Horwath HTL

Industry Report –
India Hotel Sector

Prepared for:
Pride Hotels Ltd.

Horwath HTL

Crowe Horwath HTL Consultants Pvt. Ltd.

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29 September 2025

Mr. S.P. Jain
Chairman and Managing Director
Pride Hotels Limited
Asset 5A, Hospitality District,
Delhi Aerocity,Indira Gandhi International Airport,
New Delhi,
Delhi - 110037, India (the "**Company**")

Dear Mr. Jain,

We were retained by Pride Hotels Limited ("Company") 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 the hotel sector in 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.

Please see attached herewith out report titled 'Industry Report – India Hotel Sector' ("Report"), dated 29 September 2025 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, government initiatives and challenges, and barriers to entry in the hospitality industry.
- Overview of the impact arising from Covid 19 pandemic, and the recovery therefrom.
- Supply analysis of chain affiliated hotels, with stress on segments that are relevant to the Company.
- Analysis of current demand and expectations of future demand.
- Analysis on the future supply over the next about five years and its impact on the overall performance.
- Future outlook for cities / micro-markets relevant to the Company.

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

Hotel inventory and other data points used for this Report are as on 30 June 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 31 July 2025.

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 comprehendible – 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 as may be required.

Thank you and with regards,

Yours truly,

For Crowe Horwath HTL Consultants Pvt. Ltd.

V.P. Thacker

Vijay Thacker
Managing Director

DISCLAIMER

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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 Pride Hotels 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	Abbreviation	Full Form
AAI	Airports Authority of India	k	Thousand
ASPHL	Apeejay Surrendra Park Hotels Ltd	MICE	Meetings, incentives, conferences & exhibitions
ADR	Average Daily Rate	MH	Maharashtra
BFSI	Banking, Financial Services and Insurance	MP	Madhya Pradesh
CY	Calendar Year	MRO	Maintenance, Repair & Overhaul
CAGR	Compound Annual Growth Rate	MPPA	Million Passengers Per Annum
CPI	Consumer Price Index	Mns	Millions
Covid	Coronavirus Disease	MOSPI	Ministry of Statistics and Programme Implementation
DIPP	Department of Industrial Policy & Promotion	Occ	Occupancy
EBITDA	Earnings Before Interest Taxes Depreciation & Amortization	PRICE	People's Research on India's Consumer Economy
Eco	Economy Class	PBD	Peripheral Business District
E-Visa	Electronic Visa	PHDCCI	PHD Chamber of Commerce and Industry
FHRAI	Federation of Hotel & Restaurant Associations of India	PLI	Production Linked Incentive
FY	Financial Year	PMI	Purchasing Manager's Index
F&B	Food & Beverage	PPP	Purchasing Power Parity
FDI	Foreign Direct Investment	REIT	Real Estate Investment Trust
FTA	Foreign Tourist Arrival	R&D	Research & Development
GDPR	General Data Protection Regulation	RBI	Reserve Bank of India
GCC	Global Capability Centre	RevPAR	Revenue Per Available Room
GST	Goods and Services Tax	SAARS	Severe Acute Respiratory Syndrome
GOI	Government of India	STPI	Software Technology Parks of India
GDP	Gross Domestic Product	SEZ	Special Economic Zone
GOP	Gross Operating Profit	UDAN	Ude Desh ka Aam Naagrik
GVA	Gross Value Added	UNESCO	United Nations Educational, Scientific and Cultural Organization
HAI	Hotel Association of India	UNFPA	United Nations Population Fund
HR	Human Resources	USD	United States Dollar
H1	First half	WFH	Work from Home
H2	Second Half	WTTC	World Travel & Tourism Council
IHCL	Indian Hotels Company Limited	YTD	Year to Date
INR	Indian Rupee		
IT	Information Technology		
ITeS	Information Technology enabled Services		
IMF	International Monetary Fund		

1. Overview of Key Market Characteristics

Some key characteristics of India's hospitality industry are briefly set out herein to provide a better understanding of the market and more particularly the upper-tier and midscale segments.

1.1. Hotel Supply in India[1]

a. India has 209k chain affiliated hotel rooms, across segments, as at 30 June 2025. The hotel sector also has a substantial supply pipeline, estimated at 117k rooms which are currently indicated as opening by FY 2030; slippages could occur. Supply by way of independent hotels is widely fragmented and substantially of midscale and lower positioning; these are not considered for this report.

b. Supply composition has evolved over the years creating greater depth and balance across segments, with 33.7% supply share for the Luxury-Upper Upscale segments, 38.1% for the Upscale - Upper Midscale segments and 28.2% for the Midscale-Economy (M-E) segments as at 30 June 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) declined from 69% at FY15 to 57% at YTD Jun25 and is estimated at 49% by FY30. 66% of supply expected between YTD Jun25 and FY30 is outside the Key Markets. Per data available, only Udaipur and Lucknow (and possibly 2 to 3 other markets) will exceed 5k rooms inventory by FY30, reflecting the wide geographic spread of new supply.

d. Share (measured by rooms) of international chains has risen from 21% in FY01 to 45% for the last ten years; this is expected to be at 47% at end FY30. Domestic chains have widened their operating structures and brand reach to gain substantial share of new developments.

e. Ownership patterns have shifted from chain or chain-led ownership of hotels to greater ownership by private sector developers and investors, and some institutional investors; Hotel chain and chain-led ownership of hotel rooms has declined from 71% (FY01) to 24% (YTD Jun25), with hotel chains increasingly adopting an asset-light approach. 29% of rooms supply as at YTD Jun25 is under listed company ownership.

f. In turn, this provides hotel chains the opportunity to grow through hotel management and franchise arrangement. The share of rooms under management contract among inventory of domestic chains has increased from 12% in FY 2001 to 56% as at 30 June 2025.

1.2. Hotel Demand

a. Demand for chain affiliated hotels has increased from 61k rooms per day for FY15 to 127k rooms per day at end of FY25. Demand grew at 7.6% CAGR between FY15 to FY25. Demand growth in the last 3 years, was at 5.6% CAGR between FY23 and FY25. Demand per day for quarter ended 30 June 2025 is estimated at 126k rooms which reflects +10.6% growth over quarter ended 30 June 2024.

b. Domestic travel visits aggregated 2.3 bn for CY 2019. Post Covid recovery was sharp with 1.73 bn visits for CY 2022 and 2.51 bn visits for CY 2023.[2] Data for CY2024 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 mn for CY23. FTA for CY2024 was 9.7 mn, 1.4% higher than CY2023. FTA numbers have been impacted since H2-24 due to drop in flow of visitors from Bangladesh. Substantial FTA growth is forecasted by HAI; FTA would likely gain momentum from increased

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[1] *Source: Horwath HTL India*
[2] *Source: Ministry of Tourism, Govt. of India estimates*

cross-border business and investment opportunities and trade agreements with major global economies, and a push to draw more inbound leisure travel.

d. Corporate travel spends (airlines, hotels and others) were estimated at USD10.6 bn in CY 2023 and are expected to rise to USD 20.8 bn by CY 2030, at 10% CAGR. 34% of the spend in CY 2023 was for hotels. Major demand sectors were IT Services (29%), BFSI (19%), Engineering (9%), and Aviation, Oil & Gas and Pharma each at 5%. Delhi, Mumbai, Bengaluru, Chennai and Hyderabad were top visited domestic destinations. According to Global Business Travel Association's (GBTA) Business Travel Index (BTI) report, in CY2024 business travel spending in India was estimated at USD 38.3 bn, making it the 8th largest global market for travel spending.

e. Large and expanding Indian diaspora tends to return to India at least once a year, often more frequently. These visits have increasingly tended to generate hotel demand, through family vacations, reunions at leisure destinations and F&B, spa, wellness and other spends. Further, the Indian diaspora tends to conduct and celebrate their weddings in India, often, generating material spending per event.

f. Positive factors such as GDP growth, expanding airports, road infrastructure enhancement, increased domestic travel and domestic spend propensity, substantial headroom for FTA growth, and hotel supply-side growth and diversification are expected to enable sustained demand levels and demand growth in the near and medium term.

1.3. Travel and Tourism Contribution:

a. HAI estimates FTA to cross 30 mn by CY 2037; a Booking.com and McKinsey study estimates around 5 bn domestic visits by CY 2030. Longer term HAI estimates, for CY 2047, are 15 bn domestic visits and 100 mn FTA.[3]

b. Per WTTC, the travel and tourism sector’s contribution to India’s economy was ₹ 15.7 trillion and ₹19.1 trillion for CY 2022 and CY 2023 respectively.[4] As per the WTTC Economic Impact Factsheet released on 5 June 2025 the travel and tourism sector contributed ₹21 trillion for CY 2024 to India’s economy, 20% ahead to 2019 and is further estimated at ₹22 trillion for CY 2025, and forecasted at ₹42 trillion for CY2035, growing at 6.7% CAGR from CY 2025 to CY 2035.[5]

c. The sector is estimated to employ 48 million people in CY 2025, up by 3.2% from 46.5 million people at end CY 2024[6].

d. HAI estimates the hotel sector GDP contribution at USD40 billion, USD68 billion and USD1 trillion in calendar years 2022, 2027 and 2047 respectively, with significant multiplier benefit[7]. The sector creates assets, employment, foreign exchange earnings and tax revenues.

e. Per WTTC, domestic visitor spending in India of ₹15.5 trillion in CY2024, is 6.2% higher than for CY2023[8]. Domestic visit spending is estimated to increase to ₹16 trillion in CY2025, and forecast to increase to ₹33.9 trillion by CY2034, growing at 8.2% CAGR between CY2024 and CY2034.[9]

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[3] *Source: Vision 2047 – Indian Hotel Industry, Hotel Association of India and How India Travels 2023, Bookings.com and McKinsey Report, October 2023*

[4] *Source: World Travel & Tourism Council Economic Impact Research 2024 Factsheet*

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

[6] *Source: World Travel & Tourism Council Economic Impact Research released on 5th June 2025*

[7] *Source: Vision 2047 – Indian Hotel Industry, Hotel Association of India.*

[8] *Source: World Travel & Tourism Council Economic Impact Research released on 5th June 2025*

[9] *Source: World Travel & Tourism Council Economic: 2024 Annual Research: Key Highlights*

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 play for sporting, competitive and recreational purposes, demand for international and national sport events, and entertainment sector events.

c. Travel will be driven by continued urbanisation, changing demographics and lifestyles, need and willingness to spend for experiential travel and travel comprising entertainment, recreation, wellness and lifestyle purposes.

d. India's major scheduled airlines have placed large orders for aircraft which, if delivered by the current schedule upto end CY 2035 will increase the number of aircraft by about 2.3 times the inventory of about 724 aircraft as of February 2025.[10] This capacity increase is predicated on substantial travel growth; in turn, it will also facilitate substantial domestic and international travel.

e. 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".

f. The allocation of ₹600 million by Government of India for skill development in FY 2026 will support intensive skill-development programs for youth, including training in hospitality management and other tourism-related services.

g. The drive to expand India's GDP from USD 3.91 trillion GDP to USD 6.15 trillion GDP by FY 2030, 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.

h. 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 auding 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 mn urban dwellers by CY 2050[11]; (b) growing middle class, estimated at 432 mn in FY21, 715 mn in FY31 and 1,015 mn by FY47[12]; (c) younger population, estimated at 371 mn in CY21 (27.2% of total population)[13] with the youth-bulge lasting till CY 2055, with willingness to spend on entertainment, recreation, lifestyle, and experiences.

1.6. A report by Booking.com and McKinsey projects domestic spend on tourism to rise by 170% from $150 bn in CY 2019 to $410 bn in CY 2030, gaining from growing household earnings

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[10] *Source: Global Fleet And MRO Market Forecast 2025-2035*
[11] *Source: UN World Urbanization Prospect Report*
[12] *Source: The Rise of India's Middle-class Report - PRICE*
[13] *Source: Youth in India Report 2022, MoSPI*

and a median age of 28.1 years[14]. The report ranks Bengaluru, Chennai and Hyderabad at the second, fourth and sixth positions respectively as popular destinations among the top 10 visited destinations in India.[15]

1.7. **Other Key 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) demand emergence and push from sports, entertainment and performing arts events; (e) widening private sector investment in the sector, including provision for 100% FDI under the automatic route; (f) rising land costs 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.

2. India – Macro Economic Overview

2.1. India GDP: Among the fastest growing economies in the world

In FY25, India was the 5th largest global economy with estimated Nominal Gross Domestic Product (GDP) at current prices of United States Dollars (USD) 3.9 trillion, reflecting 7.4% growth as against 8.7% growth in FY24[16], . India is expected to surpass USD 4 trillion in FY 2026, becoming the fourth largest global economy[17]. Per the Economic Survey of India FY2025, issued by Ministry of Finance, GOI, India's Real GDP is expected to grow by 6.4% in FY25, at between 6.3% to 6.8% in FY26, and by 6.5% thereafter till FY 2030[18].

GDP growth projections by several agencies are summarised in Table 1. 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

	Estimated GDP Growth Rate		
	FY26	**FY27**	**FY28**
IMF*	6.2%	6.3%	6.5%
RBI#	6.5%	6.6%	NA
World Bank##	6.7%	6.7%	NA
S&P Global###	6.5%	6.8%	NA
Morgan Stanley	6.2%	6.5%	NA
Asian Development Bank@	6.7%	6.8%	NA
Moody's Agency**	6.5%	6.3%	NA
Fitch Ratings@	6.4%	6.3%	NA

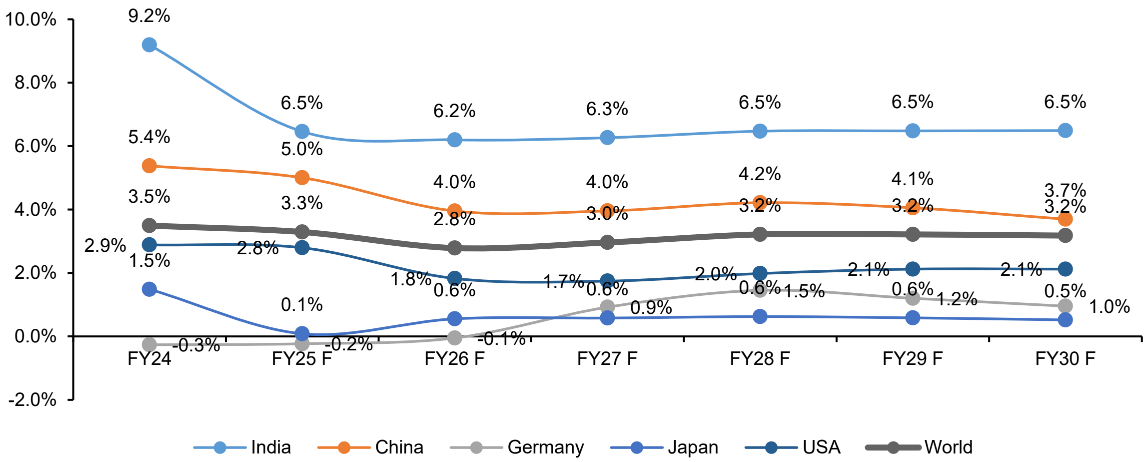
Source:
** World Economic Outlook Update April 2025*
 # Estimates released by RBI on 6 June 2025 at its Monetary Policy Committee Meeting
World Bank Global Economic Prospects, January 2025
S&P Asia Pacific Economic Outlook released in June 2025
@ Data is updated as of April 2025
*** Data updated as of March 2025*

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

[15] *Source: How India Travels 2023, October 2023*
[16] *Source: International Monetary Fund*
[17] *Source: Ministry of Economic Affairs, GOI*
[18] *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



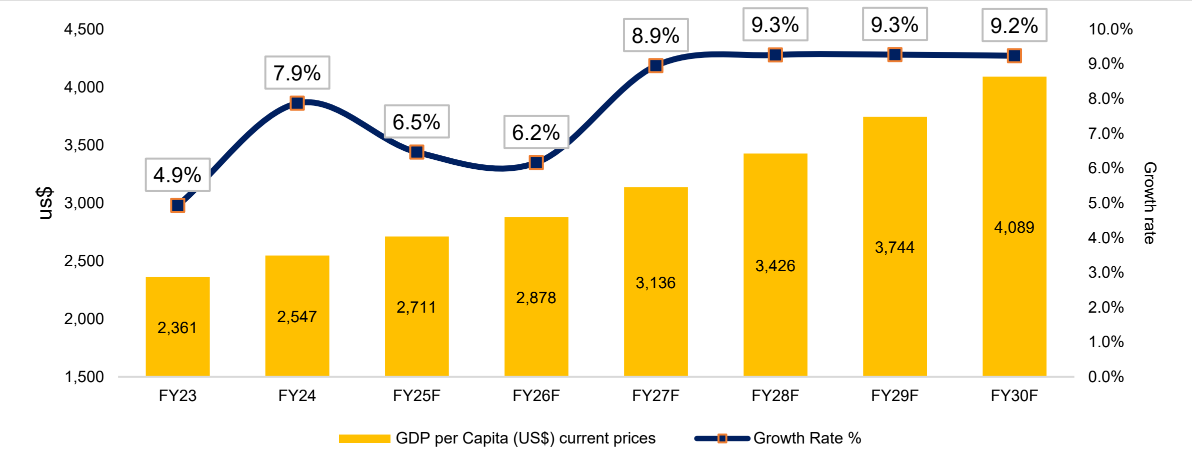
Source: All countries- IMF World Economic Outlook April 2025

With strong GDP and third largest Purchasing Power Parity (PPP), India was positioned as third largest power in Asia Power Index in September 2024[19], reflecting increasing ability to shape and respond to external geopolitical factors of Asia- Pacific region.

