



Industry Report –

India Hotel Sector

Prepared for:
Prestige Hospitality
Ventures Ltd.

23 April 2025

Mr. Shamik Rudra
CFO
Prestige Hospitality Ventures Limited
Prestige Falcon Tower, No.19,
Brunton Road,
Bengaluru – 560 025,
Karnataka, India

Dear Mr. Rudra,

We were retained by Prestige Hospitality Ventures Limited to prepare an industry report comprising (a) an overview of the Indian hospitality industry, and (b) perspectives on the future outlook for the industry in general, with more specific focus on cities and markets in which the Company owns or operates hotels or intends to pursue projects in the medium term. Accordingly, this report concentrates on Luxury, Upper Upscale, Upscale and Upper Midscale Hotels 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.

The Company has requested us to provide the Industry Report and intends to use data from the report titled Industry Report – India Hotel Sector (“Report”) for the industry section of Draft Red Herring Prospectus (“DRHP”) in connection with the aforementioned proposed Initial Public Offering of the Company.

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

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

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

Hotel inventory and other data points used for this Report are as on 31 December 2024. Information on pipeline inventory and other data have been updated based on information available to us upto 15 January 2025; we have not updated this for any events occurring after that date notwithstanding that in some cases the Report may contain a comment on an event after that date. Further, we have no obligation to update the information and our comments for changes and events that occur after the aforesaid dates.

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

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

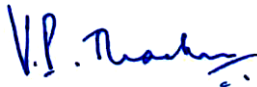
As is typical of such reports, our estimates / projections / outlook and statements that may be regarded as forward-looking statements cannot be guaranteed in any manner; these have, however, been prepared after conscientious research and analysis.

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

Thank you and with regards,

Yours truly,

For Crowe Horwath HTL Consultants Pvt. Ltd.



Vijay P. Thacker
Managing Director

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

Forward-Looking Statements

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

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

HORWATH HTL CREDENTIALS

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

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

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

Abbreviations

AAI	Airports Authority of India	INR	Indian Rupees
ADR	Average Daily Rate; also referred as ARR	IPO	Initial Public Offering
ASPHL	Apeejay Surrendra Park Hotels Limited	IT	Information Technology
BFSI	Banking, Financial Services and Insurance	JHL	Juniper Hotels Limited
BHVL	Brigade Hotel Ventures Limited	MEA	Marriott Executive Apartments
BIEC	Bangalore International Exhibition Centre	MICE	Meetings Incentive Conferences Events
BKC	Bandra Kurla Complex	MNC	Included
CAGR	Compound Annual Growth Rate	MOSPI	Ministry of Statistics and Programme Implementation
CHHTL	Crowe Horwath HTL Consultants Pvt Ltd	MPPA	Million Passenger Per Annum
CHPL	Chartered Hotels Private limited	MRO	Maintenance, Repair & Overhaul
COVID	Included	NCR	National Capital Region
CPI	Consumer Price Index	NIPFP	National Institute of Public Finance and Policy
CY	Calendar Year	NSO	National Statistical Organisation
DIAL	Delhi International Airport Limited	ORR	Outer Ring Road
DIPP	Department of Industrial Policy & Promotion	PAR	Per Available Room
EBITDA	Earnings Before Interest Taxes Depreciation & Amortization	PFCE	Private Final Consumption Expenditure
ECR	East Coast Road	PHDCCI	PHD Chamber of Commerce and Industry
FDI	Foreign Direct Investment	PHVL	Prestige Hotel Venture Limited
FHRAI	Federation of Hotel and Restaurant Associations of India	PLI	Production Linked Incentive
FMCG	Included	PMI	Purchasing Manager's Index
FTA	Foreign Tourist Arrivals	PPP	Public Private Partnership
FY	Financial Year	PRASHAD	Pilgrimage Rejuvenation and Spiritual Augmentation Drive
GCC	Global Capability Center	PRICE	People Research on India's Consumer Economy
GDDP	Gross District Domestic Product	RBI	Reserve Bank of India
GDP	Gross Domestic Product	REIT	Real Estate Investment Trust
GDPR	General Data Protection Regulation	SEZ	Special Economic Zone
GOI	Government of India	UDAN	Ude Desh ka Aam Naagrik
GOP	Gross Operating Profit	UHNWI	Ultra-High-Net-Worth Individual
GSDP	Gross State Domestic Product	UK	United Kingdom
GST	Goods and Services Tax	UNESCO	United Nations Educational, Scientific and Cultural Organization
GVA	Gross Value Added	UNFPA	United Nations Population Fund
HAI	Hotel Association of India	USA	United States of America
HNI	High-Net-Worth Individual	USD	United States Dollar
HR	Human Resources	WFH	Work from Home
IHCL	Indian Hotels Company Limited	WTTC	World Travel & Tourism Council
IMF	International Monetary Fund	YTD	Year to Date

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 (Luxury, Upper Upscale and Upscale) Segments and the Upper Midscale Segment. For this report the term "rooms" or "keys" is used interchangeably to denote the hotel inventory / supply.

1.1. Hotel Supply in India¹

- a. **Chain Affiliated Supply:** India has 200k chain affiliated hotel rooms, across all segments, as at 31 December 24. The hotel sector also has a substantial supply pipeline, estimated at 107k rooms which are currently proposed as opening by FY 2030; slippages could occur. Supply by way of independent hotels is widely fragmented and substantially of midscale and lower positioning; it is not considered for this report.
- b. **Supply Segmentation:** Supply composition has evolved materially resulting in greater depth and balance across segments. Supply at end CY 2024 is comprised as 16%, 40% and 44% in the Luxury, Upper Upscale, Upscale and Upper Midscale-Economy segments respectively. In contrast, supply at end FY 2001 was heavily weighted in the Luxury and Upper Upscale segments (together 56% supply share).
- c. **Supply Ownership:** Hotel ownership patterns have also evolved whereby Hotel chain and chain-led ownership of hotel rooms has dropped sharply from 70% (FY 2001) to 25% (end CY 2024), with hotel chains increasingly adopting an asset-lite approach. Development, investment and ownership is now materially led, and become the responsibility of, by private sector developers / institutional investors, with limited ownership concentration among these entities / groups. Private sector developer / institutional investor ownership of Luxury-Upper Upscale ("Lux-UpperUp") segment hotels is 70% of total segmental inventory.
- d. **Supply Spread:** Geographic spread of hotels continues to widen across India. While supply increased across Key Markets and other markets, supply share at Key Markets (Mumbai, Delhi NCR, Bengaluru, Chennai, Hyderabad, Kolkata, Pune, Ahmedabad, Goa and Jaipur which are top 10 markets in India by rooms inventory) declined from 69% at FY 2015 to 58% at CY 2024 and is expected at 50% by FY 2030. 64% of pipeline inventory through end FY 2030 is outside the Key Markets. However, no other city will have more than 5k rooms by FY 2030 and thereby join the list of Key Markets.
- e. **Supply Share – domestic and international chains:** Supply share of international chains has risen from 21% in FY 2001 to 44-48% for the last ten years; it is expected at 47% at end FY 2030.
- f. **Domestic Chains - Asset Light Approach:** Several domestic chains have traditionally been asset owners, and are now actively transitioning to an asset light approach to gain portfolio expansion. In turn, this places material reliance on non-hotel business groups, private investors and institutional investors to develop hotels and invest in conversion of hotels. The related development opportunity, without competing with hotel chains for site and project acquisition has created more inventory in the portfolio of private business groups. The share of rooms under management contract among inventory of domestic chains has increased from 12% in FY 2001 to 56% at end CY 2024.

