

The Issue	
Type of Issue	Issue size Rs. Bn
Fresh Issue	16
Offer for Sale	-
Total	16
Post issue mkt cap (Rs. bn)*	150
Lot size	23

*At Upper Price Band

Issue Break-Up	
Reservation for	% of Issue
QIB	75%
NIB	15%
Retail	10%
Total	100%
Indicative Offer Timeline	Indicative Date
Bid/Offer Opening Date	20th Dec,2024
Bid/Offer Closing Date	24th Dec,2024
Finalization of the Basis of Allotment	26th Dec,2024
Initiation of refunds	27th Dec,2024
Credit of shares	27th Dec,2024
Listing Date	30th Dec,2024
Use of proceeds	
Particulars	Rs. bn
Repayment/Prepayment in Full/part of certain borrowings availed	14 bn
-by the company	
-by step down subsidiary	
Manager: JM Financial, Axis Capital, HSBC,ICICI Securities, IIFL capital, Kotak capital, SBI Caps markets	
Registrar: KFin Technologies Ltd	

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Luxury hospitality asset owner with focus on deleveraging and expansion; SUBSCRIBE

- Ventive Hospitality is a hospitality asset owner with a primary focus on luxury offerings across business and leisure segments. All its hospitality assets are operated by or franchised from global operators, including Marriott, Hilton, Minor, and Atmosphere.
- As of Sep-2024, the company owns a portfolio of 11 hospitality assets in India and the Maldives, totaling 2,036 keys across the luxury, upper upscale, and upscale segments, with an average occupancy of 60.7% and an ARR of Rs.16k (H1FY25).
- Furthermore as of Sept-24 the company, its promoter and promoter group have developed 1,331 keys that is 7 hospitality assets and the company, its promoter and promoter group have acquired another 705 keys taking the total to 2036 keys.
- Additionally, the company's hospitality assets command an ARR premium compared to its peers in India and the Maldives. For example, its hospitality assets in Pune command an ARR of 1.44x versus peers, while in the Maldives, the ARR stands at 1.04x.
- Beyond hotels, the company also owns 4 Grade A annuity assets in Pune, with a total leasable area of 3.4 msf and an occupancy rate of 95.5%. These annuity assets include three offices and one retail space.
- As of H1FY25, the company's luxury hospitality assets contributed 81% of the proforma revenue from hotel operations, while food and beverages contributed 35% of the proforma revenue.
- Going forward, the company plans to increase its hospitality assets by 367 keys, taking the total room count from 2,036 keys to 2,403 keys by FY28. This expansion includes, 167-room expansion in Varanasi, 80-key villa-style resort in Sri Lanka, addition of 120 rooms in Bengaluru

Valuation and Outlook: At the upper price band of Rs. 643, the IPO is valued at a Post issue P/Bx of 4.09x and EV/EBITDAx of 21x, i.e. at 42% and 23% discount respectively to the Industry average. Ventive Hospitality is a hospitality asset owner with a portfolio of 11 properties, primarily offering luxury and upper-upscale experiences having highest ARR in the industry. In addition to its hospitality assets, the company owns four annuity-generating properties, which include three office spaces and one retail space. The company has outlined a strategic plan to increase its room inventory from 2,036 keys in H1FY25 to 2,403 keys by FY28. This expansion will be in a new location, diversifying the company's revenue streams beyond its existing asset base. Furthermore, all proceeds from the expansion will be directed towards debt reduction, which remains a significant cost for the company, accounting for 27% of sales in H1FY25. This reduction in debt is expected to support the company in achieving profitability at the PAT level. The overall hospitality industry is poised for growth, driven by rising urbanization, increasing consumer spending, and a growing preference for chain-affiliated hotels among travelers. On the back of debt reduction, robust expansion plans, and favorable industry dynamics, we assign a **SUBSCRIBE** rating to the issue. However company's occupancy stands at 59.5% (on proforma basis), which is below industry occupancy rate of 62% is a risk to watch out for.

