



India Hospitality Report

09 May 2025



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1. Political & Economic Overview

SECTION 1

Political and Economic Overview

Political Overview

Spanning an area covering 3.287 million sq km., India is the most populous country in the world with over 1.44 billion people. The country follows a federal structure with a parliamentary system of governance and is the world's largest democracy¹.

Over the past 10 years, the Government of India (GoI) has laid out sets of reforms that have established a foundation for inclusive and sustainable economic growth for the foreseeable future. The implementation of these reforms has helped streamline processes and make them more transparent. Some of the key reforms are mentioned below:

- The **Goods and Services Tax (GST)** came into effect on 1st July 2017, replacing multiple indirect tax laws and bringing uniformity among them to reduce their cascading effect on the economy, apart from improving efficiency, transparency, and inclusiveness.
- **Insolvency & Bankruptcy Code (IBC)** came into effect in 2016 with the aim to resolve the inertia brought about by the bureaucratic processes involved in the resolution of insolvent companies and individuals and do so in a time-bound manner.
- The Real Estate (Regulation and Development) Act, 2016, established the **Real Estate Regulatory Authority (RERA)** in each state for regulation and promotion of the real estate sector with the aim to protect homebuyers and facilitate investment in the sector along with speedy dispute redressal.

The GoI has been vigorously promoting the country as a manufacturing hub and an attractive destination for investment. This has led them to undertake various policy-level initiatives and campaigns to facilitate growth in multiple sectors. Some of these initiatives include:

- **The Make in India** campaign, launched in September 2014, to encourage domestic as well as global companies to manufacture in India, thereby creating jobs and enhancing skills in 25 sectors of the economy through deregulation and de-licensing of industries.
- **The Digital India** campaign, launched in July 2015, to develop three core competencies, namely: development of secure and stable digital infrastructure, delivery of government services digitally, and promotion of universal digital literacy to provide internet connectivity to 250,000 villages. These initiatives coupled with new and emerging technologies are enhancing the digital economy of the country and are creating new IT-led opportunities for revenue and job creation in both traditional as well as new sectors of the economy such as transport, health, power, agriculture, and tourism.
- **The Start-up India** initiative, launched in August 2015, with the aim to create a dynamic and entrepreneurial environment by allowing ease of setup and operations of new-age businesses.
- **Skill India** campaign, launched in July 2015, with the aim to train over 400 million people in India with different skills.
- **G20 Summit** was hosted in India in 2023 when India assumed the presidency. The theme for the summit was "One Earth, One Family, One Future." Over 200 meetings were held across the country in 60 different cities.

¹ Source: United Nations Department of Economic and Social Affairs Economic Analysis

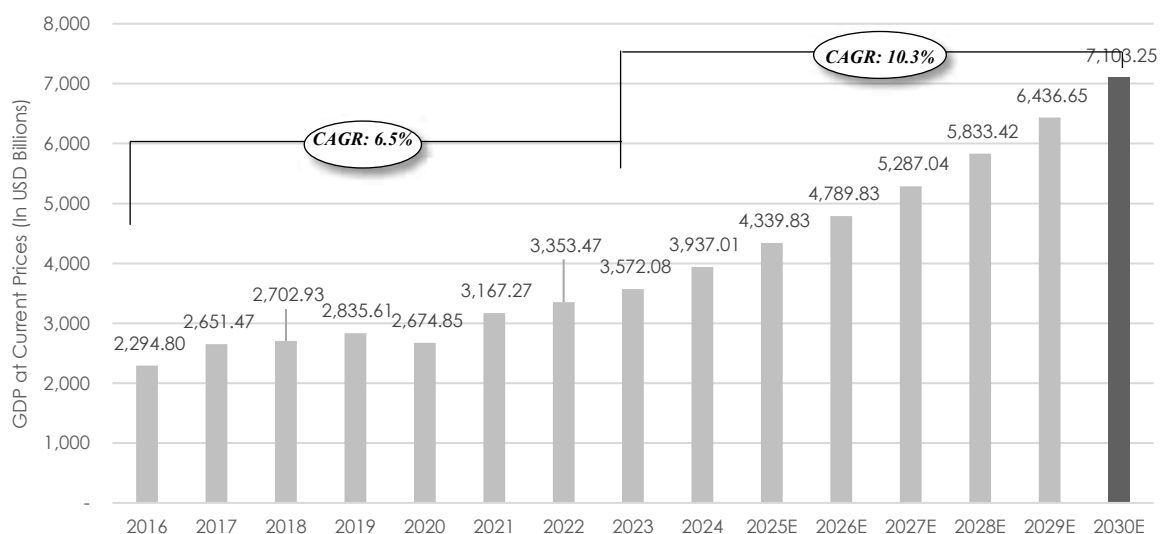
Economic Overview

As per the data released in the World Economic Outlook, April 2024 by the International Monetary Fund (IMF), the world economy remained resilient in 2023, growing at a modest rate of 4.1% despite facing geopolitical unrest and wars that disrupted supply chain movements and resulted in weak global trade, high inflation, and tightened monetary policies across major central banks. India remained relatively immune to these global economic challenges, demonstrating remarkable resilience and vitality by growing faster than its global peers in recent years.

In 2022, India earned the prestigious title of becoming the world's 5th largest economy, surpassing the United Kingdom. This marked a remarkable ascent from its 11th place, just a decade ago. According to the International Monetary Fund (IMF) World Economic Outlook, April 2024, India is poised to overtake both Germany and Japan to become the third largest economy, just behind the United States of America (USA) and China, by 2027 (Source: World Economic Outlook, April 2024, IMF).

According to the IMF's World Economic Outlook April 2024, India's GDP is expected to grow on a real basis by 6.8% in 2024 and 6.5% in 2025. In 2023, India contributed 16% to the global growth (Source: PIB and World Economic Forum). As per IMF, the Indian GDP is expected to expand from USD 3.6 trillion in 2022–23 to nearly USD 5.3 trillion in 2027 and to USD 7.1 trillion by 2030.

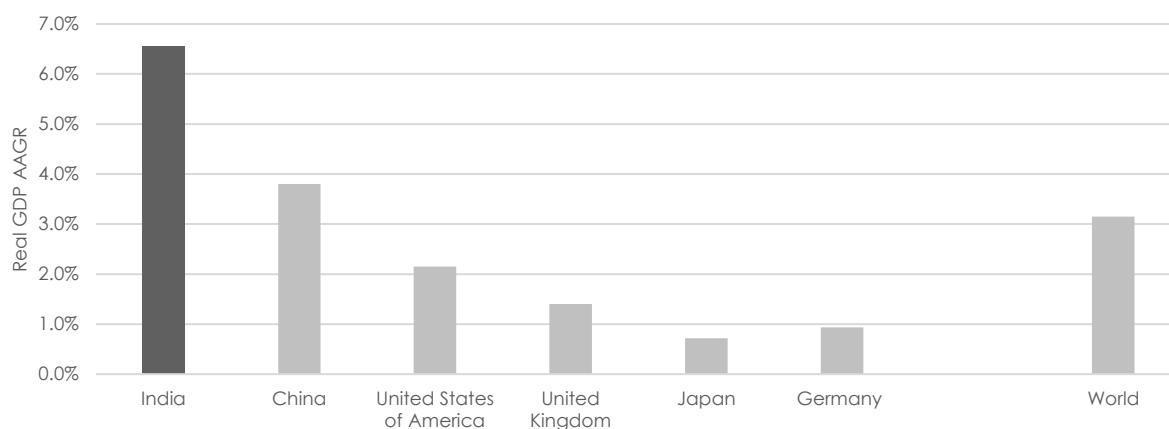
Chart 1.1: India's Nominal GDP (2016-2030F)



Note: E – Estimate, IMF's CAGR for 2024-2029 was carried forward for 2030 estimates

Source: International Monetary Fund World Economic Outlook, April 2024; HVS ANAROCK Research

India is expected to continue to be one of the fastest growing large economies led by: (i) favorable demographics; (ii) India's booming middle class and higher income sections; (iii) favorable government policies; (iv) increasing digitization across segments; and (v) a tactical move towards higher transparency and accountability across institutions. As already mentioned, India is expected to become the world's third largest economy by 2027 in terms of GDP.

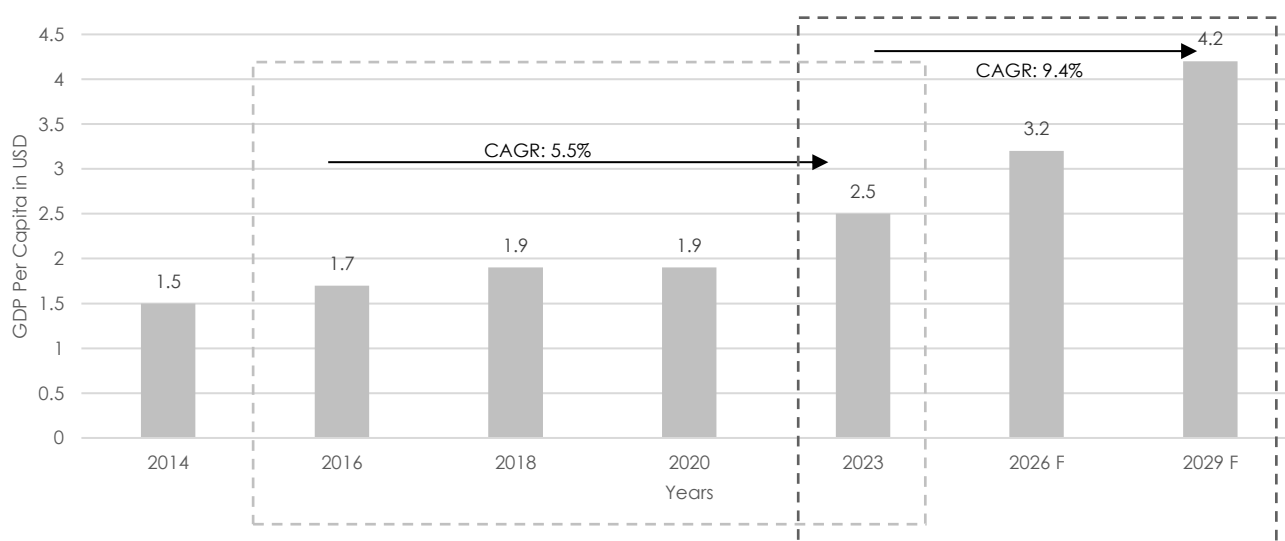
Chart 1.2: Real GDP Growth Comparison (Average Annual Growth Rate 2024-29)

Source: International Monetary Fund World Economic Outlook (IMF), April 2024; HVS ANAROCK Research

As per IMF World Economic Outlook, April 2024, the growth of India's GDP at Current Prices was 6.5% in 2023. The country's GDP is expected to grow at a CAGR of 10.3% from USD 3,572 billion in 2023 to reach USD 6,436.65 billion by 2029. Such robust growth is attributable to a stable political outlook, largest and still expanding working-age population, and persistently strong domestic demand. As per IMF, India is expected to remain among the fastest-growing major economies in the world, well above the global economy CAGR (2023-2029) of 4.8% (Source: World Economic Outlook, April 2024, IMF).

Strong Growth in GDP Per Capita

Over the past several years, the country's per capita income has grown at healthy rates surpassing the crucial threshold of USD 2,000 in 2019. After witnessing a minor contraction during the pandemic in 2020, the GDP per capita grew by 5.5% CAGR between from USD 1714 in 2016 to reach USD 2,500 in 2023. With a 9.4% CAGR from 2023, GDP Per Capita is expected to reach the USD 4,281 threshold by 2029 (Source: World Economic Outlook, April 2024, IMF).

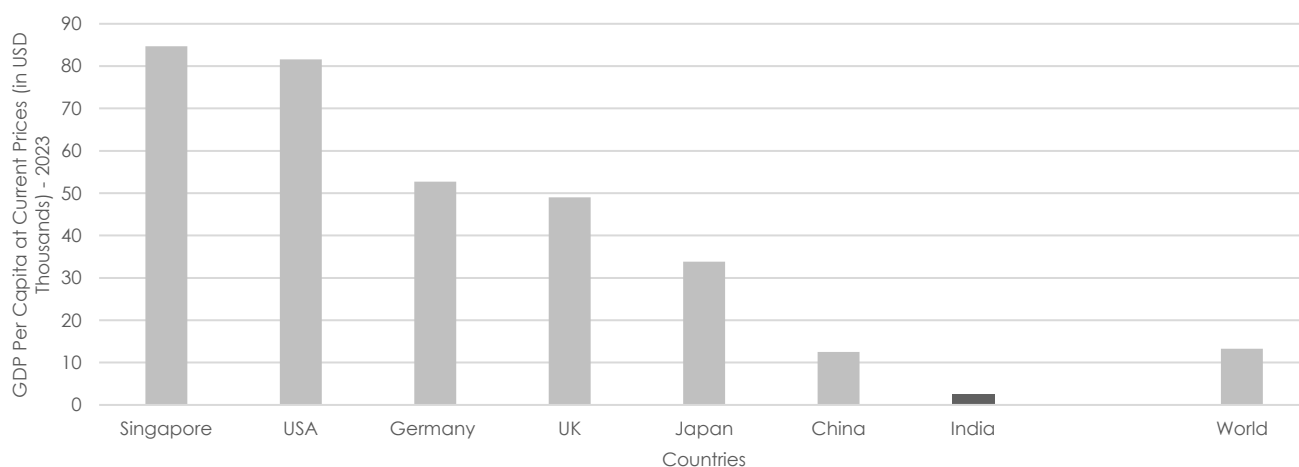
Chart 1.3: India GDP Per Capita, Current Prices (In USD)

Note: F - Forecast

Source: International Monetary Fund (IMF), World Economic Outlook, April 2024; HVS ANAROCK Research

India's per capita GDP is, however, significantly lower than the global peers and the global average.

Chart 1.4: GDP Per Capita, Current Prices (In USD) by Countries (2023)

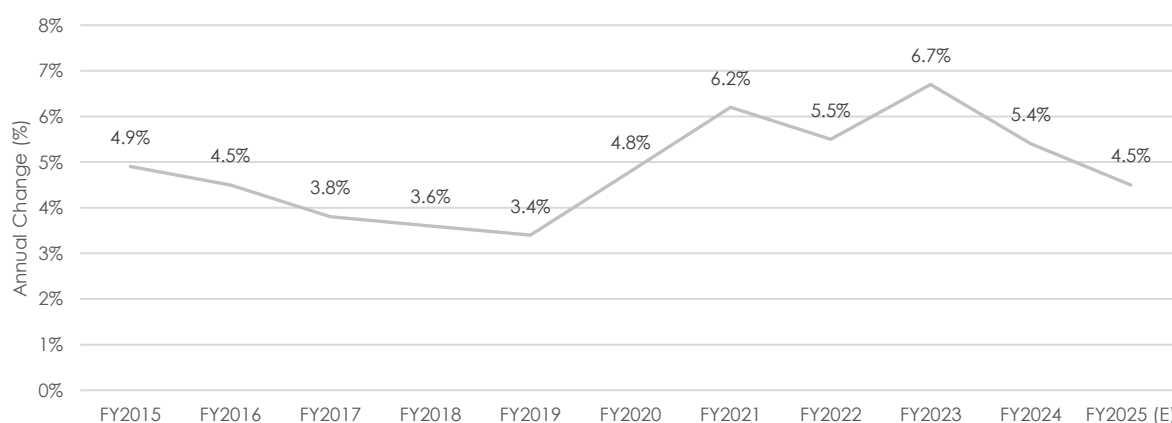


Source: International Monetary Fund (IMF), World Economic Outlook, April 2024

Policy Measures Aimed at Curbing Inflation

Continued global economic instability, persistent high fuel prices, and domestic supply chain adjustments have influenced the inflation trend over the years. Policy measures aimed at curbing inflation have been introduced by the government. Their effect, though gradual, has been positive. Retail inflation was recorded at 5.4% at the end of FY24 as compared to 6.7% in the previous year. Going forward, the Reserve Bank of India (RBI) expects the CPI inflation for the current fiscal to be at 4.5%.

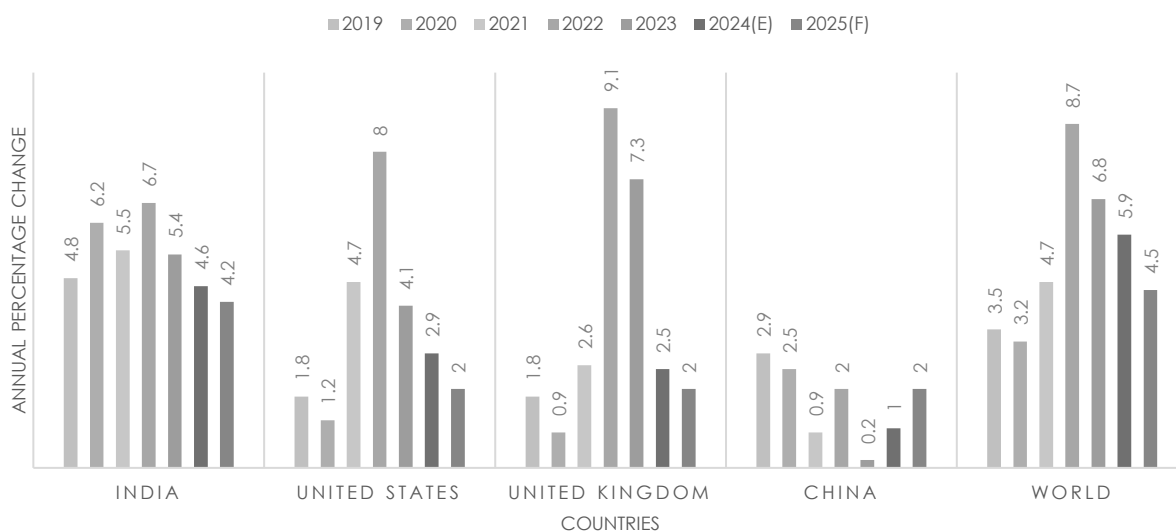
Chart 1.5: Inflation – Average Consumer Price Index (CPI) – FY2015 to FY2025(E)



Note: E – Estimated; FY – Financial Year

Source: Reserve Bank of India Bulletin May 2024, Ministry of Statistics and Programme Implementation (MoSPI) – Government of India

As compared to other global economies, India's inflationary trend has remained far more resilient and range-bound, indicating the impact of prudent policy measures implemented by the GoI, especially during the COVID-19 period.

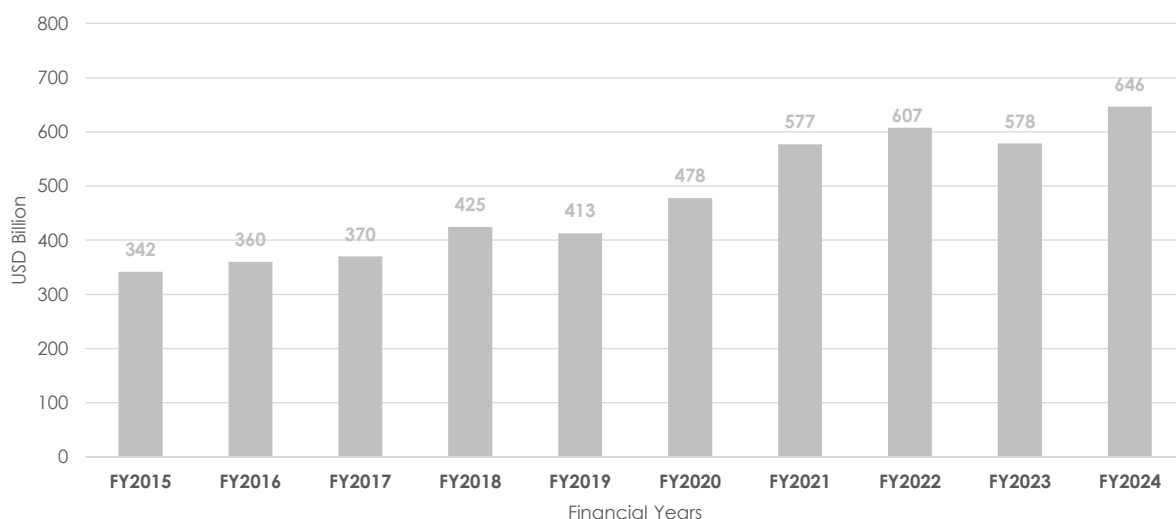
Chart 1.6: Inflation rate, average consumer prices (Annual % change)

Note: E – Estimated, F - Forecast

Source: International Monetary Fund, World Economic Outlook, April 2024

Increasing Foreign Exchange Reserves

Foreign Exchange Reserves in India have also increased significantly over the last ten years, peaking last in FY2022. While global economic instability led many investors to take a more cautious stance in the year FY2023, Foreign Direct Investments (FDIs), software services, and remittances contributed significantly to foreign exchange (forex) inflows in FY2024 helping India's forex reserves to reach new levels of USD 646 billion, breaching the previous high of October 2021.

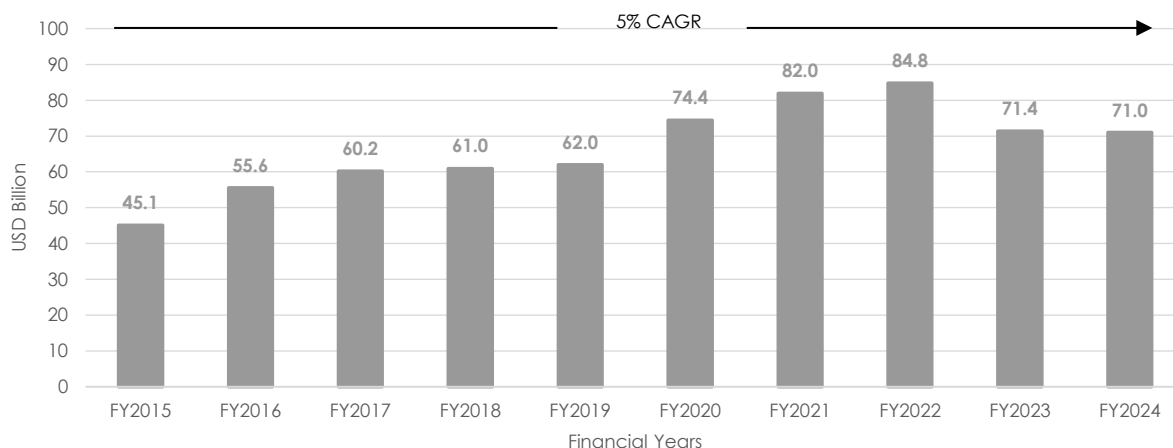
Chart 1.7: RBI Foreign Exchange Reserve (FX Reserve) (In USD Billion) - FY2015 to FY2024

Note: FY- Financial Year

Source: Reserve Bank of India, May 2024

Foreign direct investment (FDI) inflows remained stable at USD 71.0 billion during FY2024 compared to USD 71.4 billion a year ago. Over the decade, investments have grown at a CAGR of 5% with FY2022 recording a peak of USD 84.8 billion.

Chart 1.8: Foreign Direct Investment (FDI) Inflows (In USD Billion) – FY2015 to FY2024



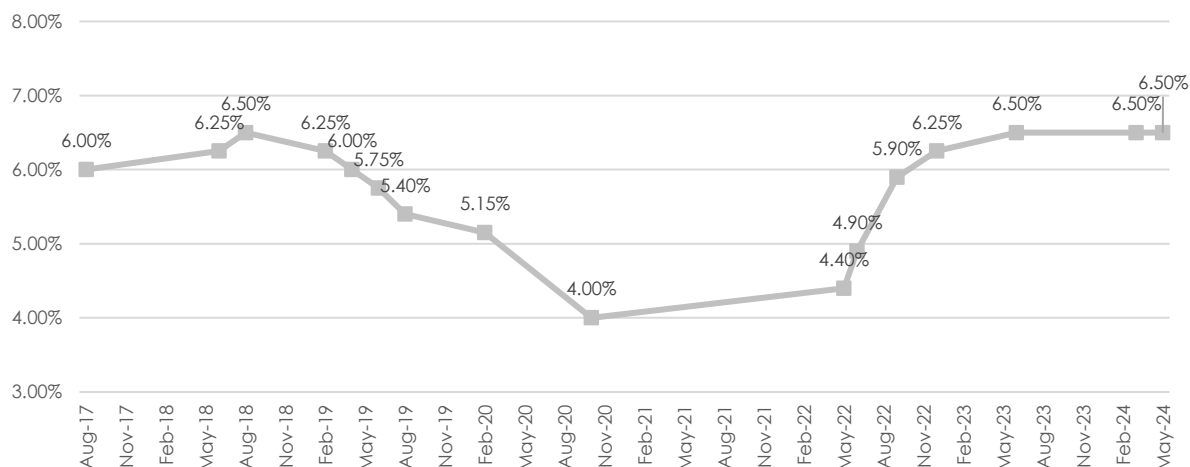
Note: FY- Financial Year

Source: Department of Industrial Policy and Promotion (DIPP) - Government of India

Low Household Income Debt despite growth in Gross Bank Credit

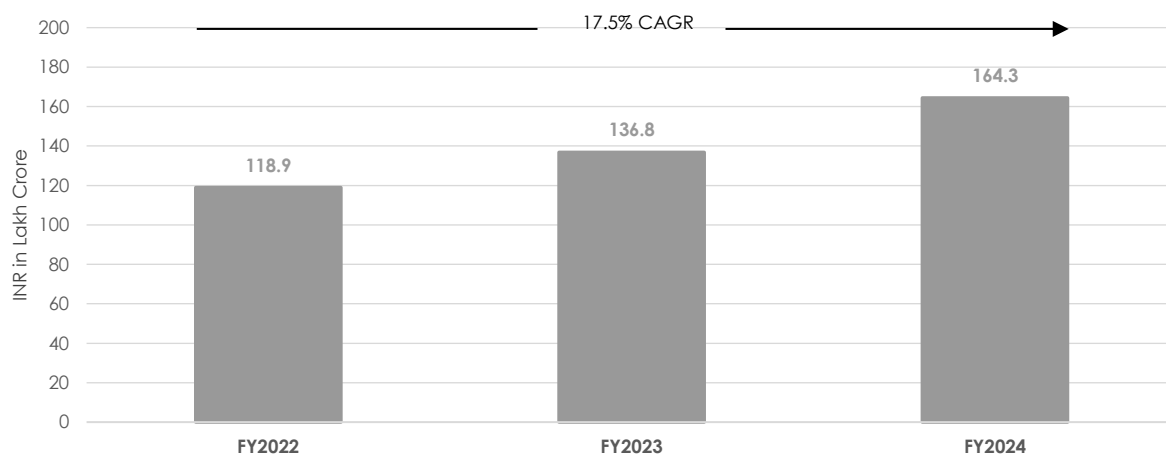
The prevailing Repo Rate by the RBI has remained pegged at 6.5% for the past 17 months. While this is the highest since August 2018, it remains range bound.

Chart 1.9: Repo Rate Trend



Source: Reserve Bank of India

Despite the increase in Repo Rates, the gross bank credit deployment has continuously grown from INR 118.9 lakh crore in FY2022 to INR 164.3 lakh crore in FY2024, which is a positive sign of economic expansion. Investor confidence has been greatly enhanced by the government's commitment to enacting structural reforms that promote private investment. All things considered, these trends point to a conducive atmosphere for growth and investment.

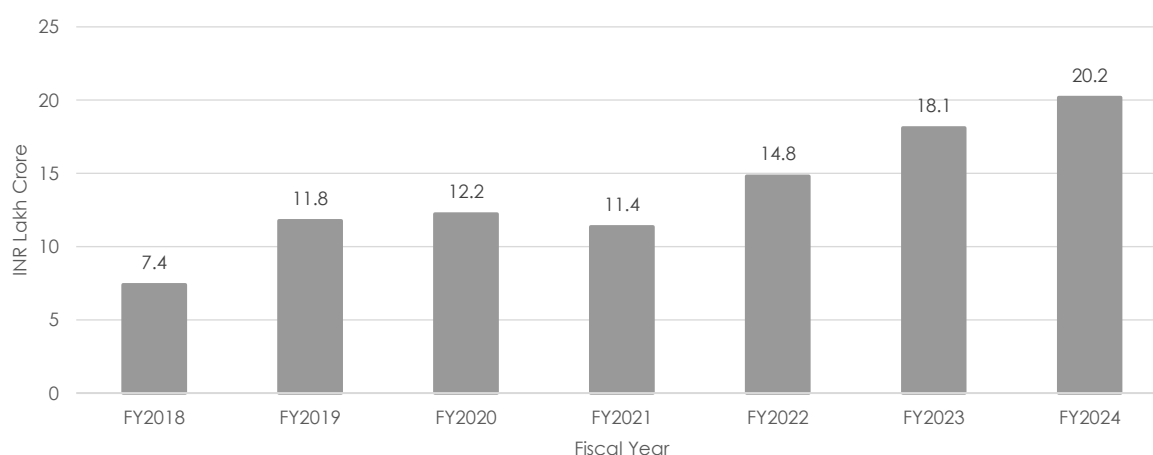
Chart 1.10: Deployment of Gross Bank Credit (in INR Lakh Cr) – FY2022 to FY2024

Note: FY- Financial Year

Source: Reserve Bank of India; HVS ANAROCK Research

Steady increase in GST Collections

The steady increase in GST collection shows a well-developed tax system that replaced the intricate web of interlocking taxes in 2017. The persistent growth in collections despite the worldwide challenges indicates the robustness of the Indian economy. Since it is a tax on consumption, this is a crucial indicator of the state of the economy. Over INR 20 lakh crore was collected in FY2024, growing by a CAGR of nearly 18% from FY2018.

Chart 1.11: GST Collection (in INR Lakh Cr) – FY2018 to FY2024

Source: PIB, Gst.gov.in

Conclusion

Overall, India's cycle of private capital expenditures is about to gather significant momentum. It is now anticipated that the government's heavy capital expenditure spending over the last few years will compete with private investment. It is noteworthy that the majority of India's high-frequency indicators have shown remarkable resilience in the face of the difficulties posed by recent world events. In the upcoming years, the Indian economy is expected to continue its strong growth.

The Indian economy is expected to expand from USD 3.5 trillion in 2022 to nearly USD 5.0 trillion in 2027, according to the IMF's World Economic Outlook, and by the end of the current decade, likely to expand to USD 7.1 trillion. A slew of focused measures is being implemented to accomplish this ambitious target. The National Infrastructure Pipeline of Projects, with an outlay of USD 1.9 trillion, the Push to Capital Expenditure, the implementation of the Production-Linked Incentive Scheme to incentivise India as a manufacturing hub and the national monetisation pipeline of public sector assets are some of the key initiatives.

The government has increased the budget for National Infrastructure Pipeline to INR 170 lakh crore. This amount is to be deployed to develop 9,700 projects across 58 sub-sectors. There nearly 2,000 projects that are currently under deployment. While the National Monetisation Pipeline aims to mobilise INR 6 lakh crore between FY21-FY25, out of which accruals of INR 2.3 lakh crore has already been accomplished.

As these initiatives gain further momentum it is expected to stimulate the national economy even more favourably inducing a significant change in consumption patterns in the country.



2. Indian Consumer

SECTION 2

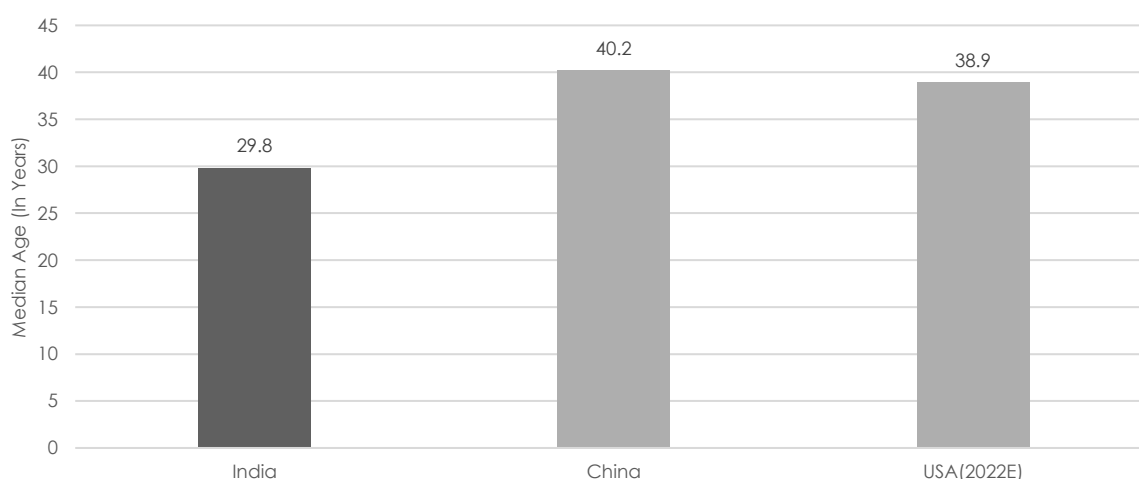
Indian Consumer

India's population advantage over its global contemporaries has provided a foundation for its ascent to prominence in the world economy. Based on the most recent projections from the United Nations Department of Economic and Social Affairs Economic Analysis, published in April 2023, India overtook China as the world's most populous nation after achieving population parity at 1.44 billion, which is projected to increase to 1.5 billion by the end of the decade. According to the United Nations World Population Prospects 2022, nearly 45% of the population in the country is under 25 years, and the projected median age in 2023 was 28 years, almost ten years younger than that of China and the United States of America (USA).

The country's demographic profile is also a key differentiator. A large working-age population bears a direct correlation to rising economic activities within the country. With nearly 67% of the country's population aged between 15 to 64 years, and an additional 27% between 0 to 15 years funnelling from behind, the long-term benefits accruing from a young demographic are expected to propel long-term economic development (Source: The World Factbook, Central Intelligence Agency (CIA)).

India's estimated median age in 2024 is 29.8 years, almost ten years younger than that of major global economies like China (40.2 years) and the USA (38.9 years), with the dividends of a favourable demographic profile expected to continue.

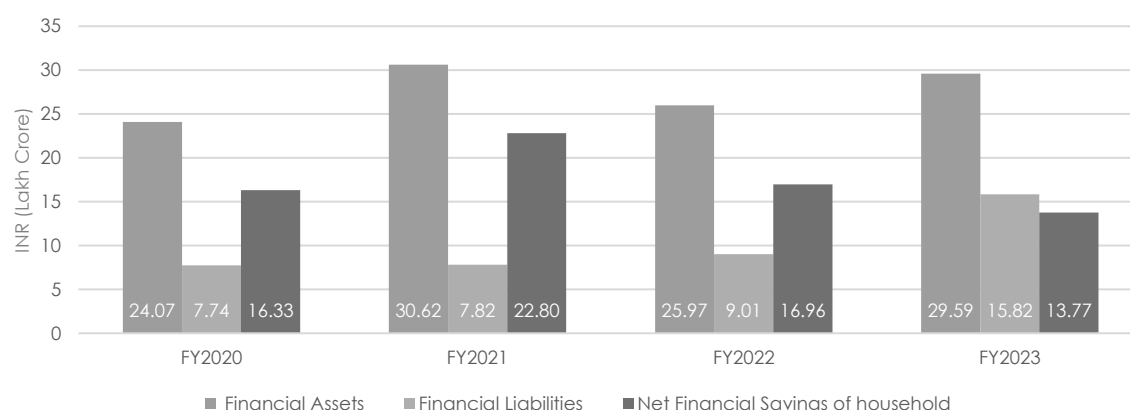
Chart 2.1: Comparison of % Distribution of Population – Age-wise (2023)



Source: The World Factbook, Central Intelligence Agency (CIA)

Household Income

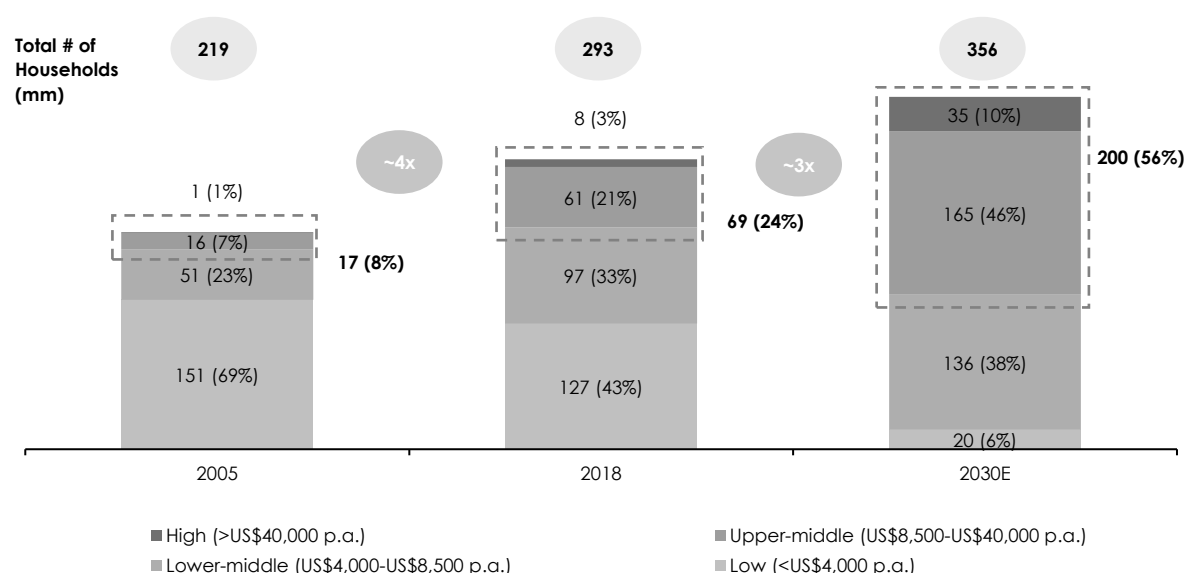
As economic growth continues to drive per-capita income, households in India are not only witnessing a rise in their average household income but also a decline in their net financial savings rate, according to data provided by RBI on India's households financial assets and liabilities. While the gap in the asset liabilities increased during the onset of the pandemic it has since narrowed down again to the previous levels. The increasing financial liabilities are indicative of not only the increasing consumption pattern of households in the country, but also with financial asset levels remaining steady, the quantum of savings rate, denoted through net financial savings is also reducing.

Chart 2.2: Net Financial Savings of Households in India (FY2020 – FY2023)

Source: RBI

India's rapid economic growth is expected to create an exponential rise in the number of high and upper-middle income households to 200 million by 2030, approximately three times that of 69 million in 2018. This marks a significant shift from the population dynamics observed in 2018, where only 24% of households fell into the High and Upper Mid categories. By 2030, it is anticipated that 56% of households will belong to the High and Upper Mid categories, indicating a notable transformation in India's socioeconomic landscape. Rising disposable income amongst the younger generation is further expected to spur spending towards luxury goods & experiences, on the back of increasing global exposure & awareness, growing aspirations and desire for upgraded experiences. (Source: Rajesh Shukla (2022), "The Rise of India's Middle Class: Results from PRICE's ICE 360 Surveys", People Research on India's Consumer Economy (PRICE)).

In comparison, the number of households with income of between USD 35,000-49,000 in the USA has remained range bound at around 10% from 2018-2022 (refer to Appendix Table A.1). While the income group of above USD 49,000 has remained around 64-67% of the population during the period 2018-2022.

Chart 2.3: Household Income Profile in India

Note: Estimate - E

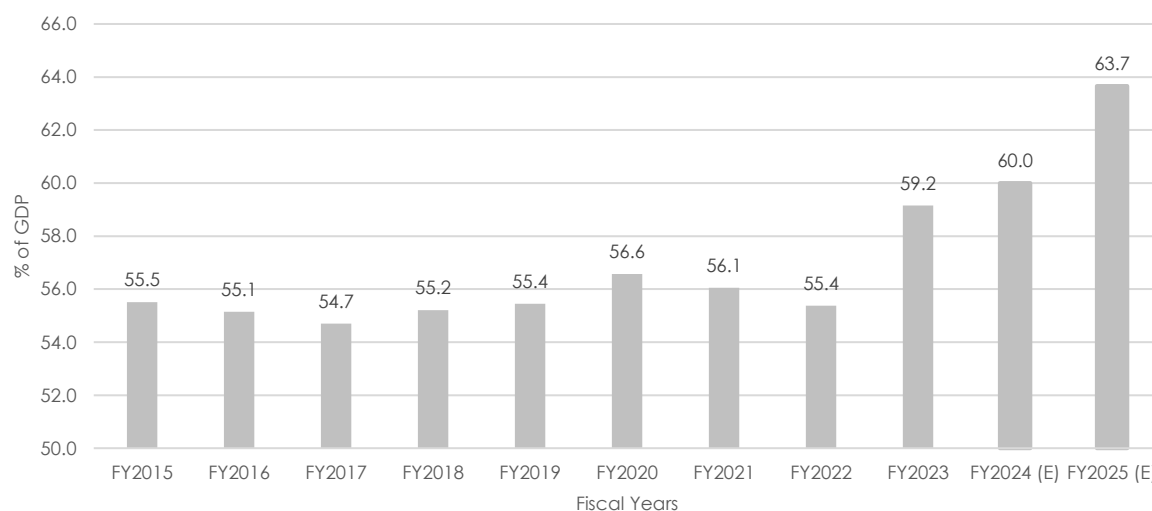
Incomes: Low (< USD 4,000), Lower Mid (USD 4,000- 8,500), Upper mid (USD 8,500-40,000) and High Income (> USD 40,000), basis income household in real terms.

Source: Rajesh Shukla (2022), "The Rise of India's Middle Class: Results from PRICE's ICE 360 Surveys", People Research on India's Consumer Economy (PRICE)

Increasing Consumption

Over the past decade, domestic consumption has emerged as a vital pillar of the Indian economy, growing significantly over the years. The Private Final Consumption Expenditure (PFCE) as of FY2023-24 is estimated to be nearly 60% of GDP, a near 5 percentage points increase over stabilised levels witnessed before the pandemic.

Chart 2.4: Private Final Consumption Expenditure as a % of GDP

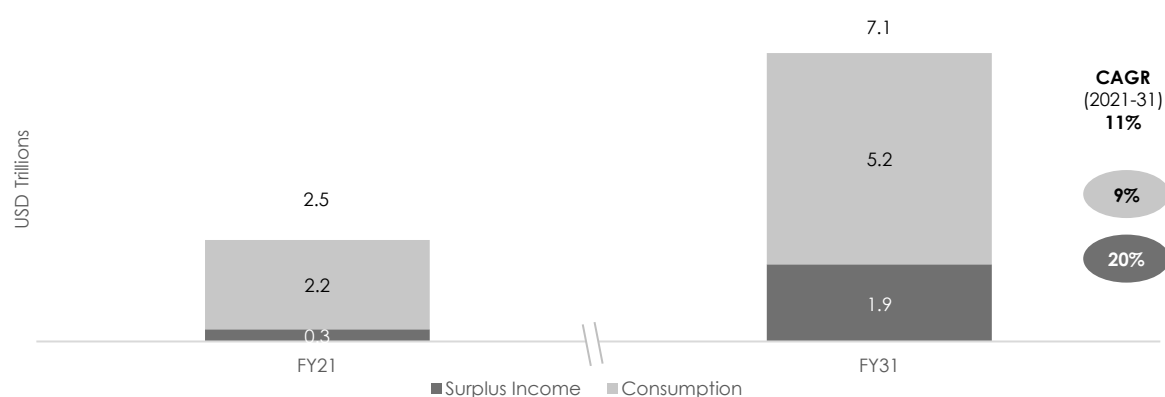


Note: Estimate - E

Source: NSO, MOSPI, Economic Survey 2023

Growing affluence, increase in high and upper middle-income households, low median age of population and rise in urbanization are expected to drive higher consumption, particularly in the luxury segment. Between FY2021 and FY2031 India is expected to have an incremental consumption potential of approximately USD 3 trillion, nearly 2.4 times higher than FY2021 levels. Consumption in India is expected to grow at a CAGR of 9% between 2021 and 2031.

Chart 2.5: India Expected to be a USD 5 Trillion Consumption Economy by 2031



Source: Rajesh Shukla (2022), "The Rise of India's Middle Class: A Force to Recon With", People Research on India's Consumer Economy (PRICE)

The Indian Household Consumer Expenditure Survey released by the Ministry of Statics and Program Implementation (MOSPI) between August 2022 and July 2023 indicated a notable change in the purchasing habits of Indian households. According to the survey, the share of non-food expenditure comprising travel, entertainment and conveyance in urban areas has grown to approximately 61% over the years 2022 to July 2023 from 57% over 2011 to 2012. Over the last two decades average monthly per capita consumption expenditure has grown at a CAGR of 9% from INR 855 to 6,459.

Table 2.1: Trend in level of Consumption: All-India as denoted by Average Monthly Per Capita Consumption Expenditure (MPCE)

MPCE in INR	1999-'00	2022-23	CAGR
Rural	486	3,773	9.3%
Urban	855	6,459	9.2%

Source: Survey on Household Consumption Expenditure 2022-23 - Fact sheet, MoSPI, NSO, HVS ANAROCK Research

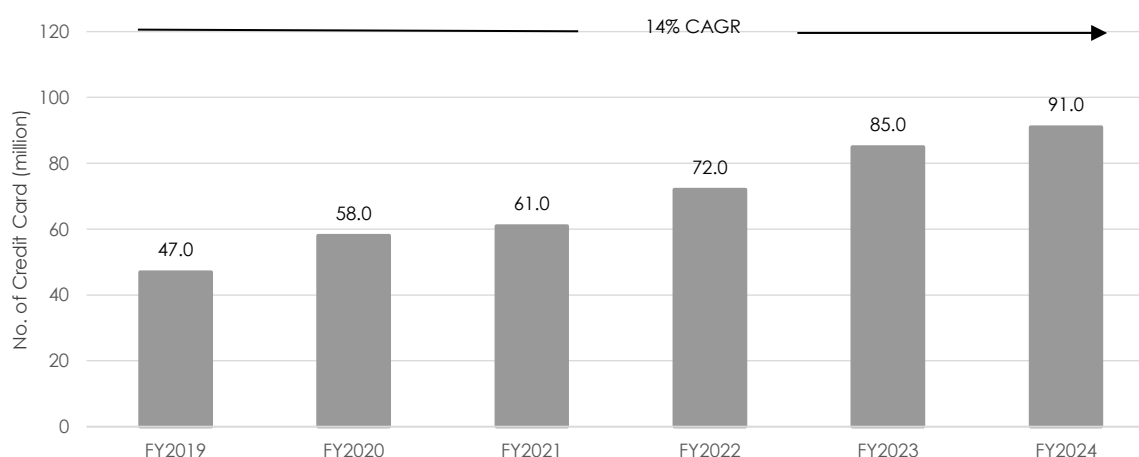
In addition to a strong increase in PFCE, credit-driven consumption has also become more prevalent among Indian consumers - evidenced by the significant increase in the scheduled commercial bank loan book for personal loan disbursements, credit card debt, increasing vehicle loans, and tripling housing loans.

Table 2.2: Deployment of Gross Bank Credit by Major Sectors (In Lakh Crore)

Loans	FY2022	FY2023	YoY % FY2023 Vs FY2022	FY2024	YoY % FY2024 Vs FY2023
Personal Loans	35.34	42.20	19.4%	53.63	27.1%
Vehicle Loans	4.15	5.08	22.4%	5.94	16.9%
Credit Card Outstanding	1.60	2.10	31.3%	2.60	23.8%
Housing Loans	17.61	20.05	13.9%	27.44	36.9%

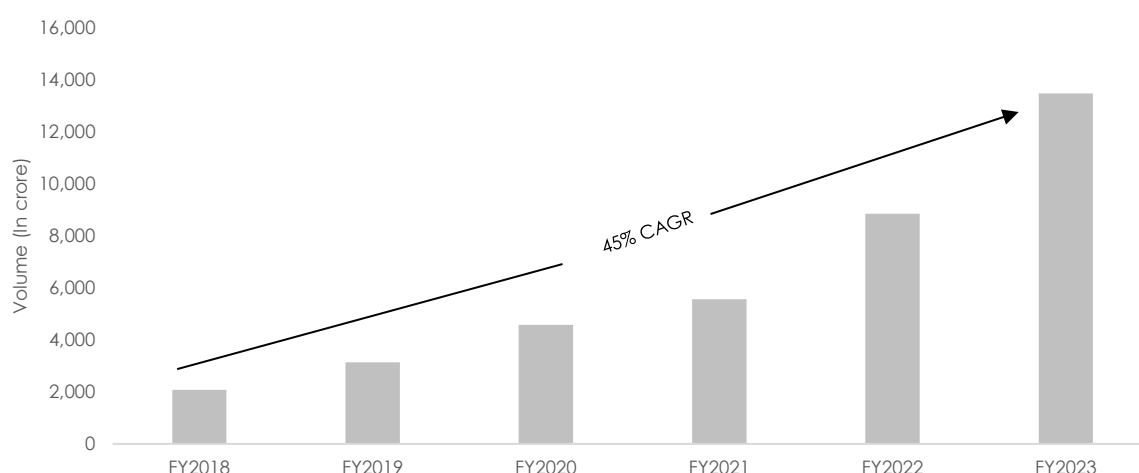
Source: RBI

Chart 2.6: Credit cards have almost doubled in India since FY19 from below 50 million to just above 90 million in FY2024



Source: RBI

The digital infrastructure and the ecosystem of digital payments that facilitates it is one of the main drivers of the structural changes that are supporting the shift in the consumer behaviour propagated by the young population. The growth in digital transactions has been a game-changer for the country.

Chart 2.7: Increase in Digital Payment Transactions

Data available till December 11, 2023.

Source: RBI, National Payments Corporation of India (NPCI) & DIGIDHAN Portal, HVS ANAROCK Research

The Indian Household Consumer Expenditure Survey released by the Ministry of Statistics and Programme Implementation (MoSPI) between August 2022 and July 2023, indicated a notable gradual change in the purchasing habits of Indian households. During the last decade, while there was a noticeable decline in the amount of money spent on consumables such as clothing, food, and beverages there was a rise in indulgent spending on luxury and aspirational goods and services like entertainment and travel. According to the survey, spending on food in urban areas declined to 39% in Aug 2022-Jul 2023 from 43% in 2011-12, while the share of non-food expenditure comprising travel, entertainment, and conveyance among others grew to approximately 61%, from 57% in the above period. This shift was majorly driven by urbanisation trends and changing preferences of the younger population.

The report further cited that in the past few years, consumer preferences had shifted towards higher value goods and services indicating their prosperity and affinity towards aspirational products and experiences. This was possible due to the increasing per capita income of the country and rising disposable income in the hands of consumers.

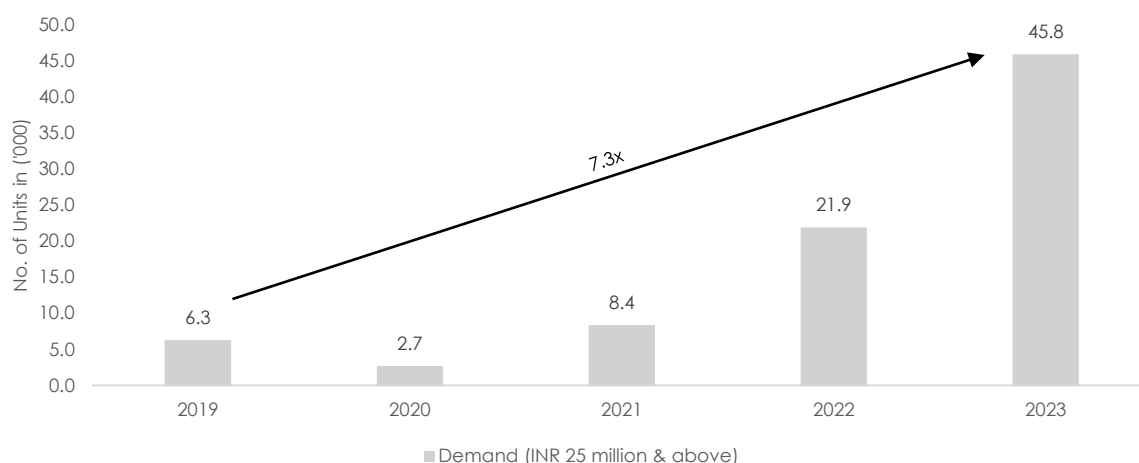
Indian Luxury Market

The luxury market in India is fuelled by various factors like an increasing number of Ultra-High-Net-worth Individuals (UHNWIs) (net worth of USD 30 million or more), a robust middle class, increased e-commerce penetration and demand from tier 2 and tier 3 cities. India now ranks 3rd in the world after the USA and China in terms of the number of billionaires, having increased by 11 times in the past ten years, and ranks 11th in terms of the number of UHNWIs. This is also indicative of the rise in High-Net-worth Individuals (HNIs). As per Henley and Partners BRICS Country Wealth Report, the country had 326,400 millionaires in 2023, indicating an increase of 85% from 2013.

Luxury spending outperforming broad-based consumption in India

Rising income levels and the prospects of a stronger and more resilient economy are fuelling the evolution of consumer patterns across the urban and rural landscape of the nation. The rising number of UHNWI stands as testimony to this phenomenon. These trends are enabling India's rise as a potential market for luxury goods and services in the region. The growth in luxury housing, luxury cars, and luxury brands is demonstrable of the significant rise.

Over the previous four years (2019-2023), the percentage of properties sold in India costing over INR 25 million (USD 300,000) has grown 4 times as per ANAROCK research. The growing demand for larger homes by renowned developers in prime locations is fuelling the residential market.

Chart 2.8: Number of Luxury Residences Costing Over INR 25 million in Top 7 Indian Cities

Source: ANAROCK Research, Data for Top-7 cities

- Growing Sales of Luxury Cars** - In the Indian passenger vehicle market, the luxury automobile segment expanded by a remarkable 20% in FY2024 with the top 3 makers together witnessing a growth of 53% between FY2020 and FY2024. Sales of top-3 luxury automobile makers in India account for nearly 1% of all passenger vehicle sales in India in FY24.

