

Pipeline addition back-ended

30 December 2024

Brigade Hotel Ventures (Brigade Hotels), promoted by one of India's leading real estate developers, Brigade Group (Brigade), has 1,604 keys across nine own/ developed hospitality assets in South India. It is the second-largest owner of chain-affiliated hotels and rooms in South India, with an average occupancy of 73.3% in FY24, surpassing the industry average of 64% in FY24. The hotels are managed by renowned global hospitality companies such as Marriott (448 keys; two hotels), Accor (553 keys; four hotels), and InterContinental Hotels Group (603 keys; three hotels) and cater to the upper upscale (230 keys; one hotel), upscale (641 keys; four hotels), upper-midscale (603 keys; three hotels), and midscale (130 keys; one hotel) market segments. In FY24, the average room rate (ARR) rose 7.5% to INR 6,388 compared with an ARR of INR 5,944 in FY23. Occupancy grew by ~370bps to 73.3% through FY23-24.

Pipeline robust – 996 keys across five hotels to be operationalized from FY28: Brigade Hotels has five greenfield hotels in its pipeline, which will take the total inventory to 2,600 keys from the current 1,604 keys. This growth will be led by the operationalization of two upper-midscale 'Fairfield by Marriot' branded hotels in Bengaluru and a 250-key Grand Hyatt branded luxury beach resort at ECR, Chennai in FY28. In FY29, a 300-key InterContinental branded luxury hotel in Hyderabad and a luxury wellness resort in Vaikom, Kerala will be opened. These pipeline hotels are coming up in high demand markets and also mark Brigade Hotels' entry into the luxury segment. Room-wise break-down of pipeline hotels has not been mentioned in the DRHP.

Scale up of 130-key ibis Styles, Mysuru to drive growth in FY26: The 130-key ibis Styles, Mysuru, was opened in August 2024 in the midscale segment. The hotel is strategically located at KRS Road near Mysuru's key industrial hubs. The hotel has two F&B outlets – (a) The Verandah and (b) Flamingo, a rooftop bar along with a large banquet space and seven meeting rooms, which could cater to Meetings-Incentive-Conference-Exhibition (MICE) demand. With its strategic location, we expect quick ramp-up in occupancy at ibis Styles Mysuru, which will drive growth for Brigade in FY26-27.

Concentrated portfolio in a growing ARR market: Brigade Hotels' hospitality assets are geographically concentrated in Bengaluru, with four out of its nine hotels in the city. About 63% of its FY24 revenue was generated from the hotels in Bengaluru. Although, this poses significant risk as regards lopsided geographical concentration, ARR in the city are seeing a rising trend, which could bolster profitability.

Prefer SAMHI due to consistent room additions: Brigade Hotels' business recovery post Covid has been commendable. This has been despite the fact that the IT industry has been among the slowest to embrace 'return to office', thus impacting hotel occupancies in Brigade's home market of Bengaluru (forming 63% of revenue). Opening of 130-key Ibis Styles hotel (at Mysuru) will drive growth in FY26 but is unlikely to be meaningful as it is in the mid-market segment. Brigade's return to high growth trajectory is unlikely to happen before FY28, when most of its pipeline hotels (996 keys) will start to operationalize. Business-wise, we prefer SAMHI Hotels (SAMHI IN, CMP INR 199, Not Rated) versus Brigade as SAMHI's room addition is happening annually. SAMHI's growth will also be led by an upward rebranding of some of its assets.

Key financials

YE March	FY22	FY23	FY24
Revenue (INR mn)	1,465	3,502	4,017
YoY (%)	-	139.1	14.7
EBITDA (INR mn)	109	968	1,415
EBITDA margin (%)	7.4	27.6	35.2
Adj PAT (INR mn)	(716)	(141)	311
Fully DEPS (INR)	(716)	(141)	311
RoE (%)	(158.9)	(29.5)	39.4
RoCE (%)	(4.7)	4.7	14.0

Source: DRHP, Elara Securities Research

Rating: [Not Listed](#)

Brigade Hotels: Smaller player versus SAMHI

	Brigade Hotels	SAMHI
Keys (no.)	1,604 (nine hotels)	4939 (32 hotels)
ARR (INR)		
FY24	6,388	5,352
FY23	5,944	5,037
FY22	3,432	3,149
Occupancy (%)		
FY24	73.3	72.0
FY23	69.6	73.0
FY22	45.9	45.9

Note: 1. ARR and occupancy for SAMHI computed.
2. ARR and occupancy for SAMHI for FY23-24 inclusive of ACIC.
Source: DRHP, Company, Elara Securities Research

Peer valuations

FY24 (INR mn)	Sales	EBITDA	PAT	EV/ EBITDA (x)	P/E (x)
Brigade Hotels	4,017	1,415	311	-	-
SAMHI	9,574	2,665	(1,643)	19	(14)

Source: DRHP, Company, Elara Securities Research

Brigade Hotels: An upscale and upper midscale play

Segment	Brigade Hotels		SAMHI	
	Keys (no.)	% of total	Keys (no.)	% of total
Upper upscale	230	14	456	9
Upscale	641	40	760	15
Upper midscale	603	38	2,163	44
Midscale	130	8	1,560	32
Total	1,604		4,939	

