Lemon Tree to Buy Key Hotels from Berggruen

New Delhi: Lemon Tree Hotels has signed a non-binding term sheet with Berggruen Hotels to acquire its loss-making Keys Hotels.

ET had reported previously that entities such as Oyo had expressed interest in acquiring Keys Hotels, a mid-market chain that owns and operates properties in India. The deal is economically lucrative and represents 1.5% of India’s hotel inventory. Lemon Tree Hotels chairman Patanjali Keswani said in an interview to ET. The addition of Keys Hotels will enhance Lemon Tree’s scale and network. He declined to disclose the size of the deal, but industry experts estimated it to be around $70 million.

“It is very synergetic. It (Keys) is in many cities where we are not present,” said Keswani.

Lemon Tree Hotels currently operates 5,411 rooms in 54 hotels across 32 cities. The acquisition, when completed, will expand its operating portfolio to 75 hotels with 7,322 rooms in 44 cities.

Keswani said the acquisition will give Lemon Tree Hotels access to new corporate and individual customers in cities where it is currently not present, a larger repeat customer base and help to significantly minimize costs.

“It is a very fragmented market. The larger the inventory we control, the better our ability to get better pricing,” Keswani added.