¹ Source: Horwath HTL India

1.2. Hotel Demand

- a. **Chain Affiliated Hotel Demand:** Demand for chain affiliated hotels grew at 9.9% CAGR between FY 2001 and FY 2024 while supply during this period grew at 9.4%. Demand grew from 26k rooms per day for FY08 to 61k rooms per day for FY 2015 and to 91k rooms per day for FY 2020. Demand has further grown rapidly to 113k rooms per day for FY 2024, and 123k rooms per day for YTD Dec-24. Demand would have been greater if post Covid recovery of FTA was stronger. Demand is expected to increase to 208k rooms per day by FY 2030, driven by different segments; some of the demand increase may comprise displaced / unsatisfied demand if the pipeline implementation is delayed.
- b. **Domestic Visits and FTA:** 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. FTA was above 10 mn for CY 2017-19. Post Covid, this recovered to 9.5 mn for CY 2023. FTA for CY 2024 is 9.7 mn, 1.4% higher than CY 2023. CY 2024 FTA would have been higher but for the reduced travel from Bangladesh in H2-24. HAI estimates FTA to cross 30 mn by CY 2037 and 100 mn by CY 2047 besides 15 bn domestic visits by CY 2047. The expected FTA and domestic visits by CY 2047, compared to CY 2019, reflect CAGR of 8.2% and 6.9% respectively. A Bookings.com and McKinsey study estimates around 5 bn domestic visits by CY 2030. Hotel supply will need very material growth to facilitate and serve the projected demand growth. Increased FTA will strengthen hotel ADRs, particularly for the upper-tier hotels.²
- c. Demand growth aforesaid, and ADR growth by 36% between FY 2020 and FY 2024³, reflect a strong positive re-set of the platform for India's hospitality industry, and its resilience and recovery appetite when Covid pandemic travel restrictions were loosened and then dropped. ADR growth for the Lux-UpperUp segment was even stronger, at 41%⁴. The material ADR growth in the last 3 years reflects a base level rate increase which augurs well for future ADR levels.
- d. **Corporate travel spends** (airlines, hotels and others) were estimated at USD10.6 bn in CY 2023 and are expected to rise to USD 20.8 bn by CY 2030, at 10% CAGR. 34% of the spend in CY 2023 was for hotels. Major demand sectors were IT Services (29%), BFSI (19%), Engineering (9%), and Aviation, Oil & Gas and Pharma each at 5%. Delhi, Mumbai, Bengaluru, Chennai and Hyderabad were top visited domestic destinations.
- e. **Large and expanding Indian diaspora** tends to return to India atleast once a year, often more frequently. These visits have increasingly tended to generate hotel demand, through family vacations, reunions at leisure destinations and F&B, spa, wellness and other spends. Further, the Indian diaspora tends to conduct and celebrate their weddings in India, often, generating material spending per event.
- f. Positive factors such as GDP growth, expanding airports, road infrastructure enhancement, increased domestic travel and domestic spend propensity, substantial headroom for FTA growth, and hotel supply-side growth and diversification are expected to enable sustained demand levels and demand growth in the near and medium term.

² Source: Vision 2047 – Indian Hotel Industry, Hotel Association of India and How India Travels 2023, Bookings.com and McKinsey Report

³ Source: CoStar

⁴ Source: CoStar

1.3. Travel and Tourism – Value Generation:

- a. India's Ministry of Tourism has set an ambitious target to make India a USD3 trillion tourism economy by CY 2047.⁵
- b. Travel and Tourism Contribution to GDP:
Per WTTC, the travel and tourism sector's contribution to India's economy was just over INR 19.13 trillion for CY 2023 and is estimated at INR 21.1 trillion for CY 2024. It is projected to increase to INR 43.25 trillion by CY 2034, growing at 7.4% CAGR from CY 2024 to CY 2034. This growth is higher than CAGR of 3.7% over the same period (CY2024 to CY 2034) for the global travel and tourism sector's contribution to the global economy.

HAI estimates the Indian hotel sector GDP contribution at USD 40 bn, USD 68 bn and USD one trillion in CY 2022, 2027 and 2047 respectively, with significant multiplier benefit. The sector creates assets, employment, foreign exchange earnings and tax revenues.
- c. **Domestic Visitor Spending:** Per WTTC, domestic visitor spending in India of INR 14.6 trillion in CY 2023, is 15% higher than for CY 2019. Domestic visitor spending is forecast to increase to INR 16 trillion in CY 2024, and estimated to increase to INR 33.9 trillion by CY 2034, growing at 7.8% CAGR between CY 2024 and CY 2034. Given the strength of domestic tourism in India in the post-Covid period, the increased domestic spends can be expected to boost the sector.
- d. Per a separate study by McKinsey & Co, India was the world's sixth-largest domestic travel market by spending in CY 2023. The study projects spending growth upto CY 2030 at 9% per annum which will, in turn, enable India to become the world's fourth-largest domestic travel market by spending by CY 2030, moving ahead of Japan and Mexico.⁶
- e. **Sector Employment:** Per WTTC, the travel & tourism sector employment is expected to employ 45.4 mn people in CY 2024, up by 5.6% from 43 mn people employed by the sector in CY 2023.

In effect, the hotel sector alone has employed over 9% of India's employed workforce in CY 2024. Sector employment numbers are forecast to increase to 63 mn in CY 2034.⁷

1.4. Future Demand Drivers:

- a. Tourism and travel growth is expected to drive demand through diverse domestic and inbound travel needs – for business, leisure, MICE, weddings, social events, sports, pilgrimages and other personal travels, and from political and business delegations and airline crew. Leisure comprises multiple elements including recreational use of golf resorts.
- b. Travel will be necessitated and supported by a growing economy, improved travel infrastructure (airports, roads, rail, cruises), new convention centres, golf play for sporting, competitive and recreational purposes, demand for international and national sport events, and entertainment sector events.
- c. Travel will be driven by continued urbanisation, changing demographics and lifestyles, need and willingness to spend for experiential travel and travel comprising entertainment, recreation, wellness and lifestyle purposes.
- d. Increase in affluent population will also drive increase in demand for luxury goods and experiences, including luxury and upper-upscale hotels.

⁵ Announcement by Ministry of Tourism on World Tourism Day 2024

⁶ Source: The State of Tourism and Hospitality 2024 report by McKinsey & Company

⁷ Source: World Travel & Tourism Council Economic Impact Research 2024

- e. India's major scheduled airlines have placed large orders for aircraft which, if delivered by the current schedule upto end CY 2034 will increase the number of aircraft by about 2.5 times the inventory of about 600 aircraft as of February 2024.⁸ This capacity increase is predicated on substantial travel growth; in turn, it will also facilitate substantial domestic and international travel.
- f. The Government's Swadesh Darshan Scheme focuses on sustainable and responsible tourism along with Pilgrimage Rejuvenation and Spiritual Augmentation Drive (PRASHAD). The government has also announced an initiative for Medical Tourism "Heal in India".
- g. The allocation of ₹600 million by Government of India for skill development in FY 2026 will support intensive skill-development programs for youth, including training in hospitality management and other tourism-related services.

The drive to expand India's GDP from USD 3.57 trillion GDP to USD 6 trillion GDP by FY 2030, will strongly push and support travel and the hotel sector; in turn, the GDP expansion drive will need the active support of the hotel sector for various business travel, MICE and related needs as well as its sheer contribution to GDP.

1.5. **Demographics:**

Several demographic changes are relevant towards creating demand potential for different hotel services, including for entertainment and celebratory events, recreation, lifestyle, and experiences. These include – (a) increased urbanisation- India is projected to add 416 mn urban dwellers by CY 2050⁹; (b) growing middle class, estimated at 715 mn in FY 2031 (+283 mn over FY 2021) and 1,015 mn by FY 2047¹⁰; (c) younger population, estimated at 371 mn in CY 2021 (27.2% of total population)¹¹ - the youth-bulge is expected to last till CY 2055.¹²

A report by Booking.com and McKinsey projects domestic spend on tourism to rise by 170% to USD 410 bn in CY 2030 (USD 150 bn in CY 2019), gaining from growing household earnings and a median age of 27.6 years.

1.6. **Other Key Attributes**

Some other key attributes of India's hotel sector include (a) general lack of scale at individual hotels; this provides an advantage of reach, depth and scale related economies to hotels with larger inventory and facilities; (b) wide range of cuisines in India, which attract demand and drive revenues; (c) material benefits from expanding airport infrastructure and its relationship with growth of cities, micro-markets and new destinations; (d) demand driven by sports, convention centres, entertainment and performing arts events; (e) increasing asset-lite strategy of hotel companies, creating the need and space for private sector investment in asset creation, including provision for 100% FDI under the automatic route; (f) rising land costs continuing to pose significant barriers to entry.

⁸ Source: Global Fleet And MRO Market Forecast 2024-2034

⁹ Source: UN World Urbanization Prospect Report

¹⁰ Source: The Rise of India's Middle-class Report - PRICE

¹¹ Source: Youth in India Report 2022, MoSPI

¹² Source: India's Demographic Dividend: The Key to Unlocking Its Global Ambitions, S&P Global

2. India – Macro Economic Overview

India is among the fastest-growing major economies globally, gaining from rapid urbanization, consumption and spending by a growing middle-income segment population, and a large component of young population.

2.1. India GDP: Among the Fastest Growing Economies in the World

In FY 2024, India was the 5th largest global economy with estimated Nominal Gross Domestic Product (GDP) at current prices of United States Dollars (USD) 3.57 trillion¹³, reflecting 8.2% GDP growth¹⁴, as against 7% growth in FY 2023¹⁵. Since FY 2005, Indian economy's growth rate has been twice as that of the world economy and it is projected to sustain this growth momentum over the next 5 years.

According to PHD Chamber of Commerce and Industry (PHDCCI), India's GDP is expected to surpass USD 4 trillion in CY 2025 and is expected to become the fourth largest economy by CY 2026. Per the Economic Survey of India FY 2025, 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 FY 2026, thereafter between 6.4% and 6.5% till FY 2030¹⁶. GDP growth projections by GOI and other agencies are summarised in Table 1.

