

Industry Report –

India & Northeast India - Hotel Sector

Prepared for:
Hotel Polo Towers Ltd.

27 September 2025

Mr. Deval Tibrewalla
Chief Executive Officer
Hotel Polo Towers Limited
Polo Grounds, Shillong - 793001
Meghalaya, India

Dear Mr. Tibrewalla,

We were retained by Hotel Polo Towers Limited to prepare an industry report comprising (a) an overview of the Indian hospitality industry, and (b) perspectives on the future outlook for the industry in general, with more specific focus on cities and markets in which the Company owns or operates hotels or intends to pursue projects in the medium term. Accordingly, this report concentrates on Northeast India. We understand that the Company intends to use data from this industry report in connection with the proposed Initial Public Offering (IPO) of the Company.

The Company intends to use data from the report titled 'Industry Report – India and Northeast India - Hotel Sector' ("Report") for the industry section of Draft Red Herring Prospectus ("DRHP") in connection with the aforementioned proposed Initial Public Offering of the Company.

The report is attached herewith. This Report covers the following key aspects:

- Overview of several key factors that impact the demand for, and performance of the hotel sector - factors such as tourist arrivals, seasonality, access infrastructure, key demand drivers, visa policies, government initiatives and challenges, and barriers to entry in the hospitality industry.
- Supply analysis of chain affiliated hotels, with stress on Northeast India region, and upscale and midscale segments as these are relevant to the Company.
- Analysis of current demand and expectations of future demand.
- Analysis on the future supply of chain affiliated hotels over the next about five years, and its impact on the overall performance.
- Future outlook for cities / micro-markets relevant to Company.

In this Report, we have examined various general and specific aspects relating to India's hospitality industry. The focus is Northeast India region and on the relevant segments mentioned above as these are relevant to the Company; other segments are discussed only to the extent this is relevant to provide a more comprehensive overview of the industry.

Hotel inventory and other data points used for this Report are as on 31 March 2025. Information on pipeline inventory and other data have been updated based on information available to us upto 31 July 2025; we have not updated this for any events occurring after

that date notwithstanding that in some cases the Report may contain a comment on an event after that date. Further, we have no obligation to update the information and our comments for changes and events that occur after the aforesaid dates.

Information herein is based on our research and knowledge of the market; it is possible that corporate plans and other confidential information, which are not within our knowledge may provide an understanding that may be different from the statements and conclusions herein.

For sake of making the Report meaningful, we have been selective in the data included herein; we have sought to avoid providing a mass of data that may be less comprehensible – however, it is possible that additional data may cause a reader to reach a different conclusion.

As is typical of such reports, our estimates / projections / outlook and statements that may be regarded as forward-looking statements cannot be guaranteed in any manner; these have, however, been prepared after conscientious research and analysis.

We shall be pleased to provide any further clarifications or assistance as may be required.

Thank you and with regards,

Yours truly,

For Crowe Horwath HTL Consultants Pvt. Ltd.



Vijay P. Thacker
Managing Director

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Our opinions are based on information available to us at the time of preparation of the report and economic, market and other conditions prevailing at the date of this report. Such conditions may change significantly over relatively short periods of time. Should circumstances change significantly, or additional information become available, after the issuance of this report, the conclusions and opinions expressed herein may require revision. There is no requirement for CHHTL to update this report in any such circumstances. The statements and opinions expressed in this report are made in good faith and in the belief that such statements and opinions are not false or misleading. Recipients should make their own enquiries and evaluations they consider appropriate to verify the information contained in the Industry Report. This Industry Report does not purport to provide all of the information the recipient may require in order to arrive at a decision.

Forward-Looking Statements

This Industry Report contains estimates / projections / outlook and statements that may be regarded as forward-looking statements. These statements are based on a number of assumptions, expectations and estimates which, while considered by us to be reasonable, are inherently subject to significant uncertainties and contingencies many of which are beyond the control of ourselves or Hotel Polo Towers Ltd. (on whose behalf this report has been prepared) or which may reflect future business decisions which are subject to change. Recipients of this information are advised that the estimates / projections / outlook may be regarded as inherently tentative. Due to the subjective judgments and inherent uncertainties of statements about future events, there can be no assurance that the future results, or subsequent estimates / projections / outlook will not vary significantly from the estimates / projections / outlook and other statements set out in Industry Report.

This disclaimer must accompany every copy of this Industry Report, which is an integral document and must be read in its entirety”.

HORWATH HTL CREDENTIALS

Horwath HTL India is a member of Crowe Global. Crowe Global is among the top 10 accounting and consulting networks worldwide. Crowe Global member firms engaged in the field of consulting to the Hotel, Tourism and Leisure industry, under the name and style of Horwath HTL, are recognised as being the premier consultants to this industry, providing practical and well-reasoned professional advice to their clients.

The consulting experience of Horwath HTL India covers over 165 Indian cities, towns and destinations and over 20 international destinations. Assignments have been undertaken for hotel chains, promoters, development companies, private equity investors, international lenders, including several major international and domestic hotel chains and their associates.

Our hospitality consulting practice has advised on significant and diverse projects and the principal services provided by us are market and financial feasibility studies, strategic planning for hotel chains, operator search and management contract negotiations, valuation of hotel companies and hotel properties, structuring financial bids, operational reviews, efficiency audits and service audits and systems design and reviews for hotels.

Abbreviations

Abbreviation	Full Form
AAI	Airports Authority of India
ADR	Average Daily Rate
ASEAN	Association of Southeast Asian Nations
ASPHL	Apeejay Surrendra Park Hotels Ltd
ATR	Avions de Transport Régional
BBIN	Bangladesh, Bhutan, India, Nepal (regional sub-group under SAARC for connectivity)
BFSI	Banking, Financial Services and Insurance
CAGR	Compound Annual Growth Rate
CPI	Consumer Price Index
CY	Calendar Year
DIPP	Department of Industrial Policy & Promotion
DRIL	Damodar Ropeways and Infra Limited
EBITDA	Earnings Before Interest Taxes Depreciation & Amortization
F&B	Food & Beverage
FDI	Foreign Direct Investment
FHRAI	Federation of Hotel & Restaurant Association of India
FMCG	Fast Moving Consumer Goods
FTA	Foreign Tourist Arrival
FY	Financial Year
GDP	Gross Domestic Product
GDPR	General Data Protection Regulation
GOI	Government of India
GOP	Gross Operating Profit
GSDP	Gross State Domestic Product
GST	Goods and Services Tax
GVA	Gross Value Added
H1	First half
H2	Second Half
HAI	Hotel Association of India
HR	Human Resources
IATA	International Air Transport Association
ICP	Integrated Check Post
ICRA	Investment Information and Credit Rating Agency of India Limited
IHCL	Indian Hotels Company Limited
IMF	International Monetary Fund
IMT	India Myanmar Thailand
Rs.	Indian Rupee
ISL	Indian Super League
IT	Information Technology
k	Thousand
Lux-Upper Up	Luxury and Upper Upscale Segments
MICE	Meetings, Incentives, Conferences & Exhibitions
MMPTA	Million Metric Passengers per Annum
MOSPI	Ministry of Statistics and Programme Implementation
MPCE	Monthly Per Capita Expenditure
MPPA	Million Passengers Per Annum
MRO	Maintenance, Repair & Overhaul
MTC	Meghalaya Transport Corporation
MW	Megawatt

Abbreviation	Full Form
M-E	Midscale Economy Segments
NASSCOM	National Association of Software and Service Companies
NCR	National Capital Region
NEIDS	North East Industrial Development Scheme
NGO	Non-Governmental Organization
NH	National Highway
NW	National Waterway
Occ	Occupancy
PHDCCI	PHD Chamber of Commerce and Industry
PIB	Press Information Bureau
PLI	Production Linked Incentive
PM	Prime Minister
PMI	Purchasing Manager's Index
PPH	Passengers Per Hour
PPP	Purchasing Power Parity
PRASHAD	Pilgrimage Rejuvenation and Spiritual, Heritage Augmentation Drive
PRICE	People's Research on India's Consumer Economy
PSU	Public Sector Undertaking
PTG	Polo Towers Group
PTR	Pupil Teacher Ratio
R&D	Research & Development
RBI	Reserve Bank of India
RevPAR	Revenue Per Available Room
SAARS	Severe Acute Respiratory Syndrome
SARDP	Special Accelerated Road Development Programme (for NE India)
SEZ	Special Economic Zone
STPI	Software Technology Parks of India
UDAN	Ude Desh ka Aam Naagrik
UDISE	Unified District Information System for Education
UN	United Nations
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UNNATI	North East Industrial and Investment Promotion Policy
UP	Uttar Pradesh
Up-Mid	Upper Midscale Segment
US	United States
USD	United States Dollar
WTTC	World Travel & Tourism Council
YTD	Year to Date

1. Overview of Key Market Characteristics

This section briefly sets out some key characteristics of India's hospitality industry to provide a better understanding of the market and more particularly the upper-tier and midscale segments.

1.1. Hotel Supply - India¹

- a. India had 204k chain-affiliated hotel rooms, across segments, as at 31 March 2025. Supply at independent hotels is widely fragmented and substantially of midscale or lower positioning.
- b. Supply composition has evolved over the years creating greater depth and balance across segments, with 33.9% supply share for the Luxury-Upper Upscale segments, 38.4% for the Upscale - Upper Midscale segments and 27.7% for the M-E segments as at 31 March 2025.
- c. Geographic spread of hotels continues to widen. Supply share at Key Markets (Mumbai, Delhi-NCR, Bengaluru, Chennai, Hyderabad, Kolkata, Pune, Ahmedabad, Goa and Jaipur) has declined from 69% at FY15 to 57% at FY25, and is estimated at 48% by FY30. 66% of supply to be added between FY26 and FY30 is outside the Key Markets.
- d. Share (measured by rooms) of international chains has risen from 21% in FY01 and was between 44% and 47% for the last ten years; this is expected to be about 47% at end FY30.
- e. Hotel ownership is now materially led by private sector developers / institutional investors, with hotel chains moving to a hybrid or asset-lite model. Hotel chain and chain-led ownership of hotel rooms is 25% (FY25), compared to 71% (FY01). 30% of rooms supply as at FY25 is under listed company ownership.
- f. Northeast India based hotel companies such as Polo Towers have lead supply creation (currently 4 hotels with 257 rooms; pipeline of 6 hotels with 583 rooms). Currently, the North-east has very limited chain-affiliated supply (35 hotels, about 2,600 rooms).

1.2. Hotel Demand - India

- a. Demand for chain-affiliated hotels has increased from 61k rooms per day for FY15 to 127k rooms per day for FY25.² Demand grew at 9.9% CAGR between FY01 and FY25, including at 7.6% CAGR between FY15 to FY25³. Demand growth in the last 2 years, was at 9.7% CAGR between end of FY23 and end of FY25⁴.
- b. Domestic travel visits aggregated 2.32 billion for CY19. Post Covid recovery was sharp with 1.73 billion visits for CY22 and 2.51 billion visits for CY23.⁵ Data for CY24 is not available, though a reasonable increase is expected to have occurred.
- c. FTA was above 10 million for CY2017-19 and recovered, post Covid, to 9.5 million for CY23. FTA for CY24 was 9.7 million, 1.4% higher than CY23. FTA numbers have been impacted since H2-24 due to drop in flow of visitors from Bangladesh.⁶ Substantial FTA growth is forecast by Hotel Association of India (HAI), estimated at 100 million by 2047⁷; FTA would likely gain momentum from increased cross-border business and investment opportunities and trade agreements with major global economies, and a push to draw more inbound leisure travel.
- d. The hospitality industry suffered severely due to travel restrictions during the Covid-19 pandemic; recovery of travel was impacted during different waves of the pandemic and due to varied restrictions in overseas source markets. On the other hand, the industry

¹ Source: Horwath HTL India

² Source: Horwath HTL

³ Source: Horwath HTL India

⁴ Source: Horwath HTL India

⁵ Source: Ministry of Tourism, Govt. of India

⁶ Source: Ministry of Tourism, Govt. of India

⁷ Source: Vision 2047 – Indian Hotel Industry, Hotel Association of India

showed remarkable resilience and recovery appetite when restrictions were loosened and then dropped.

1.3. **Travel and Tourism – Value Generation**

- a. India's Ministry of Tourism has set an ambitious target to make India a USD 3 trillion tourism economy by CY47.⁸
- b. According to the latest WTTC Economic Impact Trends Report for 2024, India is the world's eighth-largest tourism economy, contributing \$231.6 billion, and is projected to advance to the fourth position within the next decade.
- c. **Travel and Tourism Contribution to GDP:** Per World Travel and Tourism Council (WTTC), the travel and tourism sector's contribution to India's economy was Rs. 21 trillion for CY24, and is estimated to cross Rs. 22 trillion in CY25.⁹ It is projected to increase to Rs. 42 trillion by CY35¹⁰, growing at 6.7% CAGR from CY25 to CY35. This growth is higher than CAGR of 3.5% over the same period (CY25 to CY35) for the global travel and tourism sector's contribution to the global economy.

HAI estimates the Indian hotel sector GDP contribution at USD 40 billion, USD 68 billion and USD one trillion in CY22, 2027 and 2047 respectively¹¹, with significant multiplier benefit. The sector creates assets, employment, foreign exchange earnings and tax revenues.

- d. **Domestic Visitor Spending:** Per WTTC, domestic visitor spending in India of Rs. 15.5 trillion in CY24, is 22% higher than for CY19.¹² Domestic visitor spending is forecast to increase to Rs. 16 trillion in CY25, and estimated to increase to Rs. 43.2 trillion by CY34¹³, growing at 11.7% CAGR between CY25 and CY34. Given the strength of domestic tourism in India in the post-Covid period and the recent reduction in GST rates for hotel rooms charged at Rs 7,500 or less, the increased domestic spends can be expected to boost the sector.

Per a separate study by McKinsey & Co, India was the world's sixth-largest domestic travel market by spending in CY23. The study projects spending growth upto CY30 at 9% per annum which will, in turn, enable India to become the world's fourth-largest domestic travel market by spending by CY30, moving ahead of Japan and Mexico.¹⁴

- e. **Sector Employment:** Per WTTC, India's travel & tourism sector is expected to employ more than 48 million people in CY25, up by 3.2% from 46.5 million people employed by the sector in CY24.¹⁵

In effect, the travel and tourism sector alone has employed over 9% of India's employed workforce in CY 2024. Sector employment numbers are forecast to increase to 64 million by CY35.¹⁶

1.4. **Future Demand Drivers**

- a. Tourism and travel growth is expected to drive demand through diverse domestic and inbound travel needs – for business, leisure, MICE, weddings, social events, sports, pilgrimages and other personal travels, and from political and business delegations and airline crew. Leisure comprises multiple elements including recreational use of golf resorts.
- b. Travel will be necessitated and supported by a growing economy, improved travel infrastructure (airports, roads, rail, cruises), new convention centres golf resorts, game

⁸ Announcement by Ministry of Tourism on World Tourism Day 2024

⁹ Source: World Travel & Tourism Council Economic Impact Research released on 5th June 2025

¹⁰ Source: World Travel & Tourism Council Economic Impact Research released on 5th June 2025

¹¹ Source: Vision 2047 – Indian Hotel Industry, Hotel Association of India

¹² Source: World Travel & Tourism Council Economic Impact Research 2024 Factsheet

¹³ Source: World Travel & Tourism Council Economic Impact Research released on 5th June 2025

¹⁴ Source: The State of Tourism and Hospitality 2024 report by McKinsey & Company

¹⁵ Source: World Travel & Tourism Council Economic Impact Research released on 5th June 2025

¹⁶ Source: World Travel & Tourism Council Economic Impact Research released on 5th June 2025

parks and experiential leisure options, increased international and national sport events held in India, and entertainment sector events. Hotels at multiple religious destinations will add demand for quality hotels in these towns.

- c. Travel will be driven by continued urbanisation, changing demographics and lifestyles, need and willingness to spend on experiential travel and travel comprising entertainment, recreation, wellness and lifestyle purposes.
 - d. Increase in affluent population will also drive increase in demand for luxury goods and experiences, including luxury and upper-upscale hotels.
 - e. India's major scheduled airlines have placed large orders for aircraft which, if delivered by the current schedule upto end CY35, will increase the number of aircraft by about 2.3 times the inventory of about 724 aircraft as of February 2025.¹⁷ This capacity increase is predicated on substantial travel growth; in turn, it will also facilitate substantial domestic and international travel.
 - f. The Government's Swadesh Darshan Scheme focuses on sustainable and responsible tourism along with Pilgrimage Rejuvenation and Spiritual Augmentation Drive (PRASHAD). The government has also announced an initiative for Medical Tourism "Heal in India".¹⁸
 - g. The allocation of Rs. 600 million by Government of India for skill development in FY26 will support intensive skill-development programs for youth, including training in hospitality management and other tourism-related services.¹⁹
 - h. The drive to expand India's GDP from USD 3.91 trillion²⁰ in FY25 to USD 6.15 trillion²¹ by FY30, will strongly push and support travel and the hotel sector; in turn, the GDP expansion drive will need the active support of the hotel sector for various business travel, MICE and related needs as well as its sheer contribution to GDP.
 - i. The recently announced reduction in GST rates for hotels with room charges of Rs. 7,500 or less will benefit demand at midscale and lower hotels and hotels in Tier 2 and lower tier markets, as well as pilgrim destinations, thereby enabling overall demand growth.
- 1.5. **Demographics:** Relevant demographic changes, which are in turn expected to create demand potential for different hotel services, include – (a) increased urbanisation - per a United Nations study, India is projected to add 416 million urban dwellers by CY50²²; (b) growing middle class, estimated at 432 million in FY21, 715 million in FY31 and 1,015 million by FY47²³; (c) younger population, estimated at 371 million in CY21 (27.2% of total population)²⁴ with the youth-bulge lasting till CY55, with willingness to spend on entertainment, recreation, lifestyle, and experiences.
- 1.6. **Key long-term attributes** for India's hotel sector include (a) robust domestic travel sector and potential for FTA growth; (b) material expansion of airport infrastructure and airline capacities; (c) spread of new travel destinations, religious destinations and city micro-markets; (d) growth initiatives in the Northeast India as part of the "Act East" policy of GOI, supported by major investments in airport, road and rail infrastructure which will, in turn, attract and support demand and operations of hotels; (e) demand emergence and push from sports, entertainment and performing arts events; (f) widening private sector investment in the sector, including provision for 100% FDI under the automatic route; (g) rising land costs

¹⁷ Source: Global Fleet And MRO Market Forecast 2025-2035

¹⁸ Source: Ministry of Tourism, Government of India

¹⁹ Source: Tourism as a Key Driver for Employment and Growth Budget 2025-26 Focuses on Infrastructure, Medical Tourism, and Heritage Conservation dated 4th February 2025, PIB

²⁰ Source: International Monetary Fund, World Economic Outlook, April 2025

²¹ Source: International Monetary Fund, World Economic Outlook, April 2025

²² Source: UN World Urbanization Prospect Report

²³ Source: The Rise of India's Middle-class Report - PRICE

²⁴ Source: Youth in India Report 2022, MoSPI

continuing to pose significant barriers to entry. Achievement of the FTA and Domestic travel numbers, stated in 1.3(a) above, would create very significant demand growth for hotels.

- 1.7. Tourism, infrastructure expansions and business growth in Northeast India are expected to significantly need, and support, the growth of the hospitality and F&B sectors across the region. The region has potential to substantially widen its reach to the robust domestic and international tourism markets, with quality hotel and resort products across different positioning segments including luxury and other upper tier hotels, midscale hotels and even boutique resorts that combine comfort and appeal with authentic cultural experiences.

2. India and its Northeast – Overview

2.1. India among the fastest growing economies in the world

In FY25, India was the 5th largest global economy with Nominal Gross Domestic Product (GDP) at current prices of United States Dollars (USD) 3.9 trillion. For FY26, India's Nominal GDP is estimated at current prices of USD 4.187 trillion, marginally ahead of Japan at USD 4.186 trillion, thereby ranking India as the fourth largest economy in the world.²⁵ According to the Economic Survey of India FY25, issued by Ministry of Finance, Government of India (GOI), India's Real GDP is expected to grow by 6.4% in FY25 and between 6.3% and 6.8% in FY26, thereafter it is projected to grow by 6.5% till FY2030²⁶. India's GDP in current prices based on Purchasing Power Parity (PPP) is USD 16.2 trillion²⁷, making it the third largest economy, ahead of Russia, Japan and Germany.

Table 1 below summarises various GDP growth rate projections for India's economy. The impact of recent tariffs imposed by USA, as well as recent reductions in GST rates, are not considered in these projections which were made prior to the tariff imposition.

Table 1: GDP growth rate projections for India

Agency	Estimated GDP Growth Rate		
	FY26	FY27	FY28
Ministry of Finance, GOI*	6.3%-6.8%	NA	NA
IMF**	6.2%	6.3%	6.5%
World Bank***	6.3%	6.5%	6.7%
RBI@	6.5%	6.6%	NA
S&P Global@@	6.5%	6.8%	NA
Morgan Stanley	6.2%	6.5%	NA
Asian Development Bank#	6.7%	6.8%	NA
Fitch Ratings#	6.4%	6.3%	NA

Source:

* Estimates released by Ministry of Finance, India dates 31 January 2025

**World Economic Outlook Database April 2025

*** Global Economic Prospects report released on 10 June 2025)

@Article by DD news dated 6 June 2025

@@ S&P Asia Pacific Economic Outlook released in June 2025

#Data as of 28 April 2025

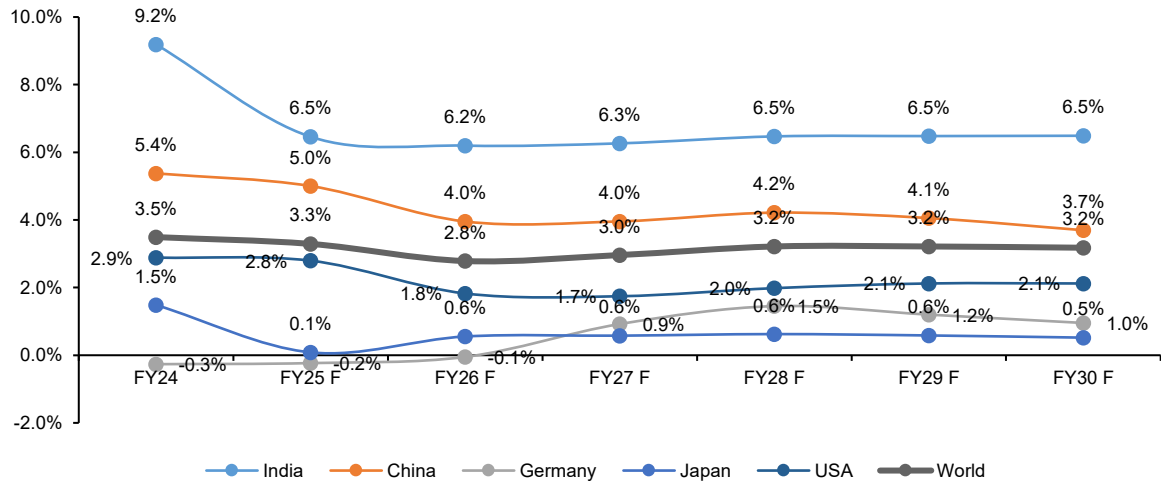
²⁵ Source: International Monetary Fund, World Economic Outlook, April 2025

²⁶ Source: International Monetary Fund, World Economic Outlook, April 2025

²⁷ Source: International Monetary Fund, World Economic Outlook, April 2025

Chart 1 provides IMF forecast for GDP growth rate (at constant prices) for India and the top five global economies through FY30.

