



Riding the Upcycle; Maintain Buy

Est. Vs. Actual for Q2FY25: Revenue – **INLINE** ; EBITDA Margins – **MISS** ; PAT – **MISS**

Changes in Estimates post Q2FY25:

FY25E/FY26E: Revenue: -3.9%/6.5%; EBITDA Abs.: -7.5%/1.1%; PAT: -26.3%/-8.6%

Recommendation Rationale:

- **Juniper reported a 27.3% YoY growth**, with ARR increasing to Rs 9,879 (+3.8% YoY) and occupancy reaching 71% during the quarter. However, due to certain key rooms being out of service, the like-to-like occupancy rate was 77%. The upper upscale and upper segment reported RevPAR growth rates of 3% and 10% and 6% YoY, respectively. Occupancy for the upper upscale segment improved by 300 bps both YoY and QoQ.
- **Consolidated margins stood at 30%**, down by 570bps YoY due to one-time expenses such as repair and maintenance and the temporary unavailability of around 200 keys at GMH. The company reported a loss of Rs 28 Cr, primarily due to a one-time tax adjustment related to an indexation amendment of capital gain taxes.
- **Juniper's GMH, comprising 200 keys that were previously out of service, has now been fully refurbished** and a launched as "The Grand Showroom," featuring approximately 49,000 sq ft for high-end MICE events.

Sector Outlook: Positive

Company Outlook & Guidance: The hospitality industry upcycle is expected to be long and sustained. According to Horwath HTL's prediction, demand is projected to grow over 10% annually for the next 3-4 years, while supply, at 7%, will continue to lag behind demand. Foreign Tourist Arrivals (FTA) reached 92 Lc in FY24, and corporate travel expenses under MICE remain below pre-COVID levels.

Current Valuation: PE 19x for Sep FY27E earnings.

Current TP: Rs 380/share (Earlier TP: Rs 475/share)

Recommendation: BUY

Financial Performance: Juniper Hotels reported consolidated revenue of Rs 215 Cr, reflecting 27% YoY growth and aligning with expectations. EBITDA stood at Rs 64 Cr, a 7% YoY decline, falling short of expectations. In Q2FY25, this growth was significantly supported by both domestic and international travel and wedding events. To expand its portfolio, the company has acquired a large hotel near Bengaluru airport with 220 keys for Rs 325 Cr, and an additional Rs 80 Cr is expected to be invested to commercialize it by 2QFY26E.

The hospitality business reported a 27.3% YoY growth, with ARR increasing to Rs 9,879 (+3.8% YoY) and occupancy reaching 71% during the quarter. However, due to some key rooms being out of service, the like-to-like occupancy rate was 77%. Management indicated that the out-of-service rooms at GMH have now been fully refurbished and launched as "The Grand Showroom," featuring approximately 49,000 sq ft for high-end MICE events.

Consolidated margins stood at 30%, down by 570 bps YoY due to one-time expenses such as repair and maintenance and the temporary unavailability of approximately 200 keys at GMH. The company reported a loss of Rs 28 Cr, mainly due to a one-time tax adjustment related to an indexation amendment of capital gain taxes. Management aims to achieve adjusted EBITDA margins of 37-38% for FY26E.

Key Financials (Consolidated)

(Rs Cr)	Q2FY25	QoQ (%)	YoY (%)	Axis Est.	Variance %
Net Sales	215	7.4	27.3	215	-0.3
EBITDA	64	2.7	7.0	71	-9.5
EBITDA Margin	30.0%	-137	-570	33.1%	-
Net Profit	-28	-338.3	77.7	19	-245.6
EPS (Rs)	-1.2	-338.3	77.7	1.3	-194.1

Source: Company, Axis Securities Research

(CMP as of 11th November 2024)

CMP (Rs)	335
Upside /Downside (%)	13%
High/Low (Rs)	538/306
Market cap (Rs Cr)	7,450
Avg. daily vol. (6m) Shares.	1,95,860
No. of shares (Cr).	22.25