Table 1: GDP Growth Rate Projections for India

	Estimated GDP Growth Rate		
	FY25E	FY26E	FY27E
Ministry of Finance, GOI	6.4%	6.3%-6.8%	NA
IMF*	6.5%	6.5%	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@	6.3%	6.5%	6.3%

Source: World Economic Outlook Update January 2025

@ Data is updated as of 28th March 2025, #updated as of 10th April 2025

¹³ Source: International Monetary Fund

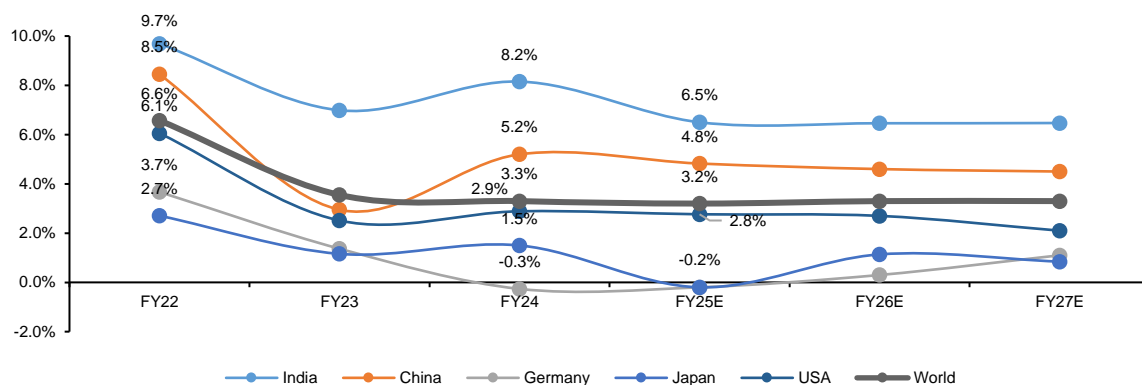
¹⁴ Source: Ministry of Economic Affairs, GOI

¹⁵ Source: Ministry of Economic Affairs

¹⁶ Source: International Monetary Fund, World Economic Outlook, October 2024

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

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



Note: E = Estimated

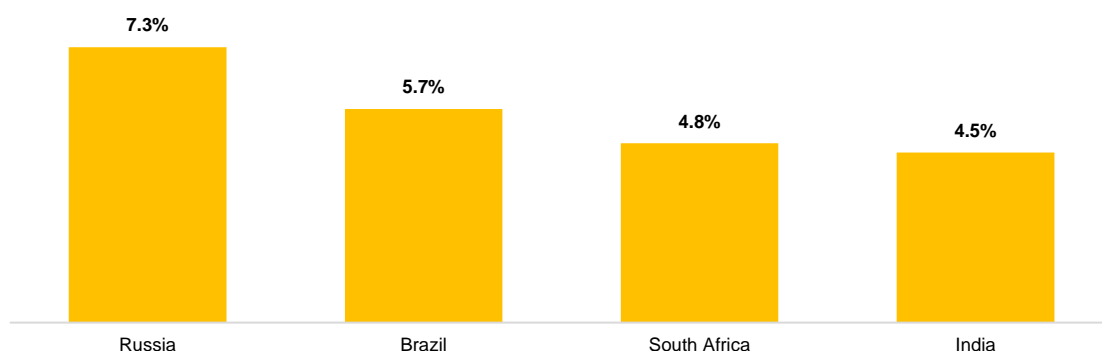
Source: FY 2024 to FY 2027 data is from IMF World Economic Outlook January 2025 update and FY 2022, FY 2023 data is taken from IMF October Outlook 2024.

With strong GDP and third largest Purchasing Power Parity (PPP), India has been positioned as the third most powerful nation by Asia Power Index in September 2024¹⁷ reflecting increasing ability to shape and respond to external geopolitical factors of Asia- Pacific region.

2.1.1. Inflation Stable Inflationary Environment

Inflation environment in India has been relatively stable post COVID with FY 2024 consumer price index ("CPI") inflation reported at 4.8% YoY. CPI Inflation, reflected as a CAGR for FY 2014-YTD Dec24 was 4.5% for India, 7.3% for Russia and 5.7% for Brazil. For South Africa, the CPI Inflation as CAGR for FY 2014-YTD Nov24 was 4.8%.

Chart 2: CPI Inflation (CAGR FY 2014-YTD Dec24)



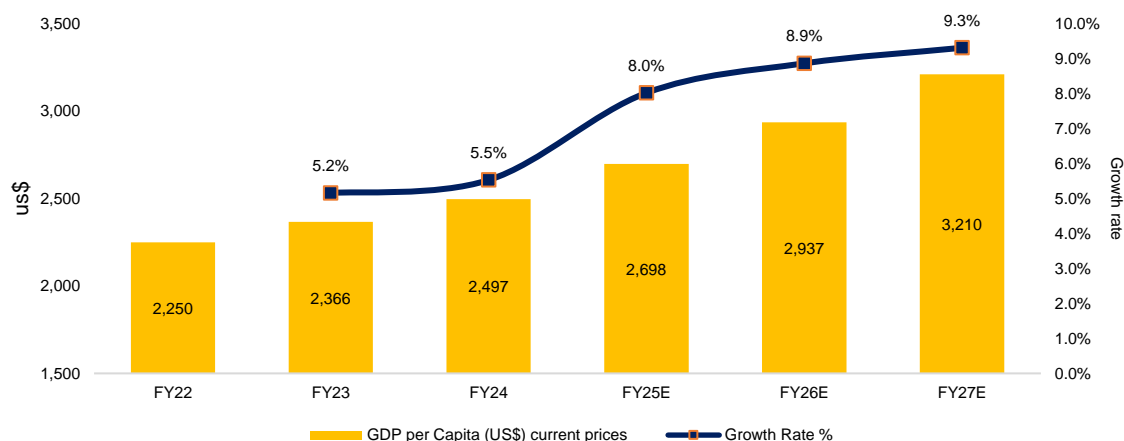
Source: Trading Economics via MOSPI, Brazilian Institute of Geography and Statistics; National Bureau of Statistics of China; Federal State Statistics Service, Russia and South Africa Statistics.

¹⁷ Source: Asia Power Index 2024 by Lowy Institute

2.2. India Per Capita GDP Forecast

Per capita GDP growth for India is estimated at 9% CAGR between FY 2024-FY 2030¹⁸. Increased individual incomes are expected to create additional discretionary spending, which may be beneficial for the hospitality sector.

Chart 3 - India Per Capita GDP Forecast



Note: E = Estimated

Source: IMF World Outlook October 2024 National Statistics Office, Ministry of Statistics & Programme Implementation (MoSPI), Govt of India

2.3. Private Final Consumption Expenditure (PFCE)¹⁹

PFCE is the expenditure incurred on final consumption of goods and services by the resident households reflecting the level of consumption spending in an economy. PFCE at current prices increased from 59% of GDP in FY19 to 60% in FY 2024. In the 5 years from end FY19 through FY 2024, PFCE at current prices grew at 9.7% CAGR.

PFCE increased by 6.7% in H1-FY 2025 as compared to 4.0% during the corresponding period in the previous year. Growth in PFCE reflects higher discretionary income spending.

2.4. Manufacturing and Service Sectors

2.4.1. Manufacturing Sector

Manufacturing GVA has almost doubled between FY 2012 and FY 2024, more recently benefitting from initiatives such as Make In India and the Production Linked Incentive (PLI) programs.

Production Linked Incentive (PLI) schemes were introduced in CY 2021 by the Indian government to push domestic manufacturing and employment opportunities in 14 key sectors. Since its inception the scheme has achieved major results upto August 2024²⁰:

- Investments exceeding Rs.1.46 trillion
- Production and sales aggregating Rs.12.5 trillion
- Creation of around 1 million jobs
- Rs.44.15 billion in incentives is disbursed to eight sectors since inception

¹⁸ Source: IMF World Economic Outlook October 2024

¹⁹ Source: Ministry of Statistics and Programme Implementation, India

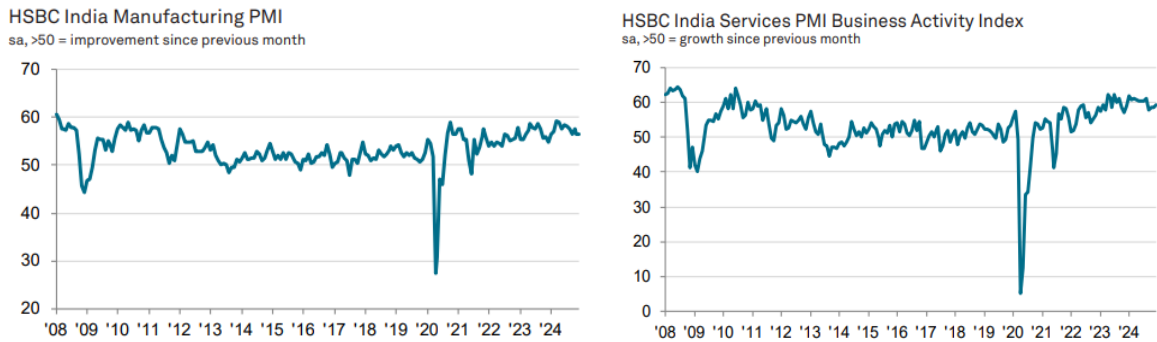
²⁰ Source: PIB release: PLI Schemes: Shaping India's Industrial Growth, dated November 2024

2.4.2. Services Sector

Services sector is among the fastest growing in the Indian economy. Between FY 2016 and FY 2020, 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% CAGR²¹.

