

Unlocking Value: Expansion of Portfolio Through Brownfield Acquisitions

- Value-unlocking Initiatives:** Juniper Hotel Ltd. recently announced a strategic acquisition of a five-star hotel near Bangalore Airport from M/s. Twenty Fourteen Hotels India Private Limited, as per its August 30, 2024 press release. The property, formerly branded by Marriott, offers 220 keys on a 6.5-acre site. The transaction, estimated to range between Rs 250-300 Cr, will be financed through a combination of debt and internal accruals. This move aligns with Juniper Hotel Ltd.'s strategy to expand its portfolio and strengthen its presence in key markets, positioning the company to capitalize on the premium hotel segment near major business hubs.
- Incremental Effect on the Topline:** The acquisition is expected to significantly boost Juniper Hotel Ltd.'s top line, with projected annual revenue in the range of Rs 80-100 Cr. This projection is based on an ARR of Rs 12,000 to Rs 14,000 and an occupancy rate of 50%-60% in the Bangalore market. Additionally, food and banquet services are anticipated to contribute around Rs 30-35 Cr to total revenue. As the property stabilizes, it is expected that the ADR could rise by 7%, and occupancy rates may improve by 200 basis points, further enhancing the revenue potential.
- Incremental Contribution Margins and PAT:** The analysis indicates that the acquisition could generate an incremental EBITDA of Rs 35-40 Cr annually. The ROIC from this project is expected to range between 12% and 15% per annum. Given the management's historical performance and capabilities, there is potential for these financial metrics to improve by an additional ~400-500 bps, further enhancing the project's overall returns.

Company Outlook:

JHL is expected to commence operations at the newly acquired hotel by FY26. With anticipated improvements in occupancy rates and rising average room rates (ARRs), alongside the company's strategic expansion in key properties, we forecast a substantial boost in both revenue streams and profitability. **We recommend the stock with a BUY Rating and a TP of 475/share based on a multiple of 22x EV/EBITDA for Q1FY27E. The TP implies an upside of 22% from the CMP.**

Key Financials (Consolidated)

(Rs Cr)	FY24A	FY25E	FY26E	FY27E
Net Sales	818	963	1,049	1,350
EBITDA	311	375	420	527
Net Profit	24	196	248	339
EPS (Rs.)	1.1	8.8	11.1	15.2
PER (x)	368.4	44.7	35.3	25.9
EV/EBITDA (x)	29.7	23.9	20.5	15.8
P/BV (x)	3.3	3.1	2.8	2.5
ROE (%)	0.9	6.9	8.0	9.9

Source: Company, Axis Securities

(CMP as of Sep 10, 2024)

CMP (Rs)	389
Upside /Downside (%)	22%
High/Low (Rs)	538/365
Market cap (Rs Cr)	8,690
Avg. daily vol. (6m) Shares.	1,95,860
No. of shares (Cr).	22.25

Shareholding (%)

	Mar-24	Jun-24
Promoter	77.5	77.5
FIIs	10.7	10.6
MFs / UTI	6.2	7.0
Banks / FIs	0.0	0.0
Others	5.6	4.9

Financial & Valuations

Y/E Mar (Rs Cr)	FY25E	FY26E	FY27E
Net Sales	963	1,049	1,350
EBITDA	375	420	527
Net Profit	196	248	339
EPS (Rs.)	8.8	11.1	15.2
PER (x)	44.2	35.0	25.6
EV/EBITDA (x)	23.7	20.3	15.6
P/BV (x)	3.0	2.8	2.5
ROE (%)	6.9	8.0	9.9

(Key Growth %)

Y/E Mar	FY25E	FY26E	FY27E
Net Sales	17.7%	9.0%	28.7%
EBITDA	20.7%	11.8%	25.5%
Net Profit	724.2%	26.5%	36.6%

