



# Ventive Hospitality Limited

## Ventive Hospitality Ltd.

<b>Rating</b> NEUTRAL	<b>Issue Opens On</b> Dec 20, 2024	<b>Issue Closes On</b> Dec 24, 2024	<b>Listing Date</b> Dec 30, 2024	<b>Price Band (INR)</b> 610 - 643	<b>Issue Size (INR Mn)</b> 15,179 - 16,000
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### Company Overview:

- Ventive Hospitality Limited (VHL)** is a leading hospitality asset owner with a primary focus on luxury properties across both business and leisure segments, operating assets under global brands like Marriott, Hilton, Minor, and Atmosphere.
- Its portfolio comprises 11 operational properties in India and the Maldives, totalling 2,036 keys, with a strong emphasis on luxury assets, such as JW Marriott Pune, The Ritz-Carlton Pune, and Conrad Maldives.
- Over 80% of its pro forma revenue from hotel operations comes from luxury properties.
- With an expansion strategy that has added over 1,000 keys since 2019, VHL has strengthened its position, ranking among the top hospitality companies in India in terms of revenue and EBITDA.
- As VHL continues to grow its portfolio and enhance operational performance, it remains well-positioned to capitalize on the increasing demand for luxury hospitality in key markets.

### Outlook and Valuation:

Ventive Hospitality Limited (VHL) operates in India's expanding hospitality sector, with the spiritual tourism market projected to grow at a CAGR of 9%, from USD 60 bn in 2023 to USD 130 bn by 2032. VHL has demonstrated strong capabilities in acquiring and developing hotel assets across diverse geographies, driving a revenue CAGR of 44% and PAT CAGR of 138% between FY22 and FY24. In FY24, its ROE of 50% and ROCE of 31% outperformed industry peers. Despite these strengths, VHL reported pro forma losses in FY22 and FY24. The IPO is valuing the company at a moderate EV/EBITDA multiple of 21x post-acquisition based on proforma financials. The company's dependence on third-party operators and sensitivity to seasonal business cycles add further complexity. Considering VHL's growth trajectory and financial profile, we recommend a **"Neutral"** rating for the IPO.

Particulars (In INR Mn)	FY22	FY23	FY24
Revenue	2,292	4,308	4,780
EBITDA	1,163	2,392	2,838
EBITDA Margin (%)	51%	56%	59%
Profit After Tax	294	1,314	1,663
PAT Margin (%)	13%	30%	35%
Net Worth	2,151	1,678	3,345
RONW (%)	14%	80%	50%

Source: IPO Prospectus

### OFFER STRUCTURE

Particulars	IPO Details
No. of shares under IPO (Mn)	208.7
Fresh issue (# shares) (Mn)	24.8
Offer for sale (# shares) (Mn)	NA
Price band (INR)	610 - 643
Post issue MCAP (INR Mn)	1,42,460 - 1,50,167

Source: IPO Prospectus

Issue	# Shares	INR Mn	%
<b>QIB</b>	1,86,62,519	Min. 12,000	Not less 75%
<b>NIB</b>	37,32,504	Max. 2,400	Not more than 15%
<b>Retail</b>	24,88,336	Max. 1,600	Not more than 10%
<b>Net Offer</b>	2,48,83,359	16,000	100%

Source: IPO Prospectus

Shareholding Pattern	Pre-Issue (%)	Post-Issue (%)
Promoters & Promoters Group	99.5%	89%
Others	0.4%	11%
<b>Total</b>	<b>100%</b>	<b>100%</b>

Source: IPO Prospectus

Objects of the Offer	
1. Repayment of borrowings	14,000
2. General Corporate Purpose	2,000

Source: IPO Prospectus

BRLM	
1.JM Financial	5 IIFL Capital
2.Axis Capital	6.Kotak Mahindra
3.HSBC	7. SBI Caps
4.ICICI Securities	

