

IPO Details		Company Background				
Opening Date	Feb 05, 2024	<ul style="list-style-type: none"> ○ Apeejay Surrendra Park Hotels Limited was originally incorporated in the year 1987 and has its registered office in Kolkata, West Bengal India. ○ The company operates hospitality assets under the brands, “THE PARK”, “THE PARK Collection”, “Zone by The Park”, “Zone Connect by The Park” and “Stop by Zone”. ○ The company operates 30 hotels comprising 7 owned, 3 leased, and 20 managed hotels across luxury boutique upscale brands, and upper midscale category. ○ The company has established a presence in the retail food and beverage industry through its retail brand ‘Flurys’. ○ As of 30th September 2023, the Company had 2,030 employees on its payroll. 				
Closing Date	Feb 07, 2024					
Stock Exchange	NSE, BSE					
Lot Size	96 Shares					
Issue Price	₹ 147 to ₹ 155 per share					
Issue Size	Aggregating up to 920 Cr.					
Fresh Issue	Aggregating up to 600 Cr.					
Offer for Sale	Aggregating up to 320 Cr.					
Application	Min. Inv. - ₹ 14,880 (96 shares)					
Amount (Price at Upper Band)	Max. Inv. - ₹ 1,93,440 (1,248 shares)					
IPO Objective						
1. Repayment and/or prepayment in part or in full of certain outstanding borrowings of the Company.						
2. General corporate purposes.						
Pre-Issue Shareholding		Market Capitalization		(In Cr.)		
Category	No. of Shares	Pre-Issue	Post-Issue			
		₹ 2,707	₹ 3,307			
	% of Total Shares	Financial Summary				
		(In Cr.)				
		For the Period Ended	Mar-21	Mar-22	Mar-23	Sept-23
Promoter & Promoter Group	16,44,99,760	94.18 %				
Public	1,01,62,000	5.82 %				
Promoter of the Company		Total Assets	1,280.34	1,275.18	1,361.79	1,382.51
1. Karan Paul		Net Assets	536.28	508.51	555.68	578.71
2. Priya Paul		Total Borrowings	593.44	622.68	566.88	597.09
3. Apeejay Surrendra Trust		Total Revenue	190.29	267.83	524.43	272.31
4. Great Eastern Stores Private Limited		Profit After Tax	-75.88	-28.20	48.06	22.95
Competitive Strengths		Tentative Timeline				
1. Successful hospitality through product innovation and service excellence to attract customer through diversified and holistic offerings.		Opening Date	Feb 05, 2024			
2. Diversified PAN India portfolio of owned, leased and managed hotels.		Closing Date	Feb 07, 2024			
3. High occupancy rate and REVPAR with a strong financial and operational track record.		Basis of Allotment	Feb 08, 2024			
4. High F&B and Entertainment contributions		Initiation of Refunds	Feb 09, 2024			
5. “Flurys” is an iconic brand with a successful and profitable track record.		Credit of Shares to Demat	Feb 09, 2024			
6. Dedicated and experienced leadership team with high standards of corporate governance.		Listing Date	Feb 12, 2024			

Company Background and Analysis

Apeejay Surrendra Park Hotels Limited was incorporated in the year 1987. The company 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 have a long-standing expertise of over 55 years in the hospitality business of owning and operating hotels. The company operates 30 hotels comprising 7 owned, 3 leased, and 20 managed hotels across luxury boutique upscale brands, and upper midscale category. The company have established presence in the retail food and beverage industry through its retail brand ‘Flurys’.

Company ranks as the eighth largest in India in terms of chain affiliated hotel rooms inventory as of September 30, 2023 (Source: Horwath HTL Report). Of the 45,800 rooms owned by chained affiliated hotels across the country as at September 30, 2023, the Company comprises of about 1,300 rooms constituting 2.80% of the total inventory (Source: Horwath HTL Report).

The company’s hotel portfolio has a PAN-India presence. The company categorize its hotel portfolio into two distinct hotels categories based on brand classification – upscale, and upper mid-scale. The company operates hotels under following four brands, namely “THE PARK”, “THE PARK Collection”, “Zone by The Park”, “Zone Connect by The Park” and have recently launched the economy motel brand, “Stop by Zone”

1. “THE PARK” - brand is positioned as an upscale brand with a luxury boutique offering, with a brand philosophy that concentrates on design, style, and service to create differentiated and unique experiences at each hotel.
2. “THE PARK Collection” - brand encompasses small luxury properties located at selected travel destinations targeted at the luxury hotel category delivering personalized guest experiences.
3. “Zone by the PARK” - brand is positioned at the upper midscale level. It is designed for the price conscious and design conscious customers.
4. “Zone Connect by the PARK” - is an upper midscale brand that channels its spirit and design philosophy from Zone by The Park.
5. “Stop by Zone” - is an economy motel brand which aims at providing convenient accommodation with easy access to parking, free Wi-Fi along with food services.

