

Rinkle Vira  
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**Issue Details**

Issue Details	
Issue Size (Value in ` million, Upper Band)	16,000
Fresh Issue (No. of Shares in Lakhs)	248.8
Offer for Sale (No. of Shares in Lakhs)	-
Bid/Issue opens on	20-Dec-24
Bid/Issue closes on	24-Dec-24
Face Value	Rs. 1
Price Band	610-643
Minimum Lot	23

➤ **Objects of the Issue**

- Repayment/prepayment, in part or full, of certain of borrowings
- For payment of interest accrued thereon in step-down subsidiaries
- General corporate purposes.

➤ **Fresh issue: Rs 16000 million**➤ **Offer for sale: NIL****Book Running Lead Managers**

JM Financial Limited, Axis Capital Limited, HSBC Securities & Capital Markets Pvt Ltd, ICICI Securities Limited, IIFL Securities Ltd, Kotak Mahindra Capital Company Limited, SBI Capital Markets Limited

**Registrar to the Offer**

KFIN Technologies Ltd

Capital Structure (₹ million)	Aggregate Value
Authorized share capital	600.0
Subscribed paid up capital (Pre-Offer)	208.6
Paid up capital (post-Offer)	233.5

Share Holding Pattern %	Pre Issue	Post Issue
Promoters & Promoter group	99.6%	89.0%
Public	0.4%	11.0%
Total	100.0%	100.0%

**Financials**

Particulars (Rs. In Million)	6M FY25	FY24	FY23	FY22
<b>Revenue from operations</b>	<b>3,727.7</b>	<b>4,779.8</b>	<b>4,308.1</b>	<b>2,291.7</b>
Operating expenses	2,085.3	1,941.6	1,916.7	1,129.1
<b>EBITDA</b>	<b>1,642.4</b>	<b>2,838.2</b>	<b>2,391.4</b>	<b>1,162.6</b>
Other Income	161.5	167.2	109.4	83.3
Depreciation	608.0	481.4	493.1	479.6
<b>EBIT</b>	<b>1,195.9</b>	<b>2,524.0</b>	<b>2,007.7</b>	<b>766.3</b>
Interest	831.1	472.2	415.8	406.0
<b>PBT</b>	<b>364.8</b>	<b>2,051.8</b>	<b>1,591.9</b>	<b>360.3</b>
Tax	479.3	388.7	279.2	66.0
<b>Consolidated PAT</b>	<b>(114.5)</b>	<b>1,663.1</b>	<b>1,312.7</b>	<b>294.4</b>
EPS	(0.5)	7.1	5.6	1.3
<b>Ratio</b>	<b>6M FY25</b>	<b>FY24</b>	<b>FY23</b>	<b>FY22</b>
EBITDAM	44.1%	59.4%	55.5%	50.7%
PATM	-3.1%	34.8%	30.5%	12.8%
Sales growth		10.9%	88.0%	

**Company description**

Incorporated in 2002, Ventive Hospitality Ltd is a hospitality owner with primary focus on luxury offerings across business and leisure segments. All of the company's hospitality assets are operated by or franchised from global operators, including Marriott, Hilton, Minor and Atmosphere.

The Company 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. 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 Portfolio comprises 11 operational hospitality assets in India and Maldives, totaling 2,036 keys across the luxury, upper upscale and upscale segments as on September 30, 2024. The Ritz-Carlton, Pune is one of only 2 "The Ritz-Carlton" hotels in India which is a luxury brand within the Marriott portfolio. JW Marriott, Pune is the largest luxury hotel based on the number of keys in Pune and is one of only 8 luxury hotels in India with inventory of between 400 to 500 keys as on September 30, 2024.

Further as on September 2024, the company's platform also includes 4 stabilized Grade A annuity assets (3 Office assets & 1 Retail asset) having a total leasable area of 3.4 mn sq ft which are currently occupied by marquee tenants such as HSBC, Deutsche Bank, Nokia, Vodafone, PwC, Sephora, Starbucks and Vero Moda.

The company has dedicated in-house asset management team includes experienced hospitality professionals who collaborate closely with their hotel operators to oversee key operational aspects, such as procurement, marketing, human resource management and capital expenditure decisions.

The company plans to continue focusing on their core strength of developing luxury and upscale hospitality assets and to increase the number of keys across our 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 their 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.

**Valuation & outlook**

Ventive Hospitality brings investors an opportunity to invest in luxury hotel business across business and leisure segment. The company has a demonstrated track record of last 15 years in developing marquee hospitality assets, executing landmark acquisitions and utilizing design capabilities to create value in acquisitions and establish a presence in desirable destinations across India and Maldives.

We believe that company comes with clear focus on their core strength of developing luxury and upscale hospitality assets and to increase the number of keys across our hospitality assets.

On valuation parse at the upper band of Rs 643/-, the issue is asking for a Market Cap of Rs 1,50,167 Mn. Based on FY24 earnings, the company is asking a PE of 90x times which is fully priced. The recent acquisitions resulted in a net loss of ~Rs 210 Mn in 1HFY25. The company will utilize Rs 14,000 Mn to repay debt which will help reduce finance cost and improve profits for the company going forward.

Hence we believe that the company is well-positioned to benefit from growing hospitality demand in conjunction with relatively low new supply in their key markets and growing tourism industry. We give the "SUBSCRIBE for LONG TERM" rating for the issue.