2.2. India Per Capita GDP

Per capita GDP growth for India is estimated at 8.6% CAGR between FY25-FY30[20]. 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

[19] *Source: Asia Power Index 2024 by Lowy Institute*

[20] *Source: IMF World Economic Outlook October 2024*

2.3. Manufacturing and Service Sectors

Over the years, Indian economy has transformed from being materially agrarian to an economy dominated by manufacturing and services sector. In FY24, manufacturing and services sectors contributed 17% and 52% respectively to the economy, such share measured in terms of Gross Value added (GVA) at constant prices.

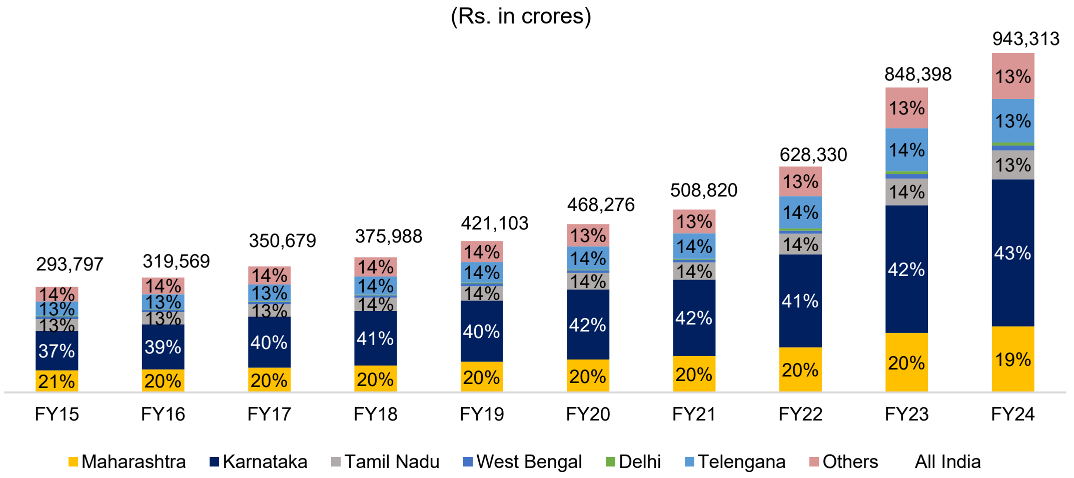
Manufacturing GVA has almost doubled between FY12 and FY24, more recently benefitting from initiatives such as Make In India and the Production Linked Incentive (PLI) programs.

Services sector is among the fastest growing in the Indian economy. Between FY16 and FY20, the set comprising trade, hotels, transport, communication and services related to broadcasting grew at 7.8% CAGR; the set of financial, real estate and professional services grew at 6% CAGR.

India is a hub for software exports. All India STPI registered IT exports increased by INR 949 billion in FY24 over FY23.[21] In FY25, STPI-registered units across India achieved over ₹10 lakh crore in software exports. STPI Chennai units alone contributed ₹85,460 crore (9.94 Bn USD), 6% increase over previous fiscal year.

Per National Association of Software and Services Companies (NASSCOM). India's IT exports revenue (STPI + non STPI) for FY25 is estimated at USD 224 bn, growing at a 9.4% CAGR between FY15- FY25.

Chart 3 – India and Select States – IT and ITeS Exports – FY15 to FY24 (in INR Crores)



Source: Ministry for Electronics and Information Technology

In FY24, Karnataka, Maharashtra and Tamil Nadu contributed 57%, 19% and 7% respectively of the all-India increase.

[21] *Source: Ministry for Electronics and Information Technology*

2.4. Key Demographic Aspects

2.4.1. 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 sheer size, India was estimated to have second largest urban population globally at 530 mn in CY24, and growing to 675 mn by CY35[22].

Chart 4: India Urbanization Trend

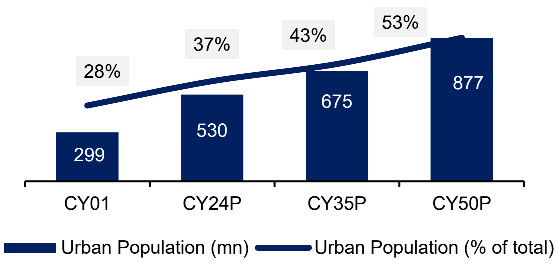
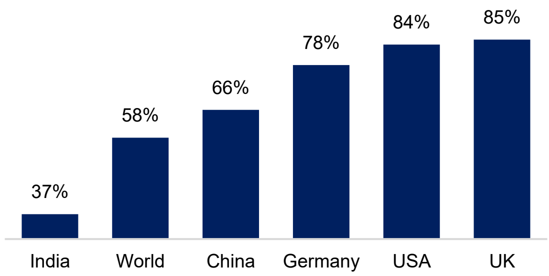


Chart 5: Urbanization % (CY24F)



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

India currently has 5 megacities with population > 10 mn. Pune, Hyderabad and Ahmedabad are expected to become megacities by CY30.[23] Cities and towns have expanded, creating multiple micro-markets and business districts. 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 growth of hotels in several existing and newer markets.

By CY 2036, Maharashtra, the NCT of Delhi, Karnataka, Tamil Nadu, and Telangana are each expected to have over 50% of their population living in urban areas, while West Bengal is expected to reach an urbanization level of 43%[24].

2.4.2. Rising Middle Class and High-Income Population:

India's middle-class population, which spans a wide economic segment, is expected to increase from 432 mn for FY21 to 715 mn in FY31 and 1,015 mn by FY47, moving ahead of US and China within the current decade. Further, the share of high-income population, relative to the total population, is expected to increase from 3% in FY16 to 26% for FY47.[25]

Middle-class population (household income of INR. 0.5 mn to 3 mn 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 > INR 3 mn) had 37 mn population in FY16 and is projected at 437 million in FY47 increasing at 8% CAGR.[26]

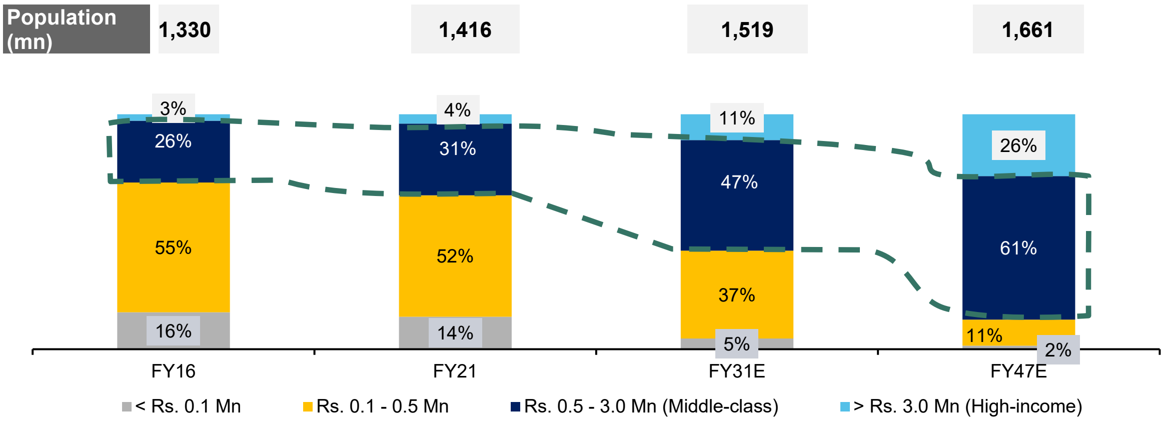
Rising middle class and high-income population is an important demand driver for the hospitality sector, driving greater and wider tourism for business and leisure, and seeking new destinations and

[22] *Source: United Nations, Department of Economic and Social Affairs, Population Division (2018). World Urbanization Prospects: The 2018 Revision, Online Edition.*
[23] *Source: Source: United Nations, Department of Economic and Social Affairs, Population Division (2018). World Urbanization Prospects: The 2018 Revision, Online Edition.*
[24] *Source: Population Projections for India and States 2011-2036 Report (July 2020) of Technical Group constituted by the National Commission on Population under the Ministry of Health and Family Welfare*

[25] *Source: The Rise of India's Middle-Class Report - PRICE*
[26] *Source: The Rise of India's Middle-Class Report - PRICE*

experiences. This can be expected to create demand for midscale and upscale hotels and with aspirational demand for upper upscale hotels. Further, as the middle class graduates upwards over time, the greater affordability and attitudinal and lifestyle changes can be expected to create demand potential for different services (rooms, F&B, functions, entertainment) at upper tier and upper midscale hotels.

Chart 6: 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)

2.4.3. **Young Population (15-29 Years):**

India is now the world's most populous nation, estimated at 1.4 bn people in CY23.[27] India's young population increased from 223 mn in CY 1991 to 333 mn in CY 2011, 360 mn in CY 2016, and 371 mn in CY 2021 (27.2% of total population – the largest youth population globally)[28]. 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 CY 2055.[29]

In CY 2023, the median age for India was estimated at 28.1 years which 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 CY 2030.[30]

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.

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[27] *Source: United Nations, Department of Economic and Social Affairs, Population Division (2024). State of World Population Report 2024, UNFPA, World Population Prospects.*
[28] *Source: Youth in India Report 2022, MoSPI*
[29] *Source: India's Demographic Dividend: The Key to Unlocking Its Global Ambitions, S&P Global*

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

Chart 7: Estimated Median Age in Years (CY23)

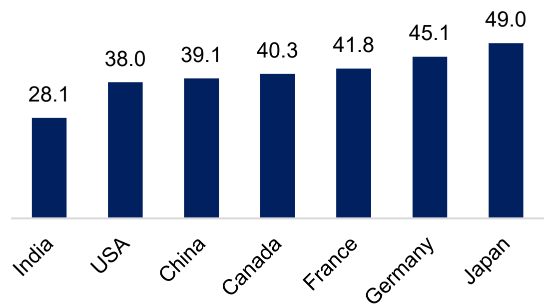


Chart 8: India population % by Age group (CY21)

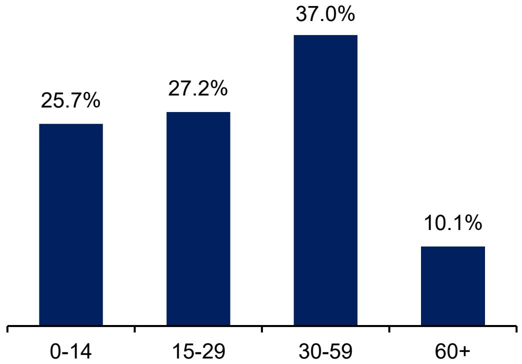


Chart 8 Source: United Nations, Department of Economic and Social Affairs, Population Division (2024).State of World Population Report 2024, UNFPA, World Population Prospects.
Chart 9 Source: The 2022 Revision and Youth in India Report 2022, published by Ministry of Statistics and Programme Implementation (MoSPI)

2.4.4. **Increased Consumer spending:**

India has seen increased consumer spending in CY 2021 to CY 2023, gaining from a larger and younger workforce, double income families, a trend towards consumerism and lesser savings, and greater credit penetration. Increased spend patterns augur well for travel and F&B spends at hotels. Consumer spending grew to INR 104.7 trillion in CY2024, increasing by 9% over INR 96.0 trillion in CY2023.[31]

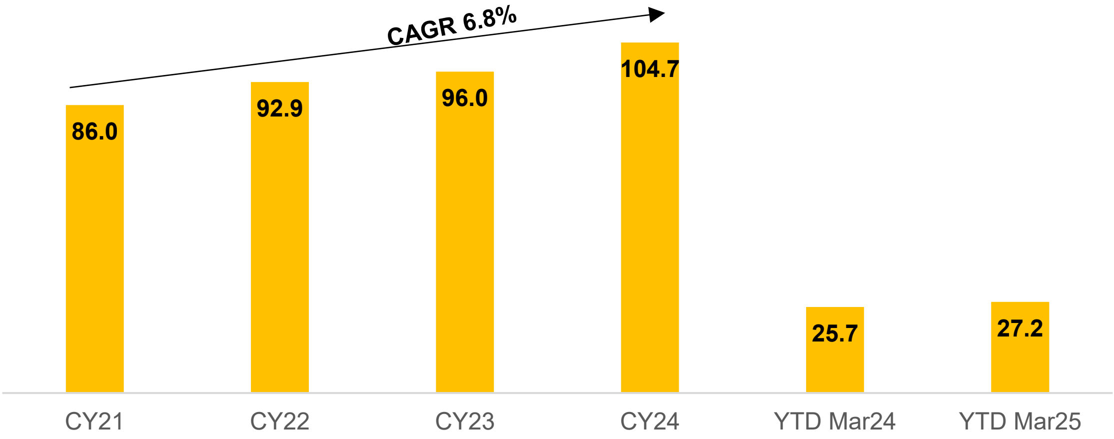
Results of various leading FMCG companies for Q1-FY 2026, reflect slowing consumer spending, particularly by the urban middle class, mainly attributed to factors such as inflation, rising food prices, slower growth in corporate employee cost budgets. On the other hand, aspirational spends are increasing and these are more driven by private labels and regional brands than leading FMCG companies. Increasing health consciousness is also increasing demand for organic and natural products which are also not the core offerings of leading FMCG companies.

In CY 2024, India was the third largest retail market globally[32] at USD 1.06 trillion; the retail market is projected to increase to USD 1.93 trillion by CY 2030, at 10% CAGR between CY 2024 and CY 2030.[33]

[31] *Source: Trading Economics; MOSPI via Statista*

[32] *Source: How India Shops Online in 2025, Bain & Company, March 2025*
[33] *Source: Deloitte-FICCI report, August 2025*

Chart 9 – Consumer Spending in India (in INR trillion) – CY21 to YTD Mar25

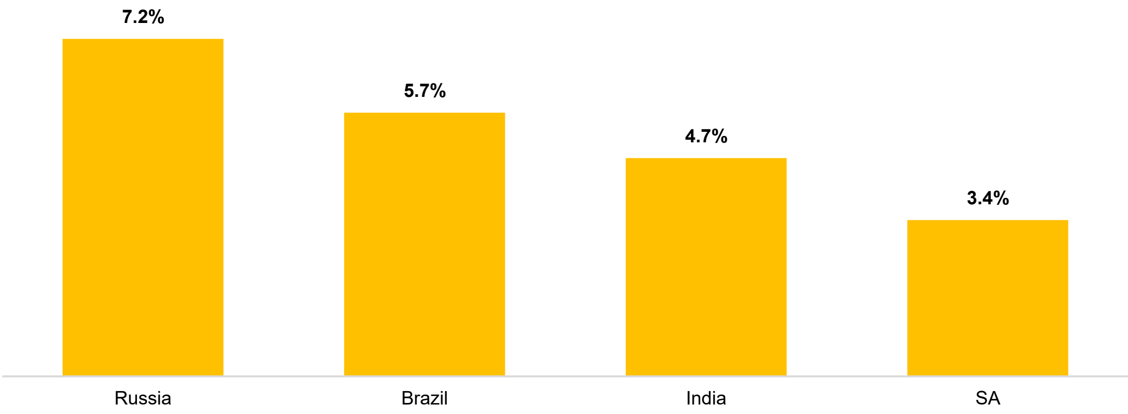


Source: Trading Economics; MOSPI via Statista

2.4.5. **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 over FY24. CPI Inflation, reflected as CAGR for FY14- YTD Jun25 was 4.7% for India and 5.7% for Brazil. For Russia and South Africa, the CPI Inflation as CAGR for FY 2014-YTD May25 was 7.2% and 3.4% respectively.