Source: DRHP, Company, Elara Securities Research

Brigade Hotels: Diversified across brand owners

Brand owner	Brigade Hotels		SAMHI	
	Keys (no.)	% of total	Keys (no.)	% of total
Marriott	448	28	2,543	51
IHG Hotels	553	34	1,560	32
Accor	603	38	-	-
Hyatt	-	-	694	14
SAMHI	-	-	142	3
Total	1,604		4,939	

Source: DRHP, Company, Elara Securities Research

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Financials (YE March)

Income Statement (INR mn)	FY22	FY23	FY24
Net Revenues	1,465	3,502	4,017
EBITDA	109	968	1,415
Less :- Depreciation & Amortization	584	494	436
EBIT	(475)	474	978
Less:- Interest Expenses	615	692	689
Add:- Non operating Income	55	62	32
PBT	(1,036)	(155)	321
Less :- Taxes	(320)	(15)	9
Adjusted PAT	(716)	(141)	311
Add/Less: - Extra-ordinaries	(111)	110	0
Reported PAT	(827)	(31)	311
Balance Sheet (INR mn)	FY22	FY23	FY24
Share Capital	10	10	10
Instruments entirely equity in nature	2,819	2,819	2,819
Reserves	(2,428)	(2,408)	(2,159)
Minority Interest	49	57	120
Borrowings	6,855	6,325	6,012
Trade Payable	189	315	273
Other Liabilities	1,197	1,289	1,793
Total Liabilities	8,691	8,407	8,868
Gross Block	11,487	11,521	12,141
Less:- Accumulated Depreciation	4,806	5,254	5,633
Net Block	6,681	6,267	6,508
CWIP	237	294	717
Deferred tax asset (net)	801	791	782
Other Non-Current Assets	152	156	186
Cash & bank balances	327	310	203
Inventory	26	44	59
Trade Receivable	126	207	218
Other Net Assets	343	338	196
Total Assets	8,691	8,407	8,868
Cash Flow Statement (INR mn)	FY22	FY23	FY24
Cash profit adjusted for non-cash items	35	980	1,439
Add/Less : Working Capital Changes	(165)	113	121
Taxes Paid	(2)	(14)	(11)
Operating Cash Flow	(131)	1,079	1,549
Less:- Capex	(136)	(97)	(555)
Free Cash Flow	(267)	982	994
Financing Cash Flow	251	(1,322)	(921)
Investing Cash Flow	(111)	10	(453)
Net change in Cash	8	(234)	174
Ratio Analysis	FY22	FY23	FY24
Income Statement Ratios(%)			
Revenue Growth	-	139.1	14.7
EBITDA Growth	-	788.0	46.2
PAT Growth	-	-	-
EBITDA Margin	7.4	27.6	35.2
Net Margin	(56.5)	(0.9)	7.8
Return & Liquidity Ratios			
Net Debt/Equity (x)	14.5	12.6	7.4
ROE (%)	(158.9)	(29.5)	39.4
ROCE (%)	(4.7)	4.7	14.0
Per Share data & Valuation Ratios			
Diluted EPS (Rs/Share)	(716.0)	(140.9)	311.4
BVPS (INR)	450.6	478.0	790.1

Source: DRHP, Elara Securities Research

Offer details

Brigade Hotels' DRHP outlines an offer of fresh issue of equity shares of INR 9,000mn. The net proceeds from the fresh issue to the extent of INR 4,810mn are to be utilized for the repayment of borrowings availed by the company and its subsidiary, SRP Prosperita Hotel Ventures. And INR 1,075mn is to be utilized for the purchase of undivided share of land in Telangana from the promoter for a proposed InterContinental branded luxury hotel. The balance amount of the net proceeds is to be utilized for inorganic growth through unidentified acquisitions and other strategic initiatives and general corporate purposes.

Exhibit 1: Utilization of fresh issue proceeds

Particulars	Amount (INR mn)
Total fresh issue proceeds	9,000
Repayment/prepayment of borrowings	4,810
<i>Company</i>	4,120
<i>Subsidiary</i>	690
Payment of consideration for buying of undivided share of land from promoter	1,075
Inorganic growth through unidentified acquisitions and other strategic initiatives and general corporate purposes	3,115

Source: DRHP, Elara Securities Research

Promoter – A leading Indian real estate developer

Brigade Hotels is a wholly-owned subsidiary of Brigade Enterprises, a leading property development company of India based out of Bengaluru. Brigade Group is one of India's leading real estate developers and primarily operates in the residential, commercial, retail and hospitality sectors.

Brigade Enterprises has developed 250+ residential properties, including apartments, villas, and gated communities across six cities. It also has an established presence in commercial real estate with ~7.4mn sqft operational leasing portfolio, ~21mn sqft of completed commercial projects and ~8mn sqft under development. In the retail segment, Brigade's offerings include retail malls and showroom spaces across diverse outlets.

Brigade Enterprises has 20 years of experience in hospitality space

Brigade Enterprises entered the hospitality business in 2004, with the development of Grand Mercure Bengaluru, which commenced operations in 2009. Ever since, the hospitality portfolio has grown to nine operational assets, with five under development at present.