Chart 1 - India and Top 5 Global economies GDP Growth Forecast



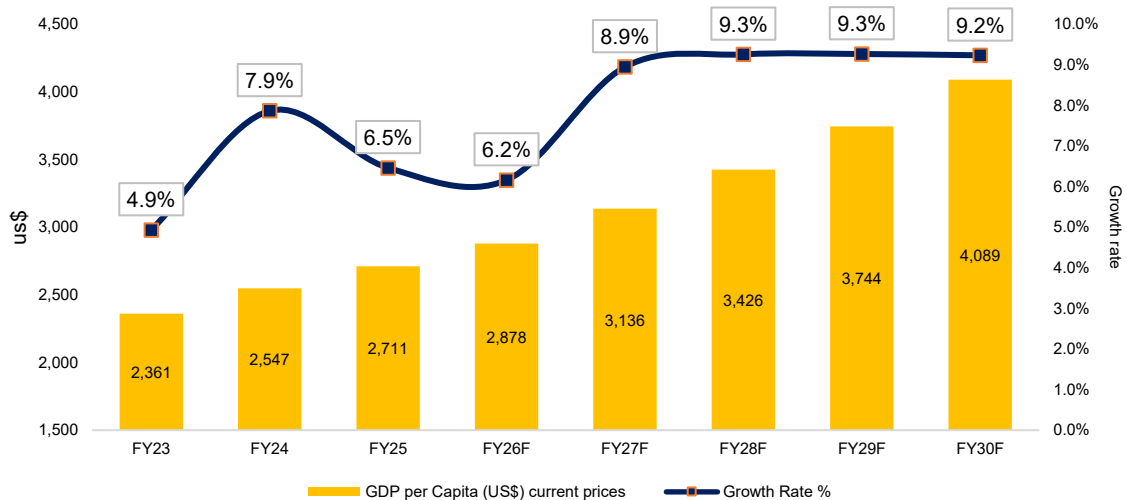
Source: IMF World Economic Outlook April 2025

With strong GDP and third largest Purchasing Power Parity (PPP), India was positioned as third largest power in Asia Power Index in CY24.²⁸

2.2. India Per Capita GDP

Per capita GDP growth for India in FY25 over FY24 was about 6.5%. It is estimated at 9.2% CAGR between FY26-FY30²⁹. Increased individual incomes are expected to create additional discretionary spending, which may be beneficial for the hospitality sector.

Chart 2 - India Per Capita GDP Forecast



Source: IMF World Outlook April 2025 National Statistics Office, Ministry of Statistics & Programme Implementation (MoSPI), Govt of India

²⁸ Source: Asia Power Index 2024 by Lowy Institute

²⁹ Source: IMF World Economic Outlook April 2025

2.3. Indian economy is driven by services and manufacturing

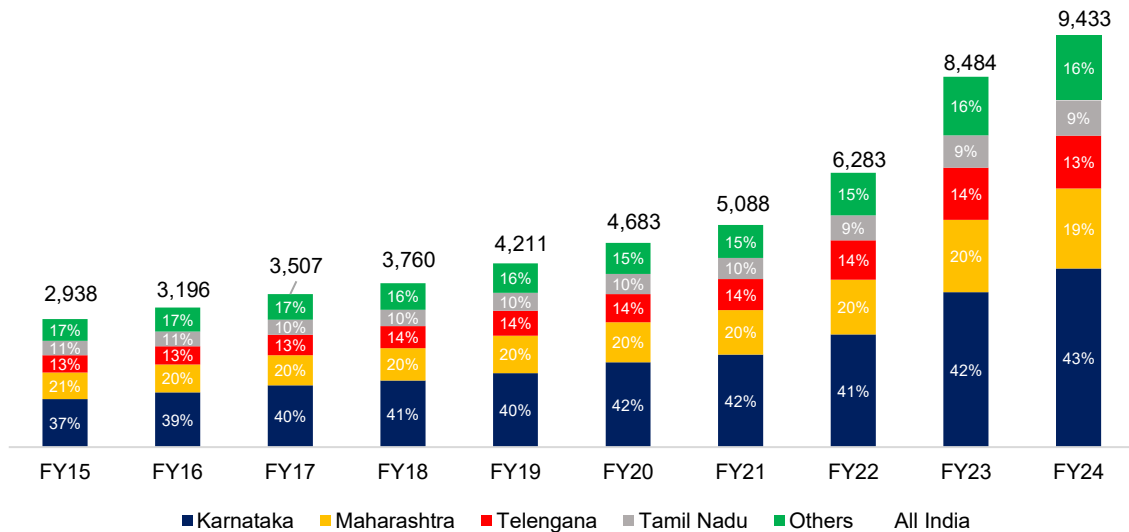
Over the years, the Indian economy has transformed from being materially agrarian to an economy dominated by manufacturing and services sector. In FY24, at constant prices, share of manufacturing and services were 18% and 55% respectively.³⁰

Manufacturing GVA has almost doubled between FY12 and FY24, more recently benefitting from initiatives such as Make In India and the Production Linked Incentive (PLI) programs.

Services sector is among the fastest growing in the Indian economy. Between FY16 and FY24, the set comprising trade, hotels, transport, communication and services related to broadcasting grew at 9.7% CAGR; the set of financial, real estate and professional services grew at 11.4% CAGR³¹, at current prices.

India is a hub for software exports. All India STPI registered IT exports increased by Rs. 949 billion in FY24 over FY23.³² Per National Association of Software and Services Companies (NASSCOM), India's IT exports revenue (STPI + non STPI) for FY25 is estimated at USD 224 billion, growing at 9.4% CAGR between FY15- FY25.³³

Chart 3 – India and Select States – IT and ITeS Exports – FY15 to FY24 (in Rs. billion)



Source: STPI and Ministry for Electronics and Information Technology via Digital Sansad

The IT sector tends to employ young population mainly below 30 years of age, with salary levels that are generally higher than for other sectors. This young demographic with good salary levels does contribute to higher disposable income and consumer spending patterns as well as higher spends on leisure and travel, thereby benefitting various leisure destinations in India including the previously unexplored north-eastern states.

³⁰ Source: National Accounts Statistics 2025, MoSPI

³¹ Source: Ministry of Statistics and Programme Implementation, India

³² Source: STPI and Ministry for Electronics and Information Technology via Digital Sansad

³³ PIB release: India's IT Industry Registers Significant Growth in Last Decade: Projected to Reach \$283 Billion in 2024-25, dated March 2025

2.4. Northeast India - rich biodiversity; strategic geography

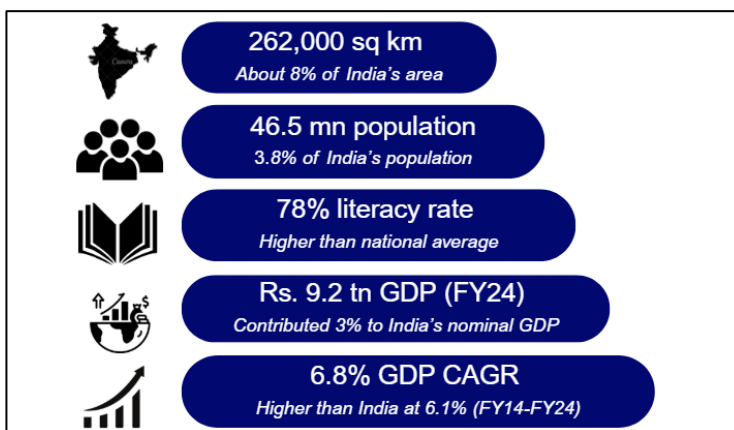
Northeast India comprises the “Seven Sisters” - Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland and Tripura - and Sikkim. Sikkim was included in Northeast India in 2002 for strategic reasons. Northeast India is connected to the rest of the country by the Siliguri Corridor.

The region has strategic value arising from its geographic location and rich biodiversity. It shares international borders with multiple countries - Bhutan, Tibet, and Nepal to its North, Bangladesh to its the south and south-west, and Myanmar to its east and south-east. Its combination of mountainous and hilly topography, forested lands, rivers, wildlife, mineral wealth and rich biodiversity offer a diverse range of economic development and tourism growth options.

With a location in the far eastern part of India, these states are culturally and geographically distinct from the rest of India. They have rich biodiversity with almost 200 ethnic groups in this region.³⁴ Assam is the most prominent of the 8 states in terms of development and economic activity.

Key macro indicators for the Northeast India are reflected below chart:

Chart 4 - Key macro indicators for the Northeast India



Source: Ministry of Home Affairs, GOI; Literacy & Education, MOSPI; National Accounts, MOSPI

India launched the “Act East Policy” in 2014 as a foreign policy initiative aimed at strengthening economic, strategic, and cultural ties with countries in Southeast Asia and East Asia, particularly ASEAN nations. Northeast India plays an important and pivotal role in the Act East Policy as it is India’s gateway to South-East Asia and can enable material growth in India’s trade, tourism, and infrastructure links with ASEAN countries.

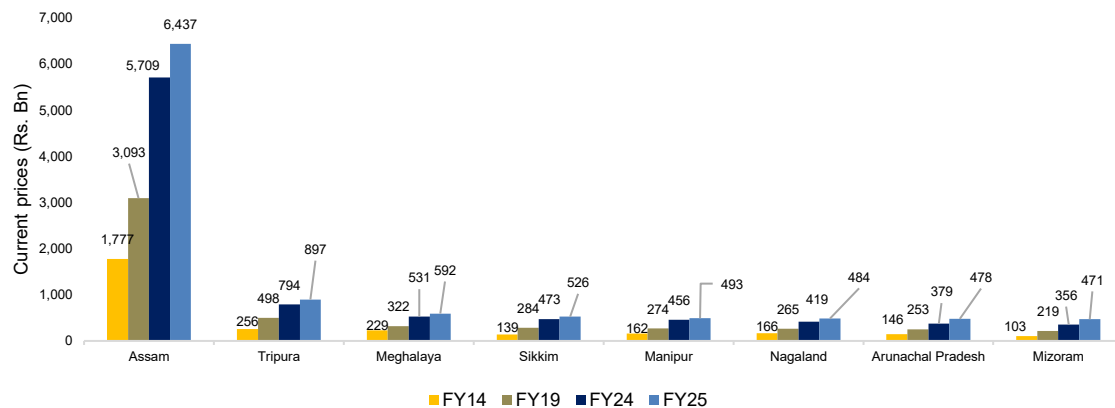
Towards this end, major infrastructure projects include India-Myanmar-Thailand Trilateral Highway, Kaladan Multi-Modal Transit Transport Project, Agartala-Akhaura Rail Link, and Bangladesh-Bhutan-India-Nepal initiative to facilitate seamless flow of passengers and cargo between these countries.

³⁴ Source: Ministry of Home Affairs, Government of India

2.5. Northeast India – a fast growing region

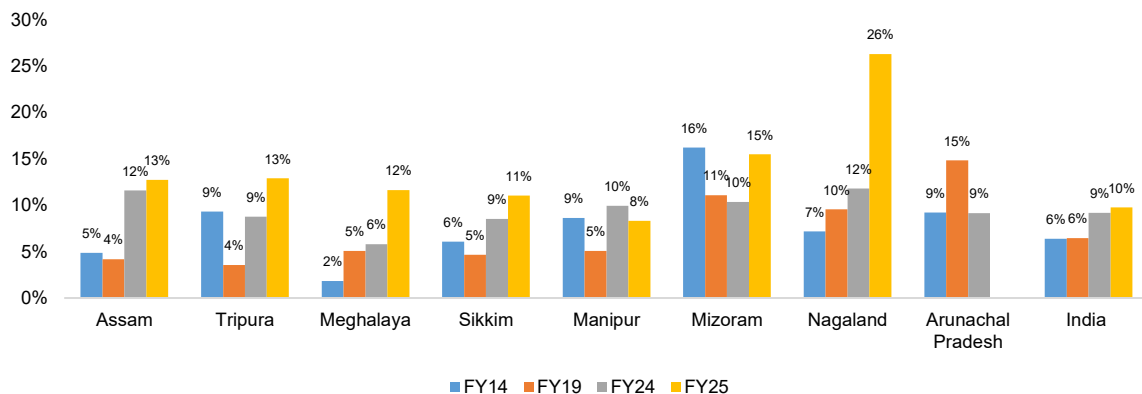
Northeast India is among the fastest growing regions of India. In FY25 the GDP growth for 7 of its 8 states was higher than All India GDP growth, albeit of a significantly smaller base.

Chart 5 – Northeast India – GSDP of States (current prices in Rs. billion)



Note: GSDP for Northeast India states - Niti Aayog via MOSPI and respective State Economic Surveys
Source: National Accounts, Niti Aayog via MOSPI

Chart 6 - Northeast Indian GSDP Growth



Source: GSDP Growth for Northeast India states - Niti Aayog via MOSPI and respective State Economic Surveys; GDP growth for India - IMF World Economic Outlook April 2025
Data for Arunachal Pradesh for FY25 is not available

In FY24 five of the eight states were among the top 10 states with highest GSDP growth rates and Northeast India states ranked in the top 4 positions. Thus, this region enjoyed robust growth, relative to its base economic level.

In FY23, per capita GDP for Sikkim, Mizoram and Arunachal Pradesh exceeded the national average.³⁵ Data for FY24 and FY25 for all states is not yet available.

³⁵ Source: Economic Survey of India 2024-25

2.6. Key Economic Sectors - Northeast India

The economy of Northeast India is driven by agricultural, energy, textiles and tourism among other sectors.

Agriculture and allied sectors provide livelihood to about 70% of Northeast India population. The region has four agro-climatic zones and perennial water supply, both of which are favourable for agricultural activities. Northeast India also has abundant forest resources and forest produce which materially contribute to the region's economy. Some keys aspects of these two sectors are

- Assam is among the largest tea growing regions in the world. Assam contributed to 55% of India's tea production in 2024.³⁶ Jorhat in Assam is referred as "Tea Capital" of the world. Due to the tropical climate and altitude ranging between 300 and 500 m, the tea bushes enjoy abundant growth.
- Northeast India in 2023 had about 36% of India's total bamboo area³⁷. In FY21, Arunachal Pradesh ranked second in Bamboo production in India at 8,824 million clumps. Within Northeast India, large bamboo growing areas are in Arunachal Pradesh, Assam, Manipur and Tripura. Tripura's cane and bamboo handicrafts are popular for their designs, wide range of products and artistic appeal.
- Tripura is the second largest rubber producing state in India; Assam is the fourth largest.³⁸
- Northeast India's agro-climatic conditions and fertile well-drained soil are conducive for floriculture and horticulture activities. Northeast India accounts for about 5.1% (fruits) and 4.5% (vegetables) of national production of these items. About 19 horticulture products from Northeast India have the GI registration, granting the region exclusive rights to produce these. Arunachal Pradesh is known as the Orchid Paradise of India as it has the most varieties of Orchids in India. Horticulture export earnings from Northeast India increased from USD 2.52 million to USD 17.2 million in the period from FY17 to FY22.³⁹
- Assam produces 97% of India's Muga Silk and 65% of India's Eri Silk.⁴⁰

Besides agriculture, the other major sectors that drive economic growth of Northeast India include

- Oil, Natural Gas and Coal – Assam has more than 50% of India's onshore natural gas production.⁴¹ It also has four oil refineries with current capacity of 7.1 MMPTA, expanding to 13.95 MMPTA over next two years.⁴² Northeast India has 1,738 million tonnes of coal resources, mostly in Meghalaya, Assam, and Arunachal Pradesh.⁴³
- Renewable Energy Sector – Renewable energy has high growth potential in Northeast India. The region holds 40% of India's hydropower potential (~62,000 MW). However, only 6.9% of this potential is currently harnessed.⁴⁴ Solar potential is estimated at 57,000 MW, with only 17% of this capacity installed to date.
- Handloom – Northeast India is a dominant player in production of handloom fabric. Assam and Manipur account for approximately 51% of households among India's top 4 handloom-producing states.⁴⁵
- Tourism – Tourism is emerging as a significant growth driver across the region, supported by investments in tourism infrastructure and its multiplier effects. The region has a variety of attractions besides its varied geographic features and forests - wildlife tourism in Assam, eco and

³⁶ Indian Tea Board

³⁷ India State of Forest Report 2023

³⁸ Rubber Board

³⁹ Ministry of Development of North Eastern Region

⁴⁰ Government of Assam

⁴¹ U.S. Energy Information Administration and World Bank

⁴² Government of Assam

⁴³ 391 Coal Mines Operational in Northeast Region – PIB article dated 4 April 2022

⁴⁴ Source: International Conference on Hydropower and Dam Development for Water and Energy Security – Under Changing Climate, April 2022.

⁴⁵ Fourth All India Handloom Census 2019-2020

adventure tourism in Meghalaya and Sikkim, natural landscapes and features across Arunachal Pradesh and other states, tea gardens, a diverse range of culture and heritage, local produce etc. The region has potential to integrate the tourism offerings across multiple states in order to create a fulsome tourist itinerary and experience.

2.7. Key Demographic Aspects – India and Northeast India

2.7.1. Increased Urbanisation:

India's urban population increased from 28% in CY01 to 31% in CY11 and was further projected to increase to 37% in CY24; urbanization is under penetrated in India compared to USA (84%), UK (85%) and China (66%). Nevertheless, in terms of size, India was estimated to have the second largest urban population globally, at 530 million in CY24 and growing to 675 million by CY35⁴⁶.

Urbanisation creates the need for jobs, attracting investment and development of multiple business sectors. The resultant growth in business and business opportunities is evidenced by increase in air traffic, wider real estate activity, and addition of hotels in several existing and newer markets.

Chart 7: India Urbanization Trend

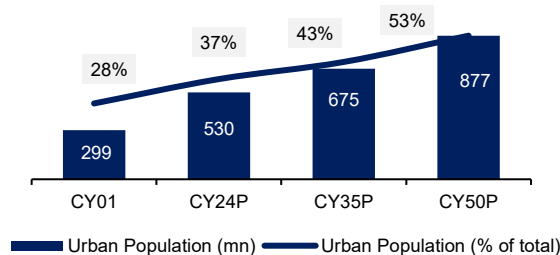
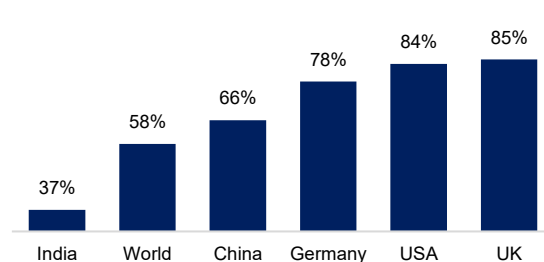


Chart 8: Urbanization % (CY24F)



Source: United Nations, Department of Economic and Social Affairs, Population Division (2018). *World Urbanization Prospects: The 2018 Revision, Online Edition*.

According to Population Projections for India and States 2011–2036, urbanization in Northeast India is projected to be 23% in 2025, which is lower than the projected national average of 36%. The largest urban population is estimated to be in Assam, followed by Tripura and Nagaland.

This may partially be because of the topography and the large and diverse tribal population in this region. While urbanisation in Northeast India is limited, several among the young population migrate from Northeast India to other urban centres in India; in time, they also return to the region as opportunities develop creating a stronger skill base for varied activities. According to census 2011, about 1.03 million out-migrants were from the Northeast India, which constitute 2.2% of the total Northeast India population.

Chart 9: Reasons for Interstate Outflows from Northeast India



Source: Census of India 2011

⁴⁶ Source: United Nations, Department of Economic and Social Affairs, Population Division (2018). *World Urbanization Prospects: The 2018 Revision, Online Edition*.

'Moved with household,' work and marriage have emerged as the important reasons for out-migration from Northeast India.

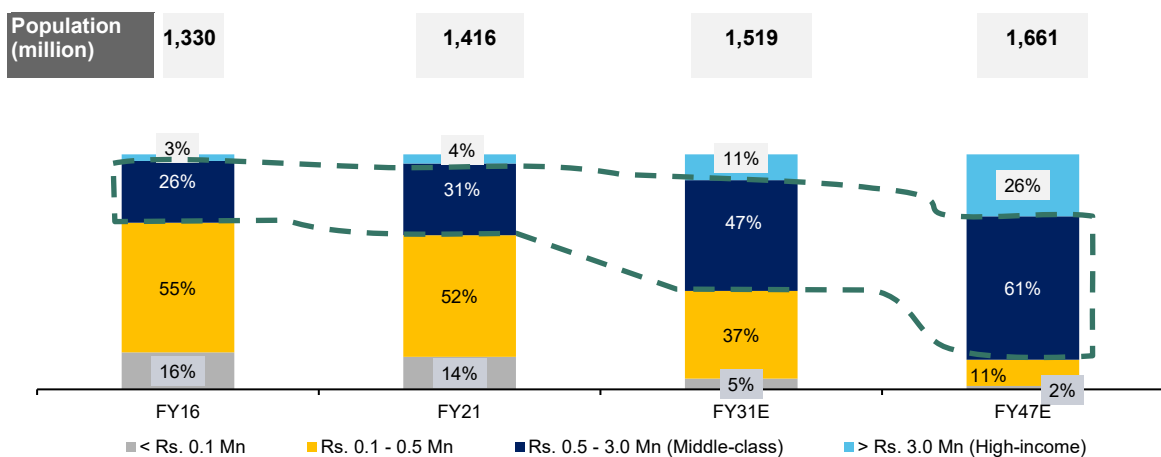
2.7.2. Rising Middle Class and High-Income Population

India's middle-class population, which spans a wide economic segment, is expected to grow from 432 million for FY21 to 715 million in FY31 and 1,015 million by FY47, moving ahead of US and China by 2030. Further, the share of high income population, relative to the total population, is expected to increase from 3% in FY16 to 26% for FY47.⁴⁷

Middle-class population (household income of Rs. 0.5 million to Rs. 3 million per annum) grew at 4% CAGR between FY16-21, increasing its share of population from 26% to 31% over the period. This segment is further projected to grow and is estimated to represent approximately 47% of the population by FY31. High-income households (annual income > Rs. 3 million) had 37 million population in FY16 and is projected to be 437 million in FY47 increasing at 8% CAGR.⁴⁸

Rising middle class and high-income population is an important demand driver for the hospitality sector, driving greater and wider tourism for business and leisure, and seeking new destinations, culture and experiences. This can be expected to create demand for midscale and upscale hotels and with aspirational demand for upper upscale hotels. Further, over time the middle class graduates upwards, with greater affordability and attitudinal and lifestyle changes, creating demand potential for different services (rooms, F&B, functions, entertainment) at upper tier and upper midscale hotels.

