



SMC Ranking

★★☆☆☆ (2/5)

### Issue Highlights

Industry	Hotel
Fresh Issue (Shares)	5,00,00,000
<b>Net Offer to the Public</b>	<b>5,00,00,000</b>
Issue Size (Rs. Cr.)	1710-1800
Price Band (Rs.)	342-360
Offer Date	21-Feb-24
Close Date	23-Feb-24
Face Value	10
Lot Size	40

### Issue Composition

	In shares
Total Issue for Sale	<b>5,00,00,000</b>
QIB	75%
NIB	15%
Retail	10%

### Shareholding Pattern (%)

Particulars	Pre-issue	Post-issue
Promoters & promoters group	100.00%	77.53%
QIB	0.00%	16.85%
NIB	0.00%	3.37%
Retail	0.00%	2.25%
Total	100.00%	100.00%

\*calculated on the upper price band

### Objects of the Issue

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 its recent acquisitions, namely CHPL and CHHPL; and
2. General corporate purposes.

#### Book Running Lead Manager

- JM Financial Limited
- CLSA India Private Limited
- ICICI Securities Limited

#### Name of the registrar

- KFin Technologies Limited

### About the company

Incorporated in September 1985, Juniper Hotels Ltd. is a luxury hotel development and ownership company. As of September 30, 2023, the company operates seven hotels and serviced apartments with a total of 1,836 rooms. The company's hotels and serviced apartments in Mumbai, Delhi, Ahmedabad, Lucknow, Raipur, and Hampi are landmarks in the luxury, upper upscale and upscale categories. Grand Hyatt Mumbai Hotel and Residences is India's largest luxury hotel, while Hyatt Regency Lucknow and Hyatt Regency Ahmedabad are the biggest upper upscale hotels in their respective markets. Finally, Hyatt Raipur is the only upper upscale hotel in Raipur. Juniper Hotels is co-owned by Saraf Hotels Ltd and Two Seas Holdings Ltd, an affiliate of Hyatt Hotels Corporation, forming a strategic partnership between a hotel developer and an international hospitality company. The company has been honored with several awards, including the "Best Luxury Business Hotel in Delhi" at the Today's Traveller Awards in 2022 for Andaz Delhi, and the "Best 5 Star Hotel in Gujarat" at the Gujarat Tourism Awards in 2022 for Hyatt Regency Ahmedabad. As of Sep 30, 2023, the company has 116 serviced apartments in Grand Hyatt Mumbai and 129 serviced apartments in Hyatt Delhi.

### Strength

**Expertise in site selection and identifying opportunities to develop hotels:** Juniper boasts strategic locations across key cities: established hubs like Delhi and Mumbai, rising business centers like Ahmedabad, Lucknow, and Raipur, and emerging tourist destinations like Hampi. Often the first international chain hotel in these new markets, Juniper strategically aligns the right Hyatt sub-brand with each development to maximize returns and cater to high-end travelers. The company prioritizes locations with high barriers to entry for long-term success.

**Unique partnership between asset owner and operator brand backed by strong parentage:** A 40-year partnership with Hyatt, dating back to India's first Hyatt (Hyatt Regency Delhi, 1982), fosters deep understanding and aligns business goals and values. This, the company believes, drives its success and high EBITDA margins. A pioneer in Indian hotel development, the Saraf Group owns 11 hotels and serviced apartments (2,936 keys) across key locations. It holds licensing agreements for five Hyatt brands (Hyatt, Grand Hyatt, Hyatt Regency, Hyatt Place, Andaz) and is the only Indian developer with a strategic Hyatt investment. Committed to the "Hyatt experience," the group leverages operational expertise, wider clientele access, and the "World of Hyatt" loyalty program (4.2 crore members as of September 30, 2023) to serve high-value customers.

**Robust asset management capabilities with a focus on enhancing operating efficiency and profitability:** Juniper Hotels utilizes specialized asset management teams with dedicated leaders at each property. These teams leverage a "cluster" structure for functions like operations, finance, HR, and procurement, allowing for best practice sharing and optimal results. The operations cluster reviews revenue strategies across hotels, while the finance cluster analyzes real-time data for informed cost management and better internal controls. Centralized processes enable product standardization and stronger negotiation power. Individual asset managers, empowered by real-time insights and timely resource allocation, ensure proper hotel upkeep, crucial for revenue generation and asset value preservation.