Shareholding (%)

	Mar-24	Jun-24	Sep-24
Promoter	77.5	77.5	77.5
FII's	10.7	10.6	9.9
MFs / UTI	6.2	7.0	6.9
Others	5.6	4.9	5.6

Financial & Valuations

Y/E Mar (Rs Cr)	FY24	FY25E	FY26E
Net Sales	818	925	1,117
EBITDA	311	347	424
Net Profit	24	145	227
EPS (Rs.)	1.1	6.5	10.2
PER (x)	368.4	60.6	38.7
EV/EBITDA (x)	29.7	27.2	21.3
P/BV (x)	3.3	3.1	2.9
ROE (%)	0.9	5.2	7.5

Change in Estimates (%)

Y/E Mar	FY25E	FY26E
Sales	-3.9%	6.5%
EBITDA	-7.5%	1.1%
PAT	-26.2%	-8.6%

Relative Performance:



Source: ACE Equity

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Outlook

The hospitality industry upcycle is anticipated to be long and sustained. According to Horwath HTL, demand is expected to grow at over 10% annually over the next 3-4 years, with supply continuing to lag. Foreign Tourist Arrivals (FTA) reached 92 Lc in FY24, while corporate travel expenses under MICE remain below pre-COVID levels. Upcoming events like the World Cup hockey and Kabaddi championships could further boost occupancies in the coming quarters. The leisure segment is already a significant driver in the hotel industry, and these factors are expected to benefit Indian Hotels in the quarters ahead.

Valuation

Factoring in the revenue growth from the restoration of 200 keys at GMH, the newly launched showroom, and the upcoming hotel in Bangalore, the company's growth drivers are expected to strengthen significantly. We value the stock at an EV/EBITDA of 19x for Sep FY27E to arrive at a target price of Rs 380/share.

Key Risks to Our Estimates and TP

- The economic slowdown in India may impact demand for the travel Industry.
- An increase in supply could impact the realizations of the company.
- Negative operating leverage is a big hurdle to sustaining EBITDA margins.
- Delay in commissioning the projects

Change in Estimates (Rs Cr)

	New		Old		% Change	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Sales	925	1,117	963	1,049	-3.9%	6.5%
EBITDA	347	424	375	420	-7.5%	1.1%
PAT	145	227	196	248	-26.2%	-8.6%

Source: Company, Axis Securities Research

Results Review

Particulars (Rs Cr)	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	YoY (%)	QoQ (%)
Net Sales	168	236	245	200	215	27.3	7.4
Growth (YoY%)	0.5%	40.3%	3.8%	19.1%	27.3%		
Total Expenditure	108	140	154	137	150	38.6	9.6
Raw Material	13	19	18	16	18	34.2	13.6
% of sales	8.0%	7.9%	7.3%	7.9%	8.4%		
Gross margins (%)	92.0%	92.1%	92.7%	92.1%	91.6%	-43	-46
Employee Expenses	30	37	49	40	44	45.1	8.9
% of sales	17.8%	15.7%	19.9%	20.0%	20.3%		
Other Expenses	65	84	87	81	88	36.6	9.1
% of sales	38.5%	35.5%	35.6%	40.6%	41.2%		
EBITDA	60	97	91	63	64	7.0	2.7
EBITDAM (%)	35.7%	40.9%	37.1%	31.4%	30.0%	-570	-137
Interest	68	72	61	28	26		
Depreciation	20	26	26	27	27	37.9	2.1
Other Income	0	4	3	5	8		
PBT	-27	3	7	13	20	-172.9	52.4
Tax	-12	-1	-40	1	48		
Tax (%)	43%	-21%	-580%	11%	239%		
Reported PAT	-16	4	47	12	-28	77.7	-338.3
Associate Profit	0	0	0	0	0		
PAT after EoI	-16	4	47	12	-28	77.7	-338.3

