

SMILE! YOU ARE AT

# Lemon Tree Hotels

Prepared by- Hetvi Sanghvi  
Muskan khatri



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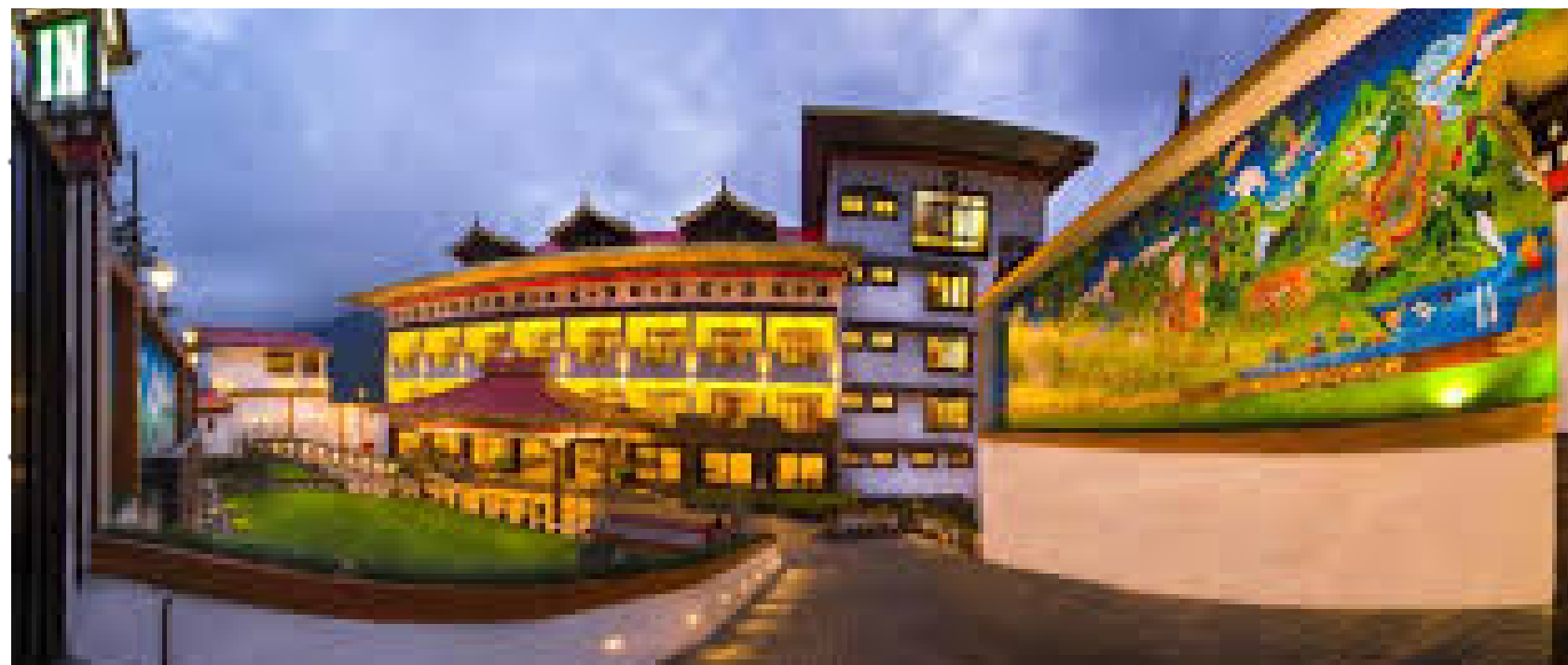
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TOPIC  
DISCUSSED

# Executive Summary

Lemon Tree Hotels is a hotel chain company based in India. The company owns and operates *80 hotels*, with over ~8000 rooms in 48 cities of India till date. Lemon Tree Hotels was founded by Patanjali (Patu) Keswani. This award-winning Indian hotel chain opened its first hotel with 49 rooms in May 2004.







# The Team



PATANJALI  
KESWANI

Managing Directors



RATTAN KESWANI

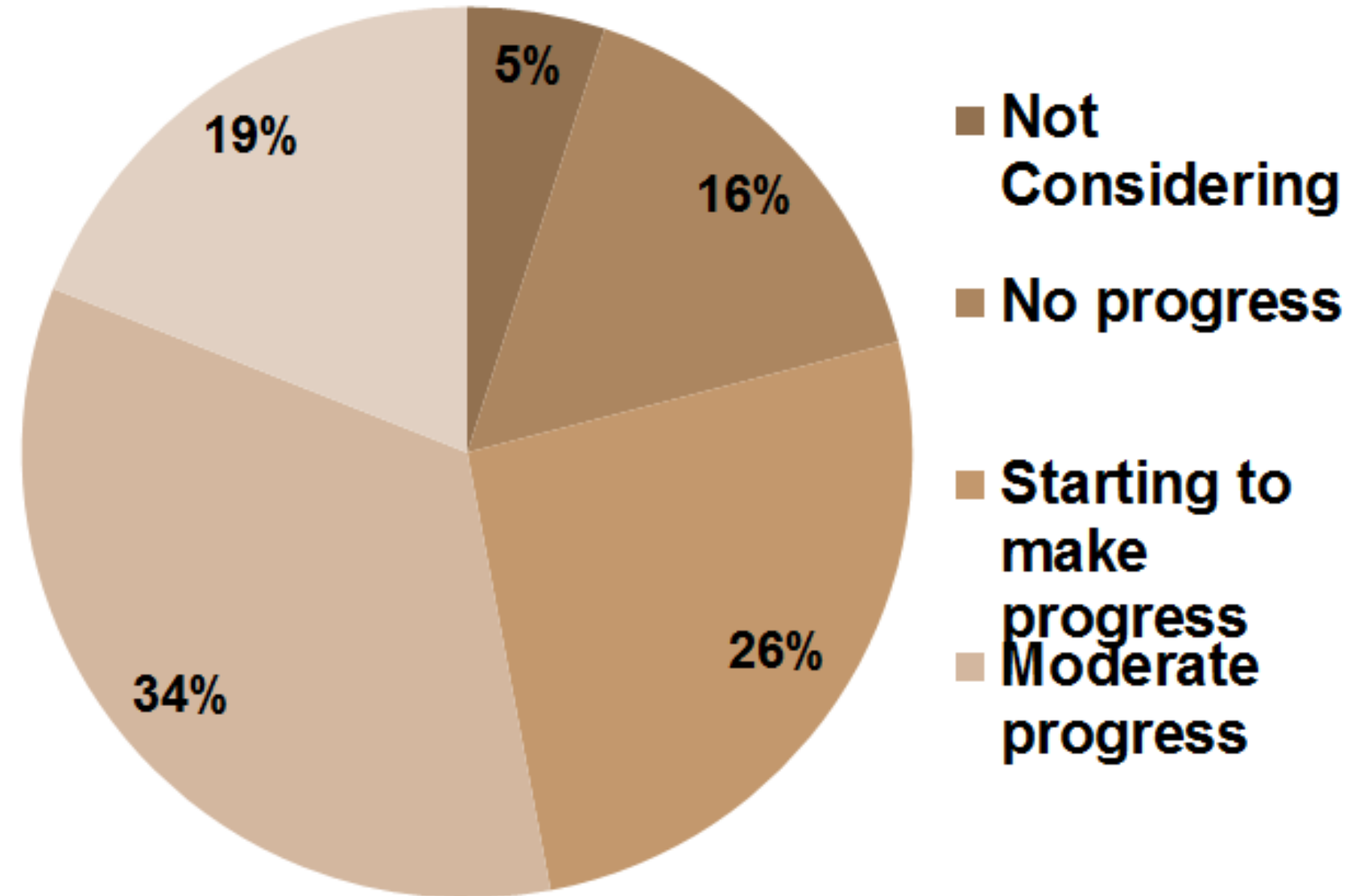
Deputy MD



VIKRAMJIT  
SINGH

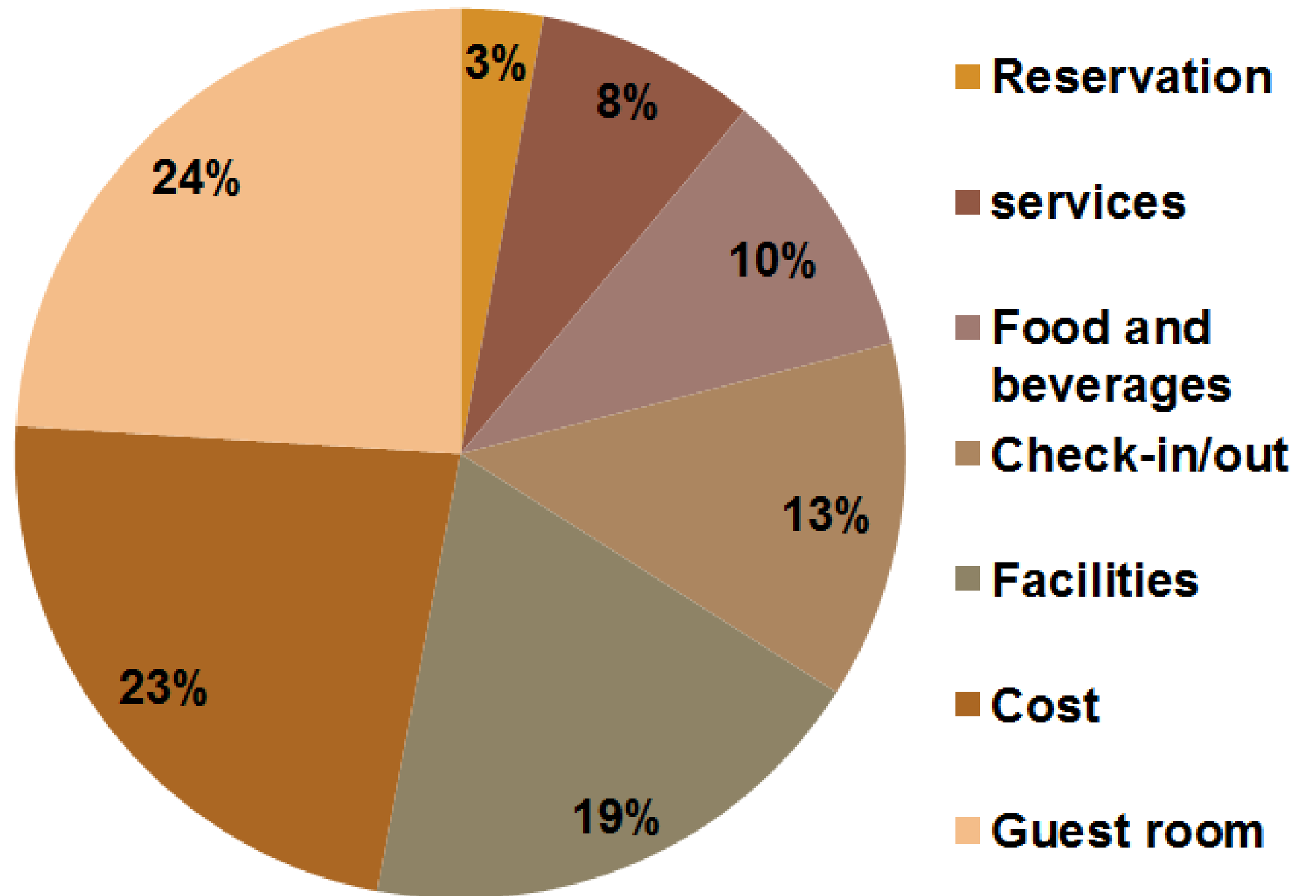
President

Globally efforts made by hotel industries organizations to develop soft, technical and Digital skills among employees.