Company Overview

Ventive Hospitality was established as the hospitality division of Panchshil Realty, a prominent real estate conglomerate based in Pune, with operations spanning commercial, retail, luxury residential, and data center segments. The company’s portfolio has expanded from 83 keys in 2007 to 2,036 keys as of September 30, 2024. In 2017, BRE Asia (formerly Xander Investment Holding XVI Limited), an affiliate of Blackstone, acquired a 50% equity stake in the company. The Promoters bring extensive expertise in local markets and global best practices in development, investment, and asset management, supported by a decade-long partnership characterized by a strong track record in development and acquisition-led growth.

Financial Year	Particulars
FY02	Incorporation of our Company
FY06	Commencement of operations of ICC Offices, Pune
FY18	Launch of ICC Pavilion, Pune
FY25	The name of our Company was changed from ‘ICC Realty (India) Private Limited’ to ‘Ventive Hospitality Private Limited’ and subsequently to ‘Ventive Hospitality Limited’
	Acquired Conrad, Maldives; Anantara, Maldives; Marriott Aloft ORR, Bengaluru; Marriott Aloft Whitefield, Bengaluru; Courtyard by Marriott, Pune; Marriott Suites, Pune; Oakwood Residence, Pune; Panchshil Tech Park, Pune; Business Bay, Pune; DoubleTree by Hilton; Pune and Raaya by Atmosphere; Maldives
	Acquired a hotel under construction in Varanasi and entered into a non-binding MOU with Marriott to rebrand this hotel under a potential Marriott brand
	Entered into a non-binding MOU with Marriott International to potentially rebrand Marriott Aloft Whitefield, Bengaluru to AC by Marriott
	Leased the land underlying a potential hotel at Pottuvil, near Yala East National Park and Arugam Bay Beach in Southeast Sri Lanka and entered into a non-binding MOU with Marriott (for a potential Ritz-Carlton Reserve brand)

Ventive Hospitality is a hospitality asset owner specializing in luxury offerings across both business and leisure segments. Its portfolio of assets is exclusively operated or franchised by globally recognized hospitality brands, including Marriott, Hilton, Minor, and Atmosphere, ensuring premium quality and market presence.

Company’s portfolio includes luxury assets such as JW Marriott, Pune (pre-acquisition) and post-acquisition assets, including The Ritz-Carlton, Pune; Conrad, Maldives; Anantara, Maldives; and Raaya by Atmosphere, Maldives. These properties have been key contributors, accounting for over 80% of pro forma revenue from hotel operations and over 58% of pro forma total income for the six months ended September 30, 2024, and FY24, FY23, and FY22. On a restated basis, they represented over 81% of revenue from hotel operations and over 46% of total income for the same periods.

It portfolio consists of 11 operational assets across India and the Maldives, totaling 2,036 keys within the luxury, upper-upscale, and upscale segments as of September 30, 2024. Notable properties include The Ritz-Carlton, Pune—one of only two such hotels in India—and JW Marriott, Pune, the largest luxury hotel in Pune by key count, featuring the largest ballroom among luxury hotels in Western India. In the Maldives, the company owns three luxury assets in a globally renowned destination celebrated for its high-rate demand and unique "one island, one resort" model. A highlight of these offerings is the Muraka at Conrad, Maldives, an integrated undersea residence delivering an unparalleled luxury experience.

Ventive Hospitality has demonstrated expertise in developing and acquiring marquee hotel assets across diverse geographies and hospitality segments. The company's strategic expansion has added 1,070 keys since 2019, accounting for over 50% of its portfolio's total keys as of September 30, 2024. The portfolio comprises seven assets with 1,331 keys developed in-house and four assets with 705 keys acquired from its Promoter, Promoter Group, or affiliates. Recent acquisitions include Conrad, Maldives; Anantara, Maldives; Aloft ORR, Bengaluru; and Marriott Aloft Whitefield, Bengaluru. This growth reflects a balanced portfolio spanning luxury, upper-upscale, and upscale segments across business and leisure hubs like Pune, Bengaluru, and the Maldives.

The company’s hospitality assets are complemented by its leading and award-winning F&B offerings. In Pune, eight of its restaurants are ranked among the top 10 fine dining establishments on TripAdvisor as of November 8, 2024. These include Alto Vino, an Italian restaurant, and Tao Fu, a Chinese restaurant at JW Marriott, Pune, as well as Ukiyo, a Japanese restaurant at The Ritz-Carlton, Pune. In the Maldives, the F&B portfolio is a standout feature, with Conrad, Maldives showcasing Ithaa, an underwater dining experience, and Anantara, Maldives offering nine F&B outlets across three integrated islands, delivering diverse and tailored culinary experiences for a range of customer preferences.

Ventive Hospitality's platform includes four stabilized Grade A annuity assets within hospitality-led integrated developments in Pune, totaling a leasable area of 3.40 million square feet with a committed occupancy of 95.55% as of September 30, 2024. The annuity portfolio comprises three Grade A office assets and one Grade A retail space, integrated within three hospitality-led developments. The office assets reported a committed occupancy of 96.07% as of the same date, with over 80% of the leasable area occupied by multinational corporations. These office assets command a rental premium of over 33% above Pune's average market rates as of September 2024, attributed to their superior quality. The annuity portfolio hosts marquee tenants, including HSBC, Deutsche Bank, Nokia, Vodafone, PwC, Sephora, Starbucks, and Vero Moda, reflecting the strong demand for these prime assets.

