business not only enables cross-selling opportunities for rooms and F&B but also boosts the liquor and wine revenue.

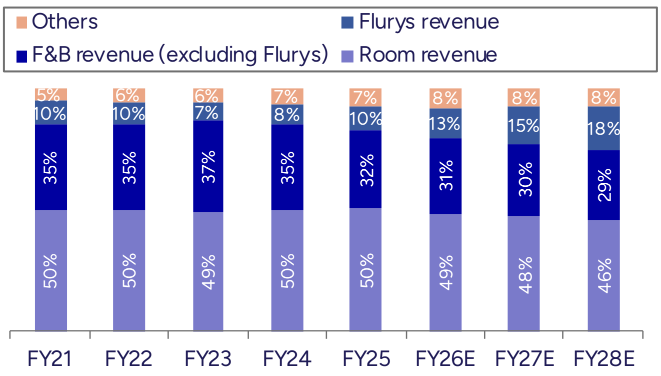
Organic/inorganic cushion of 654/111 keys on the cards: PARKHOTE IN plans to add 654 owned keys (excluding leased & managed) in Kolkata (250), Pune (200), Vizag (34) and Navi Mumbai (170) over the next 4-5 years. Further, inorganic addition of 17 keys at Malabar House, Kochi, 14 keys at Purity, Lake Vembanad and 80 keys at Juhu, Mumbai is expected in near term. Expansion of inventory is likely to boost growth, aid margins and improve capital efficiency as greenfield expansion is planned over legacy land parcels.

Flurys is an asset light scalable model: The business model of Flurys is scalable given the asset light nature of operations and strong brand legacy. Further, the menu proposition is unique as it blends café & confectionery. Varying formats (restaurants, cafes & kiosks) of different sizes (100-1,000 sq ft per store) enable rapid expansion at different real estate locations (e.g., kiosks at airports and cafes at business centers). Retail F&B is a business of flavor, location and brand. With all the 3 elements in place for Flurys, we expect a healthy revenue/EBITDA CAGR of 41%/48% over FY25-28E.

Outlook & valuation: We expect revenue/EBITDA/PAT CAGR of 17%/22%/24% over FY25-28E aided by 1) room inventory expansion, 2) 6% CAGR in RevPAR, 3) 41% CAGR in Flurys business with increase in store count, 4) 2.3x rise (on a low base) in management fee income led by addition of 1,211 keys and 5) rising share of premium inventory. Given healthy growth prospects, strong BS strength (net debt/EBITDA to be at 0.5x in FY28E) and attractive valuations, we initiate with a BUY.

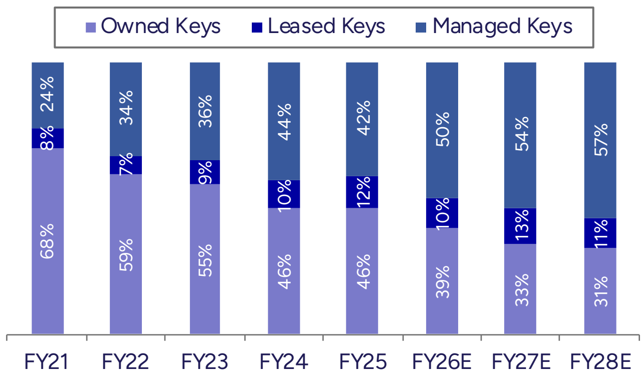
Story in Charts

Exhibit 1: Room revenue to form ~46% of FY28E sales



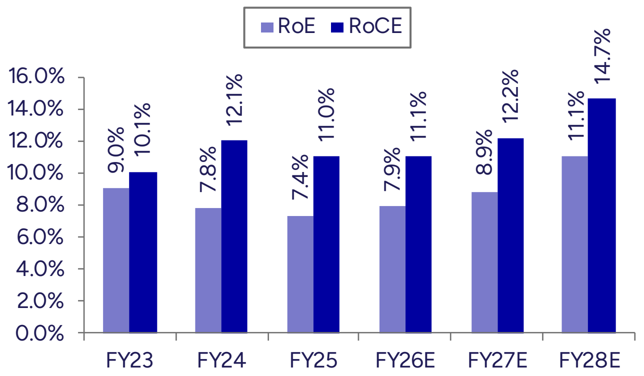
Source: Company, PL

Exhibit 2: Managed keys to form ~57% of total keys in FY28E



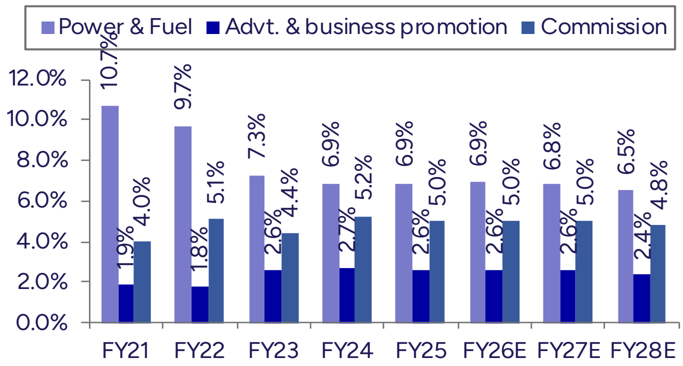
Source: Company, PL

Exhibit 3: RoE/RoCE to reach ~11.1%/14.7% in FY28E



Source: Company, PL

Exhibit 4: Power & fuel expense to be ~7% of sales by FY28E



Source: Company, PL

Exhibit 5: Upcoming launches in FY26E

Particulars	Keys
Patna	42
Goa	51
Dharamshala	48
Manali	24
Simla	24
Kolkata	45
Katra	40
Gangtok	30
Kochi	31
Darjeeling	50
Lucknow	100
Corbett	65
Gangtok	39
Total keys to be added in FY26E	**589**

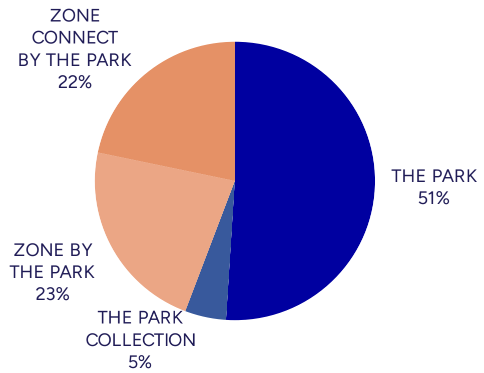
Source: Company, PL

Company Overview

PARKHOTE IN is a leading hospitality chain in India with a portfolio of 35 hotels and 2,394 keys. As of FY25, PARKHOTE IN's portfolio consisted of 7 owned hotels (1,101 keys), 6 leased hotels (294 keys) and 22 managed hotels (999 keys). Established in 1967 with the launch of its first property on Kolkata's iconic Park Street, PARKHOTE IN has pioneered the concept of luxury boutique hotels in India and operates a well-diversified portfolio of 5 brands across upscale, upper midscale, and economy segments. The portfolio can be segregated into following categories:

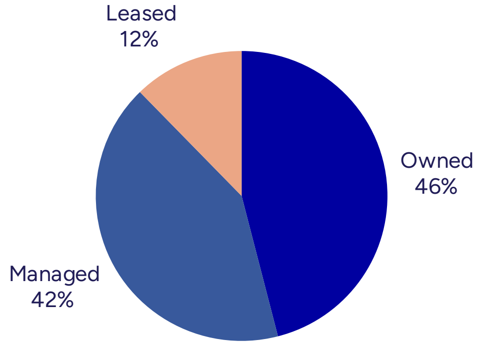
- **THE Park (upscale)** is a flagship luxury boutique brand with premium positioning, contemporary design, and curated dining and entertainment experiences. The portfolio is spread across 8 hotels with 1,221 keys, and the brand is positioned in the upscale category, fetching better pricing.
- **THE Park Collection (upscale)** is a bespoke portfolio of luxury properties, located in unique natural or heritage destinations, offering highly personalized experience to upscale leisure travelers. The portfolio consists of 5 hotels with 114 keys.
- **Zone by The Park (upper midscale)** targets price-conscious yet design-oriented travelers. The portfolio consists of 10 hotels with 539 keys.
- **Zone Connect by The Park (upper midscale)** is an extension of the Zone brand, offering modern, affordable stays for upper-midscale travelers. The portfolio consists of 12 hotels with 520 keys.
- **Stop by Zone (economy)** is the economy motel brand catering to budget-conscious and transit travelers. PARKHOTE IN operates 4 properties with 23 keys in this category.

Exhibit 6: THE Park forms 51% of brand mix as of FY25



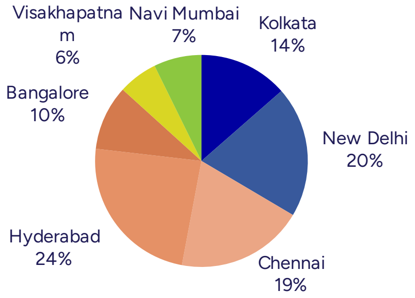
Source: Company, PL

Exhibit 7: Owned keys form 46% of total keys as of FY25



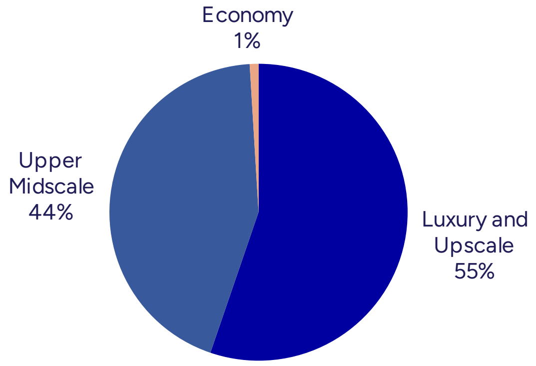
Source: Company, PL

Exhibit 8: Hyderabad, Bengaluru, Chennai, Kolkata and New Delhi form 87% of owned inventory as of FY25



Source: Company, PL

Exhibit 9: Luxury and upscale hotels form 55% of total inventory as of FY25



Source: Company, PL

PARKHOTE IN has built a strong F&B and entertainment ecosystem within its hotels, comprising over 88 restaurants, bars and nightclubs (such as Zen, Someplace Else, Tantra, Roxy, i-Bar, The Leather Bar, Pasha and Aqua). The night club and entertainment business not only enables cross-selling opportunities for rooms and F&B, but also boosts the liquor and wine revenue.

Beyond hospitality, PARKHOTE IN has also successfully established strong presence in the retail F&B space through its iconic brand 'Flurys', a premium chain of cafés, restaurants and kiosks. As of FY25, Flurys operated 100 outlets across India with a topline of Rs640mn. The business model is asset light and provides diversification benefit to PARKHOTE IN's hospitality portfolio.

