

News monitored for: Lemon Tree Hotels

Lemon Tree to enter upscale hotel segment

Bidya Sapam
bidya.s@hivive.com

MUMBAI Private equity firm Warburg Pincus-backed Lemon Tree Hotels Ltd, India's leading hotel chain in the mid-to-economy category by number of rooms, is diversifying into the upscale segment with the launch of a new brand this year, said a senior company executive.

The New Delhi-based hospitality firm, which listed on the domestic stock exchanges last year, is planning a soft launch of the new brand by September. Ratan Keswani, deputy managing director, Lemon Tree Hotels, said in an interview.

The first hotel from the new upscale brand will be at Udaipur, Rajasthan, he added. The company is currently working on the new brand's artwork and logo. He, however, declined to divulge the name of the brand, or the price points of the new hotel chain. "Our larger piece will always be mid-scale and econ-



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omy. We are not going to be in the luxury category. We will go one level above our Lemon Tree Premier," he said. The new hotel chain from Lemon Tree will compete with brands such as Indian Hotel Co. Ltd's Vivanta and Oberoi group's Trident, said one person aware of the development, requesting anonymity.

Founded in 2002 by Patanjali Govind Keswani, Lemon Tree operates three brands—Lemon Tree Premier and Lemon Tree

Hotels in the mid-scale category, and Red Fox in the economy segment. With more than 5,500 hotel rooms across 33 cities, Lemon Tree is considered the third-largest hotel chain after Indian Hotels Ltd and ITC Ltd. The company, which raised ₹1,038 crore in March 2018, had said back then that it had plans to add 3,000 hotel rooms over the next three years.

Keswani said the expansion of the new hotel chain will mostly be an asset-light model.

This includes signing management contracts with existing hotel owners instead of owning the properties. At present, Lemon Tree owns around 60% of its existing hotel properties, while the rest is managed by the company.

"We would like it to be more asset-light because this kind of hotel (upscale) cost a lot of money. If we invest, it would be very selective. Through this new brand, we would like to attract hotel owners who are operating in this space," Keswani said.

Followed by the first property under the new brand in Udaipur, the company will look to launch the second in Mumbai. Besides, it has also lined up two management contracts for the new brand.

The past year has seen Lemon Tree in an expansion mode. The hospitality firm recently announced its entry into the rental housing segment. It has also signed a pact to acquire Keys Hotels from Berggruen Hotels Pvt. Ltd for an undisclosed amount.