

**The Issue**

Type of Issue	Issue size Rs. Mn
Fresh Issue	18,000
Offer for Sale	-
<b>Total</b>	<b>18,000</b>
<b>Post issue mkt cap (Rs. bn)*</b>	<b>80.1</b>
<b>Lot size</b>	<b>40</b>

**\*At Upper Price Band**
**Issue Break-Up**

Reservation for	% of Issue
QIB	75%
NIB	15%
Retail	10%
<b>Total</b>	<b>100%</b>

Indicative Offer Timeline	Indicative Date
Bid/Offer Opening Date	21st-Feb-2024
Bid/Offer Closing Date	23rd-Feb-2024
Finalization of the Basis of Allotment	26th-Feb-2024
Initiation of refunds	27th-Feb-2024
Credit of shares	27th-Feb-2024
Listing Date	28th-Feb-2024

**Use of Proceeds**

Repayment of debt (Rs 15,000 mn)
General corporate purposes

**Manager:** JM Financial, CLSA India ,ICICI securities

**Registrar:** KFin Technologies Ltd

**Saral Seth**
**VP—Institutional Equities**
[sarals@indsec.co.in](mailto:sarals@indsec.co.in)
**+91 22 61146139**
**Jainam Shah**
**Research Associate**
[jainams@indsec.co.in](mailto:jainams@indsec.co.in)
**+91 22 61146127**
**Deleveraging of B/S to drive earnings growth**

- **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.
- Company is a strategic partnership between the Saraf group, a hotel developer and Hyatt, a premier international hospitality company.
- **Juniper hotels** is the only hotel development company in India with which Hyatt has a strategic investment. Company owns 19.6% of Hyatt group affiliated hotel rooms and apartments in India as on September 30, 2023.
- Company has a portfolio of seven hotels and serviced apartments and operate a total of 1,836 keys as of September 30, 2023.
- Company’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.
- Company’s hotels and serviced apartments are classified under three distinct segments: (a) luxury – the Grand Hyatt Mumbai Hotel and Residences (665 keys) and Andaz Delhi (401 keys); (b) upper upscale – the Hyatt Delhi Residences, Hyatt Regency Ahmedabad (211 keys), Hyatt Regency Lucknow and Hyatt Raipur; and (c) upscale – Hyatt Place Hampi (206 keys).
- Company has the largest aggregate inventory of upper tier branded serviced apartments in Mumbai and New Delhi among hotels owned by major private investors.
- Company entered into a number of agreements with HICPL/Hotel Operator for the operation, management and technical services for their hotels as well as the usage of know-how, and Trademark License Agreements with Hyatt International Corporation, an affiliate of Hotel Operator, for the licensing of relevant ‘Hyatt’ trademarks.

**Valuation and Outlook:**

**On post-issue basis, the IPO is priced at post issue of EV/TTM EBITDA of 31.5x, which is in-line with peer company valuation.** Juniper hotels is a luxury hotel development and ownership company with the largest no. of rooms inventory of Hyatt affiliated hotel rooms in India (19.6%). Going forward, company has set a robust expansion plan with main focus of increasing its ARR’s, which will be done by enhancing their existing assets, development of new opportunities (development of commercial space). Additionally the funds raised through the issue will go on to reduce the debt of the company substantially, which in turn might make the company PAT positive over the medium term. Apart from that the demand growth for hotel rooms is expected to outpace the supply growth of hotel rooms. Therefore, robust expansion plan ahead, better profitability due to lower debt and positive industry factors make this IPO an attractive proposition. **We thus give a SUBSCRIBE rating for the issue.**

# Juniper Hotels Ltd

## Key financial summary

Financial summary (Rs. mn)	FY21	FY22	FY23	H1FY23	H1FY24
Revenue	1,664	3,087	6,669	2,943	3,361
Ebitda	-43	664	2,719	1,137	1,233
Ebitda margin	NA	22%	41%	39%	37%
PAT	-1,995	-1,880	-15	-175	-265
Average Room rate (Rs.)	5,657	6,222	9,875	8,818	10,140

## Pre-issue and post-issue holding structure

	Pre-issue	Post-issue*
Shareholding pattern	Holding (%)	Holding (%)
Promoter & Promoter Group	100.0%	78.0%
Public	0.0%	22.0%
Total	100.0%	100.0%

\* At upper price band

## Key Risks:

**Revenue concentration:** A significant portion of the company's 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 the company.