Exhibit 10: Key milestones of PARKHOTE IN

Calendar year	Particulars
1988	Opening of hotel 'THE Park' in Delhi
1994	Opening of restaurant 'Someplace Else' in Kolkata
1999	Purchase of 'THE Park' in Bengaluru
1999	Budget Hotels Ltd (erstwhile name of PARKHOTE IN) became wholly owned subsidiary of Apeejay Hotels Delhi
2000	Opening of 'THE Park' in Bengaluru
2002	Opening of 'THE Park' in Chennai
2003	Apeejay Hotels Delhi, and its wholly owned subsidiary, Gemini Hotels and Holdings Ltd amalgamated with Budget Hotels Ltd
2004	Company renamed to Apeejay Surrendra Park Hotels Ltd
2007	Investment received from RECP IV Park Hotel Investors Ltd, RECP IV Park Hotel Co-Investors Ltd, & REFS Park Hotel Investors Ltd
2010	Opening of hotel 'THE Park' in Hyderabad
2012	Branding exercise undertaken to create THE Park, The Park Collection, and Zone by The Park
2014	Opening of the first property under 'Zone by The Park' brand at Coimbatore
2019	Acquisition of confectionery business from Flurys Swiss Confectionery
2021	Opening of restaurant 'Someplace Else' at Mumbai
2023	Opening of Zone Connect, Saket
2024	Zone by the PARK, Digha opened during the year
2025	Palace properties at Patiala and Chettinad became operational

Source: Company, PL

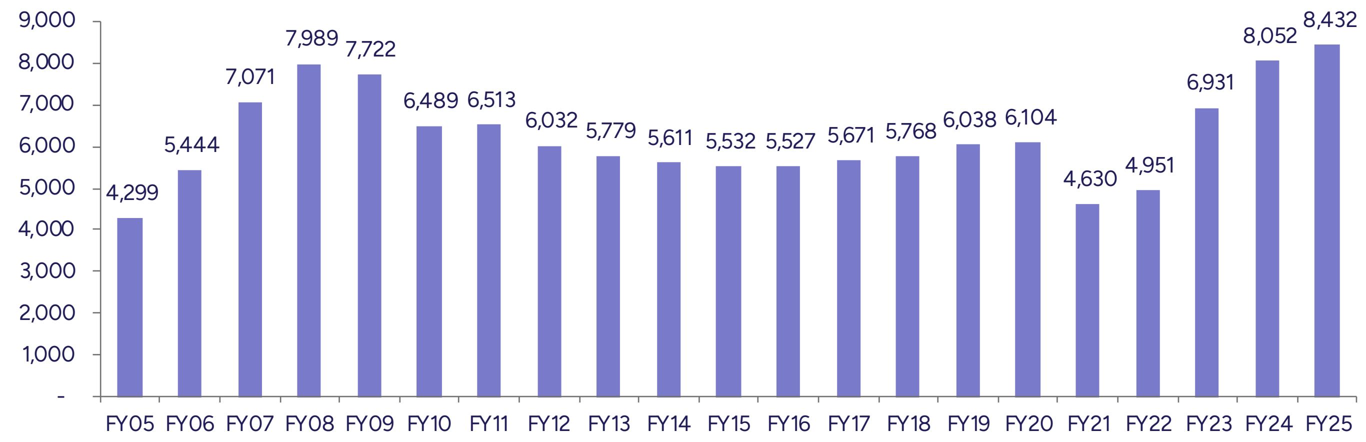
Investment Arguments

Hotel industry on an upturn but supply expected to pick-up

Hotel industry is deeply cyclical, and the demand–supply gap determines the extent as well as length of upcycle or downcycle. Since it takes 3-4 years for a new hotel to become operational, industry cycles are typically longer. An upcycle is characterized by the rise in RevPAR, while a decrease indicates the opposite. We believe RevPAR is a true metric to assess industry cycles as it is a function of occupancy and ARR.

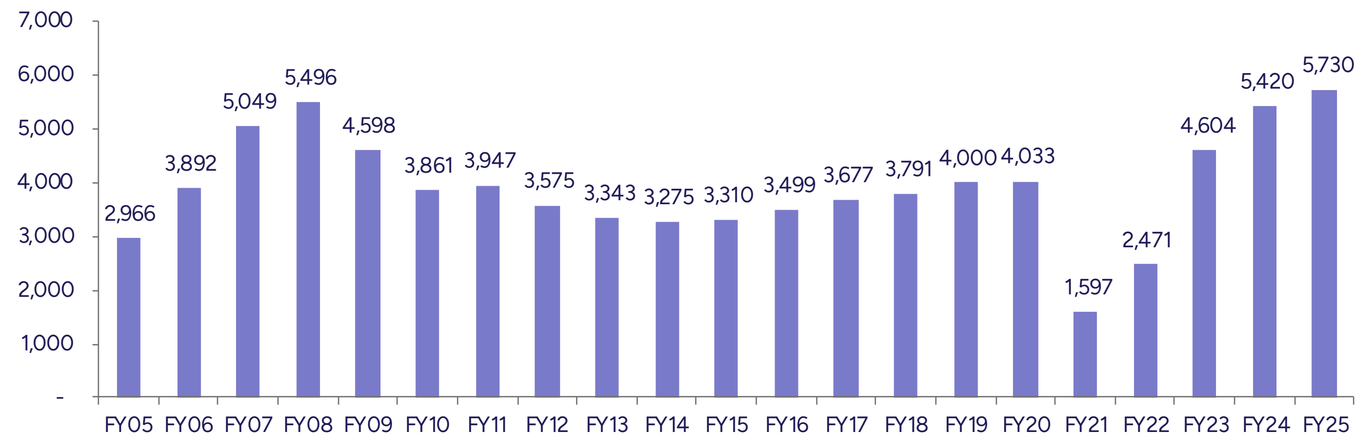
The industry witnessed a classic upcycle during FY03-08 when RevPAR increased at a CAGR of 24.1%. However, RevPAR started declining steadily since FY08 and witnessing an uptrend since FY17. While growth momentum was impacted in FY21 and FY22, recovery post COVID has been extremely swift. We expect the upcycle journey to continue but the growth momentum is likely to taper down as branded room supply is anticipated to increase from 196,464 units in FY25 to 310,615 units in FY30E, at 9.6% CAGR.

Exhibit 11: Industry ARR clocks 4.3% CAGR over FY15-25



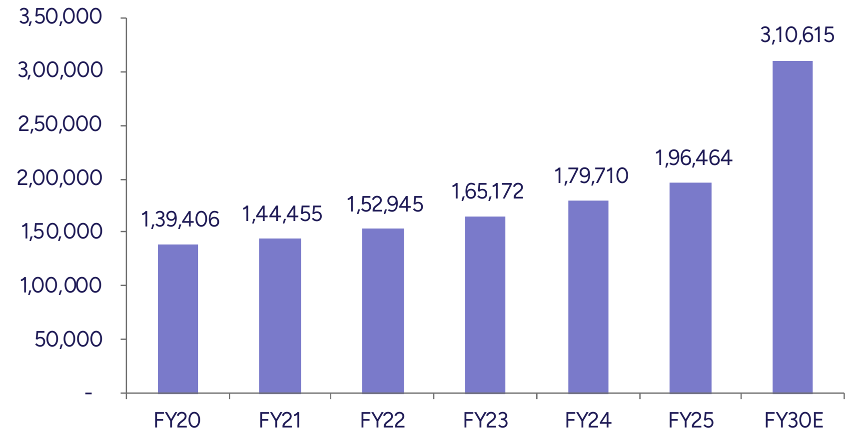
Source: Hotelviate, PL

Exhibit 12: Industry RevPAR clocks 5.6% CAGR over FY15-25



Source: Hotelviate, PL

Exhibit 13: Branded inventory to reach 310,615 units in FY30E



Source: Hotelviate, PL

Best-in-class occupancy with high F&B revenue

PARKHOTE IN has one of highest occupancy rates amongst peers. Over the last 3 years, its average occupancy has been ~92%. In fact, occupancy at PARKHOTE IN's iconic hotel in Kolkata stood at 99%/100%/100% in FY23/FY24/FY25. High occupancy is a function of i) strategically located owned hotels across key metro cities, ii) a strong brand legacy, iii) robust loyalty program, iv) well-curated F&B and multiple entertainment avenues (night clubs and bars), and v) competitive pricing.

Exhibit 14: PARKHOTE IN records highest occupancy among peers

Particulars	FY19	FY20	FY21	FY22	FY23	FY24	FY25
IH IN	68.0%	66.7%	39.4%	52.5%	71.7%	76.7%	78.1%
CHALET IN	77.0%	71.0%	30.0%	51.0%	72.0%	73.0%	73.0%
LEMONTRE IN	76.0%	70.0%	40.0%	46.0%	68.0%	70.0%	71.7%
EIH IN	70.0%	68.0%	26.0%	48.0%	74.8%	74.8%	75.8%
PARKHOTE IN	**NA**	**NA**	**67.3%**	**79.1%**	**91.8%**	**92.1%**	**92.6%**
JUNIPER IN	NA	NA	34.2%	53.8%	74.0%	75.0%	74.0%
SAMHI IN	56.6%	61.4%	28.0%	45.9%	72.0%	73.0%	74.0%
ITCHOTEL IN	67.0%	65.0%	NA	NA	69.0%	69.0%	73.0%
THELEELA IN	NA	NA	NA	NA	61.1%	63.1%	65.2%
VENTIVE IN	NA	NA	NA	34.8%	63.7%	59.5%	64.0%

Source: Company, PL

Most of PARKHOTE IN's hotels are situated in metro cities across India, except for the Visakhapatnam property, which enjoys a prime beachfront location. Also, majority hotels are centrally located, offering convenient access to and from key areas of the city.

Exhibit 15: Owned hotels of PARKHOTE IN are strategically located

Hotel	Location	Comments
THE Park Kolkata	Park Street, Taltala	Centrally located in Kolkata, the hotel offers easy access to major attractions like Alipore Zoo, New Market, and Tipu Sultan Mosque, and is just minutes from Park Street metro station and Maidan bus stop, and 20 km from the airport
THE Park New Delhi	Sansad Marg, Connaught Place	Overlooking the historic Jantar Mantar, the hotel offers easy access to iconic landmarks like India Gate and Humayun's Tomb, and is within walking distance of the Janpath metro station, 2 km from New Delhi railway station, and 30 min from the airport
THE Park Chennai	Anna Malai, Nungambakkam	Conveniently located at a 16-min drive from the airport, a 5-min walk from Woodland bus stop, and a 10-min walk from Ag-Dms metro station, with a botanical garden and churches near by
THE Park Hyderabad	Raj Bhavan Road, Somajiguda	Located in the heart of the city, the hotel is a 13-min walk from Hussain Sagar Lake and a 15-min drive from Charminar Mosque
THE Park Bangalore	Bhaskaran Road, Sivanchetti Gardens	Easily accessible, just a 5-min walk from Lido bus station and 10 min from Trinity metro station, with Bengaluru's largest Ulsoor Lake nearby
THE Park Visakhapatnam	Beach Road, Pedda Waltair	Beachfront property offers easy accessibility, situated ~16 km (30 min by car) from the airport and ~6 km (15 min by car) from the railway station
THE Park Navi Mumbai	Nirmaladevi Marg, Belapur	Situated in Navi Mumbai's IT hub, the hotel provides excellent accessibility tailored for business travelers

Source: Company, PL

PARKHOTE IN has a strong portfolio of brands, viz., THE Park, THE Park Collection, Zone by The Park, Zone Connect by The Park and Stop by Zone. PARKHOTE IN also runs a customer loyalty program, THE Park Preferred, that reported 38% YoY growth in FY25 with 190,134 registered members. In addition, repeat business of PARKHOTE IN increased 500bps YoY to 24% in FY25, reflecting growing brand affinity. A vibrant brand portfolio, increasing membership in the customer loyalty program, and high repeat business are key factors aiding occupancy.

