

Ruins to Riches

THREE HOTEL CHAINS HAVE SUCCESSFULLY MASTERED THE ART OF TRANSFORMING HERITAGE BUILDINGS INTO PAYING PROPOSITIONS

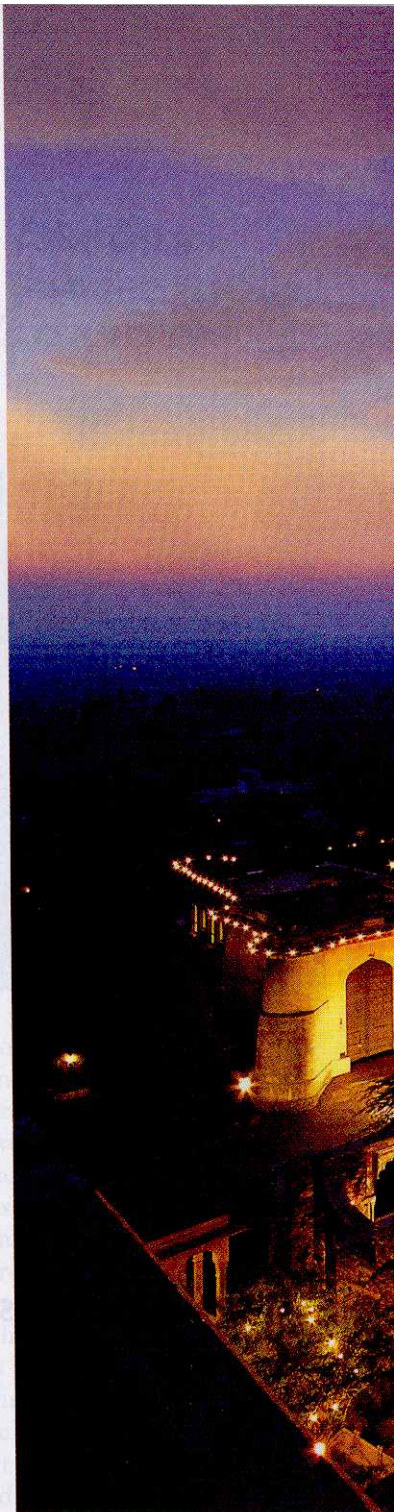
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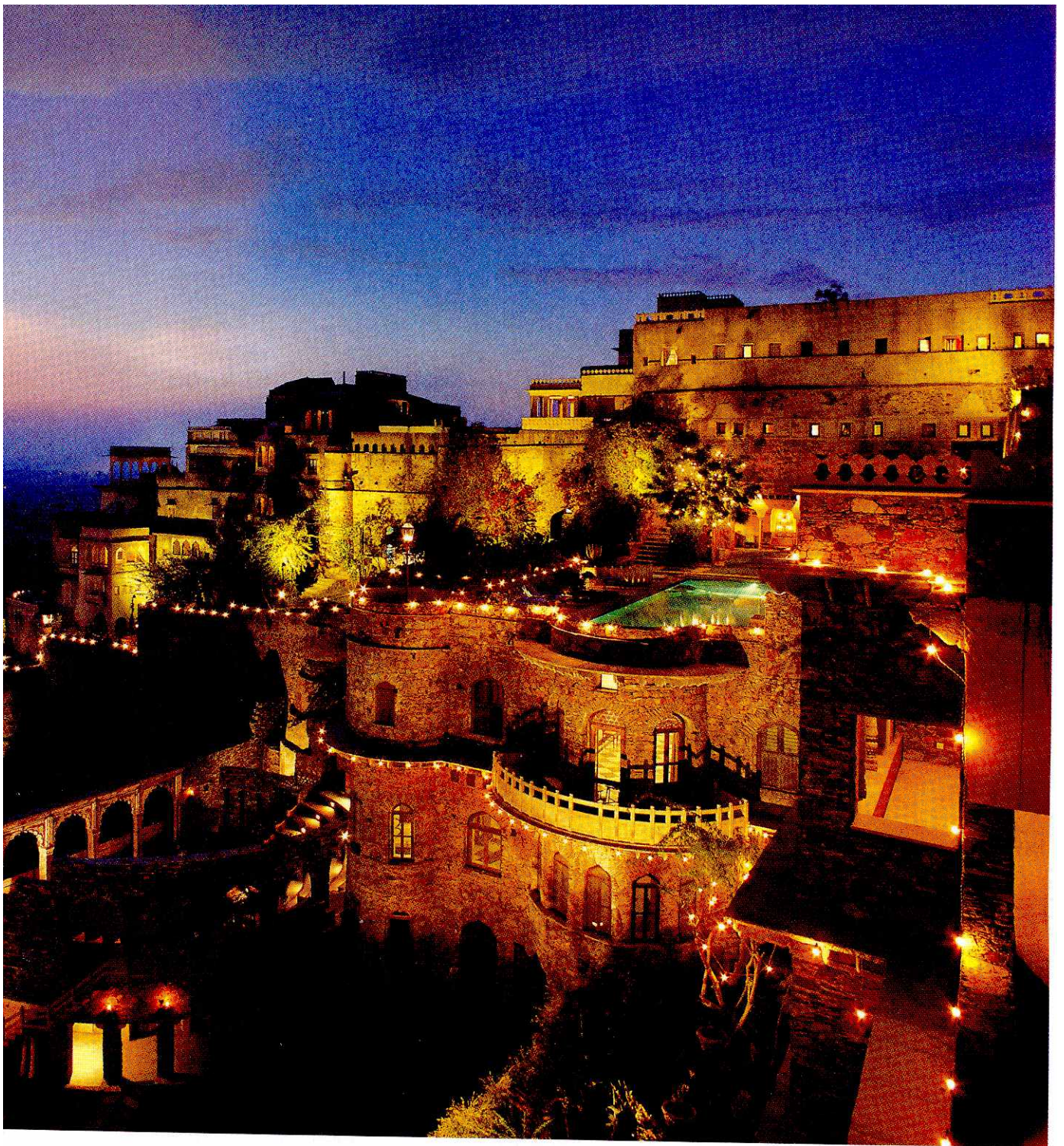
Dawn is just breaking as we turn away from the highway into Tranquebar, a Danish settlement from 1620-1845 CE, now a sleepy village in the Nagapattinam district of Tamil Nadu. The car rumbles over a non-descript main street and turns into an immaculate driveway lined with manicured lawns. Up ahead looms a Neemrana 'non-hotel', the over 150-year-old Bungalow on the Beach. In 2005, when Neemrana leased the property from its now-deceased owner, the building was in ruins. The foundation of its colonnade could not be found, beams and rafters had been sold, ficus trees had grown roots in the walls, and the roof had collapsed.