**Seasonality:** The hotel and hospitality industry in India is subject to seasonal variations. The periods during which hotels experience higher revenues vary from property to property, depending principally on their location and the guests they serve. Company revenues are generally higher during the second half of each fiscal year. This seasonality can result in quarterly fluctuations in revenue, profit margins and earnings.

## Operational and brand dependency:

- All of the company's hotels and serviced apartments are currently operating under the Hyatt brands, on a non-exclusive basis. Company have entered into long term agreements with certain Hyatt entities for the operations and management of company's hotels and usage of brands owned by Hyatt International Corporation.
- While the agreements with these Hyatt entities are not on an exclusive basis, the agreements typically include an area of protection ("AOP"), during which HICPL (or any of its affiliates) cannot establish the same Hyatt-branded hotel within the AOP (the "AOP Term"). However, this does not restrict HICPL or any of its affiliates from establishing or operating a different Hyatt-branded hotel within the AOP.

## Juniper Hotels Ltd

### Strengths

- **Expertise in site selection and identifying opportunities to develop hotels**

Company in the past have demonstrated a strong track record in establishing their presence across key cities.

Their hotels and serviced apartments are located in, established markets such as Delhi and Mumbai, emerging markets such as Ahmedabad, Lucknow and Raipur, and growing tourist destinations such as Hampi.

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. After that they align the appropriate Hyatt sub-brand with each development.

The right sub-brand, along with the right size of development in the optimal location in the chosen city, allows them to cater to the high-end traveler and maximize long-term returns.

- **Robust asset management capabilities:**

Company have established specialized asset management teams with asset managers at each of its hotels. Company have formed functional clusters – operations, finance, human resources (“HR”), procurement and a dedicated above-property sales team.

Company’s centralized approach enables standardization of products and the economies of scale provides increased negotiating power. Each hotel has a dedicated asset manager, which gives them the ability to monitor asset upkeep by prudent and timely expenditure on resources and management to ensure the upkeep of their hotels, which is crucial to drive revenues and to also maintain or grow asset values.

- **Increasing returns by having multiple revenue streams and complementary offerings**

Company have introduced complementary revenue generating streams at their hotels, and benefit from revenue contribution from areas such as serviced apartments, restaurants, MICE services and other services, to ensure optimal utilization of available resources

Further, they consistently monitor the usage of available space at their hotels and aim to enhance their customer offering by adapting the available real estate space in their hotels to meet the ever-changing demands of the market.

# Juniper Hotels Ltd

## Strategies

### Enhancement of facilities at existing assets

Company have and are 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 their hotels. Company intends to fund the capital outlay required for these developments through internal accruals

- ◆ **Grand Hyatt Mumbai hotel and residences expansion: PHASE 1**, New ball room of ~49,655 sq. ft. including MICE space expected to be completed by Q2FY25 with estimated cost of Rs.300 mn. **PHASE 2**, company intend to add 293 rooms and 24 serviced apartments by building additional floors at the hotel. This increase in rooms will make the Grand Hyatt Mumbai Hotel and Residences well placed to cater to large or multiple events and will enable the hotel to continue to remain the largest luxury hotel in Mumbai and India . Company intends to start design of these additional floors in FY25 and expect to commence operations by mid-FY27.
- ◆ **Premiumization:** In addition to routine refurbishments, company plans to upgrade the Grand Hyatt Mumbai Hotel and Residences, to enhance the over-all guest experience, with an aim to increasing their ARR. In addition to the above, company also intend to refurbish the public areas in the Hyatt Raipur and Hyatt Place Hampi

