

# Industry Report –

## India Hotel Sector

Prepared for:  
Brigade Hotel Ventures Ltd.

6 July 2025

Ms. Nirupa Shankar  
Managing Director  
Brigade Hotel Ventures Limited  
29<sup>th</sup> Floor, World Trade Center  
Brigade Gateway Campus  
26/1, Dr. Rajkumar Road  
Malleswaram West  
Bangalore – 560 055

Dear Ms. Shankar,

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

Please see attached herewith our report titled ‘Industry Report – India Hotel Sector’ (“Report”), dated 5 July 2025. This Report covers the following key aspects:

- Overview of several key factors that impact the demand for, and performance of the hotel sector - factors such as tourist arrivals, seasonality, access infrastructure, key demand drivers, visa policies, government initiatives and challenges, and barriers to entry in the hospitality industry.
- Overview of the impact arising from Covid 19 pandemic, and the recovery therefrom.
- Supply analysis of chain affiliated hotels, with stress on segments that are relevant to the Company.
- Analysis of current demand and expectations of future demand.
- Analysis on the future supply over the next about three years and its impact on the overall performance.
- Future outlook for cities / micro-markets relevant to the Company.

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

Hotel inventory and other data points used for this Report are as on 31 March 2025. Information on pipeline inventory and other data have been updated based on information

available to us upto 1 May 2025; we have not updated this for any events occurring after that date notwithstanding that in some cases the Report may contain a comment on an event after that date. Further, we have no obligation to update the information and our comments for changes and events that occur after 1 May 2025.

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

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

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

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

Thank you and with regards,

Yours truly,

For Crowe Horwath HTL Consultants Pvt. Ltd.



Vijay Thacker  
Managing Director

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

### Forward-Looking Statements

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

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

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## HORWATH HTL CREDENTIALS

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

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

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

## Abbreviations

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

## 1. Overview of Key Market Characteristics

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

### 1.1. Hotel Supply in India<sup>1</sup>

- a. India has 204k chain affiliated hotel rooms, across segments, as at 31 March 2025. Supply at independent hotels is widely fragmented and substantially of midscale or lower positioning.
- b. Supply composition has evolved over the years creating greater depth and balance across segments, with 33.9% supply share for the Luxury-Upper Upscale segments, 38.4% for the Upscale - Upper Midscale segments and 27.7% for the M-E segments as at 31 March 2025.
- c. Geographic spread of hotels continues to widen. Supply share at Key Markets (Mumbai, Delhi-NCR, Bengaluru, Chennai, Hyderabad, Kolkata, Pune, Ahmedabad, Goa and Jaipur) declined from 69% at FY15 to 57% at FY25, and is estimated at 49% by FY30. 66% of supply expected between FY26 and FY30 is outside the Key Markets.
- d. Share (measured by rooms) of international chains has risen from 21% in FY01 to 45% for the last ten years; this is expected to be at 47% at end FY30.
- e. Hotel ownership is materially led by private sector developers / institutional investors. Hotel chain and chain-led ownership of hotel rooms has declined from 71% (FY01) to 25% (FY25). 28% of rooms supply as at FY25 is under listed company ownership.

### 1.2. Hotel Demand

- a. Demand for chain affiliated hotels has increased from 61k rooms per day for FY15 to 116k rooms per day for FY24 to 127k rooms per day at end of FY25. Demand grew at 9.9% CAGR<sup>2</sup> between FY01 and FY25, including at 7.6% CAGR between FY15 to FY25. Demand growth in the last 3 years, was at 5.6% CAGR between FY23 and FY25.
- b. Domestic travel visits aggregated 2.3 bn for CY 2019. Post Covid recovery was sharp with 1.73 bn visits for CY 2022 and 2.51 bn visits for CY 2023.<sup>3</sup> Data for CY2024 is not available, though a reasonable increase is expected to have occurred.
- c. FTA was above 10 million for CY2017-19 and recovered, post Covid, to 9.2 mn for CY23. FTA for CY2024 was 9.7 mn, 1.4% higher than CY2023. FTA numbers have been impacted since H2-24 due to drop in flow of visitors from Bangladesh. Substantial FTA growth is forecast by HAI; FTA would likely gain momentum from increased cross-border business and investment opportunities and trade agreements with major global economies, and a push to draw more inbound leisure travel.
- d. The hospitality industry suffered severely due to travel restrictions during the Covid-19 pandemic; recovery of travel was impacted during different waves of the pandemic and due to varied restrictions in overseas source markets. On the other hand, the industry showed remarkable resilience and recovery appetite when restrictions were loosened and then dropped.

### 1.3. Travel and Tourism Contribution:

- a. HAI estimates FTA to cross 30 mn by CY 2037; a Booking.com and McKinsey study estimates around 5 bn domestic visits by CY 2030. Longer term HAI estimates, for CY

<sup>1</sup> Source: Horwath HTL India

<sup>2</sup> Source: Horwath HTL India

<sup>3</sup> Source: Ministry of Tourism, Govt. of India estimates

2047, are 15 bn domestic visits and 100 mn FTA.<sup>4</sup> Growth of FTA will strengthen hotel ADRs, particularly for the upper-tier hotels.

- b. Per WTTC, the travel and tourism sector's contribution to India's economy was ₹ 15.7 trillion and ₹19.1 trillion for CY 2022 and CY 2023 respectively. As per the WTTC Economic Impact Factsheet released on 28 June 2024 the travel and tourism sector's contribution to India's economy was estimated at ₹21.2 trillion for CY 2024, and forecasted at ₹43.3 trillion for CY2034, growing at 7.4 % CAGR from CY 2024 to CY 2034.<sup>5</sup>
  - c. The sector is estimated to employ 45.4 million people in CY 2024, up by 5.6% from 43 million people at end CY 2023<sup>6</sup>.
  - d. HAI estimates the hotel sector GDP contribution at USD40 billion, USD68 billion and USD1 trillion in calendar years 2022, 2027 and 2047 respectively, with significant multiplier benefit<sup>7</sup>. The sector creates assets, employment, foreign exchange earnings and tax revenues.
  - e. Per WTTC, domestic visitor spending in India of ₹14.6 trillion in CY2023, is 15% higher than for CY2019. Domestic visitor spending is estimated to increase to ₹16 trillion in CY2024, and forecast to increase to ₹33.9 trillion by CY2034<sup>8</sup>, growing at 7.8% CAGR between CY2024 and CY2034.<sup>9</sup>
- 1.4. **Future demand drivers:** Demand will be driven by diverse domestic and inbound travel needs - business, leisure, MICE, weddings, social events, pilgrimages and other personal travels, political and business delegations and airline crew. Each segment is expected to be robust based on a growing economy, improved and further expanding travel infrastructure, new convention centres, wider airline services and demand for international and national sport and entertainment sector events. Continued urbanisation, changing demographics and lifestyles, with greater search for experiential travel elements and willingness to spend on entertainment, recreation, wellness and lifestyle will drive discretionary travel and spends.
- 1.5. **Demographics:** Relevant demographic changes, which are in turn expected to create demand potential for different hotel services, include – (a) increased urbanisation - per a United Nations study, India is projected to add 416 mn urban dwellers by CY 2050<sup>10</sup>; (b) growing middle class, estimated at 432 mn in FY21, 715 mn in FY31 and 1,015 mn by FY47<sup>11</sup>; (c) younger population, estimated at 371 mn in CY21 (27.2% of total population)<sup>12</sup> with the youth-bulge lasting till CY 2055, with willingness to spend on entertainment, recreation, lifestyle, and experiences.
- 1.6. A report by Booking.com and McKinsey projects domestic spend on tourism to rise by 170% from \$150 bn in CY 2019 to \$410 bn in CY 2030, gaining from growing household earnings and a median age of 28.1 years<sup>13</sup>. The report ranks Bengaluru, Chennai and Hyderabad at the second, fourth and sixth positions respectively as popular destinations among the top 10 visited destinations in India.<sup>14</sup>

<sup>4</sup> Source: Vision 2047 – Indian Hotel Industry, Hotel Association of India and How India Travels 2023, Bookings.com and McKinsey Report, October 2023

<sup>5</sup> Source: World Travel & Tourism Council Economic Impact Research 2024

<sup>6</sup> Source: World Travel & Tourism Council Economic Impact Research 2024

<sup>7</sup> Source: Vision 2047 – Indian Hotel Industry, Hotel Association of India.

<sup>8</sup> Source: World Travel & Tourism Council Economic Impact Research 2024.

<sup>9</sup> Source: World Travel & Tourism Council Economic: 2024 Annual Research: Key Highlights

<sup>10</sup> Source: UN World Urbanization Prospect Report

<sup>11</sup> Source: The Rise of India's Middle-class Report - PRICE

<sup>12</sup> Source: Youth in India Report 2022, MoSPI

<sup>13</sup> Source: United Nations, Department of Economic and Social Affairs, Population Division (2024). State of World Population Report 2024, UNFPA, World Population Prospects.

<sup>14</sup> Source: How India Travels 2023, October 2023



- 1.7. **Key long-term attributes** for India's hotel sector include (a) robust domestic travel sector and potential for FTA growth; (b) material expansion of airport infrastructure and airline capacities; (c) spread of new travel destinations, religious destinations and city micro-markets; (d) demand emergence and push from sports, entertainment and performing arts events; (e) widening private sector investment in the sector, including provision for 100% FDI under the automatic route; (f) rising land costs continuing to pose significant barriers to entry. Achievement of the FTA and Domestic travel numbers, stated in 1.3(a) above, would create very significant demand growth for hotels.

## 2. India – Macro Economic Overview

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

In FY24, India was the 5<sup>th</sup> largest global economy with estimated Nominal Gross Domestic Product (GDP) at current prices of United States Dollars (USD) 3.64 trillion<sup>15</sup>, *reflecting 9.2% GDP growth, and is expected to surpass USD 4 trillion in FY 2026, becoming the fourth largest global economy*<sup>16</sup>. Per the Economic Survey of India FY2025, issued by Ministry of Finance, GOI, India's Real GDP is expected to grow by 6.4% in FY25 and between 6.3% to 6.8% in FY26, thereafter by 6.5% till FY 2030<sup>17</sup>.

**Table 1: GDP growth rate projections for India**

	Estimated GDP Growth Rate		
	FY25	FY26	FY27
Ministry of Finance, GOI	6.4%	6.3%-6.8%	NA
IMF*	6.2%	6.3%	6.5%
RBI	6.6%	6.5%	NA
National Statistical Office (NSO)	6.4%	NA	NA
PHDCCI	6.5%	6.7%	6.7%
S&P Global	6.8%	6.5%	6.8%
Morgan Stanley	6.3%	6.5%	6.5%
Asian Development Bank	6.5%	6.7%	NA
Moody's Agency	6.1%	NA	NA
Fitch Ratings	6.4%	6.5%	NA

\*Source: World Economic Outlook Database April 2025

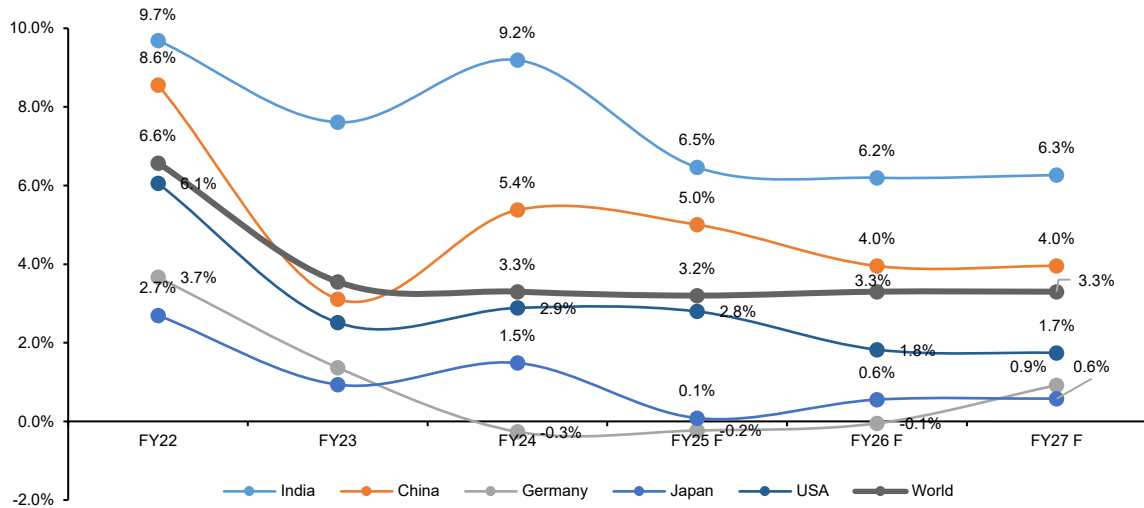
Chart 1 provides IMF forecast for GDP growth rate (at constant prices) for India and the top five global economies through FY27.

<sup>15</sup> Source: International Monetary Fund

<sup>16</sup> Source: Ministry of Economic Affairs, GOI

<sup>17</sup> Source: International Monetary Fund, World Economic Outlook, April 2025

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



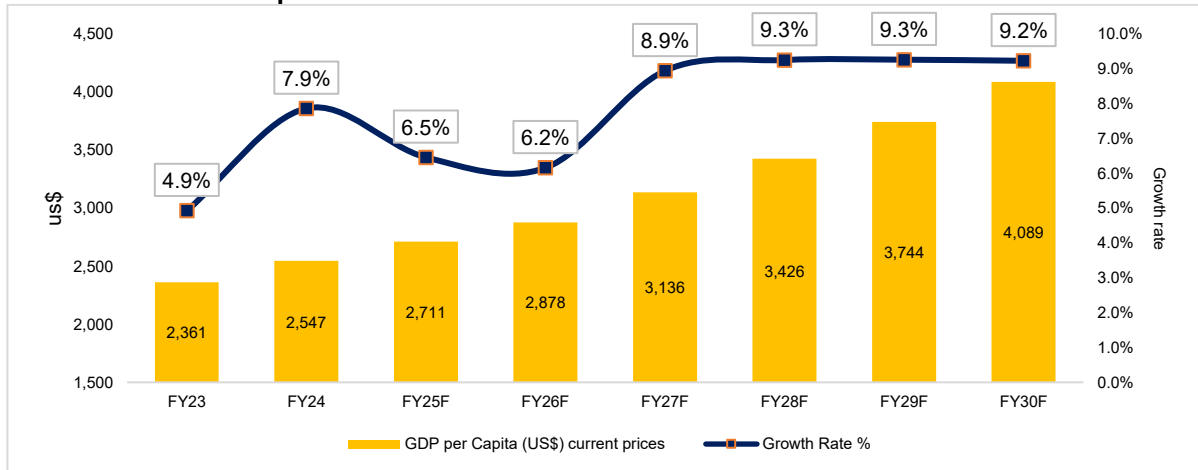
Source: All countries- IMF World Economic Outlook April 2025; World GDP growth-FY24 to FY27 data is from IMF World Economic Outlook January 2025 update and FY22, FY23, FY28 and FY29 data is taken from IMF October Outlook 2024

With strong GDP and third largest Purchasing Power Parity (PPP), India was positioned as third largest power in Asia Power Index<sup>18</sup> reflecting increasing ability to shape and respond to external geopolitical factors of Asia- Pacific region.

## 2.2. India Per Capita GDP Forecast

Per capita GDP growth for India is estimated at 8.2% CAGR between FY24-FY30<sup>19</sup>. Increased individual incomes are expected to create additional discretionary spending, which may be beneficial for the hospitality sector.

**Chart 2 - India Per Capita GDP Forecast**



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

<sup>18</sup> Source: Asia Power Index 2024 by Lowy Institute

<sup>19</sup> Source: IMF World Economic Outlook October 2024

## 2.3. Manufacturing and Service Sectors

### 2.3.1. Manufacturing Sector

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

Production Linked Incentive (PLI) schemes, introduced in 2021 by the Indian government to push domestic manufacturing and employment opportunities in 14 key sectors, has since its inception and upto October 2024<sup>20</sup> resulted in:

- Investments exceeding INR1.61 trillion
- Production and sales aggregating INR14 trillion
- Creation of around 1.5 million jobs
- INR140.2 billion in incentives is disbursed to ten sectors since inception

The government of India will not extend the current production deadlines for the current participants nor extend this scheme beyond 14 sectors.

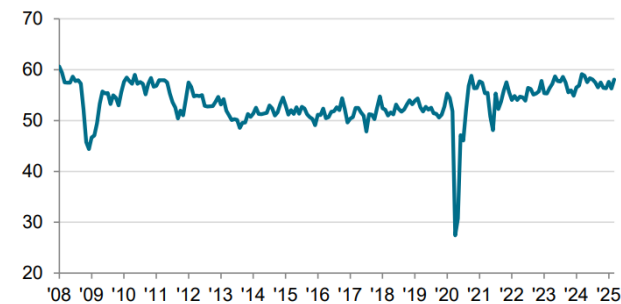
### 2.3.2. Services Sector

Services sector is among the fastest growing in the Indian economy. Between FY16 and FY20, the set comprising trade, hotels, transport, communication and services related to broadcasting grew at 7.8% CAGR; the set of financial, real estate and professional services grew at 6% CAGR<sup>21</sup>.

The Services PMI Business Activity Index for the same period, also reflected growth benefitting from a positive demand environment and gain of new business and output volumes.

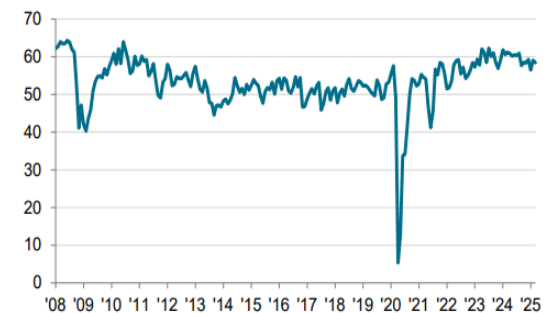
**Chart 3: Services and Manufacturing PMI Activity / Output Index – CY 2008 to YTD March 2025**

HSBC India Manufacturing PMI  
sa, >50 = improvement since previous month



Sources: HSBC, S&P Global PMI.  
Data were collected 11-25 March 2025.

HSBC India Services PMI Business Activity Index  
sa, >50 = growth since previous month

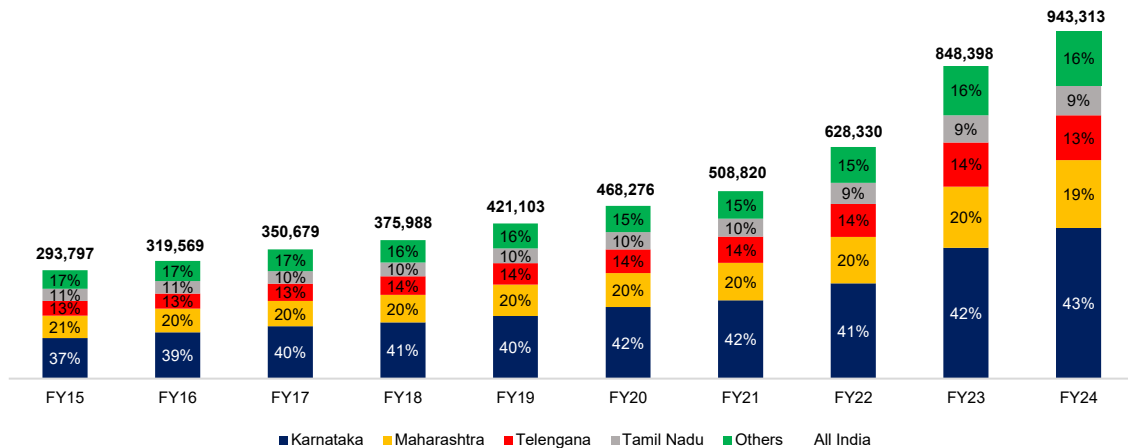


Sources: HSBC, S&P Global PMI.  
Data were collected 11-27 March 2025.

India is a software hub for exports. Karnataka, Tamil Nadu, Kerala and Telangana contributed about 65% of India's IT and ITeS exports for FY24, with operations mainly driven from Bengaluru, Chennai, Kochi and Hyderabad respectively.

<sup>20</sup> Source: PIB release: PLI Schemes: Shaping India's Industrial Growth, dated November 2024

<sup>21</sup> Source: Ministry of Statistics and Programme Implementation, India

**Chart 4 – India and Select States – IT and ITeS Exports – FY15 to FY24 (in INR Crores)**

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

All India STPI registered IT exports increased by INR 949 billion in FY24 over FY23. In FY24, Karnataka, Telangana and Tamil Nadu contributed 57%, 19% and 7% respectively of the all-India increase. Per National Association of Software and Services Companies (NASSCOM), overall India's IT exports revenue for FY25 is estimated at USD 224 bn, growing at a CAGR of 9.4% between FY15- FY25.<sup>22</sup>

Karnataka leads, with 43% share of all India IT and ITeS exports in FY24, and reasonably steady significant share for several past years.

## 2.4. Key Demographic Aspects

### 2.4.1. Increased Urbanisation:

India's urban population increased from 28% in CY01 to 31% in CY11 and was further projected to increase to 37% in CY24; urbanization is under penetrated in India compared to USA (84%), UK (85%) and China (66%). Nevertheless, India was estimated to have second largest urban population in the world, comprising of 530 mn in CY24 and growing to 675 mn by CY35<sup>23</sup>.

India currently has 5 megacities with population > 10 mn. Pune, Hyderabad and Ahmedabad are expected to become megacities by CY30.<sup>24</sup> Cities and towns have expanded, creating multiple micro-markets and business districts. Urbanisation creates the need for jobs, attracting investment and development of multiple business sectors. Growth in business and business opportunities due to increased urbanisation is evidenced by increase in air traffic, wider real estate activity, and growth of hotels in several existing and newer markets.