Ventive Hospitality Ltd

Key financial summary (based on proforma financial statements)

Financial summary (Rs. mn)*	FY22	FY23	FY24	H1FY25
Revenue	11626	16994	18421	8464
Adj. EBITDA	4574	7083	8045	3345
Adj. EBITDA margin (%)	39%	42%	44%	40%
PAT	-1462	157	-668	-1378

Pre-issue and post-issue holding structure

	Pre-issue	Post-issue*
Shareholding pattern	Holding (%)	Holding (%)
Promoter & Promoter Group	99.6%	89.0%
Public	0.4%	11.0%
Total	100%	100%

* At upper price band

Key Risks

- **Less operating history as a result of Acquisitions:** Until Aug-24, company portfolio comprised Marriott, Pune, ICC Offices, Pune and ICC Pavilion, Pune. After the acquisition the company new portfolio contained 17 properties out of which 14 properties were acquired. Therefore the company doesn't have a consolidated operating history through which the performance could be evaluated.
- **Reliance on third parties:** All the company's hospitality assets are operated by or franchised from third-party brands, such as Marriott, Hilton, Minor and Atmosphere. Any adverse impact on the reputation of the brands under which they operate, or a failure of quality control systems at their hospitality assets could adversely affect its business. **Further the company also relies on one of the group companies and promoter group that is A2Z Online Services Pvt Ltd to provide them with asset management services, development management services, common area maintenance and support services**
- **Related party transactions:** The company has entered into transactions with several related parties, including the Promoters and Promoter Groups. These transactions include acquisition transaction, development management and common area of maintenance. Company has also in the past given loans to its promoters, despite its high debt ratios.

Ventive Hospitality Ltd

Asset Base

Hospitality Assets	Segment	Number of keys	Year of Acquisition	Number of year operational
JW Marriott, Pune	Luxury	415	NA	14
The Ritz-Carlton, Pune	Luxury	198	2024	5
Anantara, Maldives	Luxury	197	2024	17
Conrad, Maldives	Luxury	151	2024	27
Raaya by Atmosphere, Maldives	Luxury	167	2024	<1
Marriott Suites, Pune	Upper Upscale	200	2024	8
DoubleTree by Hilton, Pune	Upscale	115	2024	11
Oakwood Residences, Pune	Upscale	83	2024	17
Courtyard by Marriott, Pune	Upscale	153	2024	15
Marriott Aloft Whitefield, Bengaluru	Upscale	166	2024	14
Marriott Aloft ORR, Bengaluru	Upscale	191	2024	10

Annuity Assets	Location	Category	Leasable Area	Committed Occupancy
Business Bay, Pune	Yerwada, Pune, Maharashtra	Office	1.80 msf	99.98%
ICC Offices, Pune*	Shivajinagar, Pune, Maharashtra	Office	0.93 msf	96.29%
ICC Pavilion, Pune*	Shivajinagar, Pune, Maharashtra	Retail space	0.44 msf	92.10%
Panchshil Tech Park, Pune	Hinjewadi IT Park, Pune, Maharashtra	Office	0.22 msf	63.38%
Total			3.40 msf	95.55%

Ventive Hospitality Ltd

Key Performing Indicators

Particulars	H1FY25	FY24	FY23	FY22
Hospitality Assets				
Number of hospitality assets	11	11	10	10
Number of keys	2,036	2,036	1,869	1,869
ARR (Rs.)	16,645	19,976	17,993	20,834
Occupancy (%)	60.7%	59.5%	63.7%	34.8%
RevPAR (Rs.)	10,100	11,881	11,456	7,255
TRevPOR (Rs.)	30,280	35,616	31,812	37,927
Food and beverage outlets	70	70	61	61
Annuity Assets				
Number of annuity assets	4	4	4	4
Leasable Area (msf)	3.4	3.4	3.39	3.38
Committed Occupancy (%)	95.55%	97.04%	94.02%	94.49%

