

Ventive Hospitality was founded as the hospitality division of Panchshil Realty, a real estate conglomerate based in Pune which has a presence across the commercial, retail, luxury residential and data center segments. Its Portfolio has grown significantly over the years, starting from 83 keys in 2007 to 2,036 keys as at September 30, 2024. In 2017, pursuant to the acquisition of a 50% stake in the Company, BRE Asia (formerly known as Xander Investment Holding XVI Limited), an affiliate of Blackstone, became 50% shareholder in the Company. Company's Promoters combine their deep knowledge of local markets along with global best practices in development, investment and asset management. Its Promoters have had a longstanding partnership of over ten years, with an established track record of development and acquisition-led expansion.

**Business Overview :**

- Ventive Hospitality is a hospitality asset owner with a primary focus on luxury offerings across business and leisure segments. All of its hospitality assets are operated by or franchised from global operators, including Marriott, Hilton, Minor and Atmosphere.
- Its revenue from hotel operations constituted 56.24%, 49.26%, 51.11% and 38.37% of its total income for the six months ended September 30, 2024 and FY24, FY23 and FY22 respectively, on a restated basis.
- Its pre-acquisition luxury hospitality asset comprises JW Marriott, Pune, and its post-acquisition luxury hospitality assets comprise JW Marriott, Pune, The Ritz-Carlton, Pune, Conrad, Maldives, Anantara, Maldives and Raaya by Atmosphere, Maldives.
- Its Portfolio comprises 11 operational hospitality assets in India and Maldives, totalling 2,036 keys across the luxury, upper upscale and upscale segments as at September 30, 2024.
- Company's hospitality assets command an ARR premium vis-à-vis their peers in India and Maldives, which it believes is a testament to their superior asset quality, contemporary offerings and customer experience. Its luxury and upper upscale hotels in Pune achieved an ARR index of 1.44 compared with other luxury and upper upscale hotels in Pune from January 2024 to September 2024. Similarly, the ARR index for Conrad, Maldives and Anantara, Maldives is 1.04 compared to the luxury and upper upscale segment in the Maldives from January 2024 to September 2024.
- Its hospitality assets are enhanced by its leading, award-winning F&B offerings. In Pune, 8 of its restaurants feature in the top 10 fine dining restaurants according to TripAdvisor rankings as at Nov 8, 2024, including Alto Vino, an Italian restaurant, and Tao Fu, a Chinese restaurant at JW Marriott, Pune and Ukiyo, a Japanese restaurant at The Ritz-Carlton, Pune.
- Its dedicated in-house asset management team includes experienced hospitality professionals who collaborate closely with its hotel operators to oversee key operational aspects, such as procurement, marketing, human resource management and capital expenditure decisions. Its asset management practices are designed to provide a superior experience for guests, tenants and consumers and are driven by comprehensive procedures aimed at improving the operational performance of its assets through increased occupancy rates and revenue generation, as well as enhanced cost efficiencies.
- Company plans to continue focusing on its core strength of developing luxury and upscale hospitality assets and to increase the number of keys across its hospitality assets by an estimated 367 keys or 18.02% from 2,036 keys as at September 30, 2024 to approximately 2,403 keys in FY2028 through its planned development and expansion initiatives in Varanasi, Uttar Pradesh and Bengaluru, Karnataka in India and Pottuvil, near Yala East National Park and Arugam Bay Beach in Sri Lanka.

<b>NSE SYMBOL</b>	<b>VENTIVE</b>
<b>SECTOR</b>	<b>HOTEL</b>
<b>ISSUE SIZE</b>	<b>Rs. 1600 Crs.</b>
<b>PRICE BAND</b>	<b>Rs. 610 - 643</b>
<b>BID SIZE (Nos.)</b>	<b>23</b>
<b>FACE VALUE</b>	<b>Rs. 1.00</b>
<b>MARKET CAP</b>	<b>Rs. 15016.84 Crs</b>
<b>RATING</b>	<b>SUBSCRIBE</b>

<b>TENTATIVE DATES</b>	
<b>ISSUE OPEN DATE</b>	<b>20TH DEC 2024</b>
<b>ISSUE CLOSE DATE</b>	<b>24TH DEC 2024</b>
<b>BASIS OF ALLOTMENT</b>	<b>26TH DEC 2024</b>
<b>INITIATION OF REFUNDS</b>	<b>27TH DEC 2024</b>
<b>CREDIT OF SHARES</b>	<b>27TH DEC 2024</b>
<b>LISTING DATE</b>	<b>30TH DEC 2024</b>

