

IPO Note: Juniper Hotels Ltd.

Industry: Hotels

Date: February 20, 2023

| Issue Snapshot | | Issue Break up | |
|----------------|---|------------------------------------|-------------------------|
| Company Name | Juniper Hotels Ltd. | QIB ex Anchor | 30% 1,50,00,000 |
| Issue Opens | February 21, 2024 to February 23, 2024 | Anchor Investor | 45% 2,25,00,000 |
| Price Band | Rs. 342 to Rs. 360 | HNI<Rs. 10 Lakhs | 5% 25,00,000 |
| Bid Lot | 40 Equity Shares and in multiples thereof. | HNI>Rs. 10 Lakhs | 10% 50,00,000 |
| The Offer | Public issue of 5,00,00,000 Equity shares of Face value Rs. 10 each, (Comprising of fresh issue). | RII | 10% 50,00,000 |
| Issue Size | Rs. 1800.0 Crore | Total Public | 100% 5,00,00,000 |
| IPO Process | 100% Book Building | | |
| Face Value | Rs. 10.00 | Equity Share Pre Issue (Nos. Cr.) | 17.3 |
| Exchanges | NSE & BSE | Fresh Share (Nos. Cr.) | 5.0 |
| BRLM | JM Financial Ltd, CLSA India Pvt Ltd and ICICI Securities Ltd. | Equity Share Post Issue (Nos. Cr.) | 22.3 |
| Registrar | KFin Technologies Ltd. | Market Cap (Rs. Cr.) | 8,010.1 |
| | | Equity Dilution | 22.5% |

Objects of the Offer

Fresh Issue

- Repayment/ prepayment/ redemption, in full or in part, of certain outstanding borrowings availed by the Company and recent acquisitions, namely CHPL and CHHPL (Rs. 1500 cr.); and
- General corporate purposes.

Company Highlights

- Juniper Hotels Ltd. (JHL) is a luxury hotel development and ownership company, and are the largest owner, by number of Keys of "Hyatt" affiliated hotels in India as of September 30, 2023. (source: Horwath Report). It has a portfolio of seven hotels and serviced apartments and operate a total of 1,836 keys as of September 30, 2023. JHL benefits from a unique and longstanding partnership of over 40 years between Saraf Hotels (including erstwhile and current affiliates, collectively referred to as the "Saraf Group"), a hotel developer with a strong and well established track record in India, and affiliates of a globally recognized premier hospitality brand, Hyatt Hotels Corporation (NYSE: H) ("HHC") (collectively with its affiliates "Hyatt").
- JHL is the only hotel development company in India with which Hyatt has a strategic investment. It owns 19.6% of Hyatt group affiliated hotel rooms and apartments in India as on September 30, 2023 (source: Horwath Report) and have extensive experience in identifying opportunities in hospitality destinations, developing high-end hotels in these locations and nurturing them through active asset management. The company is also focused on providing quality guest experience, while operating its assets efficiently.
- JHL's hotels and serviced apartments are present across the luxury, upper upscale and upscale category of hotels and are established landmarks in Mumbai, Delhi, Ahmedabad, Lucknow, Raipur and Hampi. Besides Grand Hyatt Mumbai Hotel and Residences being the largest luxury hotel in India, the Hyatt Regency Lucknow and Hyatt Regency Ahmedabad are the largest upper upscale hotels in their respective markets and Hyatt Raipur is the only upper upscale hotel in Raipur (source: Horwath Report).
- JHL currently owns a portfolio of seven hotels and serviced apartments which are located across six cities in India, comprising 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: (a) luxury - the Grand Hyatt Mumbai Hotel and Residences and Andaz Delhi; (b) upper upscale - the Hyatt Delhi Residences, Hyatt Regency Ahmedabad, Hyatt Regency Lucknow and Hyatt Raipur; and (c) upscale - Hyatt Place Hampi (source: Horwath Report).