This 'honest representation of the traditional architecture of the Danish colonial period in India' now features thick 'breathable' lime wash walls, coloured stucco plaster bathrooms, a 'madras terrace' and five unique rooms. Guests sip tea in the low-hung, breezy 'verandahs of the tropics' and watch waves boom in the ocean just beyond the boundary wall. Indeed, it's not just the Bungalow that's glowing with care, three other heritage buildings nearby have been restored, their surrounds beautiful with gazebos and courtyards. And Tranquebar keeps pace with the footsteps of tourists. At the bustling craft centre-cum-café, a popular meeting point opposite the charming Nayak House, women serve honey crepes, lemon cakes and iced tea to appreciative patrons. Really, who would have thought Tranquebar had so much to offer?

Aman Nath and Francis Wacziarg did. At over 25 properties in 18 destinations all over India, 'Neemranification' has come to mean sustainable heritage tourism that supports local communities and provides authentic Indian hospitality to visitors. "When we started, we were neither architects nor hote-



REDESIGN: Neemrana Fort in Rajasthan has become a symbol of restoration for reuse



liers but we felt we had to restore instead of complain,” says Nath. He first met Wacziarg, a Frenchman who holds an Indian citizenship, when they authored a book together over three decades ago. Their flagship property, the 1464 CE Neemrana Fort on the highway between Delhi and Jaipur, remains an unparalleled feat in restoration. For guests, a heritage hotel is

a luxury getaway in traditional, historical settings. For those in the business, on the other hand, it’s often about red tape, the usual hassles of running a hospitality venture and back-breaking work, including restoration activities that may never end. But it’s also about tapping into a fast-growing business avenue as travel habits among Indians and foreigners evolve to

focus on the experience. And three companies, at least, have learned now to give their guests just that.