Exhibit 16: 190,134 members registered under loyalty program in FY25

Particulars	FY24	FY25
Total members	**138,035**	**190,134**
Black tier	91	125
Share	0.1%	0.1%
Platinum tier	229	310
Share	0.2%	0.2%
Gold tier	137,715	189,699
Share	99.8%	99.8%

Source: Company, PL

PARKHOTE IN's F&B to room revenue ratio has averaged at 70% over the last 3 years. Strategically curated menu and a vibrant nightlife portfolio (clubs and bars) have aided F&B income in the past. As of FY25, PARKHOTE IN had over 88 restaurants, nightclubs and bars across hotels. The night club and entertainment business not only enables cross-selling opportunities for rooms and F&B but also boosts the liquor and wine revenue.

Exhibit 17: F&B revenue of PARKHOTE IN has averaged at 70% in last 3 years

Particulars	FY19	FY20	FY21	FY22	FY23	FY24	FY25
IH IN	84.3%	81.2%	77.6%	71.7%	74.8%	70.3%	67.3%
CHALET IN	56.5%	53.6%	60.4%	71.3%	55.0%	50.1%	47.2%
LEMONTRE IN	38.3%	34.5%	23.7%	27.2%	23.9%	25.4%	27.5%
EIH IN	97.6%	84.5%	105.3%	88.6%	76.8%	78.0%	80.7%
PARKHOTE IN (excluding Flurys)	**NA**	**NA**	**69.3%**	**68.7%**	**75.6%**	**70.0%**	**63.5%**
JUNIPER IN	NA	NA	41.5%	52.7%	53.2%	50.6%	51.0%
SAMHI IN	48.5%	40.8%	47.0%	44.4%	34.2%	35.3%	34.7%
ITCHOTEL IN	95.7%	97.8%	NA	NA	82.4%	76.9%	78.9%
THELEELA IN	NA	NA	NA	NA	80.3%	70.2%	70.3%
VENTIVE IN	NA	NA	NA	177.8%	113.9%	102.6%	62.9%

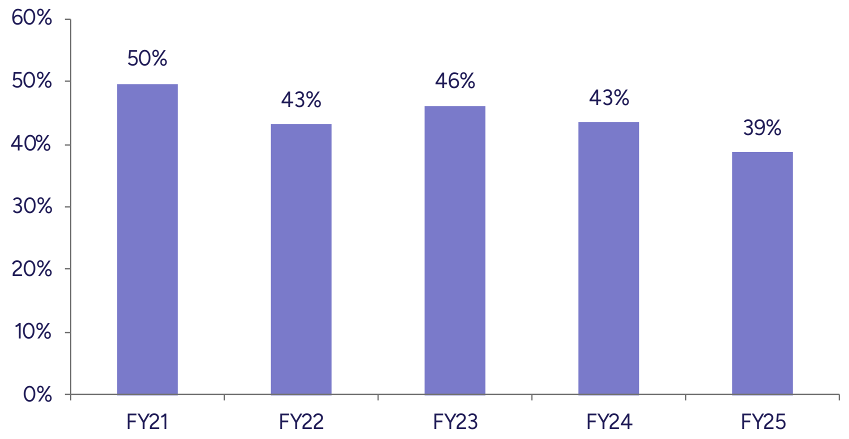
Source: Company, PL

Exhibit 18: PARKHOTE IN – Key restaurants, night clubs and bars

Restaurants	Night clubs	Bars & clubs
Zen	Tantra	Roxy
Six 'O' One	Kismet	The Leather Bar
Lotus	Someplace Else	i-Bar
Aish	Pasha	Aqua
Verandah		
The Box		
The Bridge		
The Street		
Mist		
Vista		
Epicentre		

Source: Company, PL

Exhibit 19: Liquor & wine forms 39% of F&B revenue (excluding Flurys) in FY25



Source: Company, PL

Key markets across India to see limited new room supply

PARKHOTE IN's portfolio is largely metro centric. As of FY25, the owned keys portfolio was spread across Kolkata (149 keys; 250 keys in the pipeline), New Delhi (220 keys), Chennai (214 keys), Hyderabad (263 keys), Bengaluru (109 keys), Vizag (66 keys; 34 keys in the pipeline) and Navi Mumbai (80 keys; 170 keys in the pipeline). In addition, PARKHOTE IN has greenfield expansion plans in Pune (200 rooms), and has acquired a hotel each in Mumbai (60 serviced apartments to be converted into an 80-key hotel) and Kochi (17 keys; additional 14 keys located at Lake Vembanad).

As penetration is high in these markets, the threat of new room supply is low. Over FY19–25, new room supply in these key geographies grew at a modest 2.5% CAGR. Going forward, new rooms in these regions are expected to grow at a CAGR of 5.6% over FY25-30E to 106,442.

Exhibit 20: New room supply in key markets grew at 2.5% CAGR over FY19-25

Particulars (cities)	FY19	FY20	FY21	FY22	FY23	FY24	FY25	CAGR (FY19-FY25)
Kolkata	3,712	4,579	4,841	4,878	4,984	5,140	5,111	5.5%
New Delhi	14,952	15,027	15,024	14,780	14,859	15,054	15,305	0.4%
Chennai	9,099	9,657	9,625	9,634	9,999	9,767	9,611	0.9%
Hyderabad	6,672	7,393	7,381	7,450	7,370	7,379	7,785	2.6%
Bengaluru	13,366	13,691	13,647	13,806	15,364	16,260	16,667	3.7%
Pune	6,212	6,712	6,615	6,572	6,789	6,950	6,837	1.6%
Navi Mumbai	929	1,000	1,000	1,395	1,222	1,456	1,539	8.8%
Mumbai	12,639	13,070	13,245	12,776	13,579	15,312	15,287	3.2%
Kochi	2,466	2,521	2,520	2,668	2,677	2,780	2,989	3.3%
Total	**70,047**	**73,650**	**73,898**	**73,959**	**76,843**	**80,098**	**81,131**	**2.5%**

Source: Hotelviate, PL

Exhibit 21: New room supply in key markets to grow at 5.6% CAGR over FY25-30E

Particulars (cities)	Room supply as of FY25	Proposed Supply~ by FY30	Total Supply by FY30E	CAGR (FY25-FY30)
Kolkata	5,111	1,704	6,815	5.9%
New Delhi	15,305	2,006	17,311	2.5%
Chennai	9,611	2,106	11,717	4.0%
Hyderabad	7,785	2,692	10,477	6.1%
Bengaluru	16,667	8,684	25,351	8.7%
Pune	6,837	1,147	7,984	3.2%
Navi Mumbai	1,539	1,435	2,974	14.1%
Mumbai	15,287	4,641	19,928	5.4%
Kochi	2,989	896	3,885	5.4%
Total	**81,131**	**25,311**	**1,06,442**	**5.6%**

Source: Hotelviate, PL

Thus, with limited scope to add new inventory in metros, demand-supply dynamics are likely to remain favorable for PARKHOTE IN over FY25-30E, resulting in better pricing power.

Plans underway to add 654 owned keys in next 4-5 years

PARKHOTE IN has entered into a joint development agreement with the Ambuja Neotia Group, to come up with a new hotel with 250 keys at EM Bypass in Kolkata, where it owns ~600,000 sq ft of land. As per the terms of agreement, revenue share between PARKHOTE IN and Ambuja Neotia will be in a ratio of 55:45. As per the plan, ~300,000 sq ft will be utilized to develop 100 apartments, and balance area will be utilized to construct the hotel. The residential project is expected to fetch revenue of ~Rs6,000mn (ASP of ~Rs20,000 per sq ft), and PARKHOTE IN's share is likely to be ~Rs3,000mn (Rs1,000mn will be received each year over the next 3 years). Proceeds arising from the project will be utilized to construct the hotel. Pre-sales for residential project is expected to commence from Oct/Nov'25 and PARKHOTE IN expects to complete the hotel by Apr'28. With no capital commitment beyond land bank, the structured development model is not only asset light in nature but will also turn out to be RoCE accretive for PARKHOTE IN.

Exhibit 22: 250 rooms to be operationalized by Apr'28 at EM Bypass, Kolkata

Particulars	Details
Total no. of apartments	100
Total no. of rooms	250
Progress	Approvals for road, fire, DFO, airport, water, sewage, drainage, and KMDA (KIT), have been obtained; KMC building approval has been received, and major design consultants have been appointed
Sale of apartments	Likely to begin from Oct/Nov'25
Estimated completion of residential project	Apr'28
Estimated completion of hotel	Apr'28

Source: Company, PL

In addition, PARKHOTE IN has plans to develop a 200-key hotel in Pune, to be completed by Apr'27. In Vizag, brownfield expansion is lined up for additional 34 keys, which is likely to be completed by Sep'27. Further, another brownfield expansion is planned in Navi Mumbai for 170 keys (existing hotel has 80 keys, and the plan is to expand to 250 keys). The project is expected to be completed by Mar'29.

Exhibit 23: Total 404 rooms to be operationalized in Pune, Vizag & Navi Mumbai

Particulars	Pune	Vizag	Navi Mumbai
No. of rooms	200	34	170
Status	Approvals in progress along with drawings and designs of the hotel	Sanction drawings and CRZ approval process underway	Schematic drawings in progress
Completion timeline	Apr'27	Sep'27	Mar'29

Source: Company, PL Note: Vizag/Navi Mumbai is incremental keys addition

Overall, PARKHOTE IN plans to add 654 owned keys (excluding leased & managed) in Kolkata, Pune, Vizag and Navi Mumbai over the next 4-5 years. Expansion in inventory is likely to boost growth, expand margin trajectory (brownfield expansion at Vizag and Navi Mumbai) and improve capital efficiency of PARKHOTE IN as new hotels are being developed on legacy land parcels.

Strategic acquisitions to act as near-term growth catalysts

PARKHOTE IN has embarked on a series of strategic acquisitions designed to accelerate growth, reset portfolio ARRs, and strengthen its footprint in both metro and high-potential leisure markets.

- **Zillion's acquisition provides entry into high-ARR Mumbai market**: PARKHOTE IN has entered into an MoU to acquire 90% stake in Zillion Hotels & Resorts (Zillion Hotels), Mumbai, for Rs2,060mn. The existing structure consisting of 60 service apartments will be converted into an 80-key ultra-luxury boutique hotel with rooftop bar. Renovation cost is likely to be Rs600mn, and the hotel is likely to be re-launched in 2HFY27E. Once the hotel stabilizes, it is likely to generate revenue of ~Rs600mn with EBITDA of Rs240-280mn. Zillion's acquisition not only provides PARKHOTE IN a direct entry into the high-ARR Mumbai market but also cuts down on the gestation period to build a new hotel, especially in a city where land is expensive and scarce.

