

Schloss Bangalore Limited (Leela Hotels)

May 24, 2025



Leela Hotels owns, operates, manages, and develops luxury hotels and resorts under “The Leela” brand. The company’s portfolio includes The Leela Palaces, The Leela Hotels, and The Leela Resorts. The company undertakes its business primarily through direct ownership of hotels and hotel management agreements with third-party hotel owners. As of March 31, 2025, the company’s portfolio comprises 3,553 keys across 13 operational hotels, including five owned hotels, seven hotels managed pursuant to hotel management agreements, and one hotel which is owned and operated by a third-party owner under a franchise arrangement with the company. The company has a strategic footprint across 10 key Indian business and leisure destinations, covering 80% of international air traffic and 59% of domestic air traffic in India in the Financial Year 2025. Additionally, the company’s portfolio is present in all seven top business markets and three of the top five leisure markets in India, as of December 31, 2024. The company accounts for nearly 18% of the total existing luxury keys across these markets as of December 31, 2024.

Investment Rationale:

Marquee Owned Hotels in Markets with High Barriers to Entry

- Leela Hotels owns five iconic luxury hotels with 1,224 keys in prime Indian business and leisure destinations: Bengaluru, Chennai, New Delhi, Jaipur, and Udaipur.
- Between FY2019–FY2024, owned portfolio RevPAR grew at 11.8% CAGR, outperforming the broader luxury segment’s 8.6%.
- Each hotel is strategically located in land-constrained markets with high entry barriers due to limited availability and long development timelines.
- Properties have strong brand recognition and command premium pricing (ARR 1.4x industry average), with larger-than-average room sizes.
- Market leadership is reinforced by no significant new competitive supply expected in key micro-markets, supporting sustained pricing power.

Improve Same-Store Growth and Profit Margins through Proactive Asset Management

- Focus on driving same-store revenue growth and operational efficiencies via property enhancements, targeted marketing, and cost optimization.
- Significant capital expenditure (~₹6500 million since FY21) on room renovations, premium F&B expansions, luxury amenities (e.g., spas, retail), and repurposing underutilized areas.
- Strong ARR CAGR of 10.8% from FY2019 to FY2024, supported by digital initiatives (advanced PMS, app, personalized marketing).
- Growth focused on leisure, group segments, direct bookings, and expansion into key international markets, with international guests contributing nearly 47% of room revenue.
- Margin improvement reflected in 54.95% EBITDA flow-through on incremental revenue between FY2023 and FY2025.

Expansion of Portfolio through Acquisitions and Developments, Including through Identified Assets

- Strategy to expand through acquiring and developing luxury hotels aligned with Leela’s brand in high-demand locations.
- Growth via acquisitions of underperforming luxury assets and greenfield developments.
- Five new hotels under development in Agra, Srinagar, Ayodhya, Ranthambore, and Bandhavgarh adding ~475 keys, with estimated capex of ₹11,300 million, targeted for FY2027–2028 completion.
- These additions target both domestic and international travellers in key tourist and business hubs.

Expanding Footprint through New Hotel Management Agreements

- Asset-light growth via third-party management contracts leveraging strong brand equity and operational expertise.
- Leela involved in design/development for new managed hotels and rebranding of existing properties to luxury standards.
- Management contracts typically span 10–30 years, with extensions; fees include fixed and incentive components linked to hotel performance.
- FY2025 management fees totalled ₹606.82 million from seven managed hotels, underscoring value creation.
- This model supports network expansion across India and select international markets with minimal capital deployment.

Valuation and Outlook: India’s luxury hospitality market is projected to grow from \$24.6 billion in 2024 to \$31 billion by 2029, driven by a robust 10.6% CAGR in luxury room demand versus just 5.9% supply growth, creating strong pricing power for established players like Leela Hotels. Leela Hotels, a leading Indian luxury hospitality platform, is well-positioned to benefit from this trend, having significantly outperformed the industry with a RevPAR CAGR of 11.8% and ARR CAGR of 10.8% between FY2019 and FY2024. As of March 31, 2025, Leela’s five marquee owned properties with 1,224 keys are strategically located in high-barrier-to-entry micro-markets such as New Delhi, Bengaluru, and Chennai, where land availability is limited and no comparable supply is expected, providing pricing power and brand strength. The company’s ARR in FY2025 stood at ₹22,545 and RevPAR at ₹15,306, both 1.4x higher than the industry average, supported by properties that are on average 36% larger in room size and have strong historical occupancy and yield metrics. Through ₹6,545.84 million in capital expenditure, of which 65.37% is already incurred, Leela is enhancing guest experiences to drive same-store growth and margin expansion, supported by a 54.95% flow-through to EBITDA between FY2023 and FY2025. Its Managed Portfolio, comprising seven hotels, generated ₹698.20 million in management fees in FY2025, with an ARR and RevPAR 1.3x and 1.2x higher than their respective micro-markets. Future growth will be driven by five upcoming owned and managed hotels in Agra, Srinagar, Ayodhya, and near Ranthambore and Bandhavgarh, adding approximately 475 keys by FY2028 with an estimated capex of ₹11,315 million, taking the total owned portfolio to 1,699 keys. Assuming an average occupancy of 68% and maintaining the current ARR, this expansion could contribute approximately ₹2,658 million in incremental annual revenue. Coupled with the asset-light expansion of its managed portfolio, strong fee-based income, and operational efficiency, Leela Hotels is expected to deliver meaningful top-line and bottom-line growth, solidifying its leadership in India’s fast-growing luxury hospitality sector and offering a compelling investment opportunity. We recommend subscribe to the issue as a good long term investment as with 32% increase to number of rooms, 1.4x higher than industry average RevPAR and fair valuations at some discount to the larger players.

Key Financial & Operating Metrics (Consolidated)									
In INR mn	Revenue	YoY (%)	EBITDA	EBITDA %	PAT	EPS	ROE	ROCE	
FY22	3801.07	100.00	542.92	14.28	-3198.29	-18.20	-	-	-3.30
FY23	8600.58	126.27	3804.37	44.23	-616.79	-3.50	-	-	24.85
FY24	11714.53	36.21	5,465.36	46.65	-21.27	-0.12	-	-	35.01
FY25	13005.73	11.02	5,751.91	44.23	476.58	1.97	13.04		12.63

Issue Snapshot	
Issue Open	26-May-25
Issue Close	28-May-25
Price Band	INR 413 - 435
Issue Size (Shares)	5,74,71,264
Market Cap (mln)	INR 145272

Particulars	
Fresh Issue (INR mln)	INR 25000
OFS Issue (INR mln)	INR 10000
QIB	75%
Non-institutionals	15%
Retail	10%

Capital Structure	
Pre Issue Equity	27,64,86,614
Post Issue Equity	33,39,57,878
Bid Lot	34 Shares
Minimum Bid amount @ 413	INR 14042
Maximum Bid amount @ 435	INR 14790

Share Holding Pattern	Pre Issue	Post Issue
Promoters	100.00%	75.91%
Public	0.00%	24.09%

Particulars	
Face Value	INR 10
Book Value	INR 181.37
EPS, Diluted	INR 1.43

Objects of the Issue	
1. Repayment of borrowings- INR 23000 million	
2. General Corporate Purposes	

SUBSCRIBE

research@smifs.com

Schloss Bangalore Limited (Leela Hotels)

May 24, 2025



Leela Hotels owns, operates, manages, and develops luxury hotels and resorts under “The Leela” brand. The company’s portfolio includes The Leela Palaces, The Leela Hotels, and The Leela Resorts. The company undertakes its business primarily through direct ownership of hotels and hotel management agreements with third-party hotel owners. As of March 31, 2025, the company’s portfolio comprises 3,553 keys across 13 operational hotels, including five owned hotels, seven hotels managed pursuant to hotel management agreements, and one hotel which is owned and operated by a third-party owner under a franchise arrangement with the company. The company has a strategic footprint across 10 key Indian business and leisure destinations, covering 80% of international air traffic and 59% of domestic air traffic in India in the Financial Year 2025. Additionally, the company’s portfolio is present in all seven top business markets and three of the top five leisure markets in India, as of December 31, 2024. The company accounts for nearly 18% of the total existing luxury keys across these markets as of December 31, 2024.