The company with food and beverage outlets and entertainment offerings within its hotels operates 81 restaurants, night clubs and bars. The night club and entertainment division contribute to its brand positioning and allows cross-selling opportunities. The company has created brands such as Zen, Someplace Else, Tantra, Roxy, iBar, The Leather Bar, Pasha and Aqua. The following table sets forth the total number of operational hotels under the brands -

Our Brand	Six months ended September 30,		Fiscal ended March 31,		
	2023	2022	2023	2022	2021
THE PARK	8	8	8	8	7
<i>Owned</i>	<i>6</i>	<i>6</i>	<i>6</i>	<i>6</i>	<i>6</i>
<i>Leased</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>
<i>Managed</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>Nil</i>
THE PARK Collection	3	3	3	3	3
<i>Owned</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>
<i>Leased</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>
<i>Managed</i>	<i>2</i>	<i>2</i>	<i>2</i>	<i>2</i>	<i>2</i>
Zone by the Park	11	8	9	7	7
<i>Owned</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>
<i>Leased</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>
<i>Managed</i>	<i>10</i>	<i>7</i>	<i>8</i>	<i>6</i>	<i>6</i>
Zone Connect	5	3	5	3	<i>Nil</i>
<i>Owned</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>
<i>Leased</i>	<i>1</i>	<i>Nil</i>	<i>1</i>	<i>Nil</i>	<i>Nil</i>
<i>Managed</i>	<i>4</i>	<i>3</i>	<i>4</i>	<i>3</i>	<i>Nil</i>

To conclude, the company has vast experience in the industry in which the company operates. The company has established itself as one of the eight largest hotels in India. The company has a strong footprint in the industry.

Business Strategies

1. Continued focus on the development of existing land banks and strategic allocation of capital -

The company as a part of its strategy to grow through an optimum mix of owned, leased/ licensed hotels and asset light contracts, company continues to focus on development and expansion of existing owned, leased and licensed hotels, and on strategic expansion of its managed hotels. The company have a strong pipeline of projects that are under development, which they intend to complete in the near future.

2. Optimise capital efficiency through the adoption of the asset light model with an optimal portfolio of owned, leased and managed hotels and to further strengthen, develop and expand the existing brands-

The Company will continue to position itself as a brand differentiated through design and art, events, and entertainment with the ability to develop new brands that are synonymous with product innovation and superior service quality. The company will focus on the key drivers of success by developing and enhancing its portfolio brands, leveraging the strengths of its business model to create more vibrant brands, deepen the existing distribution network, increase the product and service innovation

3. Improving operational efficiency to achieve superior performance -

The Company aims to create awareness on energy conservation within the Group by engaging the Operations and Engineering team to further innovate energy saving initiatives. The company intends to update its technology where possible to achieve efficiency in reservations and other functions, so as to minimise transaction times and costs. The company plans to improve staff productivity and efficiency to reduce payroll costs per room through the use of new technology, streamlined management systems, comprehensive training and performance-linked compensation.

Further develop and strengthen the “Flurys” brand in the retail food and beverage business through expansion plans -

The company intends to leverage on the expertise in the hospitality industry to develop and grow its presence in the retail food and beverage industry. The company aims to expand the outlets of Flurys under asset light business model in diversified format of café, kiosks, and tea rooms. As part of the expansion strategy, company intends to expand its existing offering of 73 outlets and increase the footprint of Flurys in Kolkata, rest of West Bengal and Mumbai regions as well as expand in the Delhi NCR region, Hyderabad, Pune, and the metro domestic and international airports.

Competitive Scenario and Peer Mapping

Competition

The company operates in the luxury boutique category differentiated by design and unique customer experience. The company believes they have a niche of their own. The competition in India is intense both from domestic as well as international brands. The company operates in a highly competitive hotel industry and the success in the hotel industry in India is dependent on the ability to compete with international, regional, and local hotel companies present in India, on various factors such as room rates, location of the property, the quality and scope of other amenities, including food and beverage facilities, quality of accommodation. The company also face competition from home stays, individual small hotels, cottages, guest houses, local aggregators. The industry has fewer barriers to entry. The bargaining power with the customers is moderate in the sector in which the company operates.