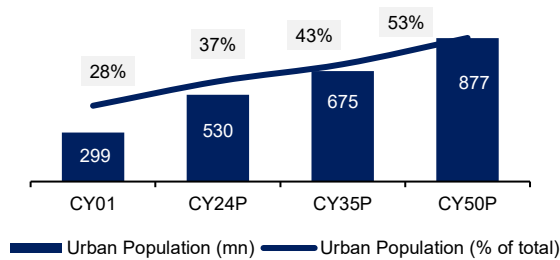
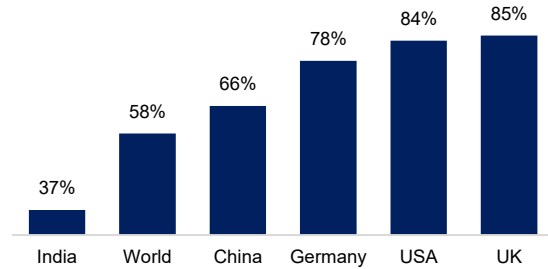
Karnataka, Tamil Nadu, Kerala and Telangana are expected to have more than 50% urban population by CY 2036.<sup>25</sup>

<sup>22</sup> PIB release: India's IT Industry Registers Significant Growth in Last Decade: Projected to Reach \$283 Billion in 2024-25, dated March 2025

<sup>23</sup> Source: United Nations, Department of Economic and Social Affairs, Population Division (2018). World Urbanization Prospects: The 2018 Revision, Online Edition.

<sup>24</sup> Source: Source: United Nations, Department of Economic and Social Affairs, Population Division (2018). World Urbanization Prospects: The 2018 Revision, Online Edition.

<sup>25</sup> Source: Population Projections for India and States 2011-2036 Report (July 2020) of Technical Group constituted by the National Commission on Population under the Ministry of Health and Family Welfare

**Chart 5: India Urbanization Trend**

**Chart 6: Urbanization % (CY23)**


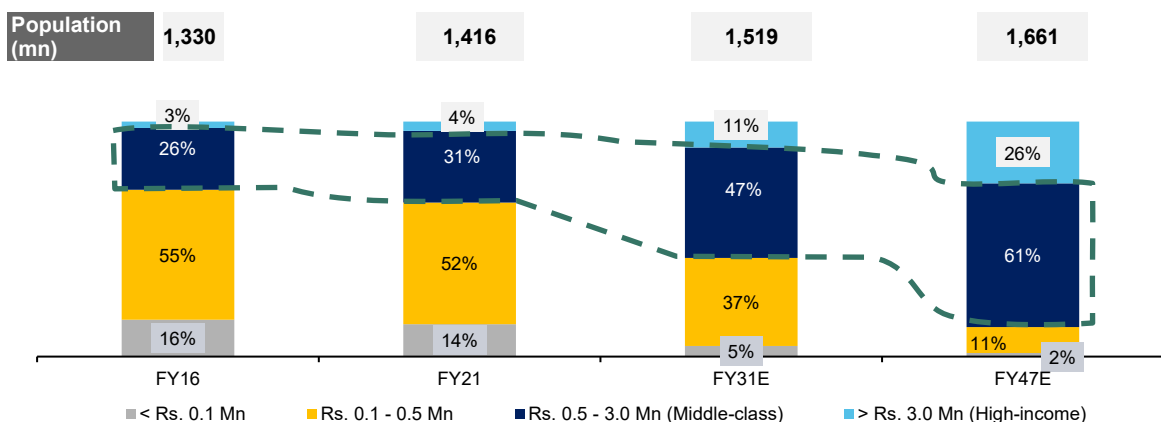
Source: United Nations, Department of Economic and Social Affairs, Population Division (2018). World Urbanization Prospects: The 2018 Revision, Online Edition.

#### 2.4.2. Rising Middle Class and High-Income Population:

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

Increasing income levels are demonstrated by a robust growth in its middle-class and high-income population. Middle-class population (income of INR. 0.5 mn to 3 mn per annum) grew at 4% CAGR between FY16-21, increasing its share from 26% to 31% over the period. This segment is further projected to grow and is estimated to represent approximately 47% of the population by FY31. High-income households (income > INR 3 mn) had 37 mn population in FY16 and is projected to be 437 million in FY47 increasing at 8% CAGR.<sup>27</sup>

Rising middle class and high-income population is an important demand driver for the hospitality sector, using midscale and upscale hotels and with aspirational demand for upper upscale hotels. The middle class slowly graduates upwards, with greater affordability and attitudinal and lifestyle changes creating demand potential for different services (rooms, F&B, functions, entertainment) at upper tier and upper midscale hotels.

**Chart 7: India's Rising Middle-Class— Share by annual income as a % of Total Population (FY16-FY47E)**


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

<sup>26</sup> Source: The Rise of India's Middle-Class Report - PRICE

<sup>27</sup> Source: The Rise of India's Middle-Class Report - PRICE

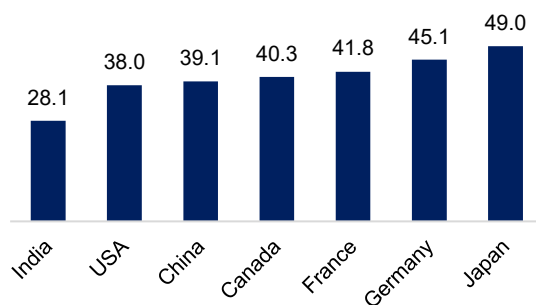
### 2.4.3. Young Population (15-29 Years):

India is now the world's most populous nation, estimated at 1.4 bn people in CY23.<sup>28</sup> India's young population increased from 223 mn in CY 1991 to 333 mn in CY 2011, 360 mn in CY 2016, and 371 mn in CY 2021 (27.2% of total population – the largest youth population globally)<sup>29</sup>. The demographic window of opportunity - a "youth bulge" (growth in youth as a share of total population) in the working-age population, is expected to last till CY 2055.<sup>30</sup>

In CY 2023, the median age for India was estimated at 28.1 years which is 9.9-20.9 years younger than the median age for the G-7 countries. India's median age is projected to remain below 30 years, until CY 2030.<sup>31</sup>

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

**Chart 8: Estimated Median Age in Years (CY23)**



**Chart 9: India population % by Age group (CY21)**

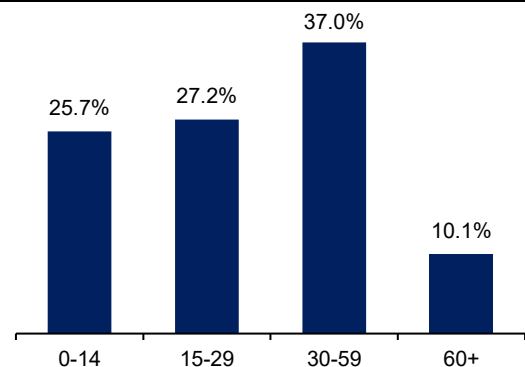


Chart 8 Source: United Nations, Department of Economic and Social Affairs, Population Division (2024). State of World Population Report 2024, UNFPA, World Population Prospects.

Chart 9 Source: The 2022 Revision and Youth in India Report 2022, published by Ministry of Statistics and Programme Implementation (MoSPI)

### 2.4.4. Increased Consumer spending:

India has seen increased consumer spending in the last 5 years, gaining from a larger and younger workforce, increase in double income families, a trend towards consumerism and lesser savings, and willingness to take credit card and other unsecured debt for consumer spending. Consumer spending grew to INR 102.8 trillion in CY2024, increasing by 7% compared to INR 96.0 trillion in CY2023.<sup>32</sup>

Urban average monthly consumption expenditure per person has increased by INR 4,366 (166%) between FY12 and FY24<sup>33</sup>. Increased spend patterns auger well for travel and F&B spends at hotels in India.

<sup>28</sup> Source: United Nations, Department of Economic and Social Affairs, Population Division (2024). State of World Population Report 2024, UNFPA, World Population Prospects.

<sup>29</sup> Source: Youth in India Report 2022, MoSPI

<sup>30</sup> Source: India's Demographic Dividend: The Key to Unlocking Its Global Ambitions, S&P Global

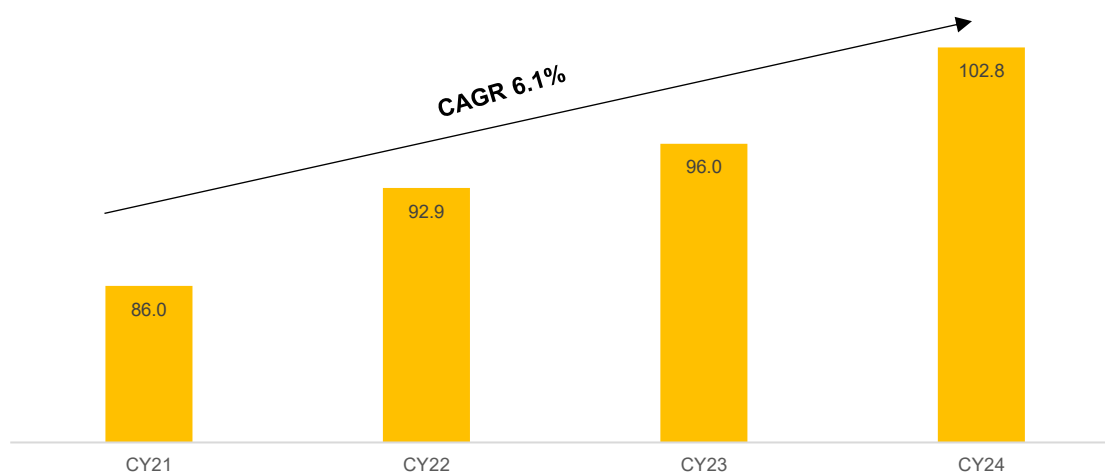
<sup>31</sup> Source: United Nations, Department of Economic and Social Affairs, Population Division (2024). State of World Population Report 2024, UNFPA, World Population Prospects

<sup>32</sup> Source: Trading Economics; MOSPI via Statista

<sup>33</sup> Source: Household Consumption Expenditure Service of MoSPI

Due to high inflation and economic uncertainty, FMCG sector observed a slowdown until December 2024, primarily in urban areas. However, government's move to boost consumer spending through personal income tax cuts in FY25 budget — especially among the middle class — will help to grow consumer demand.<sup>34</sup>

**Chart 10 – Consumer Spending in India (in INR trillion) – CY21 to CY24**

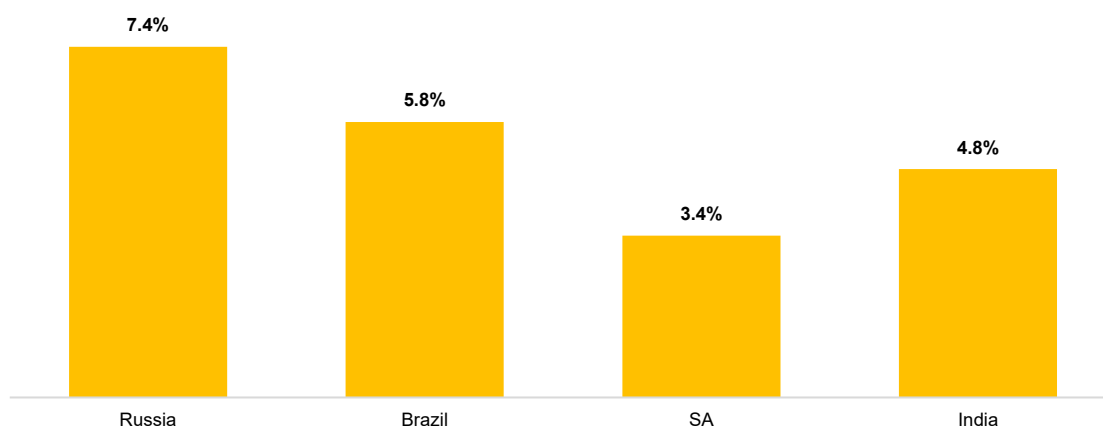


Source: Trading Economics; MOSPI via Statista

#### 2.4.5. Stable inflationary environment:

Inflation environment in India has been relatively stable over the past few years (post COVID) with FY24 consumer price index ("CPI") inflation YoY % reported at 4.8%. CPI Inflation, reflected as a CAGR for FY14-YTD Feb25 was 4.8% for India, 3.4% for South Africa, 7.4% for Russia and 5.8% for Brazil.

**Chart 11: CPI Inflation (CAGR FY14-YTD Feb25)**



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

<sup>34</sup> Source: India Economic Outlook, May 2025, by Deloitte

### 3. Demand Overview and Characteristics

#### 3.1. Key Demand Drivers

The key demand drivers for hotels are:

- a. Business Travel - Inbound and domestic visitation for business related purposes, including travel on corporate account and by individual business travellers. Demand typically predominates between Monday and Thursday, slowing towards the weekend or public holidays; domestic business travellers at upscale and mid-priced hotels often stay through till Saturday. Business travel also slows during vacation periods.  
  
The services sector (IT, BFSI, professional services) and manufacturing sector are significant drivers for business travel.
- b. Tourism - India is known for its rich cultural heritage, historical sites (several of which are UNESCO heritage sites), diverse landscapes, and vibrant festivals. Growth of domestic and inbound tourism contributes significantly to the demand for hotels.
- c. Leisure Travel - This is discretionary in nature and comprises long / short vacations, staycations at city hotels, weekend stays for recreation and entertainment, leisure attached to a business trip or to a trip for weddings and meetings. Greater affordability and spend propensity, changing lifestyle, and improved connectivity have materially benefitted hotels with good F&B, recreation and entertainment facilities.
- d. MICE Travel – For corporate, government, institution and association events (conventions, conferences, retreats, incentives, promotions, training programs, customer-facing events, staff events etc). Corporate and government demand is mainly during the working week or on Saturday; institution and association demand can be on weekends. MICE demand occurs through the year, barring main holiday periods and the months from March through May. Cities with international convention centres are able to attract large international events.
- e. Weddings and Social demand - This segment comprises destination weddings and other social / celebratory events, as well as substantial use of hotels for weddings and social events for local (non-residential) events. The trend for hosting weddings in city hotels or as destination weddings has grown materially and is gaining further momentum, as it percolates to the mid-market segment. Several city hotels attract large residential weddings, akin to destination weddings in leisure centres. Social travel also occurs for other social obligations and person / family visits.
- f. Diplomatic Travel - Government leaders and representatives of other countries, often accompanied by large trade delegations, and diplomats using upper-tier hotels during the transition period on postings to India.
- g. Airline Crew - Helps create a core of demand at hotels, albeit at significantly discounted pricing. Airlines also generate limited demand for layovers when flights are significantly delayed.
- h. Transit Demand – Comprises person on overnight stay during air or road trip to a domestic or international destination.

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

#### 3.2. MICE Demand

MICE demand contributes hotel revenue for rooms, F&B and other services arising from various business and social events; weddings; corporate, institutional and government sponsored meetings, conferences and conventions; sports related events; performing arts and other events. Varied segments may apply to different hotels and markets. New convention centres will draw varied



domestic and international events demand with related additional MICE demand at upper tier hotels that have sizeable function spaces.

MICE events have contributed to the growth of F&B revenues to 31% share and INR 51.0 bn in FY2024 for certain listed companies (Refer Table 23).

The G20 events from December 22 to September 23 took international visitors to multiple destinations and provided occupancy, rate and revenue boost to hotels. Bengaluru, Gandhinagar, Chennai, and Hyderabad hosted 11, 6, 5 and 4 G20 events / meetings respectively. Such events serve as a basis to draw other international and national events and delegations.

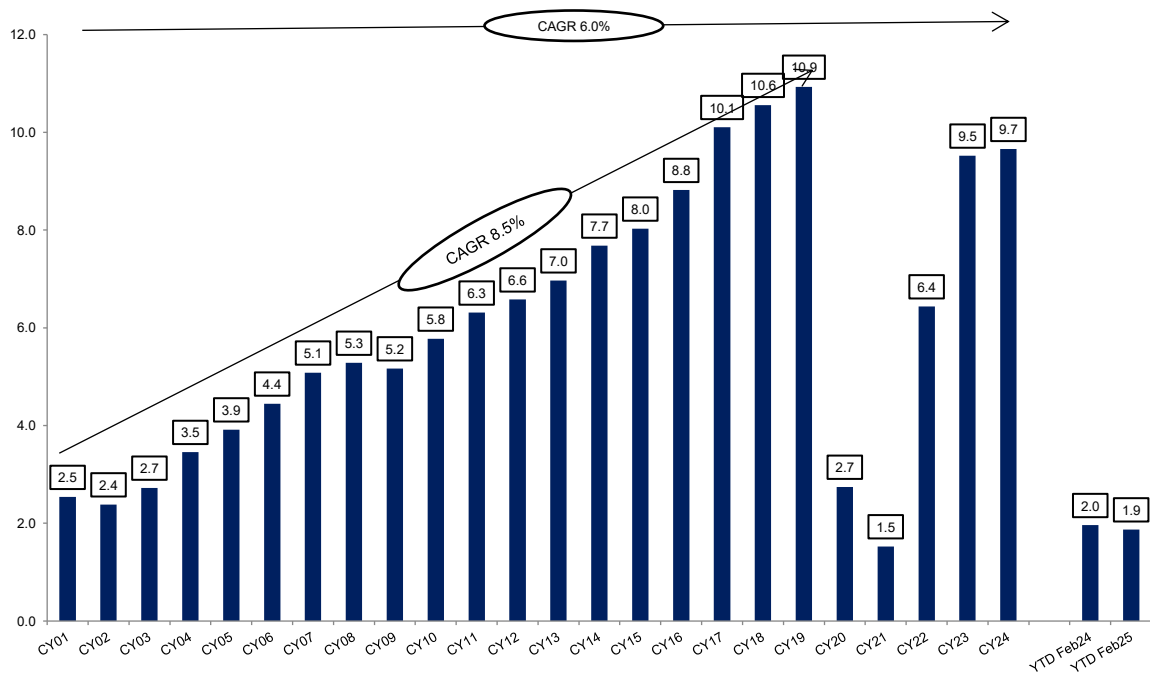
The trend for hosting weddings in city hotels or as destination weddings is expected to continue, in fact gaining momentum as the practice percolates to the mid-market segment. City hotels also benefit from destination wedding concepts. Additionally, the trend of greater importance to various celebratory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

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

### 3.3. Foreign Tourist Arrivals (FTA)

FTA aggregated 10.1 mn, 10.6 mn and 10.9 mn for CY17, CY18 and CY19 respectively, achieving the 10 mn mark for the first time in CY17. After the Covid period decline, FTA recovered to 6.2 mn for CY22 (partially constrained by the Omicron wave during the normally very busy months of January and February 22) and further to 9.2 mn for CY23 (84% of CY19 arrivals). FTA for CY2024 was 9.7 mn, up by 1.4% from 9.5 mn for CY2023. While FTA for H1-CY24 reflected 9.1% y-o-y growth. FTA numbers have been impacted since H2-CY24 due to drop in flow of visitors from Bangladesh.

**Chart 12: India – Foreign Tourist Arrivals (mn)**

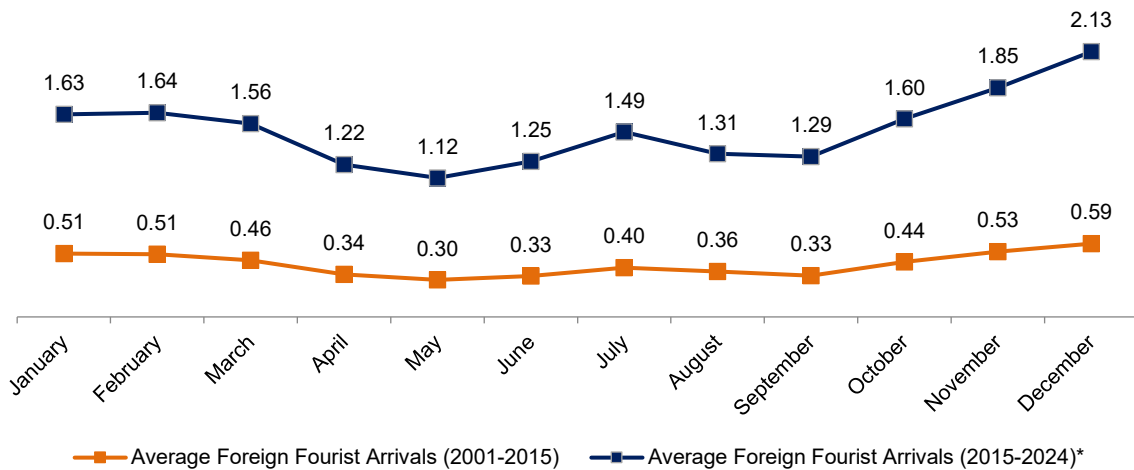


Source: Ministry of Tourism, Govt. of India

Cross-border travel is impacted by several factors including security, health, political and economic issues at the destination or source markets. High air fares are currently a constraint as global airlines cope with aircraft and staffing shortages. In past years, FTA was impacted by events such as Mumbai terror attacks on 26 November 2008, global financial crisis, economy related issues in Russia and Europe, Covid-19 pandemic or business failure of major tour operators in Europe.

Seasonality of FTA is reflected in Chart 13. The winter months are clearly preferred for travel into India for leisure, MICE events, leadership level business travel and high-end destination weddings.

**Chart 13: FTA Seasonality in Mns (CY 2001- CY 2024)**



\*Does not include Covid years - CY 2020 and CY 2021

Source: Ministry of Tourism, Govt. of India

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

### 3.4. E-visa

Electronic Visa (E-visa) scheme was made available effective November 2014, initially for nationals of 43 countries. As on December 2024, nationals of 173 countries are covered under the e-visa scheme, successfully enabling inbound visitors to come in with short lead-time. FTA using E-visas increased from 0.7 mn in FY16 to 2.86 mn in FY20, before declining during Covid pandemic<sup>35</sup>. Current data is not available.

