

## 1. Juniper Hotels Ltd.

Company 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. (source: Horwath Report) As on date of this Red Herring Prospectus, Company has a portfolio of seven hotels and serviced apartments and as on September 30, 2023, Company operated 1,836 keys across the luxury, upper upscale and upscale category of hotels across various locations in India, namely Mumbai, Delhi, Ahmedabad, Lucknow, Raipur and Hampi. **Company benefits from a unique partnership between Saraf Hotels (and its affiliates) and affiliates of Hyatt Hotels Corporation.**

Summary of the industry in which company operate 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. (source: Horwath Report)

### Objects of the issue:

The Net Proceeds are proposed to be used in accordance with the details provided in the following table:

Repayment/ prepayment/ redemption, in full or in part, of certain outstanding borrowings availed by our Company and our recent acquisitions, namely CHPL and CHHPL	1500 cr.
Repayment/ prepayment/ redemption, in full or in part, of certain outstanding borrowings availed by our Company and our recent acquisitions, namely CHPL and CHHPL	Balance

Audit report observations/qualification

Category of room service provided by Company:

**(In Millions)**

Category	Six month ended Sep 30 2023	In Percentage
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Contract	268.96	13.90%
Transient	1185.08	61.26%
Group	459.93	23.77%
Others	20.42	1.05%
<b>Total</b>	<b>1934.38</b>	<b>100%</b>

**Contract:** Customers under ‘contracts’ category include customers typically on a guaranteed room nights basis (comprising majorly of customers in the airline sector).

**Transient:** The ‘transient’ category includes individuals who may be travelling for business or pleasure; and who may book rooms through online travel agents, other travel agents or directly with the hotels. This category also includes corporate travellers, wherein the corporate organisations with which such travellers are associated with have accounts with our hotels at negotiated rates for a threshold number of room nights for a given period.

**Group:** The ‘group’ category typically encompasses guests who are travelling as part of any group (such as tours, corporates, organizations, religious groups etc.)

