



**AJCONGLOBAL**  
YOUR FRIENDLY FINANCIAL ADVISORS



**IPO note:**  
**Juniper Hotels Limited – SUBSCRIBE  
FOR LONG TERM**

Juniper Hotels is a luxury hotel development and ownership company, and is the largest owner, by number of keys of “Hyatt” affiliated hotels in India as of September 30, 2023. They have a portfolio of seven hotels and serviced apartments and operate a total of 1,836 keys as of September 30, 2023. Benefiting 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 (collectively with its affiliates “Hyatt”), they are the only hotel development company in India with which Hyatt has a strategic investment. They own 19.6% of Hyatt group affiliated hotel rooms and apartments in India as of September 30, 2023 and have extensive experience in identifying opportunities in hospitality destinations, developing high-end hotels in these locations, and nurturing them through active asset management. They are also focused on providing quality guest experience while operating their assets efficiently.

Their 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 (12% of the total supply of 5.4k luxury room inventory in Mumbai), Andaz Delhi, luxury hotel in New Delhi (represents approximately 12% of the total supply of 3.3k luxury room inventory in New Delhi), the Hyatt Regency Lucknow (represents approximately 52% of the total supply of 0.4k upper upscale inventory in Lucknow) and Hyatt Regency Ahmedabad (represents approximately 26% of the total supply of 0.8k upper upscale inventory in Ahmedabad) are the largest upper upscale hotels in their respective markets, and Hyatt Raipur is the only upper upscale hotel in Raipur which 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.

Their Company is jointly held by Saraf Hotels and its affiliate, Juniper Investments, and Two Seas Holdings (an indirect subsidiary of HHC). The partnership between their key stakeholders has been built over several decades. Saraf Group, led by Mr. Arun Kumar Saraf, has over 40 years of industry experience and has developed a number of hotels across South Asia. HHC is a global hospitality company with widely recognized, industry-leading brands and a tradition of innovation developed over 65 years, with a hotel portfolio consisting of 1,310 hotels and 313,257 rooms, across full-service hotels and resorts, all-inclusive resorts, select service hotels, lifestyle hotels, and other properties, as of September 30, 2023. They benefit from the experience of their key shareholders and are able to leverage their long-standing brand heritage, in-depth market understanding, operational experience, and the World of Hyatt loyalty program with approximately 42 million members as of September 30, 2023.

They identify and acquire sites to develop their 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 are 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 identified and acquired, their expertise in development allows them to move swiftly from a capital deployment phase to a revenue generation phase by making assets operational.

#### **Investment Recommendation and Rationale: -**

**We believe Juniper Hotels is well placed in the hospitality sector and we give a *SUBSCRIBE FOR LONG TERM* rating to the issue because of the following reasons-**

- The company will reduce its debt substantially from the proceeds of the issue which in turn will reduce the interest burden on the company.**
- Company has entered into trademark license agreements in relation to five such global brands, namely, “Hyatt”, “Grand Hyatt”, “Hyatt Regency”, “Hyatt Place” and “Andaz” which bring on board a well-recognized global brand.**
- One of the best occupancy rate amongst the peers along with a competitive average revenue rate.**

Type of Issue	50,000,000 shares (aggregating up to ₹1,800.00 Cr)
Issue size	Rs. 1,800 crores
Price Band	₹342 to ₹360 (FV Rs. 10)
Bid lot/ Bid Size	40 shares/ Rs. 14,400
Issue structure	QIB-75%, HNI-15%, Retail-10%
Post issue equity shares	222,502,384
Promoters and Promoter Group Public	Pre IPO-100%   Post IPO- 77.53% Pre IPO-0%   Post IPO-22.47%
Post issue implied market cap	Rs. 8010.08 Crores
BRLMs	JM Financial Limited, CLSA India Private Limited, ICICI Securities Limited
Registrar to the issue	KFin Technologies Limited