- It has the largest aggregate inventory of upper tier branded serviced apartments in Mumbai and New Delhi among hotels owned by major private investors (source: Horwath Report). As of September 30, 2023, (a) the Grand Hyatt Mumbai Hotel and Residences had 665 keys, which represents approximately 12% of the total supply of 5.4k luxury room inventory in Mumbai, and (b) Andaz Delhi had 401 keys, which represents approximately 12% of the total supply of 3.3k luxury room inventory in New Delhi (source: Horwath Report). JHL's significant presence in New Delhi and Mumbai provides it with a strategic advantage from both international and domestic travel through these cities and the well-established business ecosystems. Ahmedabad is a hub for economic growth in Gujarat and Lucknow stands to benefit from the push for active investments in Uttar Pradesh. As of September 30, 2023, (a) the Hyatt Regency Ahmedabad had 211 keys, which represents approximately 26% of the total supply of 0.8k upper upscale inventory in Ahmedabad; and (b) the Hyatt Regency Lucknow had 206 keys, which represents approximately 52% of the total supply of 0.4k upper upscale inventory in Lucknow (source: Horwath Report). In Raipur, the Hyatt Raipur was established to benefit from the industrial growth in the capital city of Chhattisgarh, the resource rich state. The Hyatt Place Hampi was established to cater to tourists visiting the Hampi UNESCO World Heritage Site, as well as to business travelers visiting the nearby steel manufacturing facilities.
- JHL identifies and acquires sites to develop its hotels and serviced apartments, accounting for factors such as location, economic potential of the location, target customers and branding. The Grand Hyatt Mumbai Hotel and Residences is located between the Bandra Kurla Complex ("BKC") (which is the business center of the city) and the Chhatrapati Shivaji Maharaj International Airport, situated in Mumbai. Similarly, Andaz Delhi and Hyatt Delhi Residences are located at the Indira Gandhi International Airport hospitality district (Delhi Aerocity), between Gurgaon and New Delhi. Once the company identifies and acquires sites, its expertise in development allows it to move swiftly from a capital deployment phase to a revenue generation phase by making assets operational.

View

- The company has demonstrated a strong track record in establishing its presence across key cities. Its hotels and serviced apartments are located in established markets such as Delhi and Mumbai; emerging business destinations such as Ahmedabad, Lucknow and Raipur; and growing tourist destinations such as Hampi. In Raipur and Hampi, its hotels were the first international chain affiliated hotels. Further, the company identifies micro-markets and locations within the cities based on their proximity to airports, central business districts, areas with concentrated industrial catchment and areas with high tourism activities. Also, the company has developed its hotels at locations with high barriers to entry.
- The company is well positioned to benefit from the industry trends. With improved demand environment for hospitality industry, the company's financial and operational performance has improved in last 2 years. The company's average room rent (ARR) increased to Rs 9,875.12 in Fiscal 2023 from Rs 5,656.77 in Fiscal 2021 and its average occupancy increased to 75.74% in Fiscal 2023 from 34.23% in Fiscal 2021. In the six months ended September 30, 2023 and September 30, 2022, the company's ARR was Rs 10,139.85 and Rs 8,817.95, respectively, and its average occupancy was 74.84% and 72.59%, respectively.
- The company has robust asset management capabilities with a focus on enhancing operational efficiency and profitability. The company has established specialized asset management teams with asset managers at each of its hotels. The company has formed functional clusters – operations, finance, human resources, procurement and a dedicated above-property sales team. This cluster-based approach provides the company with the ability to apply best practices and maximize results.
- The company has introduced complementary revenue generating streams at its hotels, and benefit from revenue contribution from areas such as serviced apartments, restaurants, meetings, incentives, conferences and exhibitions (MICE) services and other services, to ensure optimal utilization of available resources. Its complementary offerings also result in a mix of customers and guests staying at its properties, which improves its average room rentals. Further, the company consistently monitors the usage of available space at its hotels and aim to enhance its customer offering by adapting the available real estate space in its hotels to meet the ever-changing demands of the market.
- In terms of the valuations, on the higher price band, JHL demands Market Cap/Sales multiple of 12.0x.

