

**THE  
PARK**  
Hotels

IPO NOTE

# APEEJAY SURRENDRA PARK HOTELS LIMITED



Rating:

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## ISSUE OFFER

Issue Opens on	FEB 05, 2024
Issue Close on	FEB 07, 2024
Total IPO size (cr)	₹920.00
Fresh issue (cr)	₹600.00
Offer For Sale (cr)	₹320.00
Price Band (INR)	147- 155
Market Lot	96
Face Value (INR)	1
Retail Allocation	10%
Listing On	NSE, BSE

## ISSUE BREAK-UP (%)

QIB Portion	<div style="width: 75%;"></div>	75%
NIB Portion	<div style="width: 15%;"></div>	15%
Retail Portion	<div style="width: 10%;"></div>	10%

## SHAREHOLDING (No. of Shares)

**Pre Issue**

174,661,760

## INDICATIVE TIMETABLE

Finalisation of Basis of Allotment	08-02-2024
Refunds/Unblocking ASBA Fund	09-02-2024
Credit of equity shares to DP A/c	09-02-2024
Trading commences	12-02-2024

Apeejay Surrendra Park Hotels operate hospitality assets under its own brands, "THE PARK", "THE PARK Collection", "Zone by The Park", "Zone Connect by The Park" and "Stop by Zone". The company ranks as the eighth-largest in India in terms of chains affiliated with hotel room inventory. It has a long-standing expertise of over 55 years in the hospitality business of owning and operating hotels, with its first hotel being launched under its brand "THE PARK" at the iconic Park Street in Kolkata.

## OBJECTS OF THE ISSUE

- Payment of certain outstanding borrowings of the company.
- General corporate purposes.

## OUTLOOK & VALUATION

Apeejay Surrendra Park Hotels (ASPHL), is a well-established hotel chain with a prominent brand and pan-India portfolio.

On the positive side, ASPHL boasts long-standing industry expertise, high occupancy rates, and a proven track record of product innovation and service excellence. Their expansion plans further indicate the potential for future growth.

However, potential investors should carefully consider certain risks. ASPH has a history of losses, and its reliance on a limited number of key hotels exposes it to operational concentration risks. Additionally, the Indian hospitality industry is cyclical and susceptible to seasonal fluctuations.

The IPO valuation of 56.36x P/E appears to be fully priced. However the company's potential for future growth and the improving industry outlook are promising, so investors may apply for this IPO.



## KEY MANAGERIAL PERSONNEL

01

### Priya Paul

Chairperson and Executive Director of the Company. She is also one of the Promoters. Priya Paul started her career with the Apeejay Group in July 1988 when she joined as a marketing manager. She has approximately 35 years of experience in the hospitality sector and continues to hold a leadership position in the Company since April 1, 2003.

04

### Shalini Keshan

Company Secretary and Director Compliances of the Company and was appointed as such pursuant to a letter from the Company dated August 08, 2023. Shalini Keshan has approximately 14 years of experience in company secretarial practice and corporate governance.

02

### Vijay Dewan

Managing Director of the Company and looks after the management and administration of the Company under the overall supervision, control and direction of the Board. Vijay Dewan has approximately 32 years of experience in the hospitality industry and has been with the company since April 8, 1991.

03

### Atul Khosla

Senior Vice President-Finance and Chief Financial Officer of the Company was appointed as such pursuant to a letter from the Company dated July 25, 2023. He is a fellow member of Institute of Chartered Accountants of India and Institute of Chartered Financial Analysis of India. He has approximately 28 years of experience in the finance sector.



## COMPANY PROFILE

- The Company has pioneered the concept of luxury boutique hotels in India under its brand, “THE PARK”, extending it further through “THE PARK Collection”, and in upper-midscale categories with its brands “Zone by The Park” and “Zone Connect by The Park”.
- The company’s hotel portfolio has a PAN-India presence and diversified portfolio. It categorizes its hotel portfolio into two distinct hotel categories based on brand classification – upscale, and upper mid-scale.
- Its food and beverage outlets and entertainment offerings within its hotels provide a diversified experience for customers. As of September 30, 2023, it operates 81 restaurants, nightclubs, and bars, offering a wide selection of culinary experiences.
- It operates 30 hotels across luxury boutique upscale, and upper midscale categories, with a pan-India presence in metros such as Kolkata, New Delhi, Chennai, Hyderabad, Bangalore, and Mumbai as well as in other major cities such as Coimbatore, Indore, Goa, Jaipur, Jodhpur, Jammu, Navi Mumbai, Visakhapatnam, Port Blair, Pathankot representing 2,298 rooms.