Source: IPO Prospectus

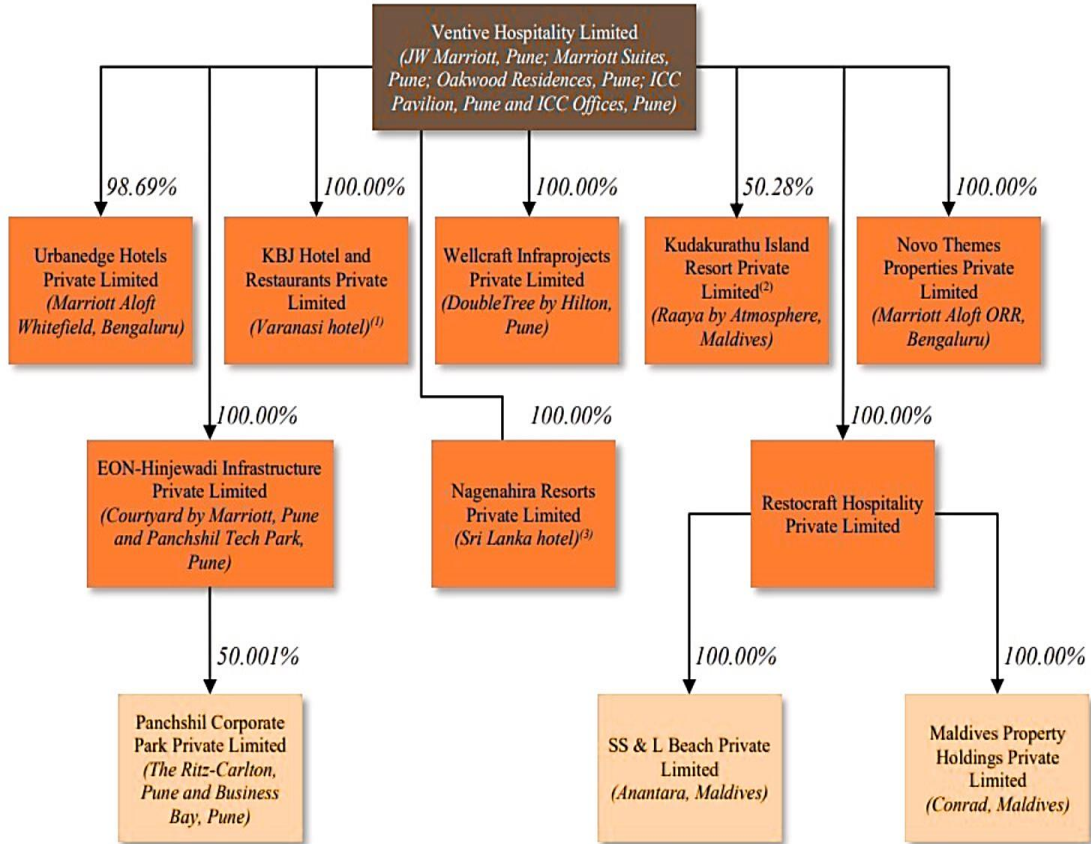
Indicative Timetable	
Offer Closing Date	Tuesday 24 <sup>th</sup> Dec'24
Finalization of Basis of Allotment with Stock Exchange	Thursday 26 <sup>th</sup> Dec'24
Initiation of Refunds	Friday 27 <sup>th</sup> Dec'24
Credit of Equity Shares to Demat accounts	Friday 27 <sup>th</sup> Dec'24
Commencement of Trading of Eq. shares on NSE	Monday 30 <sup>th</sup> Dec'24

Source: IPO Prospectus

**Ventive Hospitality Ltd.**

**Company overview**

**Company corporate structure:**



Source: IPO Prospectus, DevenChoksey Research

- Ventive Hospitality Limited has transitioned from a single-location operator to a diversified hospitality and real estate portfolio through strategic acquisitions. Initially, VHL’s portfolio was centered around an integrated hospitality-led development in Pune, India, featuring the JW Marriott Pune (415 keys), ICC Offices, and ICC Pavilion.
- Post-acquisition, VHL has expanded its footprint significantly, adding multiple operational assets across India and the Maldives, along with assets under development.
- The enhanced portfolio includes a blend of luxury, upper upscale, and upscale hotels, as well as Grade A office spaces. Ventive Hospitality’s strategic focus on premium hospitality assets and integrated developments with office and retail components marks a shift toward creating larger, high-value, multi-use projects, diversifying its presence and strengthening its growth potential.

**Ventive Hospitality Ltd.**

**Acquisitions**

Category	Assets/Entities Acquired	Details
Hospitality Assets (Operational)	Anantara, Maldives	10 operational assets, with 7 in India and 3 in the Maldives.
	Conrad, Maldives	
	The Ritz-Carlton, Pune	
	Business Bay, Pune	
	Marriott Suites, Pune	
	Marriott Aloft ORR, Bengaluru	
	Courtyard by Marriott, Pune	
	Marriott Aloft Whitefield, Bengaluru	
	Raaya by Atmosphere, Maldives	
	DoubleTree by Hilton, Pune	
Hospitality Assets (Under Development)	Hotel in Varanasi (MOU with Marriott)	2 assets under development, including one each in India and Sri Lanka.
	Hotel in Sri Lanka	
Grade A Office Assets	Panchshil Tech Park, Pune	2 Grade A office assets located in Pune, India.
	Business Bay, Pune	
Entities Acquired	EHIPL: Courtyard by Marriott and Panchshil Tech Park	Acquired through a mix of direct purchases, stake acquisitions, and subsidiary transactions.
	KBJ: Hotel in Varanasi	
	NTPPL: Aloft in Outer Ring Road, Bengaluru	
	WIPL: DoubleTree by Hilton, Pune	
	SS & L Beach Private Limited: Anantara, Maldives	
	Maldives Property Holdings Private Limited: Conrad, Maldives	
	Panchshil Infrastructure Holdings Private Limited: Marriott Suites and Oakwood Residences, Pune	
	KIRPL: Raaya by Atmosphere, Maldives	

Source: IPO Prospectus, DevenChoksey Research

## Ventive Hospitality Ltd.

While VHL pre-acquisition had a RONW of 50%, post the transaction the company will be posting losses, and Return on net worth drops to -4%. The NAV increases significantly from 32 to 176. Moreover the Debt to equity of the company post acquisition will be at 1.0x. The proforma financials indicate that the company would have incurred a loss in FY24 of INR 667Mn with an EBITDA margin of 45%.