Source: Company, Axis Securities Research

Operational Metrics

Particulars (Rs Cr)	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25
Occupancy %	71%	75%	80%	71%	71%
ARR (Rs)	9,519	10,983	11,110	9,667	9,879
RevPAR (Rs)	6,800	8,244	8,850	6,832	7,034
Room Revenue	97	142	147	117	122
F & B Revenue	52	72	77	61	69
Lease Revenue	8	11	10	9	9
Other Revenue	11	11	11	12	14

Source: Company, Axis Securities Research

Financials (consolidated)

Profit & Loss

(Rs Cr)

Y/E March	FY24	FY25E	FY26E	FY27E
Net Sales	818	925	1,117	1,471
Growth (%)	22.6%	13.1%	20.7%	31.7%
Total Expenditure	507	578	693	911
Raw Material Consumed	63	74	89	118
Gross margins (%)	92.3%	92.0%	92.0%	92.0%
Employee Expenses	145	162	194	255
% of sales	17.7%	17.5%	17.4%	17.3%
Other Expenses	299	342	409	539
% of sales	36.5%	37.0%	36.6%	36.6%
EBIDTA	311	347	424	561
EBITDAM (%)	38.0%	37.5%	38.0%	38.1%
Depreciation	91	103	104	126
% of GB	2.1%	2.2%	2.2%	2.5%
EBIT	220	244	320	434
EBITM (%)	26.9%	26.3%	28.7%	29.5%
Interest	265	93	79	66
Other Income	9	10	11	12
Share of P/L of Associates	0	0	0	0
PBT	-37	161	252	381
Tax Rate (%)	164.7%	10.0%	10.0%	10.0%
Tax	-61	16	25	38
Reported PAT	24	145	227	343

Source: Company, Axis Securities Research

Balance Sheet

(Rs Cr)

Y/E March	FY24	FY25E	FY26E	FY27E
Share Capital	223	223	223	223
Reserves & Surplus	2,433	2,578	2,804	3,147
Net Worth	2,655	2,800	3,027	3,369
Total Loan funds	901	1,031	881	731
Deferred Tax Liability	0	0	0	0
Long Term Provisions	8	8	8	8
Other Long Term Liability	482	482	581	726
Capital Employed	4,274	4,572	4,801	5,234
Gross Block	4,246	4,696	4,746	5,046
Less: Depreciation	1,013	1,116	1,221	1,347
Net Block	3,233	3,580	3,525	3,699
Investments	1	1	1	1
Sundry Debtors	60	68	83	109
Cash & Bank Bal	426	361	617	827
Loans & Advances	11	11	11	11
Inventory	9	10	12	16
Other Current Assets	14	17	20	26
Total Current Assets	795	403	405	452
CurrLiab&Prov	519	467	743	990
Net Current Assets	-276	64	338	538
Total Assets	4,274	4,572	4,801	5,234

Source: Company, Axis Securities Research

Cash Flow

(Rs Cr)

Y/E March	FY24	FY25E	FY26E	FY27E
PBT	(37)	161	252	381
Add: Depreciation	91	103	104	126
Add: Interest	265	93	79	66
Cash flow from operations	320	357	435	573
Change in working capital	(20)	(7)	(125)	(191)
Taxes	(61)	16	25	38
Net cash from operations	401	348	536	726
Capital expenditure	(825)	(450)	(50)	(300)
Net cash from investing	(837)	(450)	(50)	(300)
Increase/Decrease in debt	(1,108)	130	(150)	(150)
Dividends	0	0	0	0
Proceedings from equity	79	0	0	0
Interest	(265)	(93)	(79)	(66)
Others	2,147	0	0	(0)
Net cash from financing	853	37	(229)	(216)
Net Inc./(Dec.) in Cash	416	(65)	256	210
Opening cash balance	10	426	361	617
Closing cash balance	426	361	617	827

