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December 2025

Industry Report on India Mid-Scale Hotels Market

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1. Executive Summary

India Hotels Market

In FY25, India's hotel market had a total supply of around 430,000 rooms, with around 197,000 rooms (46%) under chain-affiliated hotels, while the rest were independent establishments. The market's Average Daily Rate (ADR) was INR 6,528, with an occupancy rate of 63.7%.
The overall market generated revenue of INR 944.4 billion, with room revenue being the primary contributor at INR 650.2 billion revenue generation.

India Mid-Scale Hotels Market

The mid-scale hotel segment (Mid-scale hotels in India have been defined as hotels, which typically offer rooms with an Average Daily Rate (ADR) between INR 3,000 and INR 7,500 in India represents approximately 58.5% of the total hotel room supply across the country. In FY25, this market provided 250,866 rooms and generated total revenues of INR 351.2 billion. The Average Daily Rate (ADR) for these hotels was INR 4,865, with occupancy rates of 63.7%, resulting in a Revenue Per Available Room (RevPAR) of INR 3,099. Within this segment, chained hotels accounted for 123,414 rooms and generated revenue of INR 197.3 billion.

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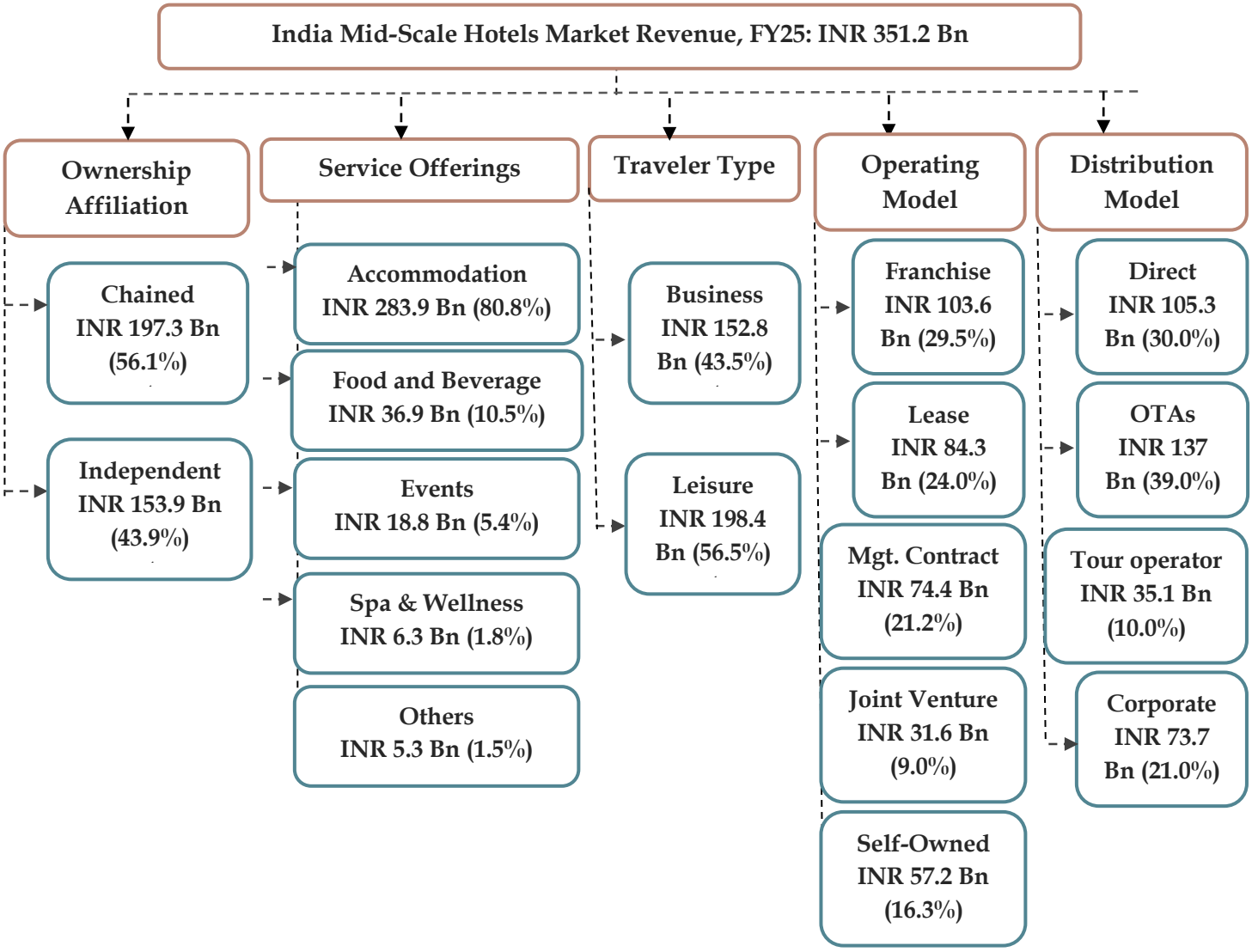
Figure 1-1 India Mid-Scale Hotels Market in Revenue Terms (INR Bn), FY25



Source: Ken Research Analysis

*Note: *Others include laundry and housekeeping services, Concierge services, Co-Working spaces, Technology services, etc.*

Note: Figures in brackets indicate the segment's share relative to other segments within the given market segmentation

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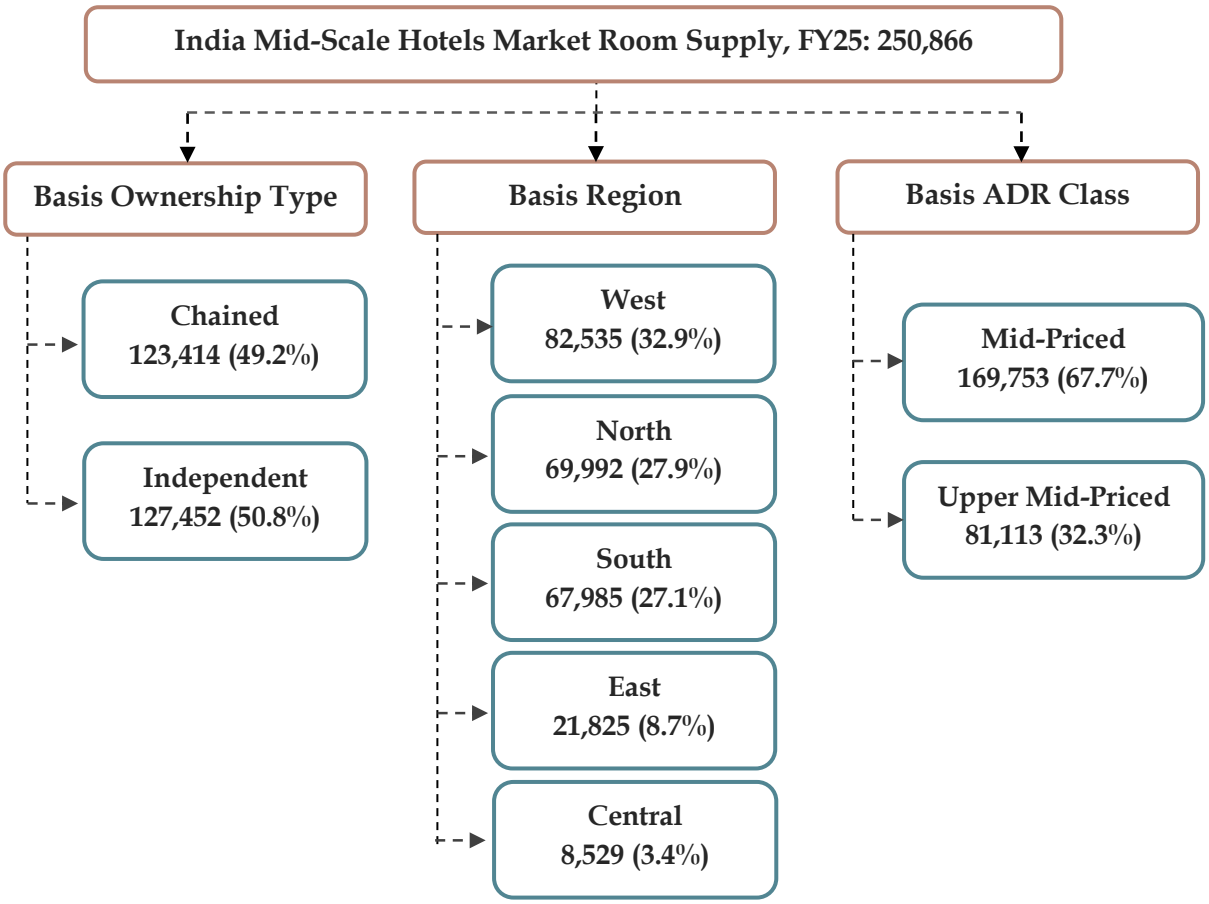
Figure 1-2 India Mid-Scale Hotels Market in terms of Room Supply, FY25



*Source: Ken Research Analysis; Note: **North** includes Chandigarh, Delhi, Haryana, Punjab, Jammu and Kashmir, Ladakh, Uttar Pradesh, Uttarakhand; **West** includes Damam & Diu, Gujarat, Rajasthan, Maharashtra, Goa; Central includes Madhya Pradesh and Chhattisgarh; **East** includes Bihar, Sikkim, West Bengal, Odisha, Assam, Arunachal Pradesh, Mizoram, Tripura, Nagaland, Manipur, Meghalaya; **South** includes Karnataka, Telangana, Andhra Pradesh, Kerala, Tamil Nadu, Puducherry, Andaman and Nicobar Islands and Lakshadweep*
Note: Mid-Priced Category includes hotel rooms with ADR ranging between INR 3,000 – INR 5,000; Upper Mid-Priced Category includes hotel rooms with ADR ranging between INR 5,000 – INR 7,500
Note: Figures in brackets indicate the segment's share relative to other segments within the given market segmentation

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Table 1-1 Industry Overview – India Mid-Scale Hotels Market

Key Trends	Growth Drivers	Challenges & Threats
• Rise of Branded Hotels in Mid-Scale Segment • Technology & Digital Transformation • Tier-II & III cities as Emerging Markets • Personalised Guest Experience • Govt. Support • Social Media & Influencer Marketing	• Rising Disposable Income and Affluence • Urbanization & Infrastructural Development • Rise in Bleisure (Business + Leisure) Travel in India • Religious and Spiritual Tourism	Market challenges: • Increasing Competition • Shortage of Skilled Labor • Sensitivity to Tourism Volatility • Consumer Price Sensitivity Market Threats • Alternative Accommodations • Environmental Regulations and Sustainability Pressures

Source: Ken Research Analysis

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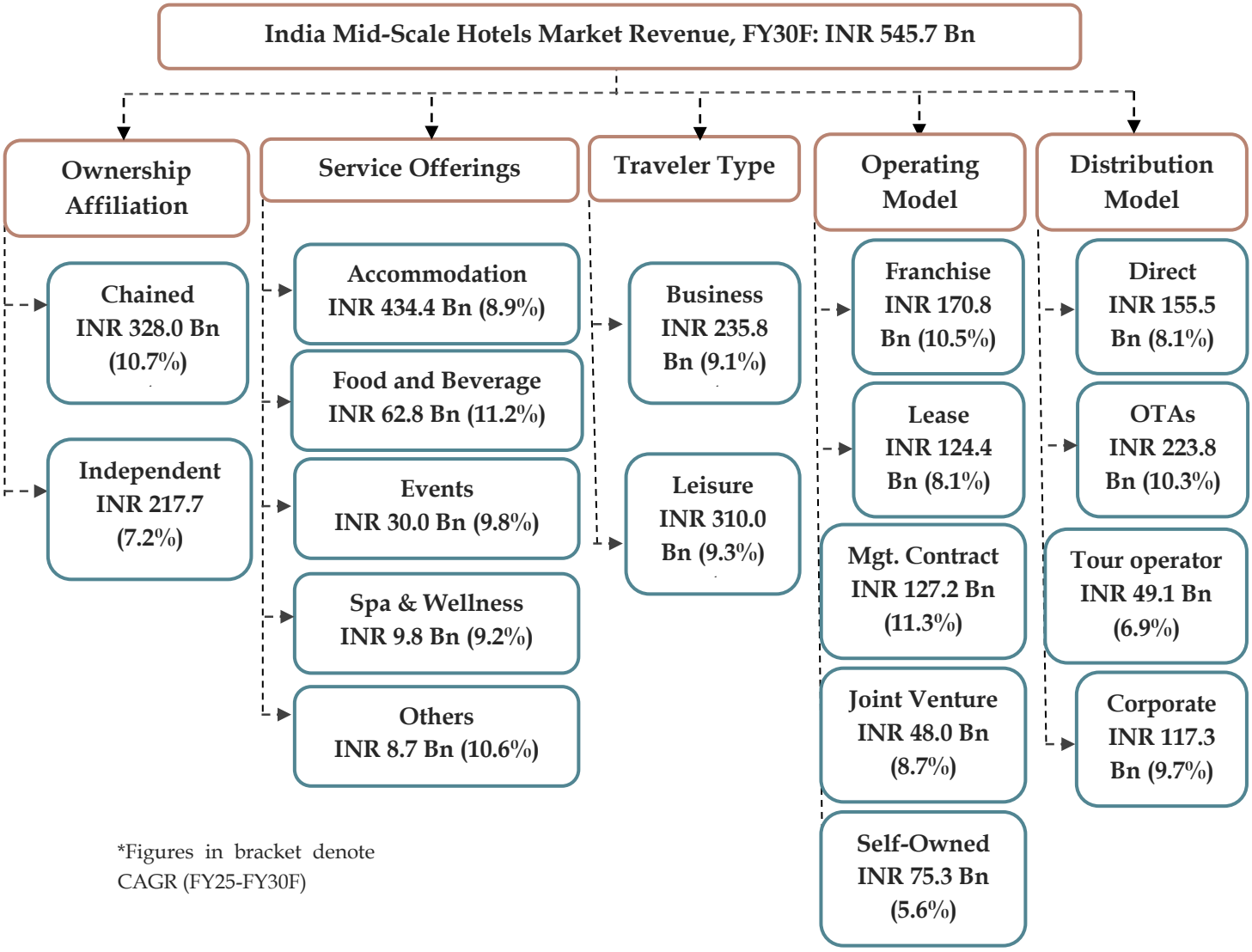
Figure 1-3 India Mid-Scale Hotels Market in Revenue Terms (INR Bn), FY30F



Source: Ken Research Analysis
*Note: *Others include laundry and housekeeping services, Concierge services, Co-Working spaces, Technology services, etc.; Note: CAGR is calculated for the period from FY25 to FY30F.*

The mid-scale hotel market is anticipated to grow at a CAGR of 5.1% in terms of room supply from FY25 to FY30, reaching a total of 322,307 rooms by FY30. Revenue in this segment is projected to increase at a CAGR of 9.2%, resulting in an estimated total of INR 545.7 billion. This growth is driven by rising traveler expectations and the expansion of mid-scale hotel services.

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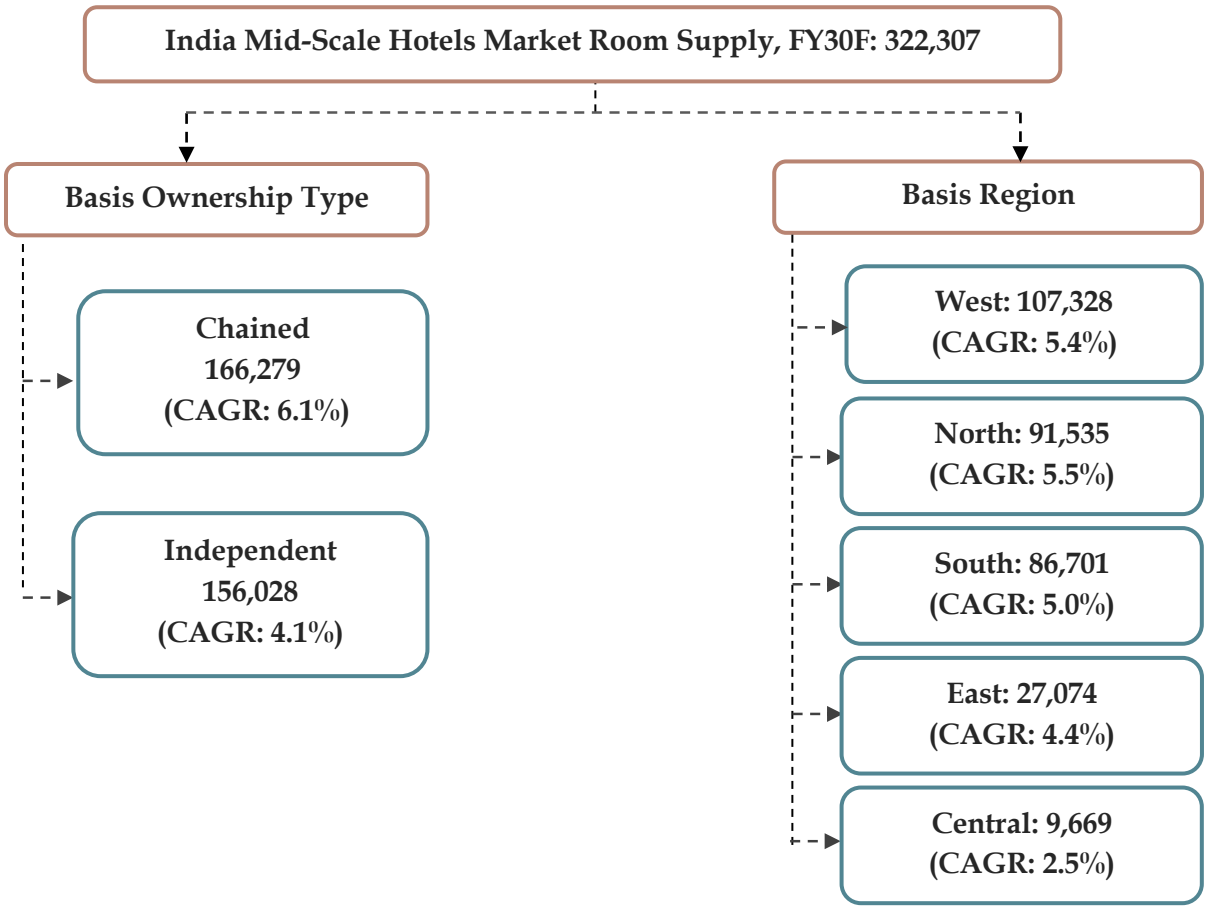
Figure 1-4 India Mid-Scale Hotels Market in terms of Room Supply, FY30F



Source: Ken Research Analysis

*Note: **North** includes Chandigarh, Delhi, Haryana, Punjab, Jammu and Kashmir, Ladakh, Uttar Pradesh, Uttarakhand; **West** includes Damam & Diu, Gujarat, Rajasthan, Maharashtra, Goa; Central includes Madhya Pradesh and Chhattisgarh; **East** includes Bihar, Sikkim, West Bengal, Odisha, Assam, Arunachal Pradesh, Mizoram, Tripura, Nagaland, Manipur, Meghalaya; **South** includes Karnataka, Telangana, Andhra Pradesh, Kerala, Tamil Nadu, Puducherry, Andaman and Nicobar Islands and Lakshadweep*

Note: Mid-Priced Category includes hotel rooms with ADR ranging between INR 3,000 – INR 5,000; Upper Mid-Priced Category includes hotel rooms with ADR ranging between INR 5,000 – INR 7,500

Note: CAGR is calculated for the period from FY25 to FY30F.

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2. India Hotels Industry Landscape and Positioning of Mid-Scale Hotels

In the pre-COVID era, India's hotel industry was already on a steady growth trajectory. In FY19, the market had an estimated supply of ~300,000 rooms, generating revenues of INR 534.8 billion. This momentum continued into FY20, with revenues growing 7.9% YoY to INR 577.3 billion, supported by a surge in domestic business travel, the rising influence of mid-scale and budget brands, and the government's focus on tourism infrastructure through initiatives like Dekho Apna Desh. The pre-pandemic phase also saw increasing traction for online booking platforms and loyalty programs driving occupancy levels.

However, the COVID-19 pandemic triggered an unprecedented downturn. Revenues plummeted to INR 232.2 billion in FY21 as nationwide lockdowns and severe travel restrictions pushed occupancy rates to historic lows of around 30%. Many independent operators exited the market or restructured operations. Despite these challenges, the sector demonstrated remarkable resilience—leaning on domestic leisure demand, hybrid work culture-driven staycations, and government interventions like Emergency Credit Line Guarantee Scheme (ECLGS) for MSMEs.