Chart 10: CPI Inflation (CAGR FY14- YTD Jun25)



Note: 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.

3. Demand Overview and Characteristics

3.1. Key Demand Drivers

The key demand drivers for hotels are:

a. 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.

b. 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.

c. Leisure and Pilgrim 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.

   An important feature of the Leisure segment is the sizeable overlap between religious tourism and leisure. Recognising, such duality, we do have 12k chain affiliated rooms in destinations that have a strong religious tourism base as of 30th June 2025. This has grown three times in the last 10 years and is expected to be 2.5 times in the next 5 years. A growing pilgrim travel in several such markets is a big positive and will attract and serve Upper tier and even upper midscale domestic demand.

d. 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.

e. 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.

f. 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.

g. 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.

h. Transit Demand – Comprises person on overnight stay during air or road trip to a domestic or international destination.

Travel purposes and options are widening through spiritual tourism and wellness related travel. 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 hotels in business, leisure and pilgrim markets. The impact of seasonality factors may also vary based on hotel location, facilities, size and other elements. The months from October through March (H-2) of any Financial Year are materially busier than the summer and monsoon seasons (H-1 of any Financial Year).

3.2. MICE Demand

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.

MICE events have contributed to 27.8% growth in F&B revenues (FY25 compared to FY23) FY25 for certain listed companies (Refer Table 19), with 33% share of total revenue (FY25) inspite of rising room and other revenues.

The G20 events from December 22 to September 23 took international visitors to multiple destinations and provided occupancy, rate and revenue boost to hotels. Bengaluru and Chennai and hosted 11 and 6 G20 events / meetings respectively. Such events serve as a basis to draw other international and national events and delegations.

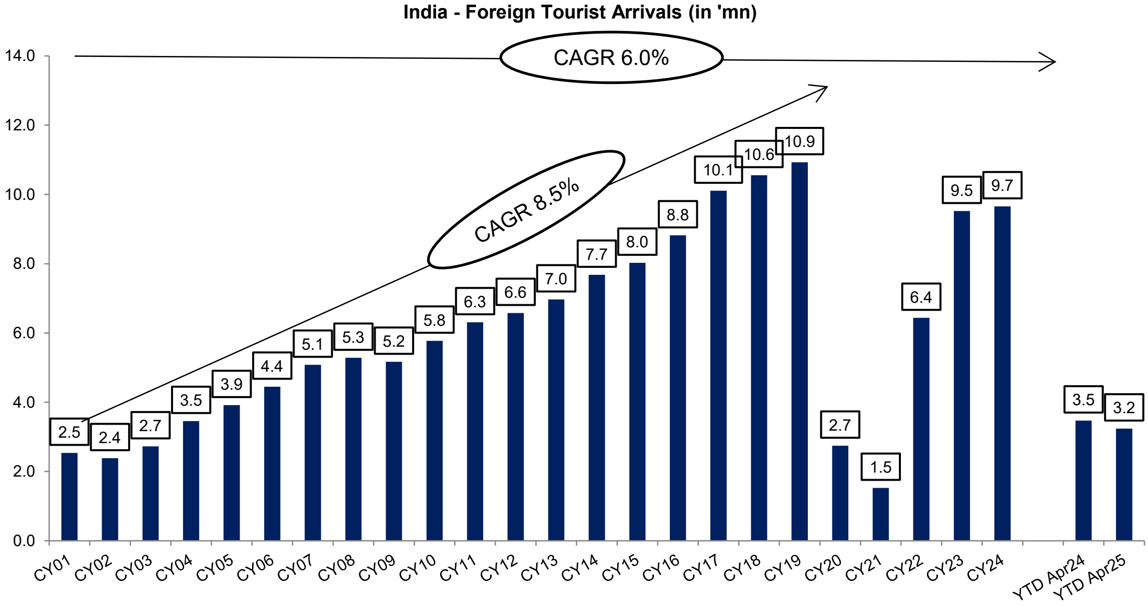
The trend for hosting weddings in city hotels or as destination weddings is expected to continue, in fact gaining momentum as the practice percolates to the mid-market segment. City hotels also benefit from destination wedding concepts. Additionally, the trend of greater importance to various celebratory occasions (anniversaries and landmarks) creates social demand at city hotels and resorts.

Sport based demand has gained momentum and will likely gain demand strength in the future – international, national, and league events across various sports (cricket, hockey, kabaddi, and football) are creating sizeable demand, across various price segments. Newer leagues are starting up, including for women. Demand comprises for team members, officials, support staff, and visiting spectators and includes demand for training in the lead up to the tournaments.

3.3. Foreign Tourist Arrivals (FTA)

FTA for India aggregated 10.1 mn, 10.6 mn and 10.9 mn for CY17, CY18 and CY19 respectively, achieving the 10 mn mark for the first time in CY17. After the Covid period decline, FTA recovered to 6.4 mn for CY22 and 9.5 mn for CY23 (87% of CY19 arrivals). FTA for CY2024 was 9.7 mn, up by 1.4% from 9.5 mn for CY2023. 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. FTA for Q1-CY25 was 2.6 mn compared to 2.8 mn for Q1-CY24.

Chart 11: India – Foreign Tourist Arrivals (mn)

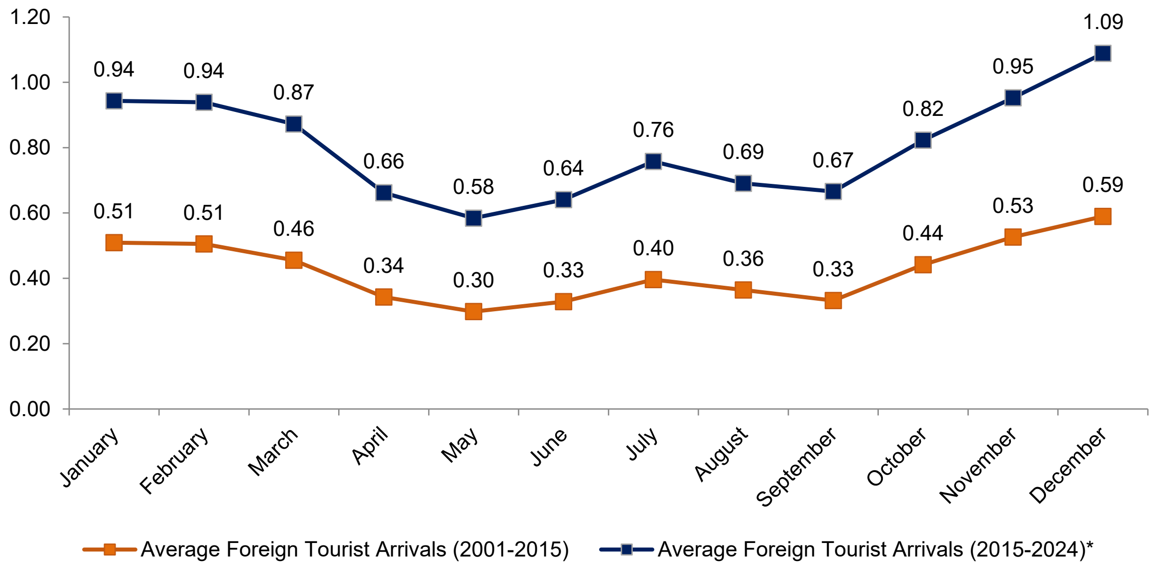


Source: Ministry of Tourism, Govt. of India

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 12. The winter months are clearly preferred for travel into India for leisure, MICE events, leadership level business travel and high-end destination weddings.

Chart 12: FTA Seasonality in Mns (CY 2001- CY 2024)



***Does not include Covid years - CY 2020 , CY 2021 and CY 2022**

Source: Ministry of Tourism, Govt. of India

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. E-visa

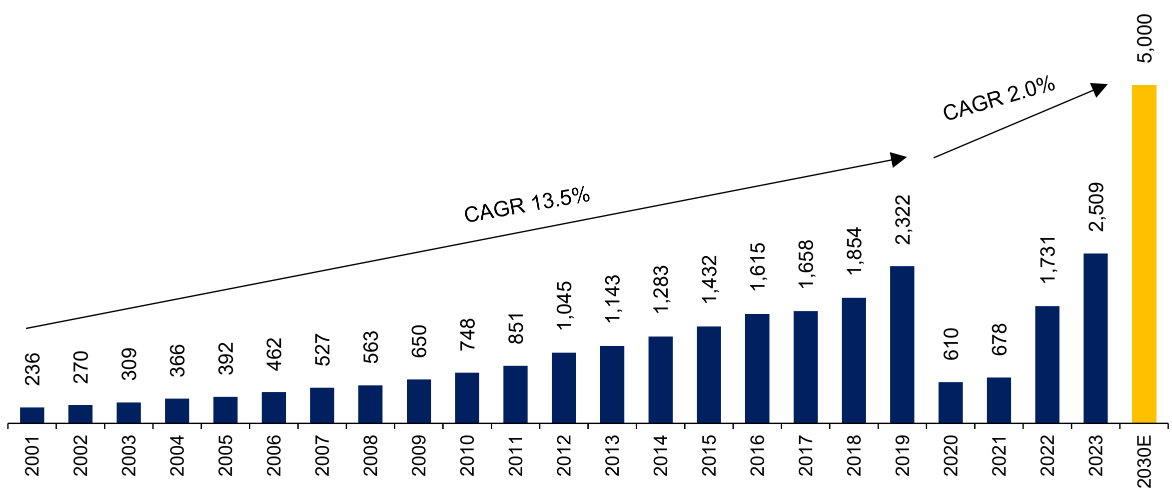
Electronic Visa (E-visa) scheme was made available effective November 2014, initially for nationals of 43 countries. As on December 2024, nationals of 181 countries are covered under the e-visa scheme, successfully enabling inbound visitors to come in with short lead-time. FTA using E-visas increased from 0.7 mn in FY16 to 2.86 mn in FY20, before declining during Covid pandemic[34]. The government has announced its intent to further streamline visa processes, including waivers for specified international groups and easier processes to facilitate medical tourism.

3.5. Domestic Tourism

3.5.1. Domestic Travel Visits

All India domestic travel visits grew at 13.5% CAGR between CY01 - CY19, from 236 mn visits in CY2001 to 2.3 bn visits in CY2019. Domestic travel visits at 2.51 bn for CY2023 have exceeded CY19 (pre-COVID) by 8%, reflecting strong rebound of travel and an increase of 45% over 1.7 bn visits for CY2022. While data for CY2024 is not available, a reasonable increase is expected to have occurred. 'How India Travels 2023?' report by Booking.com and McKinsey estimates 5 bn domestic travel visits by CY2030. Vision 2047 report by HAI expects 15 bn domestic visits and FTA of 100 mn by CY2047. While data for CY24 is not available, a reasonable growth can be expected considering that rooms demand for CY24 at chain affiliated hotels was 11.4% higher than corresponding demand for CY23.

Chart 13: India – Domestic Tourists (mn)



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, leisure, recreation, weddings and MICE adding substantial heft to the earlier pattern of demand concentrated on business travel. These segments are materially driving weekend and off-season demand and enabling hotels and resorts to achieve significantly higher overall occupancies. Leisure, staycations, remote working

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[34] *Source: Ministry of Tourism, Govt. of India*

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 wider reach across the country with supply creation across multiple 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.

3.5.2. Domestic Spend value on Tourism

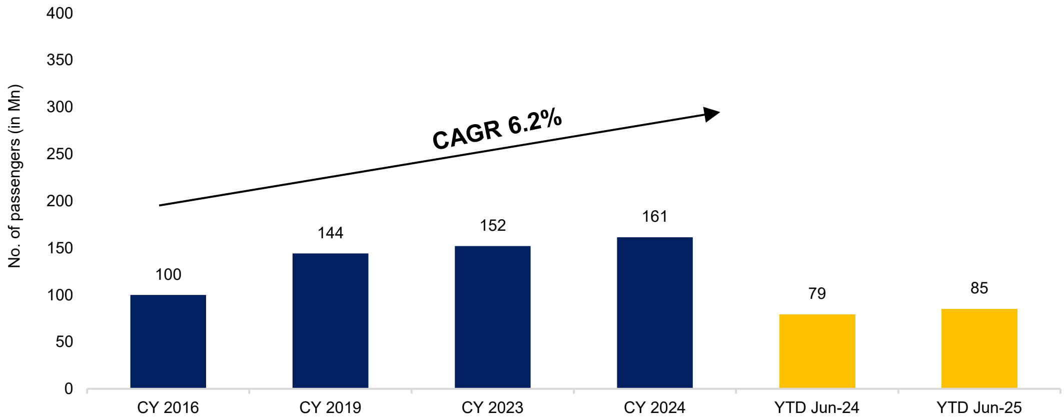
With growing household earnings and a median age of 28.1 years as of CY23 (about 10 years younger than most countries) the spend on tourism is projected to rise by 170% from $150 bn spent in CY 2019 to $410 bn in CY 2030. According to a report by Booking.com and Accenture, New Delhi, Bengaluru and Chennai have been ranked as the first, third and fifth among top five cities in terms of hotel bookings searches since the last 5 years[35].
India currently is the world's sixth-largest domestic travel market by spending.[36] Hospitality and tourism sector is expected to grow 1.7 times in CY27 compared to CY22[37].

3.5.3. Domestic Air Traffic

Domestic travel comprises 84% of aircraft movements and 82% of passenger movement at the Indian airports. Domestic passenger movements increased by 44% in CY 2019, compared to CY 2016, reflecting CAGR of 13%. This growth was facilitated by opening of new airports, capacity expansions at existing airports and improved connectivity particularly to cities and towns outsides the main destinations. An expanded UDAN (Ude Desh ka Aam Nagrik) 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[38]. For CY2024 domestic passenger air movement grew 11.9% and 6.1% over CY2019 and CY2023 respectively. The addition of new destinations will be beneficial as hotel supply widens across multiple new markets. This airport expansion, together with improved roads helps support demand and demand creation in multiple markets outside the Key Markets.

[35] *Source: How India Travels 2024- Inbound Edit*
[36] *Source: How India Travels 2023, Bookings.com and McKinsey Report, October 2023*
[37] *Source: Vision 2047 – Indian Hotel Industry, Hotel Association of India*
[38] *Source: Press Information Bureau, Ministry of Finance*

Chart 14: Domestic Passenger Air Movement (in million)



Source: Directorate General of Civil Aviation

4. Access Infrastructure

Better roads and airport infrastructure 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.

The infrastructure growth includes several new highway and expressways, development of new airports, airport expansions and upgrades, opening of several regional airports through Ude Desh ka Aam Nagrik (UDAN) initiatives 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.

Air Travel

In 2023, the Aviation sector contributed USD 53.6 billion to India's GDP (1.5% of national GDP). Tourism supported by aviation adds USD 27.1 billion to GDP and employs 5.0 million people.[39]

In the last about 10 years, the number of airports has risen from 74 in 2014 to 157 in 2024, with an aim to have 350-400 airports by 2047[40]. In 2024, India was the third largest air transport market globally in terms of departing Origin-Destination passenger traffic, behind the USA and China, accounting for around 4.2% of total global traffic[41]. 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 outsides the main destinations.