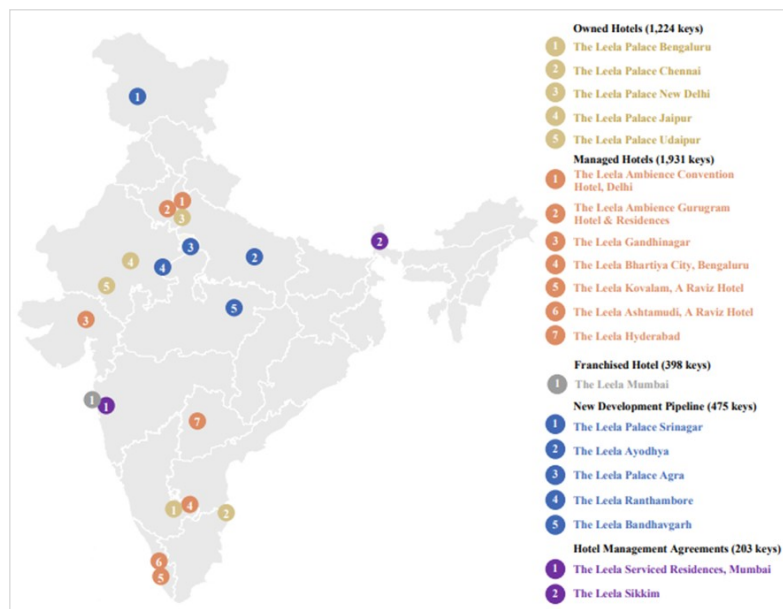


Industry Outlook:

The Indian Economy is Well Poised to Drive Hospitality Growth: India is one of the fastest growing major economies in the world, with GDP projected to nearly double to \$6.8 trillion in 2030 from \$3.6 trillion in 2023 (Source: International Monetary Fund (IMF)). India’s rapid economic growth is expected to create an exponential rise in the number of high and upper-middle income households to 200 million by 2030, approximately three times that of 69 million in 2018 (Source: World Economic Forum). **The hospitality industry growth is correlated with the GDP growth as we have seen in other geographies.** We expect the Indian hospitality industry to benefit from India’s economic growth and deliver strong growth in coming years. The US and Europe had similar GDP levels to India’s current GDP in the 1980s which was followed by a doubling of the GDP of these regions within a decade. Scaled hospitality brands such as Marriott and Accor increased their hotel count by nearly 7 and 4 times by number of properties respectively during this period. **The Indian hospitality players are well placed to witness accelerated growth with the near doubling of India’s GDP expected over 2023 to 2030.**

The Indian Hospitality Industry is Underpenetrated and has Robust Growth Potential: In 2023, the travel and tourism industry in India contributed 6.5% to the overall GDP, well below the global average of 9.1% (Source: WTTC Economic Impact Research (EIR) 2024) – highlighting the significant room for growth in the Indian hospitality industry. India has an inventory of approximately 3.4 million hotel keys as of March 31, 2024, of which the organized sector represents only ~11% or approximately 375,000 keys. The organized hotel stock is further segmented into branded and independent hotels, of which branded hotels constitute approximately 45% of the keys, i.e., approximately 170,000 keys. The luxury hotel keys constitute only 17% of the branded hotel stock i.e., approximately 29,000 keys. India’s per million capita of 23 luxury keys is highly underpenetrated compared to major countries in Asia-Pacific (“APAC”) such as Australia (973 luxury keys), Thailand (690 luxury keys) and China (177 luxury keys).

The map below sets out the hotels in Leela’s Portfolio and under pipeline hotels:



Institutional Ownership can be a Key Catalyst for Growth for Hospitality Brands: Institutional ownership is a key catalyst for growth of hospitality brands, as witnessed in The Four Seasons Hotels and Resorts’ global growth. During 1970 – 2006, while the brand grew steadily, openings of new hotels averaged 1.5 hotels a year. Post acquisition by investment firms Cascade Investments and Kingdom holding Company in 2006, the brand expanded its portfolio by 75 hotels – averaging 4.3 hotels per year during 2007 – Q1 2024. The post-acquisition period underscored the benefit of institutional investment in implementing robust growth strategies to scale rapidly, while maintaining luxury positioning.

Multiple Demand Drivers for Indian Hospitality: The Indian hospitality industry is poised to benefit from structural tailwinds such as:

- Growth in domestic tourist visits (“DTV”) at a CAGR of 13.4% from 2.8 billion in 2024 to 6.0 billion in 2030;
- Growth in foreign tourist arrivals (“FTAs”) at a CAGR of 7.1% from 9.7 million in 2024 to 14.6 million in 2030;
- Indian Government is estimated to spend \$1.7 trillion on infrastructure between Financial Year 2024- 2030 (Source: IBEF);
- Significant under-penetration of hotel keys relative to major economies. In 2023, India had 263 organized hotel keys per million population compared to the global average of 7,877;
- Growing corporate travel, India is the largest market for Global Compatibility Centers (“GCCs”) in the world with more than 1,700 GCCs in Financial Year 2024;
- Evolving consumer spending pattern in favour of luxury experiences and segments such as heritage, wildlife, spiritual and wellness travel are seeing an uptick in demand;
- Growth in MICE visitation, growth in ancillary areas of hospitality including branded residences, serviced apartments and member clubs and growth in outbound travel are expected to drive future growth.

The Indian Hospitality Industry is Well-Placed to Deliver Strong Performance: India presents substantial potential to grow average room rates (ARR) compared to its global peers due to several tailwinds including increasing affluence, growing disposable incomes, young population, increasing inclination to spend on travel and experiences and rising urbanization driving rapid expansion in luxury consumption. There remains significant headroom for ARR growth given luxury ARR in Indian cities such as Bengaluru (US\$174) and New Delhi (US\$209) is lower than ARR for the luxury hospitality segment in cities such as London (US\$799), Dubai (US\$786), Bali (US\$669), Singapore (US\$473), Bangkok (US\$382) and Hong Kong (US\$363). (Source: CoStar - Industry data – Financial Year 2025 ARR for Indian cities; HVS ANAROCK Research – 2024 ARR for global cities).

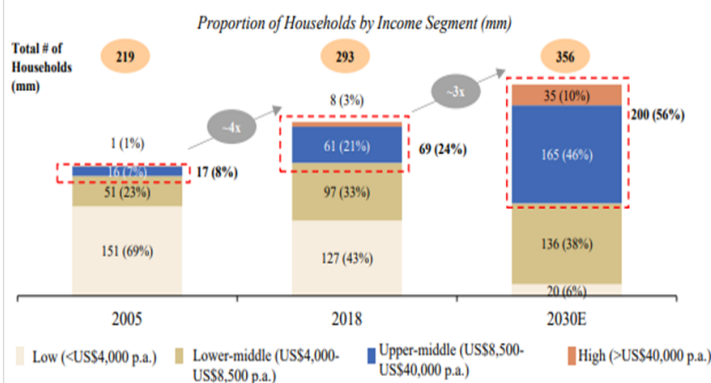
Schloss Bangalore Limited (Leela Hotels)

May 24, 2025

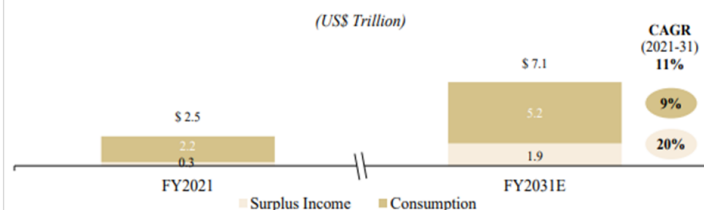


Key Indian Markets Poised for Strong Demand Growth: The Leela is currently present in all seven business markets in India – New Delhi, Mumbai, Bengaluru, Chennai, Gurugram, Ahmedabad and Hyderabad. India's dominance as a preferred destination for GCCs, robust growth in office leasing activity and multiple government initiatives and policy reforms to augment economic growth and commercial activity have been key drivers for continued growth in business markets. The Leela is also present in three of the top five leisure markets in India – Udaipur, Jaipur and Kerala. Growing affluence, increasing population of high-net-worth individuals and ultrahigh-net-worth individuals and growth in FTAs have been key drivers for the segment. These key markets have significant room for RevPAR growth on the back of strong demand supply fundamentals.