Brigade Enterprises was listed on NSE and BSE with effect from 31 December 2007. As of 30 September 2024, the market capitalization of the company was INR 346bn (as per the closing price as on 30 September 2024 i.e., INR 1,417). The company develops large mixed-use developmental projects which allows Brigade Hotels to develop hotels as part of these projects, and provide an integrated experience to customers.

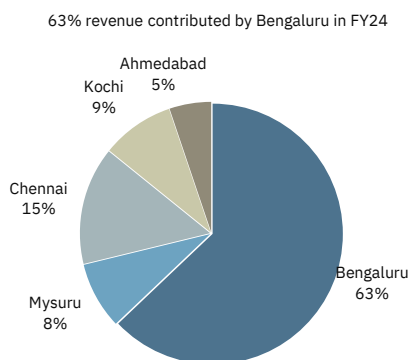
Risks

Concentrated portfolio

Four out of nine assets are located in Bengaluru, thus the lopsided geography-wise skew in Brigade Hotels’ portfolio. In FY24, 63% of its revenue came from these hotels, with 34% alone from Sheraton Grand Bangalore at Brigade Gateway. Any negative developments affecting Bengaluru could mar Brigade Hotels’ business significantly.

Also, Brigade Hotels’ pipeline includes two upper midscale ‘Fairfield by Marriott’ hotels, both set to open in Bengaluru by FY28, further increasing the company’s reliance on the city’s hospitality market. While the geographic concentration in Bengaluru presents a risk, the city’s hospitality market is poised to grow in the coming years. The supply of hotel rooms in Bengaluru is expected to grow at a CAGR of 6.5% through FY24-29, while demand for rooms is likely to post a higher CAGR of 9.6% through the same period, according to DRHP. This gap between supply growth and demand growth indicates positive outlook for Brigade Hotels, as the company stands to benefit from rising demand for quality hospitality services.

Exhibit 2: Brigade Hotels – About 63% revenue contributed by Bengaluru in FY24



Source: DRHP, Elara Securities Research

Brigade Hotels – Asset owner backed by real estate developer

Brigade Hotels is an owner and developer of hospitality assets in India. The company is the second largest owner of chain-affiliated hotels and rooms in South India. At present, Brigade Hotels has hospitality assets in Bengaluru (four hotels), Chennai (one hotel), Kochi (one hotel), Mysuru (two hotels) and GIFT city (one hotel). The portfolio houses properties managed by renowned global brands, such as *Marriott* (448 keys; two hotels), *Accor* (553 keys; four hotels), and *InterContinental Hotels Group* (603 keys; three hotels).

The portfolio consists of nine operational hospitality assets across India (1,604 keys) spanning upper upscale (230 keys; one hotel), upscale (641 keys; four hotels), upper-midscale (603 keys; three hotels), and midscale (130 keys; one hotel) market segments.

Brigade Hotels' portfolio – Owns 1,604 keys across nine hotels

Brigade Hotels' portfolio comprises nine hotels, totaling 1,604 keys, located in business and leisure destinations across India – Bengaluru (757 keys), Chennai (202 keys), Kochi (218 keys), Mysuru (276 keys) and GIFT city (151 keys). This portfolio demonstrated a 72% CAGR in RevPAR through FY22-24 and an average occupancy of 73.3% in FY24, outperforming the industry average of 64% through the same period.

Exhibit 3: Portfolio of 1,604 keys across nine hotels

Hotels	Segment	Location	Operator company	Keys	Commencement date
Grand Mercure Bangalore	Upscale	Bengaluru	Accor	126	Jan-09
Sheraton Grand Bangalore at Brigade Gateway	Upper upscale	Bengaluru	Marriott	230	Apr-11
Grand Mercure Mysore	Upscale	Mysuru	Accor	146	Apr-16
Holiday Inn Chennai OMR IT Expressway	Upper midscale	Chennai	IHG Hotels & Resorts	202	Apr-17
Holiday Inn Bengaluru Racecourse	Upper midscale	Bengaluru	IHG Hotels & Resorts	272	Oct-17
Four Points by Sheraton Kochi Infopark	Upscale	Kochi	Marriott	218	Dec-18
Grand Mercure Ahmedabad GIFT City	Upscale	Ahmedabad	Accor	151	Dec-19
Holiday Inn Express & Suites Bengaluru OMR	Upper midscale	Bengaluru	IHG Hotels & Resorts	129	Aug-20
ibis Styles Mysuru	Midscale	Mysuru	Accor	130	Aug-24
Total				1604	

