

Retail Research	IPO Note
Sector: Hospitality	Price Band (Rs): 85 – 90
22 <sup>nd</sup> July 2025	Recommendation: SUBSCRIBE for long term

## Brigade Hotel Ventures Ltd.

### Company Overview:

**Brigade Hotel Ventures Ltd. (BHVL)** is a hotel chain primarily based in South India. The company is the second largest owner of chain-affiliated hotels and hotel rooms in South India. Brigade Hotels has a portfolio of 9 operational hotels across Bengaluru, Chennai, Kochi, Mysuru and the GIFT City in Gujarat. The company's hotels are operated by global marquee hospitality companies such as Marriott, Accor, InterContinental Hotels Group, etc. Brigade has a strong parentage of Brigade Enterprises Ltd which is a real estate developer based out of Bengaluru. As of July 18, 2025, the total number of keys stands at 1,604.

### Key Highlights:

**1. Strong portfolio presence in Southern India:** BHVL enjoys a strategic presence across top business and leisure destinations in Southern India such as Bengaluru, Chennai, Kochi and Mysuru. Company's hotels are typically located in strong demand locations driven by factors such as population density, premium neighborhoods, commercial centres, cultural heritage hubs and IT hubs. Hotels are operated by global marquee hospitality companies such as Marriott, Accor, InterContinental Hotels Group in the upper upscale, upscale, upper-midscale and midscale segments.

**2. Comprehensive service ecosystem:** The company provides a comprehensive customer experience including fine dining and specialty restaurants, venues for MICE, lounges, swimming pools, outdoor spaces, spas, and gymnasiums. Aggregate MICE area stands at ~2.15 lakh sq. ft. across hotels. In addition, food and beverage (F&B) outlets and entertainment offerings within the hotels provide a diversified experience for customers. In FY25, revenue from F&B services contributed ~33% to total revenues.

**3. Efficient business model with strong parentage:** Brigade Hotel operates on a business model where properties are either owned or leased and are operated, maintained and marketed by global hospitality companies under management contracts. This approach helps the company attract a global clientele, efficiently manage day-to-day operations, and attract top talent. The company plans to derive operational efficiencies through optimizing space utilization, staffing, process and leveraging technology. Brigade Hotel also derive benefits from promoter group Brigade Enterprises' expertise to scout and develop hotel properties in areas with potential demand traction.

**4. Expansion plans:** BHVL plans to expand its portfolio by adding 5 new hotels. In particular, it plans to develop a luxury beach resort in Chennai and two upper midscale hotels in Bengaluru. Brigade has entered into a management agreement with Hyatt to develop the resort in Chennai under the 'Grand Hyatt' brand and with Marriott to develop the two hotels in Bengaluru under the 'Fairfield by Marriott' brand. In addition, the company also intends to develop a luxury hotel under the 'InterContinental' brand in Hyderabad and a luxury wellness resort under 'The Ritz-Carlton' brand in Vaikom, Kerala. New properties in Chennai and Bengaluru are expected to be completed by FY28 and the remaining two hotels by FY29. With the additional developments, number of keys is expected to reach 2,560 by FY29 from 1,604 currently.

**Valuation:** Brigade Hotel Ventures is one of the prominent hotel owner and developer primarily operating in South India. The company has a strong financial growth track record of 15.6%/30.0%/73.2% CAGR in Revenue/EBITDA/PAT over FY23-25 respectively. However, the company has a negative Reserves & Surplus of Rs 196 cr as of Mar'25 due to accumulated losses in the past. Out of the total IPO proceeds of Rs 760 cr, BHVL will utilize ~Rs 468 cr towards debt repayment which will lead to reduction in D/E to below 1.0x from 7.1x currently and improvement in profitability as interest cost saving of ~Rs 45 cr will flow through the P&L. Going forward, trends in occupancy levels and ARR of the company will be key monitorable. At the upper price band of Rs 90, BHVL is valued at FY25 EV/EBITDA of 19.8x We recommend to SUBSCRIBE to the issue at cut-off price for long term.

