

## SCHLOSS BANGALORE LIMITED IPO (LEELA HOTELS )

26-05-2025 TO 28-05-2025

Industry: Hotels & Resorts

Price Band: ₹413 - 435

Recommendation: Subscribe for long term

Post Implied Market Cap: ₹ 13,919 Cr - ₹ 14,527 Cr

### Key Data

Issue Size (₹ Cr)	3500
Fresh (₹)	2500
OFS (₹)	1000
No. of shares offered	8,47,45,762 - 8,04,59,769
Face Value (₹ /share)	10
Bid Lot	34

### Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	29/05/2025
Refunds/Unblocking ASBA Fund	30/05/2025
Credit of equity shares to DP A/c	30/05/2025
Trading commences	02/06/2025

### Shareholding (No. of shares)

Pre-Issue	27,64,86,614
Post Issue (Lower price band)	33,70,19,302
Post Issue (Higher price band)	33,39,57,878

### Shareholding Pattern

#### Promoter:

Pre Issue	100.00%
Post Issue	75.91%

#### Public - Others:

Pre Issue	0.00%
Post Issue	24.09%

### Issue Breakup

QIB	75%
NIB	15%
Retail	10%

### Other Details

**BRLMs:** Axis Capital, JM Financial, BofA Securities, Morgan Stanley, J.P. Morgan, Kotak Mahindra Capital, Citigroup Global Markets, IIFL Capital, ICICI Securities, Motilal Oswal, SBI Capital Markets

**Registrar:** KFin Technologies.

**Listing:** BSE & NSE

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### About the Company

Schloss Bangalore Ltd operates luxury hotels and resorts under "The Leela" brand, primarily through owned properties and management agreements. As of March 31, 2025, it is one of India's largest luxury hospitality players with 3,553 keys across 13 hotels – including 5 owned, 7 managed, and 1 franchised property.

### Investment Rationales

**1) Leading Luxury Hospitality Brand with Rich Heritage and Global Appeal :** The Leela, operated by Schloss Bangalore Ltd, is a globally acclaimed luxury hospitality brand, winning 250+ industry awards since 2021 and ranked among the world's top hotel brands by Travel + Leisure. With a high staff-to-room ratio and industry-leading Net Promoter Score (NPS) of 85.11, it emphasizes personalized service. In FY2025, its RevPAR was 1.4x the luxury segment average, with 65% of room revenue from direct sales and 47% from international guests, highlighting its strong brand, premium positioning, and global appeal.

**2) Sponsorship by Brookfield – A Leading Global Investor with Deep Local Expertise :** The company is backed by private equity funds managed by Brookfield, a global alternative asset manager with over US\$1 trillion in AUM as of March 31, 2025. Brookfield's strong presence in India—managing over US\$30 billion in AUM over 16 years—offers strategic support and growth opportunities. The company may leverage Brookfield's affiliates, like Brookprop, for project development and management services, or manage projects internally while drawing on Brookfield's expertise and resources.

**3) Marquee Owned Hotels in Markets with High Barriers to Entry :** Schloss Bangalore Ltd's Owned Portfolio includes 5 luxury hotels with 1,224 keys in top Indian cities like Bengaluru, Chennai, New Delhi, Jaipur, and Udaipur. From FY2019 to FY2024, it achieved an 11.8% CAGR in RevPAR, outperforming the industry average of 8.6%. Located in prime, hard-to-replicate areas, these hotels face high entry barriers, allowing the company to command premium pricing—with FY2025 ARR at 1.4x the luxury segment average. Their size and strategic presence create a network effect, reinforcing brand strength and global recognition.

**4) Comprehensive Luxury Ecosystem Resulting in Diversified Revenue Sources :** As of March 31, 2025, Schloss Bangalore Ltd operates 72 F&B outlets and 13 spas across its luxury hotel portfolio, offering curated experiences and award-winning dining under brands like Jamavar and Le Cirque. This comprehensive luxury ecosystem supports a diversified revenue base, with non-room income contributing over 50% of total revenues in FY2025. The guest mix includes retail and leisure (57%), corporate (17%), and group bookings (25%), reflecting strong demand across segments. A spa collaboration with Soneva is underway at The Leela Palace Bengaluru, set to open in FY2026.

**5) Track Record of Driving Operational Efficiency by the Active Asset Management Approach :** Schloss Bangalore Ltd has achieved strong EBITDA margins and improved RevPAR in its Owned Portfolio through disciplined asset management and property upgrades. RevPAR rose from 1.2x (FY2019) to 1.4x (FY2025) vs. the luxury segment average. Notably, The Leela Palace Jaipur's ARR more than doubled to ₹28,756 and RevPAR to ₹15,242, while The Leela Kovalam saw ARR and RevPAR jump by 108% and 202%, respectively—enhancing profitability and management fee income.

