

# HOTELS & RESTAURANTS INDIA

# fhrai magazine

FEBRUARY 2016

Vol 16 Issue 2 Pages 70 - 50

A MONTHLY ON HOSPITALITY TRADE  
By DDP Publications



## WILL THE 2016 BUDGET BE A ROADMAP FOR THE HOSPITALITY SECTOR?



FHRAI  
INDIAN HOTEL  
INDUSTRY  
SURVEY 2014-2015



CLIMATE CHANGE:  
TASKS FOR  
THE HOTEL INDUSTRY





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Dear fellow members,

We will be holding the 51<sup>st</sup> annual convention of the Federation of Hotel & Restaurant Associations of India (FHRAI) in Indore, Madhya Pradesh. The theme of the convention will be 'Brand India.' With the Prime Minister's emphasis on start-ups and entrepreneurs, it is only through the contribution of the hospitality and tourism industry that we can make 'Brand India' soar to great heights. Start-ups and entrepreneurs are a great way to create alternate private investment models. Start-up India can act as a catalyst that can potentially restart investment flows into the hospitality sector and the economy.

The 'Make in India' event is also being held in Mumbai this year, as is the 'Invest Karnataka', and members are encouraged to take advantage of the benefits being given to industry through these events.

The first meeting of the National Medical & Wellness Tourism Promotion Board was held under the Chairmanship of **Dr Mahesh Sharma**, Union Minister of State for Tourism & Culture (Independent Charge) and Civil Aviation. He said that three sub-committees would be constituted immediately to look into regulatory, accreditation, marketing and other issues. He mentioned the role of the government as a facilitator and that the private sector had to continue to lead the medical and wellness tourism sector.

India has a competitive advantage, which lies in a large pool of well trained medical professionals, and its cost competitiveness compared to other countries will certainly take this niche segment of tourism to a greater height.

Healthcare and wellness has become one of the largest sectors of India—both in terms of revenue and employment—comprising hospitals,

clinical trials, outsourcing, telemedicine, wellness, health insurance, medical tourism and so on.

It would be viable to add wellness related infrastructure as well as activities to your hotels. This could be in the form of yoga camps, special Ayurvedic food days and day spas among other innovative initiatives that can be taken up for wellness from hotels.

As per the **HVS Indian Hotel Industry Survey, 2014- 2015**: The average rate for 2014-15, at ₹ 4,789, showed a modest improvement over that last year (₹ 4,729), which was previously the highest since 2009-10. Hotel occupancy, too, increased to 61.3 per cent after two years of stagnation at 60.4 per cent.

As far as changes in the revenue structure are concerned, the last few years witnessed a steady decline in the contribution of revenue from rooms while that from F&B continually improved; this trend was observed in the current year too. However, 'Other' sources of income saw a decline from 6.9 per cent in 2013-14 to 6.6 per cent this year in contrast to the incremental improvement towards revenue contribution observed from 2010-11 to 2013-14.

Hopefully the budget will see the Goods and Services Tax (GST) going through as the requirement remains for a lower GST for the tourism and hospitality industry, which is likely to lead to an increase in FTA's and corresponding enhanced revenues in foreign exchange enabling India to compete favourably with its neighbours.

With warm regards,

**Bharat Malkani**  
President, FHRAI



**Bharat Malkani**  
President, FHRAI

“ Start-up India can act as a catalyst that can potentially restart investment flows into the hospitality sector and the economy ”

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# FEBRUARY 2016

## NATURE TRAIL

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Continuing our story from our January issue, we discover the ins and outs of running safari lodges and providing guests unforgettable experience of forests, wildlife and nature

#### COVER DESIGN:

Tushar Upadhyay



30 NATURE TRAIL



22 NEWS

## CONTENTS

### THIS MONTH

PRESIDENT'S MESSAGE	03
SECRETARY'S MESSAGE	08
FHRAI DESK	10
NEWS UPDATES	22
PRODUCTS & SERVICES	62
EVENTS	64
APPOINTMENTS	66

### FEATURES

EXPECTATIONS 2016	36
THE BUDGET 2016: A ROADMAP FOR THE HOSPITALITY SECTOR?	
FHRAI members tell us about their expectations from the government along with their recommendations	

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## FEATURES

### REPORT 42 FHRAI INDIAN HOTEL INDUSTRY SURVEY 2014-2015

Excerpts from the survey which is a comprehensive guide to the performance trends of the industry in India

### GM CANVAS 46 INDIA WILL GROW BY A ROBUST 7.8% IN 2016

Kanika Hasrat, General Manager, Courtyard by Marriott, Gurgaon discusses the budget and other hospitality issues

### GUEST COLUMN 48 CLIMATE CHANGE: WHAT SHOULD THE HOTEL INDUSTRY DO?

Niranjan Khatri discusses what the hotel industry should do if it is not to be caught off guard like the automobile industry

### OPINION 54 “OUR AMBASSADORS OF INCREDIBLE INDIA SHOULD BE FOREIGN CELEBRITIES”

S.M. Shervani, E.C. Member, FHRAI and MD, Shervani Hospitalities discusses the Indian tourism and travel industry



46 GM CANVAS



62 PRODUCTS



64 EVENTS



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FHRAI Magazine is printed and published by Gunjan Sabikhi on behalf of Federation of Hotel and Restaurant Association of India and printed at Cirrus Graphics Pvt.Ltd., B 62/14, Phase-II, Naraina Industrial Area New Delhi 110028 and published at Durga Das Publications Pvt. Ltd. 72 Todarmal Road New Delhi 110001

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This issue of FHRAI Magazine contains 66+ 4 pages cover

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**Vivek Nair**  
Hony. Secretary  
FHRAI



A total of 1,03,617 tourists arrived in India on e-Tourist Visa in December, 2015 as compared to 14,083 during the month of December, 2014 registering a growth of 635.8 per cent. The UK continues to occupy the top slot followed by the US and the Russian Federation



## Dear fellow members,

FHRAI is supporting the 'Spirit of India Run' by **Pat Farmer**, an ultra-marathon runner from Australia. Farmer will run over 4,000 km in 60 days, starting from Kanyakumari and finishing in Kashmir. He initiated his run on 26 January, 2016 celebrating India's Republic Day and Australia Day.

Farmer's 'Spirit of India Run' is aimed at cementing relations between India and Australia, encourage tourism and personal relationships with a view to create awareness of India as a 'Must Experience' destination for travellers from Australia and support causes and charity. The cause, in the current endeavour, is to raise funds for the education of the girl child.

A total of 1,03,617 tourists arrived in India on e-Tourist Visa in December, 2015 as compared to 14,083 during the month of December, 2014 registering a growth of 635.8 per cent. The UK continues to occupy the top slot followed by the US and the Russian Federation amongst the countries availing the e-tourist visa facility.

The percentage shares of top 10 source countries availing e-Tourist Visa facilities during December, 2015 were as follows: UK (23.81 per cent), USA (19.59 per cent), Russian Fed. (9.33 per cent), Australia (5.44 per cent), Germany (4.86 per cent), France (4.44 per cent), Canada (4.40 per cent), China (3.10 per cent), Republic of Korea (1.83 per cent) and Ukraine (1.67 per cent).

Our Secretary, Ministry of Tourism, **Vinod Zutshi**, has said that, "Indian domestic tourist visits in 2015 was a mind-boggling 1.45 billion, whilst Foreign Tourist Arrivals (FTAs) have seen a 4.4 per cent average growth rate, which is almost the average growth rate that is being registered world over." He added that the e-Tourist Visa (eTV) has been a game-changer and now covers a total of 113 countries. The government is

trying to increase the application time period for the visa to three to four months instead of the current 30 days. It is working towards changing the eTV from single entry to double entry or multiple entry.

Zutshi has also commented on medical tourism and recently, at the first meeting of the National Medical and Wellness Tourism Promotion Board, said, "India has a distinct advantage, in terms of cost of people in the medical industry, the time required for getting operation dates, and having state-of-the-art hospitals.

Now, we are also contemplating to get the e-medical visa facility extended to various countries, so that the medical and wellness tourism in India prospers further."

**Dr Mahesh Sharma**, Minister of State for Culture and Tourism (Independent Charge) and Civil Aviation has announced that the tourism helpline number 1363 will be active soon. He said, "The helpline will be available in 12 languages, and will be a 24\*7 service. Tourists from different countries will get the communication in the language of their choice. We have proposed that as soon as an international tourist comes to the immigration counter at any airport in India, they should be given a small kit, may be with a SIM card for some emergency calls to his parent country or within India."

The government is just the facilitator and we, as stakeholders in the growth story of this country, need to be more proactive in developing the hotel story of the country.

A delegation from the FHRAI met the Revenue Secretary **Hasmukh Adia** and presented our Pre-budget Memorandum to him. Our stand is explained in detail in this issue.

With warm regards,  
**Vivek Nair**  
Honorary Secretary, FHRAI

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# Snapshots SATTE 2016

UBM India launched the 23<sup>rd</sup> edition of South Asia's travel trade show **SATTE** (29 - 31 January) at Pragati Maidan, New Delhi. **Chief Guest, Dr Mahesh Sharma**, Union Minister of State for Tourism & Culture (Independent Charge) and Civil Aviation, inaugurated the show. SATTE this year saw representation from over 750 exhibitors and participants from 35 plus countries and 28 Indian states.



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# HRAWI CALLS ON ITS MEMBERS TO SUPPORT DRAUGHT HIT REGIONS IN MARATHWADA



**Bharat Malkani**  
President, HRAWI

In its on-going efforts to in-  
 up the status of tourism and  
 hospitality both in terms of service  
 quality and social responsibility, the  
 Hotel and Restaurant Association  
 of Western India (HRAWI) resolved  
 on a 'No Food Wastage' Policy  
 for New Year's celebrations. The  
 association requested all its members  
 to maintain a protocol aimed at  
 discouraging patrons from wasting  
 food. Additionally, the association has  
 appealed to its members to pledge  
 whatever amounts they can from the  
 day's earning for the benefit of the  
 draught hit areas in Marathwada.  
 A letter to this effect has been  
 circulated amongst hotels and  
 restaurants across all its

member states in the western region  
 that includes Gujarat, Goa, Madhya  
 Pradesh, Maharashtra, Chhattisgarh,  
 Daman and Diu and Dadra and  
 Nagar Haveli. The resolution comes  
 in the wake of the increasing  
 number of farmer suicides and the  
 association's desire of expressing  
 solidarity with the agricultural  
 community of which the hotel  
 industry is a direct beneficiary.

"The New Year season has  
 traditionally been a season of  
 festivities and revelry. But it is also  
 a season of charity, goodwill and

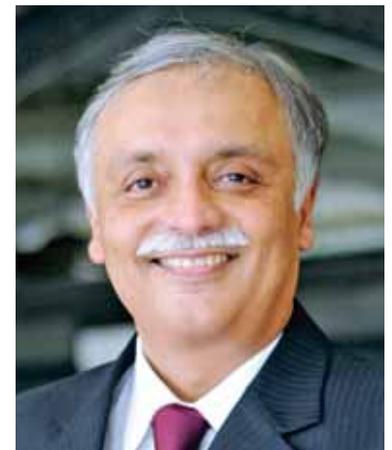


Farmers are succumbing  
 to nature's will and  
 starvation in our country.  
 We are keen to help them  
 in whatever way we can



compassion. As hoteliers, while we  
 will ensure that the patrons make  
 merry to their fullest, we will also  
 imbibe the spirit of compassion  
 and charity to their merriment,"  
 said, **Bharat Malkani**, President,  
 HRAWI and Federation of Hotel  
 and Restaurant Associations of  
 India (FHRAI).

Among the precautionary steps that  
 the association has identified to curb  
 food wastage, hoteliers have been  
 requested to highlight the No Food



**Kamlesh Barot**  
Past President, HRAWI

Wastage message in all their New  
 Year Eve offers, place placards at all  
 buffet counters and other appropriate  
 places in their respective premises.

"Farmers are succumbing to nature's  
 will and starvation in our country.  
 We are keen to help them in  
 whatever way we can. We have  
 proposed to our members to pledge  
 a part of their day's collection to  
 the draught hit in the Marathwada  
 region," concludes **Kamlesh Barot**,  
 past President, HRAWI.

HRAWI

## MOT TO TRAIN TOURIST FACILITATORS

On the occasion of National Youth Day, the Ministry  
 of Tourism (MOT) has launched new skill initiatives  
 keeping in mind the need to improve service standards,  
 a pre-requisite to attract larger number of tourists to  
 India. The programme to make 'Paryatak Mitra' (Tourist  
 Facilitators) is targeted at university students including  
 those enrolled with the NCC and NSS, which will be  
 implemented first at destinations identified under

the PRASAD scheme of the Ministry of Tourism. This  
 programme will attempt to inculcate appropriate tourism  
 traits and knowledge among trainees to enable them  
 to act as 'Paryatak Mitra'. A similar programme will be  
 started to appoint Tourist Facilitators in the Northeast.  
 The duration of the programmes will range between  
 four to 30 days and will be implemented by the Indian  
 Institute of Tourism and Travel Management.



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## SPECIAL INVITEES TO THE EXECUTIVE COMMITTEE OF SIHRA



**R Prabakar**

**R Prabakar** Executive Director, Mass Café Restaurant Pondicherry, Secretary of the Hotel Association of Pondicherry has become a special invitee to the Executive Committee of SIHRA. He has been closely connected to the members of the fraternity and has been associated with the hospitality industry

for a long time. He serves as Managing Trustee of the Puducherry Cancer Trust Hospital & Research Centre, as well as the New Millennium Educational Trust. Prabakar has long been associated with SIHRA and, as a Special Invitee on the Executive Committee, contributes a

great deal in expertise and knowledge.