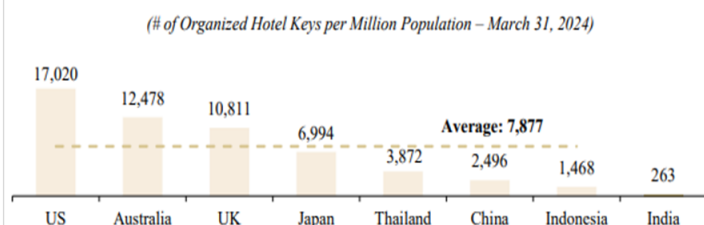
High and Upper Middle-Income Households expected to become 2.9 times that of the 69 Million in 2018



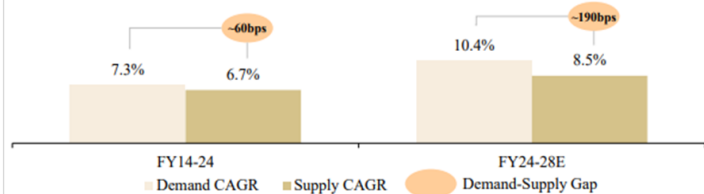
India Expected to be a US\$5 Trillion Consumption Economy by 2031



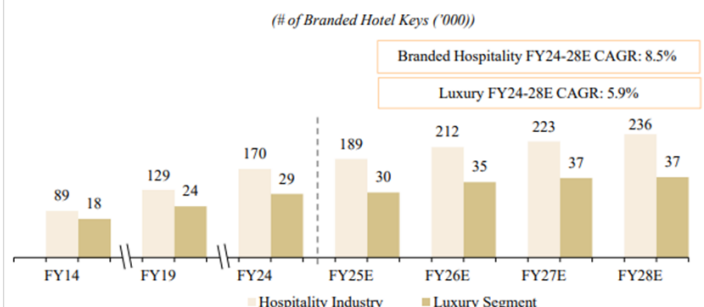
The Indian Hospitality Industry is Significantly Underpenetrated Relative to Major Economies



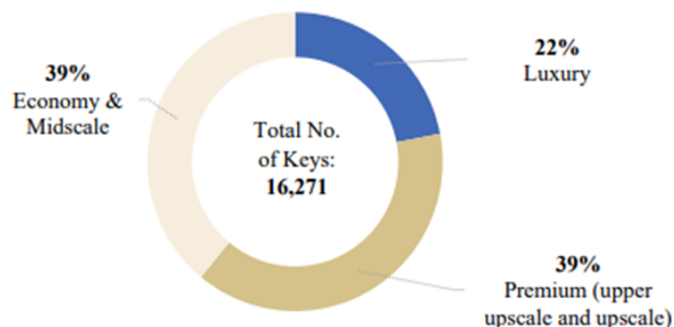
Widening Demand-Supply Gap in the Indian Hospitality Industry



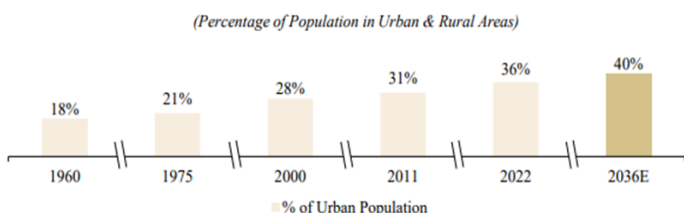
Supply of Luxury Keys in India Expected to Grow at 5.9% CAGR vs 8.5% for Overall Hospitality Industry



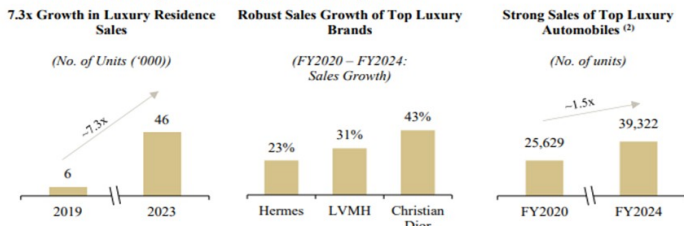
Total Existing Supply of Branded Supply (December 31, 2024)



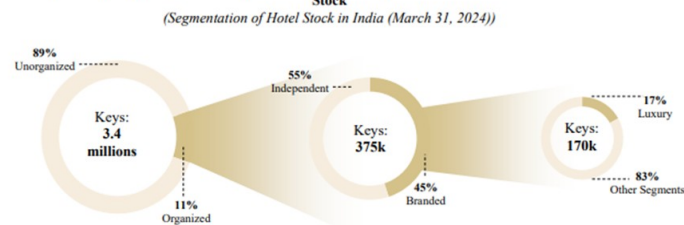
Over 600 million People are Expected to Live in Towns and Cities by 2036



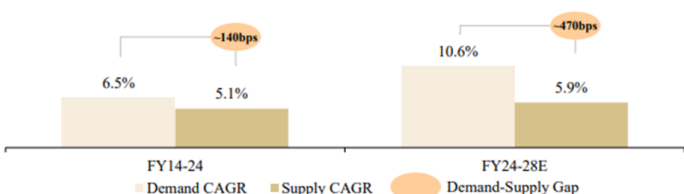
Indian Consumer Preferences Evolving Towards Luxury Products



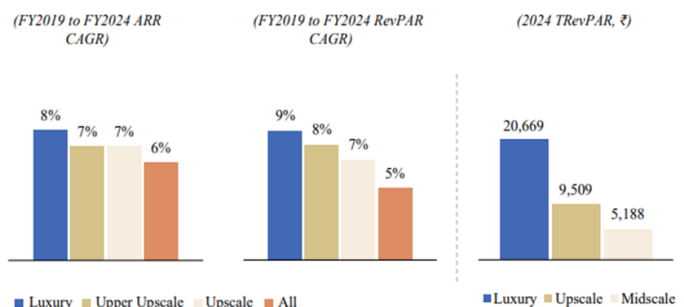
Existing Luxury Hospitality Stock Represents Approximately 17% of the Overall Indian Branded Hotel Stock



Widening Demand-Supply Gap in the Luxury Hospitality Industry

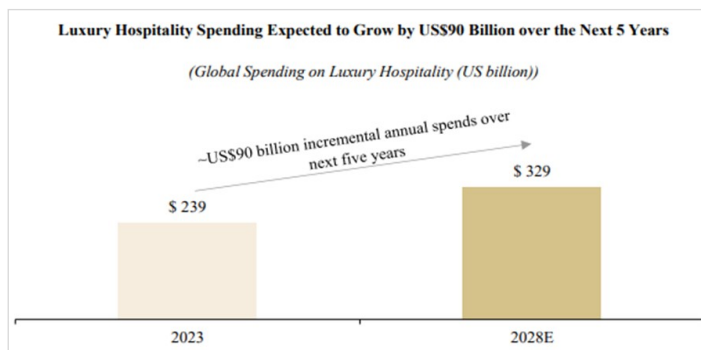
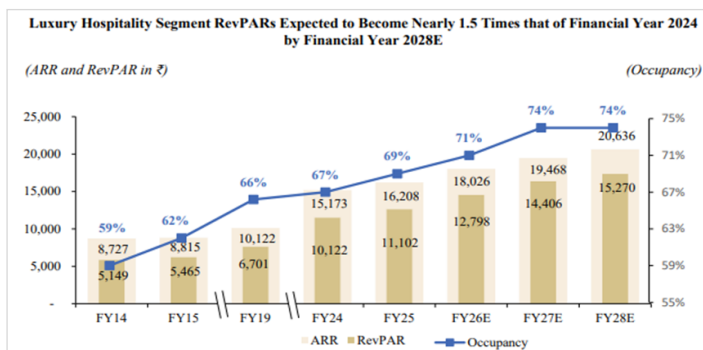