Peer Analysis

The comparison of the key performance indicators of the listed peers as of Mar-23 is given below –

Particulars	Apeejay Surrendra Park Hotels Limited	Chalet Hotels Limited	Lemon Tree Hotels Limited	Indian Hotels Company Limited	EIH Limited	SAMHI Hotels Limited
	31st Mar 2023	31st Mar 2023	31st Mar 2023	31st Mar 2023	31st Mar 2023	31st Mar 2023
Net Profit Margin	9.50%	16.22%	16.11%	18.12%	100.00%	-46%
EBITDA Margin	31.37%	40.16%	51.20%	31.07%	182.07%	32%
Return on Capital Employed	8.47%	8.66%	10.45%	12.19%	12.17%	11%
Return on Equity	4.39%	11.87%	16.51%	13.19%	9.75%	42%
EPS (INR)	2.75	8.94	1.45	7.06	5.03	-39.68

The comparison of the key performance indicators of the listed peers as on Mar-22 is given below –

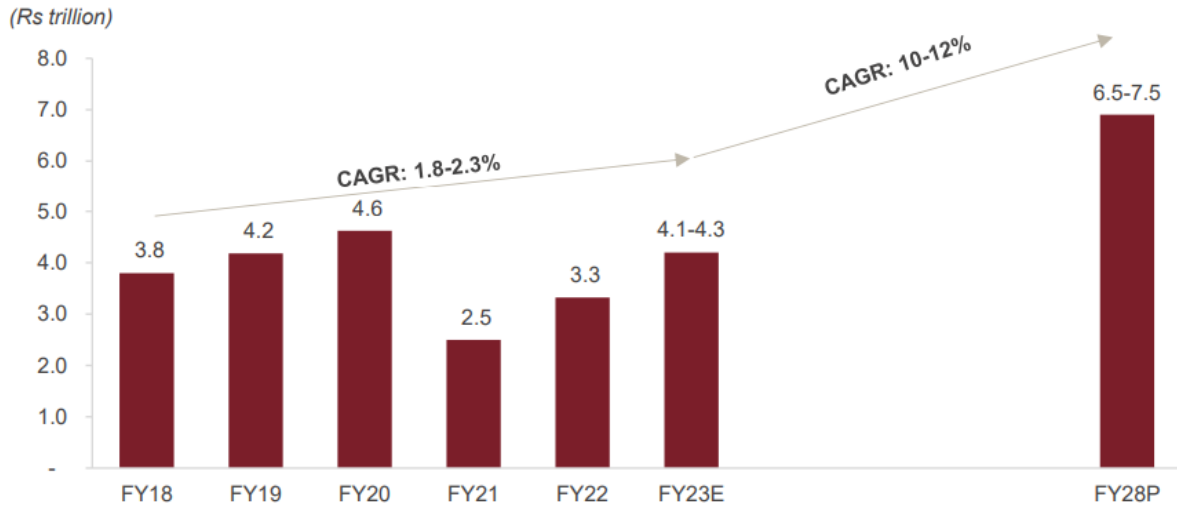
Particulars	Apeejay Surrendra Park Hotels Limited	Chalet Hotels Limited	Lemon Tree Hotels Limited	Indian Hotels Company Limited	EIH Limited	SAMHI Hotels Limited
	31st Mar 2022	31st Mar 2022	31st Mar 2022	31st Mar 2022	31st Mar 2022	31st Mar 2022
Net Profit Margin	-11.06%	-15.94%	-34.08%	-8.67%	100.00%	-137%
EBITDA Margin	17.84%	19.29%	29.60%	13.25%	35.79%	3%
Return on Capital Employed	-1.40%	-0.55%	0.44%	-0.01%	-4.50%	-5%
Return on Equity	-2.82%	-6.04%	-16.49%	-3.75%	-3.14%	69%
EPS (INR)	-1.61	-3.98	-1.10	-1.74	-1.56	-58.12

The comparison of the key performance indicators of the listed peers as on Mar-21 is given below –

Particulars	Apeejay Surrendra Park Hotels Limited	Chalet Hotels Limited	Lemon Tree Hotels Limited	Indian Hotels Company Limited	EIH Limited	SAMHI Hotels Limited
	31st Mar 2021	31st Mar 2021	31st Mar 2021	31st Mar 2021	31st Mar 2021	31st Mar 2021
Net Profit Margin	-42.43%	-48.60%	1.11%	-50.54%	100.00%	-281%
EBITDA Margin	-2.06%	2.45%	10.50%	-22.98%	94.40%	-41%
Return on Capital Employed	-5.68%	-3.38%	8.00%	-9.10%	-12.99%	-10%
Return on Equity	-7.19%	-9.82%	21.26%	-21.81%	-12.08%	227%
EPS (INR)	-4.34	-6.78	-1.60	-5.45	-5.91	-62.61