Key Performance Indicators

| (In Rs. Cr unless stated) | FY21 | FY22 | FY23 | H1FY23 | H1FY24 |
|--|----------|----------|----------|----------|----------|
| Total income | 192.85 | 343.76 | 717.29 | 321.01 | 337.43 |
| Total income growth (%) | -64.97% | 78.25% | 108.66% | NA | 5.11% |
| Revenue from operations | 166.35 | 308.69 | 666.85 | 294.29 | 336.11 |
| Revenue Growth (%) | -69.13% | 85.56% | 116.03% | NA | 14.21% |
| Lease rentals | 20.05 | 24.05 | 33.86 | 15.95 | 16.12 |
| Hotel room revenue | 56.35 | 115.19 | 298.27 | 124.17 | 149.81 |
| Serviced apartments revenue | 41.95 | 54.79 | 82.01 | 38.99 | 43.63 |
| F&B Revenue | 40.82 | 89.50 | 202.36 | 93.09 | 105.98 |
| F&B revenue contribution (As a % of revenue) | 24.54% | 28.99% | 30.35% | 31.63% | 31.53% |
| EBITDA | 22.21 | 101.47 | 322.36 | 140.37 | 124.60 |
| EBITDA margin (%) | 11.51% | 29.52% | 44.94% | 43.73% | 36.92% |
| EBITDA / room (Rs. '000) | 157.92 | 721.67 | 2,292.76 | 998.36 | 886.17 |
| Restated profit / (loss) for the period/ year | -199.49 | -188.03 | -1.50 | -17.51 | -26.50 |
| Restated profit / (loss) margin (%) | -103.44% | -54.70% | -0.21% | -5.45% | -7.85% |
| Net borrowings | 1808.24 | 2106.91 | 2035.77 | 2104.96 | 2239.69 |
| Net borrowings/ total equity (x) | 3.32 | 5.91 | 5.74 | 6.21 | 2.61 |
| Inventory/ Keys (No.) | 1,406 | 1,406 | 1,406 | 1,406 | 1,836 |
| Number of hotels and serviced apartments (No.) | 4 | 4 | 4 | 4 | 7 |
| Average room rate (Rs.) | 5656.77 | 6221.98 | 9875.12 | 8817.95 | 10139.85 |
| Average occupancy | 34.23% | 53.76% | 75.74% | 72.59% | 74.84% |
| RevPAR (Rs.) | 1,936.22 | 3,344.84 | 7,479.43 | 6,400.55 | 7,588.21 |
| MICE area (in sq. ft.) | 1,05,310 | 1,05,310 | 1,05,310 | 1,05,310 | 1,27,319 |
| Commercial spaces (area in sq. ft.) | 1,43,841 | 1,43,841 | 1,43,841 | 1,43,841 | 1,44,004 |
| Number of hotel rooms | 1,161 | 1,161 | 1,161 | 1,161 | 1,161 |
| Number of serviced apartments | 245 | 245 | 245 | 245 | 245 |
| Number of restaurants | 15 | 15 | 15 | 15 | 15 |
| Number of banquet and conference halls | 8 | 8 | 8 | 8 | 8 |
| Number of meeting rooms | 21 | 21 | 21 | 21 | 21 |

Financial Statement

| (In Rs. Cr) | FY21 | FY22 | FY23 | H1FY23 | H1FY24 |
|---------------------------------|---------|---------|--------|--------|--------|
| Share Capital | 143.7 | 143.7 | 143.7 | 143.7 | 172.5 |
| Net Worth | 543.9 | 356.4 | 354.5 | 339.1 | 859.7 |
| Long Term Borrowings | 1768.6 | 2057.0 | 2009.0 | 2111.9 | 763.5 |
| Other Long Term Liabilities | 415.1 | 418.3 | 459.0 | 443.7 | 478.3 |
| Short-term borrowings | 61.8 | 64.8 | 36.6 | 31.7 | 1489.3 |
| Other Current Liabilities | 266.0 | 173.4 | 161.2 | 175.5 | 247.1 |
| Fixed Assets | 2904.6 | 2873.8 | 2787.7 | 2828.3 | 3543.2 |
| Non Current Assets | 2985.8 | 110.7 | 150.0 | 141.6 | 185.2 |
| Current Assets | 68.5 | 85.3 | 82.5 | 131.9 | 109.4 |
| Total Assets | 3055.5 | 3069.9 | 3020.3 | 3101.8 | 3837.8 |
| Revenue from Operations | 166.4 | 308.7 | 666.9 | 294.3 | 336.1 |
| Revenue Growth (%) | | 85.6 | 116.0 | | 14.2 |
| EBITDA | (4.3) | 66.4 | 271.9 | 113.7 | 123.3 |
| EBITDA Margin (%) | (2.6) | 21.5 | 40.8 | 38.6 | 36.7 |
| Net Profit | (199.5) | (188.0) | (1.5) | (17.5) | (26.5) |
| Net Profit Margin (%) | (119.9) | (60.9) | (0.2) | (5.9) | (7.9) |
| Earnings Per Share (Rs.) | (13.9) | (13.1) | (0.1) | (1.2) | (1.8) |
| Return on Networth (%) | (36.7) | (52.8) | (0.4) | (5.2) | (3.1) |
| Net Asset Value per Share (Rs.) | 37.9 | 24.8 | 24.7 | 23.6 | 59.1 |

