Lemon Tree Hotels

The New Indian Express

The Delhi-based Lemon Tree Hotel group plans to add 1,500 rooms by 2008 in the budget and mid-size category in major cities, primarily for business clients. The company plans to reach out to tier-II cities like Coimbatore in Tamil Nadu and other southern states by 2010.

Rs 1,000 crore is expected to be spent over the next three to four years on expanding the hotel network. The group had recently received investment of Rs. 280 crore from Warburg Pincus (a leading global private equity firm).

Work on the 110-room Chennai hotel is in progress and is expected to be completed by end of 2007. Sharanita Keswani, director and marketing advisor, told Express that the company was bullish on Chennai as the metro was fast developing as an important IT and automotive hub.

The group's Gurgaon properties have been recording 90 percent occupancy, primarily from the IT sector and international buying houses, of which 50-60 percent included foreigners. Keswani said the Chennai hotel, which was being developed with an investment of Rs.40 crore, would offer four-star facilities for an average tariff of Rs. 5,000 per room and an expected occupancy of 80-90 percent.

According to Keswani, the hospitality sector is an immature market heavily skewed towards the five-star category. Of the 97,000 to 1,00,000 rooms estimated in the hospitality sector, about 60-70 percent were in the five-star category, according to the Federation of Hotels and Restaurant Association of India (FHRAI). Hence, Lemon Tree was bridging the gap for the price conscious business traveller who wanted a safe and clean accommodation at a lower price.

Keswani said Lemon Tree tariffs were 60-70 percent of the five-star prices. The group is developing a hotel in Hyderabad with an investment of Rs. 150 crore. It is expected to be completed by end of 2008.

August 05, 2006