### Development of new opportunities at existing assets

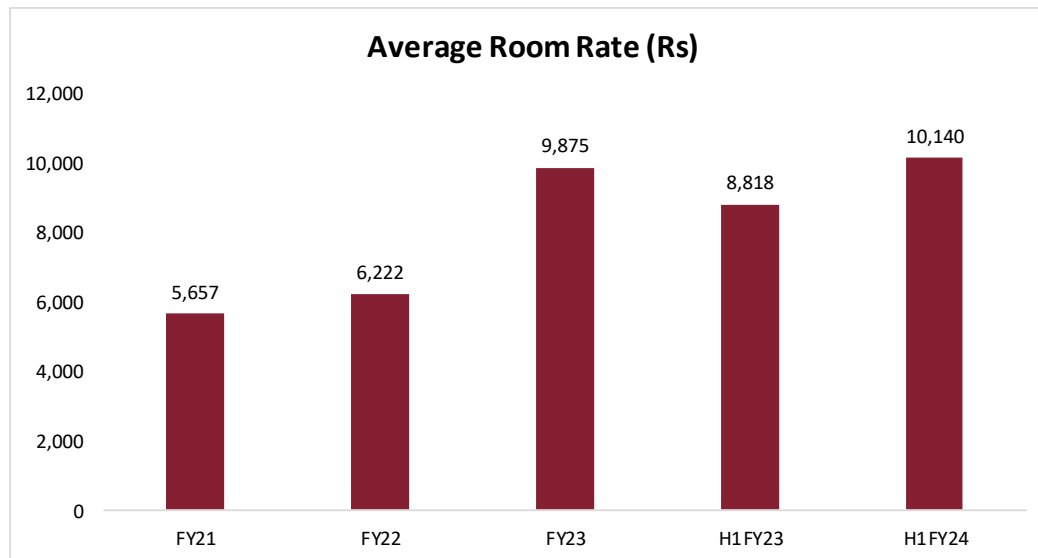
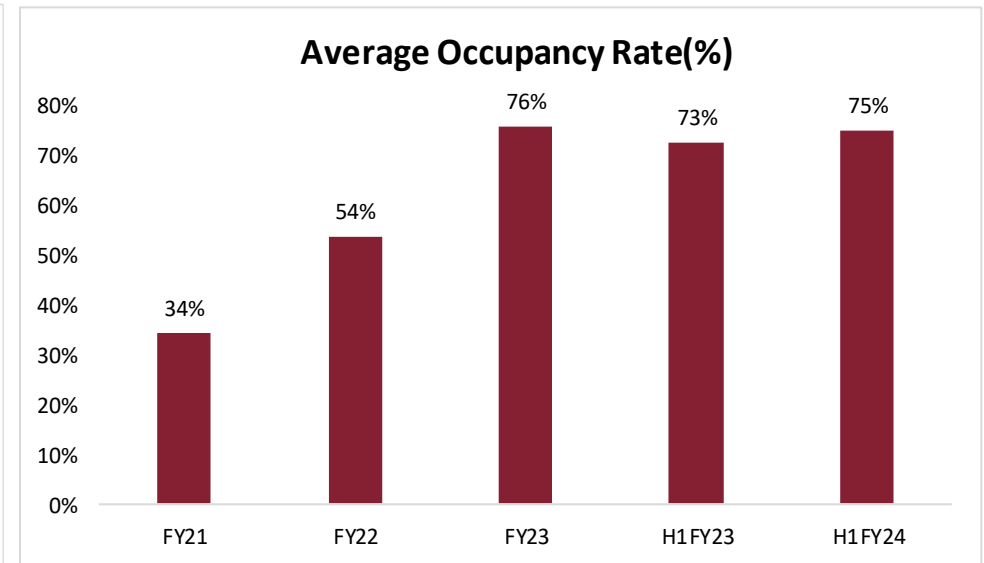
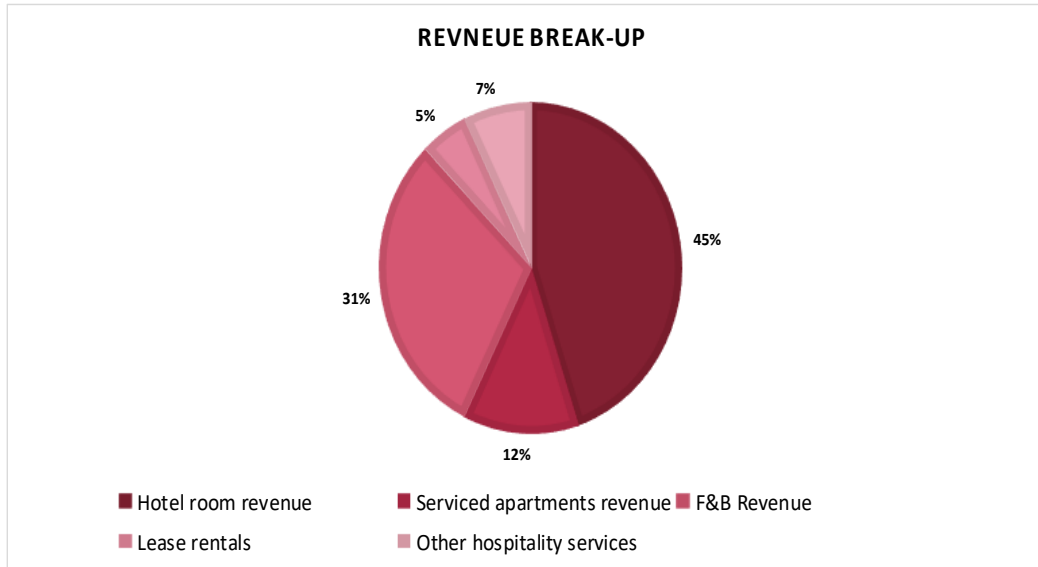
- ◆ Development of commercial space with development potential of ~54k sq.ft
- ◆ Mixed Use space with development potential of ~96k Sq-ft, on a land adjacent to Grand Hyatt Mumbai hotel.
- ◆ CHPL, which was acquired on September 20, 2023, owns two plots of land in Guwahati (in Assam) and Thiruvananthapuram (in Kerala), measuring 73,195 sq. ft. and 17,179 sq. ft. respectively. Company will evaluate the potential and assess the opportunity for an appropriate real estate development.