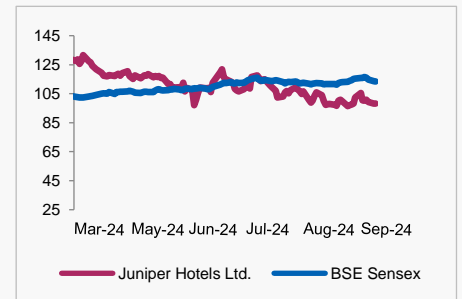
ESG disclosure Score**

Environmental Disclosure Score	NA
Social Disclosure Score	NA
Governance Disclosure Score	NA
Total ESG Disclosure Score	NA

Source: Bloomberg, Scale: 0.1-100

**Note: This score measures the amount of ESG data a company reports publicly and does not measure the company's performance on any data point. All scores are based on 2022 disclosures

Relative performance



Source: Ace Equity

Ankush Mahajan

Research Analyst

Email: ankush.mahajan@axissecurities.in

Aman Goyal

Research Associate

Email: aman.goyal@axissecurities.in

Financials (Consolidated)

Profit & Loss

(Rs Cr)

Y/E March	FY24A	FY25E	FY26E	FY27E
Net Sales	818	963	1,049	1,350
Growth (%)	22.6%	17.7%	9.0%	28.7%
Total Expenditure	507	587	630	824
Raw Material Consumed	63	77	84	108
Gross margins (%)	92.3%	92.0%	92.0%	92.0%
Employee Expenses	145	159	168	223
% of sales	17.7%	16.5%	16.0%	16.5%
Other Expenses	299	351	378	493
% of sales	36.5%	36.5%	36.0%	36.5%
EBIDTA	311	375	420	527
EBITDAM (%)	38.0%	39.0%	40.0%	39.0%
Depreciation	91	95	96	116
% of GB	2.1%	2.2%	2.2%	2.5%
EBIT	220	281	324	410
EBITM (%)	26.9%	29.2%	30.9%	30.4%
Interest	265	73	59	46
Other Income	9	10	11	12
Share of P/L of Associates	0	0	0	0
PBT	-37	218	276	376
Tax Rate (%)	164.7%	10.0%	10.0%	10.0%
Tax	-61	22	28	38
Reported PAT	24	196	248	339

Source: company, Axis Securities

Balance Sheet

(Rs Cr)

Y/E March	FY24A	FY25E	FY26E	FY27E
Share Capital	223	223	223	223
Reserves & Surplus	2,433	2,629	2,877	3,216
Net Worth	2,655	2,851	3,099	3,438
Total Loan funds	901	811	661	511
Deferred Tax Liability	0	0	0	0
Long Term Provisions	8	8	8	8
Other Long Term Liability	482	501	546	666
Capital Employed	4,274	4,433	4,600	4,990
Gross Block	4,246	4,296	4,346	4,646
Less: Depreciation	1,013	1,107	1,203	1,319
Net Block	3,233	3,188	3,143	3,327
Investments	1	1	1	1
Sundry Debtors	60	71	78	100
Cash & Bank Bal	426	608	808	973
Loans & Advances	11	11	11	11
Inventory	9	11	11	15
Other Current Assets	14	17	19	24
Total Current Assets	795	413	387	419
Curr Liab & Prov	519	718	927	1,123
Net Current Assets	-276	304	540	704
Total Assets	4,274	4,433	4,600	4,990

Source: company, Axis Securities

Cash Flow
(Rs Cr)

Y/E March	FY24A	FY25E	FY26E	FY27E
PBT	(37)	218	276	376
Add: Depreciation	91	95	96	116
Add: Interest	265	73	59	46
Cash flow from operations	320	385	431	539
Change in working capital.	(20)	(31)	(57)	(160)
Taxes	(61)	22	28	38
Net cash from operations	401	395	460	661
Capital expenditure	(825)	(50)	(50)	(300)
Net cash from investing	(837)	(50)	(50)	(300)
Increase/Decrease in debt	(1,108)	(90)	(150)	(150)
Dividends	0	0	0	0
Proceedings from equity	79	0	0	0
Interest	(265)	(73)	(59)	(46)
Others	2,147	0	0	(0)
Net cash from financing	853	(163)	(209)	(196)
Net Inc./ (Dec.) in Cash	416	182	200	165
Opening cash balance	10	426	608	808
Closing cash balance	426	608	808	973

