

IPO Note – VENTIVE HOSPITALITY LIMITED

Ventive Hospitality Ltd (Ventive) is a hotel owner focussing on luxury offerings across business and leisure segments. Its portfolio comprises 11 operational hotels with 2,036 keys in India and Maldives across the luxury, upper upscale, and upscale segments as of 30/09/2024. All of its assets are managed by or franchised from global operators, including Marriott, Hilton, Minor and Atmosphere. It already has 367 keys under development across 3 hotels which are expected to be operational by FY28.

Large and diversified portfolio of assets and strong track record of acquisition led growth: -

Ventive's hospitality portfolio includes marquee luxury assets operated by global hospitality brands across India and Maldives. Its luxury hotel assets contribute ~80% of hotel revenue and ~58% of total income as on H1FY25. It also generates revenue through F&B outlets within these assets, which contributed ~35% as of H1FY25. They operate JW Marriott and Ritz-Carlton in Pune and operating Conrad, Anantara and Raaya by Atmosphere in Maldives. It operates 1 of the only 2 Ritz- Carlton hotel in entire India. Ventive has 367 keys under devl. across Varanasi, Bangalore and Sri Lanka. It also owns Grade A office assets and retail spaces with a committed occupancy rate of 95.6%. However, Ventive is not planning to add any new office or retail assets post listing. It has 7 hotels with 1,331 keys which were developed by the Promoter and 4 assets with 705 keys which were acquired. They have demonstrated strong track record over the last 15 years in developing marquee hospitality assets and managing the acquired assets.

Experienced and professional management team and strong industry tailwinds: -

Ventive is promoted by Panchshil Promoters and BRE Promoters. Panchshil is affiliated with Panchshil Realty, one of India's leading luxury real estate developers based in Pune. They have developed over 31 msf of real estate across multiple asset classes and 21 msf under development. The BRE Group is affiliated with Blackstone, the largest investor in hotels globally based on the number of keys. The promoters combine their deep knowledge of local markets along with global best practices in development, investment and asset management. In terms of the Indian Hospitality industry, the sector has a strong multiplier effect that contributes materially to India's economy by way of GDP, asset and investment growth, employment, forex earnings and tax revenues. Hotel demand is driven by business and leisure travel, staycations and travel for weddings and MICE. Also, the demand for branded rooms is expected to outpace the supply of it, which gives huge potential for growth in ARRs and occupancies.

Key Risks: - 1) Co. has been making losses, 2) Majority of portfolio is concentrated in Pune and Maldives, 3) Low operating history as co. acquired most of its properties in H1FY25, 4) Lower occupancy at ~59% v/s industry average of 62%.

Financials & valuation –

Ventive hospitality has a strong operational portfolio of hospitality assets in luxury segments with a robust pipeline. We believe that the outlook for Ventive looks strong on the back of strong industry tailwinds, debt reduction, robust expansion plans and a strong and capable promoter and management team. However, at the upper price band, Ventive is available at a premium valuation of 21x its FY24 EV/EBITDA when taken into consideration its limited operational history and performance. We have an **AVOID** recommendation to this issue.

Key Financials (₹ Cr) (Proforma)	Mar-22	Mar-23	Mar-24
Revenue	1,163	1,699	1,842
EBITDA	492	771	870
EBITDA Margin (%)	42.4	45.4	47.2
PAT	(146)	16	(67)
PAT Margin (%)	-12.6	0.9	-3.6
Net Worth	3,441	3,657	3,666
ROE (%)	(4.25)	0.43	(1.82)

Source: ABML Research, RHP, company presentation

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23 December 2024

Rating	AVOID
Issue Details	
Issue Opens	20-Dec-24
Issue Closes	24-Dec-24
Face Value (₹)	1
Price Band (₹)	610-643
Bid Lot	23
Issue Size at higher price band (₹ Cr)	1,600
Market cap @ upper price band (₹ cr)	15,016
Listing	NSE/BSE
BRLMs	Kotak Capital, JM Financial, HSBC Securities, SBI Capital, Axis Capital, ICICI Sec
Registrar	KFin Tech

Shareholding Pattern (%)

	Pre-Issue	Post Issue
Promoter	99.59	89.35
Public	0.41	10.65

Issue Structure (In cr no. of shares)

Issue size	2.49
OFS	-
Break-up of net issue to public (%):	
QIB's portion	75.0
Non-Institutional portion	10.0
Retail Portion	15.0

Source: ABML Research, RHP

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