**Parameters in relation to certain Financial and Operational Information:** Juniper Hotels' engineering team slashed HLP costs by 36% (from 12.72% to 6.32%) between 2021 and 2023, thanks to continuous data monitoring. This impressive feat came despite doubling revenue (reaching Rs.666.85 crore in 2023) and without impacting guest experience.

**Increasing returns by having multiple revenue streams and complementary offerings:** Juniper Hotels diversifies its income beyond room rates through additional services like serviced apartments, restaurants, and MICE events. This strategy proved valuable during the pandemic when hotel occupancy plummeted 64.7% at Grand Hyatt Mumbai, while serviced apartments saw a much smaller dip (26.06% and 9.42% for Grand Hyatt and Hyatt Delhi). This mix of offerings attracts different customer segments, boosting overall Average Room Rates (ARRs). Additionally, they continuously monitor and adapt hotel spaces to meet evolving market demands, ensuring optimal resource utilization and an enhanced customer experience.

**Well positioned to benefit from industry trends:** Despite the pandemic slowdown, the Indian hotel industry saw steady room supply growth (6.1% CAGR between 2015 and 2023). Driven by leisure, weddings, and MICE, this growth translated into higher occupancy rates and improved financial performance for the company. Juniper's Average Room Rate (ARR) jumped from Rs.565.67 in 2021 to Rs.987.51 in 2023, and Average Occupancy went from 34.23% to 75.74%. This trend continued in the first half of 2023-24, with ARR at Rs.10139.85 and Occupancy at 74.84%. Furthermore, the company boasts the second-largest geographic reach and the most upper-tier branded serviced apartments in Mumbai and Delhi as of September 2023.

## Strategy

**Enhancement of facilities at its existing assets:** The Company 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 hotels. It intends to fund the capital outlay required for these developments through internal accruals.

- i) **Grand Hyatt Mumbai Hotel and Residences :** Based on an analysis of this growth in demand, in Fiscal 2023, the company has started construction of a ballroom and MICE space of approximately 49,655 sq. ft. at the Grand Hyatt Mumbai Hotel and Residences. The company intends to use this space for high-end social occasions (such as wedding receptions or corporate events) catering to the city business.

ii) **Addition of hospitality inventory of approximately 198,000 sq. ft.: Construction of additional floors resulting in the addition of 293 rooms and 24 serviced apartments (Phase II):** Grand Hyatt Mumbai plans to expand its reign as the largest luxury hotel in India by adding 293 rooms and 24 serviced apartments through additional floors. This expansion, approved by local authorities, will cater to large events and complement the new ballroom. Design begins in Fiscal 2025, with operations expected by mid-Fiscal 2027.

iii) Addition of two floors at the Hyatt Regency Ahmedabad: Hyatt Regency Ahmedabad built two extra floors in 2015 but had decided not to fit out the rooms until the market was able to sustain a larger inventory. 2022 saw record occupancy rates (65.9%) in Ahmedabad, prompting the company to complete these floors in early 2024, adding 59 rooms at a cost of Rs.16.60 crore. This decision capitalized on Ahmedabad's booming tourism, driven by airport expansion, a bullet train project, and improved road infrastructure. In Fiscal 2023, the Average Occupancy for the Hyatt Regency Ahmedabad was 75.09%.

**l) Premiumization: Grand Hyatt Mumbai Hotel and Residences, Andaz Delhi, Hyatt Regency Ahmedabad, Hyatt Raipur and Hyatt Place Hampi:**

Beyond regular refurbishments, Grand Hyatt Mumbai will undergo a major upgrade to elevate the guest experience and boost revenue. All rooms will be transformed, including the introduction of new club floor categories, catering to high-end business travelers with premium offerings and increased room rates. Similarly, Andaz Delhi's public areas, bar, and existing F&B outlets will be enhanced to capitalize on the key F&B market in New Delhi and Delhi Aerocity. Hyatt Regency Ahmedabad's recently refurbished banquet areas are joined by a new F&B venue, Sarvatt, showcasing the company's commitment to innovation. Further upgrades to public areas are planned for Hyatt Raipur and Hyatt Place Hampi. These strategic investments aim to maintain competitiveness and provide guests with an improved, modern experience across the portfolio.

**Development of new opportunities at its existing assets:** Capitalizing on BKC's booming demand for commercial space, the Grand Hyatt Mumbai plans to develop a 54,000 sq. ft. commercial block next to the hotel. This dedicated building, targeting long-term leases, further cements the hotel's position in the heart of Mumbai's flourishing financial district.

