

**THE
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SURRENDRA
PARK HOTELS



(Please scan this QR Code to view the RHP)

APEEJAY SURRENDRA PARK HOTELS LIMITED

Our Company was originally incorporated at Karnataka on November 27, 1987, as Budget Hotels Private Limited, as a private limited company under the Companies Act, 1956, pursuant to a certificate of incorporation dated November 27, 1987 issued by the Registrar of Companies, Bangalore at Karnataka. Subsequently, the name of our Company was changed to Budget Hotels Limited pursuant to our Company becoming a public company with effect from October 26, 1990 and noting of such conversion in the certificate of incorporation by Registrar of Companies, Bangalore at Karnataka. Subsequently, the name of our Company was changed to Budget Hotels Limited pursuant to our Company becoming a public company with effect from October 26, 1990 and noting of such conversion in the certificate of incorporation by Registrar of Companies, Bangalore at Karnataka. Further, pursuant to the Acquisition Agreements, the entire issued and paid-up equity share capital of our Company constituting 571,940 equity shares of face value of ₹ 100 each, was acquired by Apeejay Hotels Delhi in two tranches and our Company became the wholly owned subsidiary of Apeejay Hotels Delhi. Subsequently, pursuant to the scheme of amalgamation approved vide orders of the High Court of Madras dated June 13, 2003, High Court of Delhi dated August 6, 2003, and High Court of Karnataka dated September 17, 2003, Apeejay Hotels Delhi, and Gemini Hotels and Holdings Limited (a wholly owned subsidiary of Apeejay Hotels Delhi) were amalgamated with our Company, with the appointed date being April 1, 2001. Thereafter, to closely identify the association of our Company with the Apeejay Surrendra Group, the name of our Company was changed from Budget Hotels Limited to Apeejay Surrendra Park Hotels Limited, pursuant to the resolution passed by our Shareholders at their EGM held on March 8, 2004 and the certificate of incorporation pursuant to change of name was issued by the RoC on March 29, 2004. Further, pursuant to our Shareholders' resolution dated November 30, 2016 and order dated June 22, 2017 passed by the Regional Director, South East Region, Hyderabad, our registered office was shifted from the State of Karnataka to State of West Bengal. For further details relating to changes in the registered office and name of our Company, see "History and Certain Corporate Matters – Changes in the registered office of our Company" on page 282 of the red herring prospectus of our Company dated January 29, 2024 filed with the RoC ("RHP" or "Red Herring Prospectus").

Registered Office: 17, Park Street, Kolkata – 700 016, West Bengal, India;
Corporate Office: The Park Hotels, N-80, Connaught Place, New Delhi – 110 001, India; Telephone number: +91 33 2249 9000;
Contact person: Shalini Keshan, Company Secretary and Compliance Officer; E-mail: investorrelations@asphl.in; Website: www.theparkhotels.com
Corporate Identity Number: U85110WB1987PLC222139

OUR PROMOTERS: PRIYA PAUL, KARAN PAUL, APEEJAY SURRENDRA TRUST AND GREAT EASTERN STORES PRIVATE LIMITED

INITIAL PUBLIC OFFERING OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹ 1 EACH ("EQUITY SHARES") OF APEEJAY SURRENDRA PARK HOTELS LIMITED (OUR "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) AGGREGATING UP TO ₹ 9,200.00 MILLION (THE "OFFER"), COMPRISING A FRESH ISSUE OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 6,000.00 MILLION BY OUR COMPANY (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 3,200.00 MILLION, COMPRISING UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 2,960.00 MILLION BY APEEJAY PRIVATE LIMITED (THE "PROMOTER GROUP SELLING SHAREHOLDER"), UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 230.00 MILLION BY RECP IV PARK HOTEL INVESTORS LTD AND UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 10.00 MILLION BY RECP IV PARK HOTEL CO-INVESTORS LTD (TOGETHER REFERRED TO AS THE "INVESTOR SELLING SHAREHOLDERS" AND TOGETHER WITH THE PROMOTER GROUP SELLING SHAREHOLDER, REFERRED TO AS THE "SELLING SHAREHOLDERS" AND SUCH EQUITY SHARES OFFERED BY THE SELLING SHAREHOLDERS, THE "OFFERED SHARES") ("OFFER FOR SALE").

