

Lemon Tree spreads its branches

Ritesh Gupta, New Delhi

TTGTTravelHub.Net, August 16, 2006

GLOBAL private equity firm Warburg Pincus is investing US\$63.6 million in New Delhi-based, mid-price segment Lemon Tree Hotels.

The firm plans to spend US\$47.7 million on expanding Lemon Tree's presence throughout India. The remaining US\$16 million will be used to set up a new budget chain called Red Fox Hotels, which would be priced at US\$18.10 to US\$45.40 per room night.

Lemon Tree's chairman and managing director, Mr. Patu Keswani, said: "The investment provides an impetus to our long term objective of establishing Lemon Tree Hotels as one of India's leading hotel chains in the upscale, full-service, moderately priced category."

Lemon Tree now operates two hotels in Gurgaon. The company plans to launch two more in Pune and Goa. Seven more hotels, with a combined 1,300 rooms, are under development across India. By 2008, the company will have presence in 10 major Indian cities, including Delhi, Mumbai, Hyderabad and Chennai.

The first three Red Fox Hotels, with a combined 500 rooms, are expected to open in Mumbai, Jaipur and Hyderabad by late 2008.

August 16, 2006