

Hotels looking to tap into IPO frenzy fuelled by new-age firms

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While new-age ventures received all the spotlight in the markets, hospitality companies have quietly drawn serious interest from investors after the post-pandemic boom in travel and tourism. Samhi Hotels Ltd, Apeejay Surendra Park Hotels Ltd and Juniper Hotels Ltd have gone public, and some big-ticket block deals have happened. There's more to come. A clutch of hotels companies has lined up initial public offerings (IPOs).

Brigade Hotel Ventures, the hospitality arm of Brigade Enterprises, has filed papers with the Securities and Exchange Board of India (Sebi) and is gearing up to raise ₹900 crore, according to Prime Database. Schloss Bangalore, the Brookfield-backed parent of Leela Hotels, has filed papers for a ₹5,000 crore issue.

"Bharat Hotels, which is currently delisted, plans to go public soon," said Krishna Patwari, founder and managing director of Wealth Wisdom India. "OYO is also expected to launch its IPO to reduce debt and expand operations across India, Indonesia and Europe, with a new equity offering of ₹7,000 crore."

Blackstone-Panchshil's Venture Hospitality recently filed papers for a ₹2,000 crore IPO, said Prateek Jhavar, managing director and head, infrastructure and real assets investment banking, Aventus Capital. Real



A file photo of the Leela Palace in Udaipur. Leela Hotels parent Schloss Bangalore has filed papers for a ₹5,000 cr issue. ISTOCKPHOTO

estate major Prestige Estates has also appointed bankers for the proposed IPO of its hospitality arm, and then there is the potential listing of ITC Hotels after the demerger from the parent, he said.

"We expect the capital market activity in this space to remain high even in the coming 12-24 months. We can expect 4-5 main-board IPOs to hit the market in this time frame," said Jhavar.

The confidence to tap the market is backed by a strong comeback in company revenues. The hospitality industry is booming, thanks to a surge in travel after the pandemic. Indians are now spending more on hotel stays as income rise and appetite for indulgence grows. The government's big push for religious tourism and infrastructure are set to drive hotel demand higher.

The hospitality industry is expected to reach \$475 billion (about ₹40 trillion) in 2029, showing a compound annual growth rate of about 14% in the medium term, said Vipin Singh, associate director, Anand Rathi Investment Banking.

Potential IPOs and a bull run after a long downcycle, fuelled by strong occupancies, have prompted wealthy or high-net-worth individuals (HNIs) to hunt for privately held shares.

"In the unlisted sector at present, OYO has experienced significant demand from retail investors after reporting its first-ever profit after tax of ₹229 crore in FY2023-24. Similarly, the demand for shares of Bharat Hotels is rising," said Patwari of Wealth Wisdom India, a platform to buy and sell unlisted shares.

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The confidence to tap the market is backed by a strong comeback, thanks to a surge in travel after the pandemic