THE OFFER INCLUDES A RESERVATION OF UP TO [●] EQUITY SHARES, AGGREGATING UP TO ₹ 100 MILLION (CONSTITUTING UP TO [●] OF THE POST OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (THE "EMPLOYEE RESERVATION PORTION"). THE OFFER LESS THE EMPLOYEE RESERVATION PORTION IS HEREINAFTER REFERRED TO AS THE "NET OFFER". THE OFFER AND THE NET OFFER SHALL CONSTITUTE [●] AND [●]%, RESPECTIVELY, OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY. OUR COMPANY, IN CONSULTATION WITH BOOK RUNNING LEAD MANAGERS ("BRLMS"), OFFER A DISCOUNT OF UP TO [●] (EQUIVALENT TO ₹ 7 PER EQUITY SHARE) OF THE OFFER PRICE TO ELIGIBLE EMPLOYEES BIDDING IN THE EMPLOYEE RESERVATION PORTION ("EMPLOYEE DISCOUNT").

DETAILS OF THE OFFER FOR SALE BY THE SELLING SHAREHOLDERS

NAME OF SELLING SHAREHOLDER	TYPE	NUMBER OF EQUITY SHARES OFFERED (AMOUNT IN ₹ MILLION)	WEIGHTED AVERAGE COST OF ACQUISITION (IN ₹ PER EQUITY SHARE) ^A
Apeejay Private Limited	Promoter Group Selling Shareholder	Up to [●] Equity Shares of face value of ₹ 1 each aggregating up to ₹ 2,960 million	0.75
RECP IV Park Hotel Investors Ltd	Investor Selling Shareholder	Up to [●] Equity Shares of face value of ₹ 1 each aggregating up to ₹ 230 million	109.81
RECP IV Park Hotel Co-Investors Ltd	Investor Selling Shareholder	Up to [●] Equity Shares of face value of ₹ 1 each aggregating up to ₹ 10 million	77.67

^AAs certified by Raj Har Gopal & Co., Chartered Accountants, by way of their certificate dated January 29, 2024.

We operate our hotels through a combination of the following: (i) direct ownership of hotel properties, (ii) long-term lease for the land and/or buildings, (iii) operation and management agreements on a contractual basis using our brand on hotels constructed by third parties.

The Offer is being made through the Book Building Process pursuant to Regulation 6(2) of the SEBI ICDR Regulations.

QIB Portion: Not less than 75% of the Offer | Non-Institutional Portion: Not more than 15% of the Offer | Retail Portion: Not more than 10% of the Offer.

Employee Reservation Portion: Up to [●] Equity Shares aggregating up to ₹ 100 million.

PRICE BAND: ₹147 TO ₹155 PER EQUITY SHARE OF FACE VALUE OF ₹1 EACH.

THE FLOOR PRICE IS 147 TIMES THE FACE VALUE OF THE EQUITY SHARES AND THE CAP PRICE IS 155 TIMES THE FACE VALUE OF THE EQUITY SHARES.

THE PRICE TO EARNING RATIO BASED ON DILUTED EPS FOR FISCAL 2023 AT THE FLOOR PRICE IS 53.45 TIMES AND AT THE CAP PRICE IS AS HIGH AS 56.36 TIMES AS COMPARED TO THE AVERAGE INDUSTRY PEER GROUP P/E RATIO OF 73.60.

BIDS CAN BE MADE FOR A MINIMUM OF 96 EQUITY SHARES AND IN MULTIPLES OF 96 EQUITY SHARES THEREAFTER.

A DISCOUNT OF UP TO [●] (EQUIVALENT TO ₹7 PER EQUITY SHARE) IS BEING OFFERED TO ELIGIBLE EMPLOYEES BIDDING IN THE EMPLOYEE RESERVATION PORTION.