### 3.5. Domestic Tourism

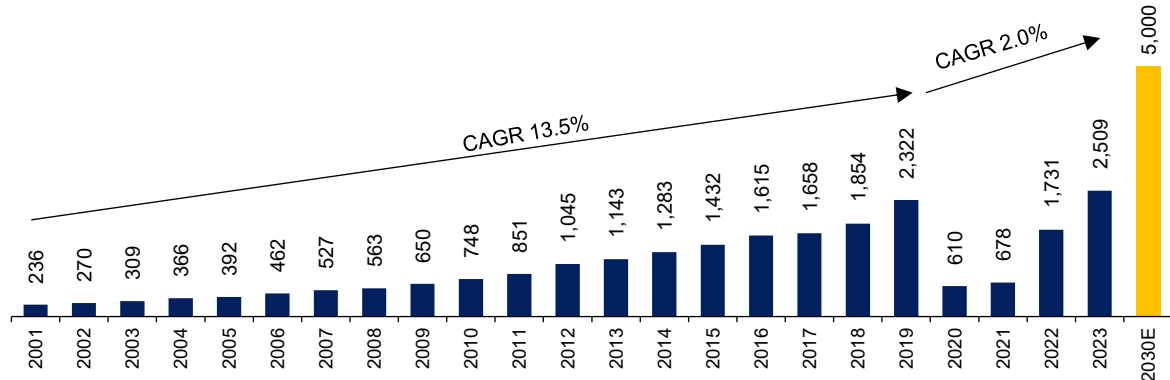
#### 3.5.1. Domestic Travel Visits

Domestic travel visits grew at 13.5% CAGR between CY01 - CY19, from 236 mn visits in CY2001 to 2.3 bn visits in CY2019. Domestic travel numbers at 2.51 bn visits for CY2023 have surpassed CY19 (pre-COVID) by 8%, reflecting strong rebound of travel and an increase of 45% over 1.7 bn visits for CY2022. While data for CY2024 is not available, a reasonable increase is expected to have occurred. The domestic sector has become a key demand generator with leisure, recreation, weddings and MICE demand driving weekend and off-season occupancies and enabling hotels and

<sup>35</sup> Source: Ministry of Tourism, Govt. of India

resorts to achieve significantly higher occupancies. 'How India Travels 2023?' report by Booking.com and McKinsey estimates 5 bn domestic travel visits by CY2030. Vision 2047 report by HAI expects 15 bn domestic visits and FTA of 100 mn by CY2047.

**Chart 14: India – Domestic Tourists (mn)**



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

Leisure, staycations, remote working from resorts, and weddings demand were the mainstay of domestic demand revival from the Covid pandemic. Domestic travel is expected to maintain strong growth, particularly as a large middle class population, young working population, and overall increased individual incomes drive more discretionary travel, and with supply creation across wider markets (including religious destinations) and segments. The domestic sector contributes weekend and off-season occupancies in addition to business travel, leisure and recreation, weddings and MICE demand, enabling hotels to achieve significantly higher occupancies and room rates than earlier years. Hotel demand will also grow from domestic social visits, family events, and travel to pilgrim centres.

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

**Table 2 – Hotels – Domestic vs Foreign Guests**

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

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

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

### 3.5.2. Domestic Spend value on Tourism

With growing household earnings and a median age of 28.1 years as of CY23 (about 10 years younger than most countries) the spend on tourism is projected to rise by 170% from \$150 bn spent in CY 2019 to \$410 bn in CY 2030. A report by Booking.com and McKinsey & Co. has ranked Bengaluru, Chennai and Hyderabad at second, fourth and sixth positions respectively as popular destinations among the top 10 visited destinations in India.<sup>36</sup>

<sup>36</sup> Source: How India Travel Report by Booking.com and Mckinsey

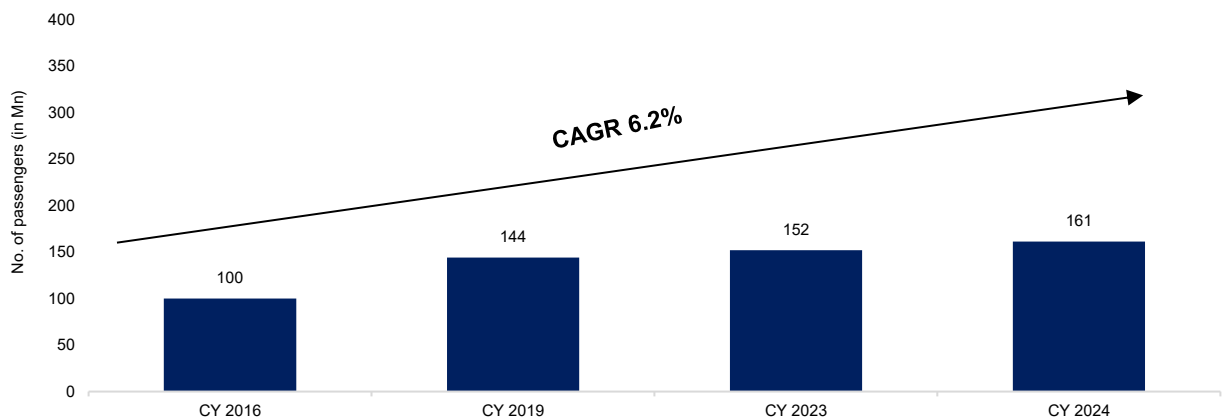
According to a report by Booking.com and Accenture, Bengaluru, and Chennai have been ranked as the third and fifth among top five cities in terms of hotel bookings searches since the last 5 years; further, Ahmedabad is among the top 10 searched (for online hotel bookings) cities in CY 2024. Mysore ranks in the 10<sup>th</sup> position among the top-rated destinations in India by inbound travellers.<sup>37</sup> Per a report by MakeMyTrip, Mysore and Ahmedabad were ranked as fifth position in terms of growth in searches in CY 2023 as compared to CY 2022, mainly as weekend getaways from nearby metro cities.<sup>38</sup>

India currently is the world's sixth-largest domestic travel market by spending.<sup>39</sup> Hospitality and tourism sector is expected to grow 1.7 times in CY27 compared to CY22<sup>40</sup>.

### 3.5.3. Domestic Air Traffic

As of February 2025, India had 159 operational airports.<sup>41</sup> The number of airports has doubled since CY 2014 and aims to reach 350-400 airports by CY 2047.<sup>42</sup> Domestic travel comprises 84% of aircraft movements and 82% of passenger movement at the Indian airports. Domestic passenger movements increased by 44% in CY 2019, compared to CY 2016, reflecting CAGR of 13%. This growth was driven by opening of new airports, capacity expansions at existing airports and improved connectivity particularly to cities and towns outside the main destinations. An expanded UDAN scheme is proposed in order to further enhance regional connectivity, by adding 120 new destinations and accommodating 40 million passengers over the next 10 years.<sup>43</sup>

**Chart 15: Domestic Passenger Air Movement (in million)**



Source: Directorate General of Civil Aviation

## 4. Access Infrastructure

Better roads and airport infrastructure have facilitated domestic and inbound travel growth across established markets and newer markets in tier 2 and tier 3 business cities / towns and newer leisure destinations. Significantly greater highway and expressway linkages, development of new airports, airport expansions and upgrades, and opening of several regional airports through Ude Desh ka Aam Nagrik (UDAN) initiatives have each widened the business, leisure, destination weddings and MICE location options. Travel, across multiple demand segments, is also facilitated by the Vande

<sup>37</sup> Source: How India Travels 2024: The Inbound Edit, Booking.com and Accenture, October 2024

<sup>38</sup> Source: India Travel Trends 2023-24, MakeMyTrip, April 2024

<sup>39</sup> Source: How India Travels 2023, Bookings.com and McKinsey Report, October 2023

<sup>40</sup> Source: Vision 2047 – Indian Hotel Industry, Hotel Association of India

<sup>41</sup> Source: Ministry of Civil Aviation via Digital Sansad

<sup>42</sup> Source: Press Information Bureau, Ministry of Civil Aviation

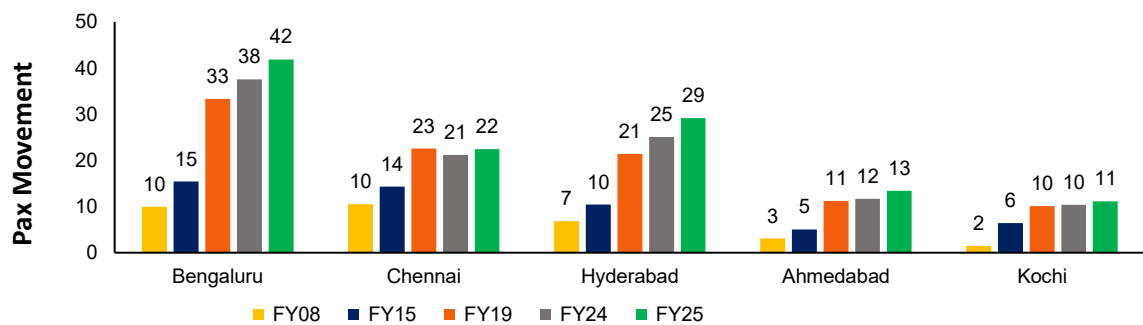
<sup>43</sup> Source: Press Information Bureau, Ministry of Finance

Bharat train services. As a consequence, travel and demand numbers have risen at Key Markets, Select Markets and several business and leisure destinations which have expanded their reach or gained newer opportunities; Mysuru is an example of such gain.

### Air Traffic

Growth in air travel is a material driver of demand and overall market growth. The Select Markets (Bengaluru, Chennai, Kochi, Gandhinagar (Ahmedabad), Mysore and Hyderabad) had 28.7% share of air traffic for FY25, while having 23% supply share of hotel inventory. Growth in air travel for Select Markets is summarised in Chart 16. By FY24, passenger numbers had fully recovered from the Covid pandemic related decline, on All India basis and for all individual Select Markets except Chennai.

**Chart 16: Passenger (Pax) Movement (Arrivals and Departures) in mn for Select Markets\***



Source: Airports Authority of India (AAI)

\*Excludes Mysore airport due to limited and inconsistent travel from that airport;

Four of the six Select Markets have private-sector led airport development and operations, with periodic capacity expansions. Between FY15 and FY25, passenger movement (domestic + international) at these Select Markets and on all-India basis grew at 8.6% and 8.0% CAGR. Aggregate passenger capacity at these Select Markets airports by FY28, including from expansion of certain airports, is estimated to be 170 million passengers per annum (MPPA).

**Table 3 - Pax Movement in mn**

Year	Select Markets	All India	Select Market Share
FY08	32	115	27.7%
FY15	52	191	27.1%
FY24	106	376	28.2%
FY25	118	412	28.7%
<b>CAGR (FY15-25)</b>	<b>8.6%</b>	<b>8.0%</b>	
<b>Growth of FY25 over FY24</b>	<b>11.5%</b>	<b>9.4%</b>	

Source: Airports Authority of India (AAI)

For FY25, airports at the Select Markets handled 118 mn passengers (30% of all-India passengers). Arrivals for FY24, compared to FY19, show that post Covid recovery was largely complete, with only Chennai lagging in full recovery. The passenger numbers for Bengaluru, Hyderabad, Chennai, Ahmedabad and Kochi grew by 12%, 16%, 6%, 15% and 7% respectively in FY25 over FY24.

On all-India basis, Passenger movement (domestic + international) reflected 9.4% growth in FY25 over FY24.

Bengaluru and Hyderabad Airports: Air traffic at Bengaluru and Hyderabad, at 42 mn and 29 mn respectively for FY25, reflect 319% and 327% growth over FY08. Both airports are built under PPP

model and have recently been expanded. Bengaluru airport is expected to materially expand over the next 5 years with aggressive growth targets of reaching 90 mn passengers by CY2030.<sup>44</sup> Hyderabad airport expansion has increased the airport's capacity from 12 MPPA to 34 MPPA, and increasing to 45 MPPA by CY30.

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

Ahmedabad Airport: This airport handled 12 and 13 million passengers for FY24 and FY25 respectively, surpassing pre-covid levels. Major renovations have been carried out over the past two to three years that have upgraded the facilities at this airport. The construction of a new integrated terminal building is planned in FY2026 that will expand the passenger handling capacity to 20 MPPA.

Kochi Airport: This airport achieved 10 mn passenger level for FY24, marginally higher than the pre-Covid levels. FY25 stands at 11 mn, increased by 7% over FY24. Terminal 3 of the airport will be undergoing expansion with a built area of 600k sft.

Mysore Airport: This airport started consistent operations only post Covid, presently with one daily flight to and from Hyderabad and Chennai. The airport runway is proposed to be extended to accommodate larger aircrafts, which will help in increasing connectivity to other destinations. The state government has approved the release of funds for land acquisition and expansion of the runway.

## 5. Industry size – chain affiliated hotels

### 5.1. Hotel Inventory - Segment Classification

- 5.1.1. The overview of supply and demand herein focuses on the upper tier (luxury, upper upscale and upscale segments) and mid-tier segments in which BHVL has its hotels and projects.
- 5.1.2. Data is separately presented on all India basis, for Key Markets and for Select Markets. Key Markets comprise the top ten markets in India in terms of hotel room inventory, i.e. the six metro cities (Mumbai metropolitan area, Delhi NCR, Bengaluru, Chennai, Hyderabad and Kolkata), Ahmedabad, Pune, Jaipur and Goa.
- 5.1.3. Select Markets are markets where BHVL has an operating hotel or planned hotel project - Bengaluru, Chennai, Kochi, Gandhinagar (Ahmedabad), Mysore and Hyderabad. Gandhinagar has been presented as part of the larger Ahmedabad market. These hotels are:

#### Operating Hotels – 9 hotels

- One Upper Upscale hotel - Sheraton Grand Bangalore at Brigade Gateway
- Four Upscale hotels – Grand Mercure Bangalore, Grand Mercure Mysore, Four Points by Sheraton Kochi Infopark, and Grand Mercure Ahmedabad Gift City
- Three Upper Midscale hotels – Holiday Inn Bengaluru Racecourse, Holiday Inn Express & Suites Bengaluru OMR and Holiday Inn Chennai OMR IT Expressway.
- One Midscale hotel - ibis Styles Mysuru which opened in October 2024.

<sup>44</sup> Source: Kempegowda International Airport Bengaluru

#### Planned/Under development – 5 hotels

- Three luxury hotels – i) InterContinental Hyderabad at Brigade Neopolis in Hyderabad, ii) Grand Hyatt Chennai ECR on East Coast Road in Chennai, and iii) The Ritz Carlton Vaikom Island Kerala in Vaikom, Kerala
- Two upper midscale hotels – (i) Fairfield by Marriott Bengaluru International Airport in Bengaluru and (ii) Fairfield by Marriott Bengaluru Brigade Valencia in Bengaluru.

BHVL is a subsidiary of Brigade Enterprises Limited. BHVL's hotels are typically located in positive demand locations, driven by factors such as population density, premium neighbourhoods, commercial centres, IT hubs or strong leisure potential. Brigade Enterprises Limited's experience as a real estate developer in India enabled it to lead supply creation of significance in several micro-markets such as Sheraton Grand Bangalore at Brigade Gateway in North-west Bengaluru and Grand Mercure Bangalore in Koramangala area, Four Points Sheraton Kochi Infopark in the IT Park at Kakanad in Kochi and Grand Mercure Ahmedabad Gift City.

Holiday Inn Bengaluru Racecourse Road was the first hotel to offer large inventory (272 rooms) in the upper-midscale segment in its micro-market. It is also the second largest hotel outside the upper tier in Bengaluru. The upcoming Grand Hyatt Chennai ECR and The Ritz Carlton Vaikom Island Kerala will primarily be leisure and group orientated hotels. All hotels are (or are intended to be) managed by or affiliated with global hospitality chains under various brands.

**Table 4 -North Bengaluru Upper Midscale Inventory as of 31 March 2025**

Hotel	Total
Holiday Inn Race Course Road	272
Other Hotels excluding Holiday Inn Race Course Road	
Hotel with lowest Inventory	48
Hotel with highest Inventory	182
Average Inventory	107

Source: Horwath HTL

In reference to Table 4, Holiday Inn Racecourse Road Bengaluru has 5.7 times the lowest inventory, 1.5 times the highest inventory and 2.5 times the average inventory of the hotels in the Upper Midscale segment of its micro market.

**Table 5 - Top 5 hotels in Mid-Tier in Bengaluru by Inventory as of 31 March 2025**

Hotel	Total rooms	Hotel Segment
ibis Techpark Bengaluru ORR	311	Midscale
Holiday Inn Race Course Road	272	Upper Midscale
Keys Select Whitefield Bangalore	222	Midscale
Hotel Royal Orchid, Bangalore	195	Upper Midscale
Lemon Tree Premier Ulsoor	188	Upper Midscale
<b>Total</b>	<b>1,188</b>	

Source: Horwath HTL

5.1.4. In this report Compound Annual Growth Rate (CAGR) between a financial year (start year) and another financial year (end year) is calculated from 31 March of the start year to 31 March of the end year, unless a different set of dates is indicated for any specific item.

5.1.5. The analysis of hotel supply and demand principally deals with chain-affiliated hotels, i.e. hotels that are either (i) owned and operated by hotel chains, (ii) operated by hotel chains on behalf of other owners or (iii) operated under franchise from hotel chains. For this purpose, all recognised international chains operating in India and domestic hotel chains that are generally considered as operating under common branding have been included; other domestic chains are considered if they have five or more hotels operating at least regionally in India. For clarity, groups with multiple hotels only within one state are not



considered unless these are generally regarded as hotel chains by the market. Companies that primarily operate time-share facilities, one-star hotels and hotels under aggregators (such as Oyo, Treebo and FabHotels) are excluded.

5.1.6. Classifications: The hotels are segmented into the Luxury and Upper Upscale (Lux-Upper Up) Segment, Upscale segment, Upper Midscale segment (Up-Mid), Midscale Segment and Economy Segment. The hotels also offer additional facilities such as restaurants, bars, and function facilities for meetings and events, varying for each hotel. Each segment includes entry-level hotels in that segment besides hotels that are more fully of segment standards. These industry terms used for classifying, categorising and segmenting hotels are explained below.

- Luxury Segment typically comprise top end hotels with brand standards, facilities, spaces and standards that are associated with expectations of luxury seeking clientele; in India, these are generally classified as deluxe and luxury hotels. Several brands classify themselves as luxury hotel brands, based on certain criteria (e.g., room size) without having the service standards and consistent guest profile typically associated with true luxury hotels.
- Upper Upscale Segment comprises first-class hotels (generally classified in India as 5 star or deluxe hotels) that offer superior standards, amenities and services though not at a level that affords the exclusivity associated with luxury hotels.
- Upscale Segment comprises hotels which are more moderately positioned and priced, generally with smaller room sizes than the top tier hotels. In India, upscale hotels are generally classified as 4 star/5 star hotels (typically carrying entry level 5 star quality).
- Upper Midscale Segment comprises full service or select service hotels, typically with lesser public areas and facilities and smaller room sizes, which are more moderately positioned and priced than upscale hotels. In India, these would generally be classified as 4 star and sometimes 3-star hotels.
- Midscale Segment typically are 3-star hotels with distinctly moderate room sizes, quality and pricing, and a lower extent of services; domestic brand midscale hotels often offer more services than select service international branded midscale hotels.
- Economy Segment (Eco) are typically 2-star hotels providing functional accommodation and limited services, being focussed on price consciousness.

Classification of hotels into the various segments is based on the definition and method adopted by CoStar for hotels participating with CoStar and followed for data reporting and market comparison by the industry. Segmental classifications are essentially based on the intended positioning and overall rate structure of respective hotel brands; actual standards of individual properties may vary, but adjustment is not made on subjective basis. Hotels considered for our report but which are not participating with CoStar have been classified by us within these segments based on our assessment of positioning of the brand / hotel. If a chain has modified the positioning of a brand, such change would be reflected in current and previous period data. Performance data sourced from CoStar being live and dynamic in nature may reflect differences from data previously reported for the same periods; generally such differences are nominal.

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

Other Independent hotels have been excluded as these – (a) lack of sufficiently co-ordinated, reliable and consistent data; (b) face increasingly challenged competitiveness against growing presence of chain-affiliated hotels, (c) have longer-term constraints on growth as chain-affiliated supply spreads to second-tier markets and smaller towns; (d) face general reluctance of banks to finance large projects unless these have access to suitable chain marketing and management systems. We believe that an analysis based mainly on

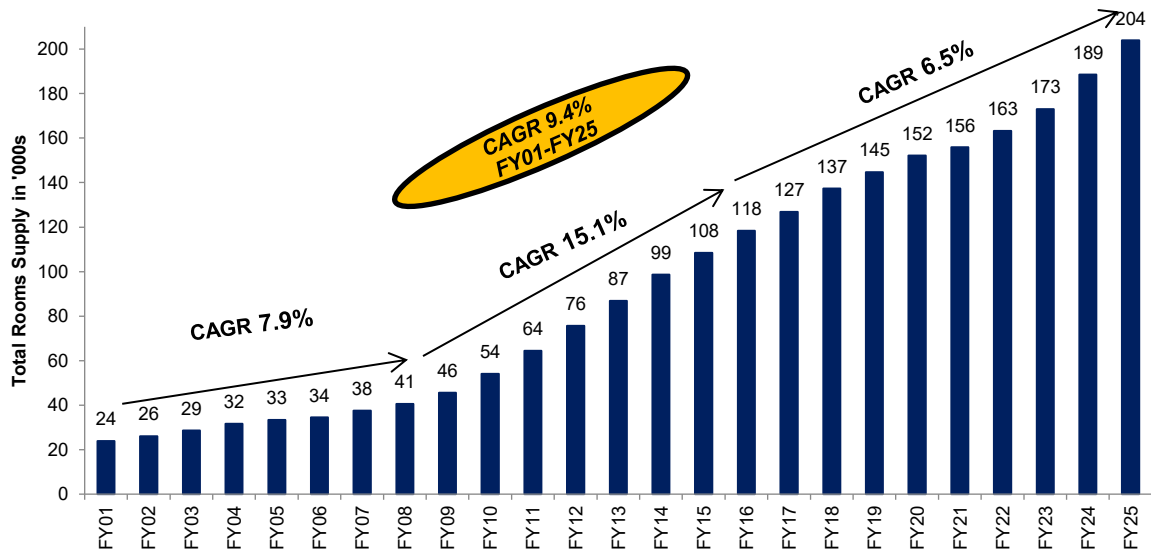


chain-affiliated hotels (which competing with any independent hotels in the relevant catchment area) is adequate reflection of the overall market conditions.