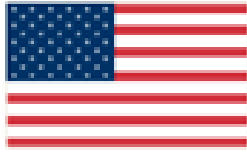




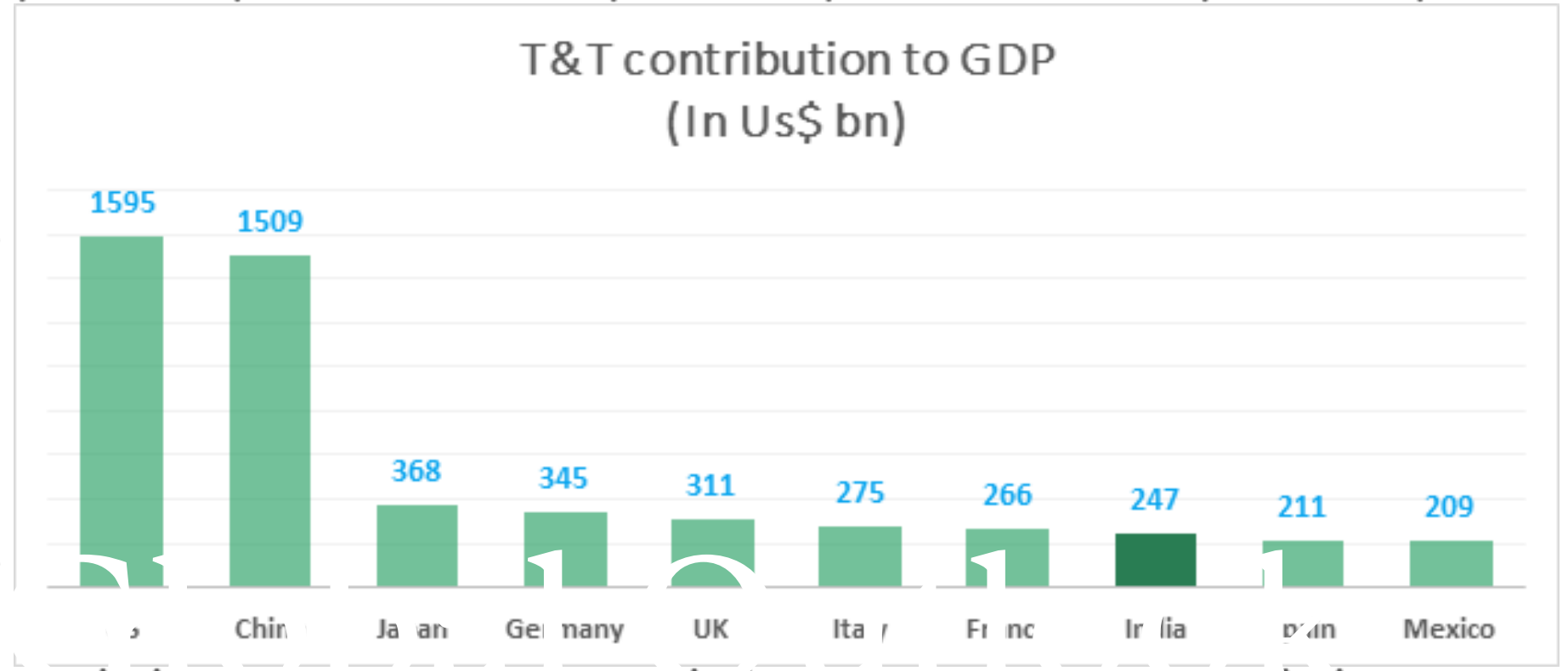
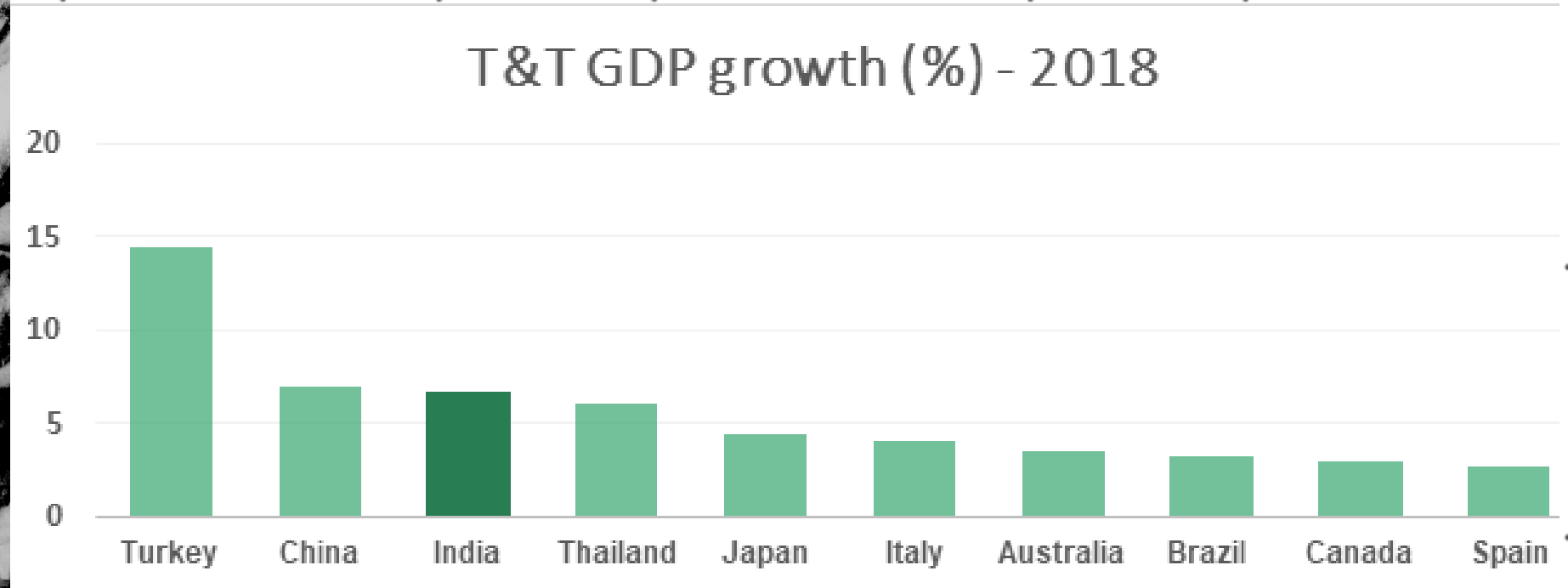
# Global Outlook

STATISTICS OF GLOBAL  
SATISFACTION  
SCORZES OF CONSUMER  
THROUGH  
HOTEL INDUSTRY..



# Global Outlook

				
<b>Supply of Rooms</b>	16.2 Million	5.0 Million	3.78 Million	0.2 Million
<b>Population</b>	7349 Million	321 Million	1379 Million	1211 Million
<b>Penetration Rooms/1000 People)</b>	2.2	15.7	2.7	0.2





Economic developments and growth of trading activities have led to travelling.

India level of occupancy was at 67%, highest in last 10 years.

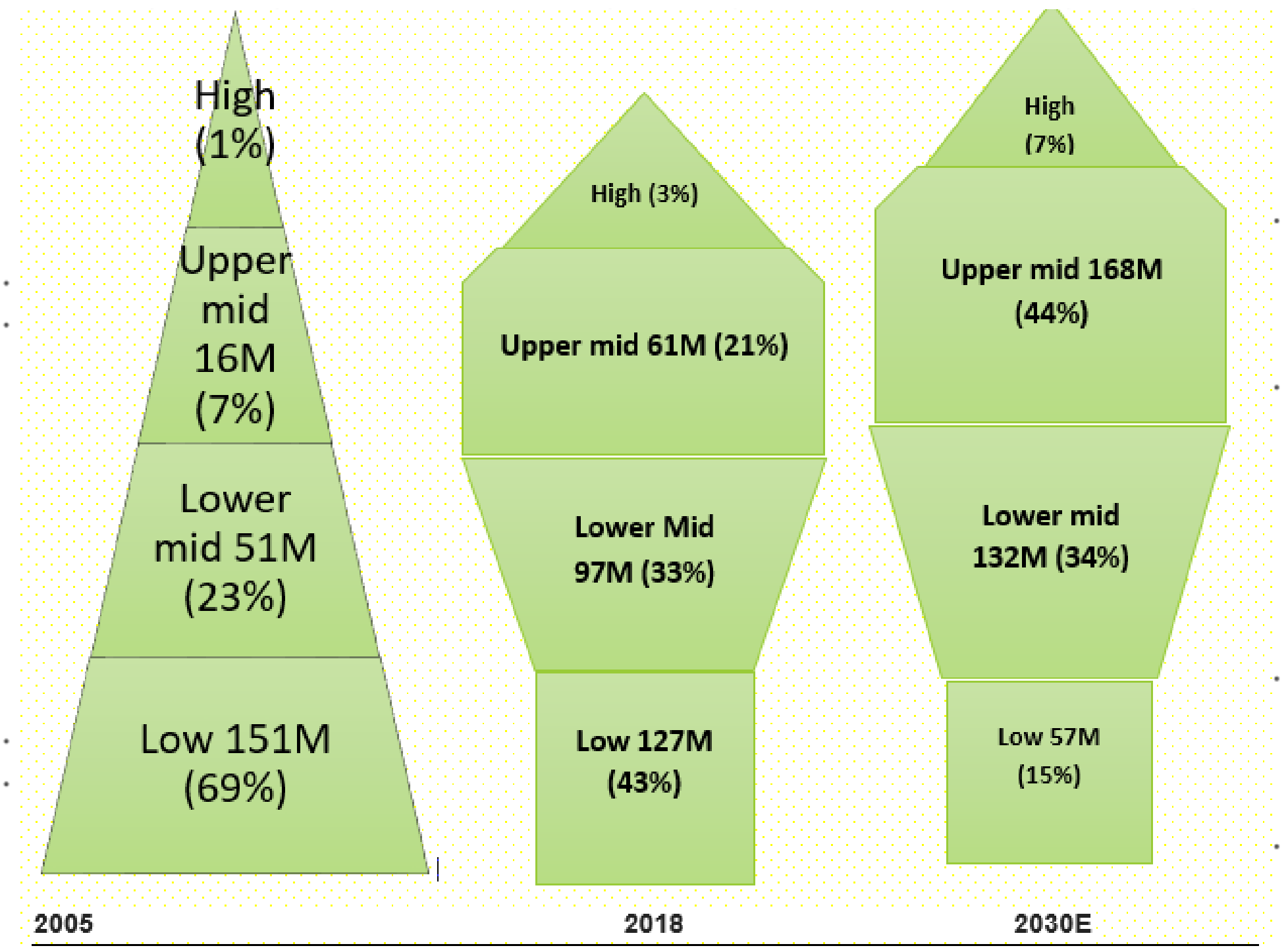
India's room supply pipeline represents 17% of the Asia-Pacific pipeline.

