

Budget Boardings

Maitreyee Handique, Business Standard For the past few months, the 20-odd managerial staff of Delhi-based Krizm Hotels (Pvt) Ltd has been growing their hair long. The new personal grooming diktat is part of the run-up to the launch of a budget hotel chain under the Lemon Tree brand name. Krizm Hotels has also asked its staff to read up and master the company's philosophy and training programme. For good measure, the male staff with ponytails tied in a yellow satin ribbon may be dismissed as a marketing gimmick, but for Patu Keswani, CEO of Krizm Hotels, it's literally the face of the company. "The company stands for fun and being different. We're in the business of freshness,"; he asserts. And the directive on appearance and manners is in line with what the product stands for, he claims. At the outset, Lemon Tree wants to redefine the concept of budget hotels in India by introducing ";budget hotels with five-star facilities";. Keswani firmly believes that there's a huge need-gap in the Indian market as there is limited choice and shoddy products available. ";When the product is right, the price is not. At Lemon Tree, the rooms will be reasonably priced at Rs 2,000. Other facilities will have a nominal charge,"; says Keswani. With the first 22,000-sq ft, 53-room Lemon Tree hotel expected to come up in Gurgaon's Udyog Vihar in May this year, the company has already chalked out its expansion plans. About 25 Lemon Tree hotels will open in the next seven years, each to be built at the cost of Rs 10-20 crore. While Keswani does not wish to divulge the names of the promoters, he admits that there are at least 40 private equity investors in the project. Meanwhile, Keswani, an IIT-Delhi alumnus and IIM-Kolkata graduate, is the face of the company having worked in different Tata group companies including the Taj Group of Hotels. With plans to open in 22 cities, Lemon Tree is set to enter Jaipur, Chandigarh and Ludhiana by the end of the year. Bangalore, Pune and Hyderabad are also in the pipeline. Since the company is looking at budget hotels, Keswani is careful about keeping the project cost under control. The right price strategy, says Keswani, begins with getting the land at the right cost and at the right place. Its Udyog Vihar (Gurgaon) property, for instance, is located within 300 m of the offices of the CII, Nestle, American Express Bank and several BPOs. The strategy also involves keeping the hotel small: 40 to 60 room hotels instead of the standard 300-room properties. The company's next project is a 1.5-acre, 46-room Lemon Tree hotel at the City Centre, also in Gurgaon. While most five-star rooms are about 290 sq ft, the size of Lemon Tree rooms will be 210 sq ft. To keep its tariffs low, Lemon Tree is doing away with the ubiquitous frills such as heavy wood work, bathtubs and carpets. However, it will not scrimp on high-speed Internet connectivity in rooms, double glazed windows to cut noise pollution, energy-saving key tags and a 250-kva generator back-up. An entire floor of the six-storey building will be no-smoking and seven rooms of the hotel will be exclusively designed for women executives. The hotel will also have a coffee shop, fitness centre and video conferencing facilities. With a fragrant brand name, the company is contemplating developing a fresh signature deodorant for its staff. And as far as the ponytails go, says Rahul Pandit, Lemon Tree's general manager operations, "We're in the business of being modern and different."

March 17, 2004