Source: DRHP, Elara Securities Research

- ▶ **Grand Mercure Bangalore** offers an all-suite experience in the heart of Koramangala. Grand Mercure Bangalore features 126 keys and is located in Koramangala area of Bengaluru. The hotel offers an apartment-style concept with fully equipped, all-suite accommodations and boasts four meeting and banquet venues, making it an ideal choice for business events and social gatherings.
- ▶ **Sheraton Grand Bangalore at Brigade Gateway – A 230-key luxury gateway:** Sheraton Grand Bangalore at Brigade Gateway is a 230 key, integrated property within the prime Brigade Gateway lifestyle precinct in Rajajinagar, Bengaluru. The hotel provides easy access to key business and leisure hubs. The hotel features eight meeting and banquet spaces, spanning 24,500sqft.
- ▶ **Grand Mercure Mysore – A 146-key hotel in Mysore:** Grand Mercure Mysore offers 146 keys designed to cater to luxury travelers and MICE demand. Strategically positioned close to key industrial hubs, Grand Mercure Mysore offers convenience for both business and leisure guests. The hotel features five meeting and banquet spaces.
- ▶ **Holiday Inn Chennai OMR IT Expressway** is a 220-key hotel in the IT corridor. Holiday Inn Chennai OMR IT Expressway features 202 keys and is located at the start of Old Mahabalipuram Road (OMR) in Chennai. The hotel primarily caters to demand from the IT/ITeS sector, as well as the local market, providing convenient access to key business hubs along the OMR corridor. It has a 220-foot frontage with five meeting and banquet spaces as well as a fully serviced business centers.

- ▶ **Holiday Inn Bengaluru Racecourse – Perfect blend of comfort and convenience in CBD:** Holiday Inn Bengaluru Racecourse offers 272 keys in the heart of Bengaluru's Central Business District (CBD). The hotel features three versatile meeting and banquet spaces.
- ▶ **Four Points by Sheraton Kochi Infopark offers 218 keys in Kochi's Tech Hub:** Four Points by Sheraton Kochi Infopark has 218 keys and is located in a prime location near key tech hubs in the city. The property also has three versatile meeting and banquet spaces.
- ▶ **Grand Mercure Ahmedabad GIFT City offers 151 keys in India's financial hub:** Grand Mercure Ahmedabad GIFT City is a 151-key hotel, located in GIFT City (Gujarat), India's premier global financial hub. The hotel has easy access to key financial and commercial centers. The hotel features three banquet spaces.
- ▶ **Holiday Inn Express & Suites Bengaluru OMR – Convenient stay near Bengaluru's key industrial hubs:** Holiday Inn Express & Suites Bengaluru OMR is a 129-key hotel located along Old Madras Road in Bengaluru. The hotel is ideally positioned near key industrial areas such as Hoskote, Narsapura, and Whitefield, making it a prime choice for both business and leisure travelers. The hotel features two meeting and banquet spaces.
- ▶ **ibis Styles Mysuru – New 130-key hotel in Mysuru's industrial zone:** ibis Styles Mysuru, opened in August 2024, offers 130 keys, including 30 suites. The hotel is strategically located near key industrial hubs and is designed to provide simple and trendy hospitality.

Hotels in the pipeline to fuel growth from FY28

Brigade Hotels aims to expand its portfolio by adding five new hotels, including two upper midscale and three luxury hotels. The properties will span greenfield developments across Chennai, Bengaluru, Telangana and Kerala. The growth is set to diversify Brigade Hotels' geographical footprint across additional cities and tourist destinations such as Kerala and Telangana. The three luxury developments will be Brigade Hotels' entry into the luxury segment, thus enabling portfolio diversification. The company is also assessing potential geographies such as Goa and South India to expand its greenfield portfolio. The company is also considering opportunities for inorganic expansion through acquisition of companies and assets. These expansion plans aim to cater to growing demand for quality accommodation among professionals and businesses operating in urban hubs and paves the path for future growth.

Exhibit 4: Five owned properties to be operational by FY28-29

Type and hotel segment	Proposed brand	Location	Keys	Expected year of commencement
Luxury beach resort	Grand Hyatt	ECR, Chennai	250	FY28
Upper midscale hotel	Fairfield by Marriott	Udayagiri, near Bengaluru International Airport	-	FY28
Upper midscale hotel	Fairfield by Marriott	Bommasandra Industrial area, Near Hosur, Bengaluru	-	FY28
Luxury hotel	InterContinental	Kokapet, Hyderabad	300	FY29
Luxury wellness resort	-	Vaikom, Kerala	-	FY29

Source: DRHP, Elara Securities Research

Grand Hyatt beach resort in Chennai

Brigade Hotels is to develop a 250-key luxury beach resort on East Coast Road (ECR), Chennai, for which 15.93 acres of land has been leased from a third party. The resort is expected to commence operations in FY28 and will potentially be a Grand Hyatt branded resort for which a non-binding letter of intent has been entered into between Brigade Hotels and Hyatt in India.

The demand for hotel rooms in Chennai is projected to grow at a CAGR of 4.1% through FY24-29, per DRHP, outpacing supply growth, which is expected to rise at a CAGR of 3.2% per DRHP. The city continues to attract a diverse range of visitors, including official business delegations, with strong demand, driven by the IT, automobile, healthcare, and pharma sectors. In addition, growing wedding tourism – including lavish weddings – further boosts hotel revenues, an opportunity that Brigade's resort is well-positioned to capitalize on with its premium amenities and scenic beachside location. The rise in heritage and spiritual tourism in Chennai also complements the resort's offering, attracting visitors seeking relaxation and cultural exploration.

Two upper-midscale hotels added to Bengaluru portfolio

Brigade Hotels will develop two hotels – One near Bengaluru International Airport and one near the Bommasandra Industrial area, near Hosur. Both these are likely to be operationalized in FY28. These hotels will cater to the upper midscale segment and are going to be branded with Fairfield by Marriott. For the hotel near the airport, 2.43 acres of land has been leased from Brigade Hotels' director and Brigade Enterprises' director (founder family of Brigade Group). For the hotel near Hosur, a memorandum of agreement to acquire 1.03 acres of land for INR 150mn has been entered into with its promoters.