#### **Financial Summary (Restated Consolidated) (₹Crore)**

Particulars	H1FY24	FY23	FY22	FY21
Revenue from operations	336.11	666.85	308.68	166.35
Total expenses	383.96	742.80	557.855	462.25
EBIDTA	124.59	322.36	101.46	22.20
EBIDTA Margin (%)	36.92%	44.94%	29.52%	11.51%
EBIDTA/Room (in Rs. 000)	886.17	2292.76	721.67	157.92
Profit for the year/period	(26.50)	(1.49)	(188.03)	(199.48)
Profit Margin (%)	(7.85%)	(0.21%)	(54.70%)	(103.44%)
Basic EPS	(1.82)	(0.10)	(13.08)	(13.88)
Net borrowings	2,239.69	2,035.76	2,106.91	1,808.24
Inventory/Keys	1,836	1,406	1,406	1,406
Number of hotels and serviced Number apartments	7	4	4	4
Hotel Room Revenue	149.80	298.27	115.19	56.35
Serviced Apartments Revenue	43.63	82.01	54.79	41.95
Average room rate (Rs.)	10,139.85	9,875.12	6,221.98	5,656.77
Average occupancy	74.84%	75.74%	53.76%	34.23%
Lease rentals	16.12	33.86	24.05	20.05
F&B Revenue	105.98	202.36	89.50	40.81
Revenue per available room and serviced apartment (Rs.)	7,588.21	7,479.43	3,344.84	1,936.22
MICE area (Sq. ft.)	127,319	105,310	105,310	105,310
Commercial spaces (Sq. Ft)	144,004	143,841	143,841	143,841

Source: Red Herring Prospectus (RHP),



4. *Company's properties are situated in major cities in India like Delhi and Mumbai along with other cities like Ahmedabad, Lucknow etc.*
5. *Shareholder includes Two Sea Holdings which is an indirect subsidiary of Hyatt hotels corporation.*
6. *Parentage of Saraf Group which has developed 12 hotels and serviced apartments including those owned under Juniper Hotels.*
7. *An operational model focused on efficiency and profitability*
8. *A well established and renowned F&B offering across its properties which will increase the profitability and margin profile of the company.*

## Objects of the issue

**Fresh Issue of up to 5,00,00,000 equity shares aggregating up to Rs 1,800 crores**

The net proceeds of the Issue, i.e., gross proceeds of the Issue less the Issue related expenses are proposed to be utilised in the following manner:

1. Repayment/ prepayment/ redemption, in full or in part, of certain outstanding borrowings availed by the Company and the recent acquisitions, namely CHPL and CHHPL; and
2. General corporate purposes.

## Shareholding pattern

Name of Promoters	Pre - Offer Equity Share capital		Post - Offer Equity Share capital	
	No. of Equity Shares	% of total shareholding	No. of Equity Shares	% of total shareholding
Saraf Hotels*	77,079,381	44.68%	77,079,381	34.64%
Two Seas Holdings	86,251,192	50.00%	86,251,192	38.76%
Juniper Investments	9,171,811	5.32%	9,171,811	4.12%
Public	0	0%	5,00,00,000	22.47%
	172502384	100%	22,25,02,384	100%

\*Including 1 Equity Share each held by Amit Saraf, Rashmi Saraf, Damodar Tiwari, Bimal Kumar Jhunjhunwala and T.N. Thanikachalam on behalf of and as nominees of Saraf Hotels.

Source: Red Herring Prospectus (RHP)

## Product Portfolio

Hotel	Opening Date	Development time (in months)
<b>Company</b>		
Grand Hyatt Mumbai Hotel and Residences	December 1, 2004	67 months
Hyatt Regency Ahmedabad	April 13, 2015	60 months
Andaz Delhi	December 20, 2016	90 months
Hyatt Delhi Residences	May 8, 2018	90 months
<b>CHPL</b>		
Hyatt Raipur	May 7, 2014	42 months
Hyatt Regency Lucknow	September 5, 2017	60 months
<b>CHHPL</b>		
Hyatt Place Hampi	December 13, 2012	49 months

Source: Red Herring Prospectus (RHP)

## Location and keys of hotels and serviced apartments

S No.	Name	Location	No. of Keys (rooms and serviced apartments)
<b>Company</b>			
1	Grand Hyatt Mumbai Hotel and Residences	Mumbai, Maharashtra	665
2	Andaz Delhi	New Delhi	401
3	Hyatt Delhi Residences	New Delhi	129
4	Hyatt Regency Ahmedabad	Ahmedabad, Gujarat	211
<b>CHPL (and CHHPL)</b>			
5	Hyatt Regency Lucknow	Lucknow, Uttar Pradesh	206
6	Hyatt Raipur	Raipur, Chhattisgarh	105
7	Hyatt Place Hampi	Hampi, Karnataka	119