Issue Details	
Date of Opening	24 <sup>th</sup> July 2025
Date of Closing	28 <sup>th</sup> July 2025
Price Band (Rs)	85 – 90
Issue Size (Rs cr)	760
Fresh Issue (Rs cr)	760
No. of shares	8,93,64,706 - 8,44,00,000
Face Value (Rs)	10
Post Issue Market Cap (Rs cr)	3,271 – 3,418
BRLMs	JM Financial Ltd, ICICI Securities Ltd
Registrar	KFin Technologies Ltd.
Bid Lot	166 shares and in multiple thereof
QIB shares	75%
Retail shares	10%
NII shares	15%
Employee Reservation (Rs cr)	7.6
BEL Shareholders' Reservation (Rs cr)	30.4

Objects of Issue	
	Estimated utilization from net proceeds (Rs cr)
Repayment/pre-payment, in full or in part, of certain outstanding borrowings availed by the company and its subsidiaries	468.0
Payment of consideration for buying of Undivided Share of Land from our Promoter, BEL	108.0
Pursuing inorganic growth through unidentified acquisitions and other strategic initiatives and general corporate purposes.*	-
<b>Total proceeds from fresh issue</b>	<b>760.0</b>

\*The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds.

Shareholding Pattern		
Pre-Issue	No. of Shares	%
Promoter & Promoter Group	28,14,30,000	95.3
Public & Others	1,40,00,000	4.7
<b>Total</b>	<b>29,54,30,000</b>	<b>100.0</b>

Post Issue @Lower Price Band	No. of Shares	%
Promoter & Promoter Group	28,14,30,000	73.1
Public & Others	10,33,64,706	26.9
<b>Total</b>	<b>38,47,94,706</b>	<b>100.0</b>

Post Issue @Upper Price Band	No. of Shares	%
Promoter & Promoter Group	28,14,30,000	74.1
Public & Others	9,84,00,000	25.9
<b>Total</b>	<b>37,98,30,000</b>	<b>100.0</b>

Source: RHP, SSL Research

## Key Financials

Particulars (Rs cr)	FY23	FY24	FY25
Revenue from Operations	350.2	401.7	468.3
EBITDA	96.8	141.5	164.4
Adj. PAT	7.9	31.1	23.7
EBITDA Margin (%)	27.6	35.2	35.1
Adj. PAT Margin (%)	2.3	7.8	5.1
ROE (%)	18.8	46.4	27.2
ROCE (%)	7.9	15.1	16.6
P/E (x)*	336.1	85.4	112.4
EV/EBITDA (x)*	33.7	22.9	19.8

Source: RHP, SSL Research

\*Note: Pre-issue P/E and EV/EBITDA based on upper price band

## Risk Factors

- **Termination of management contracts:** The company has entered into management contracts with global hospitality companies for its properties. In the event agreements with hotel operators are terminated prior to their tenure, or if not renewed, the company may not have access to their brands and loyalty programs.
- **Geographical concentration:** Brigade Hotel derived ~63% of revenue from hotel properties in Bengaluru in FY25. Any adverse socio-political development in the city may have adverse impact on business due to higher concentration.
- **Delay in completion of new projects:** The company has undertaken several initiatives to expand its portfolio to service the growing industry demand. Any inability to complete projects in stipulated time or other construction related exigencies may lead to loss of potential business.
- **High competition:** The company intends to grow the portfolio in other South India cities such as Goa in order to reduce geographical concentration. High competitive pressure from established players in new geographies may affect growth plans.
- **Negative Reserves and Surplus:** BHVL has incurred losses in the past resulting in negative reserves and surplus. In addition, net worth of the company is low at 10% of the total balance sheet size.

## Growth Strategies

- Expand portfolio by developing new hotels at select locations such as Chennai, Bengaluru, Hyderabad and Kochi.
- Focus on improving operating efficiencies through technological intervention and increase revenues led by annual rate increase, introduction of product suite like weekend package to increase weekend occupancy, etc.
- Pursue inorganic expansion strategy to consolidate market position in cities where it currently operates and also enter new geographies across India.

