



**LONG TERM SUBSCRIBE**

**IPO Report**

18<sup>th</sup> Dec'24

**Snapshot**

Company is a hospitality asset owner with a primary focus on luxury offerings across business and leisure segments. All of company's hospitality assets are operated by or franchised from global operators, including Marriott, Hilton, Minor and Atmosphere. Company's pro forma revenue from hotel operations constituted 68.47%, 72.04%, 72.71% and 68.53% of company's pro forma total income for the six months ended September 30, 2024 and FY24, FY23 and FY22 respectively. Its revenue from hotel operations constituted 56.24%, 49.26%, 51.11% and 38.37% of its total income for the six months ended September 30, 2024 and FY24, FY23 and FY22 respectively, on a restated basis. Company's pre-acquisition luxury hospitality asset comprises JW Marriott, Pune, and its post-acquisition luxury hospitality assets comprise JW Marriott, Pune, The Ritz-Carlton, Pune, Conrad, Maldives, Anantara, Maldives and Raaya by Atmosphere, Maldives

**VALUATION**

Company is bringing the issue at price band of Rs 610-643 per share at p/e multiple of 90x on post issue FY24 PAT basis. Company has premium hospitality assets complemented by Grade A annuity assets. Also, company has established track record of development and acquisition-led growth in India and the Maldives. Company has renowned promoters with global and local expertise along with professional and experienced management team. Company has proven track record of adding value through active asset management along with long-term ESG commitment. Company is well-positioned to benefit from strong industry tailwinds Hence Looking after all above, we recommend "Long term Subscribe" on issue.

<b>Price Band (Rs./Share)</b>	<b>610-643</b>
<b>Opening date of the issue</b>	<b>20<sup>th</sup> Dec '2024</b>
<b>Closing Date of the issue</b>	<b>24<sup>th</sup> Dec '2024</b>
<b>No of shares pre issue</b>	20,86,57,830 Eq Shares
<b>Issue Size</b>	Rs 1600 Cr
<b>Fresh Issue</b>	Rs 1600 Cr
<b>No of shares</b>	2,62,30,355-2,48,84,120 Eq Shares
<b>Face Value (Rs/ share)</b>	Rs 1/share
<b>Bid Lot</b>	23
<b>Employee Discount</b>	Rs 30/share
<b>BIDDING DETAILS</b>	
<b>QIBs (Including Anchor)</b>	75% of the offer (Approx 1,86,50,856 Eq Shares)
<b>Non-Institutional</b>	15% of the offer (Approx 37,30,170 Eq Shares)
<b>Retail</b>	10% of the offer (Approx 24,86,780 Eq Shares)
<b>Employee</b>	16313 Eq Shares
<b>Lead managers</b>	Axis Capital, JM Financial, HSBC Securities and Capital Markets (India), ICICI Securities, IIFL Capital Services, Kotak Mahindra Capital, SBI Capital Markets
<b>Registrar to the issue</b>	K Fin Technologies

**WHAT WE LIKE**

**Premium hospitality assets complemented by Grade A annuity assets**

Company's luxury hospitality assets collectively contributed to over 80% of its pro forma revenue from hotel operations and over 58% of its pro forma total income for the six months ended September 30, 2024 and FY24, FY23 and FY22. Company's luxury hospitality assets contributed to over 81% of its revenue from hotel operations and over 46% of its total income for the six months ended September 30, 2024 and FY24, FY23 and FY22, on a restated basis. Company's hospitality assets in India benefit from large-scale events spaces and award-winning F&B offerings, and are located close to key transport and social infrastructure areas.

**Established track record of development and acquisition-led growth in India and the Maldives**

As at September 30, 2024, company's operating portfolio consists of seven hospitality assets with 1,331 keys which were developed by it, its Promoter, Promoter Group and their affiliates and four hospitality assets with 705 keys which were acquired by company, its Promoter, Promoter Group and their affiliates. Company have a demonstrated track record over the last 15 years in developing marquee hospitality assets, executing landmark acquisitions and utilizing its design capabilities to create value in its acquisitions and establish a presence in desirable destinations across the Indian Ocean Region..

**Renowned Promoters with global and local expertise**

Company's Promoters are the Panchshil Promoters and the BRE Promoters. The Panchshil Group is affiliated with Panchshil Realty, one of India's leading luxury real estate developers. The BRE Group is affiliated with Blackstone, the largest investor in hotels globally based on the number of keys, with over 161,000 keys as at September 30, 2024.