- **Acquisition of The Malabar House & Purity provides entry into premium luxury segment**: PARKHOTE IN has entered into an MoU to acquire The Malabar House (Fort Kochi, 17 keys) and Purity (Lake Vembanad, 14 keys) for Rs620mn. Both are boutique heritage properties positioned in the premium leisure segment, with The Malabar House being a member of the Relais & Châteaux group. Importantly, these hotels are operational and will immediately contribute to revenue and EBITDA from 2HFY26E, unlike greenfield projects. These assets are likely to strengthen PARKHOTE IN's luxury positioning alongside the palace hotels at Chettinad and Patiala.

Exhibit 24: 80 keys at Zillion Hotels to open by 2HFY27E

Particulars	Details
# of keys	80
Cost of acquisition	Rs2,060mn
Outflow of 3 installments	1st: ~Rs1,510mn, 2nd: ~Rs293mn, 3rd: Rs217mn
Renovation cost	Rs600mn
Re-launch	2HFY27
Land area	~25k sq ft
Built-up area	~60k sq ft (additional available: 20k sq ft)

Source: Company, PL

Exhibit 25: 31 keys at Kochi & Vembanad to open by 2HFY26E

Particulars	Details	
Hotel	The Malabar House at Fort Kochi	Purity at Lake Vembanad
# of keys	17	14
Land area	0.49 acres	1.14 acres
Built-up area	8,832 sq ft	22,292 sq ft
Cost of acquisition	~Rs620mn	
Launch	2HFY26	

Source: Company, PL

We believe acquisition of Zillion Hotels (Mumbai), The Malabar House (Fort Kochi) and Purity (Lake Vembanad) would not only address the critical challenge of fresh inventory addition in the near term but also help 1) reset PARKHOTE IN's ARR, 2) shorten the capex-to-revenue cycle, and 3) provide entry into Mumbai & high-potential leisure markets.

Portfolio premiumization to aid revenue & margins

Given the operationalization of palace properties in FY25, recent acquisitions in Mumbai and Kochi, and planned greenfield expansion of hotels in Kolkata and Pune, we expect significant improvement in the overall ARR prolife of PARKHOTE IN over the next 4-5 years.

PARKHOTE IN has added 2 luxury properties, viz., Ran Baas, Patiala (35 rooms; member of Relais & Chateaux group), and THE Lotus Palace Chettinad (15 rooms), to its portfolio in FY25. As of 1QFY26, Ran Baas/The Lotus Palace commanded ARR of Rs25,000/Rs12,000.

PARKHOTE IN's recent acquisitions – Zillion Hotels, Mumbai (80 keys); Malabar House, Fort Kochi (17 keys); and Purity, Lake Vembanad (14 keys) – are also in the luxury category. While ARR for The Malabar House, Fort Kochi, is ~Rs20,000, Purity at Lake Vembanad also has a high ARR (ARR trending at ~Rs17,000 for Nov'25 on MakeMyTrip). Further, in 1QFY26, ARR in Juhu, Mumbai (where Zillion is located) ranged between Rs18,000 and Rs20,000, and by the time, the hotel is re-launched, the ARR is likely to trend higher.

In addition, PARKHOTE IN has greenfield expansion plans at Kolkata (250 rooms) and Pune (200 rooms) and brownfield expansion plans at Vizag (34 rooms) and Navi Mumbai (170 rooms). The inaugural ARR for Kolkata/Pune is likely to be at Rs11,000/Rs10,000. On the other hand, once the brownfield expansion at Vizag and Navi Mumbai is complete, PARKHOTE IN expects ARR of these hotels to be Rs10,000/Rs10,500 respectively.

Exhibit 26: Ran Baas hotel in Patiala commands the highest ARR of ~Rs25,000 among newly opened properties

Hotel	Keys	Indicative ARR	When will ARR kicker begin?	Full blown impact will be visible by
Ran Baas The Palace, Patiala	35	~Rs25,000	Already started	NA
THE Lotus Palace Chettinad	15	~Rs12,000	Already started	NA
The Malabar House, Fort Kochi	17	~Rs20,000	2HFY26E	FY27E
Purity, Lake Vembanad	14	~Rs20,000	2HFY26E	FY27E
Zillion Hotels, Mumbai	80	Rs18,000-20,000	2HFY27E	FY28E
Kolkata	250	~Rs11,000	Apr'28 (FY29E)	FY30E
Pune	200	~Rs10,000	Apr'27 (FY28E)	FY29E
Vizag	100	~Rs10,000	Sep'27 (FY28E)	FY29E
Navi Mumbai	250	~Rs10,500	Mar'29 (FY29E)	FY30E

Source: Company, PL

As the portfolio gravitates toward premiumization, we expect ARR CAGR of 8.1% over FY25-30E, boosting the revenue and margin profile of PARKHOTE IN.

Asset-light model, strong brand legacy to help scale Flurys

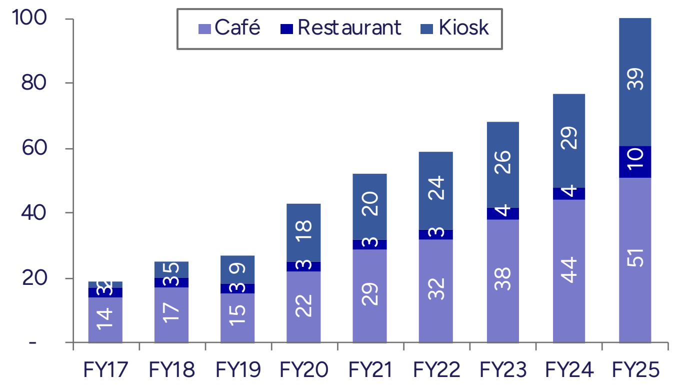
Flurys is an established retail F&B brand offering café, bakery and confectionery products. As of FY25, PARKHOTE IN operated 100 outlets across India in 3 formats – restaurants, cafés and kiosks – with 77 outlets in West Bengal. The business model is asset light, whereby the outlets are leased on rent or operate on a revenue sharing basis.

Exhibit 27: Flurys store count at 100 as of FY25

State	Operational outlets
West Bengal	77
New Delhi & NCR	1
Telangana (Hyderabad)	2
Maharashtra	16
Odisha	2
Madhya Pradesh	2
Total	**100**

Source: Company, PL

Exhibit 28: Cafés form 51% of Flurys store count as of FY25



Source: Company, PL

Typically, capex for restaurants is around Rs10mn. For cafes, the capex ranges from Rs4-5mn, while for kiosks, it is far lower at Rs2-2.5mn. Further, restaurants have the highest margin, followed by cafés and kiosks.

Exhibit 29: Restaurant outlet of Flurys requires highest capex at ~Rs10mn

Outlet	Capex per store	Margin hierarchy	Area per store
Restaurant	~Rs10mn	1	~1,000 sq ft
Café	Rs4-5mn	2	400-600 sq ft
Kiosk	Rs2-2.5mn	3	100-150 sq ft

Source: Company, PL

PARKHOTE IN has plans to expand on pan India basis and add 40/60 outlets in FY26E/FY27E. The goal is to reach 200 outlets in FY27E, the centenary year for Flurys. PARKHOTE IN also intends to set up a commissary in NCR at a capex of Rs150mn that would help widen F&B offerings and aid rapid expansion in North. Further, the plan is to pivot from kiosks to high-margin café formats, aiding profitability.

We believe the business model of Flurys is scalable given the asset light nature of operations and strong brand legacy. Further, the menu proposition is unique as it blends café & confectionery. In addition, the restaurant format offers burgers, sandwiches, salads, pasta and beverages, widening the spread further. Varying formats of different sizes (100-150 to ~1,000 sq ft per store) enable rapid expansion at different real estate locations (e.g., kiosks at airports and cafes at business centers).

Retail F&B is a business of flavor, location and brand. With all the 3 elements in place for Flurys, we expect a healthy revenue/EBITDA CAGR of 41%/48% over FY25-28E.

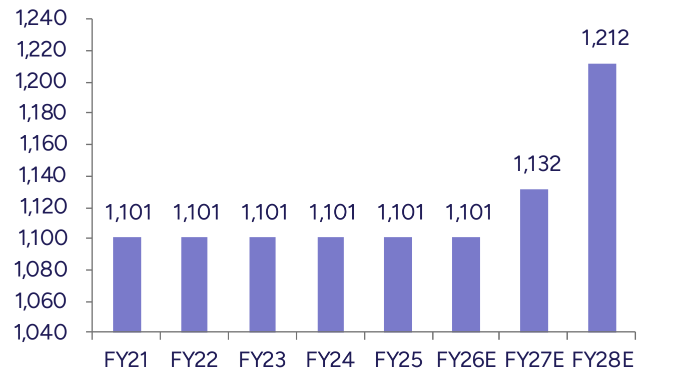
Financial Projections

Revenue CAGR estimated at 17% over FY25-28E

We expect revenue CAGR of 17% over FY25-28E led by 1) room inventory expansion, 2) 6% CAGR in RevPAR, 3) 41% CAGR in Flurys business with increase in store count, and 4) 2.3x rise (on a low base) in management fee income led by addition of 1,211 keys over the next 3 years.

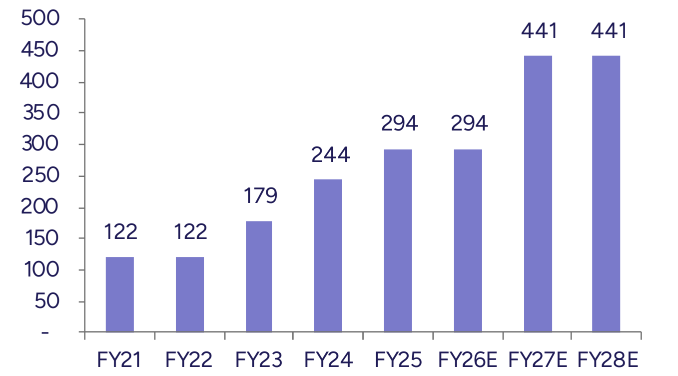
Room inventory to increase by 258 keys over FY25-28E: PARKHOTE IN's room inventory is expected to increase from 1,395 keys in FY25 to 1,653 keys in FY28E led by the addition of 111 owned and 147 leased keys. Owned key count is expected to increase from 1,101 in FY25 to 1,212 in FY28E led by the addition of 80 rooms at Mumbai (Zillion Hotels) and 31 rooms at Kerala (17 keys at The Malabar House, Fort Kochi, and 14 keys at Purity, Lake Vembanad). In addition, leased key count is expected to increase from 294 rooms in FY25 to 441 rooms in FY28E led by the addition of rooms at Goa (51 keys), Manali (24 keys), Shimla (24 keys) and Dharamshala (48 keys).