It was moving at a CAGR of 10.8% for last 10 years and is now expected to grow at a CAGR of 6% for the next 5 years.



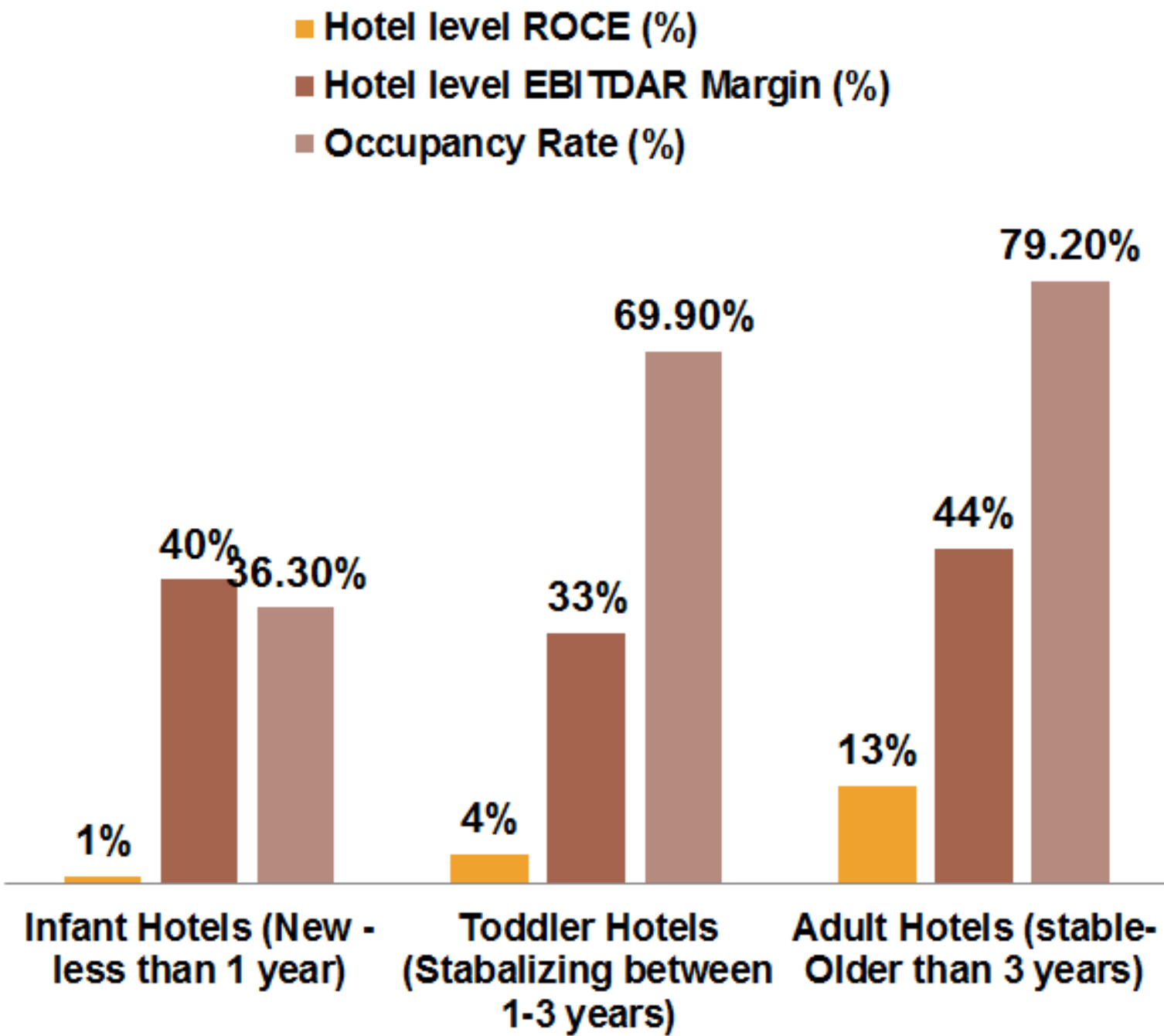
# Industry Outlook

Inbound tourism is also on a growth trajectory aided by favourite policies and developments such as e-visa, expansion of visa on arrival facility, the incredible India 2.0 campaign and better regional connectivity.



# ROCE of Hotel Industry

Parameters	Infant Hotels (New - less than 1 year)	Toddler Hotels (Stabilizing between 1-3 years)	Adult Hotels (stable- Older than 3 years)
Hotel level ROCE (%)	1%	4%	13%
Hotel level EBITDAR Margin (%)	40%	33%	44%
Occupancy Rate (%)	36.30%	69.90%	79.20%



# INDUSTRY IN UPTREND

## TOURISM – TURNING INTO INTEGRAL PART OF LIFESTYLE

Strategic initiatives include relaxed FDI policies, revamping of the ‘Incredible India’ campaign

## TOURISM REMAINS KEY FOCUS AREA OF GOVERNMENT

The Government moves were GST rate reduction for hotels and lowering of visa fees.

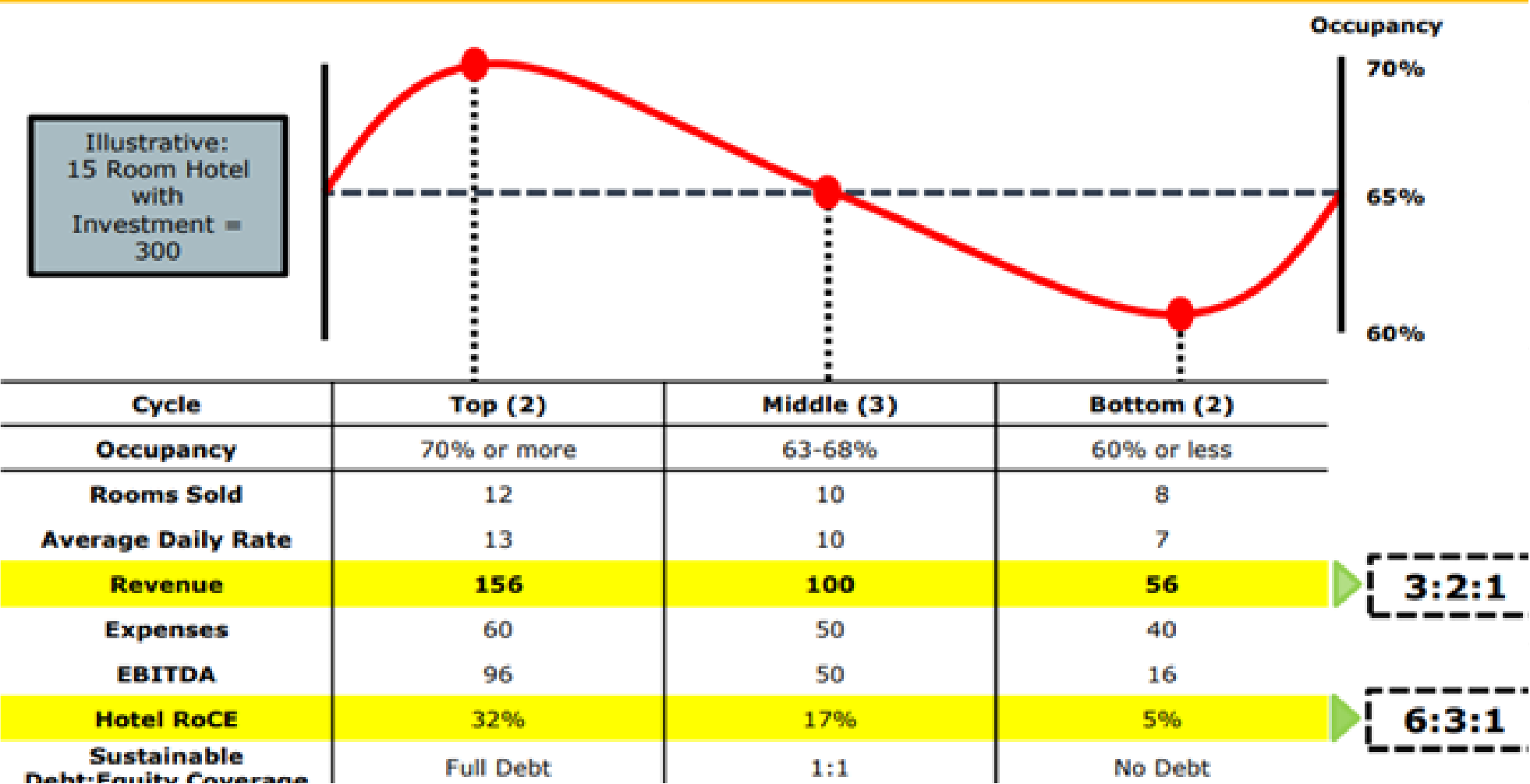
## INDUSTRY TO WITNESS UPTREND WITH DEMAND OUTPACING SUPPLY

Average occupancy levels are expected to increase to 73% by FY23E, which should create room for ARR improvement for the companies, going forward.