Particulars (Rs in mn)	H1FY25	% of the revenue	FY24	% of the revenue	FY23	% of the revenue	FY22	% of the revenue
Hospitality Assets								
Revenue from room income	3,300	55%	7,690	56%	7,207	56%	4,423	54%
Revenue from sale of food beverages	2,095	35%	4,815	35%	4,454	35%	2,946	36%
Revenue from other hotel including banquet income and membership	603	10%	1,236	9%	1,151	9%	840	10%
Revenue from hotel operations	5,998	100%	13,741	100%	12,813	100%	8,208	100%
Annuity Assets								
Revenue from rental income	2,310	94%	4,366	94%	3,903	94%	3,212	95%
Revenue from maintenance parking charges	133	5%	268	6%	230	6%	166	5%
Revenue from other activities incidental to commercial leasing (net)	7	0%	19	0%	20	0%	7	0%
Revenue from sale of construction materials	4	0%	7	0%	8	0%	7	0%
Scrap sale	0	0%	0	0%	0	0%	-	-
Revenue from annuity assets	2,455	100%	4,661	100%	4,161	100%	3,392	100%

Ventive Hospitality Ltd

Key Performing Indicators

Hospitality Assets Occupancy rate	H1FY25	FY24	FY23	FY22
JW Marriott, Pune	53%	56%	60%	23%
The Ritz-Carlton, Pune	55%	52%	48%	23%
Anantara, Maldives	54%	54%	67%	56%
Conrad, Maldives	41%	48%	43%	51%
Marriott Suites, Pune	67%	67%	73%	38%
DoubleTree by Hilton, Pune	65%	64%	65%	30%
Oakwood Residences, Pune	82%	83%	88%	61%
Courtyard by Marriott, Pune	73%	64%	68%	31%
Marriott Aloft Whitefield, Bengaluru	66%	62%	73%	25%
Marriott Aloft ORR, Bengaluru	73%	63%	69%	41%

	As at September 30, 2024	As at March 31, 2024
Overall lease period		
Minimum	9 months	9 months
Maximum	20 years	20 years
Outstanding lease period		
Minimum	1 month	1.5 months
Maximum	12 years and 3 months	12 years and 9 months

Ventive Hospitality Ltd

Strengths

Premium hospitality asset complemented by Grade A annuity assets

The company's hospitality portfolio includes marquee luxury assets operated by global hospitality brands. Luxury hospitality assets contribute approximately 80% of the pro forma revenue from hotel operations. The company also generates revenue through F&B outlets within these assets, which contributed 34.9% as of H1FY25. Additionally, the company owns Grade A office assets and retail spaces with a committed occupancy rate of 95.6%.

Key Luxury Assets:

- **JW Marriott, Pune:** A luxury property with 415 keys, part of a hospitality-led integrated development that includes two annuity assets. The hotel features 12 restaurants, including 3 fine-dining outlets. Its ARR index is 1.46x, and its RevPAR index is 1.38x compared to other luxury hotels.
- **Ritz-Carlton, Pune:** Opened in October 2019, this asset has 198 keys and is part of the Business Bay integrated development. It includes a 27,000 sq. ft. event space and a 7,200 sq. ft. ballroom for MICE and weddings. The ARR index is 1.79x, and the RevPAR index is 1.75x compared to other luxury assets.
- **Maldives:** The company owns two luxury hotels—Conrad with 151 keys and Anantara with 197 keys. Conrad has an ARR index of 1.30x and a RevPAR index of 1.12x compared to other luxury hotels.

Established player in development and acquisition led growth in India and the Maldives

The company has an experience of 15 years in developing and acquiring assets. As Sept-24, portfolio consists of 7 hospitality assets with 1,331 keys, developed by the company, promoter and promoter group and four hospitality assets with 705 keys acquired by the company, promoter and promoter group.