## Existing Hotel Portfolio (as of July'25)

Hotel Name	Hotel Segment	Hotel Operator	Number of Keys
Grand Mercure, Bangalore	Upscale	Accor	126
Sheraton Grand Bangalore at Brigade Gateway	Upper upscale	Marriott	230
Grand Mercure, Mysore	Upscale	Accor	146
Holiday Inn, Chennai OMR IT Expressway	Upper midscale	InterContinental Hotels Group	202
Holiday Inn, Bengaluru Racecourse	Upper midscale	InterContinental Hotels Group	272
Four Points by Sheraton, Kochi Infopark	Upscale	Marriott	218
Grand Mercure, Ahmedabad GIFT City	Upscale	Accor	151
Holiday Inn Express & Suites, Bengaluru OMR	Upper midscale	InterContinental Hotels Group	129
ibis Styles, Mysuru	Midscale	Accor	130

Source: RHP, SSL Research

## Expansion Plans

Location	Hotel Segment	Hotel Operator*	Expected Completion
Chennai	Luxury Beach Resort	Hyatt	FY28
Bengaluru	Upper midscale	Marriott	FY28
Bengaluru	Upper midscale	Marriott	FY28
Hyderabad	Luxury	InterContinental Hotels Group	FY29
Vaikom, Kerala	Luxury Wellness Resort	Marriott	FY29

Source: RHP, SSL Research

\*Entered into an agreement with the mentioned operators

## Portfolio Operational Metrics

Particulars	FY23	FY24	FY25
Average Room Rate (Rs)	5,944	6,388	6,694
Average Occupancy (%)	70	73	77
Revenue per Available Room (RevPAR- Rs)	4,136	4,681	5,138
Staff to Room Ratio	0.66	0.74	0.74