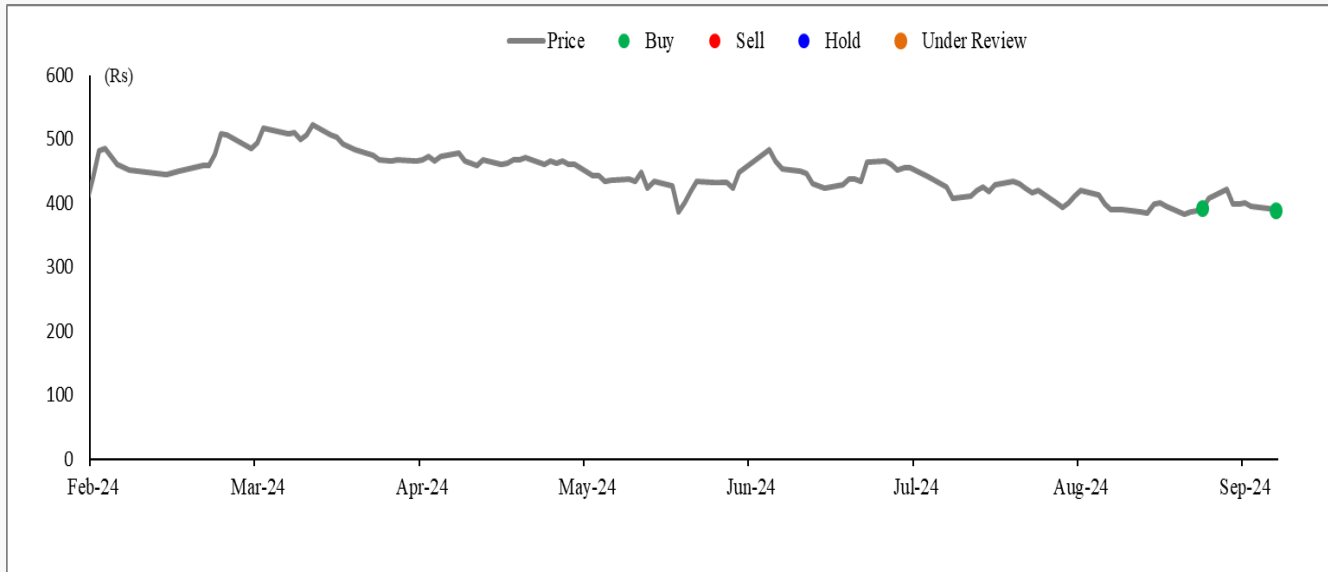
Source: company, Axis Securities

Ratio Analysis
(%)

Y/E March	FY24A	FY25E	FY26E	FY27E
Sales growth	22.6	17.7	9.0	28.7
OPM	38.0	39.0	40.0	39.0
Oper. profit growth	14.4	20.7	11.8	25.5
COGS / Net sales	7.7	8.0	8.0	8.0
Overheads/Net sales	54.2	53.0	52.0	53.0
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	9.2	10.8	13.0
Debt/equity (x)	0.3	0.3	0.2	0.1
Effective tax rate	164.7	10.0	10.0	10.0
RoE	0.9	6.9	8.0	9.9
Payout ratio (Div/NP)	0.0	0.0	0.0	0.0
EPS (Rs.)	1.1	8.8	11.1	15.2
EPS Growth	(1,689.5)	724.2	26.5	36.6
CEPS (Rs.)	5.2	13.1	15.4	20.4
DPS (Rs.)	0.0	0.0	0.0	0.0

Source: company, Axis Securities

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

Source: Axis Securities Research

Disclaimer:

Axis Securities Limited is a subsidiary company of Axis Bank Ltd. Axis Bank Ltd. is a listed public company and one of India's largest private sector banks and has its various subsidiaries engaged in businesses of Asset management, NBFC, Merchant Banking, Trusteeship, Venture Capital, Stock Broking, the details in respect of which are available on www.axisbank.com.