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.

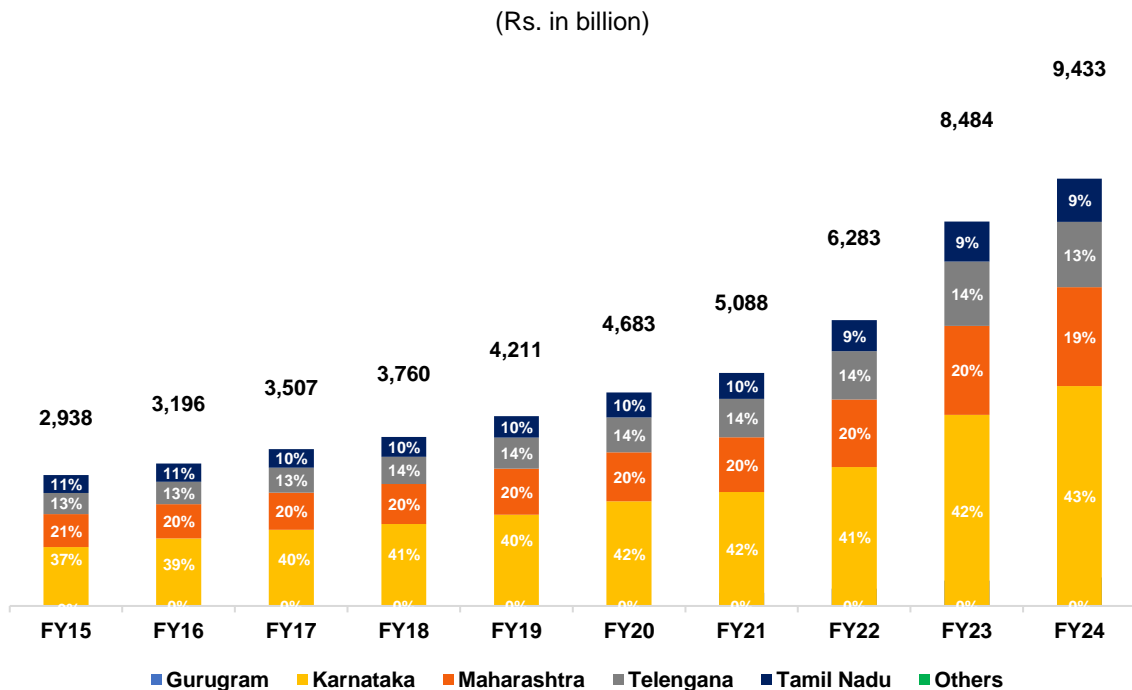
Chart 4: Services and Manufacturing PMI Activity / Output Index – CY 2008 to CY 2024



Source: HSBC, S&P Global PMI

India is a software hub for exports. Karnataka, Maharashtra and Gurugram contributed about 65% of India's IT and ITeS exports for FY 2024. Additionally, Telangana and Tamil Nadu contributed 21% of India's exports for same period., with operations mainly driven from Bengaluru, Pune, Gurugram, Hyderabad and Chennai respectively.

Chart 5 - India and Select States – IT and ITeS Exports – FY 2015 to FY 2024



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

²¹ Source: Ministry of Statistics and Programme Implementation, India

All India exports increased by INR 949 bn in FY 2024 over FY 2023. In FY 2024, Karnataka, Maharashtra, Tamil Nadu, Gurugram and Telangana contributed 57%, 19%, 7%, 6% and 1% respectively of the all-India increase.

Karnataka leads, with 43% share of all India IT and ITeS exports in FY 2024, and reasonably steady share (at significant level) for several past years.

2.5. Key Demographic Aspects

2.5.1. Increased Urbanisation:

India's urban population increased from 28% in CY 2001 to 31% in CY 2011 and was further projected to increase to 37% in CY 2024; 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 CY 2024 and growing to 675 mn by CY 2035²².

India currently has 5 megacities with population > 10 mn, with Hyderabad expected to become a megacity by CY 2030.²³ Cities and towns have expanded, creating multiple micro-markets and business districts. Urbanisation creates the need for jobs, attracting investment and development of multiple business sectors. 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.

The urban population across Select Markets (Mumbai, Delhi, Bengaluru, Chennai and Hyderabad) is estimated to account for 17% of India's total urban population as of end CY2025 and is expected to remain at a similar level as of CY 2035.²⁴

Karnataka, Goa, Tamil Nadu, Maharashtra, Delhi and Telangana are expected to have more than 57% urban population by CY 2036.²⁵

Chart 6: India Urbanization Trend

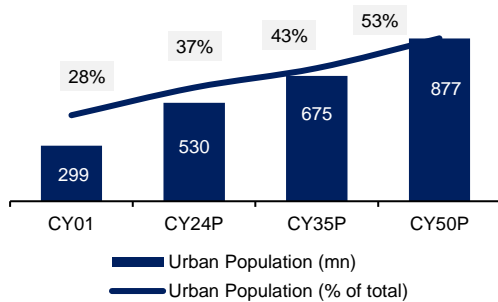
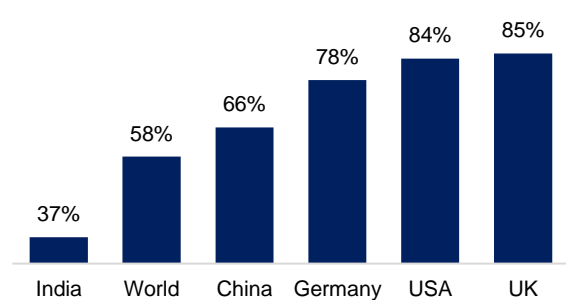


Chart 7: Urbanization % (CY 2024F)



Note: P = Projected

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

2.5.2. Rising Middle Class and High-Income Population:

India's middle-class population is expected to grow from 432 mn for FY 2021 to 715 mn in FY 2031 and 1,015 mn by FY 2047, moving ahead of US and China within this decade²⁶. 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.

²² Source: United Nations, Department of Economic and Social Affairs, Population Division (2018). World Urbanization Prospects: The 2018 Revision, Online Edition.

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

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

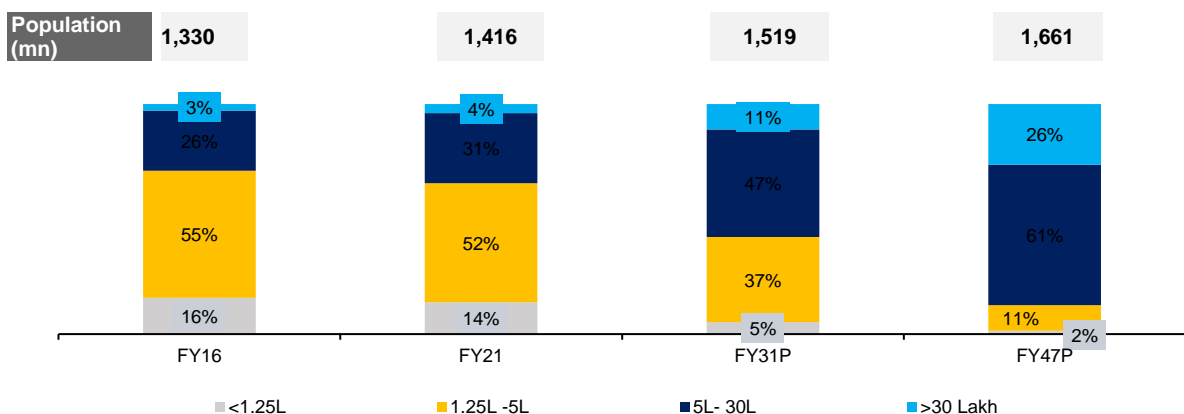
²⁵ Source: Handbook of Urban Statistics 2022, National Institute of Urban Affairs (NIUA)

²⁶ Source: The Rise of India's Middle-class Report - PRICE

Increasing income levels are demonstrated by a robust growth in its middle-class and high-income population. Middle-class population (income of Rs. 0.5 mn to 3 mn per annum) grew at 4% CAGR between FY 2016-21, increasing its share from 26% to 31% over the period. This segment is projected to continue grow and is estimated to comprise approximately 47% of the population by FY 2031. High-income households (income > Rs. 3 mn) had 37 mn population in FY 2016 and is projected to be 437 mn in FY 2047 increasing at 8% CAGR.²⁷

Rising middle class 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. The high income population is particularly relevant from use of upper tier hotels and hotel facilities – for stay, F&B, banquets etc. Increasing high income population reflects increasing potential for luxury and upper upscale hotels, as well as for upper tier resorts with recreational facilities such as golf.