India's hotel industry has witnessed a robust turnaround in demand after the pandemic, led by the rising discretionary spending on tours and travels, revenge tourism, improving economic environment fueling corporate travels and revival of mega wedding season and other cultural events. **As of FY25, India has ~430,000 keys including branded hotels and independently run hotels.** Of this, the current branded inventory market size as of FY25 stands at ~200,000, accounting for around 46% of the overall market. The overall hotel industry generated revenue of INR 944.4 billion in FY25. This figure is projected to grow at a CAGR of 8.7%, reaching an

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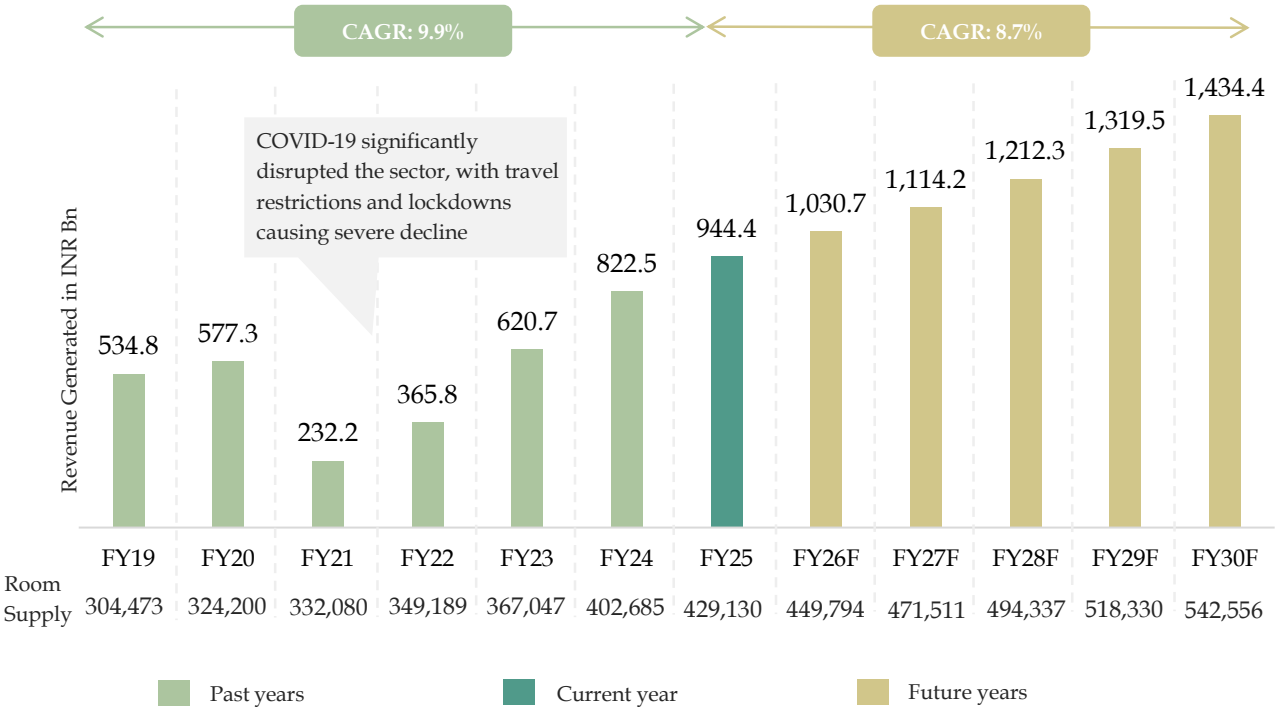
estimated INR 1,434.4 billion in the coming years, driven by rising domestic tourism, and continued investment in branded hotel infrastructure.

Figure 2-1 India Hotels Industry Overview, FY19, FY25 & FY30

	Market Size *(in INR Bn)*	Rooms Supply	Occupancy Rate	Average Daily Rate *(in INR)*
FY19	~535	~300,000	65 - 66%	5,000–5,200
FY25	~944	~430,000	63 - 64%	6,400-6,600
FY30	~1,434	~543,000	65 - 66%	7,500-7,700

Source: Ken Research Analysis; Note: FY stands for financial year

Figure 2-2 India Hotels Market Revenue and Room Supply, FY19-FY25-FY30F



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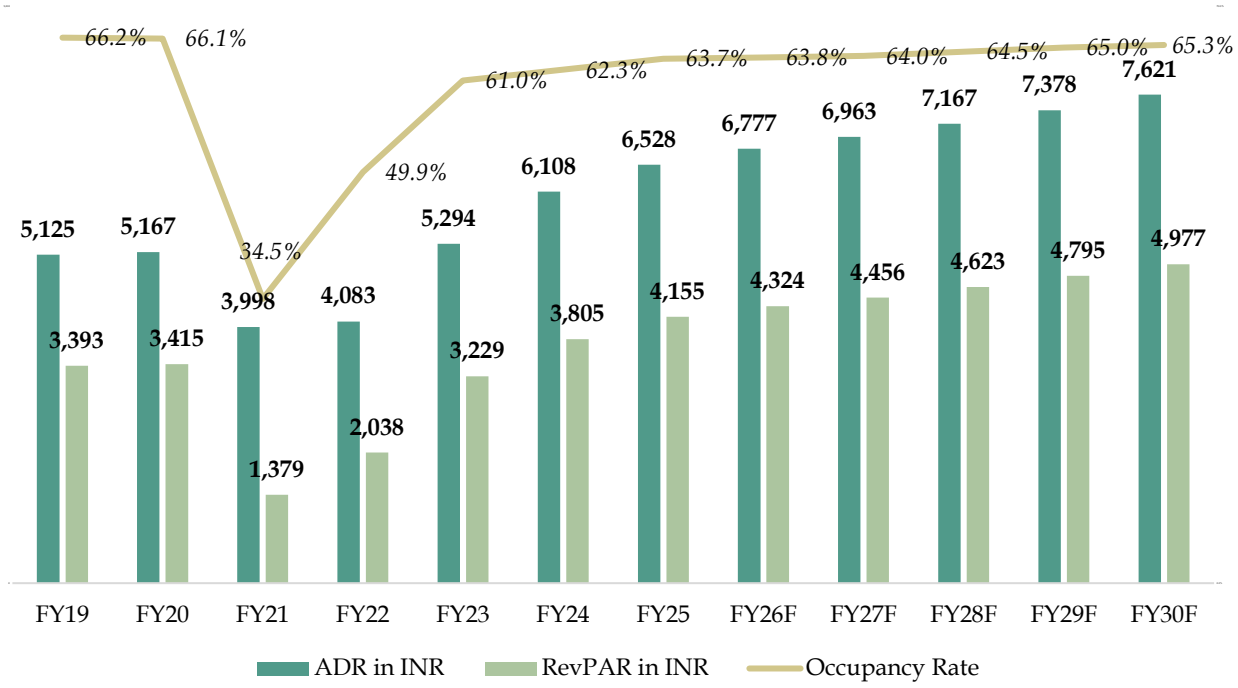
In FY25, the Indian hotel market achieved an Average Daily Rate (ADR) of INR 6,528, with an average occupancy rate of 63.7% across all hotels, resulting in a RevPAR (Revenue Per Available Room which is calculated by multiplying ADR charged and the occupancy rate achieved for a given period. RevPAR does not include other ancillary, non-room revenues, such as food and beverage revenues or transport, telephone and other guest service revenue generated by the hotel) of INR 4,155.

As the market moves towards more premiumization and branded supply, the ADR is expected to rise to INR 7,621 by 2030, with increasing demand pushing the occupancy rate to 65.3%, resulting in a projected RevPAR of INR 4,977.

Figure 2-3 India Hotels Industry KPIs (ADR, RevPAR, Occupancy Rate), FY19-FY25-FY30F



Source: Ken Research Analysis; Note: F represents Forecasted figures

Note: RevPAR indicates revenue per room available which is calculated by multiplying ADR charged and the occupancy rate achieved for a given period. RevPAR does not include other ancillary, non-room revenues, such as food and beverage revenues or transport, telephone and other guest service revenue generated by the hotel.

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Classification of India Hotels Market:

India's hotel industry can be classified into various segments based on their market positioning by Average Daily Rate (ADR). These segments cater to diverse traveler preferences, offering distinct levels of services and amenities. Each segment plays a crucial role in meeting the needs of different traveler demographics and enhancing the overall hospitality landscape in India.

The table below categorizes hotels in the Indian market based on their Average Daily Rate (ADR) classes. While economy hotels primarily offer essential services, higher-priced categories progressively include more amenities. Mid-scale hotels, in particular, strike a balance by offering features like complimentary Wi-Fi, breakfast, dining options, and basic business facilities at an affordable price point.

Figure 2-4 India Hotels Market Classification basis ADR classes, FY25

Economy	Mid-Priced	Upper Mid-Priced	Premium	Luxury
ADR: <INR 3,000	ADR: INR 3,000 – 5,000	ADR: INR 5,000 – 7,500	ADR: INR 7,500 – 10,000	ADR: >INR 10,000
Economy hotels offer budget-friendly stays with essential services, typically including basic rooms, free Wi-Fi, and limited amenities like continental breakfast or parking	Mid-Priced Hotels offer affordable stays with moderate services, including amenities like free Wi-Fi, breakfast, fitness center	Upper mid-priced hotels provide enhanced comfort with additional amenities like dining options, upgraded rooms, and business facilities, at a reasonable cost	Premium hotels provide high-quality service with upscale amenities, featuring fine dining, spacious rooms, concierge services, and premium wellness facilities	Luxury hotels deliver top-tier experiences with personalized service, lavish accommodations, fine dining, and exclusive amenities like spas, chauffeur services, and private suites

Source: Ken Research Analysis

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The segmentation of India's hotel room supply highlights the strong presence of mid-scale accommodations, particularly in the INR 3,000–7,500 ADR range. This reflects sustained demand for affordable yet comfortable stays, appealing to both leisure and business travelers seeking value without compromising on quality.

The chart below segments hotels room supply by ADR classes in India. As of FY25, India's hotel industry comprises ~430,000 rooms, with **the mid-scale segment (Mid-Priced and Upper Mid-Priced combined) accounting for the largest share of inventory.** Mid-Priced hotels lead with ~169,753 rooms (39.5% of total supply), followed by Upper Mid-Priced with ~81,113 rooms (18.9%). Together, they represent over 58% of the country's total room inventory, underscoring the dominance of mid-scale properties in serving India's expanding middle-class and SME business travel market.

Economy hotels, with ~89,551 rooms (20.9%), continue to hold a significant share, driven by demand in Tier-II/III cities and highway corridors. In contrast, Luxury and Premium segments remain relatively niche, with ~40,817 and ~47,896 rooms respectively, catering largely to inbound international tourists and high-end domestic travelers.

By FY30, the mid-scale segment (Mid-Priced and Upper Mid-Priced) will continue to dominate India's hotel market, collectively accounting for nearly **60% of total room supply**. Within this, **Upper Mid-Priced hotels are projected to be the fastest-growing category**, expanding at a CAGR of ~8.1% to add ~39,000 rooms, driven by rising demand from aspirational domestic travelers and SME corporate clients seeking standardized yet affordable stays.

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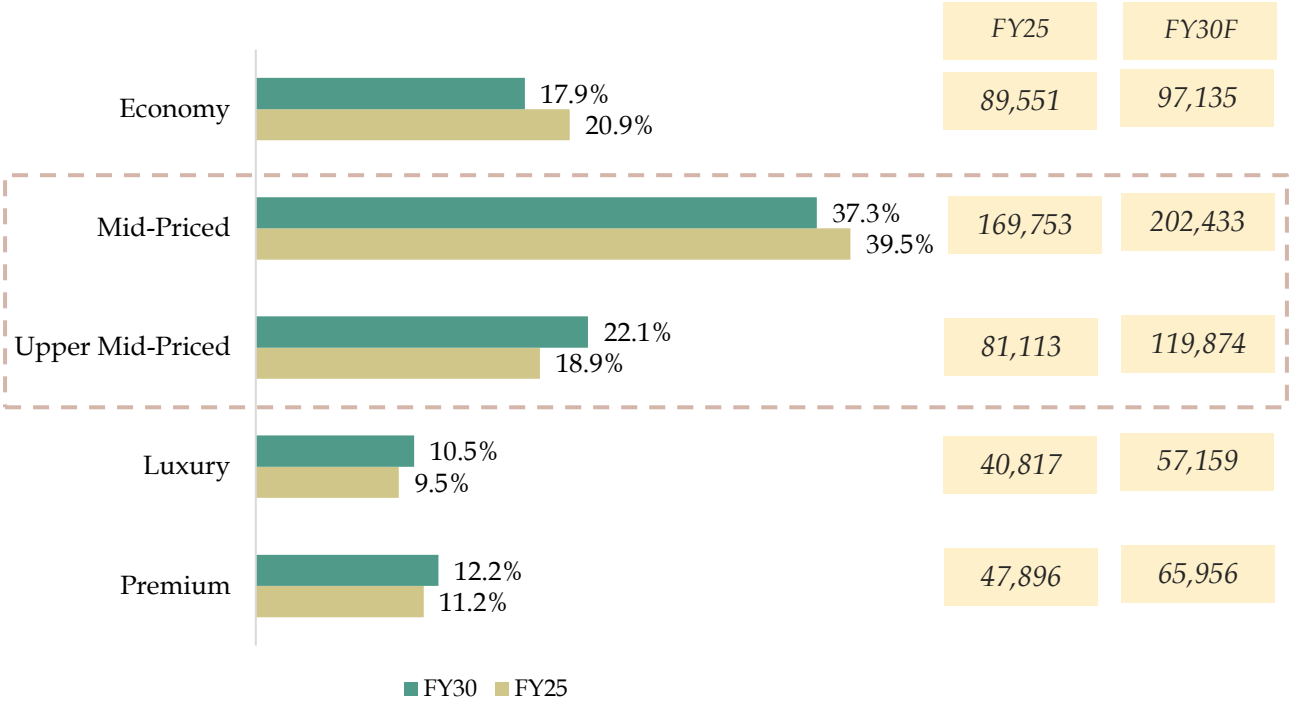
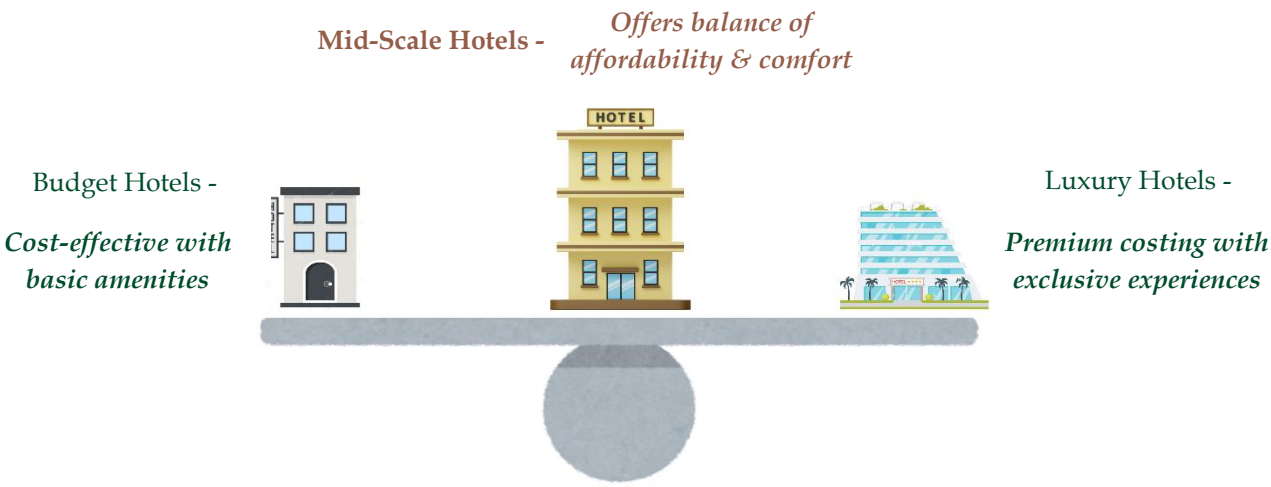
Figure 2-5 Segmentation of India Hotels Room Supply basis ADR Classes, FY25 & FY30F



Source: Ken Research Analysis

Note: The market segments within the box collectively represent the mid-scale hotels market

The Indian mid-scale hotels segment has emerged as a critical growth driver within the broader hospitality industry, fueled by a combination of rising domestic travel, changing consumer preferences, and increasing disposable incomes. This segment caters to the rapidly growing middle-class and value-conscious travelers, positioning itself between the budget and luxury hotel categories, offering a balance of affordability and comfort.



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In terms of customer loyalty and guest satisfaction, **the repeat rate**—defined as the percentage of guests who return to stay at the same hotel after their first visit—**stands at approximately 28% in the Indian mid-scale hotel business landscape.**

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3. India Mid-Scale Hotels Market

Travelers today are seeking more than just basic accommodation; they expect comfortable stays, modern amenities, and services that align with international standards, all while remaining cost-conscious. This shift has significantly contributed to the growth of the mid-scale market, transforming it into one of the most competitive and innovative segments in India.

The growth of domestic tourism, changing lifestyles, increasing affinity towards competitively priced branded hotels and expansion of business activity to Tier 2 & 3 cities have bolstered the popularity of Mid-market or Midscale hotels in India in the recent past. Both domestic and international hotel companies with established as well as new midscale brands have increased their presence in the country to leverage the growing demand from middle-income domestic travelers and international budget travelers, especially in Tier 2, 3 & 4 cities.

"In the past, hotels have been categorized as either luxury or budget hotels, but with the growing demands and desires of travelers wanting more comfort and amenities without extravagant spending, many hotels are finding a sweet spot in the middle. "

The India mid-scale hotels market has evolved significantly over the past decade. Initially dominated by independent hotels and regional players, the segment saw a shift as international and national hotel chains recognized the potential in catering to middle-income travelers. Indian hotel chains such as Bloom hotels, Fortune Park, Ginger, Lemon Tree Hotels, Royal Orchids, Sarovar Hotels, Sayaji Hotels, Taldar Hotels & Resorts and more have established a strong presence across the country, offering standardized yet affordable experiences. At the same time, global brands like Holiday Inn Express, ibis, and Fairfield by Marriott have expanded their mid-scale portfolios in India.

Mid-scale hotels in India are increasingly transitioning from the traditional economy select-service model to a more comprehensive full-service approach, driven by evolving customer expectations and heightened

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competition. Originally, these hotels focused primarily on offering basic services such as clean rooms, limited dining options, and essential amenities at affordable prices. However, as travelers seek more enriched experiences, mid-market hotels have expanded their offerings to enhanced facilities like multiple dining options, wellness centers, meeting spaces, and recreational services.

Trends such as flexible booking options, dynamic pricing, standardized guest experience, integrated leisure and business amenities are becoming vital differentiators for mid-scale hotels in capturing the evolving preferences of modern travelers.

3.1. India Mid-Scale Hotels Market Size and Segmentation, FY19-FY25

India's mid-scale hotels market has demonstrated robust growth over the last six years, **registering a CAGR of 9.6% from FY19 to FY25. Revenues rose from INR 202.1 billion in FY19 to INR 351.2 billion in FY25,** driven by rising domestic tourism, improved affordability, and increasing preference for branded stays in Tier I and II cities.

The market experienced a sharp disruption during the COVID-19 pandemic, with **revenues plunging nearly 50% in FY21** due to lockdowns, restricted travel, and a collapse in corporate and leisure demand. However, recovery began gradually in FY23, supported by the resurgence of domestic travel, "revenge tourism," and a shift towards value-for-money accommodations amid inflationary pressures.

Room supply has kept pace with this demand revival, growing from 183,040 rooms in FY19 to 250,866 in FY25— indicating renewed investor confidence and steady expansion by both chain-affiliated and independent hotel operators.

