

Juniper Hotels Ltd

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Juniper Hotels Ltd, a prominent luxury hotel development and ownership company, owns 20% of Hyatt-affiliated hotel rooms in India, positioning it as a major player in the high-end segment. Juniper boasts a 40+ year partnership with Saraf Hotels, a leader in Indian hotel development, and Hyatt, a globally recognized hospitality brand. This unique arrangement offers access to prime locations, operational expertise, and brand recognition.

Juniper currently owns a portfolio of seven hotels and serviced apartments which are located across six strategic cities in India, comprising of established metro cities (Mumbai and Delhi), emerging business destinations (Ahmedabad, Lucknow and Raipur) and upcoming tourist destinations (Hampi), providing guest and geographic diversification. Its hotels and serviced apartments are classified under three distinct segments

- luxury – the Grand Hyatt Mumbai Hotel and Residences and Andaz Delhi
- upper upscale – the Hyatt Delhi Residences, Hyatt Regency Ahmedabad, Hyatt Regency Lucknow and Hyatt Raipur; and
- upscale – Hyatt Place Hampi

Juniper currently has the largest aggregate inventory of upper tier branded serviced apartments in Mumbai and New Delhi among hotels owned by major private investors. As of June 30, 2023, (a) the Grand Hyatt Mumbai Hotel and Residences had 665 keys, which represents approximately 13% of the total supply of 5,300 luxury room inventory in Mumbai, and (b) Andaz Delhi had 401 keys, which represents approximately 12% of the total supply of 3,300 luxury room inventory in New Delhi .

The company's unique partnership backed by strong and well recognized parentage and robust asset management capabilities with a focus on enhancing operating efficiency and profitability is expected to drive growth. At the IPO price of INR 360 (upper price band), Juniper Hotels is valued at EV/EBITDA multiple of 22.6

Key Financial Data (INR Cr, unless specified)

	Revenue	EBITDA	PAT	EBITDA (%)	PAT (%)	Adj. EPS (Rs.)	Adj BVPS (Rs.)	RoE (%)	RoIC (%)	EV/EBITDA (X)	P/BV (X)
FY21	166	(4)	(199)	(2.6)	(119.9)	(9.0)	24.4	(36.7)	(4.6)	(2,290.6)	14.7
FY22	309	66	(188)	21.5	(60.9)	(8.5)	16.0	(52.8)	(1.4)	152.4	22.5
FY23	667	272	(1)	40.8	(0.2)	(0.1)	15.9	(0.4)	8.0	36.9	22.6

Industry	Hotels
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Issue Details

Listing	BSE & NSE
Open Date	21 st Feb 2024
Close Date	23 rd Feb 2024
Price Band	INR 342-360
Face Value	INR 10
Market Lot	40 shares
Minimum Lot	1 Lot

Issue Structure

Fresh Issue(%)	100
Issue Size (INR cr)	INR 1800
Issue Size (Shares)	5,00,00,000
QIB Share (%)	≥ 75%
Non-Inst Share (%)	≤ 15%
Retail Share (%)	≤ 10%
Pre issue sh (nos)	172,502,384
Post issue sh (nos)	222,502,384
Post issue MCap (INR cr)	8,010

Shareholding (%)	Pre (%)	Post (%)
Promoter	100.00	77.53
Public	0.00	22.47
TOTAL	100	100

Key Growth Strategies

The company is focused on maximizing cost efficiency at its hotels and undertaking various strategic initiatives, to drive profitability. The key strategies in this regard include:

Enhancement of facilities at its existing assets

Juniper is currently undertaking two large projects, with an aim to maximizing revenues. These projects have a short development time-frame and will add incremental revenue to its business. The company intends to fund the capital outlay required for these developments through internal accruals. These include

- a) addition of new ballroom and construction of additional floors resulting in the addition of 293 rooms and 24 serviced apartments at Grand Hyatt Mumbai Hotel and Residences.
- b) addition of two floors at the Hyatt Regency Ahmedabad.
- c) And premiumization of Grand Hyatt Mumbai Hotel and Residences, Andaz Delhi, Hyatt Regency Ahmedabad, Hyatt Raipur and Hyatt Place Hampi.