In making an investment decision and purchase in the Offer, you must rely on the information included in the Red Herring Prospectus and the terms of the Offer, including the merits and risks involved and not on any other external sources of information about the Offer.

In accordance with the recommendation of the Independent Directors of our Company, pursuant to their resolution dated January 30, 2024, the above provided price band is justified based on quantitative factors/ KPIs disclosed in the "Basis for Offer Price" section of the RHP vis-à-vis the weighted average cost of acquisition of primary and secondary transaction(s) disclosed in the "Basis for Offer Price" section beginning on page 153 of the RHP and provided below in the advertisement.

RISKS TO INVESTORS

- Concentration Risk:** A large portion of our revenue (approximately 75% of the Total Income in Fiscal 2023) is realised from our top five owned hotels with THE PARK Kolkata contributing 21.75% to the Total Income in Fiscal 2023. Any adverse development affecting these hotels or the regions in which they operate, may adversely affect our business, results of operations, cash flows and financial condition.
- Incurred Losses in FY22 and FY21:** We had a restated loss of ₹ 282.02 million and ₹ 758.84 million for the Fiscals 2022, and 2021, respectively. Any losses in the future could adversely affect our financial condition, results of operations and cash flows.
- Risk pertaining to majority hotel bookings originating from online travel agents and intermediaries:** Majority portion of our hotel bookings (approximately 49% of our total room bookings contributing about 49% of our total room revenue for Fiscal 2023) originate from online travel agents and intermediaries. In the event such online travel agents and intermediaries continue to gain market share compared to our direct booking channels, they may be able to negotiate higher commissions for services provided, or demand significant concessions or reduced room rates causing an adverse effect on our margins, business, and results of operations.
- Risk related to delay in development/construction:** We are exposed to risks associated with the delay in development of our hotel properties and land banks. Any delay in the construction of new hotel buildings or expansion of our existing properties may have an adverse effect on our business, results of operations, financial condition, and cash flows.
- Non-compliance with covenants of financing agreements:** We were not in compliance with certain covenants under certain of our financing agreements in the past and had delays in repayment of certain long-term rupee loans and working capital loans. In case of any breach of covenants or delay in repayment of facilities in the future, such non-compliance, if not waived, could adversely affect our business, results of operations, cash flows, and financial condition.
- Concentration risk pertaining to significant portion of room revenue from corporate accounts and from leisure customers:** We derive a significant portion of our room revenue from corporate accounts and from leisure customers, contributing approximately 80% of the total room revenue comprising approximately 40% each from corporate accounts and leisure customers in Fiscal 2023. Changes in travellers' preferences due to increased use of telepresence equipment, cost of travel, spending habits, and other factors may adversely affect the demand for hotel rooms leading to adverse effect on our business, results of operations, financial condition, and cash flows.
- Risk in relation to Indebtedness:** We have incurred indebtedness which requires significant cash flows to service, and this, together with the conditions and restrictions imposed by our financing arrangements, fluctuations in the interest rates may limit our ability to operate freely and grow our business. As on September 30, 2023, we had total borrowings (including current borrowings, and non-current borrowings) of ₹5,970.90 million.
- Seasonality and Cyclicity Risk:** Our business is subject to seasonal and cyclical variations that could result in fluctuations in our results of operations and cash flows. Further, the hospitality industry is subject to weekly variations as well. Also, the hospitality industry is cyclical, and demand generally follows key macroeconomic indicators.
- Material uncertainty for going concern:** Our Statutory Auditors have included paragraph on material uncertainty on going concern in their audit reports and other audit qualifications in the annexure to the auditors' reports issued under the Companies (Auditor's Report) Order, 2016 for Fiscal 2021.
- Liquidity ratio of the Company is and has been less than 1:** Liquidity ratios of our Company for six months ended September 30, 2023, September 30, 2022 and Fiscals 2023, 2022, and 2021 have been less than 1, which may have an adverse impact on our ability to meet short term financial obligations of our business and operations.
- Risk related to expansion in real estate space:** We are exposed to risks associated with the construction and development of serviced apartments at EM Bypass,

which is a one-off project of our Company and of which the Company has no prior experience.

