

News monitored for: Lemon Tree Hotels

Lemon Tree Hotels stock closes 29% above issue price on listing days

FE BUREAU
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IT IS NOT every day that a new listing offers returns in six working days that are almost thrice what equities deliver in a year.

Lemon Tree Hotels made this a reality for happy shareholders after its stock closed with a gain of 29% (the Sensex gained 11.3% in FY18) over the offer price on Monday, when it debuted on the stock exchanges. The stock listed at ₹61.60, 10% above its issue price before gaining further to end the session at ₹72.30.

The initial public offering (IPO) of Lemon Tree Hotels, which closed on March 28, was subscribed 1.19 times with investors bidding for 15.48 crore shares of the 12.98 crore shares offered to them.

Qualified Institutional Buyers bid for 3.89 times the shares offered to them, high net worth individuals bid for 0.12 times their allocation, and retail investors 0.12 times. What this implies is that a major chunk of the gains on Monday have been cornered by the institutional investors.

Lemon Tree Hotels, which operates in the mid-priced hotel sector, had set a price band of ₹54 to ₹56 for its IPO, and set the final price at the upper-end of the band. The 100% offer-for-sale constituted 23.58% of the post-offer paid up equity share capital of the company. As per its red herring prospectus, Lemon Tree is the ninth largest hotel chain in India regarding owned, leased and managed rooms, as on June 30, 2017.