Explore value accretive acquisition of assets and selective expansion

In addition to the acquisition of hotel assets, Juniper intends to continue to strengthen and expand its portfolio to newer geographies across India, through greenfield projects. It intends to focus on geographies which have potential to attract significant traffic from high-end business and leisure travelers, including select tier 1 and tier 2 cities and tourist destinations, which will cater to the domestic leisure traveler. The company plans to focus on micro-markets and locations within the cities based on their proximity to airports, areas with concentrated industrial catchment and areas with high tourism activities.

Continue to improve efficiencies including by enhancing utilization of space with a view to increase revenues

A critical part of its growth strategy is to continue assessing alternative and optimal utilization of hotel spaces to maximize and diversify revenue sources, by increasing its share of revenue from food and beverage, meeting rooms, club floors, conferences, events and commercial space. Certain initiatives undertaken in this respect are :

- a) In 2023, the company decided to repurpose a part of the space formerly used for retail and commercial purposes into a ballroom space spread over approximately 49,655 sq. ft. to cater to the increasing MICE demand. This strategic move is aimed at capitalizing on the demand for high-quality event spaces.
- b) The company intends to include an additional F&B venue at the Grand Hyatt Mumbai Hotel and Residences and to refurbish one of its restaurants at the Andaz Delhi, AnnaMaya, to create two additional specialty restaurants (serving Asian and Italian food), to increase F&B offerings for its guests.

Key Risks & Concerns

- Juniper Hotels Ltd.'s dependence on three key properties in Mumbai and New Delhi (contributing 85.59% of revenue in fiscal 2023) presents a potential risk. Any negative impact on these properties or their respective regions could adversely affect the company's business, financial performance, and overall health.
- Juniper Hotels Ltd.'s food and beverage (F&B) revenue and overall financial performance are susceptible to negative impacts if the company fails to uphold its quality and hygiene standards. Declining customer satisfaction due to subpar F&B offerings could lead to decreased revenue, diminished brand reputation, and potentially hinder the company's financial health.
- Juniper Hotels Ltd.'s reliance on leased land for key properties poses risks. Failure to comply with lease terms, secure renewals, or find new agreements could harm their business, finances, and cash flow. Proactive management is crucial to mitigate these risks.
- Juniper Hotels Ltd. faces risks inherent to property ownership and development. Construction delays or setbacks in planned upgrades could negatively impact their business, financial performance, and cash flow.

Issue Structure and Offer Details

The proposed issue size of Juniper Hotels Ltd is INR 1800 cr (entirely fresh issue) and the price band for the issue is in the range of INR 342-360 and the bid lot is 40 shares and multiples thereof.

Issue Structure	
Investor Category	Allocation
QIB	Not less than 75% of the Net Issue
NIB	Not more than 15% of the Net Issue
Retail	Not more than 10% of the Net Issue

