

**Rating: Subscribe for long term**

### Issue Offer

The IPO is a book-built offering comprising a fresh issue of 24,883,358 equity shares, with a total issue size of up to INR 16,000 Mn

#### Issue Summary

Price Band INR	610-643
Face Value INR	1
Implied Market Cap	
INR Mn.	150,167
Market Lot.	23
Issue Opens on	Dec 20, 2024
Issue Close on	Dec 24, 2024
No. of share pre-issue	208,657,830
No. of share post issue	233,541,188
Listing	NSE, BSE

#### Issue Break-up %

QIB Portion	≥ 75
Retail Portion	≤ 10
NII Portion	≤ 15

#### Registrar

Kfin Technologies Ltd

#### Book Running Lead Managers

SBI Capital Markets Ltd  
Kotak Mahindra Capital Company Limited  
IIFL Capital Services Limited  
Axis Capital Limited  
HSBC Securities and Capital Markets (India) Private Limited  
JM Financial Limited  
ICICI Securities Limited

#### Shareholding Pattern

	Pre-Issue	Post-Issue
Promoters	99.59%	88.98%
Public & Others	0.41%	11.02%

#### Objects of the issue

- Repayment/prepayment, in part or full, of certain of borrowings availed by company including payment of interest accrued thereon.
- Repayment/prepayment, in part or full, of certain of borrowings availed by Step- down Subsidiaries including the payment of interest thereon through investment in such step-down Subsidiaries.
- General corporate purposes.

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Founded in 2002, Ventive Hospitality Limited owns luxury hospitality assets across business and leisure segments, operating under global brands like Marriott, Hilton, Minor, and Atmosphere. As of September 30, 2024, its portfolio comprises 11 properties in India and the Maldives, totaling 2,036 keys across luxury, upper upscale, and upscale categories. The company operates 7 developed and 4 acquired properties, including luxury assets like JW Marriott Pune, The Ritz-Carlton Pune, Conrad Maldives, and Anantara Maldives. Upscale properties such as Courtyard by Marriott Pune and DoubleTree by Hilton Pune cater to business travelers. A key milestone was Blackstone BRE Asia's 50% stake acquisition in 2017.

#### Investment Rationale:

**Developing and expanding their asset base:** The company operates 11 hospitality assets across India and the Maldives with 2,036 keys. It's strategic focus on expanding its hospitality portfolio underscores its growth-oriented vision. By 2028, the number of keys is projected to increase by 18.02%, from 2,036 to ~2,403. This growth includes significant developments in Varanasi, Bengaluru, and Sri Lanka, targeting regions with high tourism potential and economic activity. The focus on high-demand properties allows the company to command an ARR premium, achieving a 1.44 ARR index in Pune and 1.04 in the Maldives for FY24.

**Strategic Market Leadership in Pune and the Maldives:** The company's strategic presence in Pune and the Maldives is set to benefit from favourable industry trends. Pune's hotel demand is poised for growth, driven by increased commercial office space, which is expected to rise from 57.0 msf in Q3 2024 to 69.4 msf by Q4 2026. In the Maldives, international arrivals have surged to 1.49 Mn from Jan to Sep 2024, with further growth anticipated due to infrastructure developments like the new airport terminal in Velana. These tailwinds, coupled with the company's premium positioning, ensure steady growth in occupancy rates and revenues in these markets.

**Premium Positioning and Financial Performance:** The company leverages its portfolio of marquee luxury properties, including JW Marriott, Pune, and The Ritz-Carlton, Pune, which contribute over 80% of its revenue from hotel operations. These assets consistently command a premium ARR compared to their markets, driven by strategic locations, superior offerings, and integrated hospitality-led developments. The company's India-based assets achieved an ARR index of 1.44 and RevPAR (Revenue Per Available Room) index of 1.38 compared to competitors from Jan to Sep 2024. Similarly, the Maldives properties, such as Conrad and Anantara, command ARR premiums, with luxury offerings like unique underwater dining experiences and exclusive island accommodations driving higher guest spends.

#### Valuation and View:

To strengthen its financial position, the company plans to utilize INR 14,000 Mn from its IPO net proceeds to repay ~ 38.79% of its total outstanding borrowings. This debt reduction is expected to lower interest costs, improve profitability, and strengthen the company's debt-equity ratio. It will also free up internal resources for future expansion and position the company to secure additional funding at competitive rates. The company demonstrates strong growth potential, with a strategic focus on premium locations near business hubs, transport networks, and tourist destinations. Its unique "one island, one resort" concept in the Maldives and upcoming projects in Varanasi, Sri Lanka, and Bengaluru are set to bolster its market presence and enhance its competitive positioning. **The issue is valued at a FY24 P/E(x) multiple of 90.29x based on the upper price band on the post issue capital. We are recommending a "Subscribe for long term" for this issue.**

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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