

Expansion Fuels Juniper's Momentum

Est. Vs. Actual for Q3FY25: Revenue – **INLINE** ; EBITDA Margins – **INLINE** ; PAT – **BEAT**

Changes in Estimates post Q3FY25

FY25E/FY26E: Revenue: -0.3%/-3.7%; EBITDA Abs.: -0.4%/-3.9%; PAT: -0.9%/-6.6%

Recommendation Rationale:

- **Juniper reported a 6.9%/17.7 QoQ/YoY growth**, with ARR increasing to Rs 11,714 (+6.7% YoY) and occupancy reaching 75% during the quarter. However, certain key rooms that were out of service were restored early during the quarter, so the like-to-like occupancy rate would then be 77%. The luxury and upper upscale/upper segment reported RevPAR growth rates of 6% and 7% YoY, respectively. Occupancy for the upper upscale segment improved by 600 bps both YoY and QoQ.
- **Consolidated margins stood at 36.8%**, down by 410bps YoY but sequentially improved by 670 bps. The reported PAT of 33 Cr was up by 8x YoY due to savings in interest expenses.
- **Juniper's GMH, comprising 200 keys that were previously out of service, has now been fully refurbished** and 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 remains strong, driven by corporate demand, large events, and high-profile social gatherings. ARR growth continues in Jan'25, especially for Grand Hyatt Mumbai and Andaz Delhi. 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: EV/EBITDA 17x for Sep FY27E earnings.

Current TP: Rs 360/share (Earlier TP: Rs 380/share)

Recommendation: BUY

Financial Performance: Juniper Hotels reported consolidated revenue of Rs 252 Cr, reflecting a 6.9% QoQ and 17.7% YoY growth, aligning with expectations. EBITDA stood at Rs 93 Cr, marking a 4% YoY decline. In Q3FY25, the luxury and upper upscale segments reported RevPAR growth of 6% and 7% YoY, respectively. Occupancy in the upper upscale segment improved by 600 bps both YoY and QoQ.

The hospitality business reported a 17.3% YoY growth, with ARR rising to Rs 11,714 (+6.7% YoY) and occupancy reaching 75% during the quarter. However, certain key rooms that were out of service were restored early in the quarter, meaning the like-to-like occupancy rate would have been 77%. Management announced a new hotel in Kaziranga (under the Hyatt brand), while details regarding the ROFO acquisition are awaited. Consolidated margins stood at 36.8%, down 410 bps YoY but improved sequentially by 670 bps. The company reported PAT of Rs 33 Cr, up 8x YoY, primarily driven by savings in interest expenses.

Key Financials (Consolidated)

(Rs Cr)	Q3FY25	QoQ (%)	YoY (%)	Axis Est.	Variance %
Net Sales	252	17.7	6.9	263	-4.0
EBITDA	93	44.1	-3.9	89	4.3
EBITDA Margin	36.8%	673	-413	33.8%	-
Net Profit	33	217	817	30	8.3
EPS (Rs)	1.5	217	817	2.1	

Source: Company, Axis Securities Research

(CMP as of 11th February 2025)

CMP (Rs)	263
Upside /Downside (%)	37%
High/Low (Rs)	538/261
Market cap (Rs Cr)	5,850
Avg. daily vol. (6m) Shares.	1,95,860
No. of shares (Cr).	22.25

Shareholding (%)

	Jun-24	Sep-24	Dec-24
Promoter	77.5	77.5	77.5
FII's	10.6	9.9	9.4
MFs / UTI	7.0	6.9	7.0
Others	4.9	5.6	6.1

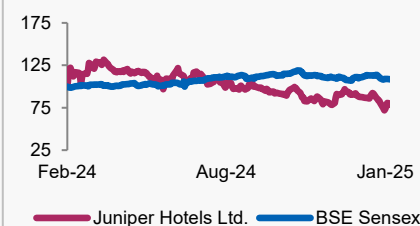
Financial & Valuations

Y/E Mar (Rs Cr)	FY24	FY25E	FY26E
Net Sales	818	922	1,088
EBITDA	311	346	413
Net Profit	24	144	216
EPS (Rs.)	1.1	6.5	9.7
PER (x)	245.9	40.7	27.1
EV/EBITDA (x)	20.3	18.9	15.0
P/BV (x)	2.2	2.1	1.9
ROE (%)	0.9	5.1	7.2

Change in Estimates (%)

Y/E Mar	FY25E	FY26E
Sales	-0.3%	-3.7%
EBITDA	-0.4%	-3.9%
PAT	-0.9%	-6.6%

Relative Performance:



Source: ACE Equity

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Financial Performance (Cont'd)

Management remains confident of a strong rebound in the next quarter, as Jan'25 showed strong performance metrics for both Grand Hyatt Mumbai and Andaz Delhi, along with a sharp improvement in EBITDA margins. Additionally, they announced the completion of the Bengaluru asset acquisition (already accounted for in financials) and a new greenfield project in Kaziranga (116 rooms) with a CapEx of Rs 100 Cr, targeted for completion by 2029.

