A recipe for growth

Walk into Patanjali ‘Patu’ Keswani’s house in Delhi’s Vincent Vihar and you’ll be greeted by a very big five-year-old yellow Labrador with a bark to match. He’s called… what else… Lemo and despite the bark, I’m told, he’s harmless.

Inside, I’m led into an entertainment room of sorts that features an omni-the library, flat panel TVs and a recliner where I wait for my host. Around 10 minutes later, Keswani, dressed in a Polo T-shirt and blue jeans, bounds across to see me. Now 60 years-old and sans his trademark pony tail, the one-time GM of Mumbai’s Taj Mahal Palace, has retained the friendliness that’s second nature to hoteliers. I’m greeted with a “Hey bro!”, Lemo is dispatched to another room, Keswani lights up a Benson & Hedges and off we go.

A former IIM-Calcutta graduate who cut his teeth at the Taj Group of Hotels before becoming its COO, Keswani has done what only one other executive managed to do: jump out of the group and start a listed company. (The other one is Vishambhar Saran of Tata Steel who later started the Visa Group.) Measuring his words carefully, Keswani says that he “loved the ‘Tatas and loved the culture there’ but by the time he was 40, he had decided that he wanted to work for himself. What he unashamedly as is whom he admitted the most.

A waiter comes to check what we would like to have and I’m offered a drink but opt for coffee. My host goes for the same. It was from Tata Steel Chairman Rusli Mody, for whom he had worked as an executive assistant for about a year, that he learnt some “valuable corporate lessons for winners”. “Two young Visco employees had said they had traveled by first class train but had gone by third class and pocketed the difference,” Keswani tells me. When Mody found out he called to sack them. The hapless employees said losing their jobs would hurt their upcoming marriages. Mody’s retort was, “Russian’s heart bleeds for you but Mr Mody can’t change his decision”. The point. Keep the personal and professional separate.

The other thing he learned from Mody was to know his employees by their names. “Mody could actually walk into a meeting room and mug up the names of a few dozen people in the space of an hour. It changed how people treated him and I learned that everyone likes the personal touch – especially from a leader,” Keswani says.

Our coffees arrive, served with a flaky Rajasthani biscuit called the mahasti. Unusual but his favourite, I suspect.

It hasn’t all been a cakewalk for Keswani. “Not many chainmen of hotels would have been a bell-boy picking up luggage. I did that for a while,” he tells me adding that an IBM batchmate didn’t recognise him when he picked up his luggage, which hurt. Didn’t Keswani also own a private jet at one point, a 450 crores Cessna Citation? He laughs and explains that he did because it felt like a practical idea around a decade ago. Eighty per cent of it was financed and after a while he realised he was only averaging five hours of flying time. “Then it use more often,” said his partner who was a billionaire. “I want to but every time I think of doing so, it is being used by you,” Keswani told his friend. That was that, and he got out the deal.

Earlier, during a pre-midlife crisis phase, he and a couple colleagues had gone out to a Taj lodge, got drunk on single malt and had planned an early retirement. “We figured we needed around 500 lakhs a year to live well for which we needed a capital base of around 45 crores. That would give us the chance if we invested in say 10 per cent return RBI bonds.” One friend said he had 45 lakhs and another said he had 3 crores. Keswani had 70 lakhs, his wife had 360 lakhs and a house in Delhi, and he thought growing the entire amount seven times was doable, so, in 1999 he put in all in equities. By the end of it, he had lost 97 lakhs. His broker apologised and explained that the market couldn’t be timed and gave him a Cartier watch as consolation money. Later he discovered that not only was the broker churning and burning and getting 2 per cent commission on each trade, the Cartier that had stopped working after six months was a fake. The lesson? Don’t bet everything you have.

The Taj Hotels stint lasted a decade with Keswani behind, a host of corporate bigwigs, politicians and assorted celebrities. He also took a sabatical in between and worked for AT Kearney for 18 months to make up for the losses in the stock market. When he returned, the plan for Lemon Tree had crystallised in his head and he kicked off his venture.

In 2006, an investor wanted to buy 25 per cent of his company. Another FI player was also showing interest but he was already committed to the bet. Then, on the Saturday before he was going to get the money, he got a call from the investor. “We need to meet,” he was told. Instinctively, he called the second potential investor and said he wanted to reopen talks. “Why? Has that recent failed IPO derailed your investor’s plans?” Keswani wasn’t aware of that fact but proceeded to meet up with his investor in his office the following day.

The FI firm’s managing partner investor walked in, gave him a wide smile and handed him a letter from an associate that said that based on the disastrous results of the IPO investment all further deals would need greater scrutiny. “Do you want to revive your offer downward?” Keswani stood up, shook the investor’s hand, and said, “thank you… the deal is off, and I never want to deal with you ever again”, and walked out the door.

“Always have a Plan B,” Keswani says. Keswani lights another cigarette and adds a call for which he apologises as he explains that he is off to Udaipur the next day to launch an upscale hotel. It’s going to be called Aurlia and has obtained hands working there. “Really!” I look at the mahasti and ask how would that tie in with his whole cheap and cheerful model. He already has over 600 rooms and as many employees. Wont that cause some discontent in Keswani’s mind for a second and says, “Lemon Tree isn’t cheap, its good value”, and that Aurlia will be in line with that by offering premium services and F&B at hard-to-beat prices. Keswani started with 3-star hotels, then moved to 4-star with Lemon Tree Premium and now moving upscale with the belief he can do better at lower price points.

Is Keswani perturbed by the constant disruption in his sector? He admits that it’s been a lot of time pondering over. It’s the Googles and Facebooks that are now observing how they could potentially impact his business in the future. Beyond work, how does he occupy himself? The answer is simple, “I read, I play with my dog, and have a girlfriend.”

Illustration: Arvind Patil