

## JUNIPER HOTELS LIMITED IPO

21-02-2024 TO 23-02-2024

Industry: Hotels & Resorts

Price Band: ₹342-360

Recommendation: Subscribe with risk

Post Implied Market Cap: ₹7700-8010 Cr

### Key Data

Issue Size (₹ Cr)	1,800
Fresh (₹)	1,800
OFS (₹)	0.00
No of shares offered	5,26,31,579 -5,00,00,000
Face Value (₹ /share)	10
Bid Lot	40

### About the Company

Juniper Hotels is a prominent luxury hotel development and ownership company jointly held by Saraf Hotels, Juniper Investments, and Two Seas Holdings (an affiliate of HHC - Hyatt Hotels Corporation). As of September 30, 2023, it boasts the largest ownership of "Hyatt" affiliated hotels in India, with a portfolio encompassing 7 hotels and serviced apartments, totalling 1,836 keys. Notably, Juniper Hotels is the sole hotel development firm in India with strategic investment from Hyatt. With properties spread across six cities, including established metros, emerging business hubs, and upcoming tourist spots, Juniper Hotels offers guest and geographic diversification. Its offerings span three segments: luxury (Grand Hyatt Mumbai Hotel and Residences, Andaz Delhi), upper upscale (Hyatt Delhi Residences, Hyatt Regency Ahmedabad, Hyatt Regency Lucknow, Hyatt Raipur), and upscale (Hyatt Place Hampi).

### Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	26/2/2024
Refunds/Unblocking ASBA Fund	27/2/2024
Credit of equity shares to DP A/c	27/2/2024
Trading commences	28/2/2024

### Investment Rationales

- Expertise in site selection and identifying opportunities to develop hotels:** The Company strategically positions its hotels and serviced apartments across diverse city categories: established markets like Delhi and Mumbai, emerging business hubs such as Ahmedabad, Lucknow, and Raipur, and burgeoning tourist destinations like Hampi. They notably introduced the first international chain-affiliated hotels in Raipur and Hampi. Leveraging micro-market analysis, they select locations near airports, central business districts, industrial areas, and tourist hotspots. Their success stems from identifying prime locations with high entry barriers, exemplified by the challenging acquisition of land parcels for Grand Hyatt Mumbai Hotel and Residences and Andaz Delhi, which carry high costs and development risks. This foresight in location selection has been pivotal to their achievements.
- Unique partnership between asset owner and operator brand backed by strong parentage:** The Saraf Group and Hyatt share a longstanding relationship spanning over 40 years, with the Saraf Group contributing to significant hotel developments in India, including the largest private sector hotel in Delhi. As of September 30, 2023, the Saraf Group owns and operates 11 hotels and serviced apartments across India and Nepal, comprising 2,936 Keys. Hyatt Hotels Corporation (HHC), a global hospitality leader with over 25 brands, has strategic investments in Juniper Hotels, the only hotel development company in India with such affiliation. Juniper Hotels holds trademark license agreements for five Hyatt brands and operates under long-term service agreements with Hyatt India Consultancy Private Limited, benefiting from exclusive area protection during the contract term.
- Robust asset management capabilities with a focus on enhancing operating efficiency and profitability:** The company has implemented strategic operational clusters to enhance revenue strategies, financial analysis, and engineering efficiency across its hotels. Through centralized financial and accounting MIS, they achieve sharper insights into cost structures, leading to improved internal controls. Operational data monitoring has reduced heat, light, and power costs without compromising customer experience. In 2022, a manpower realignment exercise optimized departmental staffing, resulting in reduced Heat, Light & Power costs to 7.24% of revenues (from 12.72% in fiscal 2021) and Employee expenses to 17.46% (from 34.91% during corresponding periods).
- Well positioned to benefit from industry trends:** India's population is projected to reach 1.66 billion by 2047, with the rich and middle-class segments comprising approximately 28% and 61%, respectively. Increased demand driven by leisure, events, weddings, and MICE activities has led to higher hotel occupancies. Juniper Hotel's Average Room Rate (ARR) rose to ₹9,875.12 in Fiscal 2023 from ₹5,656.77 in Fiscal 2021, with Average Occupancy increasing to 75.74% in Fiscal 2023 from 34.23% in Fiscal 2021. With the 2nd largest geographic coverage and leading inventory of upper-tier branded serviced apartments in Mumbai and New Delhi, Juniper Hotels is positioned for growth amidst demand outpacing supply between 2023-2027.

### Shareholding (No. of shares)

Pre-Issue	172,502,384
Post Issue (Lower price band)	225,133,962
Post Issue (Higher price band)	222,502,384

### Shareholding Pattern (No. of Shares)

#### Promoters

Pre Issue	100.00%
Post Issue	77.53%

#### Public - Others:

Pre Issue	0.00%
Post Issue	22.47%

### Issue Breakup

QIB	75%
NIB	15%
Retail	10%

### Risk

- 1) High Capital intensive business.
- 2) Hotels and serviced apartments are currently operating under the Hyatt brands, on a non-exclusive basis.