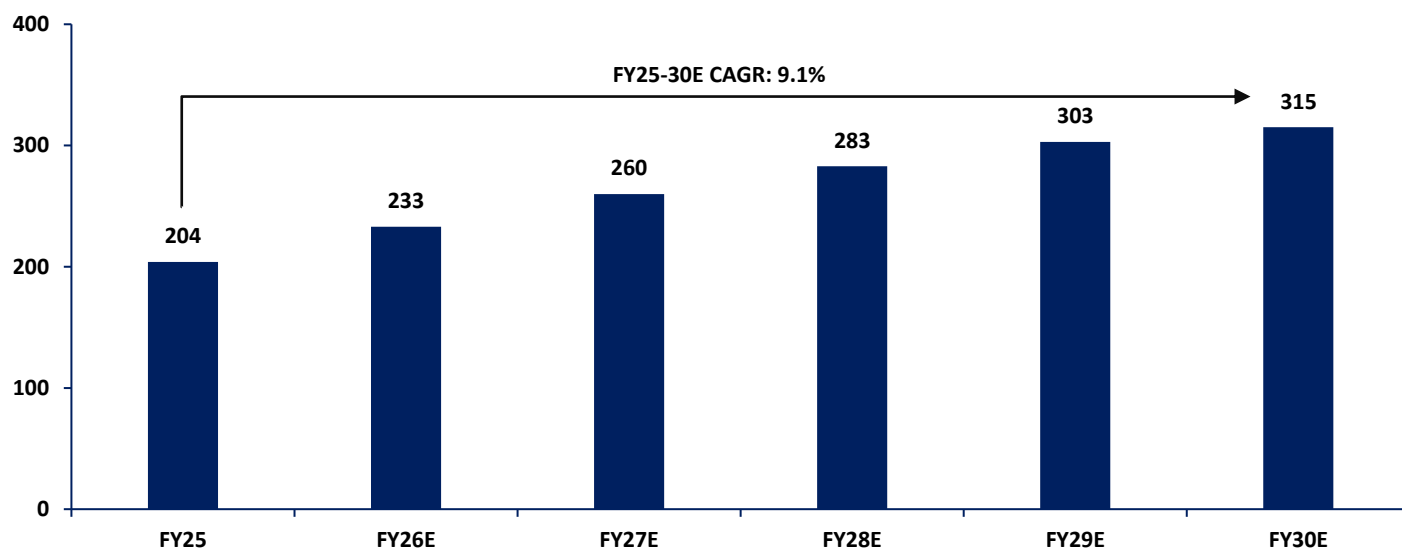
## Portfolio Operational Metrics

Particulars	FY23	FY24	FY25
<b>Grand Mercure Bangalore</b>			
Average room rate (Rs)	8,204	9,554	10,318
Average occupancy	81.4%	72.4%	77.0%
Staff to room ratio	0.64	0.69	0.75
<b>Sheraton Grand Bangalore at Brigade Gateway</b>			
Average room rate (Rs)	9,767	10,129	11,220
Average occupancy	71.2%	73.5%	78.9%
Staff to room ratio	1.07	1.17	1.25
<b>Grand Mercure Mysore</b>			
Average room rate (Rs)	5,200	5,601	5,476
Average occupancy	84.3%	78.7%	77.3%
Staff to room ratio	0.50	0.61	0.70
<b>Holiday Inn Chennai OMR IT Expressway</b>			
Average room rate (Rs)	5,168	6,371	5,148
Average occupancy	84.1%	85.1%	83.9%
Staff to room ratio	0.66	0.79	0.81
<b>Holiday Inn Bengaluru Racecourse</b>			
Average room rate (Rs)	5,065	5,294	5,831
Average occupancy	76.5%	77.4%	83.1%
Staff to room ratio	0.65	0.66	0.62
<b>Four Points by Sheraton Kochi Infopark</b>			
Average room rate (Rs)	3,957	4,382	4,266
Average occupancy	48.6%	69.7%	83.2%
Staff to room ratio	0.50	0.70	0.73
<b>Grand Mercure Ahmedabad GIFT City</b>			
Average room rate (Rs)	4,904	5,208	4,551
Average occupancy	39.3%	46.3%	60.1%
Staff to room ratio	0.60	0.60	0.61
<b>Holiday Inn Express &amp; Suites Bengaluru OMR</b>			
Average room rate (Rs)	4,018	4,301	5,675
Average occupancy	72.3%	78.3%	77.2%
Staff to room ratio	0.45	0.47	0.43
<b>ibis Styles Mysuru</b>			
Average room rate (Rs)	-	-	4,373
Average occupancy	-	-	43.3%
Staff to room ratio	-	-	0.52

