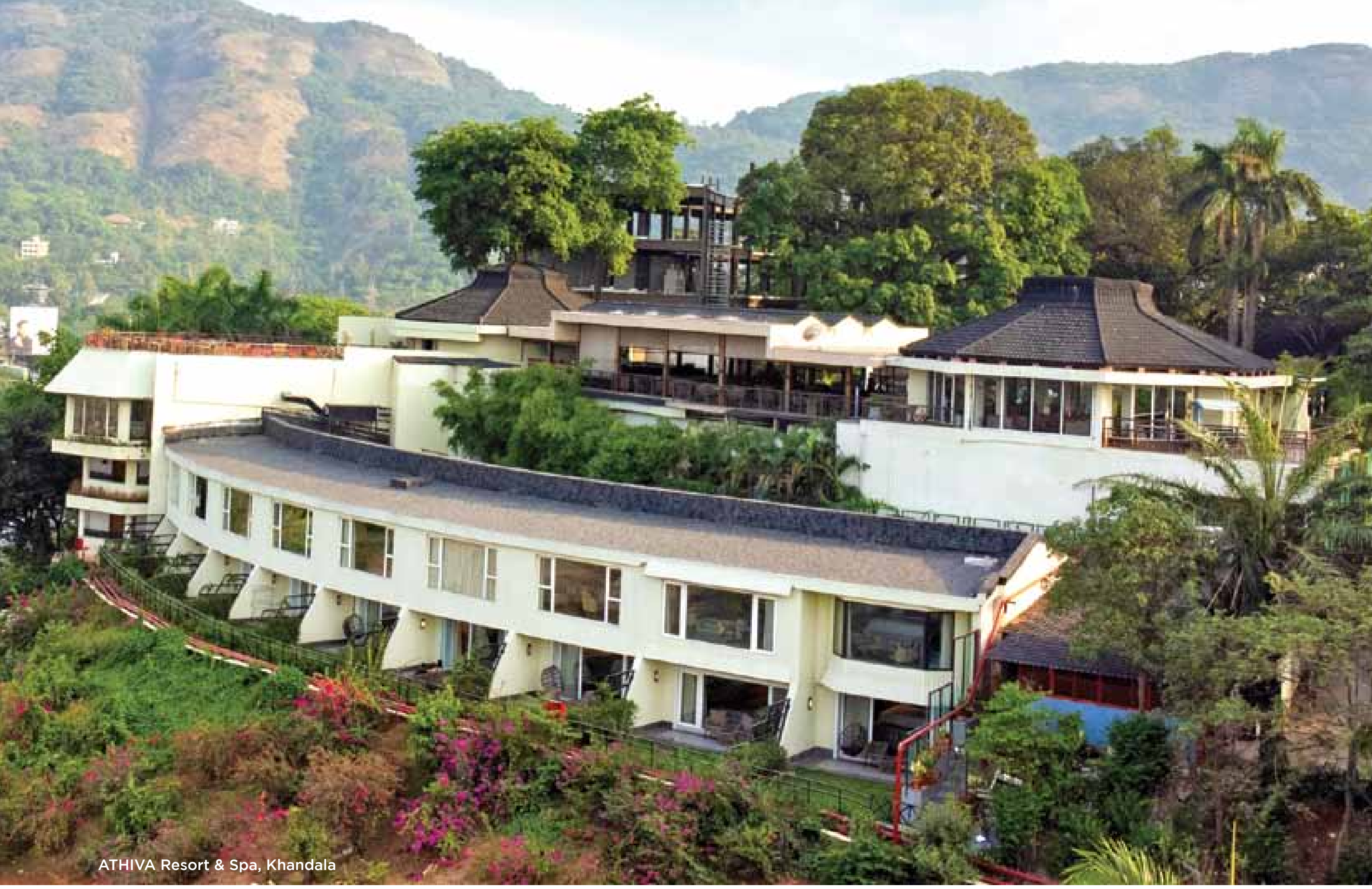

ATHIVA Resort & Spa, Khandala

Rates & occupancy set to skyrocket

India's hospitality industry is poised for a solid bull run, with demand far outpacing the current supply, opines **Dr Sanjay Sethi**.

WORDS BY **LIPLA NEGI**

Sharpening its focus on the upscale and upper-upscale segment, Chalet Hotels introduced ATHIVA Hotels & Resorts, a premium lifestyle hospitality brand debuting with over 900 keys across six hotels. Derived from the Sanskrit word for 'abundance,' ATHIVA is built on the ethos of joy, sustainability, and wellness. The brand makes its debut with the transformation of the iconic The Dukes Retreat in Khandala, now reimagined as ATHIVA Resort & Spa, Khandala. The launch marks a new chapter in Indian hospitality, at a time when young travellers, empowered by rising incomes and a desire for authentic experiences, are reshaping the market.

