

**Rating: Neutral**

**Issue Offer**

Fresh Issue of 57,471,264 equity shares amounting to INR 25,000 Mn, and Offer for sale of 22,988,506 equity shares aggregating up to total of INR 35,000 Mn.

**Issue Summary**

Price Band INR	413-435
Face Value INR	10
Implied Market Cap INR Mn.	1,45,272
Market Lot	34
Issue Opens on	May 26, 2025
Issue Close on	May 28, 2025
No. of share pre-issue	276,486,614
No. of share post issue	333,957,878
Listing	NSE, BSE

**Issue Break-up %**

QIB Portion	≥ 75
Retail Portion	≤ 10
NII Portion	≤ 15

**Registrar**

KFin Technologies Limited

**Book Running Lead Managers**

JM Financial Ltd  
BofA Securities India Ltd  
Morgan Stanley India Company Pvt Ltd  
J.P. Morgan India Pvt Ltd  
Kotak Mahindra Capital Company Ltd  
Axis Capital Ltd  
Kotak Mahindra Capital Company Ltd  
Citigroup Global Markets India Pvt Ltd  
IIFL Capital Services Ltd  
ICICI Securities Ltd  
Motilal Oswal Investment Advisors Ltd  
SBI Capital Markets Ltd

**Shareholding Pattern**

	Pre-Issue	Post-Issue
Promoters	100%	75.91%
Public & Others	0.0%	24.09%

**Objects of the issue**

- Repayment or prepayment of borrowings, interest, and penalties by the Company and select subsidiaries through investments.
- General Corporate Purposes.

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Schloss Bangalore Limited, established on March 20, 2019, is a leading luxury hospitality company in India operating under "The Leela" brand. It owns, operates, and manages a portfolio of 12 luxury hotels and resorts with 3,382 keys, making it one of the largest in the segment. Its owned properties across Bengaluru, Chennai, New Delhi, Jaipur, and Udaipur are renowned for blending Indian architectural elegance with modern luxury. The company also runs 67 restaurants and 12 wellness centers, serving both leisure and business travelers. Backed by Brookfield-managed funds, Schloss Bangalore is a prominent player in India's premium hospitality and MICE markets.

**Investment Rationale:**

**A Trusted Name in Luxury Hospitality:** The Leela stands out as a premier luxury hospitality brand with a strong heritage and global appeal, consistently recognized among the world's best by prestigious publications. With over 250 industry awards since 2021 and nearly 47% of FY25 room revenues from international travelers, the brand demonstrates both domestic strength and international traction. Backed by favorable macroeconomic trends—including a forecasted 6.6% global CAGR in luxury tourism and significant growth potential in India—The Leela is strategically positioned to capture market share and expand through partnerships, offering a compelling opportunity for long-term investors in the luxury hospitality sector.

**Driving Growth and Profitability Through Proactive Asset Management:** The Leela is enhancing same-store growth and margins through upgrades to existing properties, targeted marketing, and cost efficiencies. By adding premium offerings like exclusive clubs, luxury retail, and renowned spas—such as at The Leela Palace Bengaluru—They aim to boost RevPAR, attract high-value guests, and drive profitability across their portfolio.

**Strategic Portfolio Expansion through Acquisitions and Developments:** The Leela is actively expanding its portfolio by acquiring and developing luxury hotels in high-demand urban and resort locations that align with their brand. This includes acquiring underperforming properties with strong potential and developing new assets to strengthen market presence. A key example is The Leela Palace Jaipur, where their acquisition and investment efforts more than doubled ARR and significantly increased RevPAR over five years, highlighting the value of their strategic growth approach.

**Sustainable and Strategic Growth with Prudent Capital:** The Leela is committed to expanding in high-potential markets like the Maldives, Dubai, Mumbai, and Goa through a mix of greenfield developments, acquisitions, and management agreements, while maintaining a sustainable capital structure. They prioritize prudent capital allocation, including using proceeds to reduce debt, and rely on their management's expertise and Brookfield's global experience to time acquisitions effectively and ensure quality-driven growth. Their strategy focuses on markets with strong demand, aligning each development with their brand standards and a long-term sustainability framework.

**Valuation and View:**

The Leela's strong portfolio expansion, proven by significant ARR and RevPAR growth at key properties like The Leela Palace Jaipur, positions the brand for continued value creation. With strategic acquisitions and developments in high-demand locations, coupled with robust operational performance, The Leela is well-placed for sustainable revenue growth and enhanced profitability, supporting a positive long-term outlook. **At the upper band of INR 435, the issue is valued at a P/E ratio of 305x, based on PAT of FY25 EPS of INR 1.43. We are recommending a "Neutral" for this issue currently.**

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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