**Others:** Others’ category includes revenue generated from ancillary services such as massage and parking services.

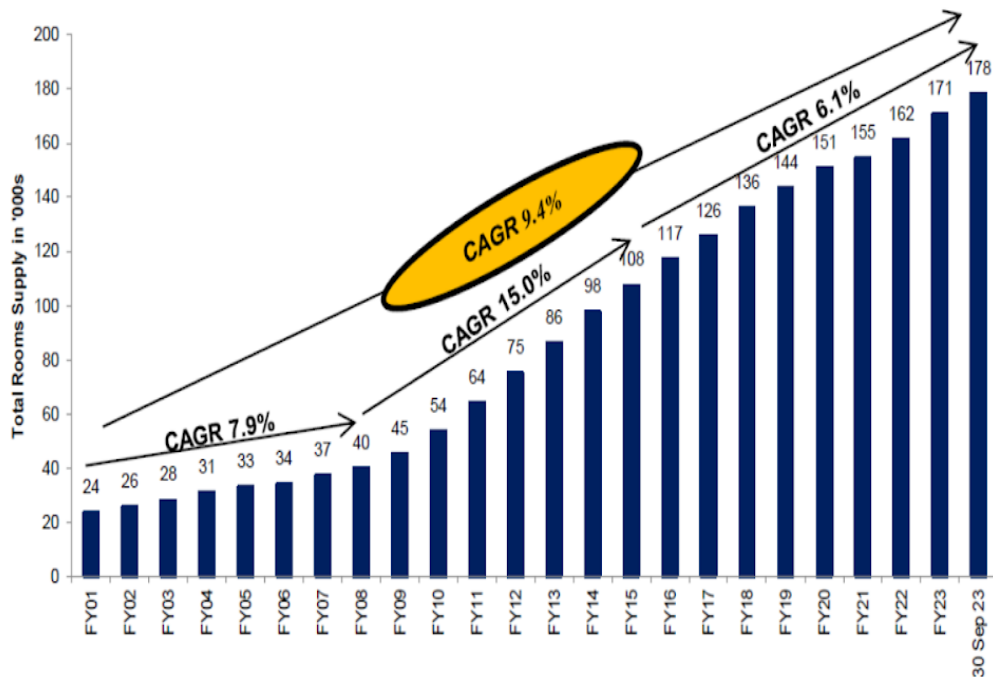


## 2. Overview of Key Market Characteristics:

As at September 30, 2023, India has 178k chain-affiliated hotel rooms, across segments. Supply at independent hotels is widely fragmented, with about 80% of midscale and lower positioning. (“k” represents numbers in thousands) India’s share of global tourism is limited, with Foreign Tourist Arrivals (FTA) between 10.2 million and 10.6 million for Fiscals 2018-2020 (source: Ministry of Tourism, Government of India). **For 2019, India had only 0.73% of global tourist arrivals** (source: Ministry of Tourism, Government of India and UNWTO World Tourism Barometer, January 2020). On the other hand, the domestic travel industry in India has been robust and continues to grow materially.

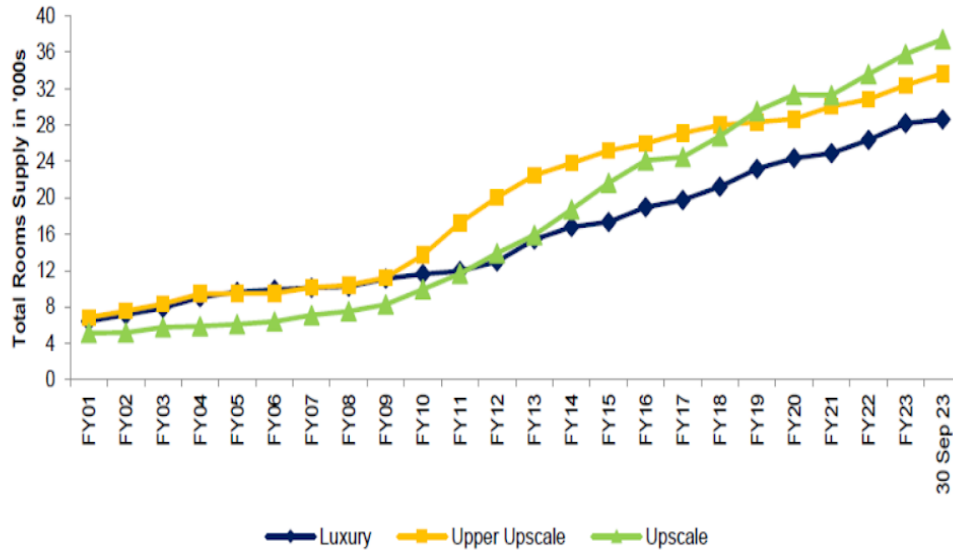
The overall travel and tourism sector contributed ₹15.7 trillion to India’s economy in 2022, with expected increase to ₹16.5 trillion for 2023 and ₹37 trillion over the next ten years. The sector is expected to employ 39 million persons by the end of 2023.

### Luxury, Upper Upscale and Upscale Segment:



Source: Horwath HTL

## Luxury, Upper Upscale and Upscale Segment:



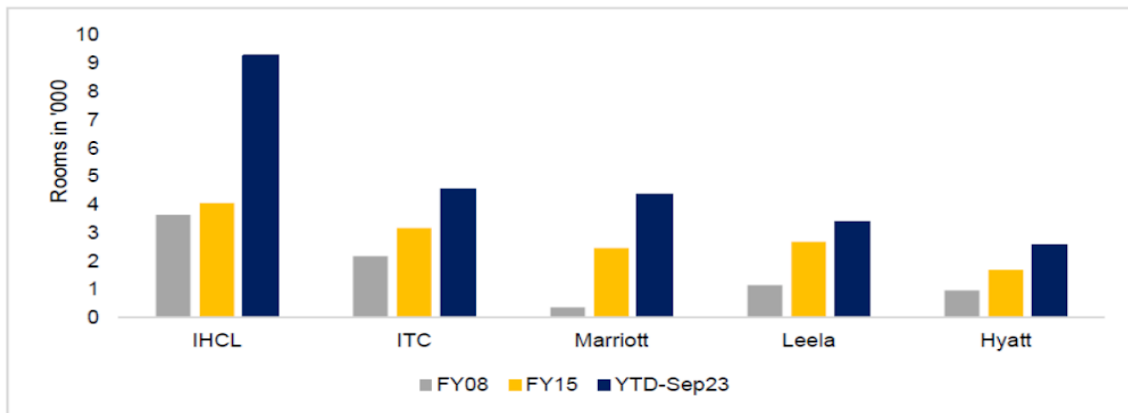
## Segmental Composition (Inventory in 000s)

