

HVS Monday Musings: Indian Hotel Industry Exploring the IPO Route

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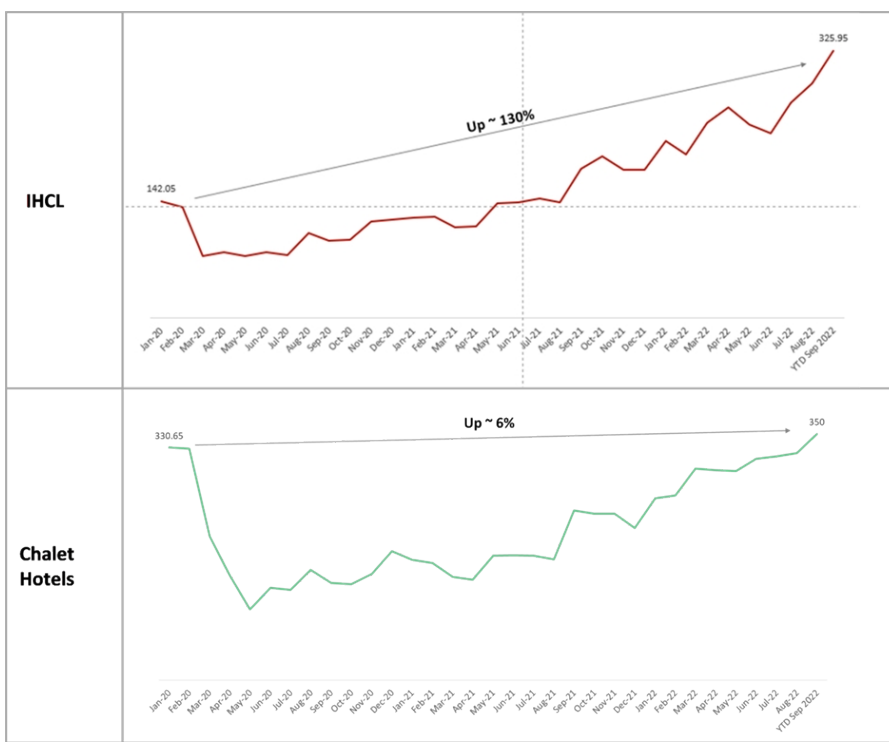


India's initial public offerings (IPO) market has been thriving for the past few years, and 2021 ended up being a record year with over 60 IPOs, as the country's stock market reached new highs, putting the COVID fears to rest. This positive trend has continued in 2022, with 19 companies launching their IPOs so far. However, hotel industry IPOs have been few and far between, with **Lemon Tree Hotels** and **Chalet Hotels** being the noteworthy ones, but even those were before the pandemic.

Nonetheless, **OYO** resurrected its IPO plans last week by filing fresh financial documents with the Securities and Exchange Board of India (SEBI), which could pave the way for the revival of large-ticket hotel IPOs in the country. Going forward, **Apeejay Surrendra Park Hotels** and **SAMHI Hotels**, both of which had filed their draft papers with SEBI before the pandemic, may revive their IPO plans, while **ITC** may consider listing its hotel division separately. This is encouraging news, as there are currently very few good-quality hotel companies listed on the stock exchange.

Due to the improving fundamentals and industry performance, stocks of major listed hotel companies in the country have seen a strong revival in recent months, reflecting the changing fortunes of the Indian hotel industry and a revival of investor interest in the sector. In fact, **IHCL** is the single largest gainer across all hotel stocks globally since the pandemic.

Monthly Closing Share Prices (Jan 2020 – YTD 21st Sep 2022)