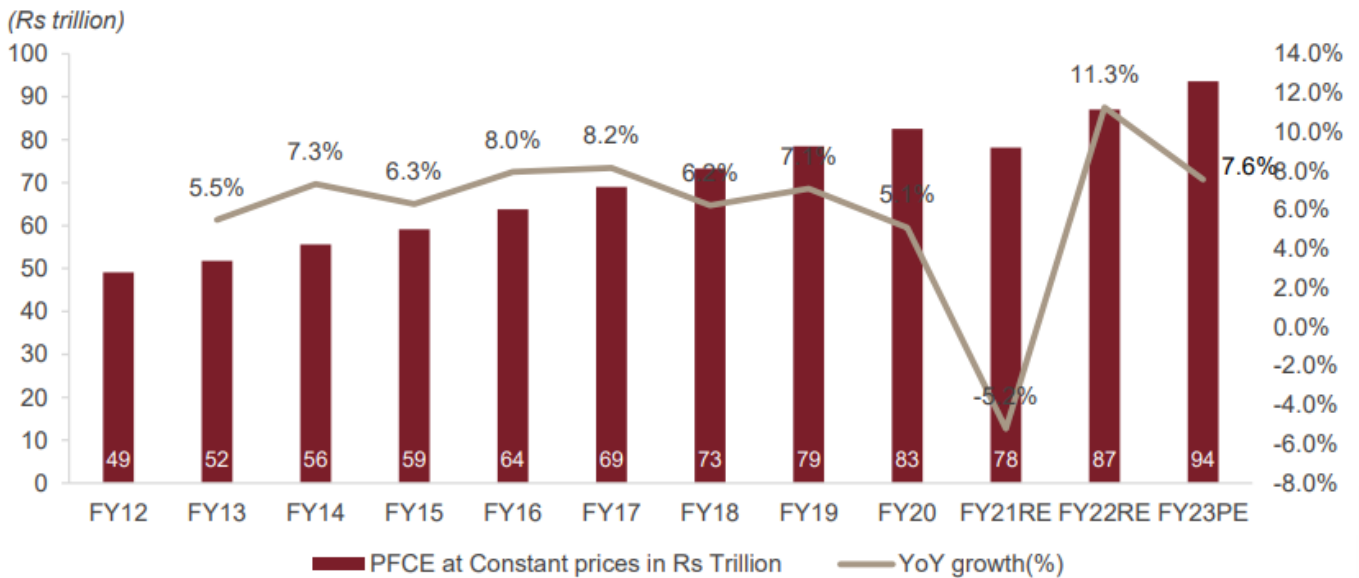
Industry Overview

Exhibit 1: Growth set to spurt significantly for restaurants.



E-Estimated, P-Projected

Exhibit 2: Trend in PFCE, an indicator of consumer spending



RE: revised estimates, PE: Provisional Estimates

(Source: prospectus)

Overview of the food services industry -

The Indian food services business comprises of both unorganized and organized players. The unorganized players comprise of local restaurants and roadside eateries. The organized format includes quick service restaurants (QSR) offering fast food products, café chain offering coffee and beverages along with snack eateries, bars/ lounges offer alcohol-based beverages along with full-fledged meals and fine dining outlets. The Indian bakery market is expected to reach approximately ₹ 1,800-1,850 billion over next five years, by Fiscal 2028, and the Indian café market is expected to grow at 19-21% CAGR during Fiscal 2023- 2028. The Indian food services industry, which has been dominated by unorganised entities such as local restaurants and roadside eateries, has witnessed growth in the organized food sectors in the recent years.

A key reason to the growth of this segment has been its offering of quality and service consistency assurance across outlets as well as quality food produce with more control over the food supply chain. Unorganised entities such as local restaurants and roadside eateries, which include street stalls, hawkers, trolleys and standalone sweet shops have dominated the Indian food services industry and continue to hold a major share in the total food and beverage (F&B) service industry.