Category	Fiscal 2001	Fiscal 2008	Fiscal 2015	Sep 30, 2023	Fiscal 2027	CAGR Fiscals 01-08	CAGR Fiscals 08-15	CAGR Fiscals 15-Sep 30, 2023	CAGR Sep 30, 2023-27
Luxury	6	10	17	29	35	6.9%	7.8%	6.1%	5.8%
Upper Upscale	7	10	25	34	42	6.2%	13.5%	3.5%	6.8%
Upscale	5	8	22	37	52	5.7%	16.3%	6.7%	9.8%
Upper Midscale	4	7	20	32	44	9.7%	16.1%	5.9%	9.3%
M-E	2	5	24	46	65	17.1%	24.2%	8.2%	10.0%
<b>Total</b>	<b>24</b>	<b>40</b>	<b>108</b>	<b>178</b>	<b>238</b>	<b>7.9%</b>	<b>15.0%</b>	<b>6.1%</b>	<b>8.6%</b>
<b>% of Total</b>									
Luxury	27.0%	25.4%	16.1%	16.0%	14.6%				
Upper Upscale	28.8%	25.8%	23.4%	18.9%	17.8%				
Upscale	21.5%	18.6%	20.1%	21.0%	21.8%				
Upper Midscale	15.5%	17.4%	18.5%	18.2%	18.6%				
M-E	7.2%	12.9%	21.9%	25.9%	27.1%				

### Segmental - Supply and revenue Share

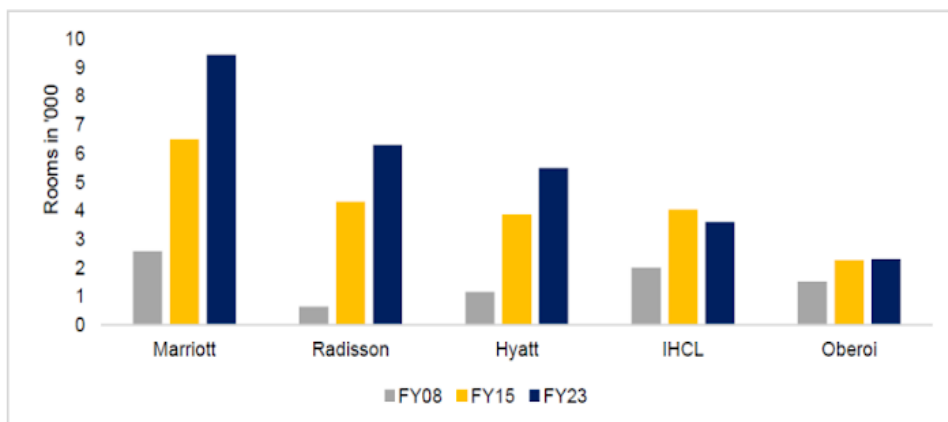
Positioning	Supply share	Revenue Share
Lux-UpperUp	35%	55%
Up-UpMid	39%	35%
M-E	26%	11%

### Top five chains - Luxury Segment ( Rooms in 000s)



Source: Horwath HTL

### Top five chains - Upper Upscale Segment (Rooms in 000s)



Source: Horwath HTL



### 3. Key Risks in Hospitality Sector:

#### a) Economic Volatility

The hospitality sector is highly sensitive to economic conditions. Any downturn can lead to decreased consumer spending on travel and leisure, directly impacting hotel and restaurant revenues. Additionally, fluctuations in the global economy can affect foreign tourist arrivals, a significant revenue source for the Indian hospitality industry.

#### b) Regulatory and Policy Changes

Changes in government policies and regulations can pose risks to the hospitality industry. This includes tax policies, such as the Goods and Services Tax (GST), which can affect pricing and profitability. Furthermore, changes in visa regulations and travel advisories can influence tourist inflows.

#### c) Competition

The rise of alternative lodging options, such as Airbnb and OYO, has intensified competition. Traditional hotels must innovate and improve their offerings to retain market share. This competition also puts pressure on pricing, which can impact profit margins.