### FY24

Particulars (INR Mn)	Pre-acquisition	Post-acquisition
Equity Share Capital	104	209
Other Equity	3,240	29,831
Total Equity	3,345	36,697
Revenue	4,780	18,421
EBITDA Margin (%)	59%	45%
Profit/(Loss) for the Year	1,663	-667
Basic and Diluted Earnings Per Equity Share (₹)	16	-5.24
Return on Net Worth (%)	50%	-1.82%
Net Asset Value per Equity Share (₹)	32	176
Borrowings	4,126	36,821

Source: IPO Prospectus, DevenChoksey Research

### FY23

Particulars (INR Mn)	Pre-acquisition	Post-acquisition
Equity Share Capital	104	209
Other Equity	1,573	28,743
Total Equity	1,678	36,610
Revenue	4,308	16,994
EBITDA Margin (%)	56%	44%
Profit/(Loss) for the Year	1,313	157
Basic and Diluted Earnings Per Equity Share (₹)	12	-0.71
Return on Net Worth (%)	80%	0.4%
Net Asset Value per Equity Share (₹)	15	174
Borrowings	4,252	35,997

Source: IPO Prospectus, DevenChoksey Research

## Ventive Hospitality Ltd.

### Company Overview

- Pre-acquisition, VHL's portfolio consisted primarily of the JW Marriott, Pune, which had 415 keys.
- Post-acquisition, as of September 30, 2024, VHL's portfolio included 11 operational hospitality assets with 2,036 keys. This significant increase is due to the acquisition of the New Portfolio in August 2024

### Hospitality Assets

Hospitality (Completed)	Location	Segment	Number of Keys	Year of Acquisition by Company	Number of Years Operational
JW Marriott, Pune	Shivajinagar, Pune, Maharashtra	Luxury	415	NA	14
The Ritz-Carlton, Pune	Yerwada, Pune, Maharashtra	Luxury	198	2024	5
Anantara, Maldives	Dhigu, Veli and Naladhu, Maldives	Luxury	197	2024	17
Conrad, Maldives	Rangali, Maldives	Luxury	151	2024	27
Raaya by Atmosphere, Maldives	Raaya, Maldives	Luxury	167	2024	Less than 1 year
Marriott Suites, Pune	Koregaon Park, Pune, Maharashtra	Upper Upscale	200	2024	8
DoubleTree by Hilton, Pune	Chinchwad, Pune, Maharashtra	Upscale	115	2024	11
Oakwood Residences, Pune	Naylor Road, Pune, Maharashtra	Upscale	83	2024	17
Courtyard by Marriott, Pune	Hinjewadi IT Park, Pune, Maharashtra	Upscale	153	2024	15
Marriott Aloft Whitefield, Bengaluru	Whitefield, Bengaluru, Karnataka	Upscale	166	2024	14
Marriott Aloft ORR, Bengaluru	Outer Ring Road, Bengaluru, Karnataka	Upscale	191	2024	10
<b>Total</b>	-	-	<b>2036</b>	-	-

Source: IPO Prospectus, DevenChoksey Research

Hospitality Assets (Under Development)	Location	Segment	Estimated Number of Keys	Year of Acquisition by Company	Date of Board Resolution Approving Project
Varanasi hotel, under a non-binding MOU with Marriott (for a potential Marriott brand)	Varanasi, Uttar Pradesh	Upper Upscale	167	2024	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)	Whitefield, Bengaluru, Karnataka	Upscale	120	2024	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	2024	July 29, 2024
<b>Total</b>	-	-	<b>367</b>	-	-

Source: IPO Prospectus, DevenChoksey Research

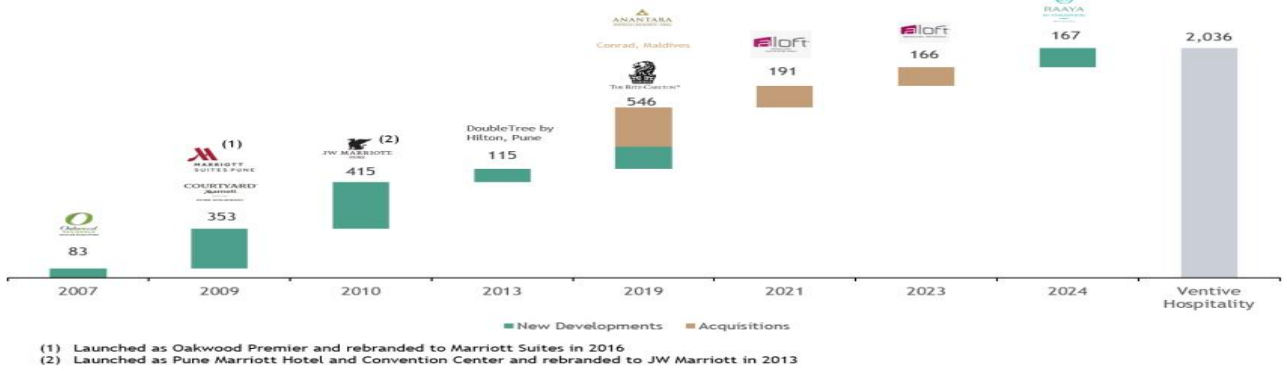
### Annuity Assets

Annuity Asset	Location	Category	Leasable Area	Committed Occupancy (as at September 30, 2024)
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%
<b>Total</b>			<b>3.40 MSF</b>	<b>95.55%</b>