**Jose Pradeep**, Director Yuvarani Residency, Kochi, Hony. Treasurer of KTM Society has been elected as Treasurer and Chairman of the Exhibition Committee for the forthcoming Kerala Travel Mart 2016 to be held from September 28-30, 2016 in Kochi. Pradeep is a dynamic member of the fraternity and has been associated with the industry for many years. He is an eminent hotelier and an upstanding member of society.



**Jose Pradeep**

## PAT FARMER FELICITATED AT 'INCREDIBLE INDIA EVENING'

An event was organised in Kochi in connection with the 'Spirit of India Run' at the Yuvarani Residency Kochi and the dignitaries were Gobind Bhuyan, Assistant Director, India Tourism, Kochi, Soumini Jain, Mayor of Kochi, Jose Dominic, Director CGH Earth hotels, Shahul Hameed, Dy Director Tourism, Government of Kerala and Jose Pradeep spl invitee EC Sihra along with Pat Farmer, who was felicitated for then 'Spirit of India Run' endeavour that he is undertaking.

The 'Spirit of India Run' is not just a diplomatic mission between Australia and India but an important

fundraising effort to support girl's education in India through the K.C. Mahindra Education Trust. The key to promoting progress and equality in a nation starts with empowering young girls who grow up to be mothers, teachers and role models for the next generation. Farmer will run over 4,000 km in 60 days, from Kanyakumari in the south to a summit of the Himalayan mountains. Farmer initiated his run on 26 January 2016, celebrating both Australia Day and India's Republic Day.

As he traverses the length of India, Farmer will witness its ancient civilisation, the immense diversity,

incredible natural beauty and its vibrant culture. In two action-packed months, he will truly capture the Spirit of India! The 'Spirit of India Run' will also be also filmed by Indian origin Australian filmmaker Anupam Sharma and his team of Australian film professionals. Two crew vehicles will be joining Farmer throughout his journey.

Through the film and the TV offshoots they will be looking at India through the eyes of an Australian, which will go a long way in showcasing more of India's rich diversity to Australians and continue to build Indian-Australian relations.



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# HOTELIERS SEEK CLARITY ON REVISED SERVICE TAX RATES

Members of the Hotels and Restaurants Association of Eastern India (HRAEI) met officials from the service tax department to obtain clarity on revised service tax rates, including the imposition of the contentious service charge.



**Sudesh Poddar**  
President, HRAEI



Some impositions are a burden. The service tax rate has been hiked from 12 per cent to 14 per cent, effective June 1, 2015. Subsequently, a 0.5 per cent Swachh Bharat cess has been levied from November 15

In an interactive session with the members of HRAEI, **S.K. Panda**, the Chief Commissioner, Service Tax, Kolkata Zone, expressed concern on non-compliance of tax payment by restaurants, event managers and outdoor caterers. According to

him and other service tax officials, the propensity to avoid tax is prominent especially among the unorganised institutions that bill a hefty amount to the customers but do not disclose the same to the tax authorities.

Members of HRAEI, however, rued over high service tax burden on the hospitality sector. "The service tax rate has been hiked from 12 per cent to 14 per cent, effective June 1, 2015. Subsequently, a 0.5 per cent Swachh Bharat cess has been levied from 15 November 2015," said **Sudesh Poddar**, President, HRAEI.

**Tejinder Singh Walia**, Vice President, Federation of Hotel and Restaurants Association of India (FHRAI) said, "We don't want to evade tax. But we have concerns about certain aspects, such as imposition of service tax on takeaway food and additional beds and service charges billed by hotels and restaurants."

Panda called for improvement of compliance. He said, "From our side we are trying to create awareness. The upcoming Goods and Services Tax (GST) will also ease some of the problems as it will provide a mechanism to seamlessly pay tax and get tax credit," said Panda.

GST is yet to be implemented pending parliamentary approval. "We expect GST to remove double taxation on rooms (local tax and sale tax) and food (value added tax and sale tax)," added Poddar.

Other officials present at the meet said a threshold exemption of ₹ 10 lakh is available for services rendered in a financial year. Often



**Tejinder Singh Walia**  
Vice President, FHRAI



We don't want to evade tax. But we have concerns about certain aspects, such as imposition of service tax on takeaway food and additional beds and service charges billed by hotels and restaurants



institutions miss the benefit of the exemption because they do not maintain proper documents. According to Panda, recent drives undertaken by them have garnered an additional tax of around ₹ 100 crore.

The service tax collection in the Calcutta zone in 2014-15 was ₹ 5,181.39 crore. In 2015-16, the collection has already touched ₹ 4,671.91 crore, helped partly by the recent drives of the department to collect unpaid dues.

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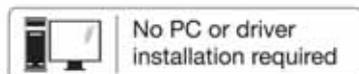


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## HRANI TO HOLD HOSPITALITY AND TOURISM CONCLAVE IN NEW DELHI

The Hotel & Restaurant Association of Northern India (HRANI) is organising a conclave on 27 February 2016 at Le Meridien, New Delhi. The theme of the conclave is 'Hospitality & Tourism—Gateway to Growth'.

The HRANI Conclave will be a one-day event that aims to highlight the issues and aspirations of the tourism and hospitality sector. This conclave will be a quarterly feature for the association and will be conducted in its nine member states on a rotational basis.

Delhi Tourism, under the pragmatic leadership of **Kapil Mishra**, Minister of Tourism, Government of NCT of Delhi, is set to launch 'Brand Delhi' campaign in 2016 with a vision of encouraging tourism and increasing the tourist inflow in the state. HRANI shares the aspiration of making Delhi a top destination of choice for both foreign and domestic tourists and has announced the endorsement of the HRANI Conclave by the Delhi tourism department.

A delegation led by **Luv Malhotra**, President HRANI, Garish Oberoi, Hony. Secretary HRANI, Bharat Aggarwal, Treasurer HRANI and

Renu Thapliyal, Secretary General HRANI met Kapil Mishra, Minister of Tourism, Government of NCT of Delhi, to discuss jointly organising a tourism and hospitality conclave in the capital.

Mishra gave his consent for gracing the inaugural session of the HRANI Conclave. The HRANI Conclave aims to touch upon the trends and opportunities in the hospitality



The conclave will bring together doyens of industry, technocrats, inspirational entrepreneurs, investors as well as representatives from civil society and the media all onto a common platform

landscape in the state, discussing priorities and arriving at all potential gateways and drivers of growth in the coming years.

The sessions for the conclave will amplify the heart of matters

revolving around the bigger picture of promotions and developments of hospitality and tourism in the state and will include topics like— **Brand Delhi, Ease of doing business and Pollution and Food Safety**. Delhi, with its vibrancy, is a commanding symbol of new India, representing a seamless confluence of heritage and modernity, providing a befittingly spectacular backdrop and idyllic setting for the commencement of this prestigious event.

At the outset, Luv Malhotra said that the objective of HRANI Conclave is to synergise the concerned authorities and stakeholders of the capital to chalk out a progressive agenda in making Delhi the 'Destination 2016'. "The conclave will bring together doyens of industry, technocrats, inspirational entrepreneurs, investors as well as representatives from civil society and the media all onto a common platform to deliberate on important issues related to Tourism Development in the state," Malhotra added.

HRANI is hopeful that the entire hospitality fraternity and media will extend their support and cooperation in making this event a mega success.

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## CONVENTION

# INDORE TO BE VENUE OF FHRAI'S 51<sup>ST</sup> ANNUAL CONVENTION



**Amitabh Devendra**

The Federation of Hotel & Restaurant Association of India (FHRAI) will hold its next annual convention in Indore, Madhya Pradesh. The tentative dates of the convention are 23-25 September, 2016. The theme of the Convention is 'Brand India.' Elaborating, **Amitabh Devendra**, Secretary General, FHRAI, said, "The contribution of hospitality and tourism will make 'Brand India' soar to great heights and help the country achieve the target of attracting one per cent share of

the world tourists' arrivals by 2020." The Annual Convention of FHRAI is an eagerly awaited event by hoteliers and restaurateurs, promising engrossing panel discussions and networking opportunities for the delegates. The host city, Indore is the largest city in Madhya Pradesh. It is the ninth largest Indian city and was a 16<sup>th</sup> century trading hub between the Deccan and Delhi. With growing population, the city is expanding and so is its tourism industry.

## STATE

## MP CELEBRATES JAL MAHOTSAV

Madhya Pradesh is all set to become India's first state to organise 'Jal Mahotsav' or 'Water Tourism' with a view to attracting more tourists to the state. The 10 day 'Jal Mahotsav' extravaganza has inaugurated on 12 February 2016 in Hanuwantiya at Indra Sagar Dam, one of Asia's largest man-made water reservoir.



The Jal Mohatsav will be an opportunity to experience the colourful customs and rich traditions of Madhya Pradesh through art, craft, folk music, dance and cuisines. Jal Mohatsav will play host to a number of activities—local sightseeing, adventure sports, tug of war,

volleyball, paragliding, treasure hunt, and much more. The objective of the event is to showcase the cultural heritage of Madhya Pradesh.

## LAUNCH

## PRIDE OPENS UPSCALE HOTEL IN DELHI

The Pride Group of Hotels launched their first upscale hotel, the Pride Plaza Hotel in Delhi. The hotel boasts of an elegant spread of 385 rooms, out of which at present 288 rooms are operational. The hotel offers five state-of-the-art banquet halls, eclectic dining venues, an outdoor swimming pool, a fitness centre and an ORA spa. Commenting on the opening, **S.P. Jain**, Managing Director, The Pride Group of Hotels, said, "This is the first upscale hotel of The Pride Group of Hotels in India. With this hotel, we now have 12 hotels in all with approximately 1,600 rooms. Out of these, we own seven hotels and have five managed properties. By the end of 2016



we are looking at expanding the Pride Plaza brand to Ahmedabad and Kolkata." The group aims to have 3,000 rooms by 2020.



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## OPENING

# MAHABALIPURAM GETS AN EXCLUSIVE IHG BEACH RESORT

Mahabalipuram's first exclusive beach resort, the InterContinental Chennai Mahabalipuram Resort, was officially launched on 15 January 2016 as part of the InterContinental Hotels Group (IHG). Set near the UNESCO world heritage site of Mahabalipuram, InterContinental Chennai Mahabalipuram Resort features world-class accommodation with ocean front suites and rooms and three dining experiences including a specialty Chinese restaurant.

The resort offers rejuvenating spa journeys and family experiences with unrivalled IHG hospitality standards. Present at the opening were IHG's Shantha de Silva, Head of South



West Asia and Bryan Gabriel, Director of Commercial, South West Asia, who joined Vijai Singh, General Manager of the Resort and Arindam Kunar, Area General Manager, South India, for an inaugural address.

**Shantha de Silva**, Head of South West Asia, IHG said, "Mahabalipuram forms part of South India's glorious history and InterContinental Chennai Mahabalipuram Resort encapsulates authentic aspects of the soul of Madras."



## CONCLAVE

## 120 DELEGATES ATTEND 3<sup>RD</sup> GHC, 2016

Around 120 delegates made the 3rd Global Hospitality Conclave 2016 (GHC) a full house. Delegates not only reminisced about their Oberoi Centre of Learning & Development (OCLD) days but met old friends as well. Different sessions deliberated new ideas to better hospitality in India. **Ajay Bakaya**, Chairman, Organising Committee, GHC, 2016 said, "It's an Oberoi alumni event, which started in 2014 and has grown in size and stature in the last three years. We have people who are going to come in from all over the world. A wine expert from Toronto, a financial expert from the US and we have a professor from Cornell in the US. Also, there are people who have come in from Kenya and Uganda and are handling hotels in these regions. It's a great gathering of people who have graduated from OCLD. The first batch graduated in 1966.

It is now 50 years of graduated batches. In fact, OCLD is celebrating fifty years this year. It's a wonderful event."





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## LAUNCH

## TAJ SANTACRUZ OPENS IN MUMBAI



Taj Hotels Resorts and Palaces announced the opening of its luxury hotel Taj Santacruz, Mumbai on 14 January 2016. Strategically located just off the Western Express Highway, the hotel offers a vantage point of access, with proximity to the city's financial and entertainment centres. Taj Santacruz is the newest addition in Taj's home city and the fourth group hotel in the financial capital.

"We are delighted to extend the legendary Taj hospitality with the opening of Taj Santacruz in



Mumbai. With its distinctive design, spacious rooms and warm service, Taj Santacruz is a luxurious new addition that is symbolic of the cultural melting pot that is quintessentially Mumbai," said **Pankaj Sampat**, General Manager, Taj Santacruz, Mumbai, at the opening.

The hotel has 279 rooms and suites which are among the largest in the city and blend contemporary elegance with touches of traditional Indian style.

## STATE

## RAJASTHAN'S NEW TOURISM CAMPAIGN SEEKS TO DOUBLE FOREIGN TOURIST ARRIVALS



On 15 January 2016 Rajasthan launched a multi-year, multi-modal, multi-narrative and multi-crore global campaign to galvanise tourism in the state with a view to raise the number of annual tourist arrivals past the 50 million mark by 2020.

The campaign will play an important role in the government of Rajasthan's vision of doubling the annual footfall of international tourists to from 1.5 million to 3.0 million by the year 2020.

Unveiling the campaign before a gathering of eminent stakeholders, including leaders from across the tourism sector, **Vasundhara Raje**, Chief Minister, Rajasthan said "Tourism is the world's biggest industry and Rajasthan, with its rich heritage is poised to fully exploit the opportunities the state offers. Tourism has a huge multiplier effect by way of creating direct and indirect jobs, which improves the economic status of people across the state."



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## FESTIVAL

# KITEISTS FROM 31 COUNTRIES CONVERGE IN GUJARAT

Kiteists from 31 countries, 27 Indian states and Gujarat were seen flying kites of different sizes and shapes and myriad colours at the International Kite Festival held at Gandhinagar in Gujarat. It coincided with Makar Sankranti and took place on the right bank of the River Sabarmati. The event was inaugurated in the presence of O. P. Kohli, Governor of Gujarat and Anandiben Patel, Chief Minister of Gujarat, among other dignitaries.