### MView

We believe Juniper hospital ltd gives investors an opportunity to invest in the prominent luxury hotel affiliate of Hyatt hotels. We like the company strategically positions its properties across diverse city categories in India, leveraging micro-market analysis and long-standing relationships with industry leaders like Hyatt Hotels Corporation. We also believe the company is well positioned to capitalize on emerging trends and its commitment to operational excellence which position it as a promising player in India's dynamic hospitality landscape. By looking at the financials the company has shown a substantial topline growth in FY2022 and FY 2023 with 86%/116% in revenue from operations, while reported continuous loss on books for the same financial years which is a cause of concern. On valuation parse at the upper band of ₹360/-, the issue is asking for a Market Cap of ₹8010/- Cr. Based on annualised FY24 earnings and fully diluted post-IPO paid up capital, company's operational metrics remain healthy, but interest costs are weighing on profitability bringing bottom line to net loss, so with historical losses on books it won't be practical to go with PE valuation. Instead, if we analyse it based on Price to Book Value, which stands at ~3x of FY24 annualized, compared to the industry average of ~5-8x which seems this IPO is fairly priced to its peers. Considering the optimistic momentum in the secondary market and welcoming announcements made in the Interim Budget to promote the hospitality and tourism industry which will benefit the hotel sector to outperform in coming years and the primary objective of reducing the debt which could lighten interest burdens which can improve the bottom lines in coming years. and looking at its sector growth and losses on the books of the company we recommend only high risk investors can "SUBSCRIBE" to the IPO for the long term while conservative investors can wait and watch the space post listing.

### Other Details

**BRLMs:** JM Financial Ltd., CLSA India Pvt. Ltd., ICICI Securities Ltd.

**Registrar:** KFin Technologies Ltd.

**Listing:** BSE & NSE

### Research Analyst

**Rajan Shinde**

rajan.shinde@mehtagroup.in

022-61507142



## CONSOLIDATED FINANCIAL TABLES

### BASIC FINANCIAL DETAILS

Particulars ₹ (in Cr)	As at Sept' 30		As at March' 31		
	2023 (06)	2022 (06)	2023	2022	2021
Equity Share Capital	172.50	143.70	143.70	143.7	143.7
Net Worth	859.70	339.10	354.50	356.40	543.90
Total Borrowings	2,252.70	2,143.50	2,045.60	2,121.80	1,830.50
Revenue from Operations	336.10	294.30	666.90	308.70	166.40
EBITDA	124.60	140.40	322.40	101.50	22.20
EBITDA Margin as stated	36.90%	43.70%	44.90%	29.50%	11.50%
EBITDA/room (in. 'OOOS)	886.20	998.40	2292.80	721.70	157.90
Restated Profit/ (Loss)	-26.50	-17.50	-1.50	-188.00	-199.50
Restated EPS 10 each	-1.82	-1.22	-0.10	-13.10	-13.90
Average Occupancy (%)	74.8%	72.6%	75.7%	53.8%	34.2%
Average room rate ("ARR") (X)	10140	8818	9875	6222	5657
Inventory/ Keys (Nos.)	1836.00	1406.00	1406.00	1406.00	1406.00
NAV per Equity Share (X)	59.10	23.60	24.70	24.80	37.90

Source: Company RHP

### COMPARISON WITH INDUSTRY LISTED PEERS ₹ (in Cr)

Companies	Consolidated/ Standalone	Mcap (in Cr)	FV	EPS	NAV (Rs. Per share)	Ev/Ebita	P/B	P/E	RoNW
Juniper Hotels Ltd	Consolidated	8010	10	-0.10	117.44	31.8	3.07	-	-0.42%
Chalet Hotels Ltd	Consolidated	17,253	10	8.94	75.20	36.10	10.2	71.4	11.89%
Lemon Tree Hotels Ltd	Consolidated	10,897	10	1.45	17.90	27.80	12.6	86.8	9.94%
Indian Hotels Compan Ltd	Consolidated	77,228	1	7.06	60.80	34.30	9.38	66	12.18%
EIH Ltd	Consolidated	25 337	2	5.03	55.50	27.20	46.2	7.21	9.48%

Date as on 31st March 2023, Cline Mcap, PE, PB calculated as on 19-02-2024  
Juniper Hotels Ltd. EPS/PE, P/BNAV calculated on annualised basis post money



# MSEARCH

## DISCLAIMER & DISCLOSURE

This Report is published by Mehta Equities Limited (hereinafter referred to as "MEL") for registered client circulation only. MEL is a registered Research Analyst under SEBI (Research Analyst) Regulations, 2014 having Registration no. INH00000552. MEL is a registered broker with the Securities & Exchange Board of India (SEBI) and registered with National Stock Exchange of India Limited and BSE Limited in cash and derivatives segments, Multi Commodity Exchange of India (MCX), National Commodity & Derivatives Exchange Ltd. (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL), is registered with SEBI for providing PMS services and distribute third party PMS product and also member of Association of Mutual Funds of India (AMFI) for distribution of financial products.