Source: IPO Prospectus, DevenChoksey Research

**Ventive Hospitality Ltd.**

**Development and Acquisition timeline (# of keys)**



Source: IPO Prospectus, DevenChoksey Research

**Key operational data**

Particulars (INR Mn)	FY22	FY23	FY24	CAGR
Revenue from hotel operations	2,258	911	2,437	4%
Revenue from room income	963	300	1,082	6%
Revenue from sale of food and beverages	1,097	534	1,111	1%
Revenue from other hotel services including banquet income and membership fees	199	77	244	11%
Revenue from annuity assets	2,031	1,355	2,324	7%
Revenue from rental income	1,780	1,178	2,033	7%
Revenue from maintenance and parking charges	230	166	268	8%
Revenue from other activities incidental to commercial leasing (net)	13	7	15	7%
Revenue from sale of construction materials and fit out	8	3	7	-4%
Restated profit/(loss) for the period/year	1,313	294	1,663	13%
<b>Total income</b>	<b>4,418</b>	<b>2,375</b>	<b>4,947</b>	<b>6%</b>
<b>EBITDA</b>	<b>2,501</b>	<b>1,246</b>	<b>3,006</b>	<b>10%</b>
<b>EBITDA Margin (%)</b>	<b>56.61%</b>	<b>52.46%</b>	<b>60.75%</b>	<b>4%</b>
Net Debt to EBITDA (x)	1.46	2.41	1.14	-12%

Source: IPO Prospectus, DevenChoksey Research

**Performance Metrics for Hospitality Assets (ARR and RevPAR Trends)**

Particulars	H1FY22	H2FY22	H1FY23	H1FY23	H1FY24	H2FY24
ARR for hospitality assets (in Rs.)	17,875	22,339	14,464	21,528	16,084	23,289
RevPAR for hospitality assets (in Rs.)	4,204	10,297	9,306	13,567	8,807	14,948

Source: IPO Prospectus, DevenChoksey Research

## Ventive Hospitality Ltd.

### Company Overview

### Peer comparison

Company	FY22					FY23					FY24				
	Revenue	EBITDA	EBITDA %	F&B	F&B %	Revenue	EBITDA	EBITDA %	F&B	F&B %	Revenue	EBITDA	EBITDA %	F&B	F&B %
IHCL	32,114	5,599	17%	10,594	33%	59,488	19,435	33%	21,348	36%	69,517	23,401	34%	23,861	34%
EIH	10,440	574	5%	3,813	37%	20,964	6,750	32%	7,569	36%	26,260	10,416	40%	9,535	36%
Chalet	4,100	661	16%	1,565	38%	10,281	4,327	42%	3,386	33%	12,932	5,742	44%	4,008	31%
Lemon Tree	4,163	1,397	34%	581	14%	8,786	4,563	52%	1,144	13%	10,768	5,358	50%	1,401	13%
SAMHI	3,331	218	7%	950	29%	7,614	2,606	34%	1,820	24%	9,787	2,879	29%	2,402	25%
JHL	3,438	1,015	30%	895	26%	7,173	3,224	45%	2,024	28%	8,263	3,197	39%	2,470	30%
ASPHL	2,678	583	22%	1,127	42%	5,244	1,771	34%	2,280	43%	5,917	2,052	35%	2,509	42%
Total / Avg	60,264	10,047	17%	19,525	32%	1,19,550	42,676	36%	39,571	33%	1,43,444	53,045	37%	46,186	32%

F&B indicates Food & Beverages Segment

Source: IPO Prospectus, DevenChoksey Research

**VHL's EBITDA margin PAT margins, ROE and ROCE are superior to its peers on a non-proforma basis. While proforma financials depict a loss.**

Particulars (INR Mn)	VHL (Pre-acquisition)	Chalet Hotels Limited	Samhi Hotels Limited	Juniper Hotels Limited	Indian Hotels Company Limited	EIH Limited	Lemon Tree Hotels Limited	Apeejay Surendra Park Hotels Limited
Market Cap.	1,50,167	2,17,700	44,890	77,146	12,55,182	2,67,311	1,24,580	39,335
Revenue from operations	4,780	14,173	9,574	8,177	67,688	25,113	10,711	5,790
EBITDA	3,006	6,044	2,879	3,197	23,401	10,416	5,357	2,052
EBITDA Margin (%)	63%	43%	30%	39%	35%	41%	50%	35%
PAT	1,663	2781	-2,346	237	13,302	6,777	1,817	687
PAT Margin (%)	35%	20%	-25%	3%	20%	27%	17%	12%
ROE (%)	50%	16%	NA	2%	14%	18%	16%	8%
ROCE (%)	31%	10%	7%	7%	15%	24%	11%	13%
Price to Sales (x)	31.4	14.1	4.23	8.65	17.2	10.3	10.4	6.84
EPS (INR)	7.12*	3.89	NA	1.58	11.8	10.6	1.92	3.6
EV/EBITDA (x)	53.8	35.4	17.5	25.8	49.5	23.6	25.4	19.5
PE ratio (x)	90.3	288	166	227	86.9	39.7	79.7	57.2