AGE APPROPRIATE

If Neemrana is a standalone effort, WelcomHeritage invests ITC’s corporate might in turning forgotten palaces, forts and *havelis* into heritage hotel experiences. Only four of its 40 properties were

built after 1950 (a prerequisite to falling under the 'heritage' category), but "Every WelcomHeritage property has a secret to share and a story to tell," says SC Sekhar, executive vice president, ITC Hotels. For instance, the transformation of Fernhills Palace in Ooty, an all-suite extravaganza with rooms the size of modern city apartments and a Durbar Hall with genuine gold paintwork, took nearly a decade.

CGH Earth, which has only five exquisitely restored properties, was among the first movers who transformed Kerala into the international destination that it is today. The smallest of the three players has limited its presence to Kerala, Tamil Nadu and Karnataka, earning renown for concepts like Chittoor Kottaram, a lovingly restored single-key palace in Cherranelloor, about an hour's drive from Ernakulam. "The basic concept came about because we wanted to be very local in the experience we were offering," says Shilendran M, vice president, sales, CGH Earth. The company has a clutch of properties that were constructed afresh but with indigenous aesthetics. "Restoration was not something we went looking for but something that came our way."

Heritage hotels require an unusually holistic business model. Every property is unique, making standardised costing and estimates nearly impossible. In a place like Pondicherry, where land costs are very high and there are strict laws governing heritage structures, the cost of restoring an old property could, in fact, be higher than building a new one. On the other hand, in a remote location, a heritage property does not have significant commercial value by itself till it's developed and promoted with a hotel in mind. "It all depends upon the building, its condition and its location," says Thomas Dominic, director-projects, CGH Earth. "It's

difficult to find the right balance of [commercially viable] attributes in a heritage building."

Palaces, forts, *havelis* and large residences were constructed for purposes other than development into hotels. They come into the hotels sector only when the families that own them are not able to maintain them anymore. "Hence, the role of managers in operating and marketing such properties," says Sekhar. Indeed, ownership rarely changes hands in heritage

properties. This is partly because the Ministry of Tourism's classification guidelines do not allow heritage hotels to be categorised with star ratings.

Break-even and returns invariably depend on the investment involved, location, tariff and high season. "If restoration was just a 2+2=4 thing, then many more people would have been into it," says Nath. The Oberoi Group rejected Neemrana Fort before it was restored by Nath and Wacziarg

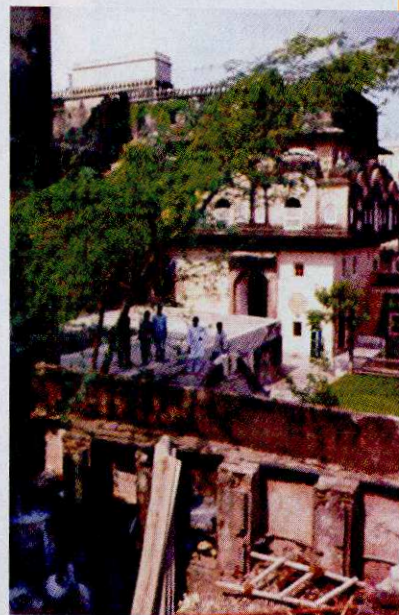
LAP OF LUXURY

Heritage hotels have especially strong demand in the lucrative leisure segment — 78.8% of total guests in heritage hotels are there for leisure

Rooms revenue, generally considered the most important source of a hotel's overall profitability, constitutes 50% of the total revenue of heritage hotels

The land on which a hotel is built can cost up to 60% of the total development expenses in some locations. And, ownership rarely changes hands — long lease, licence and marketing agreements are preferred by the owners

Source: Surveys conducted by HVS, global consultants on hospitality services, some in association with the Federation of Hotel and Restaurant Associations of India (FHRAI)



properties — long lease, licence and marketing agreements are the most common basis for assimilation into a chain.