Ventive Hospitality plans to leverage its core strength in developing luxury and upscale hospitality assets, targeting an estimated increase of 367 keys (18.02%) from 2,036 keys as of September 30, 2024, to approximately 2,403 keys by FY2028. This growth will be driven by planned development and expansion initiatives across Varanasi, Uttar Pradesh; Bengaluru, Karnataka in India; and Pottuvil, near Yala East National Park and Arugam Bay Beach in Sri Lanka.

The pipeline includes:

- A 167-key hotel in Varanasi under a non-binding MOU with Marriott, with potential branding under the Marriott portfolio.
- An 80-key villa-style luxury resort in Pottuvil, Sri Lanka, under a non-binding MOU with Marriott, potentially branded as Ritz-Carlton Reserve.

- An estimated addition of 120 keys to Marriott Aloft Whitefield, Bengaluru, with plans for rebranding under a potential AC by Marriott brand as per a non-binding MOU with Marriott.

These developments aim to strengthen the company’s presence in Bengaluru, Karnataka, capitalize on the growing tourism market in Varanasi, Uttar Pradesh, and further expand its footprint in the Indian Ocean Region.

Key operational Metrics

Particulars (₹ In Million)	As at Mar'31 (Rs. Millions)			FY22
	H1 FY25	FY24	FY23	
Hospitality Assets				
Number of hospitality assets	11	11	10	10
Number of keys	2,036	2,036	1,896	1,896
Average Room Rate (ARR)	16,645	19,975	17,992	20,834
Occupancy (%)	60.68%	59.47%	63.67%	34.82%
Revenue per Available rooms (RevPAR) (Rs.)	10,099	11,880	11,456	7,255
Total revenue per occupied room (TRevPOR )(Rs.)	30,279	35,615	31,811	37,926
Food and beverage outlets	70	70	61	61

Strengths

- Premium hospitality assets complemented by Grade A annuity assets

Ventive Hospitality's portfolio features a collection of marquee luxury hospitality assets managed by globally renowned operators, including JW Marriott and The Ritz-Carlton in Pune, as well as Conrad, Anantara, and Raaya by Atmosphere in the Maldives. These assets represent the company’s commitment to delivering exceptional guest experiences through superior asset quality, contemporary amenities, and innovative service offerings.

- India Portfolio Highlights:

The company’s assets in India, strategically located near major transportation hubs and key social infrastructure, are tailored to meet the demands of both business and leisure travelers. These properties are equipped with expansive event spaces, making them ideal venues for large-scale conferences, weddings, and MICE (Meetings, Incentives, Conferences, and Exhibitions) activities. The portfolio is further distinguished by its award-winning food and beverage (F&B) offerings, which include several fine-dining restaurants consistently ranked among the best in their respective markets.

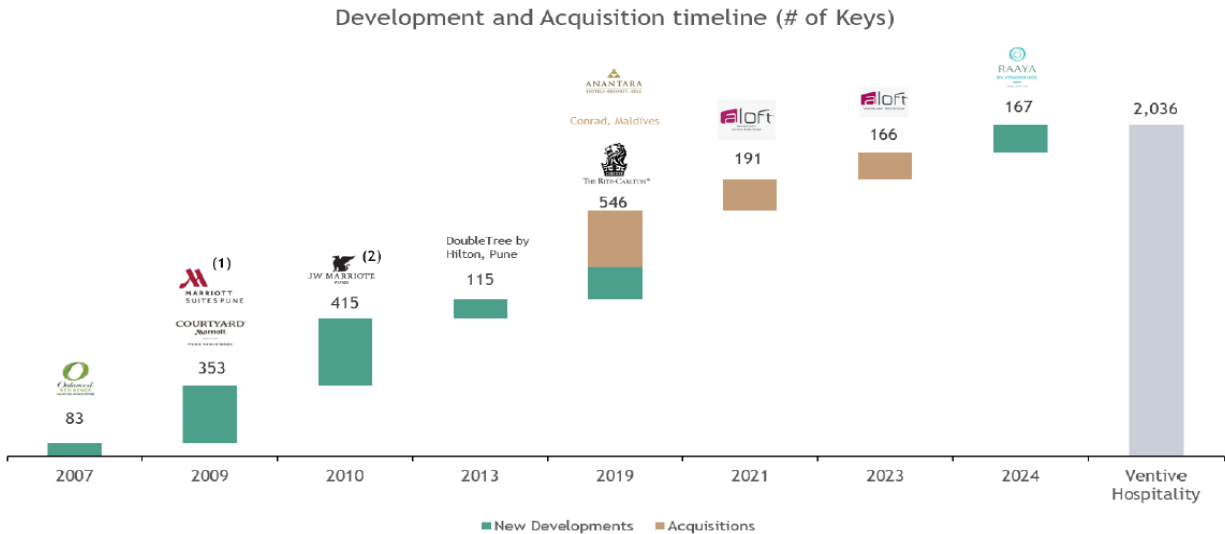
- Maldives Portfolio Highlights:

In the Maldives, Ventive Hospitality’s luxury resorts, including Conrad, Anantara, and Raaya by Atmosphere, capitalize on the region’s global reputation as a premier tourist destination. With unique features such as Ithaa, the underwater restaurant at Conrad, and the diverse culinary experiences across Anantara’s nine F&B outlets, these resorts cater to discerning international travelers seeking exclusivity and high-end experiences.