### Explore value accretive acquisition of assets and selective expansion

- ◆ Company intends to continue evaluating opportunities for acquisition of hotel assets and will seek to expand their portfolio opportunistically based on economies of the acquisition costs, by identifying assets which they believe would be value accretive.
- ◆ Accordingly, company may also consider acquiring other hotel-owning entities within the Saraf Group portfolio. To achieve this strategy, Company has entered into a ROFO Agreement with Saraf Hotels, pursuant to which Saraf Hotels has agreed to grant a right of first offer in favour of the Company, in case of a proposed sale (except for a sale to any other affiliate) of any shareholding interest held by Saraf Hotels and its affiliates in any entity incorporated in India operating in the hospitality sector.

# Juniper Hotels Ltd

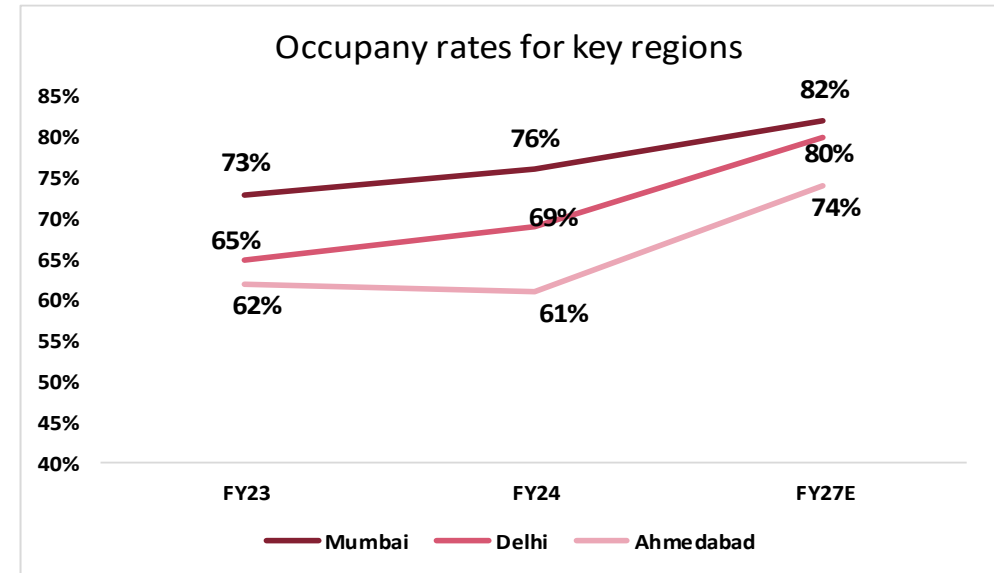
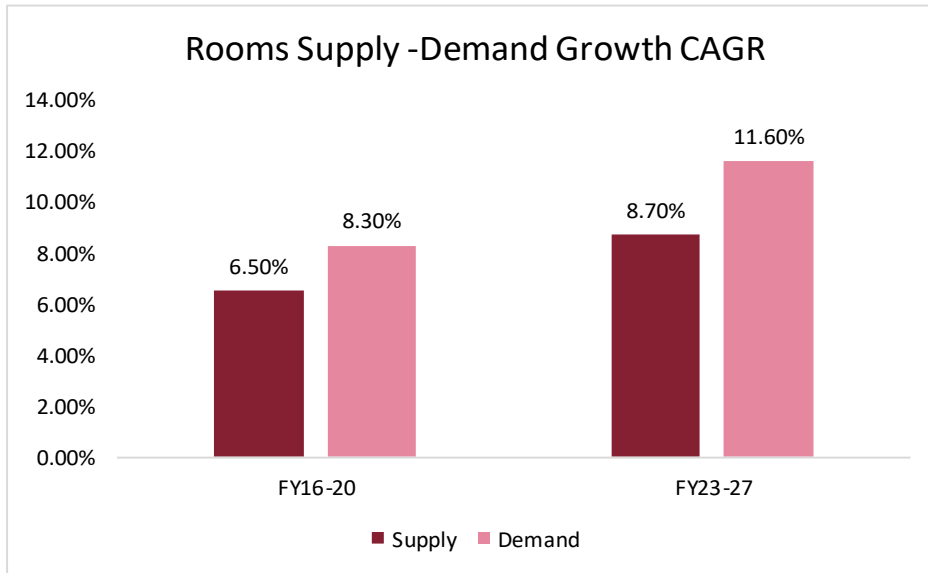
## Key performance indicators