**Jayesh Radadia**, Minister of State (Tourism), Gujarat said that the Kite Festival organised by the Tourism Department of Gujarat has become centre of attraction for Indian and foreign kiteists.

**Anandiben Patel**, Chief Minister of Gujarat wished that the kite festival would help people realise their lofty goals and



resolutions, and also catapult Gujarat to a proud place the international tourists' circuit. Talking about Makar Sankranti, she said, our ancestors across the length and breadth of India invoked solar energy for the welfare of the mankind which the Sun's movement from the Tropic of Capricorn to the north signifies. It is a festival to mark man's close relationship with nature.

With the the festival having become the financial support for the poor families, Patel said that by adding women to the kite-making cottage industry the gross business of the industry has touched ` 750 crore.



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# The serenity of **SAFARI LODGES**

Continuing our story from our January issue, we discover the ins and outs of running safari lodges and providing guests unforgettable experience of forests, wildlife and nature.

National parks and game reserves are a pillar of the country's tourism industry and wildlife viewing and safari tourism are generators of income and foreign exchange. India is well-known for its diverse wildlife: Its varied flora and fauna. With the development of conservation tourism, people from all over India and the world flock to see the planet's most

stunning wildlife in its own natural habitat. As a result, India's wildlife is driving business while safeguarding wildlife. Leading owners and managers of safari lodges tell us how they manage both as there are issues of conservation and of local communities. Safari lodges cannot be purely businesses uninvolved with these issues but have to deeply share the concerns for the environment.





**Daleep Akoi**  
Owner, Jim's Jungle  
Retreat, Corbett  
National Park  
Uttarakhand

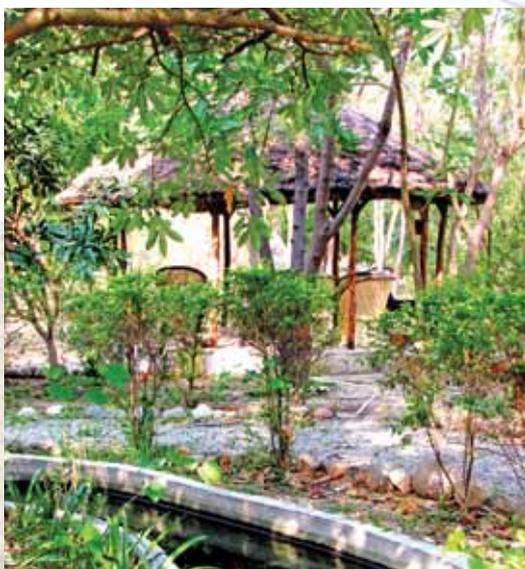
“  
The limited resources from the forest, like the safari permits, are difficult to come by because of competition with tourists who are tangentially interested in wildlife  
”

**LAWS & CONSERVATION**

The interest in saving the tiger has seen a growing momentum, with both the Government of India and private corporations like Aircel and NDTV pitching in with funds and a concerted media publicity campaign to save the tiger. This is a good step toward engaging the people of India, for it is the Indian public after all that is the main beneficiary of saving the tiger, and, ironically, also the main reason for its disappearance.

**TIGER SAFARIS@JIMS JUNGLE RETREAT**

With Corbett Tiger Reserve—where Jim's Jungle Retreat is located—being close to the NCR, the leisure traffic to Corbett has increased exponentially. The administration has allowed the mushrooming of hotels and resorts without



consideration of the carrying capacity of Corbett. As a result, serious wildlife aficionados may find it difficult to get safaris.

At Jim's, we ensure our guests get at least two of the three zones available to them so that they have a wider terrain to cover. We also ensure that our jeeps have at least one of Jim's trained drivers or naturalists accompanying them for the safari for an immersive experience. Our curated walks in the buffer

forest, *machaans* on the property and the jungle ambience within the retreat's campus also further the forest immersion experience for our guests.

**HOSPITALITY WITH MINIMUM IMPACT ON THE ENVIRONMENT**

We recycle our waste water through a reed bed treatment facility which then allows us to use the treated water for forest plantation on the campus. Our geysers are solar power generated and the bulbs used are LED. We are planning a solar power generated system. Our kitchen waste is used for the organic kitchen garden. Jeep safaris, elephant rides and jungle walks are ways to see wildlife!

**THE WILD + LIFE EXPERIENCE**

Our Swedish guests were on a safari while on the road a doe and her baby suddenly became alert. Two chital deer ran out, chased by a large female tiger. Upon seeing the two deer already on the road, the tiger brought down the shocked mother. The tiger then turned her attention to the baby deer and knocked it down, closed its jaw on the lifeless deer's neck and leapt into the bush.



**CHALLENGE OF RUNNING LODGES**

The environment that has unfortunately become more focused on the leisure traveller. The limited resources from the forest, like the safari permits, are difficult to come by because of competition with tourists who are tangentially interested in wildlife. Regulations and restrictions create an environment of apathy. Unregulated mushrooming of hotels without consideration of the carrying capacity of Corbett is a major challenge.

**2015 VIS-À-VIS 2014/VISITOR PROFILE**

The year-on-year revenue and occupancy growth has seen a 10 per cent increase in the overall figures on an average. The travel agent community has been positive with the season picking up steam at the beginning of the year. The lodge received a balance of inbound and domestic clients with a 40 per cent inbound and 60 per cent domestic breakup.

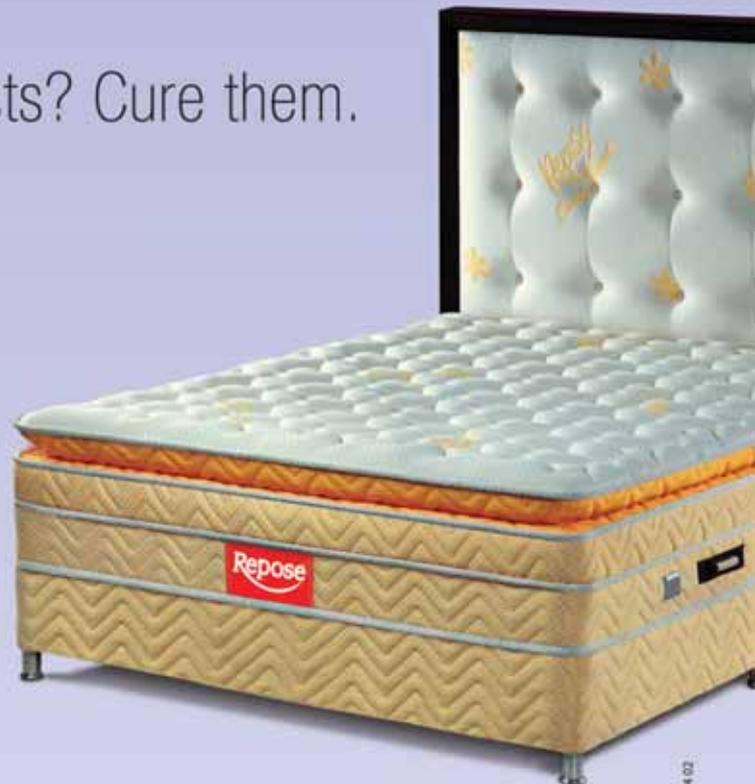


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**Anjali Mody**  
 Owner, Forsyth  
 Lodge, Satpura  
 Tiger Reserve,  
 Madhya Pradesh

“Forsyth lodge’s mandate focusses on giving our guests an experience of the forest and its ecosystem that goes far beyond just the existence of the tiger”

**LAWS & CONSERVATION**

I believe efforts are being made in the right direction. I do however feel that the message has to be a lot simpler in order to translate to the sections of society whose response to the media is unaffected.

**TIGER SAFARI@ FORSYTH LODGE**

We pride ourselves on being one of the few lodges in the country who stay away from adding to the maddening tiger propaganda. Forsyth Lodge’s mandate focusses on giving our guests an experience of the forest and its ecosystem that goes far beyond just the existence of the tiger.

**HOSPITALITY WITH MINIMUM IMPACT ON THE ENVIRONMENT**

We consume consciously to a large extent. We have also paid great attention to sustainable construction materials, allowing us to make luxury cottages from mud wall structures and bamboo. Our teams plant trees and flowers that allow the butterfly population to thrive in our neighbouring areas while our phenomenal naturalists often cleanse our 44 acre property to do away with plants that attack the forest’s plant population.

All waste, although minimal, is always transported to the closest town and sold for scrap instead of being discarded off-site. We employ and train people from



neighbouring villages to provide them with a steady flow of income and livelihood.

**TIGER SIGHTINGS**

Our naturalists curate the experience of the guests beautifully; ensuring a focus on an awareness of the forest as well as giving the guests an unforgettable experience, exposing them to the animals of the forest. We also focus on constellation walks, amphibian walks and walking safaris.

Tiger sightings have slightly gone down in the Satpura national park, although great efforts are being made to relocate tigers.

**REMARKABLE/BIZARRE EXPERIENCE**

A memorable experience was chancing upon a sloth bear at the peak of summer. The animal was intoxicated on the nectar of the Mahua flower.

This bear was completely caught by surprise hiding behind a big rock. His intoxicated state confused him to the point that he took close to 50 rounds around the same rock in an attempt to hide. It brought humour to the forest that is rare.

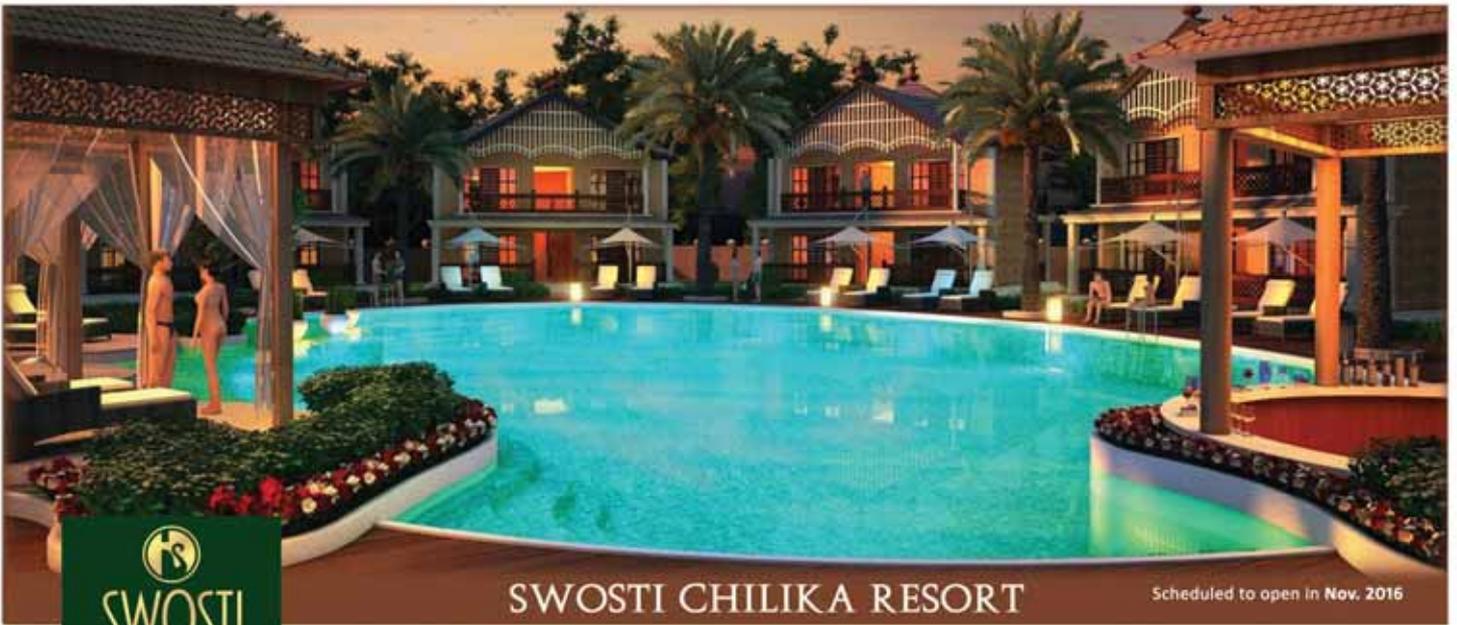
**CHALLENGE OF RUNNING SAFARI LODGES**

The biggest challenge is raising awareness about forests and making people enthusiastic about preservation and conservation. While our lodge is a business, we try to balance between a 5-star luxury getaway and an eco-sensitive experience.

**2015 VIS-À-VIS 2014/OCCUPANCIES**

2015 has shown an increase in foreign tourists, showing that there is an appetite for our Indian forests and occupancies have gone up slightly. Although Satpura is an untapped forest, our efforts are to showcase Satpura as a wildlife destination; a fact that few wildlife enthusiasts are aware of. We are hoping to increase our domestic markets for 2016 and are investing heavily into marketing efforts.





WHERE PASSION LIVES

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# The 2016

# BUDGET

## A roadmap for the hospitality sector?

Year after year, we expect more from the union budget and hope some progress will be made especially in the hospitality segment. Let us read what members have to say about their expectations from the upcoming budget and their recommendations, particularly with regard to their regions.

**Kanchan Nath**

This budget will be the roadmap of how the BJP government will get to the figure of 20 million international tourists by year 2020. We expect that the finance minister will permit and classify the hospitality sector



**Luv Malhotra**  
Vice President, FHRAI

as permissible infrastructure activity for accessing tax free bonds under Section 54 EC through notified financial institutions.

**Rationalisation of taxes and early implementation of Goods**

**& Services Tax (GST):** Recognising that tourism is one of the most price-sensitive of all industries, it is imperative that GST is applied on the hospitality and tourism sector, not at the standard rate, but at a concessional rate of eight per cent.



Recognising that tourism is a price-sensitive industry, GST should be applied on the hospitality and tourism sector, not at the standard rate, but at a concessional rate of eight per cent



Services for which payment is received by hotels in convertible foreign exchange should qualify to be zero-rated under the GST regime.