Chart 8: India's Rising Middle-Class and High Income Population— Share by Annual Income as a % of Total Population (FY 2016 - FY 2047P)



Note: P = Projected

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

2.5.3. Young Population (15-29 Years):

India is now the world's most populous nation, estimated at 1.4 bn people in CY 2023.²⁸ India's young population increased from 223 mn in CY 2019 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)²⁹. 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.

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.

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.

²⁷ Source: The Rise of India's Middle-Class Report - PRICE

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

²⁹ Source: Youth in India Report 2022, MoSPI

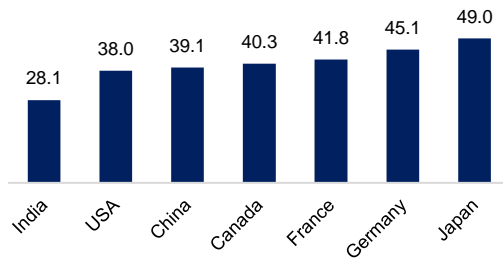
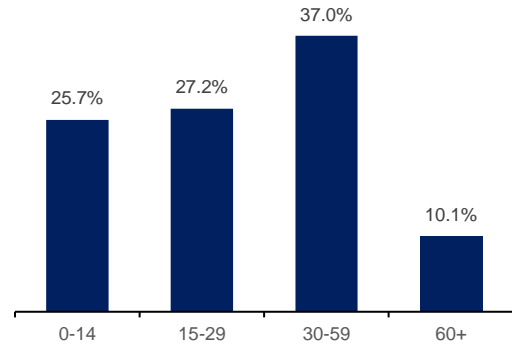
Chart 9: Estimated Median Age in Years (CY 2023)**Chart 10: India population % by Age Group CY 2021**

Chart 9 Source: United Nations, Department of Economic and Social Affairs, Population Division (2024). State of World Population Report 2024, UNFPA, World Population Prospects.

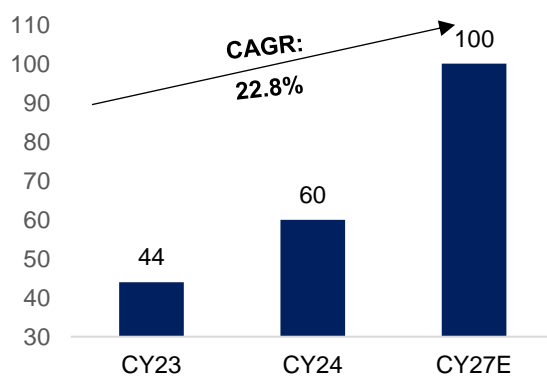
Chart 10 Source: The 2022 Revision and Youth in India Report 2022, published by Ministry of Statistics and Programme Implementation (MoSPI)

2.5.4. Rise of Affluent Population and Increase in Luxury Spending

Working age population in India earning more than USD 10,000 (top-most income group) is regarded as 'Affluent India'. On this basis, about 4% of the total Indian population (~44 mn people in CY 2023; ~60 mn people in CY 2024) can be categorised as 'Affluent India'. 'Affluent India' population numbers have grown at 12.6% CAGR between CY 2019 and CY 2023. The report assumes this same growth rate for future and accordingly estimates 'Affluent India' population at ~100 mn people by end CY 2027.³⁰

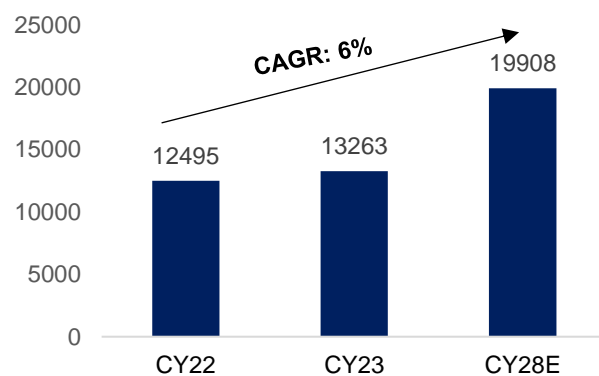
The number of Ultra High Net Worth Individuals (UHNWI), people owning assets higher than USD 30 mn, was at 12,495 for CY 2022 and increased by 6.1% to 13,263 for CY 2023. The number is expected to increase by 50.1%, to 19,908 for CY 2028. At 50.1% India has the highest growth rate in the world followed by China at 47%.³¹

Growth of India's affluent population has led to growth in demand for luxury goods and luxury lifestyle.

Chart 11 – Number of Affluent Indians (in Mn)

Note: E = Estimated

Source: The Rise of Affluent India Report by Goldman Sachs

Chart 12 - Ultra HNIs in India

Note: E = Estimated

Source: The Wealth Report 2024 by Knight Frank

³⁰ Source: "India's affluent population is likely to hit 100 million by 2027" article by Goldman Sachs dated 16 February 2024

³¹ Source: The Wealth Report 2024 by Knight Frank

Growth of some key luxury sectors are summarised below:

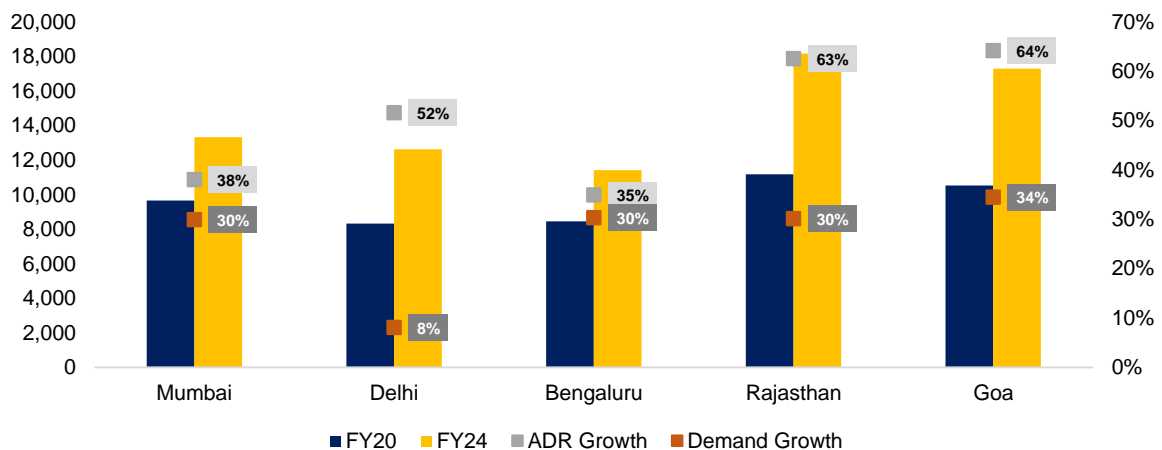
Luxury Residences – Sale of luxury residences priced at or above Rs.500 mn aggregated Rs.43 bn in CY 2023 – this is 51% higher than Rs. 28 bn in CY 2022. In CY 2023, 12.9k residences priced above Rs 40 mn were sold compared to 7.4k residences sold in CY 2022, reflecting 75% growth.³²

Luxury Cars³³ – In CY 2024, 51.5k luxury vehicles were sold (10% over CY 2023; Mercedes Benz had the highest sales in the luxury automobiles segment at 19.6k vehicles (+12% over CY 2023); BMW sold 15k vehicles (5.9% over CY 2023).

Luxury Watches – Aggregate sale of luxury watches in India in CY 2023 was USD 3.4 bn and is estimated to increase to USD 4.7 bn by CY 2030, at 4.8% CAGR.³⁴

Luxury Travel – 45% ADR growth³⁵ and 27% demand growth for the luxury-upper upscale hotel sector in India, for FY 2024 over FY 2020, reflects a spend propensity for luxury and experiential travel, reflecting overall consistency with the increased spends on luxury products. Rajasthan and Goa, which are key leisure destinations, achieved over 60% ADR growth³⁶ for Luxury-UpperUp Segment in FY 2024 over FY 2020.

Chart 13: Luxury & Upper Upscale Segment ADRs for Key Business & Leisure Destinations



Source: CoStar

2.5.5. Increased Consumer Spending:

India has seen an increase in consumer spending in CY 2021- CY 2023, gaining from factors such as a larger and younger workforce, double income families, a trend towards consumerism and lesser savings, and greater credit penetration. Increased spend patterns augur well for travel and F&B spends at hotels.

