



BRIGADE



IPO Note

Brigade Hotel Ventures Limited

Recommendation: **AVOID**

Business – Brigade Hotel Ventures Limited is the second largest owner of chain-affiliated hotels and hotel rooms in South India. The company is the subsidiary of BEL which is a real estate developer in India.

Objects of the Issue –

Particulars	Amount
Repayment of certain borrowings availed by company and subsidiary (SRP Prosperita Hotel Ventures Limited)	Rs. 468.14 Cr.
Buying of undivided share of land from company's promoter BEL	Rs. 107.52 Cr.
General Corporate Purposes	

Promoters Name – Brigade Enterprises Limited

Promoter Share Holding Pattern	
Pre Issue 95.26%	Post Issue 74.09%

Rationale for recommendation –

Brigade Hotel Ventures Limited incorporated on Aug-24, 2016, operates 9 hotels with 1,604 keys in India. Occupancy rates ranged between 70%–85%, supported by a diversified booking mix across travel agents, operator websites and group bookings. In FY25, corporate customers contributed 17.73% of revenue, individual customers 30.93% and other segments 13.46%. The company reported revenue growth of 14.70% in FY24 and 16.57% in FY25, aided by improved room rates and occupancy. EBITDA margins remained stable at 32%–36%, but PAT margins were low. RoCE ranged from 10%–16%, while RoE was volatile. Although operating cash flows stayed positive, D/E ratio reduced from 15.02 to 7.11 over three years but still remains high. The company has unsecured loans of Rs. 141.30 Cr and contingent liabilities of Rs. 25.21 Cr, along with promoter and director litigations totalling Rs. 265.89 Cr. The company's overall financial performance appears moderate, with certain areas requiring improvement to enhance financial stability and consistency. The management quality is considered satisfactory. However, the post-issue P/E of 144.48 indicates a **high valuation**. Therefore, we recommend **AVOID** the IPO at present, but suggest keeping the company under watch, as it operates in a well-established industry and is well-positioned to benefit from the sector's long-term growth, provided it can sustain its valuation and improve its financial metrics.

IPO Details

Opening Date	Jul 24, 2025
Closing Date	Jul 28, 2025
Allotment Date	Jul 29, 2025
Listing Date	Jul 31, 2025
Stock Exchange	BSE, NSE
Lot Size	166 Shares
Issue Price Per Share	₹85 - ₹90
Issue Size	759.60 Cr.
Fresh Issue	759.60 Cr.
Offer for Sale	-
Application Amt	₹14,940 - ₹1,94,220 (166 – 2,158 shares)

KPIs (In Crores)

KPI's	FY 23	FY 24	FY 25
Revenue	350.22	401.70	468.25
EBITDA	113.98	144.61	166.87
Net Profit	-3.09	31.14	23.66
RoCE	10.29%	13.31%	15.70%
ROE	-7.34%	46.45%	27.23%
P/E	-642.86	102.27	125.00

Valuation Parameters

Particulars	Pre-Issue	Post Issue*
EPS	0.72	0.62
BVPS	3.64	22.69
P/E	125.00	144.48
P/BV	24.75	3.97
Mkt Cap (In Cr)	2,658.87	3,418.47

*Annualized

Lead Managers –

- ICICI Securities Limited
- JM Financial Limited

Registrar –

KFin Technologies Limited

Industry Overview –

India ranks among the world's fastest-growing tourism markets, contributing significantly to the expansion of hospitality infrastructure across leisure, corporate, medical and religious segments. India has 204k chain affiliated hotel rooms, across segments, as of 31-Mar 2025. Supply at independent hotels is widely fragmented and substantially of midscale or lower positioning. Supply share at Key Markets (Mumbai, Delhi-NCR, Bengaluru, Chennai, Hyderabad, Kolkata, Pune, Ahmedabad, Goa and Jaipur) declined from 69% at Fiscal 2015 to 57% at Fiscal 2025 and is estimated at 49% by Fiscal 2030; 66% of supply expected between Fiscal 2026 and Fiscal 2030 is outside the Key Markets.

Market Size - Demand for chain affiliated hotels has increased from 61k rooms per day for Fiscal 2015 to 116k rooms per day for Fiscal 2024 to 127k rooms per day at end of Fiscal 2025. Demand grew at 9.9% CAGR between Fiscal 2001 and Fiscal 2025, including at 7.6% CAGR between Fiscal 2015 to Fiscal 2025. Demand growth in the last 3 years, was at 5.6% CAGR between Fiscal 2023 and Fiscal 2025. Domestic travel visits grew at 13.5% CAGR between calendar year 2001 – calendar year 2019, from 236 million visits in calendar year 2001 to 2.3 billion visits in calendar year 2019.