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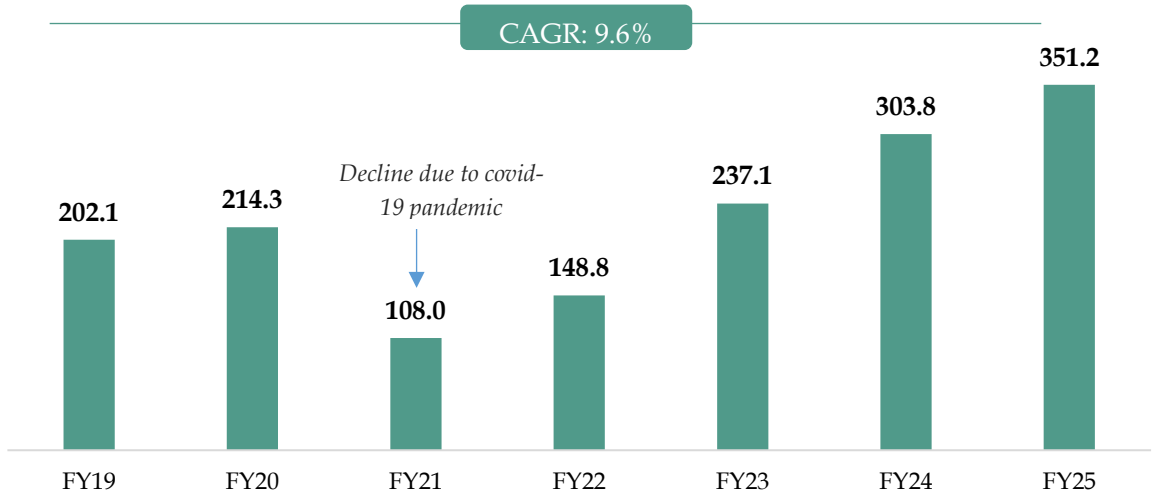
Figure 3-1 India Mid-Scale Hotels Market Size in Value (Revenue Generation), in INR Bn, FY19-FY25F



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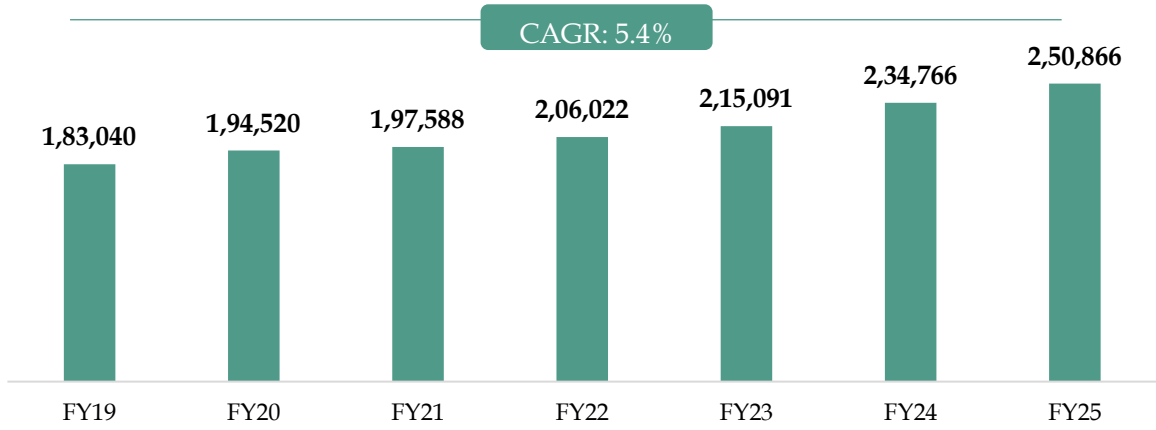
India Mid-Scale Hotels Market comprises of around 4,000 hotels as of FY25, comprising branded and independent hotels, with a supply of 250,866 rooms as of FY25.

Figure 3-2 India Mid-Scale Hotels Market Size in Volume (Rooms Supply), FY19-25



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Market Key Performance Indicators

The COVID-19 pandemic significantly impacted the Indian mid-scale hotels market, leading to a decline in key performance indicators such as Revenue per Available

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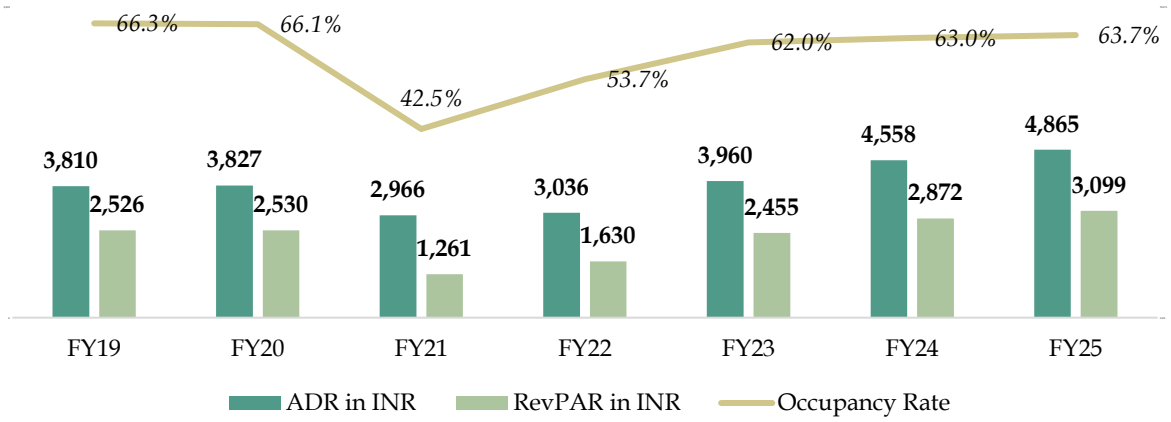
Room (RevPAR), Occupancy Rate, and Average Daily Rate (ADR) from FY19 to FY21. However, the industry witnessed a strong recovery in FY22, with both ADR and RevPAR surpassing pre-pandemic levels, while occupancy rates showed substantial improvement.

As of FY25, the Average Daily Rate (ADR) in the mid-scale hotels market of India stood at INR 4,865, with an occupancy rate of 63.7%, resulting in a RevPAR of INR 3,099.

Figure 3-3 KPIs (ADR, RevPAR, Occupancy Rate) for India Mid-Scale Hotels Market, FY19-FY25



Source: Ken Research Analysis; Note: F represents Forecasted figures

3.2. India Mid-Scale Hotels Market Size and Segmentation, FY25-FY30F (Future Scenario)

India's mid-scale hotels market is projected to expand at a CAGR of 9.2% from FY25 to FY30, reaching an estimated revenue of INR 545.7 billion by the end of the forecast period.

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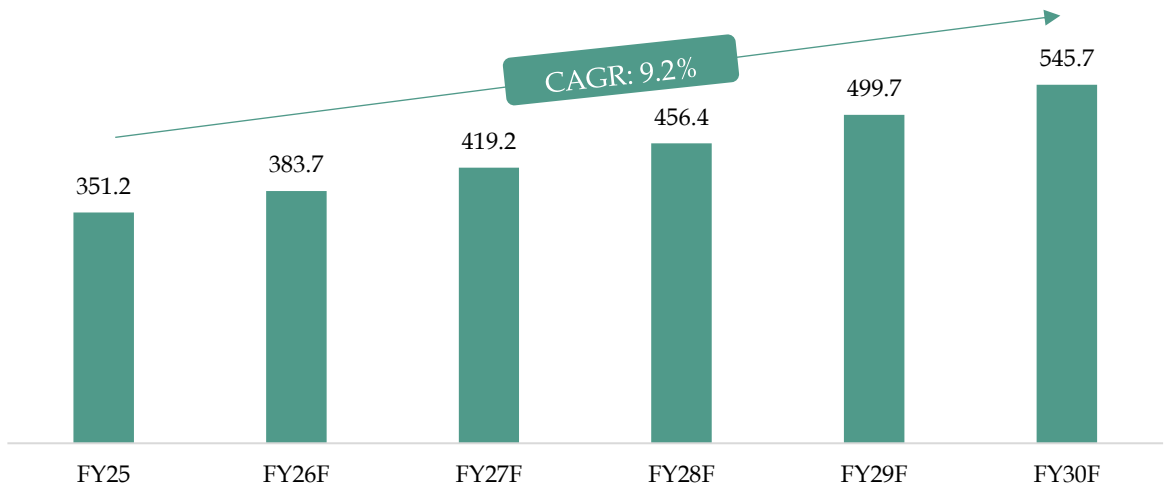
Figure 3-4 India Mid-Scale Hotels Market Size in Value (Revenue Generation), in INR Bn, FY25-FY30F



Source: Ken Research Analysis; Note: F represents Forecasted figures
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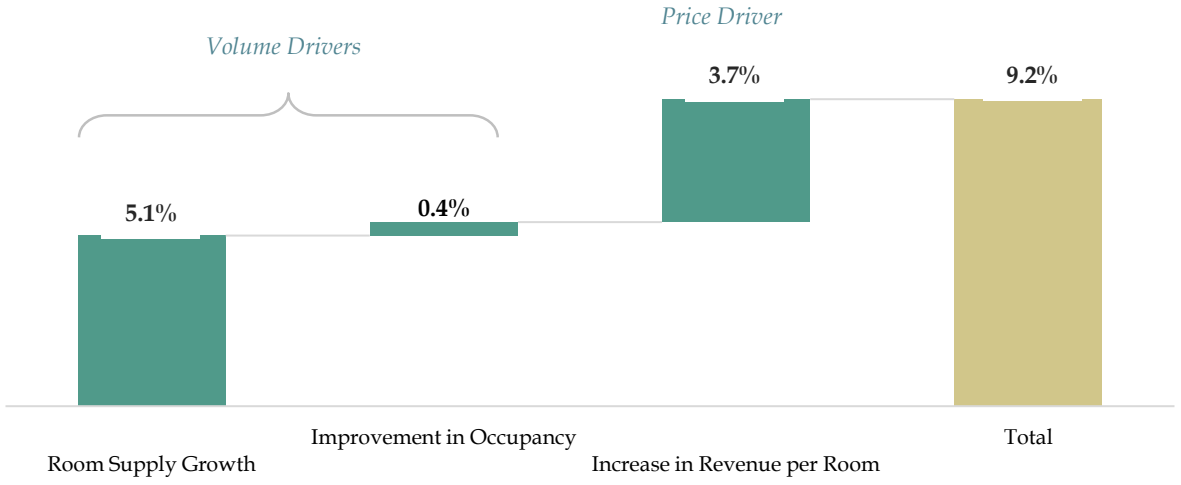
Figure 3-5 CAGR Growth Component Split in India Mid-Scale Hotels Market, FY25-FY30



Source: Interviews with Industry Experts, Industry Articles & Ken Research Analysis

The mid-scale hotel rooms supply is projected to grow at a CAGR of 5.1% from FY25 to FY30 and reach 322,307, driven by an increasing number of hotel developments and expansions within this category.

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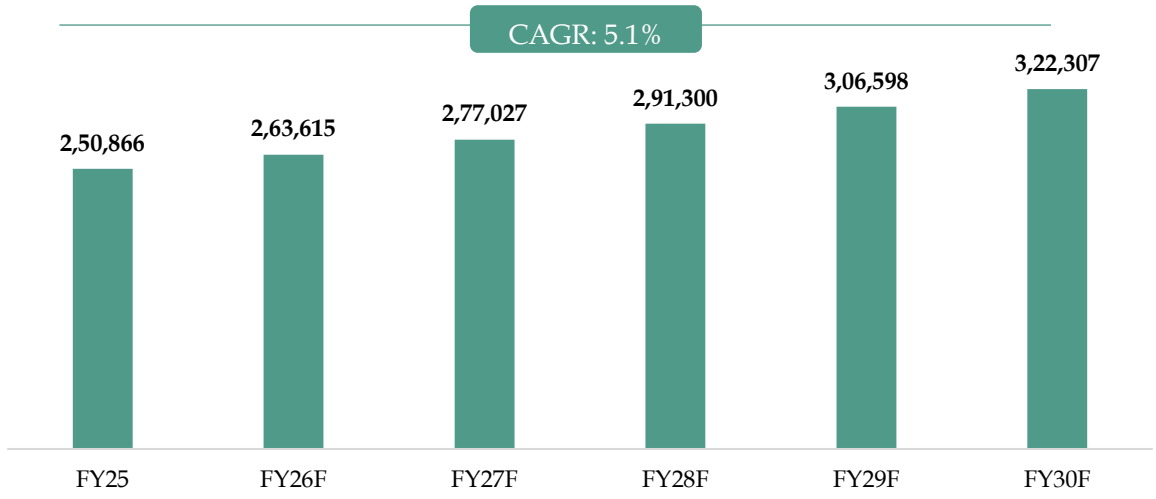
Figure 3-6 India Mid-Scale Hotels Market Size in Volume (Rooms Supply), FY25-30F



Source: Ken Research Analysis; Note: F represents Forecasted figures

The market has significant potential for expansion in the coming years, fueled by several key factors such as the robust increase in domestic tourism; the growing middle class, alongside their evolving lifestyles; a significant uptick in business travel, particularly from small and medium-sized enterprises (SMEs); and the broadening scope of business activities into Tier 2, 3, and 4 cities.

"The concept of "lean luxury" will become popular in India with a vast market of travelers who seek value for money—comfortable, contemporary, and convenient stays at affordable prices."

Furthermore, the advent of the digital era and the spread of online travel agencies (OTAs) have significantly simplified the process for travelers to locate and reserve hotel accommodations, enhancing accessibility and visibility for the midscale segment. Together, these economic, social, and technological trends are spurring demand for midscale hotels, which provide a blend of quality, affordability, and convenience, amidst a landscape of rising consumer expectations.

Market Key Performance Indicators

Looking ahead, with continued growth in domestic tourism, rising demand from business travelers, and increased digital adoption in the hospitality sector, the ADR is projected to reach INR 5,697 by FY30, reflecting a CAGR of 3.2% (FY25-30F). Occupancy rates are also

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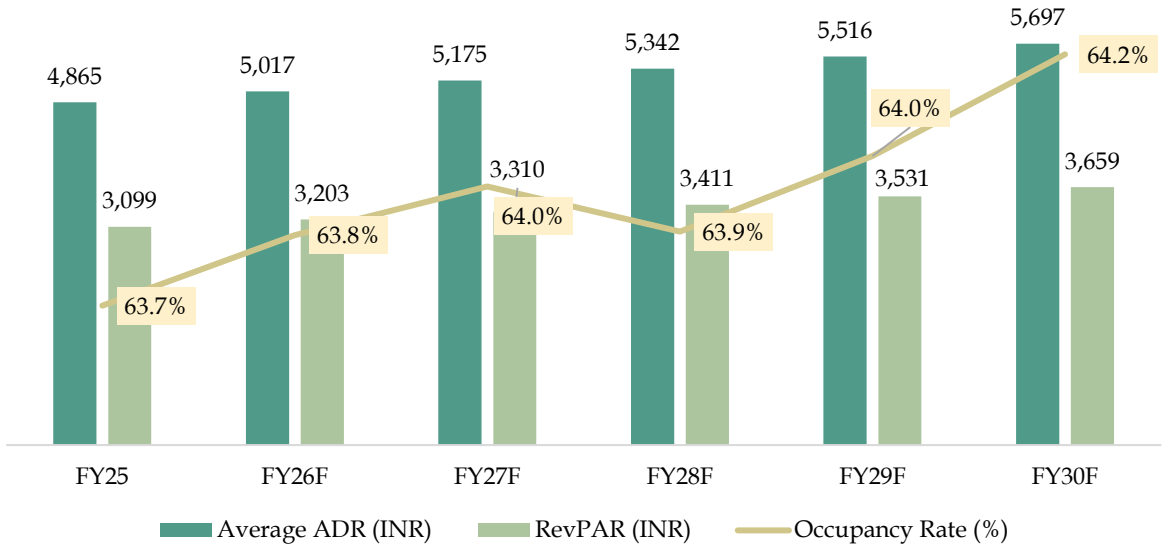
expected to see an upward trend, driven by improved infrastructure, expansion of travel segments, and a focus on value-driven offerings, reaching 64.2% by FY30, with RevPAR rising to INR 3,659.

Figure 3-7 KPIs for India Mid-Scale Hotels Market, FY25-FY30F



Source: Ken Research Analysis; Note: F represents Forecasted figures

Upcoming Projects in India Mid-Scale Hotels Industry

India's mid-scale hotel segment is witnessing aggressive expansion, with major players like Marriott, Hilton, and Accor targeting secondary cities and leisure travelers. Notably, Hilton plans to quadruple its room count via the Spark brand, while Accor is banking on Treebo's 800-property scale for rapid growth.

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Table 3-1 List of Key Upcoming Projects in India Mid-Scale Hotel Industry (As of May FY25)

Player	Project Type	Rooms / Hotels	Additional Insights
Marriott International	Launch of midscale collection brand 'Series by Marriott'	The Fern: 84 hotels operational, 31 in pipeline (~8,000 rooms)	Focus on eco-conscious hospitality in secondary and tertiary cities
Accor + InterGlobe	Expansion via Treebo Hotels acquisition and mid-market brand rollout	Treebo: ~800 properties	Push for Ibis and Mercure expansion in India
Hilton Worldwide + Embassy Group	150 Spark hotels in India (mid-market)	Plan to quadruple room count in 5 years	India-first brand Spark, focused on leisure travel boom
Radisson Hotel Group	Expansion in East India (Deoghar, Puri, Ranchi)	~400 rooms across 3 hotels	Strengthens regional footprint
SAMHI Hotels + GIC	Upscale hotel development JV	To be developed	Backed by Singapore's sovereign fund

Source: Interviews with Industry Experts & Ken Research Analysis

Unit Economics of a Mid-Scale Hotels in India:

The mid-scale hotels segment in India is heavily driven by the preferences of cost-conscious yet experience-focused travelers. **Unlike luxury hotels, where additional services contribute significantly to the overall revenue, mid-scale hotels see a dominant reliance on room revenue, reflecting the priorities of their typical guests.**

Understanding the unit economics of this segment is essential for optimizing profitability, as hotels must strike a balance between offering quality accommodations and managing operational expenses efficiently. This section delves into the financial structure of a typical mid-scale

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hotel, highlighting key revenue sources and expense drivers that may shape its operational success.

Room revenue, constituting 80-85% of total revenue, remains the primary source of income for mid-scale hotels, underscoring the importance of maintaining high occupancy rates and optimizing room pricing strategies.

Labor cost is one of the largest components of the expense structure, a reflection of the service-oriented nature of the hospitality industry. Efficient staff management, training, and adopting automation technologies can help mitigate these expenses without compromising service quality.

In the current scenario, operating profit margin ranges between 30% to 45%. Tight control over operational expenses, especially SWB and HLFP (Table 3-2), will be key to improving margins. The implementation of automation, sustainable practices, and energy-efficient technologies will allow hotels to cut unnecessary costs.

Table 3-2 Unit Economics of a Mid-Scale Hotel in India

Particulars (INR Cr.)	Values
Number of Rooms	**100**
Number of Room nights available	36,500
Occupancy (%)	63.5%
Room nights occupied	23,178
ADR (INR)	**4,806**
Total Rooms Revenue	11.1
Food and Beverage Revenue	1.4
Events and Other Revenue	1.0
Total Revenue	13.5
SWB (Salary, Wages, Benefits) Expense	**2.1**
HLFP (Heat, Light, Fuel, Power) Expense	**1.1**
Cost of Food & Beverages consumed	**1.4**

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Other Expenses (consumables, maintenance, etc)	**4.5**
Total Expenses	**9.1**
Operating Profit (Margin%)	**4.4**

Source: Interviews with Industry Experts & Ken Research Analysis
Note: Following assumptions are made: (i) The model assumes a typical mid-scale hotel with 100 rooms available for operations throughout the year. (ii) Full operational capacity with no seasonal closures or maintenance downtime

Market Segmentations

By Ownership Affiliation:

The India mid-scale hotels market is broadly segmented into two categories basis ownership type: **chained or branded hotels** and **independently owned hotels**. As of FY25, independent hotels continue to dominate the market in terms of the number of properties. However, there is a noticeable shift in consumer preference toward branded hotels, driven by demand for standardized services and consistency in offerings. **While independent hotels retain a significant market share, they face challenges in competing with the consistency and brand recognition that larger hotel chains provide.**
In FY25, the supply of chained mid-scale hotel rooms reached 123,414, accounting for a 49.2% share of the mid-scale segment.

The overall revenue generated from chained and independent mid-scale hotel segments stood at INR 197.3 Bn & INR 153.9 Bn respectively.