- This includes a 167-key hotel in Varanasi under a non-binding MOU with Marriott (for a potential Marriott brand), an 80-key villa style luxury resort under a non-binding MOU with Marriott (for a potential Ritz-Carlton Reserve brand) at Pottuvil, near Yala East National Park and Arugam Bay Beach in Sri Lanka and the addition of an estimated 120 keys to Marriott Aloft Whitefield, Bengaluru (to be rebranded to a potential AC by Marriott brand under a non-binding MOU with Marriott). These developments will aid in growing its presence in Bengaluru, Karnataka, tapping the growing tourism market in Varanasi, Uttar Pradesh and further expanding its presence in the Indian Ocean Region.
- Company's platform includes 4 stabilized Grade A annuity assets which are part of its hospitality-led integrated developments in Pune, having a total Leasable Area of 3.40 msf and Committed Occupancy of 95.55% as at September 30, 2024. Its annuity portfolio includes three Grade A office assets and a Grade A retail space, which form part of three hospitality-led integrated developments.
- Its office assets have a Committed Occupancy of 96.07% as at September 30, 2024 and over 80% of their Leasable Area was leased to multinational corporations as at September 30, 2024. Its office assets command a premium of over 33% above the average rental for Pune as of September 2024 due to these assets being generally of a superior quality compared to the average in the market. Its annuity assets are occupied by marquee tenants such as HSBC, Deutsche Bank, Nokia, Vodafone, PwC, Sephora, Starbucks and Vero Moda.
- It believes that it is well-positioned to benefit from growing hospitality demand in conjunction with relatively low new supply in its key markets. India is among the fastest growing major economies in the world, while Maldives has been ranked consistently as one of the best tourist island destinations globally.
- Revenue from the sale of food and beverages contributed to 39.62%, 45.57%, 48.57% and 58.59% of its revenue from hotel operations and 22.28%, 22.45%, 24.83% and 22.48% of its total income for the six months ended Sep 30, 2024 and FY24, FY23 and FY22 respectively, on a restated basis. *(Source— RHP)*

## STRENGTHS

- Premium hospitality assets complemented by Grade A annuity assets.
- Established track record of development and acquisition-led growth in India and the Maldives.
- Renowned Promoters with global and local expertise.
- Professional and experienced management team.
- Proven track record of active asset management.
- Well-positioned to benefit from strong industry tailwinds. *(Source— RHP)*

## OBJECTS OF THE OFFER

**Fresh Issue** - The Company would also raise up to Rs. 1600 crores by offering fresh shares. Company proposes to utilise the Net Proceeds from the Fresh Issue towards funding the following objects.

- Repayment/prepayment, in part or full, of certain of borrowings availed by the company -
  - Company including payment of interest accrued thereon.
  - Step- down Subsidiaries namely SS & L Beach Private Limited and Maldives Property Holdings Private Limited, including the payment of interest thereon through investment in such step-down Subsidiaries.
- General corporate purposes.

## RISKS

- Company acquired the New Portfolio recently (in Fiscal 2025) from its Promoters and may undertake such acquisitions in the future.
- It relies on third parties for the quality of services at its hospitality assets and its hospitality assets are operated by or franchised from third-party brands.
- It does not have a consolidated operating history through which its overall performance may be evaluated and have incurred losses in the recent past.
- Hospitality business is subject to seasonal and cyclical variations that could result in fluctuations in its results of operations and cash flows.
- Low occupancy rates at its hospitality assets may adversely affect its business, results of operations, financial condition and cash flows.

## PEER COMPARISON

	Face Value (Rs.)	CMP In Rs. (19-12-2024)	TTM EPS (Rs.)	BV per share (Rs.)	P/E (X)	P/BV (X)	M. Cap / Sales
Chalet Hotels	10.00	1007.55	3.44	128.87	292.9	7.8	14.4
Samhi Hotels	1.00	202.66	1.23	48.38	164.8	4.2	4.2
Juniper Hotels	10.00	350.85	1.53	118.62	229.3	3.0	8.7
The Indian hotels	1.00	880.05	9.97	71.35	88.3	12.3	17.3
EIH	2.00	427.20	10.77	65.4	39.7	6.5	10.3
Lemon Tree Hotels	10.00	157.53	1.92	12.83	82.0	12.3	10.7
Apeejay Surendra Park	1.00	186.31	3.31	57.44	56.3	3.2	6.7
<b>Ventive Hospitality**</b>	<b>1.00</b>	<b>643.00</b>	<b>-1.78</b>	<b>231.08</b>	<b>NA</b>	<b>2.8</b>	<b>19.3</b>

(\*\*On upper price band and on FY 2025 annualised EPS)

## RECOMMENDATION

At the upper band of offer price of Rs 643, the issue has been priced at P/BV of 2.8 times on enhanced equity. Compared to peer group, average P/BV of 7.1 times, VENTIVE HOSPITALITY LTD is fairly valued.