- Established track record of development and acquisition-led growth in India and the Maldives

As of September 30, 2024, Ventive Hospitality's operating portfolio includes seven developed hospitality assets with 1,331 keys and four acquired assets with 705 keys, showcasing a 15-year track record of developing marquee properties and executing strategic acquisitions. The portfolio spans key business hubs like Pune and Bengaluru, premium tourist destinations such as the Maldives, and cultural hubs like Varanasi.

The company strategically selects locations near airports, transport hubs, CBDs, and high-tourism areas to optimize offerings and maximize returns. Its tailored brand alignment considers asset size, location, and guest demand. Notable developments include luxury mixed-use properties like JW Marriott, Pune, and The Ritz-Carlton, Pune, and extended-stay hotels like Marriott Suites and Oakwood Residences, Pune. The Promoter-led acquisition of Marriott Aloft ORR, Bengaluru in 2021 marked its entry into Bengaluru’s ORR micro-market, a hub for multinational corporations.



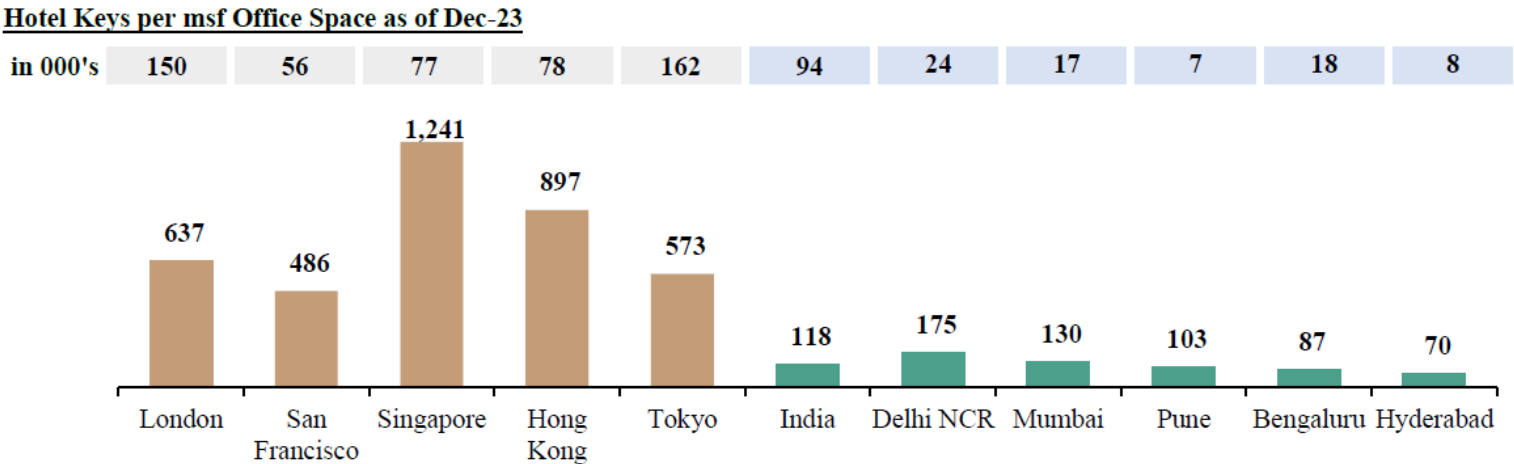


➤ Proven track record of active asset management

The company believes its hospitality assets are destinations of choice due to their high quality, premium positioning and unique offerings. The asset management practices of VHL are designed to provide a superior experience for guests, tenants and consumers, which are driven by comprehensive procedures aimed at improving operational performance of assets through increased occupancy rates and revenue generation, as well as enhanced cost efficiencies. The company works closely with the hotel operators to continuously assess initiatives for improving revenue generation and operational efficiencies across its hospitality assets.

➤ Well-positioned to benefit from industry tailwinds

India, the fifth-largest global economy, is among the fastest-growing major economies, with the hotel sector significantly contributing to GDP, investment, employment, and foreign exchange earnings (Source: Horwath HTL Report). Hotel demand is driven by business and leisure travel, weddings, and MICE events. The trend of hosting weddings in city hotels or as destination events continues to gain momentum, boosting occupancy. Domestic travel grew at a CAGR of 13.5% from 236 million visits in 2001 to 2.3 billion in 2019, with 2022 visits recovering to 1.7 billion, or 74.5% of pre-pandemic levels (Source: Horwath HTL Report). Foreign tourist arrivals recovered to 9.3 million in 2023, 85% of 2019 levels, and reached 5.6 million from January to July 2024. Projections indicate arrivals may exceed 30 million by 2037, driving ARR, demand, and occupancy, particularly in upper-tier hotels.



Strategies:

➤ Develop and expand asset base.

The company plans to expand beyond its current markets into regions with significant growth potential, broadening its geographic footprint. Pipeline assets are strategically located outside existing markets, supporting diversification. The company aims to increase its hospitality portfolio by 367 keys (18.02%), from 2,036 keys as of September 30, 2024, to approximately 2,403 keys by FY2028. This growth will be driven by development and expansion initiatives in Varanasi and Bengaluru, India, and Pottuvil near Yala East National Park and Arugam Bay Beach, Sri Lanka. The company intends to replicate its market leadership in these new geographies.