Government initiatives to grow Travel and Tourism –

- Swadesh Darshan & SD2.0: Launched in 2014-15, this program provides financial support to develop tourism infrastructure, with SD2.0 focusing on sustainable and responsible destinations.
- Domestic Promotion & Publicity Including Hospitality (DPPH): Offers financial aid to states and union territories to organize tourism-related events, fairs and festivals.
- Dekho Apna Desh: Introduced in 2023 to boost domestic tourism by encouraging Indians to explore within the country; 50 destinations are being developed under this scheme.
- Reduced GST on Hotel Rooms: Tiered GST structure (0% to 18%) on hotel rooms aims to improve affordability and attract more domestic and international tourists.

(source : RHP)

Business Overview -

Brigade Hotel Ventures Limited are owner and developer of hotels in key cities in India primarily across South India. They are the second largest owner of chain-affiliated hotels and hotel rooms in South India (comprising the states of Kerala, Andhra Pradesh, Tamil Nadu, Karnataka, Telangana and the Union territories Lakshadweep, Andaman and Nicobar Islands and Pondicherry) among major private hotel asset owners (i.e., investors owning at least 500 rooms pan India) as of March 31, 2025. The company's promoter Brigade Enterprises Limited ("BEL") entered into the hospitality business in 2004 with the development of first hotel Grand Mercure Bangalore, which commenced operations in 2009. The company has a portfolio of nine operating hotels across Bengaluru (Karnataka), Chennai (Tamil Nadu), Kochi (Kerala), Mysuru (Karnataka) and the GIFT City (Gujarat) with 1,604 keys. The company was originally incorporated as 'Brigade Hotel Ventures Limited' on Aug-24, 2016.

Company's Properties – Grand Mercure (Bangalore, Mysore, Ahmedabad GIFT City), Holiday Inn (Bengaluru Racecourse Hotel), Ibis Styles (Mysuru), Holiday Inn Express & Suites (Bengaluru OMR) and others.



- The company's business is primarily concentrated in Bengaluru, with 4 hotels comprising a total of 757 keys, contributing 64.77% of total revenue in FY23, 62.91% in FY24 and 63.21% in FY25.
- The company's occupancy rate across most of its hotels ranges between 70% and 85%.
- The company has a well-diversified booking mix, with reservations generated through travel agents and intermediaries, the hotel operators' websites and mobile apps, in-person bookings, group and crew bookings and other sources.
- In FY25, the company derived 17.73% of its total revenue from corporate customers, 30.93% from individual customers and 13.46% from other customer segments.

Business Strategies -

- The company aims to expand operations by developing new hotels at select locations.
- The company aims to expand portfolio by opportunistic and accretive acquisitions.

FINANCIAL SNAPSHOT

Key Performance Indicators (Amt in Crores)				Key Ratios			
Particulars	FY23	FY24	FY25	Particulars	FY23	FY24	FY25
P&L Statement				Per Share Data			
Total Income	356.41	404.85	470.68	Diluted EPS	-0.14	0.88	0.72
Total Expenses	371.95	372.77	426.17	BV per share	478.00	790.10	3.64
EBITDA	113.98	144.61	166.87	Operating Ratios			
EBIT	64.63	100.97	117.07	EBITDA Margins	32.55%	36.00%	35.64%
PBT	-4.54	32.08	44.51	PAT Margins	-0.88%	7.75%	5.05%
Tax Expenses	-1.45	0.94	20.85	Inventory days	4.56	5.38	5.24
Net Profit	-3.09	31.14	23.66	Debtor days	21.62	19.83	17.99
Balance Sheet				Creditor days	312.20	238.79	306.23
Total Equity	47.80	79.01	102.33	Return Ratios			
Liabilities				RoCE	10.29%	13.31%	15.70%
Non-Current Liabilities	580.45	679.43	643.27	RoE	-7.34%	46.45%	27.23%
Current Liabilities	212.42	128.34	201.97	Valuation Ratios (x)			
Total Liabilities	792.87	807.77	845.24	EV/EBITDA	5.70	4.56	4.18
Assets				Market Cap/Sales	0.03	0.02	5.41
Non-Current Assets	750.81	819.21	859.65	P/E	-642.86	102.27	125.00
Current Assets	89.86	67.57	87.92	Price to Book Value	0.19	0.11	24.75
Total Assets	840.67	886.78	947.57	Solvency Ratios			
Cashflow Statement				Debt/Equity	15.02	8.97	7.11
Operating Cashflow	107.87	154.86	148.95	Current Ratio	0.42	0.53	0.44
Investing Cashflow	0.98	-45.30	-94.99	Quick Ratio	0.40	0.48	0.40
Financing Cashflow	-132.24	-92.13	-81.79	Asset Turnover	0.42	0.45	0.49
				Interest Coverage Ratio	0.93	1.47	1.61