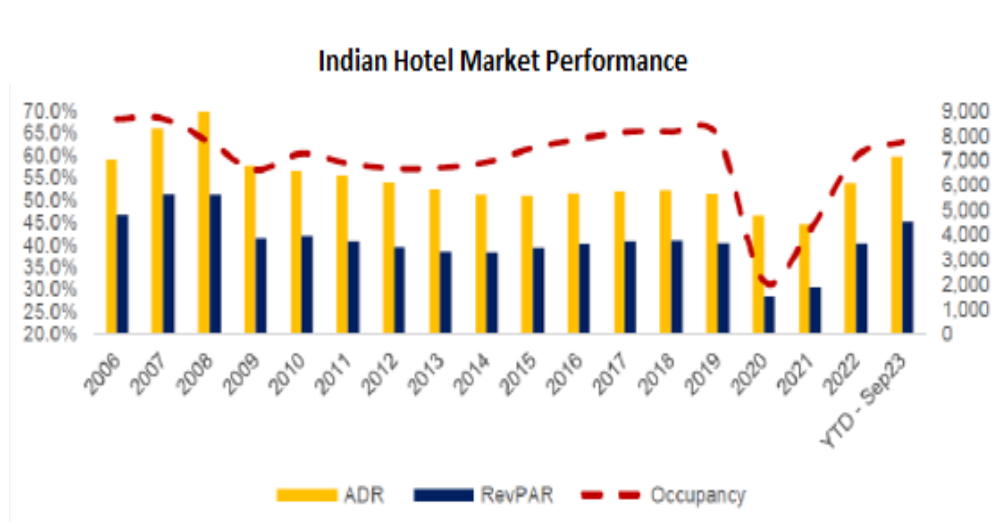
Ownership of Hyatt affiliated hotel rooms and apartments		
Companies	Rooms('000)	% of Hyatt affiliated rooms and apartments
JHL	1.8	19.6%
IHHR	1.0	10.9%
Piccadily	0.8	8.9%
Saraf associate entities	0.6	6.0%
Others	5.1	54.6%