# BUSINESS CYCLE

## The hotel business cycle





80 hotels,  
8000 rooms,  
48 cities

Lemon Tree Hotels is a hotel chain company based in India. It is India's largest hotel chain in the mid-priced hotel sector

# Business model

Lemon Tree's ROCE is > 1.5x of a typical 5 star hotel in India

	Typical 5 star		
Cost Per Room (Normalised)	1000	400	~40% of Five Star
Rate (Normalised)	100	50	
Occupancy	x%	1.2x%	
Room Revenue (Normalised)	100	<u>60</u>	~60% of Five Star
Total Revenue (Normalised)	100	<u>50</u>	Lower other income for LTH
Cost (Normalised)	65	<u>25</u>	~40% of Five Star
EBITDA (Normalised)	35	<u>25</u>	
 RoCE	x	<u>1.7x</u>	

# CHALLENGES IN INDUSTRY



LAND



REGULATORY  
APPROVALS



FINANCING & CAPEX



MANPOWER  
SHORTAGE

# THE COMPANY OPERATES UNDER 3 BRANDS:



## ECONOMY SCALE

Economy Targeted primarily at the economy hotel segment, typically comparable to a 2 star



## MID-SCALE

In the midscale hotel segment, typically comparable to a 3 star.



## UPPER MID-SCALE

In the uppermidscale hotel segment, typically comparable to a 3+/4 star



# Upcoming Brand

**AURIKA**  
HOTELS & RESORTS

## Upscale

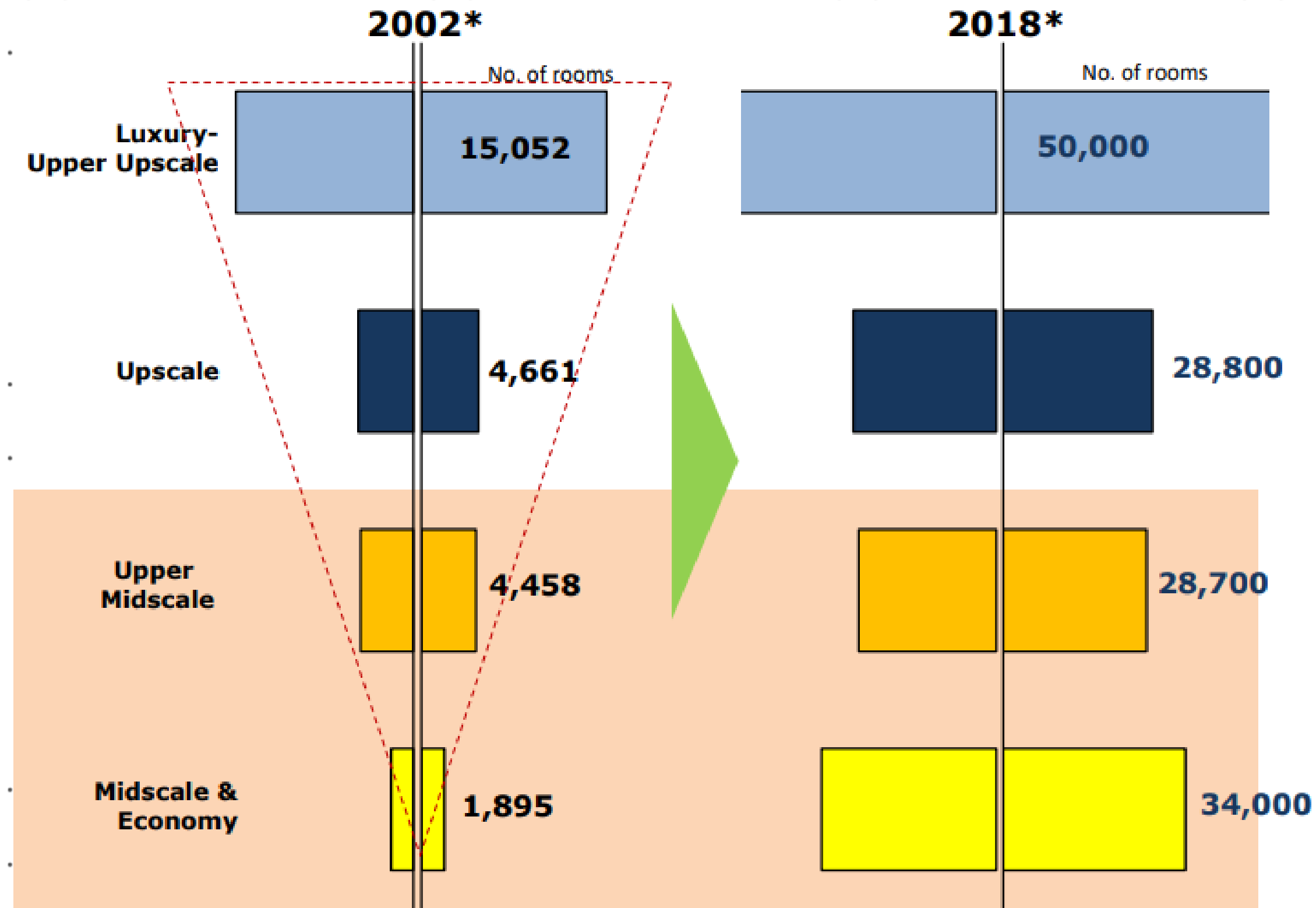
In the upscale hotel segment,  
typically comparable to a 4+ star

Hotels	Rooms
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<b>02</b>	<b>716</b>
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**FY22**



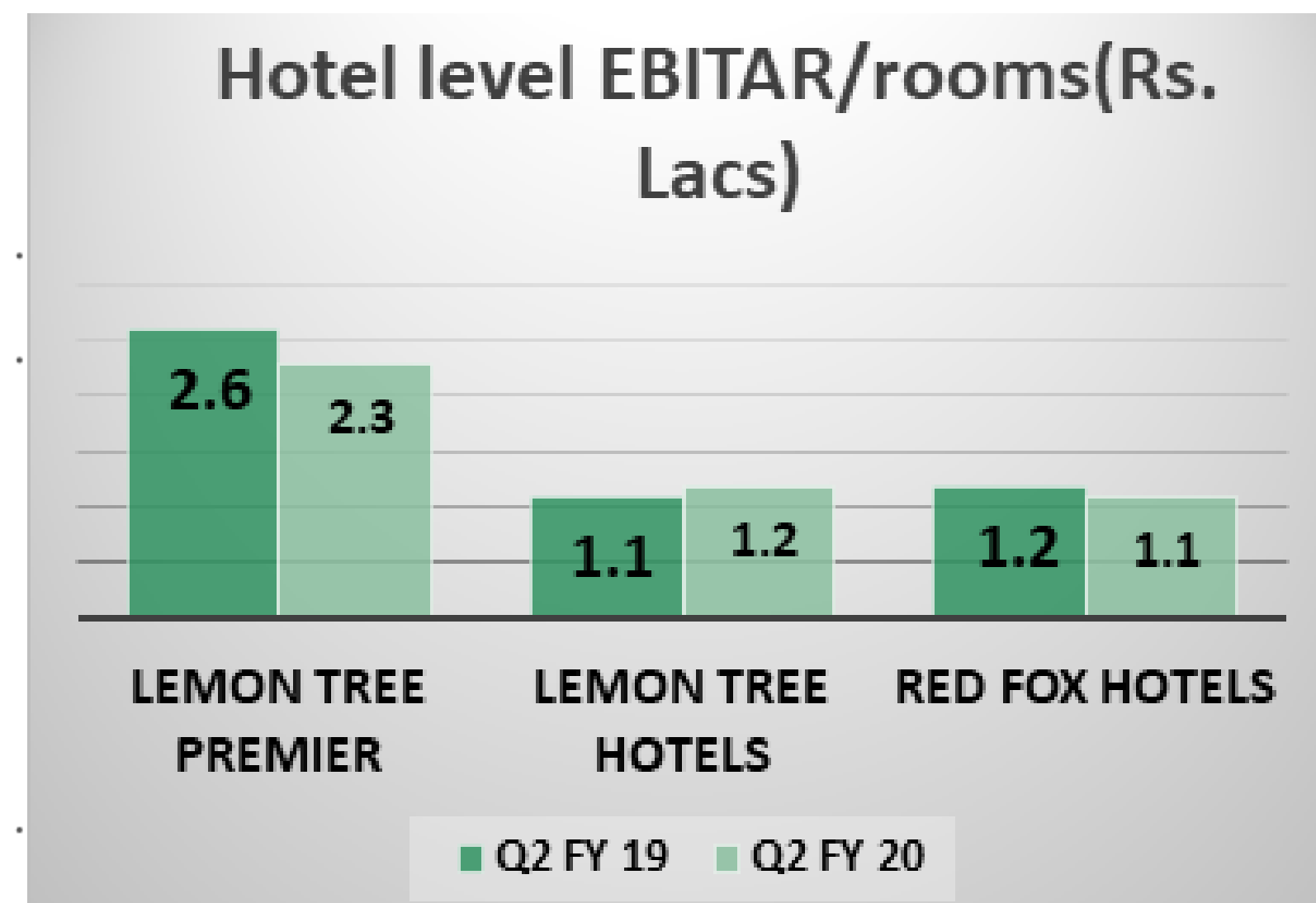


Supply of rooms in India's hotel industry was primarily at the top-end

In Lemon Tree Premier, there was a new supply addition of 201 rooms in this category as hotel opened Lemon Tree premier, Pune during the fiscal year 2019.

In Lemon Tree Premier, there was a new supply addition of 85 rooms in this category as hotel opened Lemon Tree Hotel, Banjara Hills at the end of fiscal year 2018, which was stabilizing during the fiscal year 2019.

There was a new supply addition of 91 rooms in this category as hotel opened Red Fox hotel, Dehradun during the fiscal year 2019.