37.5% of the domestic routes operated in 2024 were new routes that did not exist in 2019. This reflects newer domestic travel destinations, supported by the UDAN scheme under which 583 routes connecting 86 airports were operational till August 2024[42]. 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.[43]

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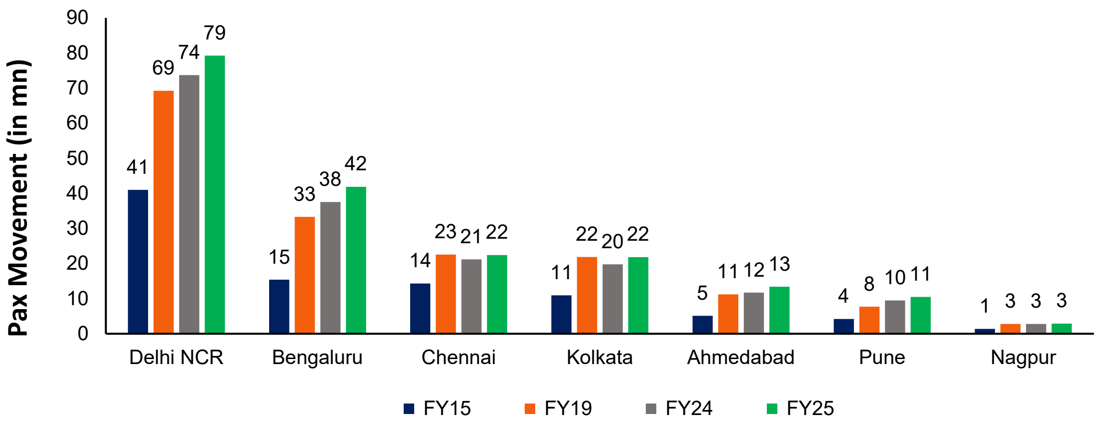
[39] *Aviation in India - Sustaining – and growing – a dynamic air transport market Report by IATA published in June 2025*
[40] *Source: Press Information Bureau, Ministry of Finance*
[41] *Aviation in India - Sustaining – and growing – a dynamic air transport market Report by IATA published in June 2025*
[42] *Aviation in India - Sustaining – and growing – a dynamic air transport market Report by IATA published in June 2025*
[43] *Source: Press Information Bureau, Ministry of Finance*

Growth in air travel is a material driver of demand and overall market growth. The Select Markets (Delhi NCR, Bengaluru, Chennai, Kolkata, Ahmedabad, Pune and Nagpur) had 46.7% share of air traffic for FY25, while having 35.8% supply share of hotel inventory. Growth in air travel for Select Markets is summarised in Chart 15.

Chart 15: Total Passenger (Pax) Movement (Arrivals and Departures) in mn for Select Markets



Source: Airports Authority of India (AAI)

Between FY15 and FY25, passenger movement (domestic + international) at these Select Markets and on all-India basis grew at 7.6% and 8.0% CAGR respectively.

Table 3 - Pax Movement in mn

Year	Select Markets	All India	Select Market Share
FY15	92	191	48.4%
FY19	169	345	48.9%
FY24	176	376	46.8%
FY25	192	412	46.7%
CAGR (FY15-25)	***7.6%***	***8.0%***	
Growth FY25 over FY24	***9.1%***	***9.4%***	

Source: Airports Authority of India (AAI)

Post Covid recovery was largely complete by FY24, with only Chennai and Kolkata lagging in full recovery. The passenger numbers for Delhi NCR, Bengaluru, Chennai, Kolkata, Ahmedabad, Pune and Nagpur grew by 8%, 12%, 6%, 10%, 15% ,11% and 4% respectively in FY25 over FY24.On all-India basis, Passenger movement (domestic + international) reflected 9.4% growth in FY25 over FY24.

<u>Delhi NCR Airport:</u> Delhi Indira Gandhi International Airport (DIAL) handles 62 Million Passengers Per Annum (MPPA). Terminal 1 expansion was completed in August 2024. By CY 2030, the handling capacity may increase to 140 mn passenger annually after the construction of Terminal 4. Further, the new Noida International airport at Jewar is expected to start domestic passenger and cargo services in September 2025, with international flights anticipated to start by November 2025, creating capacity for 12 mn passengers in the first phase.

<u>Bengaluru Airport:</u> Air traffic at Bengaluru at 42 mn for FY25, reflect 172% growth over FY15. Airport is built under PPP model and have recently been expanded. Bengaluru airport has commenced full operations at its newly developed T2 in September 2023. Also, airport is expected to materially expand over the next 5 years with aggressive growth targets of reaching 90 mn passengers by

CY2030[44].In fact, an additional airport is under evaluation for Bengaluru with the expectation that the existing airport with its future expansion plans will be fully saturated by around 2030-2033.

Chennai Airport: Terminal 2 is undergoing expansion, expected to be completed in 2026, raising its capacity from 25 to 35 MPPA. The airport handled 21 mn and 22 mn passengers for FY24 and FY25 respectively. A second airport is planned at Parandur with first phase capacity of 20 MPPA by January 2029, increasing to 100 MPPA upon completion of Phase 4 of the project by 2047. The airport is intended to have 3 terminals, spread over 5.4k acres.

Kolkata Airport: Airport's current capacity is 26 MPPA with a modular expansion underway that will increase it to 28 MPPA by year-end 2025. Major redevelopment begins in August 2025 with the demolition of the old domestic terminal (T1) and ATS complex. A new U-shaped international terminal is proposed to be built in two phases (2026–2029 and 2029–2032). Once complete, the airport will handle up to 40 MPPA.

Ahmedabad Airport: Major renovations have been carried out over the past two years, with plans to expand the passenger handling capacity from 8 to 20 MPPA. By end of FY26, the upcoming New Integrated Terminal Building will bring capacity to approximately 36.8 MPPA. Over the concession period, the airport capacity will scale further to 40 MPPA, supported by broader infrastructure investments.

Pune Airport: Pune had a single integrated terminal with capacity to handle 7.1 mn passengers a year. A new terminal has been operationalized in July 2024, with capacity to handle 12 mn passengers a year and addition of several modern amenities. A new cargo terminal was opened in August 2023. The Airports Authority of India (AAI) plans to shut down the existing terminal building of Pune airport for renovation after the operations are fully shifted to the new terminal. Infrastructure of the old Terminal building will be partially integrated to support new terminal building.

Nagpur Airport: Airport currently handles approximately 3 MPPA with a single runway. A multi-phase brownfield expansion is under planning. The initial phase, scheduled to be implemented between 2025 and 2028, includes upgrading the existing terminal and constructing a new terminal with a planned capacity of 4 MPPA. In the subsequent phase, spanning from 2028 to 2035, the development aims to increase capacity to 30 MPPA, add a second runway, and establish full multimodal connectivity. Progress is dependent on securing the necessary regulatory approvals and completing the land transfer process.

5. Industry size – chain affiliated hotels

5.1. Hotel Inventory - Segment Classification

5.1.1. The overview of supply and demand herein focuses on the upper upscale, upscale, upper midscale and midscale segments in which Pride has owned and managed hotels, including upcoming / pipeline hotels .

5.1.2. Data is presented on all India basis, and separately for Key Markets and Select Markets. Key Markets comprise the top ten markets in India in terms of hotel room inventory, i.e. the six metro cities (Mumbai metropolitan area, Delhi NCR, Bengaluru, Chennai, Hyderabad and Kolkata), Ahmedabad, Pune, Jaipur and Goa.

5.1.3. Select Markets are markets where Pride has an owned operating hotel - Delhi NCR, Bengaluru, Chennai, Kolkata, Ahmedabad, Pune and Nagpur. Thus, 6 hotels are in Key Markets and one hotel in a tier-1 city. The owned operating hotels are:

- Three Upscale hotels under the Pride Plaza brand – Pride Plaza at Delhi Airport, Pride Plaza Kolkata, and Pride Plaza Ahmedabad

[44] *Source: Kempegowda International Airport Bengaluru*

- Four Upper Midscale hotels under the Pride Premier brand – The Pride Hotel Bengaluru, The Pride Hotel Chennai, The Pride Hotel Nagpur, and The Pride Hotel Pune

Pride's hotel pipeline currently does not have any owned hotel.

Pride Plaza Delhi is the fifth largest hotel in the upscale segment, across India, and the 4th largest upscale hotel in Delhi. Pride Plaza Ahmedabad and Pride Plaza Kolkata are the third largest hotels in the upscale segment in their respective cities. Pride Premier Pune and Pride Premier Nagpur are among the first chain affiliated hotels in the respective cities. Each of the aforesaid owned hotels are located either in key business areas in each city or in proximity to significant transportation hubs such as airports.

5.1.4. Managed Hotels: Pride operates a portfolio of managed hotels, in line with its asset-light strategy. The managed hotel portfolio comprises four brands - Pride Plaza (Upscale brand), Pride Premier (Upper Midscale brand), Pride Elite and Pride Biznotel as two Midscale brands. These are summarised state wise in Table 3 below:

Table 3: Pride Hotels -Managed Hotel Inventory by State

	Existing		Upcoming		Total	
States	Hotel	Rooms	Hotel	Rooms	Hotel	Rooms
Chhattisgarh	-	-	1	45	1	45
DNH & D&D (UT)	1	44	-	-	1	44
Goa	1	135	-	-	1	135
Gujarat	9	476	8	471	17	947
Jharkhand	1	68	-	-	1	68
Madhya Pradesh	2	150	1	39	3	189
Maharashtra	1	74	1	56	2	130
Odisha	1	80	-	-	1	80
Punjab	-	-	1	50	1	50
Rajasthan	2	151	2	145	4	296
Uttar Pradesh	-	-	2	135	2	135
Uttarakhand	5	205	5	400	10	605
West Bengal	1	48	-	-	1	48
Total	**24**	**1,431**	**21**	**1,341**	**45**	**2,772**

The existing inventory of managed hotel includes two hotels (230 keys) in Key Markets, and seven hotels (403 keys) in pilgrim destinations. Of the 1,341 keys in Pride's pipeline, four hotels have already opened post 30th June 2025 namely Biznotel by Pride, Pride Premier Dehradun, Pride Premier Jodhpur and Pride Elite Raipur.

5.1.5. 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.

5.1.6. 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.

5.1.7. 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. 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.

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.

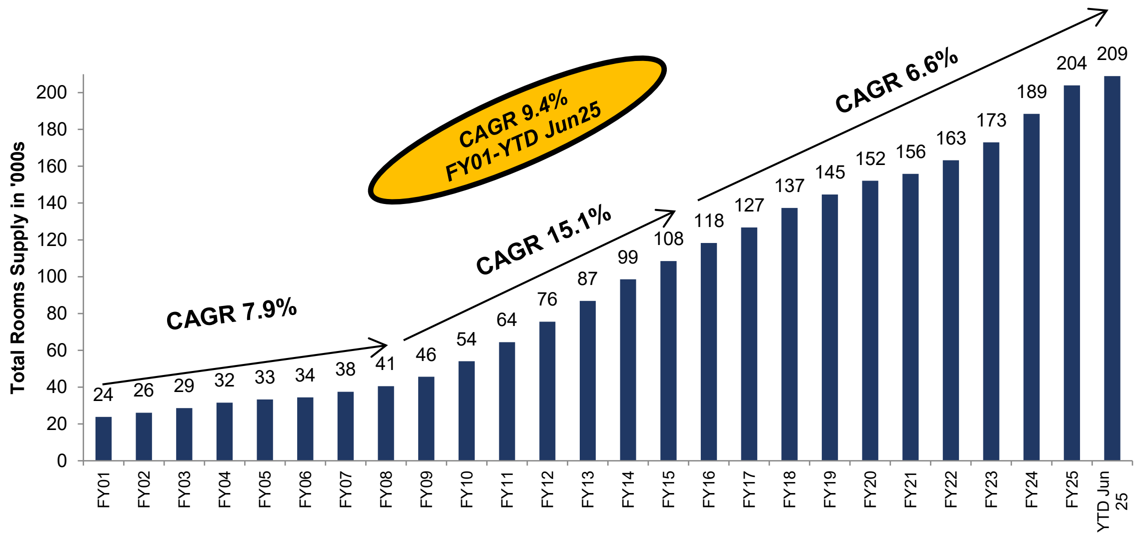
5.1.8. This report generally does not cover independent hotels, except to the extent that some independent hotels may have participated in collection of any reported data.

Other Independent hotels have been excluded 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.

5.2. All India - Chain Affiliated Hotel Room Inventory

Charts 16 below reflects overall All India Chain affiliated hotel room supply.

Chart 16: All India Chain Affiliated Rooms Supply



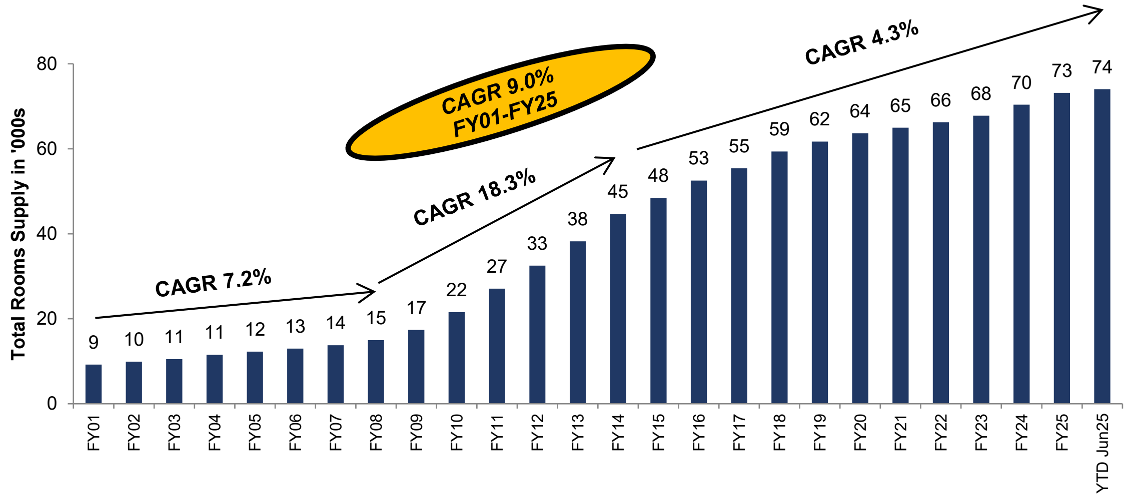
Source: Horwath HTL

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 to FY23; this was exacerbated by the Covid pandemic.

Yet, 9.4% CAGR between FY01 and YTD Jun25 reflects material supply addition, although off a small supply base as at FY01. About 68k rooms were added in the seven years from start of FY09 to end of FY 2015 and about 48k rooms in the four years from start of FY 2022 to end of FY 2025. Supply addition from 1 April 2014 to 30 June 2025 comprises 66% of supply creation over the last 24 plus years. 5k rooms have been added in Q1 of FY 2026.

Aggregate supply in Select Markets, at 74k rooms as at YTD Jun25, comprises 35% of all India supply. Supply growth, aggregated across the Select Markets, is given in Chart 17 below – rapid growth at 18.3% CAGR for FY08-FY15 has materially slowed to 4.3% CAGR for FY15-YTD Jun25, mainly with lack of supply growth in New Delhi, Pune and Chennai.