The Luxury Segment's ARR and RevPAR Growth Has Outperformed All Hotel Segments

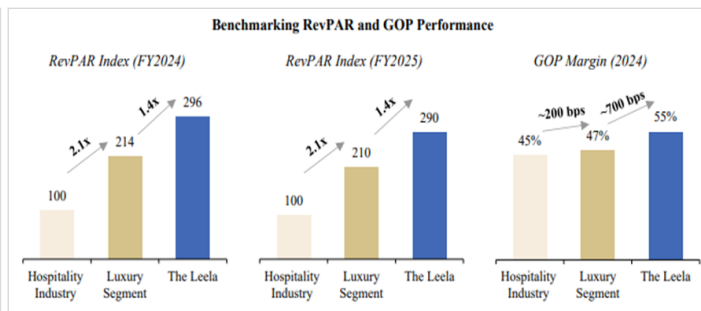
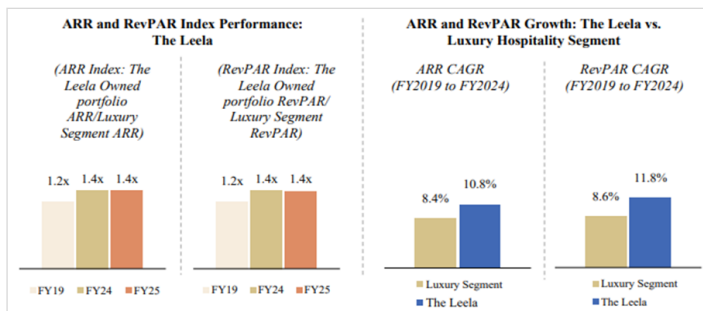


Schloss Bangalore Limited (Leela Hotels)

May 24, 2025



Benchmarking Leela with peers:



Investment rationale:

Marquee Owned Hotels in Markets with High Barriers to Entry: Leela Hotels' owned portfolio comprises **five iconic hotels totalling 1,224 keys** as of **March 31, 2025**, located in some of India's most prominent business and leisure destinations: **Bengaluru (Karnataka), Chennai (Tamil Nadu), New Delhi (Delhi), Jaipur (Rajasthan), and Udaipur (Rajasthan)**. These modern palaces merge traditional Indian architecture with contemporary luxury, offering high-end experiences tailored for discerning guests.

Between FY2019 and FY2024, Leela Hotels' owned portfolio delivered an impressive **11.8% CAGR in RevPAR**, significantly outpacing the **8.6% CAGR of the broader Indian luxury hospitality segment (the company)**.

The Leela Palace Bengaluru is spread across **8.23 acres in the city's central business district**, positioning it as a premium choice for both business and leisure travelers. Its location and infrastructure make it an **urban ecosystem hub** within Bengaluru.

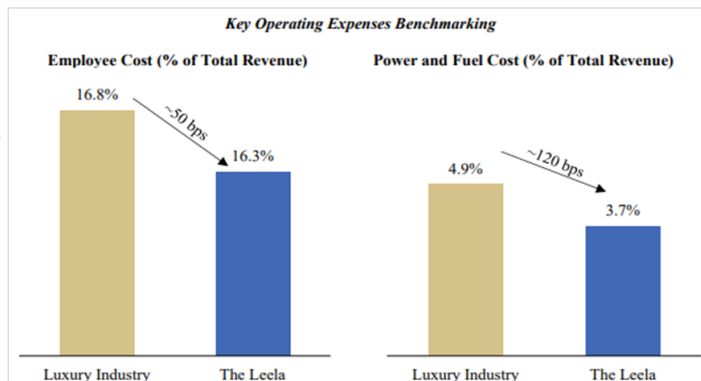
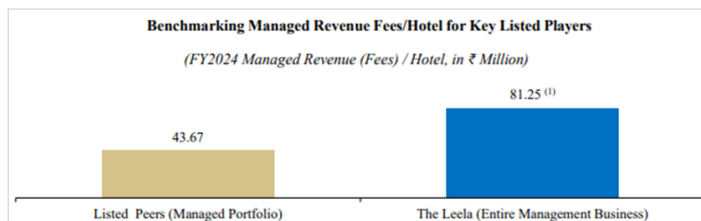
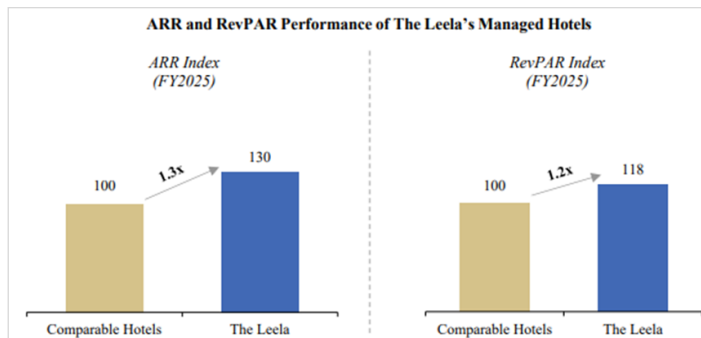
The Leela Palace Chennai spans **4.8 acres along the Marina**, offering **panoramic sea views of the Bay of Bengal**. Inspired by Chettinad architecture, this sea-facing property is a top destination for **MICE activities, social events, and business stays**. It has received accolades such as the **Best Eco-Friendly Luxury Hotel in India by Conde + Leisure, World's Best Awards Survey 2019**, and **The Gold List 2024 by Conde Nast Traveler**.

The Leela Palace New Delhi is located on a **three-acre plot in the heart of Chanakyapuri's diplomatic enclave**, near over **60 embassies and high commissions**. Its clientele includes **foreign delegations and elite social circles**, and it was most recently ranked **#3 City Hotel in India by Travel + Leisure** and featured in the **World's Best Awards Survey 2024**.

The Leela Palace Jaipur, nestled on **8.1 acres near Jaipur's historic landmarks** and the Aravalli hills, caters to both domestic and international family travelers. It has won awards such as **Best Family Hotel by Travel + Leisure (2022)** and **Top 20 Best Hotels in India by Conde Nast Traveler Readers Choice Awards 2023 and The Gold List 2025**.

The Leela Palace Udaipur is located on a **seven-acre property adjacent to Lake Pichola**, surrounded by the Aravalli mountains and overlooking the royal City Palace. The hotel offers an **additional 77,008 sq. ft. of outdoor space**, acquired on April 9, 2025, for **future expansion and development**. It has earned recognitions including **World's Best Hotel by Travel + Leisure (2019)** and **#2 Best Hotel in India by Conde Nast Traveler Readers Choice Awards 2023**.

Leela Hotels' owned portfolio is strategically situated in **prime, land-constrained markets**, where acquisition of similar large parcels is difficult and expensive. **New hotel construction involves a long gestation period**, requiring time for site development and operational stabilization, resulting in **high barriers to entry (the company)**.