An important infrastructure development benefiting Brigade's hotels in Bengaluru is the expansion of Bengaluru's airport, which opened a second runway in December 2019 and a second terminal in November 2022. With passenger numbers surpassing pre-Covid levels, reaching 38mn in FY24, this growth in connectivity is expected to boost both domestic and inbound travel. Reliance on remote work continues to reduce for the IT sector. A full recovery in demand in this sector will further increase demand for hotel accommodations. Bengaluru's evolving demographics, with a growing and youthful workforce, present significant opportunities for Brigade's hotels to capitalize on staycation trends and increased F&B spending.

A luxury hotel in Hyderabad

A 300-key InterContinental branded luxury hotel will be developed by Brigade Hotels in Kokapet, Telangana as part of Brigade Group's mixed use development. Brigade Group intends to develop a residential, mall and commercial space and a hotel on 5.68 acres of its own land. Brigade Hotels has entered into a memorandum of agreement with its promoters to acquire undivided share of 1.35 acres of land, which is ~23.76% of the total for INR 1,075mn.

The demand for hotel accommodations in Bengaluru is largely driven by the IT and ITeS sectors, though corporate demand also stems from locally-based companies and professional services. Additionally, the city's thriving retail, F&B, and entertainment spaces further support demand, catering to a growing working population with a younger demographic and substantial spending power. This dynamic economic environment presents significant opportunities for Brigade's hotels in Bengaluru.

As the city continues to benefit from key infrastructure developments – the Hyderabad International Convention Centre, the ongoing expansion of the privately developed airport, and the aerotropolis development with MRO and other operations – Bengaluru's appeal as a business and leisure destination is set to strengthen. Furthermore, the city's excellent road infrastructure enhances accessibility, further driving demand for premium hotel services. Brigade's properties are well-positioned to capitalize on these trends, attracting both corporate travelers and leisure guests, while benefiting from the city's continued growth and infrastructure advancements.

A wellness resort across 14.07 acres at Vaikom

Brigade Hotels plans to develop a wellness resort at Vaikom Island in Kerala on 14.7 acres of land. The company owns 7.08 acres and has entered into a memorandum of agreement with Brigade Hospitality Services to acquire an additional 7.62 acres for INR 76.2mn.

Vaikom holds cultural significance, with its iconic Vaikom Mahadeva Temple and rich local heritage. Kerala's history, traditions, and vibrant festivals, such as the Vaikom Ashtami, provide opportunities for guests to experience a blend of spirituality, culture, and wellness. Vaikom also benefits from its strategic location, situated about 30km from Kottayam, a major town in central Kerala, and 50km from Kochi, one of Kerala's largest metropolitan areas. Kochi's international airport is well-connected to major global hubs, making it easily accessible for international and domestic travelers alike. Additionally, the accessibility of Vaikom via well-maintained roads and waterways further positions the location as an attractive choice for travelers looking for both convenience and escape.

New 130-key hotel with potential for scale up

ibis Styles Mysuru, which opened in August 2024, features 130 rooms (including 30 suites), in the midscale segment. The hotel is strategically situated at KRS Road near Mysuru's key industrial areas. Despite its central location, the property is surrounded by lush greenery, making it a suitable choice for leisure travelers. The hotel's design is inspired by the Ranganthittu Birds Sanctuary, the largest bird sanctuary in the state of Karnataka. The hotel boasts two F&B outlets – The Verandah and Flamingo, a rooftop bar. It also has a large banquet space and seven meeting rooms, making it ideal to cater to MICE demand. The construction of the hotel was delayed by two years on account of COVID-19. With its strategic location, we expect quick ramp-up in occupancy at ibis Styles Mysuru, which will drive growth for Brigade in FY26-27.

Bengaluru: Concentrated portfolio in a growing ARR market

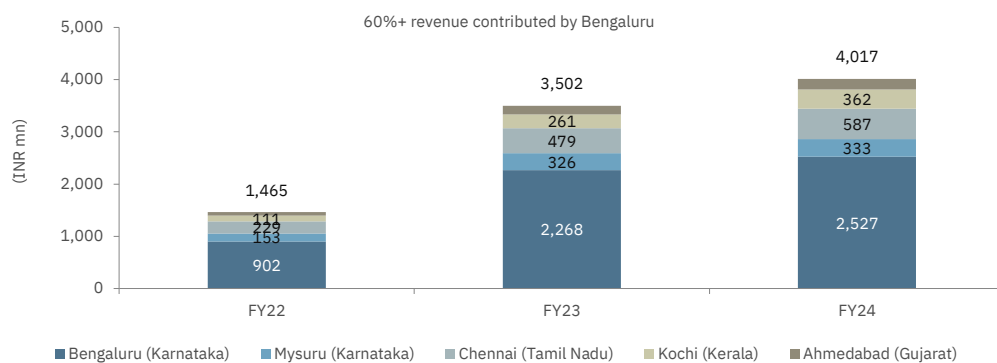
Brigade Hotels' portfolio comprises four out of nine existing hospitality assets in Bengaluru. In FY24, these hotels contributed 63% to the company's total revenue, with the Sheraton Grand Bangalore at Brigade Gateway alone accounting for 34% of this total. Additionally, Brigade Hotels' pipeline includes two upper midscale 'Fairfield by Marriott' hotels in Bengaluru, slated for opening by FY28, further increasing the company's reliance on the city's hospitality market.

