

## Saravana Bhavan plans foray into hospitality sector after it strengthens international presence further

Sangeetha Kandavel, ET Bureau Nov 3, 2012, 02:44AM IST

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CHENNAI: Saravana Bhavan, which started with a small food outlet in a middle-class neighbourhood in Chennai in 1981 and now has more restaurants overseas than in India, is now mulling a foray into the [hospitality](#) sector.

But that will happen only after the chain, which counts [Rahul Gandhi](#) among other Delhi powerfuls as its clientele, strengthens its international presence further, including bringing its 'pure vegetarian' [South Indian](#) fare to carnivorous China.



(Saravana Bhavan, which...)

"We have an urge to open a star hotel shortly," said P Rajagopal, the 66-year-old media-shy founder of the restaurant chain, speaking about his business for the first time in years to an English publication. He has already started scouting for land in Chennai for a 100-150 rooms hotel but won't share more information on the project.

This is going to be the biggest diversification, entailing the single-largest investment for Rajagopal, who started his career with a grocery store. His restaurant chain has managed to build scale, expanding beyond Chennai while maintaining what's quintessentially known as the 'Saravana Bhavan' taste wherever it has gone. That's something very few Indian players have managed, though multinational food chains such as McDonald's and KFC perfected it decades earlier.

In the last decade or so, expansion has been rapid, the momentum not slacking even when Rajagopal was sentenced in 2009 to life imprisonment by the Madras High Court for murder (The Supreme Court later granted him bail on medical grounds). His two sons oversee the business these days.

The chain now has 32 branches in India; none outside [Tamil Nadu](#) in South India, and 46 overseas in the United States, Canada, Singapore, West Asia and the United Kingdom. Over the years, it's also successfully moved beyond its South Indian fare, which, however, remains its bread-and-butter, to North Indian and even Chinese cuisine.

"I have eaten at [Saravana Bhavan](#) in Chennai, US, Malaysia and Singapore, and the taste and ambience are the same everywhere. Most of the [hotels](#) have not succeeded well because of rapid expansion but Saravana Bhavan has got it right," said S Sriram, executive director at the Great Lakes Institute of Management.

The overseas outlets are run by franchisees. In India, the chain is said to see footfalls of over 80,000 a day, with an average billing of 150. That's the conservative estimate. However, this can't straightaway be translated into a likely revenue figure, as the number of bills isn't known.

Saravana Bhavan had been known for its processes at a time when restaurants were poorly run and unorganised. For instance, all the 8,500 employees wear uniforms and access cards. Very early on, Rajagopal implemented schemes such as productivity bonus and referral bonus.



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