

VISION2015

Future Insights



Overall, the trade pundits proved right, and the hospitality environment in the country moved on expected lines in 2014. As predicted by everyone at the beginning of the year, it was virtually half-half for the industry. While the first half was almost a wash out, the business environment started looking up and gaining momentum after the elections. The positive vibes from the political leadership and the development agenda pronounced through the first budget of the new government, helped in sending out an affirmative message to the market. Although nothing tangible happened in the first 200 days of the new government, the overall positive sentiments have generated some momentum for the hospitality industry.

The hotel industry across markets registered growth in occupancies and RevPARs in the Q3, as per various agencies reports. Lot has been attributed to increased business travel in the country. As per the latest report by STR Global, India's gateway city, Mumbai, registered almost 16% growth in occupancies and 17% growth in RevPARs in November, 2014. This kind of growth portends positively for those who have confidence in future.

However, what is giving sleepless nights to the industry is the declining room rate. Considering the reinvigorated investment climate, and initiatives like Visa liberalisation through the implementation of ETA, industry expects an early absorption of excess supply to revive rates. HOSPITALITY BIZ tries to understand the pulse of the industry players for 2015



Rahul Pandit,

President & Executive Director, The
Lemon Tree Hotel Company

An eventful year:

We had a great opening to the year when our Flagship hotels in Aerocity got clearance to open end December. As the new financial year set in, we were the first hospitality company to receive FDI funding, pre-elections, from the Dutch Pension Fund Manager-APG who raised their stake from 6.5 to 13% with us. The year also saw us open three new hotels Lemon Tree Hotel, Dehradun and Lemon Tree Hotel Shimona, Chennai, under the management contract space and Lemon Tree Hotel, Gachibowli, in the owned space. With an aim to speedily expand our footprints in India, we have also signed a management contract for a hotel in Coimbatore, have entered an agreement with Assotech Realty to manage their premium service apartments in various destinations, the first being a 210 key project in Noida, sector 135.

Positive outlook:

There is a positive outlook with the new government coming in power. It is seen that so far only luxury projects with investments to the tune of 200 Cr or more receive infrastructure benefits;

we also look forward to the governments' proposed initiative to provide this benefit to the midscale hotel projects with 50 Cr worth investment as well so as to encourage and boost this sector. If the industries expectations are met and addressed in the months to come 2015 is sure to be a promising year. The fact that the government has decided to liberalize Visas shows their focus on growing tourism and travel in India, and this surely spells good news for the industry.

Robust pipeline:

There are 1200 keys that are presently under development in various cities like Shimla, Udaipur, Kolkata, Mumbai and two in Gurgaon in the owned space and we are looking at key destinations like Baroda, Lucknow, Coorg, Chikmangloor, Varanasi, Vizag, Surat Trivandrum and Trichi to enter through the management space. We are looking at opening 300 plus keys at Gurgaon. These will be owned hotels. Besides this our all new and refreshed Lemon Tree Premier in Ahmedabad, will be ready to receive guests as well.