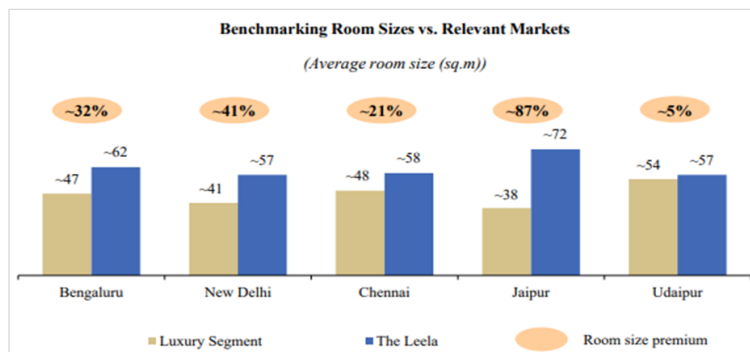


Schloss Bangalore Limited (Leela Hotels)

May 24, 2025



In comparison, Leela Hotels' properties are **already-established market leaders**. In FY2025, the **Average Room Rate (ARR)** for Leela Hotels was **1.4 times the average for the overall Indian luxury hotel segment (the company)**. The average room size is **approximately 36% larger than the industry average**, offering a differentiated and spacious guest experience.



Leela Hotels' properties in **New Delhi, Bengaluru, and Chennai** are among the **largest in terms of number of keys in their respective markets (the company)**. Importantly, **no upcoming comparable competitive supply is expected in the micro-markets of The Leela Palace New Delhi**,

The Leela Palace Chennai, or The Leela Palace Bengaluru, further cementing the company's **market leadership and pricing power**.

These **strategically located, award-winning, high-barrier assets** create a powerful **network effect** that strengthens the **Leela brand**, supports **premium pricing**, and ensures **consistent global recognition**, positioning Leela Hotels as a **leading luxury hospitality platform in India**.

Improve same-store growth and profit margins through proactive asset management: Leela Hotels is strategically focused on **enhancing same-store revenue growth** and **improving operational efficiencies** to drive profitability across its **Owned and Managed Portfolios**. This is being executed through three core levers: **property enhancement, targeted marketing, and cost optimization**.



The company is investing in upgrades across its **Owned Portfolio** to **elevate guest experience, increase occupancy, and boost ancillary revenue streams**. Initiatives include **room renovations, premium F&B expansion, and luxury amenity additions** such as **members-only clubs, globally branded spas, and high-end retail outlets**. For instance, **The Leela Palace Bengaluru** is undergoing upgrades with a **new ballroom, luxury retail space, and India's first Soneva spa**, reinforcing its positioning as a **comprehensive luxury destination**.

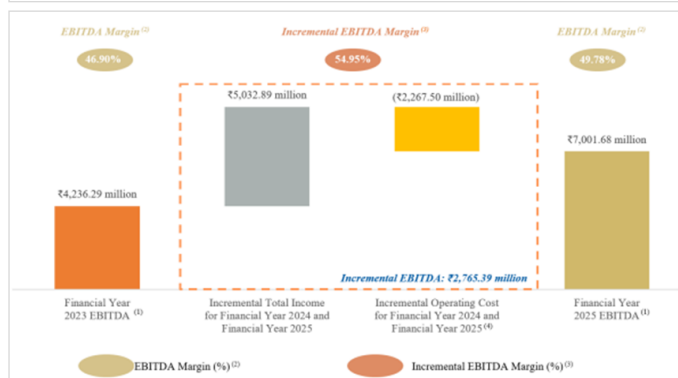
Since April 1, 2021, Leela has committed **₹6,545.84 million** in capital expenditure, with **65.37% already incurred** as of March 31, 2025. Remaining projects are expected to complete within **12–18 months**. The company is actively leveraging **additional FSI and repurposing underutilized areas**. **The Leela Palace New Delhi**, for example, has **~110,000 sq. ft.** of potential FSI, enabling the addition of **50+ keys** and expanded **banqueting and F&B offerings**.

Leela is focused on **optimizing room rates** while maintaining strong occupancy, backed by investments in **digital infrastructure and global partnerships**. From FY2019 to FY2024, **ARR for the Owned Portfolio** grew at a **CAGR of 10.8%**, outperforming industry growth. Key initiatives include **data-driven personalization, advanced property management systems, the launch of The Leela App, and virtual booking enhancements**.



The company is strengthening its **leisure and group segments**, emphasizing **direct booking channels**, and expanding its footprint in **high-potential international markets** such as **Singapore, Australia, and GCC countries**, alongside a growing focus on **domestic luxury travelers**. In FY2025, international guests contributed **46.8%** of total room revenue.

Between **FY2023 and FY2025**, Leela achieved a **54.95% flow-through** of incremental revenue to **EBITDA**, reflecting strong **margin control**. The company is enhancing productivity through structured programs like **The Leela Leadership Development Program (LLDP)** and **The Leela Executive Accelerated Development Program (LEAD)** to ensure a **steady pipeline of leadership talent** aligned with portfolio expansion plans.



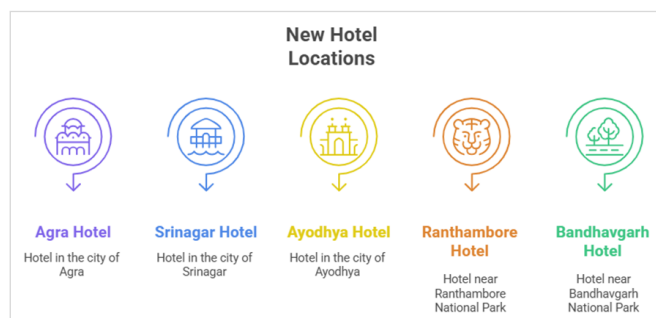
Expansion of portfolio through acquisitions and developments, including through identified assets: Leela intends to expand its Portfolio through the **acquisition and development of hotels** that align with its **luxury brand positioning**. The strategy includes acquiring **underperforming luxury hotels** operating under other brands in **prime urban and resort locations with strong demand-supply dynamics**. Growth will primarily be driven by the **acquisition of existing properties and greenfield developments**.

In **FY2025**, Leela's **ARR and RevPAR** stood at **₹22,545 and ₹15,306**, respectively—**1.4x higher than the industry average**. A key contributor to this performance was the addition of **The Leela Palace Jaipur**, where **ARR more than doubled from ₹11,928 in FY2020 to ₹28,756 in FY2025**, while **RevPAR rose from ₹7,037 to ₹15,242 during the same period**. These gains were driven by **strategic investments and brand-led repositioning**.

The company plans to leverage its **brand strength and premium positioning** to drive performance across new additions to the portfolio. Five new **owned and managed hotels** are currently in the pipeline at **Agra, Srinagar, Ayodhya, near Ranthambore National Park, and near Bandhavgarh National Park**.

Schloss Bangalore Limited (Leela Hotels)

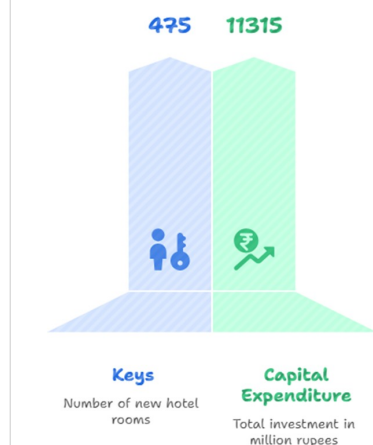
May 24, 2025



These developments will add approximately **475 keys** with an estimated **capital expenditure of ₹11,315 million**. Strategically located across **high-tourist and business hubs**, these hotels will target both **domestic and international travellers** and are expected to be **completed and operational by FY2027–2028**.

Expanding footprint through new hotel management agreements: In addition to expanding the Owned Portfolio, Leela remains focused on **growing through hotel management agreements** with third-party hotel owners. This **asset-light model** enables brand expansion with **minimal capital investment**. Backed by **strong brand equity and operational capabilities**, Leela aims to position itself as a **preferred partner for luxury hotel owners**, given its ability to **drive superior RevPAR performance**.

