

Elevate Campuses Ltd – IPO Investment Note

Issue Open	Issue Close	Price Band (₹)	Rating
23 September 2026	25 September 2026	₹343-362	Neutral

Investment Summary

Elevate Campuses Limited presents a differentiated education-infrastructure platform, supported by its scaled student accommodation portfolio, established relationships with leading higher education institutions, high occupancy levels, and an asset-light managed portfolio that provides scope for capital-efficient expansion. The proposed addition of K-12 assets further diversifies the business and broadens its recurring rental-led revenue base, while the planned reduction in borrowings should support balance-sheet strengthening over the medium term. However, we maintain a Neutral stance at this stage, given the company's elevated leverage, sensitivity to interest costs, execution and integration risks associated with the proposed K-12 acquisitions, and the absence of directly comparable listed peers for valuation benchmarking. Key monitorables going forward include successful integration and performance of the acquired K-12 assets, sustained occupancy across the owned student accommodation portfolio, scaling and retention of the managed portfolio, timely collection of lease rentals and management fees, progress on debt reduction and finance-cost normalization, and the underlying earnings trajectory excluding exceptional gains.

Company Overview

Elevate Campuses Limited (formerly known as Good Host Spaces Limited) is an institutionalized education infrastructure platform engaged in owning, operating and managing on-campus student accommodation across higher education institutions (HEIs), along with owning K-12 education assets in India and Dubai. As of March 31, 2026, the company's portfolio comprised 7 owned student accommodation campuses with 20,368 beds across six Indian cities, 14 managed student accommodation campuses with 55,487 beds, and 2 K-12 assets in Dubai, while it plans to acquire 16 additional K-12 assets using the IPO proceeds. The company operates its student accommodation business under the 'Good Host Spaces' and 'ScholarZ' brands and provides an integrated offering spanning accommodation, dining, laundry, housekeeping, security and other campus services. With its combination of an asset-heavy owned portfolio and an increasingly asset-light managed portfolio, Elevate aims to address the student lifecycle across higher education and K-12 education while building long-term relationships with leading educational institutions. The company was originally incorporated in 2005 and is headquartered in Mumbai.

Business Model

Elevate's student accommodation business operates through an owned asset model, where it acquires, develops and operates hostel infrastructure in collaboration with HEIs. As of March 31, 2026, the Owned Portfolio comprised 7 campuses and 20,368 beds, with long-term hostel accommodation agreements generally ranging from 50-60 years. The company collects hostel fees directly from students, typically in advance, and supplements accommodation income through dining, laundry, housekeeping, gym, recreation and other value-added services. Its agreements with HEIs may also include revenue guarantees, occupancy commitments and predetermined fee escalations, providing greater revenue visibility. The Owned Portfolio contributed 65.74% of FY26 revenue from operations.

The company is simultaneously scaling an asset-light Managed Portfolio, under which it operates student accommodation facilities owned by HEIs through management contracts typically extending up to five years. As of March 31, 2026, the Managed Portfolio consisted of 14 campuses with 55,487 beds, operated through two models - a full-service model, where Elevate manages end-to-end operations including facilities, dining, housekeeping, security and community engagement, and a supervision-only model, where the HEI retains responsibility for the operating workforce. Revenue is primarily earned through monthly management fees, with additional Community and Campus Technology Services supporting the offering. The Managed Portfolio contributed 4.92% of FY26 revenue from operations, reflecting its relatively early-stage but scalable asset-light model.

Elevate's K-12 business follows an asset-ownership and long-term leasing model, wherein the company acquires school land and buildings and leases them to established K-12 operators under long-term agreements with predetermined rentals and scheduled escalations. The company generally follows a triple-net lease structure, under which the operator bears property-level operating expenses such as maintenance, insurance and property taxes, thereby creating a more predictable rental income stream for Elevate. As of March 31, 2026, the company had 2 K-12 assets in Dubai, while 16 additional K-12 assets are proposed to be acquired using the IPO proceeds; these acquisitions are expected to expand the K-12 platform and diversify the company's revenue base. K-12 rental income accounted for 29.34% of FY26 revenue from operations.