Hospitality Asset	Location	Segment	Estimated Number of Keys	Operator	Estimated Completion	Date of the board resolution approving project*
Varanasi hotel, under a non-binding MOU with Marriott (for a potential Marriott brand)	Varanasi, Uttar Pradesh, India	Upper Upscale	167	Marriott	FY2027	July 30, 2024
Expansion of Marriott Aloft Whitefield, Bengaluru (to be rebranded to a potential AC by Marriott brand under a non-binding MOU with Marriott)	Bengaluru, Karnataka, India	Upscale	120	Marriott	FY2028	July 30, 2024
Sri Lanka hotel, under a non-binding MOU with Marriott (for a potential Ritz-Carlton Reserve brand)	Pottuvil, Sri Lanka	Luxury	80	Marriott	FY2028	July 29, 2024

➤ Drive organic growth through ramp-up of existing assets.

A core strategy for driving demand is premiumization and enhancing guest satisfaction. To position for sustained organic growth, the company has undertaken strategic renovations, refurbishments, and phased out lower ARR-generating corporate accounts in India. These initiatives have resulted in ARR growth of 38.93% in India and 52.79% in the Maldives from FY20 to FY24, with the company’s assets consistently outperforming comparable market benchmarks.

➤ Leverage the award-winning food & beverage (F&B) amenities.

The company’s hospitality assets are home to some of Pune’s top-ranked fine dining establishments, with eight of TripAdvisor’s top 10 fine dining restaurants in Pune as of November 8, 2024, located within its properties. JW Marriott, Pune houses the top three restaurants, with average revenue per customer growing from ₹1,518.43 in FY22 to ₹1,919.04 for the six months ended September 30, 2024. The Ritz-Carlton, Pune features three of the top eight fine dining restaurants, with average revenue per customer rising from ₹2,430.76 in FY22 to ₹3,030.30 for the same period. In the Maldives, the “one island, one resort” concept enables resorts to capture significant wallet share. Conrad, Maldives operates 13 restaurants, including the iconic underwater Ithaa restaurant, while Anantara, Maldives offers nine varied dining options, such as Sea, Fire, and Aqua. The company focuses on curating unique dining experiences—menu innovations, cooking shows, and specialist-led classes—enhancing customer engagement and average revenue. Its F&B offerings have garnered multiple global and national awards.

➤ **In-organic acquisitions supported by cashflows and significant debt headroom.**

The company plans to utilize Net Issue Proceeds to repay or prepay certain borrowings of the company and its subsidiaries, including SS & L Beach Private Limited and Maldives Property Holdings Private Limited, along with accrued interest. Post-repayment, committed rental income from annuity assets is expected to adequately cover annual debt obligations. Cash flows from hospitality assets will be directed toward growth initiatives. With a proven track record of development and acquisition-led expansion across markets and hotel segments, the company's acquisition strategy focuses on identifying and acquiring attractively priced assets with latent potential for value accretion. Strong debt headroom and robust cash flows are expected to provide financial flexibility, enabling the company to capitalize on strategic development and acquisition opportunities to maintain its competitive edge.

➤ **Proactive asset management to drive shareholder value.**

The company employs strategic asset management practices to enhance the value and profitability of its hospitality and annuity assets through targeted upgrades and modernization initiatives. Leveraging platform scale provides a competitive edge in driving cost efficiencies and improving profit margins. Streamlined resource allocation and operational processes are designed to optimize costs and enhance portfolio efficiency. Employee rotation across hospitality assets ensures skill development and effective management. Collaborative efforts with hotel operators focus on optimizing asset performance and seizing market opportunities to drive long-term value creation.

- Addition of a new restaurant at The Ritz-Carlton, Pune. The company plan to expand their F&B offerings by opening a new 145-seater Mediterranean restaurant, Yala, which is scheduled to commence operations in the fourth quarter of FY25. This is in line with their strategy of expanding our F&B offerings and increasing its revenue from the sale of food and beverages.
- Rebranding and addition of keys in Marriott Aloft Whitefield, Bengaluru. Along with the addition of an estimated 120 keys planned in Marriott Aloft Whitefield, Bengaluru, they also plan to rebrand Marriott Aloft Whitefield, Bengaluru to AC by Marriott, targeting the rising demand for upscale accommodations from business travelers in Bengaluru.