Table 2.3: Top-3 Luxury Automobiles Sales

Company Name	Sales in FY2024	% Change in FY2024 Vs FY2023	Sales in FY2020	% Change - FY2024 Vs FY2020
Mercedes-Benz	18,123	10%	11,394	59%
BMW	14,172	18%	9,641	42%
Audi	7,027	33%	4,594	66%

Source: FADA - Federation of Automobile Dealers Associations, India

Luxury brands and global players are gaining traction in India - International luxury brands are making a concerted effort to increase the accessibility and availability of their products in the Indian market by setting up flagship stores and boutiques. In recent years, some high-profile labels have made their way to India, including Valentino, Balenciaga, and Tiffany & Co among others. According to industry estimates, India today occupies a prime position among global luxury brands and as of 2022, accounted for approximately 6% of the luxury market in Asia Pacific. Despite a small share, and the base effect, the market grew at a robust rate of 33% in comparison to 4.6% growth globally during the last two years, making it the fastest-growing luxury market in Asia and second in the world to Spain. In 2023, luxury labels such as LVMH, Hermes, Gucci, Rolex, and Christian Dior have reported significant increase in sales over the previous year.

Table 2.4: Revenue of Select List of Global Luxury Brands in India - INR (in Million)

International Luxury Brands	FY2020	FY2024	FY2020-FY2024 CAGR
LVMH	2,462	7,218	31%
Hermes	1,096	2,515	23%
Christian Dior	453	1,903	43%

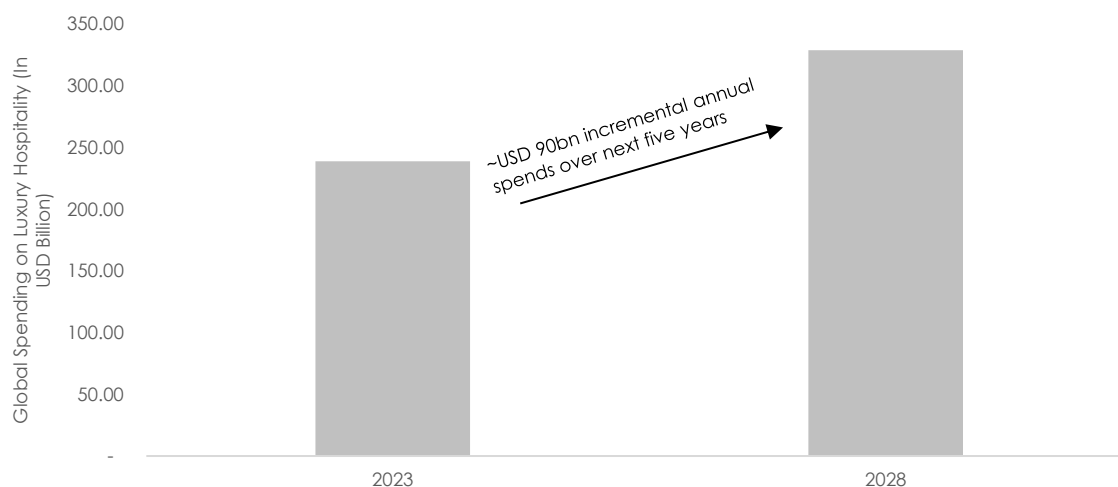
Source: Company Financials
#Covid Years of FY21 and FY22 have not been included.

Global Tailwinds Supporting Luxury Hospitality

The luxury hospitality segment is witnessing high growth, driven by the sharp increase in affluence globally and a large and expanding base of travelers willing to spend on luxury travel options. Consumer spending is increasingly expanding beyond products to experiences and experience-based products.

Luxury spends are expected to grow at a CAGR of nearly 5% over 2023 to 2026E, reaching USD 1.6 trillion in value. The hospitality sector is expected to be one of the key beneficiaries, with nearly USD 90 billion expected in incremental spends over the next five years.

Chart 2.9: Global Spending on Luxury Hospitality



Source: Euromonitor

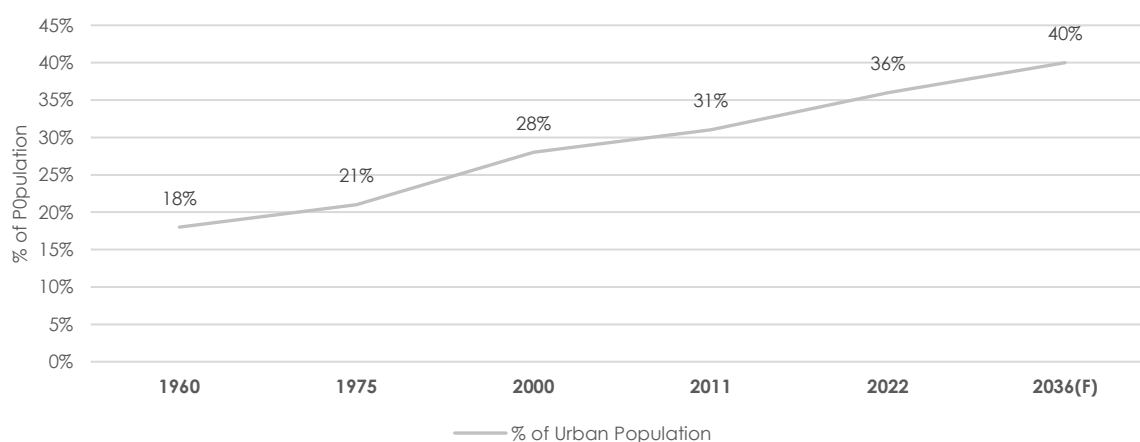
Note: Luxury Hospitality Spending includes spend on hotels, food services and fine wines & spirits

Spending on luxury tourism globally is expected to grow at a CAGR of 6.6% over FY2023 to FY2028, driven mainly by growth of high-net-worth individuals ("HNWI") and ultra-high net worth individuals ("UHNWI") population, particularly in Asian countries with India being a key driver. (Source: Euromonitor).

Growing Urbanization

India is experiencing a rapid increase in urbanisation in tandem with its growing population. Approximately 518 million people live in urban areas, according to the World Bank, which is over 1.4 times larger than that of the USA. As per studies conducted by the World Bank, over 600 million people, or 40% of the population are expected to live in towns and cities by 2036, up from 31% in 2011, with urban regions producing approximately 70% of the country's GDP.

Chart 2.10: Percentage of Population in Urban & Rural Areas



Source: World Bank Open Data Urban population (% of total population) - India, United Nations Population Division, World Urbanization Prospects: 2018 Revision.

Conclusion

India's favourable demographic dividend owing to the anticipated growth in population to 1.5 billion by the end of 2030 is likely to create a massive segment of workforce that will productively add to the economic growth of the nation. These factors indicate the rising economic growth which is expected to reposition India to be the third largest economy in the world. This will also fuel consumption and alter the prevailing patterns making room for more aspirational and high-end products and services.



3. India Travel & Tourism

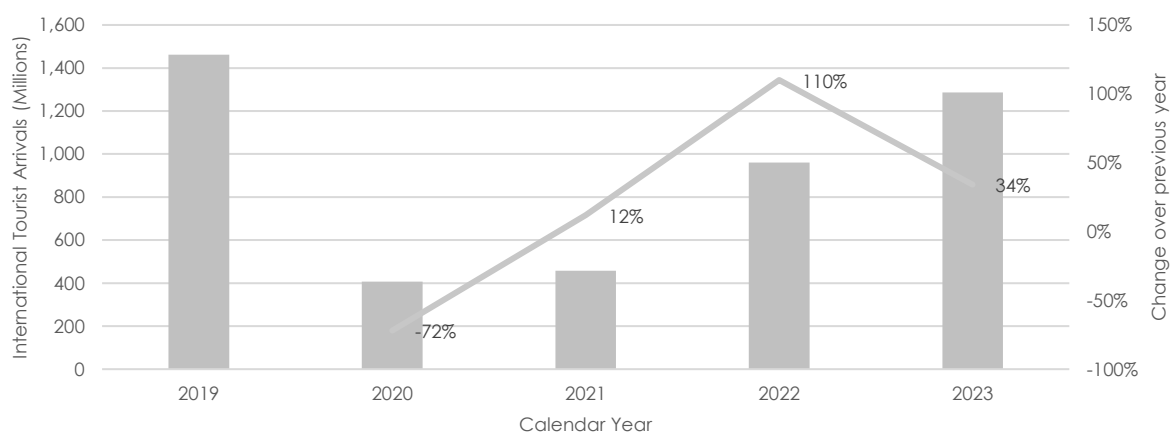
SECTION 3

India Travel & Tourism

Global Travel and Tourism

Despite the ongoing global tensions impacting traffic movement between countries, global International Tourist Arrivals (ITAs) grew by 34% in 2023 compared to the previous year, reaching 88% of the pre-pandemic levels of 2019. The recovery in the Asia-Pacific region in 2023 outshined the rest of the world, with a growth of more than 155% over the previous year. The Middle East also stood out as the only region to have surpassed the 2019 ITA levels by over 22%. After the strong rebound in 2023, the United Nations World Tourism Organization's (UNWTO) World Tourism Barometer, in its January 2024 publication, estimated that international tourism will not only recover to the pre-pandemic levels but also exceed by 2%.

Chart 3.1: Global International Tourist Arrivals (ITA)



Source: "World Tourism Barometer", United Nation's World Tourism Organization, January 2024; UN Tourism Data Dashboard, accessed on 24th April 2024; HVS ANAROCK Research

Table 3.1: ITAs by Region 2023

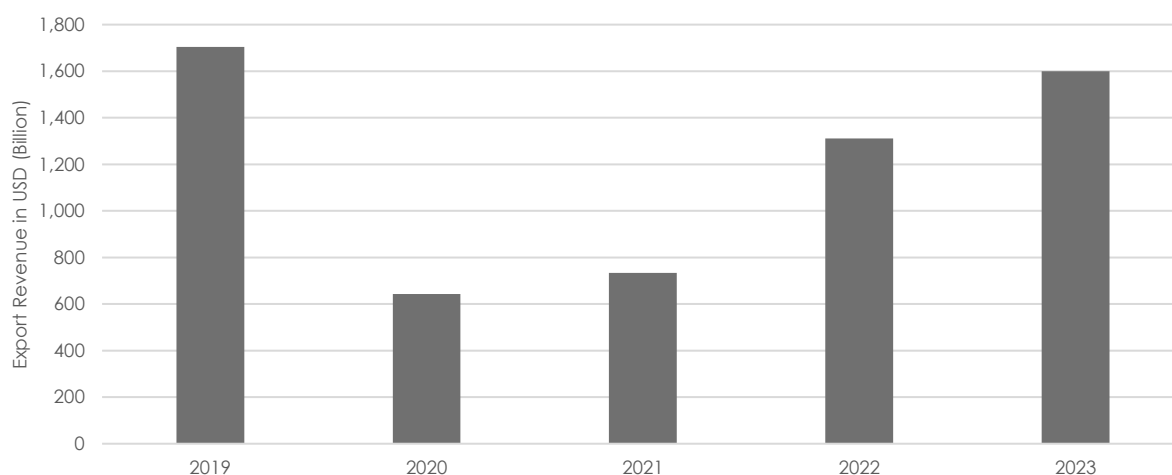
Tourist Arrivals	2023 (in Millions)	Growth Compared to 2022	Growth Compared to 2019
Global	1,286	34.0%	-12%
Americas	198	26.6%	-10%
Africa	66	39.8%	-3.9%
Europe	700	17.4%	-5.7%
Middle East	87	28.5%	22.1
Asia-Pacific	233	155.1%	-35.2%

Source: "World Tourism Barometer", United Nation's World Tourism Organization, January 2024; UN Tourism Data Dashboard, accessed on 24th April 2024; HVS ANAROCK Research

Export Revenue from International Tourism

Export revenue from international tourism recovered to USD 1,600 billion in 2023, approximately 6% below the pre-pandemic levels of 2019. The narrowing gap and robust growth witnessed in Asia and the Middle East are likely to set a new benchmark in 2024.

Chart 3.2: Export Revenue from International Tourism

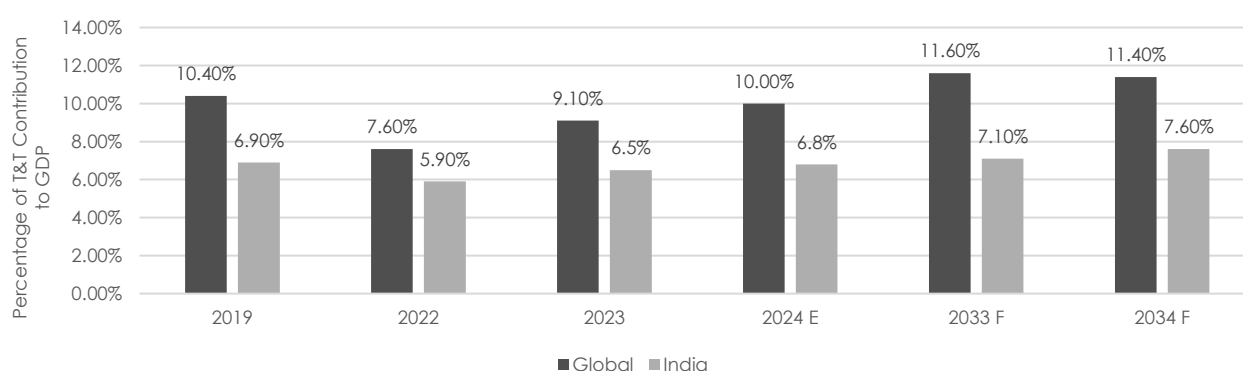


Source: "World Tourism Barometer", United Nation's World Tourism Organization, January 2024; UN Tourism Data Dashboard, accessed on 24th April 2024

India Travel and Tourism

India is renowned for its diverse cultural heritage, scenic landscapes, and rich historical legacy. The country's travel and tourism (T&T) sector plays a crucial role in its economic development, contributing significantly to GDP and employment. Despite the challenges posed by global events and the COVID-19 pandemic, the resilience of India's tourism industry is evident in its robust recovery and strong growth in both Foreign Tourist Arrivals (FTAs) and Domestic Tourist Visitors (DTV's).

Chart 3.3: Total Contribution of Travel and Tourism to GDP



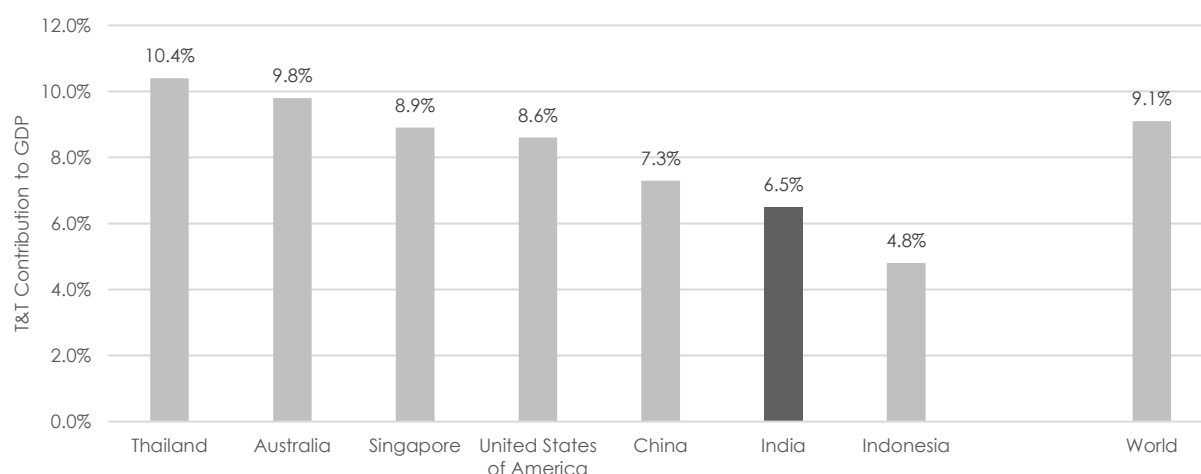
Source: WTTC Economic Impact Research (EIR) 2023, 2024

When compared to major economies, India Tourism contribution to GDP falls short by more than 2 pp of the United States and approximately 4 pp of Thailand. Thailand being in close proximity to India, highlights the potential India has to develop its tourism to reach at par with its global peers.

In 2023, the travel and tourism industry in India contributed only 6.5% to the overall GDP, well below the global average of 9.1% (Source: WTTC Economic Impact Research (EIR) 2024) – highlighting the significant room for growth in the Indian hospitality segment. The Indian travel industry is undergoing remarkable

transformation, shaped by shifting travel preferences towards unique, experiential, and immersive journeys. Segments such as heritage, wildlife, spiritual and wellness travel are seeing an uptick in demand. Growth in MICE visitation, growth in ancillary areas of hospitality including branded residences, serviced apartments and member clubs and growth in outbound travel are expected to drive future growth of Indian luxury hospitality.

Chart 3.4: Travel and Tourism Contribution to GDP of Major Economies in 2023



Note: (E) – Estimate

Source: WTTC Economic Impact Research (EIR) 2024

The hospitality sector growth is correlated with the GDP growth as we have seen in other geographies and we expect Indian hospitality market to deliver strong growth in coming years. The US and Europe had witnessed strong GDP growth in the 1980s followed by a doubling of GDP within a decade. India is expected to witness something similar. Hospitality brands such as Marriott and Accor increased their hotel count in their home regions by nearly 7 and 4 times by number of properties respectively during this period. The Indian branded hospitality segment is well placed to witness accelerated growth with the doubling of GDP expected between 2023 – 2030.

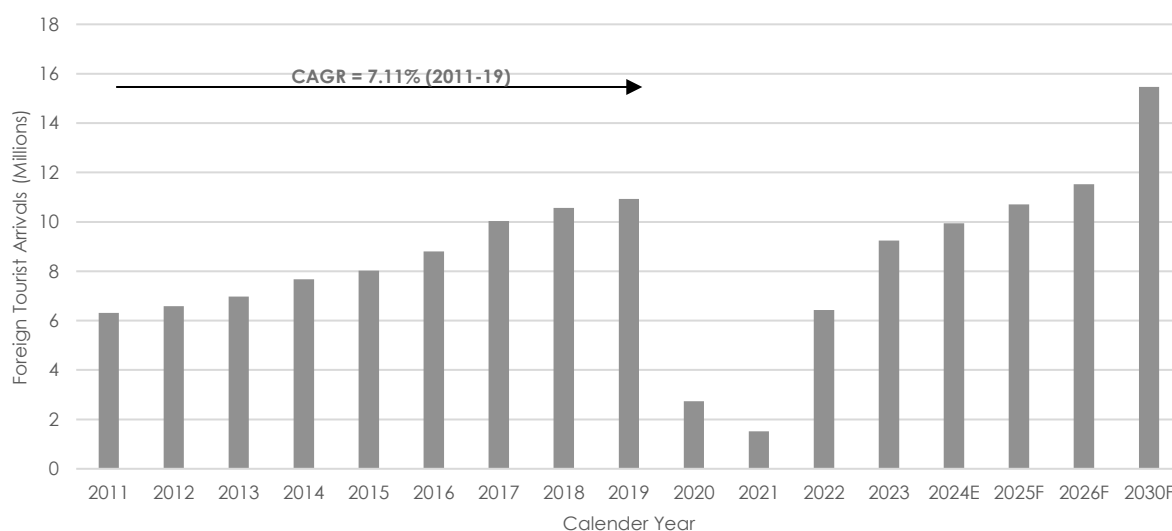
Foreign Tourist Arrivals

Though FTAs account for less than half a percent of India's total tourists, the growth has been significant in recent years. FTAs increased at a compounded annual growth rate (CAGR) of 7.11% between 2011 and 2019, reaching nearly 11 million in 2019. This growth was driven by a combination of factors, including improved infrastructure, enhanced airport facilities, better connectivity, and targeted government initiatives such as the e-visa scheme and the Incredible India campaigns. Such efforts have made India more accessible and attractive to foreign visitors, significantly boosting its appeal as a tourist destination.

However, the COVID-19 pandemic in 2020 became a significant roadblock in this growth story. International travel restrictions and lockdowns led to a substantial decline in FTAs as global travel came to a halt. Despite these challenges, the sector has shown remarkable resilience. As restrictions lifted, FTAs surged by over 300% in 2022 due to the base effect, followed by an additional 49% growth in 2023.

Wide cultural footprint, improved infrastructure, enhanced airport facilities, and impetus by government initiatives including the launch of new circuits and destinations, and visa reforms, have added to India's accessibility and attractiveness to foreign visitors. Foreign Tourist Arrivals (FTAs) have shown a sharp recovery post COVID, with projected 2024 arrivals at approximately 10 million (Source: Ministry of Tourism, India Tourism Statistics 2023 & HVS ANAROCK Research). FTAs are expected to be key drivers of growth in leisure travel. In 2023, 46% of FTAs, the largest share, accounted for leisure holiday and recreation.

The Leela has a strategic footprint across 10 key Indian business and leisure destinations which capture 79% of international air traffic to India and 54% of the domestic air traffic. (Note: Considers passenger traffic at New Delhi, Mumbai, Bengaluru, Jaipur, Udaipur, Chennai, Ahmedabad, and Cochin airports)

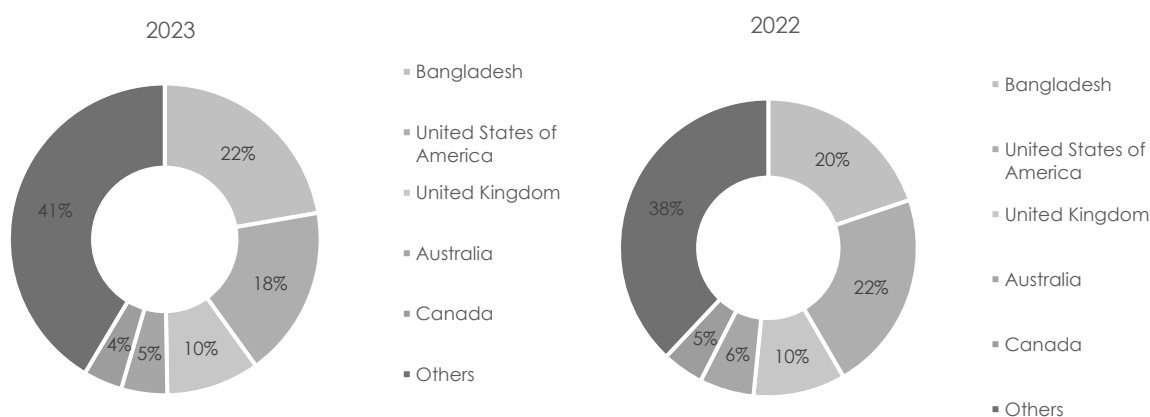
Chart 3.5: Foreign Tourist Arrivals

Note: Est – Estimate; F - Forecast

Source: Ministry of Tourism, India Tourism Statistics 2023 & HVS ANAROCK Research

A key factor supporting this growth in FTAs is the ease of travel. Recognizing the contribution of FTAs, the government introduced the concept of E-Tourist visas in 2014, initially for 48 countries, and then subsequently expanding to 170 countries. Schemes like Visa-on-arrival and E-Tourist visas have simplified the travel formalities for international visitors in India. Between 2015 and 2019, arrivals through e-visas grew at a staggering CAGR of 60.1%. E-visas were suspended in the aftermath of the pandemic and then restored in 2022.

The United States of America and Bangladesh have been the top two source markets for FTAs in India for the past few years. The English-speaking countries including the USA, United Kingdom (UK), Australia and Canada made up for 36.6% of the total FTAs in 2023. The top five countries cumulatively accounted for 58.57% of the source market.

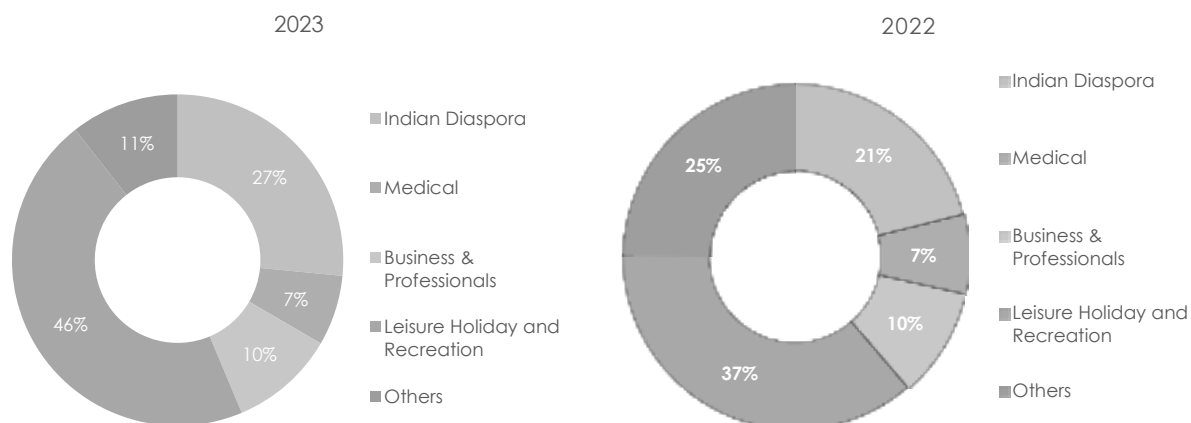
Chart 3.6: Top Source Countries for FTAs 2023 and 2022

Source: Bureau of Immigration, GOI; Ministry of Tourism, Monthly Tourism Statistic December 2023

The largest share of FTAs in 2023, is accounted by Leisure Holiday and Recreation followed by members of the Indian diaspora who are settled internationally. Medical tourism is also a significant driver for demand in hotels.

The Leela is present in three of the top five leisure markets in India. Growing affluence, increasing population of HNWLs and UHNWLs and growth in FTAs (accounted for 46% of the leisure holiday and recreation segment in 2023) have been key drivers for the segment.

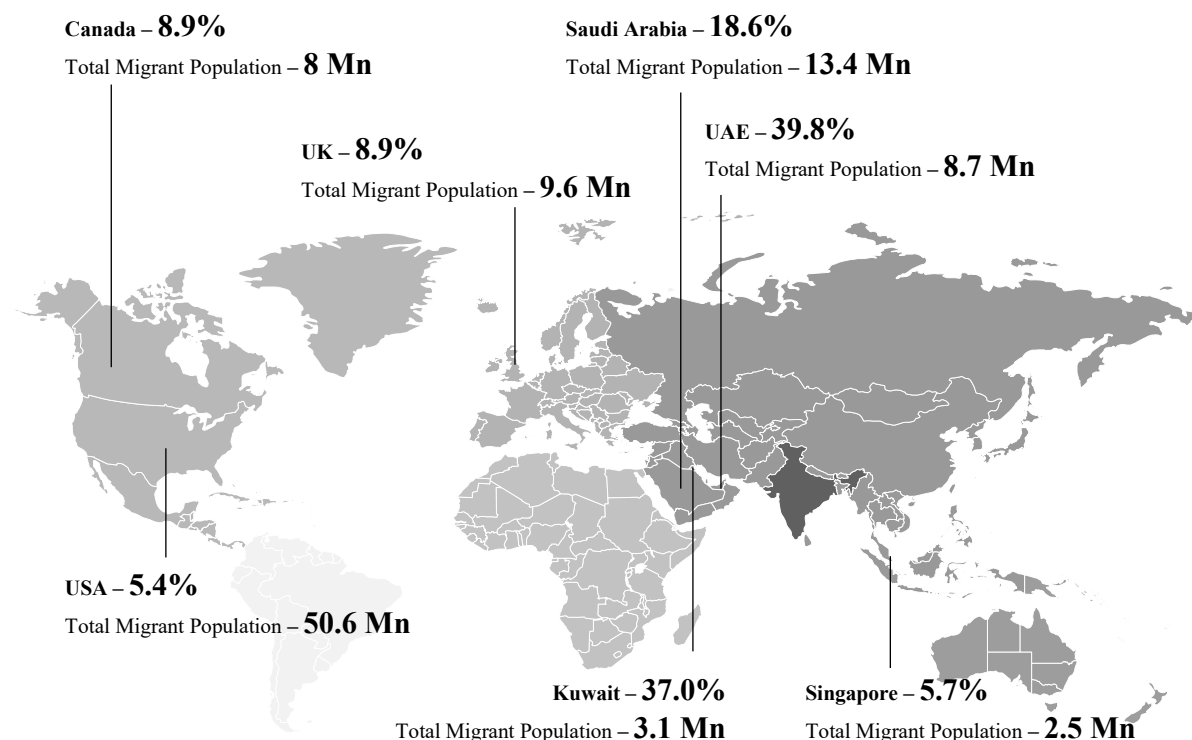
Chart 3.7: Purpose-wise FTAs 2023 and 2022



Source: MoT, India Tourism Statistics 2023; Monthly Tourism Statistics December 2023

Chart 3.8: Growing Indian Diaspora Abroad Is Further Propelling Growth in FTAs

(Indian Population as a % of Total Migrant Population – 2020)



Source: United Nations Department of Economic and Social Affairs

The UAE, US, Saudi Arabia, Oman, Kuwait, Canada, Singapore, and the UK represent the top countries with the highest Indian-origin population as a percentage of total migrant population. These countries with their strong Indian diaspora base represent an attractive growth opportunity for Indian luxury brands to expand their geographic footprint.

Domestic Tourist Visits

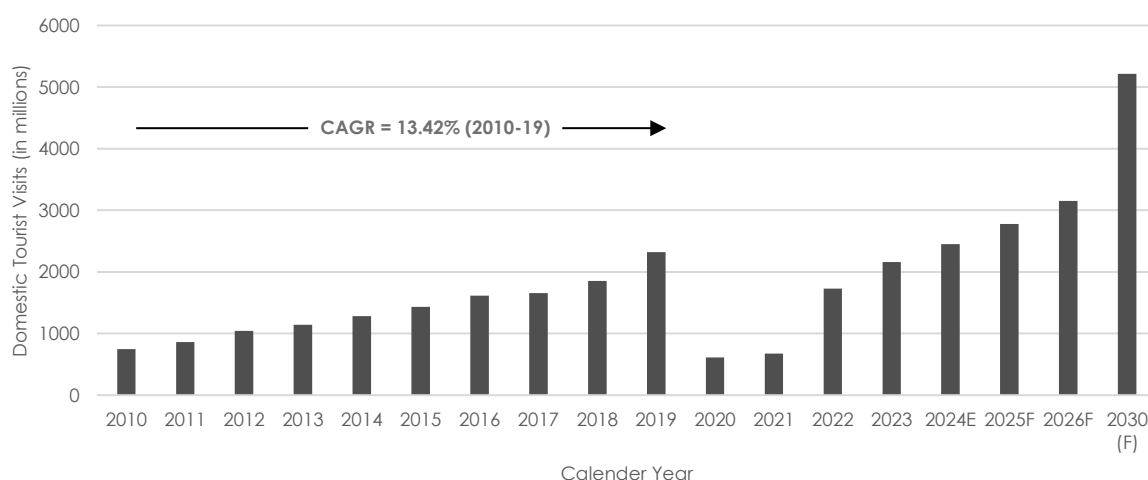
Domestic tourism is a key driver for the Indian hospitality sector, with domestic tourist visits expected to double over the next six years. Rising disposable income, improved connectivity, through development of air, road and rail travel infrastructure and development of tourist destinations have driven a resurgence in domestic travel in India post COVID. DTV are expected to grow to 5.2 billion in 2030 from 2.5 billion in 2024, representing a CAGR of 13.4%. Continued push on tourism related infrastructure spending is expected to support growth in air traffic, and domestic passenger traffic is expected to more than double to 693 million in FY2030 from 307 million in FY2024.

Post the pandemic, there has been a significant shift in travel preferences, with an increasing number of Indians opting for domestic destinations over international travel. The trend has been driven by growing interest in exploring local cultural gems, government initiatives and campaigns promoting domestic tourist spots and growing popularity of "workcations" and "staycations". Strong revival of MICE events, higher disposable incomes increasing traction in segments such as the luxury wellness and wildlife travel segment and growing popularity of new destinations such as Kashmir and Sikkim and growing popularity of wellness travel are contributing to growth of domestic travel.

Destinations such as Kashmir and Sikkim have been gaining popularity amongst tourists. In 2021, Sikkim witnessed 5.2 million tourist visits and saw a significant spike to 16.9 million in 2022. (Source: Sikkim Tourism Inception Report, June 2023, Govt of Sikkim) Kashmir has also registered an influx of tourists, hosting more than 21 million visitors – the highest over the last seven decades. Government efforts to promote new tourist destinations, improving infrastructure and connectivity and tourists looking for new travel destinations will be key drivers of demand. (Source: Department of Tourism, UT of Jammu and Kashmir).

Domestic tourists dominate the tourism landscape in India. As per the Ministry of Tourism (MOT), domestic tourist visits (DTVs) in 2019 was approximately 2,322 million, up approximately 25% over 2018. However, the COVID pandemic led to a steep decline in DTVs in 2020, with a drop of approximately 74% over 2019. Nevertheless, in 2022, DTVs recovered by approximately 155% to reach 1,731 million. While the MOT is yet to release 2023 number of DTVs, data from Director General of Civil Aviation (DGCA) on domestic air traffic for 2023, which serves as a surrogate indicator for DTVs, suggests that the number remained approximately 23% above 2022. Accordingly, in our opinion DTVs in 2023 would witness an approximately 25% increase over 2022, mirroring the growth witnessed in 2019 over 2018, resulting in approximately 2,160 million DTVs. We anticipate that in 2024, DTVs will exceed 2023 by 13%, surpassing the previous peak of 2019 to reach 2,450 million. As per our projections, by 2030, DTVs are expected to reach 5,200 million, more than double that of 2024.

Chart 3.9: India Domestic Tourist Visits (DTV)



Note: Est – Estimate; F – Forecast

Source: Ministry of Tourism, India Tourism Statistics 2023 & HVS ANAROCK Research

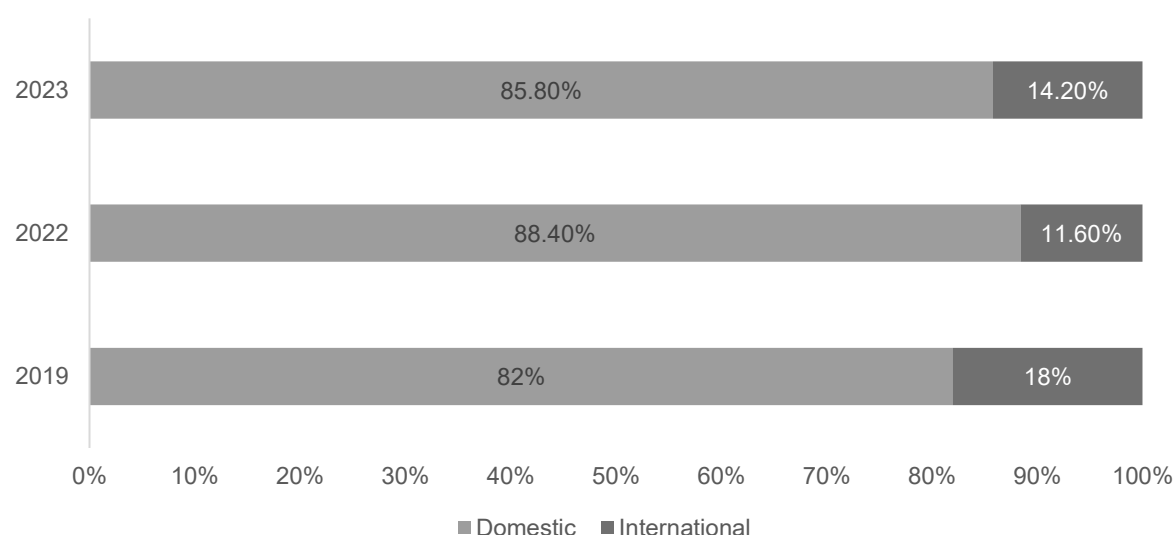
The impact of DTVs in 2023 further ensured that the percentage contribution of T&T to India's GDP remained stable (0-1% change). As per the World Travel & Tourism Council's (WTTC) Economic Impact Research 2024, global GDP contribution of T&T is expected to reach 11.40% by 2034.

Further, Domestic visitor spending in 2023 dominated the total visitor spend, as per the WTTC's Economic Impact Research, 2024. In 2019, domestic visitor spending amounted to more than INR 12.74 trillion, which increased to approximately INR 14.64 trillion in 2023. According to the report, domestic visitor spending is estimated to grow by 7.9% CAGR over the next 11 years from 2023 onwards till 2034, increasing the domestic visitor spend to approximately INR 33.95 trillion, more than double that of 2023 (Source: WTTC Economic Impact Research (EIR), 2024).

India's growing importance as a global economic hub, interconnected global business environment and the multiple policy reforms and initiatives undertaken by the Government of India to augment economic growth and commercial activity in the country have been key contributing factors towards strong growth in the corporate travel segment. (Source: Ministry of Tourism, *Second Tourism Satellite Account for India 2009-10: Domestic Tourism Consumption by Products and by Purpose of Travel*)

The India hotel sector is a key beneficiary of domestic and international visitor spending, and we anticipate the rising traveller spending will have a positive impact on the sector.

Chart 3.10: India Visitor Spending



Source: WTTC Economic Impact Research (EIR) 2023, 2024

Outbound Tourism

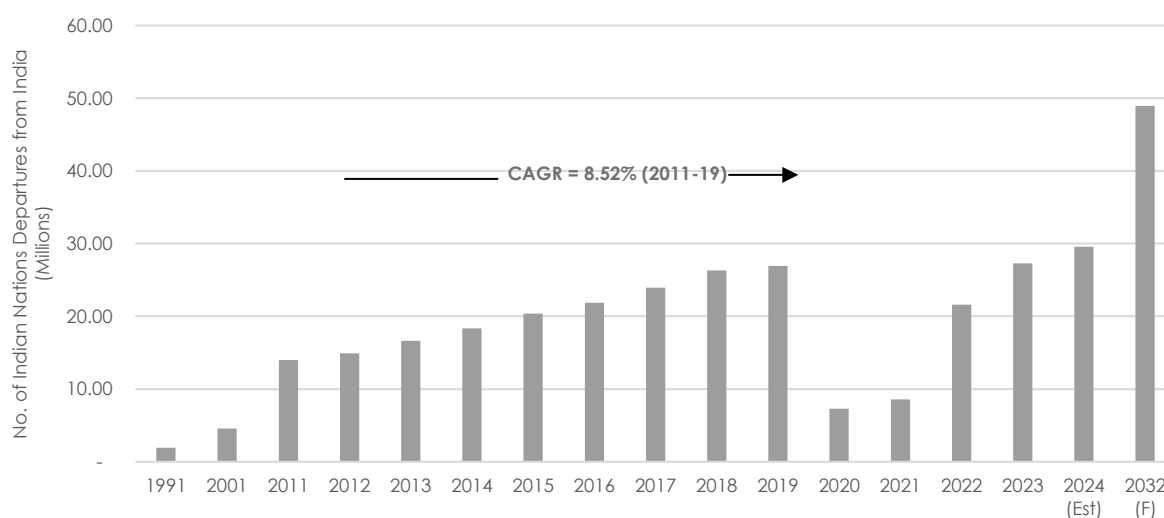
India's outbound travel sector has also experienced significant growth in recent years. The number of Indian travellers heading abroad reached approximately 27 million in 2019, growing at approximately 9% CAGR during 2011-19. Although the pandemic temporarily impacted international travel, there has been a gradual resurgence, with 2023 numbers exceeding the pre-pandemic levels by 1.3%. Over 27.27 million Indians embarked on an international journey in 2023, with the top five destinations being the UAE, Saudi Arabia, USA, Thailand, and Singapore. The outbound passengers are projected to grow at 8.5% CAGR till 2030.

The growing demand is attributable not only to the changing consumption patterns in the country, but also due to the limited availability of well-developed tourist infrastructure within the country, despite the large number of DTVs. Currently, around 58 countries offer Indian passport holders visa-free or visa-on-arrival access, with the GoI actively negotiating with various developed countries to further ease visa regulations.

The outgoing travel sector provides a sense of the size of demand available for not only domestic hotel brands eyeing international growth but also for India's luxury hotel segment.

India's outbound travel has experienced strong growth in the recent years. The number of travelers who travelled abroad reached nearly 27 million in 2019 growing at a CAGR of nearly 9% during 2011-2019. We expect nearly 30 million Indians to travel internationally in 2024. The outbound travel sector provides a sense of the size of demand available for not only domestic hotel brands looking to expand their geographic footprint, but also for India's luxury hotel segment. India's outbound travel sector has also experienced significant growth, there has been a resurgence post the pandemic, with 2023 numbers exceeding the pre-pandemic figures. We further project that the outbound market will grow at a CAGR of nearly 9% till 2030.

Chart 3.11: Indian Nationals Departures from India



Note: Est – Estimate; F - Forecast

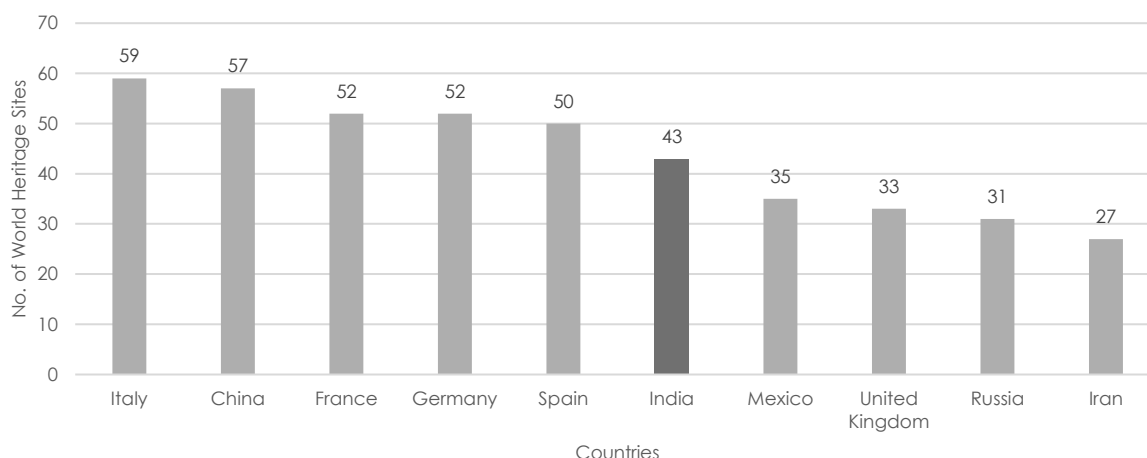
Source: MoT, India Tourism Statistics 2023, Bureau of Immigration, Govt. of India, HVS ANAROCK Research

India's Rising Global Stature

India continues to defy the sluggish economic growth seen in many major economies of the world and has been successful in sustaining an enviable growth rate of 6.5% in 2023, with aspirations to become a USD 5 trillion economy by 2027, with a projected CAGR of 10% from 2023-2030. This would make it the 3rd largest economy in the world, surpassing Germany and Japan. A stable government, supportive policy measures, reforms, and focused infrastructure development have paved the way for India to reinforce and enhance its global positioning.

Prudent policy management and strategic infusion of liquidity into the economy, including reduced policy rates and food supplies for the needy, along with the massive vaccination drive across the country have been instrumental in recovering from the aftermath of the COVID-19 pandemic. The government introduced a stimulus package of INR 20 lakh crore (USD 2.7 Tn) to revitalize the economy across all the major sectors. This coupled with the vaccination drive of magnanimous proportions, played a pivotal role in India's fast recovery, exhibiting its inherent resilience.

A diverse topography with an equally varied culture and traditions makes India a sought-after destination for a wide spectrum of travellers. The country offers breathtaking views of the mountains, valleys, coastal areas, and a rich variety of flora-fauna and wildlife, along with a wide array of spiritual offerings. As an ancient civilization, India is home to several historical monuments, including 43 UNESCO World Heritage sites. This diversity of culture, history, tradition, and natural beauty is an active stimulus creating significant travel and tourism opportunities within the country, providing India a competitive advantage over many other countries in the world.

Chart 3.12: Number of UNESCO World Heritage Sites Country Wise - 2023

Source: UNESCO

In the post-pandemic period, 2023 stands out as a significant milestone for India. Mission Chandrayan-3, the first ever successful landing near the South Pole of the Moon was an astronomical marvel for the world, and the hosting of the G-20 summit, a major global event, both managed very successfully to re-establish India's supremacy in the global order. Furthermore, India surpassed China to become the most populous country in the world, with the world's youngest population, laying a robust foundation for a future demographic dividend that will fuel consumption and drive economic growth.

These achievements, among several others, have positively influenced the tourism and hospitality sectors, helping the average India hotel occupancy rate to breach the 70% mark in February 2023, a first since the pandemic. Despite a gradual decline in revenge travel, the leisure segment has continued to experience strong demand buoyed by the strong base of DTVs and promising signs of recovery in FTAs.

Central Governmental Policies Supporting Travel and Tourism

Tourism Infrastructure Development

The central government has many schemes that work towards the identification and development of tourism-related infrastructure:

- PRASHAD (Pilgrimage Rejuvenation and Spiritual, Heritage Augmentation Drive, earlier called PRASAD) Scheme: launched in 2014-15, for the identification and development of pilgrimage and heritage sites/destinations for the promotion of religious tourism in the country.
- Swadesh Darshan: launched in 2015 by the Ministry of Tourism to develop tourism infrastructure at various destinations. The MoT has now revamped this scheme to develop sustainable and responsible tourism destinations.
- 'Assistance to Central Agencies for Tourism Infrastructure Development' Scheme: Central Financial Assistance for the development of important tourism destinations.

Dekho Apna Desh

- Launched in 2023, this scheme aims to promote domestic tourism by encouraging Indian citizens to travel within the country.
- 50 destinations across the country are to be developed under this scheme.

UDAN Scheme

- UDAN (Ude Desh ka Aam Nagrik) is the Regional Connectivity Scheme (RCS) of the Government of India, which was launched in October 2016.

- It aims to make air travel economical and widespread with the government providing certain incentives, while facilitating economic development, job growth, and air transport infrastructure for all regions and states of India.
- Launched in 2016, UDAN is the Ministry of Civil Aviation's flagship regional connectivity scheme aimed to enhance air connectivity to regional airports in small towns.
- In its first 5 years, UDAN served 1 Crore passengers, inaugurating 425 routes and 58 airports.
- Per the FY2025 budget, over INR 5 billion was allocated to Central Schemes/Projects under the Ministry of Civil Aviation.

Adarsh Station Scheme

- Launched in 2009-10, for the development and modernisation of railway stations across the country.
- 1,253 stations have been identified and as per Press Information Bureau (PIB), Government of India, till FY23, 1,213 stations have been developed and modernised.

Swadesh Darshan

- Launched in 2014-2015, the program offers financial support to state governments, union territories and central agencies for developing tourism infrastructure.
- The initiative has been upgraded to Swadesh Darshan 2.0 (SD2.0), focusing on sustainable and responsible tourism destination.

Domestic Promotion and Publicity Including Hospitality (DPPH)

- Schemes aimed at providing financial aid to state government and union territories to host fairs, festivals and tourism-related events.

Reduced Goods & Services Tax (GST) on Hotel Rooms

- GST on hotel rooms with tariffs between INR 1,001 to INR 7,500 per night has been lowered to 12%, and for tariffs above INR 7,501, to 18%, with the aim of enhancing India's appeal as a tourist destination

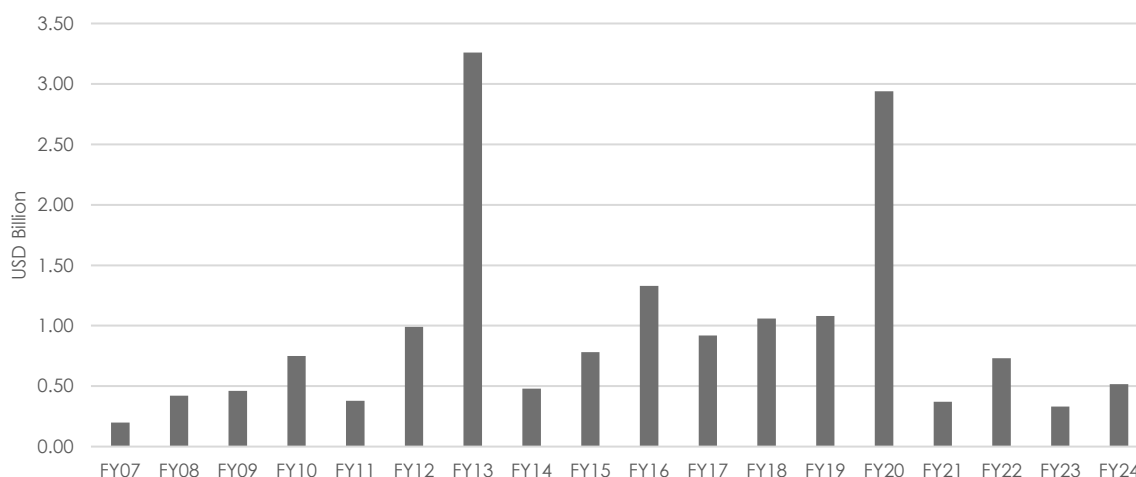
State Governments and Ministry of Tourism

The Ministry of Tourism is also actively encouraging state governments to grant 'Industry Status' to the tourism sector, intending to foster robust and competitive growth as well as stimulate investment and development in the sector. This designation offers significant benefits, including commercial concessions, reductions in stamp duty for new developments, rebates on land acquisition prices, and GST concessions. To date, 11 states in India have already granted Industry Status to tourism, including Gujarat, Kerala, Rajasthan, Punjab, Goa, Karnataka, Uttarakhand, Maharashtra, Jammu & Kashmir, Himachal Pradesh, and Tripura. Other States are in the process of considering such a grant. In addition, many states where Industry Status has not been granted yet, like Karnataka, Kerala and Tamil Nadu, offer capital subsidies on new hotel investments with varying ceilings and thresholds.

Foreign Direct Investment in Tourism and Hotels

The Government of India's 2017 Consolidated FDI Policy allows 100% FDI in Hotels and Tourism via the automatic route. 100% FDI is also permitted for the construction of projects, which may include the development of resorts, recreational facilities, and exquisite hotels. The cumulative inflows of FDI in Hotels and Tourism stands at USD 17.226 billion till March 2024. This constitutes 2.54% of the total FDI received.

The policy was made applicable for all development projects including the construction of hotels and resorts, recreational facilities, and regional-level infrastructure subject to the condition that FDI for the upgradation of existing airports seeks Foreign Investment Promotion Board (FIPB) approval beyond 74%. It further provided a five-year tax holiday to 2, 3 & 4-star category hotels, which are situated around UNESCO World Heritage Sites (except Delhi and Mumbai).

Chart 3.13: FDI in Hotels and Tourism (FY2001-FY2024)

Source: Gol Community Data; IBEF, March 2019; Department of Promotion of Industry and Internal Trade, Quarterly Fact Sheet on FDI from April 2000 to March 2023; HVS ANAROCK Research

The government is focusing on the local tourism sector, as evidenced from the Union Budget 2024-25. The Ministry of Tourism received an allocation of INR 2,479.62 crore, 3.3% higher than the previous year. The budget has placed a spotlight on infrastructural development at key historical and cultural sites, specifically in religious/spiritual destinations – highlighting the government's aim to push religious and spiritual tourism in the country. The Government of India and various state governments are ardently pushing to promote travel and tourism. As reflected in the latest Union Budget, INR 2,080 crore was allocated for tourism related infrastructure development for the period FY2024 – FY2025. There are multiple schemes underway, including 'Dekho Apna Desh' and 'Incredible India' aimed at positioning India as a global tourist destination. Campaigns like 'Atithi Devo Bhava' are bringing forth the culture of the country in making the inbound tourist feel more welcomed, while 'Fast Track Immigration-Trusted Travelers' Program' (FTI-TTP), which was launched recently, aims to speed up the immigration process for Indian Nationals and Foreign Nationals with Overseas Citizens of India (OCI) cards.

The government is also working on Special Tourism Zones ("STZs") which would be hyper focused areas for tourism in the country. These areas would be based on special themes with world class infrastructure and tourism amenities. These zones are also aiming to promote longer stays with having a combination of new travel segments like wildlife, cultural, heritage, coastal, adventure, etc.

This suggests that there will be opportunities and incentives for the developers and operators of the entire hospitality eco-system ranging from hotel operators, transporters, guide and forex dealers. It is anticipated that many international funds and investors may now see an opportunity in the diverse geography of the country.

Infrastructural Impact

To elevate the living standards of its citizens and stimulate economic growth, thereby impacting T&T, the Government of India has prioritized infrastructure development, recognizing its vital role in enhancing connectivity and overall growth. Under the National Infrastructure Plan, as per September 2024, the Government has allocated USD 1.9 trillion for the period 2020 to 2025, the largest capital outlay ever in the country's history. In the Union Budget 2024, allocated INR 11 lakh crore for the infrastructure sector. Spending is aimed at developing over 9,700 projects across 58 sub-sectors, with almost 2,000 projects already underway and under deployment. This covers multiple schemes and initiatives aimed at developing air, road, and rail infrastructure, enhancing connectivity and accessibility across the country.

Focused on high-paced development, India rose to the 39th position, out of 119 countries in World Economic Forum's (WEF) Travel and Tourism Development Index (TTDI) in 2024, up from the 54th rank in 2021. This impressive rise can also be attributed to the stringent lockdowns during the pandemic, which spurred a renewed focus on becoming more self-reliant than ever before – giving a boost to many industries and sectors.

Over the past few years, India has added multiple projects in its list of infrastructural achievements, like the Atal Tunnel, which is the largest highway tunnel in the world, and the Chenab Bridge, which is the highest railway bridge in the world. In this section, we explore some of these key infrastructure developments in the country, which without a doubt are positively impacting the tourism sector.