Till the introduction of GST, hotel accommodation and restaurants must be included in the negative list for service tax. All states to agree to a uniform and moderate rate of luxury tax to be levied at four percent on actual and not on declared tariff.

Lower the minimum project cost mandated for inclusion of hotels in the Reserve Bank of India's Infrastructure Lending List from `200 crore to `20 crore.

**Eligibility to avail the 5:25 scheme of RBI:** This scheme should not be limited only to new borrowers but also be available for refinancing the debt of existing and under implementation projects in all eligible sectors.

**Industry status:** The Union Government, through an appropriate legislative amendment, should ensure that all states must recognise tourism as an industry so that hospitality establishments can avail incentives and concessions under the industrial policy of state governments viz property

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tax, electricity and water tariff on industrial tariff, land banks for budget hotels, interest subvention schemes and capital subsidies and so on.



**Sudesh Poddar**  
Hony Treasurer, FHRAI

Last year's union budget did not offer much relief to the tourism and hospitality industry in spite of the fact that these sectors help the country earn a large chunk of its foreign exchange earnings and generate employment.

We have been pleading with the government that service export from this sector be treated at par with physical exports and we get all benefits that are being given to the physical exporters including exemption of service tax based on their foreign exchange earnings. Instead of doing so, government put additional burden by increasing service tax rate from 12.36 per cent to 14 per cent (which rose another 0.5 per cent when the Swachh Bharat cess got added).

The service tax was already quite high and with it being revised upwards it has been detrimental to the growth of the hospitality industry. Consumers now have to spend more on other services, which reduced their spend on air travel and eating out. Inclusion of entertainment facilities

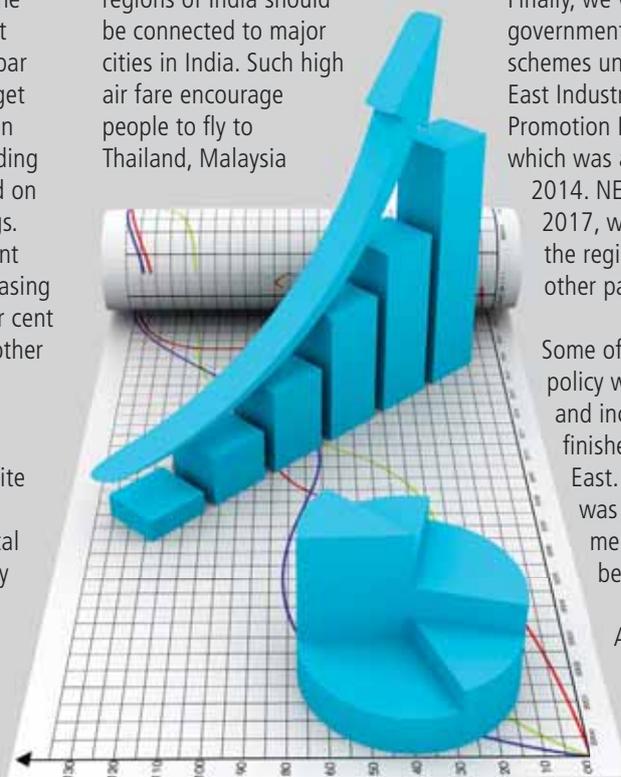
like amusement arcades, theme parks, water parks, concerts and so on, in the negative list for service tax restricts such establishments from fully reaping the benefits of the growth in travel and tourism. Reduction of luxury tax by 50 per cent can bring us to global standards.



The license raj must be done away with completely, with the union government cutting down all unnecessary licenses for hotels, especially in the North East region of India



Air connectivity within the country should be much more as fares are very high for flying between major destinations in India especially during long weekends. All capital cities in Eastern and North Eastern regions of India should be connected to major cities in India. Such high air fare encourage people to fly to Thailand, Malaysia



and Singapore. The natural beauty in India's eastern region is no less than these foreign destinations. The biggest hope of the industry lies in the expected implementation of the GST Bill by April 2016 as this will put in place a state-of-the-art indirect taxation system. We also expect removal of double taxation on rooms (local tax and sale tax) and food (value added tax and sale tax), an increase in supply of rooms to rationalise room tariffs by relaxing the Floor Space Index (FSI) across India, incentivising skill development and inclusive and sustainable tourism sops.

The license raj must be done away with completely, with the union government cutting down all unnecessary licenses for hotels, especially in the North East region of India. The 'licence raj' impedes the development of more hotel rooms in the region. More hotel rooms and cheaper air connectivity can help the region compete with the exotic destinations of eastern Asia, such as Malaysia and Thailand.

Finally, we would like the government to reinstate all new schemes under the ambitious North East Industrial and Investment Promotion Policy (NEIPP), 2007, which was abruptly stopped in 2014. NEIPP, supposed to run till 2017, was introduced to make the region competitive with other parts of the country.

Some of the key features of the policy were waiver of excise duty and income tax exemption on finished products in the North East. Not just the scheme was stopped but the HRAEI members haven't got the benefits due to them.

All these steps should be taken to revive the hospitality industry in the region as well as the country.

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**K Syama Raju**  
Vice President, FHRAI



Government should lower the investment cap to ` 20 crore to make it easier for the investors and should give infrastructure status to the hotel industry with a 10 years relief on profits



There are expectations in 2016 due to proactive government policies and the efforts of the MOT to look at new source markets. However, the hotel industry in South India, especially in Chennai, got devastated due to floods and have low occupancy with spending on renovations. This makes it difficult for new entrepreneurs, fearing a longer gestation period, to invest large sums. SIHRA, in consultation with FHRAI, is requesting the union finance ministry to look at the issues.

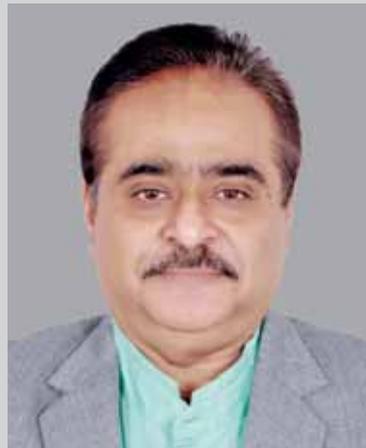
- Government should lower the investment cap to ` 20 crores to make it easier for the investors and should give infrastructure status to the industry with a 10 years relief on profits because of the long gestation period due to unexpected natural calamities.
- The trend is of visits to restaurants which provide different cuisines

in air-conditioned atmosphere. To facilitate more spending, the government should remove the service tax in total and not differentiate between A.C. and Non A.C. restaurants.

- Hotels and restaurants consume a lot of electric energy through lifts, air-conditioning and cooking. The tariff should be charged on commercial rate as that of any manufacturing industry.
- Government should accelerate introduction of GST with the ceiling of eight per cent for the hospitality Industry and should advice southern states to have rationalisation of taxes with reference to luxury tax, VAT, cess and so on, with sufficient relief.

**Issue: EPCG and SEIS – Classification (MOT):**

All hotels and restaurants must have classification certificates from the Ministry Of Tourism, Government of India to avail EPCG and SEIS facilities even though they have foreign exchange earnings. The recommendation is that all hotels and restaurants having Net Foreign



**Dilip C Datwani**  
Senior Vice President  
HRAWI

Exchange should be allowed to avail EPCG and SEIS facilities even if they are NOT classified star hotels and restaurants. Classification should not be mandatory.

**On the issue of Hospitality Infrastructure Bonds:**

The government should permit selected term-lending financial institutions such as the Tourism Finance Corporation (TFCI), the Industrial Finance Corporation (IFCI) and the State Bank of India (SBI) to issue a distinct category of tax-free Hospitality Infrastructure Bonds carrying tenure of 15-25 years.

These proposed bonds can be issued to the general public on the lines of long-term infrastructure bonds u/s 80 CCF introduced by the Finance Act, 2010 which gave deductions benefit to the investing public on one hand and low cost funds to the hospitality sector on the other hand.

**On the issue of RBI**

**Infrastructure Lending List:**

pursuant to the Gazette Notification dated October 7, 2013 issued by the Ministry of Finance, the RBI vide its circular dated November 25, 2013, has updated the list of sub-sectors which are classified as 'Infrastructure' for the purpose



All hotels and restaurants having Net Foreign Exchange should be allowed to avail EPCG and SEIS facilities even if they are NOT classified star hotels and restaurants



of lending by banks and financial institutions to include hotels with project cost of more than ` 200 crores each, in any place in India and of any star rating.

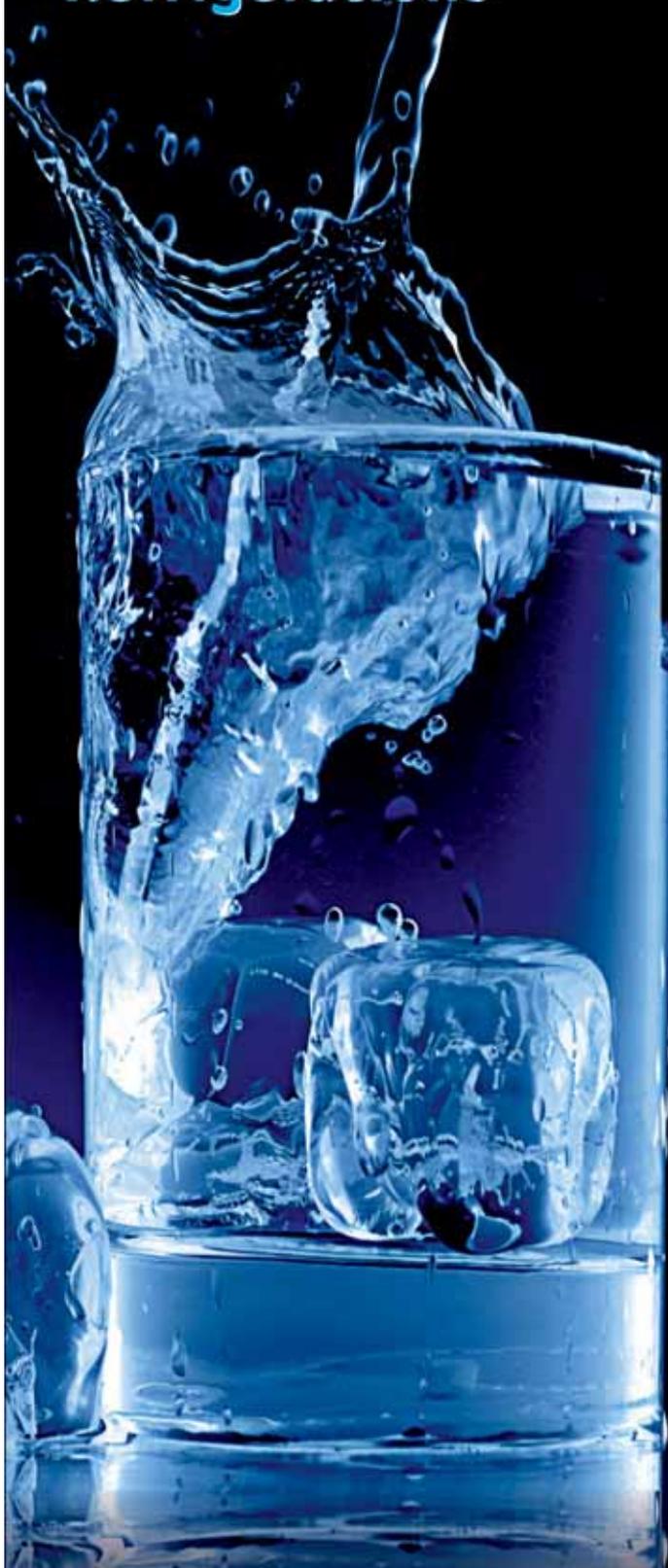
We request lowering of the minimum project cost mandated for inclusion of hotels in the Reserve Bank of India's Infrastructure Lending List from ` 1,200 crore to ` 25 crore whilst deleting the word 'prospective' from the footnote of the circular.



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# FHRAI INDIAN HOTEL INDUSTRY SURVEY 2014-2015

The FHRAI Indian Hotel Survey 2014-2015 aims to provide a comprehensive guide to the All-India performance trends for this industry. The survey provides industry stakeholders with information on the operational aspects of the industry and will help owners and managers benchmark the performance of their operations against industry standards. We bring you excerpts from this survey.

The Federation of Hotel & Restaurant Associations of India has developed the eighteenth annual edition of the Indian Hotel Industry Survey, in cooperation with HVS South Asia. The survey includes indepth information about the performance of hotels across various cities and positioning and provides several benchmarks for comparing hotel performance in India. The survey analyses the performance of the Indian hospitality industry across parameters such as facilities, manpower, operational performance, and marketing trends based on authentic data received from FHRAI hotel members to provide a clear picture of the operating statistics of India's hospitality sector.

The survey shows that the Indian hospitality industry has emerged as one of the key industries driving the growth of the services sector and, thereby, the Indian economy.

## INDIAN HOTEL INDUSTRY PERFORMANCE – COUNTRY TRENDS

### • Occupancy and Average Rate:

The average rate for 2014-15, 4,789, showed a modest improvement over that last year (4,729), which was previously

the highest since 2009-10. Hotel occupancy, too, increased to 61.3 per cent after two years of stagnation at 60.4 per cent

### • Changes in the Revenue Structure:

The last few years witnessed a steady decline in the contribution of revenue from rooms while that from F&B continually improved; this trend was observed in the current year too (Exhibit 2). However, 'Other' sources of income saw a decline from 6.9% in 2013-14 to 6.6% this year in contrast to the incremental improvement towards revenue contribution observed from 2010-11 to 2013-14.