Chart 17: Select Markets – Aggregate Chain Affiliated Rooms Supply



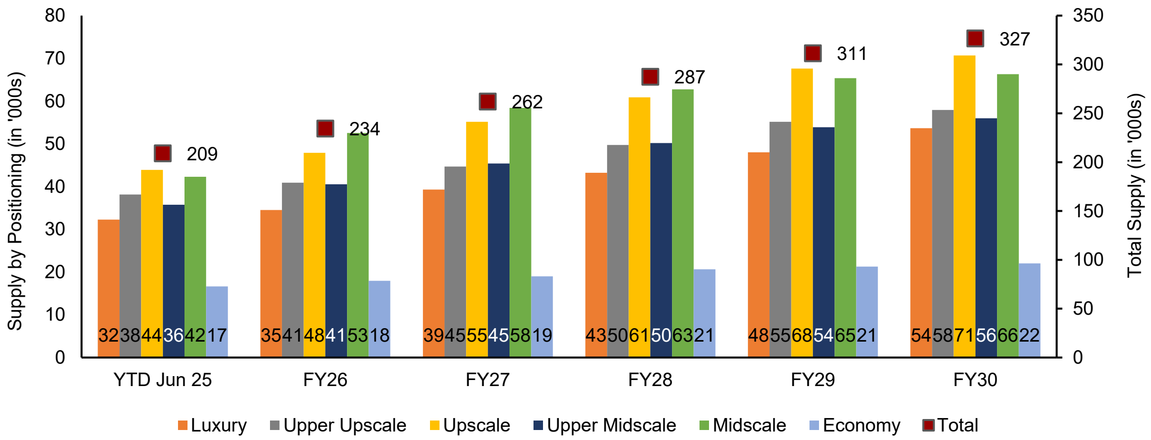
Source: Horwath HTL

5.3. All India - Expected Supply upto FY2030

Per data based on announcements upto 31 July 2025, 117k additional rooms are projected to be opened, as chain affiliated supply, between July 2025 and March 2030. Given the past track record of materialised supply being at a slower rate, actual inventory growth may be lesser or may be delayed from the year in which it is presently indicated. On the other hand, newer conversion efforts and planned supply that may not yet be announced may result in inventory growth that may partially compensate any delays in materialisation of the inventory pipeline of 117k rooms.

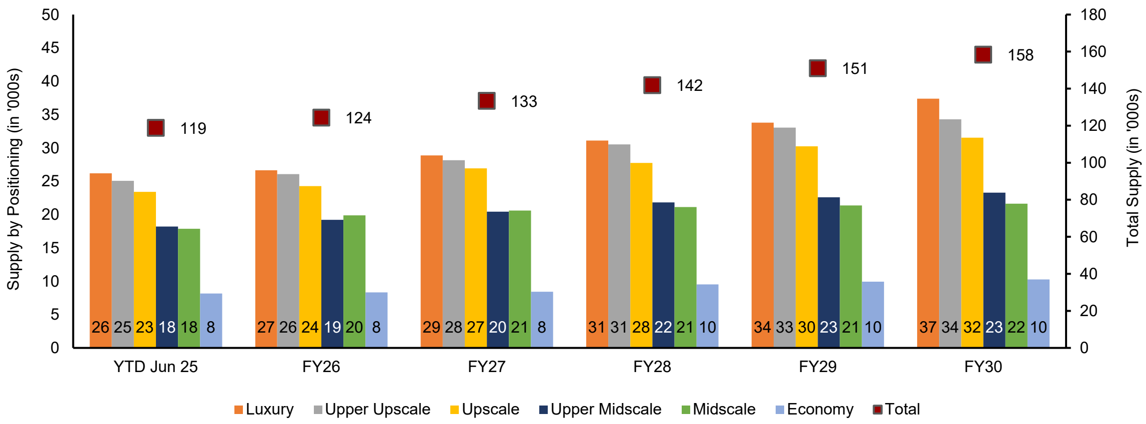
Chart 18, 19 and 20 indicates the expected segmental supply through FY30, on an all-India basis, for Key Markets and Select Markets. Limited supply may not be operational for some periods, during insolvency resolution processes – such cases will be nominal in the overall context.

Chart 18: Expected India Supply (Inventory in 000s)



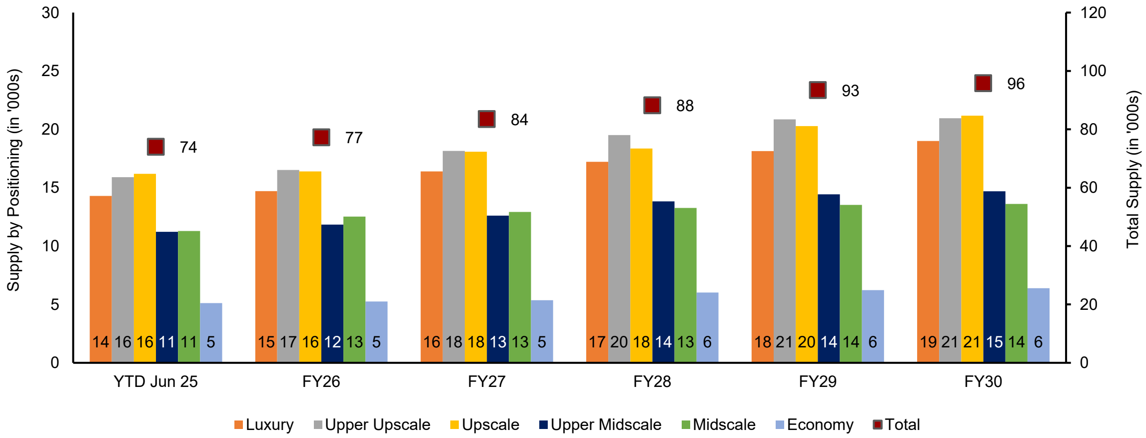
Source: Horwath HTL

Chart 19: Expected Key Market Supply (Inventory in 000s)



Source: Horwath HTL

Chart 20: Expected Select Market Supply (Inventory in 000s)



Source: Horwath HTL

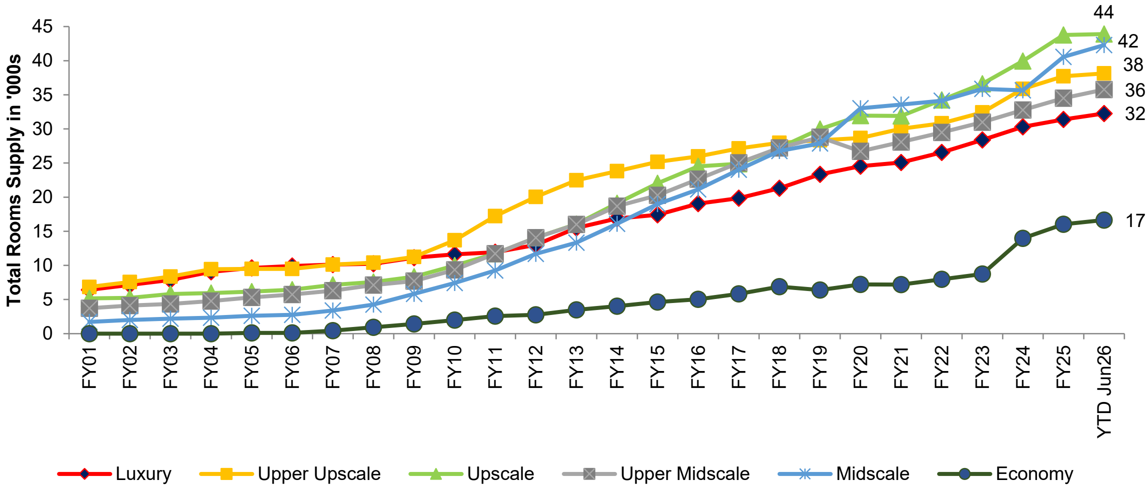
Of the inventory addition of 117k rooms, 39k will be added in Key Markets and 22k in Select Markets – note that there is material overlap between Key Markets and Select Markets with only one Select Market not being a Key Market. While all India supply growth between Jul-25 through end FY30 will increase current supply by 56%, supply growth in Key Markets and Select Markets will comprise 33% and 29% respectively of current inventory.

66% of new supply will occur outside the Key Markets. Consequently, overall supply share of Key Markets will decline from the current 57% to 49% by FY30. Overall supply share of Select Markets will decline from its current level of 35% to 29%. While the Select Markets and Key Markets are expected to see continued demand growth, the more modest supply growth through FY30 can be expected to have positive, or at least neutral, impact. From a segmental view-point, about 44% of new supply in Select Markets between 1 July 25 and 31 March 30, will be in the Lux-UpperUp segment; 23%, 16%, 11% and 6% in the Upscale, Upper-Midscale, Midscale and Economy segments respectively.

5.4. All India - Segmental Supply

Segmental supply has evolved significantly since FY01, and continues to do so, as reflected in Chart 21 and Table 4.

Chart 21 - All India Chain Affiliated Rooms - Segmental Supply



Source: Horwath HTL

Table 4 – Segmental Composition (Inventory in 000s)

						CAGR				
Category	**FY01**	**FY08**	**FY15**	**YTD Jun25**	**FY30**	**FY01-08**	**FY08-15**	**FY15-Jun25**	**YTD Jun25 -FY30**	**FY01-YTD Jun25**
Luxury	6	10	17	32	54	6.9%	7.9%	6.2%	11.3%	6.9%
Upper Upscale	7	10	25	38	58	6.2%	13.5%	4.2%	9.1%	7.4%
Upscale	5	8	22	44	71	5.6%	16.5%	7.0%	10.5%	9.2%
Upper Midscale	4	7	20	36	56	9.7%	16.1%	5.7%	9.9%	9.8%
Midscale	2	4	19	42	66	13.9%	23.8%	8.1%	10.0%	14.1%
Economy	-	1	5	17	22	-	25.9%	13.3%	6.1%	-
Total	**24**	**41**	**108**	**209**	**327**	**7.9%**	**15.1%**	**6.6%**	**9.8%**	**9.4%**
% of Total										
Luxury	26.9%	25.3%	16.0%	15.4%	16.4%					
Upper Upscale	28.7%	25.7%	23.2%	18.3%	17.7%					
Upscale	21.7%	18.7%	20.3%	21.0%	21.6%					
Upper Midscale	15.6%	17.6%	18.7%	17.1%	17.1%					
Midscale	7.2%	10.5%	17.5%	20.2%	20.3%					
Economy	0.0%	2.3%	4.3%	8.0%	6.7%					

Source: Horwath HTL

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 segments. A similar trend is broadly expected through FY30, with Upscale, Upper Midscale and Midscale segments having 60% share of new supply between YTD Jun25 and FY30, having also created 60% of new supply between FY15 and YTD Jun 25.

In absolute numbers, the Lux-Upperup, Upscale, Up-Mid, Midscale and Economy segments added about 57k, 39k, 32k, 41k and 17k rooms respectively between FY01 and YTD Jun25. (Note: segmental inventory decline in some years is mainly due to brand re-classification positioning change). Midscale segment had the largest CAGR (FY01-YTD Jun25) at 14.1%, contributing 21.9% to total addition of rooms since FY01.

6. Supply Spread

6.1. Supply Spread by Market Category

The Key Markets have nearly 57% of rooms supply as at YTD Jun25, declining from 69% supply share at end FY15 as a result of hotel developments outside the Key Markets. Pride has hotels including managed hotels (existing and pipeline) in 39 markets outside the 8 Key Markets of which 13 hotels are in Top 30 non-Key Markets by number of keys. Hotel rooms supply across market categories is summarised in Table 5 below.

Table 5– Supply Distribution

Market Category	Number of rooms				% Share			
	FY01	FY15	YTD Jun25	FY30	FY01	FY15	YTD Jun25	FY30
3 Main Metros	10	41	62	83	40.1%	38.1%	29.9%	25.3%
3 Other Metros	3	15	24	30	14.3%	14.2%	11.4%	9.1%
Other Key Markets	3	18	33	46	12.1%	16.8%	15.6%	14.1%
Other Markets	8	34	90	168	33.5%	30.9%	43.1%	51.5%
Total	**24**	**108**	**209**	**327**	**100%**	**100%**	**100.0%**	**100.0%**
Select Markets	9	48	74	96	38.6%	44.6%	35.5%	29.4%

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

- The Key Markets led supply creation between FY01-FY15, contributing 70% of new supply during this period.
- The 3 Main Metros are major business drivers (supply and demand) with 30% and 31% share of all India supply and demand as at YTD Jun25. These three markets (Delhi NCR, Mumbai and Bengaluru) will add over 1/6th of new supply through FY30 with continued demand growth. Demand growth may partially remain latent, say in New Delhi, because of limited new supply.
- Other Key Markets, which include 2 major leisure destinations, have larger inventory than the Other Metros – these other Key Markets will add twice the inventory as Other Metros in the period July 25 through FY30. As of FY30, Pride is expected to have hotels in each of these Other Key Markets and in 2 of the 3 Other Metros.
- Supply spread to Other Markets is an important evolution of the industry with 82k rooms added between FY01 and YTD Jun25 and another 78k 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.
- Supply addition in the Select Markets comprised 39.2k rooms between FY01-FY15 and 25.7k rooms thereafter through YTD Jun25. Supply growth during FY01-YTD Jun25 was led by NCR (20.8k rooms), Bengaluru (17.3k rooms) while Chennai, Kolkata, Ahmedabad, Pune and Nagpur added 26.8k rooms cumulatively. Bengaluru with 7.7k rooms is expected to lead the pipeline, followed by NCR with 6.4k rooms of the total pipeline of 21.7k rooms for Select Markets.

- 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.
- While segmental growth of supply is significant as of FY30, the distribution of supply is widespread across numerous markets, other than Key Markets. In particular, 403 markets in India (other than Key Markets) will have hotels from one or more of upscale, upper midscale and midscale segments. This reflects that supply growth will be widespread and not concentrated in fewer markets.
- Further, the Upscale, Upper Midscale, and Midscale segments have seen an increase in share of all-India demand from 55% in FY15 to 60% in FY25.

6.2. Supply Spread by Purpose of Travel

The table 6 below outlines the share of rooms across Purpose of travel categories:

Table 6– Supply Share (%)

Market Category	Number of rooms (% Share)			
	FY01	FY15	YTD Jun25	FY30
Business	70%	75%	68%	63%
Leisure	27%	21%	27%	28%
Pilgrim	2%	4%	6%	8%
All India Share	**100%**	**100%**	**100%**	**100%**
Business	100%	80%	67%	60%
Leisure	-	20%	18%	27%
Pilgrim	-	-	15%	13%
Pride Inventory Share	**100%**	**100%**	**100%**	**100%**

Source: Horwath HTL

- As of YTD June 2025, business markets dominate the India hotel supply accounting for 68% of total rooms supply. This trend is expected to persist, with an additional 65k rooms projected to be added by FY2030, maintaining the business-centric growth trajectory.
- While pilgrim markets had only 4% supply share in FY15, rooms supply in pilgrim markets has tripled from FY15 to YTD Jun25 with supply increasing from 3.8k rooms in FY15 to 12.2k rooms in YTD Jun25. The demand and potential for religious / spiritual tourism becomes apparent.
- Pride has several hotels across business, pilgrim and leisure markets. Pride rooms inventory and operations are spread across all three market categories with 16 hotels in business markets, 8 hotels in leisure markets, and 7 hotels in pilgrim destinations, all as of YTD Jun25.

6.2.1. Supply Spread by Foreign and Domestic Chain Affiliation

Between FY01-FY15, Foreign chains 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. Their supply share has thereafter remained range-bound as several domestic hotel chains have gained deeper market presence, securing 56% of new supply between FY15 and YTD Jun25.

Table 7: Foreign & Domestic Chain Affiliated Supply

	FY01		FY15		YTD Jun25		FY30	
	Domestic	Foreign	Domestic	Foreign	Domestic	Foreign	Domestic	Foreign
Overall	**80%**	**20%**	**55%**	**45%**	**55%**	**45%**	**53%**	**47%**
Lux	100%	0%	67%	33%	67%	33%	58%	42%
Up-Ups	60%	40%	36%	64%	29%	71%	28%	72%
Ups	91%	9%	42%	58%	40%	60%	41%	59%
Up-Mid	75%	25%	68%	32%	54%	46%	48%	52%
Midscale	25%	75%	63%	37%	72%	28%	75%	25%
Economy	0%	100%	18%	82%	95%	5%	95%	5%

Source: Horwath HTL

- At YTD Jun25, foreign chains operate / franchise about 45% of the chain affiliated hotel rooms in India, with a limited change expected through FY30.

  Foreign chains expanded by aggressively pursuing management contracts, offering multiple brands and supporting the development of hotels with larger rooms inventory 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. Given the importance attached to the Indian market by all leading hotel industry players, the competition for management contracts and assets can be intense. 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 these segments since FY15. These segments are very relevant for diversified geographic spread of hotel supply. For Instance, Pride has grown its hotel portfolio mainly through management contracts, adding 1,431 managed rooms to its portfolio by YTDJune25 and further 1,341 rooms comprised in its pipeline inventory

6.3. Supply Analysis by Size

Two-thirds of the hotels have an average size of 51 rooms, while the overall average size of hotels is 92 rooms.