Investors - **SUBSCRIBE to VENTIVE HOSPITALITY LTD - IPO** considering premium hospitality assets, renowned Promoters, proven track record of active asset management, superior asset quality with premium ARR and strong industry tailwinds.

## RESTATED PROFIT & LOSS A/C

(In Rs. Crore.)

	FY 2022	FY 2023	FY 2024	6 MONTHS SEP FY 2025
Income				
Revenue from operations	229.17	430.81	477.98	372.78
Other income	8.34	10.94	16.73	16.15
Total Income	237.51	441.75	494.71	388.93
Expenses				
Cost of materials consumed	15.65	33.02	32.25	26.51
Cost of construction material sold	0.22	0.14	0.18	0.01
Employee benefits expense	24.51	29.79	37.45	54.19
Other expenses	72.53	128.71	124.28	127.82
Finance costs	40.61	41.59	47.22	83.11
Depreciation and amortisation expense	47.96	49.32	48.15	60.81
Total expenses	201.48	282.57	289.52	352.45
Restated profit before tax and share of profit/(loss) of JV	36.03	159.19	205.19	36.48
Share of loss of joint venture	0.00	0.00	0.00	-9.31
Restated profit before tax	36.03	159.19	205.19	27.17
Tax expenses:				
Current tax	11.73	27.92	38.69	35.13
Tax pertaining to earlier years	0.04	0.00	0.18	1.16
Deferred tax	-5.18	0.00	0.00	11.64
Total tax expense	6.60	27.92	38.87	47.93
Restated profit/ (loss) for the period/ year	29.43	131.27	166.32	-20.76

**RESTATED BALANCE SHEET**
**(In Rs. Crore.)**

	FY 2022	FY 2023	FY 2024	6 MONTHS SEP FY 2025
<b>ASSETS</b>				
Property, plant and equipment	181.94	172.36	160.28	2,633.04
Capital work-in-progress	8.54	8.66	9.39	105.72
Investment properties	356.10	340.77	325.14	1,930.16
Investment property under development	0.32	1.06	16.24	22.44
Right-of-use assets	62.51	58.25	53.99	1,344.24
Other non-current assets	44.37	37.15	41.67	2,028.25
<b>Total Non-Current Assets</b>	<b>653.77</b>	<b>618.25</b>	<b>606.71</b>	<b>8,061.85</b>
Inventories	2.83	3.96	4.57	47.56
Investments	10.00	48.47	157.62	0.25
Trade receivables	19.90	23.96	17.31	67.77
Cash and cash equivalents	15.97	22.54	32.43	171.82
Other bank balances	103.05	36.78	38.50	4.37
Other current assets	19.40	25.34	94.84	360.85
<b>Total Current Assets</b>	<b>171.15</b>	<b>161.05</b>	<b>345.26</b>	<b>652.61</b>
<b>TOTAL</b>	<b>824.92</b>	<b>779.29</b>	<b>951.97</b>	<b>8,714.47</b>
<b>EQUITY AND LIABILITIES</b>				
Equity share capital	10.71	10.44	10.44	20.87
Other equity	204.37	157.33	324.01	3,036.19
Equity attributable to equity holders of the parent	215.09	167.77	334.45	3,057.05
Non-controlling interest	0.00	0.00	0.00	739.76
<b>Total Equity</b>	<b>215.09</b>	<b>167.77</b>	<b>334.45</b>	<b>3,796.82</b>
Borrowings	369.11	412.11	399.40	3,251.95
Lease liability	58.65	57.39	55.81	288.79
Other non-current Liabilities	33.38	45.69	47.92	619.61
<b>Total Non-current liabilities</b>	<b>461.14</b>	<b>515.19</b>	<b>503.12</b>	<b>4,160.34</b>
Borrowings	49.89	13.06	13.21	347.22
Lease Liabilities	1.18	1.26	1.58	24.03
Trade Payable	33.33	23.56	27.64	124.91
Other current liabilities	64.29	58.45	71.97	261.15
<b>Total Current Liabilities</b>	<b>148.69</b>	<b>96.33</b>	<b>114.39</b>	<b>757.31</b>
<b>TOTAL</b>	<b>824.92</b>	<b>779.29</b>	<b>951.97</b>	<b>8,714.47</b>

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