## 5.2. All India - Chain Affiliated Hotel Room Inventory

Charts 17 below reflects overall All India Chain affiliated hotel room supply.

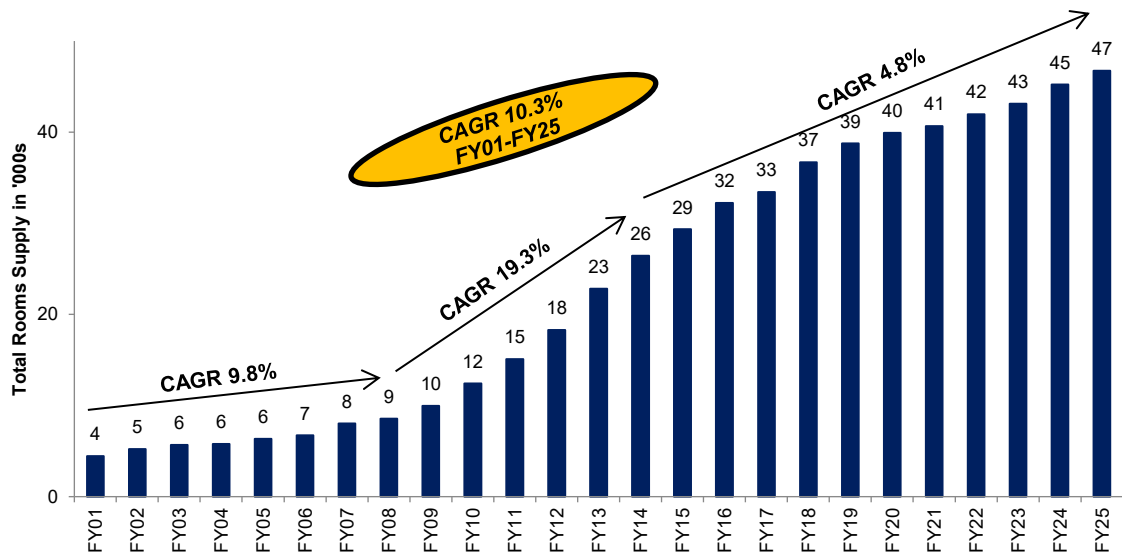
**Chart 17: All India Chain Affiliated Rooms Supply**



Source: Horwath HTL

Major supply growth occurred between FY08-FY15, fuelled by strong business conditions and positive Occupancy and Average Daily Rate (ADR) trends from FY05 through initial months of FY09. On the other hand, moderate demand and economic activity from FY10 through FY14 was not supportive of new project commitments causing slower supply growth for FY16-FY23; this was exacerbated by the Covid pandemic. Yet, 9.4% CAGR between FY01 and FY25 reflects material supply addition, although off a small supply base as at FY01. 15k rooms have been added in FY25. About 68k rooms were added in the seven years from start of FY09 to end of FY15 and about 36k rooms in the three years from start of FY22 to end of FY24. Supply addition from FY14 to FY25 comprises 65% of supply creation over the last 25 years.

Aggregate supply in Select Markets, at 47.7k rooms as at FY25, comprises 23% of all India supply; BHVL has 3.4% share of supply in Select Markets. Supply growth, aggregated across the Select Markets, is given in Chart 18 below, it reflects 4.8% CAGR for FY15-FY25 which is much lower than 19.2% CAGR for FY08-FY15.

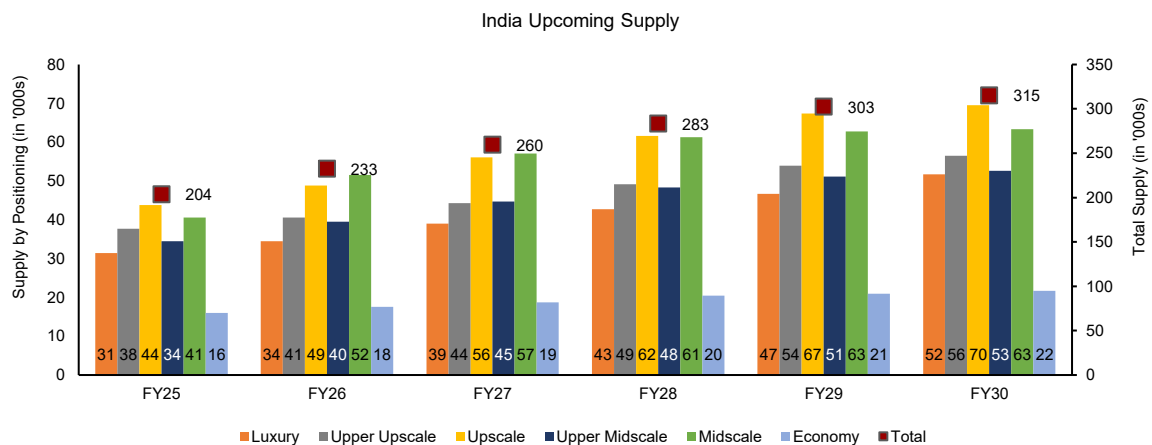
**Chart 18: Select Markets – Aggregate Chain Affiliated Rooms Supply**


Source: Horwath HTL

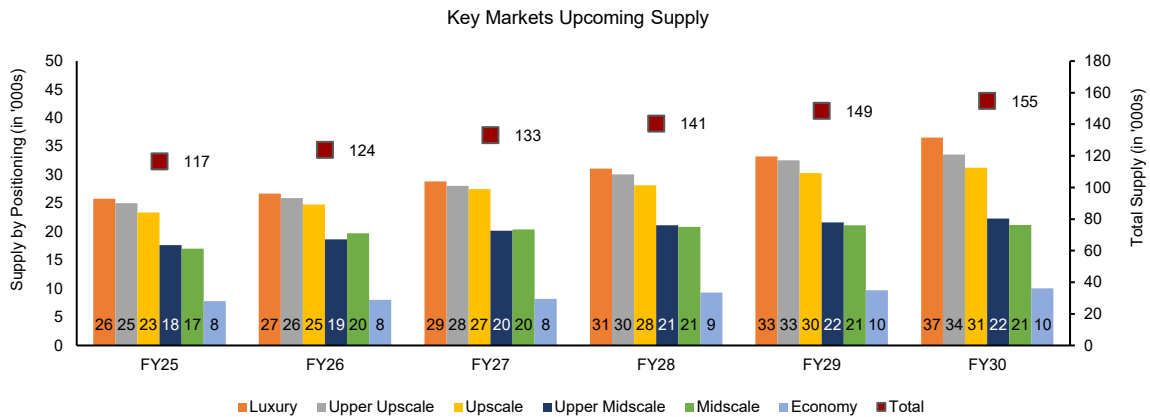
### 5.3. All India - Expected Supply upto FY2030

Per data based on announcements upto 1 May 2025, 111k rooms are expected to be added between April 2025 and March 2030. Given the past track record of materialised supply being at a slower rate, actual inventory growth may be smaller or may be delayed from the year in which it is presently indicated. On the other hand, newer conversion efforts may cause some presently unannounced growth to occur somewhat speedily to partially compensate any delays in materialisation of the inventory pipeline of 111k rooms.

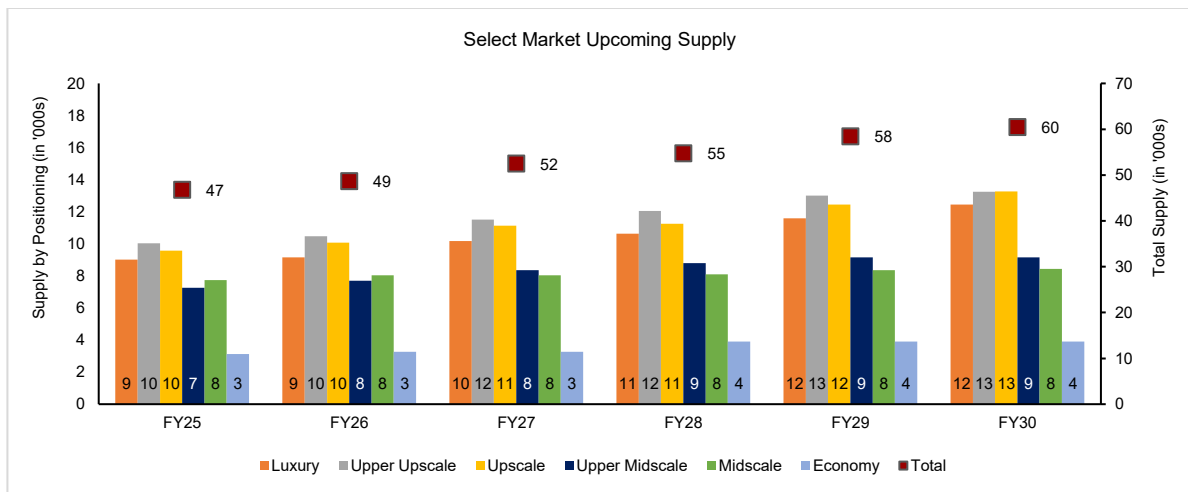
Chart 19, 20 and 21 indicates the expected segmental supply through FY30, on an all-India basis, for Key Markets and Select Markets. Limited supply may not be operational for some periods, during insolvency resolution processes – such cases will be nominal in the overall context.

**Chart 19: Expected India Supply (Inventory in 000s)**


Source: Horwath HTL

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


Source: Horwath HTL

**Chart 21: Expected Select Market Supply (Inventory in 000s)**


Source: Horwath HTL

Select Markets will see limited new supply of only 13.7k rooms being added through March 30 (12.3% share of new supply between 1 April 25 and 31 March 30). Consequently, the overall supply share of Select Markets will decline from its current level of 22.9% to 19.2%. The new supply is expected to facilitate additional demand creation / absorption so that the overall impact on occupancies in Select Markets will likely be positive, or remain broadly neutral.

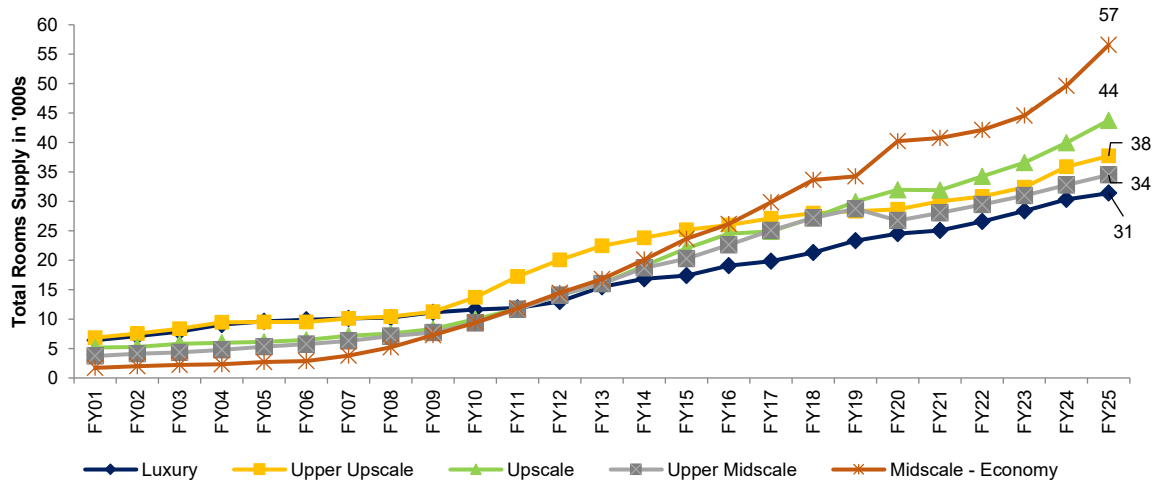
34% of supply creation through FY30 will occur in Key Markets (including relevant Select Markets) and 66% will occur outside the Key Markets. The wider spread of new supply will likely satisfy latent demand and generate new demand.

From a segmental view-point, about 48% of new supply in Select Markets between 1 Apr 25 and 31 March 30, will be in the Lux-UpperUp segment; 27%, 14% and 11% in the Upscale, Upper-Midscale and Midscale-Economy segments respectively.

#### 5.4. All India - Segmental Supply

Segmental supply has evolved significantly since FY01, and continues to do so, as reflected in Chart 22 and Table 6.

**Chart 22 - All India Chain Affiliated Rooms - Segmental Supply**



Source: Horwath HTL

**Table 6 – Segmental Composition (Inventory in 000s)**

Category	CAGR								
	FY01	FY08	FY15	FY25	FY30	FY01-08	FY08-15	FY15-25	FY25-FY30
Luxury	6	10	17	31	52	6.9%	7.9%	6.1%	10.5%
Upper Upscale	7	10	25	38	56	6.2%	13.5%	4.1%	8.4%
Upscale	5	8	22	44	70	5.6%	16.5%	7.1%	9.7%
Upper Midscale	4	7	20	34	52	9.7%	16.1%	5.5%	8.7%
Midscale-Economy	2	5	24	57	85	17.1%	24.2%	9.1%	8.5%
<b>Total</b>	<b>24</b>	<b>41</b>	<b>108</b>	<b>204</b>	<b>315</b>	<b>7.9%</b>	<b>15.1%</b>	<b>6.5%</b>	<b>9.1%</b>
<b>% of Total</b>									
Luxury	26.9%	25.3%	16.0%	15.4%	16.4%				
Upper Upscale	28.7%	25.7%	23.2%	18.5%	17.9%				
Upscale	21.7%	18.7%	20.3%	21.5%	22.1%				
Upper Midscale	15.6%	17.6%	18.7%	16.9%	16.6%				
Midscale-Economy	7.2%	12.8%	21.8%	27.7%	27.0%				

Source: Horwath HTL

Supply composition has evolved towards greater segmental balance, with lesser concentration of the Luxury and Upper-Upscale segments, and increased supply share and footprint for upscale, upper midscale and Midscale & Economy (M-E) segments. A similar trend is broadly expected through FY30, with Up-Mid and M-E segments having nearly 42% share of new supply between FY25 and FY30.

In absolute numbers, the Luxury, Upper-Up, Upscale, Up-Mid and M-E segments added about 25k, 31k, 39k, 30k and 55k rooms respectively between FY01 and FY25. (Note: segmental inventory decline in some years is mainly due to brand re-classification positioning change). M-E segment had the largest CAGR (FY01-FY25) at 15.7%, contributing 33% to total addition of rooms since FY01.

Lux-UpperUp hotels remain extremely relevant to the hotel sector, as reflected by its materially larger contribution to rooms revenue, due to its superior pricing and quality. Refer Table 7 for

segmental revenue share in CY24. Existing Lux-UpperUp hotels will benefit from a moderate segmental pipeline particularly in major metro cities.

**Table 7 – Segmental Rooms Revenue Share**

Positioning	Supply Share	Revenue Share
Lux-UpperUp	34%	56%
Up-UpMid	39%	34%
M-E	27%	10%

Source: Horwath HTL

## 6. Supply Spread

### 6.1. Supply Spread by Market Category

The Key Markets have nearly 57% of rooms supply as at FY25. This is lower than 69% supply share at end FY15 as a result of hotels also being developed outside the Key Markets. Hotel rooms supply across market categories is summarised in Table 8 below.

**Table 8 – Supply Distribution**

Market Category	% Share							
	FY01	FY15	FY25	FY30	FY01	FY15	FY25	FY30
3 Main Metros	10	41	61	82	40.1%	38.1%	29.9%	25.9%
3 Other Metros	3	15	24	29	14.3%	14.2%	11.5%	9.2%
Other Key Markets	3	18	32	44	12.1%	16.8%	15.7%	14%
Other Markets	8	34	87	160	33.5%	30.9%	42.9%	50.9%
<b>Total</b>	<b>24</b>	<b>108</b>	<b>204</b>	<b>315</b>	<b>100%</b>	<b>100%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Select Markets</b>	<b>4</b>	<b>30</b>	<b>48</b>	<b>60</b>	<b>18.6%</b>	<b>27.0%</b>	<b>23.4%</b>	<b>19.2%</b>

Source: Horwath HTL; Note: Other Key Markets are Pune, Ahmedabad, Jaipur and Goa

- The Key Markets led supply creation between FY01-FY15. As at FY25, supply at the 3 Main Metros is nearly 2.6 times the Other Metros; other Key Markets have larger inventory than the Other Metros. Among all Key Markets, supply growth through FY30 will mainly be at the 3 Major Metros [Delhi NCR, Mumbai and Bengaluru – 6.8k, 6.3k and 7.6k rooms respectively].
- Supply spread to Other Markets is an important evolution of the industry with 79k rooms added between FY01 and FY25 and another 73k expected to be added by FY30. This will support and foster continued all-India demand growth. Increased urbanisation and improved air / road infrastructure have enabled supply creation and demand generation in Other Markets in the last 10 years with 56% share of supply addition in this period. Hotels in Other Markets tend to be smaller and concentrated at the mid-priced and upscale levels.
- Supply addition in the Select Markets comprised 24.9k rooms between FY01-FY15 and 17.4k rooms thereafter through FY25. Supply growth during FY01-FY25 was led by Bengaluru (17.1k rooms) while Chennai, Ahmedabad, Hyderabad, Kochi and Mysuru added 25.2k rooms cumulatively. Bengaluru with 7.6k rooms is expected to lead the pipeline of 13.7k rooms for Select Markets.
- Total supply for the Select Markets increased at 4.8% CAGR between FY15 and FY25. For this period, CAGR for Ahmedabad, Bengaluru, Kochi and Mysuru at 6.1%, 5.4%, 5.7% and 5.1% respectively was higher than the overall Select Markets CAGR, while CAGR for

Chennai and Hyderabad at 3.8% and 3.5% respectively was lower than the overall Select Markets CAGR.

- While supply expansion outside the Key Markets and segmental spread of supply reflects increasing market maturity and potential for wider demand growth, the resultant changing supply composition impacts market wide rates due to a larger share of mid-priced hotels.
- 6 out of 9 existing BHVL hotels and 4 of the 5 upcoming BHVL hotels are in Key Markets.
- BHVL had 3.8% share in supply creation in the Select Markets between FY01-FY25 and has 7.0% share in pipeline supply in the Select Markets till FY30.

## 6.2. Supply Spread by Foreign and Domestic Chain Affiliation

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

**Table 9: Foreign & Domestic Chain Affiliated Supply**

	FY01		FY15		FY25		FY30	
	Domestic	Foreign	Domestic	Foreign	Domestic	Foreign	Domestic	Foreign
<b>Overall</b>	<b>80%</b>	<b>20%</b>	<b>55%</b>	<b>45%</b>	<b>55%</b>	<b>45%</b>	<b>53%</b>	<b>47%</b>
Lux	100%	0%	67%	33%	67%	33%	58%	42%
Up-Ups	60%	40%	36%	64%	28%	72%	28%	72%
Ups	91%	9%	42%	58%	43%	57%	42%	58%
Up-Mid	75%	25%	68%	32%	53%	47%	47%	53%
Mid-Eco	55%	45%	70%	30%	79%	21%	81%	19%

Source: Horwath HTL

- At FY25, foreign chains operate / franchise about 45% of the chain affiliated hotel rooms in India. Their market share was between 44% to 47% for the preceding about nine years, with no significant change expected through FY30.
- Foreign chains expanded by aggressively pursuing management contracts, offering multiple brands and supporting the development of hotels with larger rooms inventory and function spaces.
- Several asset heavy domestic chains have gradually shifted to an asset-light or hybrid model (combination of owned properties and management contracts) to enable expansions. Domestic chains have added brand range and successfully positioned products and brands in the Upscale, Up-Mid and M-E segments enabling larger share of new supply in these segments since FY15.

### 6.3. Supply Analysis by Size

Two-thirds of the hotels have an average size of 50 rooms, while the overall average size of hotels is 92 rooms.

**Table 10a – Analysis by inventory size**

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

Source: Horwath HTL

Size analysis by segments is presented below:

**Table 10b – Segmental analysis by average inventory size (Rooms in 000s)**

Segment	Hotels	Rooms	Avg Rooms / Hotel
Luxury	185	31	170
Upper Up	239	38	158
Upscale	426	44	103
Upper- Mid	430	34	80
Midscale	661	40	61
Eco	280	17	57
<b>Total</b>	<b>2,221</b>	<b>204</b>	<b>92</b>

Source: Horwath HTL

All BHVL hotels are materially larger than the related segmental average.

### 6.4. Supply Composition – Hotel Chains

Inventory of top 15 chains as of 31 March 25 is summarised in Chart 23 below:

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



Notes: (a) Marriott excludes hotels under franchise with ITC Hotels; these are included under ITC Hotels; (b) Louvre Group includes Sarovar.

Source: Horwath HTL

- About 78.5% of total inventory is controlled by the top 15 chains
- Seven hotel chains – Marriott, IHCL, Radisson Hotel Group, ITC, Accor and Hyatt – each have 5% or greater inventory share by number of rooms; in aggregate, these chains have 48.6% share of total supply.

## 6.5. Supply - Ownership Analysis

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

**Table 11 – Ownership Pattern – as at FY25**

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

Source: Horwath HTL

Hotels with majority ownership/control of private developers are not considered as chain-owned. For clarity, hotels with investments by affiliate / group entity of Accor, Hyatt and Radisson are not considered as chain-owned as the hotel chains do not have controlling interest in the respective companies. The ownership pattern is further analysed in Table 12

**Table 12 – Ownership Pattern by Category – as at FY25**

Ownership Structure	Hotels	%	Rooms (in 000s)	%	Avg Size
Chain Owned	454	20%	50	25%	111
Major Private Asset Owners <sup>1</sup>	194	9%	36	18%	187
Other Private Asset Owners <sup>2</sup>	1,538	69%	112	55%	73
Institutions <sup>3</sup>	35	2%	6	3%	163
<b>Total</b>	<b>2,221</b>		<b>204</b>		<b>92</b>

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

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

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

Source: Horwath HTL

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

### Asset Ownership Benefits

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



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

**Table 13 – Ownership by listed/unlisted companies – as at FY25**

Ownership	Listed companies		Unlisted companies		Total	
	Hotels	Rooms (000s)	Hotels	Rooms (000s)	Hotels	Rooms (000s)
Hotel Chains	279	37	175	14	454	50
Developer / Investor	113	22	1,654	131	1,767	154
<b>Total</b>	<b>392</b>	<b>59</b>	<b>1,829</b>	<b>145</b>	<b>2,221</b>	<b>204</b>

Source: Horwath HTL

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

Table 14 summarises the hotel ownership of the top ten major private hotel asset owners of overall who have developed or otherwise own hotels. Table 15 data pertains to hotels in South India owned by top-five Major Private Investors.