**Mixed-use space, with development potential of approximately 96,583 sq. ft. on land, adjacent to the Grand Hyatt Mumbai Hotel and Residences:** Grand Hyatt Mumbai plans to leverage its prime location by developing a 96,583 sq. ft. mixed-use project on adjacent land. This expansion will solidify its position as the largest luxury hotel in Mumbai and India, offering even more event space to host multiple, large-scale gatherings simultaneously.

**Land Parcels available at Guwahati and Thiruvananthapuram:** Development of land for a suitable use: CHPL, which it 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. It will evaluate the potential and assess the opportunity for an appropriate real estate development.

**Explore value accretive acquisition of assets and selective expansion:** India's hotel market is dominated by independent hotels, with only 178k chain-affiliated

rooms as of September 2023. This fragmentation presents an opportunity for consolidation, which the company intends to capitalize on by expanding its market share in high-growth areas. The recent acquisition of CHPL added 3 hotels and 430 rooms to the company's portfolio, boosting revenue and EBITDA. This aligns with the strategy of becoming the flagship entity of the Saraf Group. The company actively seeks acquisitions that meet specific criteria: distressed assets in major cities, greenfield projects near new airports, hotels in growing business regions, and hotels in emerging tourist destinations. These acquisitions must be cost-effective, value-accretive, and consistent with existing hotels.

**Continue to improve efficiencies including by enhancing utilization of space with a view to increase revenues:** The hotel's growth hinges on optimizing space usage to diversify revenue streams beyond just room rates. This includes maximizing income from food & beverage, meeting rooms, events, and commercial areas. The management team adapts its real estate to meet evolving market demands and prioritizes cost-efficiency through strategic initiatives. The company leverages its centralized negotiation approach to secure economies of scale and enhance its bargaining power. It also emphasizes environmentally friendly energy-saving measures to further reduce costs.

#### Risk factor

- Despite impressive revenue growth, Juniper Hotels' profitability remains a concern, as reflected by its negative PAT figures
- The company has substantial indebtedness which requires significant cash flows to service, and limits its ability to operate freely.
- The company is subject to a number of conditions and restrictions under its financing agreements.

Co_Name	Total Income	PAT	EPS	P/E	P/BV	BV	FV	Price	Mcap
EIH	2406.99	500.54	8.82	45.87	7.22	56.05	2	404.55	25299.11
Indian Hotels Co	6488.84	1169.58	8.22	66.01	9.19	59.05	1	542.60	77235.43
Chalet Hotels	1336.86	232.43	11.77	71.25	10.19	82.26	10	838.60	17231.05
Lemon Tree Hotel	990.84	125.48	1.58	86.58	12.53	10.92	10	136.80	10837.93
Juniper Hotels Limited **	666.85	-26.50	-ve	-	3.01	119.53	10.00	360.00	8010.09

\*Peer comparisons are based on TTM  
 \*\*Juniper Hotels financials are FY23.

#### Peer Comparison

##### Valuation

Considering the P/B valuation due to company is loss making and at the higher band, Looking at the P/B ratio at Rs.360, pre issue, book value of Rs. 49.84 of P/Bvx 7.22x. Post issue, book value of Rs. 119.53 of P/Bvx 3.01x.

At the lower band, Looking at the P/B ratio at Rs.342, pre issue, book value of Rs. 49.84 of P/Bvx 6.86x. Post issue, book value of Rs. 119.53 of P/Bvx 2.86x.

#### Industry Overview

Hotels in India are segmented into the luxury and upper upscale segment, upscale segment, upper midscale segment, midscale segment and economy segment. The

overall demand CAGR for hotels in India is expected to reach 11.6% between Fiscal 2023 and Fiscal 2027. The luxury and upper upscale segments had a revenue and supply share, contributing to 35% of the supply share and 55% of the revenue share in 2022. Approximately, 60,000 rooms are expected to be added between 1 October 2023 and 31 March 2027, with approximately 25% of the new supply being in the luxury upper upscale segment.

### Outlook

Juniper Hotels Limited owns and operates seven hotels and serviced apartments in key Indian cities like Mumbai, Delhi, Ahmedabad, Lucknow, Raipur, and Hampi. Its strategic partnership with global hospitality giant Hyatt Hotels Corporation reflects a strong commitment to excellence in the industry. While investors should carefully assess the company's plan for achieving sustainable profitability before investing. Long-term investors may consider the issue, but should be aware of the potential risks associated with negative profitability.