Expertise in Active Asset management

- Ventive Hospitality has an in-house asset management team that collaborates closely with its hotel operators to oversee key operational aspects, including procurement, marketing, and capital expenditure decisions. The company's asset management practices are driven by comprehensive procedures aimed at improving the operational performance of their assets through increased occupancy rates, revenue generation, and enhanced cost efficiencies.
- Additionally, the company undertakes asset enhancement initiatives, such as renovations, refurbishments, and other measures, to optimize the utilization of available space.
- Furthermore, the company's hospitality assets, which include Marriott and Hilton-branded properties, are part of flagship loyalty programs. These programs provide access to a significant customer base. As of September 2024, revenue from loyalty program members contributed 83.6% and 25.5% of the total revenue from Marriott and Hilton-branded hospitality assets, respectively.

Ventive Hospitality Ltd

Strategies

Develop and Expand Asset Base

Company intends to grow its portfolio and increase its market share in current and new markets through organic and inorganic growth opportunities. Company's current pipeline assets are situated outside their existing markets which would enable them to diversify their geographical presence. Through this expansion plan the company will increase the number of keys by 367 keys taking the total keys to 2036 keys by FY2028.

Hospitality Asset under Developments	Segment	Estimated Number of Keys	Operator	Estimated Completion
Varanasi hotel,	Upper upscale	167	Marriott	FY2027
Expansion of Marriott Aloft Whitefield, Bengaluru	Upscale	120	Marriott	FY2028
Sri Lanka hotel	Luxury	80	Marriott	FY2028

Driving Organic growth from ramp-up of their existing assets

Driving demand through premiumization and guest satisfaction is one of the core strategies. Company therefore has recently undertaken strategic renovations and refurbishments and proactively phased out corporate accounts in India that generated comparatively lower ARR over the past few years. As a result the company's hospitality assets have witnessed an ARR growth of 39% in India and 53% in Maldives from FY20-24. Some of these initiatives include, improvement of its upsell program, focus on direct bookings rather than third party applications and renovations and improvement of the hospitality assets.

Leveraging on F&B and amenities

Going forward the company intends on creating unique dining experiences, such as regular menu updates, cooking shows, specialist-led classes and special beverage deals, to increase their average revenue per customer

Optimize Event Space

Company's growth strategy focuses on optimizing event spaces to diversify revenue and boost income from food, beverages, and banquets. Properties like JW Marriott, Pune (largest Ballroom in Western India), and The Ritz-Carlton, Pune, cater to upscale events, leveraging their appeal to drive occupancy, ancillary revenue, and brand exposure.

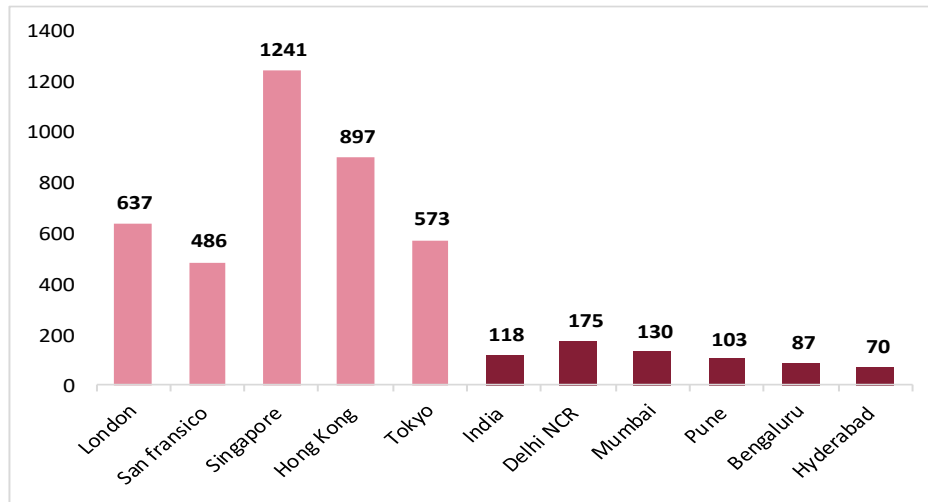
Acquisitions led by a healthy cash flow and significant debt headroom

