

## Company Business

Valencia India Limited specializes in providing **premium hospitality services**, focusing on comfort, convenience, and personalized experiences for guests. Here's a breakdown of their business:

### Core Operations:

- The Company **manages a resort and club**. This includes operating and maintaining the "Valencia Club Abu" resort, which was developed by Basil Buildcon Private Limited, a company promoted by Mr. Keyur Patel, Valencia's promoter.
- The resort, located in Foot Abu Road, Sirohi, Rajasthan, offers **furnished accommodations** and a range of amenities.
- Specific facilities covered by their lease agreement include an **Admin Office, Multi-Purpose Hall, Restaurant, Kitchen, Swimming Pool, Changing Rooms, Spa and Gym, Banquet Area, Six Residential Rooms, and a Party Lounge**.
- Beyond club facilities, Valencia organizes a variety of events, such as **pre-wedding functions, receptions, weddings, cocktail parties, family/group picnics, corporate picnics, birthday parties, and get-togethers**.

### Strategic Partnerships and Affiliations:

- Valencia has a strategic affiliation with **Mahindra Holidays & Resorts India Ltd (Club Mahindra)**. They signed a comprehensive "Villa Purchasers Lease Agreement" with Club Mahindra on December 27, 2023, with an addendum dated October 18, 2024, effective for 20 years. This partnership involves the management and operation of villas in collaboration with Club Mahindra, aiming to ensure high-quality amenities and guest experience.
- The Company aims to **increase its current capacity from 100 keys to 300 keys** through this collaboration, strengthening the partnership and broadening its business reach.
- Valencia also has a 10-year agreement with RCI affiliates, effective October 24, 2017. This partnership provides access to a global network of vacation exchange options, expanding Valencia's offerings and international market reach, and enhancing credibility. Valencia Country Club members can enjoy vacations at RCI-affiliated resorts through a "Split Week Programme".

### Future Plans:

- The Company proposes to utilize the net proceeds from its Initial Public Issue for the **development of 15 villas and a club house**, in addition to general corporate purposes.

### Operating Model:

- Valencia operates within the **service industry**, specifically the leisure hospitality industry.
- They have a structured process for **bookings, check-ins, upkeep, and guest services**.
- They handle **key roles in-house and outsource support services**.

### Market Position:

- The **resort caters to mid-level segments across India**.
- India's hotel industry expects **7-9% revenue growth in FY25**.
- The industry is highly competitive with **global, national, and local players**.

## IPO Details

- ✦ Total Issue Size : **44,49,600 Shares** (Rs. **48.95 Cr.**)
- ✦ Fresh issue : **39,99,600 shares** (Rs. **44 Cr.**)
- ✦ OFS : **4,50,000 Shares** (Rs. **4.95 Cr.**)
- ✦ Issue Price Band : **₹95 to 110 per share**
- ✦ Lot Size : **1,200 shares**
- ✦ IPO Date : **June 26-30, 2025**
- ✦ Pre IPO Promoters Holding : **86.67%**
- ✦ Post IPO Promoters Holding : **60.00%**

## Objects of the issue

- ✦ Development of 15 villas and club house : **Rs.37 Cr.**
- ✦ General corporate purposes



## Financials of the company

(Fig. in Cr)

Particulars	9M FY2025	March 31, 2024	March 31, 2023	March 31, 2022
Revenue from Operations	5.55	7.11	5.22	4.18
EBITDA	2.51	3.06	1.06	0.48
EBITDA Margins	45.22	43.03%	20.30%	11.48%
PAT	1.54	1.94	0.55	0.25
PAT Margins	27.74%	27.28%	10.53%	5.98%
Debt to Equity Ratio	0.11	0.16	2.76	3.08
ROCE	18.63%	28.36%	21.28%	14.60%
Operating Cash Flows	2.82	3.85	0.46	-0.18

## Comparison with Peers

As per RHP no listed peers of the company.

## Valuation of the company

- ✦ MCap Post Issue : **Rs. 142.99**
- ✦ Projected FY 25 PAT : **Rs. 2.05**
- ✦ Forward PE on the basis of FY 25 PAT : **69.75**



## Risks

### Pros (Advantages & Strengths)

- ✦ **Established Operations** : The company manages the "Valencia Club Abu" resort, offering various amenities like accommodations, a multi-purpose hall, a restaurant, a swimming pool, and a spa. It also specializes in event management, including weddings and corporate picnics.
- ✦ **Strategic Partnerships** : Valencia has a 20-year lease agreement with **Mahindra Holidays & Resorts India Ltd (Club Mahindra)**. This aims to increase capacity from 100 to 300 keys, expanding business reach and enhancing brand visibility. A 10-year agreement with **RCI affiliates** provides access to a global vacation exchange network, broadening international market reach and credibility.
- ✦ **Positive Financial Performance** : The company has shown significant **revenue growth**. Profit after Tax (PAT) also increased. The Debt to Equity ratio has significantly improved to 0.11 as of December 31, 2024.
- ✦ **Clear Growth Strategy** : Proceeds from the Initial Public Issue are intended for the **development of 15 new villas and a clubhouse**.

### Cons (Challenges & Risks)

- ✦ **Reliance on Key Agreements and Termination Risk** : A substantial portion of income relies on the Club Mahindra lease. Its termination after the 5-year lock-in period could **adversely affect income and profitability**. There's no assurance that fixed annual rent increases will match market tariff increases.
- ✦ **Operational and Capacity Risks** : The business is **seasonal**, leading to volatile income.
- ✦ **Financial Burden** : The Club Mahindra agreement requires **sizable additional expenditure for construction and refurbishment**, potentially impacting liquidity. There is **no identified alternate source of financing** for the IPO's planned developments.
- ✦ **Litigation** : There are **outstanding litigations** against the company, its promoter, and directors, which if determined adversely, could impact financial conditions.
- ✦ It's an asset-heavy business, which is why such businesses typically have a lower ROCE. As a result, it may not command a high P/E multiple.





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