Financial Performance

- **Revenue CAGR ~ (FY24–FY26): ~28.01%** Revenue from operations increased from ₹347.00 Cr in FY24 to ₹369.81 Cr in FY25 and ₹568.63 Cr in FY26, driven by growth in rental income, facility management fees and the expansion/acquisition of student accommodation and K-12 assets.
- **EBITDA:** ₹220.13 Cr (FY24) → ₹256.40 Cr (FY25) → ₹545.00 Cr (FY26), while margins are at ~95.84% in FY26.
- **PAT trajectory:** ₹39.69 Cr (FY24) → ₹49.74 Cr (FY25) → ₹173.76 Cr (FY26) with a 30.56% margin.
- **Return metrics** Return on Net Worth (RoNW) stood at 18.17% in FY26 versus 7.11% in FY25 and 6.05% in FY24, while Return on Adjusted Capital Employed stood at 6.42%, 9.90% and 9.72%, respectively.
- **Balance sheet:** Net worth stood at ₹956.29 Cr as of FY26, with total borrowings of ₹4,120.53 Cr and a Debt-to-Equity ratio of 4.31x.
- **Key Ratios:** Basic EPS ₹19.65, NAV ₹432.62 per share.

Financial Snapshot

Metric	INR CR		
	FY24	FY25	FY26
Revenue from Operations	347.00	369.81	568.63
EBITDA	220.13	256.40	545.00
EBITDA Margin	63.44%	69.33%	95.84%
Profit After Tax (PAT)	39.69	49.74	173.76
PAT Margin	11.44%	13.45%	30.56%
Basic EPS (₹)	4.49	5.63	19.65

Investment Rationale

1. Scaled Student Accommodation Platform with Significant Market Headroom:

Elevate has built a large institutional student accommodation platform with **78,542 beds as of June 15, 2026**, which the CBRE Report estimates at ~2.1x the capacity of the next-largest PMSA player. Despite this scale, the company serves only ~0.85% of the estimated 12.66 million-student TAM, indicating a sizeable addressable market for further expansion.

2. Established Portfolio with Strong Occupancy and Institutional Relationships:

The company's Owned Portfolio recorded **89.37% occupancy in FY26**, while occupancy had remained above 99% in the preceding two academic years. Its long-standing relationships with leading HEIs, including O.P. Jindal Global University, have enabled expansion across owned and managed beds, supporting visibility into student demand and campus-level revenues.

3. Combination of Owned and Asset-Light Managed Models:

Elevate combines long-duration ownership/lease arrangements for its Owned Portfolio with an asset-light Managed Portfolio operated under management contracts with HEIs. The managed model requires substantially lower capital deployment and provides a scalable avenue to expand the platform, with 14 managed campuses covering 55,487 beds as of March 31, 2026.

4. **Diversification into K-12 Education Infrastructure:**

The proposed acquisition of 16 K-12 assets will broaden Elevate beyond student accommodation into a relatively stable education-infrastructure rental model, with assets located across key urban and emerging markets. The IPO earmarks approximately 52.38% of gross proceeds towards these acquisitions, while the existing portfolio also includes K-12 assets in Dubai.

5. **Strong Operating Capabilities and Integrated Student Experience:**

Elevate has developed capabilities spanning asset sourcing, acquisition, development, infrastructure management and student experience, supporting a portfolio of 75,855 owned and managed beds as of March 31, 2026. Its technology-enabled platform, combined with dining, housekeeping, laundry, security and recreational services, allows it to provide standardized services across a large institutional network.

6. **IPO Proceeds to Support Expansion and Balance Sheet Deleveraging:**

The IPO provides funding for both inorganic expansion and balance-sheet strengthening, with ₹1,100 Cr earmarked for the proposed K-12 acquisitions and ₹750 Cr for repayment/prepayment of borrowings. On a pro forma basis, including the proposed acquisitions, FY26 revenue from operations would increase from ₹5,686 Mn to ₹8,069 Mn, indicating meaningful scale-up potential.

Key Risk Factors

1. **Execution and Integration Risk from Proposed K-12 Acquisitions:**

A significant portion of the IPO proceeds is being used to acquire K-12 entities and campuses from fellow subsidiaries of the promoters. The assets have different rental structures, lock-in periods and operating arrangements, while certain assets have reported operational issues, creating risks around integration, liabilities and realization of the expected benefits.