## Industry Snapshot

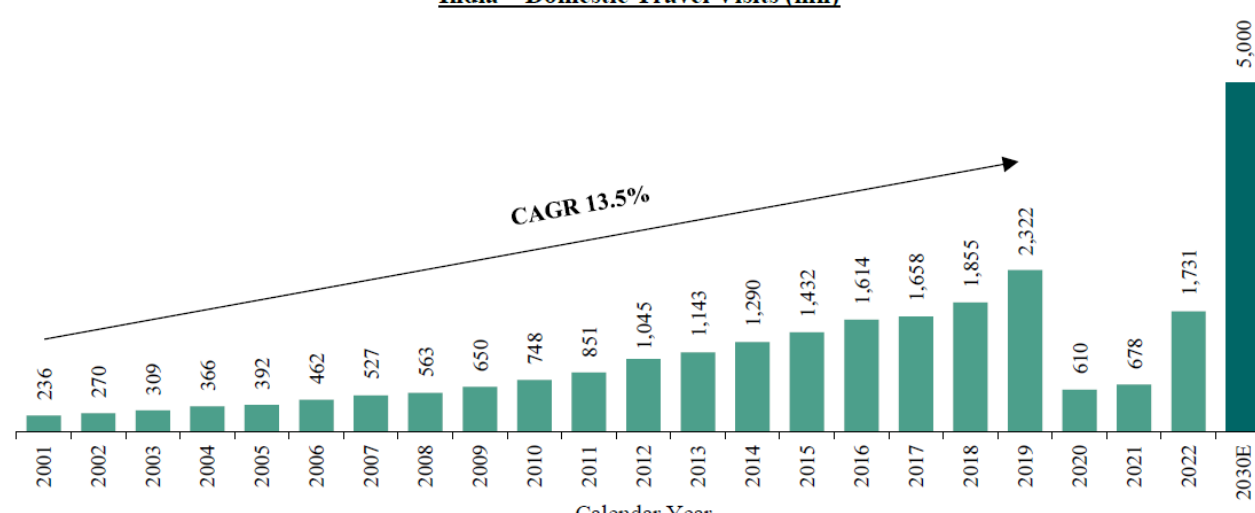
➤ **India Market**

India, the fifth-largest global economy, has a rapidly growing hotel sector contributing to GDP, employment, and foreign exchange. Hotel demand is driven by business and leisure travel, weddings, and events. Domestic travel grew at a 13.5% CAGR from 2001 to 2019, with strong recovery post-COVID. The domestic sector, supported by leisure, weddings, and MICE demand, boosts hotel occupancies. Foreign tourist arrivals in 2023 were 9.3 million, with growth expected to exceed 30 million by 2037, driving higher ARR, demand, and occupancy, especially in upper-tier hotels.

However, the hospitality sector is underpenetrated compared to global counterparts in terms of ratio of rooms to commercial office stock with top 8 cities of India. Over the last few years, the Government of India has undertaken multiple initiatives to accelerate the growth of the hospitality and tourism industry, including establishing the Electronic Visa scheme in November 2014 to enable inbound visitors to come in with shorter lead times and facilitate ease of travel, launching skill development programs to enhance the quality of hospitality services and developing tourism infrastructure, including improving transportation networks, upgrading airports, and enhancing connectivity to popular tourist destinations. New convention centres in India have increased the potential for larger international and domestic events, such as the G20 events in India from December 2022 to September 2023, providing a boost for hotels in terms of occupancy, rates and revenues.

Overall new hospitality inventory supply growth in our markets in India is expected to be limited, with a CAGR of 1.6% in Pune from September 2024 to FY27 (compared to a 2.7% CAGR from FY15 to September 2024) and a CAGR of 5.4% in Bengaluru from September 2024 to FY27 (compared to a 5.6% CAGR from FY15 to September 2024)

**India – Domestic Travel Visits (mn)**

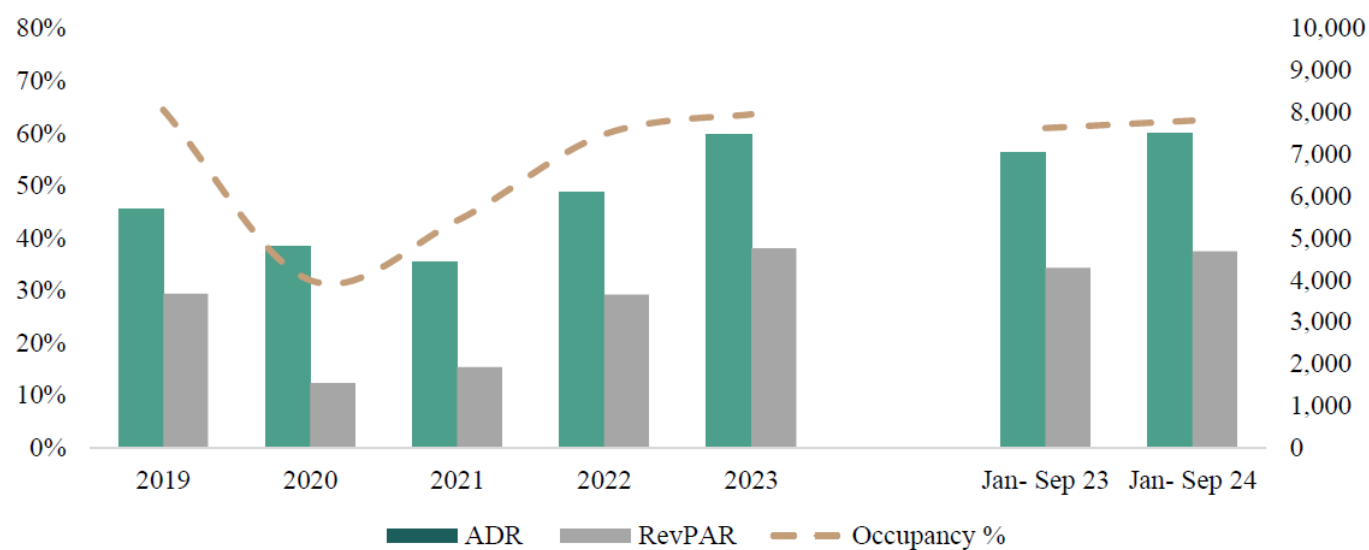


➤ **India Historical and Current Performance**

- Occupancy revived since CY15 as demand conditions improved and new inventory had slowed. The upward trend in RevPAR up to December 2019 was materially occupancy led, with improved occupancy gradually enabling ADR increases.
- The COVID-19 pandemic was a major disruption with severe travel and operating restrictions causing reduced travel across segments and a material drop in occupancies and ADR.