Management also provided an update on the ROFO asset acquisition, mentioning an intimation letter from Saraf Hotels, though exact details are expected to be finalized by the end of Mar'25. For FY26E, the company aims to achieve adjusted EBITDA margins of 40-43%.

Outlook

The hospitality industry upcycle remains strong, driven by corporate demand, large events, and high-profile social gatherings. ARR growth continues in Jan'25, especially for Grand Hyatt Mumbai and Andaz Delhi.

With FTA at 92 Lc in FY24 and MICE travel improving, upcoming events like the World Cup hockey and Kabaddi championships should further boost occupancies. Management targets 40-43% EBITDA margins for FY26E and anticipates strong growth from new acquisitions, the Bengaluru asset, and the Kaziranga project. The ROFO acquisitions under evaluation could add further value.

Valuation & Recommendation

The company's growth drivers are expected to strengthen significantly because of the revenue growth from the restoration of 200 keys at GMH, the newly launched showroom, and the upcoming hotel in Bangalore. **We maintain our BUY rating on the stock and value it at an EV/EBITDA of 17x for Sep FY27E to arrive at a target Rs 360/share price.**

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 realisations 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	922	1,088	925	1,130	-0.3%	-3.7%
EBITDA	346	413	347	430	-0.4%	-3.9%
PAT	144	216	145	231	-0.9%	-6.6%

Source: Company, Axis Securities Research

Results Review

Particulars (Rs Cr)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	YoY (%)	QoQ (%)
Net Sales	236	245	200	215	252	6.9	17.7
Growth (YoY%)	40.3%	3.8%	19.1%	27.3%	6.9%		
Total Expenditure	140	154	137	150	160	14.3	6.4
Raw Material	19	18	16	18	21	11.0	15.1
% of sales	7.9%	7.3%	7.9%	8.4%	8.2%		
Gross margins (%)	92.1%	92.7%	92.1%	91.6%	91.8%	-30	19
Employee Expenses	37	49	40	44	44	19.3	1.7
% of sales	15.7%	19.9%	20.0%	20.3%	17.5%		
Other Expenses	84	87	81	88	95	12.9	6.9
% of sales	35.5%	35.6%	40.6%	41.2%	37.5%		
EBITDA	97	91	63	64	93	-3.9	44.1
EBITDAM (%)	40.9%	37.1%	31.4%	30.0%	36.8%	-413	673
Interest	72	61	28	26	30		
Depreciation	26	26	27	27	28	5.5	1.9
Other Income	4	3	5	8	8		
PBT	3	7	13	20	44	1,390.2	118.2
Tax	-1	-40	1	48	11		
Tax (%)	-21%	-580%	11%	239%	25%		
Reported PAT	4	47	12	-28	33	816.9	216.9
Associate Profit	0	0	0	0	0		
PAT after Eol	4	47	12	-28	33	816.9	216.9

Source: Company, Axis Securities Research

Operational Metrics

Particulars (Rs Cr)	Q3FY24	Q3FY24	Q1FY25	Q2FY25	Q3FY25
Occupancy %	75%	80%	71%	71%	75%
ARR (Rs)	10,983	11,110	9,667	9,879	11,714
RevPAR (Rs)	8,244	8,850	6,832	7,034	8,760
Room Revenue	142	147	117	122	152
F & B Revenue	72	77	61	69	75
Lease Revenue	11	10	9	9	9
Other Revenue	11	11	12	14	16

Source: Company, Axis Securities Research

Financials (consolidated)

Profit & Loss

(Rs Cr)

Y/E March	FY24	FY25E	FY26E	FY27E
Net Sales	818	922	1,088	1,475
Growth (%)	22.6%	12.8%	18.0%	35.6%
Total Expenditure	507	576	674	913
Raw Material Consumed	63	74	87	118
Gross margins (%)	92.3%	92.0%	92.0%	92.0%
Employee Expenses	145	161	189	255
% of sales	17.7%	17.5%	17.4%	17.3%
Other Expenses	299	341	398	540
% of sales	36.5%	37.0%	36.6%	36.6%
EBIDTA	311	346	413	562
EBITDAM (%)	38.0%	37.5%	38.0%	38.1%
Depreciation	91	103	105	128
% of GB	2.1%	2.2%	2.2%	2.5%
EBIT	220	242	308	433
EBITM (%)	26.9%	26.3%	28.3%	29.4%
Interest	265	93	79	66
Other Income	9	10	11	12
Share of P/L of Associates	0	0	0	0
PBT	-37	160	240	380
Tax Rate (%)	164.7%	10.0%	10.0%	10.0%
Tax	-61	16	24	38
Reported PAT	24	144	216	342