Chart 10: India's Rising Middle-Class— Share by annual income as a % of Total Population (FY16-FY47E)



Source: "The Rise of India's Middle Class" Report published in November 2022 by People Research on India's Consumer Economy (PRICE)

2.7.3. Young Population (15-29 Years):

India's young population increased from 223 million in CY 1991 to 333 million in CY 2011, 360 million in CY16, and 371 million in CY21 (27.2% of total population – the largest youth population globally)⁴⁹. The demographic window of opportunity - a "youth bulge" (growth in youth as a share of total population) in the working-age population, is expected to last till CY55.⁵⁰

⁴⁷ Source: The Rise of India's Middle-Class Report - PRICE

⁴⁸ Source: The Rise of India's Middle-Class Report - PRICE

⁴⁹ Source: Youth in India Report 2022, MoSPI

⁵⁰ Source: India's Demographic Dividend: The Key to Unlocking Its Global Ambitions, S&P Global

In CY23, the median age for India was estimated at 28.1 years. This is 9.9-20.9 years younger than the median age for the G-7 countries. India's median age is projected to remain below 30 years, until CY30.⁵¹

The large working age population will require jobs, placing importance on employment creation. The hotel and tourism sector has substantial ability to create jobs, directly and as a multiplier effect, if sufficiently enabled. A large working population also carries enhanced discretionary spend propensity which could benefit the hotel sector.

Chart 11- Estimated Median Age in Years (CY23)

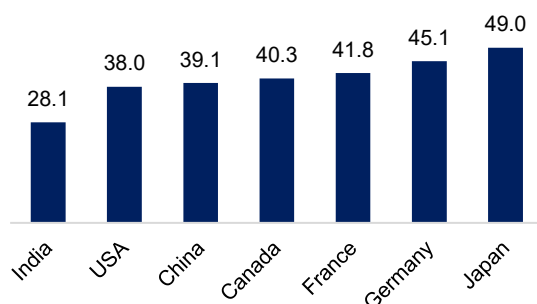


Chart 12- India population % by Age group (CY21)

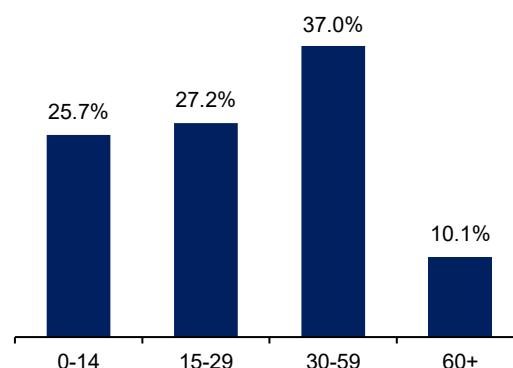


Chart 11 Source: United Nations, Department of Economic and Social Affairs, Population Division (2024). State of World Population Report 2024, UNFPA, World Population Prospects.

Chart 12 Source: The 2022 Revision and Youth in India Report 2022, published by Ministry of Statistics and Programme Implementation (MoSPI)

Young population in Northeast India was 28.2% of total population in CY21, slightly higher than the national average of 27.2%. Northeast India has 4% share of all-India young population, and is estimated to retain this level till CY36. After Uttar Pradesh, Northeast India states (excluding Assam) consist of second highest youth population in India.⁵² Including Assam the Northeast India states ranked fourth largest, with the top three being Uttar Pradesh, Bihar and Rajasthan.

2.7.4. High Literacy Rates in Northeast India

At 79%, the average literacy rate of Northeast India is higher than national literacy rate of 74%.⁵³ Mizoram was declared as India's first fully literate state in May 2025, with literacy rate of 98.2%.⁵⁴ Mizoram and Tripura consistently rank among the top 5 most literate states in India. Schools established during the British Era in Northeast India and particularly in Mizoram, Nagaland, and Meghalaya at the end of 18th century and in early 19th century promoted education and literacy, especially among tribal communities.

Per UDISE+ 2023-24 data, the Pupil-Teacher Ratio (PTR) in most Northeast India states is better than the national average, indicating smaller class sizes and potentially more effective teaching environments. Northeast India is often seen as carrying a greater quotient in terms of fashion, music, language, lifestyle, and education compared to several other parts of India. The tribal groups with East/Southeast Asian cultural traits, make the region culturally distinct.

⁵¹ Source: United Nations, Department of Economic and Social Affairs, Population Division (2024). State of World Population Report 2024, UNFPA, World Population Prospects

⁵² Source: Youth in India 2022, MOSPI

⁵³ Source: Census of India 2011

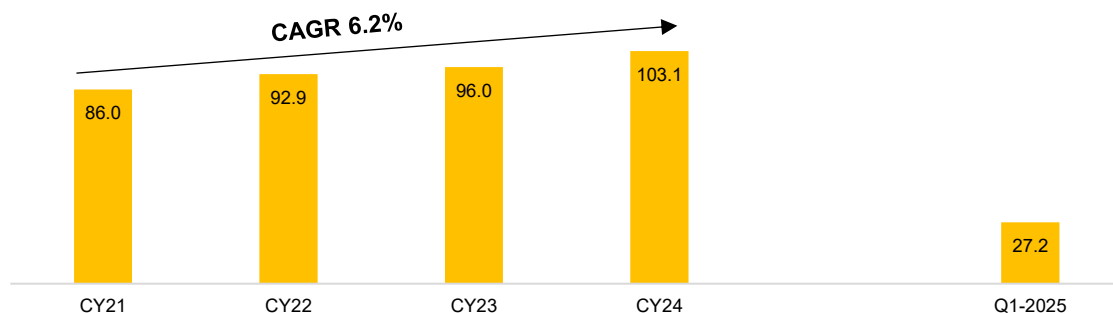
⁵⁴ Source: Mizoram Achieves Full Functional Literacy released by PIB on 20 May 2025

2.7.5. Increased Consumer spending:

India has seen increased consumer spending in the last 5 years, gaining from a larger and younger workforce, double income families, a trend towards consumerism and lesser savings, and willingness to take credit card and other unsecured debt for consumer spending. Consumer spending grew to Rs. 102.8 trillion in CY24, increasing by 7% over Rs. 96.0 trillion in CY23.⁵⁵ Increased spend patterns auger well for travel and F&B spends at hotels in India.

Due to high inflation and economic uncertainty, FMCG sector observed a slowdown until December 2024, primarily in urban areas. However, government's move to boost consumer spending through personal income tax cuts in FY25 budget — especially among the middle class — will help to grow consumer demand⁵⁶. This will be further aided by the GST rate reductions across multiple products.

Chart 13 – Consumer Spending in India (in Rs. trillion) – CY21 to Q1 2025



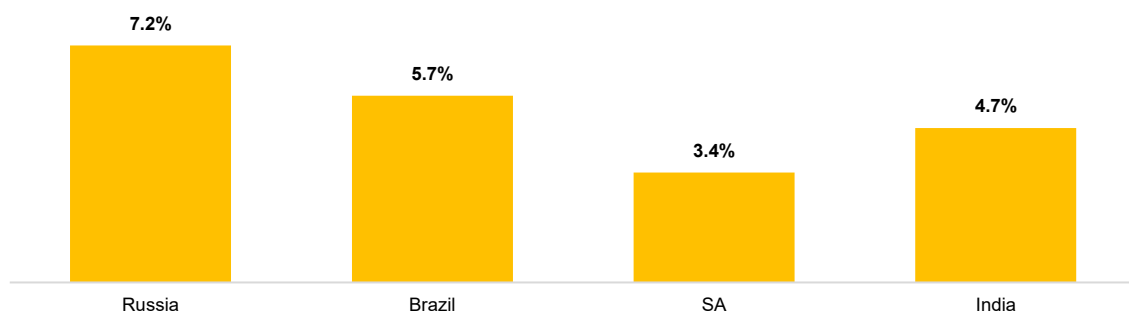
Source: Trading Economics; MOSPI via Statista

In Northeast India in FY24, the average Monthly Per Capita Consumption Expenditure (MPCE) in rural and urban areas is Rs. 5,706 and Rs. 8,698 respectively, which is higher than all India rural and urban MPCE by 34% and 23% respectively. Sikkim has the highest urban MPCE of Rs. 13,965 amongst all other states in India. Further, Northeast India's average rural and urban MPCE have each increased by 15% in FY24 compared to FY23, above all-India growth at 10% and 9% respectively.⁵⁷

2.7.6. Stable inflationary environment:

Inflation environment in India has been relatively stable in the years post COVID with 3.2% consumer price index ("CPI") inflation for FY25 (YoY). CPI Inflation, reflected as CAGR for FY14-YTD May25 was 4.7% for India, 3.4% for South Africa, 7.2% for Russia and 5.7% for Brazil.

Chart 14 - CPI Inflation (CAGR FY14-YTD May25)



Source: Trading Economics via MOSPI, Brazilian Institute of Geography and Statistics; National Bureau of Statistics of China; Federal State Statistics Service, Russia and South Africa Statistics.

⁵⁵ Source: Trading Economics; MOSPI via Statista

⁵⁶ Source: India Economic Outlook, May 2025, by Deloitte

⁵⁷ Source: Household Consumption Expenditure Survey: 2023-24 Fact Sheet

3. Demand Overview and Characteristics

3.1. Key Demand Drivers - India

The key demand drivers for hotels are:

- 3.1.1 Business Travel - Inbound and domestic visitation for business related purposes, including travel on corporate account and by individual business travellers. Demand typically predominates between Monday and Thursday, slowing towards the weekend or public holidays; domestic business travellers at upscale and mid-priced hotels often stay through till Saturday. Business travel also slows during vacation periods. The services sector (IT, BFSI, professional services) and manufacturing sector are significant drivers for business travel.
- 3.1.2 Tourism - India is known for its rich cultural heritage, historical sites (several of which are UNESCO heritage sites), diverse landscapes, and vibrant festivals. Growth of domestic and inbound tourism contributes significantly to the demand for hotels.
- 3.1.3 Leisure Travel - This is discretionary in nature and comprises long / short vacations, staycations at city hotels, weekend stays for recreation and entertainment, leisure attached to a business trip or to a trip for weddings and meetings. Greater affordability and spend propensity, changing lifestyle, and improved connectivity have materially benefitted hotels with good F&B, recreation and entertainment facilities.
- 3.1.4 MICE Travel – For corporate, government, institution and association events (conventions, conferences, retreats, incentives, promotions, training programs, customer-facing events, staff events etc). Corporate and government demand is mainly during the working week or on Saturday; institution and association demand can be on weekends. MICE demand occurs through the year, barring main holiday periods and the months from March through May. Cities with international convention centres are able to attract large international events.

MICE demand contributes hotel revenue for rooms, F&B and other services arising from various business and social events; weddings; corporate, institutional and government sponsored meetings, conferences and conventions; sports related events; performing arts and other events. Varied segments may apply to different hotels and markets. New convention centres will draw varied domestic and international events demand with related additional MICE demand at upper tier hotels that have sizeable function spaces.
- 3.1.5 Weddings and Social demand - This segment comprises destination weddings and other social / celebratory events, as well as substantial use of hotels for weddings and social events for local (non-residential) events. The trend for hosting weddings in city hotels or as destination weddings has grown materially and is gaining further momentum, as it percolates to the mid-market segment. Several city hotels attract large residential weddings, akin to destination weddings in leisure centres. Social travel also occurs for other social obligations and person / family visits.
- 3.1.6 Diplomatic Travel - Government leaders and representatives of other countries, often accompanied by large trade delegations, and diplomats using upper-tier hotels during the transition period on postings to India.
- 3.1.7 Airline Crew - Helps create a core of demand at hotels, albeit at significantly discounted pricing. Airlines also generate limited demand for layovers when flights are significantly delayed.
- 3.1.8 Transit Demand – Comprises person on overnight stay during air or road trip to a domestic or international destination.

Each demand segment attracts domestic and inbound travel of varying measures, depending upon the hotel and destination character. Demand quantum, profile and rate paying capacity are also impacted by seasonality factors which may apply differently to business and leisure hotels. The months from October through March of any Financial Year are materially busier than the summer and monsoon seasons.

Factors such as increase in disposable incomes, higher discretionary spends on travel, increase in domestic travel demand have led to growth in demand for hotel and hotel facilities.

Food and beverage services, including banqueting, play an increasingly important role in revenue and profit generation for hotels and resorts. These services target the local market and carry a core advantage in attracting rooms demand for events and during other stays. Hotels with this capability look to maximise their TRevPAR (Total revenue per available room).

3.2. **Key Demand Drivers – Northeast India**

Several of the key demand drivers for hotels in Northeast India are similar to other markets in India. Northeast India has a balanced mix of business and leisure travel., with multiple destinations that draw both business and leisure travellers. Corporate and government driven MICE travel also contributes a meaningful share of business. Destination weddings demand is growing, though yet young in the absence of a range of venue options – this will change as newer hotels and resorts are developed. Religious travel demand is limited. However, the attraction of game parks and experiential travel, culture and nature, presents a wide opportunity for increase in leisure and group demand.

- 3.2.1. **Business Travel** - Business travel in Northeast India is driven by energy, BFSI, FMCG, pharma, agro-based industries, and infrastructure sectors. Industrial activity is mainly concentrated in Assam, Tripura, Meghalaya, Arunachal Pradesh, and Sikkim. Assam has drawn investments for the electronics sector with a larger chip manufacturing plant outside Guwahati. With improved border infrastructure and active promotion of regional trade under India's Act East and Neighbourhood First policies, logistics and international business travel from the Northeast India will likely grow.

Business travel includes a sizeable quantum of visitation to the Northeast India by the private sector and by government officials for administrative and government interaction purposes. This generates demand at hotels, forming an important component of business travel in the region.

- 3.2.2. **Tourism and Leisure Travel** - Northeast India offers varied and multiple leisure experiences. This region has immense potential for leisure with possibilities of creating specific destinations and multiple travel circuits covering destinations offering nature and experiences, wildlife, culture, adventure and religious tourism, thereby enhancing the attractiveness of this region and also increasing the length of stay for the region. Circuits covering Guwahati, Shillong, Cherrapunjee and Kaziranga, or extending the trip to include Arunachal Pradesh / Nagaland over a period of 10-14 days are some popular circuits.

- 3.2.3. **MICE Demand** - Demand currently arises from PSUs and private companies in the oil, gas, coal, banking and other sectors, all of which have good presence in the region; demand is also generated from promotional and other events hosted by governments, NGOs etc. These events are mainly hosted at hotels in Guwahati and Shillong, both of which have easier air access and facilities for hosting events. Developments of hotels and resorts with suitable meeting facilities, improved connectivity and enhanced infrastructure will enable more MICE activity in other cities of Northeast India, drawing destination MICE demand from other parts of India in addition to locally generated events.

The G20 events from December 22 to September 23 took international visitors to multiple destinations in India and provided occupancy, rate and revenue boost to hotels. Guwahati, Shillong, Agartala and Imphal hosted G20 events / meetings. Such events serve as a basis to draw other international and national events and delegations.

- 3.2.4. **Weddings Demand** - The trend for hosting weddings in hotels or as destination weddings is gaining momentum in Northeast India and has potential to grow in the longer term. Increasing air access and even overnight train journeys from regional cities and towns, are helping to draw destination weddings demand - this has potential to improve as larger resorts and facilities are available, particularly as the national and regional event planners and hosts are seeking newer destinations.

- 3.2.5. **Sports Demand** - Sports is an important element of this region. There are multiple sporting events hosted in this region including the popular Indian Sports League (ISL) a football

tournament that is held every from September to March. The 2027 National Games will be hosted in Meghalaya. Several games were previously held in Imphal. Such sports events are creating sizeable demand, across various price segments. Demand comprises accommodation and services for team members, officials, support staff, and visiting spectators and includes demand for training in the lead up to the tournaments.

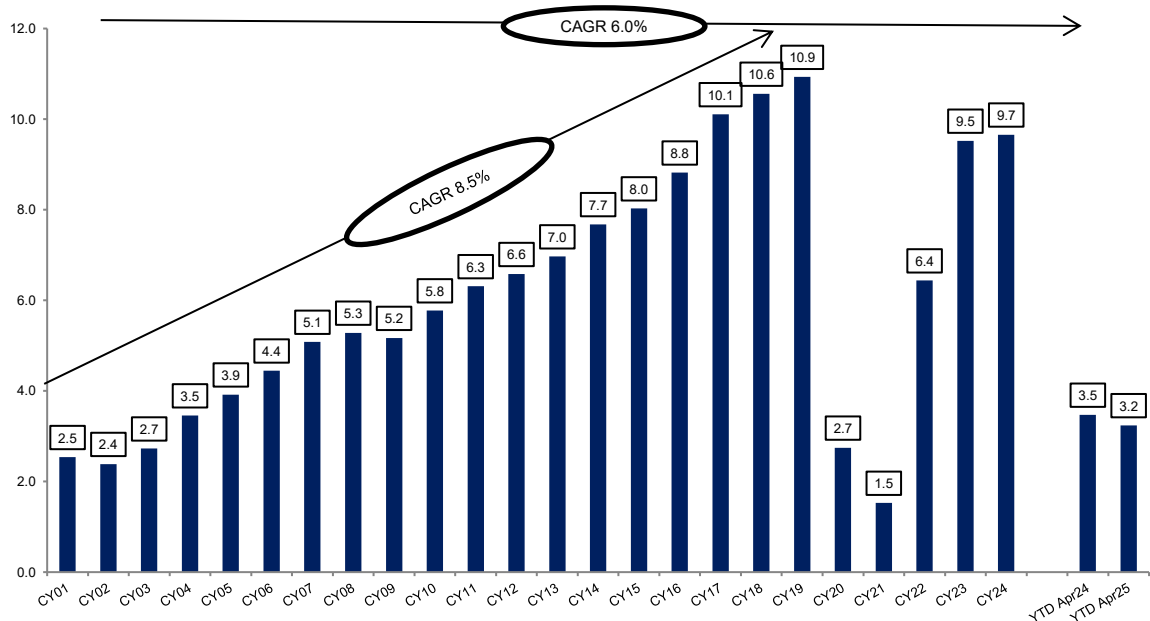
- 3.2.6. **Cultural Demand** - Northeast India because of its diverse cultures has multiple festivals such as Cherry Blossom and Hornbill festivals. Music concerts are also frequently hosted. Such cultural events attract visitors from within the region, and from other cities in India gaining from easier access and more visibility of the market.
- 3.2.7. **Airline Crew** - Hotels in Guwahati get demand from airline crew as it is the only airport in the region that has overnight aircraft parking. Development of newer airports and increase in the number of flights will require more airports where aircrafts are parked overnight which may result in crew demand for hotels in other cities in the region.

The seasonality for various destinations in Northeast India depends on the topography of the area and its attractions. While October to March is a largely common main season, hill stations such as Shillong, Kohima and Aizawl have climate that is favourable for travel till May / June, with the winter months drawing demand for a different experience. Wildlife parks are typically open only between October and early June. A destination such as Cherrapunjee draws visitation even in the monsoons, thereby also creating demand for Shillong. Of relevance is the fact that the Northeast India has seven cities that are state capitals and these draw a base level of travel for government activities, business and trade through most of the year.

3.3. **Foreign Tourist Arrivals (FTA)**

FTA for India aggregated 10.1 million, 10.6 million and 10.9 million for CY17, CY18 and CY19 respectively, achieving the 10 million mark for the first time in CY17. After the Covid period decline, FTA recovered to 6.4 million for CY22 and 9.5 million for CY23. FTA for CY24 was 9.7 million, up by 1.4% from 9.5 million for CY23. While FTA for H1-CY24 reflected 9.1% y-o-y growth, FTA numbers have been impacted since H2-CY24 due to drop in flow of visitors from Bangladesh.

Chart 15 - India – Foreign Tourist Arrivals (million)



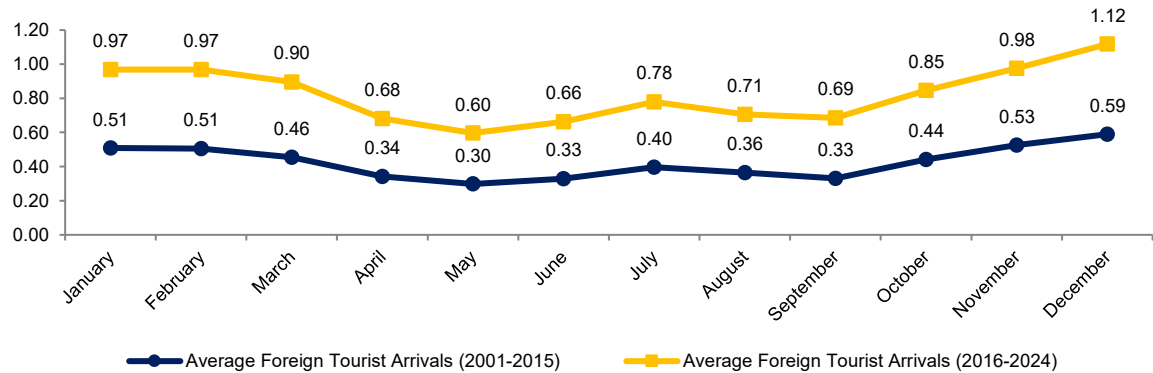
Source: Ministry of Tourism, Govt. of India

Cross-border travel is impacted by several factors including security, health, political and economic issues at the destination or source markets. Geopolitical uncertainties, and regional wars, are currently a constraint for long-haul leisure travel even as global airlines cope with aircraft and

staffing shortages. In past years, FTA was impacted by events such as Mumbai terror attacks on 26 November 2008, global financial crisis, economy related issues in Russia and Europe, Covid-19 pandemic or business failure of major tour operators in Europe.

Seasonality of FTA is reflected in Chart 16. The winter months are clearly preferred for travel into India for leisure, MICE events, leadership level business travel and high-end destination weddings.