Number of shares based on a higher price band of INR 360

Source: Company Reports

Financial summary

Fig in INR Cr (unless specified)	FY21	FY22	FY23	Fig in INR Cr (unless specified)	FY21	FY22	FY23
Income Statement				Per share data & Yields			
Revenue	166.4	308.7	666.9	Adjusted EPS (INR)	(9.0)	(8.5)	(0.1)
YoY Growth (%)		85.6	116.0	Adjusted Cash EPS (INR)	(4.2)	(4.0)	3.6
Raw Material Cost	0.0	0.0	0.0	Adjusted BVPS (INR)	24.4	16.0	15.9
RM Cost to Sales (%)	0.0	0.0	0.0	Adjusted CFO per share (INR)	2.4	(1.6)	12.9
Employee Cost	58.1	75.6	98.9	CFO Yield (%)	0.7	(0.5)	3.6
Employee Cost to Sales (%)	34.9	24.5	14.8	Adjusted FCF per share (INR)	8.2	4.4	14.4
Other Expenses	112.6	166.6	296.0	FCF Yield (%)	2.3	1.2	4.0
Other Exp to Sales (%)	67.7	54.0	44.4				
EBITDA	(4.3)	66.4	271.9	Solvency Ratio (X)			
Margin (%)	(2.6)	21.5	40.8	Total Debt to Equity	3.4	6.0	5.8
YoY Growth (%)		(1,645.3)	309.5	Net Debt to Equity	3.4	5.9	5.7
Depreciation & Amortization	105.4	99.9	81.5	Net Debt to EBITDA	(426.5)	31.7	7.5
EBIT	(109.7)	(33.5)	190.4				
Margin (%)	(65.9)	(10.9)	28.6	Return Ratios (%)			
YoY Growth (%)		69.4	667.8	Return on Equity	(36.7)	(52.8)	(0.4)
Other Income	26.5	35.1	50.4	Return on Capital Employed	(3.4)	(1.2)	0.5
Bill discounting & other charges	186.2	215.6	266.4	Return on Invested Capital	(4.6)	(1.4)	8.0
Fin Charges Coverage (X)	(0.6)	(0.2)	0.7				
Exceptional Item	0.0	0.0	0.0	Working Capital Ratios			
PBT	(269.4)	(214.1)	(25.5)	Payable Days (Nos)	294	80	43
Margin (%)	(162.0)	(69.4)	(3.8)	Inventory Days (Nos)	13	8	4
YoY Growth (%)		20.5	88.1	Receivable Days (Nos)	52	35	24
Tax Expense	(69.9)	(26.1)	(24.0)	Net Working Capital Days (Nos)	-228	-37	-14
Tax Rate (%)	26.0	12.2	94.1	Net Working Capital to Sales (%)	(62.5)	(10.1)	(3.9)
PAT	(199.5)	(188.0)	(1.5)				
Margin (%)	(119.9)	(60.9)	(0.2)	Valuation (X)			
YoY Growth (%)		5.7	99.2	P/E	(40.2)	(42.6)	(5,350.8)
Min Int/Sh of Assoc	0.0	0.0	0.0	P/BV	14.7	22.5	22.6
Net Profit	(199.5)	(188.0)	(1.5)	EV/EBITDA	(2,290.6)	152.4	36.9
Margin (%)	(119.9)	(60.9)	(0.2)	EV/Sales	59.2	32.8	15.1
YoY Growth (%)		5.7	99.2				
Balance Sheet				Cash Flow Statement			
Share Capital	143.7	143.7	143.7	PBT	(269.4)	(214.1)	(25.5)
Total Reserves	400.2	212.7	210.8	Adjustments	220.0	224.2	293.1
Shareholders Fund	543.9	356.4	354.5	Change in Working Capital	33.1	(72.6)	(5.2)
Long Term Borrowings	1,768.6	2,057.0	2,009.0	Less: Tax Paid	69.9	26.1	24.0
Deferred Tax Assets / Liabilities	(53.7)	(75.3)	(99.5)	Cash Flow from Operations	53.6	(36.4)	286.4
Other Long Term Liabilities	402.8	408.7	448.5	Net Capital Expenditure	(8.5)	(55.8)	17.7
Long Term Trade Payables	0.0	0.0	0.0	Change in Investments	0.7	(7.2)	10.0
Long Term Provisions	8.0	5.4	6.4	Cash Flow from Investing	(7.8)	(63.1)	27.7
Total Liabilities	2,669.6	2,752.2	2,719.0	Change in Borrowings	150.7	305.9	(44.4)
Net Block	2,469.5	2,829.6	2,738.9	Less: Finance Cost	(186.2)	(215.6)	(266.4)
Capital Work in Progress	0.0	44.2	48.8	Proceeds from Equity	(6.0)	0.0	0.0
Intangible assets under development	435.0	0.0	0.0	Buyback of Shares	0.0	0.0	0.0
Non Current Investments	0.9	0.9	0.9	Dividend Paid	0.0	0.0	0.0
Long Term Loans & Advances	19.4	19.1	34.2	Cash flow from Financing	(41.5)	90.2	(310.8)
Other Non Current Assets	4.1	11.3	11.4	Net Cash Flow	4.3	(9.3)	3.3
Net Current Assets	(259.4)	(152.8)	(115.2)	Forex Effect	0.0	0.0	0.0
Total Assets	2,669.6	2,752.2	2,719.0	Opening Balance of Cash	11.5	15.7	6.5
				Closing Balance of Cash	15.7	6.5	9.8

Source: Ventura Research

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Corporate Office: I-Think Techno Campus, 8th Floor, 'B' Wing, Off Pokhran Road No 2, Eastern Express Highway, Thane (W) - 400608