Exhibit 30: Owned portfolio to rise to 1,212 keys by FY28E



Source: Company, PL

Exhibit 31: Leased portfolio to reach 441 keys by FY28E



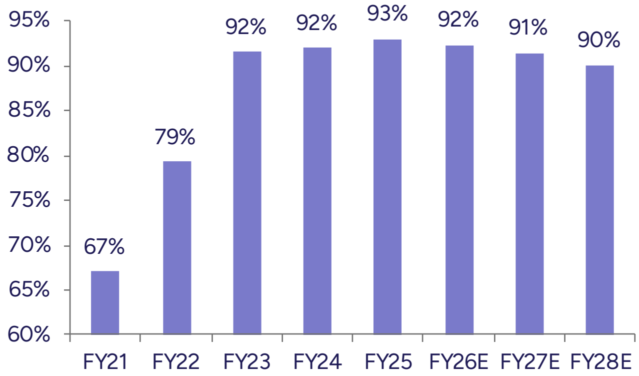
Source: Company, PL

RevPAR to clock 7.0% CAGR over FY25-28E: We expect RevPAR CAGR of 7.0% for owned hotels over FY25-28E led by steady rise in ARR amid addition of high-priced inventory while occupancy is expected to remain stable at 92%/91%/90% over FY26E/FY27E/FY28E as there is little headroom for expansion from current levels. We expect ARR CAGR of 8.8% over FY25-FY28E for owned portfolio of rooms, led by the addition of high-priced inventory and inflation indexing within the existing portfolio. The ARR kicker is likely to come from: -

- Planned operationalization of 17/14 keys at The Malabar House, Fort Kochi/ Purity, Lake Vembanad, in 2HFY26E. The Malabar House, Fort Kochi, is also a member of Relais & Chateaux group and commands ARR of ~Rs20,000. Purity at Lake Vembanad also has a high ARR (ARR trending at ~Rs17,000 for Nov'25 on MakeMyTrip)
- Planned re-launch of Zillion Hotels & Resorts in Juhu, Mumbai, during 2HFY27E, post refurbishment. As of 1QFY26, ARR in Juhu, Mumbai ranged between Rs18,000 and Rs20,000 for hotels of similar scale & size.

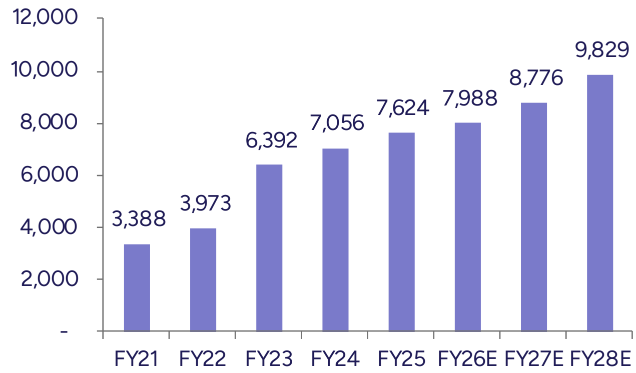
By FY28E, ~10% of the owned and leased inventory will operate at a considerably better ARR, reflecting a shift toward premiumization.

Exhibit 32: Occupancy levels to stabilize at 90% in FY28E



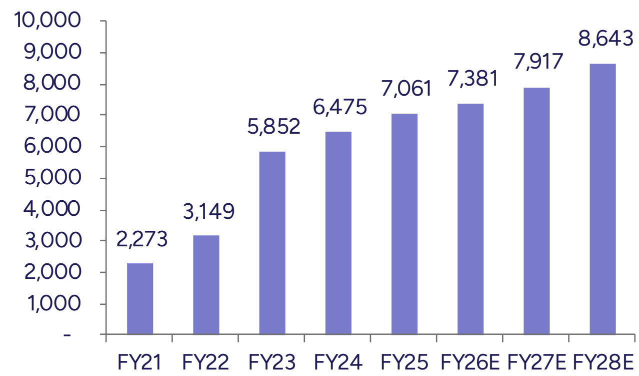
Source: Company, PL Note: Data is for owned hotels

Exhibit 33: ARR CAGR estimated at 8.8% over FY25-28E



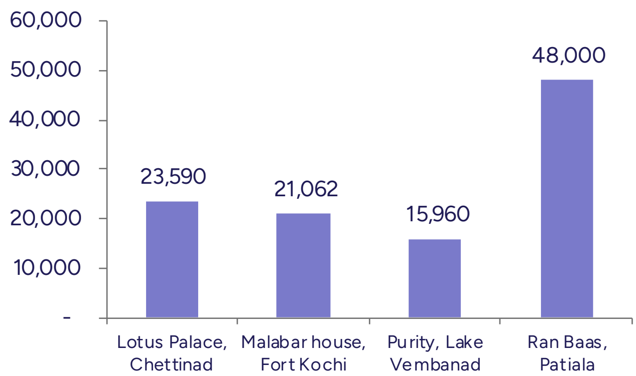
Source: Company, PL Note: Data is for owned hotels

Exhibit 34: RevPAR CAGR expected at 7.0% over FY25-28E



Source: Company, PL Note: Data is for owned hotels

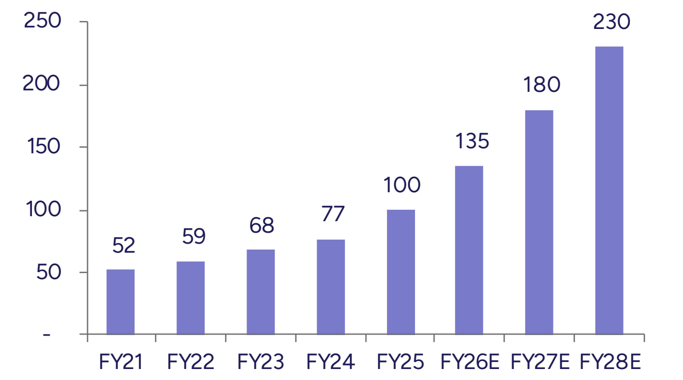
Exhibit 35: 1-month forward ARR of 4 hotels



Source: Company, PL Note: The rates are taken as of 14th Oct'25

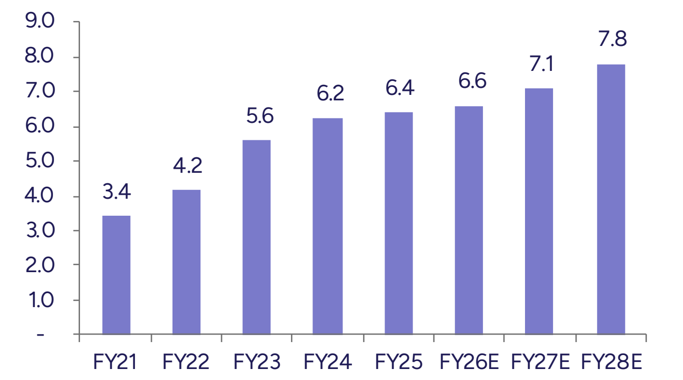
Flurys revenue to reach Rs1,793mn with 230 stores in FY28E: We expect store additions of 35/45/50 in FY26E/FY27E/FY28E, led by expansion beyond West Bengal (as of FY25, 77% of the outlets were in West Bengal). PARKHOTE IN operated 100 stores as of FY25, and we expect the store count to rise to 230 odd by FY28E. Revenue per store is expected to increase at a CAGR of 6.8% over the next 3 years to Rs7.8mn by FY28E as throughput of stores is likely to increase upon maturity. Overall, we expect revenue of Flurys to increase by 2.8x to Rs1,793mn by FY28E led by greenfield expansion and rising throughput per store.

Exhibit 36: Total store count of Flurys is expected to reach 230 by FY28E



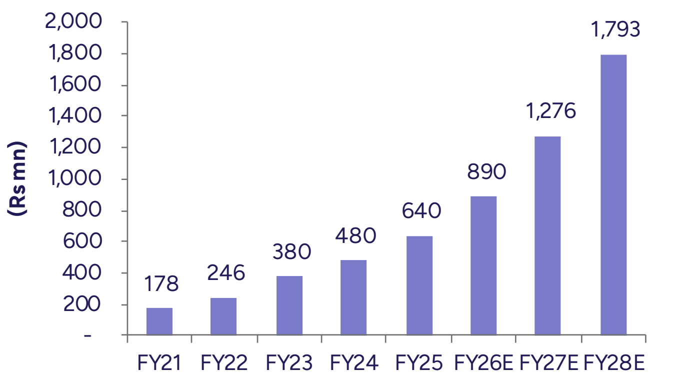
Source: Company, PL

Exhibit 37: Flurys revenue/store is expected to reach Rs7.8mn by FY28E (Rs mn)



Source: Company, PL

Exhibit 38: Flurys revenue to reach ~Rs1,793mn by FY28E



Source: Company, PL

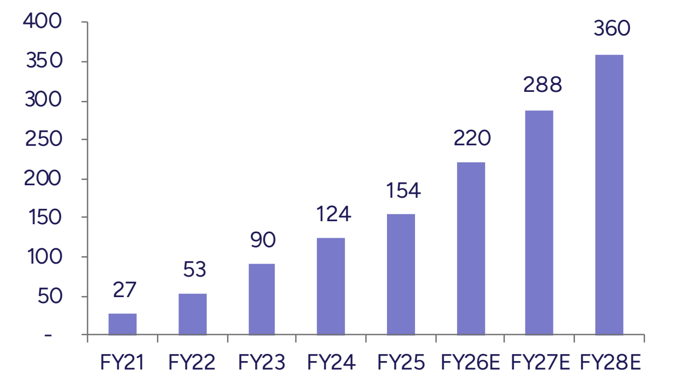
Exhibit 39: Total 40 new Flurys stores expected to open

City	New stores to be opened in FY26E
New Delhi	7
Hyderabad	7
Mumbai	4
West Bengal	6
Pune	5
Indore	5
Vizag	4
Bhubaneswar	2

Source: Company, PL

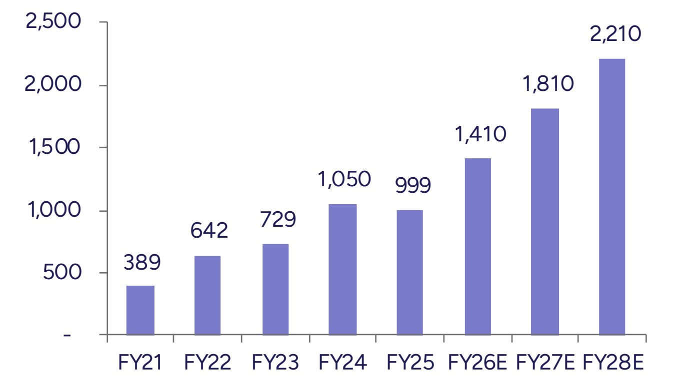
Management fee income to rise by 2.3x over the next 3 years: PARKHOTE IN has aggressive plans to expand via the management contract route with 2,198 keys under various stages of development. We expect addition of 1,211 keys over the next 3 years with total managed key count of 2,210 rooms in FY28E. Consequently, the management fee income is expected to rise by 2.3x to ~Rs360mn.