Through the proceeds the company plans to repay or prepay full or part of its certain borrowings of the company and its subsidiaries. After the repayment the company plan to fulfill its debt obligations through the rental income of its annuity assets and use the income from the hospitality assets to further undertake growth opportunities

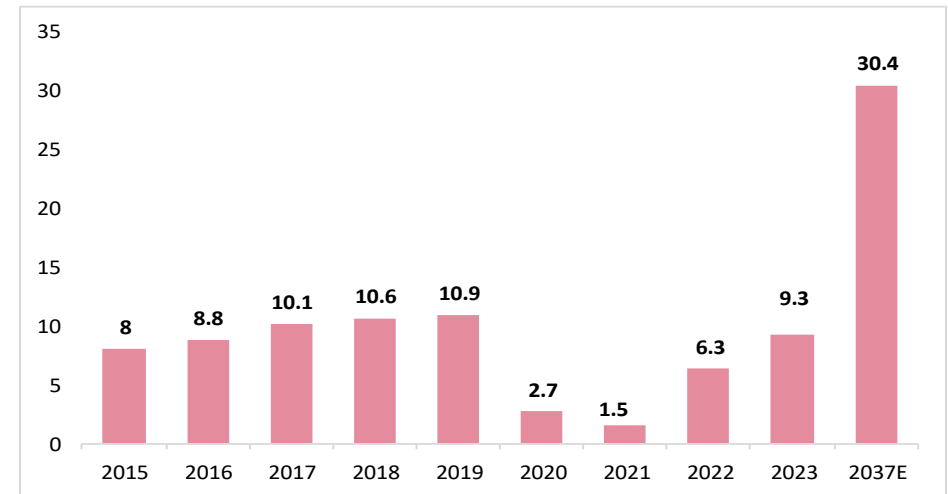
Ventive Hospitality Ltd

Industry overview

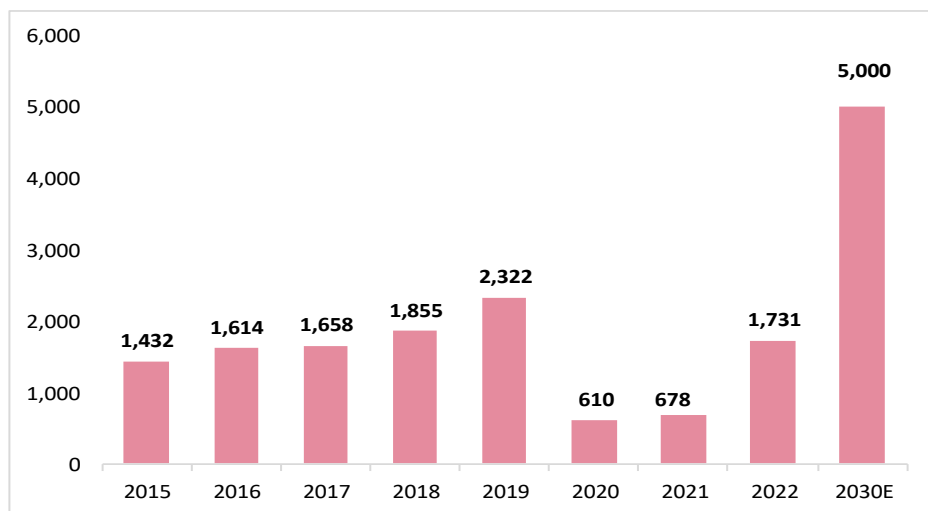
Hotel keys per msf office space as of Dec-23