12. **Delay in payment of statutory dues:** There are certain instances of delays in payment of statutory dues or non-payment of statutory dues on account of certain disputes. Any delay in payment of such statutory dues or non-payment of statutory dues in dispute may attract financial penalties from the respective government authorities and in turn may have an adverse impact on our financial condition and cash flows.
13. **Emphasis of matter in the Audit report:** Our Statutory Auditors have included an emphasis of matter and other matters in their audit reports and other audit qualifications in the annexure to the auditors' reports issued under the Companies (Auditor's Report) Order, 2016 for Fiscal 2021, and the Companies (Auditor's Report) Order, 2020 for Fiscals 2022 and 2023.
14. **Risk related to credit rating downgrade:** Credit rating downgrades may increase our cost of capital and future fund raising may cause a dilution in your shareholding or place restrictions on our operations. We cannot assure you that we will be able to maintain or improve such credit ratings.
15. **Mortgaged hotels and missing title deeds:** Certain of our hotels are mortgaged with lenders, out of which the title deeds of certain immovable properties are not held in the name of our Company. Failure to comply with the terms of the mortgage agreements or inability to enforce our rights effectively in the event of any dispute or adverse action in relation to properties where the title deeds are not in our Company's name may result in adverse impact on our business, results of operations, financial condition and cash flows.
16. **Promoter and Directors are engaged in similar business activities and no non compete arrangements with Promoters:** Certain of our Promoters and our Directors are engaged in business activities which are similar to those undertaken by our Company and Subsidiaries, or have interests in other companies, which are in businesses similar to ours, which may result in conflicts of interest. Further, we have not entered into any non-compete arrangements with our Promoters.
17. **Majority loans to be repaid from the proceeds are from ICICI Bank, which is an affiliate of one of the Lead Managers:** Majority of the loans that we propose to repay from Net Proceeds (amounting to ₹ 3,674.19 million and constituting 61.67% of the total outstanding borrowings of our Company as on September 30, 2023) have been obtained from the ICICI Bank Limited, which is an affiliate of one of the Lead Managers to the Offer.
18. The Offer comprises Fresh Issue by our Company and an Offer for Sale by the Selling Shareholders. Our Company will not receive any proceeds from the Offer for Sale.
19. Floor Price and Cap Price as compared to the weighted average cost of acquisition ("WACA") based on primary/ secondary transaction(s):

Past Transactions	Weighted average cost of acquisition (in ₹)	Floor Price (in ₹) [#]	Cap Price (in ₹) [#]
WACA for Primary Transactions (defined hereinafter) during 18 months prior to RHP	Nil	N.A.	N.A.
WACA for Secondary Transactions (defined hereinafter) during 18 months prior to RHP	Nil	N.A.	N.A.

Since there were no primary or secondary transactions of equity shares of our Company during the 18 months preceding the date of filing of the Red Herring Prospectus, the information has been disclosed for price per share of our Company based on the last five primary or secondary transactions where our Promoters/members of our Promoter Group or Shareholder(s) having the right to nominate director(s) on the Board of our Company, are a party to the transaction, during the three years prior to the date of filing of this Red Herring Prospectus irrespective of the size of the transaction, is as below:

Based on primary issuances	Nil	NA	NA
Based on secondary transactions	0.08	1,837.50	1,937.50

[#]As certified by Raj Har Gopal & Co., Chartered Accountants, vide their certificate dated January 30, 2024.

20. The details of Price/Earnings, Earnings per share, Return on networth and NAV as on and for the year ended March 31, 2023 are as follows:

Particulars	Price/Earnings (at diluted EPS)	Earnings per share (₹)	Return on Networth (%)	Net Asset Value per share (₹)
Company (Apeejay Surrendra Park Hotels Limited)*	56.36	2.75	9.03% ³	31.81
Average of Industry Peers	73.60 ¹	5.65 ¹	12.86% ²	39.73

*At upper end of price band.

