

Warburg Pincus infuses Rs 210 cr into Lemon Tree

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Private equity firm Warburg Pincus has invested Rs 210 crore in Delhi-based Lemon tree Hotels for an equity stake of 26 per cent in the latter. Chairman and managing director. Lemon Tree Hotels, Patu Keswani informed that Warburg Pincus will also invest 70 crore in Red Fox for 26 per cent equity stake. The total investment for Red Fox will be around Rs 500 crore, he said.

Patu Keswani, CMD, Lemon Tree Hotels, told Business Standard that the company has embarked upon a Rs 950-crore investment plan to develop 11 properties across the country. Two of these hotels are already operational, while two more will begin operations in Pune and Goa this year he said, adding that the remaining seven are at different stages of construction. The promoters are investing Rs 500 crore in the company, he said.

Lemon Tree in the full service hotel category and services the mid-price segment, Rs 3,000-5,000 per room per night and caters to business and leisure travellers looking to upscale accommodation at moderate prices. Keswani said, he has promoted another hotel chain Red Fox Hotels, which will be in the limited service budget hotel category, priced at Rs 800-2000 per room per night.

The first three Red Fox Hotels, aggregating to 500 rooms and targeted at the extremely price-conscious business and leisure traveller looking for a no-frills product, which is clean, comfortable and safe, are under development. The hotels are expected to open in Mumbai, Jaipur and Hyderabad by late 2008.

"We are especially pleased that Warburg has acquired a significant part of employee shares, enabling employees to unlock more wealth," Keswani added.

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