Table 8 – Analysis by inventory size

Inventory Size	Hotels	%	Rooms (in 000s)	%	Avg. Rooms
<100	1,548	*68%*	78	*38%*	51
100-250	616	*27%*	91	*44%*	148
250-400	85	*4%*	26	*12%*	307
400-500	17	*1%*	7	*4%*	433
500 +	10	*0%*	6	*3%*	581
Total	**2,276**	*100%*	**209**	*100%*	**92**

Source: Horwath HTL

Size analysis by segments is presented below:

Table 9 –Segmental analysis by average inventory size (Rooms in 000s)

Segment	Hotels	Rooms	Avg Rooms / Hotel
Luxury	197	32	164
Upper Up	250	38	153
Upscale	405	44	108
Upper- Mid	450	36	79
Midscale	682	42	62
Eco	292	17	57
Total	**2276**	**209**	**92**

Source: Horwath HTL

All Pride owned hotels are in line with the related segmental average.

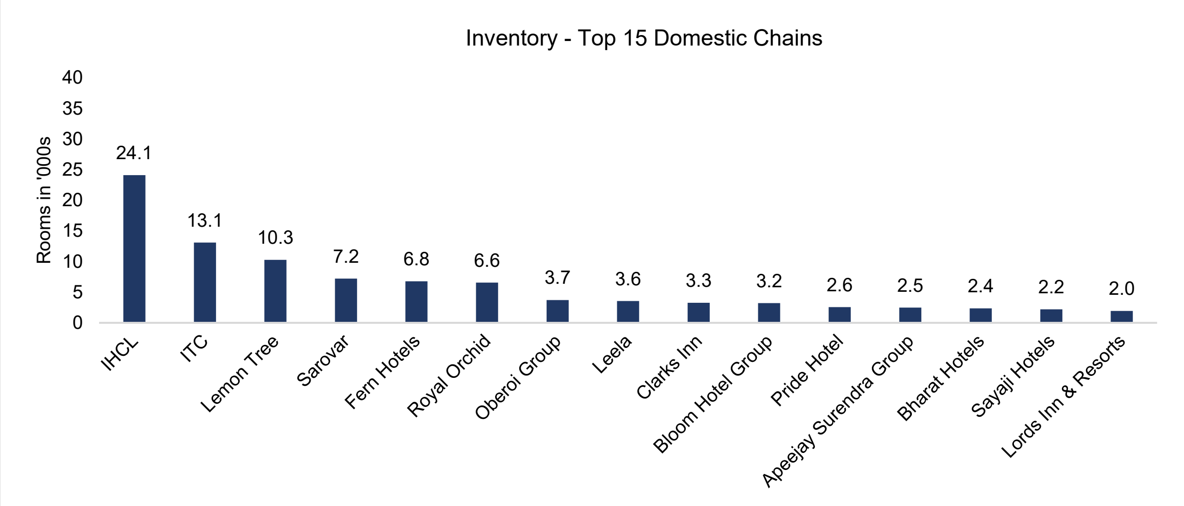
6.4. Supply Composition – Hotel Chains

Inventory of top 20 chains and top 15 domestic chains as of 30 June 25 is summarised in Chart 22 below. The ranking is based on number of rooms.

Chart 22: Rooms Inventory of Top 20 Chains (in 000s)

Notes: © Inventory includes both managed and owned hotel inventory (a) Marriott excludes hotels under franchise with ITC Hotels; these are included under ITC Hotels; (c)Clarks Inn is under acquisition by IHCL
Source: Horwath HTL

Chart 23: Rooms Inventory of Top 15 Domestic Chains (in 000s)



Notes: © Inventory includes both managed and owned hotel inventory (a) Marriott excludes hotels under franchise with ITC Hotels; these are included under ITC Hotels; (b) Louvre Group includes Sarovar; (c)Clarks Inn is under acquisition by IHCL
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.
- About 83.6% of total inventory is controlled by the top 20 chains.
- Top 15 domestic chains contribute 45% to all-India Inventory. Among the family promoted hotel companies, Pride is 4th largest group among domestic chains.
- Among the top 20 chains in India, Pride is currently ranked 19th and is expected to move up to 18th position by FY30. Within the top 15 domestic hotel chains, Pride holds the 11th position and with continue to maintain this through FY30. These rankings (as of FY30) will climb by one level once Clarks Inn acquisition by IHCL is completed.
- The hotel industry operates in a competitive environment, with competition for business quantum and business profile between different Indian and international hotel chains. Competition also arises for hotel companies seeking to secure management contract and franchise arrangements with different hotel owners. Continued supply growth will cause the competitive environment to sustain.

6.5. Supply - Ownership Analysis

Chain ownership (including lease) of hotel rooms has reduced from 71% at end FY01 to 24% as at YTD Jun25. 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 10 – Ownership Pattern – as at FY25

	Hotels	%	Rooms ('000)	%
Chain Owned	459	*20%*	51	*24%*
Developer / Investor	1,817	*80%*	158	*76%*
Total	**2,276**		**209**	

Source: Horwath HTL

Four of the ten hotels with over 500 rooms, and seven of seventeen hotels with 400 to 499 rooms inventory are under Chain ownership. On the other hand, several chains have invested significantly in the mid-priced and economy segments where hotels typically have lesser inventory.

Ten hotel chains have invested capital for development of hotel properties, either with ownership of land or with land and / or buildings taken on lease. Such hotel chains, with aggregate rooms inventory of 1,000 or more owned / leased rooms, are given in Table 11 below.

Table 11 – Chain Owned – All Segments

Group	Owned (in '000s)	No of markets	Total Inventory (in '000s)	Ownership Share	Owned - Avg keys / hotel
Indian Hotels Company Ltd (IHCL)	13.2	53	24.1	55%	118
Lemon Tree	5.8	22	10.3	57%	139
ITC	5.5	16	13.1	42%	221
EIH	3.0	13	3.7	80%	166
Bharat Hotels	2.3	12	2.4	95%	161
Kamat Hotels India Limited (KHIL)	1.7	14	1.9	91%	100
ASPHL	1.4	10	2.5	56%	107
Royal Orchid	1.2	8	6.6	19%	88
Leela Hotel	1.2	5	3.6	34%	245
Pride Hotel	1.1	7	2.6	44%	162
Other Chains	14.5	96	138.5	10%	75
Total	**51.0**	**132**	**209.1**	**24%**	**111**

Source: Horwath HTL

Among hotel chains with asset ownership, Pride ranks as the tenth largest in India and has greater geographic spread of its owned hotels than Leela Hotels. There is material concentration with four chains which together own 54% of total chain owned hotel inventory.

We have provided below Inventory of owned hotels of the top ten chains in the Upscale, Upper Midscale, and Midscale segments in which Pride operates as of YTD Jun25 and FY30:

Table 12: Inventory of Owned Hotels of Top 10 Chains in Upscale, Upper Midscale & Midscale Segments

Group	Inventory YTD Jun25 ('000)	Inventory FY30 (in '000s)
Lemon Tree	4.2	4.2
KHIL	1.7	1.7
Apeejay Surendra Group	1.4	2.0
IHCL	1.2	1.2
Royal Orchid	1.2	1.5
Pride Hotel	1.1	1.1
Green Park Hotels	1.0	1.1
Sayaji Hotels	1.0	1.0
Jaypee Hotels	0.9	0.9
ITDC (Govt of India)	0.9	0.9
Others	8.4	9.4
Total	**23.0**	**25.1**

- Pride ranks at 6th position in terms of chain owned Inventory in Upscale, Upper Midscale and Midscale segment as of YTD Jun 25 and is expected to maintain same position by FY30.

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.

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 13 – Ownership by listed/unlisted companies – as at YTD Jun25

Ownership	Listed companies		Unlisted companies		Total	
	Hotels	Rooms (000s)	Hotels	Rooms (000s)	Hotels	Rooms (000s)
Hotel Chains	286	38	173	13	459	51
Developer / Investor	115	22	1,702	136	1,817	158
Total	**401**	**60**	**1,875**	**149**	**2,276**	**209**

Source: Horwath HTL

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.

<u>Lease Model</u>

Several hotel chains are adopting the lease model to enable portfolio expansion and to achieve the combined objective of having hotel revenue and profits on their books while not carrying the development cost. Lease commitments may comprise a fixed and/or a variable lease and/or an agreed percentage of hotel revenue which may, in certain cases, be subject to a minimum guarantee.

7. Future Demand

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.
- While India's hotel sector remains fundamentally undersupplied in terms of chain affiliated hotels, the sizeable growth pipeline could create competitive pressures, atleast for the medium term, if demand generation does not keep pace due to external or other business factors.

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 inventory growth, with the trend expected to continue till FY30. This will likely cause increased hotel occupancy and potentially support strong ADR levels.

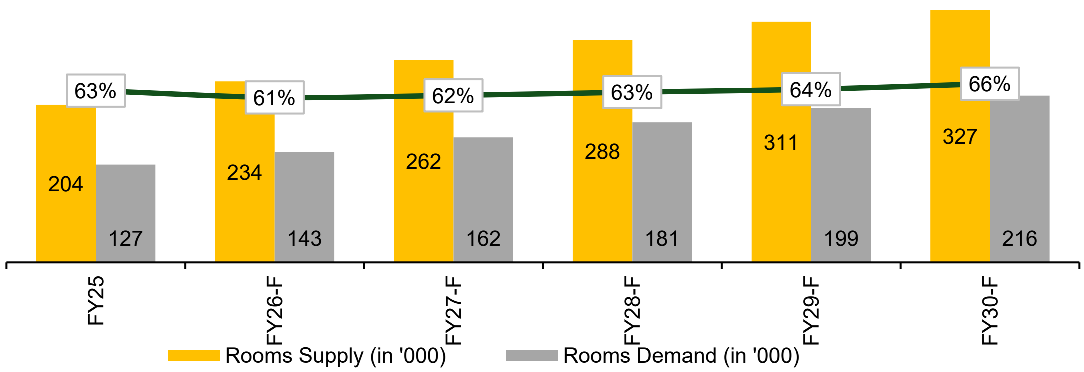
Table 14 – Supply and Demand CAGR

CAGR	FY16-FY25	FY25-30
Supply CAGR	6.2%	9.9%
Demand CAGR	6.7%	11.4%

Source: Horwath HTL

Based thereon, and with reference to our estimates of Future Supply described earlier, the occupancy estimates upto FY30 evolve as reflected in Chart 23.

Chart 23: All India – Rooms Supply vs Demand and Occupancy Estimates – (FY25–FY30)



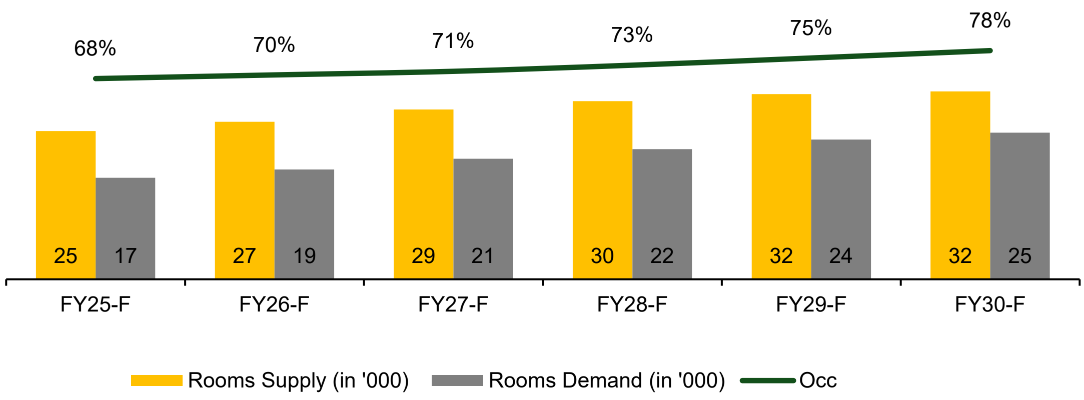
Source: Horwath HTL

Table 15 – Supply and Demand CAGR

Market	Supply CAGR	Demand CAGR
Delhi NCR		
Financial year 2025-2030	4.9%	7.6%
Bengaluru		
Financial year 2025-2030	7.5%	10.1%
Kolkata		
Financial year 2025-2030	4.8%	5.1%
Chennai		
Financial year 2025-2030	4.4%	5.3%
Ahmedabad		
Financial year 2025-2030	5.0%	5.3%
Pune		
Financial year 2025-2030	4.4%	5.9%

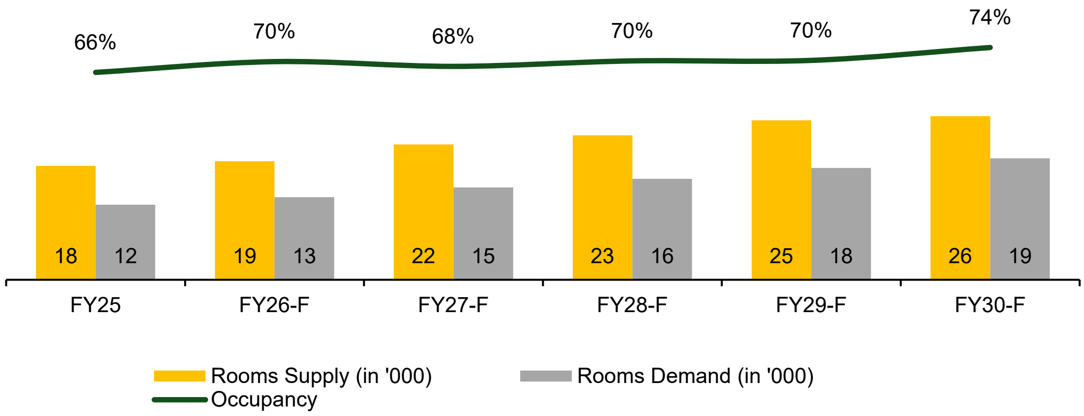
Based thereon, and with reference to the estimates of Future Supply described earlier, the occupancy estimates up to Fiscal 2030 for Delhi NCR, Bengaluru Kolkata, Chennai, Ahmedabad and Pune are reflected in below charts.