Hotel Expansion Project Overview



In **FY2025**, the ARR and RevPAR for Leela's **Managed Portfolio** were **1.3x** and **1.2x**, respectively, compared to comparable hotels in their micro-markets. Hotel management agreements allow Leela to offer **branding and high-quality management services** to third-party hotels, while benefiting from **network expansion** across India and select international markets.

For new developments under management contracts, Leela is involved **from the design and development stage** to ensure brand alignment. In the case of **existing operational hotels**, the focus is on **rebranding and repositioning** the property to align with Leela's luxury standards.

These contracts typically entitle Leela to a **fixed percentage of gross operating revenue and net room revenue**, along with an **incentive fee** linked to the hotel's gross operating profit. All hotels in the Managed Portfolio—**except one rebranded in FY2024**—generated incentive fees, reinforcing the **value creation and strength of the Leela brand**.

Management agreements are **long-term in nature**, generally with **initial terms ranging from 10 to 30 years**, and extension options of up to 10 years. In **FY2025**, Leela earned **₹698.20 million in management and other operating fees**, including **₹606.82 million in management fees** from seven hotels in its Managed Portfolio—**averaging ₹86.69 million per hotel**.

Expanding footprint through new hotel management agreements: In addition to expanding the Owned Portfolio,

Leela remains focused on **growing through hotel management agreements** with third-party hotel owners. This **asset-light model** enables brand expansion with **minimal capital investment**. Backed by **strong brand equity and operational capabilities**, Leela aims to position itself as a **preferred partner for luxury hotel owners**, given its ability to **drive superior RevPAR performance**.

In **FY2025**, the ARR and RevPAR for Leela's **Managed Portfolio** were **1.3x** and **1.2x**, respectively, compared to comparable hotels in their micro-markets. Hotel management agreements allow Leela to offer **branding and high-quality management services** to third-party hotels, while benefiting from **network expansion** across India and select international markets.

For new developments under management contracts, Leela is involved **from the design and development stage** to ensure brand alignment. In the case of **existing operational hotels**, the focus is on **rebranding and repositioning** the property to align with Leela's luxury standards.

These contracts typically entitle Leela to a **fixed percentage of gross operating revenue and net room revenue**, along with an **incentive fee** linked to the hotel's gross operating profit. All hotels in the Managed Portfolio—**except one rebranded in FY2024**—generated incentive fees, reinforcing the **value creation and strength of the Leela brand**.

Management agreements are **long-term in nature**, generally with **initial terms ranging from 10 to 30 years**, and extension options of up to 10 years. In **FY2025**, Leela earned **₹698.20 million in management and other operating fees**, including **₹606.82 million in management fees** from seven hotels in its Managed Portfolio—**averaging ₹86.69 million per hotel**.

Valuation and outlook: India's luxury hospitality market is projected to grow from \$24.6 billion in 2024 to \$31 billion by 2029, driven by a robust 10.6% CAGR in luxury room demand versus just 5.9% supply growth, creating strong pricing power for established players like Leela Hotels. Leela Hotels, a leading Indian luxury hospitality platform, is well-positioned to benefit from this trend, having significantly outperformed the industry with a RevPAR CAGR of 11.8% and ARR CAGR of 10.8% between FY2019 and FY2024. As of March 31, 2025, Leela's five marquee owned properties with 1,224 keys are strategically located in high-barrier-to-entry micro-markets such as New Delhi, Bengaluru, and Chennai, where land availability is limited and no comparable supply is expected, providing pricing power and brand strength. The company's ARR in FY2025 stood at ₹22,545 and RevPAR at ₹15,306, both 1.4x higher than the industry average, supported by properties that are on average 36% larger in room size and have strong historical occupancy and yield metrics. Through ₹6,545.84 million in capital expenditure, of which 65.37% is already incurred, Leela is enhancing guest experiences to drive same-store growth and margin expansion, supported by a 54.95% flow-through to EBITDA between FY2023 and FY2025. Its Managed Portfolio, comprising seven hotels, generated ₹698.20 million in management fees in FY2025, with an ARR and RevPAR 1.3x and 1.2x higher than their respective micro-markets. Future growth will be driven by five upcoming owned and managed hotels in Agra, Srinagar, Ayodhya, and near Ranthambore and Bandhavgarh, adding approximately 475 keys by FY2028 with an estimated capex of ₹11,315 million, taking the total owned portfolio to 1,699 keys. Assuming an average occupancy of 68% and maintaining the current ARR, this expansion could contribute approximately ₹2,658 million in incremental annual revenue. Coupled with the asset-light expansion of its managed portfolio, strong fee-based income, and operational efficiency, Leela Hotels is expected to deliver meaningful top-line and bottom-line growth, solidifying its leadership in India's fast-growing luxury hospitality sector and offering a compelling investment opportunity. We recommend subscribe to the issue as a good long term investment as with 32% increase to number of rooms, 1.4x higher than industry average RevPAR and fair valuations at some discount to the larger players.

Schloss Bangalore Limited (Leela Hotels)

May 24, 2025



Peer Comparison

Company / Fiscal Year	Revenue from Operations (₹ million)	EPS (Diluted) (₹)	P/E	EV/EBITDA
Schloss Bangalore Ltd. FY25 (Leela Hotels Ltd.)	13005.73	1.43	304.82	24.76
Schloss Bangalore Ltd. FY24 (Leela Hotels Ltd.)	11714.53	-0.06	-	25.89
The Indian Hotels Company Limited (FY25)	83345.4	13.4	59.84	37.31
The Indian Hotels Company Limited (FY24)	67687.5	8.86	86.43	45.75
EIH Limited (FY24)	25112.71	10.22	36.24	22.34
Chalet Hotels Limited (FY24)	14172.52	13.53	59.93	33.46
Juniper Hotels Limited (FY24)	8176.63	1.46	197.91	22.97
Ventive Hospitality Limited (FY24)	18420.66	-5.24	-	24.39
ITC Hotels Limited (FY24)	30340	-	-	12.99

Total Income			
Company	FY25	FY24	FY23
Schloss Bangalore Ltd. (Leela Hotels Ltd.)	14,065.56	12,265.00	9,032.67
The Indian Hotels Co. Ltd	85,650.00	69,516.70	59,488.10
EIH Limited	-	26,259.74	20,964.07
Chalet Hotels Ltd	-	14,370.38	11,779.54
Juniper Hotels Ltd	-	8,263.06	7,172.88
Ventive Hospitality Ltd	-	19,073.78	17,621.87
ITC Hotels Ltd	-	30,690.00	26,530.00

Total Income Growth		
Company	FY25	FY24
Schloss Bangalore Ltd. (Leela Hotels Ltd.)	14.68%	35.78%
The Indian Hotels Co. Ltd	23.21%	16.86%
EIH Limited	-	25.26%
Chalet Hotels Ltd	-	21.99%
Juniper Hotels Ltd	-	15.20%
Ventive Hospitality Ltd	-	8.24%
ITC Hotels Ltd	-	15.68%

Revenue			
Company	FY25	FY24	FY23
Schloss Bangalore Ltd. (Leela Hotels Ltd.)	13,005.73	11,714.53	8,600.58
The Indian Hotels Co. Ltd	83,345.40	67,687.50	58,099.10
EIH Limited	-	25,112.71	20,188.07
Chalet Hotels Ltd	-	14,172.52	11,284.67
Juniper Hotels Ltd	-	8,176.63	6,668.54
Ventive Hospitality Ltd	-	18,420.66	16,993.74
ITC Hotels Ltd	-	30,340.00	26,290.00