Aviation

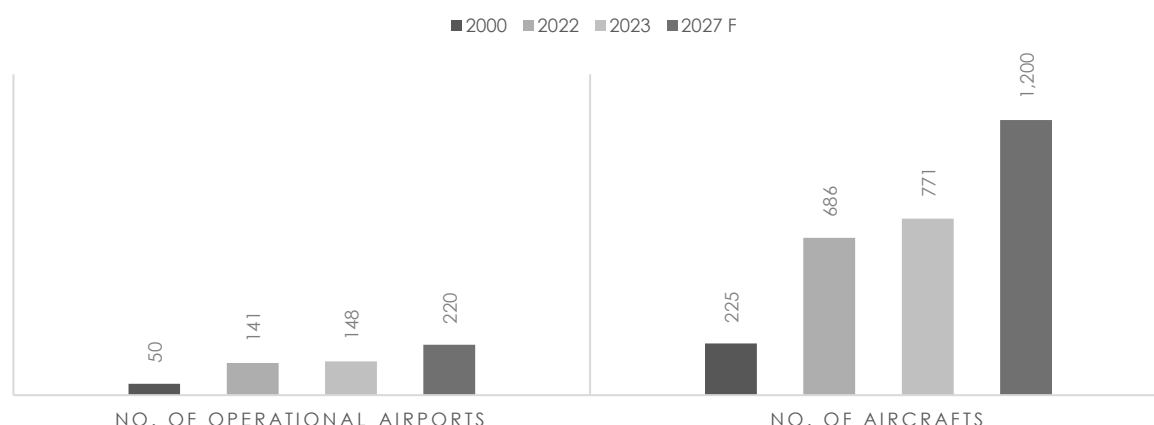
For nearly a decade, India's aviation sector has been on a bullish stride. India is the third-largest domestic aviation market globally and is also expected to become the third-largest overall aviation market by 2026 according to International Air Transport Association (IATA). From governmental schemes like 'Ude Desh ka Aam Nagrik' (UDAN) enhancing airport connectivity to the introduction of low-cost carriers, along with India's rising disposable income, and increasing passenger traffic has aided this growth in the civil aviation industry.

At the dawn of the century, India had 50 operational airports. By 2023, this number had increased to 148, with expectations to reach 220 airports by 2027, providing a massive impetus to connecting the tier 2, 3 and 4 cities/locations. The country's two largest metro cities – Mumbai and Delhi – will also see their second international airport, currently under development, becoming operational by 2025.

The number of airports is expected to reach 220 by 2027 from the current 148, representing an increase of nearly 1.5 times over the period. This is expected to improve connectivity to Tier 2, 3 and 4 cities / locations with shorter and direct flights. As of January 2024, across all domestic carriers, more than 1,100 aircraft orders have been placed in less than a year. Air India and Indigo have placed aircraft orders of 470 and 500 planes in February 2023 and June 2023 respectively – amongst the largest airplane orders in the civil aviation history.

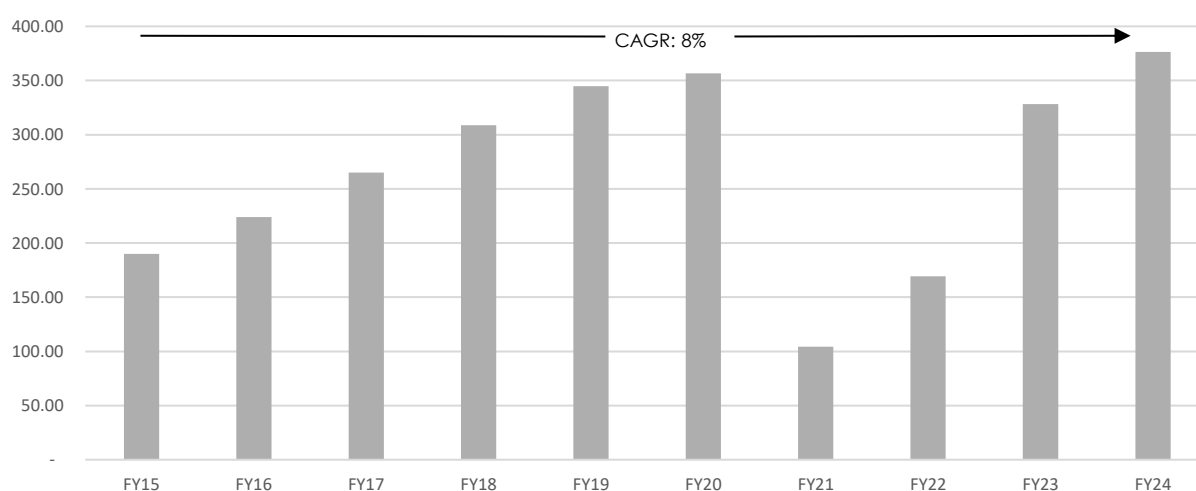
In light of the evolving aspirations of Indians, Indigo – one of the world's fastest growing carriers, with a cost-conscious business model and philosophy of offering affordable fares, in August 2024 introduced its business product, increasing the availability of the service in the country (Source: Indigo Company disclosures)

The UDAN scheme in particular is improving connectivity to Tier 2, 3 and 4 cities/locations with shorter and direct flights. The additional airports are helping decongest existing airport cities and leading to better traffic management in existing ones. As per media reports, the GoI has recently set an aim to become a transit hub for South Asia for which it is in the process of making immigration checks simpler for international trips.

Chart 3.14: Increasing Number of Airports and Aircrafts in India

Source: Press Information Bureau

The Total Air Passenger traffic grew by a CAGR of 11.73% between FY14-20, before witnessing a sharp drop of 69% during the COVID-19 era. The recovery was quick, and the traffic grew at a 46% CAGR between FY22-24 to cross pre-pandemic levels in FY24. In light of the strong growth anticipated in air passenger traffic, Air India and IndiGo have placed aircraft orders of 470 and 500 planes respectively, which have the distinction of being the single largest airplane orders in the civil aviation industry (Source: Company Press Releases). All domestic carrier orders added, more than 1,200 aircraft orders have been placed in the past few months.

Chart 3.15: Total Air Traffic in India

Note: FY – Fiscal Year

Source: Airports Authority of India (AAI); HVS ANAROCK Research

A notable trend in recent years is the transformation of airports and nearby areas into major commercial hubs within cities. With a scarcity of prime land available in established urban locations, airports are increasingly becoming focal points for commercial development, incorporating retail, hospitality, and business services. Delhi's Aerocity and Mumbai International Airport development are prime examples of this trend.

Aerocity, located near Indira Gandhi International Airport, has become a bustling commercial district featuring office spaces, retail spaces, fine dining options as well as upper upscale and luxury hotels, catering not only to transit passengers, business travellers, and tourists but also attracting locals, thereby boosting local economic activity.

This trend of developing commercial hubs near airports is extending to other cities and leisure destinations in the country as well.

Railways

Often considered the lifeline of the country, the Indian Railway network is the fourth largest in the world behind USA, Russia, and China. With over 13,000 passenger trains operational, covering more than 7,000 stations daily (Source: Indian Railways - International Trade Administration), the network plays a crucial role in the nation's transportation system. The GoI plans to revamp the sector's infrastructure with the expansion of high-speed trains and redeveloping stations across the country. To facilitate the construction, operation, and maintenance of the suburban corridor, 100% FDI through the automatic route has been allowed through the Public Private Partnerships (PPP) format.

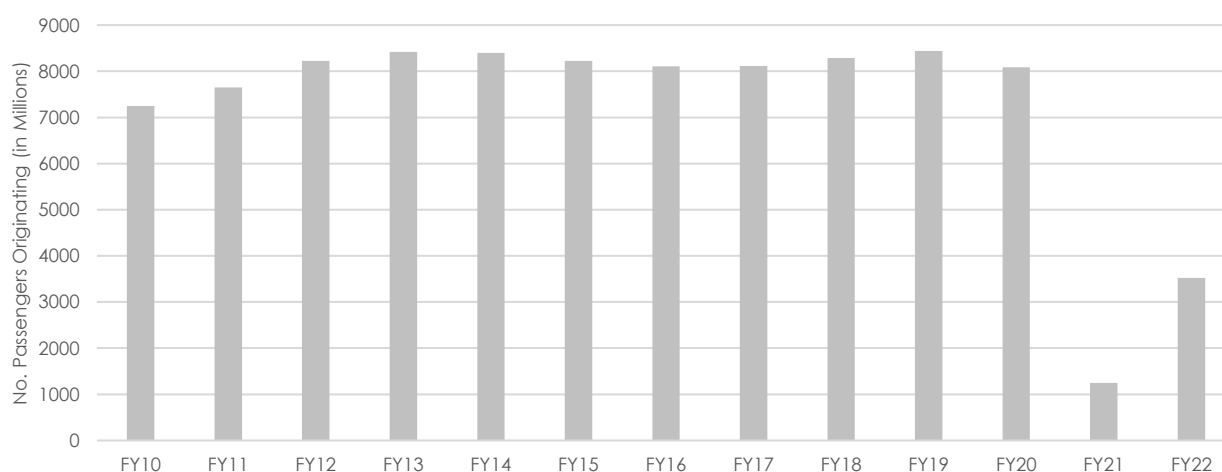
The introduction of Vande Bharat's semi-high-speed and high-speed trains in 2022, boasting better-quality trains, with enhanced safety features and passenger amenities, has significantly reduced travel time. With 478 trains sanctioned, more than 100 are already operational along with 25,000 km of new tracks (Source: PIB). Furthermore, under the Amrit Bharat Station Scheme, approximately 553 railway stations have been identified for upgradation, with a budget outlay of INR 19,000 crores (approx. USD 2.2 bn).

Spanning 67,000 km, the railways continue to remain the biggest mode of transport in the country transporting nearly 23 million people every day (Source: Times of India media report). Owing to the sheer volume and the advent of low-cost airline carriers over the last decade, the growth in rail passenger traffic was limited to a mere 1% annualized.

However, FY22 recorded an impressive recovery of 182% as the pandemic receded. This resurgence was predominantly driven by non-suburban travellers who travel more than 150 Kms. The share of upper-class travel also saw a significant increase, rising from 2.3% in FY20 to 4.3% in FY22, thanks to the introduction of more high-speed, smarter trains.

Further, under the 'Atmanirbhar Bharat' initiative, India is also planning to manufacture bullet trains domestically, capable of speeds up to 250 km/h. These bullet trains are expected to usher in a new era of luxury train travel, especially catering to corporate travellers, marking a significant boost to the country's railway infrastructure. The first bullet train project connecting Ahmedabad and Mumbai is expected to commence operations in the second half of 2027.

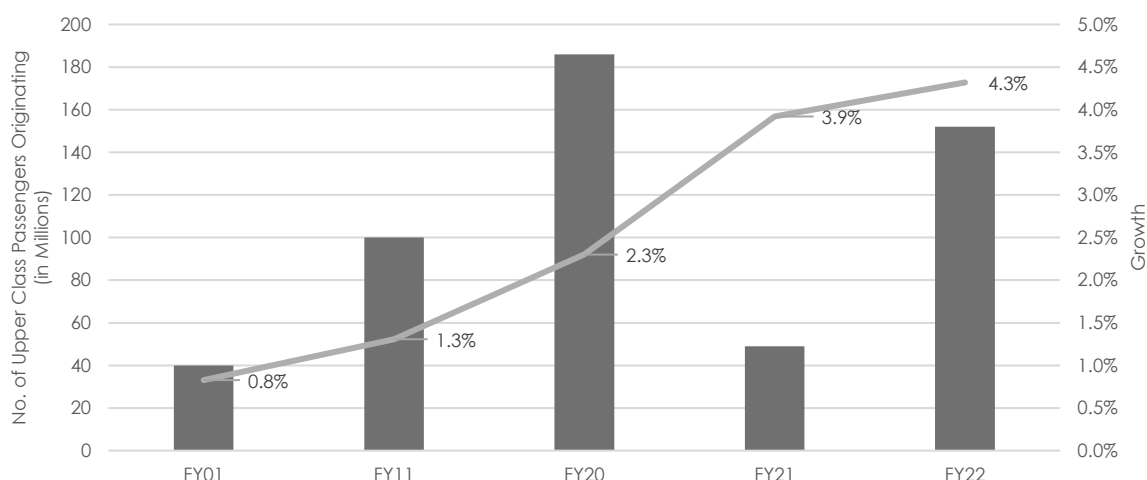
Chart 3.16: Total Railway Passengers in India



Source: Indian Railways yearbook 2022-23

An increase in upper-class passengers is visible, indicating a sign of growing prosperity.

Chart 3.17: Indian Railways Upper-Class Passengers in India



Source: Indian Railways yearbook 2022-23; HVS ANAROCK Research

Multiple government schemes for the development, modernization of railway stations across the country and introduction of high-speed trains such as Vande Bharat have made rail travel more comfortable for passengers. Initiatives such as "Atmanirbhar Bharat" to manufacture bullet trains in India are expected to usher in a new era of luxury train travel, especially catering to corporate travellers. To facilitate the construction, operation, and maintenance of the suburban corridor, 100% FDI through the automatic route has been allowed through the Public Private Partnerships (PPP) format.

Road Network

Spanning approximately 66.71 lakh km, India has the second largest road network in the world, one place behind the United States of America, which has approximately 68.32 lakh km of roadways.

As per a recent news release by the Press Information Bureau (PIB), National Highways (NH) reported 60% growth over the last 10 years. Their report also stated that there was a 500% increase in the road transport and highway budget allocation since 2014. As a result, the national highway network in the country is expected to increase from the existing 146,145 km to 200,000 km, increasing by nearly 37%, by 2037. Meanwhile, the Bharatmala Pariyojana has supported the development of road infrastructure, focusing on optimizing efficiency of freight and passenger movement through construction of various corridors, expressways, coastal and border roads, routes, etc. These highways are boosting connectivity in not only Tier 1 and 2 cities but are also reaching more remote and rural areas of the country in Tier 3 and 4 cities. According to the PIB, The Pradhan Mantri Gram Sadak Yojana (PMGSY) has led to 99% of rural habitations being connected through roadways.

As per the Press Information Bureau (PIB), National Highways have reported a 60% growth over the last 10 years, supported by a 500% increase in road transport and highway budget allocation since 2014. Road trips have been steadily gaining traction in the country with a rising preference to explore lesser-known destinations in the country. The upgradation of the massive road network in the country has significantly improved connectivity to several leisure destinations and fuelled the post COVID trend of weekend getaways to motorable destinations. Already, many biker groups travel through the length and breadth of the country and now with car rental companies establishing their mark, road tourism has the potential of becoming a significant niche tourism segment in the country.

Initiatives to Enhance Infrastructure

Railways

- Significant efforts underway towards upgrading the Indian railway system to global standards.

- Projects underway include the Mumbai-Ahmedabad Speed Corridor – the world's highest pier bridge under construction and the Chenab Bridge in J&K – the world's highest railway bridge.
- 35 indigenously designed Vande Bharat Express trains are expected to be added soon to the growing network of Vande Bharat Trains, helping further strengthen connectivity – serving up to 247 districts across the country.

Roadways

- Bharatmala Pariyojana
 - Government initiatives aimed at developing road infrastructure, focused on optimizing efficiency of freight and passenger movement through construction of various corridors, expressways, coastal and broader roads.
- Pradhan Mantri Gram Sadak Yojana (PMGSY)
 - Government initiative aimed at improving road connectivity in rural areas of the country.
 - As per the Press Information Bureau, PMGSY has led to 99% of rural habitations being connected through roadway.

Metro

- Upcoming expansion of metro network across Tier 1 and Tier 2 cities including New Delhi, Bengaluru, Jaipur, Mumbai, Chennai and Hyderabad.
- New Delhi has an existing metro line spanning nearly 392km, with 288 stations across the city. The city metro network continues to grow with announced expansion to connect key parts of the city including: Aerocity to Tughlakabad, Janakpuri West to RK Ashram etc.
- The Bengaluru metro is slated for an expansion of 44km by March 2025, adding to the existing 74km metro line

Conclusion

India's domestic tourism visits (DTV's) currently estimated at 2,160 mn grew at a CAGR of 13.42% for the years 2010 to 2019 before the COVID pandemic impact. Given the bounce back, the expected growth in per capita income along with the significantly increased appetite for leisure travel, DTV growth should clock a much higher growth rate over the next few years, reaching 5,200 mn by 2030.

On International travel, Foreign Tourist Arrivals currently at just under 10 mn, grew at a CAGR of 7.1% from the years 2011 to 2019 before COVID disrupted global travel. India accounts for a mere 1.2% of the total international tourists and with the emergence of India amongst the top 5 global economies, soon to be the 3rd largest along with its growing eminence on the world stage, the country is well poised to witness a significant growth in both business and leisure foreign tourists. As per our estimates, FTAs will increase to 15 mn by 2030.

With the largest ever spend on infrastructure by the government and the capital outlay of over USD 1.9 trillion, the country is seeing a rapid transformation across various sectors that are enhancing the global stature of the nation besides providing newer avenues for the growth of the economy. While any growth in the GDP and the expansion of the economy is linked to the demand for hotel rooms, the significant development in Road, Rail & Air transportation infrastructure is a direct demand driver for the hospitality sector.

The Indian hospitality sector is poised to benefit from structural tailwinds over the next six years (2024-2030) such as (1) growth in domestic tourist visits ("DTV") which are expected to double to 5.2 billion, (2) growth in foreign tourist arrivals ("FTAs") at a CAGR of 7.1% over 2024-2030, (3) Indian Government plans to double connectivity and access related infrastructure spending over the next six years, and (4) multiple initiatives undertaken by Indian Government to grow travel and tourism.

With all the stimuli propelling India from a developing to a developed economy, the country is set to become the 3rd largest global economy by 2027. This, coupled with its enormous demographic dividend, growing geopolitical stature, and the world's largest population, India is on a remarkable growth trajectory. Additionally, becoming the third largest global aviation market and the second largest start-up economy, among a plethora of several other milestones, India is simply going places, making Travel & Tourism a significant beneficiary as the country advances with this momentum.



4. India Hotel Demand

SECTION 4

India Hotel Demand

Over the past decade, the Indian hospitality sector has witnessed two prominent cycles of demand change. From FY2014 to FY2024, the demand for the luxury hotel segment grew at a similar pace as the overall sector. However, ARR in the luxury hospitality segment increased at approximately 5.7% CAGR, nearly twice that of the India hotel sector. This growth is aligned with the luxury segment's focus on driving ARR.

Despite the COVID-19 pandemic, the sector demonstrated remarkable resilience, with demand and performance consistently outperforming, highlighting the sector's core strength.

Table 4.1: India Hotel Sector Demand, Supply, ARR and RevPAR - CAGR FY2014 to FY2024

CAGR	Demand	Supply	Demand – Supply Gap	ARR	RevPAR
India Sector	7.3%	6.7%	60 bps	3.1%	3.7%
Luxury Segment	6.5%	5.1%	140 bps	5.7%	7.0%

Source: HVS ANAROCK Research

From FY2019 to FY2024, the demand for the luxury hotel segment, fuelled by several catalysts, grew at a CAGR of 4.8%, in line with the sector-wide demand in the country. During the same period, ARR in the luxury hotel segment increased at a CAGR of 8.4%, much higher than the 5.5% for the overall sector.

Table 4.2: Demand and ARR Change FY2019 to FY2024

CAGR	Demand	Supply	Demand – Supply Gap	ARR	RevPAR
India Sector	4.6%	5.8%	-120 bps	5.5%	4.4%
Luxury Segment	4.8%	4.5%	30 bps	8.4%	8.6%

Source: HVS ANAROCK Research, CoStar – Industry Data

Going forward we anticipate the luxury hotel segment to outperform the broader market on the back of a widening demand and supply gap in the segment. Supply in the hospitality sector in India is expected to grow at a CAGR of 8.5% CAGR over FY2024 to FY2028 while demand is expected to grow at a CAGR of 10.4% over the same period, with demand outpacing supply by circa 190 bps during FY2024-FY2028E.

Table 4.3: Demand and ARR Change FY2024 to FY2028

CAGR	Demand	Supply	Demand – Supply Gap	ARR	RevPAR
India Sector	10.4%	8.5%	190 bps	4.9%	6.7%
Luxury Segment	10.6%	5.9%	470 bps	8.0%	10.7%

Source: HVS ANAROCK Research, CoStar – Industry Data

India's robust GDP growth and rising per capita income are fundamental demand drivers for the travel and hotel sector in the country. As the economy expands, more individuals have the financial means to travel, boosting demand across the hospitality sector. Widening demand-supply gap, shift in consumer preference towards premium experiences, and limited inventory of luxury hotels in India have driven ARR growth and occupancy for the luxury segment from FY2014-24. Further, supply in the luxury segment is expected to remain constrained due to higher barriers to entry including limited land availability, extensive regulation, cost of capital and long construction timeframes. Also, significant luxury hotel development is expected to be in newer leisure markets which would be greenfield and have a longer development gestation period. As a result, a favourable demand-supply outlook is expected for the

luxury hospitality segment in India, with total demand estimated to grow at a CAGR of 10.6% over FY2024 to FY2028 against supply growth of a CAGR of 5.9% over the same period.

The face of luxury travel is changing, with modern luxury travellers, especially HNWIs and UHNWIs seeking unique and bespoke experiences. Shifting source markets and destinations, coupled with innovative business strategies, are transforming the industry landscape. While corporate, weddings, and MICE segments continue to be important demand generators for luxury hotels, there is a noticeable shift towards niche tourism segments. Segments such as heritage, wildlife, spiritual and wellness travel are witnessing an uptick in demand as travellers look to move away from traditional travel experiences. Increasing disposable income, evolving consumer spending pattern in favour of luxury experiences and India's emergence as a cultural hub have increased the popularity of new leisure segments such as luxury heritage, wildlife, wellness, and spiritual tourism.

Strong recovery led by meetings, exhibitions, sporting events like the IPL ("Indian Premier League"), the launch of new convention centers such as the Jio Convention Center in Mumbai, Bharat Mandapam/Yashobhoomi Convention Centers in Delhi and the Mahatma Mandir Convention Centre in Gandhinagar and corporate events post COVID, coupled with high-profile events like the recently concluded G20 Summit in New Delhi, the Global Fintech Festival in Mumbai and the Aero Show in Bengaluru have played a pivotal role in driving demand for the hotel industry. These events drive demand for hotels with strong banqueting services, generating higher F&B revenue for the hotels. India's prominence on the global stage will continue to attract more high-profile and high-end luxury events in the future and drive demand for luxury hotels and quality convention centers.

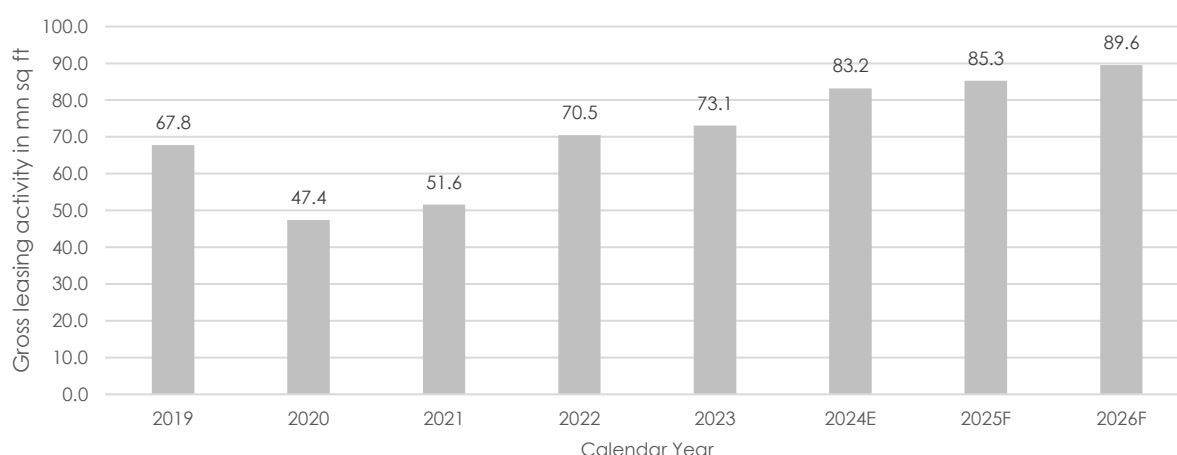
Key Demand Drivers

Corporate Travel

In the interconnected global business environment, corporate business travel is playing a pivotal role in forging strategic partnerships, sustaining, and expanding businesses across geographies, and therefore is a crucial segment for the Indian hospitality sector. Proximity to the business districts, industrial areas, tech parks, government establishments, and convention centres define the contribution from this segment for hotels.

In 2023, office leasing activity in India witnessed remarkable growth, despite geopolitical challenges, staying resilient, slightly short of the peak in 2019. Office leasing at 73.1 msf in 2023 was significantly higher than the 4-year (2020-2023) average of office absorption at 62.1 msf. Office leasing is expected to increase to 89.6 msf in 2026 (Source: C&W), primarily driven by growth in Global Capability Centers (GCC) demand.

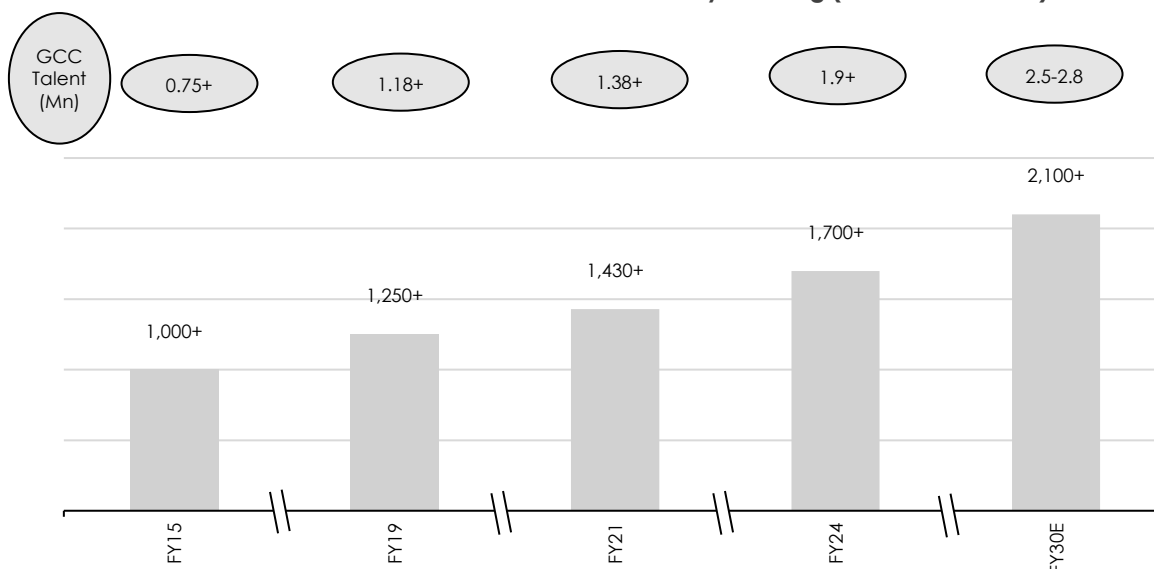
Chart 4.1: Office Absorption Has Demonstrated a Steady Upward Trajectory



Note: Represents gross leasing numbers of Grade A office of top 7 cities (New Delhi NCR, Mumbai, Pune, Bengaluru, Hyderabad, Chennai and Kolkata). Includes new leasing, precommitments and term renewals.
Source: Cushman & Wakefield (C&W) Research

Various policy reforms and initiatives taken by the GoI have significantly augmented economic growth and commercial activity in the country. With COVID entirely behind, India's growing stature in the global economic order is driving significant growth in domestic travel for business purposes. A key sector that has defined growth for corporate travel in the country are Global Capability Centres (GCCs), which act as centralised units of established multinational corporations, providing them with services for global support.

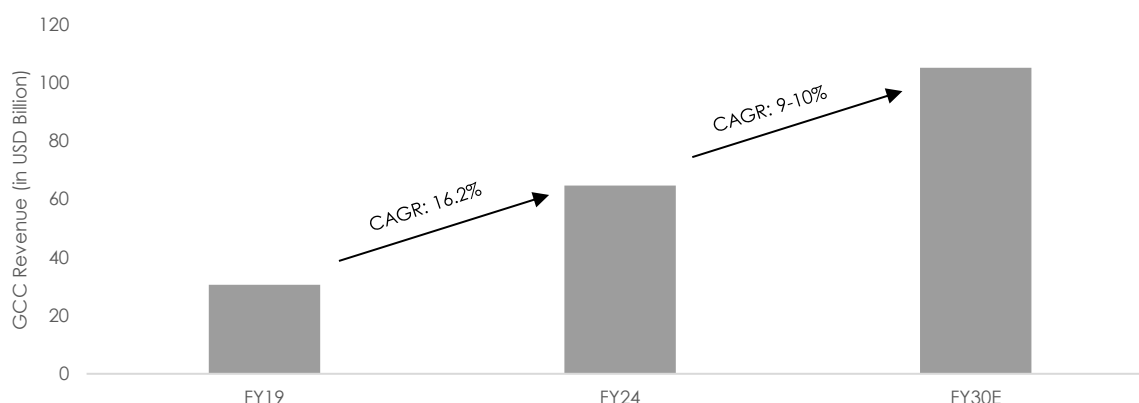
Chart 4.2: The Number of GCCs in India Have Been Steadily Growing (Number of GCCs)



Source: Nasscom India GCC Landscape – The Five Year Journey

India is the largest market for Global Capability Centers ("GCCs") in the world with more than 1,700 GCCs operating and a total headcount of over 1.9 million as of FY2024. The number of GCCs is expected to increase to 2,100-2,200 by 2030E. GCC-led export revenues of approximately USD 64.6 billion in FY2024 are expected to grow to USD 99-105 billion by FY2030. (Source: Nasscom India GCC Landscape – The Five Year Journey).

Chart 4.3: GCC Market Expected to grow at 9-10% CAGR through FY2030



Source: Nasscom India GCC Landscape – The Five Year Journey

Several Indian cities, like Bengaluru, Hyderabad, Delhi NCR, Mumbai, Pune, and Chennai, are considered suitable for GCCs due to their compelling infrastructure, a pool of digitally skilled talent, and improving regulatory framework.

MICE (Meetings, Incentives, Conferences and Exhibitions) Tourism

Post COVID India is emerging as a compelling MICE destination. The Ministry of Tourism launched a campaign “Meet in India” within the “Incredible India” campaign to promote the country as an attractive MICE destination. The report titled ‘National Strategy for MICE 2022’, was released in 2022 by the Ministry of Tourism to provide an overview of the sector.

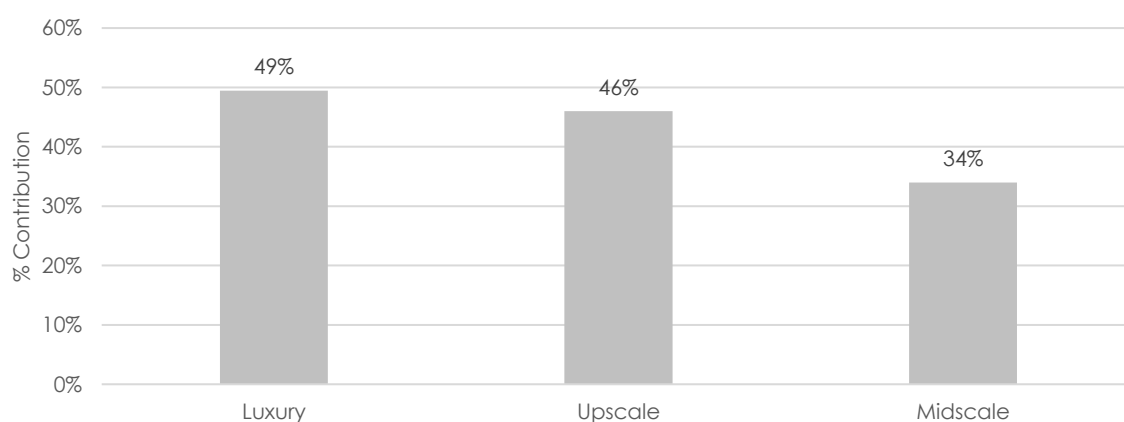
India is a key player in the Asia Pacific region, and with the recent expansion of its exhibition infrastructure, it has garnered the potential to become a key MICE destination in the region. The key convention centres in Delhi such as the IECC (International Exhibition cum Convention Centre) at Pragati Maidan, now known as Bharat Mandapam, with 73,195 sqm indoor capacity at present, and IICC (India International Convention and Expo Centre, also known as Yashobhoomi) in Dwarka with 64,410 sqm indoor capacity, are redefining Delhi's standing in the global convention market. Having opened in 2023, both the convention centres can hold large-scale events and conventions, drawing incremental visitors to the city and positively contributing to the room night demand for hotels of all segments. The biggest beneficiaries of IECC and IICC in room night demand are hotels located in Central Delhi, Aerocity, Gurugram, and Dwarka.

Similarly, the Jio Convention Centre in BKC, Mumbai, which opened in 2022 and has 30,700 sqm of indoor space is well on its path to becoming one of the most significant contributors to room night demand in Mumbai and has since its opening facilitated Mumbai's hotel market resurgence. The Mahatma Mandir Convention and Exhibition Centre, (complimented by the Leela Gandhinagar), since its inception, has been a key driver for the hospitality sector in Ahmedabad. Mega events like the Vibrant Gujarat have attracted a significant number of international delegates, journalists, and tourists, leading to a significant amount of hotel demand compression dates in the city.

High-profile events like the recently concluded G20 Summit in New Delhi, the Global Fintech Festival in Mumbai and the Aero Show in Bengaluru have played a pivotal role in driving demand for the hotel industry among others. This also drives demand for hotels with strong banqueting services, driving higher F&B revenue for the hotels.

Banquets in hotels in India are key contributors to the overall Food & Beverage revenue. According to our survey of 200 branded hotels, the luxury hotel segment witnessed nearly 49% of their Food and Beverage revenue emanate from the Banquets segment. Hotels with strong banqueting services located in key business district has shown better performance on the back of a resurgence of corporate events. Our research shows that while the number of events has remained consistent, the overall revenue has increased on the back of higher prices being charged for banquets.

Chart 4.4: Segment-wise Banquet Contribution to Total F&B Revenue



Source: HVS ANAROCK Research,

Note: The above is a result from survey of 200 branded hotels

India's prominence on the global stage will continue attracting more high-profile and high-end luxury events in the future and drive demand for luxury hotels and quality convention centers.

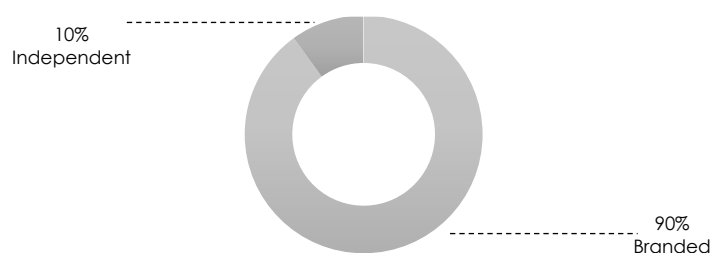
Spiritual Tourism

Spiritual tourism is among the oldest reasons for travel in India. Besides Hinduism, India is the birthplace of Sikhism, Buddhism & Jainism collectively offering many spiritual centres and events throughout the country.

Spiritual tourism in India is expected to grow at 16% CAGR over FY2024-FY2030. The growth in spiritual tourism has been driven by increasing consumerism as visitors look for more fulfilling, authentic and immersive experiences. Improving connectivity, infrastructure and the government's stated intent to develop more hubs of spiritual tourism and spiritual centres such as Tirupati and Ayodhya are expected to be key demand drivers for the segment. According to the Department of Tourism, Uttar Pradesh in its report published in March 2024, the partly inaugurated Ram Mandir in Ayodhya witnessed an attendance of 63 million domestic and foreign tourists in 2023.

Sensing this growing opportunity, both international and domestic hotel brands and potential investors are foraying into spiritual locations. According to our research, approximately 5,700 branded keys exist in major religious destinations of India, with an additional pipeline of approximately 4,700 keys planned to open in the next 4 to 5 years.

Chart 4.5: Segment-wise Existing Supply



Source: HVS ANAROCK Research

Spiritual segment comprises of the following markets: Amritsar, Haridwar, Somnath, Tirupati and Varanasi

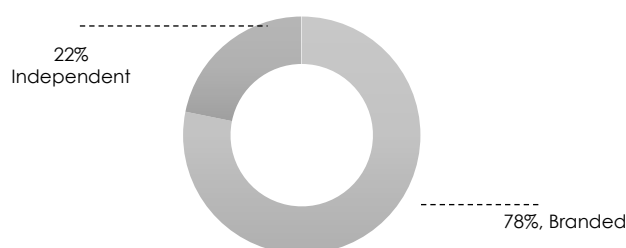
Interestingly, the temple rush is being powered by not just the older generation but millennials as well. In recent years, it has pivoted towards consumerism, with visitors seeking a more fulfilling, authentic, and immersive experience, giving rise to demand for premium services.

Wildlife Tourism

Wildlife tourism, a subset of experiential and ecotourism, has been progressively growing in India and has carved a niche for itself as a luxury experience space, attracting a wide range of tourists. Notably, India's Wildlife realm offers 106 national parks, and 567 wildlife sanctuaries combined with a large biodiversity base. India is home to over 7.5% of the animal species the world holds and boasts of a great variety of fauna, over 90,000 species of which approximately 30,000 are animal species (Source: Know India).

Historically, wildlife tourism appealed to a small niche of enthusiasts, many of whom belonged from international markets. However, with the increasing number of domestic travellers favouring journeys "off the beaten path", especially post the pandemic, the demand for wildlife destinations has witnessed considerable increase. Locations in remote or pristine areas add to the tranquillity, making the experience more serene. Heightened efforts by the government to improve last-mile connectivity and bolster demand has further boosted investments by hotel chains, and experiential brands.

In addition to the predominantly independent hotel market, well-established and reputed domestic hotel chains, and experiential brands such as the Taj Safari Resorts, Oberoi Hotels Group, and now the Leela Hotels through its proposed development in wildlife destinations such as Ranthambore and Bandhavgarh, are making their presence felt.

Chart 4.6: Segment-wise Existing Supply

Source: HVS ANAROCK Research

Luxury Wildlife comprises the following markets: Jim Corbett, Chikkamagaluru, Wayanad, Vythiri, Hoshangabad, Seoni/Pench, Kanha, Panna, Umria/Bandhavgarh, and Ranthambore/Sawai Madhopur

Heritage Tourism

Heritage tourism in India is gaining popularity, as the country is blessed with centuries of rich history imbued in its numerous forts, palaces, and monuments. India ranks 6th globally on the list of UNESCO World Heritage Sites, with 42 World Heritage Sites and another 57 on the tentative list, surpassing global peers such as the UK and Japan. In addition, India has nearly 3,700 centrally protected monuments/sites under the Architectural Survey of India (ASI), showcasing the country's fascinating history, rich heritage, and culture. India provides a unique blend of a rich history and cultural heritage.

Over the years, the GoI and tourism stakeholders have worked diligently to propel the growth of heritage tourism. Effective marketing campaigns have been implemented, and activities such as light and sound shows, heritage/cultural walks, cycle tours, culinary events, and festivals have been introduced at various heritage destinations to attract tourists. The government's 'Adopt a Heritage' program, which encourages public-private partnerships to develop and maintain heritage sites sustainably has increased the emphasis on the conservation, preservation, and restoration of heritage sites. India's diverse geographical landscape and rich cultural heritage provide an ideal landscape for experiential hotels to flourish.

Regulatory initiatives to preserve and promote these sites have created strong demand for domestic and international travel. The hotel industry has embraced this opportunity by transforming numerous forts, palaces, and havelis into luxury hotels which helps preserve these historical structures and provides travelers with unique, culturally immersive experiences. The transformation of former palaces and forts such as Jag Niwas Palace in Udaipur, Rambagh Palace in Jaipur, Ummaid Bhawan Palace in Jodhpur, Devigarh Palace in Udaipur, Samode Palace in Chomu, and more recently, Fort Bishangarh near Jaipur, Fort Barwara in Barwara, and Falaknuma Palace in Hyderabad are a few prominent examples of this growing trend.

To cater to the growing popularity of experiential travel and demand for immersive experiences, leading brands have responded with unique offering including "Modern Palaces", which are newly built properties offering guests world-class modern amenities while retaining the charm associated with heritage offerings have been increasingly popular with tourists. The hotels have further curated itineraries to complement their "heritage trails", coupled with curated food menu, camping and art / music, allowing guests to immerse themselves in the rich history of the destination and experience an era by-gone.

Several state governments, including Rajasthan, Gujarat, Uttarakhand, Kerala, and more recently Uttar Pradesh, among others, have introduced heritage tourism policies as part of their broader tourism strategies. These policies offer incentives for converting heritage properties into hotels and financial assistance for renovation or expansion. By investing in these heritage properties, hoteliers, especially in the luxury segment gain a competitive edge due to the unique and authentic experiences heritage properties provide.

Wellness Travel

Wellness travel in India is evolving with focus on energy healing, stealth wellness, ayurveda etc. India has been a leading destination for ayurvedic getaways, attracting both foreign and domestic travelers seeking holistic experiences. Wellness vacations are becoming increasingly popular amongst affluent Indians. The Wellness Tourism Market in India is valued at USD 19.4 bn in 2024 and is poised to grow at a 6.4% CAGR over the next five years, to reach a market size of USD 26.6 bn by 2029 (Source: Mordor Intelligence, India Wellness Tourism Market).

Popular destinations include the Himalayan region offering nature-based wellness experiences; Rishikesh, recognized for yoga and meditation retreats and Kerala known for its ayurvedic and naturopathy treatments. Leela Hotels has multiple offerings in Kerala benefitting hugely from the upsurge in luxury wellness tourism.

India has been a leading destination for ayurvedic getaways, attracting mostly foreign nationals in the past. However, this pattern is shifting post-pandemic, with a dramatic surge in domestic travellers, seeking holistic experiences driven by increased focus on health and well-being. Luxury wellness vacations are increasingly being preferred by affluent Indians.

The wellness travel narrative is evolving, with trends ranging from energy healing to stealth wellness, forest bathing to adaptogens. Despite progress in integrating wellness into the hospitality industry, there remain untapped opportunities for hotel brands and investors, especially in the luxury segments, to explore and capitalize on the expanding wellness tourism trend in the country.

Wedding Tourism

According to the Confederation of All India Traders (CAIT), about 3.8 million weddings took place between 23 November and 15 December 2023 alone, up from 3.2 million weddings witnessed during the same period in the previous year. This surge resulted in revenue worth INR 4.74 lakh crore, marking a 26% jump from 2022.

This remarkable growth is attributed to several factors, with the most prominent being the young demographic profile, increasing disposable incomes, and changing consumption patterns in the country. India currently has around 600 million citizens in the age group of 18-35 years – the highest number of the millennial and GenZ population in the world. According to Knight Frank's The Wealth Report 2023, the number of HNWIs in the country, with an asset value of USD 1 million or more, is expected to grow by nearly 107% to 1.65 million between FY22 and FY27, indicating a potential uptick in spending on luxury experiences, including destination weddings. Furthermore, the Knight Frank 'The Wealth Report 2024' stated that the number of UHNWIs with a net worth of USD 30 million or more in India is expected to rise by 50.1% (the highest growth rate) from 13,263 in 2023 to 19,908 in 2028.

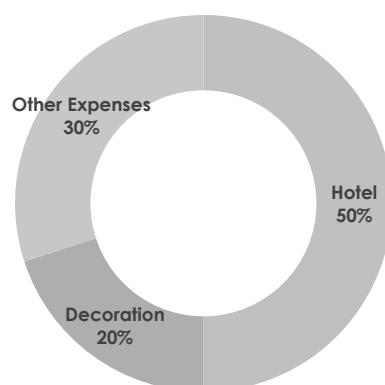
With the growing affluence of Indians within the country combined with the global Indian diaspora, the big fat Indian weddings are only getting bigger and fatter, with destination weddings gaining popularity. Jaipur, Udaipur, Goa, and Delhi are preferred luxury wedding destinations in the country and have witnessed higher traction from the growing affluent Indian nationals.

Recognizing the sector's potential, the Government of India (GoI), is increasingly focusing on supporting and promoting wedding tourism in the country. Plans for a draft wedding tourism policy were announced in 2023 to ensure a structured approach towards growth in the sector. In August 2023, the Ministry of Tourism (MOT) launched the 'India Says "I Do"' campaign aiming to position the country as an ideal wedding destination globally, by showcasing a blend of grandeur and modernity. According to Confederation of All India Traders (CAIT), an estimated 5,000 destination weddings take place outside of India. With the 'India Says "I do"' initiative, the GoI aims to establish India as the foremost choice for couples seeking extraordinary wedding experiences, while retaining the economic benefits generated from weddings within the country, presenting a tremendous opportunity for hotel brands and allied industries in the country.

According to our research, average number of wedding functions has increased from 3.2 events per wedding in 2022 to 4.2 events in 2023. To illustrate the benefits of this change, we reviewed the destination wedding segment in luxury hotels of Jaipur. Our research indicated that luxury hotels in Jaipur in 2023 hosted, on average, 75-80 weddings per hotel translating into 220-250 events, 40% of which occurred on non-auspicious dates - a radical and favourable change for the industry. Post the pandemic there has been a resurgence of buyouts (booking all rooms in a hotel for an exclusive private event) and large-

format destination weddings, with the event sizes varying between 350-400 people, on average. These events generated approximately INR 25 to 30 million (approx. USD 300,000 – 360,000) for luxury hotels on average, accounting for almost 50% of the total spend on the wedding destination.

Chart 4.8: Leisure Destination Weddings Cost Split



Source: HVS ANAROCK Research

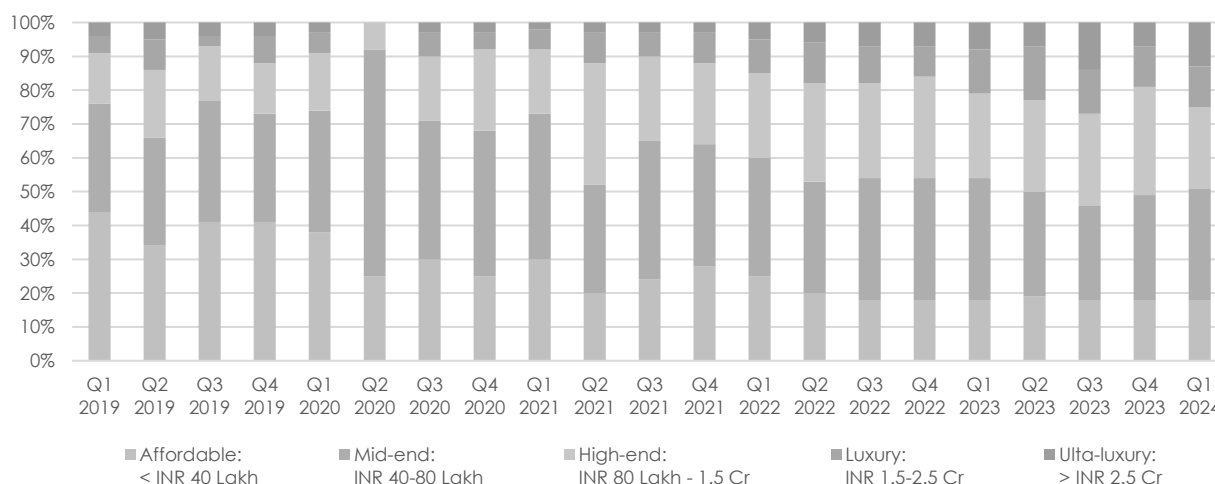
Growth in Ancillary Areas of Hospitality including Branded Residences, Serviced Apartments and Member Clubs

Branded residences combine bespoke service offerings, often by luxury hospitality brands with residential dwellings to deliver a differentiated lifestyle experience to its residents. Globally, growth in branded residences has been spurred by their attractiveness to both developers and investors. The segment has proven to generate premiums in cities around the world attributed to the rising affluence and evolving consumer preferences, driving demand for private & spacious living formats with high-end amenities and comprehensive in-house services.

In India, the growing affluence has led the demand for luxury and ultra-luxury housing. The rising trend of demand for luxury and ultra-luxury homes bodes well for branded residences, which are targeting a similar segment and are priced within the same bracket. Homes in the ultra-luxury space have seen a rapid growth, growing 4% of all residential projects in Q1'2019 to 13% in Q1'2024 highlighting the growing appetite among developers for high-end projects. India has an existing stock of 858 branded residences units associated with hotel brands, with pipeline of an additional 2,040 units across New Delhi, Gurgaon, and Mumbai. The branding fee for branded residences ranges between 5% - 7% of sales in 2023, offering an attractive new market for growth for luxury hotel operators.

Chart 4.8: The Ultra-Luxury Segment in India Has Seen Rapid Growth, Highlighting the Growing Appetite Among Developers for High-End Projects

(All India Residential Projects (New Launches) – Quarterly Segmentation)



Source: ANAROCK Research

Long-Stay Demand

Demand for Long-Stay Serviced Apartments is on the rise, With India's emergence as a key business centre and the growth in corporate travel. Extended stay hotels have established a distinctive niche in the global hospitality industry by catering to guest requiring long-term accommodation. These hotels combine the comforts of home with the convenience of hotel living, amenities such as living and dining areas, laundry equipment as well as kitchenettes are key differentiators of this segment. Such products are characterized by not only high occupancy but also high ARR's. With India's rising global stature, it is anticipated that extended stay hotels will gain recognition and popularity in both leisure and business locations in the country.

Private Clubs

Growing trend of urbanization and nuclearization of the Indian family structure is possibly supporting demand for Private Club. India is registering a rapid increase in urbanization, in tandem with its growing population. It is estimated that by 2036, 40% of India's population will be residing in urban areas. The Indian family structure is also undergoing a structure shift, with joint families making way for nuclear households.

A growing aspirational conscious population looking to being associated with exclusive communities, offering world class recreational and sporting amenities (eg. golf courses, tennis courts) has been a key driver for the popularity of country clubs. According to our research, the number of registered golfers in India has registered a nearly 40% growth, estimated to have increased from 125,000 in 2019 to 175,000 in 2022.

As families become more affluent, and urbanized, demand for private clubs is on the rise with individuals increasingly looking for exclusive communities and the access to high-end leisure and re-creation amenities. For hotels, private members clubs generate additional income through membership fees, annual renewal fees and club services. The benefits offered foster loyalty among members and corporate clients, encouraging repeat business and long-term relationships. Membership fee for such clubs in luxury hotels typically ranges between INR 1,500,000 to INR2,000,000 at entry with a yearly fee of INR 100,000 to INR 300,000.

Club facilities attract demand from within the micro market, primarily using F&B offerings and club usage charges if any. Clubs operated by hotels benefit from a range of facilities available within a luxury hotel, thereby offering a wider array of facilities to members.

Conclusion

India's rise to the 39th position, out of 119 countries in World Economic Forum's (WEF) Travel and Tourism Development Index (TTDI) in 2024, up from the 54th rank in 2021, is representative of the growing recognition of India for Travel and Tourism, especially post COVID. The shift in domestic consumer behaviour on consumption especially post-COVID is fuelling growth in not only mainstream segments such as corporate travel and spiritual tourism, but also in niche experiential segments such as Wildlife, Spiritual, Wellness and Heritage. Significant strides in infrastructure development, ranging from Airports to Convention Centres are inducing significant structural changes in travel patterns both domestically as well as internationally. Such shifts combined with India's rising economic status are likely to continue to fuel development of the Indian hospitality sector.



5. India Hotel Supply

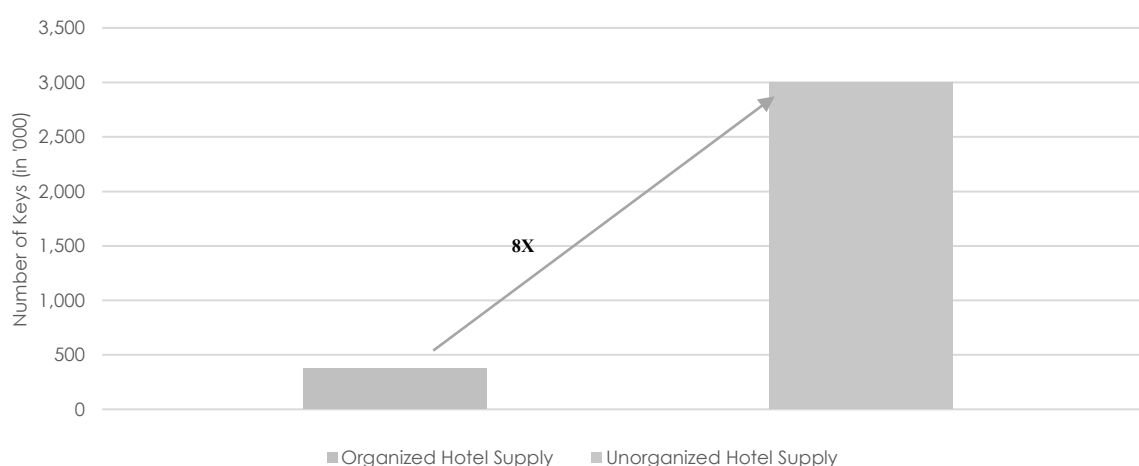
SECTION 5

India Hotel Supply

The Indian hospitality sector, similar to its global counterparts, is split between the organized and unorganized sectors. According to our research, the organized sector, which includes branded, aggregators, and quality independent hotels, has an estimated hotel supply of approximately 375,000 keys at the end of FY2024. In contrast, the unorganized sector, which includes guest houses, motels, homestays, dharmshalas, clubs, and other informal and largely unregulated accommodations, is estimated to have a supply of over 3 million keys, making the unorganized sector eight times larger than the organized sector. Together, the organized and unorganized sectors form a significant portion of the total addressable market.

The significantly lower organized hotel supply in India presents a substantial opportunity for expansion, especially as India's economic development and rising disposable incomes increase the demand for quality accommodations.