Bengaluru is recognized as India's start-up hub and houses major global capability centers (GCCs). It is home to key sectors, including IT and ITeS, biosciences, pharmaceuticals, manufacturing, electronics, aviation and aerospace, professional services, education, healthcare, and retail. The return to the office in the IT sector, coupled with an uptick in inbound travel, is set to bolster demand. This

trend is likely to enhance hotel occupancy and average daily rates. Further, the Kempegowda International Airport has plans for a third terminal and the Karnataka government is considering a new airport to accommodate growth. These factors will function as key demand drivers for Ventive Hospitality assets in Bengaluru.

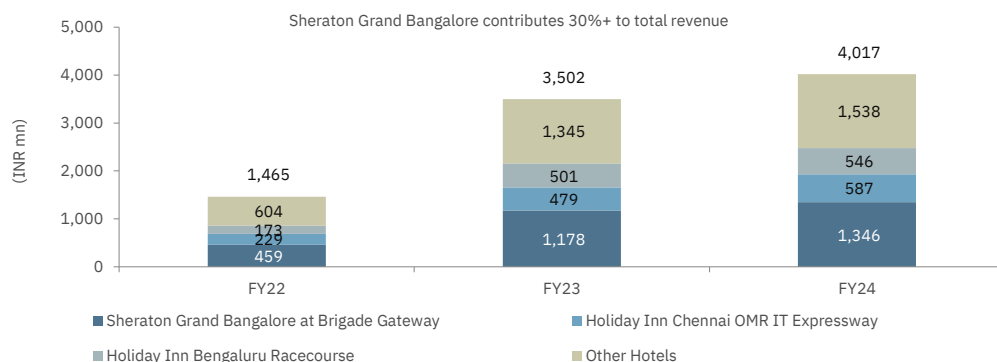
Further, the supply of hotel rooms in Bengaluru is expected to post a CAGR of 6.5% through FY24-29, while demand for rooms is likely to grow at a higher CAGR of 9.6% over the same period. As per Hotelivate, in FY24, Bengaluru clocked ARR of INR 8,561 [units] and RevPAR of INR 5,616, both up ~20% YoY. The gap between supply and demand growth coupled with rising ARR indicates positive outlook for Brigade Hotels in Bengaluru, positioning the company well to capitalize on the city's growing hospitality market.

Exhibit 5: More than 60% revenue contributed by Bengaluru



Source: DRHP, Elara Securities Research

Exhibit 6: Sheraton Grand Bangalore contributes 30%+ to total revenue



Source: DRHP, Elara Securities Research

Positive outlook for Ahmedabad's hospitality market

Ahmedabad's hospitality market is currently experiencing a positive phase, bolstered by significant industrial investment in the city and its outskirts, along with a strong push to develop the International Finance Centre at GIFT City near Gandhinagar. GIFT City, one of India's first global financial hubs, continues to attract attention and investment, positioning Ahmedabad as a key player in the country's financial landscape. The expansion of the city's airport along with the upcoming completion of the bullet train project and various intra-state road developments will further boost the region's appeal for Meetings, Incentives, Conferences, and Exhibitions (MICE) activities, in addition to casual leisure travel. The launch of the new metro rail link in September 2024, connecting Narendra Modi Stadium, Mahatma Mandir, and GIFT City, will significantly improve connectivity within the city. This development is expected to drive growth in GIFT City operations and further stimulate demand for hospitality services in the region, enhancing the overall outlook for Ahmedabad's hotel market. With Brigade Hotels' presence in the city, it is poised to benefit from the growing demand.

Financials

Robust growth in hotel revenue, ARR and occupancy

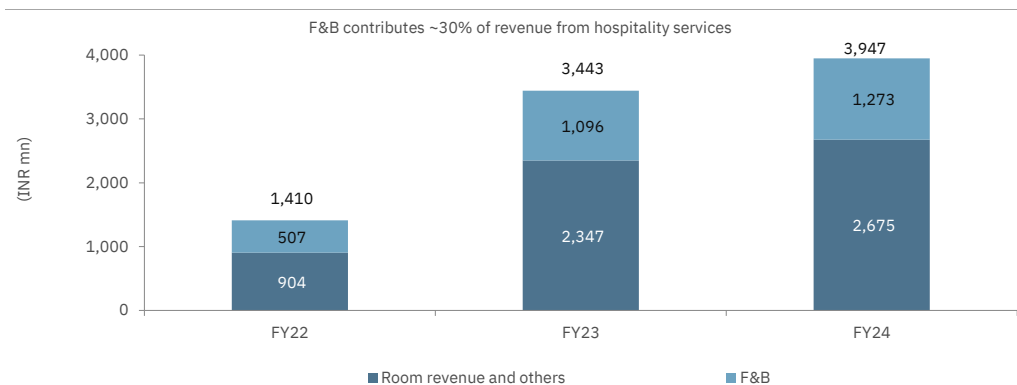
Total revenue has grown at a CAGR of 66% through FY22-24 to INR 4,017mn in FY24, driven by 72% CAGR in room revenue and other revenue from hospitality services and 58% CAGR in revenue from F&B. ARR in FY24 has grown by 86% to INR 6,388 from INR 3,432 in FY22 (at a CAGR of 36%) and occupancy has increased by 2,736bps from 45.9% in FY22 to 73.3% in FY24. Furthermore, the portfolio demonstrated a 72% CAGR in RevPAR through FY22-24.