### Risk

- Delay in completion of new projects.
- Delay in renovation and refurbishment.

### MView

We believe Schloss Bangalore Ltd IPO brings investors an opportunity to invest in India's premium hospitality segment, operating under the iconic "The Leela" brand. We think the company owns a strategically located portfolio of luxury properties across high-barrier-to-entry business and leisure destinations, enabling it to command sustained premium pricing and reinforce brand equity. We also believe its comprehensive luxury ecosystem supports a well-diversified revenue base, with the majority of room revenue generated through direct bookings and nearly 47% contributed by international guests, highlighting its global appeal. Additionally, significant non-room revenue further strengthens income diversification. We also think as Schloss is backed by Brookfield, a global alternative asset manager with US\$1 trillion in AUM and a strong presence in India, providing strategic, operational and financial support. By looking at the company's financials, the company has delivered strong topline growth—35.8% in FY2024 and 14.7% in FY2025—transitioning from a net loss of Rs.2.12 cr in FY2024 to a profit of Rs.47.65 cr in FY2025. The company has proposed a Rs. 3,500 cr IPO, comprising a Rs. 2,500 cr fresh issue and a Rs. 1,000 cr offer for sale (OFS). The proceeds from the fresh issue will primarily be used to repay approximately Rs. 2,300 cr of outstanding debt. This planned deleveraging is expected to significantly reduce interest expenses, effectively making the company nearly debt-free, thereby improving profitability and strengthening overall cash flows. On valuation parse on upper price band of Rs. 435/-, the issue is asking a Market cap of Rs. 14527 Cr. Based on annualized FY 2026e earnings and fully diluted post -IPO paid up capital, the company is asking for a EV to EBITDA of 21x which we feel fairly priced relative to industry peers. Given the company's strategic asset base, premium brand positioning and backing by a global institutional investor we view Schloss Bangalore Ltd as a compelling long-term play on India's rising luxury and tourism sector. Hence, we recommend investors to "SUBSCRIBE" the Schloss Bangalore Ltd IPO for long term perspective.

## CONSOLIDATED FINANCIAL TABLES

### BASIC FINANCIAL DETAILS

Particulars ₹ (in Cr)	As at March' 31		
	2025	2024	2023
Equity Share Capital	276.4	20.1	20.1
Net Worth as stated	3,604.9	-2,825.7	-2,511.9
Total Borrowings	3,908.8	4,242.1	3,696.1
Total Income	1,406.6	1,226.5	903.2
Revenue from Operations	1,300.6	1,171.5	860.1
Revenue Growth	11.02%	36.2%	-
Adj. EBITDA as stated	700.2	600	423.6
Adj. EBITDA Margin (%) as stated	49.7%	48.9%	46.9%
Net Profit for the period	47.6	-2.1	-61.6
PAT (%) as stated	3.3%	-0.1%	-6.8%
EPS - Basic & Diluted (₹)	1.9	-0.1	-3.5
Average room rate (%)	16408.6	15212.7	12819.8
Average occupancy (%)	65.1%	63%	61%
RevPAR (₹)	10696.3	9592.2	7828
TRevPAR (₹)	29574.5	26218.1	22664.6
NAV (₹) as stated	148.8	-160.5	-142.7

Source: Company RHP

### COMPARISON WITH INDUSTRY LISTED PEERS ₹ (in Cr)

Companies	Revenue from Ops. (₹ in Cr)	Mcap (₹ in Cr)	FV	(₹ Per Share)	P/B	P/E	RoNW (%)
Schloss Bangalore	1,171.45	14527	10	182.8	2.4	304.8	1%
The Indian Hotels Co	6,768.7	1,09,668	1	71.1	9.8	64.9	13%
EIH Limited	2,511.2	23,414	2	65.3	5.1	30.8	17%
Chalet Hotels	1,417.2	19,382	10	84.7	6.4	136	15%
Juniper Hotels	817.6	6,852	10	119.3	2.6	112	1%
Ventive Hospitality	1,842	17,866	1	157.1	3.7	146	-2%
ITC Hotels	3,034	45,297	1		4.4	71.4	-



# MSEARCH

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#### **Msearch's Recommendation (Absolute Performance)**

**Buy: > 20% within the next 12 Months**

**Accumulate: 5% to 20% within the next 12 Months**

**Sell : < -20% within the next 12 Months**

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