

News monitored for: Lemon Tree Hotels

Acquisition of two hotels will give Warburg Pincus-backed company a firm footing in the Gurgaon market

Lemon Tree closing in on deal to buy Optus Group's hotel portfolio

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Mumbai: Patu Keswani-promoted Lemon Tree Hotels is quietly expanding its footprint in the Gurgaon market.

The Delhi-based hotel chain, backed by Dutch pension fund APG and global private equity major Warburg Pincus, has initiated discussions with a Gurgaon-based realty firm Optus Group that operates one hotel each in Gurgaon and Bhiwadi. The deal is expected to conclude in a few weeks from now.

While details about the structure of this deal are not known yet, industry sources told dna that both parties are working on the modalities. "Among options being explored include a possibility wherein Lemon Tree could pick up a majority stake in the realtor Optus's hotel assets,"

said one of the sources.

When contacted Patu Keswani, chairman and managing director, Lemon Tree Hotels did not offer a comment. While confirming the two are in talks, Vijay Girdhar, chairman and managing director, Optus Group said that nothing has been finalised as yet.

Mainly a residential and commercial real estate development company, Optus Group also owns two hotel assets - the 80-room Optus Sarovar Premiere hotel in Gurgaon and a 130-room Optus Homotel at Bhiwadi. While the Gurgaon hotel got operational in 2009-10, the Bhiwadi hotel has been in the market for a little over two years now.

Keswani already operates a hotel under the banner Lemon Tree Premier Leisure Valley, Gurgaon which is located just next to the Optus Sarovar Premiere, Gurgaon facing the most



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prominent address in the city called Kingdom of Dreams, which is India's first live entertainment, theatre and leisure destination. Post the conclusion of this deal with Optus, Lemon Tree will have a much bigger presence in the Gurgaon market as it also has another hotel called

Gaining ground

Keswani already operates a hotel under the banner Lemon Tree Premier Leisure Valley, Gurgaon which is located just next to the Optus Sarovar Premiere, Gurgaon facing the most prominent address in the city called Kingdom of Dreams, which is India's first live entertainment, theatre and leisure destination. Post the conclusion of this deal with Optus, Lemon Tree will have a much bigger presence in the Gurgaon market as it also has another hotel in the close proximity

Lemon Tree Hotel, Udyog Vihar, Gurgaon, in the close proximity.

However, there is one hurdle.

The two hotels (Optus Sarovar Premiere Gurgaon and Optus Homotel Bhiwadi) are under a long-term management contract with Sarovar Hotels & Resorts. The homegrown hospitality firm

promoted by Anil Madhok and Ajay Bakaya currently owns, operates and manages 75 hotels across 50 destinations in India and Africa. Sarovar's own hotel brands include Sarovar Premiere, Sarovar Portico, Homotel and global brands like Radisson, Park Plaza and Park Inn in a franchise agreement with Carlson Rezidor Hotel Group.

"The promoters of Optus Group will first have to settle their long-term management agreement with Sarovar Hotels and Resorts. It is only after that Lemon Tree and Optus will be able to take this deal forward. I think Optus will have to compensate Sarovar management for the breach of contract before the end of its tenure," said another source familiar with the development. Ajay Bakaya, executive director, Sarovar Hotels and Resorts, did not respond to calls and text messages for a comment.