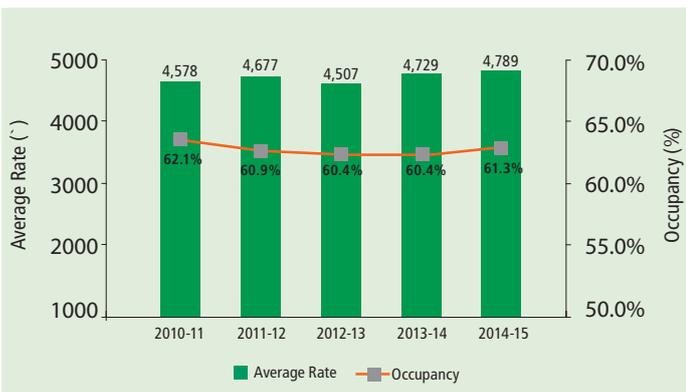


EXHIBIT 1: Occupancy and Average Rate (2010-11 to 2014-15)

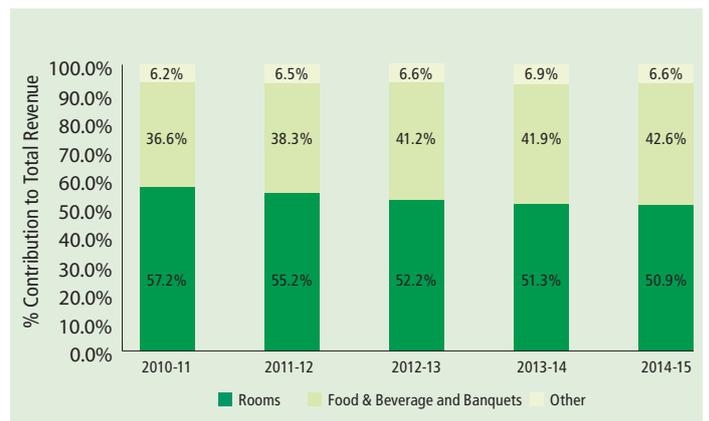


EXHIBIT 2: Sources of Revenue (2010-11 to 2014-15)

### • Expense Dynamics:

Since 2010-11, a trend of increasing Departmental Expenses as a percentage of Total Revenue at an All-India level had been observed (Exhibit 3). However, in 2014-15, the Departmental Expenses as a percentage of Total Revenue decreased by 1.3%. Rooms expenses increased by 5.9 per cent over those last year, adversely impacting most star categories. F&B expenses, however,



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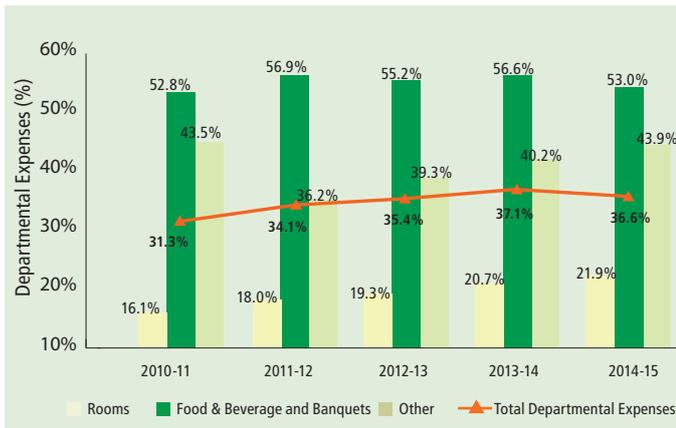


EXHIBIT 3: Departmental Expenses (2010-11 to 2014-15)

decreased to an All-India average of 53.0 per cent from 56.6 per cent in 2013-14. This decrease in expenses has been offset by the combined rise in expenses for rooms and other departments resulting in an overall difference of 1.3 per cent in the total Departmental Expenses between the current and past year.

**Operating Cost Analysis:**

The Survey reveals that many costs have increased significantly this year.

Rooms expenses increased by 10.2 per cent on a per available room (PAR) basis this year over those last year. Administrative and General Expenses, Management Fees and Marketing costs have increased by 11.6 per cent, 12.0 per cent and 12.0 per cent respectively over those in 2013-14. Fixed Expenses, too, have risen this year on a PAR basis, translating to an increase of 14.7 per cent over last year.

**Guest Analysis:**

Domestic travel has always comprised the majority of demand in India and still continues to do so (Table 1-5). It is important to note that though the Domestic Business traveller contributed to 32.7 per cent of the total demand as compared to 21.7 per cent by the Domestic Leisure traveller (excluding tour groups), it is the latter that has demonstrated greater year-on-year growth. Foreign demand, on the other hand, reduced in terms of tour groups while the Leisure/FIT segment remained unchanged as compared to last year. The Foreign Business demand, however, declined by 2.0 per cent in comparison.

**Cash Sales:**

Cash Sales have shown a clear trend of diminishing since 2009-10, and the trend has continued this year, too. Cash Sales exhibited a drop from 36.1 per cent in 2013-14 to 34.7 per cent for 2014-15; and, naturally incremental increases have been observed in both Credit Card Sales and Electronic Fund Transactions. However, Credit Sales, have reported a decrease in sales of 5.6 per cent as compared to the sales in the previous year.

**Net Income:**

Referring to Exhibit 4 it may be evident at first glance

that Net Income, expressed as a percentage of Total Revenue has been exhibiting a declining trend between 2010-11 and 2014-15; however, it may be noted that both Revenue and Net Income on a PAR basis has been steadily increasing year on year. Since Net Income is a function of costs as well as revenues, the decline of Net Income as a percentage from 32.4 per cent in 2010-11 to 28.9 per cent in 2014-15 is primarily owed to the relative rate of growth in costs when compared to the rate of growth of revenues.

While many departmental and operating expenses for 2014-15 have increased at a rate north of 10.0 per cent, revenues have increased at 4.0 per cent for Rooms and 6.6 per cent for F&B (restaurants and banquets). It may be noted that both on a PAR



EXHIBIT 4: Revenue and Net Income (2010-11 to 2014-15)

and POR basis, the Net Income has been the highest recorded in the past five years.

**Trends**

- Occupancy Dynamics:** The All-India average occupancy as per this year's Survey has improved since last year. Chain-Affiliated hotels have seen a rise in both monthly occupancy and weekly occupancy while Independent hotels have reported a decline in both. In addition, the lean months have witnessed improved occupancies.
- Reservations:** Central Reservations Systems (CRS) have given rise to a higher percentage of reservations for Chain-Affiliated and Independent hotels. Online Reservations Systems (ORS) had growth only in the Independent hotel segment.
- Guest Analysis:** Domestic guests comprise the majority of the business in both Chain-Affiliated and Independent Hotels. However, higher year-on-year growth in business travel has been observed in Chain-Affiliated hotels (65.2% in 2014-15 as compared to 61.4% in 2013-14).



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**Kanika Hasrat**

Talking about her expectations from the budget, **Kanika Hasrat**, General Manager, Courtyard by Marriott, Gurgaon said, "We are looking for more support as an industry; give us industry privileges, give us special taxation. There is huge support and focus towards hospitality, but it has still not come down to the levels of the hotels per se." On GST, she added, "It's much needed, let's do it and let's do it fast. We need to get developmental infrastructure as priority, as a country, The World Bank recently projected that India will grow by a robust 7.8 per cent in 2016 and 7.9 per cent in the next two years, so, as a country, we need to keep that focus on development."

Commenting on the safety requirements of hotels, she said, "As hoteliers we need to merge hospitality with security, it's becoming



tougher; it's an expectation if we have to continue to cater to the needs of our clients. Safety from hospitality has become a number two priority versus other things."

# India will grow by a robust 7.8 per cent in 2016

Citing this world bank projection, **Kanika Hasrat**, General Manager, Courtyard by Marriott, Gurgaon said that India needs to keep the focus on development.







# Climate change: What should the HOTEL INDUSTRY DO?

If the hotel industry is not to be caught off guard about the environment, like the auto industry which was recently facing the heat in Delhi with the announcement of a ban on the sale of diesel cars, it must act proactively.

## CLIMATE CHANGE— YESTERDAY TODAY AND TOMORROW

"If global warming is a worldwide wake up call, we are all pretty heavy sleepers. We haven't made significant progress, Klein argues, because we have been expecting solutions from the very institutions that created the problem in the first place... Klein's sharp analysis makes a compelling case that a mass awakening is part of the answer " Chris Bentley ,Chicago Tribune (Naomi Klein is the author of the book *Capitalism vs The Climate*)

Just two decades ago climate change (CC) was considered the

fertile imagination of some maverick scientists. As a matter of fact, when I was in Washington D.C in 1997, he oil industry came out with a full page advertisement about the myths of climate change. This was done with the intent of confusing the public at large and the policymakers in particular.

Today, the oil industry has surfaced from its cocoon of denial, to accepting reality in the face of evidence given by 2,000 scientists globally, at the time of the culmination of the COP meeting of 180 heads of state in Paris, in December 2015. The heads of state committed to capping their respective country's emissions by 20

to 35 per cent below the 2005 level by the year 2030.

## SOME CHARACTERISTICS OF CLIMATE CHANGE

Let us understand the different facets of climate change: Scientific evidence reveals that human induced increase in temperature since 1850 is 1° C. This is on account of unfettered use of coal and fossil fuel which is resulting in the accumulation of CO<sub>2</sub> in the atmosphere, leading to global warming.

The climate change scenarios like droughts, flooding and extreme heat and cold weather events portrayed 20 years ago are slowly being played



Pic courtesy: Chennai flood taken by Indian Air Force

out in reality, from Chennai to Lancashire and to California, in the form of heavy rains and extended periods of drought.

If with an increase of 1° C, we are experiencing such horrific incidents, what will be the impact on business when we inch towards a two degree increase in temperature? The global leaders have realised that the temperature of the globe has to be capped below 2° C.

While the intent is good, past experience has revealed that the emission trajectory is only going north. It is because there is no radical ambition

being articulated to bring in resource modesty and moderate lifestyles to curb carbon emissions exponentially.

### LIFESTYLE MODESTY

What is needed most is 'example setting' by leaders in adopting a resource prudent lifestyle for the masses to emulate. There is, unfortunately, not much evidence of this globally. The opinion-makers and shapers need to live in houses which are not oversized, or drive cars with oversized horse power that run at average speeds of 20 -25 kmph in most large cities of the world, guzzling finite oil reserves at inappropriate rates!

### CHANGING ENERGY AND WATER USE HABITS

What is needed is rapid transition to renewables and use of daylight for cities where sunlight is in abundance, redesigning cities to elevate the status of users of public transport as opposed to pandering to the needs of the privileged few car owners, leading not only to poor air quality, but noise pollution and congestion at the cost of a large number of underprivileged people, in vulnerable parts of the world, who are victims of the impact of climate change.

What should the hotel industry do so as not to be caught off guard like the auto industry which is now facing the heat in Delhi with the announcement of a ban on the sale of diesel cars for an initial period of three months in 2016? In Delhi, in the 1990's, small enterprises which were not following clean production processes had to shut shop or move out of the city.

It must be remembered that governments have a tendency to take ad hoc measures in crisis situations simply because politicians the world over have a time horizon of five years, by virtue of vote bank politics and hence do not like to take unpopular decisions until pushed to the corner. A contemporary example of this is the air quality challenge of Delhi which existed from the early 90's, but the can was kicked around into the future, as has been happening with capping of carbon emissions.

If all stakeholders are engaged with carrots and sticks they will adopt eco-responsible practices, as most people have adopted the odd/even car policy when air quality achieved an all-time low.

The idea is not to reach a point where people are pushed into



**Niranjan Khatri**

“What is needed most is 'example setting' by leaders in adopting a resource prudent lifestyle for the masses to emulate”

such decisions but to adopt a bouquet of many practical carbon modest emission decisions, like giving priority to making good pavements, safe passage for cycle lanes, ensuring people do not burn leaves and garbage and dust management in infrastructure projects.

Construction debris can be converted into usable construction material at project sites where space permits as opposed to sending the debris to expensive land fill sites and generating methane along with all the other kinds of mixed waste-compounding gaseous emissions and thereby corrupting underground aquifers.

It was clear from the early '90s that the air quality in Delhi was bad, yet no steps were taken to augment the fleet of buses so that commuters have a comfortable journey. The metro, which has been operating, has already exceeded its capacity.

### PROACTIVITY IN MANAGEMENT

The key strategy for industry is to plan proactively by asking hard questions because industry has long term goals: What if my water requirements are cut by half? What if my energy requirements are halved/cut by 30 or 40 per cent? When such hard questions are internally posed, the processes within business enterprises will be looked at with the intent of frugalising resource

“ In order to steepen their sustainability driven gradient, the industry must look at service design changes which need a no cost, low cost and investment-led approach ”



consumption and steps will be taken in a measured way, as opposed to knee jerk reactions as we see in the handling of air quality or the waste management challenge in Bangalore.

### FRUGALISING THE SERVICE DESIGN OF HOTELS

The ideas being suggested in the following few paragraphs need to be juxtaposed with the quote of Marlene Moses, Ambassador to the U.N. for Nauru who said in 2009 “Developed countries have created a global crisis based on a flawed system of values. There is no reason we should be forced to accept a solution informed by that same system”

From a hotels’ perspective, the industry has made progress in optimising resources, but, in my view, the industry has harvested the low hanging fruits. In order to steepen their own sustainability driven gradient, the industry must look at the following radical service design changes which need a no cost, low cost and investment led approach.

Water-blue gold: We have to learn from the nine year long drought in Australia and the current spell of drought in California and, of course, not forgetting the droughts in many states in India. While water harvesting and the installation of an STP plant has been mandated for hotels, there are many other service



Chennai floods



Chennai floods



Draught in Australia, Lac Hume



Pic courtesy: Indian Navy relief efforts



Chennai floods



Drought affected fields

design issues that we need to look at which will not only help us save water but also bring the paucity of water into the mindset of our guests who still seem to be living in a denial mode. Sustainability is all about the co-development of processes by engaging with guests innovatively and responsibly. The objectives need to be set to reduce water consumption by at least 40 per cent. This will only happen if we collectively sharpen our perceptual skills.

