Lemon Tree spreads its branches

The Government of India has often shown its enthusiasm for the hospitality industry through announcements and policies, but not much of it has been made a reality. Rattan Keswani, Deputy Managing Director, Lemon Tree Hotels, talks about how the hospitality company has made it big in spite of market turbulence.

Anupriya Bishnoi

How was 2018 for Lemon Tree Hotels? We did well both in terms of occupancy, which was close to 80 per cent, and in terms of average rates. Lemon Tree Hotels will be operating 87 hotels with 8,793 rooms across 53 cities by FY2021. We opened a few properties as well, including the ones in Dehradun, Pune, Siliguri and Merim. We should soon be able to open an 'owned hotel' in Mumbai, followed by Kolkata. Then, we should be able to open a managed property in Kalina, Mumbai. We will see more hotels in Aligarh, Jhansi, Coorg, Guwahati etc.

Udaipur will be another upscale resort substantially attracting high-value leisure custom- ers. We have also signed management contracts in Dubai, Bhutan and Kathmandu.

What was the IPO turned out to be the way you expected it to? So far, yes. In our business, you may have a forecast, but events around you are a risk you can’t really fully plan for. There is no stability in the hospitality industry as it can be affected any day, based on local and global events. You can’t forecast what’s going to happen in the political world.

What works better for you, Greenfield or brownfield projects? Both work for us. The crucial part that remains is location. Greenfield projects take time but are easier to work around, with architects and interior designers, and help reach the full potential of brand specifications. When you undertake a brownfield project, you become a little limited and may not be able to break it too much. Obviously, in the present business scenario, anyone would want to put up a hotel as quickly as he can, because the next three to five years look promising with a choke in supply and increase in demand. This is the best time for anyone to get the best result, before the supply cycle begins again.

Which are those government policies that keep bothering you? I don’t think the government really looks at this industry beyond some great announcements. The industry, by and large, has been trying to do whatever it can by itself. Some charges are visible, such as the announcement of GST, but the rates are not helpful both for the industry and for the customer. The government does acknowledge that the hospitality industry provides employment, but I don’t think much gets done to facilitate that bit.