On the other hand, organised outlets offer quality and service consistency assurance across outlets as well as quality food produced with more control over the food supply chain. The organised format includes quick service restaurants (QSRs), café chains, bars/lounges and dining outlets. The organised food services industry in India comprises independent/standalone as well as chain formats of restaurants, bars, and cafes. On the basis of food service formats, the industry can be categorised as follows:

Estimated size of the Indian Food Services Industry -

The Indian food services industry was valued at an estimated Rs 4.6 trillion in fiscal 2020, growing at a CAGR of around 10% from FY18 to 20. Growth was driven by India's rising disposable income and an uptick in discretionary spending on eating out. Increasing availability of restaurants offering a variety of cuisines, along with the proliferation of food-ordering platforms, has also aided growth of the food services industry. But the industry saw a heavy dip in fiscal 2021 due to the Covid-19 pandemic which led to nationwide lockdowns, limited mobility of people, work-from-home and a general fear of traveling outside. In fiscal 2023, the industry is estimated to have grown 25-30% (YoY) to about Rs 4.1 to 4.3 trillion backed by increased mobility and higher discretionary spending.

Going forward the trend of higher consumption is expected to continue, especially among millennials who like to try new restaurants and cafes to enhance their social presence. Also, the rise in disposable income, entry of new brands, an increase in presence of QSRs in tier 2+ cities, and lack of time to cook among working professionals is also expected to support the growth of the Indian food services market. Food aggregators also had a significant effect on the market, especially during the pandemic in fiscal 2021 and 2022. With an increase in smartphone penetration, the rise of cloud kitchens in new category restaurants, the food aggregators would further enable growth in the Indian food services market. As a result, the industry's revenue is expected to grow at a 10-12% CAGR to ~Rs 6.5-7.5 trillion by fiscal 2028 from fiscal 2023.

(Source: Prospectus)

Key Managerial Personnel

Priya Paul, aged 57 years, is one of the Promoters, Chairman and Executive Director of the Company. She holds a bachelor's degree in arts. She has completed the Owner/President Management Program. 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. She has been the recipient of many awards and honours for her contribution to the hotel industry, including the Padma Shri for her services to trade and industry by the President of India in the year 2012.

Karan Paul, aged 54 years, is one of the Promoters and Non-Executive Director of the Company. He holds a bachelor's degree in arts. He is also a director of the West Bengal Tourism Development Corporation Limited. He has approximately 31 years of experience in managing and developing businesses across various sectors such as shipping, real estate and logistics, financial services, tea plantations and FMCG. Karan Paul was awarded one of Italy's highest honours, 'The Order of the Star of Italian Solidarity' by the President of Italy, In 2012, International Confederation of NGOs felicitated Karan Paul with its coveted 'Karmaveer Puraskaar' for his contribution as a 'Corporate Citizen for Holistic CSR Initiatives'.

Vijay Dewan, aged 64 years, is the Managing Director of the Company. He holds a master's degree in organic chemistry, a post-graduate diploma in hotel management. He has approximately 32 years of experience in the hospitality industry and has been with the company since April 8, 1991. He looks after the management and administration of the Company under the overall supervision, control and direction of the Board.

Debanjan Mandal, aged 50 years, is the Independent Director of the Company. He holds a bachelor's degree in law, and has completed his second year for a bachelor's degree in English. He is a member of the Incorporated Law Society of Calcutta, International Bar Association, U.K. and Bar Council of West Bengal. He has more than 23 years of experience in litigation, arbitration and transactional matters in various sectors such as energy, public transport, aviation, shipping and corporate mergers and acquisitions.

Suresh Kumar, aged 65 years, is the Independent Director of the Company. He holds a bachelor's degree in science. He has approximately 43 years of experience in the hospitality sector. Suresh Kumar has previously worked at ITC Hotels Limited for over three decades and retired as their Managing Director.

Ragini Chopra, aged 71 years, is the Independent Director of the Company. She has passed the final examinations of her bachelor's degree in arts, and holds a diploma in hotel management. She has over 48 years of experience in the hotel industry. Presently she is the Executive Vice President for Corporate Affairs at InterGlobe Enterprises Private Limited and has been previously associated with Jet Airways (India) Limited and Oberoi Group.

To conclude, the company has four promoters, out of which there are two individual promoters, and they have vast experience in the fields directly linked to the operations. The Remaining Directors of the company also have vast knowledge and experience in the operations of the company.

