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News monitored for: Lemon Tree Hotels

Three PEs May Check into Lemon Tree



PE funds such as Blackstone Group, TPG Capital Management and Capital International Group are in talks to invest \$120-150 million to acquire a 10-15% stake in Lemon Tree Hotels, reports **Indulal PM**. ▶▶ 8

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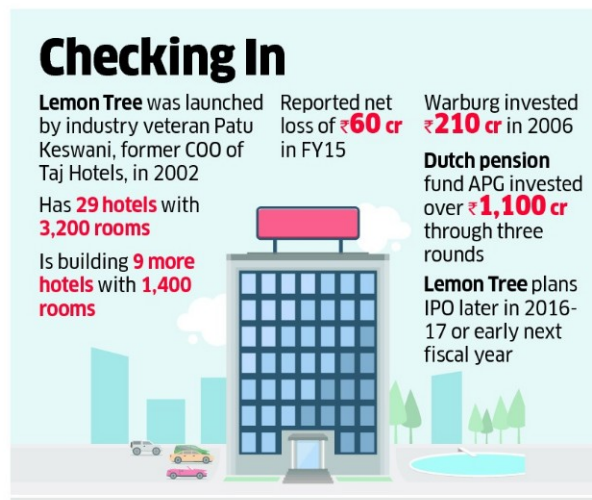
PE Majors may Buy 10-15% in Lemon Tree for up to ₹1,000 cr

Transaction seen as a round of funding ahead of hotel chain's IPO

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Mumbai: Private equity funds such as the Blackstone Group, TPG Capital Management and Capital International Group are in talks to invest \$120-150 million (₹800-1,000 crore) to acquire a 10-15% stake in New Delhi-based hotel chain Lemon Tree Hotels. The transaction is seen as a pre-IPO round of funding as the company is intend to go public by the last quarter of fiscal 2017 or early next fiscal year, multiple sources aware of the negotiations told ET.

The company is aiming to raise another ₹1,000 crore from the IPO, sources said. However, the process towards that will start only during the se-



cond half of the fiscal year. The deal with the funds will see existing investors including the US private equity (PE) giant Warburg Pincus and Dutch pension fund APG reducing their holdings. Warburg invested ₹210 crore in the company in 2006 for a 25% stake. APG currently holds 15%

that it acquired through three rounds of investments starting 2012. The Dutch fund has so far invested ₹1,120 crore in Lemon Tree.

When contacted, Blackstone, TPG and Warburg Pincus declined to comment. Lemon Tree, Capital International and APG didn't respond to

emails sent to them on Thursday seeking comment. Lemon Tree managing director Patu Keswani didn't respond to phone calls and text messages. Launched in 2002 as a hospitality chain targeting the mid-market segment, Lemon Tree currently has presence in premier luxury, mid-market and economy sectors. It owns 29 hotels with 3,200 rooms in 18 Indian cities and is building nine more hotels with 1,400 rooms. The planned properties are expected to get operational by the end of 2018.

In addition, Lemon Tree has operational management contract for five hotels. It also has overseas expansion plans, especially in the Middle East and Far East Asia. The company said last month that it plans to have eight hotel assets across the Gulf Corporation Counsel region.

Lemon Tree's net loss widened to ₹60.24 crore in 2014-15 from ₹46.1 crore the previous year, as per its latest available filings with the Registrar of Companies.