# OPEX Parameters

# HISTORY



The Company was incorporated as “P.M.G Hotels Private Limited” on June 2, 1992, as a private limited company.

Pursuant to a resolution of company shareholders dated December 13, 2002, the name of our Company was changed to “Krizm Hotels Private Limited”

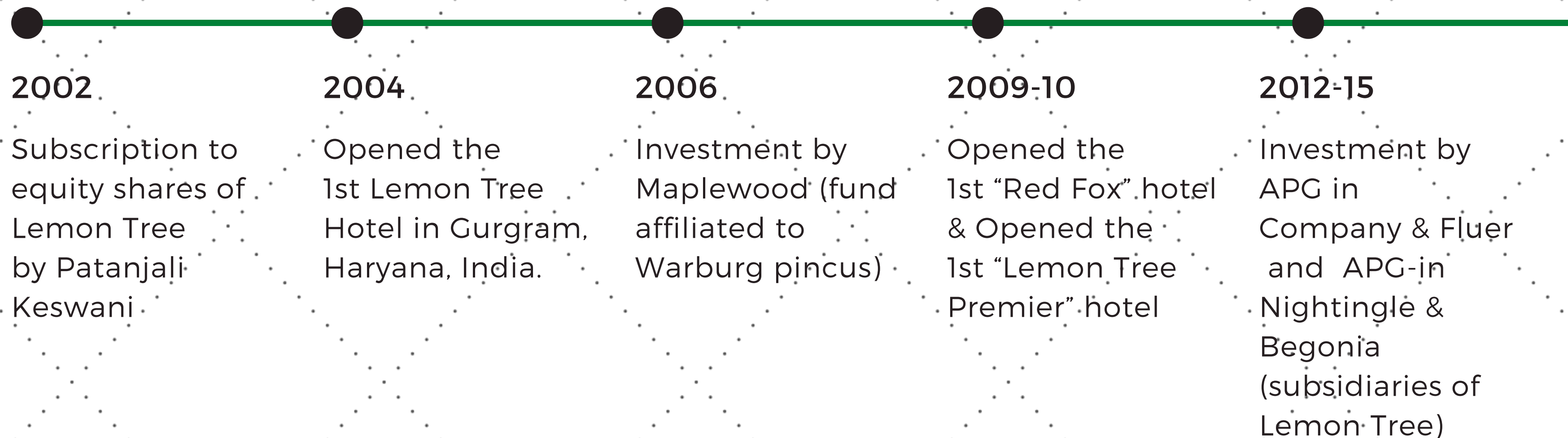
Further, pursuant to a resolution of our shareholders dated June 2, 2010, the name of our Company was changed to “Lemon Tree Hotels Private Limited”

On the conversion of our Company to a public limited company pursuant to a resolution passed by our shareholders on September 29, 2012, our name was changed to “Lemon Tree Hotels Limited”