Source: RHP, SSL Research

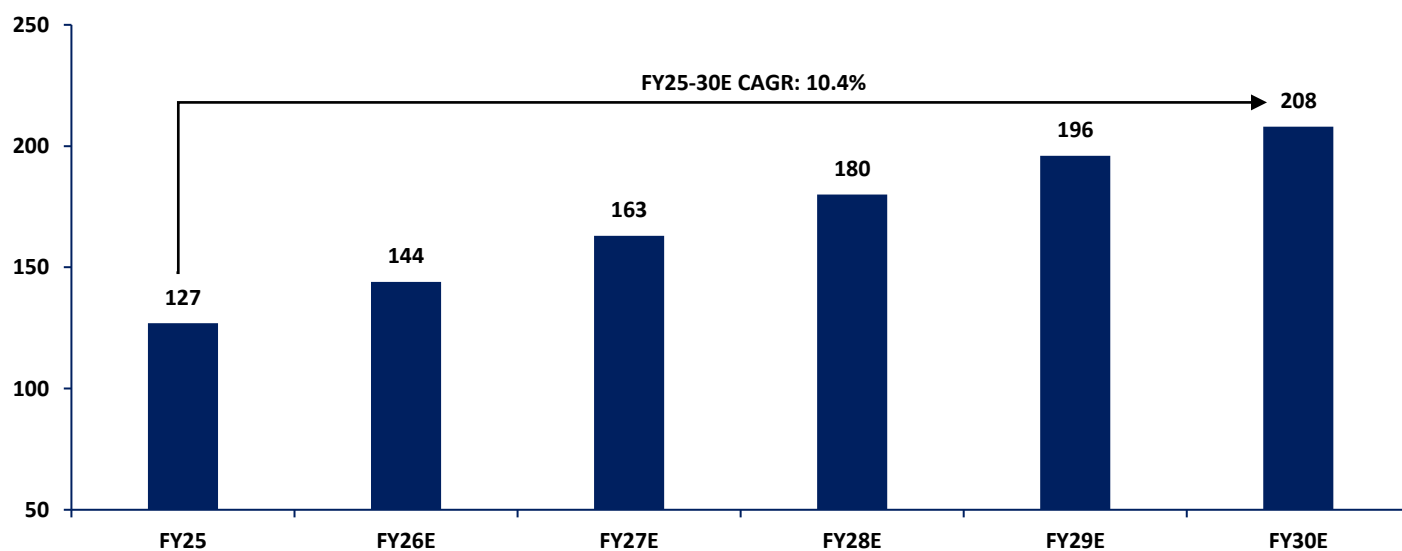
## Industry Overview

### All India – Hotel Rooms Supply (in '000)



Source: RHP, SSL Research

### All India – Hotel Rooms Demand (in '000)



Source: RHP, SSL Research

## Financial Snapshot

INCOME STATEMENT			
Particulars (Rs cr)	FY23	FY24	FY25
<b>Revenue from Operations</b>	<b>350</b>	<b>402</b>	<b>468</b>
<b>YoY growth (%)</b>	<b>-</b>	<b>14.7%</b>	<b>16.6%</b>
Cost of Services	35	40	45
<b>Gross Profit</b>	<b>315</b>	<b>361</b>	<b>423</b>
<b>Gross margin (%)</b>	<b>90.0%</b>	<b>90.0%</b>	<b>90.4%</b>
Employee Cost	63	76	86
Other Operating Expenses	155	144	173
<b>EBITDA</b>	<b>97</b>	<b>141</b>	<b>164</b>
<b>EBITDA margin (%)</b>	<b>27.6%</b>	<b>35.2%</b>	<b>35.1%</b>
Other Income	6	3	2
Interest Exp.	69	69	73
Depreciation	49	44	50
<b>PBT</b>	<b>-16</b>	<b>32</b>	<b>45</b>
Exceptional item/Extraordinary item	-11	-	-
Tax	-1	1	21
<b>Adj. PAT</b>	<b>8</b>	<b>31</b>	<b>24</b>
<b>Adj. PAT margin (%)</b>	<b>2.3%</b>	<b>7.8%</b>	<b>5.1%</b>
<b>EPS</b>	<b>0.3</b>	<b>1.1</b>	<b>0.8</b>

BALANCE SHEET			
Particulars (Rs cr)	FY23	FY24	FY25
<b>Assets</b>			
Net Block	627	651	730
Capital WIP	29	72	20
Intangible Assets	1	1	2
Other Non-current Assets	93	96	108
<b>Current Assets</b>			
Current Investment	-	-	-
Inventories	4	6	7
Trade receivables	21	22	23
Cash and Bank Balances	31	20	22
Short-term loans and advances	-	-	-
Other Current Assets	34	20	36
<b>Total Current Assets</b>	<b>90</b>	<b>68</b>	<b>88</b>
<b>Current Liabilities &amp; Provisions</b>			
Trade payables	31	27	38
Other current liabilities	48	48	37
Short-term provisions	1	1	2
<b>Total Current Liabilities</b>	<b>81</b>	<b>76</b>	<b>77</b>
<b>Net Current Assets</b>	<b>9</b>	<b>-9</b>	<b>11</b>
<b>Total Assets</b>	<b>760</b>	<b>811</b>	<b>870</b>
<b>Liabilities</b>			
Share Capital	1	1	281
Reserves and Surplus	-241	-216	-196
CCPS	282	282	2
<b>Total Shareholders' Funds</b>	<b>42</b>	<b>67</b>	<b>87</b>
Minority Interest	6	12	15
<b>Total Debt</b>	<b>633</b>	<b>601</b>	<b>617</b>
Long Term Provisions	1	1	2
Lease Liabilities	68	118	140
Other Long-Term Liabilities	11	11	9
<b>Total Liabilities</b>	<b>760</b>	<b>811</b>	<b>870</b>