- Recovery started in late CY20 and continues to gain momentum giving way to strong performance through Jan-Mar 24.
- ADR for CY23 was higher by 22.5% compared to CY22, and by 31.6% compared to CY19 (pre-COVID levels).
- ADR for Jan-Sep 24 has increased by 6.6% while occupancy has increased from 61.0% to 62.4%, compared to Jan-Sep 23. This has resulted in RevPAR growth of 9.2% in Jan-Sep 24 compared to same period for 2023. RevPAR growth in the Jan-Mar 24 quarter was 11.7%, slowed to 4.1% in Apr-Jun 24 quarter because of elections and rebounded in Jul-Sep 24 quarter leading to a 9.2% YoY growth.
- The Indian hotel market generally experiences better performance in the second half of an FY relative to the first half of the FY.

#### India Performance

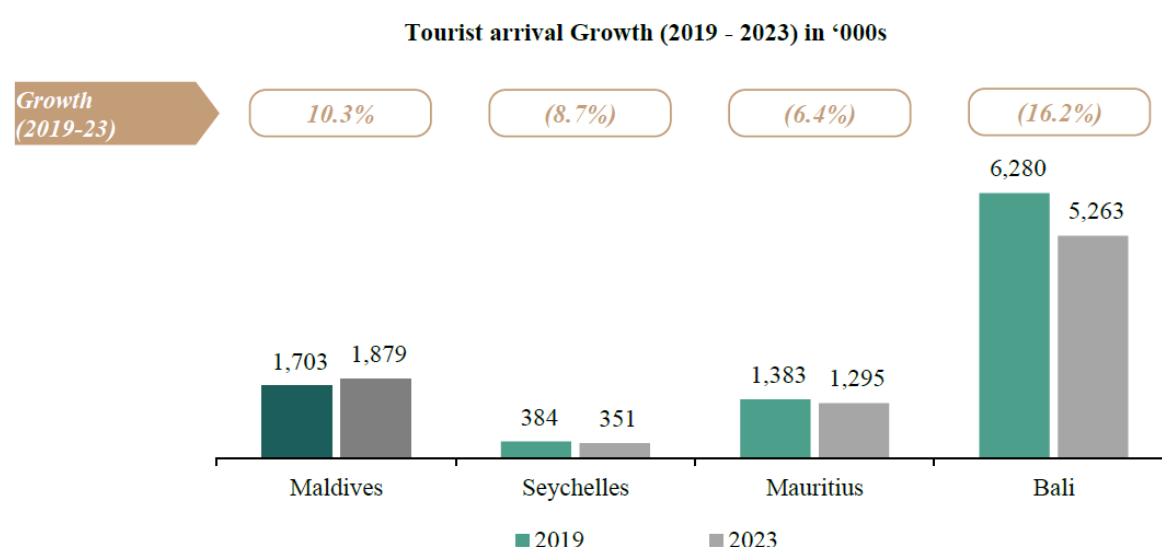


#### ➤ Maldives Market

The Maldives market recovered rapidly following COVID-19, with tourist arrivals recovering to 110% of pre COVID-19 levels from 2019. The Maldives received 1.9 million foreign tourists in 2023 from various international source markets (including long-haul markets). From January 2024 to September 2024, tourist arrivals totalled 1.49 million, with a 9.6% year-on-year increase compared to the same period last year (Source: Horwath HTL Report).<sup>133</sup> Further growth in arrivals is expected in the short to medium term given strong reputation of the Maldives as a leading beach and resort destination. The upcoming opening of the new airport terminal at Velana, Male will increase airport capacity from 1.5 million per annum to 7.5 million per annum.

