

Lemon Tree to grow in other cities

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After setting up the first 49-room Lemon Tree hotel in Gurgaon in June this year, Delhi-based Krizm Hotels (Pvt) Ltd is ready to develop three more business budget properties- a 100-room hotel in Pune, a 160-room hotel in Chennai and another 45-room hotel in Gurgaon- all at a cost of Rs 65 crore.

The three properties will be ready within one-and-a-half years.

In keeping with the company's target of opening 25 hotels in seven years, Patu Keswani, managing director of Krizm Hotels, says they are negotiating to have a presence in Bangalore, Hyderabad, Jaipur and Chandigarh.

The company will also look at Vadodara and Surat. "Our preliminary assessment report shows that there is a demand for the Lemon Tree product in these cities" says Keswani. In Jaipur, Lemon Tree may come up on the top floor of a shopping mall.

Clearly, after the no-frill airlines wave, it is the budget segment in the hospitality industry that is growing rapidly.

Apart from Lemon Tree, others in the segment are Sarovar Park Hotels and Resort Ltd (Hometel), Choice Hospitality (Clarion), the Tatas (IndiOne, Taj Residency) and the Oberois (Trident).

But with the demand for budget hotels growing three to five times more than the leisure five-star hotels, more players are likely to enter the market. But Keswani isn't worried.

"With competition, customers will be able to gauge for themselves what our product stands for."

With its aim of remaining within two kilometre of any business centre, the company has bought

its Pune property in the Rajiv Gandhi Infotech Park. The Chennai property is similarly located close to the software Tidel Park I.

"Both Pune and Chennai are the fastest growing software centres"says Keswani, adding that 40 per cent of its business clients have previously stayed at five-star hotels.

Besides, with its first property fully operational, the hotel is also beginning to understand the habits of domestic consumers.

"Our target is to achieve at least 50 per cent operating profit every year"says Keswani. Krizm Hotel is promoted by 40 private equity investors.