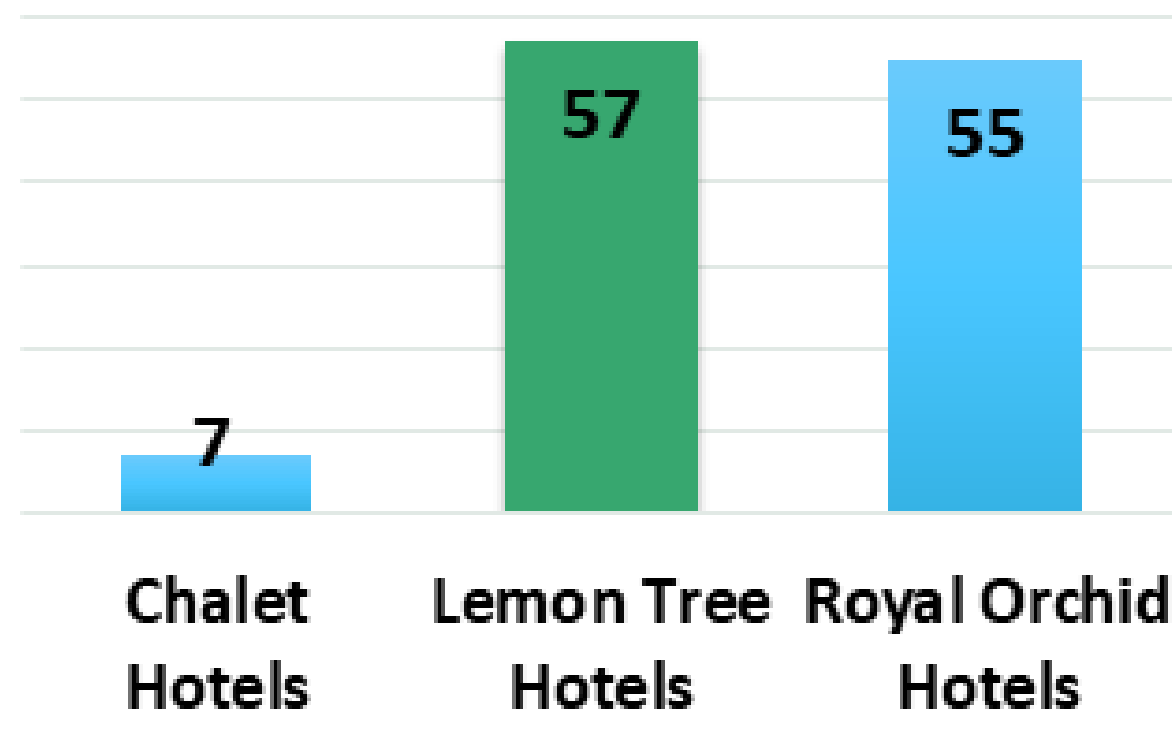


# BRANDING MILESTONES

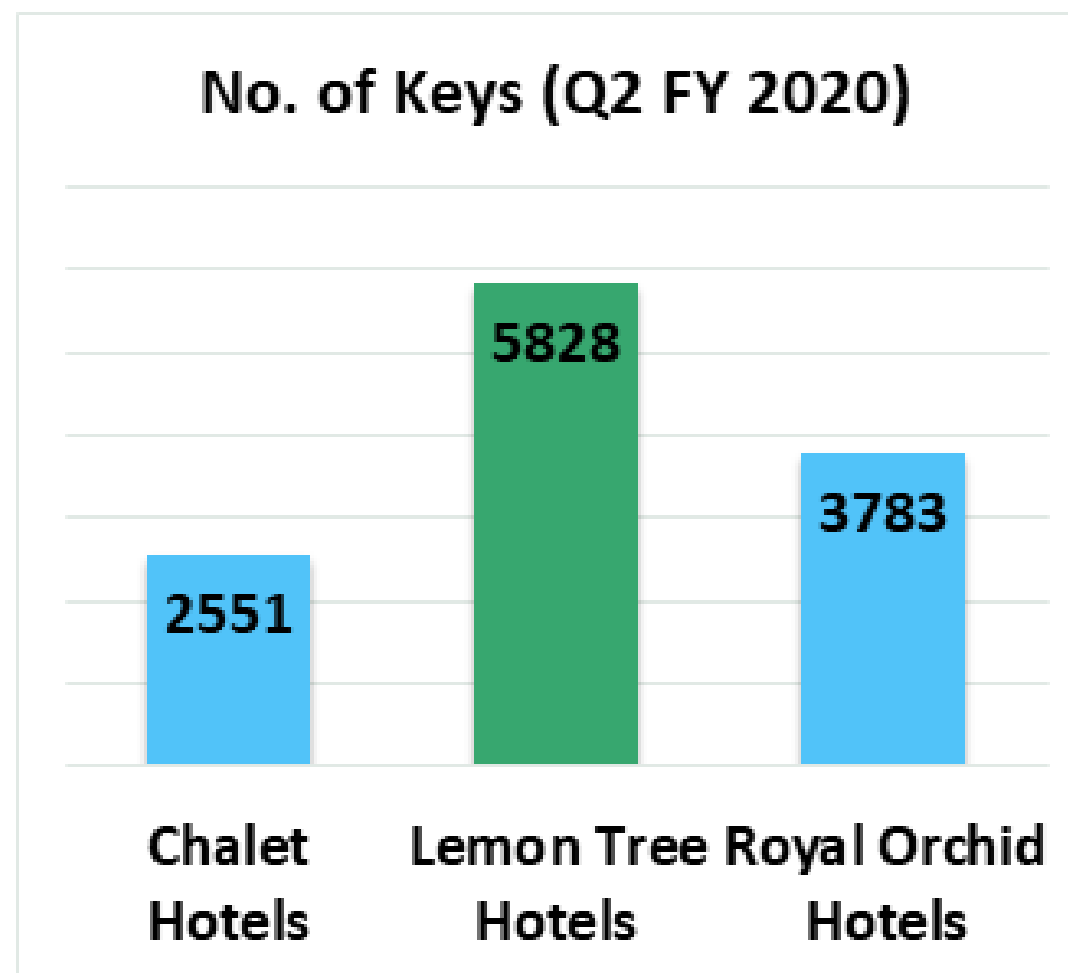
## Timeline of significant events



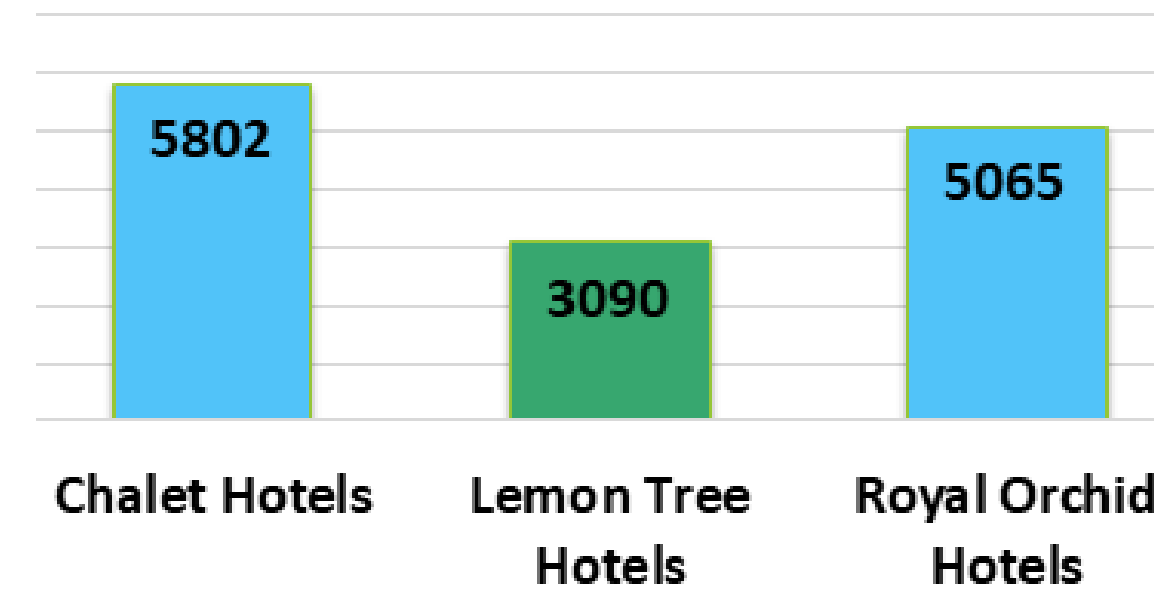
**No. of Hotels (Q2 FY 2020)**



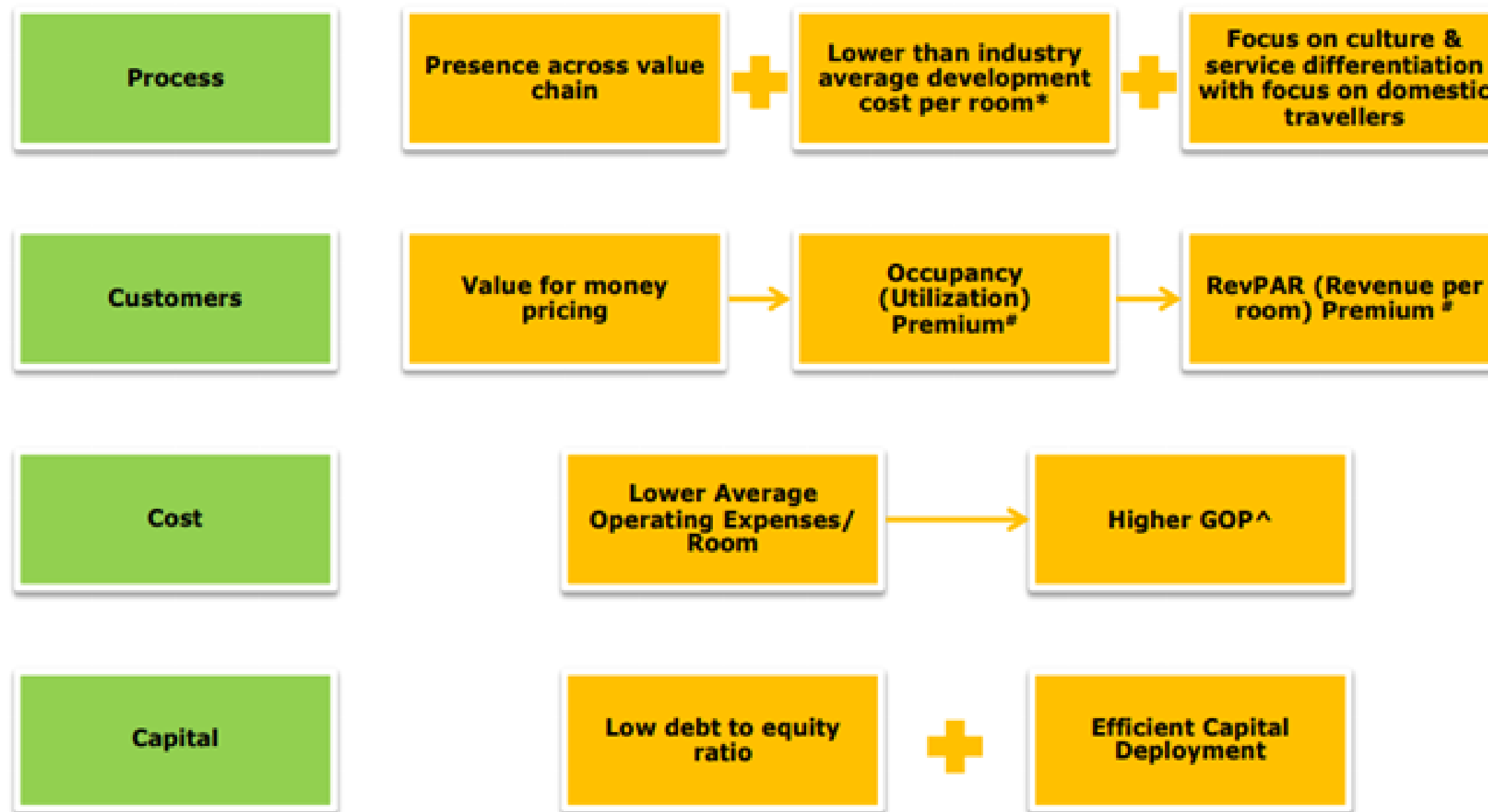
**No. of Keys (Q2 FY 2020)**



**RevPAR (Q2 FY 2020)**



# Competitors Comparison



Competitive  
Advantage:  
Differentiated  
Business Model



ACROSS ALL THE MAJOR METRO  
CITIES.

12 hotels with a total of 1,472 rooms across  
4 cities within NCR

4 hotels with 663 rooms in Hyderabad,

3 hotels with 493 rooms in Bengaluru

2 hotels with 162 rooms in Chennai.

Lemon Tree Premier with 201 rooms in  
Pune.

Hotel with 69 rooms in Viman Nagar, Pune

**GEOGRAPHICAL  
SPREAD**





STP

# 36%

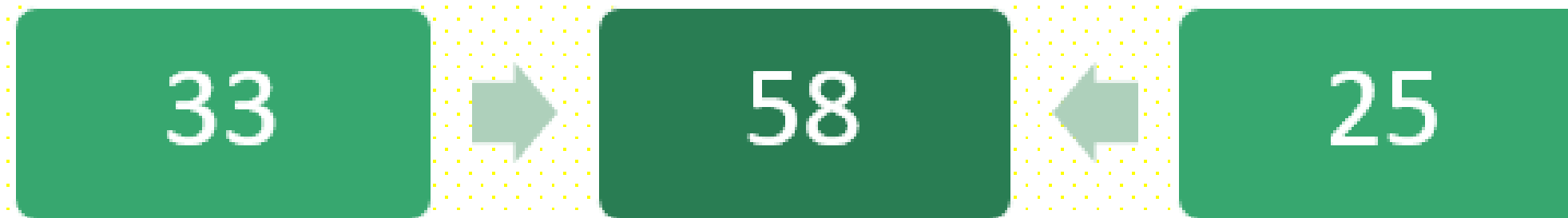
- ARE REPEAT GUESTS IN ADULT HOTELS I.E. HOTELS MORE THAN 3 YEARS OLD.

# 29%

- ARE REPEAT GUESTS IN YOUNG HOTELS I.E. HOTELS LESS THAN 3 YEARS OLD.

# KEY STATIS TICS

## Cities

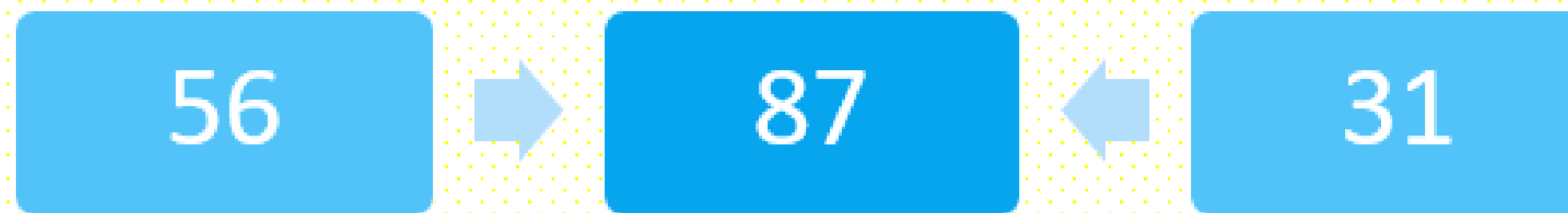


Operational Cities\*

Cities by end of FY22

Upcoming Cities

## Hotels

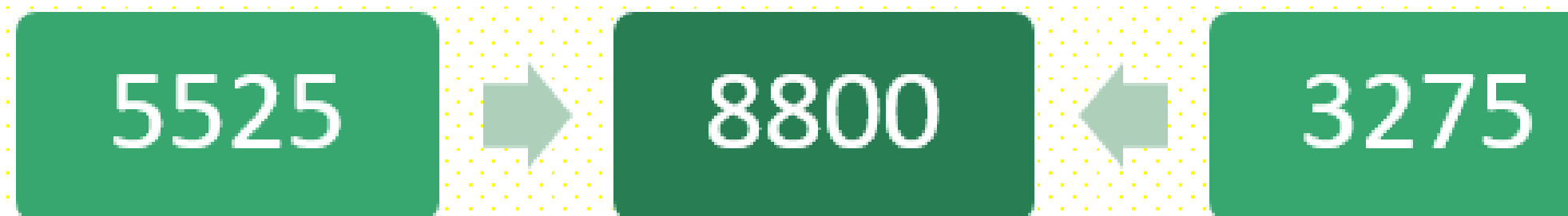


No. of operating hotels\*

Operating hotels by end of FY22

No of hotels under Development

## Rooms



No. of rooms\*

Operating rooms by end of FY22

No. of rooms under development

India's first, largest  
and finest chain of  
Youthful, spirited,  
efficient and growing  
upscale hotels and  
resorts.

Focuses on providing  
memorable experience  
to its guests. Cheery  
greetings, a friendly  
smile and highly  
proactive staff welcome  
customers at all our  
hotels.