\*Adj EPS

Source: IPO Prospectus, DevenChoksey Research

**Ventive Hospitality Ltd.**

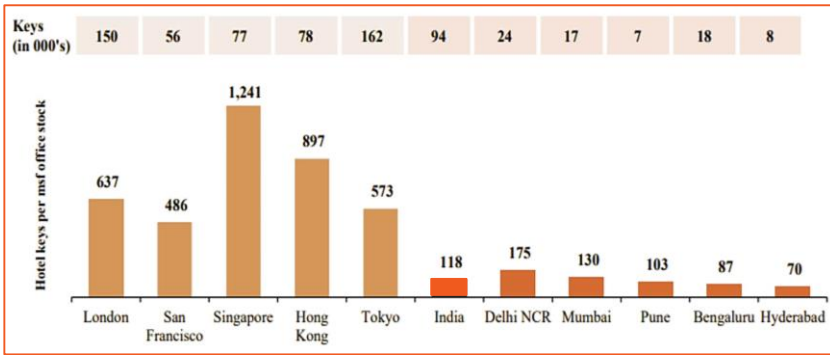
**Industry Overview**

**Indian Hotel Industry**

- India's hotel industry plays a crucial role in the national economy as the 5th largest global economy with one of the fastest growth rates.
- The sector significantly enhances GDP, stimulates employment, and contributes to foreign exchange earnings and tax revenues.
- In 2023, travel and tourism accounted for INR 19.1 Tn, or 5.6% of GDP, a figure that is expected to grow markedly by 2034.
- Employment within this sector was estimated at about 43 million people as of 2023.
- Moreover, the demand for chain-affiliated hotel rooms has shown a robust increase, highlighting a promising growth trajectory for the industry.

**Indian Hospitality Industry – Potential for greater penetration**

**Hotel Keys per MSF Office Space as of Dec-23:**



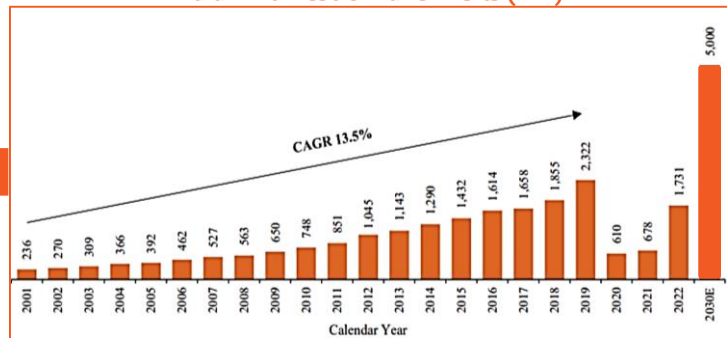
- India's hotel sector remains underpenetrated with only 1,95,000 chain-affiliated rooms as of September 2024, compared to 56,000 keys in San Francisco and 1,50,000 keys in London.
- India's top cities have 118 keys per million square feet (MSF) of office space, far below London's 637 and San Francisco's 486.
- Population-based penetration is also lower at 0.3 keys per 1,000 people, compared to 22.1 in the USA and 2.7 globally.

Source: IPO Prospectus, DevenChoksey Research

**Domestic Travel Visits**

- Domestic travel in India grew at a 13.5% CAGR from 236 Mn visits in CY01 to 2.3 Bn in CY19.
- Post-COVID recovery reached 1.7 Bn visits in CY22, or 74.5% of CY19 levels, with further growth expected.
- Leisure, weddings, and MICE demand are key drivers, boosting hotel occupancies.
- A report by Booking.com and McKinsey projects domestic travel visits to reach 5 Bn by 2030.

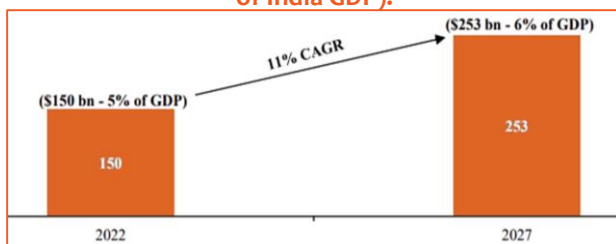
**India – Domestic Travel Visits (Mn):**