## COMPETITIVE STRENGTHS

- It has built successful hospitality brands through product innovation and service excellence to attract customers through a diversified and holistic offering.
- A diversified Pan India portfolio of owned, leased, and managed hotels.
- High occupancy rate and REVPAR with a strong financial and operational track record.
- High F&B and Entertainment contributions which add to stable and non-cyclical earnings.
- “Flurys” is an iconic brand with a successful and profitable track record of industry-leading EBITDA margins.
- Dedicated and experienced leadership team with high standards of corporate governance.

## KEY STRATEGIES

- Continued focus on the development of existing land banks and strategic allocation of capital.
- Optimize capital efficiency through the adoption of its asset-light model with an optimal portfolio of owned, leased, and managed hotels.
- Improving operational efficiency to achieve superior performance.
- Further, develop and strengthen the ‘Flurys’ brand in the retail food and beverage business through expansion plans.

## KEY CONCERNS

- Exposure to risks associated with the delay in the development of its hotel properties and land banks.
- The Company has had restated losses in the past. Any losses in the future could adversely affect its financial condition.
- It derives a significant portion of its room revenue from corporate accounts and leisure customers.
- Certain of its hotels are mortgaged with lenders.
- A large portion of its revenue (approximately 75% of the Total Income in Fiscal 2023) is realized from its top five owned hotels.
- This business is subject to seasonal variations that could result in fluctuations in its results.

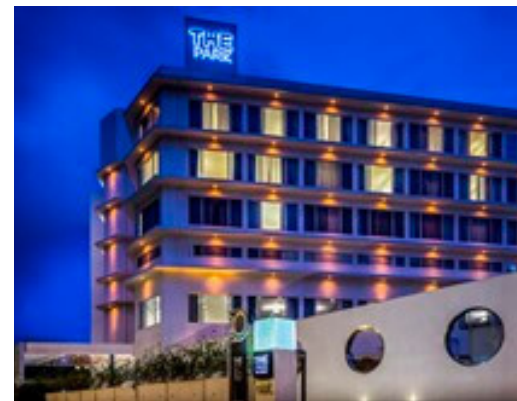


**COMPARISON WITH LISTED INDUSTRY PEERS (AS ON 31ST MARCH 2023)**

Name of the Company	EPS (Basic)	NAV	P/E	Total Income (Mn)	RoNW (%)
<b>Apeejay Surrendra Park Hotels Limited</b>	<b>2.75</b>	<b>31.81</b>	-	<b>5,061.30</b>	<b>8.65%</b>
<b>Peer Group</b>					
Chalet Hotels Limited	9.06	75.20	79.78	11,284.67	12.03%
Lemon Tree Hotels Limited	1.45	10.78	92.34	8,749.90	16.46%
Indian Hotels Company Limited	7.06	56.20	65.67	58,099.10	13.19%
EIH Limited	5.03	53.96	56.59	20,188.10	9.75%
SAMHI Hotels Limited	(47.48)	2.51	NA	9,328.09	NA

**FINANCIALS (RESTATED CONSOLIDATED)**

PARTICULARS (RS. IN MILLIONS)	FY 2023	FY 2022	FY 2021
<b>Equity Share Capital</b>	174.66	174.66	174.66
<b>Other Equity</b>	5,382.16	4,910.47	5,188.10
<b>Net Worth</b>	5,554.62	5,083.30	5,362.02
<b>Total Borrowings</b>	5,010.20	4,780.10	4,696.40
<b>Revenue from Operations</b>	5,061.30	2,550.20	1,788.30
<b>EBITDA</b>	1,770.95	582.93	228.46
<b>Profit/loss before Tax</b>	654.67	(417.89)	(868.04)
<b>Net Profit/loss for the year</b>	480.62	(282.02)	(758.84)



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