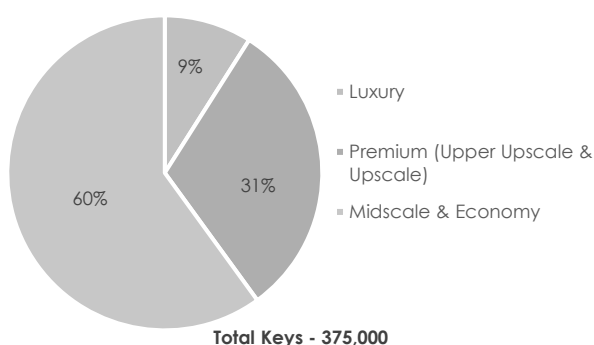
Chart 5.1: Comparison of Organized Sector to Unorganized Sector in India - FY2024



Source: HVS ANAROCK Research (June 2024)

The hotel supply in the organized sector is categorized into five key segments by positioning: Luxury, Upper Upscale, Upscale, Midscale and Economy. The Midscale and Economy hotel segments combined constitute the largest portion, accounting for approximately 60% of the hotel supply in the organized sector. Conversely, the Luxury hotel segment represents the smallest share of approximately 9% of India's organized hotel supply, equating to approximately 33,800 keys (including branded and independent). In comparison, Bengaluru, India's largest hotel market by number of keys in the organised sector, is nearly the similar size as the country's luxury segment. The lower proportion of luxury hotel supply presents a significant opportunity, driven by the expected increase in foreign tourist arrivals (FTAs) and the growing affluent population in India, making it an ideal time to expand in this segment.

Chart 5.2: Segmentation of Organized Hotel Supply by Positioning in India - FY2024

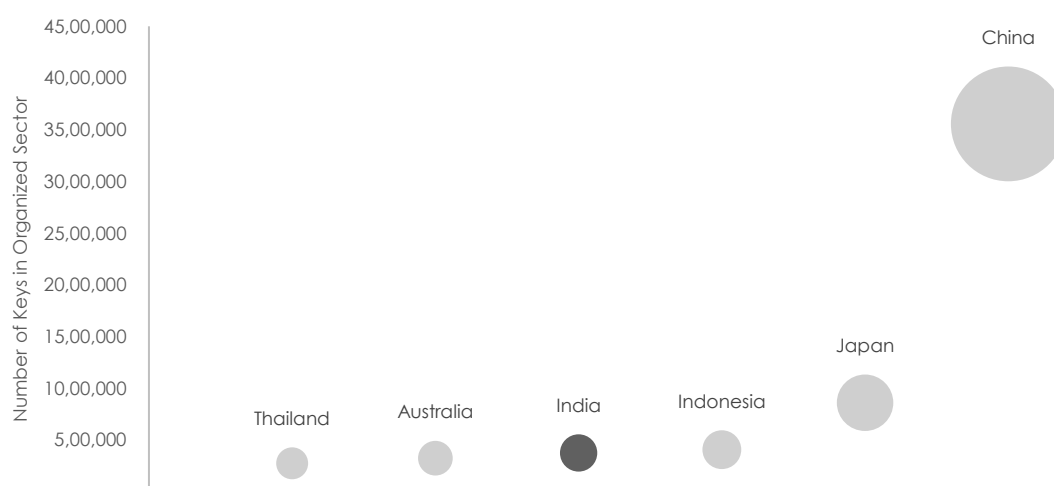


Source: HVS ANAROCK Research

Organized Hotel Sector Penetration in India

India is the most populous country in the world, but the country cumulatively has a lesser number of keys in the organized sector compared to its peers in the Asia Pacific. China, its closest comparison in total population has 9 times more keys in its organized sector.

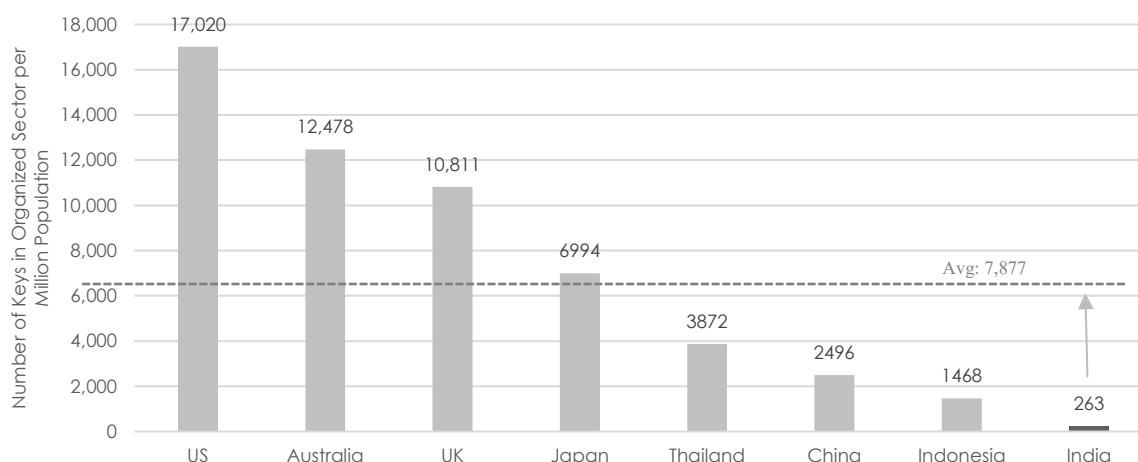
Chart 5.3: Number of Keys in Organized Sector by Country - 2023



Source: HVS ANAROCK Research
Note: India is as per FY2024

The penetration of organized hotels, by keys, in India continues to remain lower than major economies with significant domestic visitation. At 263 keys per million population, India's organised hotel sector is significantly under-penetrated when compared to not only the global average at 7,877 keys per million population but also its closest peer – Indonesia, which offers approximately 1,468 keys per million population. Given Indonesia's GDP Per Capita is twice that of India's, the stark difference in keys per million population highlights the disparity as well as the substantial opportunity for growth and investment in India's hospitality sector. With India's real GDP among the fastest growing globally, the rate of hotel demand growth will continue to outstrip hotel supply in the country, fuelling growth in overall performance of the sector. India will need to add 1.74 million keys to reach Indonesia's 1,468 keys per million population.

Chart 5.4: Number of Hotel Keys in Organized Sector per Million Population in the Country - 2023



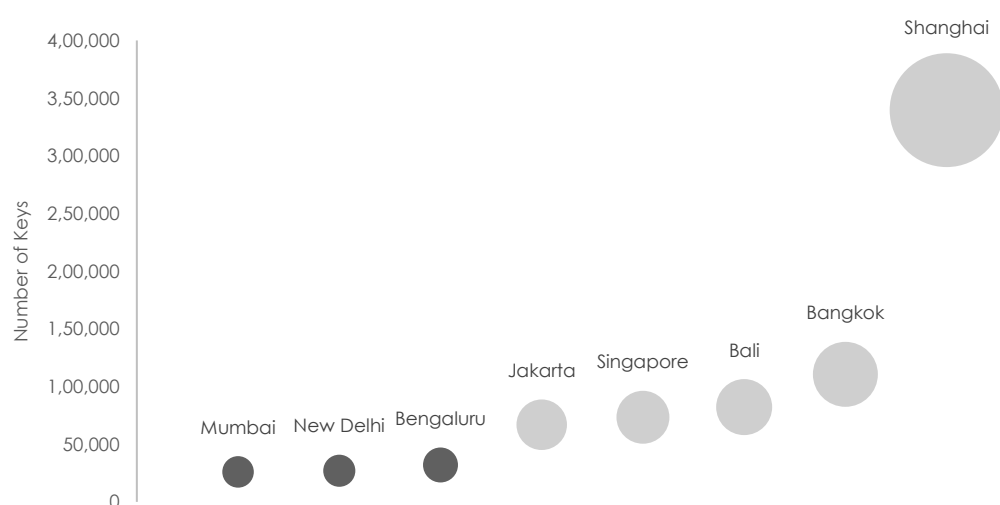
Source: HVS ANAROCK Research

Note: Global average does not include India, India is in FY2024

India's most developed hotel markets — Bengaluru, Mumbai, and Delhi — remain among the smallest in the Asia region. For instance, India's largest organized hotel market, Bengaluru, would need to add more than twice its current supply to surpass Jakarta, its nearest competitor. In stark contrast, Shanghai's hotel market is approximately 10 times larger than Bengaluru's.

In fact, Bengaluru will take 9-10 years to reach Jakarta's existing supply at its current growth rate of 8%, whereas Bengaluru's airport passenger traffic will be equivalent to Jakarta's current airport passenger traffic in the next three years based on historical CAGR of 9%.

Chart 5.5: Number of Keys in Organized Hotel Sector in Top Asian Cities - FY2024



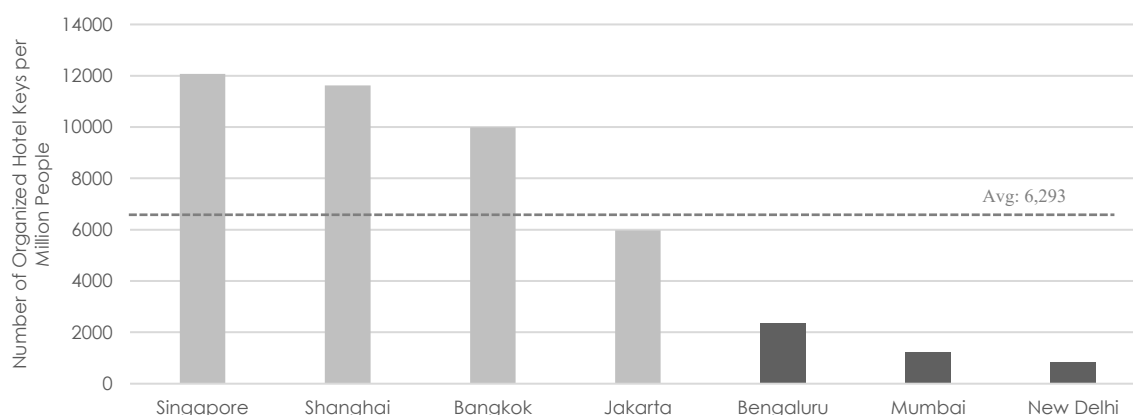
Source: HVS ANAROCK Research

Note: Non-Indian Markets are in Calendar Year

On keys per million population, Jakarta, the closest market in size to India's biggest hotel market – Bengaluru – has over 2.5 times more keys per million population. For cities such as Mumbai and Delhi, this gap is even more significant at 5 times and 7 times respectively. Bengaluru will need to add nearly 1.5 times more keys to reach Jakarta's 5,972 keys per million population.

Organized hotel supply in our major metros compared to their respective population is severely under-sized.

Chart 5.6: Number of Organized Hotel Keys per Million Population in Key Asian Cities – FY2024



HVS ANAROCK Research
Note: Non-Indian Markets are in Calendar Year

The variance in the number of organized hotel keys when reviewed in India's top 12 leading hotel markets is also significant, indicating a large growing opportunity for the sector.

Penetration of Branded Hotel Sector

In the early 2000s, the Indian hospitality market underwent a significant transformation with the entry of several international hotel companies. This influx spurred growth in the branded hotel sector, driven by many first-time developers looking at the branded hotel sector as a means for diversification. The sector grew from 25,500 branded keys in FY2001, representing 31% of the total 82,400 keys in the organised sector to approximately 170,000 branded keys in FY2024, representing 45% of the total 375,000 keys in the organised sector. The remaining 55% represent the independent keys.

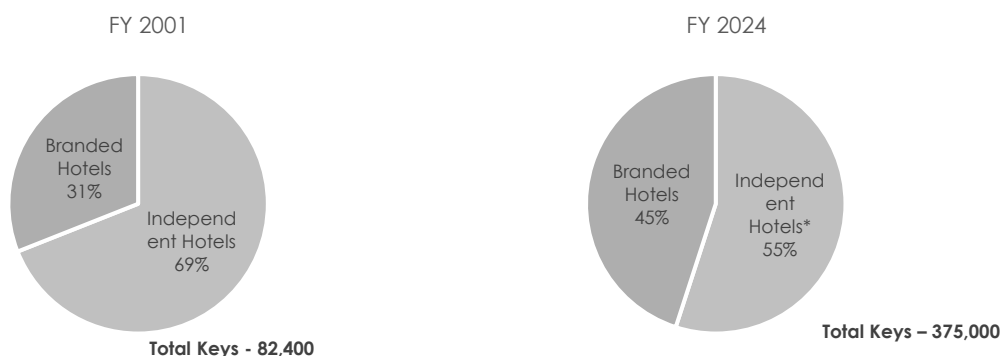
The largest supply growth since FY2001 was observed in the premium (upper upscale & upscale) segments, followed by the midscale & economy segments, primarily due to the lack of quality and branded hotel supply in these segments, but also due to limited capital availability, a large and underserved customer base, and limited development potential of prime land parcels in gateway locations. The luxury segment has had the lowest supply growth among all hotel categories between FY2001-24.

Table 5.1: Branded Hotel Supply Growth Across Segments (FY2001-FY2024)

Hotel Segment	Supply in Keys (FY2001)	Supply in Keys (FY2024)	Supply Growth CAGR (FY01-FY24)
Luxury	6,500	29,000	6.7%
Premium (Upper Upscale & Upscale)	9,300	67,800	9.0%
Midscale & Economy	10,700	73,200	8.7%
Total Hotel Sector	26,500	170,000	8.4%

Source: HVS ANAROCK Research
Note: Key count has been rounded

Chart 5.7: Comparison of Branded Hotels to Independent Hotels – FY2001 and FY2024

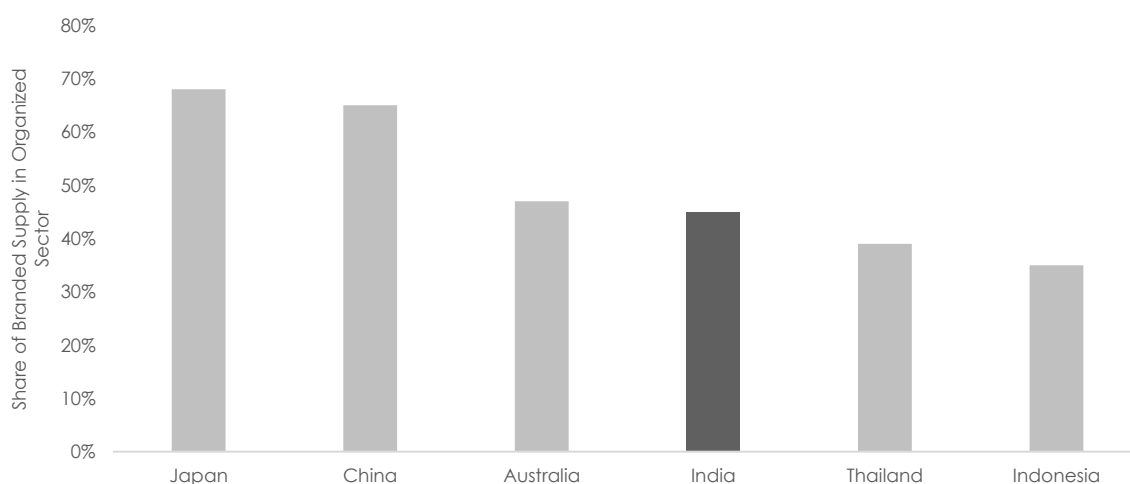


Source: HVS ANAROCK Research (June 2024)

Note: In the 2023 graph, Independent Hotels includes the new-age aggregator supply.

Despite the advent of numerous domestic and international brands, branded hotel penetration in India continues to remain lower than many other countries in the Asia Pacific region.

Chart 5.8: Branded Hotel Penetration in Organized Sector for major Asia Pacific countries - 2023



Source: HVS ANAROCK Research (June 2024)

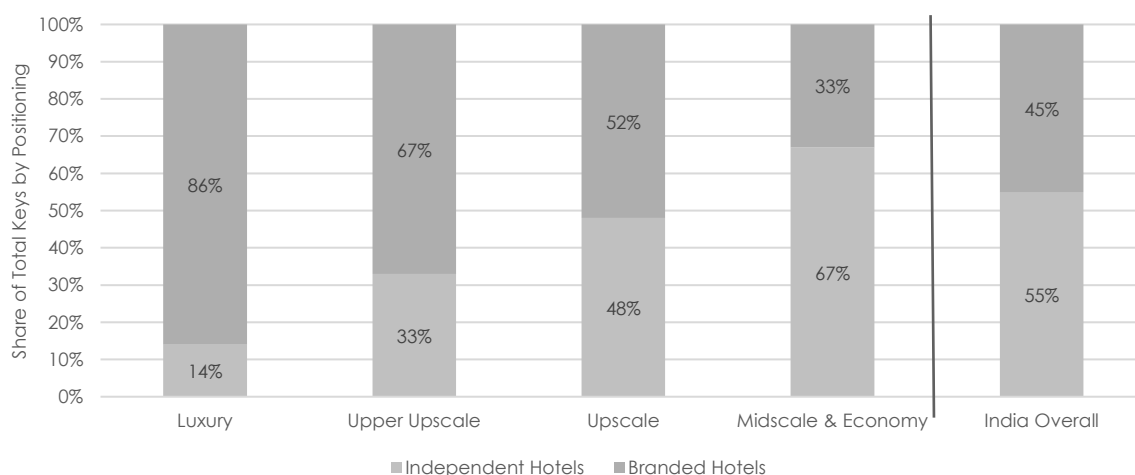
Note: India is as per FY2024

As a result of the relatively low brand penetration, India's branded keys per million population is the lowest amongst its major Asia Pacific peers. Jakarta has 5 times more branded hotel keys per million population than India.

While China's number of branded hotel keys per million population is below the average of keys per million population of major Asian cities, it still has 13 times more branded hotel supply than India, due to higher brand penetration.

Luxury hotel brands have the highest brand penetration of total organized keys. As of FY 2024, there were a total of nearly 33,800 luxury keys in the organized hotel sector of which 29,000 keys were branded, leaving 4,800 keys available for conversion to branded hotels.

Chart 5.9: Brand Penetration in Organized Sector by Positioning - FY2024



Source: HVS Research (June 2024)

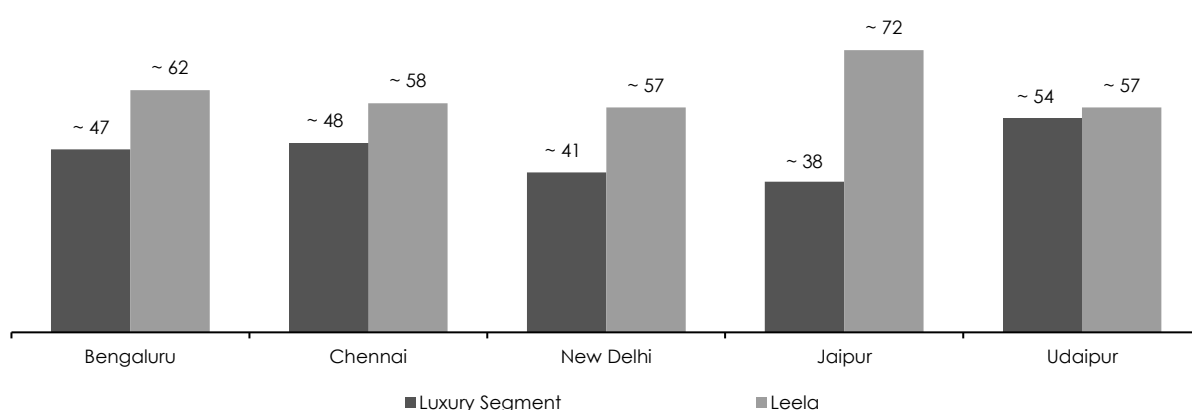
While brand penetration in the luxury segment is the highest among its peers, the growth in new hotel signings is limited. Over the past 5-years, luxury share in brand signings by keys has ranged between 11% to 14%.

Evolution of Luxury Branded Hotels in India

The history of luxury hotels in India dates to the early 20th century with the establishment of the iconic properties such as the Taj Mahal Palace Hotel in Mumbai, The Oberoi Grand in Kolkata and The Imperial in New Delhi that set the standard for luxury, opulence, and impeccable service. The luxury segment was thereafter defined by brands such as The Leela, Taj, The Oberoi, and ITC.

Luxury hotel rooms are typically larger than other segments of the hospitality industry given the in-room services and amenities available. As of Financial Year 2024, The Leela's average room size of approximately 61 sq.m across its owned properties is 36% higher than the overall luxury hospitality segment average room size of approximately 45 sq.m.

Chart 5.10: Benchmarking Room Sizes vs. Relevant Markets - Average room size (sq.m)⁽¹⁾



Source: HVS ANAROCK Research

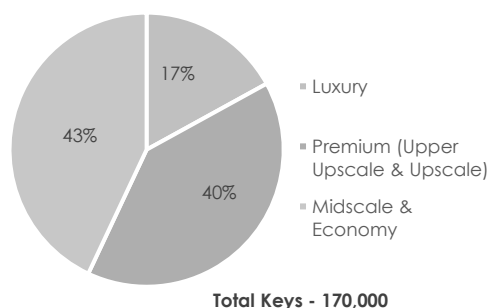
Note: The Leela metrics are for owned hotels in FY2024.

Weighted average room size based on number of keys for Leela's owned hotels

Supply in the luxury hospitality segment remains limited given the high barriers to entry. In the past 15 years, there has been an addition of only 53 luxury hotels across 11 key markets in India, taking the total number of luxury hotels in the country's organized hotel sector to about 230 hotels (equivalent to

approximately 33,800 keys) by the end of FY2024, representing 17% of the total branded hotel sector. As of December 2023, of 33,800 luxury keys, 29,000 keys were in the branded segment, and 4,800 keys in the independent segment. The 4,800 independent keys present an opportunity for companies such as The Leela to potentially convert them to a branded hotel.

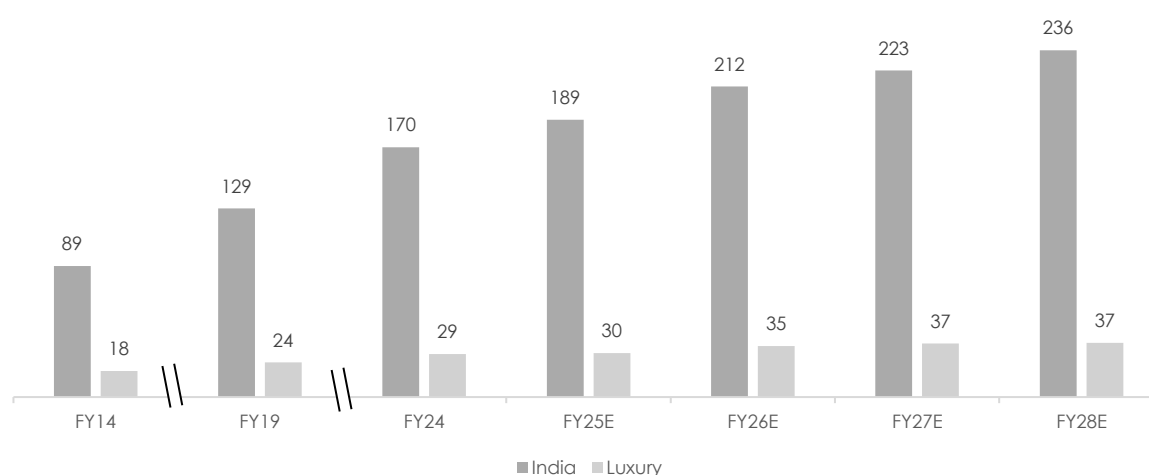
Chart 5.11: Segmentation of Branded Hotel Supply by Positioning in India – FY 2024



Source: HVS ANAROCK Research (June 2024)

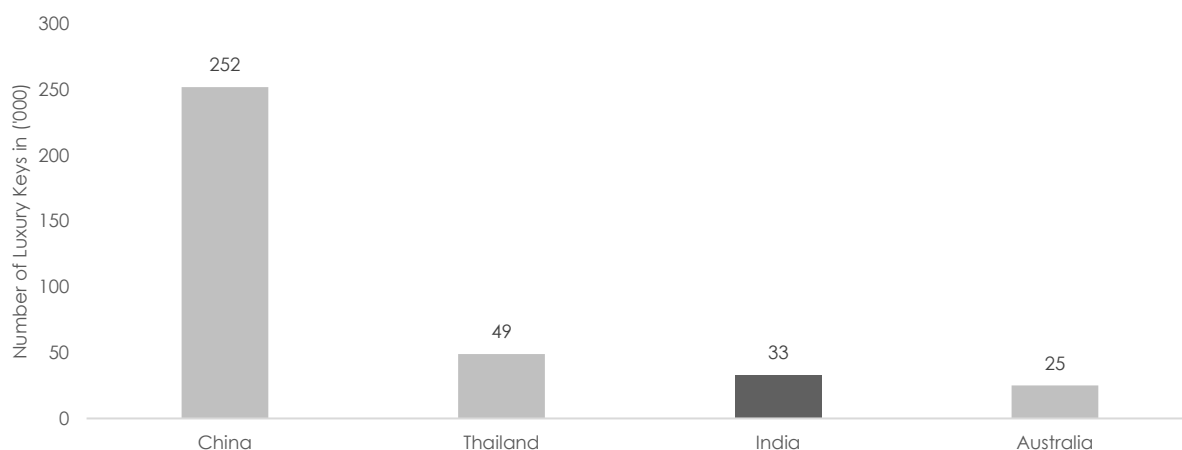
Supply in the luxury hospitality segment remains limited given higher barriers to entry which include limited availability of suitable land parcels, securing requisite land use permissions and end-use restrictions, regulatory approvals and licenses and substantial capital and time investment needed to build a well-recognized and respected luxury brand, as well as to develop luxury hotels.

Chart 5.12: Number of Branded Hotel Keys



Source: HVS ANAROCK Research

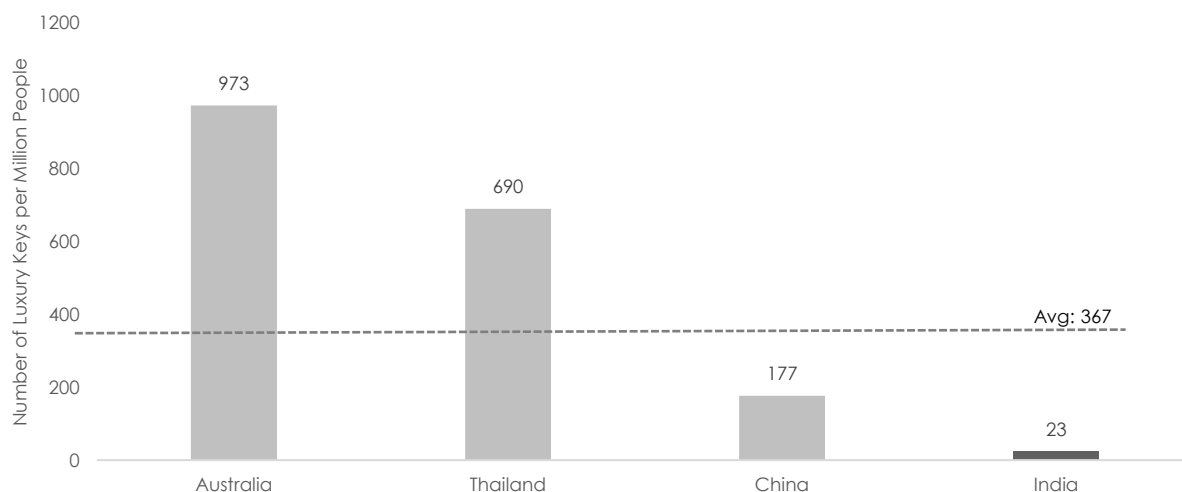
Chart 5.13: Number of Luxury Keys in Major Asia Pacific Countries - 2023



Source: HVS Research (June 2024)
 Note: India is as per FY2024

The Indian luxury hospitality sector remains significantly underpenetrated, compared to global cities. India has approximately 23 luxury hotel keys per million population, and its closest peer – Japan – has over 7 times more luxury keys per million population. India will need to add nearly 200,000 keys to its luxury segment to reach Japan's 168 keys per million population. Given Japan's GDP per capita is 14 times that of India's, the stark difference in luxury keys per million population again highlights the disparity as well as the substantial opportunity for growth and investment in India's luxury segment. With India's real GDP among the fastest growing globally, the rate of luxury hotel demand growth is anticipated to continue to outstrip luxury hotel supply in the country, fuelling growth in the overall performance of the luxury segment.

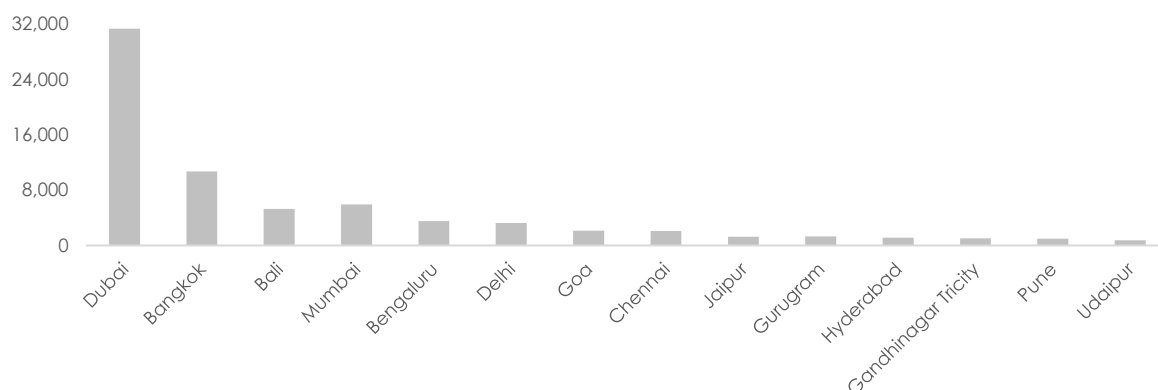
Chart 5.14: Number of Luxury Keys per Million Population in Major Asia Pacific Countries - 2023



Source: HVS Research (June 2024)
 Note: India is as per FY2024

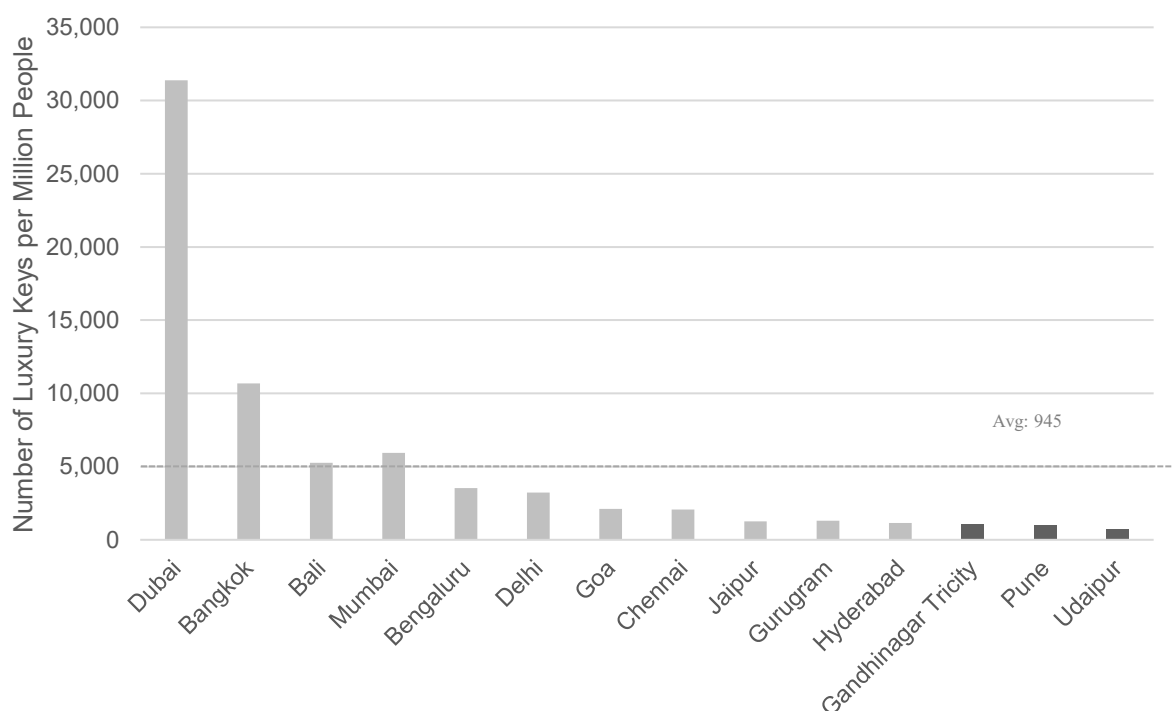
The luxury hotel supply in Bengaluru, Mumbai, and Delhi, the country's top-3 leading markets is notably low. In absolute terms, the cumulative luxury hotel supply of the 3 cities (approximately 13,000 keys) is less than the luxury hotel supply in Singapore alone, highlighting the significant gap in luxury accommodations in the country.

Chart 5.15: Number of Luxury Hotel Keys in select major Asian cities in 2023



Source: HVS ANAROCK Research (June 2024)
 Note: Indian markets are as per FY2024

Chart 5.16: Number of Luxury Hotel Keys per Million People in Select Major Asian Cities - 2023



Source: HVS ANAROCK Research (June 2024)
 Note: Indian Markets are as per FY2024

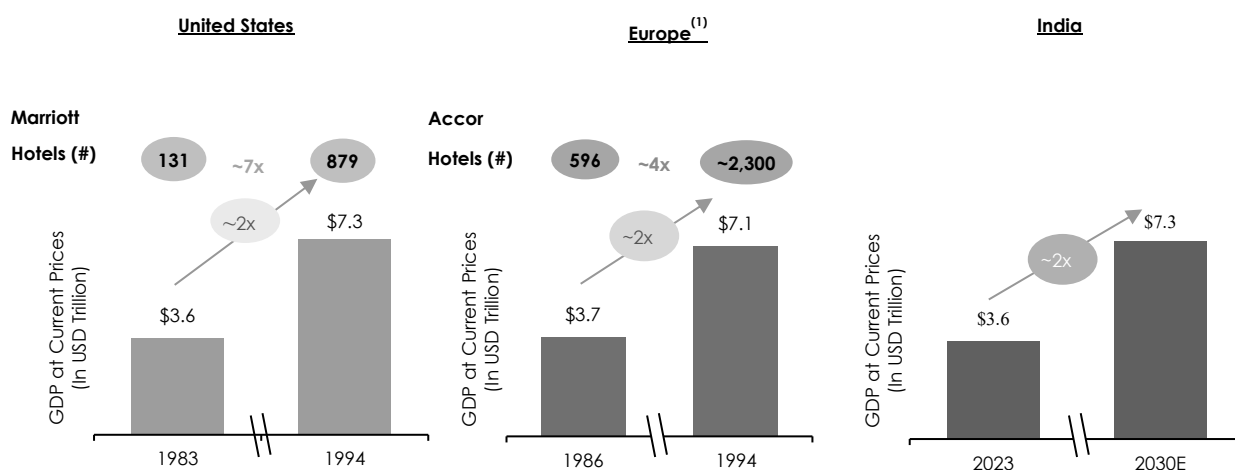
Luxury keys constitute only 26% of the branded keys in major Indian cities (Bengaluru, Mumbai, Jaipur, Goa, Amritsar, Delhi, Gurugram, Lucknow, Udaipur, Ahmedabad and Chennai), while in key Asian markets like Bangkok, Dubai, Bali and Maldives luxury keys constitute approximately 43% of the total branded supply – demonstrating the under penetration of the Indian luxury hospitality segment.

Select Case Studies for Growth in Luxury Sector Globally

The India luxury hospitality sector is at an inflection point when compared to select case studies in US and Europe. The US and Europe witnessed strong GDP growth in the 1980s as India is witnessing today, followed by a doubling of GDP within a decade. Scaled hospitality brands such as Marriott and Accor grew significantly faster than GDP during the same period. Marriott hotels increased their hotel count by ~7x

and Accor portfolio increased ~4x. India's GDP is expected to reach USD 7 trillion by 2030, doubling over a span of only seven years. Major Indian luxury players such as The Leela are well positioned to grow as the same trend is expected to play out in Indian markets.

Chart 5.17: India Luxury Hospitality at an Inflection Point



Source: HVS ANAROCK

Note: GDP measured in current USD; USD1= INR 83

(1) Economic data corresponding to European Union

The Four Seasons Hotels and Resorts is a leading hotel brand of global repute and is among the few hotel companies in the luxury hospitality segment to have maintained a single brand. The brand opened its first hotel in Toronto, Canada in 1961. During 1970 – 2006, while the brand grew steadily, openings of new hotels averaged 1.5 hotels a year.

In 2006, Cascade Investments, a private investment firm headquartered in Washington, United States, and Kingdom Holding Company, a Saudi conglomerate holding company comprising experienced investment specialists, jointly acquired approximately 95% of the company and delisted it from the stock exchange. The acquisition marked a period of accelerated growth for the brand. From 2007 to the first quarter of 2024, the brand expanded its portfolio by 75 hotels – averaging 4.3 hotels per year. The post-acquisition period underscored the benefit of institutional investment in forming robust growth strategies to scale rapidly, while maintaining luxury positioning.

Institutional ownership is a key catalyst for growth for hospitality brands.

Future Branded Supply

The year-on-year growth in organized hotel supply in India has been tapering gradually since reaching its peak in FY2010 (27.5%), indicating a maturing market with a more measured approach to expansion over the years.

Chart 5.18: Growth in Branded Hotel Supply in India (FY2014 – FY2028)

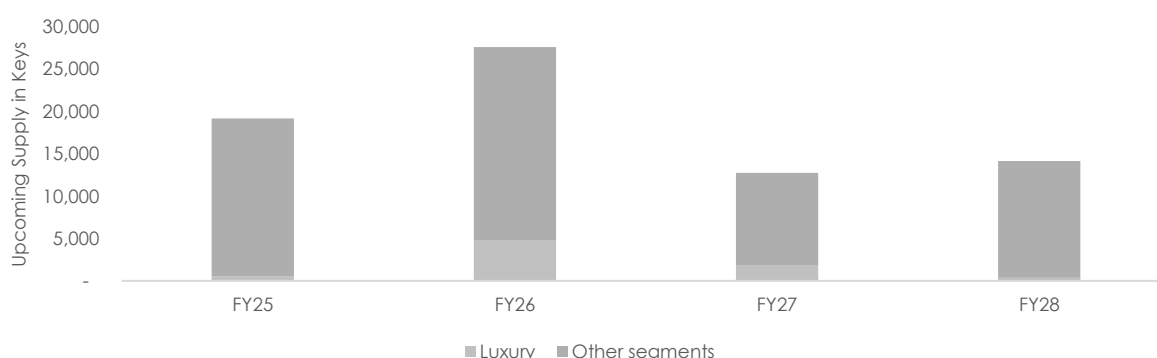


Note: The above data reflects hotels that have been confirmed by Operators or Owners. However, given that India's hospitality market is experiencing a vibrant recovery and strong growth rates, we note that there are properties that may still be under discussion and not included in this data.

Source: HVS ANAROCK Research

According to HVS ANAROCK research as of December 2023, the Indian hotel market has a pipeline of approximately 66,000 branded keys which are expected to open between FY2025 and FY28. Nearly 62% of this upcoming supply is expected to become operational during FY2025 and FY2026. A key reason for such a large share of supply expected to open in the next two years is the backlog of hotel openings caused by the pandemic.

Chart 5.19: Upcoming Supply by Years

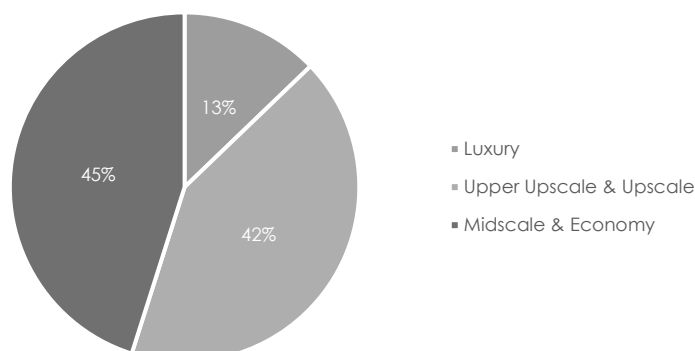


Note: The above data reflects hotels that have been confirmed by Operators or Owners. However, given that India's hospitality market is experiencing a vibrant recovery and strong growth rates, we note that there are properties that may still be under discussion and not included in this data.

Source: HVS ANAROCK Research; upcoming supply data based on hotel signings announced as of December 2023.

Majority of the upcoming supply continues to be in the Midscale and Economy segments, similar to the proportion of existing Midscale & Economy hotels in the country.

Chart 5.20: Upcoming Branded Hotel Keys by Segmentation (FY2024-FY2028)



Note: The above data reflects hotels that have been confirmed by Operators or Owners. However, given that India's hospitality market is experiencing a vibrant recovery and strong growth rates, we note that there are properties that may still be under discussion and not included in this data.

Source: HVS ANAROCK Research

Thereby, the total number of branded hotel keys is projected to increase from 170,000 at the end of 2023 to 236,000 by FY2028. Supply in the hospitality sector in India is expected to grow at a CAGR of 8.5% over FY2024 to FY2028. The proportional distribution of keys across the different segments (Luxury, Premium (Upper Upscale & Upscale), and Midscale & Economy) is expected to remain relatively stable during this period.

Supply in the luxury segment is expected to remain constrained due to relatively higher barriers to entry including limited land, extensive regulation, restrictive zoning, cost of capital and long construction timeframes. With rising demand for luxury travel, additional investments in the luxury market could yield significant returns and enhance the sector's appeal to affluent travellers.

Table 5.2: Branded Hotel Supply Growth Luxury vs Overall Hotel Sector (FY2024-FY2028)

Hotel Segment	Supply Growth CAGR (FY2024-FY2028)
Luxury	5.9%
Total Branded Hotel Sector	8.5%

Note: The above data reflects hotels that have been confirmed by Operators or Owners. However, given that India's hospitality market is experiencing a vibrant recovery and strong growth rates, we note that there are properties that may still be under discussion and not included in this data.

Source: HVS ANAROCK Research

In terms of markets, Bengaluru tops the chart with over 4,500 branded keys in the pipeline that are expected to open during FY25-FY28 & beyond, significantly higher than any other city. Mumbai (more than 3,600 keys), Jaipur (approximately 2,800 keys), and Goa (over 2,700 keys) follow Bengaluru, showcasing their importance as key tourist and commercial destinations. However, the upcoming supply, especially in the luxury segment, in global peers is much higher. For instance, nearly 80% of the upcoming supply (approximately 500 keys) in Maldives is in the luxury segment. A similar trend of high luxury proportion is visible in the high development markets of Bali, Dubai, and Bangkok.

The lower proportion of luxury hotels in the upcoming supply in Indian cities compared to global peers highlights a potential opportunity and room for further investment, which will help enhance India's appeal as a premium destination in the future.

Conclusion

India is likely to become the 3rd largest economy by 2027, but its organised, branded hotel sector is severely under penetrated when compared to all metrics of demand, ranging from population, airline traffic, and commercial space in comparison to its Asian peers. This being despite the strong growth of branded hotel supply in the past 2 decades. The branded hotel segment has been a key driver for growth of organised hotel supply in the country. From representing 31% of the total in the organised sector to now representing 45%, the growth in the branded hotel supply has stemmed from the advent of numerous domestic and international brands that now operate in the country. Despite so, branded hotel penetration in India continues to remain lower than many other countries in the Asia Pacific region. Bengaluru, currently the largest hotel market in the country, will take 9-10 years to reach Jakarta's existing supply at its current growth rate of 8%, whereas Bengaluru's airport passenger traffic will be equivalent to Jakarta's current airport passenger traffic in the next three years based on historical CAGR of 9%.

Supply in the luxury hospitality segment remains limited given the relatively higher barriers to entry. In the past 15 years, there has been an addition of only 53 luxury hotels across 11 key markets in India. Key reasons for such limited growth are due to which include limited availability of suitable land parcels, securing requisite land use permissions and end-use restrictions, regulatory approvals and licenses and substantial capital and time investment needed to build a well-recognized and respected luxury brand, as well as to develop luxury hotels.

On an overall basis, India will need to add 1.74 million keys to achieve Indonesia's penetration of keys per million population. Equally for the luxury segment, India will need to add nearly 200,000 keys to its luxury segment to reach similar penetration as that of Japan (its closest peer to luxury hotel penetration per million population). At current growth rates, of 5.9% (FY 2024 - FY2028) for luxury, and 8.5% (FY2024 - FY2028) for India branded hotel sector, India will only be able to add over 7,000 luxury keys and 60,000 keys to the India hotel branded sector allowing for a continued gap between demand and supply in the foreseeable future which would serve well for the performance of the sector.



6. India Hotel Market Performance

SECTION 6

India Hotel Market

In India, the hospitality sector typically operates through Owner, Manager, and Franchiser business models and any combinations of these structures. The business model of an Owner-Manager combines asset ownership and management and provides alignment with an optimal focus on asset level profitability, brand progression and management fee growth. The hospitality industry comprises luxury, premium (upper upscale and upscale), economy and midscale segments, which provide a wide range of offerings, services, and experiences.

Hotel operating structures are stratified into layers, each performing a key role. This specialization of focus can create greater efficiency in the operation of the overall asset. While property owners are largely focused on maximizing asset value and underlying profitability, operators/managers are generally incentivized to drive revenues with lesser focus on asset value growth. The business model of an owner-manager combines asset ownership and management and provides alignment with an optimal focus on asset level profitability, brand progression and management fee growth. The Leela is one of the few players with an owner-manager model and the only institutionally managed and owned pure-play luxury hospitality company in India.

Table 6.1: Business models in hotels

Model	Function	Economics
Owner	<ul style="list-style-type: none"> Owner or developer of the underlying real estate Asset manager (appointed by Owners to oversee the hotel performance) 	<ul style="list-style-type: none"> Top-line revenue Bottom-line, property level economics (i.e., hotel EBITDA, asset valuation)
Manager	<ul style="list-style-type: none"> Promotes the brand Sets the SOPs Runs day-to-day operations 	<ul style="list-style-type: none"> Base fee: 2-4% of total revenue Incentive fee: 6-10% of gross operating profit
Franchiser	<ul style="list-style-type: none"> Promotes the brand Sets brand standards 	<ul style="list-style-type: none"> Franchise fee: 4% - 6% of the total revenue

Source: HVS ANAROCK Research

The hospitality industry comprises luxury, premium (upper upscale and upscale), midscale and economy segments, which provide a wide range of offerings, services, and experiences. Segmental classification is essentially based on the intended positioning of respective hotel brands. Luxury hotels typically comprise the top tier hotels characterized by iconic status and high service standards. Luxury hospitality segment has larger room sizes, high-quality amenities with best-in-class services and are typically characterized by multiple banquets, restaurants and meeting rooms depending on the target segment and thus be able to command higher ARR's compared to other segments.

Table 6.2: Snapshot of Hospitality Segments in India

	Luxury	Premium (upper upscale and upscale)	Economy and Midscale
Segment Description	Typically includes iconic and marquee hotels, positioned in the topmost tier. They usually offer larger room sizes, multiple and differentiated fine dining options, spas, recreational facilities, large and opulent public areas with personalized services.	Upper upscale hotels are typically well positioned, full-service hotels. Typically, priced lower than luxury and offer smaller public areas and facilities	Economy and midscale hotels offer functional accommodations and limited services, while being focused on price consciousness
Select Brand Names	The Leela, Raffles, Fairmont, Waldorf Astoria, Six Senses, Mandarin Oriental, St. Regis, Oberoi, Four Seasons, Taj	Vivanta, Seleqtions, Hyatt Regency, Crowne Plaza, Marriott, Westin Hotels & Resorts and Trident Hotels	Novotel, Hilton Garden Inn, Ginger, Ibis, FabHotel, Keys by Lemontree
# of Branded Keys in India	29,152	67,879	73,221
% of Branded Keys (India)	17.1%	39.9%	43.0%

Source: HVS ANAROCK Research - Data for FY2024

The hotel segments are distinct in their offerings and value proposition. Luxury hospitality segment hotels have high quality amenities with best-in-class services and are typically characterized by multiple banquets, restaurants and meeting rooms depending on the target segment. Hotels in the luxury hospitality segment offer guests a bouquet of service offerings and generally have higher operating leverage and better margin profile as compared to other segments. Full-service hotels have larger meeting spaces and can cater to larger groups for business and leisure which complements demand for rooms and F&B.

Table 6.3: Segment Attributes

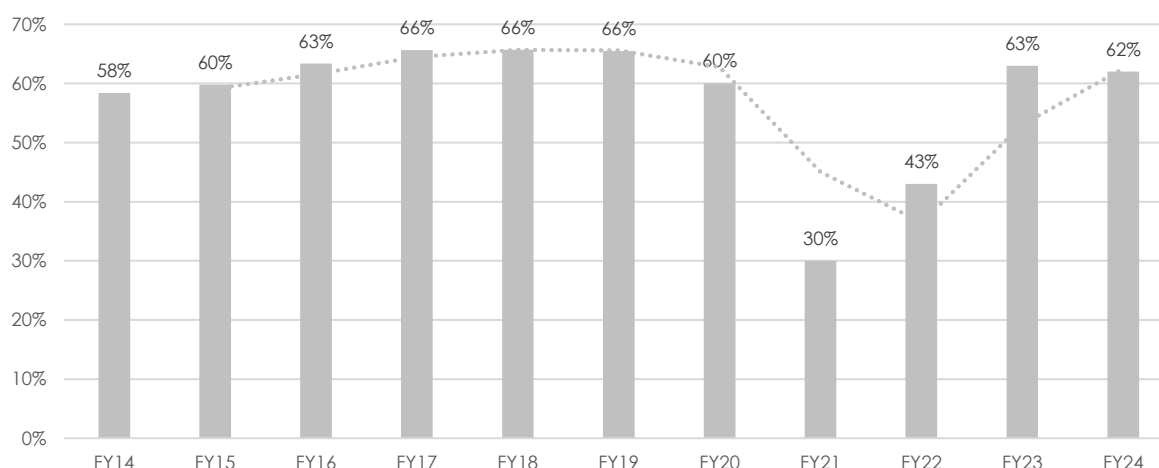
	Luxury	Premium (upper upscale and upscale)	Economy and Midscale
Service Level	Full	Full	Select / Limited
# of Restaurants	3-4	1-3	0 -1
Other Typical Amenities	Gym, Spa, Swimming Pool, Wellness Services	Gym, Spa, Swimming Pool	Gym
Service Highlights	Opulent & large rooms, multiple & typically theme based dining options, multiple amenities, personalized services (e.g., butler services)	Well-designed rooms, multiple dining options, multiple amenities	Functional rooms, limited dining options
Primary Income Streams	Room sales, sizeable F&B revenues, MICE & banqueting	Room sales, F&B revenues, MICE & banqueting	Room sales & limited F&B
Typical Gross Floor Area per room (sq. ft)	1,200 and above	800 – 1,200	400 – 800
Typical Area per Room	38 sqm and above	28 – 38 sqm	15 – 28 sqm
Key Location Attributes	Marquee Locations in Central and Key Business Districts	Premium Locations	Multiple Locations

Source: HVS ANAROCK Research

Indian Hotel Sector's Performance

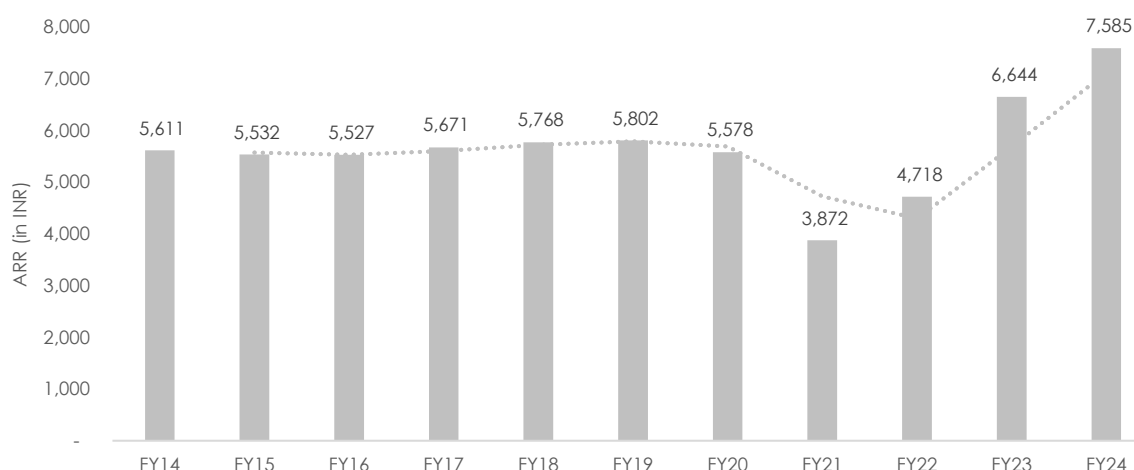
The India hotel sector has witnessed steady growth over the last decade, driven by a rapidly growing economy, increasing urbanization, expanding consumer base, rising income levels, and improving transport and tourism infrastructure in the country. The performance of a hotel market is influenced by the balance between Room Nights Occupied (RNO), represented as accommodated hotel demand, and Room Nights Available (RNA), represented as Hotel Supply. The sector's performance is measured using three principal metrics: Occupancy Percentage (Occ.%), Average Room Rate (ARR), and Revenue Per Available Room (RevPAR).

The India hotel sector over the past two decades has witnessed two major cyclical movements, demonstrating its closely intertwined nature with the country's economy, and the impact of supply and demand. In the aftermath of the Great Financial Crisis (GFC) in 2008, the hotel sector witnessed a significant decline in performance after having witnessed country's highest Occ.% and ARR in FY 2008 since the start of 2000. From FY14, it maintained a sustained growth trajectory till the impact of Covid.