Axis Securities Limited, is registered as a

- Stock Broker, Depository Participant, Portfolio Manager, Investment Adviser and Research Analyst with Securities and Exchange Board of India
- Corporate Agent with Insurance Regulatory and Development Authority of India
- Point of Presence with Pension Fund Regulatory and Development Authority
- Distributor for Mutual Funds with AMFI

Registration Details:

SEBI Single Reg. No.- NSE, BSE, MSEI, MCX & NCDEX – INZ000161633 | SEBI Depository Participant Reg. No. IN-DP-403-2019 | Portfolio Manager Reg. No.- INP000000654 | Investment Advisor Reg No. INA000000615 | SEBI-Research Analyst Reg. No. INH000000297 | IRDA Corporate Agent (Composite) Reg. No. CA0073| PFRDA – POP Reg. No. POP387122023 | Mutual Fund Distributor ARN- 64610.

Compliance Officer Details: Name – Mr. Jatin Sanghani, Tel No. – 022-68555574, Email id – compliance.officer@axisdirect.in;

Registered Office Address – Axis Securities Limited, Unit No.002, Building- A, Agastya Corporate Park, Piramal Realty, Kamani Junction, Kurla (W), Mumbai – 400070.

Administrative office address: Axis Securities Limited, Aurum Q Parç, Q2 Building, Unit No. 1001, 10th Floor, Level – 6, Plot No. 4/1 TTC, Thane – Belapur Road, Ghansoli, Navi Mumbai, Pin Code – 400710.

In case of any grievances please call us at 022-40508080 or write to us helpdesk@axisdirect.in.

We hereby declare that our activities were neither suspended nor we have defaulted with any stock exchange authority with whom we are registered in last five years. However, SEBI, Exchanges, Clearing Corporations and Depositories etc. have conducted the routine inspection and based on their observations have issued advise/warning/show cause notices/deficiency letters/ or levied penalty or imposed charges for certain deviations observed in inspections or in normal course of business, as a Stock Broker / Depository Participant/Portfolio Manager. We have not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has our certificate of registration been cancelled by SEBI at any point of time.

Investments in securities market are subject to market risks. Read all the related documents carefully before investing.

By referring to any particular sector, Axis Securities does not provide any promise or assurance of favourable view for a particular industry or sector or business group in any manner.

Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk-free return to the investors. Our research should not be considered as an advertisement or advice, professional or otherwise. This research report and its respective content by Axis Securities made available on this page or otherwise do not constitute an offer to sell or purchase or subscribe for any securities or solicitation of any investments or investment services for the residents of Canada and / or USA or any jurisdiction where such an offer or solicitation would be illegal.

Subject company(ies) may have been client during twelve months preceding the date of distribution of the research report. Derivatives are a sophisticated investment device. The investor is requested to take into consideration all the risk factors before actually trading in derivative contracts.

Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Information, opinions and estimates contained in this report reflect a judgment of its original date of publication by ASL and are subject to change without notice. The price, value of and income from any of the securities or financial instruments mentioned in this report can fall as well as rise. The value of securities and financial instruments is subject to exchange rate fluctuation that may have a positive or adverse effect on the price or income of such securities or financial instruments.

The information and opinions in this report have been prepared by Axis Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of Axis Securities. The report must not be used as a singular basis of any investment decision. The views herein are of a general nature and do not consider the risk appetite, investment objective or the particular circumstances of an individual investor. The investor is requested to take into consideration all the risk factors including their financial condition, suitability to risk return profile and the like and take professional advice before investing.