New hotels, however, are all about location. Indeed, a private developer cannot afford to restore a building unless its location and condition can sustain a resort. "Tariffs are arrived at by looking at market rates, not the amount spent on property," says Nath. Although often spoken of in the same breath as "the Tajs and Oberois", the tariff pricing in heritage hotels is comparatively lower than con-

and became the flagship of their enterprise. Despite the market for the heritage hotel experience, none of the hotel groups present at the pre-bid meets of the properties Neemrana is currently developing in Tijara and Patiala actually bid for them.

"No two properties are the same," says Nath. "Restoration can be both much cheaper and much more expensive. You cannot compare Umaid Bhawan with its modern construction today — its total cost in the 1930s was ₹90 lakh. It would not be enough to build the Neem-



Kalari Kovilakom within the CGH group is called The Palace for Ayurveda

Restoration efforts are viewed with suspicion. People think only criminals want to buy ruins for some underhand activity

rana Fort's ramparts today."

THE ROAD NOT TAKEN

Some heritage resorts have dared to go off the tourist trail to create a destination by celebrating its very isolation — Neemrana's Darbar-gadh Palace in Morvi, Gujarat, is somewhere between the highway that connects Ahmedabad to Kutch; WelcomHeritage's upcoming Shiva Vilas Palace is located in Sandur in eastern Karnataka's Bellary district; CGH Earth's Kalari Kovilakom, a minimalist 'palace for Ayurveda', is in Kollengode in the foothills of Annamalai.

But the location, always a paramount concern in the hospitality industry, can be a challenge in more ways than one. Apart from the absence of water and electricity, "carrying construction equipment into the countryside is difficult," Sekhar says. "Migration of manpower is another problem."

Restoration efforts are even viewed with suspicion. "People think only criminals want to buy ruins — for smuggling or some other underhand activity," laughs Nath. "Then there are those who



David Hall Fort, Kochi, is one of the oldest Dutch constructions in India

want to fleece us because they think we are idiots with too much money." Of course, Neemrana is also approached with a requests to restore properties every month.

Restoration is carried out in stages and depends on the size, location and condition. The original structure of the building is retained as much as possible; even the materials used are similar. But unlike the structured road map of modern hotel construction, no blue prints are handy. "Sometimes you might end up discovering a tunnel while boring a 4-foot wall, which makes the exercise even more fascinating," says Sekhar. Improvisation then plays a big part. "All credit to our masons for finding inventive ways and saving us a fortune," says Nath. "We were able to build 12 rooms at Neemrana Fort for just ₹30 lakh."

In a resource-starved nation that's developing rapidly, sites of historical importance are especially vulnerable in the absence of strong government intervention to protect them. The Archaeological Survey of India's 24 circles are empowered but frequently ineffective because they are vested with too many responsibilities. Intach's

database lists more than 60,000 heritage sites in major cities — Jaisalmer alone has 500 sites. "Although heritage conservation has the government's support, heritage buildings need more tangible action like legal protection and financial incentives but that's not forthcoming yet," says Ajit Koujalgi, Auroville-based architect with Intach, Pondicherry.

Despite their commercial principles, heritage hotels have given new life to buildings of historical importance. And it's contagious. After Neemrana restored Hotel de l'Orient nearly 12 years ago, not only have several standalone heritage hotels come up in Pondicherry, WelcomHeritage's Calve (awarded the UNESCO Heritage Award of Merit) and CGH Earth's Maison Perumal have lent authentic style to the hitherto neglected former French colony.

"I am a trained architect but I learned a lot working with a client like Neemrana on Hotel de l'Orient," says Koujalgi. "The original structure was in an absolutely terrible state. It was felt that nobody in his right mind would think the building was worth saving. Not any more, of course." **DE**