#### d) Technological Disruptions

The rapid pace of technological advancement poses both opportunities and risks. While technology can enhance operational efficiency and customer experience, failing to keep up with

tech trends can render a business obsolete. Cybersecurity is another concern, as data breaches can significantly damage reputation and customer trust.

e) Environmental and Climate Risks

Natural disasters, exacerbated by climate change, can have an immediate and devastating impact on tourism destinations. Moreover, the increasing awareness of environmental issues among consumers demands more sustainable practices from businesses, requiring investments in green technologies and practices.

f) Social and Cultural Sensitivities

India's diverse cultural landscape can be a double-edged sword for the hospitality industry. While cultural richness attracts tourists, businesses must be sensitive to local customs and practices. Misunderstandings or offenses can lead to social backlash and affect a brand's image.

g) Infrastructure Challenges

Despite improvements, infrastructure in some parts of India still lags, affecting tourism. Issues such as inadequate transportation, unreliable power supply, and water scarcity can hamper the growth of hospitality businesses, particularly in remote and rural areas.

h) Health and Safety Concerns

The COVID-19 pandemic highlighted the vulnerability of the hospitality industry to health crises. Future pandemics or outbreaks can lead to similar shutdowns and travel bans. Ensuring the health and safety of guests and staff remains a paramount concern, requiring ongoing investment in health protocols and emergency preparedness.

#### 4. Company's Financials:

(Rs. in Million)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2023	For the six months ended Sep 30, 2022	For the six months ended Sep 30, 2023
Revenue	1,663.51	3,086.89	6,668.54	2,942.93	3,361.12
Net Profit	(1,994.86)	(1,880.31)	(14.97)	(175.09)	(265.02)
<b>NP Margin</b>	<b>-120%</b>	<b>-61%</b>	<b>0.0022%</b>	<b>-6%</b>	<b>-8%</b>
EBITDA	222	1,015	3,224	1,404	1,246

<b>EBITDA Margin</b>	<b>13%</b>	<b>33%</b>	<b>48%</b>	<b>48%</b>	<b>37%</b>
EBIT	-832	15	2,408	989	856
Finance Cost	1,862.14	2,156.29	2,663.60	1,372.57	1,321.45
<b>Interest Coverage Ratio</b>	-	-	<b>0.90</b>	<b>0.72</b>	<b>0.64</b>
Debt	18,304.77	21,218.09	20,456.08	21,435.12	22,527.47
Equity	5,438.97	3,563.67	3,545.07	3,390.90	8596.80
<b>D/E Ratio</b>	<b>3.36</b>	<b>5.95</b>	<b>5.77</b>	<b>6.32</b>	<b>2.62</b>

#### Cash Flow Statements:

<b>Particulars</b>	<b>For the year ended March 31, 2021</b>	<b>For the year ended March 31, 2022</b>	<b>For the year ended March 31, 2023</b>	<b>For the six months ended Sep 30, 2022</b>	<b>For the six months ended Sep 30, 2023</b>
CFOA	535.76	(364.49)	2,864.44	1,282.00	1,262.80
CFIA	(78.04)	(630.82)	277.00	(439.68)	(368.35)
CFFA	(414.85)	902.48	(3,107.99)	(821.72)	(903.42)

#### 5. Comparison with Industry Peer:

<b>Company Name</b>	<b>EPS</b>	<b>P/E Ratio</b>	<b>ROCE</b>	<b>D/E</b>	<b>EBITDA Margin</b>
<b>Juniper Hotels Ltd(Listed)</b>	(3.64)	-	8.15%	2.62	37%
<b>Chalet Hotels Ltd.(Listed)</b>	11.32	73.70	9.22%	1.76	44.40%
<b>Lemon Tree</b>	1.60	87.90	10.10%	2.73	52.20%



<b>Hotels Limited (Listed)</b>					
<b>Indian Hotels Company Limited(Listed)</b>	8.24	66.80	12.60%	0.33	32.40%
<b>EIH Limited</b>	8.01	47.60	15.60%	0.06	34.50%

**6) Conclusion:**

Company incurred losses in the first half of the year ending 2023. Industry peers median ROCE is 11.35% and company's ROCE is 8.15%. Company is also a debt ridden company having a D/E ratio of 2.62 which is also high as compared to peers.