

News monitored for: Lemon Tree Hotels

# 'Mumbai will add value to our overall business'

India's largest mid-priced hotel chain has finally debuted in Mumbai with its brand new next generation 'Lemon Tree Premier' hotel. Before the end of 2019, the hotel chain will have another 'Lemon Tree' hotel, under a management contract, operational in the Kalina/ Bandra Kurla Complex (BKC) area. And by October 2022, its largest single structure hotel with 670-odd guest rooms, under the newly introduced upscale brand Aurika, will start receiving guests in the Mumbai International Airport Ltd (MIAL) area. **Patanjali Keswani**, chairman and managing director, Lemon Tree Hotels Ltd, in conversation with **Ashish K Tiwari**, speaks about how Mumbai will change the business outlook for the company.

■ **Having your own hotel in Mumbai is very crucial for any hotel company operating in India.**

We were lucky to have got it at the right price and we have something to celebrate here for two reasons. One is, we needed a flag here and wanted our own flag rather than a managed hotel. Secondly, it is also a victory of sorts for us as it took 12 years to build this hotel and get approvals. It's come out very well and is the second Lemon Tree Premiere (LTPs) of the new category or the next generation LTPs as we call it.

We think it would play a major role in three ways. One, it'll make people aware of our brand in Mumbai and



**to your other markets in the country?**

How I look at it is very simple. My stable hotels did over 81% occupancy and some of the brand new hotels were in the 30% to 35% range. On a weighted average, we did 78% occupancy across the portfolio. Having said that, once the hotel is stable in 12 to 18 months, then we do over 80% occupancy. The hotel industry in India is witnessing 67% occupancy, so our hotels are performing 1.2 times better than India as a market.

Now, take a city like Hyderabad that has 3,400 hotel rooms including five-star hotels, of which we own 700. That's roughly 21% of the Hyderabad market. So out of Mumbai, say 4,000 people are flying every day to Hyderabad. Let's assume half the number is returning home and balance 2,000 are Mumbaikars going to Hyderabad for work. We own 21% of inventory in Hyderabad, but our consumption share is 1.2 times.

■ **Will Mumbai become like few other markets where you have almost five to six hotels or like Delhi NCR where you have 12 hotels?**

The short answer is that we hope to have more properties post-Mumbai presence with two owned hotels and one management contract. This should give potential asset owners more confidence in our brand and eventually more management contracts going forward.

that's important because generally, we do not advertise. A lot of our brand's awareness comes from actual usage and physical presence. Clearly, we needed a physical presence in Mumbai and usage will happen, people will get familiar with the brand and its experience. This will in itself lead to two things, Mumbai is a very good market, in fact the best in India.

So, I'm certain this hotel will do very well. Also, we will start getting more business out of Mumbai into the rest of our system. I'm quite hopeful that it will add significant value to our overall business.

■ **How much business the Mumbai hotel could bring**