Table 3-3 Chained vs Independent Mid-Scale Hotels Market basis important KPIs, FY25

KPI	Chained Mid-Scale Hotels	Independent Mid-Scale Hotels
Average ADR	INR 5,209	INR 4,532
Occupancy Rate	~63.9%	~63.5%
Revenue Generated	INR 197.3 Bn	INR 153.9 Bn

Source: Interviews with Industry Experts & Ken Research Analysis

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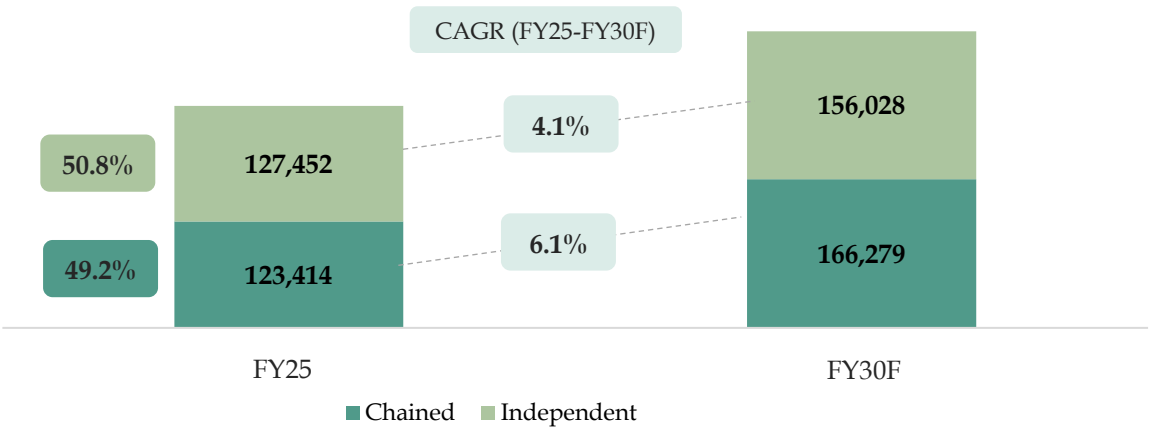
The chained mid-scale hotel segment is projected to grow at a CAGR of 6.1% from FY25 to FY30, reaching 166,279 rooms by the end of the forecast period. Conversely, the supply of rooms in independent mid-scale hotels is expected to grow at a slower CAGR of 4.1% during the same period.

In response to the increasing demand for branded accommodations, there is a rising trend of major hotel chains acquiring or taking over independent properties. This allows them to rapidly expand their portfolio while enhancing the value proposition of previously unbranded hotels.

Figure 3-8 India Mid-Scale Hotel Rooms Supply by Ownership Type, FY25 & FY30F



Source: Ken Research Analysis; Note: F represents Forecasted figures

By Ownership Model:

India's mid-scale hotel market exhibits a diverse operating model mix, shaped by brand strategy, capital allocation, and operational control preferences

In FY25, franchise and lease models dominate the mid-scale hotel space, contributing nearly 54% of total revenue. Franchise, at 29.5%, leads the pack as hotel chains like Lemon Tree and Royal Orchid expand through capital-light models, while lease models (24%) offer operators like Ginger more control over operations and guest experience. Management contracts account for 21.2%, increasingly

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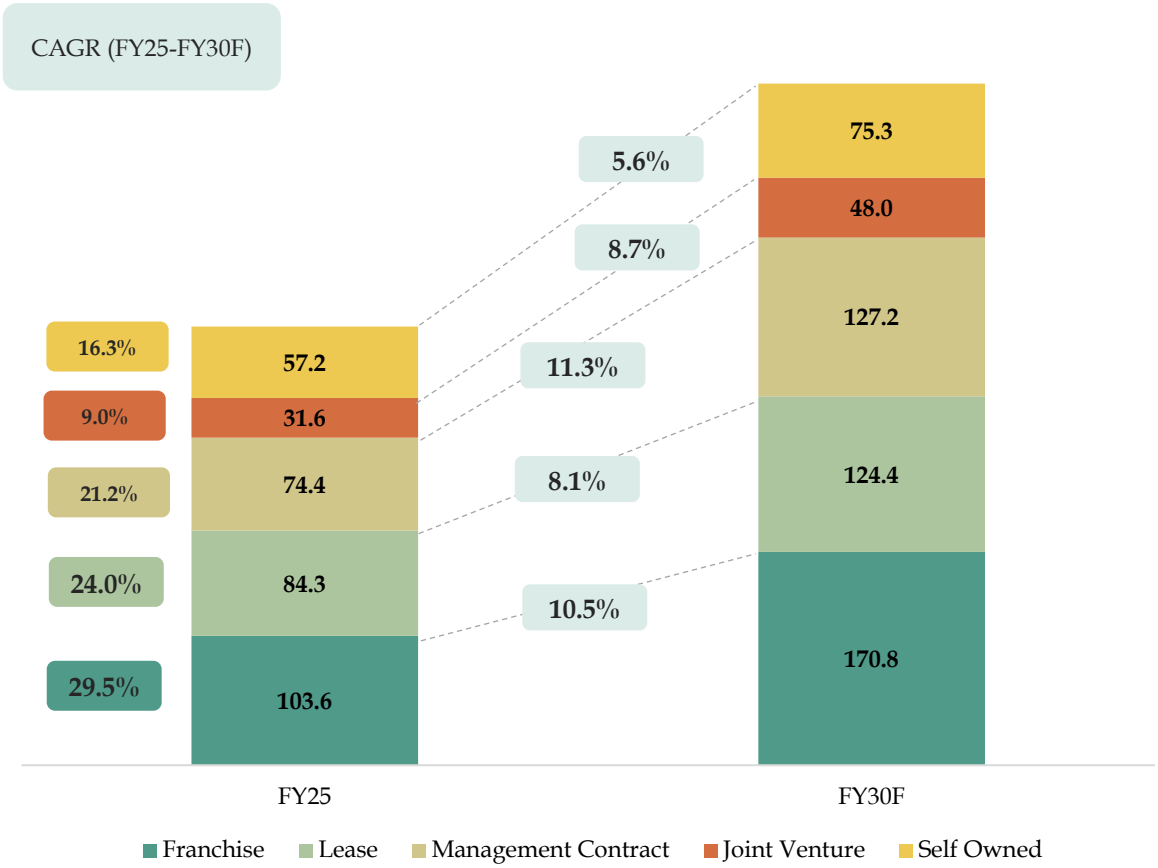
preferred by real estate owners seeking professional operators without relinquishing ownership. Self-owned hotels and joint ventures together form 25.3% of the market, reflecting legacy ownership structures and strategic partnerships in specific locations.

By FY30, franchise and management contracts will expand their share to a combined 54.6%, led by the growing shift toward asset-light expansion. Franchise will grow to 31.3%, while management contracts will rise to 23.3%, benefiting chains looking for scalable yet low-risk growth models. In contrast, lease and self-owned models will see a modest decline in share, indicating the market's structural shift toward more flexible and partnership-driven operating formats.

Figure 3-9 India Mid-Scale Hotels Revenue (INR Bn) by Ownership Model, FY25 & FY30F



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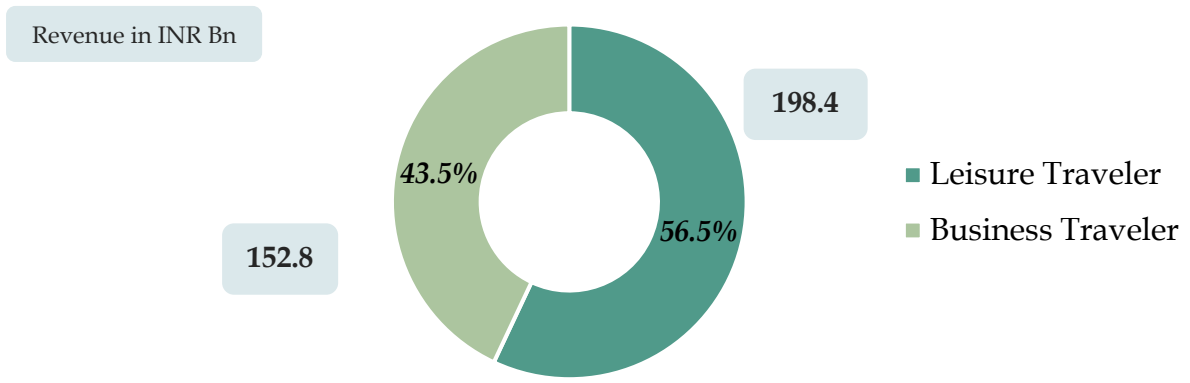
By Traveler Type:

The India mid-scale hotel market is segmented primarily into two customer types: business travelers and leisure travelers. **In FY25, leisure travelers dominated the market, accounting for 56.5% of total revenue, generating INR 198.4 billion. Business travelers contributed 43.5% of the revenue, amounting to INR 152.8 billion.**

Figure 3-10 Split of India Mid-Scale Hotel Market by Traveler Type, FY25



Source: Ken Research Analysis

The emphasis on mid-scale accommodations by corporate clients stems from the need to balance travel budgets while still ensuring a satisfactory level of service and amenities for business meetings and stays. In FY23, India's business travel spending surged by almost 25% reaching 78% of pre-pandemic levels. **In FY24, the projected growth in business travel and meetings and events, is likely to grow by 18%.** India is the ninth-largest market globally for business travel expenditure and the fourth-largest in the Asia Pacific region. (Source: Skift)

Mid-scale hotels offer an appealing mix of affordability and amenities, making them the go-to option for leisure travelers seeking comfortable yet reasonably priced stays. The Leisure segment continues to expand and contribute positively. Room revenue share of 5 markets – Goa, Jaipur, Udaipur, Uttarakhand and HP almost doubled, from 8.5% for 2019 to 16.9% for FY23. (Source: Horwath)

In FY25, the **leisure traveler** segment of India's mid-scale hotel market was led by **families**, contributing 40.3% of

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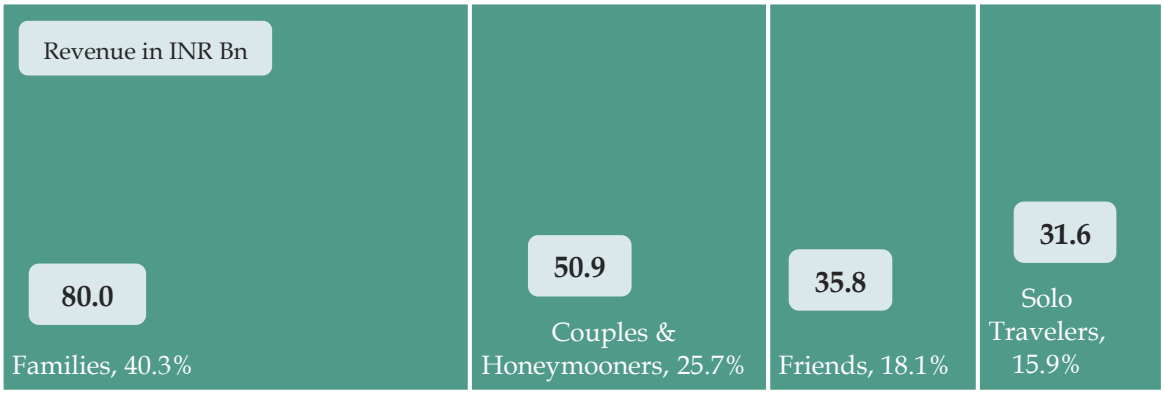
total revenue, or **INR 80.0 billion**. Families continue to be a key driver in this space, particularly due to the need for affordable, family-friendly accommodations that cater to larger groups, especially in popular vacation destinations. **Couples and honeymooners** made up **25.7%** of the segment, generating **INR 50.9 billion** in revenue, as mid-scale hotels provide a balance of comfort and affordability, making them ideal for romantic getaways and honeymoon packages. The **friends** segment, accounting for 18.1% and generating **INR 35.8 billion**, is largely fueled by the increasing trend of group leisure trips, especially among young professionals who seek cost-effective accommodations without compromising on quality or shared experiences. Lastly, **solo travelers**, although a smaller segment at **15.9%** with **INR 31.6 billion** in revenue, reflect a growing trend of independent travel. Mid-scale hotels are often the preferred choice for these travelers due to their combination of affordability, convenience, and safety, particularly in urban and adventure-centric destinations.

Figure 3-11 Split of India Mid-Scale Hotel Market by Leisure Traveler Type, FY25



Source: Ken Research Analysis

While, the business travelers' segment is expected to grow at a CAGR of 9.1% to reach revenue generation of INR 235.8 Bn in FY30, the leisure segment will continue to dominate

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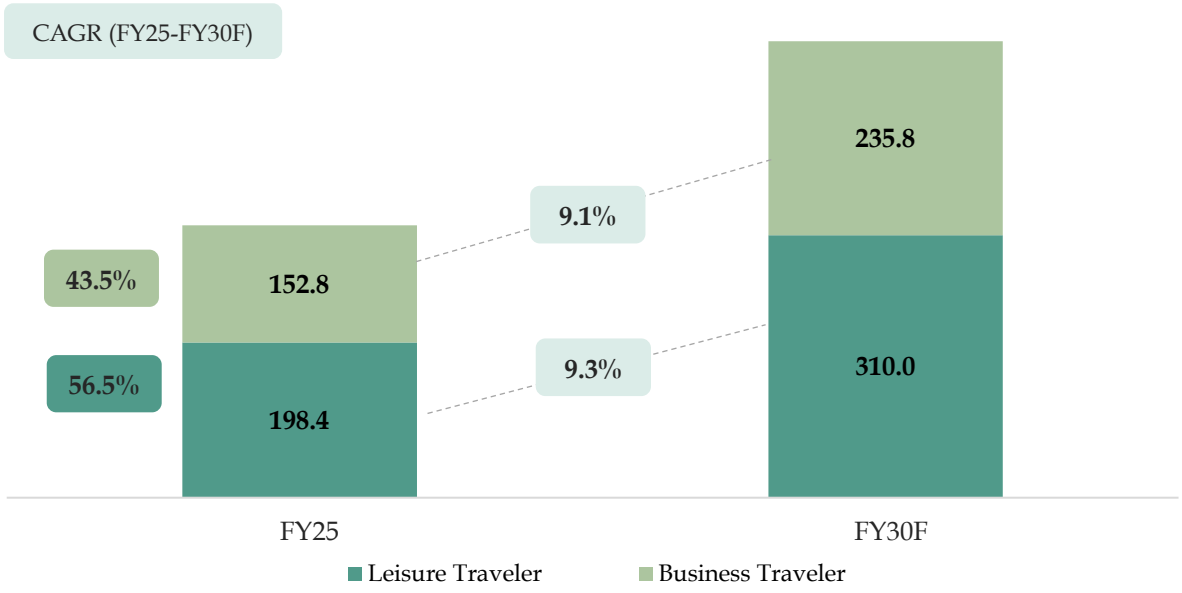
with revenue share of 56.8% and CAGR of 9.3% during the forecast period.

Figure 3-12 India Mid-Scale Hotels Revenue (in INR Bn) by Traveler Type, FY25 & FY30F



Source: Ken Research Analysis; Note: F represents Forecasted figures

Needs and Desires basis different Traveler Types: India's mid-scale hotels while catering to diverse range of customer profiles (including business travelers, leisure couples, families, groups, and budget-conscious individuals) aim to achieve unique needs of different customer segments—from reliable Wi-Fi and meeting spaces to family-friendly amenities and cost-effective services—while commonly facing challenges like inconsistent service quality and limited personalization. Understanding these expectations is critical for hotels aiming to enhance guest satisfaction and loyalty.

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Table 3-4 Needs, Desires, Pain-points for Different Customer Segment of Mid-Scale Hotels in India.

Customer Segment	Needs	Desires	Pain Points
Business Travelers	Fast check-in/out, Wi-Fi, meeting rooms, proximity to business hubs	Quiet rooms, co-working spaces, 24/7 room service, airport transfers	Inconsistent Wi-Fi, lack of workspaces, poor transport connectivity
Leisure Couples & Honeymooners	Comfortable rooms, decent ambiance, privacy, room décor	Spa services, fine dining, scenic views, couple experiences	Lack of privacy, basic interiors, absence of wellness/spa options
Friends/Group Travelers	Flexible room options (twin/shared), activity zones, safety	Pool, games/recreation, late check-out, nightlife access	Lack of hangout spaces, rigid check-in policies, limited group offers
Families	Family rooms/suites, child-friendly amenities, in-hotel dining	Kids' play area, interconnecting rooms, pool, complimentary breakfast	Limited child-safe facilities, small room sizes, extra charges for children
Solo Travelers	Safe location, compact rooms, affordable pricing, 24x7 helpdesk	Community vibe, social spaces, self-service laundry, digital convenience	Feeling of isolation, safety concerns, lack of social experiences
Budget Travelers	Basic clean rooms, affordable rates, complimentary meals	Free Wi-Fi, loyalty benefits, nearby public transport	Hidden charges, inconsistent service quality, limited food options

Source: Interviews with Industry Experts & Ken Research Analysis

By Service Offerings:

India's mid-scale hotels offer a diverse range of services, catering primarily to room accommodation, food and beverage services, event hosting, and spa & wellness amenities. However, at the mid-scale level, accommodation dominates the revenue structure, accounting for over 80% of total revenue in FY25, driven

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by the affordable yet comfortable lodging it provides to both business and leisure travelers. Food and beverage services rank second in revenue contribution, largely due to the growing demand for on-site dining and catering services at mid-scale hotels. With growing demand for business travel and corporate events, conference rooms and banquet facilities are standard. Mid-scale hotels increasingly serve as venues for meetings, events, and small conventions, which supports the steady growth in the Events segment (CAGR of 9.8%).

To cater to leisure and wellness trends, many properties now incorporate recreational services like swimming pools and spa/wellness offerings, such as massage therapies, yoga sessions, and fitness centers. The Spa & Wellness segment alone is expected to reach INR 9.8 Bn by FY30.

Other auxiliary services, grouped under "Others," include laundry, concierge, and modern tech-enabled co-working spaces. These add value and convenience, especially for millennial travelers and remote workers, contributing to this segment's sharp CAGR of 10.6%.

By FY30, the revenue split shows increasing diversification: accommodation will still command the largest share but food and beverage, events, and wellness offerings will continue to catch up, driven by rising traveler expectations and increased competition in the mid-scale hospitality sector.

Table 3-5 Overview of Services offered by Mid-Scale Hotels in India

Service Category	Offerings	Relevance
Accommodation	Standard Rooms, Deluxe Rooms, Family Suites, Twin Rooms, Accessible Rooms	Varies by guest type (solo, business, family, differently-abled)
In-Room Services	Daily Housekeeping, Room Service (24x7 or limited), Tea/Coffee Maker, Mini Bar	Enhances convenience and comfort

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Food & Beverage	Multi-Cuisine Restaurant, Buffet Breakfast, In-Room Dining, Bar/Lounge, Live Kitchen	Attracts both in-house guests and outside visitors; boosts F&B revenue
Complimentary Meals	Free Breakfast Buffet, Welcome Drink	Drives bookings via OTA promotions and value-driven customers
Events & Meetings	Banquet Halls, Conference Rooms, Boardrooms, AV Equipment, Business Center	Supports business travel and MICE (Meetings, Incentives, Conferences, Exhibitions) demand
Wellness & Spa	Full-Service Spa, Ayurvedic Treatments, Massage Therapy, Sauna, Fitness Center/Gym	Caters to wellness-conscious travelers; supports longer stays
Recreational Facilities	Swimming Pool, Kids' Play Zone, Game Room (Table Tennis, Carrom), Travel Desk	Appeals to families and leisure travelers
Technology & Connectivity	Free High-Speed Wi-Fi, Smart TVs, Mobile Check-In/Check-Out, Co-Working Space	Essential for remote workers, digital nomads, and corporate clients
Parking & Transport	Free Parking, Valet Services, Airport Transfers, Local Taxi Arrangements	Convenience and security for self-drive and air travelers
Concierge & Support	24/7 Front Desk, Concierge Desk, Tour Planning, Local Information Assistance	Personalized experience; upsells partner services
Additional Services	Laundry, Dry Cleaning, Luggage Storage, Safe Deposit Lockers, Wake-Up Call	Core expectations from mid-scale hospitality

Source: Interviews with Industry Experts & Ken Research Analysis

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Figure 3-13 India Mid-Scale Hotels Revenue (in INR Bn) by Service Offerings, FY25 & FY30

Source: Ken Research Analysis; Note: F represents Forecasted figures

Note: Others include laundry and housekeeping services, Concierge services, Co-Working spaces, Technology services, etc.