While we would endeavour to update the information herein on a reasonable basis, Axis Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent Axis Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or Axis Securities policies, in circumstances where Axis Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained in good faith from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. Axis Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. Axis Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. Axis Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months. Axis Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction. Axis Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months. Axis Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. Axis Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither Axis

Securities nor Research Analysts and / or their relatives have any material conflict of interest at the time of publication of this report. Please note that Axis Securities has a proprietary trading desk. This desk maintains an arm's length distance with the Research team and all its activities are segregated from Research activities. The proprietary desk operates independently, potentially leading to investment decisions that may deviate from research views.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

Research Analyst may have served as an officer, director or employee of subject company(ies). Axis Securities or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report. Since associates of Axis Securities and Axis Securities as an entity are engaged in various financial service businesses, they might have financial interests or actual/beneficial ownership of one percent or more or other material conflict of interest in various companies including the subject company/companies mentioned in this report. Axis Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report. Certain transactions -including those involving futures, options and other derivatives as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. Reports based on technical analysis centres on studying charts of a stock's price movement and trading volume, as opposed to focusing on a company's fundamentals and as such, may not match with a report on a company's fundamentals.

We and our affiliates/associates, officers, directors, and employees, Research Analyst(including relatives) worldwide may: (a) from time to time, have long or short positions in, and buy or sell the securities thereof, of company (ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company/company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) or have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of Research Report or at the time of public appearance. Axis Securities may have proprietary long/short position in the above mentioned scrip(s) and therefore may be considered as interested. This should not be construed as invitation or solicitation to do business with Axis Securities. Axis Securities is also a Portfolio Manager. Portfolio Management Team (PMS) takes its investment decisions independent of the PCG research and accordingly PMS may have positions contrary to the PCG research recommendation.

RATING SCALE: Definitions of ratings

Ratings	Expected absolute returns over 12 – 18 months
BUY	More than 10%
HOLD	Between 10% and -10%
SELL	Less than -10%
NOT RATED	We have forward looking estimates for the stock, but we refrain from assigning valuation and recommendation.
UNDER REVIEW	We will revisit our recommendation, valuation and estimates on the stock following recent events
NO STANCE	We do not have any forward-looking estimates, valuation or recommendation for the stock

Note: Returns stated in the rating scale are our internal benchmark.

List of Research Analyst (Fundamental):

Sr. No	Name	Designation	Sector	E-mail
1	Neeraj Chadawar	Head of Research	All Sectors	neeraj.chadawar@axissecurities.in
2	Preeyam Tolia	Research Analyst	FMCG and Retail, Real Estate	preeyam.tolia@axissecurities.in
3	Omkar Tanksale	Research Analyst	IT, Telecom, Internet	omkar.tanksale@axissecurities.in
4	Uttamkumar Srimal	Research Analyst	Cement, Infra, Railway	uttamkumar.srimal@axissecurities.in
5	Ankush Mahajan	Research Analyst	Pharmaceutical, Hospital, Hotel	ankush.mahajan@axissecurities.in
6	Dnyanada Vaidya	Research Analyst	BFSI	dnyanada.vaidya@axissecurities.in
7	Aditya Welekar	Research Analyst	Metal and Mining, Power Utilities	aditya.welekar@axissecurities.in
8	Sani Vishe	Research Analyst	Chemicals Capital Goods, Mid-cap	sani.vishe@axissecurities.in
9	Eesha Shah	Research Analyst	Real Estate, Special Situation	eesha.shah@axissecurities.in
10	Shridhar Kallani	Research Associate	Auto and Auto ancillaries	shridhar.kallani@axissecurities.in
11	Shikha Doshi	Research Associate	Cement, Infra, Railway	shikha.doshi@axissecurities.in
12	Suhanee Shome	Research Associate	FMCG and Retail	suhanee.shome@axissecurities.in
13	Shivani More	Research Associate	Chemicals Capital Goods, Mid-cap	shivani.more@axissecurities.in
14	Pranav Nawale	Research Associate	BFSI	pranav.nawale@axissecurities.in
15	Darsh Solanki	Research Associate	Metal and Mining, Power Utilities	darsh.solanki@axissecurities.in
16	Aman Goyal	Research Associate	Pharmaceutical, Hospital, Hotel	aman.goyal@axissecurities.in
17	Arundhati Bagchi	Research Associate	Database Analyst, Economy	arundhati.bagchi@axissecurities.in