Results of various leading FMCG companies for Q3-FY 2025, reflect slowing consumer spending, particularly by the urban middle class, mainly attributed to factors such as inflation, rising food prices and slower growth in corporate employee cost budgets. On the other hand, budgets for wedding spends in the wedding season from November 24 are reported to have increased by about 40%.

Urban average monthly consumption expenditure per person has increased by Rs. 537 (8%) for 2023-24 (Aug 23 to Jul 24) against corresponding previous period.³⁷

³² Source: "Luxury revolution sweeping India: What's fueling the shift in consumer preferences?" article dated 1 April 2024

³³ Source: Autocar India article published in January 2025

³⁴ Source: India Luxury Watch Market Size & Outlook, 2023-2030 by Grandview Research

³⁵ Source: CoStar

³⁶ Source: CoStar

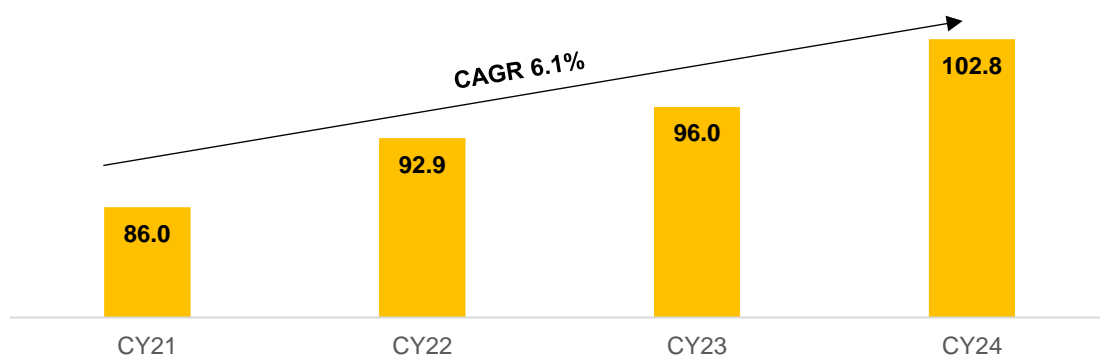
³⁷ Source: Household Consumption Expenditure Service of MoSPI

The India D2C Report CY 2022 has projected consumer spending for CY 2030 at USD4 trillion, growing at 10% CAGR from spending of USD1 trillion in CY 2021. The report attributes the growth in consumer spending to several factor including

- Large middle-class population, increase in urbanisation, large working age population and increasing female workforce participation.
- High growth in rural spends: By CY 2030, rural and urban per capita consumption are projected to grow at 4.3 times and 3.5 times respectively, over CY 2021.
- Higher internet penetration: India is projected to have over 1.3 bn smartphone and internet users and around 500 mn online shoppers by CY 2030. In comparison, India had ~750 mn smartphone users, ~830 mn internet users and ~190 mn online shoppers in CY 2021. Smartphone users are projected to grow at 7% CAGR, internet users at 5% CAGR and online shoppers at 11% CAGR during this period.

In CY 2021 India was the third largest retail market globally; the retail market is projected to increase to USD1.8 trillion by CY 2030 at 10% CAGR between CY 2019 and CY 2030.³⁸

Chart 14 – Consumer Spending in India (in Rs trillion) – CY 2021 to CY 2024

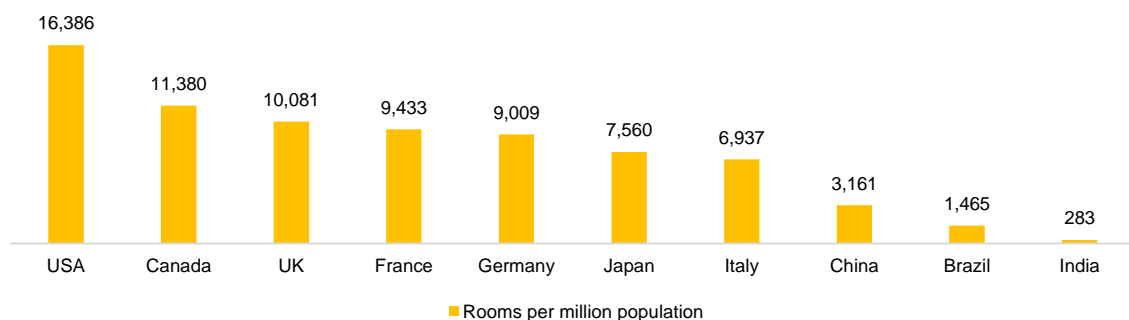


Source: MOSPI via Statista and Trading Economics

2.5.6. Limited Hotel Supply in Comparison to Population

Hotels in India are limited, with only 283 chain affiliated rooms per million population, which shows that there is scope for development of more hotels given the growing population. Chart below illustrates rooms per million population for developing and emerging countries.

Chart 15: Rooms per Million Population for Developing and Emerging Countries

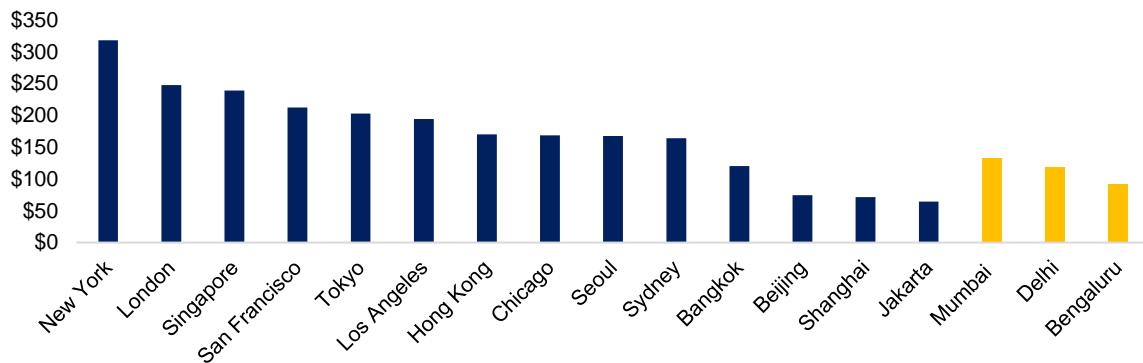


Source: Supply data- CoStar and Population Data- United Nations, Department of Economic and Social Affairs, Population Division (2024)

³⁸ Source: India Brand Equity Foundation

ADRs at Indian cities are also lower than several global cities, as shown below.

Chart 16 : ADR Comparison with Global Cities for CY 2024 (US\$)



Source: CoStar

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, and 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 as well. Several city hotels attract large residential weddings, akin to destination weddings in leisure centres. Social travel also occurs for other social obligations and personal / family visits.

- f. Diplomatic Travel - Government leaders and representatives of other countries, often accompanied by large trade delegations, and diplomats using upper-tier hotels during the transition period on postings to India.
- g. Airline Crew - Helps create a core of demand at hotels, albeit at significantly discounted pricing. Airlines also generate limited demand for layovers when flights are significantly delayed.
- h. Transit Demand – Comprises person on overnight stay during air or road trip to a domestic or international destination.

Travel purposes and options are widening with spiritual tourism, wildlife related tourism, travel to wellness resorts and experiential travel gaining momentum. 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 (H-2) of any Financial Year are materially busier than the summer and monsoon seasons (H-1 of any Financial Year).

3.2. MICE Demand

Hotels with substantial meeting and function spaces, and operated by reputed brands, gain MICE related revenue for rooms, F&B, banquet and other services. Demand arises for business and social events; weddings; corporate, institutional and government sponsored meetings, conferences and conventions; sports related events; performing arts and other events. Demand segments may vary for different hotels and markets. Resorts such as JW Marriott Golfshire benefit due to its ability to combine conference events with golf and organise golf related events to boost weekend occupancy when conference facilities are otherwise not used.

Hotels with large function facilities are demand catalysts for the market and individually gain from the wider business scope targeting multiple demand segments. This has occurred across multiple individual hotels in different cities and also in micro-markets such as Delhi Aerocity hospitality district and BKC Mumbai. Success of Delhi Aerocity hospitality district and product structure has enabled the project for Marriott Marquis with the largest convention centre by way of built-up meeting and function spaces within a chain affiliated hotel in India, among the existing hotel inventory as of 31 December 24.

New convention centres in New Delhi and Mumbai will catalyse demand for guest rooms and events in those markets. Bengaluru presently lacks such a major convention centre and is supported by convention centres at certain hotels and the facility at BIEC. Golf resorts are able to create new demand for golf tournaments, either as events by themselves or supporting other conventions and group events. Convention centres will also generate additional MICE demand at upper tier hotels that have sizeable function spaces and will encourage an element of leisure travel by inbound visitors and inter-regional domestic travellers thereby adding to hotel demand and other local spends.