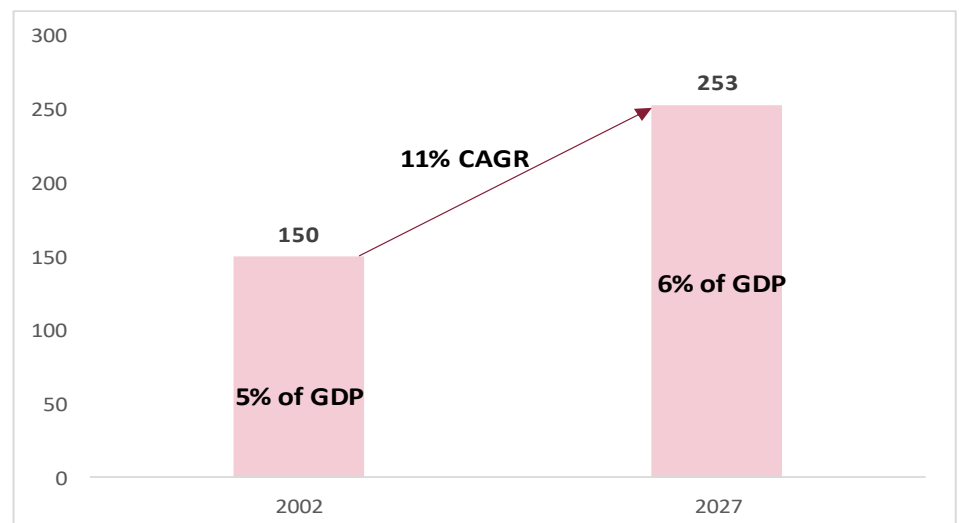
India-Foreign Tourist Arrivals (mn)



India – Domestic Travel Visits (mn)



Domestic Spend on tourism & hospitality (\$/bn)



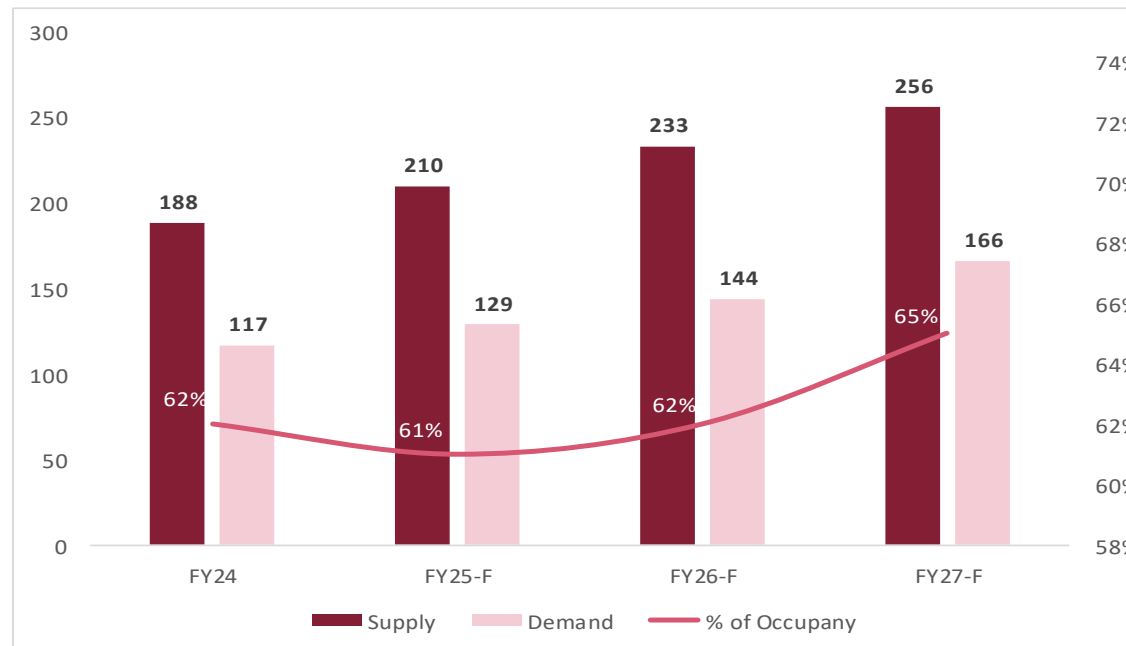
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Industry overview