USP

UNIQUE  
FROM  
OTHERS



# Recognition and awards



Ranked 4th in India and the only hotel chain in the top 10 Best Companies to Work for in India in 2017 by the Great Place to Work institute



Ranked 12th in Asia's Best Large Workplaces and the only Indian company in the top 15 in 2018 by the Great Place to Work institute



National Award for Empowerment of Persons with Disabilities – 2011, 2012 and 2016

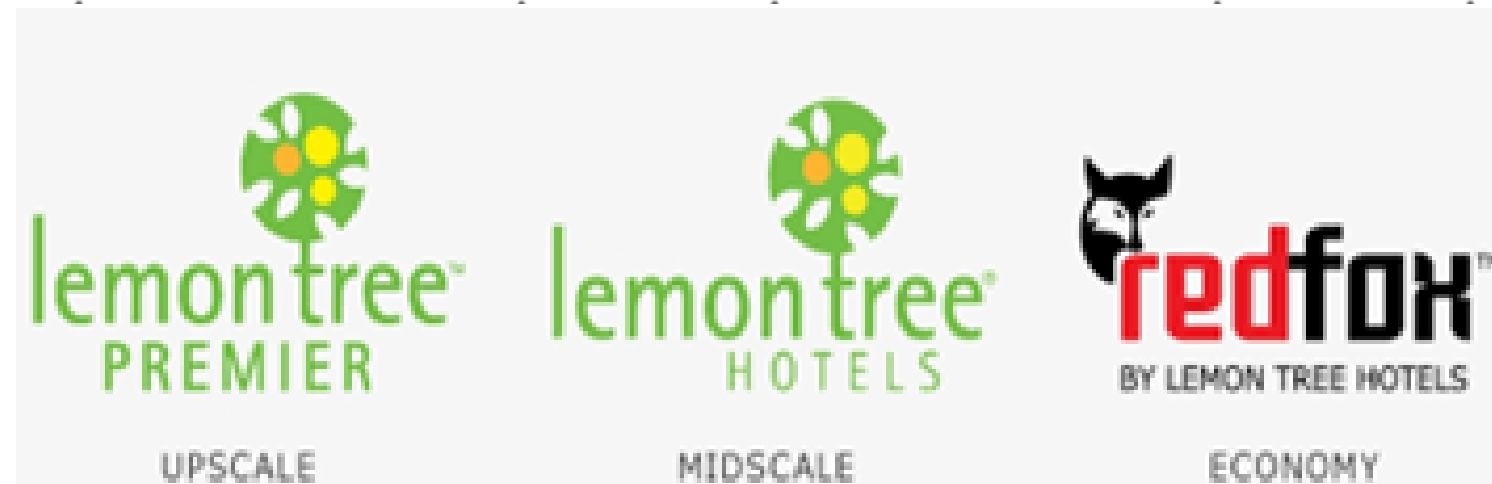
# Shareholding Pattern & Investors

Shareholding Pattern					
(In %)	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19
Promoter	30.84	30.89	30.89	30.89	31.24
FII	13.87	13.8	13.5	14.13	20.36
DII	8.37	8.36	8.95	10.27	18.61
Others	46.92	46.95	46.66	44.71	29.79

## Top 10 Shareholders

Rank	Name	%	Position (m)	Change (m)
1	Spank Management Services Private Ltd	26%	207.7	0.03
2	APG Strategic Real Estate Pool NV	15%	118.7	0
3	RJ Corp Ltd.	5%	43.4	-10
4	Franklin Templeton Asset Management (India)	4%	34.3	10.54
5	Keswani (Patanjali)	4%	27.8	0.01
6	Sundaram Asset Management Company Ltd	3%	21.5	7.59
7	Zaaba Capital Limited.	2%	17.4	1.16
8	Reliance Nippon Life Asset Management Ltd	2%	17.2	17.18
9	Palms International Investments Ltd.]	2%	16.1	-3.01
10	SBI Funds Management Pvt. Ltd.	2%	13.9	-42.92

# Vision



Our **VISION** is to be India's largest and most preferred chain of hotels and resorts in the mid-priced hotel sector, consisting of upper-midscale, midscale and economy hotel segments.

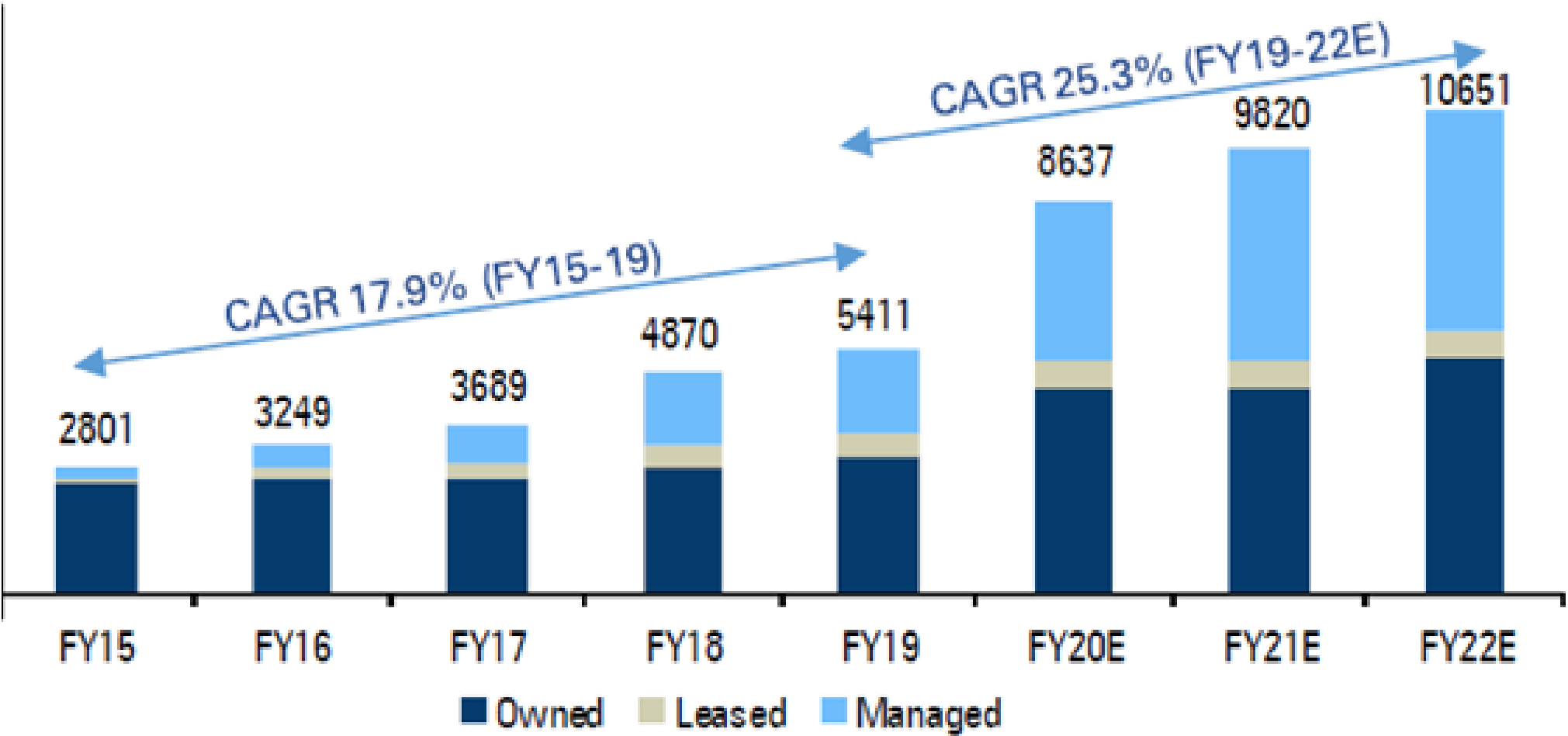
REVENUES TO CLOCK 31% CAGR  
LED BY INVENTORY ADDITION.

During FY20E, Lemon Tree’s portfolio of owned/leased rooms will increase by 686 rooms over FY19 (In addition to Key Hotels portfolio), with most hotels being in the upper-midscale and upscale segment, and one being in the economy segment.

Additionally, Keys Hotels’ portfolio is also expected to be consolidated into the Lemon Tree group in H2FY20E. Keys Hotels clocked revenues of ₹87 crores in FY19. We expect Keys portfolio to cross ₹120 crores by FY21E.

Led by additional inventory, improved RevPAR in existing hotels and higher ARR in properties being added in FY20E, Lemon Tree’s revenues are expected to grow at 31% CAGR over FY19-21E to ₹940 crores.

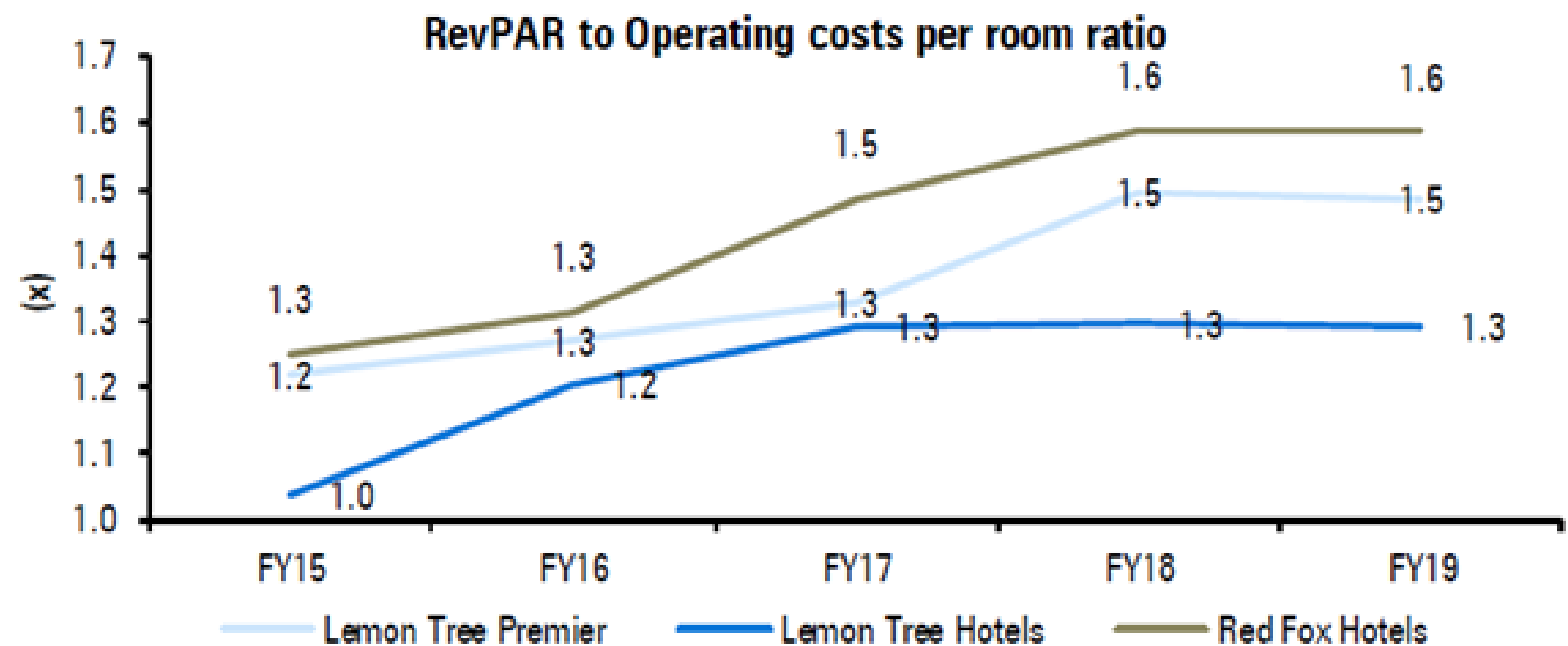
TOTAL ROOM  
PORTFOLIO TO  
CROSS 10000  
ROOMS





# PROFITABILITY MOVEMENT

Led by additional inventory, improved RevPAR in existing hotels and higher ARR in properties being added in FY20E, Lemon Tree's revenues are expected to grow at 31% CAGR over FY19-21E to ₹940 crores.