Exhibit 7: ARR – 36% CAGR through FY22-24

	FY22	FY23	FY24
Number of keys	1,474	1,474	1,474
Average occupancy (%)	45.9%	69.6%	73.3%
ARR (INR)	3,432	5,944	6,388
RevPAR (INR)	1,576	4,136	4,681

Source: DRHP, Elara Securities Research

Exhibit 8: F&B contributes ~30% to overall revenue from hospitality services



Source: DRHP, Elara Securities Research

Initiatives to reduce operating expenses and increase revenue

Brigade Hotels intends to focus on cost reduction through: (a) introduction of electric vehicles into its fleet, (b) optimization of payroll expenses, (c) streamlining of staff-to-room ratios, (d) negotiation of better terms with suppliers and (e) adopting energy-saving practices.

Furthermore, Brigade Hotels aims to increase its revenue through ARR increases for corporate accounts, introduction of weekend packages from March to September, weekend discounts for advance purchases, organizing food festivals, establishing tie-ups with wedding venues, engaging in sponsored advertisements and listings on online booking platforms. The company also plans to optimize bookings through operator-managed loyalty programs. By focusing on both reducing operating expenses and increasing revenue, the company aims to strengthen its financial position and drive sustained growth.

Exhibit 9: Operating expenses at 64% of revenue in FY24

	FY22	FY23	FY24
Operating expenses (INR mn)	1,356	2,534	2,602
Operating expenses as a percentage of revenue (%)	92.6	72.4	64.8

Source: DRHP, Elara Securities Research

Related party transactions with promoters

In Q1FY25, Brigade Hotels acquired ROU assets of INR 89.5mn each from Nirupa Shankar and Pavitra Shankar (Brigade Hotels' director and Brigade Enterprises' director – founder family of the Brigade Group). It has also entered into transactions of interest and security deposit related to the lease.

- ▶ Furthermore, the company has leased 2.43acres of land from Nirupa Shankar and Pavitra Shankar for 'Fairfield by Marriott' branded upper-midscale hotel near Bengaluru International Airport.
- ▶ It has also entered into MoUs with Brigade Enterprises to acquire two land parcels – 1.03acres for 'Fairfield by Marriott' branded upper-midscale hotel near Hosur and 1.35acres for an InterContinental branded luxury hotel in Hyderabad.
- ▶ It is also acquiring 7.62acres of land from Brigade Hospitality Services to combine with its own land of 7.08acres for a luxury wellness resort in Kerala.

Exhibit 10: Related party transactions with promoters

Related party	Nature of transaction	Nature of relationship	Amount for Q1FY25 (INR mn)
Nirupa Shankar	ROU asset acquired	Director of Holding Company (KMP)	89.5
Pavitra Shankar	ROU asset acquired	Relative of KMP	89.5
Nirupa Shankar	Lease liabilities consequent to the ROU asset acquired	Director of Holding Company (KMP)	89.5
Pavitra Shankar	Lease liabilities consequent to the ROU asset acquired	Relative of KMP	89.5
Nirupa Shankar	Security deposit - lease	Director of Holding Company (KMP)	25
Pavitra Shankar	Security deposit - lease	Relative of KMP	25
Brigade Enterprises	Rent paid	Ultimate parent company	14.2
Brigade Enterprises	Interest on borrowings	Ultimate parent company	35.2

Source: DRHP, Elara Securities Research

Exhibit 11: Land leased/ acquired for pipeline properties from promoters

Related party	Transaction	Amount (INR mn)	Corresponding hotels
Nirupa Shankar and Pavitra Shankar	Lease-2.43acres land		Fairfield by Marriott, near Bengaluru Airport
Brigade Enterprises	MOU for acquisition – 1.03acres land	150	Fairfield by Marriott, near Hosur
Brigade Enterprises	MOU for acquisition – 1.35acres land	1,101	InterContinental, Telangana
Brigade Hospitality Services	MOU for acquisition – 7.62acres land	76.2	Luxury wellness resort, Vaikom

Source: DRHP, Elara Securities Research

Peer Comparison

Exhibit 12: Peer valuations – SAMHI to deliver consistent business growth through room additions / brand upgradations

Company	CMP (INR)	Market cap (INR mn)	Sales (INR mn)				EBITDA (INR mn)				PAT (INR mn)				EV/EBITDA (x)			
			FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E
Brigade Hotels	-	-	4,017	-	-	-	1,415	-	-	-	311	-	-	-	-	-	-	-
SAMHI Hotels*	199	43,813	9,574	11,554	13,188	14,977	2,665	4,217	4,974	5,736	(1,643)	913	1,684	2,502	19.2	15.0	12.7	11.0