## COMPANY BACKGROUND

Company's luxury hospitality assets contributed to over 80% of its pro forma revenue from hotel operations and over 58% of its pro forma total income for the six months ended September 30, 2024 and FY24, FY23 and FY22. Company's luxury hospitality assets contributed to over 81% of its revenue from hotel operations and over 46% of its total income for the six months ended September 30, 2024 and FY24, FY23 and FY22, on a restated basis. Among listed hospitality companies in India, (i) company's pro forma revenue was the third highest in each of FY24 and FY23 and second highest for FY22 and (ii) its pro forma EBITDA was the third highest in FY24 and second highest for each of FY23 and FY22.

Company's Portfolio comprises 11 operational hospitality assets in India and Maldives, totalling 2,036 keys across the luxury, upper upscale and upscale segments as at September 30, 2024. The Ritz-Carlton, Pune is one of only two "The Ritz-Carlton" hotels in India, which is a luxury brand within the Marriott portfolio. JW Marriott, Pune is the largest luxury hotel based on the number of keys in Pune and is one of only eight luxury hotels in India with inventory of between 400 to 500 keys as at September 30, 2024. It has the largest ballroom among luxury hotels in Western India which is ideal for hosting large scale MICE events and weddings. Company owns three luxury hospitality assets in the Maldives, which has been ranked consistently as one of the best tourist island destinations globally (including World's Leading Destination (2023) and Indian Ocean's Leading Destination (2024) at the World Travel Awards) with its unique "one island, one resort" concept. The Maldives is a high rate destination with multiple luxury resorts and demand at luxury pricing consistent with its offerings. Conrad, Maldives houses the Muraka, a flagship experience that offers private accommodation comprised as an integrated undersea residence. It is reportedly the first such resort product globally along with an underwater restaurant known as Ithaa Muraka Suite was named one of the greatest luxury hotel suites in the world in Robb Report's The 50 Greatest Luxury Hotel Suites in the World.

Company's hospitality assets command an ARR premium vis-à-vis their peers in India and Maldives, which is a testament to their superior asset quality, contemporary offerings and customer experience. Company's luxury and upper upscale hotels in Pune achieved an ARR index of 1.44 compared with other luxury and upper upscale hotels in Pune from January 2024 to September 2024. Similarly, the ARR index for Conrad, Maldives and Anantara, Maldives is 1.04 compared to the luxury and upper upscale segment in the Maldives from January 2024 to September 2024.

Company's hospitality assets are enhanced by its leading, award-winning F&B offerings. In Pune, eight of company's restaurants feature in the top 10 fine dining restaurants according to TripAdvisor rankings as at November 8, 2024, including Alto Vino, an Italian restaurant, and Tao Fu, a Chinese restaurant at JW Marriott, Pune and Ukiyo, a Japanese restaurant at The Ritz-Carlton, Pune. Company's F&B offerings are also a key strength of its Maldives hospitality assets. Conrad, Maldives features Ithaa, a unique underwater restaurant. Anantara, Maldives has nine F&B outlets with differentiated cuisines spread across three integrated islands, with distinct offerings tailored for servicing customers across price points. Pro forma revenue from the sale of food and beverages contributed to 34.92%, 35.04%, 34.76% and 35.89% of its pro forma revenue from hotel operations and 23.91%, 25.24%, 25.28% and 24.60% of its pro forma total income for the six months ended September 30, 2024 and FY24, FY23 and FY22 respectively. Revenue from the sale of food and beverages contributed to 39.62%, 45.57%, 48.57% and 58.59% of its revenue from hotel operations and 22.28%, 22.45%, 24.83% and 22.48% of its total income for the six months ended September 30, 2024 and FY24, FY23 and FY22 respectively, on a restated basis.

Company has a proven track record of developing and acquiring marquee hotel assets across various geographies and different hospitality segments. Through its development and acquisition-led expansion, company has scaled up the Portfolio and forayed into new geographies such as Bengaluru, Varanasi and the Maldives within the past few years. In addition to company's luxury hospitality assets, company has developed and acquired assets in upper upscale and upscale segments, which serve as complementary offerings in the business hubs of Pune and Bengaluru in India. As at September 30, 2024, company's operating portfolio consists of seven hospitality assets with 1,331 keys which were developed by company, its Promoter, Promoter Group and their affiliates and four hospitality assets with 705 keys which were acquired by company, its Promoter, Promoter Group and their affiliates. While Company (directly or through its subsidiaries) acquired Conrad, Maldives; Anantara, Maldives; Aloft ORR, Bengaluru and Marriott Aloft Whitefield, Bengaluru recently in August 2024, such hospitality assets were acquired by its Promoter, Promoter Group or their affiliates on February 20, 2019, November 27, 2019, March 9, 2021 and May 5, 2023, respectively. As part of company's expansion, company has added 1,070 keys since 2019, which comprise more than 50% of the number of keys in its Portfolio as at September 30, 2024.