Inventory of Chain Affiliated Hotels ('000's)

Category	FY01	FY08	FY15	YTD Sept-24	FY27	CAGR (FY01-08)	CAGR (FY08-15)	CAGR (FY15-YTD Sept-24)	CAGR (YTD Sept-24-FY27)
Luxury	6	6	18	31	37	6.9%	7.9%	6.2%	8.1%
Upper Upscale	7	7	25	37	46	6.2%	13.5%	4.0%	9.5%
Upscale	5	5	22	42	53	5.6%	16.5%	7.0%	9.8%
Upper Midscale	4	4	20	33	46	9.7%	16.1%	5.3%	14.3%
Midscale-Economy	2	2	24	53	73	17.1%	24.2%	8.9%	13.6%
Upper-Tier Total	18	18	65	110	136	6.3%	12.6%	5.7%	9.3%
Total	24	24	109	196	255	7.9%	15.1%	6.4%	11.3%

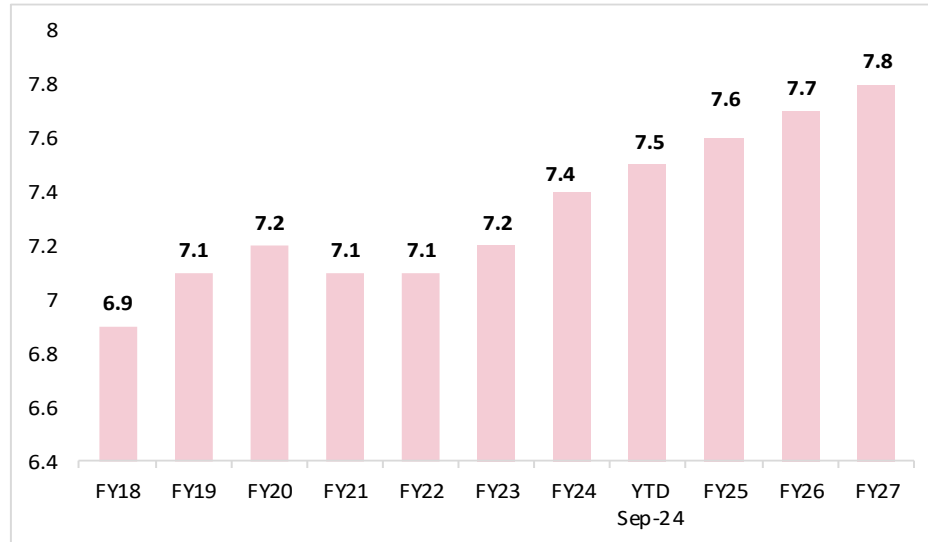
All India – Rooms Inventory, Demand and Occupancy Estimates (FY24–27)



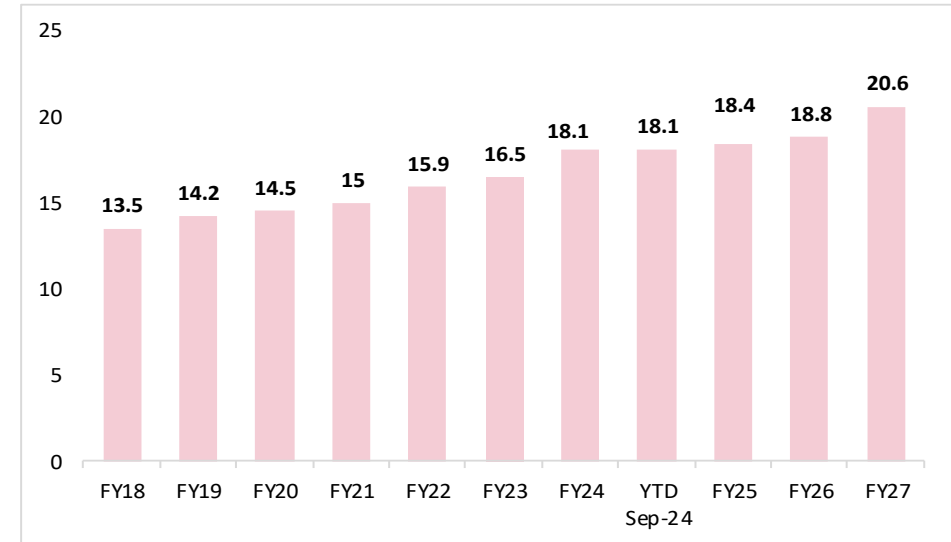
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Industry overview