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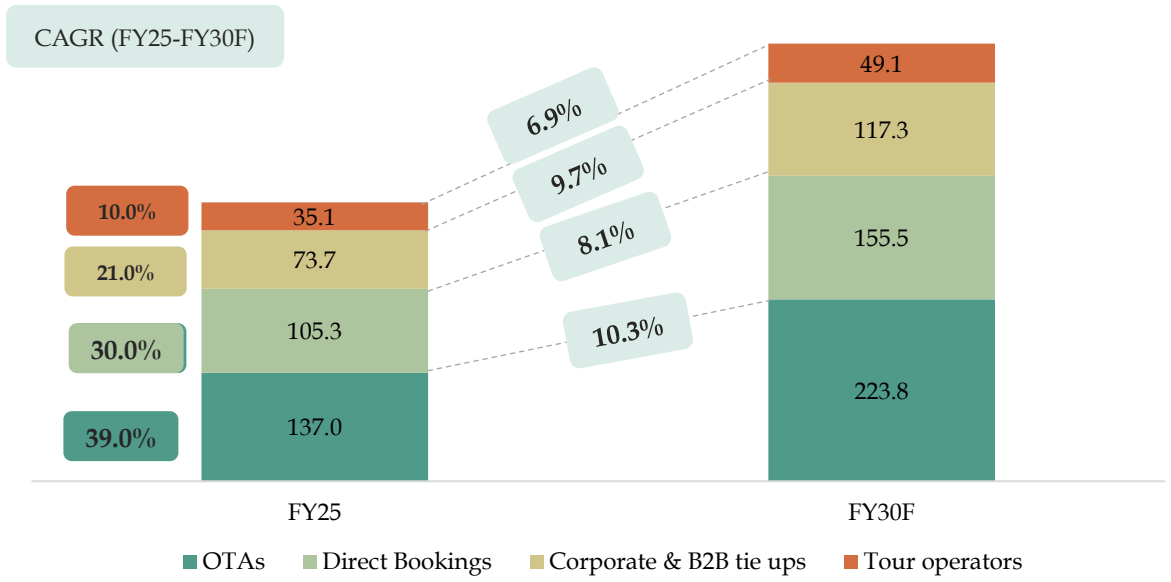
By Distribution Model:

In FY25, OTAs are the leading distribution channel in India's mid-scale hotel market, contributing 39% of total revenue, driven by strong visibility, price transparency, and deep discounting by platforms like MakeMyTrip and Booking.com. Direct bookings follow at 30%, comprising walk-ins, calls, and brand websites — with stronger presence among regional customer bases. Corporate & B2B tie-ups account for 21% of revenue, especially relevant for hotel chains with established enterprise clients. Tour operators form a smaller share (10%), serving mostly group travelers and packaged tours.

By FY30, OTA dominance is expected to strengthen further, rising to 41%, as digital adoption grows among leisure and millennial travelers. While direct bookings will see absolute growth, their share will marginally dip to 28.5%, owing to continued reliance on intermediaries. Tour operators' share is set to decline slightly as FIT (Free Independent Traveler) bookings gain ground in the mid-scale segment.

Figure 3-14 India Mid-Scale Hotels Revenue (INR Bn) by Distribution Model, FY25 & FY30F



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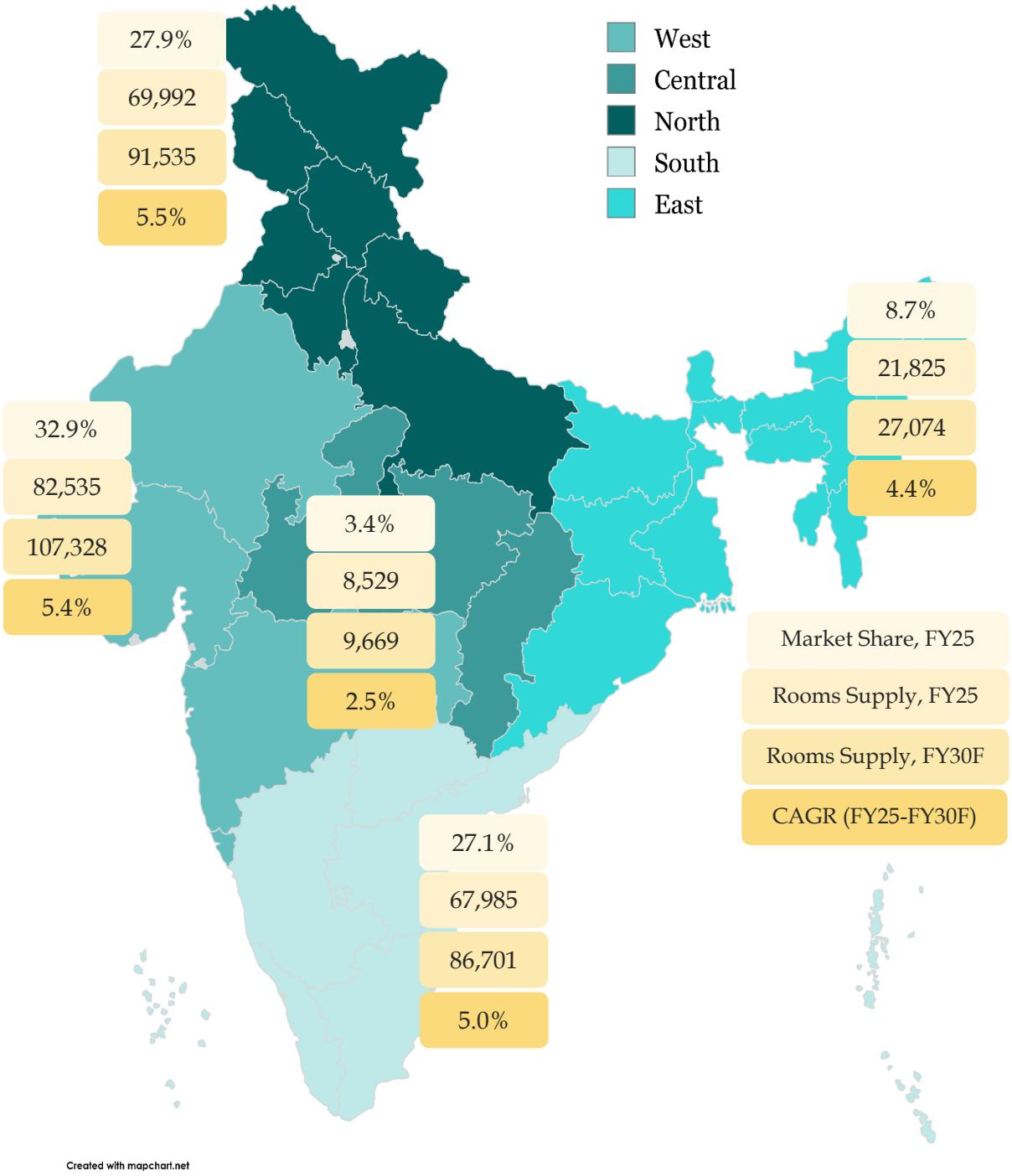
By Regions:

Figure 3-15 Split of India Mid-Scale Hotels Market by Regions, FY25



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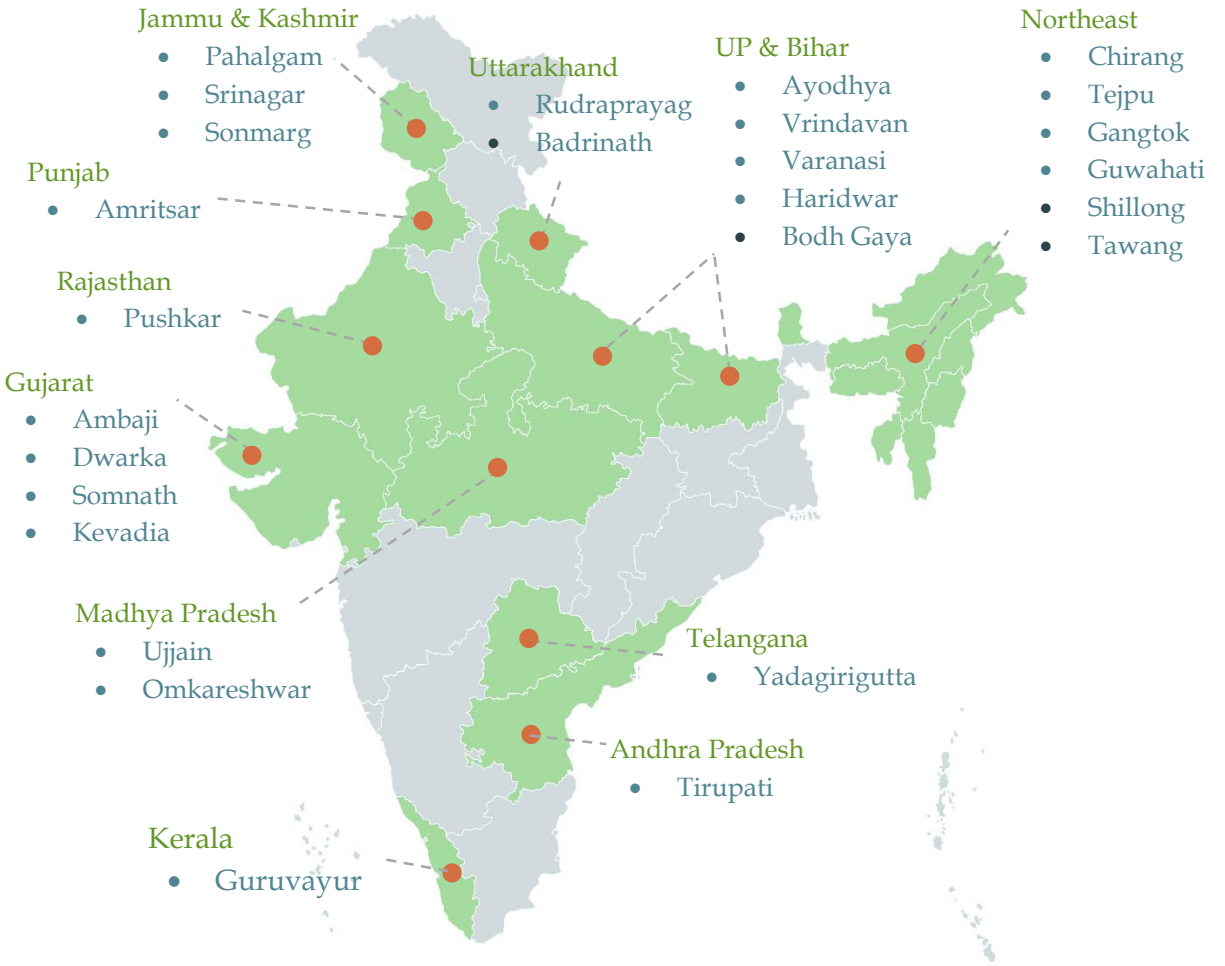
*Note: **North** includes Chandigarh, Delhi, Haryana, Punjab, Jammu and Kashmir, Ladakh, Uttar Pradesh, Uttarakhand; **West** includes Damam & Diu, Gujarat, Rajasthan, Maharashtra, Goa; Central includes Madhya Pradesh and Chhattisgarh; **East** includes Bihar, Sikkim, West Bengal, Odisha, Assam, Arunachal Pradesh, Mizoram, Tripura, Nagaland, Manipur, Meghalaya; **South** includes Karnataka, Telangana, Andhra Pradesh, Kerala, Tamil Nadu, Puducherry, Andaman and Nicobar Islands and Lakshadweep*

Figure 3-16 Emerging Regions and Tourism Destinations



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3.3. Regional Analysis of India Mid-Scale Hotels Market – Key Markets

Table 3-6 India Hotel Market Trends in Key Cities

City	Description
Mumbai	• Mumbai is the capital city of the Indian state of Maharashtra, lies on the Konkan coast on the west coast of India and has a deep natural harbor. • Of the five largest hotels opened in last two years, three were located in Mumbai, including Aurika Skyline, which is India's largest hotel, with over 600 rooms. Additionally, Mumbai is home to India's second-largest midscale hotel, Ginger Santacruz.
New Delhi	• Delhi, the capital city of India, is located in the northern part of the country and is a vibrant blend of rich history, diverse culture, and modern urban development. • Delhi's hotel industry, with minimal room supply growth in the past 7 years, has seen a boost due to a more confident pricing strategy, especially in luxury and Aerocity hotels. The G20 summit played a role, but the real change came from aligning prices with international standards. This approach led to a 9.8% increase in demand and significant ADR growth, with upper-midscale and mid-economy segments seeing rises of 25% and 45%, respectively.
Bengaluru	• Bengaluru, located in southern India, is a major technology hub known for its vibrant IT industry, innovative startups, and lively cultural scene. • Bengaluru, despite the largest hotel market in terms of inventory among major business cities, continues to struggle with a slow return to office-based work and a lack of momentum in IT park-focused micro-markets. The city's heavy reliance on the IT sector underscores the need for positive developments, such as the upcoming Aero SEZ, to boost overall performance.

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Hyderabad	• Hyderabad, located in southern India, is a major IT and business hub known for its thriving technology sector, historic landmarks, and vibrant cuisine. • Hyderabad's hotel industry has demonstrated moderate to positive performance across all key parameters. The city's luxury and upper-upscale segment has seen significant gains, with increased rates and strong segmental growth despite limited overall supply expansion. The addition of new high-end properties, such as the second Westin, has contributed positively to the market. Additionally, the upscale and mid-economy segments have shown impressive growth, with notable increases in revenue per available room reflects its growing importance as a major business hub with solid infrastructure.
Chennai	• Located on the southeastern coast of India, Chennai is a major cultural and economic hub being an important center for the automobile & ancillary, manufacturing, and services sectors (IT/ITeS and financial institutions). • In Chennai, the Old Mahabalipuram Road (OMR) area, which accounts for 27% of the city's hotel supply, faces significant supply pressure and competition from serviced apartments and guest houses. Demand primarily comes from IT/ITeS professionals and extended stays related to projects and training. Although segmental parameters are above the all-India average, the area still has room for improvement.
Goa	• Situated on India's southwestern coast, Goa is renowned for its picturesque beaches, vibrant nightlife, and popular tourist attractions. • Goa, despite facing challenges, remains a popular destination with high visitation numbers. The recent development of the new airport is a positive step forward, enhancing connectivity and visitor experience. While the ADR for luxury and upper-upscale resorts has room for improvement, the destination's vibrant appeal continues to attract tourists. Addressing issues such as alternative accommodations and capacity constraints through strategic planning can further strengthen Goa's position as a top travel destination.

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Jaipur	• Found in the northwestern part of India, Jaipur, also known as the Pink City, is famous for its historic forts, palaces, and rich Rajasthani culture. • Jaipur is witnessing a resurgence in the luxury sector, with significant growth driven by a select number of high-end properties. The upper-upscale and midscale segments are still catching up, with some potential for improvement. The city continues to excel in the wedding and MICE markets, though there is a need to balance this with a stronger focus on leisure travel to fully utilize the market potential. Despite slight declines in occupancy rates compared to FY19, the overall hotel sector in Jaipur shows promising opportunities for growth and enhancement.
Udaipur	• Located in southern Rajasthan, Udaipur is celebrated for its stunning lakes, palaces, and vibrant arts scene, earning it the nickname 'City of Lakes'. • Udaipur's hotel market has shown growth, with its ADR significantly exceeding the all-India average, largely driven by its luxury and upper-upscale hotels. The city continues to attract high-value guests, and there is further potential for expansion and improvement in overall market performance.
Agra	• Positioned in northern India, Agra is best known for housing the iconic Taj Mahal and its historical significance in the Mughal era. • Agra is showing positive growth with a 5% demand CAGR since FY19, driven by increased connectivity to nearby cities like Kanpur, Lucknow, Noida, and Delhi. Despite challenges with its inconvenient airport for civilian use, the city's hotel market is thriving and has strong potential for continued development.

Source: Horwath HTL & Ken Research Analysis

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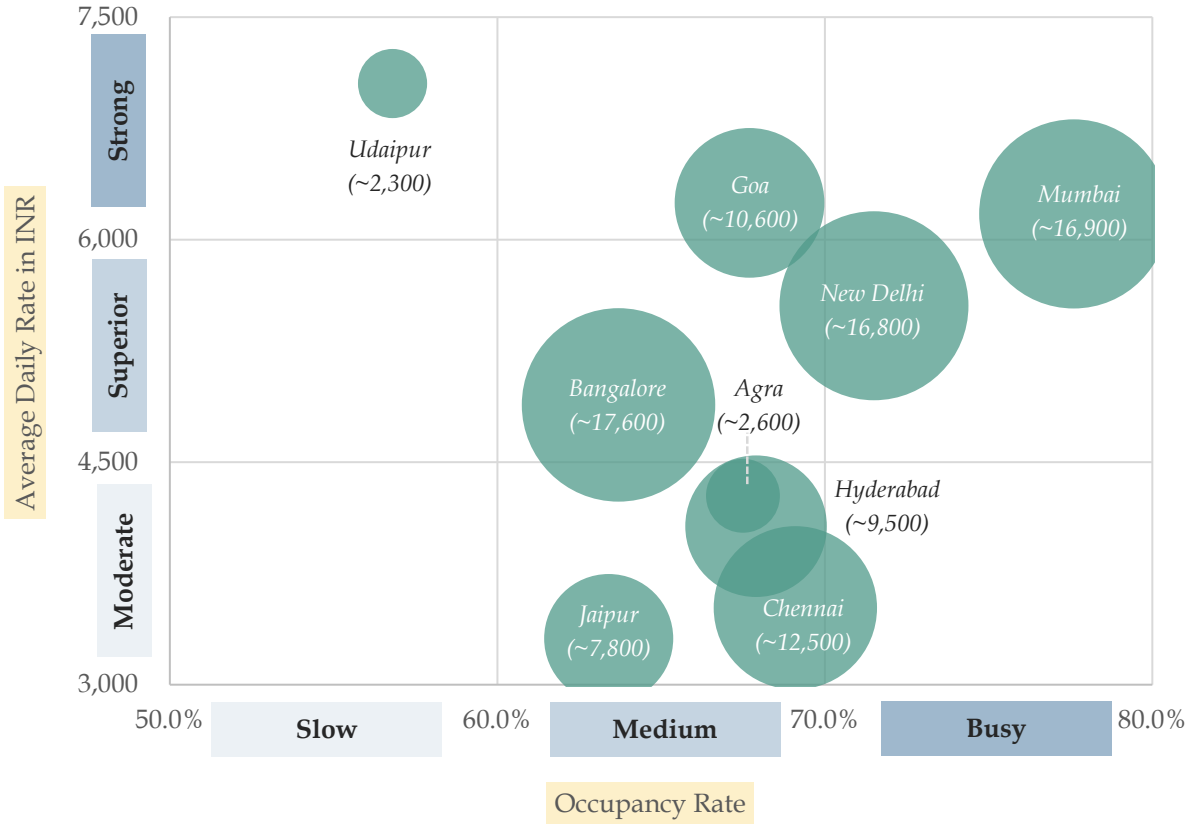
Figure 3-17 Performance Matrix of Major Cities in India Mid-Scale Hotel Market



Source: Ken Research Analysis
Note: The size of the bubbles represents the room supply in the mid-scale hotel market for each city, with the room supply indicated in brackets next to the city name.

3.4. Regulatory Landscape

India's mid-scale hotel industry operates under a multi-layered regulatory structure encompassing central laws, state-level rules, licensing bodies, and industry associations. Compliance is required across key areas including operations, construction, food safety, employment, data protection, and customer welfare. These laws ensure that hotels meet minimum service and safety standards, while also aligning with national development goals such as tourism promotion and urban planning.