Source: IPO Prospectus, DevenChoksey Research

**Domestic Spend Value on Tourism**

**Domestic Spend Value on Tourism & Hospitality (% of India GDP):**



Source: IPO Prospectus, DevenChoksey Research

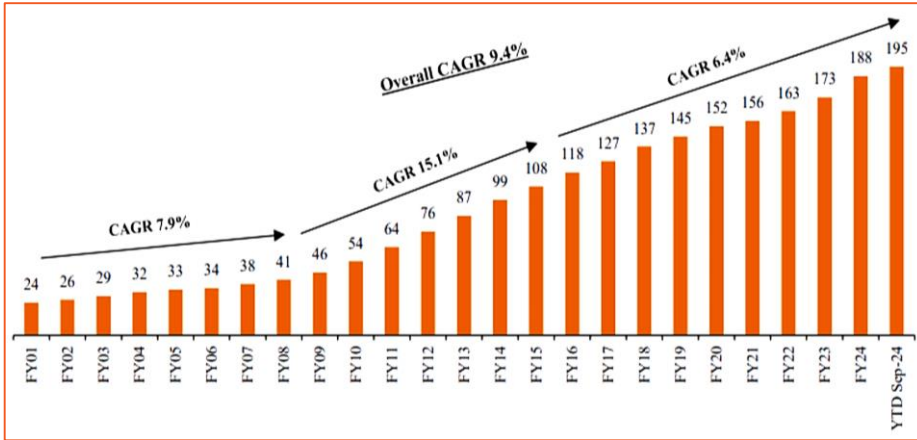
- India's tourism spending is projected to grow 69% from USD 150 Bn in CY22 to USD 253 Bn by CY27, driven by rising incomes and a young median age of 28.1 years.
- Bengaluru and Pune rank among top domestic destinations, while the hospitality sector is set to expand 1.6 times by CY27.

**Ventive Hospitality Ltd.**

**Industry Overview**

**All India Chain Affiliated Hotel Room Inventory**

**All India Chain Affiliated Rooms Inventory (in '000s):**



- India had 195k chain-affiliated rooms at YTD Sep-24. Inventory has grown at a CAGR of 9.4% since FY01.
- About 63k rooms were added between FY09-FY15 and about 43k rooms between FY20-YTD Sep-24.
- Inventory CAGR of 6.4% between FY16 and YTD Sep-24 is less than half the inventory CAGR of 15.1% for the period FY09 to FY15.

Source: IPO Prospectus, DevenChoksey Research

**Segmental Composition (Inventory in '000s):**

Category	FY01	FY08	FY15	YTD Sep-24	FY27	CAGR FY01-08	CAGR FY08-15	CAGR FY15-YTD Sep-24	CAGR YTD Sep-24-FY27
Luxury	6	10	18	31	37	7%	8%	6%	8%
Upper Upscale	7	11	25	37	46	6%	14%	4%	10%
Upscale	5	8	22	42	53	6%	17%	7%	10%
Upper Midscale	4	7	20	33	46	10%	16%	5%	14%
Midscale-Economy	2	5	24	53	73	17%	24%	9%	14%
<b>Upper-Tier Total</b>	<b>18</b>	<b>28</b>	<b>65</b>	<b>109</b>	<b>136</b>	<b>6%</b>	<b>13%</b>	<b>6%</b>	<b>9%</b>
<b>Total</b>	<b>24</b>	<b>41</b>	<b>109</b>	<b>195</b>	<b>256</b>	<b>8%</b>	<b>15%</b>	<b>6%</b>	<b>11%</b>

Source: IPO Prospectus, DevenChoksey Research

**Segmental Revenue Share (CY23):**

Positioning	Inventory Share	Revenue Share
Luxury and Upper Upscale	34%	55%
Upper and Upper Midscale	39%	34%
Midscale-Economy	26%	11%

Source: IPO Prospectus, DevenChoksey Research

## Ventive Hospitality Ltd.

### Industry Overview

#### Inventory Distribution across markets:

Market Category	Room Count ('000)				% Share			
	FY01	FY15	YTD Sep-24	FY27	FY01	FY15	YTD Sep-24	FY27
3 Main Metros	10	41	60	71	40%	38%	31%	28%
Other Key Markets	6	34	53	61	26%	31%	27%	24%
Other Markets	8	34	82	124	34%	31%	42%	48%
<b>Total</b>	<b>24</b>	<b>109</b>	<b>195</b>	<b>256</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Select Markets</b>	<b>2</b>	<b>17</b>	<b>26</b>	<b>29</b>	<b>8%</b>	<b>16%</b>	<b>14%</b>	<b>11%</b>

Source: IPO Prospectus, DevenChoksey Research

#### India Hotel Demand Drivers:

##### Business Travel

- Business travel, driven by sectors such as IT, automotive, and banking, primarily centers around Pune and Bengaluru. Pune excels in IT and manufacturing, while Bengaluru is notable for IT, biotech, and defense.

##### Tourism

- India is popularly known for its rich cultural heritage, historical sites, diverse landscapes, and vibrant festivals. Growth of domestic and inbound tourism contributes significantly to the demand for hotels.

##### Leisure Travel

- Leisure travel includes vacations, staycations, and weekend getaways, often combined with business trips or events like weddings. Improved affordability and connectivity have notably enhanced hotels with strong dining, recreation, and entertainment offerings.

##### Weddings and Social demand

- City hotels are becoming increasingly favored for hosting weddings and social events, appealing as both local and destination venues. This trend is expanding into the mid-market, with many establishments replicating the allure of traditional leisure destination weddings.

##### MICE

- Conferences, trade shows, and corporate events drive demand from sectors like IT, banking, and pharma. Cities like Pune and Bengaluru benefit significantly, while new convention centers boost potential for larger events. G20 events (Dec-22 to Sep-23) showcased India's ability to host international delegations, boosting hotel revenues.

##### Diplomatic Travel

- Diplomatic Travel comprises of government leaders and representatives of other countries, often accompanied by large trade delegations. Besides, diplomats posted to India prefer using upper-tier hotels during the transition period.