Chart 24: Delhi NCR (FY25-30)



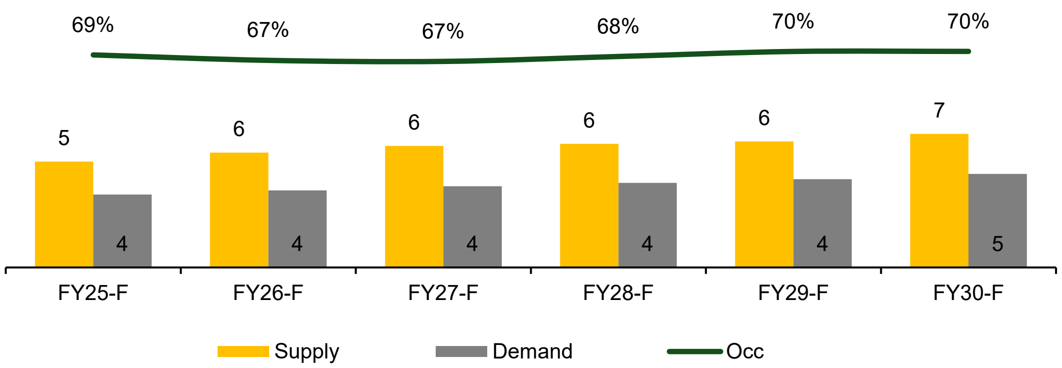
Source: Horwath HTL

Chart 25: Bengaluru (FY25-30)



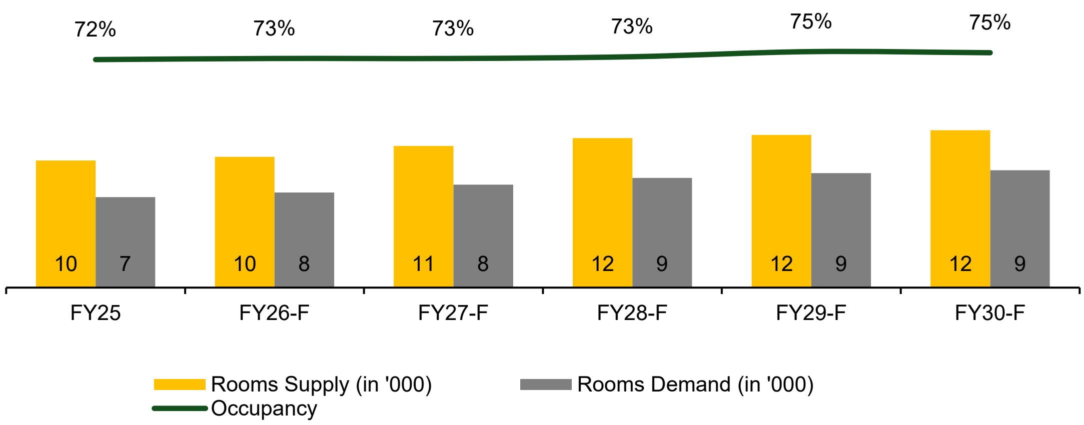
Source: Horwath HTL

Chart 26: Kolkata (FY25-30)



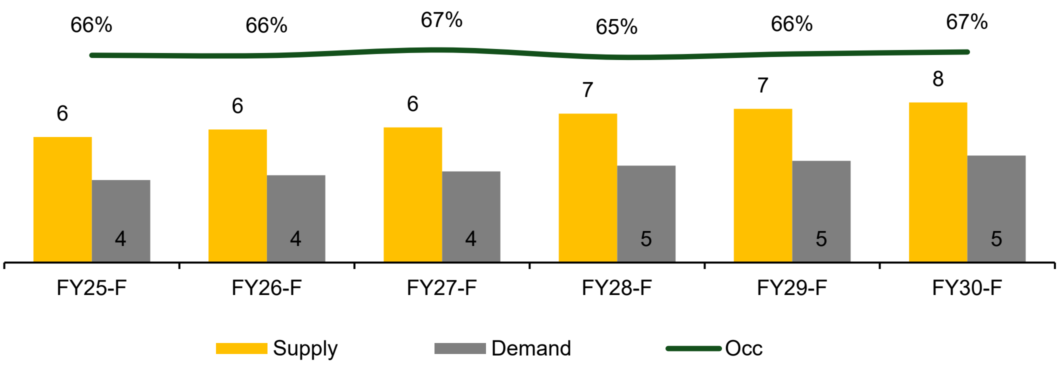
Source: Horwath HTL

Chart 27: Chennai (FY25-30)



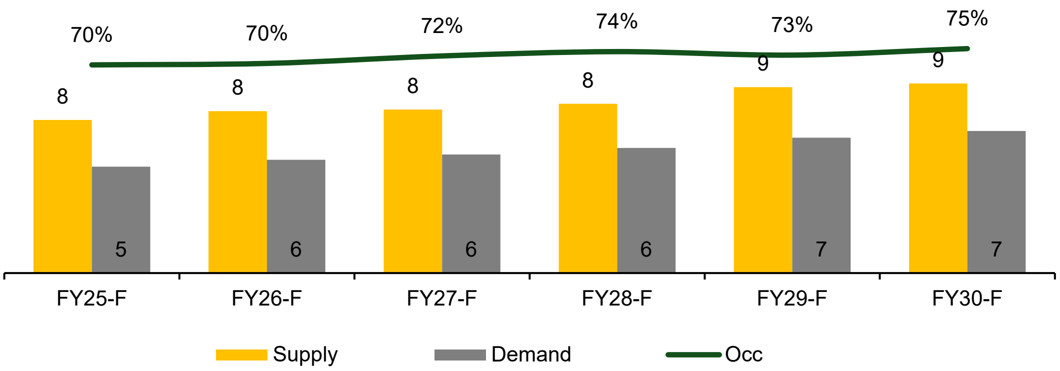
Source: Horwath HTL

Chart 28: Ahmedabad (FY25-30)



Source: Horwath HTL

Chart 29: Pune (FY25-30)



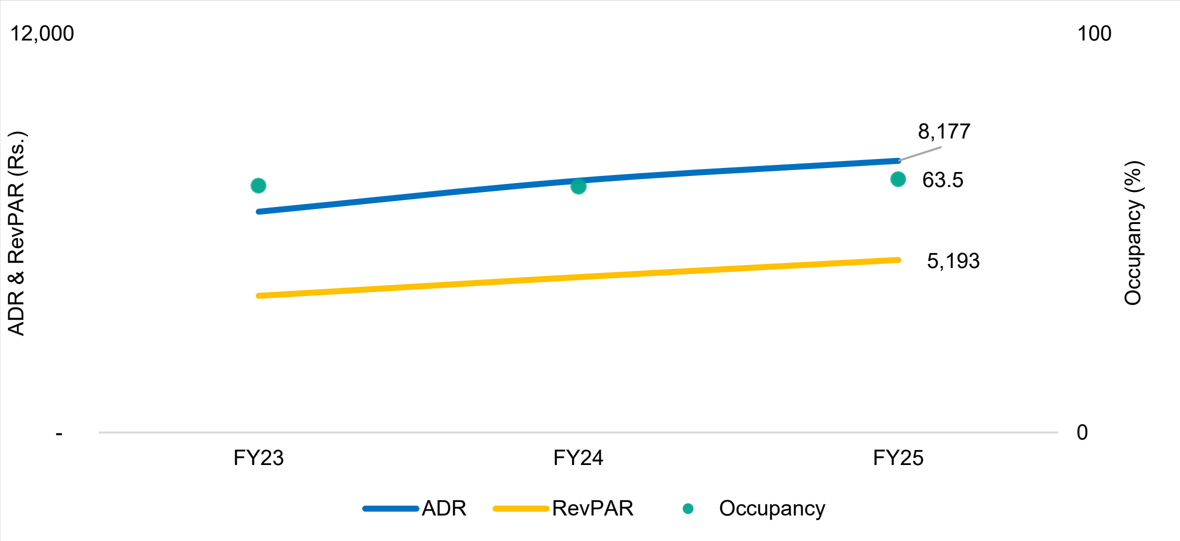
Source: Horwath HTL

8. 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). 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.

Chart 30 shows all-India performance of chain-affiliated hotels from FY 2023 through FY 2025.

Chart 30: India Hotel Market Performance



Data Source: CoStar

From a macro-perspective, the following elements emerge:

a. The hotel sector had a difficult period from late CY 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 FY 2012 – FY 2014. During this period, supply grew by 34k rooms while demand grew by 18k rooms.

b. 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 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 rooms availability 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.

c. Between FY 2010 - FY 2016, 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 FY 2015 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 Q2 performance in FY 2022. The Omicron wave was disruptive between mid-December 2021 to February 2022 but then gave way to strong performance through December 2023. Strong occupancies and recognition of stronger rate needs and potential have enabled much higher ADR levels.

f. For FY 2025, ADR was at INR 8.2k at an occupancy of 64%.[45] ADR for FY 2025 was higher by 8% compared to FY 2024, and by 47% compared to FY 2020 (pre-COVID levels).

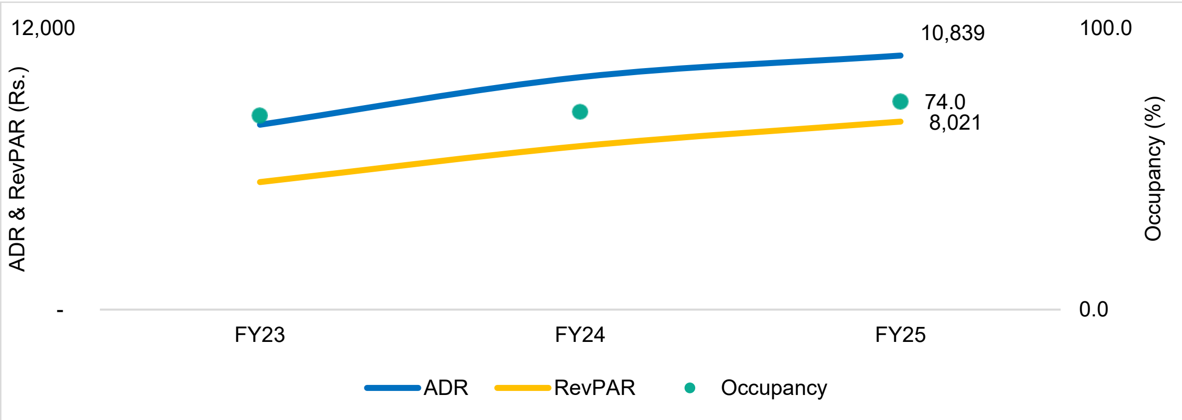
g. The top seven markets in India has witnessed significant growth over the past two and half decades, surge in Grade A office stock growing nearly 14 times, from 59.5 million sft in CY2004 to around 864 million sft as of March 2025.[46]

9. Performance and Outlook for Select Markets

In this section we provide a broad review of the performance and outlook for Select Markets.

9.1. New Delhi

Chart 31: New Delhi Performance Overall



Data Source: CoStar

- Delhi has the largest airport in the country, with further expansion underway. The city, and Delhi NCR have rapidly developed as a prime business destination drawing corporate and financial services activity, IT & ITeS and the manufacturing sectors. Delhi airport presently serves the entire Delhi NCR; the upcoming Jewar airport in eastern NCR is expected to ultimately add growth capacity and potential to the overall Delhi NCR region, notwithstanding any short term impact on Delhi airport.
- Delhi is part of the ‘Golden Triangle’ for tourism, together with Agra and Jaipur. Its hotels gain materially from weddings and MICE demand.
- Market Occupancy has increased to 70% in FY24 and further to 74% for FY25. ADR growth between FY23 and FY24 was 26%. ADR further increased by 9% for FY25 as compared to FY24.

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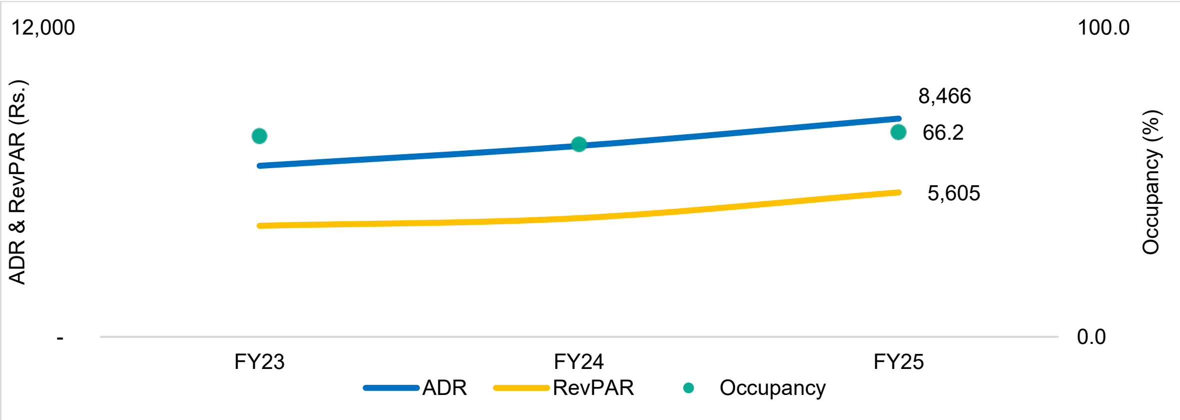
[45] *Data Source: CoStar*
[46] *Data Source: JLL*

- The Delhi market is expected to be in a positive mode with improved inbound travel and continued domestic travel adding demand, while the supply pipeline is only 1.5k rooms through FY 2030. These should benefit occupancy and ADRs. For the overall Delhi NCR market, the supply pipeline is 6.7k rooms through FY 2030; of which 22% is in the Upscale and upper Midscale segment.
- The DMRC led Convention Centre on Dwarka Expressway and upgraded Pragati Maidan will create significant demand basis for MICE growth in the city. City hotels will continue to benefit from weddings and MICE demand.

9.2. Bengaluru

Chart 32: Bengaluru Hotel Market Performance



Data Source: CoStar

- The city with predominant IT sector focus has the largest hotel room inventory in India as at 30 June 25 (about 18.3k rooms); it also has 219 msf commercial office space as of 31 March 25 which is the largest (by city) in India and among the largest in Asian cities[47].
- The market was severely impacted during the pandemic and was slow to recover, due to prolonged WFH in the IT & ITeS sectors and lack of inbound travel. Recovery has gained momentum with 'return to office' in the IT & ITeS sectors, increased inbound travel, induction of new joiners, increased MICE activities, and growing activity in the aerospace sector with global companies setting up R&D and manufacturing bases in the Aerospace SEZ near Bengaluru airport.
- Passenger numbers at Bengaluru airport crossed 40 mn for CY 2024 and are nearly 42 mn for FY 2025, achieving material growth over pre-Covid levels. The airport gained from its infrastructure enhancement, having opened a second runway in December 2019 and a second terminal in November 2022.
- INR 8.5k ADR for FY 2025 was +14% higher than FY 2024, occupancy grew by four points to 66%[48]. The rise in ADR and Occupancy has contributed to +22% increase in RevPAR for FY 2025 over FY 2024. Bengaluru City Centre was at INR 11.3k at an occupancy of 75% for FY25.[49] The ADR was higher than the city ADR by 33% and the occupancy was higher by 9 points.

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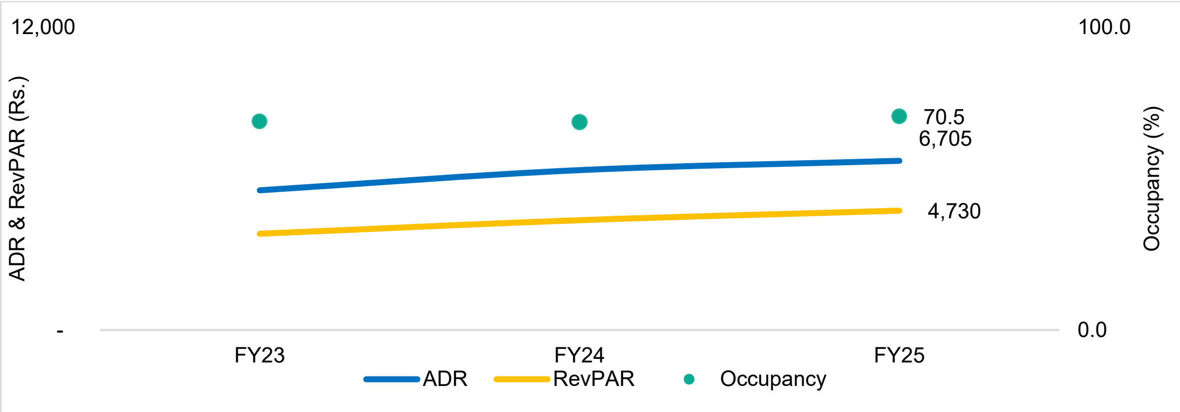
[47] *Data Source: JLL*

[48] *Data Source: CoStar*
[49] *Data Source: CoStar*

- While assessing the market ADR and Occupancy, it is relevant to highlight that these are impacted by material supply addition (3.3k rooms added between CY 2020 and CY 2024). A positive attribute is that rooms demand grew by 7.9k rooms during this period, with this growth effectively occurring in the last three years. This demand growth is the largest in this period among all Key Markets.
- Bengaluru demographics, with a growing workforce size and younger profile workforce, point to larger potential for staycations and F&B spends at hotels with the requisite appeal.
- Major events such as Aeroshow and the annual Nasscom conference create beneficial value for hotels across the city.