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Table 3-7 Key Laws and Associations Governing the Hotel Industry in India

Law / Authority / Association	Areas of Regulation	Impact on the Hotel Industry
Ministry of Tourism	Licensing, classification, tourism policy	Sets star classification norms, provides project approvals, and formulates schemes to boost tourism investment and infrastructure
Hotel & Restaurant Approval and Classification Committee (HRACC)	Star Classification	Governs voluntary star ratings (1-Star to 5-Star Deluxe); impacts brand positioning, pricing, and eligibility for government incentives
FSSAI (Food Safety and Standards Authority of India)	Food hygiene and kitchen compliance	Hotels must register kitchens and ensure hygiene and labeling compliance; impacts hotel restaurants, catering, and minibars
State Excise Departments	Liquor regulation	Controls liquor licensing and sale in hotels; rules differ across states and directly affect F&B revenue streams
Real Estate Regulatory Authority (RERA)	Construction, land use, project registration	Ensures lawful construction, builder disclosures, and compliance with environmental/zoning norms for new hotels
Consumer Protection Act, 2019	Guest rights and hotel liability	Regulates refund policies, misrepresentation of services, and guest grievances — important for OTAs and direct bookings
Digital Personal Data Protection Act, 2023	Cybersecurity and privacy	Hotels must safeguard guest data collected via digital platforms, including PMS, Wi-Fi, apps, and booking engines
Shops and Establishment Acts (State-wise)	Premises registration and labor regulation	Ensures registration of hotel premises, controls working hours and employee benefits
Apprentices Act & ESI Act	Workforce Compliance	Registration is required for ESI, apprenticeships, and employee welfare provisions
Federation of Hotel & Restaurant Associations of India (FHRAI)	Industry Advocacy	Offers policy support, training, dispute resolution, and represents hotel interests to government

Source: Ken Research Analysis

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In addition to the broader regulatory framework outlined above, the Ministry of Tourism has laid down detailed classification and operational requirements for hotels under its voluntary approval scheme. This is elaborated below.

Table 3-8 Regulations around Indian Hotel Industry

Parameter	Description
Star Classification of Operational Hotels	**The Ministry of Tourism** plays a vital role in enhancing the overall tourism experience by ensuring high standards in hotel facilities, amenities, and services. To achieve this, the Ministry has introduced voluntary schemes for the approval of hotel projects and classification of operational hotels. The HRACC division is responsible for the categorization of the establishments under the heads of restaurants, tented accommodations, Time Share Resorts, Air Catering units, standalone restaurants, guest house, apartment hotels, convention centers, motels, Over the Top (OTT) Aggregators, Bed and Breakfast facilities. • Hotel Project Approval Categories: Approval is available for 5-Star, 4-Star, 3-Star, 2-Star, 1-Star, and Heritage (Basic) hotels • Star Classification for Operational Hotels: Classification can also be applied for 5-Star Deluxe, 5-Star (with/without alcohol), 4-Star (with/without alcohol), 3-Star, 2-Star, and 1-Star hotels. **Checklist for Services and Facilities for Hotels:** Necessary / Desirable

Facilities/Services	1 Star	2 Star	3 Star	4 Star	5/5 Star D
Full time operation 7 days a week in season					
Necessary trading licenses					
Public Liability Insurance					
Minimum 10 lettable rooms					
Minimum bedroom size in sq. ft	120	120	130	140	200

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Suite (2 Rooms with separate sitting area)					
All rooms with attached bathrooms	All	All	All	All	All
Lounge or sitting area in lobby					
Valet Parking					
Minimum 1 Room for differently abled					
Staff with English Speaking skills					
Supervisory Staff (%)	20%	20%	40%	40%	80%
Code of conduct for safe tourism					
Security - CCTV, Id verification, Fire Safety, Staff etc.					
Eco-friendly practices: Sewage treatment, waste management etc.					

Application Process for classification / reclassification of operational hotels

- Hotel projects are approved during the implementation stage, and hotels are classified upon meeting the necessary standards once operational.
- Applications for approval of hotel projects or for classification/reclassification of operational hotels must be submitted online through the official portal (https://wvvw.hotelcloud.nic.in) with the requisite fees paid digitally.
- Applications for hotels under 3-Star, 2-Star, and 1-Star categories should be directed to the Regional Director of the India Tourism Office where the hotel is located.
- The application form should include the hotel's proposed name, promoter's details (name, business background, contact info), ownership status with relevant documents, hotel site location and details (area, ownership/lease, land use permit, distance from key landmarks), and project specifics like feasibility report, planned star category, and room details.

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Classification / Re-classification Fee Structure (INR)

1-Star	6,000
2-Star	8,000
3-Star	10,000
4-Star (with or without Alcohol service)	15,000
5-Star (with or without Alcohol service)	20,000
5-Star Deluxe	25,000

Hotel Projects Approvals:

- Project approvals and star categorization of hotels come under the purview of the regional tourism office and, in higher star categories under the Central Government.
- For Hotel under the 1 to 3 Star category, jurisdiction lies with the Regional Indian Tourism Office – Divided into 4 zones (North, South, East & West).
- For hotels under the 4- & 5-Star Heritage category, jurisdiction lies with the Ministry of Tourism – Central Government.
- Project approval is valid for five years but expires three months before the end date or when the hotel becomes operational, whichever is earlier. An extension of one year may be granted in exceptional cases if requested at least three months before expiry. The full project approval fee must be paid for any extension, and incomplete applications are not accepted.

Licenses Required for the Hotelier

Following are the licenses that are required for the hotel's registration, commencement and operations:

- Building Completion Certificate (CC)
- Occupancy Certificate (OC)
- Shops and Establishment Act Registration
- Consent under Water Act and Air Act (SPCB)
- License from Municipal Corporation for water, electricity, sanitation
- Employees State Insurance Act Registration
- Apprenticeship Act Registration
- Eating and Lodging License
- Eating House License

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- Board Signage and Neon Sign License
- Limited Money Exchange License (RBI)
- Factory License for Laundry (SPCB)
- Mild Liquor License (Excise Department)
- Bar License
- Public Performance License (PPL)
- Cold Storage License (FSSAI)
- FSSAI License

Source: Ministry of Tourism, Govt. of India

Government Initiatives and Policy Support

The Government of India allocated INR 2,479.62 Cr for the Ministry of Tourism to support various government initiatives under Union Budget FY25. In the FY25 budget, the government announced the development of the Vishnupad Temple at Gaya and the Mahabodhi Temple at Bodh Gaya in Bihar, with plans to transform them into world-class pilgrim and tourist destinations modeled on the successful Kashi Vishwanath Temple Corridor. Additionally, support was pledged for the development of Nalanda as a tourist center and the revival of Nalanda University. To boost tourism in Odisha, the government will assist in enhancing the state's scenic beauty, temples, monuments, wildlife sanctuaries, and beaches. A comprehensive development initiative for Rajgir, a site of religious significance for Hindus, Buddhists, and Jains, was also proposed.

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Table 3-9 Government Initiatives to propel growth in India's Tourism Sector

Initiative	Description
Global Tourism Investors Summit (GTIS)	• As an initiative under India's G20 Presidency, the Ministry of Tourism, Government of India organized the country's first Global Tourism Investors' Summit (GTIS) to showcase opportunities for investment and trade while fostering tourism and development nationwide. • As stated by Shri G. K. Reddy, Hon'ble Minister for Tourism & Culture, and DoNER, India's current investment landscape positions it as an ideal destination for investment in diverse sub-sectors of the tourism industry, including adventure tourism, eco-tourism, rural tourism, and others.
Swadesh Darshan & Swadesh Darshan 2.0	• The Swadesh Darshan scheme by the Ministry of Tourism aims to develop a comprehensive framework for the holistic development of tourist destinations. With an outlay of INR 1,750 Cr for FY 2024-25 in the Union Budget FY2024-25, the scheme is designed to promote responsible and sustainable tourism practices nationwide through collaborative efforts with the state governments, Union Territory authorities, and local governments. • Swadesh Darshan 2.0 is the evolution of the existing flagship scheme, Swadesh Darshan, by the Ministry of Tourism to foster the spirit of Aatmanirbhar Bharat and promote the country as a prominent tourism destination. The scheme envisions developing sustainable and responsible tourism destinations with a focus on self-employment, youth skilling, private sector investments, and local culture.
PRASHAD Scheme	• Launched in FY2014-15 by the Government of India under the Ministry of Tourism, the Pilgrimage Rejuvenation and Spiritual Heritage Augmentation Drive (PRASHAD) seeks to enhance religious tourism in India by developing and identifying pilgrimage sites across the nation. • Since the expansion of domestic tourism primarily depends on pilgrimage tourism in India, The Ministry has sanctioned a total of 46 projects at a cost of Rs.1629.17 Crore. In addition, a total of 26 new sites have also been identified for development under PRASHAD Scheme.

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National Strategy for Sustainable Tourism	• Launched in FY22, the National Strategy for Tourism seeks to establish and promote India as an ideal global destination for responsible and sustainable tourism. • Since tourism is a major contributor to greenhouse gas (GHG) emissions, the Ministry of Tourism strives to ensure low to zero pollution rates by enforcing effective strategies, including efficient utilization and reduced dependency on fossil fuels, resourceful utilization of land, and others.

Source: Industry Articles & Ken Research Analysis

Table 3-10 State-level Initiatives to Boost Travel and Tourism

Initiative	Description
Initiatives by MDoNER for the development of Tourism sector in NER	• The Ministry of Development of the Northeastern Region is promoting research and development on Craft Tourism and allied activities such as Nature Tourism, Rural & Agrotourism Tourism, Heritage Tourism, Cultural Tourism, Community-Based Tourism, etc. • Moreover, a regional action plan is being drawn, for the development of tourism in consultation with states and active stakeholders. This is implemented across Eco/Wildlife, Cultural and Heritage, Rural Homestays and Adventure, MICE, and Education/Medical Tourism sub-sectors, through an appropriate inter-Ministerial Task Force.
Maharashtra Tourism Department for 'Rethinking Tourism'	• The Department launched 75 videos of Mumbai - that cover 200 places of tourist interest in Mumbai for locals as well as national and international tourists. • The launch of 'Kaano dekhi with Unlimited Maharashtra' Podcast, inauguration of seven city brochures and four TV campaigns are expected to promote specific tourist destinations and experiences in Maharashtra.

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Rethinking Tourism Activities in J&K	• The Union Government made a record budget allocation of INR 786 crores in the budget for the tourism sector here which is INR 509 crores higher than the last budgetary allocation with an intent to boost tourism and allied services in Jammu and Kashmir. • J&K Bank has formulated an exclusive scheme to provide hassle-free credit for the conversion of residential properties into tourist guest houses. • Tourist huts, viewpoints, community sheds and various other useful structures have been developed to further push tourism in the union territory (UT). Plan allocation for all 20 districts of the UT has more than doubled from INR 5,136 crores in FY2020-2021 to INR 12,600 crores in FY2021-2022.
Upgrading Sundarbans in West Bengal	• The Ministry is planning to set up eco-friendly hotels and entertainment arenas around the mangrove forest in Sundarbans with the help of the private sector. The Government is also weighing possibilities of starting houseboat services by FY2022-2023 in several large waterbodies

Source: Hotel Association of India & Ken Research Analysis

Table 3-11 State-level Initiatives to Encourage Mid-Scale Hotels Industry

State	Description
Maharashtra	• Maharashtra is expediting the implementation of hotel industry tariff for electricity to replace higher commercial rates, aiming to reduce operational costs for hotels, especially HVAC expenses • The proposed "One License One Property" (OLOP) model seeks to unify excise licensing across all hotel operational areas, simplifying compliance and enhancing ease of doing business • Recommendations under the Tourism Policy 2024 include increased capital subsidies, extended SGST refunds, wage-based incentives, and higher subsidies for sustainability initiatives to attract long-term investment • The government is focusing on unlocking tourism potential in underdeveloped regions, with a strong push to position Maharashtra as a leading hospitality hub

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Rajasthan	• Building on its partnership with HAI, Rajasthan has officially accorded tourism and hospitality the status of an "industry," enabling hotels to avail benefits towards electricity tariffs, property tax, refinancing of existing debts, hassle-free loans at subsidised interest rates, taxations and simplified approval process for hotel projects and operations • The state promotes adaptive reuse of heritage assets—painting havelis in Shekhawati have been prioritized for restoration to convert into heritage hotels, enhancing cultural appeal and mid-scale lodging stock
Madhya Pradesh	• Madhya Pradesh is actively promoting rural tourism through new homestay schemes, partnerships, and recognition programs, creating opportunities for mid-scale hotels to cater to travelers exploring lesser-known destinations. The government set an ambitious target of 1,000 village homestays, enhancing rural tourism • The state has initiated a plan to transform select heritage monuments into high-end hotels under a public-private partnership model, unlocking premium and mid-scale accommodation potential near historical sites
Others	• The Government of Gujarat is offering a lucrative 20% capital subsidy to hotels and resorts under its Tourism Policy 2021-25 • Kerala's 2025–26 Budget proposes a new scheme offering loans up to ₹50 crore with ₹20 crore interest subvention to boost hotel construction, develop clusters, and enhance MICE tourism infrastructure, addressing the state's shortage of quality accommodations • The Delhi government's recent directive eliminating the need for licenses and NOCs from Delhi Police for hotels, motels, guest houses, and eating houses has been welcomed by HAI as a key reform to simplify regulations and enhance ease of doing business in the hospitality sector • The Uttar Pradesh government has eased building regulations for hotels by allowing additional floor area ratio (FAR), reducing parking requirements, and simplifying approval processes—aimed at attracting investments, expanding hotel infrastructure, and boosting the state's tourism and hospitality sector

Source: Industry Articles & Ken Research Analysis

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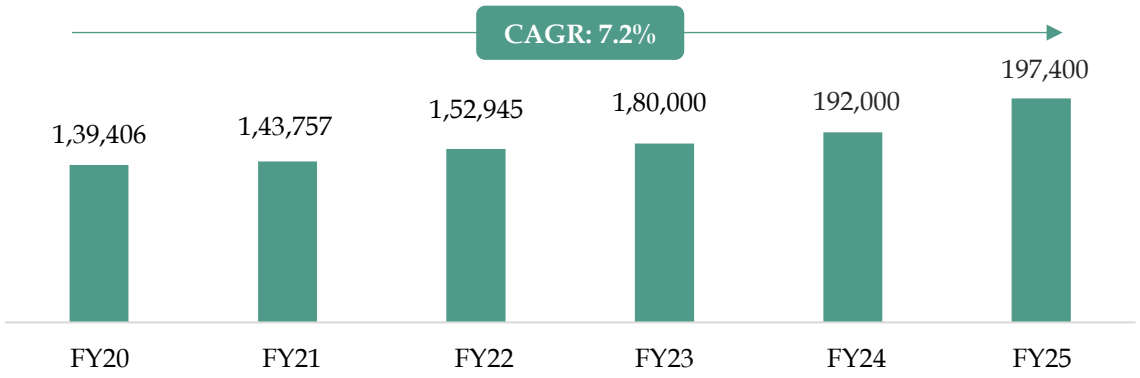
3.5. Key Trends and Developments

Rise of Branded Hotels in Mid-Scale Segment

The mid-scale hotel segment is experiencing a significant shift **as budget-conscious consumers increasingly prioritize trust and reliability in their accommodations**. This has led to a growing demand for branded hotels, with many standalone properties converting to established hotel chains. The appeal of branding offers a win-win for both standalone hotels and chains, driving higher occupancy rates and improved Average Daily Rates.

Conversions often take place through various models, such as management contracts, where the hotel owner retains ownership while the chain handles operations; franchise agreements, where the chain provides branding and marketing support; or lease agreements, where the owner rents the property to the chain. **For example, Fern, a midscale hotel brand, opened 1,500 new rooms in FY22, with 70% being conversions from unbranded hotels. (Source: Economic Times)** Fern also signed 24 new hotels that year, seven of which were conversions. **This trend reflects the broader industry shift towards brand trust, signaling a new era of growth and consolidation in the mid-scale hotel segment.**

Figure 3-18 Branded Hotels Supply in the Overall Indian Hotel Market, FY20-FY25



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Source: Hotelivate

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Technology & Digital Transformation

The mid-scale hotel segment is witnessing a significant transformation driven by technological advancements aimed at enhancing guest experiences and operational efficiency. One of the key trends is the rise of contactless and automated services. Mid-scale hotels are adopting mobile check-ins, keyless room access, and automated customer support through chatbots. **For example, Sarovar Hotels has reimagined the check-in process, allowing guests to comfortably sit in the lounge and check in via a tablet brought to them by staff.** They are also leveraging WhatsApp groups to monitor guest requests and ensure any issue is addressed swiftly, escalating complaints if not resolved within 30 minutes. This real-time approach ensures a smooth, efficient operation while also improving guest satisfaction.

Hotels are also adopting smart devices for energy management, housekeeping, and room service, cutting down operational costs and optimizing resource usage.

Current investments in digital tools and automation are not enough to create lasting impact across the mid-scale segment. To truly revolutionize, hotels must explore a variety of avenues — from artificial intelligence (AI) and machine learning (ML) to virtual reality (VR) and smart devices. For instance, virtual reality can offer immersive previews of rooms and destinations, allowing potential guests to experience the hotel's offerings before they book.

Rise of Personalized Guest Experience

Personalization is no longer limited to luxury hotels, mid-scale players are embedding it through smart guest profiles, AI-driven suggestions, and app-based room controls. Chains like Lemon Tree and Zone by The Park are integrating CRM and cloud-based property management systems to customize guest journeys from check-in preferences to curated food menus. As competition intensifies, offering a consistent yet personalized stay experience is becoming a key retention driver, particularly

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for repeat corporate travelers and millennials seeking comfort with a touch of familiarity.

Tier-II & III cities as Emerging Markets

With increasing disposable incomes and a growing middle class, tier-2 & 3 cities are emerging as important economic centers, attracting both business and leisure travelers. In addition to the growth of small towns, the hospitality industry is also benefiting from the **over-saturation of major metro cities**. Cities like Mumbai, Delhi, and Bangalore have reached a saturation point with the existing number of hotels, which means that the demand for hotels is shifting to smaller cities.

There is also increasing mid-level corporate demand and increasing presence in these cities as a result of government focus on developing economic zones in these cities. For example, the development of Dholera city near Ahmedabad as a social economic hub will create demand in the city which accounts for a shifting focus of key players in India to smaller non-metro cities.

Indian hotel brands, including Indian Hotels of the Tata Group and the Leela Group, are actively targeting smaller towns, with IHCL already operating Ginger, in most Tier-2 and Tier-3 cities and state capitals. **Radisson Group has also planned expansion into smaller towns, such as Katra near Jammu and Jalandhar in Punjab.** The hotel segment's foray into smaller towns is partly due to the significant improvement in rail, road, and air connectivity in these areas.

Growth of Online Ticket Booking Platforms

The country's online travel market is expanding at a robust 10–11% CAGR, driven by rising smartphone penetration, digital payments, and the growing reach of OTAs like MakeMyTrip, Yatra, Booking.com, Goibibo and EaseMyTrip into Tier-II and Tier-III cities.

Players like MakeMyTrip are reporting record-breaking performance, with a 26.2% YoY revenue increase to USD

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267.4 million in Q3 FY25, reflecting a broader trend of digital-first travel planning, and growing preference for OTAs and meta-search engines. For mid-scale hotels, this shift has dual implications: while OTAs provide higher visibility and incremental occupancy (often 20–30%), the reliance on such platforms also leads to margin pressures due to commission rates of 15–30%. As competition intensifies and consumer booking behavior becomes increasingly mobile and impulse-driven, mid-scale players are investing in dynamic pricing, loyalty programs, and direct booking channels to regain control over customer acquisition costs and sustain profitability in an OTA-dominated market.

Social Media and Influencer Marketing

Mid-scale hotel chains are increasingly leveraging Instagram, YouTube, and travel influencers to target younger, experience-driven travelers. Players like Zostel and Treebo have successfully amplified reach via travel vlogs and short-form video content, which drive bookings more effectively than traditional ads. What's notable is that even legacy mid-scale brands are allocating higher marketing budgets toward influencer tie-ups and UGC (user-generated content), signaling a shift in how brand visibility is built in this segment.

Government Push

The government's tourism push — through initiatives like Dekho Apna Desh, state tourism policies, and infrastructure upgrades — is unlocking new growth corridors for mid-scale hotels in Tier 2/3 cities. States such as Gujarat, Odisha, and Uttarakhand are offering capital subsidies, GST waivers, and land allotments under tourism promotion policies. This has made the asset-light model particularly attractive for mid-scale players aiming to scale rapidly in untapped markets. Additionally, incentives for converting heritage buildings into hotels are encouraging boutique mid-scale ventures with strong local flavor.

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3.6. Key Growth Drivers

Rising Disposable Income and Affluence

With the Indian middle class growing and having more spending power, domestic tourism is increasing, leading to a growing demand for hotel accommodations. In the first three months of CY24, Indian airports served 97 million passengers, a number that took an entire year to reach just a decade ago (Source: Mastercard Economics Institute). **With more people willing to spend on experiences, travel has become a priority for many Indian households.** Moreover, mid-scale hotels have adapted to the evolving needs of their guests by incorporating technology and personalized services. Features such as free Wi-Fi, flexible check-in/check-out policies, and loyalty programs further enhance their appeal, making them a preferred choice for a growing segment of the population.