Chart 6.1: India Hotel Sector Occ. % (FY14 – FY24)

Source: HVS ANAROCK Research, CoStar – Industry Data

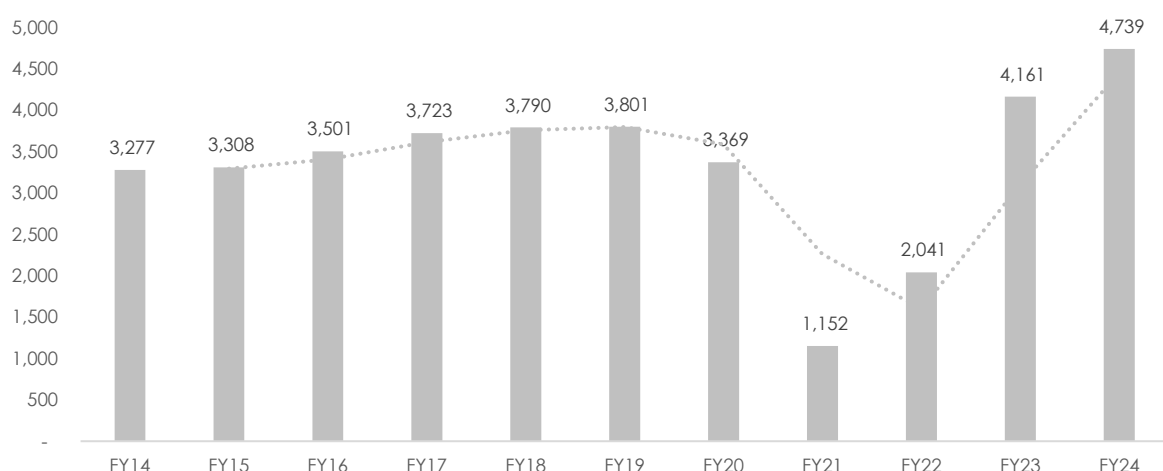
Immediately prior to the pandemic, ARR for sector had witnessed sustained growth to arrive at a decadal high of INR 5,802 in FY19. Since then, ARR has witnessed an CAGR growth of 5.5% until FY24.

Chart 6.2: India Hotel Sector ARR (INR) (FY14 – FY24)

Source: HVS ANAROCK Research, CoStar – Industry Data

The pandemic induced the country's largest decline in performance since the start of the century. Immediately after the GFC, the sector's RevPAR cumulatively declined by 40% from its peak in FY08 until FY14. The pandemic in contrast caused a sharp 31% decline in one year.

Unlike the previous decline however, the pandemic-induced decline quickly recovered at phenomenal rates, partly due to the country's rapid economic recovery, but also due to the slowing growth in pipeline supply that had accrued prior to the pandemic. The recovery, post the pandemic, has resulted in a new peak since FY08.

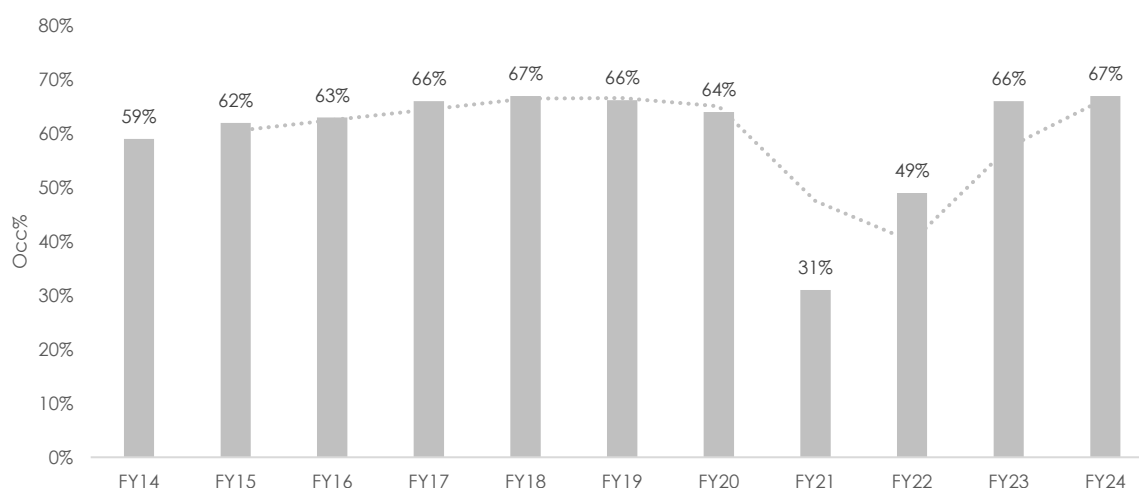
Chart 6.3: India Hotel Sector RevPAR (INR) (FY14 – FY24)

Source: HVS ANAROCK Research

The sector is now well established to absorb future supply trends currently visible. Given the long gestation period involved in the development of hotel supply, we anticipate the sector to continue to witness sustained growth in the foreseeable future, aligning itself well with the country's long-term economic prospects.

Luxury Segment's ARR and RevPAR Growth has Outperformed All Hotel Segments

The performance of the India luxury hospitality segment over the past 18 years underpins its strength not only to withstand economic pressures but also showcase its remarkable ability to achieve significant growth during periods of strong economic movement. In FY2023, the luxury sector recovered fully, further setting a benchmark in FY2024 Occ% by performing nearly similar to the last peak level witnessed in FY2018, when the sector performed at record setting Occ% of 67%.

Chart 6.4: Indian Luxury Hotel Sector Occ.% (FY14 to FY24)

Source: HVS ANAROCK Research, CoStar – Industry Data

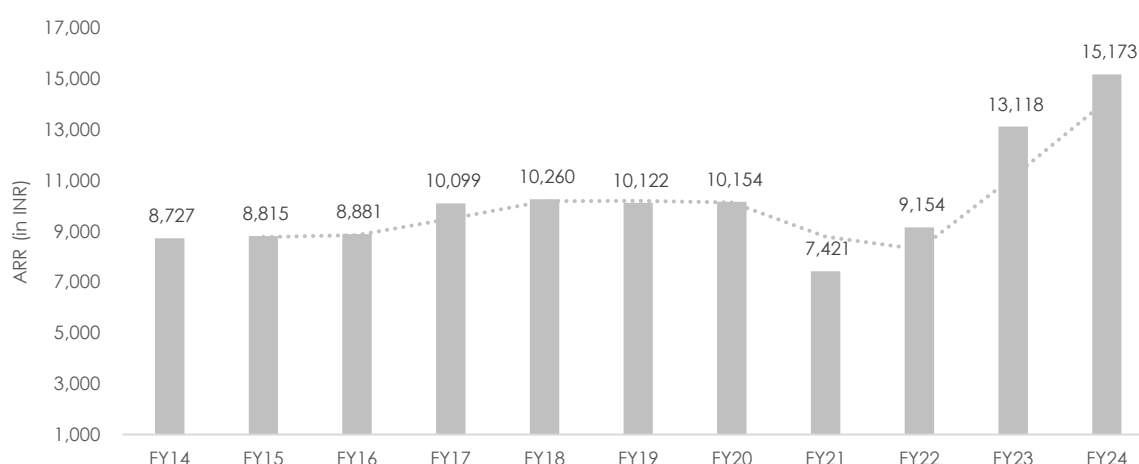
Against a favourable demand-supply dynamic, the luxury hospitality segment has continued to outperform the broader hospitality industry. In FY2024, the RevPAR for the luxury hospitality segment was

INR 10,122, nearly 2.1 times more than that of the overall hospitality industry, which stood at INR 4,739 (Source: CoStar - Industry data).

The growth in ARR post the pandemic have been record-breaking. Immediately prior to the pandemic, ARR from FY17 to FY20 had stabilized at levels slightly above INR 10,000 in part due to the sector's continued focus on driving Occ%. However, the pandemic created a disruption, allowing the luxury segment to push ARR growth. The CAGR in ARR from FY2019 to FY2024 was approximately 8%, signifying the large extent of price elasticity available within the luxury segment. In FY2024, the luxury segment achieved its highest-ever ARR performance of the century, almost 50% higher than FY2020.

ARR for the luxury hospitality segment grew at 5.7% CAGR over FY2014 to FY2024, compared to the branded India hospitality industry that grew only 3.1% CAGR over the same period.

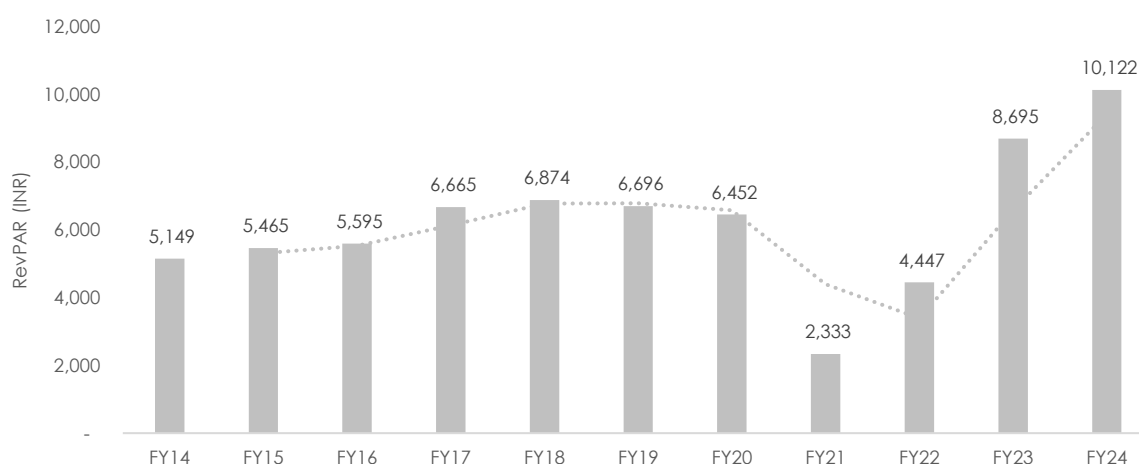
Chart 6.5: Indian Luxury Hotel Sector ARR (INR) (FY14 to FY24)



Source: HVS ANAROCK Research, CoStar – Industry Data

In FY2024, RevPAR performance of the luxury segment further made history by not only breaching the INR 10,000 threshold, but also creating a new benchmark.

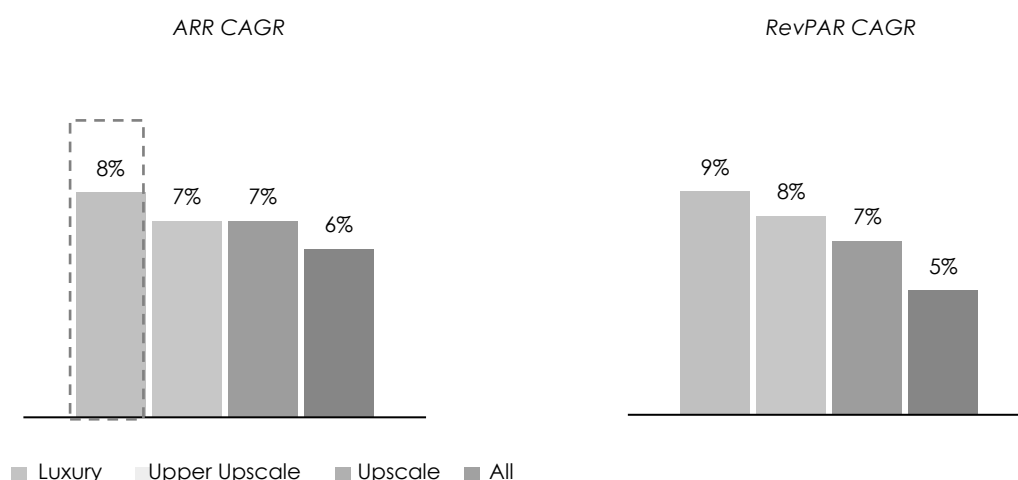
Chart 6.6: Indian Luxury Hotel Sector RevPAR (INR) (FY14 to FY24)



Source: HVS ANAROCK Research

Expected rise in disposable income, widening demand-supply gap, evolving consumer preference towards premium experiences, improving infrastructure and limited inventory of luxury hotels in India are expected to continue driving ARR growth and occupancy for the luxury segment.

Chart 6.7: The Luxury Segment's ARR and RevPAR Growth - FY2019 to FY2024

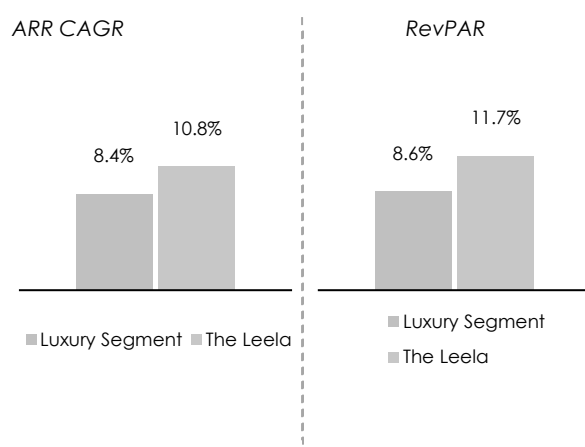


Source: HVS ANAROCK Research, CoStar - Industry data – ARR and RevPAR

During FY2019 to FY2024, ARR and RevPAR of the luxury hotel segment grew at 8.4% and 8.6% respectively, over the same period. The Leela's owned portfolio's (comprising The Leela Palace, Bengaluru, The Leela Palace, Chennai, The Leela Palace, New Delhi, The Leela Palace, Jaipur and The Leela Palace, Udaipur) ARR and RevPAR outperformed the luxury hotel segment average by 1.2 times in FY2019 and 1.4 times in FY2024. In FY2024, the luxury segment outperformed the hospitality industry average by 2.1 times.

During FY2019 to FY2024, Leela's owned portfolio ARR and RevPAR grew at a CAGR of 10.8% and 11.7% respectively.

Chart 6.8: ARR and RevPAR CAGR: The Leela vs. Luxury Hospitality Segment - FY2019 to FY2024

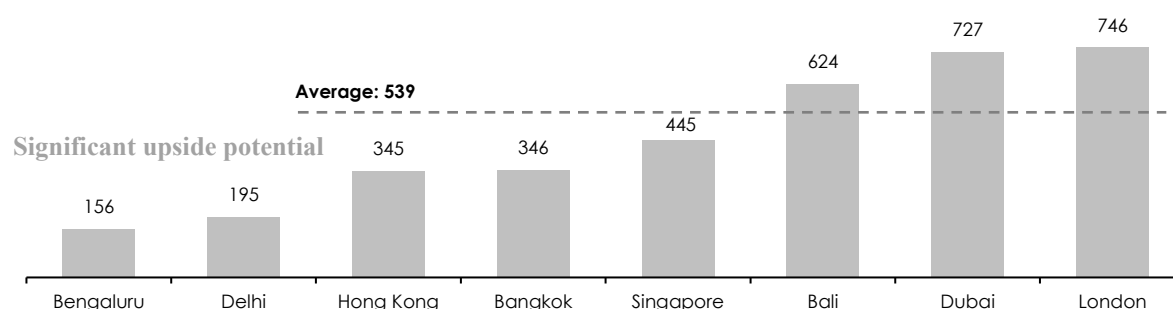


In FY 2024, The Leela's managed properties (The Leela hotels include The Leela Gandhinagar, The Leela Ambience Gurugram Hotel & Residences, The Leela Bhartiya City Bengaluru, The Leela Ashtamudi, A Raviz Hotel, The Leela Kovalam, A Raviz Hotel and The Leela Ambience Convention Hotel Delhi) ARR and RevPAR was 1.4 and 1.3 times the ARR and RevPAR of the comparable luxury and upscale hotels across the respective micro-markets (benchmarked to select hotels in Ahmedabad & Gandhinagar, Gurugram, Bengaluru, Trivandrum, Kerala and North Delhi).

The Indian hospitality industry is well positioned to continue its upward growth trajectory, basis global trends which include (1) increased global spending in favour of luxury hospitality, (2) close correlation

between economic well-being and growth in the hospitality industry, a trend witnessed both in the US and Europe in the 1980s and, (3) significant headroom for ARR growth in the luxury hospitality segment.

Chart 6.9: Growth Potential for Luxury ARR (USD) in India



Source: HVS ANAROCK Research, CoStar - Industry data (Bengaluru, Delhi)

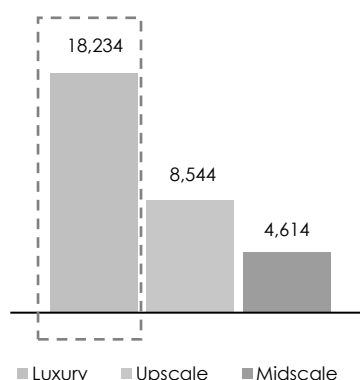
Note: ARR displayed represents FY2024 for Bengaluru and Delhi, Calendar Year 2023 for other locations. Respective local currencies converted to USD at following exchange rates INR1 = USD 0.0121, 1IDR = 0.0001, 1SGD = 0.7447, 1THB = 0.0288, 1AED = 0.2724, 1SAR = 0.2666, 1GBP = 1.2439, 1HKD = 0.1279 and 1CNY = 0.1415.

Operational KPIs and Metrics

HVS ANAROCK conducted a survey across a sample of 200 hotels across three segments i.e. Luxury, Upscale, and Midscale - to analyse their overall performance in the recent periods. The survey analysed parameters such as F&B Revenue, Payroll Costs, Power, and finally Gross Operating Profit % (GOP%). The survey excluded years 2020 and 2021 performance metrics on account of the Covid impact on the sector, analysing the above performance metrics for 2019, 2022 and 2023.

We separately analysed TrevPAR across 3 segments using information of ARR and RevPAR provided by CoStar – Industry Data and other revenue contributions of F&B and minor departments derived from the survey. The luxury segment's TrevPAR far exceeded that of upscale and midscale segments. Additionally, In Financial Year 2024, The Leela's Owned Portfolio TrevPAR of INR 26,218 - almost 1.4 times of the luxury hospitality segment TrevPAR.

Chart 6.10: The Luxury Segment's TrevPAR Exceeds All Hotel Segments – 2023 TrevPAR (INR)

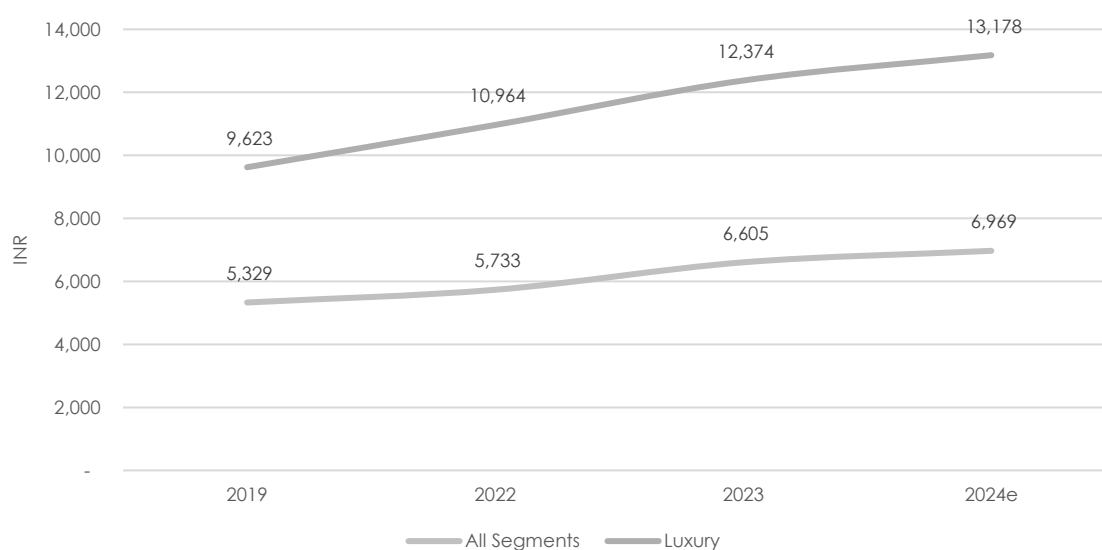


Source: HVS ANAROCK Research, CoStar - Industry data – ARR and RevPAR

Note: Survey tracks performance and operating metrics of hotels.

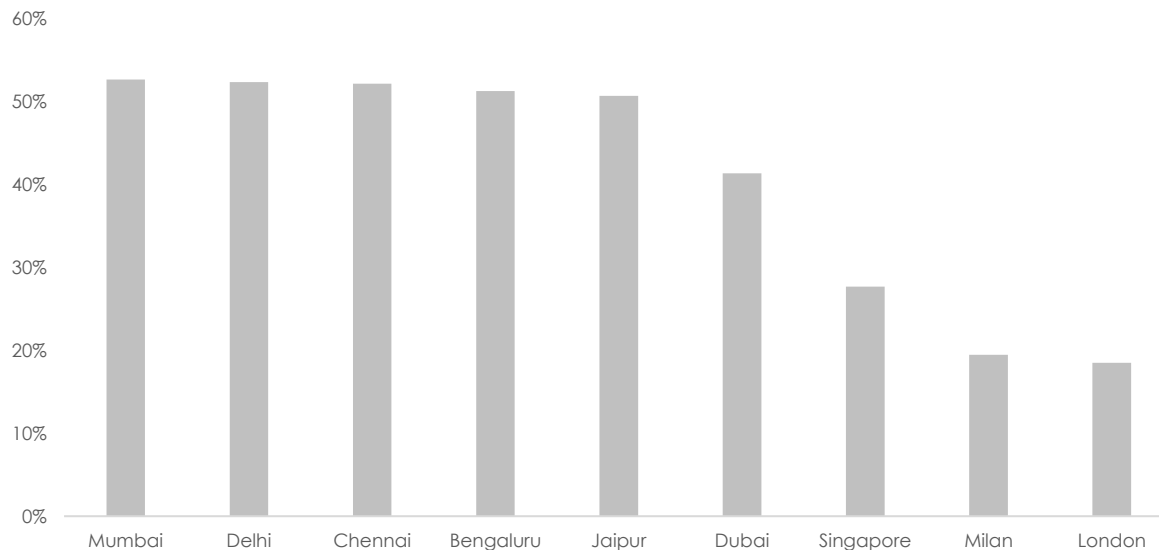
Industry TrevPAR as of 2023, due to unavailability of Financial Year 2024 data.

The role of Food & Beverage (F&B) Revenue contribution in the Indian Hotel Sector is significant. F&B revenue per occupied room for the luxury hospitality segment in India is nearly 1.9 times of the overall industry in 2023. The growth in MICE and social events such as weddings is expected to further increase the contribution of banquet revenue, sustaining superior operating leverage from F&B for hotels in India as compared to global cities.

Chart 6.11: F&B Contribution Per Occupied Room

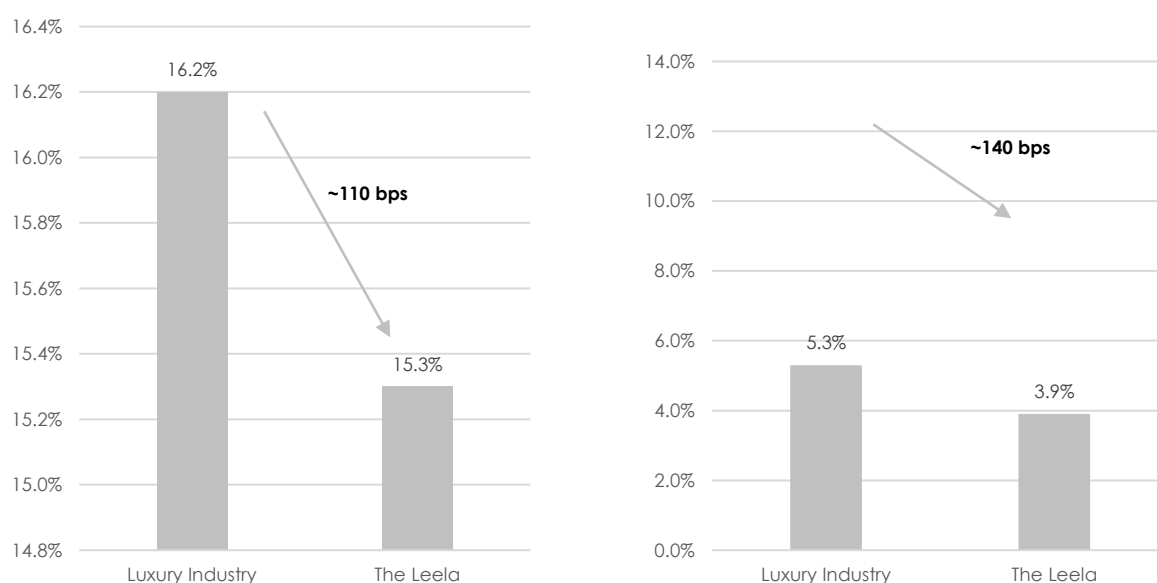
Source: HVS ANAROCK Research

According to HotStats, a hotel benchmarking organization, F&B Profit margins in 2023 for markets such as Delhi and Mumbai were significantly higher than major markets such as Dubai, Singapore, London, New York and Paris. Some markets, as per the report, incurred losses in their F&B programs, making F&B a very attractive proposition of hotels in India.

Chart 6.12: F&B Profit margins in Key Select Locations Globally, 2023

Source: HotStats

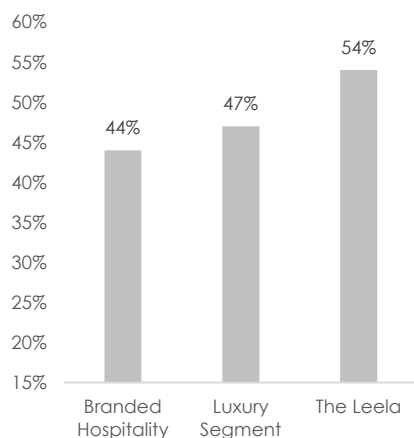
The two key operating expenses for luxury industry are employee cost and power and fuel cost, accounting for nearly 22% of total revenue and thereby impacting the Gross Operating Performance (GOP). The Leela has outperformed the luxury hospitality segment on both key metrics.

Chart 6.13: Employee Cost and Power and Fuel Cost (% of Total Revenue)

Source: HVS ANAROCK Research

Note: Comparing The Leela versus the luxury industry in India. FY2024 data for The Leela is compared with 2023 data of industry due to unavailability of FY2024 data. Total Revenue includes only hotel revenue. Employee Costs includes payroll and employee related expenses at hotel level.

The Leela's owned portfolio drew a nearly 700 bps higher GOP Margin than the luxury segment in 2023, which in itself drew a nearly 300 bps higher than the industry wide.

Chart 6.13: GOP Margin (CY2023)

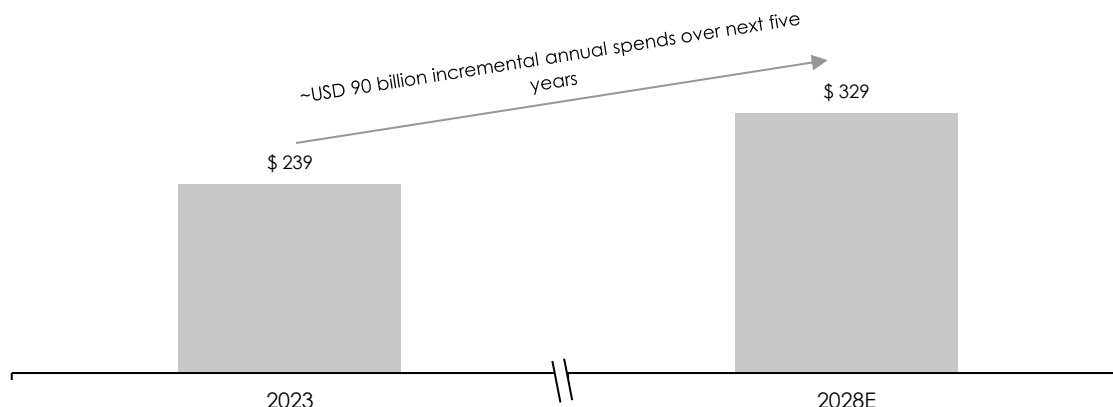
Source: HVS ANAROCK Research

Note: Represents the GOP margin of The Leela for the FY2024 and of the luxury and the hospitality segment for the 2023, in both cases

Growth in Global Luxury Hospitality Spending

The Indian luxury hospitality segment is witnessing high growth, driven by the sharp increase in affluence globally and a large and expanding base of travellers willing to spend on luxury travel options. Consumer spending is increasingly expanding beyond products to experiences and experience-based products. Luxury spends are expected to grow at a CAGR of nearly 5% over 2023 to 2026E, reaching USD 1.6 trillion in value. The hospitality industry is expected to be one of the key beneficiaries, with nearly USD 90 billion expected in incremental spends over the next five years.

Chart 6.14: Global Luxury Hospitality Spending (USD billion)



Source: Euromonitor International, Luxury Goods 2025 edition; Retail Value RSP, USD million, Historic Current Prices, Forecast Constant 2024 Prices, Historic Year-on-Year Exchange Rates, Forecast Fixed 2024 Exchange Rates.

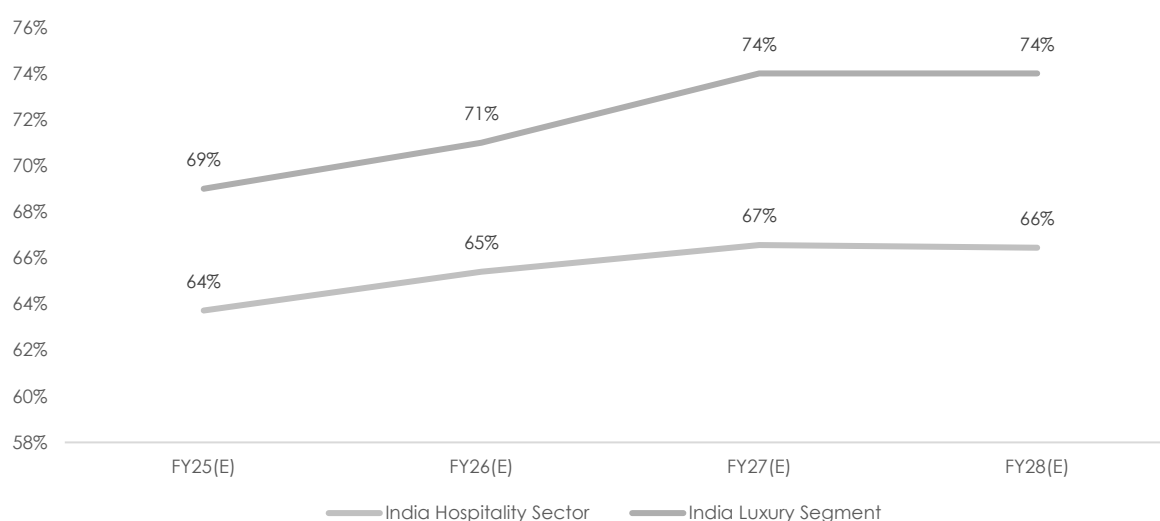
Note: Luxury Hospitality spending includes hotels, Food service and fine wine and spirits

India Hotel Sector Forecast

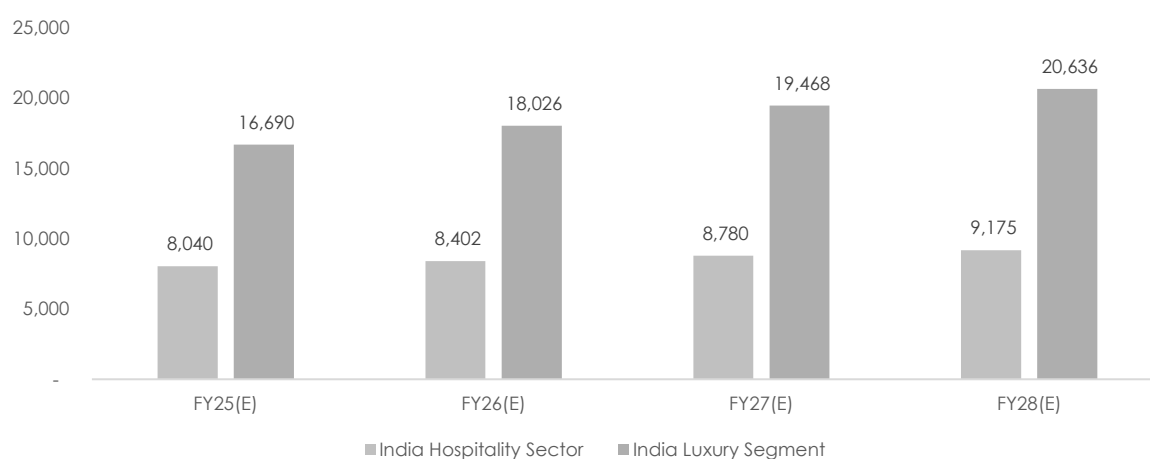
Based on the historical performance and future trends in the market, we have estimated the hotel market performance until FY28. Similar to the trend witnessed in historical years, the luxury market in India is expected to continue its strong performance over the next 4 years. Expected rise in disposable income, widening demand-supply gap, evolving consumer preference towards premium experiences, improving infrastructure and limited inventory of luxury hotels in India are expected to continue driving ARR growth and Occ% for the luxury segment.

As per our estimates, we expect supply in the Indian hospitality sector to increase in the market at a CAGR of 8.5% from FY24 to FY28, which is expected to boost demand growth rates as per our estimate, at 10.4% CAGR over the same period. With demand growth outpacing supply, we estimate an increase in ARRs at a CAGR of 4.9% over the same period. These healthy growth rates amount to a 6.7% CAGR in RevPAR.

Similar to the overall Indian hospitality sector, the luxury segment is estimated to show significant growth in the next 4 years. As per our estimates, limited luxury keys are expected to enter the market at a CAGR of 5.9% over the period. We anticipate demand to also outpace supply 10.6% CAGR over the same period. The widening demand and supply gap is expected to drive ARRs higher, and we estimate a CAGR of 8.0% from FY24 to FY28. This is likely to result in RevPAR CAGR of 10.7%.

Chart 6.15: India Hotel Sector Occupancy Forecast - FY2025 to FY2028

Source: HVS ANAROCK Research

Chart 6.16: India Hotel Sector ARR Forecast (in INR) - FY2025 to FY2028

Source: HVS ANAROCK Research

Competitive Landscape

The hospitality landscape comprises several players with over 1,000 owned keys in their portfolio, having presence in luxury segment. These include pure-play assets owners such as Chalet Hotels and Juniper Hotels as well as brand + asset owners which include The Leela, Indian Hotels ("IHCL") and EIH Ltd ("EIH"). The Leela is India's only institutionally owned and managed, pure-play luxury hospitality company.

As of May 31, 2024, The Leela was one of the largest luxury hospitality companies by number of keys in India, comprising of 3,382 keys across 12 operational hotels. The Leela was the fastest growing hotel company in India versus listed peers by revenue growth from Financial Year 2022 to Financial Year 2024.

Table 6.4: Comparison of The Leela to listed peers

		The Leela	Direct Peers		Other Industry Players	
			IHCL	EIH	Juniper	Chalet
Segment Focus	Luxury Keys (% of Total) ⁽¹⁾	100%	51%	48%	56%	19%
Business Model	Owner – Operator	✓	✓	✓	x	x

	Asset Owner	✓	✓	✓	✓	✓
Operational Metrics	Total Operational Keys (#)	3,382	24,136	4,269	1,895 ⁽¹⁾	3,052
Financial Metrics	Total Revenue % CAGR (FY22-24)	72%	47%	59%	55%	65%
	EBITDA Margin (%)	49%	34%	40%	39%	42%
Brands		The Leela (Palaces, Hotels and Resorts)	Taj, IHCL Selections, Vivanta, Gateway, Ginger	Oberoi, Trident	Grand Hyatt, Andaz, Hyatt Residences, Hyatt Regency, Hyatt and Hyatt Place	JW Marriott, Marriott Executive Apartments, Novotel, Westin, Courtyard and Four Points by Sheraton

Source: Company filings

Note: (1) Including acquisition of three operating hotels from Chartered group

In Financial Year 2024, the NPS (Net Promoter Score) for key hospitality brands in India such as IHCL was 73, for EIH was 80 and for The Leela's owned portfolio was 84. The Leela had the highest NPS score in Financial Year 2024 amongst the key hospitality peers.

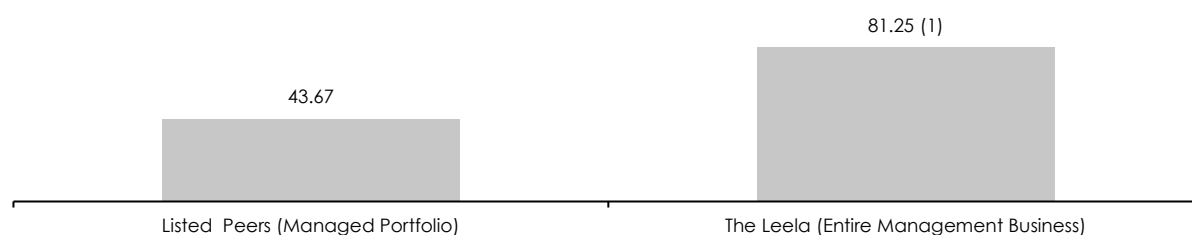
Table 6.5: Comparison of NPS score

Brands	NPS
The Leela	84
EIH	80
IHCL	73

Note: Comparison across select listed owner operators that are present in the luxury hospitality segment and have disclosed NPS in their filings. NPS scores for IHCL is reported for their entire portfolio (including all segments), EIH's NPS score is only for their domestic portfolio and are sourced from annual reports, rounded to nearest whole number. For The Leela, NPS score is for the entire portfolio (owned, managed and franchised portfolio), as provided by a third-party vendor.

The Leela's revenue for managed and franchised fees per hotel is nearly twice as high that of a combination of listed peers.

Chart 6.17: Benchmarking Managed Revenue Fees/Hotel for Key Listed Players - (FY2024 Managed Revenue (Fees) / Hotel, in INR Million)



Source: HVS ANAROCK Research and Company filings

(1) For entire management business including managed hotels and a franchised hotel

Note: Listed peers (managed portfolio) include IHCL (managed portfolio) and EIH (managed portfolio).

The Hospitality Industry's Focus on Sustainability

Environmental, Social and Governance (ESG) principles have emerged as a key priority for the Indian branded hospitality industry. The branded hotel players are increasingly incorporating environmentally sustainable initiatives such as energy-efficient infrastructure, renewable energy use, water conservation and waste management. On the social front, initiatives such as fair labour practices, diversity and inclusion, responsible tourism, and local community engagement are becoming the cornerstone for several hospitality players. Further, governance-related objectives are focused on transparent reporting, ethical business practices, and strong risk management protocols.

Conclusion

India presents substantial potential to grow average room rates (ARR) compared to its global peers due to several tailwinds including increasing affluence, growing disposable incomes, young population, increasing inclination to spend on travel and experiences and rising urbanization are driving rapid expansion in luxury consumption. The luxury hotel keys constitute only 17% of the branded hotel stock i.e., approximately 29,000 keys resulting in India's per million capita of only 23 luxury keys. This compared to major markets in Asia-Pacific ("APAC") is suggestive of high degree of under penetration. For instance, on per capita Australia has 973 luxury keys, Thailand has 690 luxury keys and China has 177 luxury keys. Against this favourable demand-supply dynamic, by FY 2028, India luxury hospitality segment RevPAR is expected to become nearly 1.5 times that of Financial Year 2024.



7. City Overviews: Domestic Markets

SECTION 7

Market Overviews

The Leela footprint across ten key Indian business and leisure destinations, covers 79% of international air traffic and 54% of domestic air traffic in India in Financial Year 2024. The Leela is present in six of the top seven business markets and three of the top five leisure markets of India, accounting for nearly 18% of the total existing luxury keys across these markets as of May 31, 2024. Bengaluru, Chennai, New Delhi, Jaipur and Udaipur are supported by favourable demand and supply dynamics with high barriers to entry and significant room for RevPAR growth.

New Delhi Overview:



New Delhi is India's largest city and the political and administrative capital of the country as well as a key business and industrial hub in Northern India with a GDP of USD 130 billion (2022-2023) and an expected population of 34.7 million by 2025E. The city forms the heart of the country's largest urban agglomeration National Capital Region (NCR), which includes satellite cities of Gurugram, Noida and a few other surrounding towns. New Delhi has a well-established network of transport infrastructure, including the rail network, metro and airport owing to its status as the national capital. New Delhi is accessible by flights from global cities including New York, Chicago, London, Singapore and Dubai. As per the Airport Authority of India, in FY2024, the Indira Gandhi International Airport, Delhi, received the highest air passenger traffic in India of more than 73.6 million, recording a growth of 13% over FY23.

The city's hotel sector benefits from a diverse demand base originating from corporate offices, Manufacturing, Information Technology/ Information Technology Enabled Services Sector (IT/ITeS), Banking and Financial Services, Public Sector and GoI. The region is also a thriving MICE destination and witnesses several large-scale MICE events. The strong rebound in performance, post the pandemic, is driven in large part by the recommencement of institutionalized events in hotels and exhibition centres. In addition, the G20 Presidency, and the ICC ODI World Cup in 2023 provided significant momentum to the city's performance metrics.

Additional MICE facilities have been developed in the city in the form of a world-class convention venue – India International Convention and Expo Centre (IICC) also known as Yashobhoomi in Dwarka and Bharat Mandapam in Pragati Maidan, on the lines of the ones in Hong Kong and Singapore at a cost of approximately USD 3 bn.

The key demand drivers for the hospitality sector in New Delhi are:

- **Largest Indian Airport with Highest Passenger Traffic:** The Delhi International Airport received the highest air passenger traffic in India, of approximately 73.6 million passengers in FY2024 as well as the highest share of foreign tourist arrivals in FY2024. (Source: Delhi Customs)

- **One of the Prominent Office Markets in India and a Key GCC Hub:** Corporate headquarters and high concentration of government offices have been key drivers of strong leasing activity. New Delhi NCR is one of the most prominent office markets with 141 msf of grade A office stock as of Q2'2024. New Delhi is also a key GCC hub, representing the second largest GCC market in India both in terms of number of employees and headcount. Proximity to Gurugram, home to more than 200 of India's Fortune 500 companies helps further drive corporate travel. (Source: NASSCOM)
- **Superior Connectivity and Infrastructure:** New Delhi has a well-established network of transport infrastructure, rail, metro, and airport connectivity. The city is well planned with a wide arterial road network that is well connected to other parts of NCR, including key hubs of Gurugram and Noida.
- **Key MICE market:** New Delhi witnesses several large-scale events such as G20 presidency summit, cricket matches along with regular exhibitions and conventions. Development of world class convention centres is driving further demand for hospitality.
- **Heritage Tourism:** New Delhi is also home to several heritage and cultural monuments such as the India Gate, Red Fort, Lotus Temple and Qutub Minar attracting tourists from across the globe.

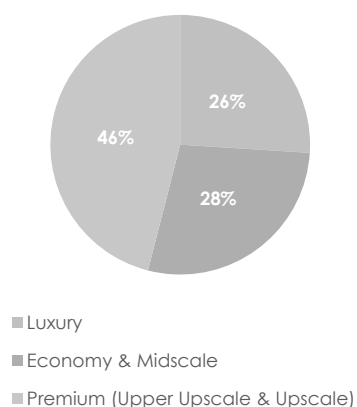
Existing Supply and Pipeline Supply of Branded Keys

New Delhi has 12,581 branded keys as of FY2024, which is well distributed among different market segments to cater to a diversified demand base. The luxury segment represents 26% of the supply (3,237 keys).

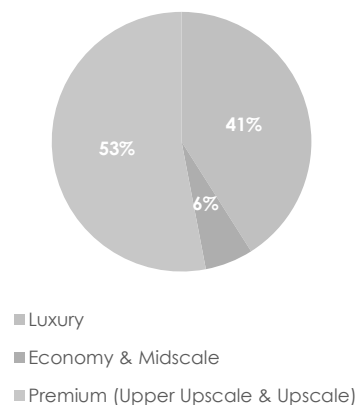
Over FY2024 to FY2027, New Delhi has a supply pipeline of 1,439 keys. The luxury segment represents 41% of the upcoming supply (589 keys), however majority of this supply is expected to come into the market in FY2027.

There is no upcoming competitive supply in the immediate micro market of The Leela Palace New Delhi. In general, new developments in central New Delhi are difficult due to the limited availability of land parcels in one of the city's most affluent areas and the high cost of land acquisition.

**Chart 7.1: Branded Existing Supply
(March 31, 2024)**



**Chart 7.2: Branded Pipeline Supply
(FY2024-2027)**



Note: The above data reflects hotels that have been confirmed by Operators or Owners. However, given that India's hospitality market is experiencing a vibrant recovery and strong growth rates, we note that there are properties in Delhi that may still be under discussion and not included in this data.

Source: HVS ANAROCK Research

Demand and Supply Change

New Delhi has the second largest hotel supply in the country. From FY14 to FY24, hotel demand in the city grew at a 4.6% CAGR, outpacing the supply growth rate of 3.1% CAGR.

Table 7.1: Demand and Supply Change FY2014 to FY2024

CAGR	Demand Change	Supply Change	Demand – Supply Gap
Delhi Market	4.6%	3.1%	1.4%
Luxury Market	2.6%	1.3%	1.3%

Source: HVS ANAROCK Research

During FY19-FY24, the Delhi hotel market demand remained range bound. The luxury segment, however, outperformed by recording a CAGR of 1.3%. The supply, in contrast did not change during the same period, highlighting a demand-supply gap and further signifying the sector's enduring potential and opportunities for expansion.

Table 7.2: Demand and Supply Change FY19 to FY24

CAGR	Demand Change	Supply Change	Demand – Supply Gap
Delhi Market	0.0%	0.6%	-0.6%
Luxury Market	1.3%	0.0%	1.3%

Source: HVS ANAROCK Research

New Delhi Hotel Sector and Luxury Segment Performance

Given New Delhi's importance as a key gateway city into India with the highest share of FTAs, its position as the political and administrative center, rich cultural heritage and a key industrial and business hub of North India and limited supply of luxury keys, the New Delhi luxury hospitality segment ARR outperformed the branded hotel segment, growing at a CAGR of 9.7% over FY2019 to FY2024 as compared to the branded segment that grew 7.5% over the same period. The New Delhi luxury hospitality segment has demonstrated strong growth from FY2019 to FY2024, witnessing higher RevPAR growth (CAGR of 11.1%) than the broader branded segment (CAGR of 6.8%), on the back of strong growth in occupancy (300 bps higher vs. branded segment in FY2024).

FY24 marked a crucial turning point for the travel and tourism industry, as it continued its recovery while navigating challenges. Despite macroeconomic volatility, the New Delhi luxury hotel segment grew at a record pace as compared to the New Delhi hotel market.

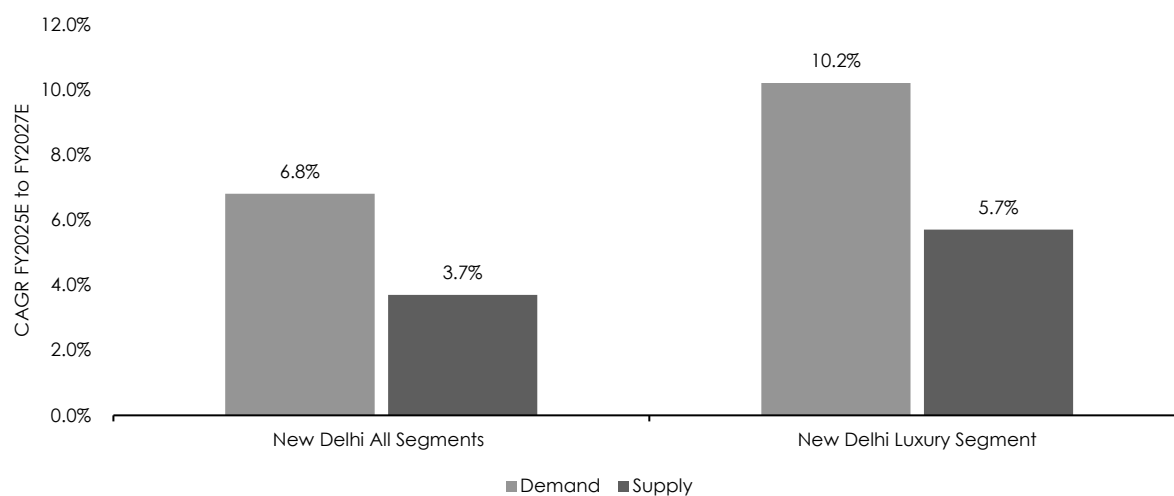
The substantial growth is attributed to the occurrence of high-profile city events, government delegations, social functions and a resurgence in corporate travel.

Demand and Supply Change Forecast FY25-FY27

Considering increase in pipeline hotel supply and growing market dynamic surrounding hospitality demand, we expect the New Delhi hotel demand to grow at a CAGR of 7.5% from FY25 to FY27. Analysing historical supply growth and considering barriers in establishing newly constructed hotels in the city, we expect future supply growth to remain limited and grow at a CAGR of 4.8% during the same period. Since hotel demand is anticipated to outpace hotel supply, ARR's are estimated to grow substantially, at a CAGR of 8.0% in the same period.

Similar to the overall hotel market, the luxury hotel segment in New Delhi is expected to outperform the New Delhi hotel sector, with a demand CAGR of 10.2% from FY24 to FY27. The primary driver for the increase in demand is attributed to rise of corporate demand, city events and government delegations. Historically, the luxury hotel segment in New Delhi has witnessed consistently high occupancy and increasing ARR's. With the limited additional supply, growing at a CAGR of 5.7%, we are of the opinion that the outpaced hotel demand growth will further drive up ARR's, increasing at a rate of 8% in the same period.

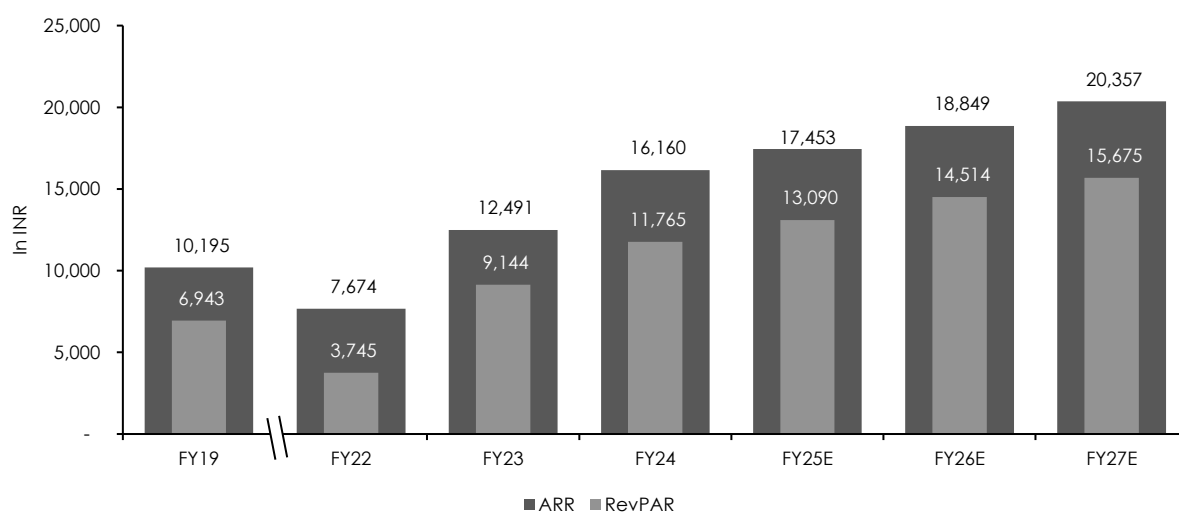
Luxury Segment Expected to Outperform Overall Industry over FY2024 to FY2027E

Chart 7.3: New Delhi Demand & Supply CAGR FY2024 to FY2027E (%)

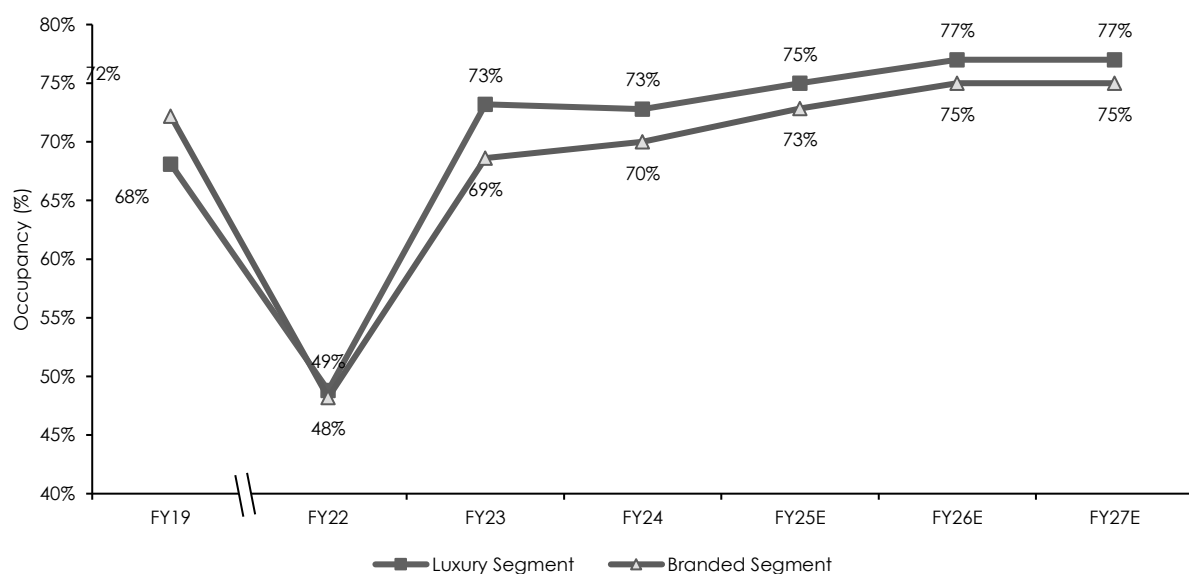
Note: The above data reflects hotels that have been confirmed by Operators or Owners. However, given that India's hospitality market is experiencing a vibrant recovery and strong growth rates, we note that there are properties in Delhi that may still be under discussion and not included in this data.

