

IPO NOTE

Issue Details

Price Band: ₹ 413 to ₹ 435

Issue Opens on: May 26, 2025

Issue Closes on: May 28, 2025

Lot Size: 34 Shares & in Multiples thereafter

Issue Highlights

Issue Size: ₹ 3,500 Cr.

No of Shares: 8,04,59,769

Face Value: ₹ 10

Offer Structure

Issuance ₹ in Cr.

Fresh Issue 2,500.00

Offer for Sale 1,000.00

Total 3,500.00

Issue Breakup

Reservation for % of Issue ₹ in Cr. (at upper band)

QIB 75 2,625.00

HNI 15 525.00

Retail 10 350.00

Total 100 3,500.00

Listing

BSE & NSE

Lead Managers

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 Limited

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COMPANY OVERVIEW

“The Leela” brand own, operate, manage and develop luxury hotels and resorts. The Leela brand was ranked as #1 among the world’s best hospitality brands in 2020 and 2021, and among the world’s top 3 hospitality brands in 2023 and 2024, by Travel + Leisure World’s Best Awards Surveys. Their goal is to offer our guests luxury experiences with premier accommodation, exclusivity and personalized service, inspired by the ethos of Indian hospitality.

As of March 31, 2025, we are one of the largest luxury hospitality companies by number of keys in India

comprising 3,553 keys across 13 operational hotels. They undertake business primarily through direct ownership of hotels and hotel management agreements with third-party hotel owners. 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 FY2025.

The company plans to expand its Portfolio with 7 new hotels, aggregating ~678 keys or 19.08% of existing keys through 2028 that will be either developed, owned or managed by the company. Further, they aim to launch exclusive ‘members only’ clubs across select hotels in our Owned Portfolio, further diversifying our hospitality offerings.

HIGHLIGHTS

1. Leading Luxury Hospitality Brand with Rich Heritage and Global Appeal
2. Marquee Owned Hotels in Markets with High Barriers to Entry
3. Comprehensive Luxury Ecosystem Resulting in Diversified Revenue Sources
4. Track Record of Driving Operational Efficiency by our Active Asset Management Approach
5. Sponsorship by Brookfield - A Leading Global Investor with Deep Local Expertise

OBJECTS OF THE ISSUE

1. Repayment/ prepayment/ redemption, in full or in part, of certain outstanding borrowings, interest accrued and prepayment penalties, as applicable, availed by
 - a. The Company (₹ 1,102.50 Cr.)
 - b. Certain of wholly owned Subsidiaries and step-down subsidiaries, namely, Schloss Chanakya, Schloss Chennai, Schloss Udaipur and TPRPL, through investment in such Subsidiaries (₹ 1,197.50 Cr.)
2. General corporate purposes

OUR VIEW

Schloss Bangalore Limited, incorporated in 2019, operates luxury hotels and resorts under the prestigious Leela brand. The company’s the average room rate (“ARR”) and revenue per available room (“RevPAR”) across its Owned Portfolio amounted to ₹22,545 and ₹15,306, respectively, which were both 1.4 times the luxury hospitality segment average in India.

The company has consistently maintained high guest satisfaction and operational excellences, outperforming many international luxury chains operating in India. The company has diversified into adjacent hospitality segments including branded residences and premium serviced apartments as their growth strategy.

However, risks to consider are intense competition, high debt burden, Geographic Concentration Risk, concentrated income from the 5 hotels owned by the company, negative cash flow, High Finance cost. On the financial front, the Revenue CAGR for the period of FY23-25 stood at 23%. The company operated on an EBITDA margin of 49.78% and PAT margin of 3.39% for FY25. Debt to Equity of 1.07x for FY25.

The issue is priced at a P/BV of 2.92 based on its NAV of Rs. 148.88 as at FY25 and P/E stands at 221x. As per RHP, industry average P/E is around 95.13x and competitors are valued at 197.91x highest being (Juniper Hotels Ltd.) and 36.24x lowest of (EIH Ltd.)

Leela Hotels has positioned itself in the upper and luxury segments, targeting both domestic and international travellers across business and leisure categories. The company has bright expansion plan and opportunity of growing tourism industry. But, at the same time the valuation seems expensive and the numbers turned positive from this financial year. Looking at all the factors, risks, opportunities and valuation, high risk investors may invest with long term horizon.

Brief Financials

PARTICULARS			₹ in Million
	FY '25	FY '24	FY '23
Total Income	14,065.56	12,265.00	9,032.67
Total Expenditure	13,042.95	12,070.71	9,638.26
EBITDA	7,001.68*	6,000.26	4,236.29
Profit/(Loss) before Tax	1,020.72	194.29	(605.59)
Profit/(Loss) after Tax	476.58	(21.27)	(616.79)
E.P.S. (Diluted)	1.97	(0.12)	(3.50)
P/E (x) (Diluted)	221	-	-
RONW (%)	1.32	-	-

* EBITDA for Fiscal ended March 31, 2025, includes a share of net loss of joint venture accounted for using equity method of ₹ 1.89 million.

PRICE CHART (@ ₹ 435) (Retail Category)

LOT SIZE	Amount
34	14,790
68	29,580
102	44,370
136	59,160
170	73,950
204	88,740
238	103,530
272	118,320
306	133,110
340	147,900
374	162,690
408	177,480
442	192,270

HNI Payment Chart

Category	No. of Shares	Minimum Bid Lot Amount (Rs.)
Small HNI	476	207,060
Big HNI	2,312	1,005,720

Indicative Time Table

Tentative Events	Indicative Dates
Finalisation of Basis of Allotment with the Designated Stock Exchange	29/5/2025
Initiation of refunds/unblocking ASBA Fund	30/5/2025
Credit of Equity Shares to demat accounts of Allottees	30/5/2025
Commencement of trading of the Equity Shares on the Stock Exchanges	2/6/2025

For more details, Please refer RHP,

(https://www.sebi.gov.in/filings/public-issues/may-2025/schloss-bangalore-limited-rhp_94063.html)

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