Source: Company, Axis Securities Research

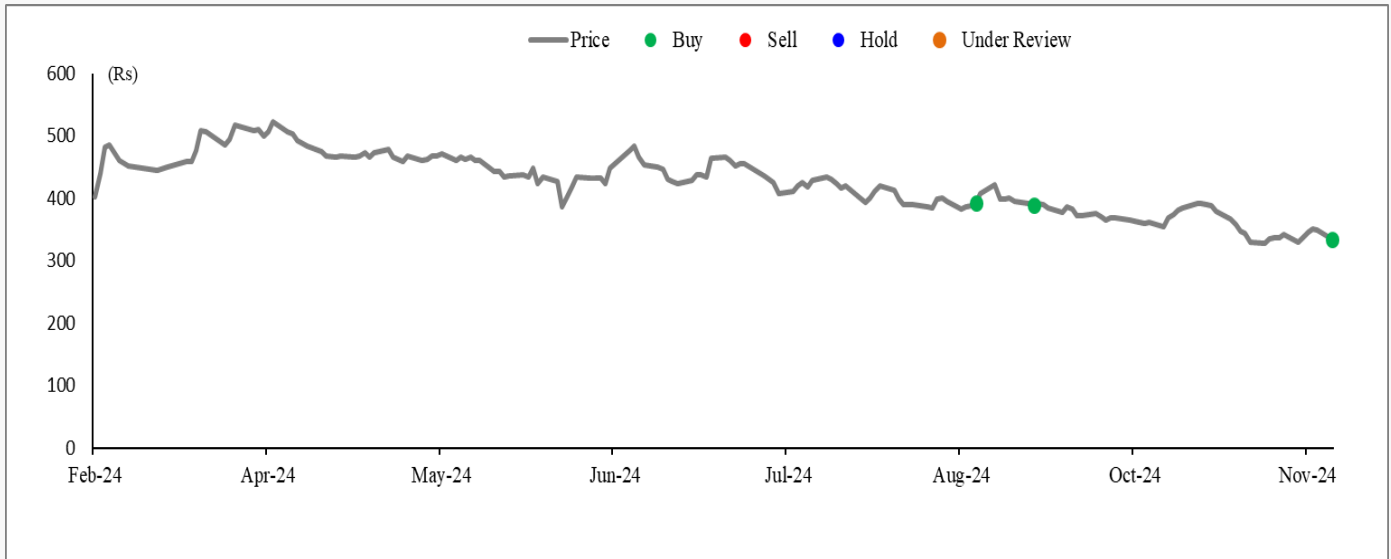
Ratio Analysis

(%)

Y/E March	FY24	FY25E	FY26E	FY27E
Sales growth	22.6	13.1	20.7	31.7
OPM	38.0	37.5	38.0	38.1
Oper. profit growth	14.4	11.5	22.4	32.1
COGS / Net sales	7.7	8.0	8.0	8.0
Overheads/Net sales	54.2	54.5	54.0	53.9
Depreciation / G. block	2.1	2.2	2.2	2.5
Effective interest rate	164.7	10.0	10.0	10.0
Net wkg.cap / Net sales	(0.7)	(0.6)	(0.6)	(0.6)
Net sales / Gr block (x)	0.2	0.2	0.2	0.3
RoCE	7.0	7.0	9.5	12.4
Debt/equity (x)	0.3	0.4	0.3	0.2
Effective tax rate	164.7	10.0	10.0	10.0
RoE	0.9	5.2	7.5	10.2
Payout ratio (Div/NP)	0.0	0.0	0.0	0.0
EPS (Rs.)	1.1	6.5	10.2	15.4
EPS Growth	(1,689.5)	508.3	56.5	51.2
CEPS (Rs.)	5.2	11.1	14.9	21.1
DPS (Rs.)	0.0	0.0	0.0	0.0

Source: Company, Axis Securities Research

Juniper Hotels Price Chart and Recommendation History



Date	Reco	TP	Research
30-Aug-24	BUY	475	Initiating Coverage
11-Sep-24	BUY	475	Company Update
12-Nov-24	BUY	380	Result Update

Source: Axis Securities Research

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