Financial Snapshot

Profit and Loss Statement					(In Cr.)
Particulars	FY 21	FY 22	FY 23	Sep-23	
Revenue from Operations	178.83	255.02	506.13	264.41	
Other Income	11.46	12.81	18.30	7.90	
Total Income	190.29	267.83	524.43	272.31	
Expenses					
Food and beverages consumed	27.18	35.35	68.66	34.95	
Changes in inventories of finished goods, work-in-process and Stock-in-Trade	-0.10	-	-0.07	0.02	
Employee benefits expense	55.18	64.22	99.50	54.48	
Finance Costs	56.88	60.01	62.33	33.38	
Depreciation and Amortization expense	37.70	40.07	49.30	23.89	
Other expenses	85.18	109.97	179.24	91.96	
Total Expenses	262.02	309.62	458.96	238.67	
Earnings Before Interest, Taxes, Depreciation & Amortization	-3.68	45.48	158.80	83.01	
EBITDA Margin	-2%	18%	31%	31%	
Profit before exceptional and extraordinary items and tax	-71.73	-41.79	65.47	33.64	
Exceptional items	-15.07	-	-	-	
Profit/(Loss) before tax	-86.80	-41.79	65.47	33.64	
Tax Expense	-	-	-	-	
Current Tax	-	-	4.27	5.63	
Deferred Tax Expense / (credit)	-10.92	-13.59	13.13	5.06	
Total Tax Expense	-10.92	-13.59	17.41	10.69	
Profit/(Loss) for the year	-75.88	-28.20	48.06	22.95	
Net Profit Margin	-40%	-11%	9%	8%	

Balance Sheet					(In Cr.)
Particulars	FY 21	FY 22	FY 23	Sep-23	
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	842.54	825.45	819.37	816.13	
Capital work-in-progress	27.45	29.23	34.57	46.54	
Investment Properties	141.44	140.68	181.49	180.99	
Goodwill	22.81	22.81	22.81	22.81	
Other Intangible assets	29.68	27.76	26.12	25.44	
Right-of-use asset	120.26	125.40	142.39	138.17	
Financial Assets	-	-	-	-	
Investments	0.02	0.02	0.02	0.02	
Loans	8.88	6.15	6.26	6.29	
Other financial assets	14.09	13.67	19.41	20.39	
Income Tax Assets (net)	3.66	6.52	2.09	3.13	
Other non-current assets	11.25	10.69	14.48	17.36	
Total Non-Current assets	1,222.08	1,208.38	1,269.00	1,277.27	
Current Assets					
Inventories	9.92	10.06	13.48	12.97	
Financial Assets	-	-	-	-	

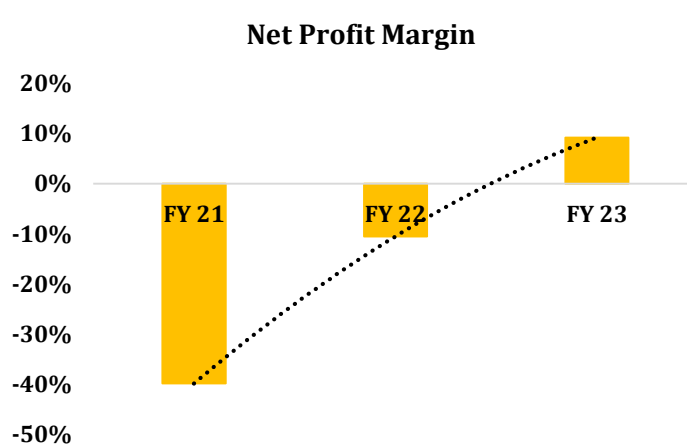
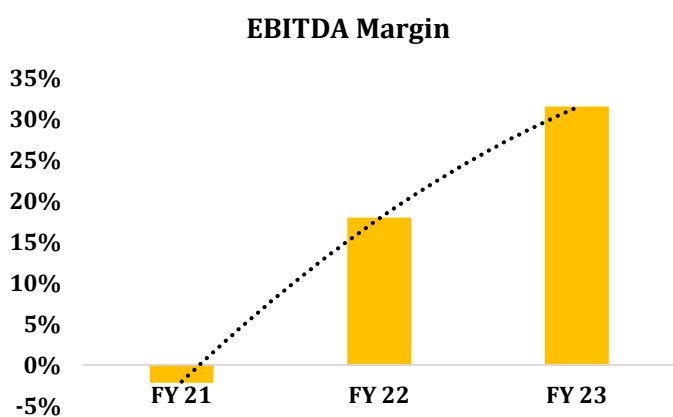
Balance Sheet					(In Cr.)
(i) Investments	-	-	-	-	-
(ii) Trade Receivables	19.54	19.02	26.10	31.28	
(iii) Cash and Cash Equivalents	10.04	8.92	16.87	16.38	
(iv) Other Bank Balances	0.34	0.33	0.35	2.44	
(v) Loans	0.10	0.05	0.13	0.12	
(vi) Other financial assets	5.97	6.40	5.89	6.14	
Other current assets	12.35	22.02	29.97	35.91	
Total Current assets	58.26	66.80	92.79	105.24	
Total Assets	1,280.34	1,275.18	1,361.79	1,382.51	
EQUITY AND LIABILITIES					
Equity					
Share Capital	17.47	17.47	17.47	17.47	
Other Equity	518.81	491.05	538.22	561.24	
Total equity attributable to equity holders of the company	536.28	508.51	555.68	578.71	
Non-controlling interests (NCI)	-0.07	-0.18	-0.22	-0.22	
Total Equity	536.20	508.33	555.46	578.48	
Liabilities					
Non-current liabilities					
Financial Liabilities					
(i) Borrowings	469.64	478.01	501.02	481.10	
(ii) Lease liabilities	19.58	26.38	43.43	40.57	
iii) Other financial liabilities	0.04	0.47	0.46	1.46	
Provisions	7.52	7.25	7.03	7.53	
Deferred tax liabilities (net)	32.48	19.00	31.75	36.58	
Total Non-current liabilities	529.26	531.11	583.69	567.24	
Current liabilities					
Financial Liabilities					
(i) Borrowings	123.80	144.67	65.86	116.00	
(ii) Trade Payables	-	-	-	-	
total outstanding dues of micro enterprises and small enterprises	2.26	1.90	2.97	2.48	
total outstanding dues of creditors other than micro enterprises and small enterprises	48.08	42.51	53.62	46.64	
(iii) Other Financial Liabilities	20.06	21.11	68.20	31.86	
(iv) Lease Liabilities	2.52	4.62	7.12	7.46	
Provisions	8.92	8.69	10.32	11.23	
Current tax liabilities (Net)	-	-	-	4.25	
Other current liabilities	9.24	12.24	14.56	16.87	
Total Current liabilities	214.88	235.74	222.64	236.78	
Total Liabilities	744.14	766.85	806.33	804.02	
Total Equity and Liabilities	1,280.34	1,275.18	1,361.79	1,382.51	