Source: Red Herring Prospectus (RHP)

## Peer Comparison

Particulars	Face value (₹)	Revenue from operation	EPS (Basic) (₹)	P/E#	RoNW	Net Worth	NAV per Equity Share (₹)	EV / EBITDA (FY 23)	Market Cap / Total Income (FY23)	Market Cap / Tangible Assets (FY23)
Juniper Hotels*	10	666.85	(0.10)	-	(0.42%)	3,54.50	24.67	31.16	1.11	3.44
Listed Peers										
Chalet Hotels Limited	10	1,128.46	8.94	84.37	11.89%	1,541.53	75.19	36.11	13.13	4.02
Lemon Tree Hotels Limited	10	874.99	1.45	95.52	9.94%	1,413.42	17.86	27.79	12.41	3.75
The Indian Hotels Company Limited	1	5,809.91	7.06	66.78	12.18%	8,642.05	60.84	34.34	11.26	11.05
EIH Limited	2	2,018.80	5.03	58.71	9.48%	3,471.94	55.52	27.17	8.81	8.50

\*All the financial information of the Company mentioned above has been derived from the Restated Consolidated Financial Information as at and for the financial year ended March 31, 2023. CHPL (including its subsidiary CHHPL) was acquired by the Company on September 20, 2023, pursuant to which CHPL became their wholly owned direct Subsidiary and CHHPL became their indirect Subsidiary and thus the above financial information and ratios for Fiscal 2023 does not include the impact of acquisition of CHPL Group. The revenue from operations and EBITDA of CHPL (including CHHPL) based on the audited consolidated financial statements of CHPL as of and for the financial year ended March 31, 2023, was Rs.104.37 crores and Rs.35.62 crores respectively.

Source: Red Herring Prospectus (RHP)

## Competitive Strengths

- Expertise in site selection and identifying opportunities to develop hotels
- Unique partnership between asset owner and operator brand backed by strong parentage
- Robust asset management capabilities with a focus on enhancing operating efficiency and profitability
- Increasing returns by having multiple revenue streams and complementary offerings
- Experienced and qualified board and management team

Source: Red Herring Prospectus (RHP)

## Growth Strategies

- Enhancement of facilities at existing assets
- Development of new opportunities at existing assets
- Explore value accretive acquisition of assets and selective expansion
- Continue to improve efficiencies including by enhancing utilization of space with a view to increase revenues

Source: Red Herring Prospectus (RHP)

## Key Risks

- The Company and certain of their Subsidiaries have incurred losses in the past.
- They have substantial indebtedness which requires significant cash flows to service and limits their ability to operate freely.
- Their recently acquired entity, CHPL, which is now a wholly owned subsidiary, has witnessed delays in repayment of loans in the past and has accordingly undertaken strategic debt restructuring. Any inability of CHPL to meet the terms of restructuring could adversely affect the business, financial condition, cash flows and results of operations.
- A significant portion of their revenue from operations (90.48% in the six months ended September 30, 2023) is derived from three hotels/serviced apartments in Mumbai (Maharashtra) and New Delhi out of the portfolio of four hotels/serviced apartments of their company
- They have witnessed negative operating cash flows in the past, and it is possible that they may experience negative cash flows in the future.
- Two of their hotels/serviced apartments (Andaz Delhi and Hyatt Delhi Residences) and one of their recently acquired hotels (Hyatt Place Hampi) are located on licensed / leased land.
- Certain of their Promoters and Directors may have interest in entities, which are in businesses similar to theirs and this may result in conflict of interest among them.
- This business is subject to seasonal and cyclical variations that could result in fluctuations in their results of operations and cash flows.
- Certain of their Subsidiaries and Group Companies have common pursuits as they are engaged in similar business or industry segments and may compete with them.



- One of their subsidiaries, MHPL is currently not engaged in any business activity.

Source: Red Herring Prospectus (RHP)

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