Company's platform includes four stabilized Grade A annuity assets which are part of its hospitality-led integrated developments in Pune, having a total Leasable Area of 3.40 msf and Committed Occupancy of 95.55% as at September 30, 2024. Company's annuity portfolio includes three Grade A office assets and a Grade A retail space, which form part of three hospitality-led integrated developments. Its office assets have a Committed Occupancy of 96.07% as at September 30, 2024 and over 80% of their Leasable Area was leased to multinational corporations as at September 30, 2024. Company's office assets command a premium of over 33% above the average rental for Pune as of September 2024 due to these assets being generally of a superior quality compared to the average in the market. Company's annuity assets are occupied by marquee tenants such as HSBC, Deutsche Bank, Nokia, Vodafone, PwC, Sephora, Starbucks and Vero Moda.



**INVESTMENT RATIONALE**

<p><i>Proven track record of active asset management</i></p>	<p>Company’s hospitality assets are destinations of choice due to their high quality, premium positioning and unique offerings. Its asset management practices are designed to provide a superior experience for guests, tenants and consumers and are driven by comprehensive procedures aimed at improving the operational performance of its assets through increased occupancy rates and revenue generation, as well as enhanced cost efficiencies. Company work closely with its hotel operators to continuously assess initiatives for improving revenue generation and operational efficiencies across company’s various hospitality assets.</p>
<p><i>Long-term ESG commitment</i></p>	<p>Company is dedicated to maintaining strong ESG standards and upholding its ESG mission “Integrate responsible practices in all facets of company’s operations and helping to create a more sustainable and inclusive world”. Company aim to create awareness among its guests, tenants, communities, employees and investors through environmentally responsible and ethical practices. Company’s management is committed to inculcating ESG initiatives into its business goals, regularly tracking its progress and determining areas for improvement. Company is actively working on a roadmap to achieve the following:</p> <ul style="list-style-type: none"> <li>• Achieve energy consumption from green energy sources to more than 50% by FY26 and achieve 75% by FY28</li> <li>• 100% water recycling systems in all company’s hotels by FY28</li> <li>• Increase gender diversity in its workforce and ensure at least 30% women constitute its total workforce by FY30</li> <li>• Achieve a net-zero greenhouse gas (GHG) emissions by FY34</li> </ul>
<p><i>Well-positioned to benefit from industry tailwind</i></p>	<p>India is the fifth largest global economy and among the fastest growing major economies in the world. The hotel sector has a strong multiplier effect that contributes materially to India’s economy by way of GDP, asset and investment growth, employment, foreign exchange earnings and tax revenues .Hotel demand is driven by business and leisure travel, staycations and travel for weddings, conferences and events. In India, the trend for hosting weddings in city hotels or as destination weddings has grown materially and is gaining further momentum. Several city hotels attract large residential weddings, akin to destination weddings in leisure centres. Domestic travel visits grew at a CAGR of 13.5% between 2001 to 2019, from 236 million visits in 2001 to 2.3 billion visits in 2019 (Source: Horwath HTL Report). Domestic travel numbers for 2022 at 1.7 billion reflects strong recovery of 74.5% from 2019 (prior to COVID-19) (Source: Horwath HTL Report). The domestic sector in India has become a key demand generator with leisure, recreation, weddings and MICE demand driving weekend and off-season occupancies and enabling hotels and resorts to achieve significantly higher occupancies. There were 9.3 million foreign tourist arrivals to India in 2023, reflecting 85% recovery compared to 10.9 million in 2019. Further, foreign tourist arrivals from January 2024 to July 2024 has risen to 5.6 million compared to 5.3 million for the same period in 2023 . HAI estimates that foreign tourist arrivals will grow materially and cross 30 million by 2037 . Growth of foreign tourist arrivals will further strengthen hotel ARR, demand and occupancy, particularly the upper-tier hotels.</p>



## OBJECTS OF OFFER

Company proposes to utilise the Net Proceeds from the Fresh Issue towards funding of the following objects:

1. Repayment/prepayment, in part or full, of certain of borrowings availed by:
  - a. Company including payment of interest accrued thereon; and
  - b. Step- down Subsidiaries namely SS & L Beach Private Limited and Maldives Property Holdings Private Limited, including the payment of interest thereon through investment in such step-down Subsidiaries;
2. General corporate purposes.