**Table 14– Ownership by Major Private Hotel Asset Owners**

Group Company	Existing		Upcoming		Total	
	Hotels	Rooms (000s)	Hotels	Rooms (000s)	Hotels	Rooms (000s)
Interglobe Enterprises / Accor	22	4.0	0	0.0	22	4.0
Prestige Group (Including PHVL*)	8	1.5	15	3.1	23	4.6
Chalet Hotels	10	3.1	2	0.8	12	3.9
Saraf Group	10	2.5	0	0.3	10	2.9
Brigade Group	9	1.6	5	1.0	14	2.6
Dangayach Group	5	1.1	6	1.2	11	2.3
Ventive Hospitality	8	1.5	2	0.3	10	1.8
Triguna	7	1.7	0	0.0	7	1.7
Embassy REIT	4	1.1	2	0.5	6	1.6
DS Group	6	0.9	1	0.3	7	1.2
<b>Total</b>	<b>89</b>	<b>19.1</b>	<b>33</b>	<b>7.5</b>	<b>122</b>	<b>26.6</b>

Source: Horwath HTL

#Note: Ventive Hospitality listed on 31 December 2024; details pertain only to hotels in India

\*Prestige Hospitality Ventures Limited

**Table 15– Ownership by Top 5 Major Private Hotel Asset Owners in South India**

Group Company	Existing		Upcoming		Total	
	Hotels	Rooms (000s)	Hotels	Rooms (000s)	Hotels	Rooms (000s)
Prestige Group (includes PHVL*)	8	1.5	8	1.4	16	2.9
BHVL	8	1.5	5	1.0	13	2.4
Interglobe Enterprises / Accor	8	1.3	0	0.0	8	1.3
Embassy REIT	4	1.1	2	0.5	6	1.6
Triguna	5	1.0	0	0.0	5	1.0

Source: Horwath HTL

\*Prestige Hospitality Ventures Limited

Major private hotel asset owners (i.e. investors owning at least 500 rooms pan India) currently have 62 hotels with 12.0k rooms in South India. Among the major private hotel asset owners in South India, BHVL is ranked second in terms of number of chain affiliated hotels and hotel rooms as of 31 March 2025 with 8 hotels (12.9%) and 1.5k rooms (12.1%). Considering the pipeline, inventory in South India with such major private hotel asset owners will increase to 91 hotels and 18.2k rooms. BHVL's expansion plans in South India will result in a total supply share of 13 hotels (14.3%) and 2.4k rooms (13.3%). Among major private hotel asset owners based in South India, BHVL is the only group with an existing hotel outside South India; Prestige Group (including PHVL) has several assets outside South India in pipeline.

For clarity, South India comprises the states of Kerala, Andhra Pradesh, Tamil Nadu, Karnataka, Telangana, and the Union territories Lakshadweep, Andaman and Nicobar Islands and Pondicherry.

## 7. Future Demand

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

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

### Supply and Demand CAGR

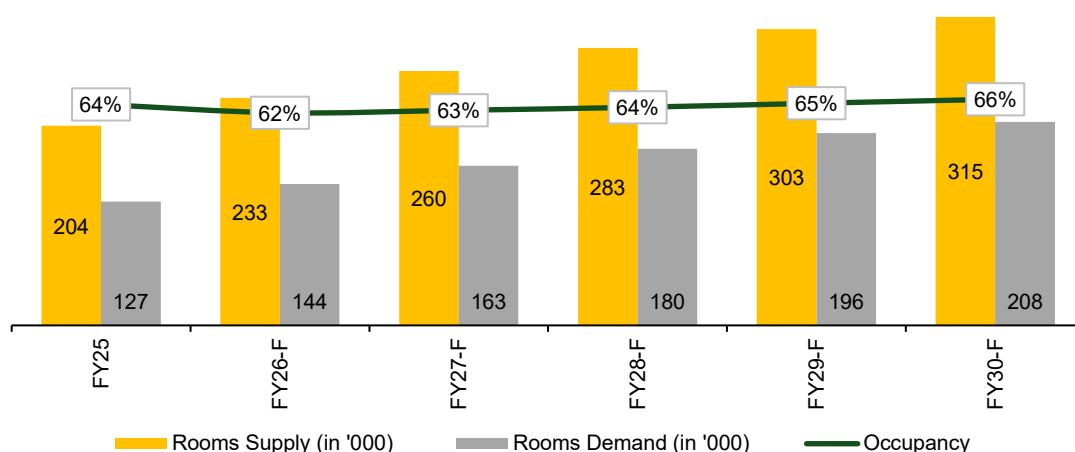
In the period FY16-FY25, demand growth for chain affiliated hotels in India across all segments is significantly higher compared to inventory growth, with the trend expected to continue till FY30. This will likely cause increased hotel occupancy and potentially support strong ADR levels.

**Table 13 – Supply and Demand CAGR**

CAGR	FY16-FY25	FY25-30
Supply CAGR	6.2%	9.1%
Demand CAGR	6.6%	10.5%

Source: Horwath HTL

Based thereon, and with reference to our estimates of Future Supply described earlier, the occupancy estimates upto FY30 evolve as reflected in Chart 24.

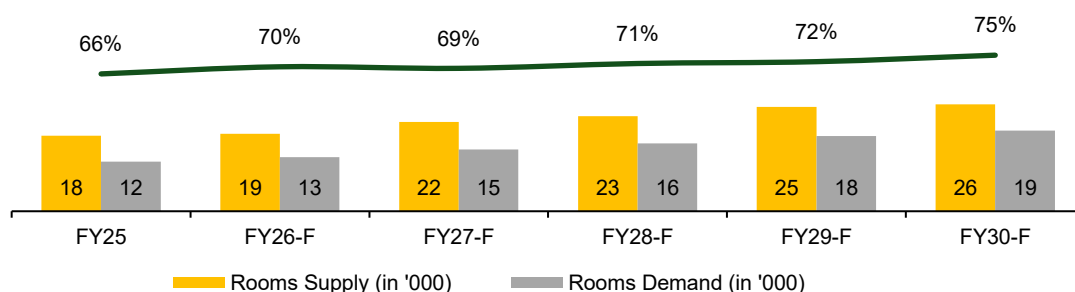
**Chart 24: All India – Rooms Supply vs Demand and Occupancy Estimates – (FY25–FY30)**

Source: Horwath HTL

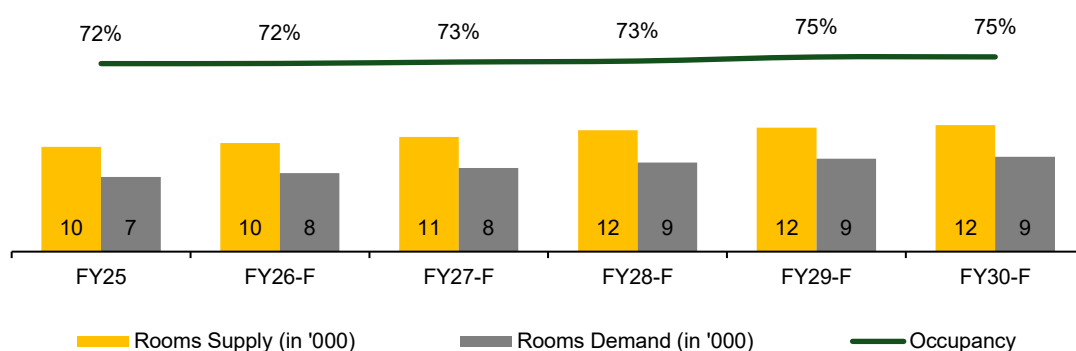
**Table 17 – Supply and Demand CAGR – Bengaluru, Chennai and Hyderabad**

Market	Supply CAGR	Demand CAGR
<b>Bengaluru</b>		
Financial year 2025-2030	7.3%	10.1%
<b>Chennai</b>		
Financial year 2025-2030	3.8%	4.9%
<b>Hyderabad</b>		
Financial year 2025-2030	4.8%	8.3%

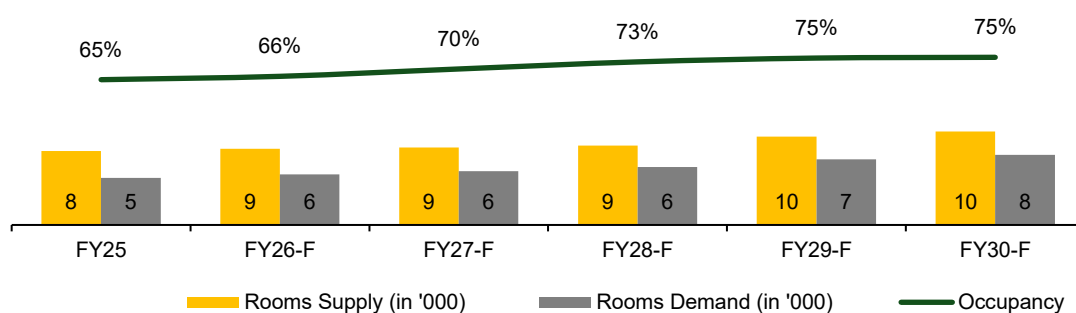
Based thereon, and with reference to the estimates of Future Supply described earlier, the occupancy estimates up to Fiscal 2030 for Bengaluru, Chennai and Hyderabad are reflected in below charts.

**Chart 25: Bengaluru (FY25-30)**

Source: Horwath HTL

**Chart 26: Chennai (FY25-30)**

Source: Horwath HTL

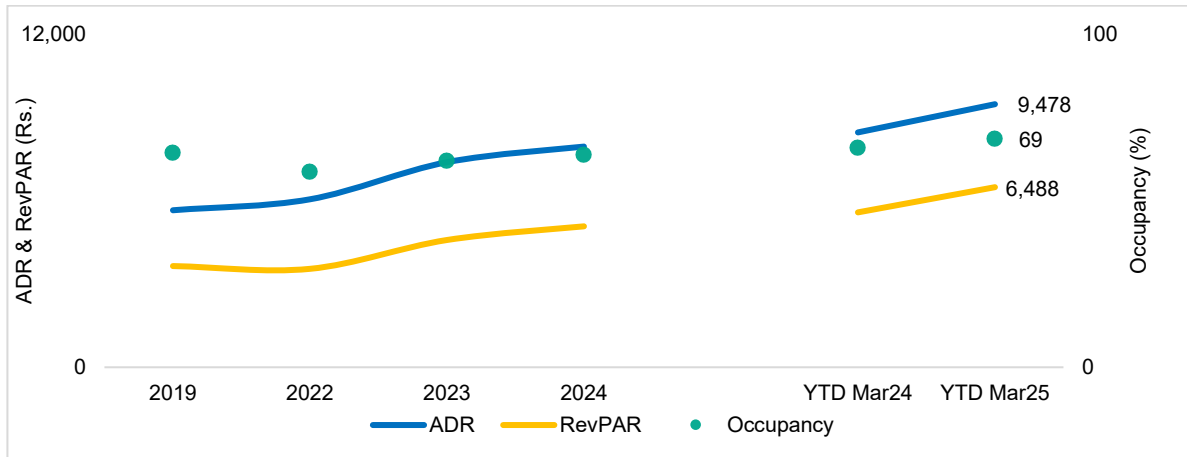
**Chart 27: Hyderabad (FY25-30)**

Source: Horwath HTL

## 8. Market Performance Analysis - India

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

Chart 28 shows all-India performance of chain-affiliated hotels from CY2019 through YTD Mar-25, across all segments excluding Covid years CY2020 and CY2021.

**Chart 28: India Hotel Market Performance**


Data Source: CoStar

From a macro-perspective, the following elements emerge:

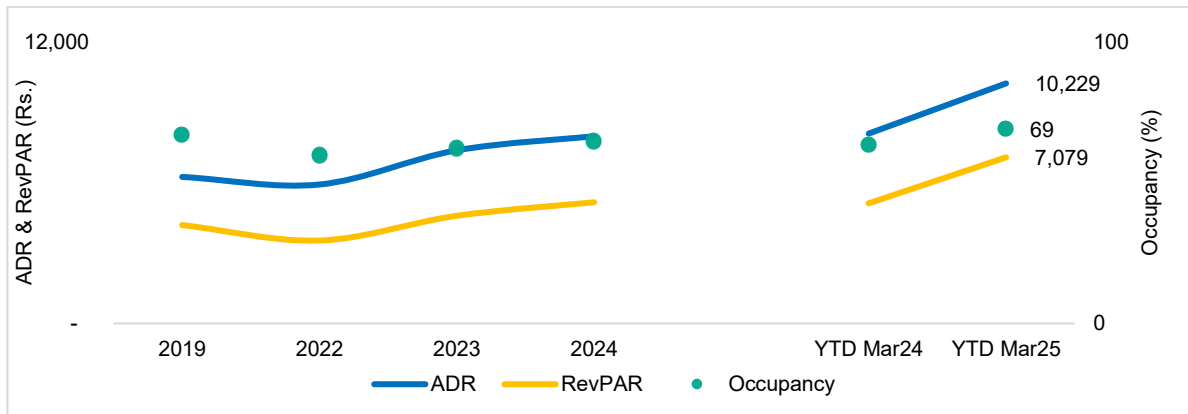
- The hotel sector had a difficult period from late 2008, mainly because expected demand growth did not occur to match supply created in anticipation of demand growth. The economy and investment climate were not supportive of demand growth; security issues occurred in some years. All India occupancy stagnated at 57-58% between CY2011-14. During this period, supply grew by 41k rooms while demand grew by 28k rooms.
- Typically, the industry sees changes in demand linked to macro-economic cycles. Down cycles see greater travel controls and needs, causing demand to slow or shift to lower hotel categories, a positive macro-economic situation and sentiment fuels travel and demand. Hotel occupancies decline or grow with such movements and in turn impact room rates; slowing occupancy invariably leads to softer room rates  
  
Rate revival often lags occupancy revival; rates are pushed higher only once hotel managements have greater confidence of business levels. On the other hand, in a positive macro-economic scenario, constraints on bookings push the demand side to pay higher room rates, creating the rate growth seen after the pandemic. Further, a positive business climate creates more positivity in travel and draws a wider profile of international and domestic business travellers – this also helps to improve the rate sentiment.
- Between CY2009-15, ADR was impacted by the dual factor of slower demand and occupancy generally, and diversification of supply profile so that wider options of quality and price points became available.
- Occupancy revived from CY 2015 as demand conditions improved and new supply had slowed. The upward trend in RevPAR upto December 2019 was materially occupancy led, with improved occupancy gradually enabling ADR increases.
- The Covid-19 pandemic was a major disruption with severe travel and operating restrictions causing material drop of occupancies and ADR. Demand recovery started in the late summer of 2020 and then gained momentum; recovery from wave 2 of Covid was much more rapid enabling strong H2-21 performance. The Omicron wave was disruptive between mid-December 21 to February 22 but then gave way to strong performance through December-23. Strong occupancies and a recognition of stronger rate needs and potential have enabled much higher ADR levels.

- f. Annual occupancy for FY2025 was reported at 64.5%, with ADR of INR 8,235 and RevPAR of INR 5,310.<sup>45</sup> All-India and market-level ADRs continue to be impacted by changed supply composition, with increased supply share of upscale and lower priced hotels.
- g. Annual occupancy for CY2024 was reported at 63.9%, with ADR of INR 7,951 and RevPAR of INR 5,078<sup>46</sup>. Monthly occupancies between January and March 2025 ranged from 66% to 73%, with February 2025 peaking at 73%, consistent with the trend of February typically recording the highest occupancy of the year. YTD March 2025 occupancy rose by 2 basis points compared to the same period in 2024 with 12% and 16% increase in ADR and RevPAR respectively<sup>47</sup>.

## 9. Performance and Outlook for Select Markets

### 9.1. Bengaluru

Chart 29: Bengaluru Hotel Market Performance



Data Source: CoStar

- The city with predominant IT sector focus has the largest hotel room inventory in India (about 18.2k rooms); it also has 219 msf commercial office space which is the largest in India and among the largest in Asian cities.
- The market was severely impacted during the pandemic and was slow to recover, due to prolonged WFH in the IT & ITeS sectors and lack of inbound travel. Recovery has gained momentum with 'return to office' in the IT & ITeS sectors, increased inbound travel, induction of new joinees, increased MICE activities, and growing activity in the aerospace sector with global companies setting up R&D and manufacturing bases in the Aerospace SEZ near Bengaluru airport.
- An important positive infrastructure is Bengaluru airport which opened a second runway in December 2019 and a second terminal in November 22. Passenger numbers at Bengaluru airport stood at 42 mn for FY25 reflected 12% growth over FY24.
- The IT sector continued to materially work remotely for an extended period, affecting domestic and inbound travel needs; as the return to office has increased, hotels have benefitted. Hotels such as BHVL's Sheraton Grand Bangalore at Brigade Gateway and

<sup>45</sup> Data Source: CoStar

<sup>46</sup> Data Source: CoStar

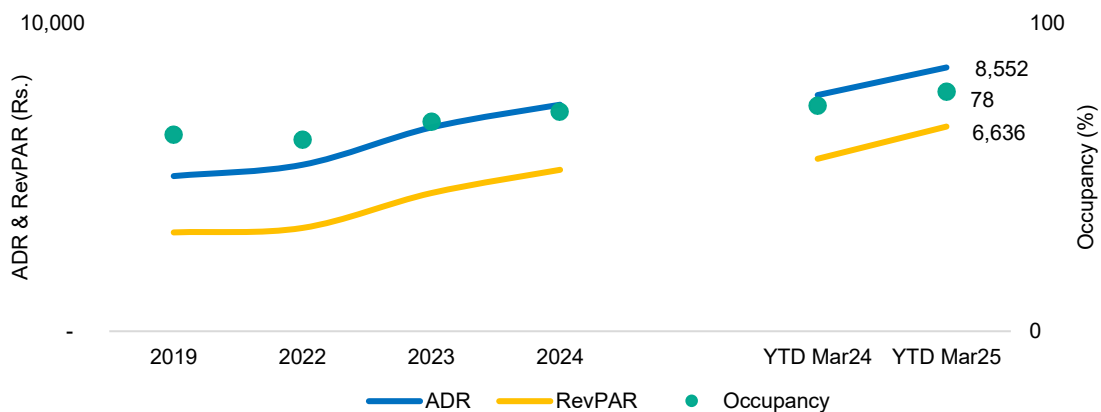
<sup>47</sup> Data Source: CoStar

Holiday Inn Bengaluru RaceCourse, with lesser dependence on the IT sector, were positively placed even as the work from home was sizeable.

- Occupancy for YTD Mar-25 grew to 69%. ADR for YTD Mar-25 was 26% higher than YTD Mar-24,<sup>48</sup> while RevPar saw +38% increase for YTD Mar-25 over YTD Mar-24.
- CY2024 ADR at 8k is 8% higher than CY2023 while occupancy increased by three points to 65%. Improved ADR levels in the city have enabled 23% RevPAR increase for CY2024 over CY2019.<sup>49</sup>
- The city benefits from having six distinct micro-markets in terms of actual and potential demand growth. Major events such as Aeroshow and the annual Nasscom conference create beneficial value for hotels across the city. Aeroshow held in Q1-2025 has contributed to the positive results for the quarter.
- Bengaluru has a significant balance of supply share across various price points, thereby causing lower city-wide ADR. The ADR<sup>50</sup> spread between Lux-Upper Up segment and M-E segment was INR 9.0k for CY2024 and narrowed to INR 8.3k as of YTD Mar-25.
- Bengaluru demographics, with a growing workforce size and younger profile workforce, point to larger potential for staycations and F&B spends at hotels with the requisite appeal. Sheraton Brigade gains from its integrated lifestyle precinct at Brigade Gateway.

## 9.2. Chennai

**Chart 30: Chennai Hotel Market Performance**



Data Source: CoStar

- Chennai has bounced back strongly, having achieved its best city-wide performance since CY2008 with 71% occupancy<sup>51</sup> and INR7.3k ADR<sup>52</sup> in CY2024. For CY2024, the city ranked fourth in Occupancy, among major business cities.
- City achieved 78% occupancy and INR 8.6k ADR as of YTD Mar-25. City performance for YTD Mar-25 reflects material occupancy and ADR gain by 5 points, and 12% respectively.<sup>53</sup>

<sup>48</sup> Data Source: CoStar

<sup>49</sup> Data Source: CoStar

<sup>50</sup> Data Source: CoStar

<sup>51</sup> Data Source: CoStar

<sup>52</sup> Data Source: CoStar

<sup>53</sup> Data Source: CoStar

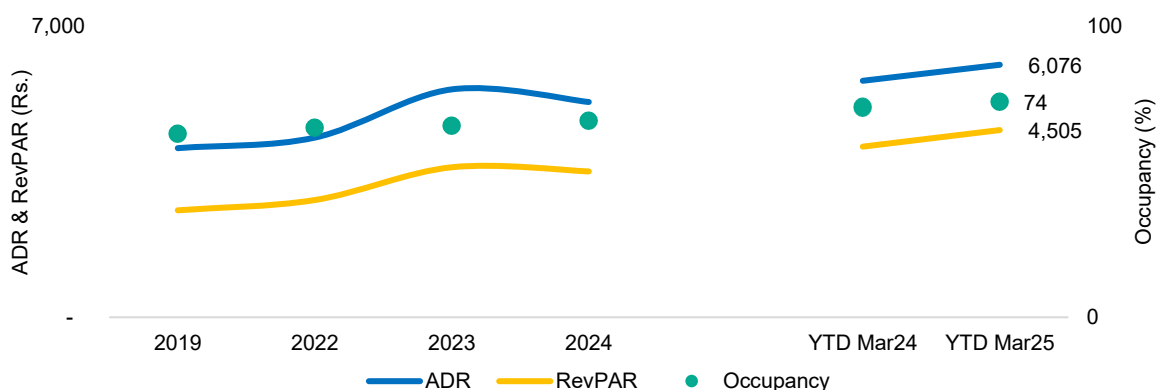
- The results were materially enabled by performance of the Lux-Upper Up segment with over 10k and 10.6k ADR<sup>54</sup> for CY2024 and YTD Mar-25 respectively. Upscale and Upper Mid segment reported strong occupancy at 75% and 78% for CY2024 and YTD Mar-25 respectively.
- Demand is led by business travel, MICE, weddings and crew. Chennai being a state capital draws demand from official business delegations for interaction with the government; bulk of demand is also facilitated by IT, automobile, health and pharma sectors. Demand from weddings including lavish weddings also add cream to revenue and profits. MICE and weddings demand is sourced from across the state and other cities in south India, with Chennai benefitting from its coastal location and range of upper tier hotels
- In March 2023 a new integrated airport terminal was developed increasing the pax capacity from 23 MPPA to 30 MPPA. Phase 2 of the new terminal T2 is expected to be built in 2 years, for international and domestic operations, increasing passenger capacity to 35 MPPA.