### An Indicative timetable in respect of the Issue is set out below:

EVENT	INDICATIVE DATE (On or about)
IPO Open Date	Wednesday, February 21, 2024
IPO Close Date	Friday, February 23, 2024
Basis of Allotment	Monday, February 26, 2024
Initiation of Refunds	Tuesday, February 27, 2024
Credit of Shares to Demat	Tuesday, February 27, 2024
Listing Date	Wednesday, February 28, 2024

## Annexure

### Consolidated Financials

#### Profit & Loss

Rs. in Cr.

Particulars	Period ended 30-Sep-23 (6 Months)	Period ended 31-Mar-23 (12 Months)	Period ended 31-Mar-22 (12 Months)
Revenue from operations	336.11	666.85	308.69
Total expenditure	212.84	394.93	242.29
<b>Operating Profit</b>	<b>123.28</b>	<b>271.93</b>	<b>66.40</b>
OPM%	36.68	40.78	21.51
Other Income	1.32	50.43	35.07
<b>PBDIT</b>	<b>124.60</b>	<b>322.36</b>	<b>101.47</b>
Depreciation	38.99	81.52	99.94
<b>PBIT</b>	<b>85.61</b>	<b>240.84</b>	<b>1.53</b>
Interest	132.15	266.36	215.63
<b>Profit before tax</b>	<b>-46.54</b>	<b>-25.52</b>	<b>-214.10</b>
Tax	-20.04	-24.02	-26.07
<b>PAT</b>	<b>-26.50</b>	<b>-1.50</b>	<b>-188.03</b>

**Balance sheet is on next page**

## Balance Sheet

Rs. in Cr.

Particulars	As on 30-Sep-23	As on 31-Mar-23	As on 31-Mar-22
<b>Non-current assets</b>			
Property, plant and equipment	2826.39	2322.63	2403.18
Capital work-in-progress	69.75	48.81	44.23
Right-of-use assets	412.75	415.71	425.38
Goodwill	233.43	0.00	0.00
Intangible assets	0.90	0.56	0.99
<b>Financial Assets</b>			
Investments	0.93	0.85	0.87
Other financial assets	20.19	15.51	14.87
Income tax assets (net)	28.09	21.57	11.62
Deferred tax assets (net)	113.75	103.57	79.51
Other non-current assets	22.28	8.54	3.86
<b>Total non-current assets</b>	<b>3728.46</b>	<b>2937.75</b>	<b>2984.51</b>
<b>Current assets</b>			
Inventories	8.60	7.57	6.77
<b>Financial Assets</b>			
Investments	0.54	1.51	0.00
Trade receivables	45.85	44.76	29.59
Cash and cash equivalents	11.81	9.80	6.46
Other balances with Banks	1.24	0.04	8.44
Other financial assets	1.77	1.36	9.14
Other current assets	39.56	17.48	24.95
<b>Total current assets</b>	<b>109.37</b>	<b>82.52</b>	<b>85.35</b>
<b>Total Assets</b>	<b>3837.83</b>	<b>3020.27</b>	<b>3069.86</b>
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	763.45	2009.03	2056.99
Lease liabilities	393.25	383.12	367.67
Other financial liabilities	72.10	63.74	40.14
Provisions	7.76	6.44	5.42
Deferred tax liabilities (net)	3.93	4.03	4.18
Other non-current liabilities	1.21	1.68	0.93
<b>Total non-current liabilities</b>	<b>1241.71</b>	<b>2468.03</b>	<b>2475.33</b>
<b>Current liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	1489.30	36.58	64.82
Lease liabilities	16.83	15.62	14.78
Trade Payables			
Trades Payable - MSME	4.52	2.19	5.67
Trade Payables - other than MSME	112.63	76.24	61.95
Other financial liabilities	55.83	28.77	44.68
Provision	13.44	11.82	10.00
Other current liabilities	43.90	26.53	36.28
<b>Total current liabilities</b>	<b>1736.44</b>	<b>197.74</b>	<b>238.17</b>
<b>Total</b>	<b>2978.15</b>	<b>2665.76</b>	<b>2713.49</b>
Net worth represented by:			
Equity Share Capital	172.50	143.70	143.70
Other equity	687.17	210.81	212.67
Non-Controlling Interest	0.01	0.00	0.00
<b>Net Worth</b>	<b>859.68</b>	<b>354.51</b>	<b>356.37</b>

## RANKING METHODOLOGY

WEAK	★
NEUTRAL	★★
FAIR	★★★
GOOD	★★★★★
EXCELLENT	★★★★★

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