# PREVIOUS SUCCESSFUL STRATEGIES

- **FLEUR HOTELS- A JOINT VENTURE BETWEEN LEMON TREE HOTELS AND DUTCH PENSION FUND MANAGER APG**

- In May 2012, Lemon Tree hotels formed a joint venture with Dutch Pension Manager APG group.

- It has confirmed to invest more than ₹ 2000 cr. In Fleur Hotels for development and management of around 35 hotels by the end of 2016.

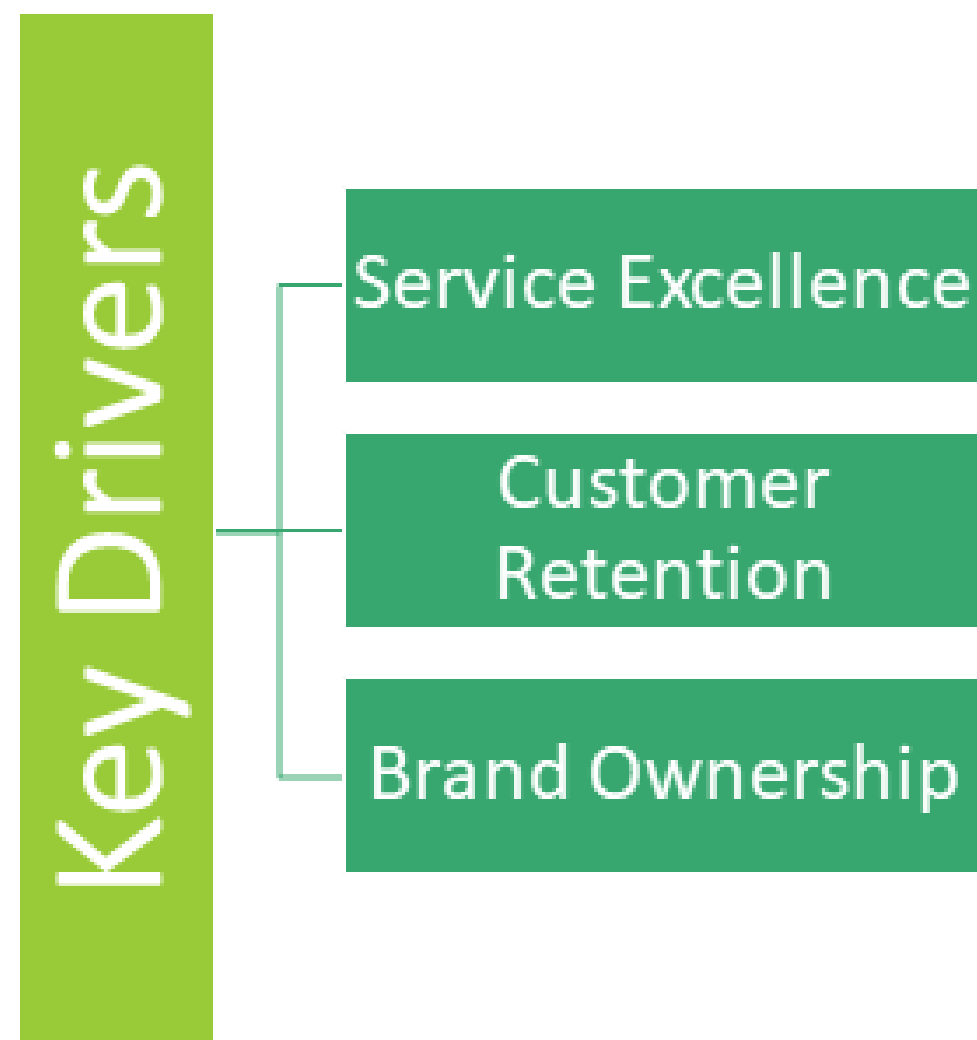
THE GROUP WAS AMONGST THE 1ST TO SUCCESSFULLY REDUCE THE SIZE OF THE ROOMS FROM 320SQ FT. TO 240SQ FT.

LEMON TREE GROUP INCORPORATED THE CONCEPT OF BUILD IN BEDS. THIS ESSENTIALLY MEANT THAT THE WORKER COULD CLEAN 22 ROOMS INSTEAD OF 15 ROOMS, IN ONE SHIFT.

They have employed disabled people.

UNLIKE OTHER HOTELS, THE AC AND WATER PIPES ARE HORIZONTAL RATHER THAN VERTICAL IN THE LEMON TREE HOTELS. THIS ENABLES THE GROUP TO SHUT THE ENTIRE FLOOR DOWN DURING PERIODS OF LOW OCCUPANCY.

# CURRENT STRATEGY- COST LEADERSHIP



# MARKET STRATEGY & KEY DRIVERS



# SWOT Analysis

## WEAKNESSES

- No presence in 2 of the Largest Metros i.e. Mumbai & Kolkata, but projects are planned here.



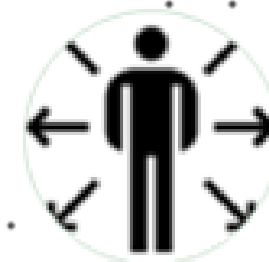
## THREATS

- Terrorist threats, economic downturn, political turbulence



## STRENGTHS

- provides a Variety of 20+ Hotels starting of from Mid Market to Upscale Hotels



## OPPORTUNITIES

- MICE (Meetings, Incentives, Conferences & Exhibitions )- Hotels has its presence in important cities like Bangalore where Meeting and conferences can be held

Lemon Tree Hotels was founded by Patanjali (Panu) Keswani in 2002.

Headquarters in New Delhi.

Lemon Tree Hotels went public in early 2018 and listed on 9 April 2018.

Lemon Tree Hotels is a hotel chain company based in India. It is India's largest hotel chain in the mid-priced hotel sector

Lemon Tree Hotels is the largest buyer nationally of tribal art from Bastar, Chhattisgarh. This enables the group to support poor tribal craftsmen in this region and allows the chain to showcase their art extensively across its hotels.

# PROFIT & LOSS STATEMENT

<u>PROFIT AND LOSS STATEMENT</u>	<u>FY 18</u>	<u>FY 19</u>
Total operating Income	484.3	549.5
Growth (%)	0.18	0.13
Raw Material Expenses	43.6	49.8
Employee Expenses	109.6	120.5
Other Expense	194.9	210.4
Total Operating Expenses	348.1	380.7
EBITDA	136.2	168.9
Growth (%)	0.169	0.239
Depreciation	52.6	54.1
Interest	78.4	84.7
Other Income	12.6	14.5
PBT	17.8	44.5
Others	0	0
Total Tax	3.8	-11.1
Reported PAT	14	55.6
Adjusted PAT	14.6	56.4
Growth (%)	NA	2.9
Adjusted EPS (₹)	0.2	0.7

# BALANCE SHEET

BALANCE SHEET	FY 18	FY 19
<b>Liabilities</b>		
Equity Capital	786	789
Reserve and Surplus	28	86
Total Shareholders' funds	814	875
Total Debt	1011	1196
Deferred Tax Liability	4	0
Minority Interest/ Others	429	432
<b>Total Liabilities</b>	<b>2209</b>	<b>2480</b>
<b>Assets</b>		
Gross PPE	1599	1792
Less: Depreciation	150	202
Net PPF	1449	1590
Investment Property	2	2
CWIP	556	664
Total Fixed Asset	2007	2256
Intangibles	12	12
Investment	47	52
Inventory	5	6
Debtors	53	84
Loans & Advances	0	0
Other Current Assets	47	46
Cash	21	31
Total Current Assets	138	197
Creditors	81	96
Provision & Others	88	135
Total Current Liabilities	249	292
Net Current Assets	-111	-95
Other Assets	254	255
<b>Application of funds</b>	<b>2209</b>	<b>2480</b>



# CASH FLOW STATEMENT

CASH FLOW STATEMENT	FY 18	FY 19
PAT	14.6	56.4
Add: Depreciation	52.6	54.1
(Inc.)/Dec in Current Assets	-51.1	-48
Inc./(Dec) in CL & Provisions	30	69.7
<b>CF from operating activities</b>	<b>109.4</b>	<b>177.7</b>
(Inc.)/Dec in Other Non-CA	0	0
(Inc.)/Dec in Fixed Assets	-302.4	-302.8
Others	57.9	13.8
<b>CF from investing activities</b>	<b>-244.5</b>	<b>-289</b>
Issue/(buy-back) of Shares	5.2	2.9
Inc./(Dec) in loans funds	212.4	184.5
Dividend paid & dividend tax	0	0
Others	-79	-65.7
<b>CF from financing activities</b>	<b>138.6</b>	<b>121.7</b>
<b>Net Cash Flow</b>	<b>3.4</b>	<b>10.4</b>
Opening Cash	17.6	21
Closing Cash	21	31.4



A Refreshing Concept

# Contact Us

For inquiries and concerns

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