Cashflows (Rs cr)	FY23	FY24	FY25
Cash flow from Operating Activities	108	155	149
Cash flow from Investing Activities	1	(45)	(95)
Cash flow from Financing Activities	(132)	(92)	(82)
Free Cash Flow	98	99	54

RATIOS			
	FY23	FY24	FY25
<b>Profitability (%)</b>			
Return on Assets	0.9	3.5	2.5
Return on Capital Employed	7.9	15.1	16.6
Return on Equity	18.8	46.4	27.2
<b>Margin Analysis (%)</b>			
Gross Margin	90.0	90.0	90.4
EBITDA Margin	27.6	35.2	35.1
Adj. Net Profit Margin	2.3	7.8	5.1
<b>Short-Term Liquidity</b>			
Current Ratio (x)	1.1	0.9	1.1
Quick Ratio (x)	1.1	0.8	1.1
Avg. Days Sales Outstanding	22	20	18
Avg. Days Inventory Outstanding	45	53	55
Avg. Days Payables	327	247	311
Fixed asset turnover (x)	0.6	0.6	0.6
Debt-service coverage (x)	0.1	0.2	0.2
<b>Long-Term Solvency</b>			
Total Debt / Equity (x)	15.0	9.0	7.1
Interest Coverage Ratio (x)	0.8	1.5	1.6
<b>Valuation Ratios</b>			
EV/EBITDA (x)	33.7	22.9	19.8
P/E (x)	336.1	85.4	112.4
P/B (x)	63.1	39.7	30.6
EV/Sales (x)	9.3	8.1	6.9

*\*Valuation ratios are based on pre-issue capital at the upper price band*

*Source: RHP, SSL Research*

## Peer Comparison – Financials (FY25)

Particulars (Rs cr)	Brigade Hotel Ventures Ltd.	Indian Hotels Co Ltd.	ITC Hotels Ltd.	EIH Ltd.	Chalet Hotels Ltd.	Ventive Hospitality Ltd.	Juniper Hotels Ltd.	Samhi Hotels Ltd.
CMP (Rs)	90	756	247	381	923	811	322	249
Sales	468	8,335	3,560	2,743	1,718	1,605	944	1,130
EBITDA	164	2,769	1,211	1,028	736	745	337	406
Net Profit	24	1,662	635	768	141	123	71	105
Mkt Cap.	3,418	1,07,710	51,386	23,845	20,174	18,944	7,155	5,499
Enterprise Value	3,254	1,05,753	49,732	22,933	22,542	20,727	8,158	7,557
EBITDA Margin (%)	35.1	33.2	34.0	37.5	42.8	46.4	35.7	35.9
Net Margin (%)	5.1	19.9	17.8	28.0	8.2	7.7	7.5	9.3
RoCE (%)	16.6	21.4	8.3	23.6	10.4	7.8	6.9	9.4
RoE (%)	27.2	14.9	5.9	16.6	4.6	2.6	2.6	9.2
P/E (x)	144.5	64.8	80.9	31.0	143.1	154.0	100.8	52.4
EV/EBITDA (x)	19.8	38.2	41.1	22.3	30.6	27.8	24.2	18.6
EV/Sales (x)	6.9	12.7	14.0	8.4	13.1	12.9	8.6	6.7

For Brigade Hotel Ventures Ltd, the Market cap, P/E(x), EV/EBITDA (x) and EV/Sales (x) are calculated on post-issue equity share capital based on the upper price band.

CMP of 22<sup>nd</sup> July 2025 for peer companies

Source: RHP, SSL Research



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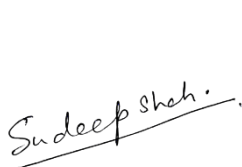
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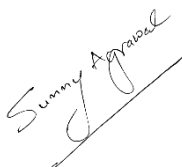
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