As more consumers move into the middle-income bracket, the demand for quality yet affordable accommodation is rising, positioning mid-scale hotels perfectly to meet this growing need. **Unlike budget hotels, which often lack essential services and amenities, mid-scale hotels offer well-appointed rooms,** superior customer service, and facilities like dining, fitness centers, and business services. This makes them an attractive option for middle-income families, business travelers, and leisure tourists who seek comfort and convenience at a reasonable price.

Urbanization & Infrastructural Development

Urbanization and infrastructure development are pivotal factors **driving the growth of the mid-scale hotel market in India, particularly in tier 2 and tier 3 cities.** As these markets experience rapid urbanization, improved connectivity, and enhanced infrastructure, they are becoming increasingly attractive for both travelers and hotel developers. The rise of tier 2 and tier 3 cities can be largely attributed to better connectivity through improved road, rail, and air transport options, which have made

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these cities more accessible and are encouraging both leisure and business travel.

The Indian Government is actively promoting infrastructure development to support economic growth and attract investments in emerging markets. Significant projects, such as the Mumbai Trans Harbour Link and the Dwarka Expressway, are set to enhance connectivity in major metropolitan areas, reducing travel times and making these regions more appealing for businesses and travelers alike. Additionally, projects like the Vizhinjam International Transshipment Deepwater Multipurpose Seaport in Trivandrum and the Delhi-Dehradun Expressway are expected to drive real estate activity and enhance tourism prospects in their respective areas. These infrastructure advancements not only boost local economies but also stimulate the hospitality sector by creating a demand for accommodation options.

Rise in Bleisure (Business + Leisure) Travel in India

Business travel remains a predominant source of demand for hotels located primarily in business-oriented locations such as Bengaluru Whitefield, Hinjewadi Pune, Gurugram, and Cyberabad in Hyderabad. **India's economic growth, coupled with the rising number of small and medium-sized enterprises (SMEs) and startups, has led to an uptick in business travel.** Mid-scale hotels, offering affordable yet quality services, are positioned to cater to this segment. Additionally, the growing trend of corporate meetings, incentives, conferences, and exhibitions (MICE) in tier-2 and tier-3 cities has created further demand for mid-scale accommodations, which are ideally suited to meet the needs of budget-conscious business travelers.

Greater affordability, changing attitudes towards lifestyles and improved road and air connectivity have materially encouraged short stay vacations, including those taken on weekends and extended weekends. **Despite being cost-conscious, young Indian travelers prioritize comfort and convenience, showing willingness to spend on services**

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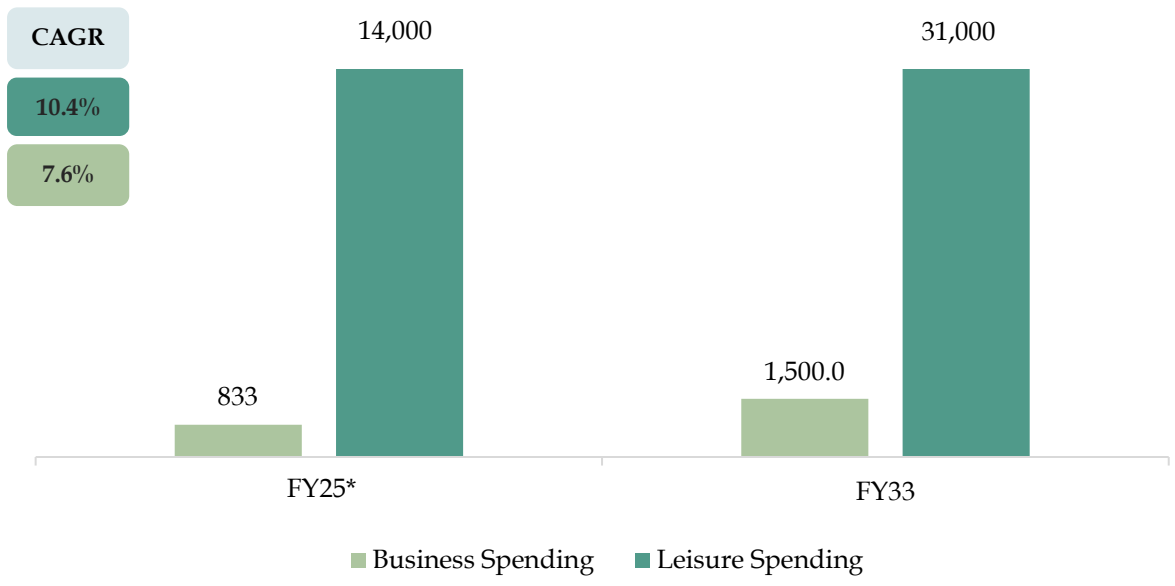
that minimize friction, such as expedited airport transfers or room service. Tourists are also going beyond the traditional leisure destinations and have started to explore the lesser-known destinations in India. Owing to these factors, there has been an increased interest from both hotel developers & operators to explore opportunities in these destinations hence leading to growth of mid-scale hotel market in India. India's **leisure travel spending** is expected to grow at a **10.4% CAGR between FY25-33**, reflecting strong demand from rising middle-class travel aspirations and tourism-focused policy initiatives. In contrast, **business travel spending** will grow at a **7.6% CAGR**, indicating steady recovery but tempered by digital alternatives to in-person meetings.

Figure 3-19 India Business and Leisure Spending (Inbound + Domestic) in INR Bn



Source: World Travel and Tourism Council
Note: Data for FY25 is Extrapolated*

Religious and Spiritual Tourism

India is home to a wealth of sacred sites such as Amritsar, Varanasi, Rishikesh, Katra, Kedarnath, and Tirupati, which are playing a crucial role in shaping the country's growing

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domestic tourism industry. Following the pandemic, travel motivated by spiritual and religious reasons has become a clear trend among travelers. **A FY22 ICICI Direct survey highlighted this, noting Varanasi's remarkable 720 lakh tourists, which significantly surpassed Goa's 85 lakh visitors.** According to the Ministry of Tourism, these religious hubs contributed approximately ₹1.3 lakh crore in revenue and attracted around 1.43 billion visitors in FY22. Contrary to the belief that spiritual tourism primarily appeals to older generations, this trend spans across age groups. India's spiritual tourism market is projected to grow at a strong CAGR of 24.4%, with revenue expected to rise to INR 622 thousand crore by FY30. This growth is seen by rising demand for immersive spiritual experiences, improved infrastructure in emerging hubs like Ayodhya, and a shift toward culturally rooted wellness travel across age groups.

Beyond the well-known destinations, lesser-explored cities are also seeing an increase in spiritual and religious tourism, driven by government initiatives. Ayodhya, for instance, is undergoing a transformation with the redevelopment of the Ram Mandir, projected to draw 3 lakh visitors daily. Despite the significant potential, the sector remains largely unorganized. To fully capitalize on these opportunities, stakeholders must recognize the potential of this sector and develop unique, high-quality offerings to benefit from the growth of spiritual and religious tourism in India.

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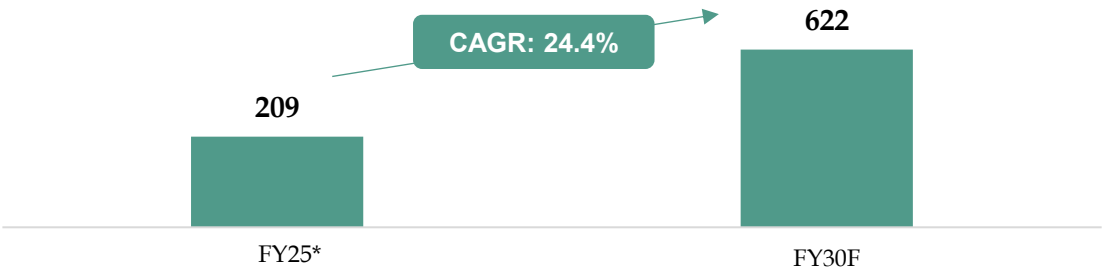
Figure 3-20 India Spiritual Tourism Revenue in '000 Crore for FY25* & FY30F



Source: IBEF
Note: Data for FY25 is Extrapolated*

3.7. Major Market Challenges & Threats

Market Challenges:

Increasing Competition

The mid-scale hotel market in India is experiencing heightened competition, driven by both established chains and new entrants. **This intensifies the struggle for market share and puts pressure on hotels to differentiate themselves through unique value propositions, service quality, and competitive pricing.** With the entry of new players and aggressive expansion by established brands, maintaining a competitive edge requires continuous innovation and strategic positioning. For chain hotels, leveraging brand reputation, standardized service quality, and operational efficiencies can provide a competitive edge. However, independent hotels often struggle with brand recognition and consistent service delivery, making them more vulnerable to competitive pressures.

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Shortage of Skilled Labor

Most branded hotels in India today are severely underpowered. **The current shortfall in the branded hotels space is 80,000-100,000 people. These hotels require 1.2-1.5 million people every year and this requirement is growing at a CAGR of 5.5-5.6%** (Source: Economic Times). This shortage hampers operational efficiency, impacts service quality, and constrains growth potential, posing a critical challenge for maintaining competitive standards and meeting increasing market demands.

Sensitivity to Tourism Volatility

The India mid-scale hotel market faces significant challenges due to Sensitivity to Tourism Volatility. The peak season, from October to April, benefits from high activity such as weddings, but July to September see a marked slowdown. **This reliance on seasonal variations affects occupancy rates and RevPAR, leading to slower growth during off-peak months.** Additionally, the market is vulnerable to economic fluctuations and external factors like political instability or pandemics, further complicating revenue stability and forecasting.

Consumer Price Sensitivity

Price sensitivity among consumers has become a significant challenge in the mid-scale hotel sector. **With a growing number of budget-conscious travelers and increased price comparison tools, guests are more focused on finding the best value for their money.** Chains with well-established brands might leverage their scale to offer competitive pricing or value-added services without compromising profitability. In contrast, independent hotels, which may lack the same scale efficiencies, face greater pressure to adjust pricing strategies and offer compelling value propositions to attract price-sensitive customers.

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Customer Expectations and Personalization Pressure

Mid-scale hotels in India are evolving as per customer expectations, especially around personalized experiences. Unlike premium chains, these hotels often operate with limited technology infrastructure and lean staffing, making it difficult to match the level of customization guests now anticipate—from tailored recommendations to seamless digital touchpoints.

The rise of Online Travel Agencies (OTAs) and review platforms has further intensified this pressure, as guests benchmark mid-scale offerings against higher-end experiences, despite price differences. Inconsistent service quality across properties, especially those under franchise models, often undermines personalization efforts and affects guest retention. Moreover, while personalization requires access to guest data, many hotels lack robust data management practices, raising concerns over privacy and regulatory compliance. Striking a balance between affordability and tailored service has become a critical—and increasingly complex—task for players in mid-scale hotels space.

Market Threats:

Rising Competition from Alternative Accommodations

The diversified offerings from hospitality industry in terms of alternative accommodation option like homestays, villas, hostels, apartments, short-term rentals are playing an important role in meeting the evolving demands of travelers. These alternatives often offer unique experiences and competitive pricing, attracting a segment of travelers seeking more personalized or cost-effective options, posing a significant threat to mid-scale hotels.

According to Booking.com's Travel Predictions FY23, a significant 64% of Indian travelers now seek "off-grid" style vacations. Travelers are actively seeking unconventional and unique stays to enhance their travel experiences such as villas, treehouses, camps, boathouses

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and other distinctive options, rather than traditional hotel settings. According to Booking.com's recent earnings results, alternative accommodations room nights globally rose about 45.0% year-on-year, representing about 33.0% of the brand's total room nights.

Environmental Regulations and Sustainability Pressures:

Increasing environmental regulations and sustainability expectations are putting pressure on mid-scale hotels to adopt eco-friendly practices. Compliance with regulations related to waste management, energy efficiency, and resource conservation can lead to increased operational costs. Hotels need to integrate sustainable practices into their operations and communicate their environmental initiatives to meet regulatory requirements and appeal to eco-conscious travelers.

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4. Competitive Landscape

India's mid-scale hotel market is dynamic and highly competitive, driven by the country's growing middle class, increasing domestic travel, and expanding business hubs across metros and Tier II & III cities. The sector serves a diverse clientele, including budget-conscious business and leisure travelers, who seek a balance between affordability and comfort. This demand has created a competitive environment where both domestic and international players vie for market share through geographic expansion, service differentiation, and aggressive pricing strategies.

The market has also seen significant interest from international hotel brands, which are expanding their mid-scale offerings in India. These global players bring established brand names and loyalty programs, often appealing to business travelers and foreign tourists. However, they face stiff competition from domestic chains that better understand local consumer preferences and are more agile in adapting to regional market needs.

Amid this competitive landscape, the importance of brand differentiation, customer experience, and technology integration has become increasingly crucial. Chains that can innovate, whether through digital booking platforms, loyalty programs, or unique service offerings, are better positioned to capture market share. Additionally, scaling operations quickly to increase room inventory, particularly in non-metro cities, is seen as a critical success factor for mid-scale hotel operators.

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Table 4-1 Analysis of Key Factors shaping Competition in the Market

Factor	Impact	Description
Service Innovation & Personalization	Differentiates guest experience; boosts loyalty & RevPAR	• Mid-scale hotels are enhancing guest satisfaction by using customer data and loyalty programs to offer customized experiences. • Tools like CRM systems and AI recommendations help tailor services such as room preferences and exclusive packages leading to increased customer loyalty and revenue
Location Strategy	Drives occupancy and RevPAR	• Proximity to business hubs, transit points (airports, railway stations), and tourist hotspots plays a key role in preference • Hotels in Tier 1 & 2 cities near industrial clusters (e.g., Gurugram, Pune) are at an advantage • Visibility on Google Maps and OTAs enhances discoverability
Brand Equity & Consumer Recall	Drives pricing power, repeat bookings, and B2B confidence	• Lemon Tree, with its tiered sub-brands (Red Fox, Aurika), benefits from structured brand architecture • Players like Bloomrooms differentiate on design and experience, targeting digitally savvy millennials • Weak brand equity = higher OTA reliance, higher CAC, lower pricing control which a big disadvantage for independents
Distribution and Channel Strategy	Widens reach; shifts share to direct sales; cuts costs	• Combining OTA visibility with direct-booking incentives (e.g., best-rate guarantees, loyalty benefits) helps mid-scale hotels balance visibility and margins. Effective channel mix is key
Review Ratings and Digital Reputation	High impact on decision-making, especially for digitally native customers	• A difference of 0.3 in star ratings on Google or OTAs can swing conversion by 10–12% • Real-time review response systems are used by chains to address service gaps quickly • Players with <4.0 OTA rating struggle to attract new users despite pricing discounts.

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Operational Excellence and Staff Expertise	Improves guest satisfaction; boosts profitability	• Efficient operations and trained, customer-oriented staff are essential to delivering a quality guest experience • Streamlined internal processes and a service-focused team lead to better guest feedback and higher profitability
Pricing Strategy	Increases revenue, occupancy, and competitiveness	• Hotels change their prices depending on the time of year, how many rooms are booked, or local events • This strategy, called yield management, helps them make more money from each room

Source: Ken Research Analysis

4.1. Overview of the Major Players in Indian Mid-Scale Hotels Market

Ibis Hotels: Ibis, launched in 1974 is a brand of InterGlobe Hotels Private Limited, and a part of the Accor group that offers rooms across key business and leisure destinations. It focuses on delivering comfortable stays with features such as Sweet Bed rooms, ergonomic workspaces, high-speed Wi-Fi, and all-day dining or grab-and-go food options. Properties are generally strategically located near transport hubs, commercial districts, and popular attractions, making them convenient for short city breaks and business trips. Ibis primarily focuses on budget-conscious business travelers, solo travellers, and young urban guests seeking reliable, international-standard accommodation at accessible price points.

Ginger Hotels: Ginger Hotels is a prominent mid-scale hotel brand under the Indian Hotels Company Limited (IHCL), launched in 2004. With more than 57 hotels and close to 7,500 rooms across India, Ginger has built its presence in metro and Tier-1 cities like Mumbai, Bengaluru, Pune, and Chennai. The brand operates on the "Lean Luxe" philosophy—offering stylish, functional

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spaces with modern technology at accessible price points. Designed with the modern business traveler in mind, Ginger properties feature digital check-ins, vibrant social zones, efficient room layouts, and Qmin, IHCL's in-house dining brand. Ginger continues to scale its footprint by targeting high-demand corporate hubs and transit corridors.

Bloom Hotels: Bloom Hotels, launched by Imperativ Hospitality, has rapidly grown to over 55 hotels with more than 4,300 rooms across India's major cities. With sub-brands such as Bloom Hotels, Bloom Hub, Bloom Rooms, Bloom Suites, Bloom Boutique, and X by Bloom, the group serves a wide mix of travelers—from solo explorers and digital nomads to professionals and families. Known for its minimalist design, high service standards, and prime locations, Bloom Hotels places strong emphasis on digital integration. Features such as mobile check-in, ultra-clean rooms, ergonomic design, and a standardized guest experience have helped the brand earn a loyal urban following and drive its fast-paced expansion.

Fortune Park Hotels: Fortune Park Hotels, a subsidiary of ITC Ltd., has been part of India's hospitality sector since 1995. The brand manages 48 hotels with over 3,800 rooms in locations such as Ahmedabad, Goa, Kolkata, and Gurugram. Structured to cater to both business and leisure travelers, Fortune offers four sub-brands—Fortune Select, Fortune Park, Fortune Inn, and Fortune Resort—each tailored to specific market needs. Guests benefit from reliable service, well-designed meeting spaces, varied dining options, and consistent quality. Being aligned with ITC's larger vision, Fortune properties also incorporate sustainable practices, responsible sourcing, and wellness-oriented hospitality.

Grand Continent Hotels: Grand Continent Hotels was founded in 2011 and operates 19 properties with more than

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1,000 rooms concentrated primarily in southern Indian cities like Bengaluru, Mysore, and Hyderabad. The brand offers functional, value-for-money stays for a blend of business travelers, pilgrims, and family groups. Focused on service efficiency and comfortable accommodation, the hotels offer all essential amenities without excess. With a workforce of over 650 people and a lean operating model, Grand Continent adopts a hybrid approach of owner partnerships and franchise operations. It positions itself as a dependable option in high-traffic markets by maintaining quality standards and affordability.

Taldar Hotels and Resorts Ltd. (Mumbai House Hotels): Founded in 2017, Taldar Hotels and Resorts Ltd. operates 10+ hotels with 375+ rooms under its sub-brands Hotel Mumbai House and Hotel Mumbai House Express. With a footprint across Mumbai, Udaipur, and Indore, the group caters to urban travelers seeking reliable, value-driven stays. Its hotels are strategically located near business hubs, transit points, and tourist areas, attracting a mix of business, leisure, and family guests. The brand emphasizes functional comfort and convenience, offering services such as complimentary Wi-Fi, early check-in, and free room upgrades. With a focus on operational efficiency and consistent service delivery, Taldar Hotels continues to expand its presence across Tier-1 and Tier-2 cities.

Table 4-2 Company Overview of Major Players in India Mid-Scale Hotels Market

Player	Ibis Hotels	Ginger Hotels	Bloom Hotels	Fortune Park Hotels	Grand Continent Hotel	Taldar Hotels & Resorts
Operational Hotels	20+	73	55+	48	20+	10+
Number of rooms	~3,600	~7,500	4,300+	3,800+	1,000+	375+

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Player	Ibis Hotels	Ginger Hotels	Bloom Hotels	Fortune Park Hotels	Grand Continent Hotel	Taldar Hotels & Resorts
Key Locations	Mumbai, Delhi NCR, Bengaluru, Chennai, Hyderabad, Pune, Kolkata	Bangalore, Chennai, Goa, New Delhi, Pune, Mumbai & others	Mumbai, Bengaluru, Delhi, Gurugram, Pune, Goa, Udaipur, Amritsar, Kochi & others	Goa, Ahmedabad, Gandhinagar, Madhurai, Gurugram, Kolkata & others	Bangalore, Hyderabad, Chennai, Mysore, Tirupati, Goa, Mahabalipuram, Hosur	Mumbai, Udaipur and Indore
Sub-Brands	• Ibis Styles • Ibis Budget	NA	• Bloom Hotel • Bloom Hub • Bloom Suites • Bloom Rooms • Bloom Boutique • X by Bloom	• Fortune Select • Fortune Park • Fortune Resort • Fortune Inn	• Grand Continent • Tulip Inn • Golden Tulip • Regenta Inn Grand • Regenta Inn	• Hotel Mumbai House

Source: Ken Research Analysis

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4.2. Financial Snapshot of Major Players

Table 4-3 provides a snapshot of the financial performance of key players in India's mid-scale hotel market for FY25. Ginger Hotel leads with the highest revenue, PAT, and EBITDA, showcasing its dominant position. Roots Corp.