A pertinent question we need to raise is, do we need to fill the big glasses in the restaurants to the brim with drinking water which is thrown after a little while? Why cannot we fill half a glass and communicate to the guest the logic of the same? I am sure when engaged proactively, most of our guests will give us a thumbs up. Do we know the thirst quotient of people? The answer is a resounding no.

While visiting a marine museum in California, I was amused to note that they were propagating the use of less water so that the fish would get their share of water—concern for the eco system! The restaurants outside the museum were serving water in 'Empire State Building sized glasses' with 10 cubes of ice!!

We need to revert to single double room beds, as against the current practice of queen sized beds for 80 per cent male occupancy, as it leads to half the sheet being washed unnecessarily in a so-called water stressed country.

The Indian hotel industry needs to be sensitive to the vast number of people who live on two buckets of water and the industry should eliminate the wastage of water by questioning the existing flow rates of showers. The solution is to further reduce the flow rates.

Similarly, by reducing the thick pile of towels, water consumption

for washing can be reduced. Water ethics is the vocabulary that industry needs to bring into its management jargon.

In my earlier articles I have mentioned that we need to understand the nexus between

“

The planet is now in an emergency mode, but most stakeholders are not even aware of this bitter reality until a crisis hits us like in Kashmir or Uttarkhand

”

water and energy and its impact on climate change. Most hotels are drawing water from depths of 350 to 1000 feet, or getting tanker water from great distances without realising the carbon intensity of transport. There are hotels which

this bitter reality until a crisis hits us like in Kashmir or Uttarkhand.

In the recently concluded COP meeting of Heads of States, five trends have emerged as per the World Resources Institute in Washington:

- VW topped the list of irresponsible corporate actors
- Hundreds of companies acted together responsibly
- U.S. trade associations were increasingly isolated on climate
- Water was cited as the number one risk facing CEOs
- Innovative companies grasp opportunities

In conclusion I hope the Indian hospitality industry adopts eco-responsible practices in order to grasp opportunities not thought of by training its staff to understand the tools of eco-designing.

“The book *Capitalism vs The Climate* has an uplifting message:



Aerial view of Chennai during floods

are not operating STP plants to save on energy but are corrupting the sources of water!

The laundry list to fight climate change is long; however, I have suggested a few steps that need to be taken collectively by the industry bodies as the time for incremental changes is gone. The planet is now on emergency mode, but most stakeholders are not even aware of

Humans have changed before, and can change again. It poses a gutsy challenge to those who are vaguely hoping that the whole issue will go away, or that some new technology will save us “-Camilla Cavendish

*The views expressed in this article are of the author **Niranjan Khatri**, who is the Founder of iSambhav and former General Manager Environment Initiatives of ITC Hotels.*



**Siddharth Shah**  
Partner, Khaitan & Co



On account of commercial considerations as well as regulatory and tax issues, the product has not really been able to take off in any significant manner



# REITs IN INDIA: A STEP CLOSER TO REALITY

Though Real Estate Investment Trusts (REITs) offer great opportunities for the hospitality sector, there are concerns which have to be met before they can take off.

## OVERVIEW

The real estate sector is one of the most important sectors in the Indian economy contributing approximately 7 per cent of India's Gross Domestic Product and is projected to generate around 17 million employment opportunities by 2025. However, the sector has suffered from certain issues including a lack of effective regulation and transparency. The government and the regulators have been attempting to tackle these issues by various methods including the introduction of Real Estate Investment Trusts (REITs).

Real Estate Investment Trusts or REITs, as a concept originated in the United States in the 1960s as a new investment product providing investors

including retail investors with an opportunity to invest in commercial property including the hospitality sector. REITs as a concept have gained popularity across the world with more than 22 countries having instituted a regulatory framework for REITs.

In India, SEBI issued the SEBI (REIT) Regulations along with the SEBI (Infrastructure Investment Trust) Regulations in September 2014. The regulations have been notified and the only missing piece of the puzzle from a regulatory perspective was the issue of the listing guidelines which have now been published in a draft format by SEBI on 31 December 2015 and the framework for listing, which has to be put forth by the stock exchanges.

Further, the necessary amendments to the Foreign Exchange Management (Transfer and Issue of Securities by Persons Resident Outside India) Regulations, 2000 to facilitate foreign investment in REITs have also now been notified by the Reserve Bank of India in the newly introduced Schedule 11.

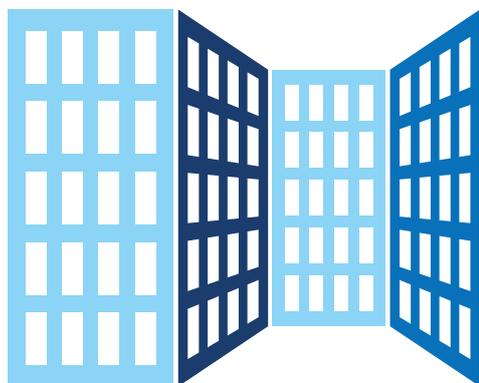
## CHALLENGES FACING REITs

However, certain concerns have prevented REITs from taking off in any significant manner in India. Firstly, REITs by their very nature are primarily intended to be an investment product that generates a regular rental yield income with any gain from capital appreciation being considered incidental and a bonus.

However, in India unlike more developed economies, we understand that the valuation of the commercial assets has not stabilised and there is still a significant



growth prospect in terms of capital appreciation of such properties. Thus, the focus of investors including the developers as far as commercial



REITs should be permitted to utilise limited liability partnerships (LLPs) as SPVs to hold assets to make the structure more tax efficient



real estate is concerned, is to first capitalise on the returns which may be generated by a capital appreciation of the property and once the same is stabilised, bank on the rental income potential. Therefore, developers including entrepreneurs in the hospitality sector are apprehensive of losing out on future capital gains by transferring their properties into a REIT.

Further, as compared to global standards, the average rental yield on commercial real estate in India competes with the yields on bank deposits and other fixed income instruments. Considering that India still operates under the relatively high interest rate regime as compared to many other markets where REITs have been successful (e.g. US and Singapore) and therefore, a REIT may have limited commercial appeal to the investors.

Having said that, softening interest rates combined with the ability to leverage at the REIT level through low cost overseas borrowing may lead to a point at which the absolute yield from a REIT may start looking attractive as compared to

other fixed income instruments such as bonds and fixed deposits.

Additionally from a tax perspective, while the government has been proactive in solving many issues that have hobbled the development of REITs, certain challenges such as the levy of Minimum Alternate Tax on the developer at the time of transfer of the asset, levy of dividend distribution tax on dividends being paid by the underlying special purpose vehicle to the REIT and the lack of a full pass through still act as potential deal breakers to the success of REITs in India.

### THE WAY FORWARD

The upcoming union budget offers the government a golden opportunity to solve some of the above issues and further increase the viability of REITs as an investment product in the Indian context.

Some of the major demands of stakeholders include the exemption of levy of dividend distribution tax on payments by SPVs holding REIT assets to the REIT, providing exemption from capital gains tax for the REIT on the sale on any real estate asset provided the proceeds are re-invested in purchasing new real estate assets. And the reduction of holding period of REIT units to qualify for long term capital gains tax treatment to be reduced from 36 months to 12 months as in the case of equity shares.

Further, from a regulatory perspective, REITs should be permitted to utilise limited liability partnerships (LLPs) as SPVs to hold assets to make the structure more tax efficient.

### CONCLUSION

The introduction of REITs was considered to be a panacea to some of the ills plaguing the real estate sector in India. However, on account of commercial considerations as well as regulatory and tax issues, the product has not really been able to take off in any significant manner. Therefore, it is hoped that the government will act to reduce some of the remaining ambiguities from a regulatory and tax perspective so that REITs live up to huge, latent potential as an investment product.



**Rohit Jayaraman**  
Associate, Khaitan & Co



The views expressed in this article are of the authors, **Siddharth Shah, Partner, Khaitan & Co** and **Rohit Jayaraman, Associate, Khaitan & Co**

# International celebrities for Incredible India

Brand ambassadors for India should be international celebrities who love India, who talk about India and bring in the foreign tourists, says **S.M. Shervani**, E.C. Member, FHRAI and MD, Shervani Hospitalities.

**Kanchan Nath**



**S.M. Shervani**

Giving his viewpoint on this debatable topic, he said, "I have always felt, cutting aside the politics of brand ambassadors, who are we promoting India to? If we are promoting India to a foreign visitor, should we not have foreign brand ambassadors for India? People like Jackie Chang, people like Richard Gere, with all due respect to our Bollywood stars who have a great following in India and among the Indian NRIs all over the world and maybe the regional countries. However if we are getting tourists from European countries, American Countries and China and South Asian countries, we need their celebrities to promote India. I would recommend strongly that our ambassadors of Incredible India should be foreign celebrities as I have suggested to the Secretary, Ministry of Tourism."

Talking about the main problems that the tourism industry is facing, he said, "We are facing a lack of foreign tourists; we are surviving because of domestic tourists. As the Secretary, Ministry of Tourism stated, domestic tourist visits in 2015 were a mind-boggling 1.45 billion. We need to do a couple of things. I think India's image abroad is one of a country that is not safe, which has pollution and is unhygienic. I think these are the things we have to fight against."

He Said, "We have to make our taxes reasonable so that we become competitive with our neighbouring countries. The time has come for short-haul tourism. I think because of the economic scenario all over the world, people are looking for shorter tourism and shorter distances. We should concentrate on South Asian

countries. When we look around, we should look at those countries where they have developed the infrastructure as compared to India. We do lag behind. We need to improve on all fronts. We have to look at connectivity, connecting all our destinations and being more informative to tourists when they come. The great change that I see is that the Government of India today recognises tourism as an important part in the planning of India's growth."

About his expectations from the coming budget, he said, "I honestly feel that with regard to hotels there should be a lowering in the minimum project cost mandated for inclusion of hotels in the Reserve Bank of India's Infrastructure Lending List from `200 crore to `25 crore so that they get the loan and subsidies to build the hotel. We should as an industry be part of infrastructure. You are building roads, airports, bridges, railways but the hotels are not part of infrastructure. Where will the people stay? You can build airports to bring in six or 60 million people but all those people need hotels to stay and all categories of hotels are required."

He said, "We are all looking forward to GST. We have a huge amount of taxes in our industry and we would like it to be clubbed down. We would like tourism activities like tours and hotels to have a lower GST than a GST that has been planned for other activities. That is the way the world over—in France, Australia, all over the world—the GST on hotels and tour operators are much less."

“  
The great change that I see is that the Government of India today recognises tourism as an important part in the planning of India's growth”

# Comfortable stays, Competitive rates



**Amit Damani**

With already 700 hotels in 85 cities **Amit Damani**, Co-founder & Head of Sales & Marketing, Vista Rooms, hopes to change the way people think about budget hotels.

Telling us about the start-up venture Vista rooms, Amit Damani, Co-founder & Head of Sales & Marketing, Vista Rooms, said, "We are trying to provide a comfortable yet affordable stay for travellers across India. We have over 700 hotels in 85 cities. We have the largest inventory in tier-2 and tier-3 cities as compared to any of the other player in this space. We work closely with our hotels to see to it that they are upto a standard that meets those basic requirements of a customer. They can get a clean comfortable room with hygienic bathrooms, Wi-Fi, breakfast and a TV."

Talking about the travel trade he said, "We are working with off-line and on-line channels and distribution partners. On-line we work with both international and domestic OTAs. We work with Cleartrip Bookings.com, Agoda and expedia. We work with all these platforms and you can find Vista rooms there. We work with a lot many offline travel agents as well. We have over 200 travel agents that we work closely with. Other than that we work with big B2B and DMCs as well."

Telling us more about their offerings for hotels, he said, "What we offer to our hotels is more than just sales for them. What we focus on is how we can improve that entire hotel.

How can we help them reduce their cost as well. We work with the hotel by leveraging technology that they can use to manage their customers and operations better. "

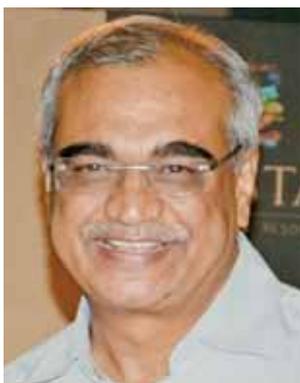
“  
What we focus on is how we can improve that entire hotel. How can we help them reduce their cost as well. We work with the hotel by leveraging technology.

”  
He said, "The most important thing for the customers still remains whether they are getting the quality that they have paid for? Rather than giving them further discounts, our focus is on seeing that any of the 700 hotels that they go to have consistency and predictability in the quality of rooms. The customer, rather than looking for discounts, is trying to see that he gets what he's been promised. About future growth, he said, "It, being a start-up, we are completely focused on growth. In 2016, we see ourselves growing from 86 cities to 150 cities. In terms of hotels we see ourselves growing from 700 to 1500 hotels."



# A LUXURY presence

**Ashish Vohra**, Founder and CEO, jüSTa Hotels & Resorts has chosen to offer patrons a space where Indian hospitality meets international standards of luxury. In a span of just a decade, jüSTa Hotels and Resorts has grown to successfully operate 16 hotels across India today. We speak to him to find out more.



**Ashish Vohra**

“ Combined with a high quality of products on offer at each of our hotels, our focus has always been on providing exemplary guest experiences ”

## **KINDLY TELL US ABOUT JÜSTA HOTELS & RESORTS AND WHAT IS YOUR USP?**

jüSTa Hotels & Resorts as a company was launched on 15<sup>th</sup> August 2005. We are a chain of small luxury hotels and resorts with a presence in the National Capital Region, Bangalore, Hyderabad, Rajasthan, Goa and Kundapur. Combined with a high quality of products on offer at each of our hotels, our focus has always been on providing exemplary guest experiences. Our services are personalised to meet the expectations of the guests.

