

News monitored for: Lemon Tree Hotels

## AT 1.19 TIMES Lemon Tree Hotels IPO Gets Fully Subscribed

Our Bureau

**Mumbai:** The initial public offering (IPO) of Lemon Tree Hotels sailed through on the last day of its subscription. Although the issue was subscribed 1.19 times on the third and final day of the bidding process, the retail and high net-worth portions were subscribed just 0.12 times.

Total bids stood at 154.58 million shares against the issue size of 129.84 million, NSE data showed. The quota for qualified institutional buyers (QIB) was subscribed 3.88 times.

Earlier this week, ICICI Securities reduced its IPO size after the issue saw undersubscription. Another issue from state-owned Hindustan Aeronautics also got tepid response from the investors this month.

The issue would result in the exit of strategic investors, including Maplewood, Whispering Resorts, Palms International and RJ Corp.

Domestic brokerage ICICI Direct recommended avoiding the offer, citing the high capex-oriented nature of expansion, low RoCE and higher competition in the mid-scale segment. "The company's development cost per room across its three brands is lower than industry. Further, the focus on domestic guests, operating efficiency and low employee costs have enabled the company to keep its operational cost lower, margins higher than peers and compete effectively on pricing," the brokerage had said in a note.