9.3. Kolkata

Chart 33: Kolkata Performance Overall

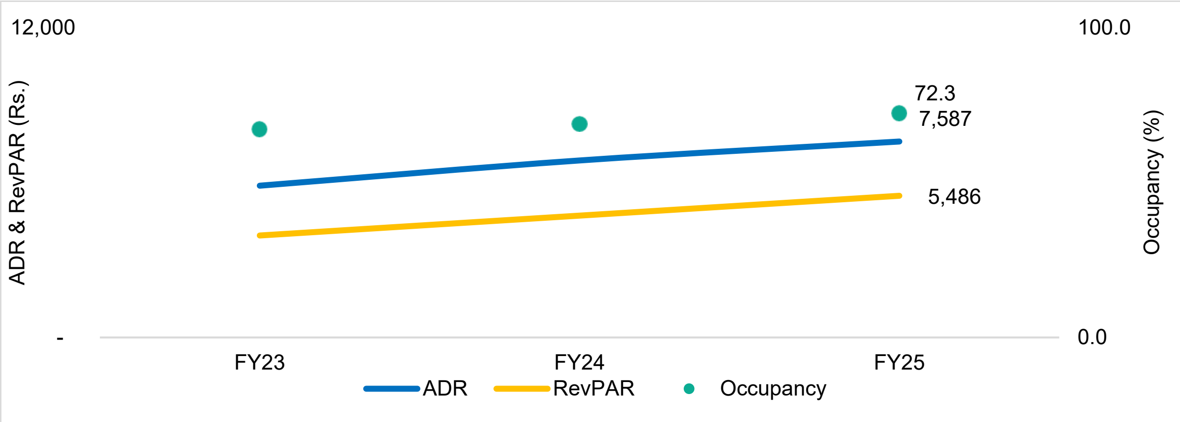


Data Source: CoStar

- Chain-affiliated supply for Kolkata was 5k rooms as of 30 June 2025. Supply nearly doubled between FY15 and YTD Jun 25. About 900 keys were added in FY20. Pipeline supply for the city upto FY30 is only 1.3k rooms.
- The city has limited strength of corporate demand; it thrives on MICE and weddings demand and, demand from sports related events. Greater business travel demand would be very beneficial. Hotels with weddings and MICE facilities have an advantage.
- City wide occupancy has been largely range bound in the high 60’s to touching 70’s with ADR between Rs. 5.5k and Rs. 6.7k for the last 3 financial years.
- Strong demand potential from business travel, corporate MICE and residential weddings is a positive for upper-tier hotels. The multiple demand segments across manufacturing and services, and with operations and hotels in different micro markets, provides greater demand stability and growth prospects.

9.4. Chennai

Chart 34: Chennai Hotel Market Performance



Data Source: CoStar

- Chennai has bounced back strongly, having achieved its best city-wide performance since 2008 with 72% occupancy[50] and INR7.6k ADR[51] in FY2025. City performance for FY25 reflects occupancy and ADR gain by 3 points and 11% respectively.[52]
- Upscale and Upper Mid segment reported strong occupancy and ADR at 76 % and 6.2k for FY25 respectively reflecting 11% growth in ADR vs FY24.
- Demand is led by business travel, MICE, weddings and crew. Chennai being a state capital draws demand from official business delegations for interaction with the government; bulk of demand is also facilitated by IT, automobile, health and pharma sectors. Demand from weddings including lavish weddings also add cream to revenue and profits. MICE and weddings demand is sourced from across the state and other cities in south India, with Chennai benefitting from its coastal location and range of upper tier hotels
- Terminal 2 is undergoing expansion, expected to be completed in 2026, raising its capacity from 25 to 35 MPPA. Phase 2 of the new terminal T2 is expected to be built in 2 years, for international and domestic operations, increasing passenger capacity to 35 MPPA.

  A new airport is planned at Parandur in Kanchipuram district, with the ultimate intent to handle 100 MPPA and complement the existing Chennai International Airport. Construction of the first phase of Parandur Airport is intended to begin in January 2026, with expected completion by January 2029. The entire project, developed in multiple phases, is projected to be completed by 2047.
- Heritage and Spiritual Tourism is growing in this city. Places such as UNESCO World Heritage site of Mahabalipuram near Chennai attracts leisure travellers for its scenic beaches, religious destinations, and cultural appeal.
- Hotel rooms supply growth has been nominal over the last six years; the supply pipeline comprises 2.4k rooms by FY 2030.

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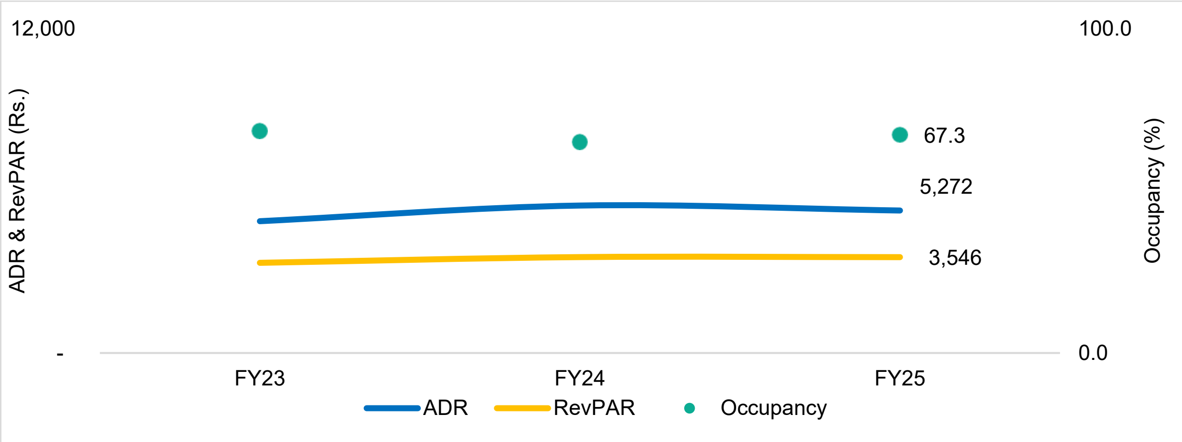
[50] *Data Source: CoStar*
[51] *Data Source: CoStar*
[52] *Data Source: CoStar*

9.5. Ahmedabad

Chart 35: Ahmedabad Performance Overall



Data Source: CoStar

- The charts above exclude performance of The Leela Gandhinagar, among the three Lux Upper Up hotels serving the wider Ahmedabad area; if that hotel were included, the city-wide ADR levels would have been higher than reflected in the charts.
- The city had an occupancy[53] of 67.3% in FY25 as compared to 65% in FY24, even after the city's inventory grew by nearly 7%[54] in the same period. The Upscale and Upper Midscale segment had 70% occupancy with ADR of INR 5.0k in FY25[55].
- Ahmedabad hotels are in an overall positive phase, as the state and the areas on the city's outskirts draw industrial investment and with continued push to grow the International Finance Centre at GIFT City near Gandhinagar. GIFT City, Ahmedabad (Gujarat) is one of India's pioneering global financial hubs.
- Expansion of the city's airport, completion of the bullet train project and other intra-state road developments will support greater MICE activity and some casual leisure/retail related travel. Passenger numbers for FY25 reached 13 mn marking a 15% increase over FY24 and a 20% increase compared to FY19 levels. Weddings demand is expected to remain strong benefitting guest rooms and F&B demand.
- Metro rail link between Narendra Modi Stadium, Mahatma Mandir and GIFT City was launched in September 2024. With better connectivity, GIFT city operations and demand are expected to grow.
- GIFT city has recently taken steps to ease liquor restrictions within its jurisdiction with a motive. The revised rules allow alcohol consumption in specific areas like high-end hotels and business districts, increasing favourability for this global financial business hub.
- The central and state governments are taking significant initiatives for industrial and economic growth of Gujarat state. Ahmedabad is the largest city in Gujarat and a key city linked seamlessly with Gandhinagar, the state capital, and therefore serving as a hub to foster the state's economic growth. The city itself is expected to see the growth of manufacturing activities on its outskirts, commercial and residential zones, and sports related infrastructure with the aim of bidding for the Olympics for CY2036.

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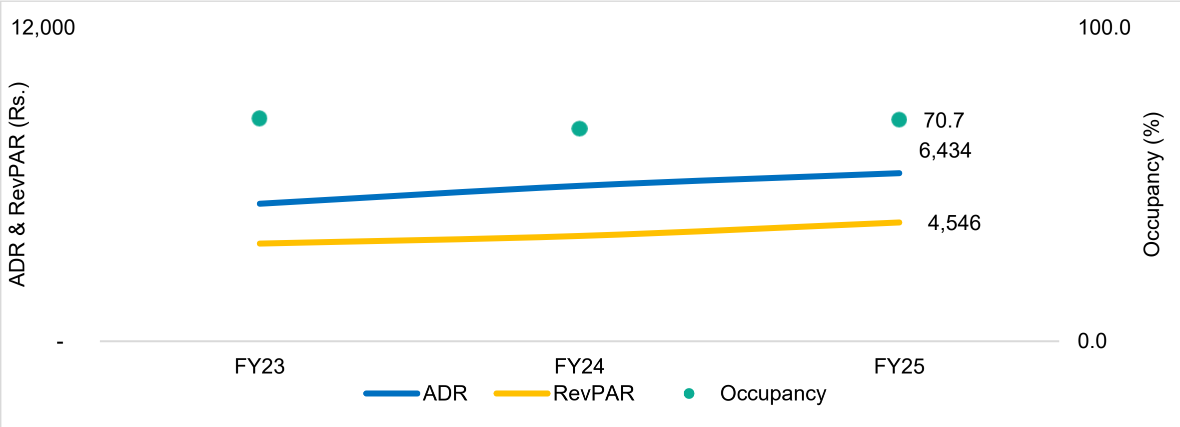
[53] *Data Source: CoStar*
[54] *Data Source: Horwath HTL*
[55] *Data Source: CoStar*

9.6. Pune

Chart 36: Pune Performance Overall



Data Source: CoStar

- Pune is among a handful of major Indian cities with significant demand sources across manufacturing (automotive and ancillary industries, engineering), GCCs, IT, ITeS, other service sectors, as well as demand from corporate houses. In addition, Pune hotels draw substantial demand for weddings and conferences. Each of these demand sources also create substantial F&B and functions related demand for upscale hotels.
- The city continues to maintain growth momentum from the COVID pandemic, with occupancy levels touching 71% for FY25 while ADR grew 8.2% over FY24. YoY RevPAR growth during this period was 12.8%.
- Strong demand potential from business travel, corporate MICE and residential weddings is a positive for upper-tier hotels. The multiple demand segments across manufacturing and services, and with operations and hotels in different micro markets provides greater demand stability and growth prospects.
- Upscale and Upper-Midscale segment has reported 74% occupancy for FY25, while gaining 7% ADR growth (ADR at 6k) over FY24.[35]
- The IT, manufacturing, education and growing retail base (to support growing population and spend propensity) creates demand for national and international events, conferences, exhibitions, and trade shows, in turn leading to increased domestic and inbound demand for hotel accommodations.

9.7. Nagpur

- Nagpur has an advantage of being the geographical centre of the country. It is a key access point to rich coal mining, tobacco and forest areas of central India.
- Nagpur is a business destination and hotel demand mainly arises from corporate and individual business travellers mainly related to mining including Western Coal Fields and other mining activity comprising coal, manganese, and dolomite. The city also has MICE and weddings along with limited transit leisure (to game parks in Madhya Pradesh) and individual social travel. Nagpur also benefits from sizeable government related visitation, particularly when the government shifts to Nagpur for the state's winter assembly session and high court related travel.

[35] Source: CoStar – Industry Data

- Occupancy for MP and Maharashtra region (market of Nagpur) for FY25 at 59% at an ADR of 5.9k.[56]

10. Performance Indices

The occupancy and ADR indices of Pride's owned hotels over the markets respective segmental occupancy and ADR are provided below:

Table 16: Comparison between Pride owned hotels vs respective city's segmental market performance

City	Delhi NCR	Bengaluru	Kolkata	Chennai	Ahmedabad	Pune	Nagpur
Occupancy Index							
FY23	1.09	0.88	1.13	0.87	0.93	0.86	1.20
FY24	1.03	0.87	1.03	0.92	0.78	0.78	1.18
FY25	1.03	0.93	1.09	0.89	1.15	0.59	1.12
ADR Index							
FY23	0.95	0.99	0.85	0.79	0.92	1.16	1.20
FY24	0.98	0.95	0.87	0.77	0.94	1.24	1.20
FY25	1.01	0.88	0.84	0.74	0.79	1.23	1.29

Source: Hotel Performance – Pride Hotels Management ; Industry Performance - CoStar

In FY25, four out of seven hotels have Occupancy Indices greater than one. For ADR Indices, three out of seven hotels have indices greater than one.

11. Operating Performance Parameters

Manpower to Rooms Ratio

Table 17 – 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 relative 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.

[56] *Data Source: CoStar*

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 around 1.5.

Operating Performance Comparison

Table 18 below provides a summary of operating performance and Table 19 and 20 provides F&B revenue and PAT of Chain Owned listed companies respectively that has more than 1k owned or leased rooms as of 31st March 2025. We have not given data for listed companies of developers as it is not relevant for pride hotels. Data from FY23 to FY25 is provided below.

Table 18 – Operating Performance - Select Listed Hotel Companies (INR Mn)

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%
ROHL	2,797	980	35%	3,127	952	30%	3,432	968	28%
KHIL	2,990	1,088	37%	3,153	909	29%	3,648	1,047	29%
ASPHL	5,244	1,771	34%	5,917	2,052	35%	6,534	2,264	35%
Total / Avg	**135,832**	**46,899**	**35%**	**161,697**	**59,058**	**37%**	**191,269**	**71,288**	**37%**

Source: Annual Report/ Investor presentation/ Quarterly Report/Information Memorandum/DRHP
Consolidated numbers unless otherwise stated; Revenue includes Other income

Table 19 – F&B and Total Revenue - Select Listed Hotel Companies (INR Mn)

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	39%
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%
ROHL	2,797	932	33%	3,127	1,022	33%	3,432	1,123	33%
KHIL	2,990	1,064	36%	3,153	1,087	34%	3,648	1,204	33%
ASPHL	5,244	2,280	43%	5,917	2,509	42%	6,534	2,663	41%
Total / Avg	**109,302**	**37,643**	**34%**	**131,007**	**43,732**	**33%**	**191,269**	**62,353**	**33%**

Source: Annual Report/ Investor presentation/ Quarterly Report/Information Memorandum/DRHP
Consolidated numbers unless otherwise stated; Revenue includes Other income

Table 20 – PAT and Total Revenue - Select Listed Hotel Companies (INR Mn)

Company		FY23			FY24			FY25	
	Rev	PAT	%	Rev	PAT	%	Rev	PAT	%
IHCL	59,488	10,528	18%	69,517	13,302	19%	85,650	20,381	24%
ITC Hotels	26,530	NA	NA	30,690	NA	NA	36,261	6,376	18%
EIH	20,964	3,291	16%	26,260	6,777	26%	28,795	7,699	27%
Lemon Tree	8,786	1,405	16%	10,768	1,817	17%	12,884	2,431	19%
Schloss Bangalore	9,033	-617	-7%	12,265	-21	0%	14,066	477	3%
ROHL	2,797	492	18%	3,127	508	16%	3,432	475	14%
KHIL	2,990	3,129	106%	3,153	448	15%	3,648	466	13%
ASPHL	5,244	481	9%	5,917	688	12%	6,534	836	13%
Total / Avg	**109,302**	**18,710**	**17%**	**131,007**	**23,520**	**18%**	**191,269**	**39,141**	**20%**

Source: Annual Report/ Investor presentation/ Quarterly Report/Information Memorandum/DRHP
Consolidated numbers unless otherwise stated; Revenue includes Other income

12. 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: INR 16 mn to INR 30 mn per key
- Upper Upscale: INR 11.5 mn to INR 14 mn per key
- Upscale: INR 8 mn to INR 11 mn per key
- Upper Midscale: INR 6 mn to INR 7.5 mn per key
- Midscale: INR 4.5 mn to INR 5.5 mn per key

13. 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, 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.

14. Potential risk factors to the hospitality industry

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.

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.

3. **Geopolitical Factors and Uncertainties**

   Travel is impacted by multiple factors including geopolitical matters and related uncertainties and security issues. The impact in discretionary travel and long-haul travel can impact cross border travel, thereby impacting overall demand and related pricing.

   Geopolitical factors can also cause increase in project/operating cost, thereby impacting project funding plans and/or operating margins.

4. **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.

5. **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.

6. **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.

7. **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.

8. **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.

9. **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.

10. **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. **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. Fixed cost elements can also impact results for a period when revenues are impacted by seasonality factors. 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.

12. **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.

13. **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.

14. 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.

15. 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.

16. 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.

17. 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.