Source: *Bloomberg Estimates; DRHP, Elara Securities Research

Exhibit 13: Brigade has a stronger pipeline than SAMHI

Company (no.)	Existing		Pipeline	
	Hotels	Keys	Hotels	Keys
Brigade Hotels	9	1,604	5	996
SAMHI Hotels	32	4,939	3	501 keys in three greenfield hotels and 216-key brownfield expansion

Source: DRHP, Elara Securities Research

Exhibit 14: Both asset owners well diversified across brand owners

Brand owner	Existing		Pipeline	
	Brigade Hotels	SAMHI Hotels	Brigade Hotels	SAMHI Hotels
Marriott	Two hotels (448 keys)	17 hotels (2,543 keys)	Two hotels (keys not mentioned in DRHP)	Two hotels (390 keys) and 140-key brownfield expansion
InterContinental Hotels Group	Four hotels (553 keys)	11 hotels (1,560 keys)	One hotel (300 keys)	One hotel (111 keys) and 54-key brownfield expansion
Accor	Three hotels (603 keys)	-	-	-
Hyatt	-	Three hotels (694 keys)	One hotel (250 keys)	22 keys brownfield expansion
SAMHI	-	One hotel (142 keys)	-	-
Brand undecided	-	-	One hotel (keys not mentioned in DRHP)	-
Total	Nine hotels (1604 keys)	32 hotels (4939 keys)	Five hotels (996 keys)	Three hotels (501 keys) and 216 keys brownfield expansion

Source: DRHP, Elara Securities Research

Exhibit 15: Brigade Hotels – Three out of five pipeline hotels are luxury

Segment	Existing		Pipeline	
	Brigade Hotels	SAMHI Hotels	Brigade Hotels	SAMHI Hotels
Luxury	-	-	Three hotels (550 keys across two hotels; keys not mentioned for a hotel in DRHP)	-
Upper upscale	One hotel (230 keys)	Two hotels (456 keys)	-	Two hotels (390 keys) and 22-key brownfield expansion
Upscale	Four hotels (641 keys)	Four hotels (760 keys)	-	54-key brownfield expansion
Upper midscale	Three hotels (603 keys)	15 hotels (2163 keys)	Two hotels (keys not mentioned in DRHP)	86-key brownfield expansion
Midscale	One hotel (130 keys)	11 hotels (1560 keys)	-	A hotel (111 keys) and 54-key brownfield expansion
Total	Nine hotels (1,604 keys)	32 hotels (4939 keys)	Five hotels (996 keys)	Three hotels (501 keys) and 216-key brownfield expansion

Source: DRHP, Elara Securities Research

Key management

- ▶ **Nirupa Shankar** is the Managing Director of Brigade Hotels and holds a Bachelor's in Arts from the University of Virginia and a Master's in Hospitality Management from Cornell University. She oversees Brigade Group's hospitality, office, and retail businesses, as well as Human Resources, Public Relations, and Innovation departments. Previously, she worked in the US with a multinational corporation in a senior role.
- ▶ **Amar Shivram Mysore** is a Non-Executive, Non-Independent Director of the company. He holds a Bachelor's in Industrial Engineering and Management from Bangalore University, and a Master's of Science with advanced study in Industrial Engineering from the Pennsylvania State University. He previously served as the CEO of Brigade Infrastructure & Power Private. He also held the position of Vice President at BCV Developers Private.
- ▶ **Vineet Verma** is a Non-Executive, Non-Independent Director of the company. He holds a Bachelor's in Science from the University of Calcutta and has completed an Executive Programme in Strategic Marketing for Hotels and Restaurants from the Indian School of Business. He joined the Brigade Group in 2006 as the CEO of Brigade Hospitality Services. He is currently also the Managing Director of WTC Trades & Projects Private and was previously the CEO of Bengal Ambuja Metro Development.
- ▶ **Bijou Kurien** is an Independent Director of Brigade Hotels. He holds a Bachelor's in Science from St. Joseph's College, Bengaluru, and a Postgraduate Diploma in Business Management from Xavier Labour Relations Institute, Jamshedpur. He has previously worked at Hindustan Lever, Titan Company and has also served as the CEO of lifestyle business at Reliance Retail.
- ▶ **Anup Sanmukh Shah** is an Independent Director of the company. He holds a Bachelor's in Commerce and a Bachelor's in Law from the University of Bombay. An advocate since 1981, he is enrolled with the Karnataka State Bar Council. He founded ASLF Law Offices, where he served as the founding and managing partner.
- ▶ **Jyoti Narang** is an Independent Director of the company. She holds a Bachelor's in Economics (Honors) from Lady Shri Ram College for Women, University of Delhi, and a Master's in Business Administration from the University of Delhi. She has also completed an Advanced Management Programme at Harvard Business School. She previously worked with Indian Hotels Company.
- ▶ **Nakul Anand** is an Independent Director of the company. He holds a Bachelor's in Arts (Honors) from the University of Delhi and a Graduate Management qualification from Bond University, Australia. He was previously associated with ITC. In recognition of his achievements, he received the "Corporate Hotelier of the World" award in 2019 from Hotels, LLC, USA and the "Lifetime Achievement Award" by the Hotel Investment Conference-South Asia in 2022.

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