



IPO Report

24th July '25

Snapshot

Company is an owner and developer of hotels in key cities in India primarily across South India. Company is 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. Company's promoter, Brigade Enterprises Limited ("BEL") entered into the hospitality business in 2004 with the development of company's first hotel *Grand Mercure Bangalore*, which commenced operations in 2009.

VALUATION

Company is bringing the issue at price band of Rs 85-90 per share at p/e multiple of approx. 144x on post issue FY25 PAT basis. Company is strategically located award winning hotels with diversified offerings in the key cities primarily in South India has focus on asset management resulting in operating efficiencies. Along with, strong parentage of Brigade Group, company is well positioned to leverage industry tailwinds along with experienced management team with domain expertise. However we find valuations to be on higher side hence we recommend "Neutral" to this ipo.

Price Band (Rs./Share)	85-90
Opening date of the issue	24th July '2025
Closing Date of the issue	28th July '2025
No of shares pre issue	29,54,30,000 Eq Shares
Issue Size	Rs 759.60 Cr
Fresh issue	Rs 759.60 Cr
Face Value (Rs/ share)	Rs 10/share
Bid Lot	166
Employee Discount	Rs 3/share
Shareholder Reservation	Rs 30.38 Cr

BIDDING DETAILS

QIBs (Including Anchor)	75% of the offer (Approx 6,01,35,001 Eq Shares)
Non-Institutional	15% of the offer (Approx 1,20,26,999 Eq Shares)
Retail	35% of the offer (Approx 80,17,999 Eq Shares)
Employee	8,73,103 Eq Shares
Shareholder	33,76,000 Eq Shares
Lead managers	JM Financial, ICICI Securities
Registrar to the issue	MUFG Intime India Pvt Ltd

WHAT WE LIKE

Strategically Located Award Winning Hotels with Diversified Offerings in the Key Cities primarily in South India

Company is an owner and developer of hotels in key cities in India primarily across South India. Company have 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 as on the date of this Red Herring Prospectus. Company's hotels are operated by global marquee hospitality companies such as Marriott, Accor and InterContinental Hotels Group, reflecting its commitment to offering curated experiences to its customers and are in the upper upscale, upscale, upper-midscale and midscale segments.

Focus on Environmental, Social & Governance ("ESG")

Company strive to enhance guest comfort and experience while staying mindful of depleting natural resources and ensuring minimal environmental impact. Company's focus is long-term business sustainability and resilience. Company is dedicated to integrating energy-efficient technologies, renewable energy sources, and sustainable procurement methods. From eco-friendly amenities for enhanced guest experiences to active community engagement, each initiative reflects company's commitment to sustainability. Company have a commitment to create a win-win situation where providing memorable guest experiences do not necessarily have to be at the expense of compromising on its efforts to ensure long-term sustainability and preserving the environment for future generations.

Strong Parentage of Brigade Group

Company is a subsidiary of BEL which is a real estate developer in India. BEL is a multi-asset class real estate developer with projects across real estate, leasing and hospitality businesses. In its real estate business, from January 2021 to March 31, 2025, it has completed 45 projects with an aggregate developable area of 24.57 million square feet and 17.93 million square feet of aggregate saleable area.



COMPANY BACKGROUND

Company have 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. Company's hotels are operated by global marquee hospitality companies such as Marriott, Accor and InterContinental Hotels Group and are in the upper upscale, upscale, upper-midscale, and midscale segments (*Source: Horwath HTL Report*). Company's hotels provide a comprehensive customer experience including fine dining and specialty restaurants, venues for meetings, incentives, conferences, and exhibitions ("MICE"), lounges, swimming pools, outdoor spaces, spas, and gymnasiums. Company's hotels have been recognized for their quality and have received several awards.

Company is a subsidiary of BEL which is a real estate developer in India. Company's association with BEL gives it a competitive edge and allows it to leverage its brand reputation, relationships with corporate clients and expertise in developing real estate properties. Company benefit from BEL's understanding of market trends and strategic location opportunities, enabling it to develop hotels in prominent areas with high growth potential. Company also take advantage of BEL's involvement in mixed-use developments to develop hotels as part of real estate projects to offer integrated experiences to its customers. Further, BEL's knowledge and resources enable it to develop quality hotels in a cost-efficient manner and gives company the advantage of economies of scale when procuring goods and services for the hotels.

Company's hotels are typically located in positive demand locations, driven by factors such as population density, premium neighbourhoods, commercial centres and IT hubs (*Source: Horwath HTL Report*). Company focus on identifying specific locations for its hotels within cities that are conveniently located near airports, business districts, commercial centres and retail hubs with a high footfall. For example, company's hotel *Grand Mercure Bangalore* is located in the heart of Bengaluru's Koramangala region, providing accessibility to key business hubs, prominent tech parks and a variety of dining and entertainment options while company's hotel *Grand Mercure Mysore* is located in close proximity to iconic landmarks such as Mysore Palace, allowing customers to experience cultural heritage. In addition, company's hotel *Grand Mercure Ahmedabad GIFT City* is located within GIFT City (Gujarat) which is one of the India's pioneering global financial hub (*Source: Horwath HTL Report*). Company align branding and positioning of its hotels with the characteristics of each location, catering to preferences and expectations of its target customers. For example, company strategically chose the '*Grand Mercure*' brand for certain of company's hotels in Bengaluru (Karnataka), Mysuru (Karnataka), and GIFT City (Gujarat) owing to their upscale positioning, offering a blend of international standards and local flavours. Company's capability to collaborate with global marquee hospitality companies, company's brand-agnostic approach, and company's appeal to global brands demonstrate its adaptability and helps company enhance its market presence in India.