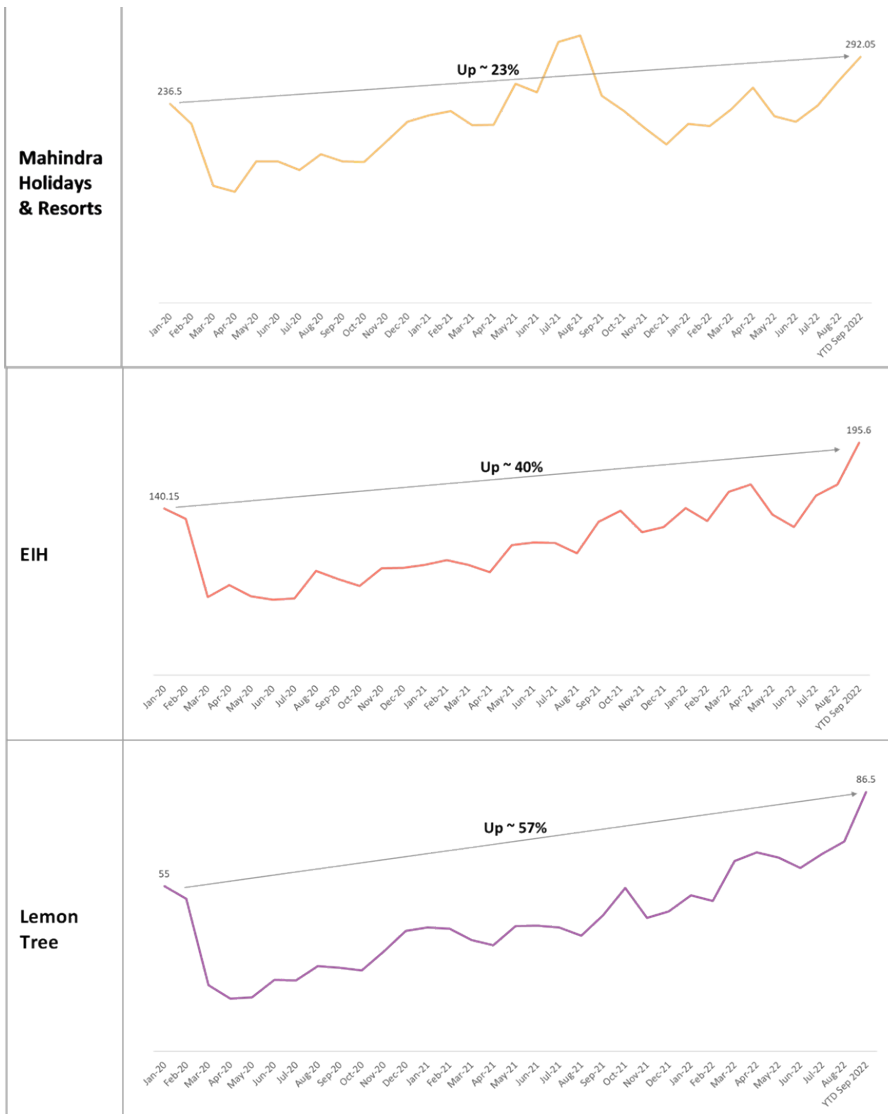
Summary

Although India's initial public offering (IPO) market has been thriving in recent years, hotel industry IPOs have been few and far between. Read on to know more.

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Source: BSE Website & HVS Research

With improving market sentiments and an optimistic outlook for the hotel industry, several hotel companies – both operators and owners – may now consider ramping up their operations to achieve the scale and size needed to go public. Using the IPO route will help hotel companies in raising funds for expansion plans, deleveraging their balance sheet, or providing an exit to existing investors. Furthermore, new listings of good-quality hotel companies will also provide the depth needed to create a hotel industry-specific index that can be used as a benchmark to track the industry’s performance, helping investors make more informed decisions going forward.

About **Mandeep S Lamba**



Mandeep S. Lamba, President – South Asia, oversees the HVS global hospitality practice for South Asia. He has spent over 30 years in the hospitality industry of which the last 19 have been in CEO positions. Having worked with leading International and domestic Hotel Companies such as IHG, Radisson & ITC Hotels, he also set up joint venture companies with Dawnay Day Group UK and Onyx Hospitality, Thailand to own and operate hotels in India giving him a broader exposure to the hospitality business.

An established industry leader, Mandeep has won several awards and recognitions in India and abroad for his accomplishments and contribution to the hospitality industry. He is a Certified Hospitality Administrator from the American Hotels Association (CHA), a member of the Royal Institute of Chartered Surveyors, UK (MRICS) and a member of the Tourism Council of CII (Northern India). His views are often solicited for television and print media as a spokesperson for the hospitality & tourism sector.

Prior to joining HVS in 2018, Mandeep was the Managing Director, Hotels & Hospitality Group for JLL.

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About **Dipti Mohan**



Dipti Mohan, Associate Vice President - Research with HVS South Asia, is a seasoned knowledge professional with extensive experience in research-based content creation. She has authored several 'point of view' documents such as thought leadership reports, expert opinion articles, white papers, and research reports across industries including hospitality, real estate, infrastructure, cement, and construction. Contact Dipti at [\[email protected\]](#)