For example, the G20 events from December 2022 to September 2023 took international visitors to multiple destinations and provided occupancy, rate and revenue boost to hotels. The Aeroindia aero show that is held in Bengaluru once every two years causes hotels in the city to be generally sold out with high room rates.

Hotels can gain materially from such events, corporate conventions and weddings by way of (a) outdoor catering and other services; and (b) accommodation and related F&B demand.

MICE events have contributed to the growth of F&B revenues to 35% share of total revenue and INR 53.4 bn in FY 2024 for certain listed companies (Refer Table 30).

The trend for hosting weddings in city hotels or having destination weddings is expected to continue, with the trend also percolating to the mid-market segment. City hotels also benefit from destination wedding concepts. Additionally, the trend of increasing recognition of various celebratory occasions (such as anniversaries and landmarks) creates demand at city hotels and resorts, particularly benefitting city resorts.

Sports based demand has gained momentum and will likely gain 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. Demand comprises of team members, officials and support staff and visiting spectators, Demand arises at the time of the event and during preceding training periods.

3.3. Food & Beverage Demand

The food & beverage industry achieved revenue of INR 5.69 trillion in CY 2024 contributing to 1.9% of India's GDP. India is estimated to surpass Japan to be the third largest food services market globally by CY 2028.³⁹

Globally, the F&B industry has grown from USD19.8 bn in 2015 to USD 68 bn in 2024 at 14.8% CAGR and is projected to grow to USD 93 bn by 2028 at CAGR of 8.1%.

For luxury hotels the F&B Revenue per occupied room in 2019 was INR 10.1k which increased to INR 11k in 2023. F&B department profitability was 53% in 2019 and slightly lower at 51% in 2023 mainly because of increase in staff and food costs.⁴⁰

The positive trend for F&B in hotels is evidenced by the increase in F&B revenue from INR 23.5 bn in FY22 to INR 53.4 bn in FY 2024 among a group of nine hotel companies / divisions over the last three years. The nine companies considered are IHCL, EIH, ITC Hotels, Chalet Hotels, Ventive Hospitality, Juniper Hotels, Appejay Surrendra Park Hotels, Lemon Tree and SAMHI.

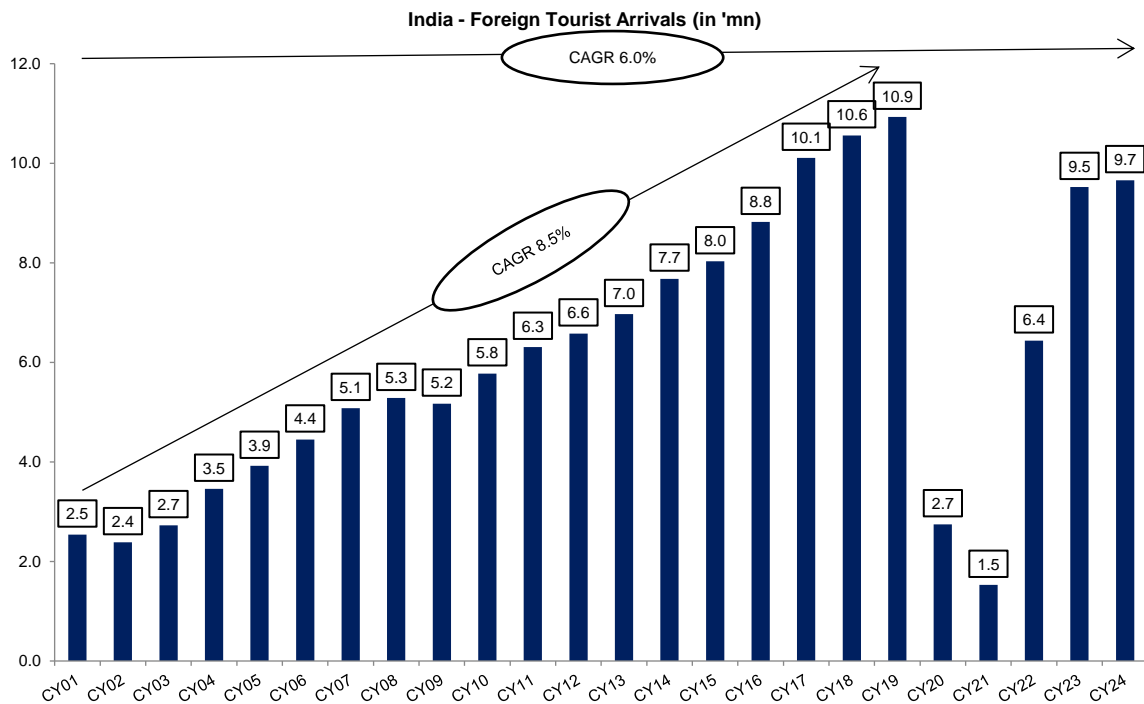
3.4. Foreign Tourist Arrivals (FTA)

FTA aggregated 10.1 mn, 10.6 mn and 10.9 mn for CY 2017, CY 2018 and CY 2019 respectively, achieving the 10 mn mark for the first time in CY 2017. After the Covid period decline, FTA recovered to 6.4 mn for CY 2022 and further to 9.5 mn for CY 2023 (87% of CY 2019 arrivals). FTA for CY 2024 was 9.7 mn, up by 1.4% from CY 2023. While FTA for H1-24 reflected 9.1% y-o-y growth, a sharp decline in arrivals from Bangladesh due to the current circumstances has slowed FTA numbers.

India has substantial potential to meaningfully increase the FTA which would materially add to demand for hotel rooms.

³⁹ Source: India Food Services Report 2024 published by NRAI

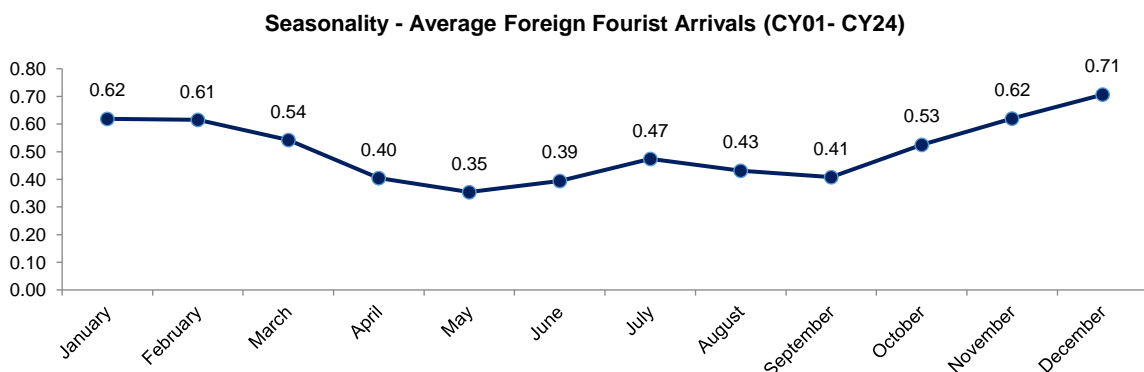
⁴⁰ Source: Horwath HTL Hotel Operations Survey

Chart 17: India – Foreign Tourist Arrivals (mn)


Source: Ministry of Tourism, Govt. of India and India Tourism Data Compendium Key highlights 2024

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.

Seasonality of FTA is reflected in Chart 18. The winter months are clearly preferred for travel into India for leisure, MICE events, leadership level business travel and high-end destination weddings. Chart 18 reflects the average tourist arrivals by month for the years CY2001- CY2024.

Chart 18: FTA Seasonality (CY 2001 - CY 2024)


Source: Ministry of Tourism, Govt. of India

3.5. E-visa

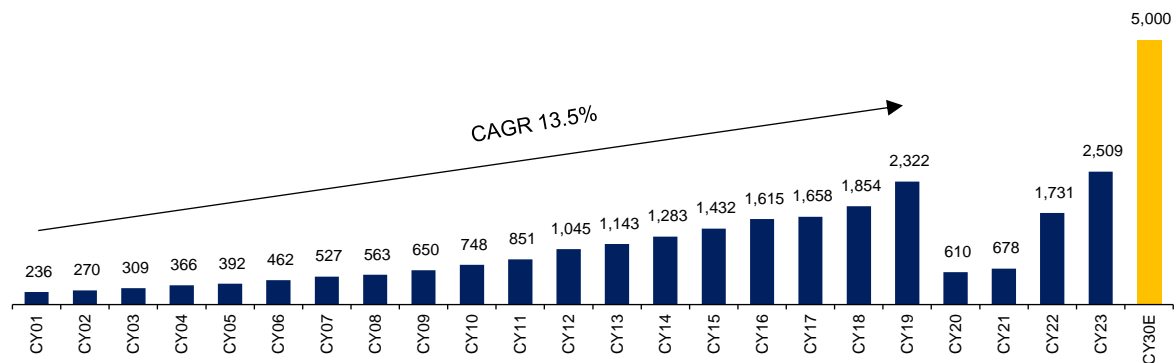
Electronic Visa (E-visa) scheme was made available effective November 2014, for nationals of 43 countries. As on December 2024, nationals of 173 countries are covered under the e-visa scheme, successfully enabling inbound visitors to come in with short lead-time and easier visa processes. The government has announced its intent to further streamline visa processes, including waivers for specified international groups and easier processes to facilitate medical tourism.