Source: RHP, Ashika Research

Cash Flow Statement

| (In Rs. Cr) | FY21 | FY22 | FY23 | H1FY23 | H1FY24 |
|--|--------|--------|---------|--------|--------|
| Cash flow from Operations Activities | 53.6 | (36.4) | 286.4 | 128.2 | 126.3 |
| Cash flow from Investing Activities | (7.8) | (63.1) | 27.7 | (44.0) | (36.8) |
| Cash flow from Financing Activities | (41.5) | 90.2 | (310.8) | (82.2) | (90.3) |
| Net increase/(decrease) in cash and cash equivalents | 4.3 | (9.3) | 3.3 | 2.1 | (0.9) |
| Cash and cash equivalents at the beginning of the year | 11.5 | 15.7 | 6.5 | 6.5 | 9.8 |
| Cash and cash equivalents at the end of the year | 15.7 | 6.5 | 9.8 | 8.5 | 11.8 |

Source: RHP

Comparison with Listed Industry Peers

| Co Name | Net Sales (Rs. Cr.) | OPM (%) | D/E (x) | ROCE (%) | RONW (%) | P/E (x) | P/BV (x) | EV/EBIDTA (x) | MCap/Sales (x) | Market Cap (Rs. Cr.) |
|--------------------------------|---------------------|---------|---------|----------|----------|---------|----------|---------------|----------------|----------------------|
| Juniper Hotels Ltd. | 666.9 | 40.8 | 0.3 | 8.7 | -0.1 | NA | 3.0 | 31.4 | 12.0 | 8010.1 |
| The Indian Hotels Company Ltd. | 5809.9 | 33.5 | 0.1 | 17.2 | 12.9 | 65.4 | 8.7 | 34.5 | 11.8 | 76495.2 |
| EIH Ltd. | 2018.8 | 33.4 | 0.0 | 14.7 | 10.6 | 49.3 | 6.6 | 26.1 | 10.2 | 24664.4 |
| Chalet Hotels Ltd. | 1128.5 | 44.5 | 1.8 | 10.4 | 12.8 | 75.8 | 10.0 | 35.5 | 13.2 | 17618.4 |
| Lemon Tree Hotels Ltd. | 875.0 | 52.2 | 2.0 | 14.1 | 16.7 | 85.6 | 11.8 | 25.2 | 10.8 | 10746.8 |

ANALYST CERTIFICATION

The undersigned analyst hereby certifies that all the opinions presented in this report accurately reflect their personal views regarding the subject securities, issuers, products, sectors, or industries. No part of their compensation has been, is, or will be directly or indirectly tied to specific recommendations or views expressed in this report. The analyst assumes primary responsibility for the creation of this research report and has diligently endeavored to establish and maintain independence and objectivity in formulating any recommendations.

Investors are strongly advised to carefully consider all relevant risk factors, including their financial condition and suitability to risk-return profiles, and to seek professional advice before making any investment decisions.



Ashika Stock Broking Limited (ASBL) commenced its operations in 1994 and is currently a trading and clearing member of various prominent stock exchanges, including BSE Limited (BSE), National Stock Exchange of India Limited (NSE), Metropolitan Stock Exchange of India Limited (MSEI), National Commodity and Derivative Exchange (NCDEX), and Multi Commodity Exchange (MCX). ASBL is dedicated to offering a comprehensive range of services to its esteemed clients, encompassing broking services, depository services (both CDSL and NSDL), and the distribution of financial products such as mutual funds, IPOs, and bonds.