Revenue Growth		
Company	FY25	FY24
Schloss Bangalore Ltd. (Leela Hotels Ltd.)	11.02%	36.21%
The Indian Hotels Co. Ltd	23.13%	16.50%
EIH Limited	-	24.39%
Chalet Hotels Ltd	-	25.59%
Juniper Hotels Ltd	-	22.61%
Ventive Hospitality Ltd	-	8.40%
ITC Hotels Ltd	-	15.41%

Schloss Bangalore Limited (Leela Hotels)

May 24, 2025



Peer Comparison

Revenue from Food & Beverages (₹ in million)			
Company	FY25	FY24	FY23
Schloss Bangalore Ltd. (Leela Hotels Ltd.)	4,781.73	4,317.12	3,305.98
The Indian Hotels Co. Ltd	26,020.00	23,861.20	21,348.20
EIH Limited	-	9,535.21	7,569.28
Chalet Hotels Ltd	-	4,008.13	3,385.90
Juniper Hotels Ltd	-	2,469.73	2,023.61
Ventive Hospitality Ltd	-	4,815.08	4,454.28
ITC Hotels Ltd	-	-	-

Revenue Contribution from F&B (%)			
Company	FY25	FY24	FY23
Schloss Bangalore Ltd. (Leela Hotels Ltd.)	36.77%	36.85%	38.44%
The Indian Hotels Co. Ltd	31.22%	35.25%	36.74%
EIH Limited	-	37.97%	37.49%
Chalet Hotels Ltd	-	28.28%	30.00%
Juniper Hotels Ltd	-	30.20%	30.35%
Ventive Hospitality Ltd	-	26.14%	26.21%
ITC Hotels Ltd	-	-	-

EBITDA (₹ in million)			
Company	FY25	FY24	FY23
Schloss Bangalore Ltd. (Leela Hotels)	4032.88	3560.12	2661.45
The Indian Hotels Co. Ltd	25520	21639.8	18307.9
EIH Limited	-	7477.12	6012.13
Chalet Hotels Ltd	-	5611.65	4662.23
Juniper Hotels Ltd	-	2952.17	2447.81
Ventive Hospitality Ltd	-	5456.91	5222.82
ITC Hotels Ltd	-	11650	9810

EBITDA Margin (%)			
Company	FY25	FY24	FY23
Schloss Bangalore Ltd. (Leela Hotels)	30.99	30.38	30.94
The Indian Hotels Co. Ltd	35.03	33.66	32.66
EIH Limited	-	39.68	32.2
Chalet Hotels Ltd	-	42.06	42.64
Juniper Hotels Ltd	-	38.69	44.94
Ventive Hospitality Ltd	-	45.6	43.76
ITC Hotels Ltd	-	32.71	30.46

RevPAR (₹)			
Company	FY25	FY24	FY23
Schloss Bangalore Ltd. (Leela Hotels)	15306	14030	11475
The Indian Hotels Co. Ltd	13448	11821	9851
EIH Limited	-	7172	6430
Chalet Hotels Ltd	-	10718.44	9168.61
Juniper Hotels Ltd	-	7645	7479
Ventive Hospitality Ltd	-	11880.69	11456.44
ITC Hotels Ltd	-	8200	6900

Peer Comparison

Company	Number of Keys		
	FY25	FY24	FY23
Schloss Bangalore Ltd. (Leela Hotels)	1348	1332	1325
The Indian Hotels Co. Ltd	22881	25507	24365
EIH Limited	-	2077	2064
Chalet Hotels Ltd	-	2925	2874
Juniper Hotels Ltd	-	1895	1406
Ventive Hospitality Ltd	-	2036	1869
ITC Hotels Ltd	-	12279	11577

Schloss Bangalore Limited (Leela Hotels)

May 24, 2025



Income Statement					Balance Sheet				
Y/E (INR mn)	FY22	FY23	FY24	FY25	Y/E (INR mn)	FY22	FY23	FY24	FY25
Revenue	3,801.07	8,600.58	11,714.53	13,005.73	Source of funds				
Expenses:					Equity Share Capital	201.70	201.70	201.70	2764.87
Employee Cost	1282.43	1731.73	2342.86	2732.42	Reserves	-24721.85	-25321.33	-28458.93	32804.29
Foods, Beverages Consumed	365.85	669.31	849.80	947.46	Total Share holders funds	-24520.15	-25119.63	-28257.23	35569.16
Other Operating & Servicing Cost	379.35	598.53	795.53	804.92	Total Debt	36,768.07	36,961.82	42,421.81	39,087.46
Total Expenses	3,258.15	4,796.21	6,249.17	7,253.82	Current Liabilities	2,186.32	2,894.93	55,037.85	5,255.31
EBITDA	542.92	3,804.37	5,465.36	5,751.91	Trade Payables	318.36	441.93	599.36	606.50
EBITDA Margin %	14.28	44.23	46.65	44.23	Total Non-Current Liabilities	80,963.90	80,980.07	43,838.18	41,356.44
Interest	3,273.79	3,598.50	4,358.83	4,589.51	Total Liabilities	58,630.07	58,755.37	70,618.80	82,661.63
Depreciation	1305.82	1250.45	1479.76	1399.29	Application of funds				
Other Income	358.98	438.99	567.52	1259.50	Fixed Assets	51503.28	50898.29	60429.08	61073.32
PBT	-3,677.71	-605.59	194.29	1,020.72	Cash and Bank	3385.09	2549.06	3749.45	2879.91
PAT	-3,198.29	-616.79	-21.27	476.58	Current Assets	4479.15	3918.67	5331.56	5412.20
EPS	-18.20	-3.50	-0.12	1.97	Trade Recievables	520.13	702.09	729.05	887.02
					Other current assets	105.25	139.13	179.57	781.42
					Total Assets	58,630.07	58,755.37	70,618.80	82,661.63
Cash Flow					Key Ratios				
Y/E (INR mn)	FY22	FY23	FY24	FY25	Y/E (INR mln)	FY22	FY23	FY24	FY25
Profit Before Tax	-3677.71	-605.59	194.29	1,020.72	Growth Ratio				
Adjustment	4510.51	4807.77	5644.68	5,173.76	Net Sales Growth(%)	-	126.27	36.21	11.02
Changes In working Capital	-70.16	-909.89	-157.94	-560.63	EBITDA Growth(%)	-	370.49	42.17	16.22
Cash Flow after changes in Working Capital	762.64	3292.29	5681.03	5633.85	PAT Growth(%)	-	80.72	96.55	2340.62
Tax Paid	-40.56	-109.13	-293.19	-105.06	Margin Ratios				
Cash From Operating Activities	722.08	3183.16	5387.84	5,528.79	Gross Profit	56.64	72.08	72.75	71.71
Cash Flow from Investing Activities	-1155.88	-846.71	-7860.10	-57,297.32	EBITDA	14.28	44.23	46.65	44.23
Cash from Financing Activities	2711.41	-3177.70	1469.94	52358.85	PBT	-96.75	-7.04	1.66	7.85
Net Cash Inflow / Outflow	2277.61	-841.25	-1002.32	590.32	PAT	-84.14	-7.17	-0.18	3.66
Opening Cash & Cash Equivalents	275.71	2553.32	1712.07	709.75	Return Ratios				
Closing Cash & Cash Equivalent	2553.32	1712.07	709.75	1,300.07	ROA	-5.46	-1.05	-0.03	0.62
					ROE	-	-	-	13.04
					ROCE	-3.30	24.85	35.01	12.63
					Turnover Ratios				
					Asset Turnover(x)	0.06	0.15	6.03	6.36
					Inventory Turnover(x)	20.13	38.65	41.37	44.71
					Fixed Asset Turnover (x)	0.07	0.16	0.20	0.20
					Solvency Ratios				
					Total Debt/Equity(x)	-1.50	-1.47	-1.50	1.10
					Current Ratio(x)	2.05	1.35	0.10	1.03
					Quick Ratio(x)	1.96	1.27	0.09	0.98
					Interest Cover(x)	-0.12	0.83	1.04	1.22
					Valuation Ratios				
					P/E	-	-	-	304.82
					EV/EBITDA	-	-	25.89	24.76

Analyst Certification:

I, **Saurav Pal** of SMIFS Limited (in short "SMIFS / the Company"), authors and the names subscribed to this Research Report, hereby certify that all of the views expressed in this Research Report accurately reflect our views about the subject issuer(s) or securities and distributed as per SEBI (Research Analysts) Regulations 2014. I also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this Research Report. It is also confirmed that I, the above mentioned Research Analyst(s) of this Research Report have not received any compensation from the subject companies mentioned in the Research Report in the preceding twelve months and do not serve as an officer, director or employee of the subject companies mentioned in the Research Report.