Source: HVS ANAROCK Research

New Delhi Luxury Hospitality Segment Continues to Register Steady ARR Growth as Occupancy Rates Increase

Chart 7.4: New Delhi Luxury Segment Performance

Source: HVS ANAROCK Research, CoStar – Industry Data

Chart 7.5: New Delhi Branded Segment and Luxury Segment Occupancy

Source: HVS ANAROCK Research, CoStar – Industry Data

The Leela Palace New Delhi outperformed the New Delhi luxury hospitality segment in terms of both ARR and RevPAR, growing at a CAGR of 10.8% and 13.1% respectively over FY2019 to FY2024 compared to the New Delhi luxury hospitality segment which grew at 9.7% and 11.1% respectively over the same period. The Leela Ambience Convention Hotel is located in the national capital and offers one of the largest convention spaces in the city.

Chart 7.6: RevPAR and ARR Comparison of Leela Palace New Delhi to New Delhi Luxury Segment (FY2019-FY2024)

Source: HVS ANAROCK Research, CoStar – Industry Data

Bengaluru Overview



Referred to as the “Silicon Valley” of India and the second largest technology hub in the world, Bengaluru is a demographically diverse city, with a highly skilled workforce and home to several educational and research institutions. The city is the political capital and economic hub for the state of Karnataka, with a GDP of USD 84 billion (2022-2023). The city's population is expected to reach 14.4 million by 2025E (Source: UNDP, State Government). Other than technology, the city also attracts companies from critical sectors such as aerospace and aviation, electronics, biotechnology, and defence.

Bengaluru is accessible by direct flights from multiple international destinations and is just 1 hour 45 minutes from Mumbai and 2 hours 30 minutes from New Delhi by air. This makes the city within a 3-hour travel radius of an estimated 56.8 million people (as of 2025E) (Source: UNDP).

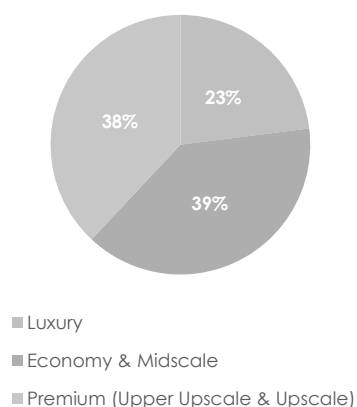
The key Demand Drivers for the hospitality sector in Bengaluru are:

- **India's Largest Office Market:** The city has the highest supply of Grade A office stock in India with a total office stock of 192.7 million square feet as of Q2'2024. Bengaluru also represents the top leasing market with 12.3 msf in YTD gross leasing activity as of Q2'2024 (Source: C&W).
- **Largest GCC Market:** Bengaluru is home to approximately 34% of the total GCC talent in India 2023 and is the most preferred GCC destination in the country (Source: NASSCOM, Zinnov: GCC 4.0 – India Redefining the Globalization Blueprint).
- **Start-Up Hub:** Bengaluru is recognized as the start-up capital of India. The city has gained the reputation as the startup capital of the country (Source: Swavalambi Bharat Abhiyan).
- **Robust Air Traffic:** The Bengaluru international airport is the third busiest airport in India. Robust air traffic growth, opening of an additional terminal in 2023 highlights the positive business sentiment. In Financial Year 2024, the airport handled over 37.5 million passengers – 13% higher than Financial Year 2019, while India-wide air traffic grew by 9% in the same period. Strong business sentiment is reflected by the robust air traffic growth (Source: AAI). The Bengaluru international airport has a master plan for three airport terminals and plans for a third terminal to be operational by the late 2020s - early 2030s.
- **Strong MICE Visitation:** Strength in MICE visitation on the back of key city events such as the Aero Show, India Energy Week (IEW), Indian Premier League (IPL) cricket matches etc.

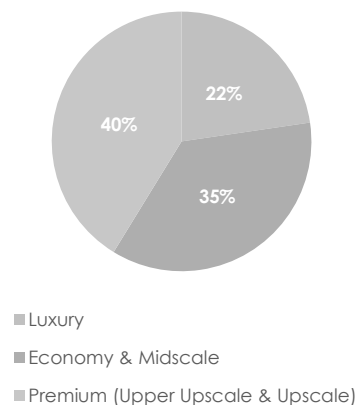
Existing Supply and Pipeline of Branded Keys

Bengaluru has the largest branded hotel inventory in the country with 15,504 branded keys as of FY2024. This is distributed among different market positionings to cater to a diversified demand base. The luxury segment represents 23% of the supply (3,525 keys). A healthy pipeline of 3,441 keys is expected to enter the market between FY2024 and FY2027, with approximately 22% belonging to the luxury segment, growing at a CAGR of 6.7%.

**Chart 7.7: Branded Existing Supply
(March 31, 2024)**



**Chart 7.8: Branded Pipeline Supply
(FY2024-2027)**



Note: The above data reflects hotels that have been confirmed by Operators or Owners. However, given that India's hospitality market is experiencing a vibrant recovery and strong growth rates, we note that there are properties in Bengaluru that may still be under discussion and not included in this data.

Source: HVS ANAROCK Research

Demand and Supply Change

During FY2014-FY2024, demand in Bengaluru's luxury hotel segment outpaced that of the overall city hotel market, demonstrating a higher penetration for luxury hotels. Supply during this period grew at a healthy rate as well, reducing the demand-supply gap in the city.

Post-pandemic, the recovery of the Bengaluru hotel market was largely led by the G20 meet and key city events such as the Aero Show and the India Energy Week (IEW), which collectively accounted for more than 50,000 bookings, as per our research, and resulted in most hotels being fully booked in the month of February 2023. Thereafter, the 'Indian Premier League' (IPL), which is one of the largest sporting events in India, led to higher occupancy in the month of April, leading to further growth in the performance of luxury hotels. This resulted in demand growing at a CAGR of 2.7% from FY19-FY24. The demand-supply gap between the Bengaluru hotel sector and the city's luxury hotel segment has now grown over three times owing to the slow growth of supply and strong resurgence of city events and corporate demand in the market.

Table 7.6: Demand and Supply Change FY2014 to FY2024

CAGR	Demand Change	Supply Change	Demand – Supply Gap
Bengaluru Market	7.7%	6.9%	0.8%
Luxury Market	10.7%	7.6%	3.1%

Source: HVS ANAROCK Research

Table 7.7: Demand and Supply Change FY2019 to FY2024

CAGR	Demand Change	Supply Change	Demand – Supply Gap
Bangalore Market	2.8%	4.1%	-1.3%
Luxury Market	2.7%	3.1%	-0.4%

Source: HVS ANAROCK Research

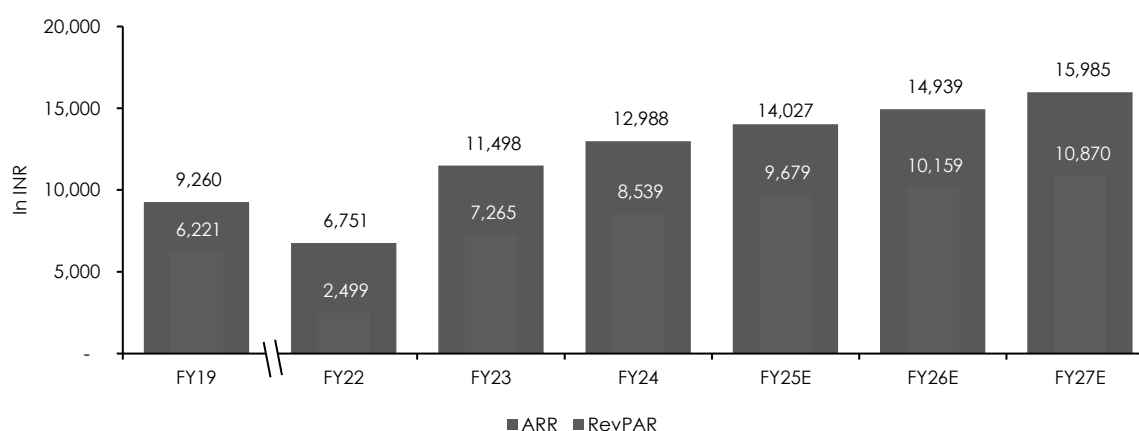
Bengaluru Hotel Sector and Luxury Segment Performance

Bengaluru has the highest hotel inventory in the country. From FY2014 to FY2024, RevPAR growth in the luxury segment surpassed the overall market, until the pandemic halted the growth cycle. As the country was coming out of the pandemic, there was a shift to a hybrid work culture. This, coupled with the sector's high dependency on international IT-related business travel and large-format MICE events, resulted in Bengaluru's hotel sector recovery lagging behind other key markets in the country.

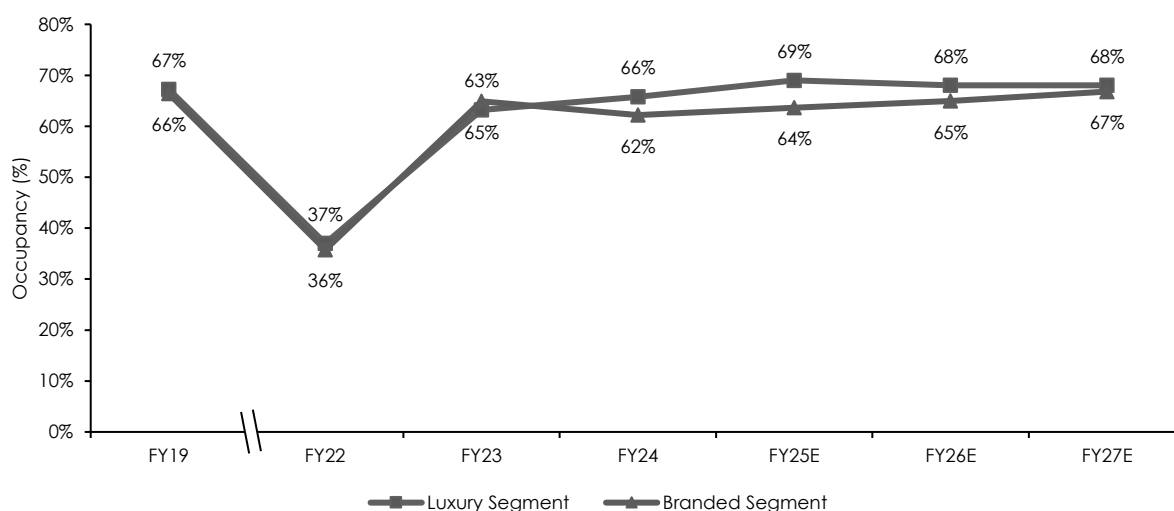
The Bengaluru luxury segment ARR outperformed the branded hotel segment, growing at a CAGR of 7.0% over FY2019 to FY2024 as compared to the branded segment which grew 3.4% over the same period. The luxury segment has demonstrated a strong performance from FY2019 to FY2024, witnessing higher growth (CAGR of 6.5%) than the broader branded segment (CAGR of 2.0%), on the back of strong growth in occupancy (400 bps higher vs. branded segment in FY2024).

Bengaluru Luxury Hospitality Segment Continues to Register Steady ARR Growth as Occupancy Rates Increase.

Bengaluru Market Luxury Hospitality Segment Performance

Chart 7.9: Bengaluru Luxury ARR and RevPAR

Source: HVS ANAROCK Research, CoStar – Industry Data

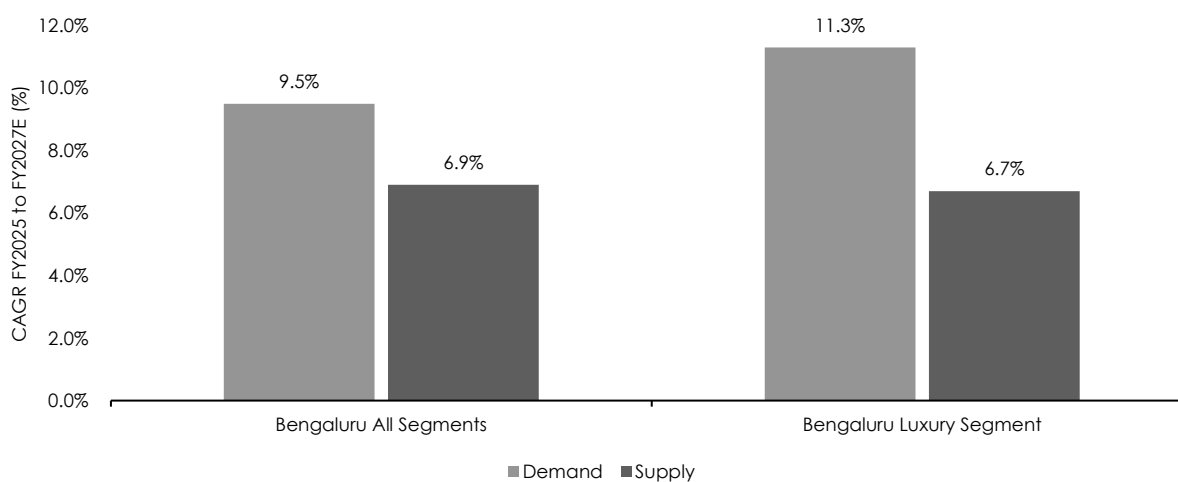
Chart 7.10: Bengaluru Occupancy

Source: HVS ANAROCK Research, CoStar – Industry Data

Demand and Supply Forecast FY2024-FY2027

From FY2024 to FY2027 we estimate hotel supply to grow at a CAGR of 6.9%, while demand is expected to grow at 9.5%, opening a significant demand supply gap in the market. Due to the excess demand, and high spending capacity in the market, ARR is expected to grow at a CAGR of 4.2%.

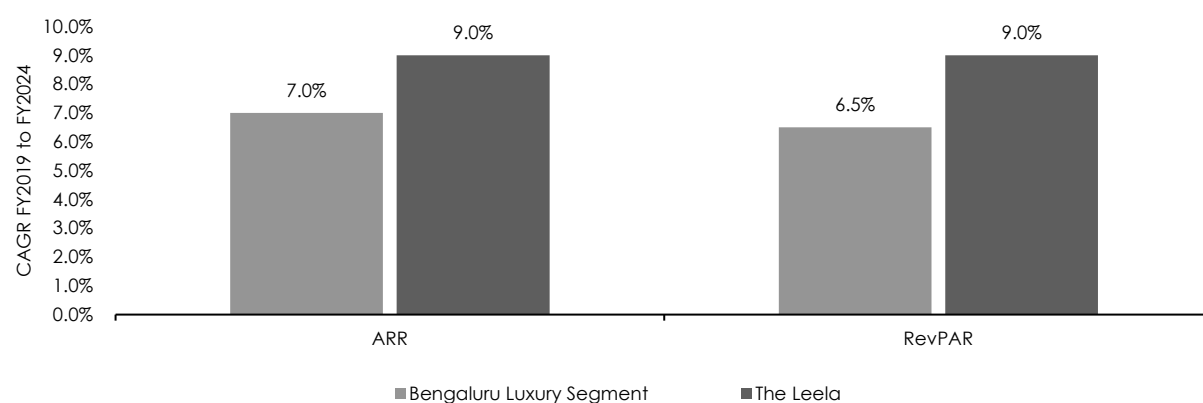
The luxury hotel demand is expected to grow at a CAGR of 11.3%, while supply is anticipated to grow at a CAGR 6.7% from FY2024 to FY2027. We have therefore estimated ARR to grow at a CAGR of 7.2%.

Chart 7.11: Bengaluru Demand & Supply CAGR FY2024 to FY2027E (%)

Source: HVS ANAROCK Research

The Leela Palace Bengaluru Outperformed Compared to the Bengaluru Luxury Segment

Chart 7.12: RevPAR and ARR Comparison of Leela Palace Bengaluru to Bengaluru Luxury Segment (FY2019-FY2024)



Source: HVS ANAROCK Research, CoStar – Industry Data

The Leela Palace Bengaluru outperformed the Bengaluru luxury hospitality segment in terms of both ARR and RevPAR, both growing at a CAGR of 9.0% over FY2019 to FY2024 compared to the Bengaluru luxury hospitality segment which grew at 7.0% and 6.5% respectively over the same period.

Chennai Overview



Chennai is an economic base for several core sectors including automobile, software services, hardware manufacturing and financial services. The city is the political capital and economic hub for the state of Tamil Nadu, Chennai and is the fourth largest city in India, with an estimated population of 12.3 million by 2025E (Source: State Government). Chennai is accessible by direct flights from multiple international destinations and is nearly 2 hours from Mumbai and 3 hours from New Delhi. This puts it within reach of an estimated population of 56.8 million population under nearly 3 hours.

The key demand drivers for the hospitality sector in Chennai are:

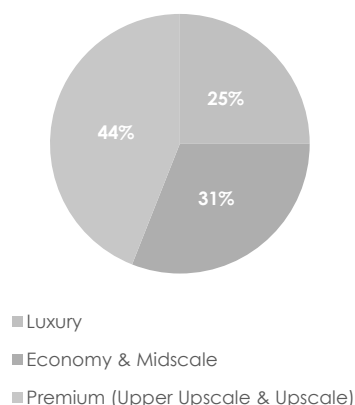
- **Key Hub for Automobiles, Electric Vehicles and Manufacturing:** Chennai is the economic base for several core sectors including automobile, software services, medical tourism, hardware manufacturing and financial services. The city is poised to become a major hub for electric vehicles. Additionally, Chennai is part of the key 350km Bengaluru-Chennai industrial corridor project, further adding to the city's economic importance. Chennai is also a major hub for GCC expansion led by strong technology talent.
- **Key Office Market in India with Deep Banking, Financial Services and Insurance (BFSI) Talent Pool:** As of December 2023, the city had Grade A office stock of 66.9 msf. In 2023, Chennai recorded a net absorption rate of 6.6 msf – the highest recorded by the city. (Source: C&W)
- **Robust Air Traffic Growth:** Chennai airport is the fifth busiest airport in the country – handling 21.2 million passengers in FY2024, a growth of 14% compared to FY2023. (Source: AAI)
- **Heritage and Spiritual Tourism:** Chennai is home to UNESCO World Heritage site of Mahabalipuram, also attracting leisure travelers for its scenic beaches, religious destinations, and cultural appeal.

Existing Supply and Pipeline of Branded Keys

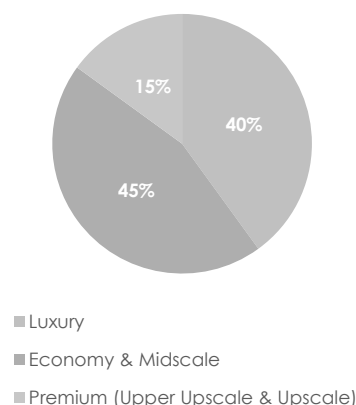
Chennai has a sizeable hotel inventory with 8,437 branded keys as of March 31, 2024, which is distributed among different market positionings to cater to a diversified demand base, of which 25% of the total inventory belongs to the luxury segment.

The city has a pipeline of 893 keys over the next 4 years, the growth rate of which is lower than the CAGR growth in supply over the past 9 years.

**Chart 7.13: Branded Existing Supply
(March 31, 2024)**



**Chart 7.14: Branded Pipeline Supply
(FY2024-2027)**



Note: The above data reflects hotels that have been confirmed by Operators or Owners. However, given that India's hospitality market is experiencing a vibrant recovery and strong growth rates, we note that there are properties in Chennai that may still be under discussion and not included in this data.

Source: HVS ANAROCK Research

Demand and Supply Change

From FY2014-FY2024, demand in the city grew at 7.6% CAGR, while the luxury market grew at a rate of 7.3% CAGR. In both the overall market and luxury segment, demand outstripped supply.

Table 7.11: Demand and Supply Change FY2014 to FY2024

CAGR	Demand Change	Supply Change	Demand – Supply Gap
Chennai Market	7.6%	5.2%	2.4%
Luxury Market	7.3%	2.9%	4.5%

Source: HVS ANAROCK Research

However, from FY2019-FY2024, demand in the luxury segment catapulted, surpassing the growth observed by the overall market. The supply change, in contrast, was not in line with the demand CAGRs, leading to a wider demand-supply gap.

Table 7.12: Demand and Supply Change FY2019 to FY2024

CAGR	Demand Change	Supply Change	Demand – Supply Gap
Chennai Market	2%	0.8%	1.2%
Luxury Market	3.2%	1.1%	2.1%

Source: HVS ANAROCK Research

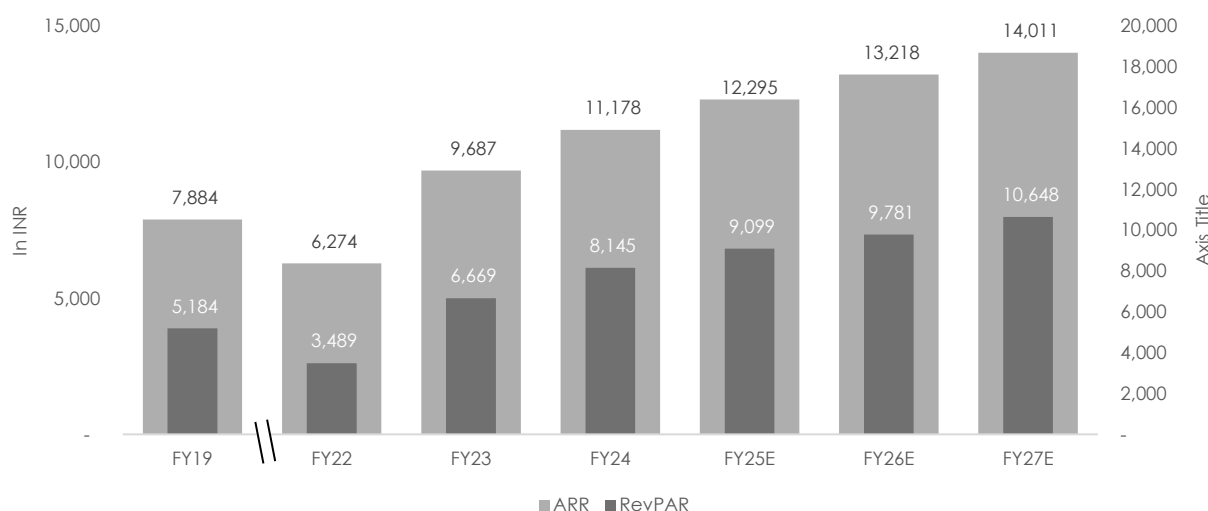
Chennai Hotel Sector and Luxury Segment Performance

Given continued economic growth, strength in corporate travel and the advent of new travel segments such as spiritual and heritage travel coupled with the limited luxury hotel stock, the Chennai luxury segment ARR outperformed the branded hotel segment, growing at a CAGR of 7.2% over FY2019 to FY2024 as compared to the branded segment that grew 6.0% over the same period. The Chennai luxury segment has demonstrated a strong performance from FY2019 to FY2024, witnessing higher RevPAR

growth (CAGR of 9.5%) than the broader branded segment (CAGR of 7.3%), on the back of strong growth in occupancy (400 bps higher vs. branded segment in FY2024).

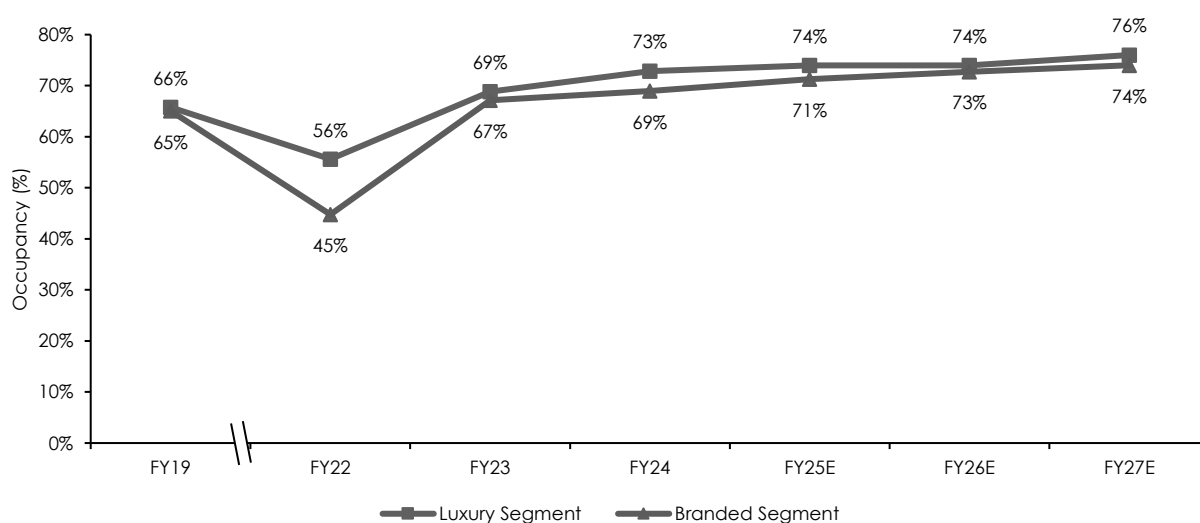
Chennai Luxury Hospitality Segment Continues to Register Steady ARR Growth as Occupancy Rates Increase

Chart 7.15: Chennai ARR and RevPAR



Source: HVS ANAROCK Research, CoStar – Industry Data

Chart 7.16: Chennai Occupancy



Source: HVS ANAROCK Research, CoStar – Industry Data

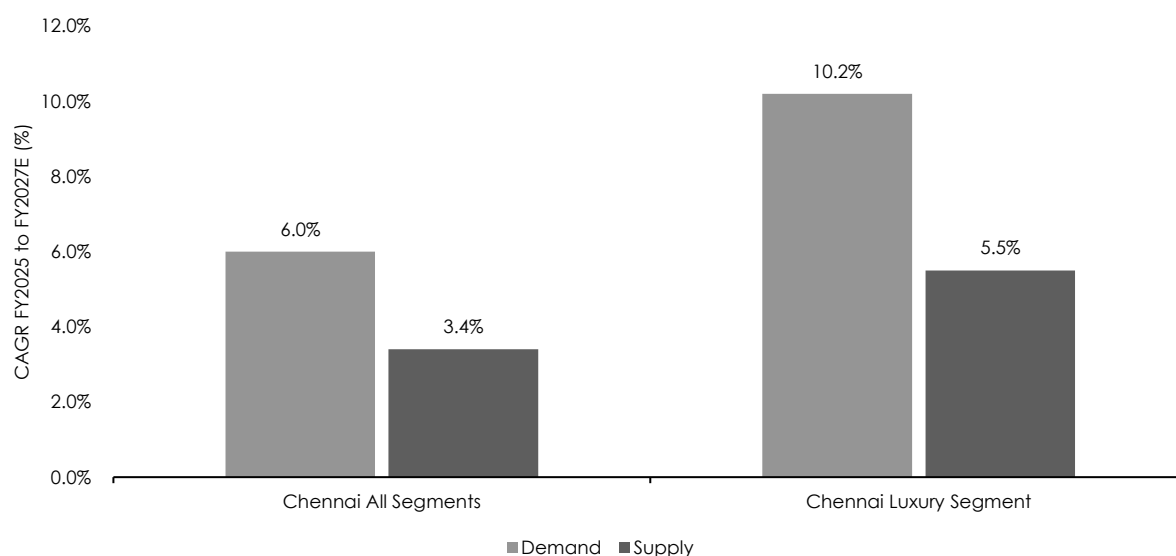
Demand and Supply Forecast FY2024-FY2027

Chennai has seen strong growth in demand post the pandemic with increase in corporate travel and MICE events. On the back of continued growth in corporate set ups in Chennai we estimate demand to grow at a CAGR of 6.0% from FY2024 to FY2027. During the same period, supply is estimated to grow at a CAGR of 3.4%. Since there is limited supply entering with strong healthy increase in demand in the market, we estimate an ARR CAGR of 6.2%.

The Chennai luxury market has seen higher occupancy rates than the whole branded market since the luxury hotels attract significant corporate travel and social events like weddings. The increasing demand in these segments post the pandemic is expected to drive considerable demand to the market and we

estimate luxury demand to grow at a CAGR of 10.2% from FY2024 to FY2027. During the same period, supply is expected to grow at a CAGR of 5.5%. The considerable gap between demand and supply growth is expected to drive average rates in the city and we estimate an increase at a CAGR of 7.8%.

Chart 7.17: Chennai Demand & Supply CAGR FY2024 to FY2027E



Note: The above data reflects hotels that have been confirmed by Operators or Owners. However, given that India's hospitality market is experiencing a vibrant recovery and strong growth rates, we note that there are properties in Chennai that may still be under discussion and not included in this data.

Source: HVS ANAROCK Research

Chart 7.18: RevPAR and ARR Comparison of Leela Palace Chennai to Chennai Luxury Segment (FY2019-FY2024)



Source: HVS ANAROCK Research, CoStar – Industry Data

The Leela Palace Chennai outperformed the Chennai luxury hospitality segment in terms of both ARR and RevPAR, growing at a CAGR of 11.1% and 12.4% respectively over FY2019 to FY2024 compared to the Chennai luxury hospitality segment which grew at 7.2% and 9.5% respectively over the same period.

Jaipur Overview



Also known as the Pink City, Jaipur is a popular tourist destination and a part of the “Golden Triangle”, a tourist circuit in India (comprising Delhi, Agra and Jaipur). Jaipur is a UNESCO World Heritage City and was recognized as Travel + Leisure’s Best Cities in the World in 2022, ranking eighth in a list of 25 cities (Source: Travel + Leisure). Jaipur, with an expected population of 4.4 million by 2025, is the capital city of Rajasthan, the largest state of India. Jaipur is accessible by direct flights from several major Indian airports and is 55 minutes from New Delhi and 1 hour 40 minutes from Mumbai. (Source: UNDP)

The Jaipur International Airport serves as a gateway to other tourist destinations like Jodhpur, Udaipur, Jaisalmer, Kota, and Mount Abu, and in FY2024 handled passenger traffic of 5.47 million, the peak last observed in FY2019. The recovery of airport passenger traffic and the growth of visitors in the city was primarily propelled by domestic tourists, although foreign tourists also contributed to this upward trend.

The city's economy is mainly driven by leisure and wedding tourism, luxury textiles manufacturing, gemstone cutting and jewellery manufacturing. It is also witnessing interest from the IT industry with the development of centres such as Mahindra World City SEZ, spread on 750 acres.

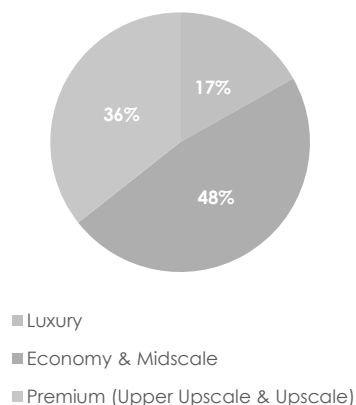
The key demand drivers for the hospitality sector in Jaipur are:

- **Leisure and Heritage Tourism:** Jaipur is globally recognized for its forts & palaces and renowned for its handicrafts. Inscribed as a World Heritage Site by UNESCO, Jaipur attracts tourist from across the world. According to the Federation of Hospitality and Tourism in Rajasthan the number of tourists to the state, both domestic and international, grew by 66% year-on-year in 2023 to 180 million. (Source: AAI)
- **Wedding Tourism:** Jaipur's heritage charm and beauty are making the city a preferred destination for luxury weddings, amongst both the growing affluent Indian population and the Indian diaspora abroad.
- **Strategically Located as Part of a Key Tourism Circuit:** Jaipur is part of the “Golden Triangle”, connecting the city to other key tourist destinations of Agra and Delhi. Jaipur's proximity to Delhi also attracts travelers from the city looking for weekend getaways. Further, the Jaipur International Airport serves as a gateway to other tourist destinations of Rajasthan.
- **Proximity to Key Gateway Cities:** Convenient air and land access from key travel hubs like New Delhi and Mumbai. The travel times under ~1 hour 30 minutes puts it within reach of an estimated population of 56.8 million population across both gateway cities.

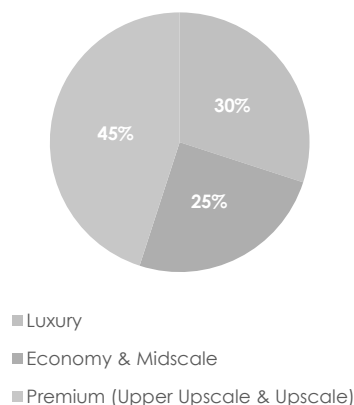
Existing Supply and Pipeline of Branded Keys

Jaipur currently has a hotel inventory of 7,504 branded keys as of March 31, 2024, which is well distributed among different market positionings to cater to a diversified demand base. A large inventory of 1,795 keys is in pipeline over the next 4 years, growing at a CAGR of 7.4%.

**Chart 7.19: Branded Existing Supply
(March 31, 2024)**



**Chart 7.20: Branded Pipeline Supply
(FY2024-2027)**



Note: The above data reflects hotels that have been confirmed by Operators or Owners. However, given that India's hospitality market is experiencing a vibrant recovery and strong growth rates, we note that there are properties in Jaipur that may still be under discussion and not included in this data.

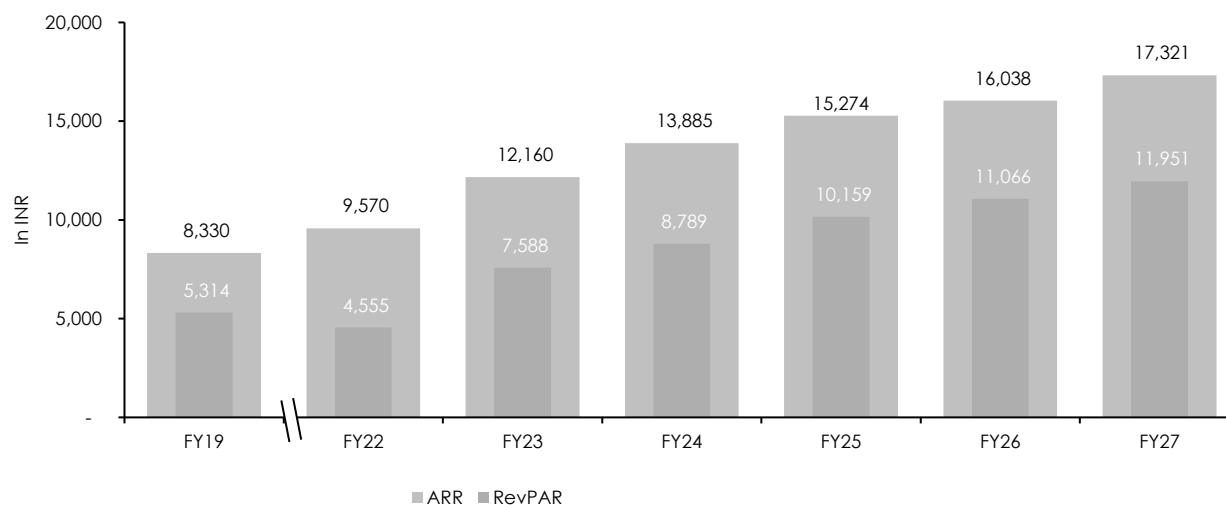
Source: HVS ANAROCK Research

Jaipur Hotel Sector and Luxury Sector Performance

On the back of its strategic location along key tourist routes such as the "Golden Triangle", proximity to gateway cities, rich cultural heritage and increasing popularity as a preferred wedding destination, the Jaipur luxury & upper upscale segment ARR outperformed the branded hotel segment, growing at a CAGR of 10.8% over FY2019 to FY2024 as compared to the branded segment that grew 9.0% over the same period. The Jaipur luxury & upper upscale segment has demonstrated a strong performance from FY2019 to FY2024, witnessing higher RevPAR growth (CAGR of 10.6%) than the broader branded segment (CAGR of 7.8%).

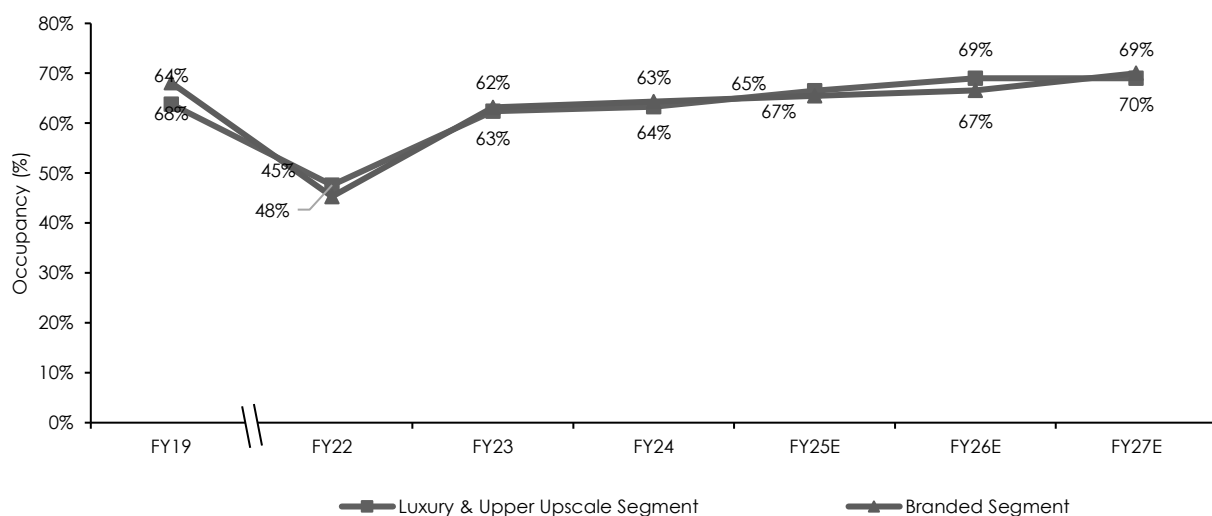
Jaipur Luxury & Upper Upscale Hospitality Segment Performance

Chart 7.21: Jaipur Luxury ARR and RevPAR



Source: HVS ANAROCK Research, CoStar – Industry Data

Chart 7.21: Jaipur Occupancy



Source: HVS ANAROCK Research, CoStar – Industry Data

Demand and Supply Forecast FY2024-FY2027

Jaipur has emerged as an important leisure destination in India, historically a tourist destination it has become a hotspot for weddings and MICE events. With convention centres and improved highway connectivity, we estimate demand to grow at a CAGR of 10.9% from FY2024 to FY2027. Jaipur also has a healthy pipeline of hotels with focus on banquet facilities, and we therefore estimate supply to increase at a CAGR of 7.4% during the same period. Since demand is expected to outpace supply the ARR in the market are expected to increase at a CAGR of 6.7%.

Luxury hotels in Jaipur have been the major attractors for opulent weddings in the city in addition to the tourism demand they attract. With increase in wedding demand due to the recent lack of seasonality for

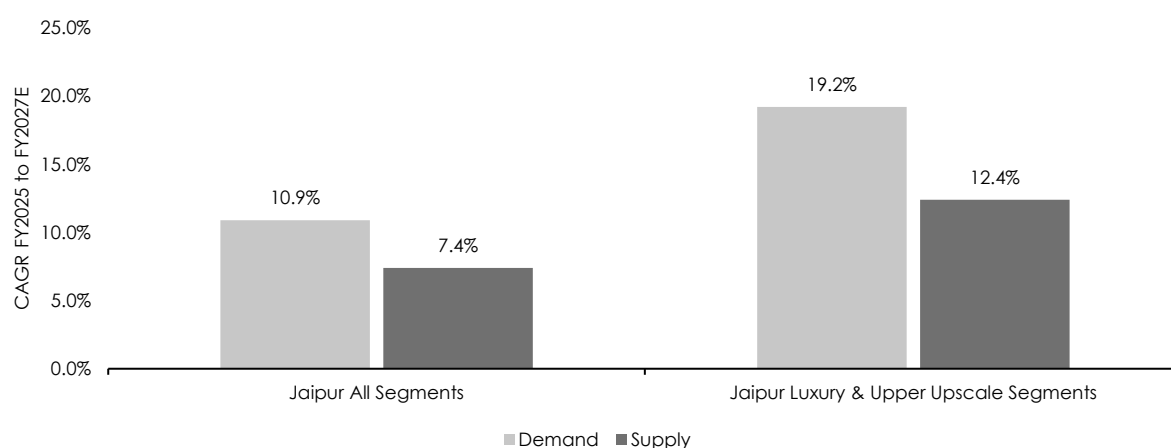
weddings, we estimate demand to grow at a CAGR of 19.2% from FY2024 to FY2027 on the back of 12.4% increase in supply over the same period.

Chart 7.14: Demand and Supply Change FY2024 to FY2027

CAGR	Demand Change	Supply Change	Demand – Supply Gap
Jaipur Market	10.9%	7.4%	3.5%
Luxury Market	19.2%	12.4%	6.9%

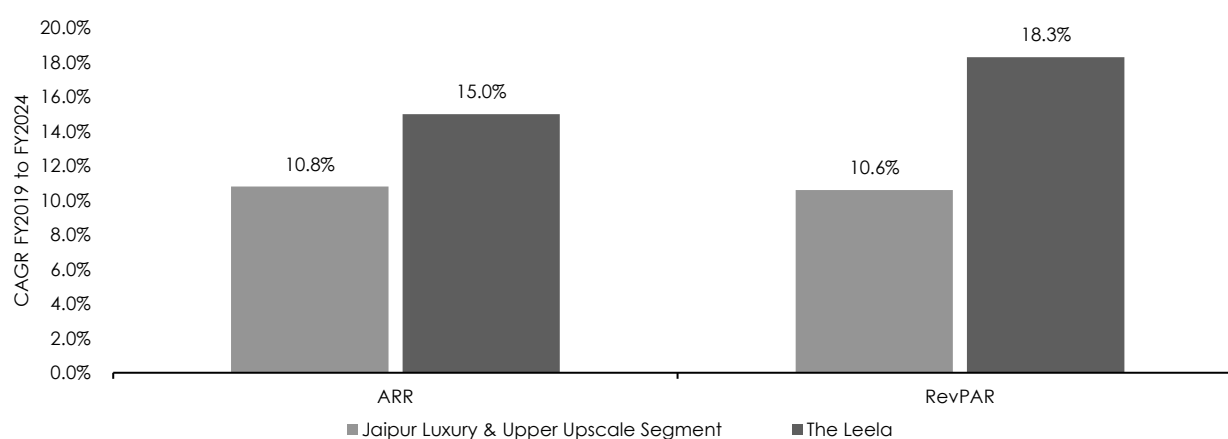
Source: HVS ANAROCK Research

Chart 7.22: Jaipur Demand & Supply CAGR FY2024 to FY2027E



Source: HVS ANAROCK Research

Chart 7.23: The Leela Palace Jaipur Outperformed Compared to the Jaipur Luxury & Upper Upscale Hospitality Segment



Source: HVS ANAROCK Research, CoStar – Industry Data

The Leela Palace Jaipur outperformed the Jaipur luxury & upper upscale hospitality segment in terms of both ARR and RevPAR, growing at a CAGR of 15.0% and 18.3% respectively over FY2019 to FY2024 compared to the Jaipur luxury & upper upscale hospitality segment which grew at 10.8% and 10.6% respectively over the same period.

Udaipur Overview



Udaipur is an integral part of Rajasthan's tourism landscape, renowned for its iconic heritage sites & tourist places and fast emerging as a sought-after luxury wedding destination. Udaipur was recognized as Travel + Leisure's Best Cities in the World in 2024, ranking second in a list of 25 cities (Source: Travel + Leisure). Udaipur is accessible by direct flights of under 1 hour 20 minutes from New Delhi (1 hour 20 minutes) and Mumbai (1 hour 25 minutes).

Udaipur Airport, being a domestic airport, witnesses less passenger traffic as compared to Jaipur Airport. The domestic passenger traffic in FY24 stood at 1.5 million passengers, an 8% increase from the peak last observed in FY19. In addition, upon looking at the tourists' statistics, we noticed a positive trend in Udaipur's tourist footfalls, achieving a CAGR of 5.2% from 2011 until 2019.

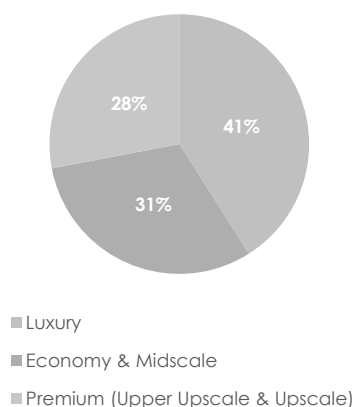
The key demand drivers for the hospitality sector in Udaipur are:

- **A key Leisure and Heritage Tourism Market:** Popularly known as the "City of Lakes", Udaipur is a premier leisure and heritage tourism destination. The city has a unique blend of man-made and natural lakes, including the iconic Lake Pichola. Udaipur is also home to several UNESCO world heritage sites, the City Palace Udaipur, Jagmandir Island, Kumbhalgarh Fort and Eklingji Temple Complex, showcasing the city's rich cultural and architectural legacy.
- **Wedding Tourism:** Growing affluence, large Indian diaspora abroad and a young demographic with rising disposable income looking for upgraded experiences have been key drivers for Udaipur's emergence as the destination of choice for big-ticket weddings. Udaipur's wedding market was valued at INR 8-10 billion in 2023, compared to INR 6 billion in 2022.
- **Spiritual Tourism:** Udaipur's proximity to several spiritual sites in the neighboring state of Gujarat, make it an ideal stopover destination for tourists embarking on their respective spiritual journeys.
- **Proximity to Key Gateway Cities:** Convenient air access from key travel hubs like New Delhi and Mumbai. New Delhi is only a 1 hour and 15 minutes by flight, while Mumbai is a 1 hour and 20 minutes away by flight. This puts it within the reach of an expected population of 56.8 million population under 2 hours.

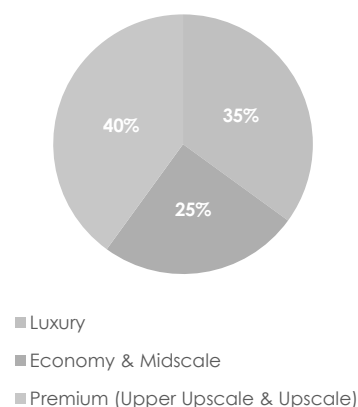
Existing Supply and Pipeline Supply of Branded Keys

In FY2024, Udaipur had a total inventory of 1,987 branded keys, of which the luxury segment represents 38% of the supply (747).

**Chart 7.24: Branded Existing Supply
(March 31, 2024)**



**Chart 7.25: Branded Pipeline Supply
(FY2024-2027)**



Note: The above data reflects hotels that have been confirmed by Operators or Owners. However, given that India's hospitality market is experiencing a vibrant recovery and strong growth rates, we note that there are properties in Udaipur that may still be under discussion and not included in this data.

Source: HVS ANAROCK Research

Demand and Supply Change

From FY2014 to FY2024, the demand in Udaipur hotel market and luxury segment grew in tandem at over a 5% CAGR. However, during FY2019 to FY2024, the luxury segment grew faster primarily on the back of increase in supply.

Table 7.30: Demand and Supply Change FY2014 to FY2024

CAGR	Demand Change	Supply Change	Demand – Supply Gap
Udaipur Sector	5.3%	5.3%	0%
Luxury Sector	5.2%	5.8%	-0.6%

Source: HVS ANAROCK Research

However, from FY2019-FY2024, supply grew at a relatively higher rate than demand, observed both in the overall market and in the luxury segment.

Table 7.31: Demand and Supply Change FY2019 to FY2024

CAGR	Demand Change	Supply Change	Demand – Supply Gap
Udaipur Sector	5.9%	9.4%	-3.5%
Luxury Sector	8.4%	11.9%	-3.5%

Source: HVS ANAROCK Research

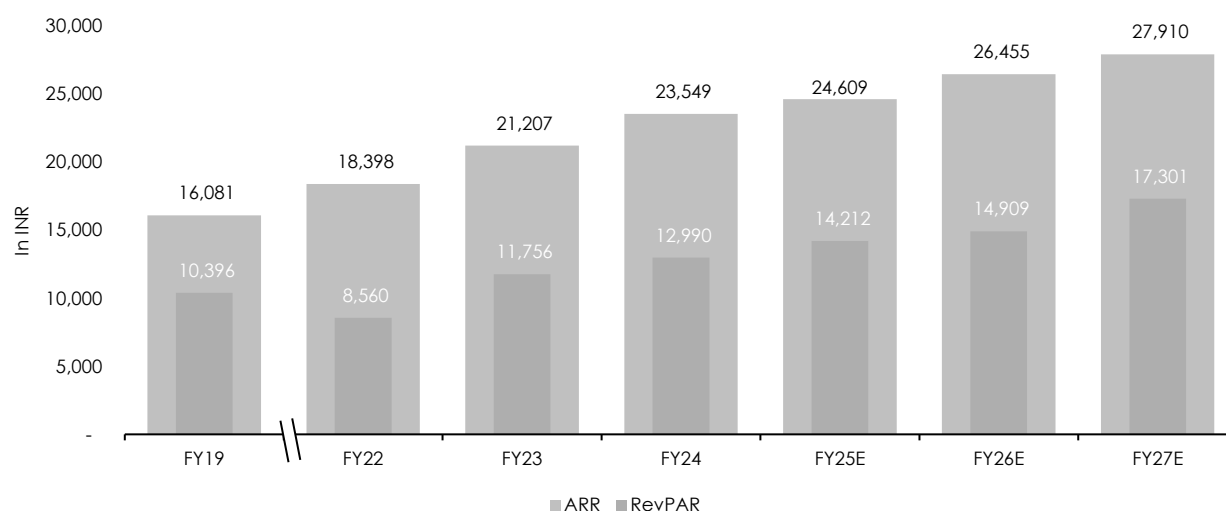
Udaipur Hotel Sector and Luxury Sector Performance

Udaipur's popularity amongst tourist, particularly with foreign tourist and the city's emergence as a preferred wedding destination amongst the young and affluent population, the Udaipur luxury & upper upscale segment ARR grew in line with the branded hotel segment, growing at a CAGR of 7.9% over

FY2019 to FY2024. The Udaipur luxury & upper upscale segment RevPAR grew at a CAGR of 4.6% over FY2019 as compared to a CAGR of 4.4% for the branded hospitality segment.

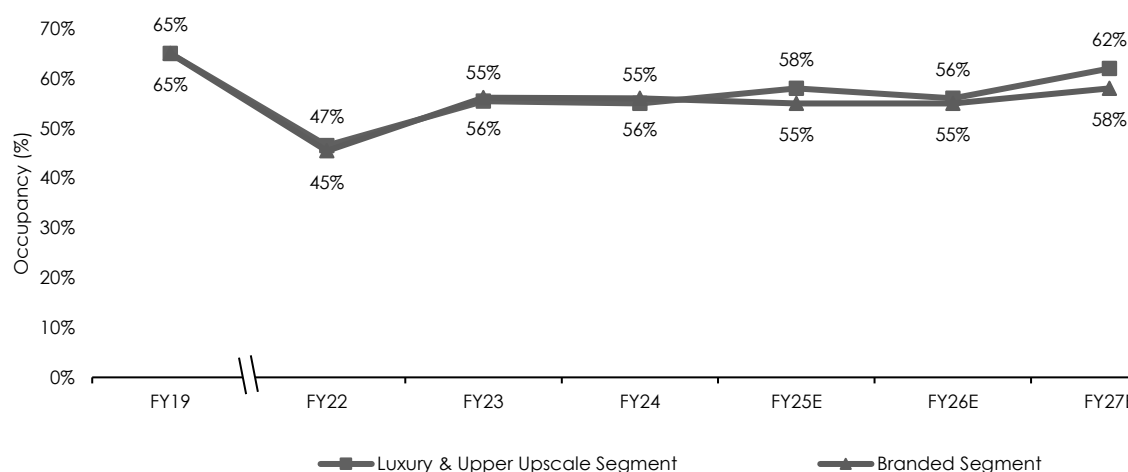
Udaipur Luxury & Upper Upscale Hospitality Segment Continues to Register Steady ARR Growth as Occupancy Rates Increase

Chart 7.26: Udaipur ARR and RevPAR Forecast



Source HVS ANAROCK Research, CoStar – Industry Data

Chart 7.27: Udaipur Occupancy Forecast



Source: HVS ANAROCK Research, CoStar – Industry Data

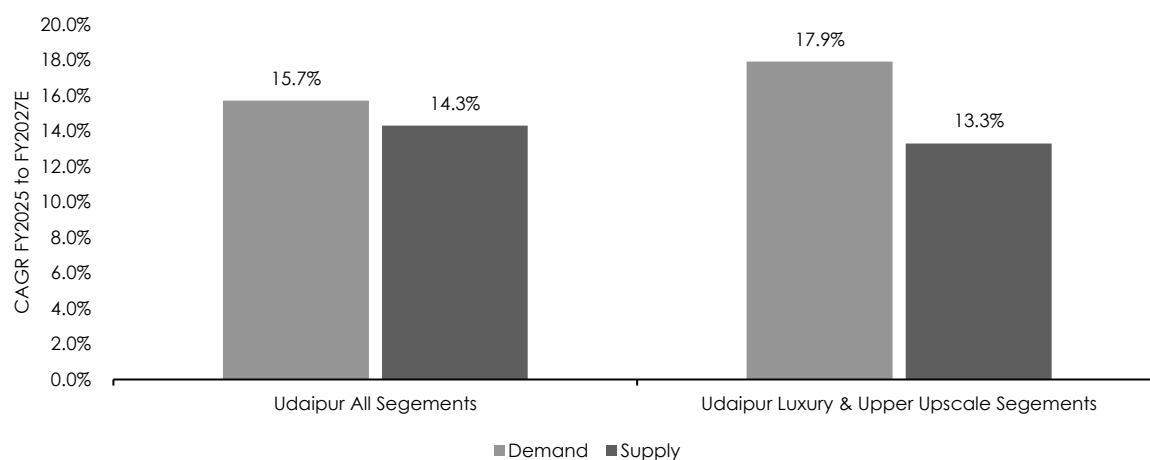
Demand and Supply Forecast FY2024-FY2027

Udaipur has seen a healthy increase in demand over the last 10 years on the back of strong tourism demand, it has emerged as a prominent wedding destination in the recent years and witnesses strong wedding demand all year round. Udaipur also has a healthy pipeline of hotels from FY2024 to FY2027 and we estimate supply to enter the market at a CAGR of 14.3%. With heightened demand and a healthy supply, we estimate demand to grow at a CAGR of 15.7% during the same period. Since there is considerable supply entering the market, we estimate a moderate growth in average rates as compared to historical trends, at a CAGR of 5.5%.