MEL a "Research Entity" under SEBI (Research Analyst) Regulations 2014 has independent research teams working with a Chinese wall rule with other business divisions of MEL as mentioned above.

MEL or its associates have not been debarred / suspended by SEBI or any other regulatory authority for accessing / dealing in securities Market. MEL, its associates or Research analyst or his relatives do not hold any financial interest in the subject company. MEL or its associates or Research analysts do not have any conflict or material conflict of interest at the time of publication of the research report with the subject company. MEL or its associates or Research Analyst or his relatives do not hold beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of this research report.

MEL or its associates or Research analyst has not received any compensation / managed or co-managed public offering of securities of the company covered by Research analyst during the past twelve months. MEL or its associates have not received any compensation or other benefits from the company covered by Research analyst or third party in connection with the research report. Research Analyst has not served as an officer, director or employee of Subject Company and MEL / Research analyst has not been engaged in market making activity of the subject company.

This report is for the personal information of the authorized recipient and does not construe to be any investment, legal or taxation advice to you. MEL is not soliciting any action based upon it. Nothing in this research shall be construed as a solicitation to buy or sell any security or product, or to engage in or refrain from engaging in any such transaction. In preparing this research, we did not take into account the investment objectives, financial situation and particular needs of the reader. This research has been prepared for the general use of the clients of MEL and must not be copied, either in whole or in part, or distributed or redistributed to any other person in any form. If you are not the intended recipient you must not use or disclose the information in this research in any way. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MEL will not treat recipients as customers by virtue of their receiving this report. This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MEL & its group companies to registration or licensing requirements within such jurisdictions.

The report is based on the information obtained from sources believed to be reliable, but we do not make any representation or warranty that it is accurate, complete or up-to-date and it should not be relied upon as such. We accept no obligation to correct or update the information or opinions in it. MEL or any of its affiliates or employees shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. MEL or any of its affiliates or employees do not provide, at any time, any express or implied warranty of any kind, regarding any matter pertaining to this report, including without limitation the implied warranties of merchantability, fitness for a particular purpose, and non-infringement. The recipients of this report should rely on their own investigations.

This information is subject to change without any prior notice. MEL reserves its absolute discretion and right to make or refrain from making modifications and alterations to this statement from time to time. Nevertheless, MEL is committed to providing independent and transparent recommendations to its clients, and would be happy to provide information in response to specific client queries.

Before making an investment decision on the basis of this research, the reader needs to consider, with or without the assistance of an adviser, whether the advice is appropriate in light of their particular investment needs, objectives and financial circumstances. There are risks involved in securities trading. The price of securities can and does fluctuate, and an individual security may even become valueless. Opinions expressed are subject to change without any notice. Neither the company nor the director or the employees of MEL accept any liability whatsoever for any direct, indirect, consequential or other loss arising from any use of this research and/or further communication in relation to this research. Here it may be noted that neither MEL, nor its directors, employees, or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profit that may arise from or in connection with the use of the information contained in this report.

Analyst Certification: Research Analyst the author of this report, hereby certify that the views expressed in this research report accurately reflects my personal views about the subject securities, issuers, products, sectors or industries. It is also certified that no part of the compensation of the Research analyst was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views in this research. The Research analyst is principally be responsible for the preparation of this research report and has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations.

### **Msearch's Recommendation (Absolute Performance)**

**Buy: > 20% within the next 12 Months**

**Accumulate: 5% to 20% within the next 12 Months**

**Sell : < -20% within the next 12 Months**

### **MEHTA EQUITIES LTD**

BSE: - Membership Clearing No. 122 - SEBI Regn. No. INB010683856, NSE: - Membership Clearing No. 13512-  
SEBI Regn. No. INB231351231, NSE FO SEBI Regn. No. INF231351231, CIN No: U65990MH1994PLC078478  
MSEI: - Membership Clearing No. 51800 - SEBI Regn. No. INB261351234 SEBI registered RA Reg No INH000000552  
Mehta Equities Limited, 903, 9th Floor, Lodha Supremus, Dr.E.Moses Road, Worli Naka, Worli, Mumbai 400 018, India  
Tel: +91 22 6150 7101, Fax: +91 22 6150 7102

Email: [info@mehtagroup.in](mailto:info@mehtagroup.in), Website: [www.mehtagroup.in](http://www.mehtagroup.in)

Compliance Officer: Prakash Joshi

Email Id: [compliance@mehtagroup.in](mailto:compliance@mehtagroup.in)

Phone No +91 22 61507180

For grievance redressal contact Customer Care Team Email: [help.kyc@mehtagroup.in](mailto:help.kyc@mehtagroup.in) Phone: + 91 22 61507154