##### Airline Crew

- Airline Crew helps create a core of demand at hotels, albeit at discounted pricing. Airlines also generate limited demand for layovers.

##### Transit Demand

- Transit Demand comprises persons on overnight transits during air or road travel to a domestic or international destination

##### Pilgrim Demand

- Chain affiliated inventory and demand at pilgrim centers has materially increased in the past few years. Better quality hotel options have enabled visitors to move away from mediocre independent hotels and other pilgrim facilities.

### India Future Demand

- The estimated demand growth in the Indian market is categorized into three groups: 10 key markets, other key Tier 1 markets, and other markets, with the total estimated demand being an aggregate of these categories.
- Demand for FY24 includes existing demand up to March 31, 2023, and new additions from April 1, 2023, to March 31, 2024.
- Adjustments have been made for new hotel supply in FY24 based on operational periods and expected supply from FY25 to FY27.
- New hotels typically take 2-4 years to reach stable occupancy levels, and during this ramp-up period, demand projections consider only partial absorption of new supply.

## Ventive Hospitality Ltd.

### Strategies

#### Developing and expanding asset base:

- VHL's leadership team has a proven track record of developing award-winning hospitality assets and establishing market leadership in prime locations. To drive growth, VHL plans to expand its portfolio organically and inorganically, focusing on both existing and high-growth markets.
- With pipeline projects in Varanasi, Bengaluru, and Sri Lanka, VHL aims to increase its keys by 18.02% to 2,403 by FY28, diversifying its geographic footprint and replicating its market leadership in new regions.

#### Drive organic growth from ramp up of existing products:

- VHL achieved strong ARR growth of 38.93% in India and 52.79% in the Maldives (FY20–FY24) through strategic refurbishments, customer mix optimization, and premium positioning. Enhanced upsell programs and direct bookings improved revenue quality and retention while reducing third-party reliance.
- In the Maldives, rising international tourism and strategic renovations have strengthened its market leadership, positioning VHL for sustained occupancy growth and EBITDA expansion.

#### Leverage on award-winning F&B and amenities :

- VHL's F&B operations are a significant revenue driver, featuring top-ranked restaurants at JW Marriott, Pune, and The Ritz-Carlton, Pune, with average revenue per customer of INR 1,919.04 and INR 3,030.30, respectively, for the six months ended September 30, 2024.
- In the Maldives, unique dining experiences at properties like Conrad and Anantara, including the renowned Ithaa restaurant, capitalize on the "one island, one resort" model.
- With innovative dining concepts and multiple awards, the F&B segment enhances guest satisfaction, boosts revenue, and strengthens overall profitability.

#### Optimize event space:

- VHL's growth strategy emphasizes optimizing event spaces to diversify revenue and enhance F&B and banquet income. Properties like JW Marriott, Pune, with the largest ballroom among luxury hotels in Western India, and The Ritz-Carlton, Pune, cater to upscale MICE events, weddings, and banquets.
- By leveraging these spaces and promoting them through wedding planners and property teams, VHL aims to boost weekend occupancy and drive complementary revenue streams, including F&B and wellness services, while enhancing brand visibility through exclusive events

#### Proactive asset management driving shareholder value

- VHL is focused on enhancing asset value and profitability through property upgrades, process optimization, and cost efficiency. Key initiatives include opening Yala, a 145-seater Mediterranean restaurant at The Ritz-Carlton, Pune, in Q4 FY25, to boost F&B revenue, and rebranding Marriott Aloft Whitefield, Bengaluru to AC by Marriott, with an additional 120 keys, targeting upscale business travelers.
- These efforts highlight VHL's commitment to maximizing portfolio performance and seizing growth opportunities.

#### Selective acquisitions supported by cash flows and significant debt headroom:

- VHL's annuity assets generate stable cash flows with 95.55% occupancy, driven by rent escalations, re-leasing at higher rates, and a strong tenant base, including 80% multinational corporations. Retail assets like ICC Pavilion report a 7.85% CAGR in tenant sales (FY19–FY24), supported by turnover rental agreements of 5%–25%.
- Net proceeds will reduce debt, with annuity revenues covering obligations and hospitality cash flows funding growth. Backed by financial flexibility and a proven expansion strategy, VHL is well-positioned for future acquisitions and developments.

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### Risks:

- VHL acquired a new portfolio in FY25 and may pursue similar acquisitions. The RHP contains illustrative pro forma financial information, which may not accurately predict future financial results.
- VHL's hospitality assets rely on third-party services and brands. Reputation damage or quality control failures could negatively impact its financial health and business operations.
- Most of the VHL's hospitality assets are tied to Marriott and Hilton, comprising 78.05% of its keys and 49.19% of its six-month income as of September 2024. Termination or non-renewal of these agreements could negatively impact VHL's performance.
- VHL's hospitality business experiences seasonal and cyclical variations, leading to fluctuations in operational results and cash flows.
- Low occupancy rates at VHL's hospitality assets could negatively impact its business performance, financial condition and cash flows.
- Before the Acquisition Transactions, VHL's total income was solely from Pune. Afterward, 90.43% and 91.53% of its pro forma total income for the six months and FY24 respectively came from assets in Pune and the Maldives. Adverse developments in these locations could negatively impact the company's financial and operational performance.
- 26.47% and 32.50% of VHL's room revenue for the six months and FY24 respectively came from travel agents and intermediaries. Increased reliance on these channels may raise commissions and competitive terms could reduce income, potentially harming the business and operations.