Table 4-3 Overview of Major Players in Mid-Scale Hotels Market of India, FY25 in INR Cr

Financial Parameters	Ibis Hotels	Taldar Hotels and Resorts Ltd.	Roots Corp. Ltd. (Ginger Hotels)	Fortune Park Hotels Ltd.	Bloom Hotels (Imperativ)	Grand Continent Hotels Ltd.
Total Income	667.7	32.6	483.7	65.6	N/A	73.2
EBITDA	106.9	7.0	167.9	23.3	N/A	18.3
PAT	25.9	5.0	62.2	17.3	N/A	10.7

Source: Interview with Industry Experts, Company Financial Reports and Ken Research Analysis
N/A refer to not available

Table 4-4 presents key financial metrics of Ibis Hotel. The company's total income has grown at a CAGR of 43.5% between FY22 to FY25.

Table 4-4 Financial Overview of IBIS (InterGlobe Hotels Private Limited) Hotels FY22-FY25 in INR Crore

Financial Parameters	FY22	FY23	FY24	FY25
Total Income	226.0	490.1	597.8	667.7
EBITDA	(65.3)	62.7	78.1	106.9
PAT	(134.1)	(9.8)	(3.1)	25.9
EBITDA Margin	(29.7%)	12.9%	13.3%	16.2%
Net Profit Ratio				
PAT/Net Sales	(61.0%)	(2.0%)	(0.5%)	3.9%
Debt to Equity Ratio				

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Debt	0.0	0.0	0.0	0.0
Equity	991.2	1,021.0	1,018.1	1,046.7
Debt/Equity	0.0	0.0	0.0	0.0
Return on Equity Ratio				
PAT/ Shareholder Equity	(13.1%)	(1.0%)	(0.3%)	2.5%
Return on Capital Employed				
EBIT/Shareholder Equity & Non-Current Liabilities	(6.3%)	(0.4%)	(0.1%)	1.1%
EBIT	(133.7)	(9.7)	(2.2)	25.9
Shareholder Equity & Non-Current Liabilities	2,133.4	2,235.8	2,227.3	2,357.5

Source: Interview with Industry Experts, Company Financial Reports and Ken Research Analysis
Note 1: Debt/Equity = Total Borrowings (Long-term Borrowings + Short term Borrowings) / Total Equity
Note 2: Consolidated financials have been considered for financial overview
Note 3: FY25 Financial Data not available as of December 2025

Table 4-5 presents key financial metrics of Taldar Hotels and Resorts Ltd. The company's total income has grown at a CAGR of 42.8% between FY22 to FY25.

Table 4-5 Financial Overview of Taldar Hotels & Resorts Ltd. FY22-FY26 (Q1) in INR Crore

Financial Parameters	FY22	FY23	FY24	FY25	FY26 (Q'1)
Total Income	11.2	24.8	27.3	32.6	8.5
EBITDA	0.8	2.7	4.4	7.0	2.2
PAT	0.6	2.0	3.1	5.0	1.7
EBITDA Margin	7.6%	11.2%	16.1%	22.1%	27.5%
Net Profit Ratio					
PAT/Net Sales	5.4%	8.0%	11.4%	15.5%	21.4%
Debt to Equity Ratio					
Debt	9.8	6.5	4.4	2.8	2.5
Equity	0.9	2.9	6.1	11.1	12.8
Debt/Equity	10.04	2.19	0.73	0.25	0.2

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Return on Equity Ratio					
PAT/ Shareholder Equity	61.2%	67.0%	51.3%	45.1%	13.5%
Return on Capital Employed					
EBIT/Shareholder Equity & Non-Current Liabilities	6.4%	27.4%	39.7%	48.8%	13.9%
EBIT	0.7	2.6	4.2	6.9	2.2
Shareholder Equity & Non-Current Liabilities	10.9	9.5	10.6	14.1	15.5

Source: Interview with Industry Experts, Company Financial Reports and Ken Research Analysis
Note 1: Debt/Equity = Total Borrowings (Long-term Borrowings + Short term Borrowings) / Total Equity

Table 4-6 presents key financial metrics of Ginger Hotels Ltd. The company's total income has grown at a CAGR of 39.2% between FY22 to FY25.

Table 4-6 Financial Overview of Roots Corporation Ltd. (Ginger Hotels) FY22-FY25 in INR Crore

Financial Parameters	FY22	FY23	FY24	FY25
Total Income	179.5	306.7	373.8	483.7
EBITDA	50.5	126.7	135.7	167.9
PAT	(33.9)	71.1	43.9	62.2
EBITDA Margin	(29.5)%	41.6%	36.5%	35.1%
Net Profit Ratio				
PAT/Net Sales	(19.8)%	23.4%	11.8%	13.0%
Debt to Equity Ratio				
Debt	523.6	418.2	0	0
Equity	111.7	247.9	291.8	354.0
Debt/Equity	4.7	1.7	0	0
Return on Equity Ratio				
PAT/ Shareholder Equity	(30.4)%	28.7%	15.0%	17.6%

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Return on Capital Employed				
EBIT/Shareholder Equity & Non-Current Liabilities	2.2%	14.3%	13.4%	14.5%
EBIT	12.5	88.3	94.2	121.9
Shareholder Equity & Non-Current Liabilities	558.1	608.1	703.0	842.4

Source: Interview with Industry Experts, Company Financial Reports and Ken Research Analysis
Note 1: ROS = Return on Sales
Note 2: Debt/Equity = Total Borrowings (Long-term Borrowings + Short term Borrowings) / Total Equity

Table 4-7 presents key financial metrics of Fortune Park Hotels Ltd. The company's total income has grown at a CAGR of 37.2% from FY22 to FY25.

Table 4-7 Financial Overview of Fortune Park Hotels Limited FY22-FY25 in INR Crore

Financial Parameters	FY22	FY23	FY24	FY25
Total Income	25.4	44.4	54.9	65.6
EBITDA	7.7	20.4	13.5	23.3
PAT	0.2	5.3	11.2	17.3
EBITDA Margin	30.6%	46.7%	25.8%	37.5%
Net Profit Ratio				
PAT/Net Sales	0.7%	12.3%	21.2%	27.9%
Debt to Equity Ratio				
Debt	2.8	8.0	0	0
Equity	19.2	24.4	35.0	51.5
Debt/Equity	0.1	0.3	0	0
Return on Equity Ratio				
PAT/ Shareholder Equity	1.0%	21.9%	32.1%	33.6%
Return on Capital Employed				
EBIT/Shareholder Equity & Non-Current Liabilities	2.3%	29.7%	37.0%	32.3%
EBIT	0.5	7.8	13.5	23.2

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Shareholder Equity & Non-Current Liabilities	20.1	26.4	36.4	53.5

Source: Interview with Industry Experts, Company Financial Reports and Ken Research Analysis
Note 1: Debt/Equity = Total Borrowings (Long-term Borrowings + Short term Borrowings) / Total Equity

Table 4-8 presents key financial metrics of Bloom Hotels. The company's total income has grown at a CAGR of 111.1% from FY22 to FY24.

Table 4-8 Financial Overview of Bloom Hotels (Imperativ Hospitality Private Limited) FY22-FY24 in INR Crore

Financial Parameters	FY22	FY23	FY24
Total Income	57.9	149.6	257.9
EBITDA	(5.1)	12.8	26.2
PAT	(9.2)	5.8	14.1
EBITDA Margin	(10.5%)	8.9%	10.5%
Net Profit Ratio			
PAT/Net Sales	(18.8)	4.0%	5.6%
Debt to Equity Ratio			
Debt	0	0	0
Equity	203.2	209.5	266.5
Debt/Equity	0	0	0
Return on Equity Ratio			
PAT/ Shareholder Equity	(4.5%)	(0.24%)	(0.19%)
Return on Capital Employed			
EBIT/Shareholder Equity & Non-Current Liabilities	(4.4%)	3.4%	6.3%
EBIT	(9.2)	7.2	17.3
Shareholder Equity & Non-Current Liabilities	206.3	213.5	272.9

Source: Interview with Industry Experts, Company Financial Reports and Ken Research Analysis
Note 1: Debt/Equity = Total Borrowings (Long-term Borrowings + Short term Borrowings) / Total Equity
Note 2: FY25 Financial Data not available as of December 2025

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Table 4-9 presents key financial metrics of Grand Continent Hotels Ltd. The company's total income has grown the highest over the last three financial years, having grown at a CAGR of 132.8% between FY22 to FY25.

Table 4-9 Financial Overview of Grand Continent Hotels Ltd. FY22-FY25 in INR Crore

Financial Parameters	FY22	FY23	FY24	FY25
Total Income	5.8	15.3	31.5	73.2
EBITDA	2.3	6.0	9.1	18.3
PAT	(2.6)	1.8	5.6	10.7
EBITDA Margin	38.8%	39.8%	29.0%	25.2%
Net Profit Ratio				
PAT/Net Sales	(45.1)%	12.2%	18.0%	14.7%
Debt to Equity Ratio				
Debt	34.7	34.3	33.2	11.1
Equity	(1.8)	0.1	30.0	113.1
Debt/Equity	(19.5)	343	1.1	0.1
Return on Equity Ratio				
PAT/ Shareholder Equity	-	1800%	18.7%	9.4%
Return on Capital Employed				
EBIT/Shareholder Equity & Non-Current Liabilities	3.9%	15.7%	14.8%	14.6%
EBIT	1.3	5.4	9.1	18.3
Shareholder Equity & Non-Current Liabilities	32.9	34.4	61.0	125.1

Source: Interview with Industry Experts, Company Financial Reports and Ken Research Analysis
Note: Debt/Equity = Total Borrowings (Long-term Borrowings + Short term Borrowings) / Total Equity
Note 2: Consolidated financials have been considered for financial overview

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5. Research Methodology

5.1. Market Definitions

India Mid-Scale Hotels Market in Value: Total revenue generated by mid-scale hotels in India, which typically offer rooms with an Average Daily Rate (ADR) between INR 3,000 and INR 7,500. This includes income from various service offerings such as room accommodations, food and beverage services, events, spa & wellness, and other ancillary services.

India Mid-Scale Hotels Market in Volume: Total hotel rooms supply or available rooms within India, where ADR falls between INR 3,000 and INR 7,500.

Average daily rate: ADR represents hotel room revenues divided by total number of room nights sold in a given period (including rooms that were available for only a certain portion of that period)

Average Occupancy: Average occupancy represents the total number of room nights sold in a given period divided by the total number of room nights available at a hotel or group of hotels in the same period

RevPAR: This metric reflects how well mid-scale hotels are filling rooms and maximizing their revenue potential on a per-room basis. RevPAR is calculated by multiplying the ADR (₹3,000 to ₹7,500) by the occupancy rate.

Chain-affiliated hotels: These are hotels that are (i) Company owned-Company Operated (ii) Managed Hotels, or (iii) Franchise Operated. These include all international global and domestic chains operating in India.

Independent hotels: Hotels that operate independently and are not associated with any major hotel chain or brand. These hotels are typically standalone entities and do not adhere to the standardized practices like large hotel groups.

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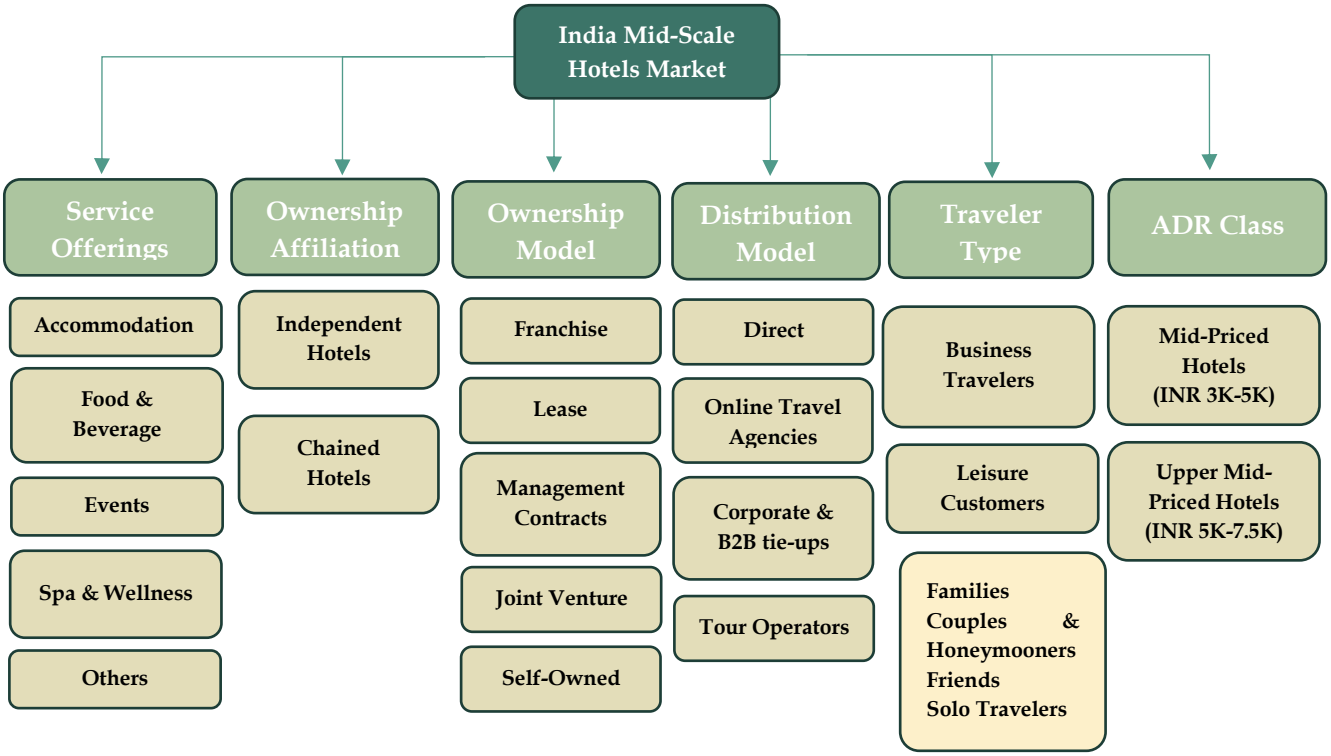
Figure 5-1 Market Taxonomy of India Mid-Scale Hotels Market



Note: Others include laundry and housekeeping services, Concierge services, Co-Working spaces, Technology services, etc.

5.2. Abbreviations

ADR: Average Daily Rate
Bn: Billion
B2B: Business-to-Business
CAGR: Computed Annual Growth Rate
Cr: Crore
EBITDA: Earnings before Interest, Tax, Depreciation, and Amortization
E: Estimated
F: Forecasted
FY: Financial Year
HLFP: Heat, Light, Fuel, Power
HRACC: Hotel & Restaurant Approval & Classification Committee

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IHCL: Indian Hotels Company Limited
INR: Indian Rupee
ITC: India Tobacco Company
MICE: Meetings, Incentives, Conferences, Events
OTA: Online Travel Agencies
PAT: Profit After Tax
RBI: Reserve Bank of India
RevPAR: Revenue per Available Room
ROS: Return on Sales
SME: Small & Medium-sized Enterprises
SWB: Salary, Wages, Benefits
USD: United States Dollar
UT: Union Territory

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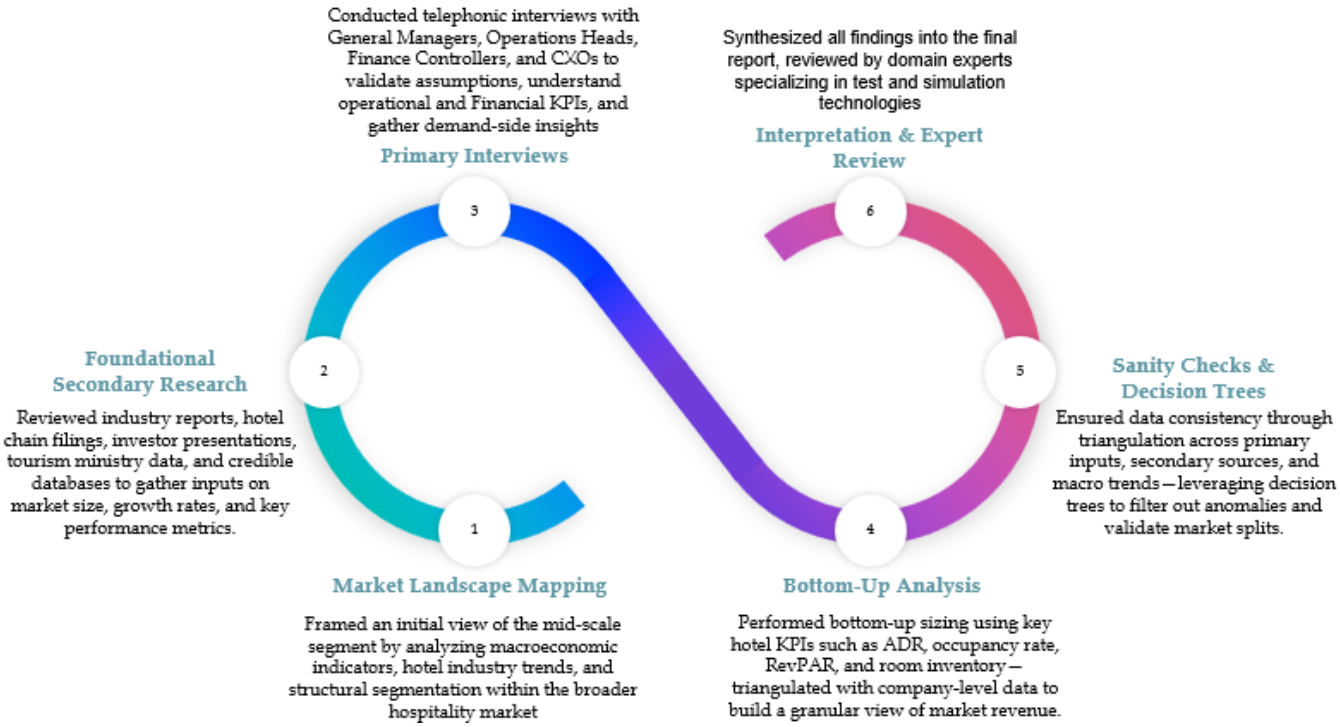
5.3. Market Sizing and Modeling

CONSOLIDATED RESEARCH APPROACH



Sample Size Inclusion: Primary interviews via Computer Assisted Telephonic Interviews (**CATI's**) and Research Interviews with the major mid-scale hotels like Lemon Tree, Ginger, Bloom, Fortune Park, Royal Orchid, Saj Hotels, Grand Continental among others were conducted to understand their viewpoint on the status of market, competition, segmentations, new developments, industry parameters and more.

The interview comprised of both **subjective** as well as **objective** questions to understand the industry parameters, occupancy rate, Average Daily Rate, Type of travelers, partnerships, competition, growth drivers, overall market scenario and other relevant details.

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Table 5-1: Sample Composition Table by Stakeholders and Respondents in (%)

By Stakeholders	Sample Size: ~40 Respondents	Description
Mid-Scale Hotel Players	45%	CXOs, Strategy Heads, Head of Operations, Head of Development, Group General Manager and others
	35%	Property General Manager, Regional Operations Manager, Revenue Manager, Front Office Manager, Sales & Marketing Manager, Finance Controller
Industry Experts	20%	Respondents working in regulatory authorities, Industry Consultants, Seasoned Professionals and others

Source: Ken Research Analysis

LIMITATIONS

The future growth rate is primarily based on expected increases in hotel supply and ADR growth. These projections have been validated through interviews with industry experts from various segments, although their estimates may not always fully account for external uncertainties, such as economic downturns, inflationary pressures, or shifts in consumer behavior. While the model provides a reasonable forecast, there is inherent unpredictability due to these external factors. Ken Research has employed a robust sampling technique to validate the findings, ensuring a sufficient number of strata to reduce the margin of error. The significance level in the model is targeted to remain within 5-10%.

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