# Juniper Hotels Ltd

## Industry overview

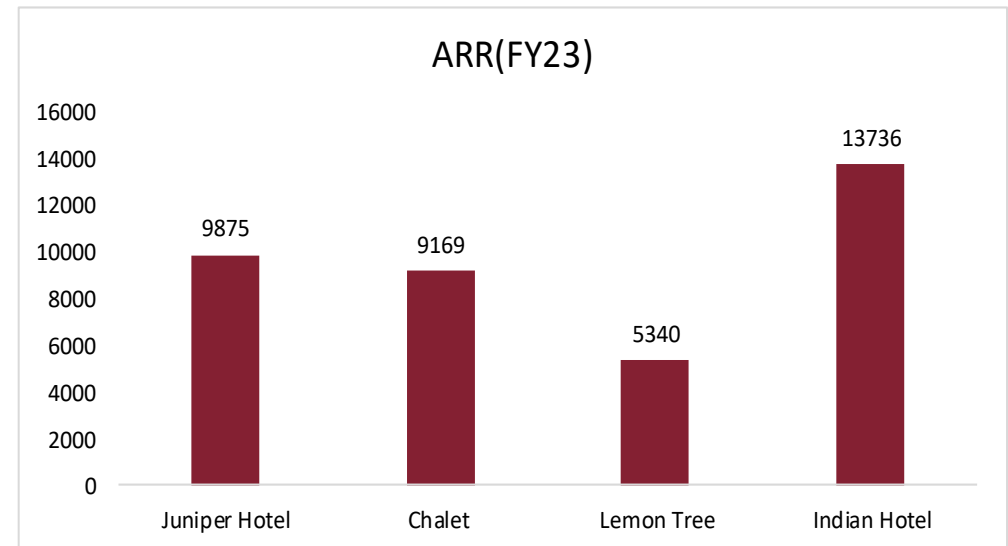
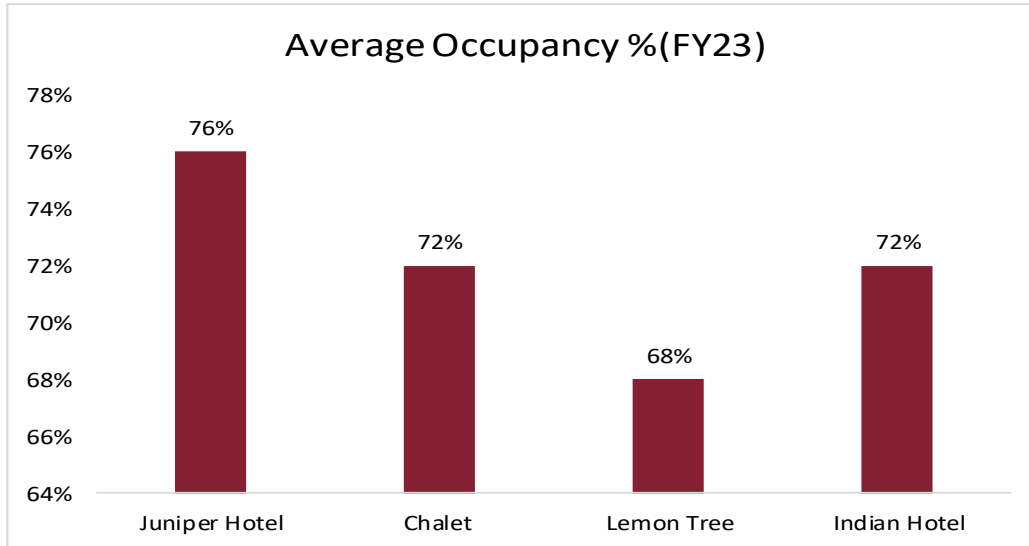


Supply and Demand CAGR -Mumbai, Delhi NCR and Ahmedabad		
Year	Supply CAGR	Demand CAGR
<b>Mumbai</b>		
FY2016-20	2.1%	2.6%
FY2023-27	7.5%	10.7%
<b>Delhi NCR</b>		
FY2016-20	3.50%	8.20%
FY2023-27	4.70%	10.00%
<b>Ahmedabad</b>		
FY2016-20	3.10%	5.20%
FY2023-27	3.80%	8.50%



# Juniper Hotels Ltd

## Peer analysis



Peers	Rooms *	Hotels and services apactements*	Occupancy^	Revenue^	EBITDA^	EBITDA Margins	EV/EBITDA
Juniper Hotels	1836	7	76%	6,669	2,719	41%	31.5
Chalet Hotels Limited	2890	9	72%	11,285	4,528	40%	34.2
Lemon Tree Hotels Limited	8760	95	68%	8,750	4,476	51%	26.4
The Indian Hotels Company Limited	22465	192	72%	58,099	18,046	31%	37.0
EIH Limited	4269	30	NA	20,188	5,873	29%	26.1

\*for H1FY24, ^for FY23

## INDSEC Rating Distribution

**BUY** : Expected total return of over 15% within the next 12-18 months.

**HOLD** : Expected total return between 0% to 15% within the next 12-18 months.

**SELL** : Expected total return is negative within the next 12-18 months.

**NEUTRAL**: No investment opinion, stock under review.

**Note**: Considering the current pandemic situation, the duration for the price target may vary depending on how the macro scenario plays out. Therefore, the duration which has been mentioned as a period of 12-18 months for upside/downside target may be higher for certain companies.

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