A new airport is planned at Parandur in Kanchipuram district, with the ultimate intent to handle 100 MPPA and complement the existing Chennai International Airport. Construction of the first phase of Parandur Airport is intended to begin in January 2026, with expected completion by December 2028. The entire project, developed in multiple phases, is projected to be completed by 2046.

- Heritage and Spiritual Tourism is growing in this city. Places such as UNESCO World Heritage site of Mahabalipuram near Chennai attracts leisure travellers for its scenic beaches, religious destinations, and cultural appeal.
- The supply pipeline comprises 1.8k rooms by FY30.

### 9.3. Ahmedabad

**Chart 31: Ahmedabad Performance Overall**



Data Source: CoStar

- The charts above exclude performance of The Leela Gandhinagar, among the three Lux Upper Up hotels serving the wider Ahmedabad market; if that hotel were included, the city-wide ADR levels would have been higher than reflected in the charts.
- The city had an occupancy<sup>55</sup> of 68% in CY2024 as compared to 66% in CY2023, even as the city's inventory grew by nearly 13% in the same period. For YTD Mar-25, Occupancy stood at 74% at ADR of INR 6k, gaining 3 points in Occupancy and about 7% in ADR over YTD Mar-24.

<sup>54</sup> Data Source: CoStar

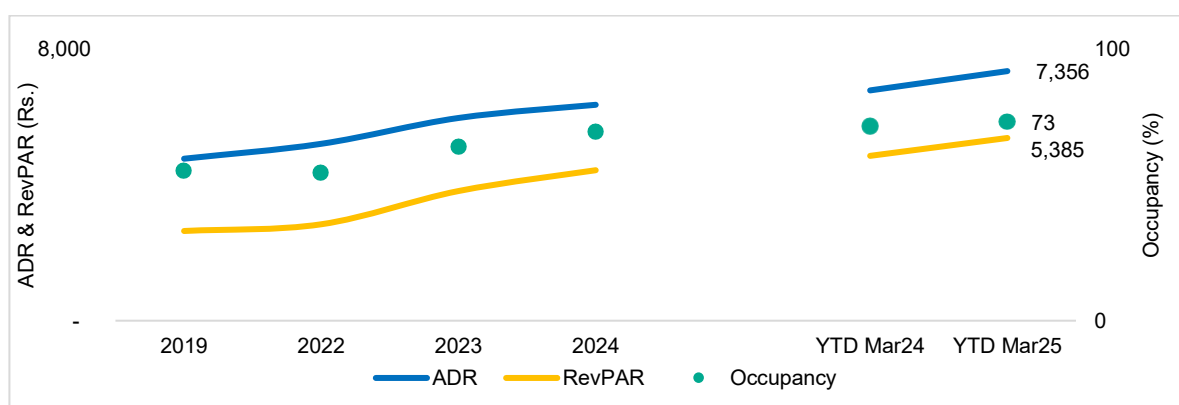
<sup>55</sup> Data Source: CoStar



- The Lux-UpperUp segment achieved nearly 72% and 82% occupancy in CY2024 and YTD Mar-25, with ADR of INR 7.0k and INR 8.1k respectively.<sup>56</sup>
- CY2024 performance reflected full recovery and growth over pre-Covid levels with 5 points higher occupancy<sup>57</sup> and about 27% ADR<sup>58</sup> gain over the CY2019 level. However, compared to CY 2023, ADR reduced by 6% while gaining 2 points in occupancy.<sup>59</sup>
- Ahmedabad hotels are in an overall positive phase, as the state and the areas on the city's outskirts draw industrial investment and with continued push to grow the International Finance Centre at GIFT City near Gandhinagar. GIFT City, Ahmedabad (Gujarat) is one of India's pioneering global financial hubs.
- Expansion of the city's airport, completion of the bullet train project and other intra-state road developments will support greater MICE activity and some casual leisure/retail related travel. Passenger numbers for FY25 reached 13 mn marking a 15% increase over FY24 and a 20% increase compared to FY19 levels. Weddings demand is expected to remain strong benefitting guest rooms and F&B demand.
- Metro rail link between Narendra Modi Stadium, Mahatma Mandir and GIFT City was launched in September 2024. With better connectivity, GIFT city operations and demand are expected to grow.
- GIFT city has recently taken steps to ease liquor restrictions within its jurisdiction with a motive. The revised rules allow alcohol consumption in specific areas like high-end hotels and business districts, increasing favourability for this global financial business hub.
- The central and state governments are taking significant initiatives for industrial and economic growth of Gujarat state. Ahmedabad is the largest city in Gujarat and a key city linked seamlessly with Gandhinagar, the state capital, and therefore serving as a hub to foster the state's economic growth. The city itself is expected to see the growth of manufacturing activities on its outskirts, commercial and residential zones, and sports related infrastructure with the aim of bidding for the Olympics for CY2036.

#### 9.4. Kochi

**Chart 32: Kochi Performance Overall**



Data Source: CoStar

<sup>56</sup> Data Source: CoStar

<sup>57</sup> Data Source: CoStar

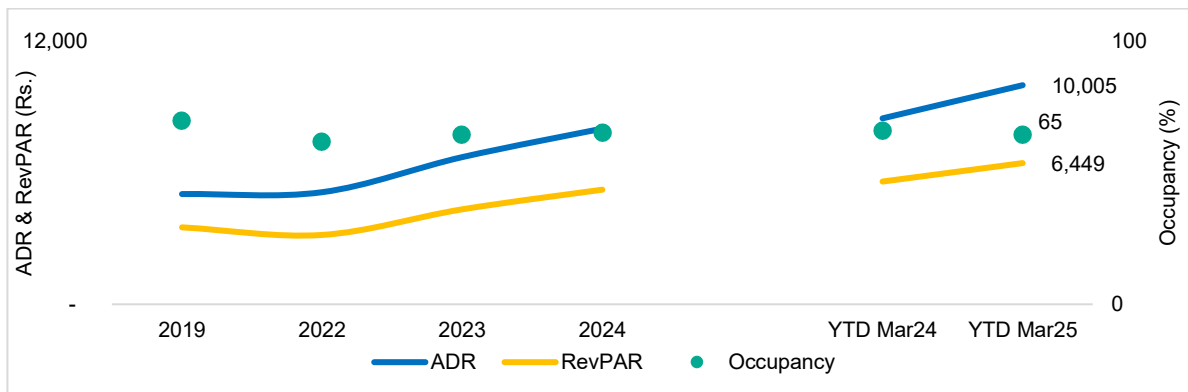
<sup>58</sup> Data Source: CoStar

<sup>59</sup> Data Source: CoStar

- Kochi had good performance in CY24 mostly relative to its own modest performance in recent past years. 70% Occ<sup>60</sup> at an ADR<sup>61</sup> of Rs. 6.4k, which is the highest for this market in the last 12 years.
- YTD Mar25 occupancy touched 73% with an ADR of 7.4k representing 8% increase in ADR compared to YTD Mar24.
- The M-E segment enjoyed a good year, adding 12 pts Occ<sup>62</sup> to go to 62.3% at Rs. 3.9k ADR<sup>63</sup> which is higher than segmental ADR for all metro cities for CY24 (except Mumbai and Delhi NCR). For YTD March 2025, the M-E segment achieved 73% occupancy with an ADR of INR 4,700.
- Infrastructure developments such as Kinfra International Exhibition Centre (KIEC) spread across 55,000 sft became operational in Feb 2024. Kochi water metro has attracted nearly 1.9 mn passengers averaging over 6k daily users in its first year, enabling road de-congestion. These initiatives will help in better connectivity and might add value to hotels.
- Kochi currently has limited luxury hotels supply, comprising Taj Malabar and Grand Hyatt Bolgatty, both of which supply are predominantly leisure/MICE hotels on the seafront. These have attracted the highest ADR's in Kochi. Given the limited supply of luxury hotels in Kerala, The Ritz Carlton Vaikom Island Kerala can be expected to gain from its luxury positioning and leisure attributes.

## 9.5. Hyderabad

**Chart 33: Hyderabad Performance Overall**



Data Source: CoStar

- The city has seen a resurgence of business since CY2014, once the statehood matter was resolved. Hyderabad has more than doubled its commercial real estate from 57 msf to 135 msf between CY2018 and CY2024, while also increasing its hotel inventory by 2.3k rooms in the last 10 years (CY2014-CY2024).
- Demand is materially IT and ITeS focussed. However, some corporate demand arises from locally based companies and for professional services; demand is also supported by large retail spaces and the growth of F&B and entertainment spaces to support a growing working population with younger demographics and substantial spend power.

<sup>60</sup> Data Source: CoStar

<sup>61</sup> Data Source: CoStar

<sup>62</sup> Data Source: CoStar

<sup>63</sup> Data Source: CoStar

- IT and ITEs activities are concentrated in Cyberabad area which has developed over the last about 30 years. This zone includes Gachibowli and Kokapet which have enjoyed strong development and demand across segments, and with potential for continued growth.
- The city benefits from the Hyderabad International Convention centre, the privately developed airport which is being expanded, the aerotropolis development with MRO and other operations, industrial development in zones on the city outskirts and the excellent road infrastructure.
- The performance on ADR was better than Occupancy, on market-wide basis for CY2024 and YTD Mar-25. Occupancy<sup>64</sup> for CY 2024 and YTD Mar-25 stood similar at 65% each with strong ADR<sup>65</sup> growth of 19% and 8% over previous corresponding periods respectively. Lux-UpperUp ADR<sup>66</sup> increased sharply to INR 11.6k in CY 2024 and further to 12.5k in YTD Mar-25 reflecting 15% growth over YTD Mar-24.

## 9.6. Mysore

- Estimated Occupancy for YTD Dec24 at about 75% at an ADR of 5.7k.<sup>67</sup> Mysore city hotels draw demand for business travel, leisure and group events (MICE and some weddings demand). The city will likely gain materially from the new Expressway connect to Bengaluru that enables convenient and speedy travel between these key cities in Karnataka. While the easier access could encourage someday-return business trips, these could also lead to more leisure and group travel; the increasing availability of hotels in the city will also potentially favour greater business travel.
- Further, activation of Mysore airport provide greater connectivity with substantial potential to grow further as more destinations are added – this will also help both business and leisure travel to the city.

## 10. Performance Indices

High occupancy levels at BHVL portfolio hotels enables high RevPAR. RevPAR is a key performance parameter reflecting the effective yield on guest rooms. The occupancy, ADR and RevPAR indices (hotel performance for occupancy, ADR and RevPAR over the market occupancy, ADR and RevPAR) for Bengaluru portfolio and the two luxury hotels in Bengaluru are provided below

**Table 18: Comparison between BHVL Bengaluru portfolio vs Overall Bengaluru Market**

CY	BLR Portfolio vs Overall Market		
	Occ	ADR	RevPAR
2019	1.06	1.06	1.12
2020	0.93	1.13	1.04
2021	1.33	1.02	1.36
2022	1.15	1.03	1.18
2023	1.17	1.01	1.18
2024	1.21	0.96	1.16
Jan25-Mar25	1.17	0.93	1.09

BHVL BLR Portfolio – Sheraton Grand Bangalore at Brigade Gateway, Grand Mercure Bangalore, Holiday Inn Bengaluru RaceCourse, Holiday Inn Express & Suites Bengaluru OMR

Source: Hotel Performance – BHVL Management; Industry Performance - CoStar

<sup>64</sup> Data Source: CoStar

<sup>65</sup> Data Source: CoStar

<sup>66</sup> Data Source: CoStar

<sup>67</sup> Data Source: Horwath HTL

Indices interpretation: Occupancy, ADR and RevPAR indices > 1 reflects Company performance higher than market; =1 reflects Company performance equal to market; < 1 reflects Company performance less than market.

**Table 19: Comparison between BHVL's BLR hotels vs respective segmental market performance**

CY	Sheraton Grand BLR vs BLR UpperUp Segment			Grand Mercure BLR vs BLR Upscale Segment		
	Occ	ADR	RevPAR	Occ	ADR	RevPAR
2019	1.28	1.09	1.39	1.06	1.02	1.08
2020	1.07	1.18	1.26	0.96	1.15	1.10
2021	1.42	1.11	1.58	1.51	1.16	1.74
2022	1.04	1.17	1.22	1.19	1.11	1.32
2023	1.06	1.13	1.20	1.11	1.18	1.31
2024	1.14	1.01	1.16	1.10	1.20	1.32
Jan25-Mar25	1.16	1.00	1.16	1.13	1.03	1.17

Source: Hotel Performance – BHVL Management; Industry Performance - CoStar

CY	Holiday Inn BLR vs BLR UpMid Segment			Holiday Inn Express BLR vs BLR UpMid Segment		
	Occ	ADR	RevPAR	Occ	ADR	RevPAR
2019	0.86	0.96	0.82	-	-	-
2020	0.73	1.09	0.79	-	-	-
2021	0.79	1.18	0.93	0.83	0.96	0.80
2022	1.01	1.01	1.03	0.97	0.84	0.81
2023	1.08	1.04	1.13	1.07	0.84	0.90
2024	1.17	1.01	1.19	1.11	0.83	0.93
Jan25-Mar25	1.15	1.00	1.15	1.01	0.77	0.78

Source: Hotel Performance – BHVL Management; Industry Performance - CoStar

**Table 20: Comparison between BHVL's hotels outside BLR vs respective segmental market performance**

CY	Holiday Inn Chennai vs Chennai UpMid Segment			Grand Mercure Mysore vs Karnataka Regional Upscale-UpMid Segment			Four Points by Sheraton Kochi vs Kerala UpscaleSegment#		
	Occ	ADR	RevPAR	Occ	ADR	RevPAR	Occ	ADR	RevPAR
2019	1.34	1.18	1.58	1.06	0.98	1.05	0.59	0.76	0.45
2020	1.01	1.12	1.14	0.96	0.89	0.85	1.17	0.71	0.83
2021	1.17	0.96	1.12	1.23	0.79	0.98	0.95	0.62	0.59
2022	1.17	1.19	1.39	1.32	1.02	1.34	0.87	0.64	0.55
2023	1.13	1.26	1.41	1.35	1.03	1.39	1.10	0.63	0.69
2024	1.08	1.29	1.40	1.25	0.99	1.23	1.32	0.59	0.78
Jan25-Mar25	1.11	1.38	1.53	1.43	0.96	1.38	1.28	0.59	0.76

Source: Hotel Performance – BHVL Management; Industry Performance - CoStar

# Note that Four Points Sheraton is part of the IT InfoPark with demand factors that are not fully comparable with Kochi city Upscale and Upper-Midscale segment

## 11. Operating Performance Parameters

### Manpower to Rooms Ratio

Table 21 – Manpower to Rooms Ratio – Star Category Wise – FY15 to FY23

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

Source: FHRAI Reports; FY24 is not available

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

Current trends among hotel companies is for luxury business hotels to be at or below 2.0 and for three and four-star hotels to be between 0.8 to 1.2.

### Operating Performance Comparison

Table 22 below provides a summary of operating performance and Table 23 provides F&B revenue of listed companies that own 1.5k or more rooms for FY2022-25.

Table 22 – Operating Performance - Select Listed Hotel Companies (INR Mn)

Company	Rev	FY22 EBITDA	%	Rev	FY23 EBITDA	%	Rev	FY24 EBITDA	%	Rev	FY25 EBITDA	%
IHCL <sup>1</sup>	32,114	5,599	17%	59,488	19,430	33%	69,517	23,400	34%	85,650	30,000	35%
ITC Hotels <sup>2</sup>	13,440	710	5%	26,530	8,080	30%	30,690	10,040	33%	36,260	12,110	33%
EIH <sup>3</sup>	10,440	574	5%	20,964	6,750	32%	26,260	10,420	40%	28,800	11,530	40%
Chalet <sup>1</sup>	5,297	1204	23%	11,780	5,023	43%	14,370	6,044	42%	17,541	7,722	44%
Lemon Tree	4,163	1,397	34%	8,786	4,559	52%	10,768	5,289	49%	12,884	6,366	49%
Ventive Hospitality <sup>3</sup>	2,375	1,246	52%	17,622	7,711	44%	19,074	8,698	46%	21,595	10,124	47%
SAMHI	3,331	218	7%	7,614	2,606	34%	9,787	2,879	29%	11,497	4,257	37%
JHL <sup>4</sup>	3,438	1,015	30%	7,173	3,224	45%	8,263	3,197	39%	9,756	3,681	38%
ASPHL	2,678	583	22%	5,244	1,770	34%	5,917	2,050	35%	6,530	2,260	35%
<b>Total / Avg</b>	<b>77,276</b>	<b>12,546</b>	<b>16%</b>	<b>165,200</b>	<b>59,154</b>	<b>36%</b>	<b>194,646</b>	<b>72,017</b>	<b>37%</b>	<b>230,513</b>	<b>88,050</b>	<b>38%</b>

<sup>1</sup>Source: Annual Report/ Investor presentation/ Quarterly Report

<sup>2</sup>Source: Information Memorandum / Quarterly Report

<sup>3</sup>Source: Red Herring Prospectus/Investor Presentation. Proforma Numbers are considered

<sup>4</sup>Source: Red Herring Prospectus/ Annual Report/ Investor presentation/ Quarterly Report. Juniper Hotels (JHL) acquired Chartered Hotels (CHPL) on September 20, 2023, hence consolidated figures for revenue and EBITDA have been provided for YTD – December 2023

#### Notes:

- Consolidated numbers unless otherwise stated; Revenue includes Other income
- IHCL, EIH and ITC are hotel companies that own and operate hotels and also operate and manage hotels of other owners.
- Chalet, Ventive and JHL are hotel developers and owners. Hotels of these companies operate under a management or franchise agreement with third party hotel operators.