2. **High Leverage and Floating-Rate Interest Exposure:**

Elevate had ₹4,120.53 Cr of total borrowings as of March 31, 2026, of which 66.61% was floating-rate debt. Finance costs accounted for 47.39% of total expenses in FY26, while a 50 bps increase in interest rates would have reduced FY26 PBT by ₹13.72 Cr, making earnings and cash flows sensitive to financing costs.

3. **Dependence on HEIs and K-12 Operators for Revenue and Occupancy:**

The company's revenue generation and student demand are dependent on its relationships with HEIs and K-12 operators, including their reputation, enrolment levels and willingness to continue outsourcing services. The RHP also highlights regional concentration, with 70.13% of FY26 revenue of the Pre-Acquisition Group coming from HEIs and student accommodation assets in northern and southern India.

4. **Occupancy, Contract Termination and Asset-Transfer Risk:**

Student accommodation revenues remain sensitive to occupancy levels; Owned Portfolio occupancy declined to 89.37% in FY26 after asset-level disruptions, including the temporary vacancy at Woodstock. Certain hostel agreements also contain termination/put-option provisions that can require transfer of assets back to HEIs following sustained underperformance or specified contractual triggers.

5. **Competitive and Limited-Track-Record Risk:**

The student accommodation industry remains competitive and fragmented, with competition from off-campus accommodation providers as well as other organized players. In addition, the company has a relatively limited operating history at its current scale and structure, making it harder to assess the sustainability of its recent growth and profitability trajectory.

IPO Details and Use of Proceeds

Parameter	Details
Issuer	Elevate Campuses Ltd.
IPO Issue Size	Total Issue Size: ₹2,100.00 Cr Fresh Issue of ₹2,100 Cr
Price Band	₹343 – ₹362 per share
Face Value	₹1 per share
Post-Issue Market Cap	Approx. ₹6101 Cr
IPO Opening Date	23 September 2026
IPO Closing Date	25 September 2026
Listing	NSE / BSE
Promoter Holding (Pre/Post)	Pre-IPO: ~ 100% → post-IPO: ~ 65.58%
Book Running Lead Managers	JM Financial Limited IIFL Capital Services Limited Morgan Stanley India Company Private Limited
Use of Proceeds	• Payment of the purchase consideration for the acquisition of the K-12 Entities and Campuses from the fellow subsidiaries of our Promoters (~1100 Cr) • Repayment and/ or prepayment, in full or in part, of certain outstanding borrowings and prepayment penalties (~750 Cr) • General Corporate Purposes

Valuation and Outlook

At the upper price band of ₹362 per share, Elevate Campuses Limited implies a **post-issue market capitalisation of approximately ₹6,101 crore**. Based on FY26 reported PAT of ₹173.76 crore and approximately 16.85 crore post-issue shares, the implied post-issue P/E works out to **~35.1x**; the company's FY26 basic EPS of ₹19.65 falls to a post-issue EPS of approximately ₹10.31 following dilution. However, FY26 PAT includes a ₹104.9 crore exceptional gain, while the company is also undertaking acquisitions that would take FY26 pro forma revenue to ₹806.93 crore and pro forma EBITDA to ₹728.06 crore; hence, reported P/E alone does not fully capture the earnings profile of the post-acquisition business. On an indicative post-acquisition basis, adjusting FY26 pro forma net debt for the proposed ₹750 crore debt repayment, the issue values the business at approximately **12.0x pro forma EBITDA**. The RHP explicitly states that there are no listed Indian companies with a business portfolio and scale comparable to Elevate, and therefore a direct industry peer multiple comparison is not meaningful. The outlook is supported by Elevate's large student-accommodation platform, strong institutional relationships, high occupancy, expansion of the asset-light managed portfolio and the proposed addition of 16 K-12 assets. However, the valuation needs to be assessed alongside elevated leverage, the integration/execution risks associated with the K-12 acquisitions, and the absence of directly comparable listed peers. Accordingly, we currently take a **"Neutral"** Stance on the IPO.

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