The luxury segment in Udaipur is expected to outperform all other segments in occupancy and average rates due to high demand for MICE and weddings in the city. Udaipur also has a large supply of hotels in the pipeline, which will further induce demand into the market. We estimate demand to grow at a CAGR

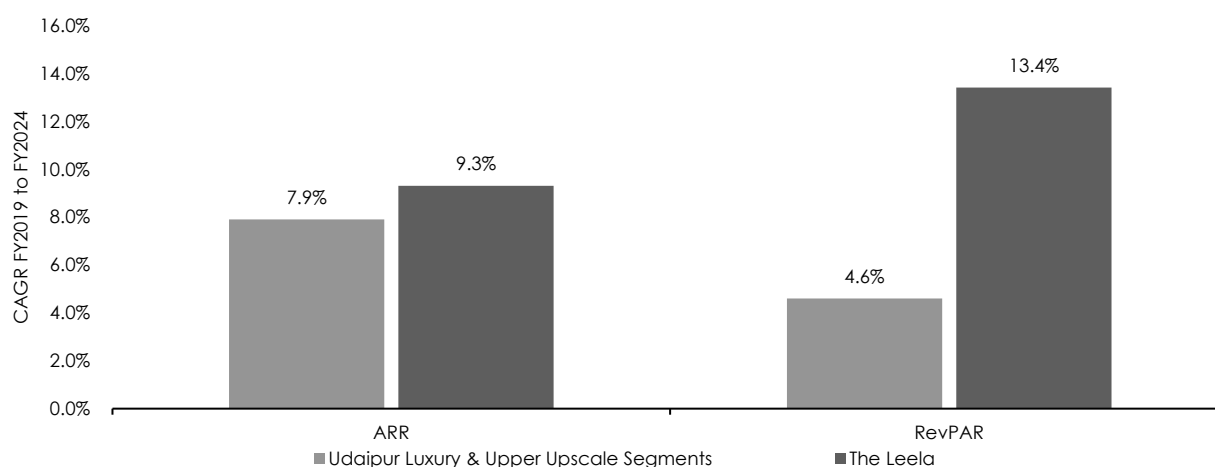
of 17.9% from FY2024 to FY2027 and supply to grow at a CAGR of 13.3%. Like the overall market, the considerable increase in supply will allow a moderate increase in average rates at a CAGR of 5.8%.

Chart 7.28: Udaipur: Demand & Supply CAGR FY2024 to FY2027E



Source: HVS ANAROCK Research

Chart 7.29: RevPAR and ARR Comparison of Leela Palace Udaipur to Udaipur Luxury Segment (FY2019-FY2024)



Source: HVS ANAROCK Research

The Leela Palace Udaipur outperformed the luxury & upper upscale hospitality segment in terms of both ARR and RevPAR, growing at a CAGR of 9.3% and 13.4% respectively over FY2019 to FY2024 compared to the luxury & upper upscale hospitality segment which grew at 7.9% and 4.6% respectively over the same period.

Maldives Overview



Maldives is an independent island country in the north-central Indian Ocean. It consists of a chain of about 1,200 small coral islands and sandbanks (some 200 of which are inhabited), grouped in clusters, or atolls.

Maldives is one of the top performing luxury resort destinations in the world and highest ADR markets in Asia Pacific in 2023, in-line with global destinations like Bahamas, Seychelles and French Polynesia. The Maldives is made up of 26 atolls, which are comprised of over 1,000 coral islands. Each atoll offers its own unique experiences, but some are particularly renowned for their beauty, marine life, and water activities which include the Ari Atoll, Baa Atoll, North Male Atoll and Raa Atoll. Reethi Faru is located on a 45 acres natural island in Raa Atoll which is known for its untouched beauty and remote resorts providing secluded private experiences to the guests. The resort is also located near Baa Atoll which is well renowned for the UNESCO Biosphere Reserve at Hanifaru Bay famous for sighting manta rays and whale sharks. Maldives is also accessible by direct flights to global cities including London, Hong Kong, Dubai, Doha, and Singapore.

Tourism is the largest contributor for the Maldives' GDP, at nearly 30% in 2023, with high-end luxury FIT and leisure travelers driving majority of the demand including:

- **Honeymooners and Couples:** Popular choice amongst couples due to secluded luxurious resorts, private islands and picturesque landscapes with high-end resorts providing personalized serviced and amenities with direct access of beach and water.
- **Divers and Snorkelers:** Popular destination for underwater enthusiasts due to its clear waters, coral reefs, and diverse marine life, including colorful fish, rays, and whale sharks.
- **Adventure and Water Sports Enthusiasts:** Offers a range of water-based activities such as snorkeling, diving, windsurfing, and sailing which attract adventure travelers.
- **Wellness and Spa Retreat Seekers:** Resorts in the Maldives offer world-class spa facilities and holistic wellness programs that attract the wellness focused travelers from across the globe.

- **Nature and Eco-Tourists:** With a growing focus on sustainability and eco-tourism, certain travelers visit the Maldives to experience its natural beauty while supporting environmentally responsible practices, including staying at eco-friendly resorts and participating in conservation activities.
- **Infrastructure Development:** Opening of a new airport terminal at the Velan International Airport, which increased the airport capacity from 4 million in 2019 to 7.5 million by 2030 to support growth in tourist arrivals. Other infrastructure projects aimed at improving connectivity include the Hanimaadhoo International Airport Redevelopment, The Maldives Floating City – the country's first floating city, which will house thousands of housing units, hotels and restaurants and the Greater Male Connectivity Projects – 6.74km bridge and causeway link aimed at boosting connectivity between Malé and nearby islands of Vilingli, Gulhifalhu and Thilafushi (the four islands account for nearly half the Maldivian population).

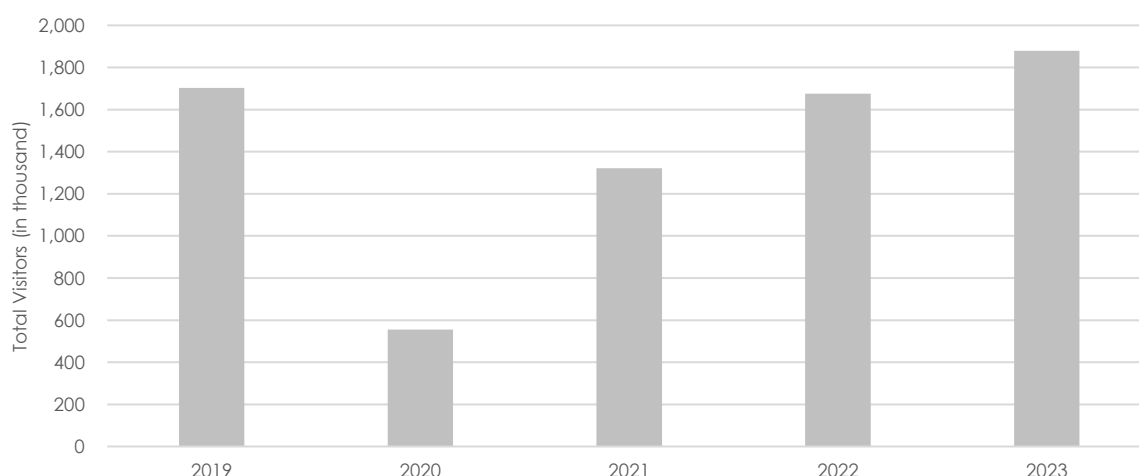
Other important industries in the Maldives include construction and seafood exports. The country imports a wide range of goods, including fuel, electrical and electronic products, and staple foods.

The economy maintained its strong growth momentum in 2023 due to rising tourist arrivals, and, with rising tourist arrivals, is expected to maintain a strong growth and poverty reduction trajectory.

Maldives Travel & Tourism

In 2023, the total visitor arrivals to Maldives increased by 12.1% to 1.9 million, which is 110% of the 2019 figure. Maldives's visitor arrivals have greatly recovered since the pandemic and has surpassed pre-pandemic levels of visitor arrivals. The year-to-date (YTD) April 2024 also showed a 12.2% increase from YTD April 2023, showcasing a positive trend for 2024's tourism recovery. In fact, the YTD April 2024 has already achieved a figure 20% higher than 2019's YTD April data which further supports the claim that Maldives' is on a strong growth path.

Chart 7.30: Maldives - Total Visitors (in Thousand)



Source: Ministry of Tourism - Republic of Maldives

In 2019, China was the largest source market for Maldives, accounting for 16.7% of the total international tourist arrivals. India and Italy came in second and third, accounting for 9.7% and 8% of the total international tourist arrivals, respectively. However, in 2023, as the with the advent of the Russia-Ukraine war and the effects of the COVID-19 pandemic, China lost its first place due a lagging reopening policy from lockdowns and instead fell to third place at 10%, being replaced by Russia and India in the top spot at a tied 11.1%.

Source: Ministry of Tourism - Republic of Maldives

Maldives Existing Supply and Pipeline of Branded Keys

As per HVS research, there are 6,824 branded hotel rooms in the Maldives, of which approximately 58% are upscale hotels, with the remaining made up of luxury hotels (38%), and midscale hotels (4%). No economy-branded hotels are found in Maldives. By 2028, there will be 5 additional branded hotels with approximately 528 keys in the Maldives. The luxury segment accounts for most of the new supply, including brands such as Mandarin Oriental, JW Marriott, MGM Asia, and Corinthia.

Note: We specifically note that the above data reflects hotels that have been confirmed by Operators or Owners. However, given Maldives' hospitality market has historically presented large growth rates, we note a considerable number of properties may be still under discussion and not included in this data.

Chart 7.31: Total Existing Branded Supply (2023)

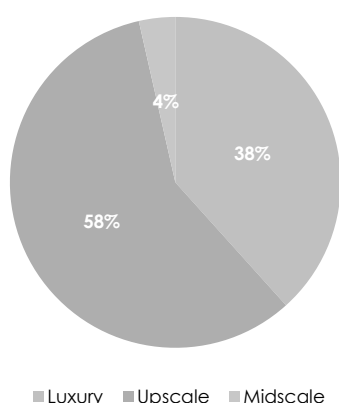
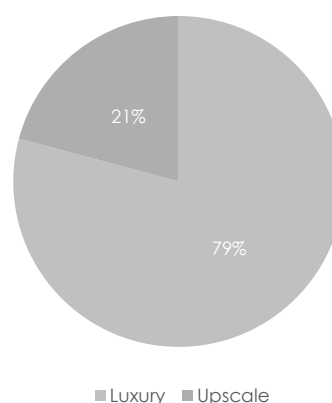


Chart 7.32: Total Pipeline of Supply till 2028

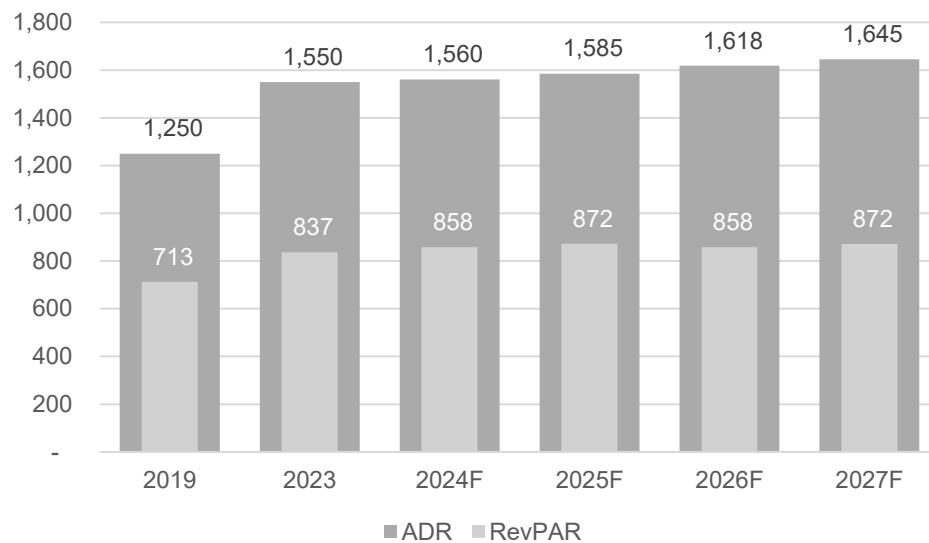


Source: HVS Research

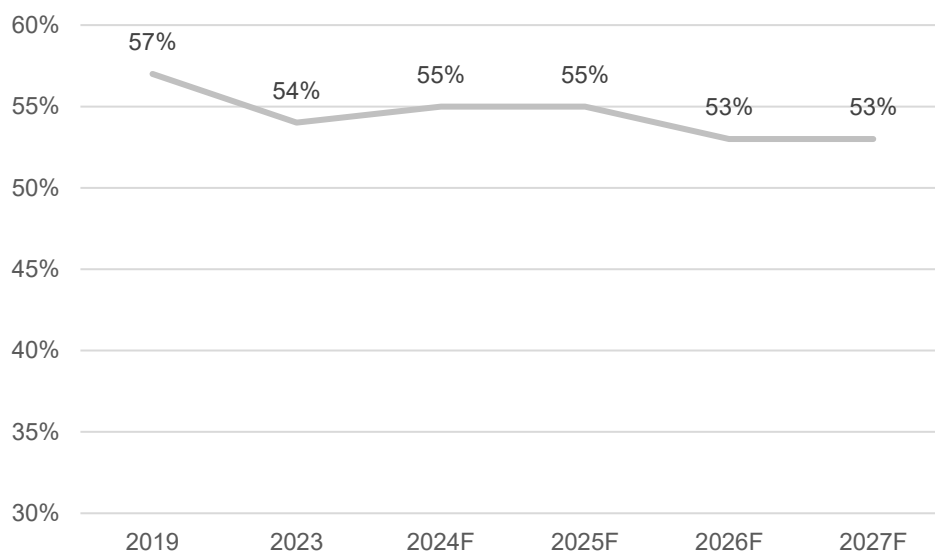
Maldives Hotel Sector and Luxury Sector Performance

From 2016-2019, Maldives exhibited a downward trend in ARR and RevPAR but increasing Occupancy Rate due to growth in visitor arrivals and competitive market forces pushing prices down. In 2020, occupancy and RevPAR declined significantly while ADR increased during the pandemic as hotels in the Maldives attempted to maximize revenue through rate increases to compensate for lower occupancy rates. Occupancy rates recovered in 2021 and onwards, which brought about the closing of the gap between ADR and RevPAR. By 2022 and onwards, ADR and RevPAR were both above pre-pandemic levels. Comparing YTD Apr 2024 with YTD Apr 2023, we observe that the trend of growth for occupancy rate is continuing but ADR and RevPAR have decreased slightly when compared to 2023.

Maldives Luxury Hotels Witnessed Outsized RevPAR Growth Driven by an Increase in ARR and Occupancy

Chart 7.33: Maldives ARR and RevPAR Forecast

Source: HVS Research

Chart 7.34: Maldives Occupancy Forecast

Source: HVS Research

Maldives saw an arrival of 1.8 million tourist in 2023 (6.0% over 2019's record high number of 1.7 million). The arrivals are further expected to increase with Maldives strong reputation as a premier luxury resort destination in Asia Pacific along with opening of the new airport terminals.

Maldives Hotel Sector Barriers to Entry

The main barrier to entry is the regulatory and legal requirements. Constructing new projects in the Maldives requires the appropriate legal permits and documentation. Foreigners cannot own land outright in the Maldives and must lease it from the government.

Logistical challenges of developing new projects in the Maldives also arise due to the country's remote location. Transporting equipment and materials to the Maldives is both challenging, time-consuming and expensive. The local labor force is limited due to the small size and population of the Maldives,

necessitating the importation of labor, which adds to costs and complexity of development and operations.

Competition in the Maldives is also saturated and well-established. Many key luxury and upscale brands have a strong presence in the country and leverage extensive networks to attract and retain guests.

Maldives Hotel Sector Outlook

Looking forward, the Maldives will remain one of the most luxurious tourist destinations in the world due to its crystal-clear turquoise waters, shallow lagoons, some of the best coral reefs, and the abundance of luxury and upscale brands operating there. New developments within the Maldives are expected to enhance the country's attractiveness and capacity for tourists. These developments include the announcement of two new planned airports, plans to establish Addu City as a seaplane hub, and the development of 20 new resorts around the country.

Branded supply in the Maldives is limited in the upcoming years, but independent operators are widespread. The key consideration is whether a proposed development can differentiate itself in the saturated market to attract guests and perform at a higher competitive level than similar properties. Furthermore, the Maldives will continue to face competition from other world-class destinations such as Bali, Bora Bora, Seychelles, and Mauritius.

Government and tourism initiatives to support the Maldives are in place. The government's strategic tourism master plan focuses on sustainable tourism development, improving infrastructure, and enhancing the quality of tourism services. This plan includes measures to balance tourism growth with environmental preservation. The Visit Maldives Campaign is an ongoing promotional campaign aimed at showcasing the Maldives as a premier travel destination. It highlights the country's unique offerings and targets key markets such as Europe, Asia, and the Middle East.

The Maldivian government also offers incentives to attract foreign investment in the tourism sector, including tax breaks and long-term leases for resort development. This encourages the development of new hotels and resorts. Initiatives to promote eco-tourism and marine conservation are in place too, such as banning single-use plastics and implementing coral reef protection programs. These initiatives align with global sustainability trends and appeal to eco-conscious travelers.

Overall, the Maldives has positioned itself as a safe and secluded travel destination, appealing to tourists seeking exclusive and private experiences post-pandemic. The natural isolation of its islands makes it an ideal spot for social distancing while enjoying luxury.

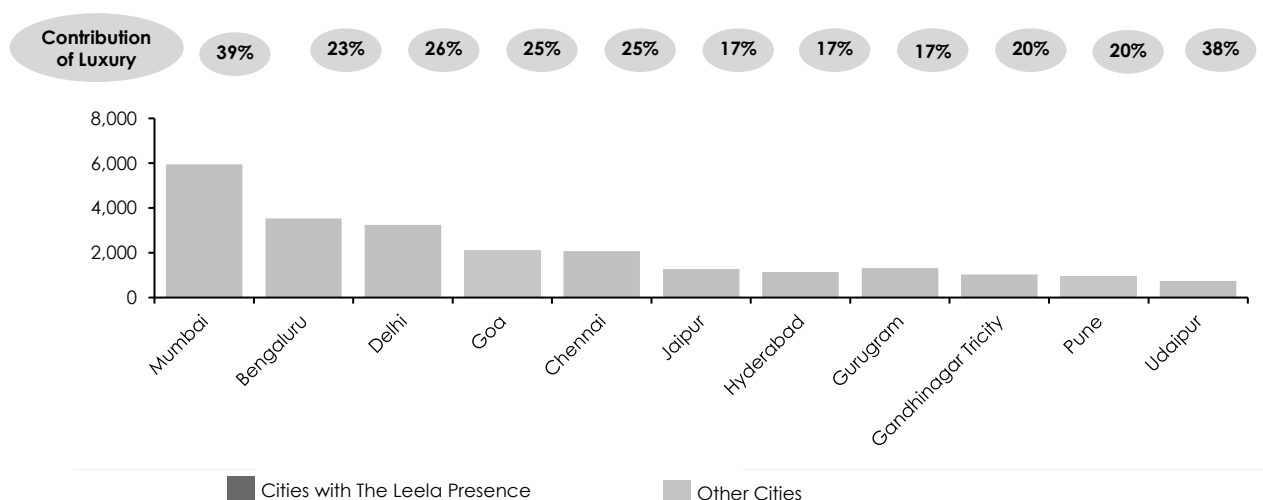
Key Markets

Key Indian cities including Bengaluru, Chennai, New Delhi, Goa, Jaipur, Udaipur and Mumbai are supported by favorable demand and supply dynamics with high barriers to entry. These key markets have significant room for RevPAR growth on the back of strong demand driving occupancy rates up. Key Indian market is well supported by multiple factors including (1) limited luxury hospitality stock (2) favorable demand-supply dynamics (3) strong ARR and RevPAR performance, particularly of the luxury hospitality segment.

Limited Luxury Hospitality Stock

India has limited luxury hospitality stock which is largely concentrated in key business and leisure cities. This benefits existing hospitality players who have presence in these key markets.

Chart 7.35: Key Indian Luxury Markets by Existing Stock – FY 2024



Source: HVS ANAROCK Research

Table 7.32: Key Business Markets

	Market Attraction Rank	FY2024 - FY2027 Luxury Demand	FY2024 - FY2027 Luxury Supply
New Delhi	1	10.2%	5.7%
Mumbai	2	11.5%	5.4%
Bengaluru	3	11.3%	6.7%
Chennai	4	10.2%	5.5%
Gurugram	5	6.3%	0.0%
Hyderabad	6	8.2%	4.4%
Ahmedabad	7	10.9%	6.1%

Source: HVS ANAROCK Research

Note: City attractiveness score calculated by taking weighted average of luxury demand per room, share of international and domestic travel, luxury ARR and FY2019-FY2024 ARR CAGR.

The Leela is present in 6 of the top 7 business markets in India. The launch of The Leela Palace Hyderabad, located in Hyderabad's urban commercial center of Banjara Hills, will mark The Leela's presence in all top 7 Indian business markets. India's emergence as a preferred destination for GCCs, robust growth in office leasing activity and multiple government initiatives and policy reforms to augment economic growth and commercial activity have been key drivers for continued growth in business markets. The

segment represents attractive expansion opportunities with continued growth expected in corporate travel and favorable demand supply dynamics. (Source: NASSCOM)

Table 7.33: Key Leisure Markets

	City Attraction Rank	FY2025 - FY2027 Luxury Demand	FY2025 - FY2027 Luxury Supply
Udaipur	1	17.9%	13.3%
Goa	2	12.3%	9.0%
Jaipur	3	19.2%	12.4%
Kerala	4	13.0%	6.9%
Agra	5	25.5%	21.1%

Source: HVS ANAROCK Research

Note: City attractiveness score calculated by taking weighted average of luxury demand per room, share of international and domestic travel, luxury ARR and FY2019-FY2024 ARR CAGR

Growing affluence, increasing population of HNWIs and UHNWIs and growth in FTAs (accounted for 46% of the leisure holiday and recreation segment in 2023) have been key drivers for the segment (Source: India Tourism Statistics, Ministry of Tourism, GoI). Favorable demand-supply dynamics and strong fundamental growth drivers, make the segment highly attractive for potential future expansions.

Table 7.34: The Leela's Owned Portfolio Had a Premium to Luxury Hospitality Segment

Cities	Growth in RGI Index	FY19 RevPAR Premium	FY24 RevPAR Premium
Udaipur	50%	1.2X	1.8X
Jaipur	40%	1.2X	1.7X
Chennai	14%	0.9X	1.1X
New Delhi	9%	1.5X	1.6X
Bengaluru	12%	1.4X	1.5X

Source: HVS ANAROCK Research, CoStar - Industry data

Note: Considers luxury segment for Bengaluru, New Delhi and Chennai, luxury & upper upscale segment for Jaipur and Udaipur. RGI index premium is calculated as RevPAR of the relevant The Leela hotel / RevPAR of relevant market segment. RGI growth indicates that the hotel is capturing a larger share of market revenue relative to comparable hotels in its market.

The Leela intends to further expand its footprint, by acquiring and developing five new hotels that will be directly owned and managed by Leela – in Agra, Bandhavgarh National Park, Ranthambore National Park, Ayodhya and Srinagar. The Leela has also recently entered into hotel management agreements for two new hotels that are in Hyderabad and Sikkim as well as luxury serviced apartments in Mumbai.

Table 7.35: Overview of Markets with upcoming properties by The Leela

Segment	Pipeline market	ARR for luxury properties during FY24 (In INR)
Heritage & Grandeur	Agra	45,000 - 50,000
Hill Station	Srinagar	28,000 - 33,000
Spiritual	Ayodhya	18,000 - 23,000
Heritage & Grandeur	Ranthambore	48,000 - 53,000
Wildlife	Bandhavgarh	48,000 - 53,000
Business	Hyderabad	10,000 - 13,000
Hill Station	Sikkim	22,000 - 27,000
Serviced Apartment	Mumbai	12,000 - 18,000

Source: HVS ANAROCK Research

Note: Segment performance includes select hotels and not comparable luxury properties. Hotels from different markets have been chosen to provide adequate representation of the segments that The Leela plans to enter.

1. Agra

Located on the banks of river Yamuna, Agra is one of the most populous cities in Uttar Pradesh. The historical city was once a powerful Mughal Capital and one of the most powerful cities in Northern-India. The rich cultural history of the city, paired with its striking architecture attracts a slew of tourists from all over the world. Agra is home to renowned marvels like the Taj Mahal, Agra Fort and Fatehpur Sikri, all UNESCO World Heritage.

New Delhi's, Indira Gandhi International Airport is the closest international airport to the city. Agra's Kheria is also a military base, which connects a direct flight from Delhi to Agra with a travel time of less than an hour. With five railway stations, the city is well connected by rail to other major cities in the country with regular trains operating between the city and Delhi, Jaipur, Jhansi and Gwalior. The National Highway 2 and the recently constructed Yamuna Expressway link Agra with Delhi, which along with National Highway 11 connecting Agra to Jaipur make for the Golden Triangle. As per the Department of Tourism, Government of Uttar Pradesh, the Agra Region catered to over 105 million tourist visitors in 2023.

Over FY2024 to FY2027, 964 keys are expected to be added in Agra with 39% of these keys positioned in the luxury segment (375 keys).

2. Bandhavgarh:

Madhya Pradesh is a state located in the heart of India and is the second largest state in the country by area. It benefits from a varied geographical landscape, natural resources and forest cover; uniquely benefitting it with a variety of industries and tourism. Once a hunting ground for Maharajas, Bandhavgarh National Park is now one of 12 national parks in the state. The national park boasts of the top dwelling for tigers in the country and has the highest density of the Royal Bengal Tiger in the world. It is also said that all white tigers in the world trace their roots back to the Bandhavgarh National Park. In addition to tigers, almost 260 bird species, 70 butterfly species, and 34 mammal species have been listed in the park. Bandhavgarh National Park is also the first park in India to have introduced "The Hot Air Balloon Safari" for tourists (Source: Destination Bandhavgarh, Madhya Pradesh Tourism; Bandhavgarh Tiger Reserve, Forest Department, Government of Madhya Pradesh). The national park is home to several manmade caves and inscriptions and holds historical significance tracing linkages to one of the biggest legends, Ramayana. The park is thus ideal for history and adventure enthusiasts.

During the COVID-19 pandemic and lockdowns, the park witnessed over 1.2 lakh tourist visits in 2021 (Source: Invest Madhya Pradesh, Government of Madhya Pradesh).

The nearest airport from the park is Khajuraho – a drive of nearly 7-8 hours – the airport is connected to cities like Delhi and Varanasi. Umaria is the closest railway station. Road travel to Bandhavgarh is convenient and can be reached via Umaria, Jabalpur, Katni, and Khajuraho, among other surrounding towns and cities. State High 11 and 22, and National Highway 43 further help with the connectivity of Bandhavgarh National Park.

Over FY2024 to FY2027, only 16 keys are expected to be added in Bandhavgarh, all 16 are in the luxury segment.

3. Ranthambore:

Rajasthan is the largest state in India by area, bordering Madhya Pradesh. The state benefits from a varied geographical landscape and natural resources, attracting a variety of industries and tourism. A vibrant collection of flora and fauna have given the state 3 National Parks and 26 sanctuaries (Source: Rajasthan Forest Department, Government of Rajasthan). The Ranthambore National Park is amongst the most renowned in the country. While Jaipur International Airport is the closest airport - the Park is well connected via both, roadways and railways. The closest Railway station is the Sawai Madhopur Railway Station - about 11 km from the Park. National Highway 3 connects the Park directly to Mumbai, while National Highway 8 and National Highway 11A connect to Delhi with National Highway 76 connecting the Park to Udaipur and Ahmedabad.

With over 300 plant species and another 300 species of birds, the National Park has several attractions to offer, including the majestic Royal Bengal Tiger. The Park's unique vegetation has led to a dry forest with little ground cover, which makes wildlife viewing relatively easier for tourists. The Park, along with the Ranthambore Fort, a UNESCO World Heritage Site, and the Trinetra Ganesha Temple attracts thousands of visitors every year (Source: Ranthambore National Park).

Ranthambore's excellent connectivity to major source markets, has allowed the hospitality industry to flourish in the region, in particular, within the luxury segment. Between FY2024 to FY2027, Ranthambore is expected to have a supply pipeline of 206 keys. The luxury segment represents 56% of the upcoming supply (115 keys).

4. Ayodhya

Ayodhya, the administrative headquarters of Ayodhya District, is an Indian pilgrimage destination. The city is located on the banks of the Sarayu River and is famed for being the birthplace of Lord Ram. Over the recent past the city has witnessed considerable investment from government and private groups. With the opening of the Ram Temple (Ram Janmabhoomi) in February 2024, Ayodhya has witnessed a significant uptick in the number of pilgrims. The Ayodhya Airport (Maharishi Valmiki International Airport) is Faizabad, located adjacent to the holy town of Ayodhya, also called Ayodhya Cantonment and is home to the only branded hotels currently operating in the region. Ayodhya is connected by air to most tier 1 and tier 2 cities in India, with greater connectivity expected as more carriers expand their operations to Ayodhya. The airport's second phase will encompass 5 lakh sq. ft. and lengthen the runway to 3,700 meters to accommodate wide body aircrafts (Source: PIB).

The announcement of consecration of the Ayodhya Ram Janmabhoomi Temple, has been a key driver of growth with the town witnessing heightened fervour in terms of both investment and tourist interest. According to the Department of Tourism, Government of Uttar Pradesh, over 63 million tourists visited the Ayodhya region in 2023. Strategic initiatives implemented to accommodate and sustain the heightened tourism demand, including infrastructure development, expansion of accommodation options, and promotion of cultural tourism are expected to bolster this boom.

As of FY2024, the Ayodhya Hotel Market had a total inventory of 325 quality keys across 6 properties. The existing supply is equally split between the economy and midscale segment with no existing supply in the premium segments. Over FY2024 to FY2027, expected that 442 keys are expected to be added in Ayodhya.

5. Srinagar:

Kashmir hosted more than 2.7 million tourists in 2023 – a record-breaking number, resulting from a confluence of various factors like the abolishment of article 370, the state government promoting Film and Border Tourism, and a steady rise of faith based tourism (Source: Department of Tourism, Union Territory of Jammu & Kashmir). Srinagar, with its vast gardens, lakes and houseboats, is known as the summer capital of Jammu and Kashmir. With attractions like the Dal Lake, Nishat Bagh and Shankaracharya Temple, the city is a fertile ground for many niche tourist segments ranging from religious and cultural to adventure tourism. Srinagar is also a significant center in the Union Territory for cultural and economic activities. The Srinagar Airport is an international airport which connects the city to major cities like Delhi, Mumbai and Chandigarh (Source: District Srinagar, Government of Jammu and Kashmir).

Srinagar has a supply pipeline of 100 keys between FY2024 to FY2027. There is no upcoming luxury supply in the current pipeline.

6. Gandhinagar Tricity

Gandhinagar is the capital of Gujarat and is on a growth trajectory driven by its strategic location and strong industrial base. The city has emerged as a major hub of opportunities due to its remarkable diversification across sectors ranging from traditional industries like textiles and chemicals to information technology, biotechnology, and renewable energy. Gandhinagar Tricity is also a thriving centre for pharmaceutical industry and is home to Zydus Cadila, Intas Pharmaceutical, Torrent Pharmaceuticals, which are some of the largest pharmaceutical companies in the country.

Key sports events, like IPL and Cricket World Cup, at the Narendra Modi stadium and large format MICE events, including Vibrant Gujarat and Semicon India, at the Mahatma Mandir Convention centre induced demand leading to high occupancy, further driving up the rate. Sardar Vallabhbhai Patel Sports Enclave, which houses the cricket stadium, is an under-construction sports enclave. Once fully built, it will be one of the largest of its kind in India and will have the potential and the capability to host Olympic Games, and other major sporting events like Asian and Commonwealth games, resulting in influx of foreign nationals, domestic travelers, and sports enthusiasts.

Over FY2024 to FY2027, upscale to luxury hospitality demand for Gandhinagar Tricity is expected to grow at a CAGR of 10.9% exceeding upscale luxury hospitality supply, expected to grow at a CAGR of 6.1%.

7. Gurugram

Gurugram, started as one of the four major satellite cities of Delhi, is now a major financial and technological hub in the National Capital Region of India. The city is home to several multinational corporates, IT and software companies, making it one of the most prominent business destinations in the country. The city is a self-sustained destination with a strong base of education institutes, hospitals, retail outlets, Grade-A office spaces and multiple entertainment options. Furthermore, the city also has a thriving manufacturing industry, with a focus on automotive, electronics, and textiles. The city is located close to Indira Gandhi International Airport which witnessed the highest airport passenger traffic in India with more than 73 million passengers in FY24, recording a growth of 13.0% over FY23 and 6.4% over FY19. The city is well connected by road and rail as well.

Over FY2024 to FY2027, luxury hospitality demand of Gurugram is expected to grow at a CAGR of 6.3% while there is no upcoming supply.

8. Kerala

Kerala is located on India's Western Malabar coast. The states non-urban centres have emerged as a premier year-round destination in India, known for its geographic appeal and tourism. The International airports at Kochi, Thiruvananthapuram, Kannur and Calicut have significantly boosted tourism by enhancing connectivity. In FY24, the combined passenger traffic of Kerala's key airports was 19.3 million, with Kochi and Thiruvananthapuram contributing over 70% of the combined traffic of the four airports. The regional leisure markets in Kerala are primarily driven by leisure travel. Over the last few years, there has been an uptick in MICE events in the region, primarily consisting of small to medium scale social events or corporate offsites.

Over FY2024 to FY2027, luxury hospitality demand of Kerala is expected to grow at a CAGR of 13.0% exceeding luxury hospitality supply, expected to grow at a CAGR of 6.9%.

9. Mumbai

Mumbai is referred to as India's financial capital and is home to major financial institutions like the Reserve Bank of India (RBI), the National Stock Exchange of India (NSE), the Bombay Stock Exchange (BSE) and leading public & private sector banks and global private equity firms. Apart from a thriving financial sector, the city is also home to the famed Hindi entertainment industry. Mumbai is the political capital for the State of Maharashtra, with a GDP of USD 140 billion (2022-2023) (Source: State Government). Mumbai has an expected a population of 22.1 million by 2025E (Source: UNDP). Mumbai is accessible by flights from global cities including New York, San Francisco, London, Paris and Milan and is 1 hour 25 minutes from New Delhi. The key demand drivers for the hospitality sector in Mumbai are growing office market led by front offices and financial institutions, significant infrastructure spending – approximately INR 42,000 crores allocated to improve connectivity (Source: Mumbai Metropolitan Development Authority), key gateway city – Mumbai accounted for approximately 21% of all foreign passengers and approximately 13% of all domestic passengers (source: AAI) and MICE led demand where Mumbai hosts several large-scale events including, cricket matches, concerts, high-end exhibitions, and fashion shows such as the landmark Dior show in 2023.

In the FY2024, Mumbai had a total inventory of 13,565 branded keys, of which the luxury segment represents 43% of the supply (5,881 keys). Given importance as the economic capital of the country, high passenger traffic and growing MICE market, the Mumbai luxury segment ARR performed in line with the branded hotel segment, growing at a CAGR of 4.8% over FY2019 to FY2024 as compared to the branded segment that grew 4.2% over the same period. The luxury segment RevPAR from FY2019 to FY2024, grew at a CAGR of 4.8% while the RevPAR for the broader branded segment grew at a CAGR of 2.1% over the same period, on the back of strong growth in occupancy (100 bps higher vs. branded segment in FY2024).

Over FY2024 to FY2027, Mumbai has supply pipeline of 2,782 keys. The luxury segment represents 36% of the upcoming supply (1,014 keys). The Mumbai luxury hospitality segment is expected to outperform the branded hotel segment. Demand for the Mumbai luxury hospitality segment is expected to grow at a CAGR of 11.5% over FY2024 to FY2027 as compared to the branded hotel segment which is expected to grow at 9.1% over the same period.

10. Hyderabad

Hyderabad is home to more than 1,500 IT and ITES firms; the global conglomerates include Apple, Amazon, Google, Facebook, and major Indian firms including, Infosys, Tata Consultancy Services. The development of HITEC (Hyderabad Information Technology and Engineering Consultancy City), a township with extensive technological infrastructure, prompted multinational companies to establish facilities in Hyderabad. In the last decade, Hyderabad has emerged as a powerhouse in the Indian startup landscape and now proudly boasts of more than 4,300 tech startups. Hyderabad is also the world's largest pharmaceutical cluster, dedicated to research and manufacturing and given its superior infrastructure, it is poised to become a Global Life Sciences hub.

The city has seen a significant uptick in the number of organizations that have set up in Hyderabad and city is emerging as a leading destination for global players to house their GCCs. Due to the excess demand, and high spending capacity in the market, ARR's are expected to grow at a CAGR of 12.6%, which is higher than the historical CAGR of 5.0% from FY14 to FY24. Over FY2024 to FY2027, Hyderabad is expected to have a supply pipeline of 1,715 keys. The Leela is the only brand in the luxury segment, representing 9% of the total supply pipeline (156 keys).

11. Sikkim

A small yet stunning state, Sikkim, is nestled in the Eastern Himalayan range. The nearly rectangular-shaped state borders West Bengal on one side and foreign nations on the other three sides. Full of natural resources with a diverse and colorful flora and fauna, Sikkim has been recognized world over as an important repository for germplasm. With various ethnic groups, forts and monasteries, the demographic and culture heritage of the State is rich. The state houses the third highest peak in the world, Kanchenjunga, and is the main catchment area for the Teesta River with about 180 perennial lakes (Source: Government of Sikkim). Sikkim witnessed 5.2 million tourist visits in 2021 and saw a significant spike to 16.9 million in 2022 (Source: Sikkim Tourism Inception Report, June 2023, Government of Sikkim).

Sikkim is well connected through almost all modes of transport. The Bagdogra Airport in West Bengal is approximately at a distance of 124 kms. The two railway stations nearest to the state are New Jalpaiguri and Siliguri in West Bengal – at a distance of around 125 kms and 114 kms from Gangtok, respectively. The picturesque National Highway 31A connects Sikkim to Siliguri and runs along the bank of the Teesta River and dense green forests. The entire journey is filled with a vibrant display of Sikkim's flora. Sikkim also has a helicopter service from the Bagdogra Airport (Source: Government of Sikkim).

The ARR's for Upper Upscale and Luxury segments in hill stations grew at a CAGR of 5.8% between FY2019 to FY2024. The RevPAR, during the same period, saw a CAGR of 7.5%. It is projected that the ARR's will see a further growth of CAGR 8.8% between FY2024 to FY2027, while RevPAR will see a CAGR of 13%.

Sikkim has a supply pipeline of 180 keys between FY2024 to FY2027. Of the proposed supply, the luxury segment represents 78% of the upcoming supply (140 keys).



8. Barriers to Entry and Challenges to the Industry

SECTION 8

Barriers for Entry

The Hospitality sector in India continues to store tremendous untapped potential given the size of the country's population, the global positioning of its economy, favourable demographics, rising income levels buoyed by noteworthy increase in HNWLs and UHNWLs, increasing consumption of services, the extent of history, culture and natural beauty spread across the India's landscapes and the ever increasing interest in India from all corners of the globe as it scales newer heights in the world pecking order. However, setting up of a hospitality business in India and achieve reasonable scale is accompanied with its own set of challenges as compared to developed market economies. Listed below are some of the factors that act as barriers to entry for fresh capital looking at investing in India's hospitality sector.

Land Acquisition

Availability of suitable land with a clear title, required land use permissions, and end-use restrictions, create limitations for hotel development. In addition, high cost of available land combined with high capital expenditure requirements limit the overall viability of the project. Such conditions become even more acute in central locations of major commercial and leisure locations. Thereby having hotel presence in such central locations is advantageous.

Table 9.1: Number of Luxury Branded Hotels opened in Central Locations of Key Markets Since 2010.

City Name	Delhi	Mumbai	Bengaluru	Chennai	Gurugram	Hyderabad	Jaipur	Ahmedabad	Agra	Sikkim	Kerala
No. of Lux Hotels	4 ^{#1,2}	6	9 ^{#1}	7 [#]	3 ^{#3}	3	5 ^{#1}	2 ^{#1}	1	1	7

^{#1} Leela Owned and Operated Hotels opened post 2010.

^{#2} Delhi had 2 Leela Hotels open post 2010

^{#3} Leela Gurugram Opened in 2009.

Source: HVS Research

Further, under the guidelines of India's Central Bank, the Reserve Bank of India, banks cannot lend for the purpose of acquiring land and hence all capital required for buying land must come in the form of Equity impacting project viability.

Construction & Operating Licenses, Sanctions & Permissions

Once the land acquisition is complete and the appropriate land use permissions sought, multiple sanctions and licences have then to be obtained to construct the building and prior to opening. This includes sanctioned building plans, environmental sanctions, airport building height clearances, and construction labour permits among several other construction and operational related permits. The process involved in securing such permissions is often cumbersome and fraught with delays, impacting not only the development periods for hotels but also its capital structure thereby leading to cost escalations.

Additionally, the list of operating licences & permissions required vary from state to state. The number of such licences including central & state requirements, could often run well beyond 50, which need to be obtained from a wide range of government agencies, further adding risk of potential delays.

Construction Cost

Amidst robust demand and under the assumption of favorable supply dynamics, Gleeds has projected a construction inflation rate ranging from 4.5% to 6% for the year 2024. This estimate is contingent upon

prevailing headline trends and global geopolitical factors, with fluctuations in commodity prices, notably basic metals and crude oil, serving as key drivers.

From the Gleeds market survey, nearly 80% of respondents anticipate price increases. These findings underscore a prevailing sentiment among industry stakeholders regarding the likelihood of inflationary pressures within the construction sector.

From October 2023, the prices went back to half yearly average of INR 65/kg with a slight downward bias on a month-on-month basis, although recording a marginal upward trend in contrast to the other global steel markets. This increase is attributed to raised offer levels from secondary producers despite the largely sluggish market demand due to the country's upcoming general elections. For the past three months, structural steel rates have hovered around INR 67000/MT.

The rise in raw material prices and coking coal prices globally poses an upward risk to input costs. Except for the election season slowdown in demand, the flourishing domestic market from the infrastructure push is expected to increase domestic prices further in the upcoming quarter.

Moderated raw material and fuel prices prevailed in the market, which helped manufacturing companies maintain profitability. These caused a dip of 8.0% in cement prices during the second half of the financial year FY2024. As of March 2024, the approximate cost of 50kg cement bags is circa 12% less than April 2023.

Starting from April 2024, a temporary decline in demand is seen due to a lack of new projects amid the model code of conduct for the upcoming elections. Cement prices are expected to increase once the demand heightens after the monsoon season.

Contractor Overheads

When asked what the overall cost impact from 2Q FY2024 to 4Q FY2024 on contractor's overheads and profit percentages, 34% witnessed an increase of 1–5%, while 26% of respondents stated that there was no change in the period.

Capital Cost of Development

As per our research, the time taken to develop hotels in the country ranges between 48 to 54 months, more than the global average of 36 to 42 months in mature markets. Since hotels are operating assets, they not only require costs attributed to soft costs, construction, mechanical, electric and plumbing (MEP), furniture, fixtures and equipment (FF&E), and but also pre-opening expenses including initial working capital and operating supplies, making them significantly more capital intensive than other asset classes. As a result, Interest During Construction (IDC) is the highest in hotels.

According to India Biannual Construction Market Report 1Q/2Q FY 25 by Gleeds, a property and construction cost consultant, the average development cost of a 150-key 5-star hotel (highest category in their report, and often interchangeably used to denote upper upscale and luxury hotels), excluding IDC, and pre-opening expenses is between INR 8,100 to 11,600 per sq.ft., approximately 25% higher than 4-star and 3-star hotel development costs. This is also over 2.5 times the cost of development of a Commercial Grade-A office (excluding office fitout costs, which are typically borne by the lessee). According to the same report's construction cost index, development costs in all major cities have increased by 24% to 27% over 2019.

Capital Structure & Borrowing

Hotels by virtue of the high capital cost for development require not only sizeable equity capital to be infused in the form of land and promoters' contribution, but also require sufficient debt-related borrowing. Traditionally, the sector was marred not only by high cost of borrowing, but until 2015, lending tenures were limited to eight to ten years. While the cost of borrowing has eased to an extent and tenures have extended to 12 years to 15 years, the impact of such change on the sector is limited due to increasing capital costs of hotel projects. Additionally, compared to mature markets borrowing costs and tenure in India are high, making the repayment process for the sector more cumbersome.

Asset Trading

The Indian hospitality market is a developing market with around 171,000 branded hotel rooms which for the size and inherent potential of the country is a small inventory. To put this in perspective, China has approximately 2.5 million rooms, about 9 times the size of India. With limited inventory and the traditional mindset of doing business where selling assets is not considered a favourable option, asset trading in India's hospitality sector remains nascent and insignificant compared to more mature markets.

Manpower Shortages

The single largest operating cost in hotels is attributable to Salaries, Wages and Benefits costs, which according to our research on average accounted for 17% of the total revenue of hotels in 2023. Immediately post covid, the sector's struggle with hiring of appropriate manpower in both managerial and associate levels, amplified significantly. As per media reports, the sector is facing 20% to 25% shortage of quality manpower due to high turnover rate, seasonal demand fluctuations and in general skill shortages.

Challenges to the Industry

Economic Impact – The hospitality industry in India depends on not only on the discretionary spend of leisure tourists, but also on the buoyancy in demand from corporate travel – both of which are intrinsically tied to economic performance of the country.

Increasing Market Competition – Increase in market competition is necessary to absorb the increase in demand from leisure and business travelers, but the inelastic nature of supply growth makes it challenging to timing its opening.

Government Policy and Regulation - Changes in government policy such as taxation, labor laws, and environmental regulations may require hotels to incur capital / operational costs to comply. Policies relating to foreign investment, tourism promotion, and visa regulations also impact international travel demand.

Operational Challenges - Rising operational costs in particular energy, utilities, maintenance, as well as supply chain disruptions or an increase in the cost of materials may impact operational efficiency.

Workforce Challenges - The hotel industry is heavily dependent on a large workforce which combined with rising labor costs and scarcity of trained workforce presents a significant challenge in addition to operational challenges.

Conclusion

Marquee locations for luxury hotels face significant barriers to entry due to the scarcity of large land parcels and the high market value of centrally located sites. Developing such properties requires substantial land, significant capital, and considerable time, resulting in high barriers to entry for new projects. In India's top markets, luxury hotels dominate prime locations, with little to no future supply planned, further underscoring the barriers to entry in these marquee areas.

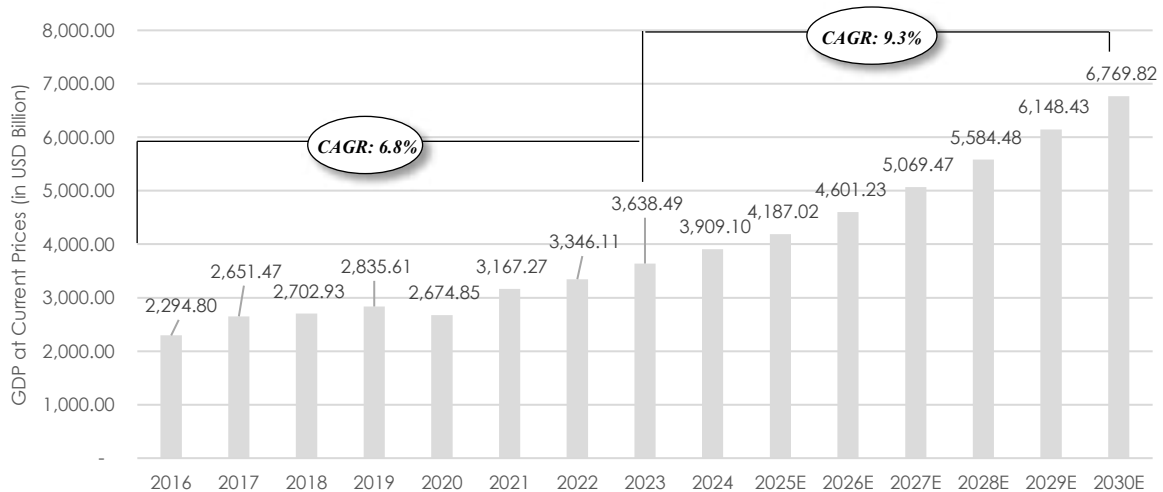
In conclusion, with the issues relating to land acquisition, licences & permissions, cost of development, cost of capital, project completion lifecycle and the availability of suitable operating assets for trade, the existing well entrenched hospitality players such as Leela Hotels, who have demonstrated success in the luxury sector, established a luxury brand, and have obtained scale are expected to benefit immensely from the increasing nature of luxury consumption in the country.

9. Appendix: Select Data Updates as of Q3 FY2025 (April to December 2024)

Economic Factors

The IMF released the World Economic Outlook with updated GDP projections in April 2025. As per the report, India's Nominal GDP in 2024 increased from the projected USD 3,889 billion to USD 3,909 billion. However, the IMF has slightly lowered its growth estimates for 2025-2030, primarily due to the ongoing geopolitical and economic tensions. The 2030 estimate (which as per HVS ANAROCK's earlier calculation was at USD 6,953 Billion) has been updated in the recent IMF report and is now at USD 6,769.8 Billion – which is still showing an 86% growth over 2023.

India's Nominal GDP (2016-2030F)

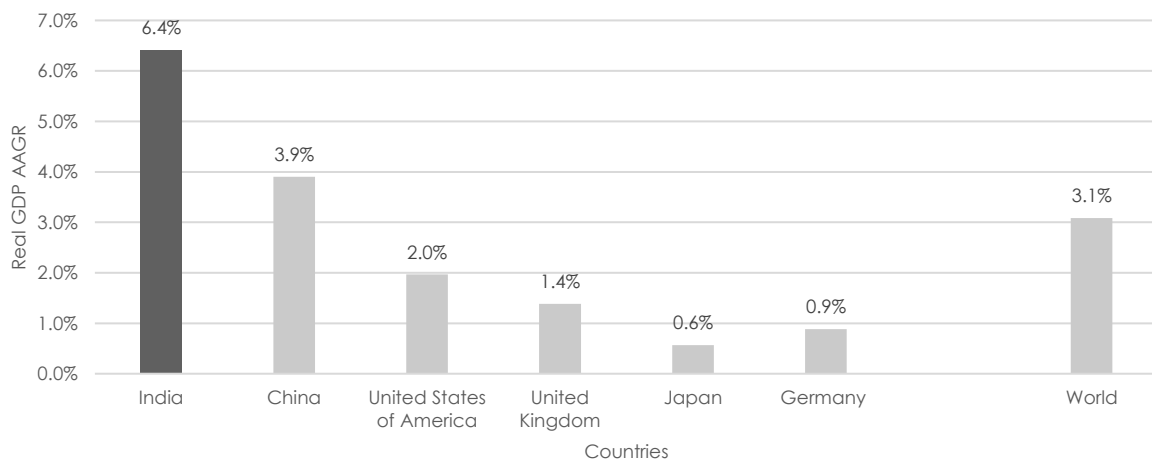


Note: E – Estimate

Source: International Monetary Fund World Economic Outlook, April 2025; HVS ANAROCK Research

As per IMF, India's GDP is expected to expand from USD 3.6 trillion in 2023 to nearly USD 5.1 trillion in 2027 and to almost USD 6.8 trillion by 2030.

Real GDP Growth Comparison (Average Annual Growth Rate 2025-30)

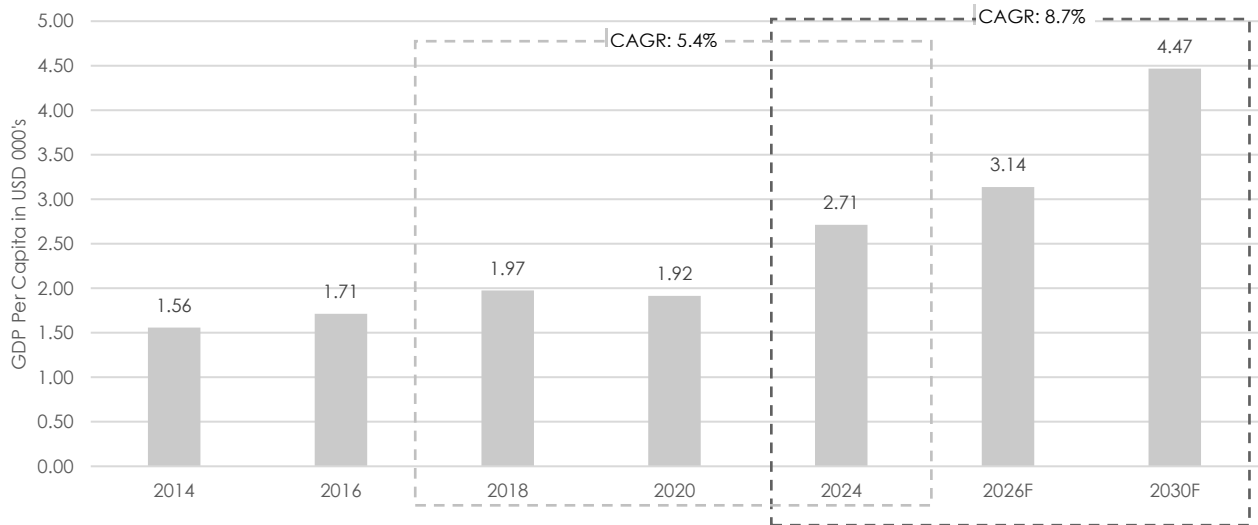


Source: International Monetary Fund World Economic Outlook (IMF), April 2025; HVS ANAROCK Research

As per IMF, India is expected to remain among the fastest-growing major economies in the world, well above the global economy CAGR (2025-2030) of 3.1% (Source: World Economic Outlook, April 2025, IMF).