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**SWOT Analysis**



**Strengths:**

- Diverse Portfolio of Assets:** Ownership of high-profile properties, including luxury hotels and hospitality projects in prime locations across India and the Maldives.
- Global Brand Associations:** Partnership with renowned international brands like Marriott, Hilton, and Ritz-Carlton enhances brand equity and customer trust.
- Rapid Market Growth:** Strong presence in high-demand markets like Bengaluru and Pune, with significant growth potential in Tier-2 and Tier-3 cities.
- Expertise in Hospitality and Realty:** Ventive combines hospitality with real estate expertise, diversifying its revenue streams and reducing dependence on a single sector.
- Strategic Locations:** Operations in key metropolitan and growing secondary markets enable VHL to capture high demand across business and leisure travel segments.



**Weaknesses:**

- Underpenetrated Markets:** Compared to global counterparts, India's hotel market remains underpenetrated, which limits immediate scalability.
- Dependence on Domestic Travel:** High reliance on domestic travel leaves VHL vulnerable to economic fluctuations and regional disruptions.
- High Capital Requirements:** The sector requires significant upfront investment for expansion and modernization, impacting short-term liquidity.



**Opportunities:**

- Rising Tourism Spend:** Projected growth in India's tourism spending, driven by increasing household incomes and a young population, presents significant revenue potential.
- Government Initiatives:** Benefiting from policies such as Swadesh Darshan and PRASHAD schemes to promote domestic and spiritual tourism.
- International Visitors:** Recovery and growth of foreign tourist arrivals (FTAs) provide opportunities to increase room occupancy and revenue from international markets.
- Convention Centers:** Emerging convention centers and large-scale events, such as the G20 Summit, highlight India's potential as a global event destination.
- Tech-Driven Services:** Opportunity to leverage technology to enhance guest experiences, optimize operations, and offer personalized services.



**Threats:**

- Intense Competition:** High competition from both domestic and international hotel chains, as well as alternative lodging platforms like Airbnb.
- Seasonality and Pandemics:** Dependence on peak travel seasons and vulnerability to global health crises, such as COVID-19, can disrupt operations.
- Digital Security Risks:** Cybersecurity and data privacy risks could harm customer trust and operational continuity.

**Ventive Hospitality Ltd.**
**Financials:**

Income Statement (INR Mn)	FY22	FY23	FY24
<b>Revenue</b>	<b>2,292</b>	<b>4,308</b>	<b>4,780</b>
Operating Expenditure	1,129	1,916	1,941
<b>EBITDA</b>	<b>1,163</b>	<b>2,392</b>	<b>2,838</b>
<b>EBITDA Margin %</b>	<b>51%</b>	<b>56%</b>	<b>59%</b>
Other Income	83	109	167
Depreciation	480	493	481
Interest	406	416	472
<b>PBT</b>	<b>360</b>	<b>1593</b>	<b>2052</b>
Tax	66	279	389
<b>PAT</b>	<b>294</b>	<b>1314</b>	<b>1663</b>
<b>PAT Margin (%)</b>	<b>13%</b>	<b>30%</b>	<b>35%</b>
<b>Adjusted EPS</b>	<b>1.26</b>	<b>5.62</b>	<b>7.12</b>

Cash Flow (INR Mn)	FY22	FY23	FY24
CFFO	1,289	2,152	2,651
CFFI	-408	108	-1,981
CFFF	-834	-2,194	-571
Net Increase/(Decrease) in Cash	47	66	99
<b>Cash at beginning</b>	<b>112</b>	<b>160</b>	<b>225</b>
<b>Cash at end</b>	<b>160</b>	<b>225</b>	<b>324</b>

Balance sheet (INR Mn)	FY22	FY23	FY24
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	1,819	1,724	1,603
Right-of-use assets	625	582	540
Investment Properties	3,564	3,418	3,414
Other non-current assets	529	458	511
<b>Current Assets</b>			
<b>Inventories</b>	<b>28</b>	<b>40</b>	<b>46</b>
Trade receivables	199	240	173
Cash and cash equivalents	1,190	593	709
Other current assets	294	738	2,525
<b>Total Assets</b>	<b>8,249</b>	<b>7,793</b>	<b>9,520</b>
<b>Equity &amp; Liabilities</b>			
Equity share capital	107	104	104
Other equity	2,044	1,573	3,240
<b>Total Equity</b>	<b>2,151</b>	<b>1,678</b>	<b>3,345</b>
<b>Non -Current liabilities</b>			
Borrowings	3,691	4,121	3,994
Lease liabilities	586	574	558
Other non-current liabilities	334	457	479
<b>Current liabilities</b>			
Borrowings	499	131	132
Lease Liability	12	13	16
Trade payables	333	236	276
Other current liabilities	642.94	584.49	719.69
<b>Total Equity and Liabilities</b>	<b>8,249</b>	<b>7,793</b>	<b>9,520</b>

Source: IPO Prospectus, Deven Choksey Research

## Ventive Hospitality Ltd.

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