**Table 23 – F&B and Total Revenue - Select Listed Hotel Companies (INR Mn)**

Company	FY22			FY23			FY24			FY25		
	Rev	F&B	%	Rev	F&B	%	Rev	F&B	%	Rev	F&B	%
IHCL <sup>1</sup>	32,114	10,594	33%	59,488	21,348	36%	69,517	23,861	34%	85,650	26,020	30%
ITC Hotels <sup>2</sup>	13,440	NA	NA	26,530	NA	NA	30,690	NA	NA	36,260	NA	NA
EIH <sup>1</sup>	10,440	3,813	37%	20,964	7,569	36%	26,260	9,535	36%	28,800	NA	NA
Chalet <sup>1</sup>	5,297	1,565	30%	11,780	3,386	29%	14,370	4,008	28%	17,541	4,545	26%
Lemon Tree	4,163	581	14%	8,786	1,144	13%	10,768	1,401	13%	12,884	NA	NA
Ventive Hospitality <sup>3</sup>	2,375	2,946	124%	17,622	4,454	25%	19,074	4,815	25%	21,595	5,490	25%
SAMHI	3,331	950	29%	7,614	1,820	24%	9,787	2,402	25%	11,497	NA	NA
JHL <sup>4</sup>	3,438	895	26%	7,173	2,024	28%	8,263	2,470	30%	9,756	2,870	29%
ASPHL	2,678	883	33%	5,244	1,900	36%	5,917	2,510	42%	6,530	2,660	41%
<b>Total / Avg</b>	<b>63,836</b>	<b>22,227</b>	<b>35%</b>	<b>138,670</b>	<b>43,645</b>	<b>31%</b>	<b>163,956</b>	<b>51,001</b>	<b>31%</b>	<b>141,072</b>	<b>41,585</b>	<b>29%</b>

<sup>1</sup>Source: Annual Report/ Investor presentation/ Quarterly Report<sup>2</sup>Source: Information Memorandum / Quarterly Reports<sup>3</sup>Source: Red Herring Prospectus. Proforma Numbers are considered<sup>4</sup>Source: Red Herring Prospectus/ Annual Report/ Investor presentation/ Quarterly Report. Juniper Hotels (JHL) acquired Chartered Hotels (CHPL) on September 20, 2023, hence consolidated figures for revenue and EBITDA have been provided for YTD – December 2023**Notes:**

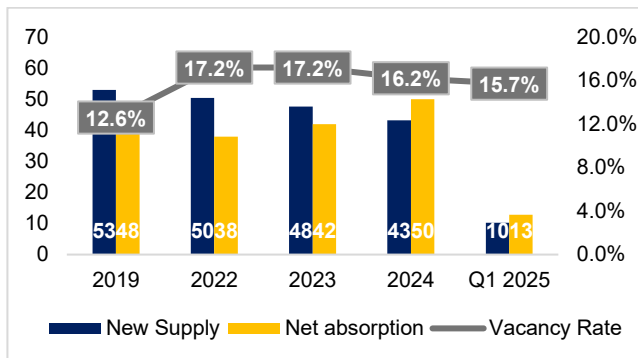
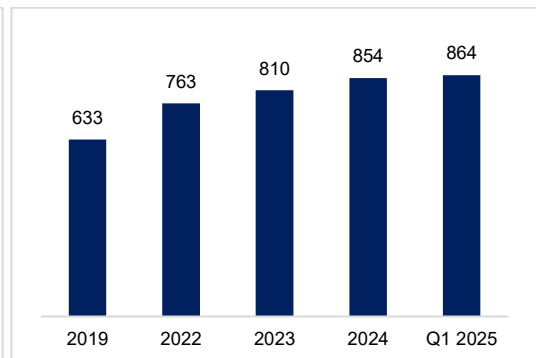
- Consolidated numbers unless otherwise stated; Revenue includes Other income
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- Chalet, Ventive and JHL are hotel developers and owners. Hotels of these companies operate under a management or franchise agreement with third party hotel operators.
- For FY25, total revenue and EBITDA includes IHCL, Chalet, Ventive, JHL and ASPHL

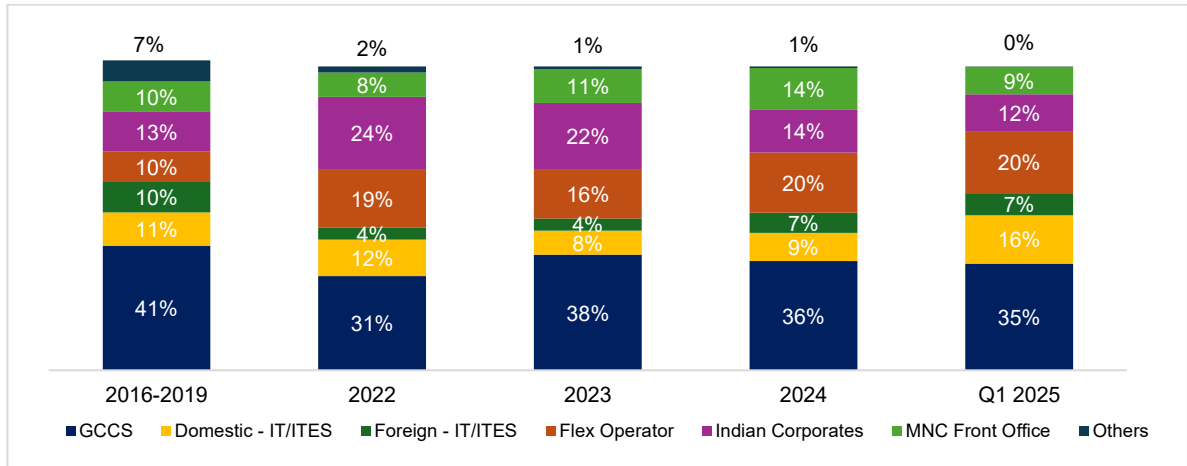
## 12. Commercial Office Space

In this section we have provided a broad overview of Grade A commercial office space at an all-India level and for Bengaluru, Chennai, Ahmedabad, Kochi and Hyderabad where BHVL has hotels. Data points for this section are sourced from JLL Research. All data points in this section are for a calendar year.

### India

India office market comprises of top seven office markets as per JLL (Bengaluru, Chennai, Delhi NCR, Hyderabad, Mumbai, Kolkata and Pune). Chart 35 and 36 provides overview of commercial metrics.

**Chart 34: India Commercial space Metrics (msf)****Chart 35: India Grade A Office Stock (msf)**

**Chart 36: Sector Wise Share of Gross Leasing**


Source: JLL Research, Q1 2025

- The top seven markets in India has witnessed significant growth over the past two and half decades, surge in Grade A office stock growing nearly 14 times, from 59.5 million sft in CY2004 to around 864 million sft as of March 2025.
- Bengaluru, Hyderabad and Chennai had 25%, 16% and 9% share respectively of all India Grade A office Stock and collectively accounts for 50% share.
- Vacancy rate was at 15.7% and 16.2% for Q1 2025 and CY2024 lower than 17.2% for CY2023 and CY2022 with the increase in net absorption by 19% in CY2024 compared to CY2023.
- With a substantial 35% share of the total gross leasing in Q1 2025, GCCs continue to remain the dominant occupier group. India's leadership position in the GCC ecosystem continues to remain intact, driven by high-end R&D work that supports headcount expansion opportunities for these firms, resulting in high space demand.
- Flex space operators continue to play a significant role in India's office markets, accounting for 20% of the gross leasing in Q1 2025.
- Grade A office space occupied by GCC is in excess of 245 mn sft as of Q1 2025 with 2000+ units in India expected to grow to 2350+ units by CY2027.

## Bengaluru

Chart 37: Bengaluru Commercial space (msf)

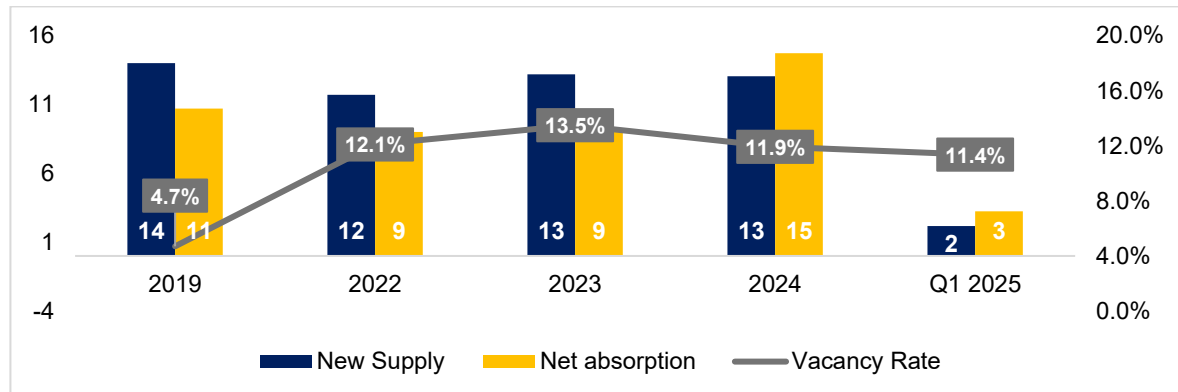


Chart 38: Bengaluru Grade A Office Stock (msf)

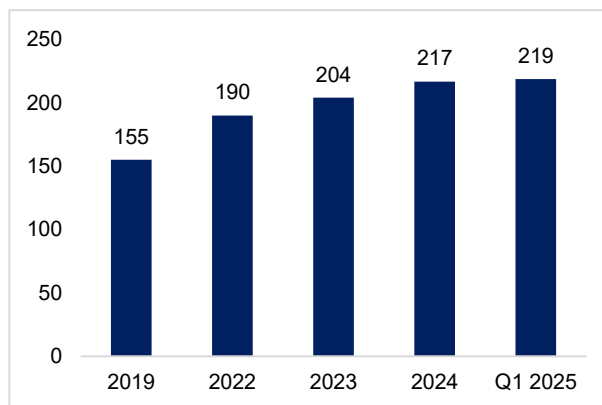
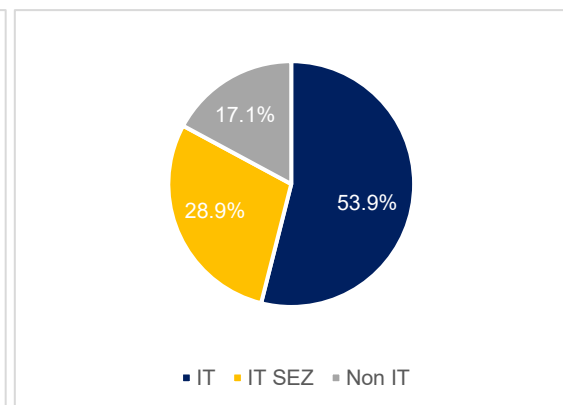


Chart 39: Distribution of office stock based on usage



Source: JLL Research, Q1 2025

### Comments:

- Bengaluru has emerged as a dominant force in India's office market, having Grade A office stock of approximately 219 million sft as of Q1 2025.
- The city has played a pivotal role in shaping India's Grade A office net absorption, consistently accounting for a significant share of pan India annual net absorption, ranging between 21%-30% of India's net absorption between CY2019 to Q1 2025.
- Bengaluru has consistently held a Grade A office supply's substantial share of 24 to 25% in India annual Grade A office supply since CY2019. This trend highlights that the city's strong demand is well-supported by a robust supply pipeline, ensuring continued growth in its commercial real estate market.



## Chennai

Chart 40: Chennai Commercial space (msf)

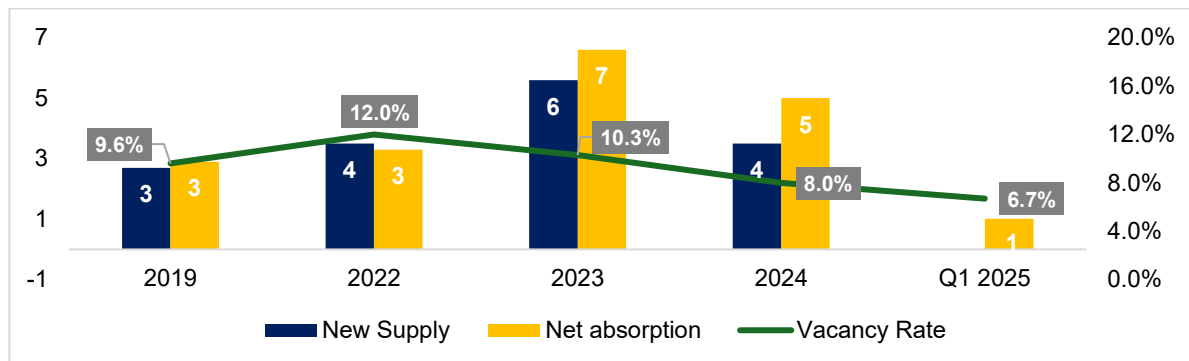


Chart 41: Chennai Grade A Office Stock (msf)

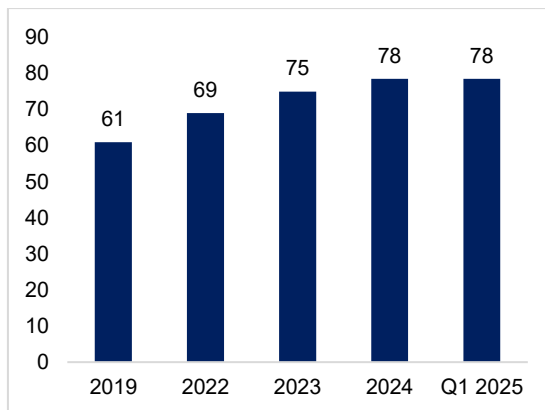
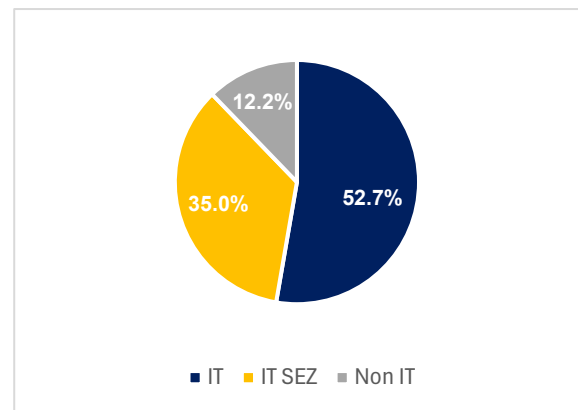


Chart 42: Distribution of office stock based on usage



Source: JLL Research, Q1 2025

### Comments:

- Chennai's office real estate market has emerged as a prominent and thriving sector in South India. The city holds a total Grade A office inventory of 78 million sft as of Q1 2025, accounting for around 9.1% of the stock in the top seven markets of India.
- Chennai's office market began recovering from the pandemics impact in 2022.
- Vacancy rate decreased by 2.3 points in CY 2024 compared to CY 2023. In CY 2024, net absorption decreased from 6.6 million sft in CY 2023 to 5 million sft in CY 2024 was at 5 million sft. For Q1 2025, vacancy rate stands at 6.7% while net absorption is 1.0 million sft.
- Continued development of quality office space has led to decreasing vacancy rates, and the demand-supply gap is expected to remain steady, signalling stronger market activity ahead.

## Hyderabad

Chart 43: Hyderabad Commercial space (msf)

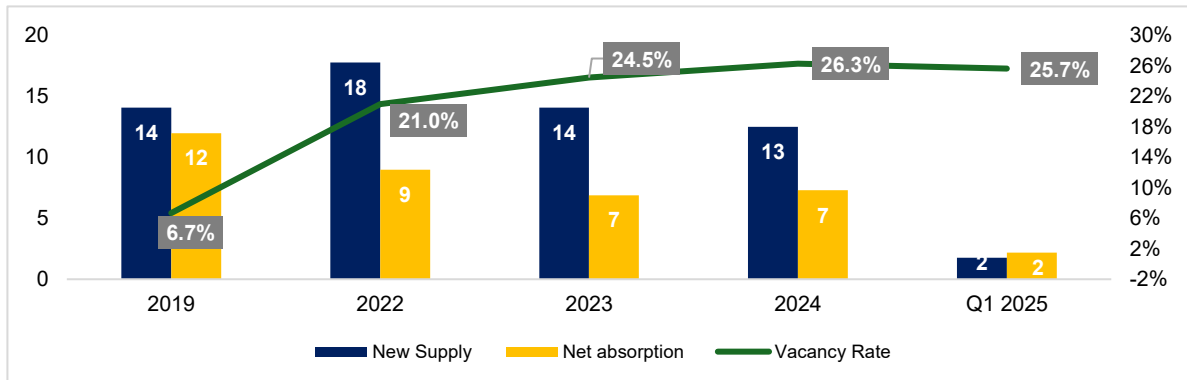
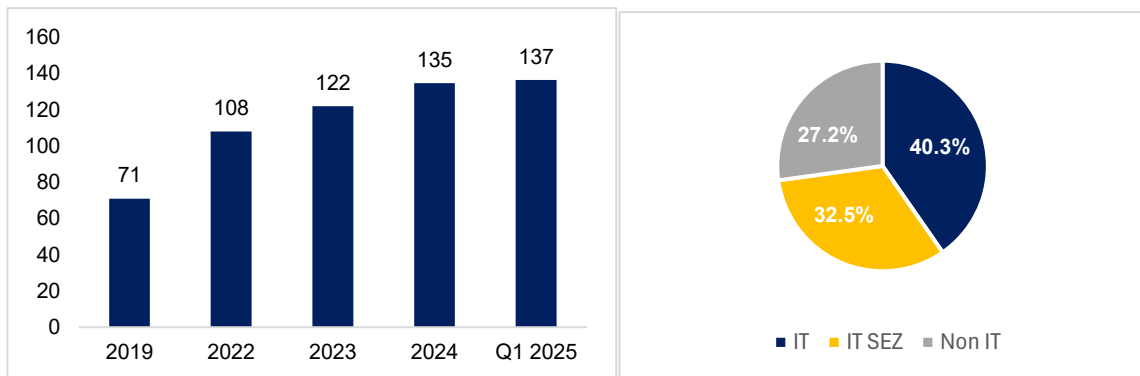


Chart 44: Hyderabad Grade A Office Stock (msf)      Chart 45: Distribution of office stock based on usage



Source: JLL Research, Q1 2025

### Comments:

- Hyderabad is one of the fastest-growing cities in India and the fourth largest office market in India in terms of Grade-A office space stock. The city has total Grade A office inventory of approximately 137 million sft, representing around 16% of the total stock in India's top seven markets as of Q1 2025.
- In recent years, Hyderabad has experienced significant growth in new office supply, particularly in the key submarkets of Gachibowli and Hitech City.
- The average annual supply addition before CY2018 was 4.8 million sft, but averaged to 14.8 million square feet over CY2022 to CY2024.
- In CY2024 and Q1 2025, net absorption in the city reached 7.3 million sft and 2.2 million sft respectively, accounting for approximately 15% and 17% of the total in India for respective periods.

## Ahmedabad

- Total office stock as of March 2025 in Ahmedabad is in range of 15-17 mn sft with rentals ranging between 55-60 INR/sft/month.
- The prominent occupiers of the office space are Bank of America, Google, IBM, Oracle and TCS.

## Kochi

- Kochi commercial real estate market is segmented in various sub markets. The Kakkanad area, falling within the PBD (Peripheral Business District) submarket, has witnessed significant commercial development due to investments made by the state government, including the construction of a 30 km seaport, airport ring road, and the Secretariat.
- The completed office stock as of March 2025 is in range of 16-17 mn sft with vacancy ranging from 25-30%

## 13. Cost of Development per key

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

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

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

## 14. Barriers to Entry

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

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

service limitations for hotels. Increased use of technology and larger talent pool of hotel chains will be sought.

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

## 15. Potential risk factors to the hospitality industry

### 1. Reputation Risk

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

### 2. Demand Risk

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

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

### 3. Geopolitical Factors and Uncertainties

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

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

### 4. Competition Risk

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

### 5. Economic Risk

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

currency restrictions can have potential impact on foreign currency available to fund imports of goods and services for hotel operations.

**6. Health and Security Risk**

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

**7. Source Market Concentration Risk**

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

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

Substantial use of the digital medium for sales and marketing, and the collection, use and storage of guest personal data creates the risk of data breach which could affect operating systems and operations, as well as compliance with data privacy laws and regulations. In turn, this can expose hotel companies, including managed hotels, to liability under international and domestic laws and regulations e.g. GDPR Regulations and the Digital Personal Data Protection Act, 2023 (regulations yet to be notified). Further, hotel companies that do not have a robust digital platform can suffer competitive disadvantage.

**9. Human Resources Risk**

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

**10. Operating Margin Risk**

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

**11. Compliance Risk**

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

**12. Third Party Risk**

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

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**13. Development and Growth Risk**

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

**14. Debt Service Risk**

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

**15. Asset Impairment Risk**

Lack of suitable care in the upkeep, renovation and upgrade of individual hotel assets from time to time can impact the hotel's competitive positioning and capability and thereby impact its earnings. As a cyclical consequence, this can further reduce funds availability for reinvestment in improving the asset and to overcome asset quality impairment.

**16. Climate Change Risk**

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

**BRIGADE HOTEL VENTURES LIMITED**  
**ENGAGEMENT LETTER FOR INDUSTRY REPORT**

**1. Introduction**

Brigade Hotel Ventures Limited (BHVL) owns multiple hotels in India which are operated by reputed hotel management companies such as Marriott, IHG and Accor under various brands. The hotels are located in different Indian cities.

BHVL is planning an Initial Public Offering (IPO) and for this purpose requires an Industry Report providing a market analysis on the hotel industry in India, and the segments and markets in which BHVL has hotels or development projects. The Industry Report is expected to form part of the Industry Section of the Offer Documents. We understand that aspects of the Industry Report may also be otherwise referred to in the Offer Documents and related IPO promotion activities.

Our Industry Report is expected to provide an overview of the Indian hotel industry and more specifically the luxury, upper upscale, upscale, upper midscale and midscale segments relevant to BHVL.

We have been requested by Ms. Nirupa Shankar, Director, Brigade Hotel Ventures Limited to provide an engagement letter for the assignment. This engagement letter sets out the broad scope and terms of the assignment.

**2. Assignment – Description and Scope**

- 2.1. The assignment involves examination of various general and specific aspects relating to India's hospitality industry to the extent relevant and required for inclusion in the Industry Report.
- 2.2. BHVL has current or proposed hotels in the cities / markets stated herein, which markets are referred to as 'Select Markets' and are to be covered as a part of this assignment. These Select Markets are Bengaluru, Chennai, Gandhinagar, (including the wider Ahmedabad market), Kochi, Mysore and Hyderabad. BHVL hotels are comprised or proposed to be comprised several segments, i.e. luxury, upper upscale, upscale, upper-midscale and midscale.



**2.3. Our assignment will cover the following aspects:**

- Overview of the Indian hospitality industry including insights on existing and expected market size, historical performance of India as a whole, of Select Markets, and segmental composition with its impact on market-wide rates.
- Overview of several key factors that impact the supply and demand for, and performance of, the hotel sector - factors such as tourist arrivals, seasonality, access infrastructure, key demand drivers, visa policies, government initiatives and challenges, and barriers to entry in the Indian hotel industry.
- Overview of the challenges and performances related to Covid 19 lockdowns and restrictions, and the recovery therefrom, to the extent relevant to provide a fuller understanding of market conditions.
- Supply analysis of chain affiliated hotels, with stress on segments that are relevant to BHVL.
- Analysis of current demand and expectations of future demand.
- Analysis on the future supply over the next 4-5 years and its impact on overall performance.
- Future outlook for key cities / micro-markets relevant to BHVL.

**3. Assignment - Methodology**

The assignment will be carried out by a combination of desk work and select market work if considered necessary. We shall use data available with us and our knowledge of the hotel and tourism industry and the relevant markets. We shall also undertake desk research to obtain necessary data and market understanding. We shall undertake field visits to the extent considered necessary for understanding the Select Market features and micro-markets relevant to BHVL.

Inventory and performance data and other information pertaining to BHVL hotels shall be provided to us by the management of BHVL. BHVL will also be responsible to provide us with performance data required from third parties such as STR, Amadeus, Hotstats or any other similar data benchmarking agencies and shall obtain consent from any such third party for the usage of data in the Industry Report and the Industry



Section of offer document. BHVL will provide the STR data to the extent it has the data and will work with us to obtain additional data as may be required.

Our team for this engagement will be led by Mr. Vijay Thacker, Managing Director, and Mr. Rushabh Shah, Chief Operating Officer and will include other consultants and professionals on our team.

#### **4. Report**

The Industry Report will be a word document and set out a detailed analysis covering the various aspects stated in the Scope of the assignment. We shall endeavour to provide the report in a manner consistent with SEBI regulations in the matter considering intended use of the report for inclusion in IPO Offer Documents. To the extent practical, we shall incorporate any amendments advised by BHVL legal and merchant banking advisors to satisfy compliance with SEBI regulations.

The Industry Report will be prepared as of 31 March 2024.