Chart 16 - FTA Seasonality in millions (CY01- CY24) – all-India



Source: Ministry of Tourism, Govt. of India

Note: Average from CY16-CY24 does not include Covid years - CY20, CY21 and CY22

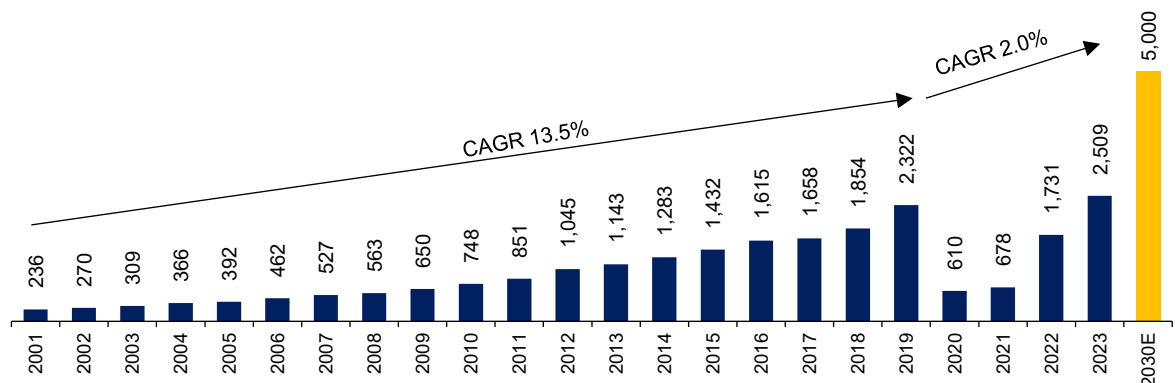
FTA has picked up in the last nine years and the degree of seasonality is more marked with material rise in demand in last quarter of a calendar year.

3.4. Domestic Tourism

3.4.1. Domestic Travel Visits

All India domestic travel visits grew at 13.5% CAGR between CY01 - CY19, from 236 million visits in CY01 to 2.3 billion visits in CY19. Domestic travel visits at 2.51 billion for CY23 have exceeded CY19 (pre-COVID) by 8%, reflecting strong rebound of travel and an increase of 45% over 1.7 billion visits for CY22. While data for CY24 is not available, a reasonable increase is expected to have occurred. 'How India Travels 2023?' report by Booking.com and McKinsey estimates 5 billion domestic travel visits by CY30. Vision 2047 report by HAI expects 15 billion domestic visits and FTA of 100 million by CY47. Based on these projections the growth in domestic tourism between CY23 and CY30 will likely be at 10.4% CAGR while between CY23 and CY47 it will likely be at 7.7% CAGR.

Chart 17- India – Domestic Tourists (million)



Source: Ministry of Tourism, Govt. of India estimates, Booking.com and McKinsey- How India Travels 2023 Report

The domestic sector has become a key demand generator with business travel, leisure, recreation, weddings and MICE driving weekend and off-season occupancies and enabling hotels and resorts to achieve significantly higher occupancies. Leisure, staycations, remote working from resorts, and

weddings demand were the mainstay of demand revival from the Covid pandemic. Domestic travel is expected to maintain strong growth across all segments benefitting from greater propensity for discretionary travel, and with supply creation across wider markets (including religious destinations) and segments. Hotel demand will also grow from domestic social visits, family events, and travel to pilgrim centres, with increasing usage of hotels (instead of private or alternate accommodations that were hitherto used) for these travels.

Table 2 reflects the demand contribution by foreign and domestic visitors at different hotel segments.

Table 2 – Hotels – Domestic vs Foreign Guests

Composition (%)	Five Star Deluxe		Five Star		Four Star		All India Average	
	FY19	FY14	FY19	FY14	FY19	FY14	FY19	FY14
Domestic Guests	65.5%	51.9%	71.1%	63.3%	76.3%	68.5%	79.3%	75.6%
Foreign Guests	34.5%	48.1%	28.9%	36.7%	23.7%	31.5%	20.7%	24.4%

Source: India Hotel Survey 2018-19 published by Federation of Hotel and Restaurant Associations of India (FHRAI), Horwath HTL & STR; India Hotel Survey 2013-14 published by FHRAI & HVS

The share of domestic guests has increased over the 5 years referred in the Table above, with increase across the Five Star deluxe, Five Star and Four Star hotels.

3.4.2. Domestic Spend value on Tourism

With growing household earnings and a median age of 28.1 years as of CY23 (about 10 years younger than most countries) the spend on tourism is projected to rise by 170% from \$150 billion spent in CY19 to \$410 billion in CY30.⁵⁸

India currently is the world's sixth-largest domestic travel market by spending.⁵⁹ Hospitality and tourism sector is expected to grow 1.7 times in CY27 compared to CY22⁶⁰.

3.5. Tourism in Northeast India

3.5.1. Foreign Tourists

In the last 10 years, FTA in Northeast India has grown very significantly from 117,543 to 222,000 tourist arrivals, with Sikkim (94,000) and Tripura (67,000) as the lead. In fact, FTA for 2019, at 370,000 tourist arrivals⁶¹ was over 3 times the FTA for 2014. FTA for Northeast India is yet to fully recover to pre-covid levels, being at 60% recovery for CY23. This reflects the potential for growth in FTA, in the next several years.

Several Bangladeshi tourists / business persons arrive in India by road through Tripura, enabling it to have a larger number of FTAs than Assam or Arunachal Pradesh that offer more tourism options. It must be recognised that several regions in Northeast India require entry permits for foreigners which poses an element of limitation.

⁵⁸ Source: Vision 2047 – Indian Hotel Industry, Hotel Association of India

⁵⁹ Source: How India Travels 2023, Bookings.com and McKinsey Report, October 2023

⁶⁰ Source: Vision 2047 – Indian Hotel Industry, Hotel Association of India

⁶¹ Source: Ministry of Tourism

Table 3 - Foreign Tourist Arrivals to Northeast India (in 000s)

State	2014	2019	2022	2023	CAGR (2023 vs 2014)
Arunachal Pradesh	5	8	1	4	-3%
Assam	22	27	9	24	1%
Manipur	3	14	4	4	4%
Meghalaya	9	26	8	20	10%
Mizoram	1	2	3	4	18%
Nagaland	3	6	3	5	8%
Sikkim	49	133	69	94	7%
Tripura	27	154	8	67	11%
Total	118	370	105	222	7%

Source: Ministry of Tourism

3.5.2. Domestic Tourists

There is substantial growth in the number of domestic visitors to Northeast India in the last 10 years. Domestic tourist visits in 2023 was 1.7 times the number of domestic tourists in 2014 and almost 25% higher than 2019. The overall numbers would have been even higher but for the decline in Manipur, due to unrest in that state.

Table 4 - Domestic Tourist Arrivals to Northeast India (in 000s)

State	2014	2019	2022	2023	CAGR (2023 vs 2014)
Arunachal Pradesh	336	556	222	1,041	13%
Assam	4,827	5,448	8,382	7,613	5%
Manipur	115	168	140	58	-7%
Meghalaya	716	1,246	937	1,372	7%
Mizoram	68	164	218	209	13%
Nagaland	59	126	97	100	6%
Sikkim	562	1,422	1,626	1,321	10%
Tripura	361	437	236	366	0%
Total	7,045	9,565	11,858	12,080	6%

Source: Ministry of Tourism

Total tourist arrivals (domestic & international) to the Northeast Indian states increased at 5.5% CAGR between 2019 and 2023. Increased travel to Northeast India in recent years, and particularly post Covid-19 pandemic, has arisen from multiple Key factors:

- Improved infrastructure and enhanced connectivity. UDAN schemes has improved air connectivity.
- Greater visibility of the destination and its features to the wider Indian market, which by itself has been strongly supported by materially increased domestic tourism. The market is seeking newer destinations and Northeast India offers a new experience and positive tourism environ.
- Greater travel urge in India with domestic travel continuing to grow strongly and facilitated by better air and road access and newer offerings. There are several destinations in the Northeast India that offer experiential tourism experiences including wildlife, cultural, adventure, eco and religious tourism, unlocking the 'mystique' of the Northeast.
- Government initiatives such as Swadesh Darshan and PRASHAD schemes have helped develop new and holistic tourist destinations in Northeast India.

Skyscanner's "Travel Trends Report 2025" listed Shillong as the most popular destination for Indian travellers in 2025. A New York Times report named Assam as the 4th must-visit destination in the world in 2025.

An outline of the key tourist attractions and tourist destinations in Northeast India is provided over the next few paragraphs.

Wildlife Tourism

Northeast India has several national parks, with aggregate 7.5k sq kms area, which is 17% of India's national parks area of 45.2k sq km. In terms of land area, Northeast India has the largest area of national parks compared to any other states in India.⁶² Northeast India offers rich biodiversity, and a wide variety of flora and fauna, attracting wildlife enthusiasts from across the world.

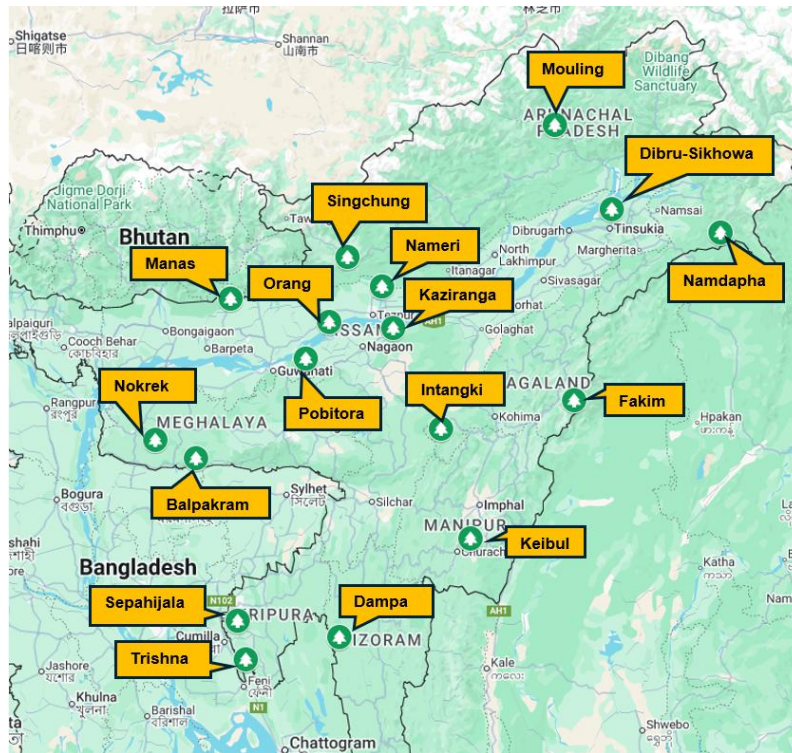
Assam itself has 7 national parks - Kaziranga, Manas, Dibru-Saikhowa, Orang, Dehing Patkai, Pobitora and Raimona – spread over different parts of the state. Kaziranga National Park, a UNESCO World Heritage site, is famous for its one-horned rhinoceros and is the third most visited wildlife destination in India. This park drew 444k visitors between October 2024 to May 2025, with 35% increase from the previous year and the highest tourist footfall in all years.⁶³

Table 5 – Select notable national parks in Northeast India

National Park	Prominent wildlife
Arunachal Pradesh	
Namdapha National Park	Clouded leopard and snow leopard
Mouling National Park	Birdlife; clouded leopard
Singchung Bugun Reserve	Birdlife including rare Bugun Liocichla bird species
Assam	
Kaziranga	UNESCO World Heritage Site; Asian elephant, Indian rhinoceros, Bengal tiger, wild buffalo
Manas	UNESCO World Heritage Site; Project Tiger reserve, an elephant reserve, and a biosphere reserve
Nameri	Birdlife; known for giant hornbill
Dibru-Saikhowa	Endangered Gangetic dolphin and feral horses
Orang	Birdlife, elephants, tigers
Pobitora Wildlife Sanctuary	One-horned rhinoceros
Manipur	
Keibul Lamjao	World's only floating park; endangered Sangai deer, water birds
Meghalaya	
Nokrek	Endangered Western Hoolock Gibbon, elephants, tigers, leopards, deer, birds
Balpakram	Indian bison and red panda
Mizoram	
Dampa Tiger Reserve	Hoolock gibbon and Bengal tiger
Nagaland	
Intangki	Endemic birds, elephants, tigers, primates, rare flora
Fakim Wildlife Sanctuary	Clouded leopard and hoolock gibbon
Tripura	
Sepahijala Wildlife Sanctuary & Clouded Leopard National Park	Clouded Leopard – dedicated national Park located within the sanctuary
Trishna Wildlife Sanctuary & Rajbari National Park	Bison and Langur

⁶² Source: Wildlife Institute of India

⁶³ Source: Kaziranga National Park and Tiger Reserve



Adventure Tourism

Northeast India geography and features make it popular for varied adventure tourism activities. These include white water rafting in the Brahmaputra (Arunachal and Assam); Kayaking at Umiyam Lake in Meghalaya; rock climbing at Cherrapunjee and Mawphlang; paragliding, fishing, biking, and trekking in different regions of Northeast India.

Cultural Tourism

Northeast India is a culturally diverse region with around 200 ethnic tribes speaking more than 400 languages and dialects. The region has rich ethnic diversity. Its location between South Asia, South-East Asia and East Asia has resulted in Northeast India being influenced by cultures of these regions. Festivals hosted in different states attracts both the domestic and international tourists. The popular festivals are Hornbill Festival in Nagaland – it is hosted annually in December and showcases cultural heritage of 16 Naga tribes through traditional music, dance, crafts, and cuisine. Sangai Festival is held annually in Manipur in November. It features classical dance, indigenous sports, and traditional arts. Lossar in Sikkim is held for celebration of Tibetan New Year.

Music is an important part of Northeast India culture and this region has several music festivals and musical concerts that also generate tourism for the region. Hornbill Music Festival is said to be the longest and vastly diverse. Various local and international artists perform at Kohima and Dimapur. The celebrations and concerts are carried out throughout the night. Cherry Blossom Festival in Shillong is the among the most popular music festivals. It has local and international artists, musicians, and performers. Meghalaya has also actively promoted music and musical concerts as an economic activity and has hosted various popular international artists such as Bryan Adams, Ed Sheeran, Akon, and Alan Walker. These festivals and concerts attracts tourists from around the country and different parts of the world.

Spiritual and Religious Tourism

Spiritual and religious points of interest are drawing or supporting tourism, across different religions. These include Kamakhya Temple in Guwahati and Tripura Sundari temple in Tripura – both are among the 51 Shaktipeeths of Goddess Sati; Unakoti in Tripura- 7th to 9th century carvings of Hindu deities; Tawang Monastery – largest monastery in India; Golden Pagoda in Namsai in Arunachal Pradesh; 300 years old Pemayangtse Monastery in Sikkim.

Eco Tourism

A large portion of Northeast India offer green landscapes. Urbanisation is not as wide as some other cities in the country because of which the ethos of this region is still preserved. Northeast India is therefore an appropriate destination for eco-tourism which involves visiting natural areas with minimal environmental impact and promoting the well-being of local communities. The government is actively promoting eco-tourism circuits. For example the Guwahati-Kaziranga-Majuli-Namdapha is a specialised eco-tourism circuit, with Kaziranga and Majuli being two eco sensitive regions in this circuit.

4. Access Infrastructure

India: Better roads, airport infrastructure and modern trains have facilitated domestic and inbound travel growth across established markets and newer markets in tier 2 and tier 3 business cities / towns and newer leisure destinations in India.

The infrastructure growth includes several new highway and expressways, development of new airports, opening of several regional airports, airport expansions and upgrades, and faster travel between cities facilitated by the Vande Bharat train services. Combined with increasing spread of chain-affiliated hotels across tier 2 and tier 3 markets, these have widened the options and opportunities for business, leisure, destination weddings and MICE creating greater travel and demand. These have also opened newer opportunities in terms of venues and travel options.

Northeast India: This region too has benefitted, and will significantly gain in future, from infrastructure development. The region's varied terrain provides very attractive locations once access issues are eased. Airport enhancements in Guwahati and Dibrugarh, improved highways / expressways from Guwahati to Kaziranga and beyond, between Guwahati and Shillong, greater air connectivity across several airports in Northeast India are already facilitating more tourism. Expansion of rail links to Mizoram and Nagaland and an expressway linking Guwahati / Shillong to Silchar, will promote more business opportunities and thereby business related travel.

4.1. Air

Aviation in India contributed USD 53.6 billion to the GDP (1.5% of national GDP) in 2023. Tourism supported by aviation adds USD 27.1 billion to GDP and employs 5.0 million people.⁶⁴

In the last about 10 years, the number of airports has risen from 74 in 2014 to 162 in 2025, with an aim to have 350-400 airports by 2047.⁶⁵ In 2024, India was the third largest air transport market globally in terms of departing Origin-Destination passenger traffic behind the USA and China.⁶⁶ India accounting for around 4.2% of total global traffic. Passenger movement grew at 8% CAGR between FY15 and FY25, driven by surge of business, leisure and destination wedding travel particularly post Covid-19 and supported by opening of new airports, capacity expansions at existing airports and improved connectivity to cities and towns outside the main destinations.

37.5% of the domestic routes operated in 2024 were new routes that did not exist in 2019.⁶⁷ This reflects newer domestic travel destinations, supported by the UDAN scheme under which 583 routes connecting 86 airports were operational till August 2024.⁶⁸ An expanded UDAN scheme is proposed in order to further enhance regional connectivity, by adding 120 new destinations and accommodating 40 million passengers over the next 10 years.⁶⁹

In FY24 domestic travel comprises 84% of aircraft movements and 82% of passenger movement at Indian airports.

⁶⁴ Source: Aviation in India - Sustaining – and growing – a dynamic air transport market Report by IATA published in June 2025

⁶⁵ Source: Press Information Bureau, India's Soaring Skies with Inclusive and Booming Aviation, September 2024

⁶⁶ Source: Aviation in India - Sustaining – and growing – a dynamic air transport market Report by IATA published in June 2025

⁶⁷ Source: Aviation in India - Sustaining – and growing – a dynamic air transport market Report by IATA published in June 2025

⁶⁸ Source: Indian Aviation Industry, ICRA, September 2024

⁶⁹ Source: Press Information Bureau, Ministry of Finance

Table 6 – All India Air Traffic Passenger Movement in million

Year	All India
FY08	115
FY15	191
FY24	376
FY25	412
YTD Jun25	105
YTD Jun24	100
CAGR (FY15-25)	8.0%
Growth of FY25 over FY24	9.4%

Source: Airports Authority of India (AAI)

Improvement in air connectivity and infrastructure in Northeast India has been beneficial for drawing tourism and regional development. The region now has 17 operational airports, including 7 in Assam, 4 in Arunachal Pradesh, and 1 each in the rest of the states. Of these, 10 airports were operationalized under the UDAN scheme. Kolkata serves as a key hub in eastern India for flights to several states in Northeast India. Guwahati airport is a key gateway airport within Northeast India and has materially served to draw and support more tourism and business travel to Northeast India.

A summary of airport capacities and passenger movements at Northeast India airports and at other Select Markets is given in Table 7.

Table 7 - Airport capacities and Passenger Movements at Northeast India Airports and Select Markets

State	No of airports	Pax in 000s (FY25) ⁷⁰	Existing capacity	Cumulative Capacity upon expansion	Remarks
Assam	7 (Guwahati, Dibrugarh, Jorhat, Silchar, Lilabari, Rupsi & Tezpur)	7,662	7.2 million	14.1 million	Second terminal at Guwahati airport will be completed by end 2025. Runway expansion and reconfiguration of terminal at Dibrugarh airport. Development of new airport at Silchar is expected to start by end 2025.
Tripura	1 (Agartala)	1,411	1.2 million	2 million	Runway expansion underway to accommodate A321 and ATR42. Work to be completed by mid-2028.
Manipur	1 (Imphal)	1,406	500 pax in peak hours	2.5 million	Construction of new terminal underway, to position Imphal as regional hub in Northeast India. Timeline not available.
Mizoram	1 (Lengpui)	493	500 k	-	Proposed greenfield airport in Southern Mizoram under planning. Timelines not defined.
Nagaland	1 (Dimapur)	337	300 k	600-800 k	Dimapur airport terminal is undergoing renovation and expansion. The new terminal is expected to open by end of 2025. A new airport is proposed in Chiethu located 25 km north of Kohima. Details on capacity and timelines are not available.
Arunachal Pradesh	4 (Itanagar, Tezu, Ziro and Pasighat)	188	200k	-	Passenger traffic mainly at Itanagar. Other airports have very limited load.
Meghalaya	1 (Shillong)	120	1.3 million	600 pax in peak hours	Runway expansion work is expected to be completed by 2027.
Sikkim	1 (Pakyong)	11	-	-	Currently not operational
Total Northeast India	17	11,629	11.3 million	21.9 million	
Kolkata	1	21,831	26 million	39 million	Ongoing expansion, expected to be completed by end 2025.
Prayagraj	1	1,077	730 k	-	-
Jabalpur	1	393	@	-	@ 800 pax in peak hours

⁷⁰ Source: Airports Authority of India (AAI)

Development of airports at locations dispersed across Northeast India are enabling leisure travel to areas otherwise considered distant and difficult to conveniently access. Improved air links have enabled more business and group (weddings and MICE) travel, with initial gains at major cities such as Guwahati, Agartala, Dibrugarh and Imphal. While Sikkim airport has limited operations, the alternate airport at Bagdogra is being expanded.

The UDAN scheme has brought first-time air connectivity to remote towns like Tezu, Pasighat, Rupsi, etc. With better air access, leisure travel to tourist destinations such as Shillong, Tawang, and Cherrapunjee has increased. Domestic tourists and weekend travellers are finding it easier to access Northeast India, that was previously considered remote.

Northeast India airports offer regional connectivity, summarised in Table 8.

Table 8 - Northeast Regional Air Connectivity (operational airports)

State	Regional cities
Assam	Most Northeast India state capitals and other regional airports
Meghalaya	Aizawl, Imphal, Agartala, Silchar, Dimapur, Lilabari
Manipur	Guwahati, Dibrugarh, Aizawl, Agartala, Shillong, Dimapur, Silchar
Arunachal Pradesh	Tezu, Guwahati, Jorhat, Itanagar
Nagaland	Guwahati, Imphal
Mizoram	Guwahati, Imphal, Shillong, Silchar
Tripura	Guwahati, Imphal, Dibrugarh

Source: Airports Authority of India (AAI)

Guwahati is an important gateway city in Northeast India, with air links to other metro cities and eastern India markets in India. Other Northeast India cities mainly have air links to Kolkata and Delhi, besides within Northeast India. Agartala is connected Kolkata, Delhi, Bengaluru and Hyderabad.

In FY25, Northeast India airports handled 11.6 million passengers (2.8% of all-India passengers). Guwahati Airport contributes 55% pax movement in Northeast India, airports at Imphal (Manipur) and Agartala (Tripura) contributed 10% each. Tables 9 and 10 respectively provide the state wise and city wise pax movements.