Terms & Conditions and Other Disclosures:

SMIFS Limited is engaged in the business of Stock Broking, Depository Services, Portfolio Management and Distribution of Financial Products. SMIFS Limited is registered as Research Analyst Entity with Securities & Exchange Board of India (SEBI) with Registration Number – INH300001474.

SMIFS and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Research Analysts. SMIFS generally prohibits its analysts, persons reporting to analysts and their relatives from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

The information and opinions in this Research Report have been prepared by SMIFS and are subject to change without any notice. The Research Report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of SMIFS Limited. While we would endeavour to update the information herein on a reasonable basis, SMIFS is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent SMIFS from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or policies of SMIFS, in circumstances where SMIFS might be acting in an advisory capacity to this company, or in certain other circumstances.

This Research Report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This Research Report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Securities as defined in clause (h) of section 2 of the Securities Contract Act, 1956, includes Financial Instruments, Currency and Commodity Derivatives. Though disseminated to all the customers simultaneously, not all customers may receive this Research Report at the same time. SMIFS will not treat recipients as customers by virtue of their receiving this Research Report. Nothing in this Research Report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this Research Report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. SMIFS accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this Research Report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. The information given in this report is as of date of this report and there can be no assurance that future results or events will be consistent with this information. The information provided in this report remains, unless otherwise stated, the copyright of SMIFS. All layout, design, original artwork, concepts and intellectual Properties remains the property and copyright of SMIFS and may not be used in any form or for any purpose whatsoever by any party without the express written permission of the SMIFS.

SMIFS shall not be liable for any delay or any other interruption which may occur in presenting the data due to any reason including network (Internet) reasons or snags in the system, breakdown of the system or any other equipment, server breakdown, maintenance shutdown, breakdown of communication services or inability of SMIFS to present the data. In no event shall SMIFS be liable for any damages, including without limitation direct or indirect, special, incidental, or consequential damages, losses or expenses arising in connection with the data presented by the SMIFS through this report.

Participants in foreign exchange transactions may incur risks arising from several factors, including the following: (a) Exchange Rates can be volatile and are subject to large fluctuations; (b) the value of currencies may be affected by numerous market factors, including world and notional economic, political and regulatory events, events in Equity & Debt Markets and changes in interest rates; and (c) Currencies may be subject to devaluation or government imposed Exchange Controls which could affect the value of the Currency. Investors in securities such as Currency Derivatives, whose values are affected by the currency of an underlying security, effectively assume currency risk.

Since associates of SMIFS are engaged in various financial service businesses, they might have financial interests or beneficial ownership in various companies including the subject company/companies mentioned in this Research Report.

SMIFS and its Associates, Officers, Directors, Employees, Research Analysts including their relatives worldwide may: (i) from time to time may have long or short positions in, and buy or sell the Securities, mentioned herein or (ii) be engaged in any other transaction involving such Securities and earn brokerage or other compensation of the Subject Company/ companies mentioned herein or act as an Advisor or Lender/Borrower to such Companies or have other potential/material Conflict of Interest with respect to any recommendation and related information and opinions at the time of the publication of the Research Report or at the time of Public Appearance.

SMIFS does not have proprietary trades but may at a future date, opt for the same with prior intimation to Clients/ Investors and extant Authorities where it may have proprietary long/short position in the above Scrip(s) and therefore should be considered as interested.

Disclaimer

The views provided herein are general in nature and do not consider Risk Appetite or Investment Objective of any particular Investor; Clients/ Readers/ Subscribers of this Research Report are requested to take independent professional advice before investing, however the same shall have no bearing whatsoever on the specific recommendations made by the analysts, as the recommendations made by the analysts are completely independent views of the Associates of SMIFS even though there might exist an inherent conflict of interest in some of the stocks mentioned in the Research Report.

The information provided herein should not be construed as invitation or solicitation to do business with SMIFS.

SMIFS or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the Research Report as of the last day of the month preceding the publication of the Research Report.

SMIFS encourages independence in Research Report preparation and strives to minimize conflict in preparation of Research Report. Accordingly, neither SMIFS and their Associates nor the Research Analysts and their relatives have any material conflict of interest at the time of publication of this Research Report or at the time of the Public Appearance, if any.

SMIFS or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

SMIFS or its associates might have received any compensation from the companies mentioned in the Research Report during the period preceding twelve months from the date of this Research Report for services in respect of managing or co-managing public offerings, corporate finance, investment banking, brokerage services or other advisory service in a merger or specific transaction from the subject company.

SMIFS or its associates might have received any compensation for products or services other than investment banking or brokerage services from the subject companies mentioned in the Research Report in the past twelve months.

SMIFS or its associates or its Research Analysts did not receive any compensation or other benefits whatsoever from the subject companies mentioned in the Research Report or third party in connection with preparation of the Research Report.

Compensation of Research Analysts is not based on any specific Investment Banking or Brokerage Service Transactions.

The Research Analysts might have served as an officer, director or employee of the subject company.

SMIFS and its Associates, Officers, Directors, Employees, Research Analysts including their relatives worldwide may have been engaged in market making activity for the companies mentioned in the Research Report.

SMIFS may have issued other Research Reports that are inconsistent with and reach different conclusion from the information presented in this Research Report.

A graph of daily closing prices of the securities/commodities is also available at www.nseindia.com and/or www.bseindia.com, www.mcxindia.com and/or www.icex.com.

SMIFS submit' s that no material disciplinary action has been taken on the Company by any Regulatory Authority impacting Equity Research Analysis activities in last 3 years.

This Research Report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject SMIFS and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

Specific Disclosures

1. SMIFS, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.
2. SMIFS, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company.
3. SMIFS, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months.
4. SMIFS, Research Analyst and/or his relatives do not have material conflict of interest in the subject company at the time of publication of research report.
5. Research Analyst has not served as director/officer/employee in the subject company
6. SMIFS has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months.
7. SMIFS has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months
8. SMIFS has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months.
9. SMIFS has not received any compensation or other benefits from third party in connection with the research report.
10. SMIFS has not engaged in market making activity for the subject company

Analyst holding in stock: **NO**

Key to SMIFS Investment Rankings

Buy: Return >15%, Accumulate: Return between 5% to 15%, Reduce: Return between -5% to +5%, Sell: Return < -5%

Contact us:

SMIFS Limited. (<https://www.smifs.com/>)

Compliance Officer:

Sudipto Datta,

5F Vaibhav, 4 Lee Road, Kolkata 700020, West Bengal, India.

Contact No.: +91 33 4011 5401 / +91 33 6634 5401

Email Id.: compliance@smifs.com

Mumbai Office:

206/207, Trade Centre, Bandra Kurla Complex (BKC), Bandra East, Mumbai – 400051, India

Contact No.: (D) +91 22 4200 5508, (B) +91 22 4200 5500

Email Id: institutional.equities@smifs.com

Kolkata Office:

Vaibhav, 4 Lee Road, Kolkata 700020, West Bengal, India.

Contact No.: (D) +91 33 6634 5408, (B) +91 33 4011 5400

Email Id: smifs.institutional@smifs.com