Exhibit 40: Management fee income to reach ~Rs360mn by FY28E (Rs mn)



Source: Company, PL

Exhibit 41: Managed key count is expected to reach 2,210 keys by FY28E



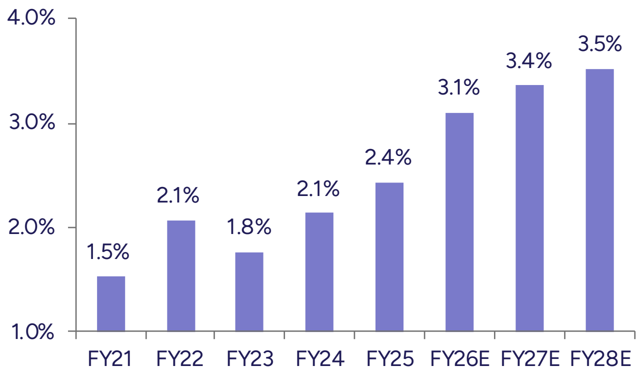
Source: Company, PL

EBITDA margin to expand by 390bps to 36.3% in FY28E

We expect EBITDA to clock 22% CAGR over FY25-28E with a margin of 33.2%/33.5%/36.3% in FY26E/FY27E/FY28E led by:

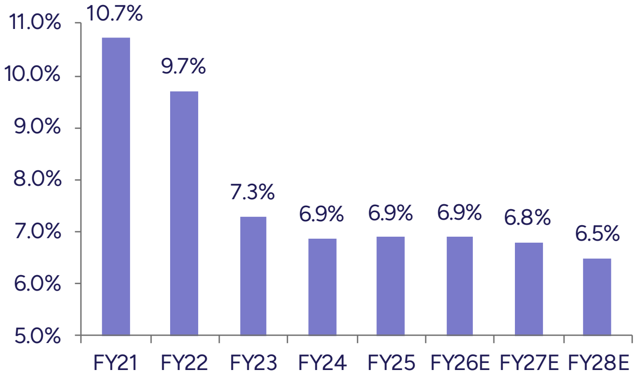
- Rising share of premium inventory (by FY28E, ~10% of the owned and leased inventory will operate at a considerably higher ARR than FY25 levels, reflecting a shift toward premiumization)
- Increasing share of management fee income from 2.4% of sales in FY25 to 3.5% of sales in FY28E. For PARKHOTE IN, EBITDA flow-through for the management fee business stands at ~70%, thereby aiding margins
- Reduction in power & fuel cost from 6.9% of sales in FY25 to 6.5% in FY28E amid increasing reliance on renewable energy. In FY25, share of renewable energy in total energy consumed was 14% (Nil in FY24)
- Brownfield expansion at Vizag (34 keys) and Navi Mumbai (170 keys). Addition of inventory to an existing hotel leads to better absorption of fixed costs and cuts down on the time required to stabilize the business. In addition, an operational hotel already has an established customer base, aiding occupancy right at the outset
- Improvement in EBITDA margin of Flurys. The EBITDA margin is expected to improve from 12% in FY25 to 14% in FY28E led by a) operating leverage benefits arising from increasing scale (outlet count is set to increase from 100 in FY25 to 230 in FY28E), b) rising share of matured outlets, and c) increasing share of high-margin café's/restaurants in the overall portfolio mix

Exhibit 42: Management fee income to form 3.5% of total sales by FY28E



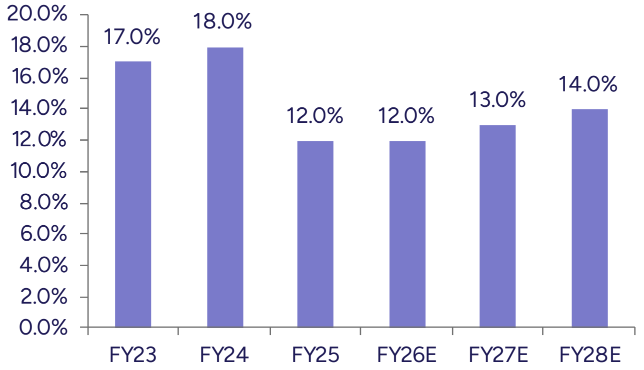
Source: Company, PL

Exhibit 43: Power & fuel cost to decline to 6.5% of sales by FY28E



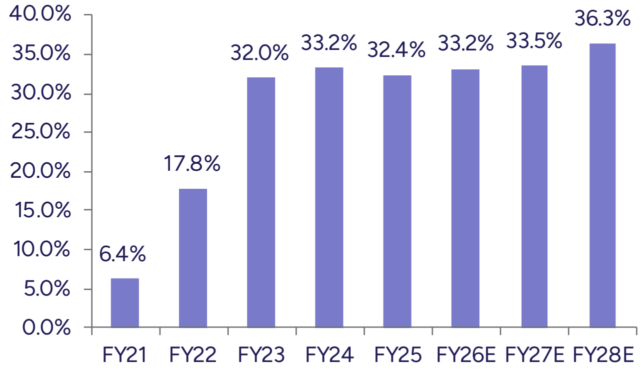
Source: Company, PL

Exhibit 44: EBITDA margin of Flurys is expected to reach 14.0% by FY28E



Source: Company, PL

Exhibit 45: EBITDA margin of PARHOTE to improve to 36.3% by FY28E



Source: Company, PL

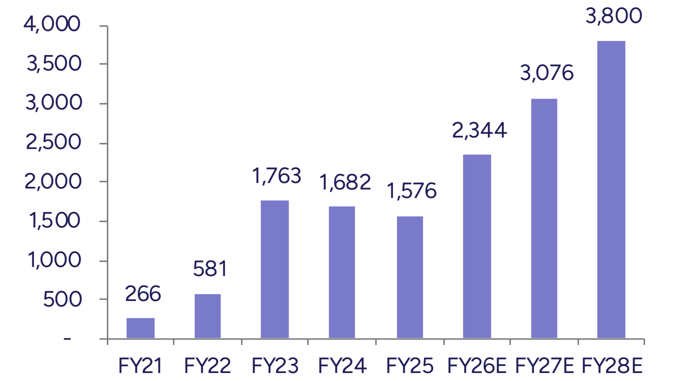
Capex to be largely funded internally; BS strength to persist

PARKHOTE IN has outlined a capex plan of ~Rs17,000mn for the next 5 years. Greenfield capex of ~Rs12mn per key will be incurred on upcoming hotels at Kolkata (250 rooms), Pune (200 rooms), Vizag (100 rooms) and Navi Mumbai (250 rooms). However, the overall capex outgo will reduce considering PARKHOTE IN is likely to receive Rs3,000mn (Rs1,000mn each year for the next 3 years) from the sale of residential apartments at EM Bypass, Kolkata.

In addition to construction capex of new hotels, acquisition and renovation capex of Rs2,660mn (Rs2,060mn for acquisition & Rs600mn for renovation) will be required for Zillion Hotels, Mumbai. Further, additional outgo of Rs620mn is lined up for the buy-out of 31 keys at Kochi & Lake Vembanad. Maintenance capex is pegged at Rs400-500mn each year. For Flurys, annual capex is likely to be at Rs350-400mn.

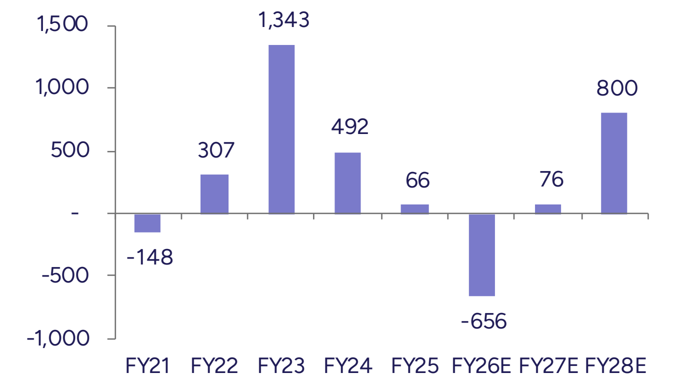
Despite high capital intensity (capex of Rs3,000mn each year over FY26-28E), we do not expect the debt levels to rise materially given healthy OCF generation. We expect OCF of Rs2,344mn/Rs3,076mn/Rs3,800mn in FY26E/FY27E/FY28E. As of FY25, PARKHOTE IN had debt of Rs732mn, and we expect leverage of Rs3,332mn by FY28E. Nonetheless, net debt/EBITDA is likely to be in a comfortable zone of 0.5x in FY28E. Overall, we expect the BS strength to remain largely intact, despite high capital intensity amid healthy OCF generation. However, we do not expect material FCFF generation amid higher capital outlay over the next 3 years.

Exhibit 46: OCF estimated at ~Rs3,800mn in FY28E (Rs mn)



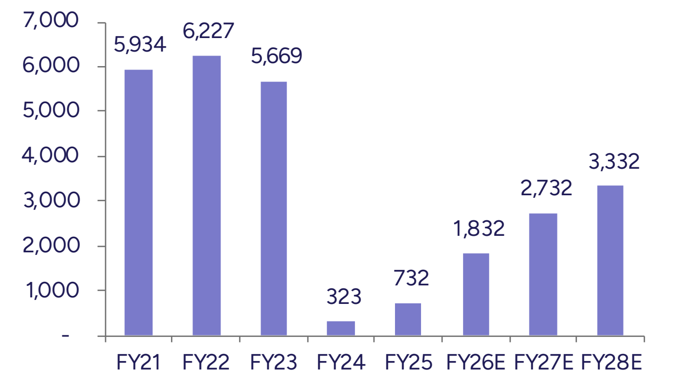
Source: Company, PL

Exhibit 47: FCFF to reach ~Rs800mn in FY28E (Rs mn)



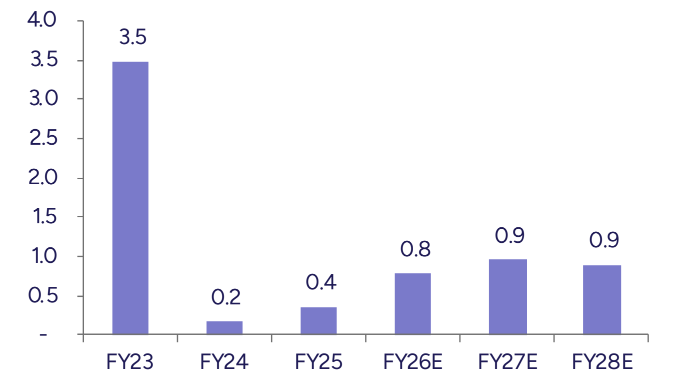
Source: Company, PL

Exhibit 48: Debt to increase to ~Rs3,332mn by FY28E (Rs mn)



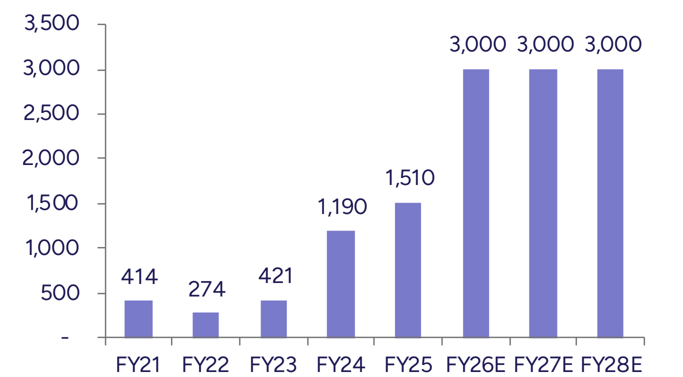
Source: Company, PL

Exhibit 49: Debt/EBITDA ratio to be at 0.9x by FY28E



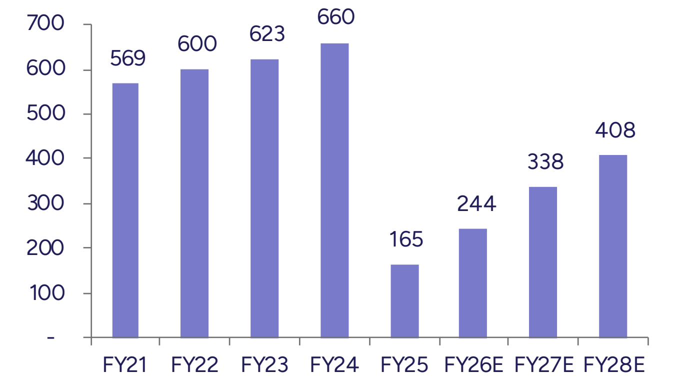
Source: Company, PL

Exhibit 50: Capex of ~Rs3,000mn planned for FY26E-28E (Rs mn)



Source: Company, PL

Exhibit 51: Interest expense to rise to ~Rs408mn by FY28E (Rs mn)



Source: Company, PL

Valuation

We value PARKHOTE IN on SoTP basis. The hospitality business is valued on EV/EBITDA basis by portraying a relative comparison of PARKHOTE IN's growth prospects, BS health and RoE/RoCE profile with the peer set. We have valued Flurys on EV/sales basis by benchmarking the target multiple to some of transactions (M&A or fund raising) in the retail F&B space.