Table 9 – State wise Air Pax Movement (in '000s)

State	FY15 (‘000s)	FY19 (‘000s)	FY25 (‘000s)	CAGR (FY15 - FY25)	% FY25 share
Assam	2,553	6,671	7,662	11.6%	65.9%
Tripura	874	1,441	1,411	4.9%	12.1%
Manipur	608	1,277	1,406	8.8%	12.1%
Mizoram	-	226	493	-	4.2%
Nagaland	-	194	337	-	2.9%
Arunachal Pradesh	-	-	188	-	1.6%
Meghalaya	-	12	120	-	1.0%
Sikkim	-	19	11	-	0.1%
Total Northeast India	4,035	9,839	11,629	11.2%	
Kolkata	10,935	21,877	21,831	7.2%	
Prayagraj	-	175	1,077	-	
Jabalpur	-	481	393	-	
All India	190,626	348,199	411,785	8.0%	

Source: Airports Authority of India (AAI)

Table 10 - City wise Air Pax Movement (in '000s)

State	Airport	FY15 ('000s)	FY19 ('000s)	FY25 ('000)
Assam	Guwahati	2,234	5,746	6,160
Assam	Dibrugarh	319	368	822
Assam	Silchar	-	387	483
Assam	Jorhat	-	152	131
Assam	Lilabari	-	11	30
Assam	Tezpur	-	7	28
Assam	Rupsi	-	0	7
Tripura	Agartala	874	1,441	1,411
Manipur	Imphal	608	1,277	1,406
Mizoram	Aizawl (Lengpui)	-	226	493
Nagaland	Dimapur	-	194	337
Meghalaya	Shillong	-	12	120
Arunachal Pradesh	Hollongi (Itanagar)	-	0	170
Arunachal Pradesh	Tezu	-	0	9
Arunachal Pradesh	Pasighat	-	0	8
Sikkim	Pakyong	-	19	11
Total		4,035	9,839	11,629

Note: Ziro airport in Arunachal Pradesh is not included as its operations were extremely limited.

Source: Airports Authority of India (AAI)

Pax movement in Northeast India between FY15 and FY25 increased at a CAGR of 11.2% which was higher than all India CAGR of 8% for the same period.

Helicopter services

Meghalaya Helicopter Service, operated by the Meghalaya Transport Corporation (MTC), resumed operations in June 2025, offering flights on the Guwahati-Shillong-Tura routes. The flights operates six days a week, offering 2 flights between Guwahati and Shillong and 1 flight between Tura and Guwahati. In December 2024, the state government unveiled plans to introduce helicopter services tailored for tourist circuit connectivity, linking destinations including Guwahati, Shillong (via Umroi Airport), Umiam, Sohra, Dawki, and New Shillong.

Pawan Hans provides helicopter services across several northeastern states catering to passenger transport, medical evacuations, and VIP movements. The Pawan Hans UDAN services link Dibrugarh, Jorhat, Tezpur and Guwahati.

4.2. Road

As of July 2024, the total length of National Highways (NH) constructed in Northeast India in the last 10 years was 9,984 km, with further 5,055 km under implementation.⁷¹ States such as Arunachal Pradesh, Nagaland, and Manipur, which once had limited connectivity, saw the development of major arterial highways linking district headquarters and remote areas to national and regional road networks. Although the region faces topographical, climatic, and geopolitical challenges, the road connectivity in Northeast India is improving rapidly. For FY26, about Rs.200 billion have been allocated to the development of roads and highways in Northeast India according to the Union Budget of India estimates.

Government investments and international corridor development such as SARDP-NE (Special Accelerated Road Development Programme in the North Eastern Region), Bharatmala Pariyojana, North East Road Sector Development Scheme (Northeast IndiaSDS), India-Myanmar-Thailand Trilateral Highway Project and Kaladan Multi-Modal Transit Transport Project will directly impact tourism, logistics, and regional integration.

⁷¹ Source: Press Information Bureau, Ministry of Roads and Highways

Key corridors of Northeast India include:

- NH-27: Part of East-West Corridor which links Assam with West Bengal, Bihar, UP, and beyond
- NH-15/37/2: Connect Assam internally and to Arunachal, Nagaland, and Manipur.
- NH-6: Runs through Meghalaya, Tripura, and connects to Assam.
- NH-10: Connects Sikkim to West Bengal.

The below table shows the interstate and intrastate connectivity within Northeast India:

Table 11 - Interstate and Intrastate Connectivity in Northeast India

State	Key Intrastate Connections	Key Interstate connections
Assam	Guwahati, Bongaigaon, Nagaon, Jorhat, Dibrugarh, Tinsukia, Tezpur, Lakhimpur, Silchar	Itanagar, Aizawl, Shillong, Agartala, Siliguri
Meghalaya	Shillong, Byrnihat, Tura	Guwahati, Bangladesh Border
Manipur	Imphal, Churachandpur	Upper Assam, Kohima, Dimapur, Lawngtlai, Silchar, Nagaon, Moreh (Myanmar border),
Arunachal Pradesh	Pasighat, Itanagar, Tawang	Dibrugarh; Assam & Myanmar border cities
Nagaland	Kohima, Dimapur	Imphal
Mizoram	Aizawl, Seling	Silchar
Tripura	-	Assam and Mizoram border cities
Sikkim	Gangtok, Rangpo, Ranipool, Namchi	Siliguri

Improved road connectivity has made remote destinations such as Tawang, Ziro, Dawki, Loktak Lake conveniently accessible. In Table 12 we have provided the impact of improved road connectivity on travel time between different locations.

Table 12 – Impact of improved road connectivity

City / Route	Project Status	Approx. Travel Time	
		Prior to improvement	Upon Improvement
Cherrapunjee to Shillong	Completed - Road resurfacing and realignment	One way – 3 hrs	Travel time reduced by half to 1 ½ hrs each way.
Neermahal to Agartala (via NH-208)	Completed - NH-208 upgraded under PM Gati-Shakti	2 hrs	Distance and travel time reduced by 28 km and 1 ½ hrs respectively
Kohima to Dimapur	Operational since 2021	Two-lane road - 2.5 hrs	42 km four-lane Dimapur–Kohima highway (NH 29) has reduced travel time to 1 hr
Shillong-Dawki Road (NH40)	Expected to be operational by 2026	Narrow single lane road - takes 2.5 to 3 hrs	2 to 4 lane road in progress; will reduce travel time to 1 ½ hrs
New NH - Shillong-Silchar Highway (Meghalaya–Assam)	Under development, expected by 2030	6 ½ hrs	This corridor will reduce travel time by 1 ½ hrs
Dhubri-Phulbari bridge	Under construction, expected by 2028	Either includes a 200 km detour (6-7 hours) or includes ferry ride	Cut travel distance and time to 19 km and 30 min respectively.

Logistics will also improve significantly as connectivity improves. A Multi-Modal Logistics Park is under construction at Jogighopa in Assam which will position Assam as a logistics hub for the Northeast India. To enhance connectivity between India and ASEAN, the India–Myanmar–Thailand Trilateral Highway is currently under development and expected to complete by 2027, with proposed

extensions to Cambodia, Laos, and Vietnam. This corridor is expected to enable smoother and quicker movement of goods and people, potentially driving economic growth in the Northeast India.

Other Important road developments passing through neighbouring countries

The Kaladan Multimodal Transit Transport Project will comprise of a sea route from Kolkata to Sittwe Port in Myanmar, an inland waterway up the Kaladan River to Paletwa, and a road link from Paletwa to Zorinpui on the India-Myanmar border in Mizoram. The route continues through Aizawl and Silchar, with the Shillong–Silchar highway (NH-6) playing a crucial role as a feeder corridor connecting central Meghalaya to the Kaladan route. This highway strengthens connectivity between upper Northeast India and the rest of the region via the Kaladan corridor. The project is expected to significantly reduce dependence on the Siliguri Corridor, enhance trade and logistics efficiency, and promote economic development in the northeastern states. It is also a vital component of India's Act East Policy as it aims to enhance regional integration. While the sea and river components of the project are complete, the road segment within Myanmar has faced delays due to difficult terrain and security issues, with full project completion now expected by 2026.

The India-Myanmar-Thailand (IMT) Trilateral Highway is a 1,350 km 4-lane highway, connecting Moreh in Manipur to Mae Sot in Thailand via Myanmar. As of 2025, the project is approximately 70% complete, with India and Thailand having made significant progress on their respective portions. Once complete, this corridor will help integrate the Northeast India into the larger ASEAN economy, creating economic opportunities in trade, logistics, manufacturing, and tourism.

Maitri Setu is a 1.9 km bridge over the Feni River, connecting Sabroom in Tripura with Ramgarh Bangladesh, leading toward Chittagong Port a vital gateway for Northeast India trade. This bridge significantly reduces the distance between Agartala and Kolkata to approximately 450 km via Chittagong, compared to the longer 1,600 km route through Siliguri. However, despite being inaugurated, Maitri Setu remains non-operational due to the pending work of the Integrated Check Post (ICP) at Sabroom and connectivity enhancements in Bangladesh.

4.3. Rail

Besides road and airports, GOI has also undertaken projects for development of rail infrastructure in the Northeast India. Under the FY26 Union Budget, Indian Railways has committed Rs.100 billion for rail infrastructural development in the north-east.

Some of the major rail projects completed are

- Completion of rail-cum-road Bogibeel bridge over the Brahmaputra River. It is India's longest rail-cum-road bridge. This bridge has significantly reduced travel time between Assam and Arunachal Pradesh.
- Introduction of Vande Bharat trains between Guwahati and Agartala and Guwahati and Itanagar.
- Linking Mizoram's capital Aizawl to the national railway network via the Bairabi–Sairang Line.

Projects under implementation are

- Dimapur–Kohima New Line – This 82.5 km line will connect Assam border near Dimapur to state capital Kohima.
- Murkongselek–Pasighat New Line – This line will improve connectivity between Assam and Arunachal Pradesh and will likely be operational in 2026.
- Sivok–Rangpo New Line – This 45 km line will connect Sikkim to the national rail network. It is aimed to be completed in 2027. The project is part of India's broader strategy to enhance infrastructure in border areas and foster regional economic growth. The proposed line consists of 14 tunnels.
- The Jiribam–Imphal Line – This line is a strategically significant infrastructure project aimed at improving connectivity between Manipur and the rest of India. Stretching approximately 111 km, it links Jiribam, located on the Assam-Manipur border, to Imphal, and is expected for full operationalization by late 2025, with Imphal railway station expected to be ready by December 2026. The railway line will significantly reduce travel time between Jiribam and Imphal from around 10 hours by road to 2 ½ hours by train. The project is also viewed as a key component

in India's broader strategic vision, with future extensions planned toward Moreh, on the India–Myanmar border, as part of the proposed Trans-Asian Railway network connecting Southeast Asia, further linking to major Southeast Asian countries such as Thailand, Laos, Vietnam, Cambodia, and ultimately China and Europe.

4.4. **Water**

The National Waterway 2 (NW-2) on the Brahmaputra River, stretching over 891 km from Sadiya to Dhubri in Assam, is fully operational and supports cargo movement and limited passenger services. National Waterway 16 (NW-16) on the Barak River, covering 121 km, is under development and primarily serves the Barak Valley region, connecting towns like Silchar and Badarpur with potential linkages to Mizoram and Manipur. Other proposed waterways include NW-31 on the Dhansiri River (Assam and Nagaland) and NW-32 on the Tizu-Zungki Rivers in Nagaland.

The Pandu terminal in Guwahati is a key multi-modal hub that links water transport with rail and road networks. The Dhubri terminal in lower Assam, located near the Bangladesh border, plays a crucial role in cross-border trade under the India-Bangladesh Protocol Routes. Terminals at Jogighopa, Silghat, and Badarpur further support cargo and regional logistics.

These waterways also enhance international connectivity, especially with Bangladesh via the Protocol on Inland Water Transit and Trade, facilitating cost-effective cross-border cargo movement. Additionally, the Kaladan Multi-Modal Transit Project, aimed at connecting Mizoram to Myanmar's Sittwe port through inland waterways and roadways, represents a strategic geopolitical initiative for India's Act East Policy. There is potential for integration with the BBIN (Bhutan-Bangladesh-India-Nepal) corridor to further bolster regional trade.

4.5. **Ropeway Projects**

Currently, ropeways are operational in Guwahati and Gangtok. The Guwahati River Ropeway is a 1.8 km ropeway across the Brahmaputra River connecting Panbazar in Guwahati to Rajadwar in North Guwahati. Built by Damodar Ropeways & Infra Limited (DRIL), it is India's longest river ropeway, with a 250 PPH (passengers per hour) capacity. The Gangtok ropeway has been operational since 2003 and covers a distance of 935 metres.

Meghalaya's first passenger ropeway, connecting Riat Laban/ Madan Laban to Shillong Peak and crossing the East Khasi Hills, is under construction. The project is valued at Rs. 1.95 billion, and the foundation stone was laid in January 2024, however the completion timelines are unknown.

In Guwahati, a new ropeway from Kamakhya Railway Station to the Kamakhya Temple is nearing completion, and a second line from Sonaram Field to the shrine is under construction. These aim to improve access for pilgrims.

Such ropeway projects will enable easier, faster and convenient access to these tourist attractions.

5. **India – Supply, Demand and Performance**

5.1. **Hotel Supply – Key Aspects**

- 5.1.1. The analysis of hotel supply and demand principally deals with chain-affiliated hotels, i.e. hotels that are either (i) owned and operated by hotel chains, (ii) operated by hotel chains on behalf of other owners or (iii) operated under franchise from hotel chains. For this purpose, all recognised international chains operating in India and domestic hotel chains that are generally considered as operating under common branding have been included; other domestic chains are considered if they have five or more hotels operating at least regionally in India. For clarity, groups with multiple hotels only within one state are not considered unless these are generally regarded as hotel chains by the market. Companies that primarily operate time-share facilities, one-star hotels and hotels under aggregators (such as Oyo, Treebo and FabHotels) are excluded.

Limited supply may not be operational for some periods, during insolvency resolution processes or during renovation – such cases will be nominal in the overall context.

- 5.1.2. Classifications: The hotels are segmented into the Luxury and Upper Upscale (Lux-Upper Up) Segment, Upscale Segment, Upper Midscale segment (Up-Mid), Midscale Segment and Economy Segment (M-E). The hotels also offer additional facilities such as restaurants, bars, and function facilities for meetings and events, varying for each hotel. Each segment includes entry-level hotels in that segment besides hotels that are more fully of segment standards. These industry terms used for classifying, categorising and segmenting hotels are explained below.
- Luxury Segment typically comprise top end hotels with brand standards, facilities, spaces and standards that are associated with expectations of luxury seeking clientele; in India, these are generally classified as deluxe and luxury hotels. Several brands classify themselves as luxury hotel brands, based on certain criteria (e.g., room size) without having the service standards and consistent guest profile typically associated with true luxury hotels.
 - Upper Upscale Segment comprises first-class hotels (generally classified in India as 5 star or deluxe hotels) that offer superior standards, amenities and services though not at a level that affords the exclusivity associated with luxury hotels.
 - Upscale Segment comprises hotels which are more moderately positioned and priced, generally with smaller room sizes than the top tier hotels. In India, upscale hotels are generally classified as 4 star/5 star hotels (typically carrying entry level 5 star quality).
 - Upper Midscale Segment comprises full service or select service hotels, typically with lesser public areas and facilities and smaller room sizes, which are more moderately positioned and priced than upscale hotels. In India, these would generally be classified as 4 star and sometimes 3-star hotels.
 - Midscale Segment typically are 3-star hotels with distinctly moderate room sizes, quality and pricing, and a lower extent of services; domestic brand midscale hotels often offer more services than select service international branded midscale hotels.
 - Economy Segment (Eco) are typically 2-star hotels providing functional accommodation and limited services, being focussed on price consciousness.
- 5.1.3. Classification of hotels into the various segments is based on the definition and method adopted by CoStar for hotels participating with CoStar and followed for data reporting and market comparison by the industry. Segmental classifications are essentially based on the intended positioning and overall rate structure of respective hotel brands; actual standards of individual properties may vary, but adjustment is not made on subjective basis. Hotels considered for our report but which are not participating with CoStar have been classified by us within these segments based on our assessment of positioning of the brand / hotel. If a chain has modified the positioning of a brand, such change would be reflected in current and previous period data. Performance data sourced from CoStar being live and dynamic in nature may reflect differences from data previously reported for the same periods; generally such differences are nominal.
- 5.1.4. We generally do not cover independent hotels, except to the extent that some independent hotels may have participated in collection of any reported data. We generally exclude independent hotels as these – (a) lack of sufficiently co-ordinated, reliable and consistent data; (b) face increasingly challenged competitiveness against growing presence of chain-affiliated hotels, (c) have longer-term constraints on growth as chain-affiliated supply spreads to second-tier markets and smaller towns; (d) face general reluctance of banks to finance large projects unless these have access to suitable chain marketing and management systems. We believe that an analysis based mainly on chain-affiliated hotels (which competing with any independent hotels in the relevant catchment area) is adequate reflection of the overall market conditions.
- 5.1.5. For the purpose of this specific report which is pre-dominantly based on hospitality sector in Northeast India we have endeavoured to use information of independent hotels given that (a) there is very limited supply of chain-affiliated hotels in Northeast India and (b) smaller independent hotels are relevant to Northeast India market as the market continues to grow.

- We have only considered independent hotels having retail pricing that is greater than Rs.2,500.
- 5.1.6. Polo Towers Group (“PTG” or “Group”) established its first company “Hotel Polo Towers Ltd” in 1986 that was incorporated in Shillong in North-East India. PTG built its first hotel in 1991. It is the oldest private sector hotel group from Northeast India with brand presence across multiple hotels (existing and pipeline) within the region and also outside the region. PTG has established presence outside the North-East India with hotels in Kolkata, Prayagraj and Jabalpur. PTG presently owns and operates all its existing hotels which are in the upscale and midscale segments. These hotels are either owned by Hotel Polo Towers Ltd or other subsidiaries within the Polo Towers Group.
 - 5.1.7. In the longer term, PTG intends to operate hotels under its brands, on behalf of other owners, which will then result in its classification as a ‘hotel chain’. Till such time, we have not included PTG supply in chain-affiliated supply. Nevertheless, given the quality of PTG hotels and range of its services, we consider it appropriate to compare PTG hotels with other chain-affiliated hotels in India. The industry report is therefore based on chain-affiliated hotel supply data.
 - 5.1.8. The overview of supply and demand presented herein focuses on the upscale and midscale segments in which PTG has its existing hotels and hotel projects. The positioning for PTG hotels is as determined by the Group, and is not based on classification guidelines of CoStar or similar external agencies.
 - 5.1.9. Hotel supply and other data points used for this Report are as on 31 March 2025. Information on pipeline supply and other data have been updated based on information available to us upto 31 July 2025.
 - 5.1.10. Data is separately presented on all India basis, for Key Markets, for Northeast India, and for Select Markets.
 - 5.1.11. Key Markets comprise the top ten markets in India in terms of hotel room supply, i.e. the six metro cities (Mumbai metropolitan area, Delhi NCR, Bengaluru, Chennai, Hyderabad and Kolkata), Ahmedabad, Pune, Jaipur and Goa.
 - 5.1.12. Northeast India comprises states of Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Tripura and Sikkim.
 - 5.1.13. Select Markets are markets where PTG has an operating hotel or a planned hotel project. These comprise Shillong (including Myllem located on the outskirts of Shillong), Cherrapunjee, Tura, Nongkhlaw, Agartala, Melaghar, Kohima, Dimapur, Kolkata, Dooars, Prayagraj, and Jabalpur. These hotels are:

Operating Hotels – 9 hotels comprising 425 rooms – all hotels are owned and operated by PTG

- Four upscale hotels / resorts - Hotel Polo Towers in Shillong, Polo Resort in Cherapunjee, Hotel Polo Towers in Agartala, and Polo Floatel in Kolkata.
- Five midscale hotels – Hotel Polo Orchid in Tura, Lake Side Resort in Melaghar (Tripura), Woodstock Resort in Myllem (near Shillong), Max Hotel in Prayagraj, and Max Hotel in Jabalpur.

Expansion of Operating Hotels - 70 rooms

- Hotel Polo Towers in Agartala (26 rooms), Woodstock Resort in Myllem (27 rooms), and Lake Side Resort in Melaghar (17 rooms) will have additional rooms in the future.

Planned / Under Development - 5 hotels comprising 541 rooms

- Five Upscale hotels (541 rooms) - Hotel Polo Towers in Kohima and Dimapur and, Chapter Hotels by Polo in Nongkhlaw, Shillong, and Cherrapunjee.
- PTG has also entered into an agreement for operating a 25 room upscale resort at Ellenbarrie Tea Estate in Dooars. We have not considered this in our pipeline data as the agreement is signed after 31 July 2025.

- 5.1.14. Polo Towers Group pioneered hotel development in Northeast India by establishing an upscale hotel in 1991 at Shillong when hotel supply in Northeast India was negligible and mainly limited to hotels at mid-segment level. PTG is the largest hotel group by number of hotels in Northeast India as of 31 March 2025. In the Northeast India it has existing hotels and hotel projects in pipeline in state capitals and in key business and leisure markets. PTG with an supply of 256 operational rooms is the third largest hotel group in Northeast India by number of rooms as of 31 March 2025.
- 5.1.15. PTG presently operates its hotels under the Polo Towers and Max brands. Polo Towers is an upscale brand generally operating at upscale price point, while Max is a midscale brand. PTG has also introduced “Chapter Hotels by Polo” brand which is an upscale brand for hotels / resorts of boutique nature and character. The pipeline for “Chapter Hotels by Polo” comprises one hotel / resort each in Nongkhlaw, Shillong, and Cherrapunjee. PTG also intends to reposition three existing properties – Woodstock Resort in Myllem, Hotel Polo Orchid in Tura, and Lake Side Resort in Melaghar to this brand.

PTG is also the first hotel group to own, develop and operate multiple hotels under an upscale brand in Northeast India.

While Polo Towers hotels / resorts typically operate at upscale pricing, PTG may also develop hotels / resorts of upper upscale standards under this brand operating at commensurate pricing. This is dependent on location and market requirement. For example, the Cherrapunjee resort with the largest inventory in that market is of upper upscale standards operating at pricing comparable to upper upscale resorts in other key leisure destinations in India.
- 5.1.16. PTG took the lead to develop the largest hotels by number of rooms (at the time of development) in several markets. Its first hotel, in Shillong, was the largest hotel from 1991 to 2021. Its hotels in Agartala and Tura are still the largest as of 31 March 2025. Its pipeline hotels in Kohima and Dimapur will be the largest hotels for the respective cities, as of 31 July 2025.
- 5.1.17. PTG acquired the Floatel Hotel in Kolkata in 2018 and rebranded it as Polo Floatel. The hotel on the Hooghly River is currently the only full-fledged floating hotel in India offering comprehensive services.
- 5.1.18. PTG also has strong food & beverage operations within its hotels and also two independent cafes in Shillong which has created some niche advantages for itself in locations such as Shillong, Cherrapunjee, Kolkata and Agartala. The ability to add revenue through F&B stream offers greater competitive strength to the PTG and its hotels.
- 5.1.19. For the sake of brevity, pipeline data is rounded to the nearest thousand (indicated by 'k').
- 5.1.20. In this report Compound Annual Growth Rate (CAGR) between a financial year (start year) and another financial year (end year) is calculated from 31 March of the start year to 31 March of the end year, unless a different set of dates is indicated for any specific item.