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	2,576	2,792	3,134
Net Worth	2,655	2,799	3,015	3,356
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	480	566	727
Capital Employed	4,274	4,569	4,766	5,223
Gross Block	4,246	4,696	4,786	5,136
Less: Depreciation	1,013	1,116	1,221	1,350
Net Block	3,233	3,580	3,564	3,786
Investments	1	1	1	1
Sundry Debtors	60	68	80	109
Cash & Bank Bal	426	357	547	729
Loans & Advances	11	11	11	11
Inventory	9	10	12	16
Other Current Assets	14	17	20	27
Total Current Assets	795	402	397	452
CurrLiab&Prov	519	464	670	892
Net Current Assets	-276	61	273	440
Total Assets	4,274	4,569	4,766	5,223

Source: Company, Axis Securities Research

Cash Flow
(Rs Cr)

Y/E March	FY24	FY25E	FY26E	FY27E
PBT	(37)	160	240	380
Add: Depreciation	91	103	105	128
Add: Interest	265	93	79	66
Cash flow from operations	320	356	424	574
Change in working capital	(20)	(5)	(108)	(212)
Taxes	(61)	16	24	38
Net cash from operations	401	345	509	748
Capital expenditure	(825)	(450)	(90)	(350)
Net cash from investing	(837)	(450)	(90)	(350)
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	(68)	189	182
Opening cash balance	10	426	357	547
Closing cash balance	426	357	547	729

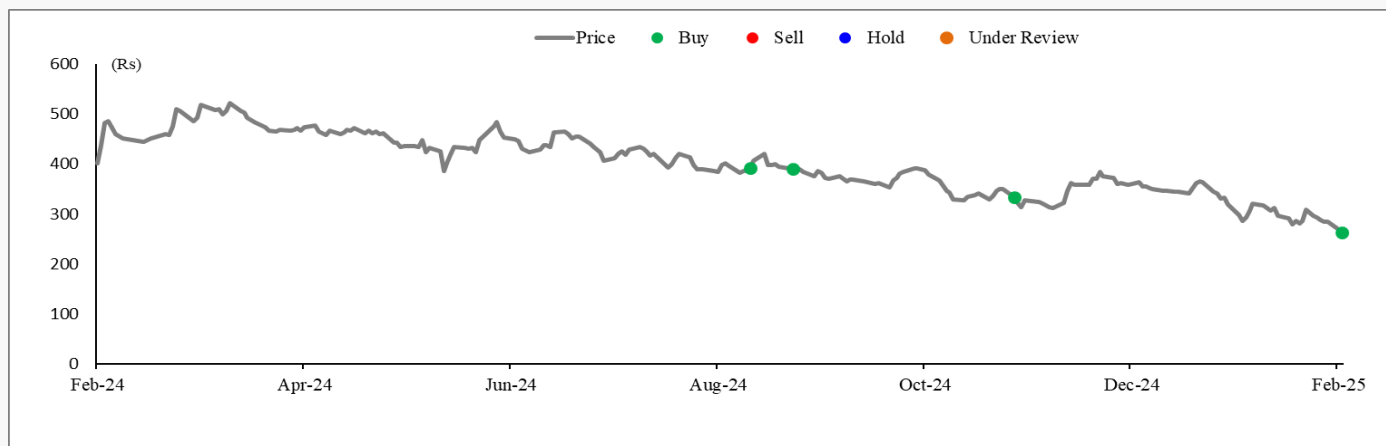
Source: Company, Axis Securities Research

Ratio Analysis
(%)

Y/E March	FY24	FY25E	FY26E	FY27E
Sales growth	22.6	12.8	18.0	35.6
OPM	38.0	37.5	38.0	38.1
Oper. profit growth	14.4	11.2	19.5	35.9
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	9.0	12.1
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	5.1	7.2	10.2
Payout ratio (Div/NP)	0.0	0.0	0.0	0.0
EPS (Rs.)	1.1	6.5	9.7	15.4
EPS Growth	(1,689.5)	503.9	50.2	58.3
CEPS (Rs.)	5.2	11.1	14.4	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
12-Feb-25	BUY	360	Result Update

Source: Axis Securities Research

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