- 1) EPS for SAMHI Hotels Limited is negative for the financial year ended March 31, 2023, accordingly the same has not been considered in Industry peers.
- 2) Return on networth for SAMHI Hotels Limited is negative for the financial year ended March 31, 2023, accordingly the same has not been considered in Industry peers.

- 3) Profit for the financial year ended March 31, 2023 divided by the average net worth attributable to the owners of the Company.

21. The details of weighted average return on net-worth for the last 3 full financial years, and six months ended September 30, 2023 and September 30, 2022 are as follows :-

Particulars	Fiscal 2021	Fiscal 2022	Fiscal 2023	Six months ended September 30, 2023	Six months ended September 30, 2022
Company (Apeejay Surrendra Park Hotels Limited)	(13.23%)	(5.40%)	9.03%	4.05%	3.58%

22. The details of market value to total revenue and the PE Ratio on the upper end/ lower end of the price band are as below:

Particulars	Market value/ Total turnover		PE Ratio	
	Cap Price	Floor Price	Cap Price	Floor Price
Our Company*	6.31	6.04	56.36	53.45

*Based on financial year ended March 31, 2023

Note:

1. Total revenue is for the financial year ended March 31, 2023.
2. Market value has been adjusted for the Fresh Issue portion.
3. Diluted EPS has been considered for the financial year ended March 31, 2023.

23. Weighted average cost of all Equity Shares transacted in the one year, 18 months and three years preceding the date of the Red Herring Prospectus

Period	Weighted average cost of acquisition (in ₹)*	Cap Price is 'x' times the weighted average cost of acquisition*	Range of acquisition price: lowest price – highest price (in ₹)*
Last one year preceding the date of the Red Herring Prospectus	Nil	NA	Nil
Last 18 months preceding the date of the Red Herring Prospectus			
Last three years preceding the date of the Red Herring Prospectus	0.08	1,937.50	Nil to 0.08

*As certified by Raj Har Gopal & Co., Chartered Accountants by their certificate dated January 30, 2024.

24. Average cost of acquisition of Equity Shares held by the Selling Shareholders ranges from ₹0.75 to ₹109.81 per Equity Share and Offer Price at higher end of the Price Band is ₹155.00 per Equity Share.

25. Details of price at which specified securities were acquired by our Promoter, the members of the Promoter Group, the Selling Shareholders, and Shareholders with rights to nominate directors or other rights, in the last three years preceding the date of the Red Herring Prospectus:

Except as stated below, there have been no specified securities that were acquired in the last three years preceding the date of the Red Herring Prospectus, by our Promoters, Promoter Group, Selling Shareholders and the other Shareholders having the right to nominate directors or other rights in our Company. The details of the prices at which these acquisitions were undertaken are stated below:

Sr. No.	Date of acquisition	Name of the acquirer	Acquisition price /transfer price per equity share*	Number of shares acquired / transferred
1	February 24, 2021	Apeejay Surrendra Management Services Private Limited	Nil	3,999,760
2	December 22, 2021	Great Eastern Stores Private Limited	0.08	52,500,000

*As certified by Raj Har Gopal & Co., Chartered Accountants by their certificate dated January 29, 2024.

26. The 3 BRLMs associated with the Offer have handled 94 public issues in the past three financial years, out of which 24 issues closed below the Offer Price on listing date:

Name of BRLM	Total Issues	Issues closed below IPO Price as on listing date
JM Financial Limited	12	1
Axis Capital Limited	12	3
ICICI Securities Limited	18	2
Common Issues of all BRLMs	52	18
Total	94	24

BID/OFFER PERIOD

ANCHOR INVESTOR BIDDING DATE:
FRIDAY, FEBRUARY 02, 2024*

BID/OFFER OPENS ON:
MONDAY, FEBRUARY 05, 2024

BID/OFFER CLOSES ON:
WEDNESDAY, FEBRUARY 07, 2024[#]