Valuation of the hospitality business

PARKHOTE IN trades at EV/EBITDA multiple of 14.0x/11.7x/9.1x over our FY26E/FY27E/FY28E EBITDA estimates. This is at a substantial discount to some of the peers, despite strong growth prospects (revenue/EBITDA CAGR of 17%/22% over FY25-28E), healthy BS and RoE/RoCE expansion of 374bps/363bps over the next 3 years.

Strong growth prospects: As can be seen below, PARKHOTE IN is expected to report revenue/EBITDA/PAT CAGR of 17%/22%/24% over FY25-28E. PARKHOTE IN operating profit CAGR of 22% over the next 3 years is one of the highest in the peer set.

Exhibit 52: EV/EBITDA valuation table of peers

Particulars (Rs mn)	Revenue			EBITDA			PAT			EV/EBITDA (x)		
	FY25	FY28E	CAGR	FY25	FY28E	CAGR	FY25	FY28E	CAGR	FY26E	FY27E	FY28E
IH IN	83,345	1,24,480	14%	27,693	46,114	19%	19,076	29,218	15%	30.3x	26.1x	22.5x
CHALET IN	17,178	27,729	17%	7,359	12,987	21%	3,450	7,072	27%	22.8x	20.5x	16.6x
LEMONTRE IN	12,861	16,843	9%	6,341	8,955	12%	1,966	3,735	24%	27.2x	23.5x	21.1x
EIH IN	27,432	34,772	8%	10,170	13,116	9%	7,678	9,591	8%	21.2x	19.3x	17.7x
PARKHOTE IN	**6,315**	**10,226**	**17%**	**2,045**	**3,716**	**22%**	**914**	**1,747**	**24%**	**14.0x**	**11.7x**	**9.1x**
JUNIPER IN	9,443	14,125	14%	3,367	5,714	19%	713	3,023	62%	18.0x	14.5x	12.8x
SAMHI IN	11,205	16,615	14%	4,071	6,859	19%	872	3,089	52%	14.1x	11.6x	8.7x
ITCHOTEL IN	35,600	55,119	16%	12,110	20,631	19%	6,350	13,175	28%	28.1x	23.8x	20.7x
THELEELA IN	13,006	20,397	16%	5,944	9,706	18%	477	5,853	131%	21.9x	19.3x	15.7x
VENTIVE IN	16,047	30,123	23%	7,608	14,183	23%	1,203	6,053	71%	18.0x	15.5x	13.8x

Source: Bloomberg, PL Note: 1) Except for Chalet, Lemon Tree, Samhi Hotels and Park Hotels, data of other companies is taken from BB 2) Lemon Tree's multiple is adjusted for minority interest in Fleur 3) Samhi's multiple is adjusted for minority interest in JV platform formed with GIC

Comfortable net debt/EBITDA of 0.5x in FY28E: Though debt is expected to rise from Rs732mn in FY25 to Rs3,332mn in FY28E due to high capital intensity, we expect net debt/EBITDA ratio of 0.5x/0.6x/0.5x in FY26E/FY27E/FY28E. Net debt/EBITDA cover for PARKHOTE IN is better than leveraged peers like Chalet Hotels, Lemon Tree, and Samhi Hotels.

Exhibit 53: Net debt/EBITDA trend of peers

	FY25	FY26E	FY27E	FY28E
IH IN	-0.0x	-0.9x	-1.2x	NA
CHALET IN	3.1x	2.4x	2.0x	1.3x
LEMONTRE IN	2.5x	1.5x	1.0x	0.6x
EIH IN	-0.8x	-1.2x	-1.2x	NA
PARKHOTE IN	**-0.0x**	**0.5x**	**0.6x**	**0.5x**
JUNIPER IN	4.3x	2.7x	2.3x	NA
SAMHI IN	5.1x	2.6x	1.8x	0.9x
ITCHOTEL IN	-1.5x	-1.8x	-2.1x	NA
THELEELA IN	6.5x	0.2x	1.2x	NA
VENTIVE IN	2.2x	0.9x	0.2x	NA

Source: Bloomberg, PL

RoE & RoCE lag, but expansion is on the cards: While PARKHOTE IN's return ratios are inferior to some of the peers like IHCL, Chalet Hotels, Lemon Tree and EIH, we expect RoE/RoCE to expand by 374bps/363bps over FY25-28E.

Exhibit 54: Comparison of RoE/RoCE profile of peers

Particulars	RoE (%)				RoCE			
	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E
IH IN	18.5	17.3	17.7	18.4	NA	NA	NA	NA
CHALET IN	14.1	14.1	14.3	16.4	10.7	13.0	13.3	15.3
LEMONTRE IN	18.5	19.6	20.9	19.9	17.3	20.7	24.2	25.8
EIH IN	17.3	15.5	15.4	15.7	NA	NA	NA	NA
PARKHOTE IN	**7.4**	**7.9**	**8.9**	**11.1**	**11.0**	**11.1**	**12.2**	**14.7**
JUNIPER IN	2.6	5.7	7.9	9.2	NA	NA	NA	NA
SAMHI IN	8.0	11.6	11.7	12.6	9.1	10.4	11.6	14.0
ITCHOTEL IN	11.8	8.0	9.0	9.9	NA	NA	NA	NA
THELEELA IN	1.3	6.7	6.8	7.7	NA	NA	NA	NA
VENTIVE IN	4.7	5.9	8.5	9.4	NA	NA	NA	NA

Source: Bloomberg, PL

We believe PARKHOTE IN trades at a discount to peers amid considerable delay in launching new hotels. In an upcycle, all hotel companies benefit from increase in RevPAR. However, companies that benefit from inventory addition and RevPAR growth are truly in a sweet spot to milk the upcycle to their advantage. Given the delay in launch of new hotels, the inventory addition advantage is missing for PARKHOTE IN.

Exhibit 55: Upcoming hotel launches

Hotel	No. of rooms	Expected start date of construction as per RHP	Estimated time of completion as per RHP	Current status	Revised completion timeline as per management	Incorporation timeline for our projections
THE Park, Pune	200	Apr'24	2.5-3.5 years	Construction has not started	Apr'27 (FY28E)	FY29E
THE Park, Navi Mumbai	170	Jul'24	2.5-3.5 years	Construction has not started	Mar'29 (FY29E)	FY30E
THE Park, Vishakhapatnam	34	Apr'25	2.5-3.5 years	Construction has not started	Sep'27 (FY28E)	FY29E
THE Park, EM Bypass	250	Apr'24	4 years	Construction has not started	Apr'28 (FY29E)	FY30E

Source: Company, PL Note: For Vizag & Navi Mumbai we have taken incremental rooms into consideration

However, acquisition of Zillion Hotels & Resorts (80 rooms) and The Malabar House & Purity (31 keys), partially addresses the concern of inventory addition.

Exhibit 56: Timeline of operationalization of acquired hotels

Hotel	No. of rooms	Re-launch timeline	Incorporation timeline for our projections
The Malabar House, Fort Kochi	17	2HFY26E	FY27E
Purity, Lake Vembanad	14	2HFY26E	FY27E
Zillion Hotels	80	2HFY27E	FY28E

Source: Company, PL

Given the strong growth prospects, healthy BS and expansion in return ratios over the next 3 years, we expect the valuation discount compared with peers, to narrow. Accordingly, we value the hospitality business at 15x Sep'27 EBITDA to arrive at an EV of Rs46,319mn.

Valuation of Flurys

Flurys is a well-established brand. The business model is scalable and PARKHOTE IN can leverage its expertise of the hospitality industry (F&B know-how) to expand on a pan-India basis. While the market is overcrowded, Flurys offers a unique combination of confectionery and café. Further, varying formats like cafes, kiosks and restaurants offer a unique proposition to expand at different real estate locations (for instance, kiosk is a small booth and would be apt for an airport where rentals are high). Given the strong brand value, scalability of business model and unique positioning as a café & confectionery play, we value Flurys at 3x Sep'27 sales to arrive at an EV of Rs6,356mn.

Recent transactions (M&A/fund-raise) in the retail F&B space indicate that Flurys can unlock option value for PARKHOTE IN, if the business achieves desired scale over the next 3 years.

Exhibit 57: Recent transactions in the retail F&B space (Rs mn)

Chain	Transaction details	EV	Sales (FY25)	EV/Sales
Theobroma	90% stake acquired for ~Rs24bn	26,778	5,250	5.1x
Blue Tokai	Raised ~$25mn	13,460	3,410	3.9x

Source: Private Circle, PL Note FY25's revenue for Theobroma is an indicative figure

Overall, we arrive at SoTP-based TP of Rs238 and initiative coverage on PARKHOTE IN with 'BUY' rating.

Exhibit 58: EV/EBITDA valuation table

Particulars (Rs mn)	Sep'27E
EV/EBITDA - Hotel Business	15
EBITDA of Hotels	3,088
Hotels EV	46,319
EV/Sales - Flurys	3
Sales - Flurys	2,119
Flurys EV	6,356
Total EV	52,675
Less: Debt	3,032
Add: Cash	1,181
Equity Value	50,824
No. of shares	213
TP (Rs)	**238**

Source: PL

Key Risks

- **Downcycle in hotel industry**: A downcycle in the hospitality industry may result in declining RevPAR for PARKHOTE IN, posing a risk to revenue growth.
- **Delay in construction timelines:** PARKHOTE IN currently has four projects under development across Pune, Kolkata, Visakhapatnam, and Navi Mumbai. Any delays in securing regulatory approvals or licenses for these properties could push back construction timelines.
- **Drag in expansion strategy of Flurys:** Management plans to scale Flurys by opening 100 new outlets over next two years. However, delays in site selection, lease finalization, or regulatory approvals could hinder the timely execution of this expansion strategy.