## RISKS

Company acquired the New Portfolio recently (in Fiscal 2025) from its Promoters and may undertake such acquisitions in the future. Further, the Pro Forma Financial Information prepared for this Red Herring Prospectus is presented for illustrative purposes only to illustrate the impact of such acquisition of New Portfolio as if the acquisition had taken place at the beginning of the applicable period/year and may not accurately reflect company's future financial condition or results of operations.

Source:RHP

## INDUSTRY OVERVIEW

India Performance Analysis India Historical and Current Performance:

- Occupancy revived since CY15 as demand conditions improved and new inventory had slowed. The upward trend in RevPAR up to December 2019 was materially occupancy led, with improved occupancy gradually enabling ADR increases.
- The COVID-19 pandemic was a major disruption with severe travel and operating restrictions causing reduced travel across segments and a material drop in occupancies and ADR.
- Recovery started in late CY20 and continues to gain momentum giving way to strong performance through JanMar 24.
- ADR for CY23 was higher by 22.5% compared to CY22, and by 31.6% compared to CY19 (pre-COVID levels).<sup>28</sup>
- ADR for Jan-Sep 24 has increased by 6.6% while occupancy has increased from 61.0% to 62.4%, compared to Jan-Sep 23. This has resulted in RevPAR growth of 9.2% in Jan-Sep 24 compared to same period for 2023. RevPAR growth in the Jan-Mar 24 quarter was 11.7%, slowed to 4.1% in Apr-Jun 24 quarter because of elections and rebounded in Jul-Sep 24 quarter leading to a 9.2% YoY growth.<sup>29</sup>
- The Indian hotel market generally experiences better performance in the second half of an FY relative to the first half of the FY.

India Future Demand

In this section projected future demand. Assumption underlying estimates of future demand are given below:

- Estimated demand growth by market category (for this purpose markets are categorised as 10 Key markets, other Key Tier 1 markets and Other Markets). The total estimated All India demand is an aggregate of demand from these three categories.
  - Existing demand for FY24 is segregated between demand from supply as at 31 March 2023 and new additions between 1 April 2023 and 31 March 2024.
  - Adjusted the new hotel supply in FY24 for the period for which these hotels were open and for the expected supply from FY25 to FY27 for the period from when these hotels are likely to open. New hotels are generally on a ramp-up mode upon opening and need a certain period (generally two to four years) to achieve stable level occupancy. As new supply is added in a market it also leads to demand creation. During the ramp-up period demand projections are base on partial absorption of new supply



**Consolidated Financials**

(Rs in Mn)

Financials	FY22	FY23	FY24	H1 FY 2025
Total Revenue (A)	2291.70	4308.13	4779.80	3727.78
Total Expenditure (B)	1129.08	1916.62	1941.49	2085.31
EBIDTA	1162.62	2391.51	2838.31	1642.47
EBIDTA Margin	50.73	55.51	59.38	44.06
Other Income	83.35	109.41	167.28	161.50
Depreciation	479.63	493.16	481.49	608.06
EBIT	766.34	2007.76	2524.10	1195.91
Interest	406.08	415.87	472.22	831.12
PBT	360.26	1591.89	2051.88	364.79
Share of profit in Asso	0.00	0.00	0.00	0.00
PBIT	360.26	1591.89	2051.88	364.79
Exceptional	0.00	0.00	0.00	0.00
PBT	360.26	1591.89	2051.88	364.79
Tax	65.95	279.16	388.71	479.31
PAT	294.31	1312.73	1663.17	-114.52
NPM				
ROE%	13.92	80.11	50.31	-0.55
EPS	2.75	12.36	15.92	-2.28
Eq Cap	107.14	104.44	104.44	208.66
Net Worth	2,150.87	1,677.72	3,344.54	30,570.54

(Source: RHP)

**Peer Comparison**

Company Name	Face Value	EPS	P/E	ROE %	NAV
<i>Company</i>	<i>1</i>	<i>15.92</i>	<i>--</i>	<i>50.31</i>	<i>31.65</i>
<b>Peers</b>					
Chalet Hotels Limited	10	13.54	66.04	15.03	90.08
Samhi Hotels Limited	1	-14.67			47.63
Juniper Hotels Limited	10	1.46	244.86	0.90	119.34
The Indian Hotels Company Limited	1	8.86	87.89	13.13	71.16
EIH Limited	2	10.22	36.68	16.58	65.354
Lemon Tree Hotels Limited	10	1.88	69.10	11.75	19.52
Apeejay Surrendra Park Hotels Limited	1	3.82	42.96	5.74	56.13

(Source: RHP)



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