Cash Flow Statement				
				(In Cr.)
Particulars	FY 21	FY 22	FY 23	Sep-23
Net Cash Flow from Operating Activities	26.61	58.11	176.33	68.89
Net Cash Flow from Investing Activities	-25.31	-22.11	-42.13	-62.68
Net Cash Flow from Financing Activities	-5.26	-37.21	-126.16	-6.45

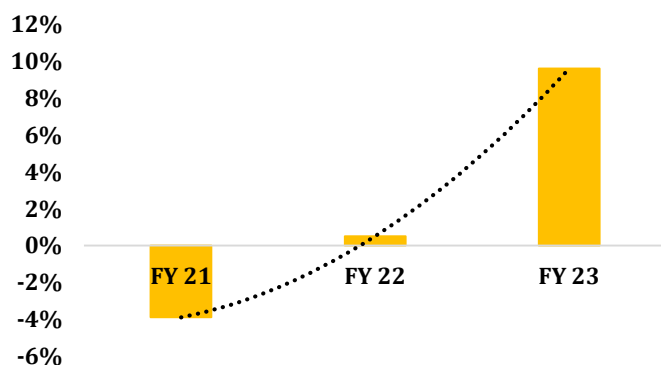
Ratio Sheet				
Particulars	FY 21	FY 22	FY 23	Sep-23*
Per Share Data				
Diluted EPS	-4.34	-1.61	2.75	2.36
BV per share	25.13	23.83	26.04	56.52
Operating Ratios				
EBITDA Margins	-2%	18%	31%	31%
PAT Margins	-40%	-11%	9%	9%
Inventory days	20.25	14.40	9.72	8.98
Debtor days	39.88	27.22	18.82	21.65
Creditor days	714.33	455.19	288.25	261.31
Return Ratios				
RoCE	-4%	1%	10%	7%
RoE	-14%	-6%	9%	4%
Valuation Ratios (x)				
EV/EBITDA	-	24.67	6.96	10.69
Market Cap / Sales	18.49	12.97	6.53	6.25
P/E	-	-	56.36	65.71
Price to Book Value	6.17	6.50	5.95	2.74
Solvency Ratios				
Debt / Equity	0.24	0.30	0.13	0.49
Current Ratio	0.27	0.28	0.42	0.44
Quick Ratio	0.22	0.24	0.36	0.39
Asset Turnover	0.14	0.20	0.37	0.19
Interest Coverage Ratio	-0.73	0.09	1.76	1.77