Company have a proven track record of developing marquee hotels across various geographies and different hospitality segments. Company's number of keys has grown over the years, from 1,474 keys as of March 31, 2023 to 1,604 keys as on the date of this Red Herring Prospectus. Further, company's average occupancy (*representing the total number of room nights sold divided by the total number of room nights available at a hotel or group of hotels*) in Fiscal 2025 was 76.76% which was higher than the industry annual occupancy in Fiscal 2025 of 64.5% (*Source: Horwath HTL Report*).



INVESTMENT RATIONALE

<p><i>Focus on Asset Management Resulting in Operating Efficiencies</i></p>	<p>Company have a business model where it either own or lease hotel assets and engage global hospitality companies to operate, maintain and market its hotel assets under management contracts. This approach helps company attract a global clientele, efficiently manage day-to-day operations, and attract top talent. Company's engagement with global hospitality companies also provides it with access to their management expertise, industry best practices, marketing strategies, operational know-how, and human resources. Company closely monitor and exercise regular oversight to optimize performance of its hotels. Company engage with each hotel's operator management team to discuss and agree upon budgeting, cost management, and operational and financial targets. Company regularly review performance reports, conduct meetings with the operator's management teams, and participate in the recruitment of key personnel for company's hotels, including the general manager, executive chef, and director of finance.</p>
<p><i>Well Positioned to Leverage Industry Tailwinds</i></p>	<p>According to the Horwath HTL Report, future demand will be driven by diverse domestic and inbound travel needs - business, leisure, MICE, weddings, social events, pilgrimages and other personal travels, political and business delegations and airline crew. As per The World Travel & Tourism Council ("WTTC"), the travel and tourism sector's contribution to India's economy was ₹ 15.7 trillion in calendar year 2022 and ₹ 19.1 trillion in calendar year 2023. Further, as per the WTCC Economic Impact Factsheet released on June 28, 2024, the travel and tourism sector's contribution to India's economy was estimated at ₹ 21.2 trillion for calendar year 2024, and is forecasted at ₹ 43.3 trillion for calendar year 2034, growing at 7.4% CAGR from calendar year 2024 to calendar year 2034 (Source: Horwath HTL Report). Additionally, the Hotel Association of India ("HAI") estimates foreign tourist arrivals ("FTA") to cross 30 million in India by calendar year 2037 and McKinsey estimates 5 billion domestic visits by calendar year 2030. Further, HAI forecasts 15 billion domestic visits and 100 million FTAs by calendar year 2047. The growth in FTAs is expected to strengthen hotel average daily rates, particularly for upper-tier hotels (Source: Horwath HTL Report).</p>
<p><i>Experienced Management Team with Domain Expertise</i></p>	<p>Company benefit from the experience of its management team, which has extensive knowledge in the hospitality and real-estate sector, including in operations, business development and customer relationships. Company's Key Managerial Personnel and Senior Management Personnel include company's Chief Financial Officer, Ananda Natarajan who has several years of experience in finance, Company Secretary and Compliance Officer, Akanksha Bijawat who has several years of experience in secretarial and corporate matters, company's Chief Operating Officer – hospitality, Manoj Agarwal who has several years of experience in hotel asset management and financial advisory and sales and company's president of engineering in hospitality, Arindam Mukherjee, is responsible for overall budgeting, design management, and construction delivery of hotels, as well as appointment of consultants. Company's Key Managerial Personnel and Senior Management are guided by its Directors, including, Nirupa Shankar and Vineet Verma with several years of experience in the hospitality and real-estate industry, respectively, who have been instrumental in the growth of company's business and revenues.</p>



OBJECTS OF OFFER

Company proposes to utilise the Net Proceeds from the Issue towards the following objects:

1. Repayment/ prepayment, in full or in part, of certain outstanding borrowings availed by:
 - i Company; and
 - ii Material Subsidiary, namely, SRP Prosperita Hotel Ventures Limited;
2. Payment of consideration for buying of Undivided Share of Land from company's Promoter, BEL; and
3. Pursuing inorganic growth through unidentified acquisitions and other strategic initiatives and general corporate purposes.

RISKS

Company have entered into hotel operator services agreements and other related agreements with Marriott, Accor and InterContinental Hotels Group to receive operating and marketing services for company's hotels. In Fiscal 2025, two of company's hotels which are operated by Marriott contributed 43.81% of its revenue from operations. If these agreements are terminated or not renewed, company's business, results of operations, financial condition and cash flows may be adversely affected.

