

Lemon Tree to triple inventory in 3 years

Company plans to have 8,000 rooms by 2017

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LEMON Tree Hotels is getting into an aggressive phase of expansion by almost tripling the number of rooms in next three years. The company which had built its brand by investing in owned hotel properties. It thinks it is time to accelerate growth by managing properties.

For the next three years, Lemon Tree under its three brands — upscale Lemon Tree Premier, mid-scale Lemon Tree and budget Red Fox — has chalked an aggressive expansion plan by increasing the inventories from 2,800 keys to 8,000 keys. Of the 8,000 rooms the company plans to have by 2017, 5,000 will be owned and 3,000 managed.

Lemon Tree had recently received Rs 300 crore investment from Dutch pension fund APG, with which the investor raised its stake from five per cent to 13 per cent in the company.

“With the recent investment by APG, we have the necessary funds to achieve our present targets. As we come across new opportunities we will look to raise further capital,” company officials told *Financial Chronicle*. APG had also invested Rs 650 crore in 2012 apart from Rs 300 crore in 2014.

According to Sumant Jaidka, chief operating officer of Lemon Tree, the company is now increasingly exploring opportunities to manage properties as part of its aggressive plan to be the dominant player in the mid-segment. “In the initial phase we had prima-



BUSINESS PLAN: Lemon Tree had recently received Rs 300 crore investment from Dutch pension fund APG

rily invested in building a network of owned properties. After the brands achieved significant visibility and pan-India presence now we are also looking at management opportunities,” he said. Of the 25 hotels operated by the company, only four are managed properties.

Among the different regions, the company is also increasing its presence in the southern part of the country. It presently has an inventory of over 1,000 rooms in south India, mainly in the three metros — Bangalore, Hyderabad and Chennai. The upcoming hotels will add 250 rooms in these cities in next four months. Lemon Tree is also in advanced talks to manage hotels in

Coimbatore, Trivandrum, Kovalam and Coorg.

The brand which primarily caters to the traveling business class is also looking at having a luxury brand in India. The company is in talks with a few international hospitality chains with whom it can partner with for a luxury brand. “When we started our operations in 2002, we cultivated a clientele of business travelers for our upscale, mid-scale and budget hotels. Some of the loyal clientele of budget brand Red Fox have graduated to the next level and for the mid-scale and upscale clients who have grown with us, we have to provide a luxury option,” said Jaidka.

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