*Annualized Figures

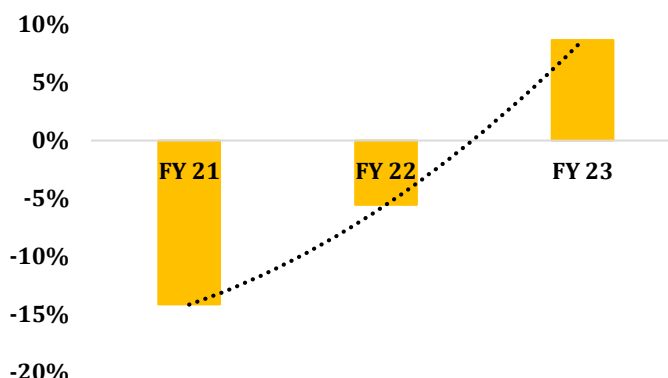
Financial Charts



Return On Capital Employed



Return on Equity



Key Risk Factors

1. The company has had restated losses in the past for the FY ended 2021, and 2022. Any losses in the future could adversely affect the financial condition, results of operations and cash flows.
2. The company, Subsidiaries, Directors and Promoters are involved in certain legal proceedings amounting to Rs. 132.75 Cr. An adverse outcome in any of these proceedings may adversely affect the results of the operations, financial condition and cash flows.
3. The company's business is subject to seasonal variations that could result in fluctuations in the results of operations and cash flows.
4. The company has certain contingent liabilities amounting to Rs. 90.22 Cr, which, if they materialize, may adversely affect the financial condition.

Track Record of Lead Manager

The lead managers to the issue are JM Financials Limited, ICICI Securities Limited, and Axis Capital Limited. A table has been set below highlighting the details of the IPO of the last companies handled by the Lead Manager in recent times –

JM Financial Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Innova Captab Limited	570.00	448.00	December 29, 2023	533.65
2.	Happy Forgings Limited	1,008.59	850.00	December 27, 2023	981.05
3.	Muthoot Microfin Limited	960.00	291.00	December 26, 2023	240.55
4.	DOMS Industries Limited	1,200.00	790.00	December 20, 2023	1,414.15
5.	Tata Technologies Limited	3,042.51	500.00	November 30, 2023	1,098.30

The company has had 58 mandates in the past three years (including the current year)

ICICI Securities Limited -

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	EPACK Durable Limited	640.05	230.00	January 30, 2024	204.20
2.	Jyoti CNC Automation Limited	1,000.00	331.00	January 16, 2024	586.10
3.	Innova Captab Limited	570.00	448.00	December 29, 2023	533.65
4.	Azad Engineering Limited	740.00	524.00	December 28, 2023	931.00
5.	Credo Brands Marketing Limited	549.78	280.00	December 27, 2023	272.55

The company has had 22 mandates in the past three years (including the current year)

Axis Capital Limited -

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	EPACK Durable Limited	640.05	230.00	January 30, 2024	204.20
2.	Azad Engineering Limited	740.00	524.00	December 28, 2023	931.00
3.	Happy Forgings Limited	1,008.59	850.00	December 27, 2023	981.05
4.	Muthoot Microfin Limited	960.00	291.00	December 26, 2023	240.55
5.	Inox India Limited	1,459.32	660.00	December 21, 2023	906.90

The company has had 50 mandates in the past three years (including the current year)

*CMP for the above-mentioned companies is taken as of 2nd February 2024.

As per the offer document, from the above-mentioned mandates, all the mandates are opened at a premium on the listing date.

Recommendation

The company has been in the industry since 1987 and thus has vast experience in the industry. The company has had a negative bottom line for two fiscals. The company faces high competition. The management outlook of the company is satisfactory.

The P/E on a post-IPO basis is around 65.70 times which makes it slightly highly priced by looking at the performance of the company and its peers. The Sector P/E is 41.00 times.

The company has established itself as eight largest hotels in India and has a huge footprint in the hotel industry. The company has seen a negative bottom line during FY 2021, and 2022 major reason being the COVID impact but can be seen increase in the revenue generation and occupancy rate thereafter. The company has also planned good strategies for expansions which we believe will yield good growth to the company in the near future and the details of the strategies are mentioned in the “Business Strategies” section of this report. The financial outlook of the company is good. The company’s management overview is very satisfactory with strong knowledge and expertise in the top management. Thus, at the current P/E we recommend knowledgeable investors and investors who have experience in the sector can **Risk Averse - Should Wait Risk Seekers - Should Apply** to this IPO.

Disclaimer

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