Recognized as a "Research Entity" under SEBI (Research Analyst) Regulations 2014 since 2015 (Registration No. INH000000206), ASBL operates as a wholly-owned subsidiary of Ashika Global Securities (P) Ltd., a non-deposit-taking NBFC company registered with the Reserve Bank of India (RBI). The broader Ashika Group, with detailed information available on our website (www.ashikagroup.com), serves as an integrated financial service provider involved in diverse activities, including Investment Banking, Corporate Lending, Debt Syndication, and other advisory services.

Over the past three years, ASBL has not faced any substantial or material disciplinary actions imposed by regulatory authorities. Nonetheless, routine inspections conducted by SEBI, Exchanges, and Depositories have identified certain operational deviations. In response to these observations, advisory letters or minor penalties have been issued by the relevant authorities.

DISCLOSURE

ASBL prepares and distributes research reports solely in its capacity as a Research Analyst under SEBI (Research Analyst) Regulations 2014. The disclosures and disclaimer provided herein are integral components of all research reports being disseminated.

- 1) ASBL, its associates, and its Research Analysts (including their relatives) may hold a financial interest in the subject company(ies). This financial interest extends beyond merely having an open stock market position and may include acting as an advisor to, or having a loan transaction with, the subject company(ies), in addition to being registered as clients.
- 2) ASBL and its Research Analysts (including their relatives) do not possess any actual or beneficial ownership of 1% or more of securities in the subject company(ies) at the conclusion of the month immediately preceding the publication date of the source research report or the date of the relevant public appearance. Nevertheless, it is noted that associates of ASBL may hold actual or beneficial ownership of 1% or more of securities in the subject company(ies).
- 3) ASBL and its Research Analysts (including their relatives) do not possess any other material conflict of interest at the time of publishing the source research report or the date of the relevant public appearance. It is important to note, however, that associates of ASBL may have an actual or potential conflict of interest, distinct from ownership considerations.
- 4) ASBL or its associates may have received compensation for investment banking, merchant banking, and brokerage services, from the subject companies within the preceding 12 months. However, it is important to clarify that neither ASBL, its associates, nor its Research Analysts (who are part of the Research Desk) have received any compensation or other benefits from the subject companies or third parties in relation to the specific research report or research recommendation. Furthermore, Research Analysts have not received any compensation from the companies mentioned in the research report or recommendation over the past twelve months.
- 5) The subject companies featured in the research report or recommendation may be a current client of ASBL or may have been a client within the twelve months preceding the date of the relevant public appearance, particularly for investment banking, merchant banking, or brokerage services.
- 6) ASBL or its Research Analysts have not been involved in managing or co-managing public offerings of securities for the subject company(ies) within the past twelve months. However, it is worth noting that associates of ASBL may have managed or co-managed public offerings of securities for the subject company(ies) in the past twelve months.
- 7) Research Analysts have not held positions as officers, directors, or employees of the companies mentioned in the report or recommendation.
- 8) Neither ASBL nor its Research Analysts have been engaged in market making activity for the companies mentioned in the report / recommendation.

DISCLAIMER

The research recommendations and information provided herein are intended solely for the personal use of the authorized recipient and should not be construed as an offer document or as investment, legal, or taxation advice, nor should it be considered a solicitation of any action based upon it. This report is strictly not for public distribution or use by any individual or entity in jurisdictions where such distribution, publication, availability, or utilization would contravene the law, regulation, or be subject to registration or licensing requirements.

Recipients of this report will not be treated as customers merely by virtue of receiving it. The content is derived from information obtained from public sources deemed reliable, but we do not guarantee its accuracy or completeness. All estimates, expressions of opinion, and other subjective judgments contained herein are as of the date of this document and are subject to change without notice.

Recipients should conduct their own investigations and due diligence. ASBL disclaims any responsibility for any loss or damage that may result from inadvertent errors in the information contained in this report. Past performance should not be relied upon as a guide for future performance; future returns are not guaranteed, and the possibility of loss of capital exists.