"Travel is no longer a discretionary spend. Around 85 per cent of millennial and Gen Z travellers say they will spend significantly more on travel and F&B than they did last year, which is a strong indicator of the trend we are moving towards. Travel is now a lifestyle," said **Dr Sanjay Sethi**, MD & CEO, Chalet Hotels Limited, who sat down for an exclusive chat with **HotelTALK**

Dr Sanjay Sethi
MD & CEO
Chalet Hotels Limited

> *We are priced 40% lower than next-tier global cities like Dubai, Singapore, and Hong Kong*

to discuss what is driving Indian hospitality's robust growth cycle.

India is witnessing one of its strongest hotel development cycles in years. How do you read this post-pandemic hotel movement — is it more of an expansion or simply an evolution?

We have got a very good cycle ahead of us — I think the next four or five years look extremely strong. There will be pockets that may be oversupplied, but overall, the India story is very bullish. The headroom for growth, both in rates and occupancy, is massive right now.

On the rate side, while everyone says we are becoming expensive, if you really look at it today, even a city like Mumbai, which is operating at around US$ 160–US$ 170, is still discounted by at least 30 per cent to 40 per cent. So, I am not talking about the top cities in the world. Here, I am talking about the next layer of cities globally. I am excluding New York, London, and Paris from this. But if you look at the next tier — Dubai, Singapore, Hong Kong, and Berlin — we are priced about 40 per cent lower than those cities. That is the gap we will eventually fill, and we see that as a key opportunity for rate growth.

There has been a fresh wave of investor confidence in the luxury and upscale segments. What is fuelling this momentum, and can it sustain over the long term?

I believe that the upper-upscale and upscale slot that we have, which is just below luxury, is probably the most rewarding segment to invest in. We are investors, and remember, we are not an asset-light company. We either buy land and build our hotels or buy ready hotels.

All our growth has been in the upscale and upper-upscale segment, and zero below upscale. We have one or two luxury hotels, but primarily, that slot offers stability of growth in income, revenue, and leadership. It also keeps costs under control, both construction (capex) and operating

ATHIVA Resort, Aksa Beach, Mumbai

> *The 18 % GST slab for rates above ₹7,500 is still too high, and it needs to come down to 12%."*

Chalet Hotels leadership (L-R): **Salil Khare,** Chief Projects Officer; **Nitin Khanna,** Chief Financial Officer; **Dr Sanjay Sethi, Managing** Director & CEO; **Shwetank Singh,** Executive Director; **Gaurav Singh**, Chief Operating Officer

costs, because you have the flexibility to manage the cycles as they go up and down.

Given the ongoing discussions around GST rationalisation and industry status, what are the most crucial policy adjustments that could drive sustained growth in Indian hospitality?
The GST reduction in the recent announcements was a welcome move. But the withdrawal of ITC has created a huge challenge for many hotel operators and restaurants. At Chalet, we do not have any hotel below ₹7,500, so it does not affect us.

However, the 18 per cent GST slab for rates above ₹7,500 is still too high, and it needs to come down to 12 per cent. Crucially, the ₹7,500 cutoff has been in place for several years without accounting for inflation in travel rates. The ₹7,500 threshold should be reset by about 4.5 percent every year since it was introduced and then linked to the Consumer Price Index (CPI) as an annual adjustment. That way, we would not have to keep going back to authorities for a revised cutoff. It would automatically adjust with inflation.

As the domestic juggernaut rolls on, what strategic shifts are needed to make India as magnetic to global travellers as it is to domestic ones?
India's marketing needs to be far stronger. We have virtually vanished from the global travel and tourism scene. There is a need for renewed focus from the Ministry of Tourism to promote India more actively. And it is very important that the tourism product we have in our country evolves to the level of quality that global travellers are used to.

As you prepare for the next chapter of your professional journey, what excites you most about the future of Indian hospitality, and what gives you the greatest optimism?
A solid bull run lies ahead for the hospitality industry. We are already on a strong wicket, and I see this getting even stronger as we move forward. The supply side in India is very weak — less than 2,00,000 rooms. India should have around 4,00,000 to 5,00,000 rooms to meet the market potential. As we continue to add to our portfolio, we expect to benefit from this growing market. HT

ATHIVA is built on the ethos of joy, sustainability, and wellness