With a CAGR of 8.7% from 2024, GDP Per Capita is expected to reach the USD 4,469 threshold by 2030 (Source: World Economic Outlook, April 2025, IMF).

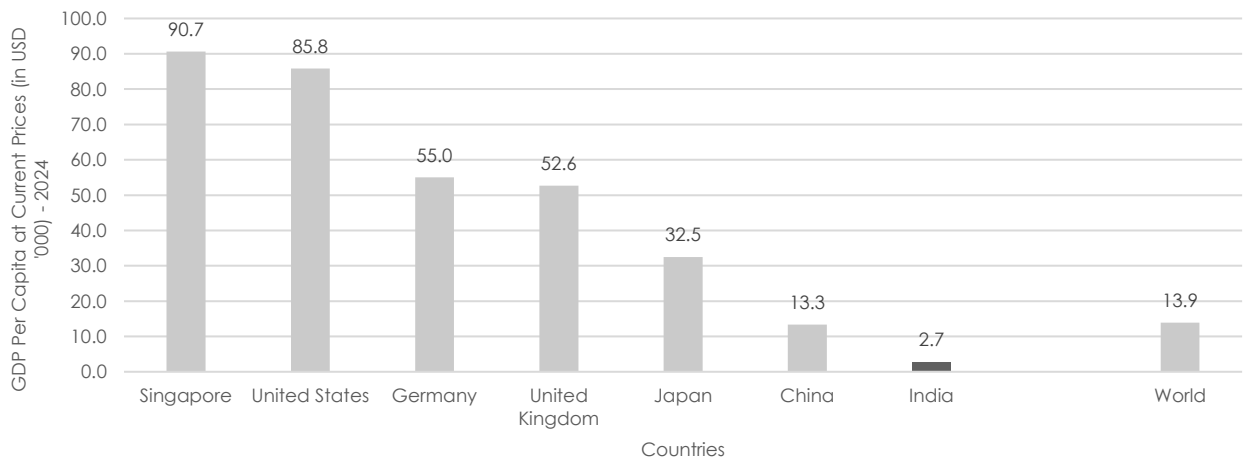
India GDP Per Capita, Current Prices (In USD 000's)



Note: F - Forecast

Source: International Monetary Fund (IMF), World Economic Outlook, April 2025; HVS ANAROCK Research

GDP Per Capita, Current Prices (In USD) by Countries (2024)

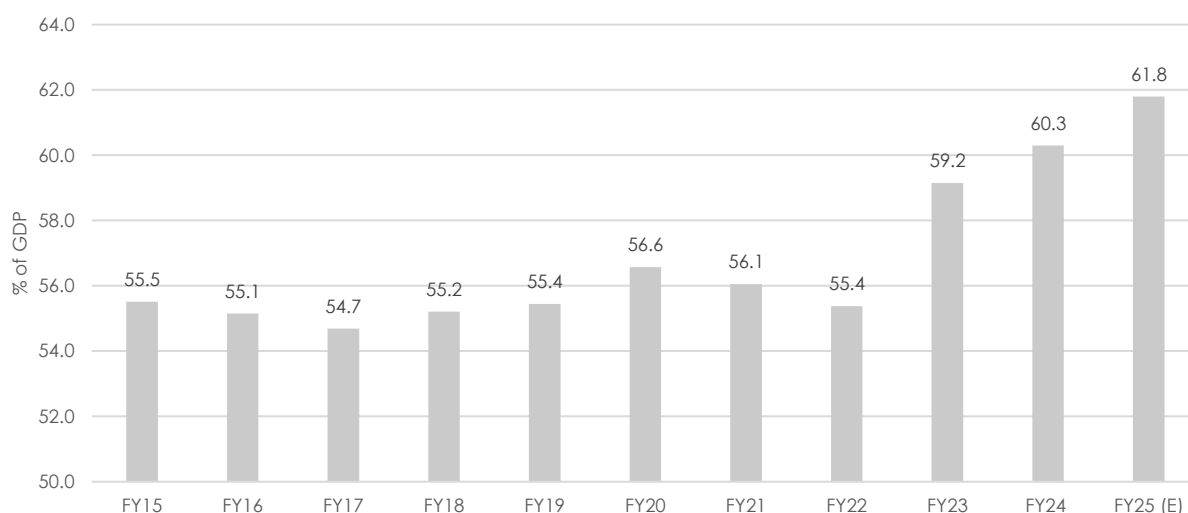


Source: International Monetary Fund (IMF), World Economic Outlook, April 2025

Consumption

The Private Final Consumption Expenditure (PFCE) as of FY2024-25 is estimated to be over 60% of GDP, a near 5 percentage points increase over stabilised levels witnessed before the pandemic. It is estimated to increase to over 61% in FY2025.

Private Final Consumption Expenditure as a % of GDP



Source: National Statistical Office (NSO), Ministry of Statistics and Programme Implementation (MoSPI); Economic Survey 2024-2025, Government of India.

The Indian Household Consumer Expenditure Survey 2023-2024 released by the Ministry of Statics and Program Implementation (MOSPI) between August 2023 and July 2024 indicated a notable change in the purchasing habits of Indian households. According to the survey, the share of non-food expenditure comprising travel, entertainment and conveyance in urban areas has grown to approximately 60% during August 2023 to July 2024 from 57% during August 2011 to July 2012. Over the last two decades average monthly per capita consumption expenditure has grown at a CAGR of over 9% from INR 855 to INR 6,996.

Trend in level of Consumption: All-India as denoted by Average Monthly Per Capita Consumption Expenditure (MPCE)

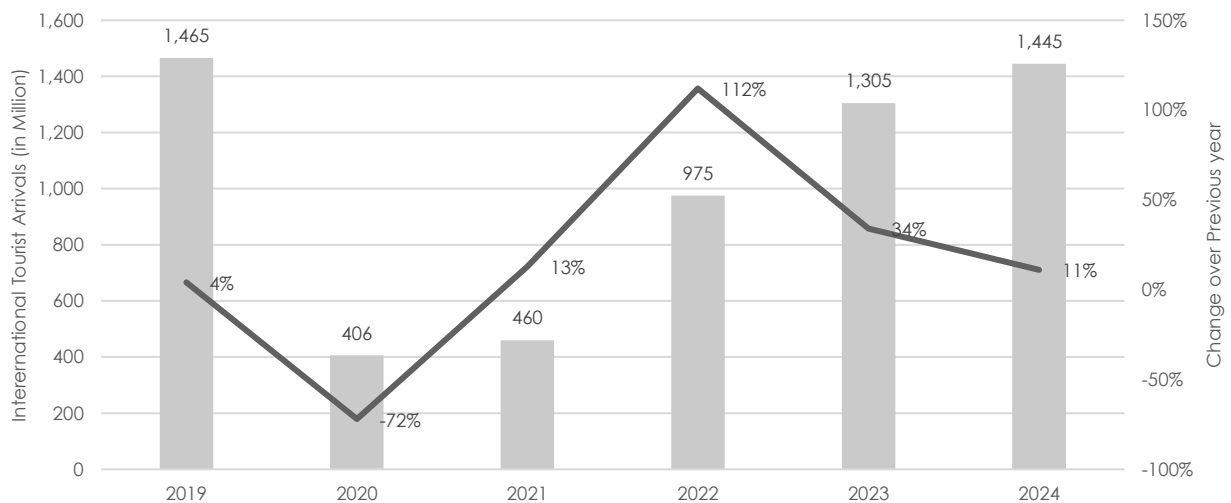
MPCE in INR	1999-'00	2022-23	2023-24	CAGR FY2000-FY23	CAGR FY2000-FY24
Rural	486	3,773	4,122	9.3%	9.3%
Urban	855	6,459	6,996	9.2%	9.2%

Source: Ministry of Statistics and Programme Implementation (MoSPI), National Statistical Office (NSO), Household Consumption Expenditure Survey 2022-23 and 2023-24 Fact Sheet; HVS ANAROCK Research.

Tourism

In 2024, the global travel and tourism industry made a strong recovery, with international tourist arrivals (ITA) reaching approximately 1.4 billion, just 1% below the levels seen in 2019 before the pandemic. The industry grew by 11% compared to 2023, maintaining the positive momentum of recent years and demonstrating its resilience despite a complex global environment marked by widespread elections and geopolitical tensions. This rebound was driven by strong travel demand, improved air connectivity, and the ongoing recovery of Asian markets. Europe slightly exceeded its 2019 levels, gaining renewed attention. The Middle East and Africa also surpassed their pre-pandemic ITA figures, with increases of 32% and 7% respectively. Meanwhile, the Americas and Asia-Pacific continued to make steady progress, although their recovery varied by region.

Global International Tourist Arrivals (ITAs)



Source: "World Tourism Barometer", United Nation's World Tourism Organization, January 2025; UN Tourism Data Dashboard, accessed on 27th March 2025; HVS ANAROCK Research

International Tourist Arrivals by Region (in million)

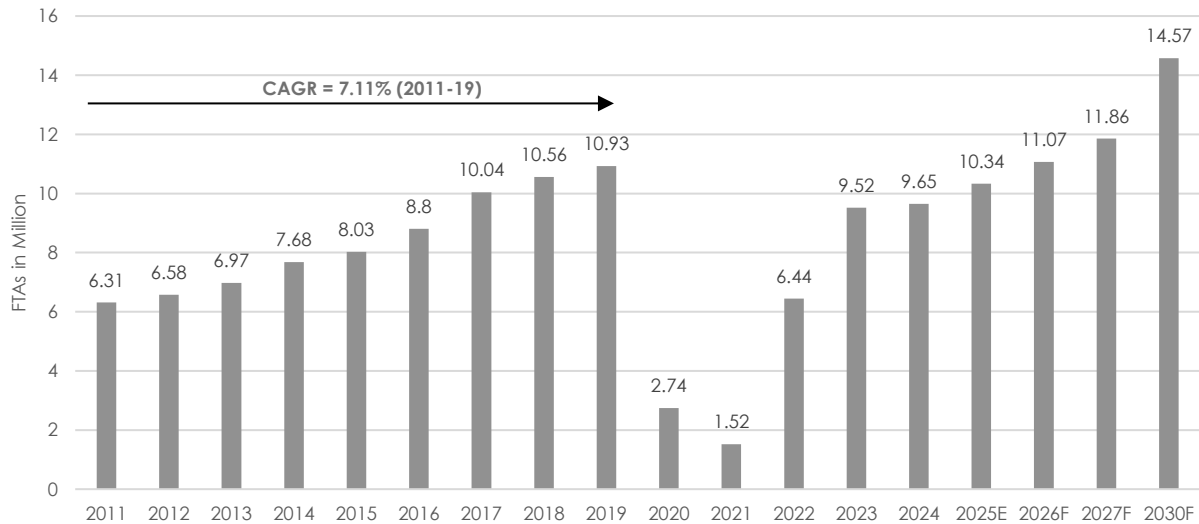
Region	2024	2023	2019	Change over 2023	Change over 2019
Americas	213	200	219	7%	-3%
Europe	747	708	742	6%	1%
Africa	74	66	69	12%	7%
Middle East	95	93	72	1%	32%
Asia Pacific	316	238	363	33%	-13%

Source: "World Tourism Barometer", United Nation's World Tourism Organization, January 2025; UN Tourism Data Dashboard, accessed on 27th March 2025; HVS ANAROCK Research

Foreign Tourist Arrivals

After falling sharply in 2020–21, FTAs rebounded to 6.44 million in 2022 and grew by 48% in 2023 to reach 9.52 million. In 2024, FTAs reached 9.65 million, slightly below projections, reflecting a strong recovery despite global headwinds and increased competition from other destinations. FTAs are expected to remain a key growth driver in leisure travel, with nearly 45% of arrivals in 2024 having been attributed to holidays and recreation.

Foreign Tourist Arrivals (FTAs)

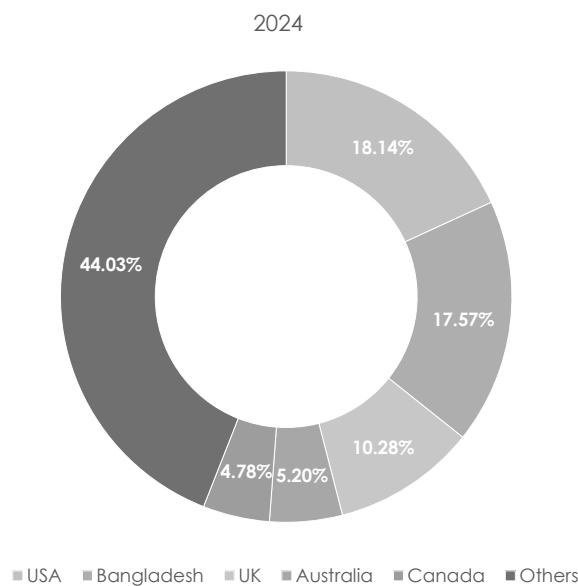


Note: Est – Estimate; F - Forecast

Source: Ministry of Tourism, Government of India, India Tourism Data Compendium 2024 and Monthly Tourism Statistics – December 2024 (for 2024 data); HVS ANAROCK Research.

The United States and Bangladesh continued to be the top two source markets for Foreign Tourist Arrivals (FTAs) in India in 2024. English-speaking countries: including the USA, United Kingdom (UK), Australia, and Canada, collectively accounted for 38.4% of total FTAs. The top five countries together contributed 55.97%, with the remaining 44.03% coming from other international markets.

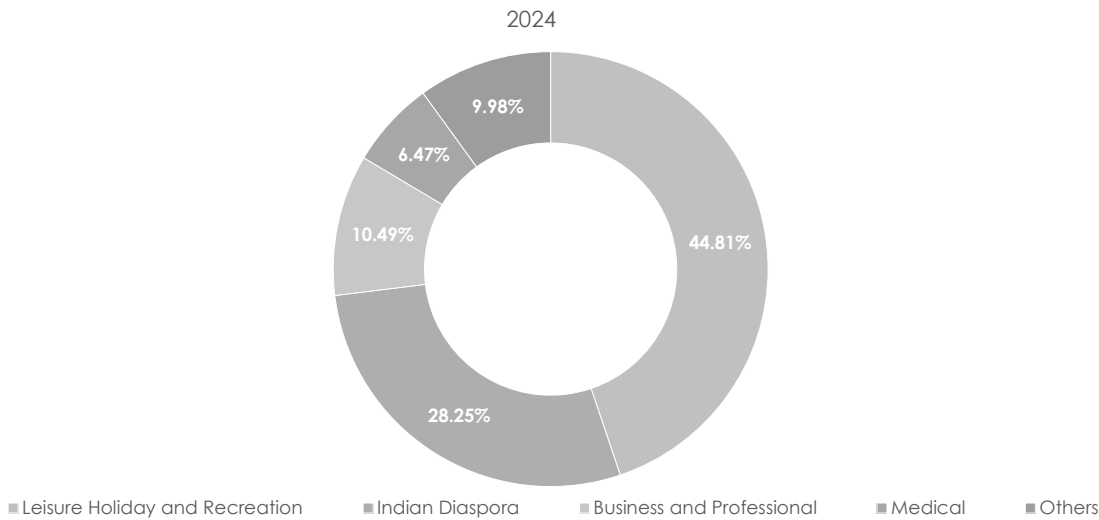
Top Source Countries for FTAs in 2024



Source: Ministry of Tourism, Government of India, Monthly Tourism Statistics – December 2024

Growing affluence, increasing population of HNWLs and UHNWLs and growth in FTAs (accounted for 44.81% of the leisure holiday and recreation segment in 2024) have been a key drivers for the tourism and hospitality sector in India.

Purpose-wise FTAs 2024

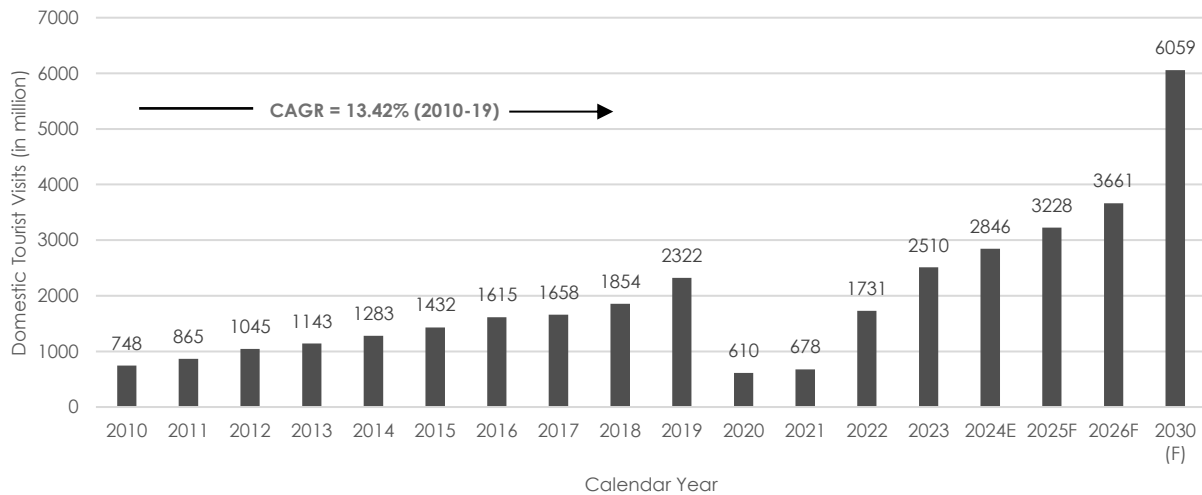


Source: Ministry of Tourism, Government of India, Monthly Tourism Statistics – December 2024

Domestic Tourism Updates

India's DTVs reached 2,510 million in 2023, significantly exceeding the earlier projection of 2,160 million. This marks a robust 45% growth over the previous year, highlighting the strong revival in domestic travel demand. Based on the latest data and assuming the historical CAGR of 13.4% observed between 2010 and 2019 continues, DTVs are projected to surpass the 4,000 million mark by 2027.

India Domestic Tourist Visits (DTVs)



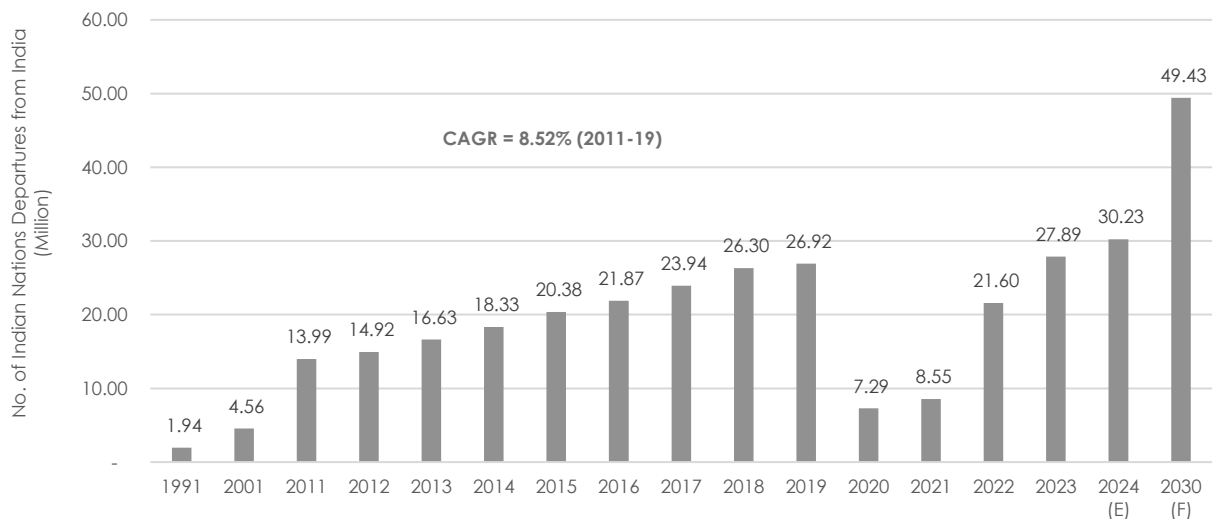
Note: Est – Estimate; F - Forecast

Source: Ministry of Tourism, Government of India, India Tourism Data Compendium 2024; HVS ANAROCK Research.

Outbound Tourism Updates

Our earlier projection for Indian Nationals' Departures (INDs) in 2024 was 30 million. According to the latest government data, the actual number of INDs has slightly surpassed this figure, reaching 30.23 million. Additionally, the 2023 departure number has been revised upward from 27.27 million to 27.89 million. We further predict that INDs will cross the 50 million mark by 2031.

Indian Nationals Departures from India



Note: E – Estimate; F - Forecast

Source: Ministry of Tourism, Government of India, India Tourism Data Compendium 2024 and Monthly Tourism Statistics – December 2024; HVS ANAROCK Research.

Updates in Central Governmental Policies Supporting Travel and Tourism

The union budget for FY2026 has allotted INR 25 billion for Ministry of Tourism, of which over INR 24 billion is for Central Schemes and Projects.

UDAN Scheme

- Per the FY2026 budget, over INR 6 billion was allocated to Central Schemes/Projects under the Ministry of Civil Aviation.

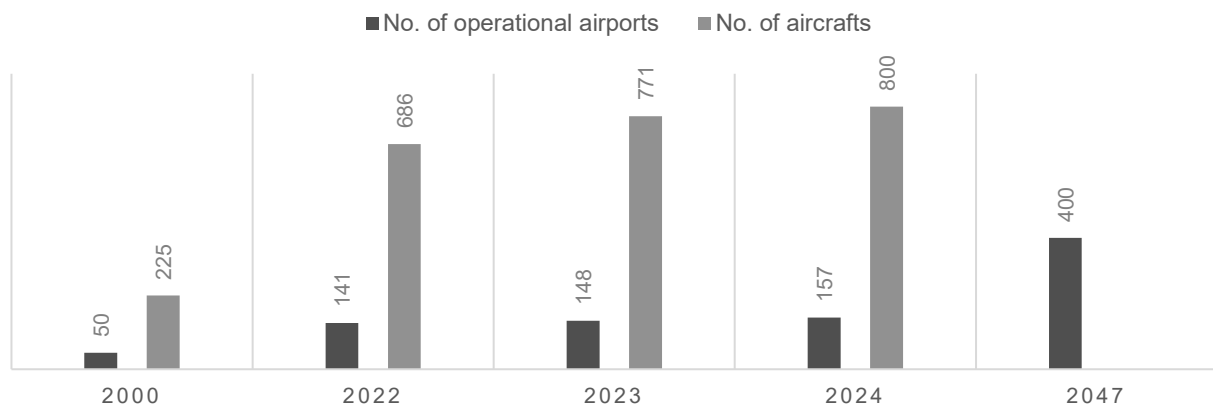
Reduced Goods & Services Tax (GST) on Hotel Rooms

- GST on hotel rooms are taxed at 0% for rates below INR 1,000, 12% for INR 1,000–7,500, 18% for INR 7,501 and above, with the aim of enhancing India's appeal as a tourist destination.

Aviation Updates

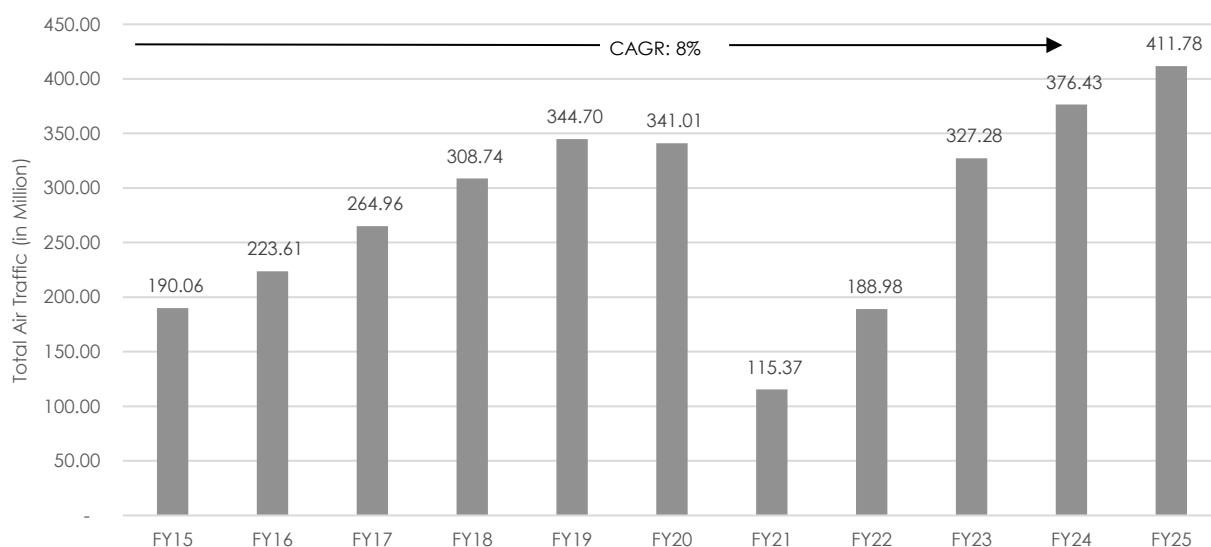
India's aviation sector has witnessed remarkable growth, with the number of operational airports rising from 74 in 2014 to 157 in 2024. This expansion is expected to continue, with government projections suggesting 350 to 400 operational airports by 2047. The country's aircraft fleet is also set to grow substantially, with Ministry officials targeting an increase in the fleet size from around 800 currently to approximately 1,400 by 2029.

Increasing Number of Airports and Aircraft in India



Source: Press Information Bureau

Total Air Traffic in India



Note: FY – Fiscal Year

Source: Airports Authority of India (AAI); HVS ANAROCK Research

Air Traffic in Key Markets (FY25), in Mn

	International	Domestic	Total
New Delhi	2.16	5.77	7.93
Bangalore	0.58	3.61	4.19
Jaipur	0.05	0.55	0.61
Udaipur	0.00	0.17	0.17
Chennai	0.59	1.66	2.24
Ahmedabad	0.22	1.12	1.34
Mumbai	1.56	3.95	5.51
Hyderabad	0.47	2.45	2.92
Kochi	0.52	0.59	1.11

Source: Airports Authority of India (AAI)

Office Stock and Leasing Activity Updates

Office Stock Updates

Total Office Stock	As of Q4 2024
Bengaluru	200.9 msf
New Delhi	142.5 msf
Chennai	68.5 msf
Hyderabad	112.1 msf

Source: Cushman & Wakefield

Leasing Activity Updates

Leasing Market	As of Q4 2024
Bengaluru	25.9 msf gross leasing from January to December
Chennai	2.4 msf net absorption rate from January to December
Hyderabad	12.3 msf gross leasing from January to December

Source: Cushman & Wakefield

Snapshot of Hospitality Segments in India

Segment	Luxury	Premium (upper upscale and upscale)	Economy and Midscale
Segment Description	Typically includes iconic and marquee hotels, positioned in the topmost tier. They usually offer larger room sizes, multiple and differentiated fine dining options, spas, recreational facilities, large and opulent public areas with personalized services.	Upper upscale hotels are typically well positioned, full-service hotels. Typically, priced lower than luxury and offer smaller public areas and facilities	Economy and midscale hotels offer functional accommodations and limited services, while being focused on price consciousness
Select Brand Names	The Leela, Raffles, Fairmont, Waldorf Astoria, Six Senses, Mandarin Oriental, St. Regis, Oberoi, Four Seasons, Taj	Vivanta, Hyatt Regency, Crowne Plaza, Marriott, Westin Hotels & Resorts and Trident Hotels	Novotel, Hilton Garden Inn, Ginger, Ibis, FabHotel, Keys by Lemontree
# of Keys in India as of December 31, 2024	29,727	78,778	84,533
% of Branded Keys as of December 31, 2024 (India)	15.4%	40.8%	43.8%

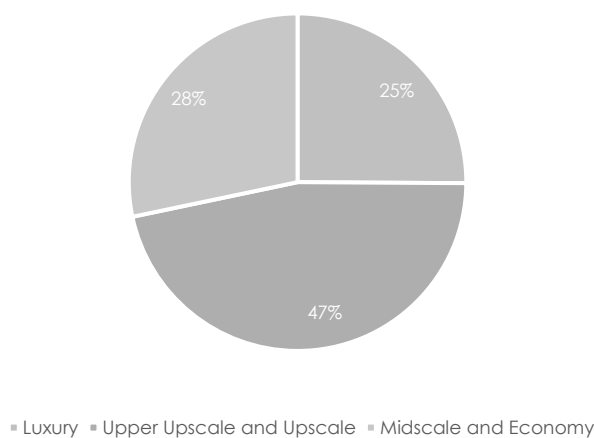
Select Markets

The Leela footprint across ten key Indian business and leisure destinations, covers 80% of international air traffic and 59% of domestic air traffic in India in Financial Year 2025. The Leela is present in all seven top business markets and three of the top five leisure markets of India, accounting for nearly 18% of the total existing luxury keys across these markets as of Dec 31, 2024.

New Delhi Supply Updates

New Delhi has 12,899 branded keys as of Q3 FY2025, of which the luxury segment represents 25% of the supply (3,237 keys).

Branded Existing Supply (31st December 2024)



Source: HVS ANAROCK Research

New Delhi's supply pipeline between Q4 FY2025-FY2027 is 1,165 keys, of which 589 keys lie in the luxury segment. 54 keys are expected to open in Q4 FY2025.

New Delhi supply pipeline as of Q3 FY2025

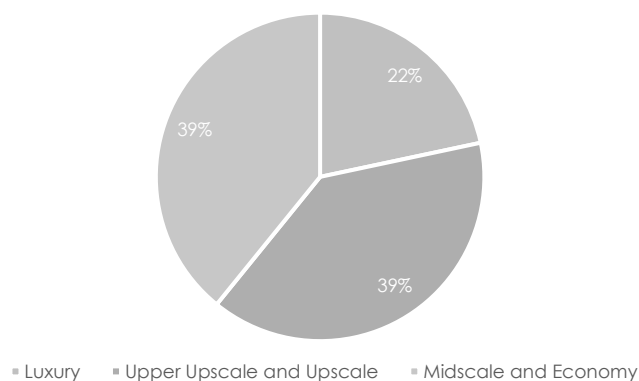
Segment	Supply Numbers	Percentage
Luxury	589	51%
Upper Upscale & Upscale	576	49%
Economy & Midscale	0	0%
Grand Total	1165	100%

Note: New signings during FY25 that remained unopened have not been included in the pipeline

Bengaluru Supply Updates

Bengaluru has the largest branded hotel inventory in the country with 16,271 branded keys as of Q3 FY2025. The luxury segment represents 22% of the supply (3,561 keys).

Branded Existing Supply (31st December 2024)



Source: HVS ANAROCK Research

Bengaluru's supply pipeline between Q4 FY2025-FY2027 is 3,127 keys, of which 763 keys lie in the luxury segment. 851 keys are expected to open in Q4 FY2025.

Bengaluru supply pipeline as of Q3 FY2025

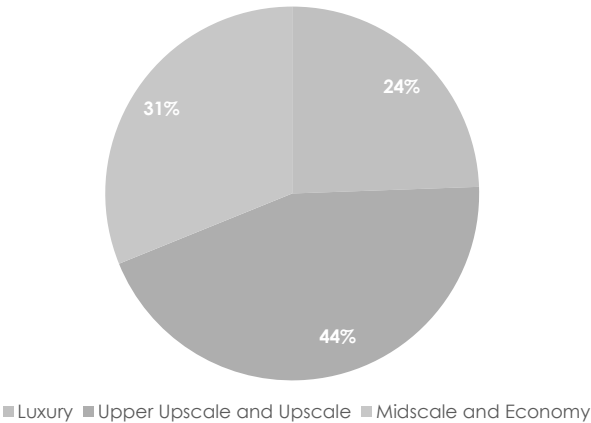
Segment	Supply Numbers	Percentage
Luxury	763	24%
Upper Upscale & Upscale	1637	52%
Economy & Midscale	727	23%
Grand Total	3127	100%

Note: New signings during FY25 that remain unopened have not been included in the pipeline

Chennai Supply Updates

Chennai has a sizeable hotel inventory with 8,477 branded keys as of December 31, 2024, of which 24% of the total inventory belongs to the luxury segment (2071 keys).

Branded Existing Supply (31st December 2024)



Source: HVS ANAROCK Research

Chennai's supply pipeline between Q4 FY2025-FY2027 is 853 keys, of which 358 keys lie in the luxury segment. 262 keys are expected to open in Q4 FY2025.

Chennai supply pipeline as of Q3 FY2025

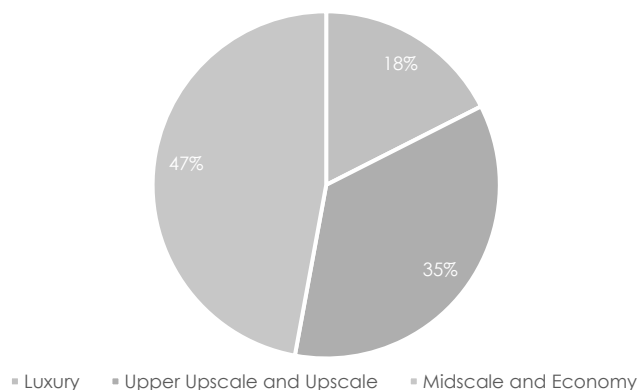
Segment	Supply Numbers	Percentage
Luxury	358	42%
Upper Upscale & Upscale	92	11%
Economy & Midscale	403	47%
Grand Total	853	100%

Note: New signings during FY25 that remain unopened have not been included in the pipeline

Jaipur Supply Updates

Jaipur has a hotel inventory of 7,876 branded keys as of December 31, 2024, of which 18% of the total inventory belongs to the luxury segment (1381 keys).

Branded Existing Supply (31st December 2024)



Source: HVS ANAROCK Research

Jaipur's supply pipeline between Q4 FY2025-FY2027 is 1,423 keys, of which 416 keys lie in the luxury segment. 124 keys are expected to open in Q4 FY2025.

Jaipur supply pipeline as of Q3 FY2025

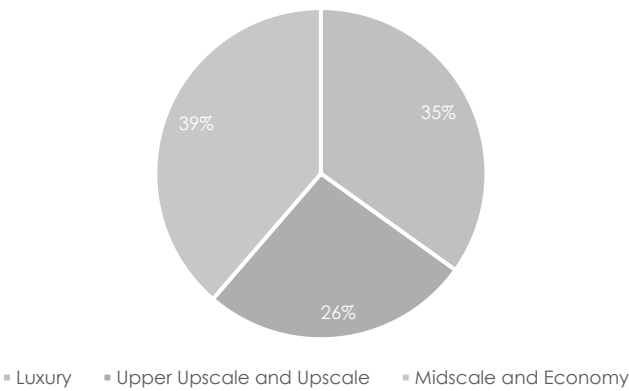
Segment	Supply Numbers	Percentage
Luxury	416	29%
Upper Upscale & Upscale	685	48%
Economy & Midscale	322	23%
Grand Total	1423	100%

Note: New signings during FY25 that remain unopened have not been included in the pipeline

Udaipur Supply Updates

Udaipur has 2,433 branded keys as of Q3 FY2025, of which the luxury segment represents 35% of the supply (851 keys).

Branded Existing Supply (31st December 2024)



Source: HVS ANAROCK Research

Udaipur’s supply pipeline between Q4 FY2025-FY2027 stands at 569 keys, of which 236 keys lie in the luxury segment. 82 keys are expected to open in Q4 FY2025.

Udaipur supply pipeline as of Q3 FY2025

Segment	Supply Numbers	Percentage
Luxury	236	41%
Upper Upscale & Upscale	333	59%
Economy & Midscale	0	0%
Grand Total	569	100%

Note: New signings during FY25 that remain unopened have not been included in the pipeline

Select Cities Supply Updates

Branded Existing Supply of Select Cities (31st December 2024)

Supply Existing FY2024	As of Q3 FY25		
City	All Segments	Luxury Segment	% of Luxury
India	1,93,038	29,727	15%
Agra	2,524	574	23%
Ranthambore	413	143	35%
Gandhinagar Tricity	5,901	1,033	18%
Ayodhya	325		0%
Gurugram	6,730	1,313	20%
Mumbai	13,968	5,947	43%
Goa	9,228	2,175	24%
Pune	6,986	964	14%
Hyderabad	7,054	1,298	18%

Source: HVS ANAROCK Research

Supply in the pipeline of the select cities below (31st December 2024)

Supply Pipeline Q4 FY2025- FY2027			
City	All Segments	Luxury Segment	% of Luxury
Agra	964	375	39%
Bandhavgarh	16	16	100%
Ranthambore	206	115	56%
Ayodhya	442		0%
Goa	896		0%
Srinagar	100		0%
Gandhinagar Tricity	1,030		0%
Gurugram	914		0%
Kerala	779		0%
Mumbai	2,682	1,014	38%
Hyderabad	1,461		0%
Sikkim	180	140	78%
Agra	964	375	39%

Note: Signings during FY25 that remain unopened have not been included in the future supply.

Market Share of Luxury Keys in Select Markets

Share of Luxury Keys by Operator for Select Cities as of 31 December 2024

New Delhi	Keys	% of Total
The Leela	734	22.7%
IHCL	616	19.0%
Marriott	509	15.7%
ITC	437	13.5%
Hyatt	401	12.4%
Shangri La	320	9.9%
Elh	220	6.8%
Total	3,237	

Note: New Delhi includes 2 Leela Hotels

Bengaluru	Keys	% of Total
IHCL	763	21.4%
The Leela	638	17.9%
Marriott	556	15.6%
ITC	532	14.9%
Shangri La	397	11.1%
Accor	285	8.0%
Four Seasons	230	6.5%
Elh	160	4.5%
Total	3561	

Note: Bengaluru Delhi includes 2 Leela Hotels

Chennai	Keys	% of Total
IHCL	840	40.6%
ITC	600	29.0%
The Leela	325	15.7%
Hyatt	200	9.7%
InterContinental	106	5.1%
Total	2071	

Jaipur	Keys	% of Total
IHCL	474	34.3%
Accor	295	21.4%
ITC	282	20.4%
The Leela	200	14.5%
Elh	71	5.1%
Hyatt	59	4.3%
Total	1,381	

Udaipur	Keys	% of Total
IHCL	324	38.1%
Lemon Tree	139	16.3%
ITC	117	13.7%
Accor	101	11.9%
Elh	87	10.2%
The Leela	83	9.8%
Total	851	

Note: Keys for the Leela has 88 keys as of FY25

Mumbai	keys	% of Total
IHCL	1541	25.9%
Marriott	1287	21.6%
Lemon Tree	669	11.2%
Hyatt	660	11.1%
ITC	622	10.5%
The Leela	398	6.7%
Accor	302	5.1%
Elh	207	3.5%
Four Seasons	202	3.4%
IHG	59	1.0%
Total	5947	

Kerala	Keys	% of Total
IHCL	429	43.8%
The Leela	281	28.7%
Hyatt	264	27.0%
The Postcard	5	0.5%
Total	979	

Note: Kerala includes 2 Leela Hotels

Gandhinagar Tricity	Keys	%
IHCL	424	41.0%
The Leela	318	30.8%
ITC	291	28.2%
Total	1033	

Overview of Select Listed Hospitality Players in India

The hospitality landscape comprises several players. Companies with over 1,000 owned keys in their portfolio, having presence in luxury segment include pure-play asset owners such as Chalet Hotels, Juniper Hotels and Ventive Hospitality as well as brand + asset owners which include The Leela, Indian Hotels ("IHCL") and EIH Ltd ("EIH").

As of March 31, 2025, The Leela was one of the largest pure play luxury hospitality companies by number of keys in India, comprising of 3,553 keys across 13 operational hotels. The Leela was the fastest growing hotel company in India versus listed peers by revenue growth from Financial Year 2022 to Financial Year 2024.

		The Leela	Direct Peers			Other Industry Players		
			IHCL	EIH	ITC	Juniper	Chalet	Ventive
Segment Focus	Luxury Keys (% of Total)	100%	50%	48%	37%	50%	19%	55%
Business Model	Owner – Operator	Yes	Yes	Yes	Yes	No	No	No
	Asset Owner	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Operational Metrics	Total Operational Keys (#)	3,553	25,935	4,184	13,328	2,115	3,052	2,036
Financial Metrics	Total Revenue % CAGR (FY22-24)	72%	47%	59%	52%	55%	65%	26%
	EBITDA Margin (%)	49%	34%	40%	40%	39%	42%	46%
Brands		The Leela (Palaces, Hotels and Resorts)	Taj, IHCL Selections, Vivanta, Gateway, Ginger	Oberoi, Trident, Maidens	ITC Hotels, Mementos, WelcomHotel, Storii, Fortune, WelcomHeritage	Grand Hyatt, Andaz, Hyatt Residences, Hyatt Regency, Hyatt and Hyatt Place	JW Marriott, Marriott Executive Apartments, Novotel, Westin, Courtyard and Four Points by Sheraton	JW Marriott, Ritz Carlton, Anantara, Conrad, Raaya, Marriott Suites, DoubleTree by Hilton, Oakwood Residences, Courtyard by Marriott, Marriott Aloft

Source: Company filings

NOTE:

All Key Counts are as of Dec 31st 2024. Key Count for Leela Hotels is as of 31st March 2025.

EBITDA margins are as of FY24.

The financial information for Ventive Hospitality Limited is basis the proforma financial information from its prospectus dated December 24, 2024 and unaudited financial results and investor presentations as available of the respective company for the relevant period/ year submitted to the Stock Exchanges.

The financial metrics for listed peers above is based on the financial information for financial year 2024 (for comparative purposes) given that as of May 9, 2025, the listed industry peers (except IHCL) have not published financial metrics/statements for fiscal year 2025.

There are other listed players such as Apeejay Surrendra Park Hotels, Lemon Tree Hotels, Samhi Hotels, which primarily operate in mid-scale and upscale segments but have minimal (Lemon Tree Hotels) or no presence (Apeejay Surrendra Park Hotels, Samhi Hotels) in the luxury segment. They have been excluded from the analysis.

The table below shows the percentage of luxury keys for The Leela and for the top 10 listed hotels players in India (each as of December 31, 2024). When compared to these players, The Leela has the highest luxury keys as percentage of total keys.

Company	Model	% of Luxury Keys	Total Keys
The Leela	Owner-Operator	100%	3,553
Juniper	Owner	50%	2,115
Ventive	Owner	55%	2,036
IHCL	Owner-Operator	50%	25,935
EIH	Owner-Operator	48%	4,184
ITC Limited	Owner-Operator	37%	13,328
Chalet	Owner	19%	3,052
Lemon Tree Hotels Limited	Owner-Operator	8%	10,317
Royal Orchid Hotels Limited	Owner-Operator	0%	6,603
Mahindra Holidays & Resorts India Limited	Owner-Operator	0%	5,698
Samhi Hotels Limited	Owner	0%	4,801

Number of Keys as of December 31, 2024. Keys for the Leela are as of FY25

The Leela is the largest pure-play luxury hospitality player in India, according to number of keys (3,553) as of March 31, 2025. Excluding luxury operators with footprint of less than 100 luxury keys in India or only single asset ownership / boutique operators with non-comparable properties, the only other pure-play luxury hospitality players in India are Evolve Back and Postcard Hotels & Resorts, with 156 and 103 keys respectively, as of December 31, 2024:

Company	Ownership	% of Luxury Keys	Total Keys
The Leela	Institutional	100.0%	3,553
Orange County Resorts & Hotels (Evolve Back)	Promoter / family-owned	100.0%	156
Postcard Hotels & Resorts	Major individual owned	100.0%	103

Note: Orange County Resorts and Hotels includes 10 keys in Botswana. Keys for the Leela are as of FY25

In Financial Year 2025, the NPS score for the Leela's Owned Portfolio was 86 and the Leela's overall portfolio was 85. In Financial Year 2024, the NPS (Net Promoter Score) for key hospitality brands in India such as IHCL was 73, for EIH was 80 and for The Leela's owned portfolio was 84. The Leela had the highest NPS score in Financial Year 2024 amongst the key hospitality peers.

Comparison of NPS score

Brands	NPS
The Leela	84
ITC Hotels	>80
EIH	80
IHCL	73

Note: Comparison across select listed owner operators that are present in the luxury hospitality segment and have disclosed NPS in their filings. NPS scores for IHCL is reported for their entire portfolio (including all segments), EIH's NPS score is only for their domestic portfolio and are sourced from annual reports, rounded to nearest whole number. For The Leela, NPS score is for the entire portfolio (owned, managed and franchised portfolio) for Financial Year 2024, as provided by a third-party vendor. Score for ITC Hotels is as of 1st January 2025 as per the investor presentation.

Summary on Risks and Challenges to the Hospitality Sector

The luxury hospitality sector faces significant risks that could impact its performance and profitability. These risks include economic downturns, seasonal demand fluctuations, and rising competition from new entrants and alternative accommodation platforms.

Economic downturns may lead to reduced discretionary spending by both domestic and international travelers, as well as a reduction in corporate travel expenses, which may in turn lead to a decrease in demand in the luxury hospitality sector.

The luxury hospitality industry in India, as is globally, depends on both discretionary spend of leisure tourists and buoyancy in demand from business travel – both of which are linked to economic performance of India. Further, seasonal demand fluctuations are inherent to the industry stemming from off-peak seasons and periods of unfavorable weather conditions. Such unfavorable conditions may adversely impact the industry.

In addition, increasing competition from new entrants and alternative accommodation platforms may impact hotel performance in the luxury hospitality sector particularly if customers view these new entrants and alternative accommodation platforms as viable alternatives to luxury hotels.

Furthermore, the luxury hospitality sector faces competition from direct peers in the luxury hospitality sector in India, including Taj, Oberoi, Marriott, among others.

Performance Updates

Performance of the India Hospitality Market in FY25

	Occ%	ARR	RevPAR
India All Segments	65%	8,244	5,282
India Luxury Segment	69%	16,208	11,102

Source: CoStar

RevPAR of the India Luxury Hospitality Market and the Leela Owned Portfolio benchmarked to the overall India Hospitality Sector in FY25

	FY25
India Luxury Segment	2.10x
Leela Owned Portfolio	2.90x

Source: CoStar

Performance of Luxury Segment in Key Markets - FY25

	Occ%	ARR	RevPAR
New Delhi	77%	17,325	13,268
Bangalore	70%	14,411	10,114
Chennai	77%	11,776	9,109
Jaipur	60%	15,683	9,473
Udaipur	59%	24,844	14,693

Source: CoStar

Overview of Markets with upcoming properties by The Leela

Segment	Pipeline market	ARR for luxury properties during FY25 (In INR)
Heritage & Grandeur	Agra	46,000 - 51,000
Hill Station	Srinagar	28,000 - 33,000
Spiritual	Ayodhya	18,000 - 23,000
Heritage & Grandeur	Ranthambore	48,000 - 53,000
Wildlife	Bandhavgarh	49,000 - 54,000
Hill Station	Sikkim	22,000 - 27,000
Serviced Apartment	Mumbai	15,000 - 20,000

Source: HVS ANAROCK Research

Note: Segment performance includes select hotels and not comparable luxury properties. Hotels from different markets have been chosen to provide adequate representation of the segments that The Leela plans to enter.

Leela Owned Hotels ARR performance indexed to the luxury hotel segment ARR in FY25

The Leela's Owned Portfolio's ARR was 1.4 times that of the luxury hospitality segment average in Financial Year 2025

	FY25
New Delhi	1.58x
Bangalore	1.49x
Chennai	1.08x
Jaipur	1.83x
Udaipur	1.90x
Leela Owned Hotels	1.39x

Note: Leela Owned Hotels are indexed to India Luxury hotel segment
Source: CoStar

Leela Owned Hotels RevPAR performance indexed to the luxury hotel segment RevPAR - FY25

The Leela's Owned Portfolio's RevPAR was 1.4 times that of the luxury hospitality segment average in Financial Year 2025

	FY25
New Delhi	1.51x
Bangalore	1.48x
Chennai	1.04x
Jaipur	1.61x
Udaipur	1.74x
Leela Owned Hotels	1.38x

Note: Leela Owned Hotels are indexed to India Luxury hotel segment
Source: CoStar

Leela Managed Hotels performance indexed to the comparable hotels - FY25

	FY25
ARR Index	1.30x
RevPAR Index	1.18x

Source: HVS ANAROCK Research

Average TRevPAR for the Indian Hospitality Sector – CY2024 (INR)

Segment	TRevPAR
Luxury	20,669
Upscale	9,509
Midscale	5,188

Source: HVS ANAROCK Research

Average GOP% for the Indian Hospitality Sector as compared to the Leela Hotel Owned Portfolio – CY2024 (INR)

Segment	GOP%
Luxury	47%
All Segments	45%
The Leela Owned Portfolio	55%

Source: HVS ANAROCK Research

Note: GOP% for the Leela owned portfolio is as of FY25

Average Operating expenses as a percentage of total hotel revenue for the Indian Luxury Hospitality Sector as compared to the Leela Hotel Owned Portfolio – CY2024 (INR)

	Employee Cost %	Power and Fuel Cost %
Luxury Hotel Sector	16.8%	4.9%
The Leela Owned Portfolio	16.3%	3.7%

Source: HVS ANAROCK Research

Note: Employee Cost% and Power and Fuel Cost% for the Leela owned portfolio is as of FY25

International Markets

Average Rates of Select International Markets compared to select Indian cities – CY2024 (USD)

Location	ARR in USD
Singapore	473
Hong Kong	363
Dubai	786
Bali	669
London	799
Bangkok	382
New Delhi	209
Bengaluru	174

Source: CoStar, HVS ANROCK Research (Estimates)

Luxury Key Count of Select International Cities – CY2024

Location	Keys
Dubai	33,000
Bali	6,900
Bangkok	12,000

Source: HVS ANROCK Research

APPENDIX

Glossary

Hotel Positioning	Description	Star Rating
Luxury	Typically refers to the absolute top tier hotels. In India, these would generally be classified as five-star deluxe hotels	5 Star Rating
Upper Upscale	These are hotels which are more moderately positioned and priced than the top tier hotels. Hotels in this category would normally have multiple dining and recreational facilities with large and opulent public areas. In India, these would generally be classified as five-star Hotels	5 Star Rating
Upscale	These hotels are full-service hotels, typically with fewer public areas and facilities and possibly smaller room sizes, than Upper Upscale hotels. In India, these would generally be classified as four-star hotels	4 Star Rating
Upper Midscale / Midscale or Mid-market	These are usually three-star hotels with distinctly moderate room sizes, quality and pricing. Hotels in the category may have restricted services and facilities	3-4 Star Rating
Economy / Budget	These are typically two-star hotels providing functional accommodations and limited services, while being focused on price consciousness.	1-3 Star Rating

Content	Description
ALOS	Average Length of Stay
Average Room Rate (ARR)	Average Room Rate is the average price a room (key) is sold for in a hotel in a given period, calculated by the room revenue for that period divided by the number of rooms sold/occupied. Also referred to as ADR (Average Daily Rate).
Branded Keys	Rooms in branded/affiliated hotels
Branded/Chain Affiliated Hotels	Hotels affiliated to any domestic or international hotel brand. These hotels are marketed under their brand/affiliation name.
BRevPAR	Banquet Revenue per Available Room
CAGR	Compound Annual Growth Rate, measure the growth of an investment or a business over a specified time period
DTV	Tourism flow of tourists travelling within their own country
EBITDA	Earnings before interest, taxes, depreciation and amortization, represents the net income to determine the companies operating performance.
F&BRevPAR	Food and Beverage Revenue per Available Room
FTA	Foreign Tourist Arrivals - flows of international visitors to the country, not including Non-Resident Nationals
Grade-A Office	A development type, of which tenant profile should include prominent multinational and domestic corporations, while the building area should ideally not be less than 100,000 square feet. The development should include large size floor plates, adequate ceiling height, 24x7 power back-up, supply of telephone lines, infrastructure for access to internet, central air conditioning, spacious and well-decorated lobbies, circulation areas, good lift services, sufficient parking facilities and should have centralized building management and security systems.
Gross Operating Profit (GOP)	As per USHA (Uniform Systems of Hotel Accounting) The Gross Operating Profit is defined as Total Income Less Departmental and Undistributed Operating Expenses.
Hi-Tech Centres	Cities with predominantly IT/ITeS occupiers in commercial Grade-A Office space. Primarily refers to the Grade-A Office space in Bengaluru, Hyderabad, Pune and Chennai
Independent Hotels	An independent hotel is a hotel that is independently owned and operated. It doesn't allow any other proprietors to use its name/brand. Independent hotels are likely to operate in single or limited number of markets probably may be with limited services or product.
ITA	International Tourist Arrivals - flows of international visitors to a country, including Non-Resident Nationals
Keys	Another term for "rooms"
MICE	Acronym for Meetings, Incentives, Conferences and Events

Occupancy/Occ%	Occupancy is calculated as the number of rooms sold in the hotel divided by the total number of available rooms for sale in the hotel during the period being analysed.
Organised Hotels	Includes Branded/Chain Affiliated Hotels , Aggregators and Independent Hotels.
Outbound Pipeline	Departures of National Residents to foreign countries
Rebranding/Conversion	An exercise when a hotel property gets affiliated to a different brand/affiliation. This also includes changing from independent hotel to chain affiliated hotel
RevPAR / Room Yield	Revenue per available room or room yield is a measure of the revenue earned per hotel room derived by dividing the total Revenue from the sale of rooms in a hotel by the total number of rooms that the hotel has which are available for sale in a given period.
Room Nights Available (RNA)	Cumulative number of rooms available for occupancy for a given period
Room Nights Occupied (RNO)	Number of rooms occupied by guests for a specific duration
TRevPAR	Total Revenue Per Available Room is a measure of total revenue earned by a hotel per one available room
Years	All years mentioned prefixed with FY are Fiscal Years. Those that do not have FY prefixed are Calendar Years.

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Note: The above data reflects hotels that have been confirmed by Operators or Owners. However, given that India's hospitality market is experiencing a vibrant recovery and strong growth rates, we note that there are properties that may still be under discussion and not included in this data.

Note: Some values were collected in the calendar year format through HVS ANAROCK Surveys and assumptions were made for conversions into the Financial Year.

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