Financial Analysis –

- **Revenue from Operations** – The company's top line increased by 14.70% in FY24 and 16.57% in FY25 was due to increase in room rates and occupancy rates.
- **EBITDA and PAT Margins** – The company's EBITDA margin remained relatively stable, fluctuating between 32% and 36% from FY23 to FY25; however, its PAT margin remained low compared to most peers, raising concerns about its long-term profitability.
- **RoCE and RoE** – The company's RoCE ranged between 10% and 16% from FY23 to FY25, while RoE exhibited significant volatility, indicating inconsistency in returns for equity investors.
- **Operating cashflow** – The company has maintained positive operating cash flows primarily contributed by efficient working capital management.
- **D/E ratio** - The company's debt-to-equity ratio declined from 15.02 in FY23 to 7.11 in FY25; however, despite the reduction, it continues to remain at higher level.
- The company's current ratio and quick ratio have remained low.

Financial Outlook – The company's overall financials appear moderate, with certain areas requiring attention to ensure greater financial stability and consistency.

Lead Manager –

The IPO is handled by 2 lead managers. The lead managers have managed 81 IPOs in last 3 years, among them 61 IPOs have opened in premium, 7 IPOs have opened at par and 13 IPOs have opened in discount to their issue price on their respective listing dates.

Risk Factors -

- The company has 11 tax proceedings, amounting to Rs. 38.10 Cr. and company's promoters have 19 tax proceedings, 2 criminal proceedings, 9 statutory or regulatory proceedings and 3 material civil litigations, together amounting to Rs. 219.79 Cr.
- The company's directors and KMPs have 2 criminal proceedings, amounting to Rs. 8.00 Cr.
- The company has unsecured loans amounting to Rs. 141.30 Cr.
- The company has contingent liabilities, amounting to Rs. 25.21 Cr.
- The company operates in intensely competitive environment, key factors of competition include room rates, location, quality of food and beverages and accommodation and brand recognition.

Key Management

- Nirupa Shankar is the Managing Director of the company. She has master's degree of management in hospitality and more than 15 years of experience in the hospitality sector.
- Amar Shivram Mysore and Vineet Verma are the Non-Executive Non-Independent Directors of the company having 12 years and 30 years of experience respectively in their respective fields.
- The company's Independent Directors are qualified and have significant experience in their respective fields.
- The company's Chief Financial Officer (CFO) has 30+ years of experience and Company Secretary and Compliance Officer has over 15 years of experience.
- The company's other key managerial personnel and senior management also have significant experience in their respective fields.

Outlook – The overall management of the company is considered **satisfactory**.

Peer Analysis

Particulars	Brigade Hotel Ventures Limited			The Indian Hotels Company Limited			Lemon Tree Hotels Limited			Apeejay Surendra Park Hotels Limited		
	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25
NP Margin	-0.88%	7.75%	5.05%	16.82%	18.11%	21.50%	12.95%	13.69%	15.26%	9.17%	11.63%	12.79%
EBITDA Margin	32.55%	36.00%	35.64%	32.66%	33.66%	37.25%	51.68%	49.47%	49.38%	33.77%	34.69%	34.66%
RoCE	10.29%	13.31%	15.70%	13.44%	14.81%	17.84%	10.74%	11.57%	13.29%	11.22%	11.71%	10.96%
ROE	-7.34%	46.45%	27.23%	12.56%	13.31%	17.09%	13.42%	15.36%	16.90%	8.66%	5.74%	6.51%
EPS (INR)	-0.14	0.88	0.72	7.06	8.85	13.40	1.45	1.88	2.48	2.75	3.54	3.92
P/E	-642.86	102.27	125.00	45.94	66.80	59.65	53.28	69.44	55.17	-	53.76	36.59

Particulars	Chalet Hotels Limited			Juniper Hotels Limited			Samhi Hotels Limited			Ventive Hospitality Limited		
	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25
NP Margin	14.80%	19.36%	8.13%	-0.21%	2.88%	7.31%	-43.25%	-23.88%	7.33%	29.71%	33.62%	7.19%
EBITDA Margin	43.97%	42.06%	44.02%	44.94%	38.68%	37.73%	35.74%	21.85%	34.84%	56.61%	60.75%	48.23%
RoCE	11.09%	12.15%	12.25%	8.54%	6.57%	6.22%	13.80%	3.73%	8.79%	29.40%	30.14%	5.99%
ROE	10.61%	13.56%	4.57%	-0.43%	0.90%	2.61%	41.92%	-22.59%	7.49%	78.24%	49.73%	2.50%
EPS (INR)	8.94	13.55	6.73	-0.11	1.30	3.20	-41.90	-15.37	3.88	124.08	159.25	6.83
P/E	40.62	65.19	122.89	-	398.12	83.31	-	-13.75	38.00	-	-	100.73

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