

Zuri Hotels in talks with PEs to raise funds

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Bangalore-based Zuri Hotels & Resorts is in talks with private equity (PE) players to raise funds for expansion, according to a senior company official.

Zuri Hotels & Resorts, which has properties in Goa, Bangalore and Kumarakom, is the hospitality arm of the ₹400-crore turnover Zuri Group Global. Backed by investors from the West Asia, Zuri Group Global has business interests in real estate and floriculture. The hotel units are run under Zuri Hospitality Services (ZHSPL).

Aditya Kamani, director, Zuri

Group Global, said, "We are in talks with a couple of PE players to sell 20 per cent stake in the hospitality services arm. The proceeds will be used for expanding the hotel business."

The group, which has so far invested ₹700 crore in the country, is hopeful of striking the PE deal before 2012-end. Zuri Hospitality is looking to add 15 new hotels in the next five years in India and overseas, taking its tally to 22 hotels. It has five hotels in India and two hotels overseas — Liverpool, the UK and Mombasa, Kenya.

It is looking at various locations, including New Delhi, Mumbai, Kolkata, Hyderabad and Mysore, to name a few, for

setting up new hotels.

Zuri is investing ₹400 crore in building two five-star business hotels at Devanahalli, Bangalore, close to the new international airport, and Nairobi, Kenya. Construction on the Bangalore property will begin next January. "We were investing in our projects, mainly through loans sourced from public sector banks. Our debt to equity ratio has been 70:30 till now. We are looking at management-based contracts for 70 per cent of the new properties, with the balance being owned properties," Kamani said.

The hotel arm was recently divided into three verticals — Platinum (five-star), an aspirational brand, Lifestyle (up-

per mid-scale) for young professionals, and Comfort Luxury Collection (mid-scale) for easy-on-wallet stay.

The Comfort Luxury edition has room rates starting from ₹4,000 (rack rate) and is designed to provide affordable luxury stay, while Platinum has room rates in the range of ₹10,000-12,000. A stay at Lifestyle edition would cost ₹8,000.

According to Kamani, the company has been able to hold high occupancy rates, with resorts reporting 80 per cent levels, while business hotels posting occupancy levels of 65-70 per cent. The company has no plan to hike it during this season.