Source:RHP

INDUSTRY OVERVIEW

MICE Demand

MICE demand contributes hotel revenue for rooms, F&B and other services arising from various business and social events; weddings; corporate, institutional and government sponsored meetings, conferences and conventions; sports related events; performing arts and other events. Varied segments may apply to different hotels and markets. New convention centres will draw varied domestic and international events demand with related additional MICE demand at upper tier hotels that have sizeable function spaces.

MICE events have contributed to the growth of F&B revenues to 31% share and ₹ 51 billion in Fiscal 2024 for certain listed companies. Refer to the table below titled "F&B and Total Revenue - Select Listed Hotel Companies (Rs. Million)".

The G20 events from December 2022 to September 2023 took international visitors to multiple destinations and provided occupancy, rate and revenue boost to hotels. Bengaluru, Gandhinagar, Chennai, and Hyderabad hosted 11, 6, 5 and 4 G20 events / meetings respectively. Such events serve as a basis to draw other international and national events and delegations.

The trend for hosting weddings in city hotels or as destination weddings is expected to continue, in fact gaining momentum as the practice percolates to the mid-market segment. City hotels also benefit from destination wedding concepts. Additionally, the trend of greater importance to various celebratory occasions (anniversaries and landmarks) creates social demand at city hotels and resorts.

Sport based demand has gained momentum and will likely gain demand strength in the future – international, national, and league events across various sports (cricket, hockey, kabaddi, and football) are creating sizeable demand, across various price segments. Newer leagues are starting up, including for women. Demand comprises for team members, officials, support staff, and visiting spectators and includes demand for training in the lead up to the tournaments.

Foreign Tourist Arrivals (FTA)

FTA aggregated 10.1 million, 10.6 million and 10.9 million for calendar year 2017, calendar year 2018 and calendar year 2019 respectively, achieving the 10 million mark for the first time in calendar year 2017. After the Covid period decline, FTA recovered to 6.2 million for calendar year 2022 (partially constrained by the Omicron wave during the normally very busy months of January and February 2022) and further to 9.2 million for calendar year 2023 (84% of calendar year 2019 arrivals).

FTA for calendar year 2024 was 9.7 million, up by 1.4% from 9.5 million for calendar year 2023. While FTA for H1-CY2024 reflected 9.1% y-o-y growth. FTA numbers have been impacted since H2-CY24 due to drop in flow of visitors from Bangladesh.

Domestic Tourism

Domestic Travel Visits

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. Domestic travel numbers at 2.51 billion visits for calendar year 2023 have surpassed calendar year 2019 (pre-COVID) by 8%, reflecting strong rebound of travel and an increase of 45% over 1.7 billion visits for calendar year 2022. While data for calendar year 2024 is not available, a reasonable increase is expected to have occurred. The domestic sector has become a key demand generator with leisure, recreation, weddings and MICE demand driving weekend and off-season occupancies and enabling hotels and resorts to achieve significantly higher occupancies. 'How India Travels 2023?' report by Booking.com and McKinsey estimates 5 billion domestic travel visits by calendar year 2030. Vision 2047 report by HAI expects 15 billion domestic visits and FTA of 100 million by calendar year 2047.


Consolidated Financials

(Rs in Mn)

Financials	FY23	FY24	FY25
Total Revenue (A)	3502.20	4017.00	4682.50
Total Expenditure (B)	2534.30	2602.4	3038.1
EBIDA	967.90	1414.60	1644.40
EBIDTA Margin	27.64	35.22	35.12
Other Income	61.90	31.50	24.30
Depreciation	493.50	436.40	498.00
EBIT	536.30	1009.70	1170.70
Interest	691.70	688.90	725.60
PBT	-155.40	320.80	445.10
Share of profit in Asso	0.00	0.00	0.00
PBIT	-155.40	320.80	445.10
Exceptional	-110.00	0.00	0.00
PBT	-45.40	320.80	445.10
Tax	-14.50	9.40	208.50
PAT	-30.90	311.40	236.60
NPM	-0.88	7.75	5.05
ROE%	-9.14	53.01	30.11
EPS	-0.14	0.88	0.72
Eq Cap	10.00	10.00	2,814.30
Net Worth	478.00	790.10	1,023.30

(Source: RHP)

Peer Comparison

Company Name	Face Value	EPS	P/E	ROE %	NAV
Company	10.00	0.72	---	30.11	2.79
Peers					
The Indian Hotels Company Limited	1.00	13.40	56.06	16.42	87.22
EIH Ltd	2.00	11.82	32.20	16.23	75.86
Chalet Hotels Limited	10.00	6.53	136.63	4.68	139.42
Juniper Hotels Limited	10.00	3.20	99.48	2.61	122.55
Lemon Tree Hotels Limited	10.00	2.48	62.04	13.56	22.59
Samhi Hotels Limited	1.00	3.88	62.75	7.49	51.63
Apeejay Surendra Park Hotels Limited	1.00	3.92	42.05	6.51	60.17
Ventive Hospitality	1.00	6.83	115.58	0.82	252.88
ITC Hotels	1.00	3.05	78.20	5.94	51.55
Schloss Bangalore Limited	10.00	1.97	229.34	1.32	107.95

(Source: RHP)



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