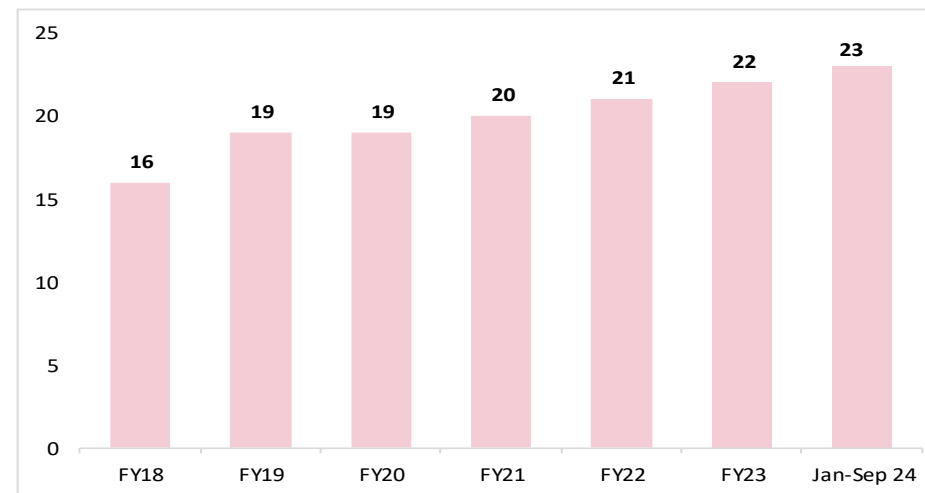
Pune Chain affiliated Inventory (000's)



Bengaluru Chain affiliated Inventory (000's)



Maldives Chain affiliated Inventory (000's)



Ventive Hospitality Ltd

Peers

Company Name	Revenue from operations *	EBITDA*	EBITDA %	Hotels	Keys	ARR*	Average Occupancy %*	RevPAR *	P/B	EV/ EBITDA
Ventive Hospitality	18421	8045	44%	11	2036	19976	59.47%	11881	4.1	21
Chalet Hotels Limited	14173	6044	43%	10	3052	10718.4	72.55%	7776	7.8	37
Samhi Hotels Limited	9574	2879	30%	31	4801	5718	73.55%	4123	4.3	21
Juniper Hotels Limited	8176.6	3197	39%	7	1895	10165	75.00%	7645	2.9	26
The Indian Hotels Company Limited	67688	23401	35%	218	24136	15414	77.00%	11821	12.4	47
Elh Limited	25113	10416	41%	30	4269	-	-	-	6.4	22
Lemon Tree Hotels Limited	10711	5357	50%	104	9863	5876	70.00%	4103	12.1	23
Apeejay Surrendra Park Hotels Limited	5790	2052	35%	33	2395	6699	92.10%	6170	3.2	17

*FY24 financials

INDSEC Rating Distribution

BUY : Expected total return of over 15% within the next 12-18 months.

HOLD : Expected total return between 0% to 15% within the next 12-18 months.

SELL : Expected total return is negative within the next 12-18 months.

NEUTRAL: No investment opinion, stock under review.

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DISCLOSURE

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