## **TELL US A BIT ABOUT ART, HOTELS AND LUXURY? HOW IMPORTANT IS DESIGN FOR THE HOTEL.**

At jüSTa, art is much more than just the décor. It is the ultimate expression of culture. Each piece of art in every hotel of ours reflects a dimension of Indian culture, both traditional and emerging. Unique art pieces are fully integrated into the jüSTa experiences. They are distinctive signature elements.

## **DO YOU USE A LOCAL ART AND CULTURE AS PART OF THE HOTEL DESIGN AND CONCEPT?**

We source most of art locally from established art schools and places such as Shanti Niketan, the Vadodara School of Art, Pondicherry and others. Our objective has always remained to promote young talented artists from across the country.

Recently, as our brand has been well established, we have successfully organised art camps at our hotels for which we invited renowned senior artists from across the world as well as some budding ones to participate.

As such, this proved to be a great platform for the artists to come together and be exposed to different cultures and styles and to interact with local talent and people.

## **WHAT HAVE BEEN THE AVERAGE ARRS, OCCUPANCIES AND REVVPAR ACROSS YOUR PROPERTIES IN 2015?**

As the business is seasonal, we have been averaging a little over 50 per cent occupancy, ARRs of 4,500 and rev pars of 2,900 in our resorts. The business hotels have seen an approximate occupancy of 80 per cent, ARRs of around 3,700 and rev pars of around 3,000.

## **WHAT WERE YOUR INITIATIVES IN 2015 AND WHAT'S FOR 2016?**

We have successfully added two new hotels to our chain while at the same time we have also focussed on upgrading some of our existing hotels. On the art front we organised a few camps with artists from around the world participating in it. Another important aspect was strengthening our digital forays. We will continue with these in 2016 as well as keep our prime focus on the technology and digital front.



INTERVIEW



# “The alternate medicines market is worth `16,000 crore plus”



**Mansoor Ali**, Chief Sales & Marketing Officer, Hamdard India, talks about the growing awareness about alternate medicines in India and abroad.



**Mansoor Ali**

“With our extensive range of products and operations in more than 25 countries, we are reaching the Indian diaspora as well as local consumers all over the world”

## CAN YOU ELABORATE ON THE TRENDS IN THE HEALTH AND WELLNESS INDUSTRY, CONSIDERING THAT MOT HAS RECENTLY SET UP A MEDICAL AND WELLNESS TOURISM PROMOTION BOARD?

India has been known over the centuries for its rich knowledge of traditional medicines and its heritage of practitioners of alternate medicines and therapy.

In India, traditional forms of medicine co-exist with modern-day medical facilities which are both effective and expensive but sometimes beyond the reach of millions. Modern life takes its toll on the human body; hence there is a growing awareness about alternate medicines.

Also with the cost of the treatments of the international providers makes India a preferred destination for seeking medical services, especially for those from the West Asian and African countries.

## WHAT ARE THE TRENDS IN THE GROWTH OF THE UNANI SYSTEM OF MEDICINES? WHAT IS THE TOUGHEST PART OF MARKETING AND SALES IN INDIA?

Unani, the most ancient alternate form of medicine has lived with the belief of treating a patient 'inside out', by purifying the blood through systemic cleansing, leading to a healthier way of life. Hamdard is a research based health and wellness organisation, focussed on developing natural product solutions for the masses based on the Unani system of medicine.



The alternate medicines market is worth `16,000 plus crore. Of this, 70 per cent is contributed by Ayurveda, 24 per cent by Homeopathy and around three per cent by Unani. However, these are conservative estimates not taking into account the small sized regional players.

Hamdard offers, 'Head to Heal Care,' for the entire family. Being one of the largest over-the-counter (OTC)

healthcare companies in India with over 500 OTC and ethical products, Hamdard offers a wonderful blend of recognised conventional medicines along with products that are the result of sustained research. Available in user-friendly formats, these products are scientifically developed and clinically tested, offering affordable and safer alternate treatment options for a number of disease conditions including those related to unhealthy lifestyles (lifestyle disorders). This way Hamdard helps address the unmet medical needs of millions of patients.

### WHAT ARE THE CORE PRODUCTS AND SERVICES THAT HAMDARD INDIA OFFERS?

Our core competency is the formulation of solutions for various ailments with a unique blend of herbs and natural ingredients, with a portfolio of world renowned brand names like Rooh Afza, Safi, Roghan Badam, Joshina, Cinkara and other Unani medicines.

Hamdard has also evolved with the times and put in place a chain of wellness centres which deliver a wide spectrum of healthcare services with a footfall comprising the varied strata of society. The best part of the services offered is that these are free of any consultation fee in keeping with the philosophy of the organisation.

### WHAT ARE YOUR EXPANSION PLANS AND DISTRIBUTION SCALE IN INDIA?

Apart from the traditional route of reaching out to end consumers via the *hakims* and traditional medicines (Unani and Ayurvedic) retailers, we have an extensive three-tiered distribution network in place with stockists to distributors to retailers (chemists, cosmetics and general trade). We have a strong presence in the north, central and western regions of India with an increasing footprint in the east and we are fast gaining ground in the southern regions. This has also been supported with launch of small SKU of Rooh Afza.

With our extensive range of products and operations in more than 25 countries spread across the continents of Africa, Middle East, Asia, North America and Australia we are reaching the Indian diaspora as well as the local consumers all over the world. With global consumers moving towards natural and herbal cures, we are looking at establishing a firm footprint with our products across the world. Hamdard will soon be a global name to reckon with.

### WHICH OF YOUR BRANDS IS THE GROWTH DRIVER FOR THE COMPANY?

Our sharbat Rooh Afza, blood purifying Safi, cold and cough relief solutions Joshina and Sualin and other key Unani products are all growth drivers in their respective categories.

### CAN YOU PLEASE TELL US ABOUT THE CONSUMER TRENDS IN THE CATEGORY OF CONSUMER HEALTH PRODUCTS?

The consumer of today is fast evolving with the times and is becoming more prudent in his or her choice of products and brands.

With the revolution in the mobile technology and the ever increasing penetration of the smartphones even in the tier two and three towns, we come across a consumer who is spoilt for choice and makes a more informed decision when choosing one brand or product over the other. Social media marketing and digital campaigns are focussed efforts to be present where the youth is and connect with them.

At Hamdard, new marketing initiatives and innovations are underway to modernise the face of the brand. New products, brand extensions, technology and innovative communication are underway to attract new consumers and the youth.

Healthcare trends globally have also been shifting towards the seeking of natural and traditional medicines, be it Unani or Ayurveda, which are both based on the principle of re-establishing the balance between the basic elements in nature which can be called by different names, and the use of herbs and other natural ingredients to bring about harmony.

### WHAT HAS BEEN THE GROWTH FOR THE COMPANY IN 2015 AND WHAT'S ON THE AGENDA FOR 2016?

We have crossed over the ₹ 500 crore mark in 2014-15 and continue to maintain a double digit growth in the current fiscal year also.

“Healthcare trends globally have also been shifting towards the seeking of natural and traditional medicines, be it Unani or Ayurveda, which are both based on the principle of re-establishing the balance between the basic elements in nature

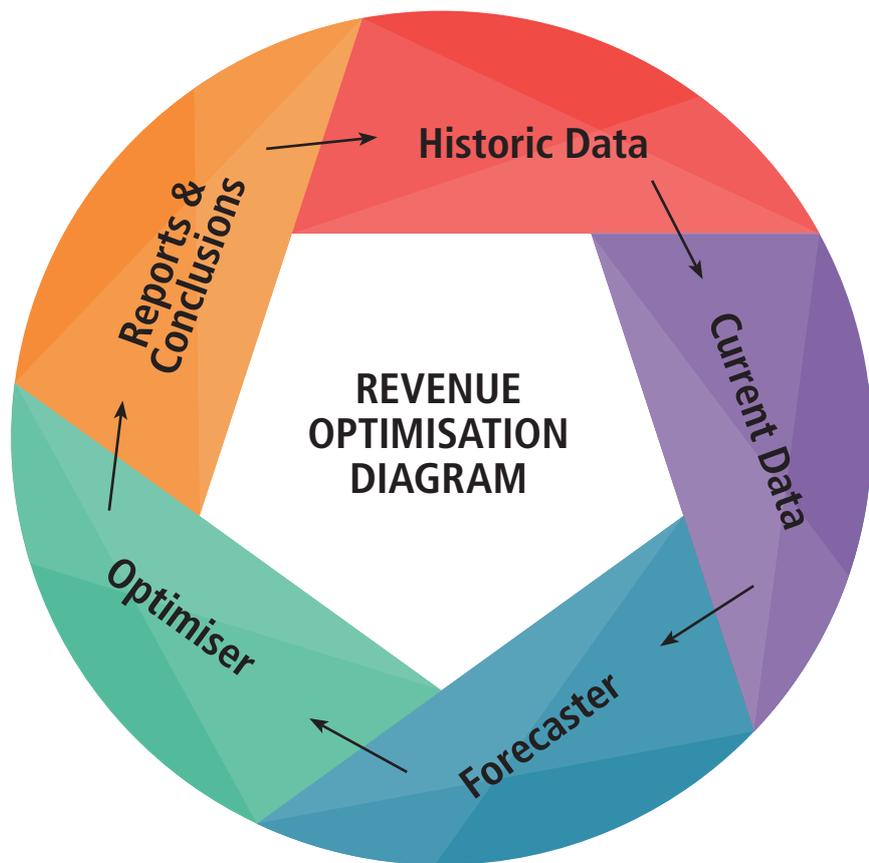


# The challenge of REVENUE MANAGEMENT TODAY

A holistic approach to revenue management is critical in today's competitive era in which most micro-markets have excess capacity. Hence there is a need to manage hotels effectively with a revenue-centric approach.



Milind Kothare



“  
The success of revenue management depends on adopting a revenue-centric culture in an organisation  
”

Revenue management is generally co-related and pursued as effective management of online travel agents, meaning optimising business generation from online travel agents. This belief comes from the thought process in the West as, for them, around 80 per cent of the business is generated through online channels but, in the Indian context, this varies from 19 per cent to 25 per cent, as mentioned by **Tarun Joukani**, Director, STAAH, based on users data.

In hotels with sales and marketing teams the corporate segment (CVGR) contributes around 50 per cent or more volumes and managing yield and improving year-to-year yields requires a more holistic approach to revenue management.

A true challenge is faced by sales and marketing teams to convince corporate bookers over dynamic online travel agency (OTA) rates.

## PROCESS OF REVENUE MANAGEMENT IN HOTELS

The process of revenue management begins with data mining. Here data mining means a huge amount of data collection and its storing in a scientifically structured manne—data which can be retrieved easily and can be used as inputs for forecasting and optimising.

The challenge is correctly compiling guestwise data for a number of years to create a historic database. This can be retrieved for forecasting

and optimising as explained in the diagram given along side. In reality, the volume of data is very large and hence it requires sophisticated software and statistical tools to store and manage.

Revenue managers interpret reports and take revenue optimising decisions based on this data. This data then again goes back in to historic data. This is the backbone of the revenue management software. Accurate forecast data becomes the base for preparing scientifically accurate budgets which is the base of the revenue management system.

The budgetary control process, with monthly monitoring and analysis of the variances with the cause-effect relationship and corrective action helps generating optimum revenue by the end of the fiscal year.

### CHALLENGES FACED BY SMALLER HOTELS TODAY

Quality revenue management software is clearly beyond the reach of smaller hotels in terms of viability. There can be some practical alternatives which may not be as sophisticated but can be useful to smaller hotels but such a software development initiative needs to be taken jointly by hoteliers and property management software companies.

### REVENUE MANAGEMENT— A TEAM GAME

There is a lack of availability of trained managers fitting into the revenue management culture.

The success of revenue management depends on adopting a revenue-centric culture in an organisation.

This demands the acceptance of the importance of revenue management and the adoption of revenue management principles by the top management. It means the support and allocation of resources required for it being provided by the top management.

Revenue management is not just a revenue manager function but there is a need to make the entire organisation revenue-centric. The revenue manager monitors various parameters and take calls on strategic decision on rates and inventory allocation but that does not mean revenue optimisation. Each and every team member is responsible for optimising revenue. Consider the following examples:

- A bell desk member, while escorting a guest into the room, apart from explaining features, needs to elaborately explain the mini-bar and snacks kept and can also explain the USP of in-room dining.
- Similarly, a housekeeping team member serving the room can remind the guest of ice and drink in the evening.
- A food and beverage team member needs to conventionally up-sell menus and invite repeat visits of a loyal guest by warmth of service.
- A front office team member can up-sell a higher category of rooms or convince a guest to buy allied services like the travel desk and car rentals from which hotels make some revenue too.

This is how the entire team can contribute to revenue pool.

### NEED TO DEVELOP A REFRESHERS SCHOOL

Today there is need of highly trained manpower to optimise revenue, specially in the middle management category which includes lobby managers, restaurant managers, front office managers and food and beverage managers.

Today there is attrition in the industry due to frustration from lack of growth and less compensation. As there is no platform which guides managers and helps them to hone managerial skills, they need guidance and upgradation of managerial skills.

I have designed various programmes covering critical managerial functions in rooms division as well as in food and beverage which can be covered in ten modules in five sessions each. These programmes are really useful for the participants but the challenge is that our technical boards do not approve programmes which are less than six months in duration.

Hence my appeal to FHRAI to approve such programmes with certification and invite various institutes to conduct them on a pan-India basis.

*The views expressed in this article are of the author, **Milind Kothare**, a practicing management consultant with over three decades of experience in hospitality operations, projects, sales and marketing.*

“The budgetary control process, with monthly monitoring and analysis of the variances, helps generating optimum revenue”

## DREAM KITCHENS AS 'STYLE STATEMENTS' FROM FRANKE



◆ Kitchen interiors have evolved over the decades internationally and these trends are catching up in developing countries like India. Kitchens used to be a functional part of the house in the past but they are becoming a style statement led by innovative new materials. For catching up with the trend, Franke has aimed at a holistic and stylish kitchen appliances experience as part of which customers are empowered with the superior technology and high-end research that goes into creating each of our products.