Board of Directors & KMP

Exhibit 59: Board of Directors

Name	Designation
Ms Priya Paul	Chairperson and Executive Director
Mr Karan Paul	Non-executive Director
Mr Vijay Dewan	Managing Director
Mr Ranjit Kumar Pachnanda	Independent Director
Ms Ragini Chopra	Independent Director
Mr Suresh Kumar	Independent Director

Source: Company, PL

Exhibit 60: Senior Management

Name	Designation
Atul Khosla	SVP Finance and CFO
Rohit Arora	VP – North and Goa Operations and Head of Leisure Sales
Shalini Keshan	Company Secretary and Director, Compliances
Aparajit Brahma	VP Finance
Ruchika Mehta	Corporate Director – Communications and PR
Vikas Ahluwalia	GM and National Head – Zone by The Park
Ajit Singh Garcha	Area General Manager of THE Park, Hyderabad
Rajesh Kumar Singh	National Head – Operations and Development, Flurys
Yazad Marfatia	Corporate Director and Head of Sales and Marketing
Gurpreet Singh	VP Finance
Sujata Guin	SVP HR and Chief Human Resource Officer

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	**6,315**	**7,099**	**8,583**	**10,226**
YoY gr. (%)	*9.1*	*12.4*	*20.9*	*19.1*
Cost of Goods Sold	792	900	1,106	1,341
Gross Profit	5,522	6,199	7,477	8,884
Margin (%)	*87.5*	*87.3*	*87.1*	*86.9*
Employee Cost	1,412	1,537	1,820	2,008
Other Expenses	2,065	2,307	2,781	3,160
EBITDA	**2,045**	**2,355**	**2,876**	**3,716**
YoY gr. (%)	*6.2*	*15.2*	*22.1*	*29.2*
Margin (%)	*32.4*	*33.2*	*33.5*	*36.3*
Depreciation and Amortization	618	739	853	966
EBIT	**1,428**	**1,616**	**2,023**	**2,750**
Margin (%)	*22.6*	*22.8*	*23.6*	*26.9*
Net Interest	165	244	338	408
Other Income	219	121	137	153
Profit Before Tax	**1,481**	**1,500**	**1,822**	**2,495**
Margin (%)	*23.5*	*21.1*	*21.2*	*24.4*
Total Tax	645	450	547	749
Effective tax rate (%)	*43.6*	*30.0*	*30.0*	*30.0*
Profit after tax	**836**	**1,050**	**1,276**	**1,747**
Minority interest	0	0	0	0
Share Profit from Associate	-	-	-	-
Adjusted PAT	**914**	**1,058**	**1,276**	**1,747**
YoY gr. (%)	*33.0*	*15.7*	*20.6*	*36.9*
Margin (%)	*14.5*	*14.9*	*14.9*	*17.1*
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	**765**	**1,050**	**1,276**	**1,747**
YoY gr. (%)	*11.3*	*37.2*	*21.5*	*36.9*
Margin (%)	*12.1*	*14.8*	*14.9*	*17.1*
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	-	-	-	-
Equity Shares O/s (m)	**213**	**213**	**213**	**213**
EPS (Rs)	**4.3**	**5.0**	**6.0**	**8.2**

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	**12,494**	**15,523**	**18,552**	**21,577**
Tangibles	12,083	15,083	18,083	21,083
Intangibles	411	440	469	494
Acc: Dep / Amortization	**2,882**	**3,385**	**3,983**	**4,676**
Tangibles	2,712	3,179	3,740	4,393
Intangibles	171	206	243	283
Net fixed assets	**9,612**	**12,138**	**14,569**	**16,901**
Tangibles	9,371	11,904	14,343	16,690
Intangibles	241	234	225	212
Capital Work In Progress	748	769	814	885
Goodwill	228	228	228	228
Non-Current Investments	425	440	515	614
Net Deferred tax assets	(750)	(674)	(606)	(545)
Other Non-Current Assets	2,961	3,135	3,337	3,542
Current Assets				
Investments	561	561	561	561
Inventories	1,118	1,225	1,411	1,541
Trade receivables	385	447	564	672
Cash & Bank Balance	214	132	391	848
Other Current Assets	375	404	487	579
Total Assets	**16,714**	**19,582**	**22,998**	**26,515**
Equity				
Equity Share Capital	213	213	213	213
Other Equity	12,628	13,572	14,741	16,274
Total Networth	**12,841**	**13,785**	**14,954**	**16,487**
Non-Current Liabilities				
Long Term borrowings	368	1,368	2,168	2,668
Provisions	150	177	215	256
Other non current liabilities	794	1,008	1,252	1,519
Current Liabilities				
ST Debt / Current of LT Debt	364	464	564	664
Trade payables	511	622	753	896
Other current liabilities	812	1,336	2,311	3,281
Total Equity & Liabilities	**16,714**	**19,582**	**22,999**	**26,515**

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	1,481	1,493	1,822	2,495
Add. Depreciation	618	739	853	966
Add. Interest	163	244	338	408
Less Financial Other Income	219	121	137	153
Add. Other	(71)	7	-	-
Op. profit before WC changes	2,192	2,483	3,014	3,870
Net Changes-WC	(312)	387	677	740
Direct tax	304	(526)	(615)	(810)
Net cash from Op. activities	**1,576**	**2,344**	**3,076**	**3,800**
Capital expenditures	(1,505)	(3,021)	(3,045)	(3,072)
Interest / Dividend Income	33	-	-	-
Others	(483)	(446)	(545)	(586)
Net Cash from Invt. activities	**(1,956)**	**(3,467)**	**(3,590)**	**(3,658)**
Issue of share cap. / premium	(122)	-	-	-
Debt changes	446	-	-	-
Dividend paid	-	(107)	(107)	(213)
Interest paid	(58)	(244)	(338)	(408)
Others	(225)	1,391	1,218	936
Net cash from Fin. activities	**42**	**1,041**	**773**	**315**
Net change in cash	**(338)**	**(82)**	**259**	**457**
Free Cash Flow	66	(677)	32	728

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS	4.3	5.0	6.0	8.2
CEPS	7.2	8.4	10.0	12.7
BVPS	60.3	64.7	70.2	77.4
FCF	0.3	(3.2)	0.1	3.4
DPS	0.5	0.5	0.5	1.0
Return Ratio(%)				
RoCE	11.0	11.1	12.2	14.7
ROIC	12.2	12.0	12.5	14.0
RoE	7.4	7.9	8.9	11.1
Balance Sheet				
Net Debt : Equity (x)	-	0.1	0.1	0.1
Net Working Capital (Days)	57	54	52	47
Valuation(x)				
PER	34.8	30.1	25.0	18.2
P/B	2.5	2.3	2.1	1.9
P/CEPS	20.8	17.7	15.0	11.7
EV/EBITDA	15.6	14.0	11.7	9.1
EV/Sales	5.0	4.6	3.9	3.3
Dividend Yield (%)	0.3	0.3	0.3	0.7

Source: Company Data, PL Research

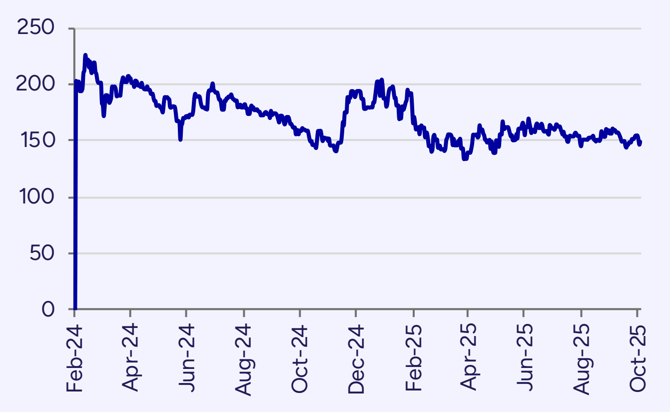
Quarterly Financials (Rs m)

Y/e Mar	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Net Revenue	**1,416**	**1,775**	**1,773**	**1,543**
YoY gr. (%)	*4.1*	*10.9*	*16.3*	*14.2*
Raw Material Expenses	178	223	218	199
Gross Profit	1,237	1,552	1,555	1,343
Margin (%)	*87.4*	*87.4*	*87.7*	*87.1*
EBITDA	**416**	**633**	**611**	**454**
YoY gr. (%)	*(8.3)*	*11.0*	*21.3*	*17.8*
Margin (%)	*29.4*	*35.7*	*34.5*	*29.4*
Depreciation / Depletion	138	146	198	180
EBIT	**278**	**488**	**413**	**274**
Margin (%)	*19.6*	*27.5*	*23.3*	*17.7*
Net Interest	36	45	50	65
Other Income	148	11	29	23
Profit before Tax	**389**	**454**	**392**	**224**
Margin (%)	*27.5*	*25.6*	*22.1*	*14.5*
Total Tax	122	132	126	90
Effective tax rate (%)	*31.2*	*29.1*	*32.2*	*40.1*
Profit after Tax	**268**	**322**	**266**	**134**
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	**153**	**322**	**266**	**142**
YoY gr. (%)	*3.0*	*17.3*	*44.2*	*(18.8)*
Margin (%)	*10.8*	*18.1*	*15.0*	*9.2*
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	**268**	**322**	**266**	**134**
YoY gr. (%)	*80.6*	*17.3*	*44.1*	*(813.3)*
Margin (%)	*18.9*	*18.1*	*15.0*	*8.7*
Other Comprehensive Income	**12**	**(8)**	**(10)**	**(3)**
Total Comprehensive Income	**280**	**314**	**256**	**131**
Avg. Shares O/s (m)	**213**	**213**	**213**	**213**
EPS (Rs)	**0.7**	**1.5**	**1.2**	**0.7**

Source: Company Data, PL Research

Notes

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Chalet Hotels	BUY	1,188	966
2	Delhivery	Accumulate	519	469
3	DOMS Industries	BUY	3,085	2,590
4	Imagicaaworld Entertainment	BUY	74	56
5	Indian Railway Catering and Tourism Corporation	BUY	850	717
6	InterGlobe Aviation	BUY	6,644	5,666
7	Lemon Tree Hotels	Hold	177	167
8	Mahindra Logistics	Accumulate	401	359
9	Navneet Education	Reduce	124	157
10	Nazara Technologies	Hold	252	279
11	PVR Inox	Hold	1,191	1,110
12	S Chand and Company	BUY	291	185
13	Safari Industries (India)	BUY	2,583	2,191
14	Samhi Hotels	BUY	313	197
15	TCI Express	Hold	751	712
16	V.I.P. Industries	Hold	474	430
17	Zee Entertainment Enterprises	BUY	161	113

PL's Recommendation Nomenclature

Buy	:	>15%
Accumulate	:	5% to 15%
Hold	:	+5% to -5%
Reduce	:	-5% to -15%
Sell	:	< -15%
Not Rated (NR)	:	No specific call on the stock
Under Review (UR)	:	Rating likely to change shortly

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