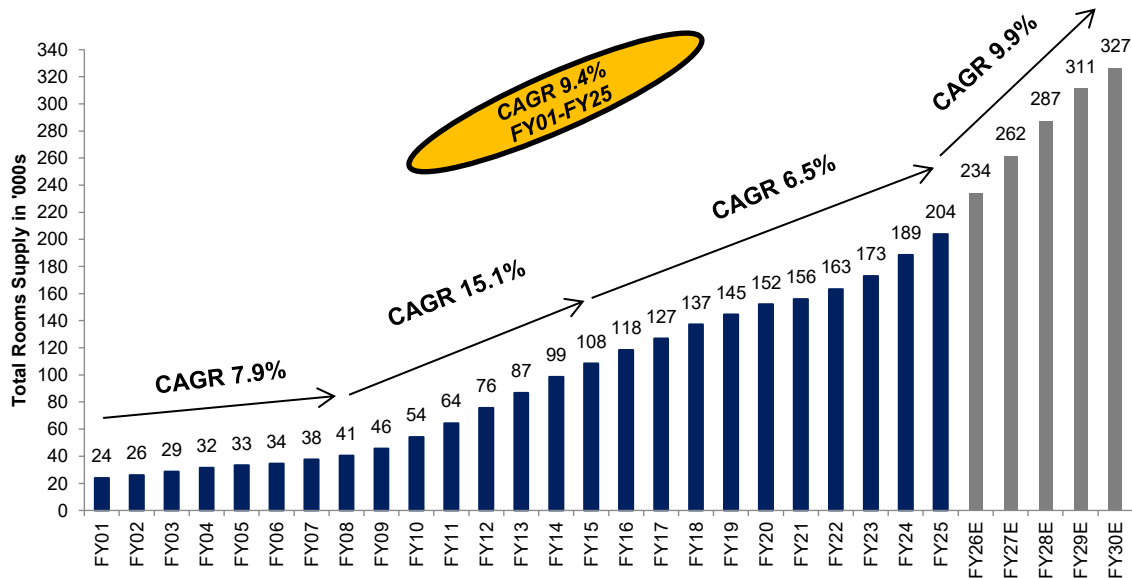
5.2. Hotel Supply Analysis – Existing and Pipeline

5.2.1. Chain-affiliated Hotel Room Supply

All India chain-affiliated supply in FY25 was 204k rooms. Supply increased at 9.4% CAGR between FY01 and FY25 and will grow at 9.9% CAGR between 1 April 2025 and 31 March 2030.

Charts 18 below reflects overall All India Chain-affiliated hotel room supply as of FY25 and expected supply upto FY30.

Chart 18 - All India Chain-affiliated Rooms Supply (in '000s)



Source: Horwath HTL; E - Expected

Major supply growth occurred between FY08-FY15, fuelled by strong business conditions and positive occupancy and Average Daily Rate (ADR) trends from FY05 through initial months of FY09. On the other hand, moderate demand and economic activity from FY10 through FY14 was not supportive of new project commitments causing slower supply growth for FY16-FY23; this was exacerbated by the Covid pandemic. Yet, 9.4% CAGR between FY01 and FY25 reflects material supply addition, although off a small supply base as at FY01. Annual supply growth in FY24 and FY25 was the highest in the last 25 years. Delay in projects due to Covid and surging interest in the hospitality sector post Covid has led to this growth.

Supply addition from 1 April 2014 to 31 March 2025 comprises 65% of supply creation over the last 25 years.

Per data based on announcements upto 31 July 2025, 123k rooms are expected to be added by the end of FY30. Given the past track record of materialised supply being at a slower rate, actual supply growth may be smaller or may be delayed from the year in which it is presently indicated. On the other hand, newer conversion efforts may cause some presently unannounced growth to occur somewhat speedily to partially compensate any delays in materialisation of the supply pipeline of 123k rooms.

5.2.2. Chain-affiliated Segmental Supply

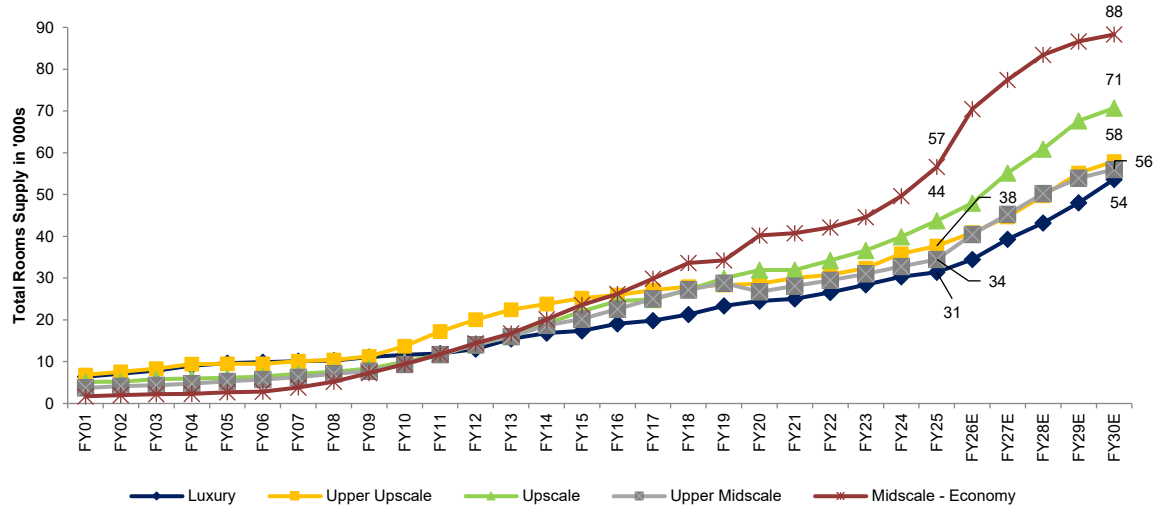
Segmental supply has evolved significantly since FY01, and continues to do so. Segmental supply composition is provided in Table 13 and Chart 19.

Table 13 – Segmental Composition (in '000s)

Category	CAGR								
	FY01	FY08	FY15	FY25	FY30E	FY01-08	FY08-15	FY15-25	FY25-FY30
Luxury	6	10	17	31	54	6.9%	7.9%	6.1%	11.3%
Upper Upscale	7	10	25	38	58	6.2%	13.5%	4.1%	9.0%
Upscale	5	8	22	44	71	5.6%	16.5%	7.1%	10.1%
Upper Midscale	4	7	20	34	56	9.7%	16.1%	5.5%	10.2%
Midscale-Economy	2	5	24	57	88	17.1%	24.2%	9.1%	9.3%
Total	24	41	108	204	327	7.9%	15.1%	6.5%	9.9%
% of Total									
Luxury	26.9%	25.3%	16.0%	15.4%	16.4%				
Upper Upscale	28.7%	25.7%	23.2%	18.5%	17.7%				
Upscale	21.7%	18.7%	20.3%	21.5%	21.6%				
Upper Midscale	15.6%	17.6%	18.7%	16.9%	17.2%				
Midscale-Economy	7.2%	12.8%	21.8%	27.7%	27.0%				

Source: Horwath HTL; E - Expected

Chart 19 - All India Chain-affiliated Rooms - Segmental Supply (in '000s)



Source: Horwath HTL; E - Expected

Supply composition has evolved towards greater segmental balance, with lesser concentration of the Luxury and Upper-Upscale segments, and increased supply share and footprint for upscale, upper midscale and Midscale & Economy (M-E) segments. A similar trend is broadly expected through FY30, with Up-Mid and M-E segments having nearly 44% share of new supply between FY25 and FY30.

In absolute numbers, the Luxury, Upper Upscale, Upscale, Up-Mid and M-E segments added about 25k, 31k, 39k, 31k and 55k rooms respectively between FY01 and FY25. (Note: segmental supply decline in some years is mainly due to brand re-classification positioning change). M-E segment had the largest CAGR (FY01-FY25) at 15.7%, contributing 30% to total addition of rooms since FY01.

5.2.3. Chain-affiliated - Supply Spread by Market Category

Key Markets have 57% supply share as at 31 March 2025. Supply of share of Other Markets is increasing and estimated at 52% by FY30.

The Key Markets have nearly 57% of rooms supply as at 31 March 2025. This is lower than 69% supply share at end FY15 as a result of significant supply growth outside the Key Markets. Hotel rooms supply across market categories is summarised in Table 14 below.

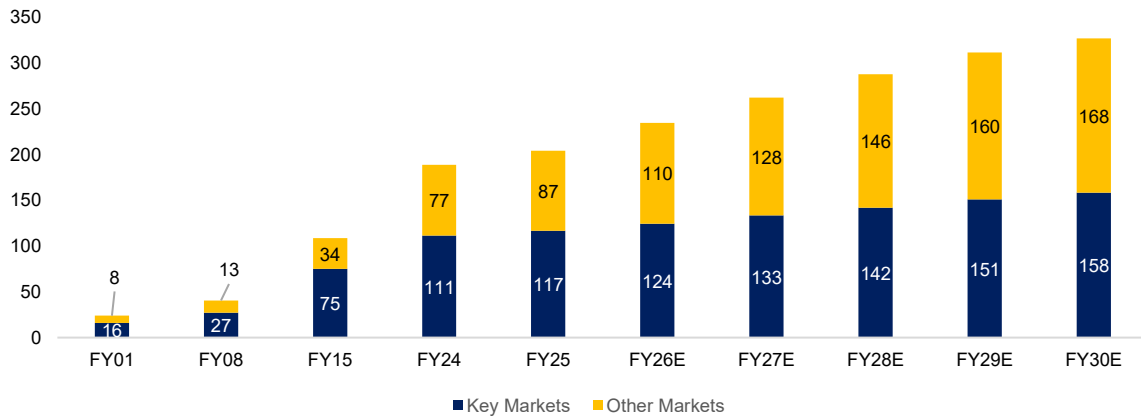
Table 14 – Supply Spread by Market Category

Market Category	Supply in '000s				Supply Share			
	FY01	FY15	FY25	FY30E	FY01	FY15	FY25	FY30
3 Main Metros	10	41	61	83	40.1%	38.1%	29.9%	25.3%
3 Other Metros	3	15	24	30	14.3%	14.2%	11.5%	9.1%
Other Key Markets	3	18	32	46	12.1%	16.8%	15.7%	14.1%
Other Markets	8	34	87	168	33.5%	30.9%	42.8%	51.5%
Total	24	108	204	327	100%	100%	100.0%	100.0%

Source: Horwath HTL; E – Expected

Note: 3 Main Metros – Mumbai, Delhi NCR and Bengaluru; 3 Other Metros – Chennai, Hyderabad and Kolkata; Other Key Markets are Pune, Ahmedabad, Jaipur and Goa

Chart 20 – Supply Spread – Key Markets vs Other Markets



Source: Horwath HTL; E – Expected

- The Key Markets led supply creation between FY01-FY15. As at FY25, supply at the 3 Main Metros is nearly 2.6 times the Other Metros; other Key Markets have larger supply than the Other Metros.
- Supply spread to Other Markets is an important evolution of the industry with 79k rooms added between FY01 and FY25 and another 81k expected to be added by FY30. This will support and foster continued all-India demand growth. Increased urbanisation and improved air / road infrastructure have enabled supply creation and demand generation in Other Markets in the last 10 years with 56% share of supply addition in this period. Hotels in Other Markets tend to be smaller and concentrated at the mid-priced and upscale levels.
- 34% of supply creation through FY30 will occur in Key Markets and 66% will occur outside the Key Markets. The wider spread of new supply will likely satisfy latent demand and generate new demand.
- While supply expansion outside the Key Markets and segmental spread of supply reflects increasing market maturity and potential for wider demand growth, the resultant changing supply composition impacts market wide rates due to a larger share of mid-priced hotels.

5.2.4. Chain-affiliated - Supply Spread by Foreign and Domestic Chain Affiliation

Foreign Chains gained supply share since FY01 but the share has remained between 44% and 47% for the last ten years and will remain in that range through FY30

Between FY01-FY25, foreign chains have gained material supply share through multiple brands. Hotel development by a widening group of investors and owners has provided the asset base that suits the management / franchise model sought by foreign chains.

Table 15 - Foreign & Domestic Chain-affiliated Supply

	FY01		FY15		FY25		FY30E	
	Domestic	Foreign	Domestic	Foreign	Domestic	Foreign	Domestic	Foreign
Overall	80%	20%	55%	45%	55%	44%	53%	47%
Lux	100%	0%	67%	33%	67%	33%	58%	42%
Up-Ups	60%	40%	36%	64%	28%	72%	28%	72%
Ups	91%	9%	42%	58%	43%	57%	41%	59%
Up-Mid	75%	25%	68%	32%	53%	47%	48%	52%
Mid-Eco	55%	45%	70%	30%	79%	21%	80%	20%

Source: Horwath HTL; E - Expected

- As at FY25, foreign chains operate / franchise about 44% of the chain-affiliated hotel rooms in India. Their market share was between 44% to 47% for about ten years between FY16 and FY25, with no significant change expected through FY30.
- Foreign chains expanded by aggressively pursuing management contracts, offering multiple brands and supporting the development of hotels with larger rooms supply and function spaces.
- Several asset heavy domestic chains have gradually shifted to an asset-light or hybrid model (combination of owned properties and management contracts) to enable expansions. Domestic chains have added brand range and successfully positioned products and brands in the Upscale, Up-Mid and M-E segments enabling larger share of new supply in most segments since FY15.

5.2.5. Chain-affiliated - Supply Analysis by Size

As of 31 March 2025 two-thirds of hotels in India have an average size of 50 rooms. The overall average size of hotels in India is 92 rooms. Of the 2.2k hotels in India two-thirds of hotels have less than 100 rooms.

Table 16 – Analysis by inventory size

Inventory Size	Hotels	%	Rooms (in 000s)	%	Avg. Rooms
<100	1,509	68%	76	37%	50
100-250	600	27%	89	43%	148
250-400	87	4%	27	13%	308
400-500	16	1%	7	3%	432
500 +	9	0%	5	3%	588
Total	2,221	100%	204	100%	92

Source: Horwath HTL

5.3. Supply Ownership Analysis

5.3.1. **Ownership Pattern**

Chain ownership (including lease) of hotel rooms has reduced from 70% at end FY01 to 25% at end FY25. Private developers and institutional capital have been instrumental in asset creation over the last about 20 years, although there is very limited ownership concentration.

Table 17 – Ownership Pattern – as at FY25

	Hotels	%	Rooms ('000)	%
Chain Owned	454	20%	50	25%
Developer / Investor	1,767	80%	154	75%
Total	2,221		204	

Source: Horwath HTL

Hotels with majority ownership/control of private developers are not considered as chain-owned. For clarity, hotels with investments by affiliate / group entity of Accor, Hyatt and Radisson are not considered as chain-owned as the hotel chains do not have controlling interest in the respective companies. The ownership pattern is further analysed in Table 18

Table 18 – Ownership Pattern by Category – as at FY25

Ownership Structure	Hotels	Rooms (in 000s)	Avg Size
Chain Owned	454	50	111
Major Private Asset Owners ¹	194	36	187
Other Private Asset Owners ²	1,538	112	73
Institutions ³	35	6	163
Total	2,221	204	92

Source: Horwath HTL

1 - Major private hotel asset owners comprises group companies owning more than 500 rooms

2 - Other Private hotel asset owners comprises group companies owning less than 500 rooms

3 - Institutions comprises hotels where a majority is owned by institutional investors

Major private asset owners have invested in some large format hotel assets; the larger average size of hotels for this ownership category is reflective of the investment appetite, vision and opportunity in India. 5 of the nine hotels with over 500 rooms, and 9 of sixteen hotels with 400 to 499 rooms supply as of 31 March 2025 are owned by major private hotel asset owners. On the other hand, several chains have invested significantly in the mid-priced and economy segments where hotels typically have lesser supply.

Asset Ownership Benefits

An asset-ownership based model has several merits particularly in terms of (a) asset appreciation; (b) larger earnings gains under strong market conditions, as the gross revenue and profits belong to the hotel chain; (c) advantage in creating better returns, if land banks are available at historical costs; (d) the ability to create and showcase the value and profitability of differentiated products. While situations such as the Covid pandemic create cash flow stress from asset ownership, to cover fixed costs and debt service burdens, the full flow through of revenues is also an advantage when business recovers.

5.3.2. Ownership – Listed Companies

Several of the hotel chain entities and some developer/investor-controlled entities are listed companies. Analysed on that basis, the ownership pattern emerges as:

Table 19 – Ownership by listed/unlisted companies

Ownership	Listed companies		Unlisted companies		Total	
	Hotels	Rooms (000s)	Hotels	Rooms (000s)	Hotels	Rooms (000s)
Hotel Chains	286	38	168	13	454	50
Developer / Investor	115	23	1,652	131	1,767	154
Total	401	60	1,820	144	2,221	204

Source: Horwath HTL

Note: Schloss Bangalore Limited (The Leela) and Brigade Hotel Ventures Limited were listed after 31 March 2025 however, have been considered under listed companies.

Listed companies comprise (a) hotel companies which are listed companies or subsidiaries of listed companies; and (b) other large listed companies which inter alia have a dedicated hotel portfolio. Listed companies which may inter alia own a hotel asset have generally not been included and are grouped in the table above under unlisted companies.

5.4. Future Demand - Chain-affiliated Hotel Rooms

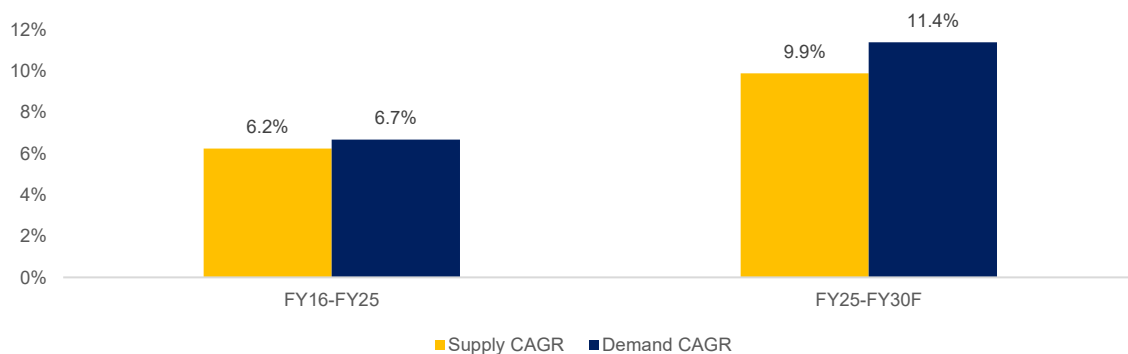
In this section we have projected future demand. Our estimates of future demand are based on

- Estimated supply and demand growth by market category (for this purpose markets are categorised as 10 Key Markets, other key tier 1 markets and other markets). The total estimated All India demand is an aggregate of supply and demand from these three categories.
- We have adjusted the new hotel supply in FY25 for the period for which these hotels were open and for the expected supply from FY26 to FY30 for the period from when these hotels are likely to open. New hotels are generally on a ramp-up mode upon opening and need a certain period (generally two to four years) to achieve stable level occupancy. As new supply is added in a market it also leads to demand creation. During the ramp-up period we have based our demand projections on partial absorption of new supply.

Supply and Demand CAGR

In the period FY16-FY25, demand growth for chain-affiliated hotels in India across all segments is significantly higher compared to supply growth, with the trend expected to continue till FY30. This will likely cause increased hotel occupancy and potentially support strong ADR levels.

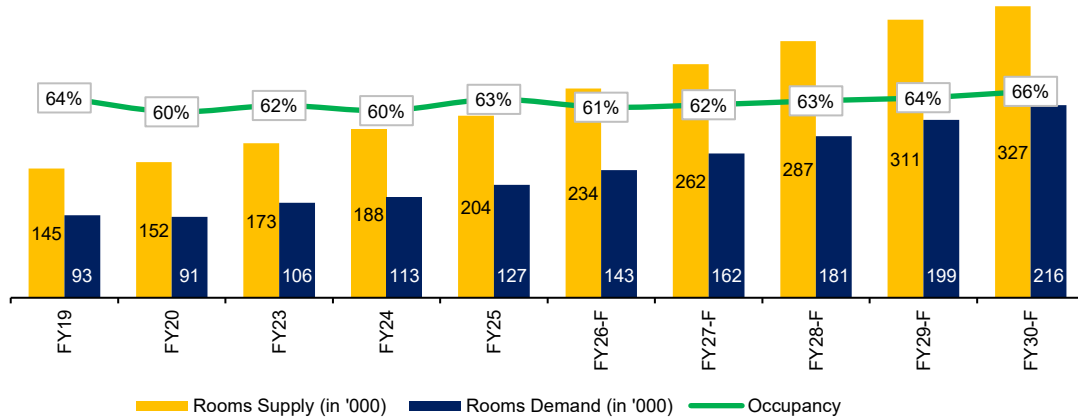
Chart 21 – Supply and Demand CAGR



Source: Horwath HTL; F-Forecasted

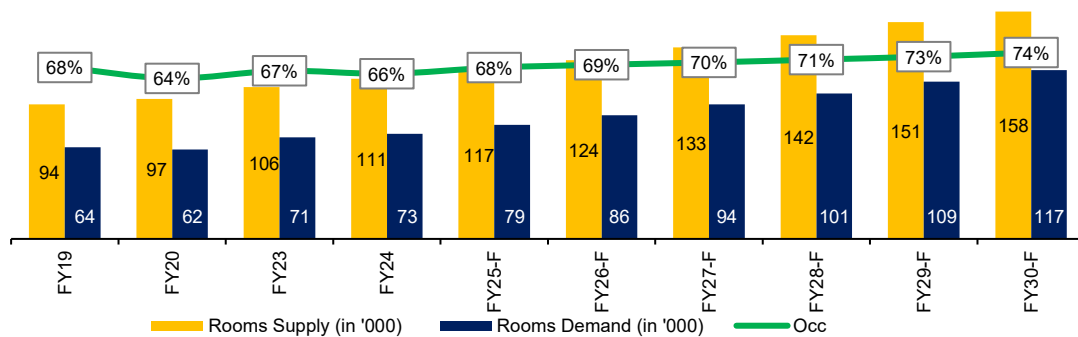
Based thereon, and with reference to our estimates of Future Supply described earlier, the occupancy estimates upto FY30 evolve as reflected in Chart 22.