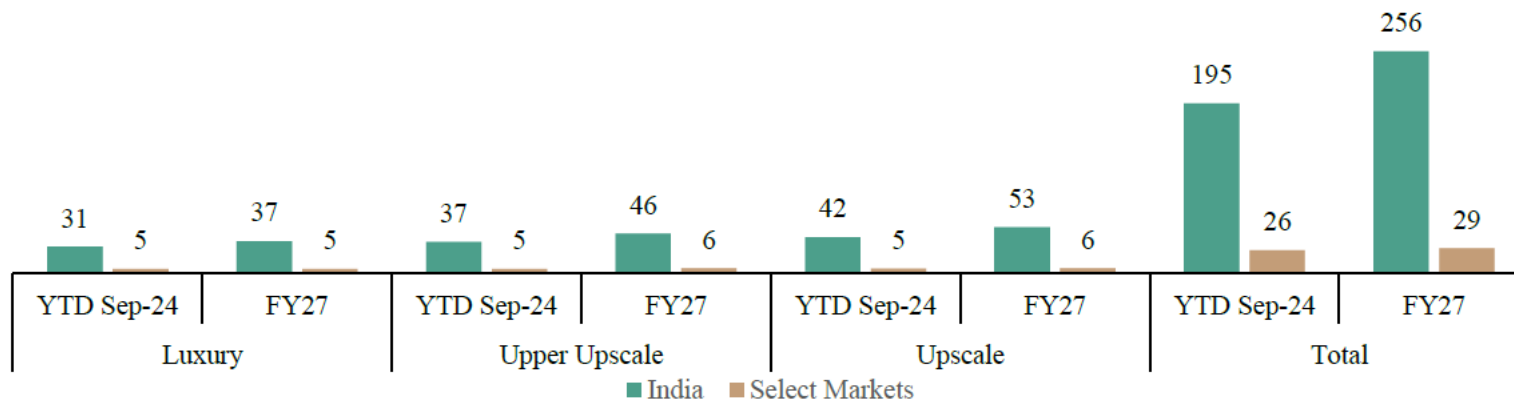
The Maldives is a high rate destination with multiple luxury resorts and demand at luxury pricing (Source: Horwath HTL Report),<sup>135</sup> consistent with our offerings. Demand for premium experiences by global travellers has resulted in approximately 34% and 19% of inventory comprising luxury and upper upscale hotels respectively. However, luxury supply in Maldives is expected to be limited to a CAGR of 5.4% from September 2024 to 2026 as against a CAGR of 8.5% between 2015 to September 2024.

Resort development in the Maldives involves high costs (typically 4 to 6 times of construction costs in India), which pose a material barrier to entry, requiring substantial equity financing capacity and debt support. Consequently, the gestation period of new projects can be longer than anticipated, with resultant cost escalations. Project implementation often stretches over five to eight years; with three to five years further required for operational stability. Both factors create a competitive advantage for existing resorts.



#### ➤ Future hotel inventory

Per current data, 60k rooms are expected to be added between YTD Sep-24 and FY27. Given the past track record of materialized inventory being at a slower rate, actual inventory growth may be lower or may be delayed from the year in which it is presently expected. Only 4.6% of new inventory between YTD Sep-24 and FY27 is expected in the Select Markets. As of FY27, the upper-tier segment will have 17k (58%) of total Select Markets inventory and the Mid-tier segment will have 12k (42%) rooms inventory. Moderate inventory expansion in the Select Markets will likely enable higher occupancies and ADR growth. Inventory addition between YTD Sep-24 and FY27 across India is expected to comprise of about 26% in the Luxury and Upper Upscale segment, 19%, 22% and 33% respectively in the Upscale segment, Upper-Midscale segment and Midscale-Economy segment.

Expected Inventory (Rooms in 000s)Comparison with listed entity

Name of Company	Mcap(₹ million)	Face Value Per Share (₹)	Revenue from Operation Fiscal 2024 (₹ million)	EPS	P/E	RONW (%) for FY24	NAV per equity share (₹)	EV/EBITDA
Ventive Hospitality	1,50,167	1	4,779.8	7.1	90.4	50.3%	31.6	48.5
Peer Group								
Chalet Hotels Limited	2,18,646	10	14,172.5	13.5	56.3	15.3%	90.0	36.9
Samhi Hotels Limited	44,726	1	9,573.9	(14.6)	-	-	47.3	20.7
Juniper Hotels Limited	78,432	10	8,176.6	1.4	244.8	0.9%	119.3	26.1
The Indian Hotels Company Limited	12,53,830	1	67,687.5	8.8	87.8	13.3%	71.1	46.4
Apeejay Surrendra Park Hotels Limited	39,856	1	5,789.7	3.8	42.9	5.74%	56.1	16.9

Date as on 31st March 2024, Mcap, PE, PB calculated as on 17-12-2024 Ventive hospitality Ltd, EPS/PE,PB, NAV calculated on as FY24

Key Risks

- **Reputational Risk:** Dependence on third-party operators/franchisees for service quality; any brand reputation issues or quality control failures could impact operations and financials.
- **Tenant Risk:** High revenue reliance on annuity assets concentrated in Pune; risks include lease non-renewal and challenges in attracting new tenants, affecting financial stability.
- **Customer Retention Risk:** Operating in upscale/luxury hospitality requires adapting to evolving consumer preferences and market trends; failure to deliver quality service could harm competitiveness and financial performance.

Valuation & Outlook

Ventive Hospitality brings investors an opportunity to invest in luxury hotel business across business and leisure segment. The company has a demonstrated track record of last 15 years in developing marquee hospitality assets, executing landmark acquisitions and utilizing design capabilities to create value in acquisitions and establish a presence in desirable destinations across India and Maldives.

We believe that company comes with clear focus on their core strength of developing luxury and upscale hospitality assets and to increase the number of keys across our hospitality assets.

On valuation parse at the upper band of Rs 643/-, the issue is asking for a Market Cap of Rs 1,50,167 Mn. Based on FY24 earnings, the company is asking a PE of 90x times which is fully priced. The recent acquisitions resulted in a net loss of ~Rs 210 Mn in 1HFY25. The company will utilize Rs 14,000 Mn to repay debt which will help reduce finance cost and improve profits for the company going forward.

Hence we believe that the company is well-positioned to benefit from growing hospitality demand in conjunction with relatively low new supply in their key markets and growing tourism industry. We give the “**SUBSCRIBE for LONG TERM**” rating for the issue.



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Small Caps (251st company onwards)	>25%	0%-25%	Below 0%

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