Franke has a complete product portfolio, from food preparations to appliances, including dry and wet kitchen. They have now also introduced the dry side of the kitchen—Hoods, Hobs, Ovens, Built in MWOs, Coffee Machine, Built in Fridge, Wine Cellars, Warmer Drawers, Induction hobs and so on.

Franke offers a vast range of next-generation appliances. Distinguishing features include superior performance, reduced energy consumption and total safety. It is providing patented technology such as dynamic cooking technology which is revolutionising the concept of cooking. Franke products are innovative and user-friendly.

## A NEW COLLECTION FROM Vitra

◆ This series artfully showcases the designs of ceramic washbasins finished with brilliant metallic coatings that draw inspiration from traditional Turkish craftsmanship. Vitra, the bathroom solutions brand of Eczacıbaşı Building Products Division in Turkey introduces a range of colourful washbasins. The Water Jewels Series, was created by the Italian designer Matteo Thun, together with the Vitra Design Team. This series artfully showcases the designs of ceramic washbasins finished with brilliant metallic coatings that draw inspiration from traditional Turkish craftsmanship. This collection's seemingly simple form and function are enhanced with PVD coatings, a state-of-the-art process of vaporising and depositing metal powder onto a surface, which remains corrosion-free and scratch-

resistant. The Water Jewels Collection is available in gold, copper, platinum and traditional white gloss and suitable for bench mount, semi-inset and undercounter installation.





## NEW COLLECTION OF ATTRACTIVE FLOORING FROM PERGO

◆ Pergo's latest collection, Original Excellence (AC-5 Grade) Class 33 is strikingly attractive flooring for commercial space. It is quick and simple to install. Pergo's Original Excellence is available in 25 attractive decors and is attractive flooring from a design point of view.

The new range consists of single strip, multi-strip plank patterns with different shades of Walnut, Merbau and Oak also Genuine sawcut, Genuine wood; the Genuine rustic surface structure creates an intensive experience of space in a room.

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## SHANGRI-LA'S - EROS HOTEL, NEW DELHI OPENS MISTER CHAI

Shangri-La's - Eros Hotel, New Delhi has launched Mister Chai, a first-of-its-kind tea restaurant in the heart of the city. Mister Chai is a unique concept that is curated to give patrons a local 'tea shop feel'. It focuses on regional Indian street food and beverages with emphasis on tea. Conceptualised by the renowned Dubai based interior design company, Stickman Designs, Mister Chai is an intimate and relaxed space with a seating capacity of up to 50 guests and is enclosed by a beautifully detailed brass

balustrade, with each seating space creating a unique design detail. Placed to the left are the full height, gold-leaf-etched timber Tibetan prayer wheels and to the right is an intricate screen of planter boxes. This quaint and exquisite element ensures that guests enjoy privacy from the main lobby. Popular Indian street food has been re-invented and presented in exceptional style. Talented chefs under Executive Chef Neeraj Tyagi have collaborated to design a special menu.

## ELANPRO LAUNCHES NCR'S 2<sup>ND</sup> EXPERIENCE CENTRE

Elanpro (Elan Professional Appliances), a commercial refrigeration company, inaugurated the Elanpro Experience Center in Delhi on 15 January 2016. The state-of-art facility showcases modern and innovative refrigeration solutions. The experience centre was inaugurated by **Nitin Arora**, CEO, Devyani Food Industries Ltd (Creambell Ice cream). **Sanjay Jain**, Director, Elanpro and **Ranjan Jain**, Managing Director, Elanpro Refrigeration were also present for the ceremony. Elanpro Experience Center is an ultra-modern showroom integrated with an after-sales service facility.

It showcases a complete range of commercial refrigeration products apart from providing end-to-end implementation and consulting services to customers seeking ease of use. It also has a test chamber to carry out product performance testing under various conditions. Spread across an area of 1,000 sq.ft., this is Elanpro's second experience centre in Delhi. Products like chest type combi freezer and cooler, island freezer and cooler, hospital-ity solutions like Elanpro professional reach ins, blast chillers and freezers, salad and prep counters, confectionery solutions and retail refrigeration solutions like showcase freezers, chest freezers and chillers with dual temperature are showcased.

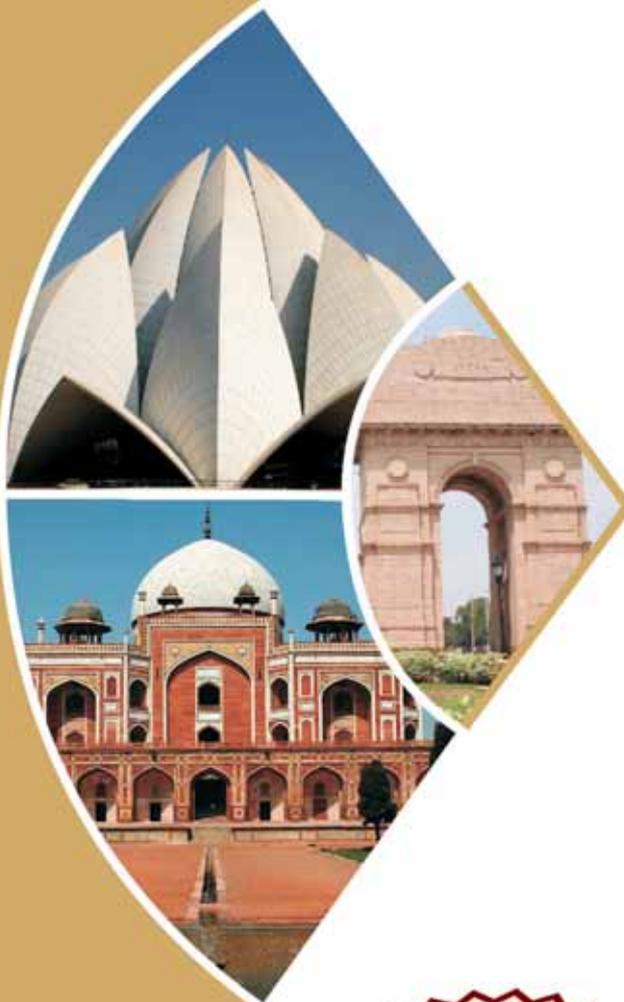


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# appointments



**CAMILLA CHIAM**

**Vice President  
PR and Communications, Asia Pacific  
Carlson Rezidor Hotel Group**

★ Carlson Rezidor Hotel Group announced the appointment of Camilla Chiam as vice president of PR and Communications for the Asia Pacific. She reports directly to Thorsten Kirschke, president, Asia Pacific, and will be a member of the Asia Pacific Executive Committee. Chiam will lead the PR and Communications team in developing and implementing strategies to increase the visibility and further enhance the perception of Carlson Rezidor and its hotel brands, in support of the Group's expansion in Asia Pacific.



**ZUBIN BILIMORIA**

**President  
Revenue Management Service  
Reznex**

★ RezNext has announced the appointment of Zubin Bilimoria as President, Revenue Management Service. This appointment follows the company's decision to expand its consulting services to international geographies while also adding to the offerings in the revenue portfolio for customers globally. At RezNext, Zubin will lead the consulting services division and demonstrate the value of RezNext's integrated solution suite backed by industry leading services and turnkey support. He will also spearhead the GDS programme for customers in India and abroad.



**THOMAS ABRAHAM**

**General Manager  
Park Hyatt Hyderabad**

★ Before joining the Park Hyatt Hyderabad team, Thomas Abraham was the General Manager of the Park Hyatt Goa Resort and Spa for nearly four years. He joins his new assignment with an expertise of over 20 years in the hospitality industry. At Park Hyatt Hyderabad, he will aim to further the company's purpose by providing both colleagues and guests with rare and intimate experiences. He intends to strengthen the operational strategies of the hotel while introducing innovative methods for smooth functioning of the hotel.



**RAJESH GOPALAKRISHNAN**

**General Manager  
ibis Chennai City Centre**

★ AccorHotels has appointed Rajesh Gopalakrishnan as the General Manager of the newly opened ibis Chennai City Centre. As a seasoned international hotelier, Gopalakrishnan brings over two decades of diversified hospitality industry experience including a strong Chennai market expertise. He started his AccorHotels career in 2005 as an Executive Chef for the Novotel Hyderabad Convention Centre and HICC. His decade long tenure with AccorHotels has seen Gopalakrishnan take on a string of leadership positions, including his previous appointment as the General Manager at ibis Chennai SIPCOT in 2014.



**SHIBIL MALIK**

**General Manager  
Sheraton Hyderabad Hotel**

★ Sheraton Hyderabad Hotel has announced the appointment of Shibil Malik as General Manager. Before this he was the Cluster Executive Assistant Manager of Sales & Marketing for The Westin Hyderabad Mindspace and Sheraton Hyderabad Hotel. With over 17 years of experience, Malik started with BNP Paribas soon after completing his MBA in Sales & Marketing. In 2002, he joined the The Oberoi Group and was Regional Sales Manager - North. This is where he found his passion for the hotel industry, and today he is a proud hotelier.



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**BABITA KANWAR**

**Hotel Manager**  
 Renaissance Mumbai Convention  
 Centre Hotel & Lakeside Chalet,  
 Mumbai - Marriott Executive  
 Apartments

★ With 14 years in the hospitality industry, Babita Kanwar has been re-appointed as the Hotel Manager at Renaissance Mumbai Convention Centre Hotel and Lakeside Chalet, Mumbai - Marriott Executive Apartments. Kanwar joined Marriott India in October 2001 and in December 2008 she joined Renaissance Mumbai Convention Centre Hotel and Lakeside Chalet - Mumbai, Marriott Executive Apartments. In January 2010 Kanwar was promoted as Market Director Sales and Marketing, Mumbai and was recently the Director of Sales & Marketing at the Shanghai Marriott Hotel City Centre.



**VISHRUT GUPTA**

**Director of Food & Beverage**  
 Pullman & Novotel  
 New Delhi Aerocity

★ Vishrut Gupta has been appointed Director of Food & Beverage at Pullman & Novotel New Delhi Aerocity. Gupta has 13 years experience in the hospitality industry. At Pullman & Novotel New Delhi Aerocity, he will head the entire F&B Division for the signature restaurants and bars of both the hotels. He will be responsible for the planning and execution of the annual promotions calendar, managing and executing events held at Pullman and Novotel. He envisions positioning the hotel as a premier F&B destination.



**MANAV KOUL**

**Executive Chef**  
 Sofitel Mumbai BKC, India

★ Chef Manav Koul is now an Executive Chef at Sofitel Luxury Hotels' flagship property in India, Sofitel Mumbai BKC. He graduated with a diploma in hotel management from IIMH - Ahmedabad and completed his post-graduation diploma from the Oberoi Centre for Learning and Development in New Delhi and began working with the Oberoi Hotels in Mumbai. Chef Koul worked with Chef Terry Pladieu at Chef Paul Bocuse's 3 star Michelin restaurant in France and Chef Vincent Adam Petropo at his 2 star Michelin restaurant. He has much international experience.



**MYO ZAW**

**Executive Chef**  
 High Ultra Lounge

★ High Ultra Lounge, South India's tallest rooftop restaurant, has announced the appointment of Myo Zaw Aung as Executive Chef. He will be responsible for overseeing the restaurant's dining venues, catering and culinary events as well as further enhancing the restaurant's celebrated culinary offerings. Known for exquisite fusion technique with modern cooking methods and artistic plating, Chef Zaw brings over 22 years of top-notch culinary expertise to his new post. His speciality lies in Japanese and Italian cuisines and his forte is bringing together local flavours with an innovative twist.



**CHEF DINESH KUMAR**

**Sous Chef**  
 Courtyard by Marriott Chennai

★ Courtyard by Marriott Chennai has appointed Dinesh Kumar as a Sous Chef. Chef Kumar will be responsible of overseeing Courtyard by Marriott Chennai's dining venues - Paprika Cafe and Rhapsody, room service, catering and culinary events as well as further enhancing the hotel's celebrated culinary offerings. Kumar is an expert in South Indian cuisine with more than a decade of experience. Chef Kumar also handles in-house training courses for Staff in H.A.C.C.P, Technical training in menu knowledge, menu engineering and F&B budgeting.

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### Notable Speakers

*Shri N Chandrababu Naidu, Hon'ble Chief Minister, Government of Andhra Pradesh*  
*David Berg, Chief Executive Officer, Carlson Hospitality Group*  
*Jonathan Vanica, Managing Director Asian Special Situations Group, Goldman Sachs*  
*Jan Smits, Chief Executive Officer - AMEA, InterContinental Hotels Group*  
*Peter Fulton, Group President - EAME and SW Asia, Hyatt Hotels Corporation*  
*Deep Kalra, Chairman and Group CEO, MakeMyTrip.com*  
*Nakul Anand, Executive Director, ITC Limited*  
*Kavin C Bloomer, Executive Director, Morgan Stanley*

*Ratnesh Verma, President and MD, Whitbread Hotels and Restaurants Intl.*  
*Kapil Chopra, President, The Oberoi Group*  
*Rajeev Menon, Chief Operating Officer - APAC (excluding Greater China), Marriott Intl.*  
*Michael Issenberg, Chairman and CEO - APAC, AccorHotels*  
*Thorsten Kirschke, President - APAC, Carlson Rezidor Hotel Group*  
*Dr. Jyotsna Suri, Chairperson and MD, The LaLit Suri Hospitality Group*  
*Siddhartha Gupta, Managing Director, Blackstone Group*  
*Rajiv Kaul, President, The Leela Palaces Hotels and Resorts*

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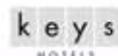
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