Chart 22 - All India – Rooms Supply vs Demand and Occupancy Estimates – (FY25–FY30)



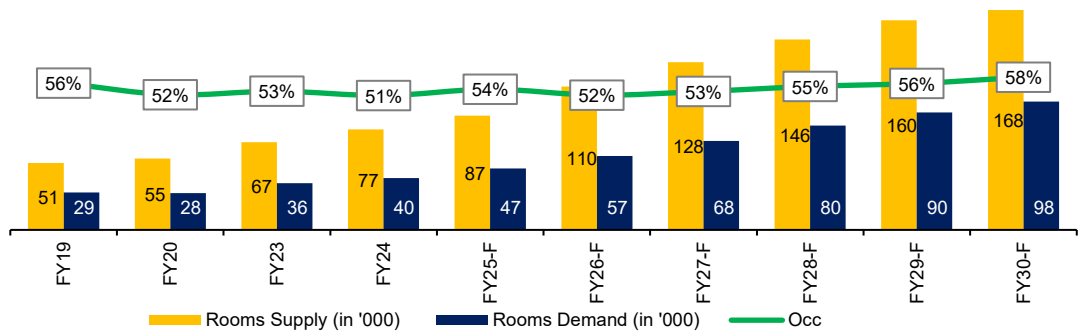
Source: Horwath HTL; F - Forecasted

Chart 23 - Top 10 Markets - India – Rooms Supply vs Demand and Occupancy Estimates – (FY25–FY30)



Source: Horwath HTL; F - Forecasted

Chart 24 - Other Markets - India – Rooms Supply vs Demand and Occupancy Estimates – (FY25–FY30)



Source: Horwath HTL; F - Forecasted

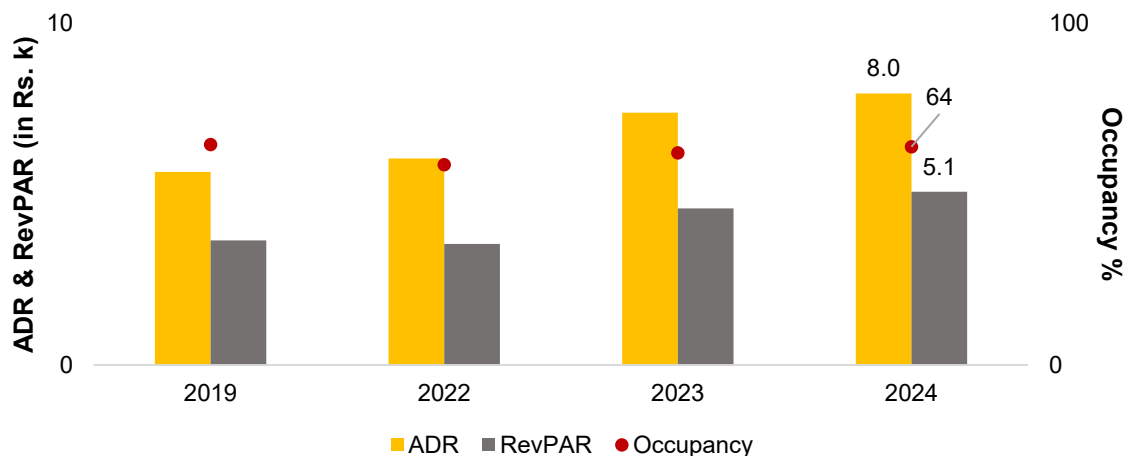
5.5. Market Performance Analysis - India

In this section we provide an analysis of the performance of hotels on all India basis. Data is presented for the full market (comprising hotels of all positioning) and for segments relevant to the PTG. Data availability varies from market to market based on extent of participation by hotels. Occupancy and ADR are typically higher during the January to March quarter compared to the full year as it is cyclically favourable period for most of the markets in India.

5.5.1. All India Performance

In 2024, all-India occupancy was 63.9%, at ADR of Rs.8k and RevPAR of Rs.5.1k.⁷² Chart 25 shows all-India performance of chain-affiliated hotels from CY19 through CY24, across all segments excluding Covid years CY20 and CY21.

Chart 25 - India Hotel Market Performance



Data Source: India Hotel Market Review Reports published between 2019 and 2024. Performance data for this report is obtained from CoStar

From a macro-perspective, the following elements emerge

- The hotel sector had a difficult period from late 2008, mainly because expected demand growth did not occur to match supply created in anticipation of demand growth. The economy and investment climate were not supportive of demand growth; security issues occurred in some years. All India occupancy stagnated at 57-58% between CY11-14.⁷³ During this period, supply grew by 41k rooms while demand grew by 28k rooms.
- Typically, the industry sees changes in demand linked to macro-economic cycles. Down cycles see greater travel controls and needs, causing demand to slow or shift to lower hotel categories, a positive macro-economic situation and sentiment fuels travel and demand. Hotel occupancies decline or grow with such movements and in turn impact room rates; slowing occupancy invariably leads to softer room rates

Rate revival often lags occupancy revival; rates are pushed higher only once hotel managements have greater confidence of business levels. On the other hand, in a positive macro-economic scenario, constraints on bookings push the demand side to pay higher room rates, creating the rate growth seen after the pandemic. Further, a positive business climate creates more positivity in travel and draws a wider profile of international and domestic business travellers – this also helps to improve the rate sentiment.

⁷² Source: CoStar

⁷³ Source: CoStar

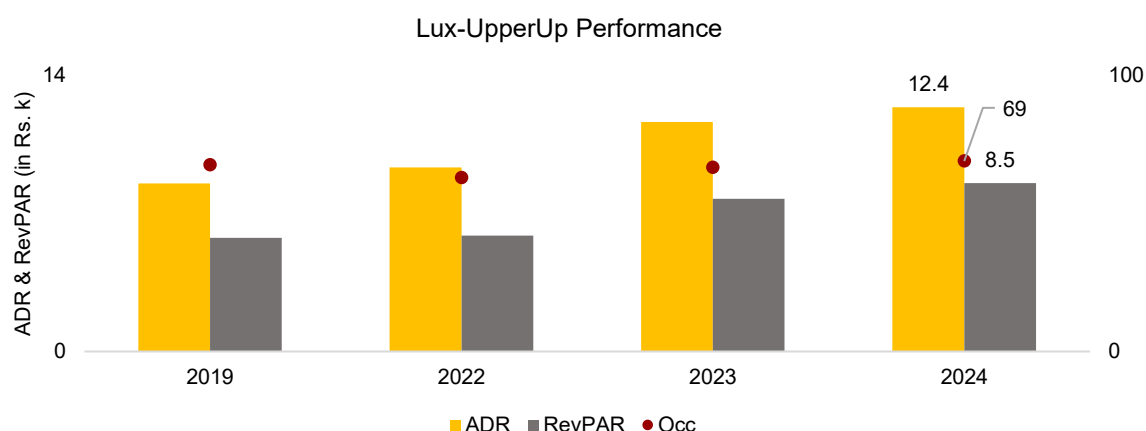
- c. Between CY09-15, ADR was impacted by the dual factor of slower demand and occupancy generally, and diversification of supply profile so that wider options of quality and price points became available.
- d. Occupancy revived from CY15 as demand conditions improved and new supply had slowed. The upward trend in RevPAR upto December 2019 was materially occupancy led, with improved occupancy gradually enabling ADR increases.
- e. The Covid-19 pandemic was a major disruption with severe travel and operating restrictions causing material drop of occupancies and ADR. Demand recovery started in the late summer of 2020 and then gained momentum; recovery from wave 2 of Covid was much more rapid enabling strong H2-21 performance. The Omicron wave was disruptive between mid-December 21 to February 22 but then gave way to strong performance through December-23. Strong occupancies and a recognition of stronger rate needs and potential have enabled much higher ADR levels.
- f. Annual occupancy for CY24 was reported at 63.9%, with ADR of Rs. 7,951 and RevPAR of Rs. 5,078⁷⁴. The overall performance in CY24 was good even though Q2 was slow because of elections and Q3 was slightly soft because of marginal slowdown in the economy. Occupancy for FY25 was 63.5% and ADR was Rs. 8.2k.⁷⁵
- g. Performance in Q1-2025 was better than the same period in the previous year. Occupancy for Q1-2025 rose by 2 basis points while there was a 12% and 16% increase in ADR and RevPAR respectively⁷⁶. This was driven by growth in business and leisure travel and a strong wedding calendar. In Q2-2025, occupancy was marginally higher than Q12024 while ADR and RevPAR increased by about 10% and 12% respectively compared to the same period in 2024. Q2-2025 was impacted by various geo-political issues leading to slowdown in foreign and domestic travel particularly in May 2025.

5.5.2. All India Segmental Performance

In 2024, all India Luxury and Upper Upscale segment and all India Upscale and Upper Midscale segment achieved highest occupancy and ADR in the last 15 years.

Chart 26 and Chart 27 respectively show all India performance of chain-affiliated hotels for the Luxury and Upper Upscale segment and Upscale and Upper Midscale segment from CY19 through CY24, excluding Covid years CY20 and CY21.

Chart 26 - India Luxury and Upper Upscale Performance



Data Source: India Hotel Market Review Reports published between 2019 and 2024. Performance data for this report is obtained from CoStar

⁷⁴ India Hotel Market Review 2024; Data Source - CoStar

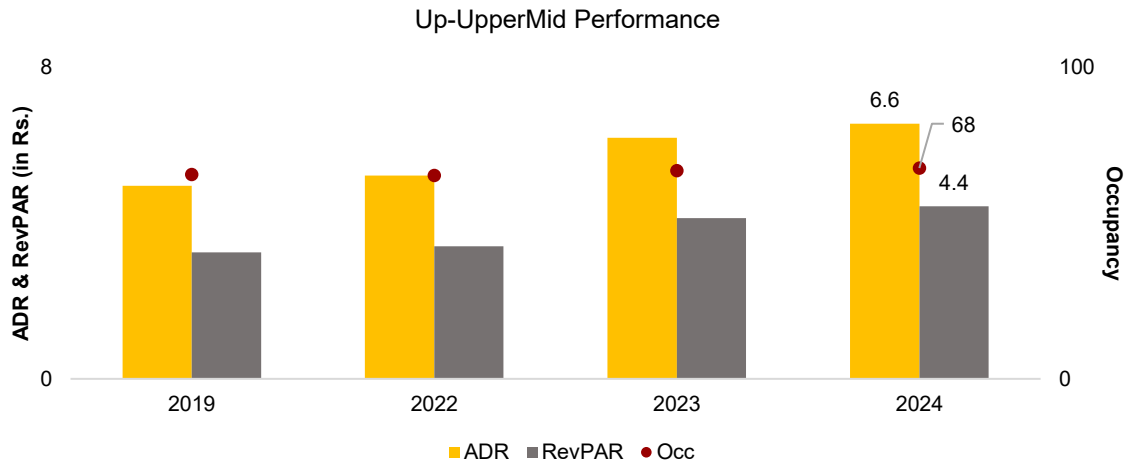
⁷⁵ Source: CoStar

⁷⁶ Source: CoStar

In 2024 the Luxury and Upper Upscale segment had an occupancy of 68.9% at an ADR of Rs. 12,377.⁷⁷ This was the highest performance of this segment over the last 15 years.

This segment comprises of several hotels with large inventory and meeting and function spaces. The events demand therefore play an important role at these hotels. In 2024 sizeable supply of luxury – upper upscale hotels and resorts at leisure destinations have contributed to a five digit ADR of this segment.

Chart 27 - India Upscale and Upper Midscale Performance



Data Source: India Hotel Market Review Reports published between 2019 and 2024. Performance data for this report is obtained from CoStar

Occupancy for this segment in 2024 at 67.6% was almost the same as 2023. ADR of this segment crossed Rs. 6k for the first time ever in 2023 and was at Rs.6.6k in 2024⁷⁸. For this segment occupancy for FY25 was 65.7% and ADR was Rs.6.7k.⁷⁹ This segment typically targets the middle income population and therefore benefits from this demography and the increasing spending power of this segment.

⁷⁷ Source: CoStar

⁷⁸ India Hotel Market Review 2024; Data Source - CoStar

⁷⁹ Source: CoStar

6. Northeast India – Supply and Performance

6.1. Hotel Supply – Northeast India and Select Markets

In this section we have analysed the hotel supply, comprising chain-affiliated hotels and independent hotels (with retail room rates of Rs 2,500 and above) for Northeast India and for Select Markets.

6.1.1. India - Region Wise Chain-affiliated Supply

Northeast India has 8% of India's geographical area but just 1.3% of chain-affiliated supply. There is significant potential for higher chain-affiliated supply penetration in this region. The spread of chain-affiliated supply across different regions in India is provided in Table 20.

Table 20 - Region wise Spread – Chain-affiliated Supply

	FY08	FY15	FY25	FY30
Rooms ('000s)				
North	13	36	72	120
South	11	33	55	78
West	3	5	13	25
East	12	31	57	85
Central	1	2	5	13
Northeast India	0.1	0.5	2.6	5.3
Total	41	108	204	327
Composition				
North	33%	33%	35%	37%
South	28%	30%	27%	24%
West	7%	5%	6%	8%
East	29%	29%	28%	27%
Central	3%	2%	2%	4%
Northeast India	0.3%	0.4%	1.3%	1.7%
Total	100%	100%	100%	100%

Source: Horwath HTL

As of 31 March 2025 Northeast India has the lowest supply share of chain-affiliated hotel rooms compared to the other regions in India. Supply in Northeast India will grow at 16.9% CAGR between FY25 and FY30 albeit on a low base. This growth is higher than all India CAGR of 9.9% for FY25 to FY30 and is second highest growth among other regions in India. The Northeast India region has potential for further hotel development.

6.1.2. Northeast India - Chain-affiliated and Independent Hotel Rooms Supply

Hotel supply in Northeast India mainly comprises of independent hotels. Chain-affiliated supply in Northeast India is currently limited. The composition of chain-affiliated and independent hotel supply by states in Northeast India as of 31 March 2025 is listed in Table 21.

Table 21 - Northeast India - Chain-affiliated and Independent Supply

State	Category		Total	Composition (%)	
	Chain-affiliated	Independent		Chain-affiliated	Independent
Assam	1,051	2,489	3,540	30%	70%
Sikkim	781	1,600	2,381	33%	67%
Meghalaya	283	1,016	1,299	22%	78%
Manipur	171	214	385	44%	56%
Arunachal	137	393	530	26%	74%
Nagaland	62	315	377	16%	84%
Tripura	94	268	362	26%	74%
Mizoram	0	108	108	-	100%
Total	2,579	6,403	8,982	29%	71%

Source: Horwath HTL

- Hotel supply in Northeast India predominantly comprises of independent and non chain-affiliated hotels. These hotels comprises three-fourths of the overall supply in this region.
- As of 31 March 2025 Northeast India had only 1.3% share of the total chain-affiliated supply in India. Between end of FY01 and FY14 only 423 rooms were added to this region and, subsequently another 624 rooms were added between FY15 and FY20.
- A significant quantum of chain-affiliated supply was added only in recent years post Covid. 1,475 new rooms were added between FY21 and FY25 and 77% of these additional rooms were added only in FY23 and FY24.
- The supply growth has occurred in the recent years driven by improved connectivity, infrastructure development and increase in travel demand for Northeast India.
- As of 31 March 2025 if PTG supply was included in Northeast India chain-affiliated supply then PTG would have 9% share in the total existing chain-affiliated supply of the region.
- As of 31 March 2025 Assam had the highest share of the total supply (chain-affiliated and independent hotel supply) at 39% followed by Sikkim and Meghalaya. These 3 states together contributed 80% of the total supply of this region.
- Among the hotel companies PTG has the highest number of keys and thereby the largest supply share as of 31 March 2025 in Meghalaya and Tripura at 32% and 57% respectively.

6.1.3. Northeast India – Supply by Markets

Hotel supply in Northeast India is concentrated in few markets.

Table 22 - Supply in Northeast India by Cities

City	Rooms	% Share
Guwahati	2,361	26%
Gangtok	2,125	24%
Shillong	1,001	11%
Imphal	375	4%
Agartala	337	4%
Dimapur	261	3%
Itanagar	218	2%
Kaziranga	217	2%
Dibrugarh	203	2%
Cherrapunjee	174	2%
Tawang	164	2%
Kohima	128	1%
Silchar	110	1%
Aizawl	108	1%
Tezpur	98	1%
Dirang	76	1%
Bongaigaon	74	1%
Jorhat	73	1%
Duliajan	70	1%
Ravangla	70	1%
Others	739	8%
Grand Total	8,982	100%

Source: Horwath HTL

92% of hotel supply in Northeast India is in the top 20 markets. This comprises 74% of supply in state capitals, 12% in 9 business destinations and, 6% in 3 leisure destinations. The balance 8% is spread across 42 markets. As a result hotel supply in Northeast India is concentrated in a few markets, is spread thin across the rest and lacks critical mass.

PTG is among the few hotel groups that has existing hotels or projects in multiple state capitals in Northeast India. PTG has existing hotels in Shillong and Agartala and a project in Kohima.

6.1.4. Northeast India Chain-affiliated Supply – by Segments

In this section we have provided the segmental composition of Northeast India chain-affiliated supply. It is not possible to categorise the independent hotels into different segments and hence this data is provided only for chain-affiliated supply in Table 23.

Table 23 – Segmental Composition - Northeast India Chain-affiliated Supply

Category	CAGR								
	FY01	FY08	FY15	FY25	FY30E	FY01-08	FY08-15	FY15-25	FY25-FY30
Luxury	-	-	-	81	688	NA	NA	NA	53.4%
Upper Upscale	-	-	196	910	1,463	NA	NA	16.6%	10.0%
Upscale	-	-	63	482	893	NA	NA	22.6%	13.1%
Upper Midscale	57	135	135	192	380	13.1%	0.0%	3.6%	14.6%
Midscale-Economy	0	101	324	914	2,213	NA	18.1%	10.9%	19.3%
Total	57	236	718	2,579	5,637	22.5%	17.2%	13.6%	16.9%
% of Total									
Luxury	-	-	-	3.1%	12.2%				
Upper Upscale	-	-	27.3%	35.3%	26.0%				
Upscale	-	-	8.8%	18.7%	15.8%				
Upper Midscale	100.0%	57.2%	18.8%	7.4%	6.7%				
Midscale-Economy	-	42.8%	45.1%	35.4%	39.3%				

Source: Horwath HTL; E - Expected

Supply composition in Northeast India is evolving as the regions grows and more markets and destinations are developed.

Till FY15 supply was concentrated in mid-segment hotels (64% of total chain-affiliated supply) which has reduced to 43% by FY25 and will marginally increase to 46% by FY30.

The share of hotel supply in upper-tier segments has increased from 36% in FY15 to 57% in FY25 and will continue to be over 50% as of FY30. The growth in this segment reflects the higher demand for upper tier hotels which is a factor of spend propensity and evolving profile of travellers to the Northeast India.

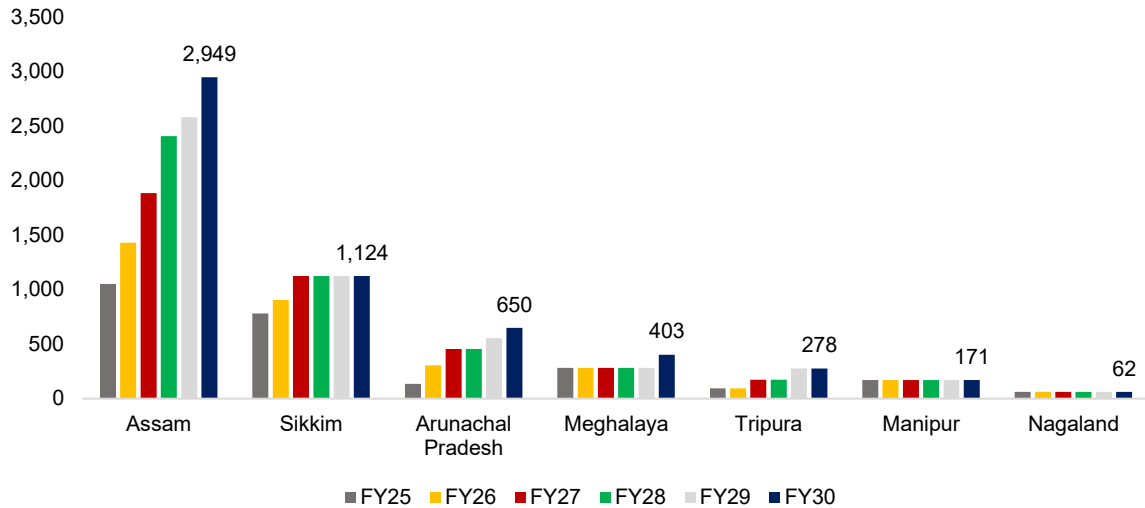
PTG hotel portfolio in Northeast India comprises upscale hotels. As of 31 March 2025 if PTG supply was considered within chain-affiliated supply of Northeast India then it would have 35% supply share of existing upscale hotels in Northeast India and its share will likely increase to 48% by FY30.

6.1.5. Northeast India Chain-affiliated Supply Pipeline

With pipeline of 3.1k rooms chain-affiliated supply in Northeast India will increase by two times over the next five years.

Pipeline for chain-affiliated supply in Northeast India, taken together with the pipeline of PTG, between FY25 and FY30 is provided in Chart 28.

Chart - 28 - Pipeline of Chain-affiliated Supply and PTG in Northeast India



Source: Horwath HTL

- Total pipeline additions between 1 April 2025 and 31 March 2030 is likely to be 3.1k rooms. Of this, 62% of the pipeline is in Assam, followed by Arunachal Pradesh at 17% and, Sikkim at 11%. The states are likely to see additional projects given the potential for tourism.
- Mizoram presently does not have any chain-affiliated supply and there are no hotels in pipeline.
- PTG has total pipeline of 611 rooms in Northeast India which is 20% share of the Northeast India pipeline (chain-affiliated pipeline plus PTG pipeline).
- By FY30 cumulative supply (chain-affiliated supply plus PTG supply) will be 6.5k rooms and PTG will have a share of 13% thereof. PTG will have the largest supply share in Meghalaya (46%) and Nagaland (85%).

7. Select Markets Overview

In this section we have provided a broad overview key market features, and supply and demand characteristics for Select Markets.

7.1. Shillong

Shillong is the capital and largest city of Meghalaya. It is the headquarters of the East Khasi Hills district. It is referred as the “Scotland of the East”. This city was the capital on undivided state of Assam until the creation of the new state of Meghalaya in 1972.