#### **5. Professional Fees**

Our professional fees for the assignment shall be Rs. 1,800,000 (Indian One Million Eight Hundred Thousand only) plus Goods and Service Tax (GST) as applicable from time to time.

The fee shall be payable as follows:

<b>Description</b>	<b>Amount (INR) *</b>
Upon being retained for the assignment	540,000
Upon submission of draft report	900,000
Upon submission of final report	360,000
<b>Total</b>	<b>1,800,000</b>

*\* All fees are subject to GST as applicable*

Any travel and incidental expenses incurred by us in relation to the assignment shall be promptly reimbursed at reasonable actuals.

If the assignment is terminated during the course of its execution, fees and expenses accrued upto that date shall immediately become payable to us.

If the assignment requires material additional time than anticipated, we reserve the right to seek a suitable revision of our fees. If the report prepared as of 31 March 2024 is subsequently required to be updated, a reasonable additional fee shall be requested and agreed.

**6. Time Frame**

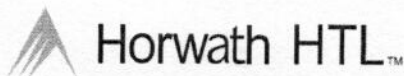
We shall commence the assignment promptly upon being retained for this purpose and receipt of initial retainer fees.

We expect to submit the draft report by end April 2024. The final report shall be issued within one week of completion of discussions with BHVL management and its advisors, incorporating any factual corrections or regulatory compliance related corrections that may arise on review of the draft report.

**7. Profile**

Our hospitality consulting practice has advised on significant and diverse projects and provides the following principal services:

- Market and financial feasibility studies for hotels, serviced apartments, resorts, clubs and similar leisure projects and mixed-use developments
- Strategic planning for hotel chains
- Management / franchise company selection and contracting for owners, lease and joint venture arrangements and agreements
- Structuring financial bids
- Structuring and planning large mixed-use development projects
- Financial structuring for projects and selective assistance in raising project finances
- Operational reviews, efficiency audits and service audits
- Systems design and reviews for hotels
- Valuation of hotel companies and hotel properties
- Litigation support



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**Brigade Hotel Ventures Ltd.  
Engagement Letter for Industry Report**

- Preparation of industry reports for specific purposes, including IPO documentation support.

The consulting experience of our team covers over 150 Indian cities, towns and destinations and over 20 international destinations. Assignments have been undertaken for hotel chains, promoters, development companies, private equity investors, international lenders, including several major international and domestic hotel chains such as Oberoi, Taj, ITC Hotels, Marriott, Hilton, Hyatt, Starwood, Intercontinental, Four Seasons, Shangri La, Holiday Inn, Century Hotels, Accor, Mandarin Oriental, Leela, Langham, Bharat Hotels, ITDC etc. and their associates.

IPO documentation support by way of industry reports have been prepared for Lemon Tree Hotels, Chalet Hotels, IHCL (rights issue), Apeejay Surrendra Park Hotels Limited, Juniper Hotels Limited, and Embassy-Blackstone REIT (hospitality assets).

Crowe Horwath HTL Consultants Pvt. Ltd is a member of Crowe Global. Crowe Global is currently the eighth largest accounting and consulting network worldwide. Crowe Global member firms engaged in the field of consulting to the Hotel, Tourism and Leisure industry are recognised as being the premier consultants to this industry, providing practical and well-reasoned professional advice to their clients.

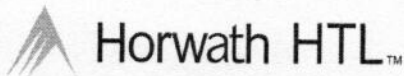
**8. General**

- i. Our report is meant for use only by Brigade Hotel Ventures Limited. The report shall be included in entirety in the Offer Documents of BHVL. The report shall not otherwise be relied upon by any party for making investment, funding or participation decisions without our prior written consent, which shall not however be unreasonably withheld.
- ii. BHVL shall be responsible for providing us relevant information on the performance of its hotels, facilities at existing and new hotels including changes to existing hotels, expected opening dates etc. BHVL shall also be responsible for obtaining consent from data providers, such as STR and Amadeus, for usage of their data by Horwath HTL for the Industry Report.
- iii. Once our report is submitted, we shall have no responsibility to update the same for any subsequent changes in business conditions.



- iv. Confidentiality: We will maintain the confidentiality of all confidential information you provide to us, our compliance being in accordance with professional standards. You agree not to disclose any confidential material you obtain from us without our prior written consent, except to the extent such disclosure is an agreed objective of this engagement. Confidential information of either party shall not be disclosed, copied, reproduced or distributed, orally, written or in any other way, except to individuals who are professional advisors, directors, employees or consultants of the company and who need to know that Information for the purpose of IPO related documentation. Your use of our report shall be limited to its stated purpose and to your business use only. We retain the right to use the ideas, concepts, techniques, industry data, and know-how we use or develop in the course of the engagement.
- v. Intellectual Property: We shall retain ownership of the copyright and all other intellectual property rights in the product of this engagement, whether oral or tangible, and ownership of our working papers. For the purposes of delivering services to you or other clients, we shall be entitled to use, develop or share with each other knowledge, experience and skills of general application gained through performing the services without using any specific data provided by you to us unless such use is consented by you or unless such information is otherwise available in the public domain.
- vi. It must be recognised that any projections / estimates / outlook (or comments thereon) provided by us in terms of this assignment are based on assumptions of continued hotel standards and quality, management and branding standards, future operating conditions and other factors that cannot be precisely determined; as such, the projections / estimates / outlook / comments are subject to variation on account of several factors. It must therefore be recognised that the assumptions underlying the projections / estimates / outlook / comments, though made with reasonable basis, may or may not be achieved and we do not provide any assurance as regards the achievement of projected results or values.
- vii. Any liability arising on us for any reason whatsoever, in relation to the work done by us for this assignment and the reports submitted, shall not in the aggregate exceed 50% of the fees received from the assignment. You agree that Horwath HTL shall not

- have any liability that is of the nature of any special, consequential, incidental, punitive, or exemplary damages or loss nor any lost profits, savings or business opportunity.
- viii. **Affiliates:** Crowe Horwath HTL Consultants Private Ltd. ("Horwath HTL India") is a member of Crowe Global, a Swiss association. Each member firm of Crowe Global is a separate and independent legal entity. Horwath HTL India is not responsible or liable for any acts or omissions of any other member of Crowe Global and hereby specifically disclaims any and all responsibility or liability for any acts or omissions of any other member of Crowe Global.
- ix. **Applicable Law:** The services to be performed in accordance with this engagement shall be subject to and governed by Indian law. In the event of any dispute arising in respect of, or relating to, the engagement or any additional services to be provided by us, such dispute shall be determined by the exclusive jurisdiction of the High Court of Mumbai.
- x. **Arbitration:** In the unlikely event that a dispute arises out of this engagement and it cannot be settled through negotiation, it shall be settled by binding arbitration under the Indian Arbitration and Conciliation Act, 1996, with venue of arbitration being Mumbai. Both parties shall bear their own costs of arbitration.
- xi. **Responsibility:** Notwithstanding our duties and responsibilities in relation to this engagement, you shall retain responsibility and accountability for:
- the management, conduct and operation of your business and your affairs;
  - deciding on your use of, choosing to what extent you wish to rely on, the report arising from the engagement;
  - the delivery, achievement or realisation of any benefits directly or indirectly related to this engagement which require implementation by you or other parties.
- xii. **Severability:** Each clause or term of the proposal or related engagement letter constitutes a separate and independent provision. If any of the provisions of the proposal or related engagement letter are judged by any Court or authority of



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**Brigade Hotel Ventures Ltd.  
Engagement Letter for Industry Report**

competent jurisdiction to be void or unenforceable, to the fullest extent permitted by applicable law, the remaining provisions shall continue in full force and effect.

Kindly countersign a copy of this letter to signify your acceptance of the terms contained herein and return it to us. We look forward to working with you on this assignment.

For Crowe Horwath HTL Consultants Pvt. Ltd.

Vijay Thacker  
Managing Director

**Place:** Mumbai

**Date:** 7 March 2024

Accepted on the above terms

Signature:

Name:

Designation:

Place:

Date:

P. OM PRAKASH  
AUTHORISED SIGNATORY  
BANGALORE  
13 TH MARCH, 2024

**BRIGADE HOTELS VENTURE LIMITED**  
**ENGAGEMENT LETTER FOR INDUSTRY REPORT UPDATE**

**1. Introduction**

Brigade Hotels Venture Limited (BHVL) owns multiple hotels in India which are operated by reputed hotel management companies such as Marriott, IHG and Accor under their respective brands. The hotels are located in different Indian cities.

BHVL has planned an Initial Public Offering (IPO) and for that purpose filed a Draft Red Herring Prospectus (DRHP) with SEBI in October 2024. BHVL had appointed us to issue an Industry Report ("Report") for the Industry Section of the DRHP.

In furtherance of the IPO process, BHVL intends to file the Updated Draft Red Herring Prospectus / Red Herring Prospectus (UDRHP / RHP) with SEBI and requires the Report to be updated. Information from this updated Industry Report will be used for the Industry Section of the UDRHP / RHP.

Our report on the industry is expected to provide an overview of the Indian hotel industry and more specifically the upper upscale, upscale, upper midscale and midscale segments relevant to BHVL.

We have been requested by Ms. Nirupa Shankar, Director, Brigade Hotels Venture Limited to provide an engagement letter for the assignment. This engagement letter sets out the broad scope and terms of the assignment.

**2. Assignment – Description and Scope**

- 2.1. The assignment involves examination of various general and specific aspects relating to India's hospitality industry.
- 2.2. The information provided in the Report prepared for UDRHP / RHP will be updated for information as at 31 December 2024. The Industry Report for UDRHP / RHP will only be an update of the information already provided in the Report for DRHP. It will not include any additional data points.



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***Brigade Hotels Venture Ltd.  
Engagement Letter for Industry Report***

2.3. Specific markets, hereinafter referred to as 'Select Markets', to be covered as a part of this assignment comprise Bengaluru, Chennai, Ahmedabad, Kochi and Mysore.

2.4. Our assignment will cover the following aspects:

- Overview of the Indian hospitality industry including insights on existing and expected market size, historical performance of 'Select Markets' and segmental composition with its impact on market-wide rates.
- Overview of several key factors that impact the demand for, and performance of, the hotel sector - factors such as tourist arrivals, seasonality, access infrastructure, key demand drivers, visa policies, government initiatives and challenges, and barriers to entry in Indian hospitality industry.
- Overview of the challenges and performances related to Covid 19 lockdowns and restrictions, and the recovery therefrom.
- Supply analysis of chain affiliated hotels, with stress on segments that are relevant to BHVL.
- Analysis of current demand and expectations of future demand.
- Analysis on the future supply over the next five years and its impact on the overall performance.
- Future outlook for key cities / micro-markets relevant to BHVL.

### **3. Assignment - Methodology**

The assignment will be carried out by a combination of desk work and select market travel if considered necessary. We shall use data available with us and our knowledge of the hotel and tourism industry and the relevant markets. We shall also undertake and obtain necessary data mainly through desk based efforts. We shall undertake field visits only to the extent considered necessary; this may include visits to some of the BHVL hotel markets.

Inventory and performance related data and any other information pertaining to the BHVL hotels shall be provided to us by the management of BHVL. BHVL will also be



responsible to provide us with performance data required from third parties such as STR, Amadeus, Hotstats or any other similar data benchmarking agencies and shall obtain consent from any such third party for the usage of data in the Industry Report and the Industry Section of offer document. BHVL will provide the STR data to the extent it has the data. If any additional data is required by Horwath HTL then it have to obtain such data directly from STR. BHVL will help to get consent for usage of such additional data.

Our team for this engagement will comprise two senior professionals, including Mr. Vijay Thacker, Director, Mr. Rushabh Shah, Chief Operating Officer supported by other consultants and professionals on our team.

#### **4. Report**

The Industry Report will be a word document and set out a detailed analysis covering the various aspects stated in the Scope of the assignment. We shall endeavour to provide the report in a manner consistent with SEBI regulations in the matter considering intended use of the report for inclusion in the Red Herring Prospectus. To the extent practical, we shall incorporate any amendments advised by BHVL legal and merchant banking advisors to satisfy compliance with SEBI regulations.

#### **5. Professional Fees**

Our professional fees for the assignment shall be Rs. 400,000 (Indian Four Hundred Thousand only) plus Goods and Service Tax (GST) as applicable from time to time.

The fee shall be payable as follows:

<b>Description*</b>	<b>Amount (INR)</b>
Upon being retained for the assignment	200,000
Upon submission of final report	200,000
<b>Total</b>	<b>400,000</b>

*\* All fees are subject to GST as applicable*



**Horwath HTL™**

*Hotel, Tourism and Leisure*

***Brigade Hotels Venture Ltd.  
Engagement Letter for Industry Report***

Any travel and incidental expenses incurred by us in relation to the assignment shall be reimbursed at reasonable actuals.

If the assignment is terminated during the course of its execution, fees and expenses accrued upto that date shall immediately become payable to us.

If the assignment requires material additional time than anticipated, we reserve the right to seek a suitable revision of our fees.

## **6. Time Frame**

We shall commence the assignment promptly upon being retained for this purpose and receipt of initial retainer fees.

We expect to submit the draft report within about four weeks of commencement of the assignment. The final report shall be issued within one week of completion of discussions with BHVL management and its advisors, incorporating any factual corrections or regulatory compliance related corrections that may arise on review of the draft report.

## **7. Profile**

Our hospitality consulting practice has advised on significant and diverse projects and provides the following principal services:

- Market and financial feasibility studies for hotels, serviced apartments, resorts, clubs and similar leisure projects and mixed-use developments
- Strategic planning for hotel chains
- Management / franchise company selection and contracting for owners, lease and joint venture arrangements and agreements
- Structuring financial bids
- Structuring and planning large mixed-use development projects

- Financial structuring for projects and selective assistance in raising project finances
- Operational reviews, efficiency audits and service audits
- Systems design and reviews for hotels
- Valuation of hotel companies and hotel properties
- Litigation support
- Preparation of industry reports for specific purposes, including IPO documentation support.

The consulting experience of our team covers over 150 Indian cities, towns and destinations and over 20 international destinations. Assignments have been undertaken for hotel chains, promoters, development companies, private equity investors, international lenders, including several major international and domestic hotel chains such as Oberoi, Taj, ITC Hotels, Marriott, Hilton, Hyatt, Starwood, Intercontinental, Four Seasons, Shangri La, Holiday Inn, Century Hotels, Accor, Mandarin Oriental, Leela, Langham, Bharat Hotels, ITDC etc. and their associates. IPO documentation support by way of industry reports have been prepared for Lemon Tree Hotels, Chalet Hotels, IHCL (rights issue), Apeejay Surrendra Park Hotels Limited, Juniper Hotel Limited, Ventive Hospitality and Embassy-Blackstone REIT (hospitality assets).

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## **8. General**

- i. Our report is meant for use only by Brigade Hotels Venture Limited. The report shall be included in entirety in the Offer Documents of BHVL. The report shall not otherwise

- be relied upon by any party for making investment, funding or participation decisions without our prior written consent, which shall not however be unreasonably withheld.
- ii. BHVL shall be responsible for providing us relevant information on the performance of its hotels, facilities at existing and new hotels including changes to existing hotels, expected opening dates etc. BHVL shall also be responsible for obtaining consent from STR for usage of STR Market and Sub Market Class reports by Horwath HTL for the Industry Report.
  - iii. Once our report is submitted, we shall have no responsibility to update the same for any subsequent changes in business conditions.
  - iv. Confidentiality: We will maintain the confidentiality of all confidential information you provide to us, our compliance being in accordance with professional standards. You agree not to disclose any confidential material you obtain from us without our prior written consent, except to the extent such disclosure is an agreed objective of this engagement. Confidential information of either party shall not be disclosed, copied, reproduced or distributed, orally, written or in any other way, except to individuals who are professional advisors, directors, employees or consultants of the company and who need to know that Information for the purpose of advising on or evaluating the study. Your use of our report shall be limited to its stated purpose and to your business use only. We retain the right to use the ideas, concepts, techniques, industry data, and know-how we use or develop in the course of the engagement.
  - v. Intellectual Property: We shall retain ownership of the copyright and all other intellectual property rights in the product of this engagement, whether oral or tangible, and ownership of our working papers. For the purposes of delivering services to you or other clients, we shall be entitled to use, develop or share with each other knowledge, experience and skills of general application gained through performing the Services without using any specific data provided by you to us unless such use is consented by you or unless such information is otherwise available in the public domain.
  - vi. It must be recognised that any projections / estimates / outlook (or comments thereon) provided by us in terms of this assignment are based on assumptions of continued hotel standards and quality, management and branding standards, future operating

conditions and other factors that cannot be precisely determined; as such, the projections / estimates / outlook are subject to variation on account of several factors. It must therefore be recognised that the assumptions underlying the projections / outlook, though made with reasonable basis, may or may not be achieved. Accordingly, our estimates and reports will not provide any assurance as regards the achievement of projected results or values.

- vii. Any liability arising on us for any reason whatsoever, in relation to the work done by us for this assignment and the reports submitted, shall not in the aggregate exceed 50% of the fees received from the assignment. You agree that Horwath HTL shall not have any liability that is of the nature of any special, consequential, incidental, punitive, or exemplary damages or loss nor any lost profits, savings or business opportunity.
- viii. Affiliates: Crowe Horwath HTL Consultants Private Ltd. ("Horwath HTL") is a member of Crowe Global, a Swiss association. Each member firm of Crowe Global is a separate and independent legal entity. Horwath HTL is not responsible or liable for any acts or omissions of any other member of Crowe Global and hereby specifically disclaims any and all responsibility or liability for any acts or omissions of any other member of Crowe Global.
- ix. Applicable Law: The services to be performed in accordance with this engagement shall be subject to and governed by Indian law. In the event of any dispute arising in respect of, or relating to, the engagement or any additional services to be provided by us, such dispute shall be determined by the exclusive jurisdiction of the High Court of Mumbai.
- x. Arbitration: In the unlikely event that a dispute arises out of this engagement and it cannot be settled through negotiation, it shall be settled by binding arbitration under the Indian Arbitration and Conciliation Act, 1996, with venue of arbitration being Mumbai. Both parties shall bear their own costs of arbitration.
- xi. Responsibility: Notwithstanding our duties and responsibilities in relation to this engagement, you shall retain responsibility and accountability for:
  - the management, conduct and operation of your business and your affairs;



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Brigade Hotels Venture Ltd.  
Engagement Letter for Industry Report

- deciding on your use of, choosing to what extent you wish to rely on, or implementing the report arising from the engagement;
  - the delivery, achievement or realisation of any benefits directly or indirectly related to this engagement which require implementation by you or other parties.
- xii. Severability: Each clause or term of the proposal or related engagement letter constitutes a separate and independent provision. If any of the provisions of the proposal or related engagement letter are judged by any Court or authority of competent jurisdiction to be void or unenforceable, to the fullest extent permitted by applicable law, the remaining provisions shall continue in full force and effect.

Kindly counter sign a copy of this letter to signify your acceptance of the terms contained herein and return it to us. We look forward to working with you on this assignment.

For Crowe Horwath HTL Consultants Pvt. Ltd.

Rushabh Shah  
Chief Operating Officer

**Place:** Mumbai

**Date:** 19 December 2024

Accepted on the above terms

Signature:

Name:

Designation:

Place:

Date:

*[Handwritten Signature]*  
*P. Om Prakash*  
*Authorized Signatory*  
*B. Ambale*  
*19TH DECEMBER, 2024*



Hotel, Tourism and Leisure

Crowe Horwath HTL Consultants Pvt. Ltd.

CIN: U74900MH2011PTC221479  
1105 Embassy Centre, Nariman Point  
Mumbai 400 021 INDIA  
+91 22 6631 1480 Main  
www.horwathhtl.com  
mumbai@horwathhtl.com

2 May 2025

Ms. Nirupa Shankar  
Managing Director  
Brigade Hotel Ventures Limited  
29<sup>th</sup> Floor, World Trade Center  
Brigade Gateway Campus  
26/1, Dr. Rajkumar Road  
Malleswaram West  
Bangalore – 560 055

Dear Ms. Shankar,

Further to our engagement letter dated 19 December 2024, the Company requires us to extend the engagement to update the Industry Report as of 31 March 2025.

The scope of the updated report and the underlying methodology and approach will be the same as agreed per the engagement letter dated 19 December 2024.

Our professional fees for providing the updated report shall be Rs. 250,000 (Indian Rupees Two Hundred and Fifty Thousand only) plus applicable Goods and Service Tax (GST). The fee shall be payable as follows:

Description*	Amount (Rs.)
Upon being retained for the assignment	100,000
Upon submission of draft report	100,000
Upon submission of final report	50,000
<b>Total</b>	<b>250,000</b>

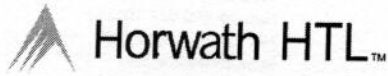
\* All fees are subject to GST as applicable

All travel and incidental expenses incurred by us in relation to the assignment shall be reimbursed at reasonable actuals.

If the assignment is terminated during the course of its execution, fees and expenses accrued upto that date shall immediately become payable to us. If the assignment requires material additional time than anticipated, we reserve the right to seek a suitable revision of our fees.

We shall commence the assignment promptly upon being retained for this purpose and receipt of initial retainer fees.

We expect to submit the draft of the updated report within about two weeks of commencement of the assignment. The final report shall be issued within 7 to 10 days of completion of discussions with the Company management and its advisors, incorporating any factual corrections or regulatory compliance related corrections that may arise on review of the draft report.



*Hotel, Tourism and Leisure*

All other terms and conditions stated in our engagement letter dated 19 December 2024 shall remain the same and be applicable to the assignment for updating the report as at 31 March 2025.

Kindly counter sign a copy of this letter to signify your acceptance of the terms contained herein and return it to us. We look forward to working with you on this assignment.

Thank you and with regards,

Yours truly,

For Crowe Horwath HTL Consultants Pvt. Ltd.

A handwritten signature in black ink, appearing to read "V.P. Thacker".

Vijay Thacker  
Managing Director

A large, stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke.

For Brigade Hotel Ventures Limited

Authorised Signatory - Director