

News monitored for: Lemon Tree Hotels

Lemon Tree Hotels plans to raise ₹1,000 crore through public issue

The hospitality major to dilute 18.5 cr shares via OFS; fixes price band at ₹54-56/share

OUR BUREAU

Mumbai, March 19

Hospitality major Lemon Tree Hotels plans to raise funds through an IPO in the form of an offer-for-sale of up to 18.5 crore equity shares in the price band of ₹54 to ₹56. The issue will open on March 26 and close on March 28.

The total amount raised at the upper level of the price band works out to around ₹1,038 crore.

This would lead to exit of investors, including Maplewood (part of Warburg Pincus), RJ Corp, Whispering Resorts and Swift Builders, among others.

The offer will constitute up to 23.5 per cent of the post-offer paid-up equity share capital of the company.

Kapil Sharma, Chief Financial Officer, Lemon Tree Hotels, said, "About 24 per cent stake in the company held by existing investors would get offloaded. Our existing investors such as Maplewood, belonging to Warburg Pincus, would partly exit, and continue to hold some shares in the company."

Serving mid-market segment
Being in the mid-market segment, Lemon Tree Hotels is fore-



Patanjali Keswani (right), CMD, Lemon Tree Hotels, along with Kapil Sharma, CFO, at a press conference to announce the company's IPO in Mumbai on Monday. PAUL NORONHA

casting better days ahead for the hospitality industry. Addressing a press conference, Patanjali

Keswani, Chairman & Managing Director, Lemon Tree Hotels, said, "We are the creators of the mid-

market segment of hotels, and revenue for the past five years has been growing at 18 per cent, and has been cash profitable since last year when occupancy started picking up. In the hotel industry, the supply of hotels has now dried up and we expect demand to be 1.5 times supply in the next four years."

The 15-year-old chain has 45 hotels, with about 3,200 rooms owned by the company, and about 1,500 rooms under management contracts.

"We may be asset-heavy right now, but we would be seeking more management contracts and would be taking our services to neighbouring countries, such as Nepal. Today, our debt is at about ₹1,000 crore," he added.