Shillong being the capital and the most developed city in Meghalaya, it is also the base for the state’s economic activities. Key sectors contributing to the state economy include agriculture, horticulture, agro-based industries, hydro power generation, tourism, IT and mining. As a hill station, Shillong offers varied tourism possibilities. Development of New Shillong, to expand the congested city centre will add material heft to the city.

Shillong Airport is located in Umroi about 30 km southwest of the city centre. The city is located at an elevation of 2,900 feet above sea level and therefore has a pleasant climate for most part of the year with October to May being the preferred months for travel to Shillong.

Chain-affiliated supply in Shillong comprises only 2 hotels with 283 rooms, while independent hotel supply comprising 718 rooms (including the PTG owned and operated hotel). The main demand drivers for hotels in this city are tourism, business travel, government and administrative travel, and MICE. There are multiple cultural, music and sports events held in the city which also demand for hotels.

Infrastructure developments such as upgrade and expansion of Umroi Airport, the Meghalaya Integrated Transport Project that is planned for improvement in intra and inter state connectivity, city expansion into New Shillong including development of new secretariat, and Shillong Peak Ropeway Project will benefit this city and lead to further development in the city.

There are several tourist points and attractions in and around Shillong. These include Shillong Peak, Elephant Falls, Ward's Lake, Umiam Lake, Mawphlang Sacred Grove, Cherrapunjee, Mawlynnong, Jowai and Dawki.

PTG opened its first hotel Polo Towers Shillong in 1991 located near the Jawaharlal Nehru Stadium, popularly also known as Polo Grounds in city centre Shillong. PTG also operates two independent cafes in the city, to address and benefit from robust F&B demand in the city.

7.2. Agartala

Agartala situated on the banks of Haora River is the capital of Tripura. It is located only 4-5 km east of Bangladesh border and therefore has strategic importance. It is the second most populous city in the Northeast India, after Guwahati.

Tripura is rich in natural resources such as natural gas, rubber, tea and bamboo. Economy of Agartala is driven by industries, trade, tourism and information technology.

Agartala Airport located 11 km north-east of city centre area is the second busiest airport in Northeast India. It handled 1.4 million passengers in FY25.

Chain-affiliated supply in Agartala comprises only one economy hotel with 94 rooms while independent supply comprises only 243 rooms (including the PTG owned and operated hotel). The main demand drivers for hotels in this city are business travel arising from industrial activities and natural gas plants around Agartala, travel for administrative work as Agartala is the state capital, meetings and events held by different government departments and NGOs, social events and tourism. An upcoming luxury hotel of upto 100 rooms will add visibility and travel potential with benefit to all city hotels.

Hotel Polo Towers located in city centre Agartala is the largest hotel by number of rooms in the city and it is the first and only 5-Star hotel in Tripura. The hotel is within a mixed use development comprising hotel and Polo Central Mall. The presence of a mall next to the hotel benefits the hotel as it increases transient footfalls to the hotel while the mall benefits from hotel guests shopping, entertainment, dining and recreation demand.

Key attractions in proximity to Agartala include Ujjayanta Palace, Neermahal Palace, Rudrasgar Lake, Sepahijala Wildlife Sanctuary and Tripurasundari Shaktipeeth Temple.

The 25 rooms Lakeside Resort, owned and operated by PTG, with 26 additional rooms under development is situated on the banks of Rudrasagar Lake.

7.3. Cherrapunjee

Cherapunjee, also known as Sohra, is located in East Khasi Hills District in Meghalaya. It gets the highest rainfall in the world. This is a popular tourist destination at a driving distance from Shillong. There are several tourist points located around Cherrapunjee such as Nohkalikai Falls, Dainthlen Falls, Mawmai Caves, Arwah Caves and Dawki.

PTG owns and operates the Polo Resort in Cherapunjee, with 58 rooms, which as of 31 March 2025 was the largest resort in Cherrapunjee. It is also the only upscale resort in Cherrapunjee. The ADR for this resort for FY25 was Rs. 15k which is comparable to the ADR for upper upscale resorts in

strong leisure destinations in India such as Himachal Pradesh, Uttarakhand, Goa and Rajasthan; the average ADR for upper upscale resorts in these other leisure markets in India ranged between Rs. 9k to 14k for FY25.⁸⁰

7.4. **Tura**

Tura, located in the West Garo Hills district of Meghalaya, is the largest city in Garo Hills and serves as an important cultural, administrative, and commercial hub for the Garo tribe. It is popular for tourist attractions such as Tura Peak, Nokrek Biosphere Reserve, Rongbangdare and Pelga waterfalls. The famous Wangala Festival, also called the "Festival of a Hundred Drums," is celebrated in Tura after the harvest season, showcasing Garo dance, music, and costumes.

Currently, PTG owns and operates the Hotel Polo Orchid in Tura which has 14 rooms. There is very limited hotel supply in Tura, with Hotel Polo Towers being the only upscale hotel in the region. Although Tura is less explored compared to other cities in Meghalaya such as Shillong, Cherrapunjee and Dawki, improved road connectivity to this place will benefit the destination.

7.5. **Kohima and Dimapur**

Kohima is the capital of Nagaland. It is located at an average elevation of 4,100 feet above mean sea level, with a hilly landscape, and is built around mountain ridges. The nearest airport to this city is in Dimapur located about 64 km northwest of Kohima.

Agriculture and tourism are the two major sectors contributing to Kohima's economy. The popular Hornbill Festival is held annually in December in Kohima. October to May are favourable months for travel to Kohima, benefitting from its elevation and hill-station character.

Dimapur in southwest Nagaland is the commercial centre of the state. It is the gateway to rest of Nagaland. It is well connected with other parts of Northeast India by air, rail and road, and is also therefore the transportation hub of the state. The economy of the city is driven primarily by trading activities and BFSI sector. Dimapur is about a 3 ½ hour drive from Jorhat in Assam.

Hotel supply of quality is limited in these cities. In the entire state there is only one chain-affiliated hotel of upper midscale positioning with 62 rooms in Dimapur. The two cities cumulatively have 15 hotels with only 377 rooms. The state has potential for development of quality hotels.

7.6. **Kolkata**

Kolkata, the capital of West Bengal, is the third largest urban agglomeration in India. It is an important commercial and financial hub with a distinct socio-political culture. Kolkata is an important economic, travel, medical and education hub for the eastern region including neighbouring countries of Bhutan and Bangladesh.

7.7. **Prayagraj**

Prayagraj, formerly known as Allahabad, is among the historic and culturally significant cities in India. Located close to Triveni Sangam, the "three-river confluence" of the Ganga, Yamuna, and the mythical Saraswati makes it a major pilgrimage destination. The city is globally famous for hosting the Kumbh Mela, the largest religious gathering on Earth, held every 12 years, which attracts millions of devotees and international visitors, with over 660 million devotees that attended in 2025. Other key attractions in Prayagraj are Allahabad Fort, Anand Bhavan, Khusro Bagh and Prayagraj Museum. The city's economy depends on education, government services, small industries, tourism, and agriculture from the fertile Gangetic plains. It is also an administrative hub with a High Court, major government offices, and judicial activity.

Prayagraj airport is connected to major Indian cities such as Delhi, Mumbai, Bengaluru, Kolkata, Lucknow, and Bhopal, with IndiGo and Alliance Air operating regular flights.

The first chain-affiliated hotel opened in FY22, and the supply as of FY25 is 3 hotels with 173 rooms. Another 3 hotels are under pipeline, which will increase the supply by 394 rooms. The hotel market

⁸⁰ Source: Horwath HTL India

demand is mainly seasonal and event-driven, with high demand during Kumbh Mela, Diwali and several religious festivals and periods that occur each year. Being only 3 ½ hour drive from Lucknow and under 2 ½ hour drive from Varanasi, the city has potential to form a major tourism circuit.

7.8. Dooars

Dooars is situated at the foot of the east-central Himalayas. The name Dooars is derived from doors or 'dwar' as the region is the gateway to north-east India and Bhutan. There are 18 passages or gateways between the hills in Bhutan and the plains in India.

Dooars is divided by the Sankosh River into the Western and Eastern Dooars. The Eastern Dooars in western Assam is a plain intersected by numerous rivers. The Western Dooars in northern West Bengal is a lowland belt linking the Himalayas and the plains region. The Western Dooars is an important center of the tea industry.

The Dooars Valley is popular for its wildlife sanctuaries, tea gardens and various rivers that pass through the valley. It is a very scenic destination. October to February is the main season for this destination.

8. Operating Performance Parameters

Manpower to Rooms Ratio

Table 24 – Manpower to Rooms Ratio – Star Category Wise – FY15 to FY24

Year	India	5 Star Deluxe	5 Star	4 Star	3 Star
FY15	1.5	2.2	1.8	1.8	1.7
FY16	1.6	2.1	1.9	1.7	1.6
FY17	1.5	2.0	1.8	1.6	1.5
FY18	1.6	1.8	1.7	1.6	1.6
FY19	1.8	2.4	1.7	2	1.6
FY20	1.8	1.8	1.6	1.7	1.9
FY21	1.3	1.5	1.5	1.1	1.1
FY22	1.5	2.1	1.5	1.1	1.1
FY23	1.2	1.4	1.3	1.2	1.2
FY24	1.6	1.8	1.7	1.5	NA

Source: FHRAI Reports

Payroll cost is among the large operating costs for hotels and has a material impact on operating margins. During and post Covid-19, hotels across segments have rationalised their staffing relatively in response to reduced staff availability and higher payroll costs in order to improve margins. The data above reflects only participating hotels in the surveys for various years.

Current trends among hotel companies is for luxury business hotels to be at or below 2.0 and for three and four-star hotels to be between 1 to 1.5. depending on the quantum of F&B and banquet operations at the hotel.

Operating Performance Comparison

In this section we have provided data of listed hospitality companies. To enable meaningful comparison, the listed companies considered herein are companies with more than 1k owned hotel rooms and with recent (last 10 years) development activity by way of owned hotels. This data is provided for FY22-23, FY23-24 and FY24-25. Table 25 provides a summary of operating performance, Table 26 provides F&B revenue and ratio of F&B Revenue to Total Revenue, and Table 27 provides Rooms Revenue, F&B Revenue, and ratio of F&B Revenue to Rooms Revenue. Data provided is consolidated numbers unless otherwise started.

Table 25 – Operating Performance - Select Listed Hotel Companies (Rs. Million)

Company	FY23			FY24			FY25		
	Rev	EBITDA	%	Rev	EBITDA	%	Rev	EBITDA	%
IHCL	59,488	19,435	33%	69,517	23,401	34%	85,650	29,998	35%
ITC Hotels	26,530	8,080	30%	30,690	10,040	33%	36,261	12,110	33%
EIH	20,964	6,750	32%	26,260	10,416	40%	28,795	11,534	40%
Lemon Tree	8,786	4,559	52%	10,768	5,289	49%	12,884	6,365	49%
Schloss Bangalore	9,033	4,236	47%	12,265	6,000	49%	14,066	7,002	50%
ASPHL	5,244	1,771	34%	5,917	2,052	35%	6,534	2,264	35%
Total / Avg	130,045	44,831	34%	155,417	57,198	37%	184,190	69,273	38%

Source: Annual Reports / Investor Presentations / Quarterly Reports / Information Memorandum / DRHP

Table 26 – F&B and Total Revenue - Select Listed Hotel Companies (Rs. Million)

Company	FY23			FY24			FY25		
	Rev	F&B	%	Rev	F&B	%	Rev	F&B	%
IHCL	59,488	21,348	36%	69,517	23,861	34%	85,650	26,058	30%
ITC Hotels	26,530	NA	NA	30,690	NA	NA	36,261	14,227	NA
EIH	20,964	7,569	36%	26,260	9,535	36%	28,795	10,570	37%
Lemon Tree	8,786	1,144	13%	10,768	1,401	13%	12,884	1,727	13%
Schloss Bangalore	9,033	3,306	37%	12,265	4,317	35%	14,066	4,782	34%
ASPHL	5,244	2,280	43%	5,917	2,509	42%	6,534	2,663	41%
Total / Avg	103,515	35,647	34%	124,727	41,623	33%	147,929	60,027	41%

Source: Annual Reports / Investor Presentations / Quarterly Reports / Information Memorandum / DRHP

Table 27 – Rooms and F&B Revenue - Select Listed Hotel Companies (Rs. Million)

Company	FY23			FY24			FY25		
	Rooms Rev	F&B Rev	%	Rooms Rev	F&B Rev	%	Rooms Rev	F&B Rev	%
IHCL	28,533	21,348	75%	33,923	23,861	70%	38,718	26,058	67%
ITC Hotels	11,143	NA	NA	12,276	NA	NA	18,041	14,227	NA
EIH	9,862	7,569	77%	12,229	9,535	78%	13,093	10,570	81%
Lemon Tree	6,771	1,144	17%	8,141	1,401	17%	9,613	1,727	18%
Schloss Bangalore	4,118	3,306	80%	6,151	4,317	70%	6,800	4,782	70%
ASPHL	2,514	2,280	91%	2,897	2,509	87%	3,188	2,663	84%
Total / Avg	51,798	35,647	69%	63,341	41,623	66%	89,453	60,027	67%

Source: Annual Reports / Investor Presentations / Quarterly Reports / Information Memorandum / DRHP

9. Cost of Development per key

Project costs have risen since the pandemic, requiring larger investment in hotel development. Increased costs for new projects provide competitive advantage of existing hotels which carry lower historical costs. Project costs vary from hotel to hotel due to several factors including size of hotel, F&B spaces - number and type (cuisine) of restaurants, restaurant standards and appeal, banquet spaces and facilities, other public areas, number of basements (including based on regulatory requirement for parking), brand specific needs, site specific development challenges and financing plans and patterns.

Broadly, current development costs (excluding land cost) are emerging at:

- Luxury: Rs. 16 million to Rs. 30 million per key
- Upper Upscale: Rs. 11.5 million to Rs. 14 million per key
- Upscale: Rs. 8 million to Rs. 11 million per key
- Upper Midscale: Rs. 6 million to Rs. 7.5 million per key
- Midscale: Rs. 4.5 million to Rs. 5.5 million per key

To attract investment, boost manufacturing and services, and create employment in the Northeast India the central government and respective state governments have formulated industrial incentive schemes for projects in Northeast India. The main schemes are UNNATI and NEIDS. Hospitality sector in Northeast India will also benefit from these schemes.

The Uttar Poorva Transformative Industrialization Scheme (UNNATI 2024) is a Rs. 10,037 crore initiative by the Government of India. Eligible units must invest at least Rs. 1 crore in manufacturing

or Rs. 50 lakh in services. Eligible units get key benefits such as Capital Investment Incentive, Rs. interest subvention, and GST-linked incentives.

All Northeast India states operate under North East Industrial Development Scheme (NEIDS) which is also a Government of India scheme that offers benefits such as capital subsidies, transport subsidies, GST reimbursement and employment-linked incentives.

10. Barriers to Entry

Development of hotels in India faces several challenges, principal among which are:

- a. Land: Availability of land at suitable locations for hotels, high cost of available land, regulated land ownership norms in several states including Northeast Indian states, and limited development entitlements - create limitations on hotel development, viability, and hotel size.
- b. Regulatory Approvals: Hotel projects require multiple regulatory approvals and licenses, before project implementation and prior to opening. The process is time consuming, with timing uncertainties and delays – the resultant longer time to hotel opening causes project cost escalations, significant additional interest cost, debt-service pressures, and project quality impact.
- c. Policy Changes: Policy changes by government can have a material impact on hotel development, operations and profitability. For example, (a) imposition of liquor prohibition; (b) substantial delay in completion of Delhi Aerocity hotels as security issues were not resolved in a time-bound manner; (c) recent requirement for drivers accommodation in Tamil Nadu.
- d. Bank Financing: Cost and availability of debt, shorter loan tenures (8 to 10 years till 2015), and repayment structures which were inconsistent with the capital-intensive nature of hotels that typically need 2-4 years to stabilise operations. Bankers now provide extended tenures of 12-15 years which is more consistent with the industry needs and cash flow patterns.
- e. Availability of Equity Capital: Shortage of sufficient long-term equity capital is a significant constraint towards capacity creation, particularly a portfolio of hotels or large hotels, and funding working capital shortages.
- f. Manpower Shortages: Increasing manpower shortages - staff and managers with sufficient operating experience and skills – and high attrition across managerial and staff levels poses service limitations for hotels. Increased use of technology and larger talent pool of hotel chains will be sought.

Several of these barriers, particularly Land, Bank Financing and Availability of Equity Capital have greater implication for Lux-UpperUp hotels and hotels with large inventory and function spaces.

11. Potential risk factors to the hospitality industry

11.1. Reputation Risk

The reputation of a hotel is critical to its success. Such reputation is built by the product quality, location and appeal, range and quality of food & beverage offerings, quality of function spaces and the branding of the hotel. Service is critical to building a strong reputation. Reputation damage could occur if health and safety norms are not adequately complied with and implemented.

11.2. Demand Risk

The discretionary nature of hotel demand can impact demand volumes, profile and pricing due to factors such as economic slowdown; new competitive supply or loss of product quality. Seasonality aspects could also have a material impact on demand, particularly if any challenges occur during high season periods for a destination. Further, as stated in the Economic Survey of India 2024-25, the ripple effects in India of a material correction in US stock markets could impact discretionary spending.

Overall demand is more discretionary for leisure, weddings and MICE purposes, while for business driven destinations a certain element of business travel is often inevitable; pricing and demand interplay can negatively impact revenues during an economic or travel slowdown or on account of travel advisories.

11.3. **Competition Risk**

Arises from newer and more contemporary hotels setup in a market and from alternate accommodation. Material new supply created in a market or micro market within a concentrated timespan, can impact occupancy and pricing unless there is ready latent demand to absorb the new supply. Good quality new hotels at different price points could also channel away demand at higher priced hotels which are benefitting from pricing strength due to lack of adequate supply. On the other hand, depending on circumstances in a market additional supply could also create better visibility and greater critical mass to the benefit of various hotels.

11.4. **Economic Risk**

Business conditions for hotels can be impacted by the overall economic situation in the country/ city or in key source markets, with demand, occupancy and rates at different product segments being positively or negatively impacted by economic cycles or geopolitical factors. A slow, stagnant or declining economy creates demand and pricing pressure, including on demand for restaurants, functions etc. A growing economy with positive sentiment helps to lift demand, pricing and spends. Economic risks can in turn impact foreign currency reserves and create foreign currency risks which, in turn, can impact earnings and availability of foreign exchange debt funding for hotel projects. Temporary currency restrictions can have potential impact on foreign currency available to fund imports of goods and services for hotel operations.

11.5. **Impact of Tariffs**

The impact of increased tariffs levied by USA on its imports from India, on the Indian economy, on the results of various companies and the consequent effect on business and discretionary travel and hospitality spends cannot be estimated.

11.6. **Health and Security Risk**

Health and or security factors affecting a destination, destination country, or key source markets can negatively impact demand. This was seen during the Covid pandemic or in certain Asian markets during the SAARS epidemic, or when terror attacks occurred in Mumbai and New York in 2008 and 2001 respectively. Recovery from health and security concerns depends on the cause but generally remains robust if the destination market is a key market.

11.7. **Source Market Concentration Risk**

Source market economic issues can impact demand and revenues in a destination particularly if there is substantial demand concentration and reliance upon a particular source market which is suffering an economic downturn. Substantial demand concentration or reliance upon specific source markets can impact demand and revenues, if one or more of such source market suffers from demand risks on account of economic, health or security issues.

11.8. **Digital Security and Data Privacy Risk**

Substantial use of the digital medium for sales and marketing, and the collection, use and storage of guest personal data creates the risk of data breach which could affect operating systems and operations, as well as compliance with data privacy laws and regulations. In turn, this can expose hotel companies, including managed hotels, to liability under international and domestic laws and regulations e.g. GDPR Regulations and the Digital

Personal Data Protection Act, 2023 (regulations yet to be notified). Further, hotel companies that do not have a robust digital platform can suffer competitive disadvantage.

11.9. **Human Resources Risk**

The hotel sector is materially subject to Human Resources (HR) risk as regards availability of a sufficiently large pool of managers and employees with relevant skills and experience to meet staffing needs of a rapidly growing industry, higher competitive costs for personnel, and high attrition levels due to demand for trained hotel staff across various service sectors. While staffing pattern have been modified as an outcome of the Covid pandemic, the HR risk is expected to remain significant.

11.10. **Operating Margin Risk**

Operating margins can come under pressure due to decline in revenue (quantum and or rate based) and increase in costs. Cost increases are not always immediately controllable, particularly fixed cost elements towards various utilities, payroll costs with increases amidst competition, increasing input costs towards F&B and other supplies. Sales costs can vary depending upon sales channels used and the strength of operator's sales channels through its loyalty programs and digital or other systems. Greater ability of a hotel to reduce its fixed cost would prove beneficial in managing operating margins.

11.11. **Compliance Risk**

Substantially increased compliance requirements results in greater risk of compliance failure and in added compliance costs which have effect on operating margins. Variances in compliance needs across different states in India add to the risks levels and to compliance cost.

11.12. **Third Party Risk**

The changing business ecosystem with increased outsourcing of various functions and sharper procurement timelines create newer third-party risk for hotels and asset portfolios. Third party risk can also arise from outdoor catering events and from greater use of contract employees.

11.13. **Development and Growth Risk**

Growth of hotel supply can be impacted by various developmental risks including availability of suitable land with clear titles, entitlements and affordable costs; need for multiple approvals without defined time commitments from authorities, project delays due to regulatory requirements, funding delays including availability and cost of foreign currency funding and inability to meet escalated project cost due to the aforesaid factors. Projects also get delayed, and sometimes abandoned, due to economic disruptions, insufficient funding, and resultant cost escalations. These can cause hotel projects to be delayed or downsized (with or without reduction in scale during project implementation), or carrying inadequate initial quality due to lack of funding.

11.14. **Debt Service Risk**

Debt stress can arise due to development and implementation challenges for hotels, or from overly leveraged hotels or lack of demand growth or penetration to the extent anticipated thereby causing inadequate funds availability for debt service. Debt service obligations can pile up quite rapidly if allowed to persist, impacting the hotel asset and service quality, performance and competitiveness.

11.15. **Asset Impairment Risk**

Lack of suitable care in the upkeep, renovation and upgrade of individual hotel assets from time to time can impact the hotel's competitive positioning and capability and thereby impact

its earnings. As a cyclical consequence, this can further reduce funds availability for reinvestment in improving the asset and to overcome asset quality impairment.

11.16. **Climate Change Risk**

Climate change factors can have material bearing on hotels in terms of changing business seasons, impact of global warming, increased operating costs due to need for additional air-conditioning and or lack of water, reduced demand due to high temperatures flooding and landslides (these can even restrict access) and higher cost of operation to comply with sustainability needs and expectations which may be regulatory and / or competitive in nature.