3.6. Domestic Tourism

3.6.1. Domestic Travel Visits

Domestic travel visits grew at 13.5% CAGR between CY 2001 - CY 2019, from 236 mn visits in CY 2001 to 2.3 bn visits in CY 2019. Domestic travel numbers at 2.51 bn visits for CY 2023 have surpassed CY 2019 (pre-COVID) by 8%, reflecting strong rebound of travel and an increase of 45% over 1.7 bn visits for CY22. The domestic sector has become a key demand generator with business travel demand on weekdays, and leisure, recreation, weddings and MICE demand. 'How India Travels 2023?' report by Booking.com and McKinsey estimates 5 bn domestic travel visits by CY 2030. Vision 2047 report by HAI expects 15 bn domestic visits and FTA of 100 mn by CY 2047.

Chart 19: India – Domestic Tourists (mn)



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

If the estimated domestic visits of 5 bn for CY 2030 is achieved, this will reflect 14.2% CAGR for the period starting from CY 2023 through CY 2030. Domestic visits to Karnataka, Delhi, Maharashtra, Tamil Nadu, Goa and Telangana are summarized in Table 2. Travel to these states have contributed 33%-35% of all India domestic visits in CY 2022 and CY 2023 with most states reflecting substantial growth.

Table 2: Visits to States Comprising Select Markets

State	Visits (in Million)		
	CY22	CY23	Growth
Karnataka	182	284	55.8%
Delhi	27	39	45.0%
Maharashtra	111	161	45.0%
Goa	7	8	15.8%
Tamil Nadu	219	286	30.8%
Telangana	61	59	-3.8%
Total	607	837	
Total National	1,731	2,510	
% share	35.1%	33.4%	

Source: India Tourism Data Compendium, Ministry of Tourism, Govt. of India

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 middleclass 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 3 reflects the demand contribution by foreign and domestic visitors at different hotel segments.

Table 3 – 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	65.6%	51.9%	71.1%	63.3%	76.3%	68.4%	79.3%	75.6%
Foreign Guests	34.5%	48.1%	28.9%	36.7%	23.8%	31.4%	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 3, with increase across the Five Star deluxe, Five Star and Four Star hotels.

3.6.2. Domestic Spend value on Tourism

With growing household earnings and a median age of 28.1 years (ayounger than several key countries by 10 and more years) the spend on tourism is projected to rise by 170% from USD150 bn spent in CY 2019 to USD410 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.⁴¹

According to a report by Booking.com and Accenture, New Delhi, Bengaluru, Mumbai, Chennai and Hyderabad have been ranked among top six cities in terms of hotel bookings searches since the last 5 years; further,

India currently is the world's sixth-largest domestic travel market by spending.⁴² Hospitality and tourism sector is expected to grow 1.7 times in CY 2027 compared to CY 2022⁴³.

3.6.3. Domestic Air Traffic

As of September 2024, India had 157 operational airports which has doubled since CY 2014 and aims to reach 350-400 airports by CY 2047.⁴⁴ 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 mn passengers over the next 10 years.⁴⁵ This expansion, together with improved roads helps support demand and demand creation in multiple markets outside the Key Markets.

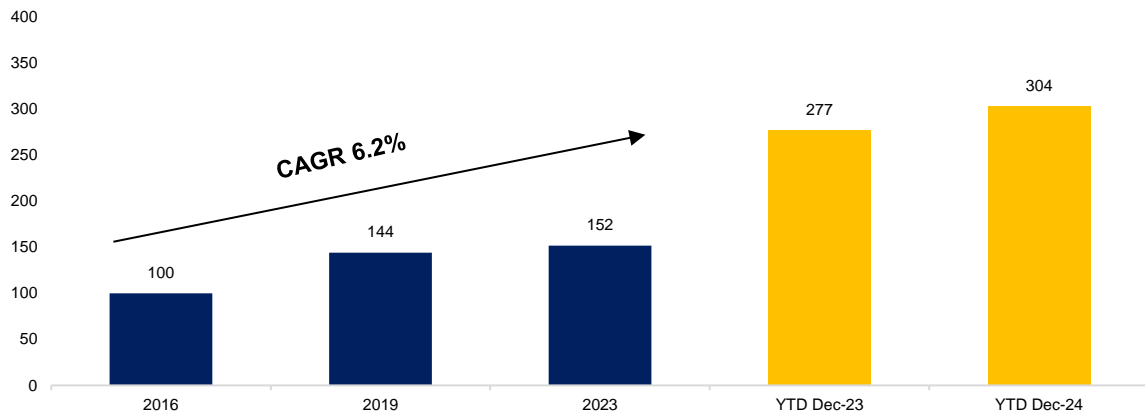
⁴¹ Source: How India Travels 2023, Bookings.com and McKinsey Report, October 2023

⁴² Source: How India Travels 2023, Bookings.com and McKinsey Report, October 2023

⁴³ Source: Vision 2047 – Indian Hotel Industry, Hotel Association of India

⁴⁴ Source: Press Information Bureau, Ministry of Civil Aviation

⁴⁵ Source: Press Information Bureau, Ministry of Finance

Chart 20: Domestic Passenger Air Movement (in mn)

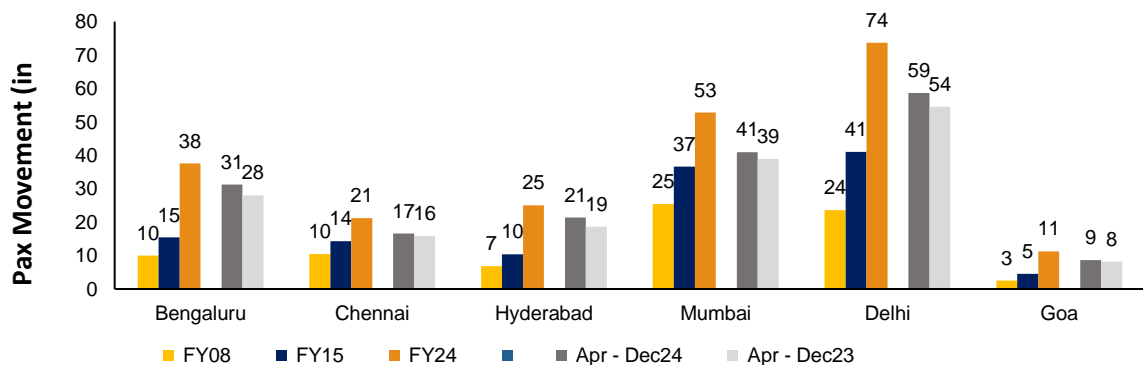
Source: Directorate General of Civil Aviation

4. Access Infrastructure

Better roads and airport infrastructure have facilitated domestic and inbound travel growth across established markets, other cities and towns that have business / manufacturing activities 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 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.

Air Traffic

Growth in air travel is a material driver of demand and overall market growth. The Select Markets (Mumbai, NCR (only Delhi), Bengaluru, Goa, Chennai and Hyderabad; Sakleshpur does not have an airport), had 59% share of air traffic for FY 2024, while having 46% supply share of hotel inventory. Growth in air travel for Select Markets is summarised in Chart 21. By FY 2024, passenger numbers have fully recovered from the Covid pandemic related decline for All India and for all Select Markets except Chennai. Passenger movement for Select Markets for April to Dec24 is 177 mn, higher than the corresponding periods for 2019 and 2023 by 17% and 8% respectively.

Chart 21: Passenger (Pax) Movement (Arrivals and Departures) in mn for Select Markets*

Note- Excludes Sakleshpur due to absence of airport in the city.

Source: Airports Authority of India (AAI)

Currently, PHVL has 7 operational hotels in Bengaluru with 1.4k rooms. Its expansion plans, cover 5 other Key Markets and a resort destination which depends upon Bengaluru airport for visitation from markets outside southern India. Five of the seven Select Markets have private-sector led airport

development and operations, with periodic capacity expansions. Between FY 2015 and FY 2024, passenger movement (domestic + international) at these Select Markets and on all-India basis grew at 6.8% and 7.9% CAGR. YTD Dec 24 passenger movement increased by 8% for Select Markets compared to YTD Dec 23. Aggregate passenger capacity at these airports by FY 2030, including from expansion of certain airports, is estimated to be 300-350 mn passengers per annum (MPPA).

Table 4 - Pax Movement in mn

	FY08	FY15	FY24	Apr - Dec24	Apr - Dec23
Select Market					
Domestic	57	86	172	138	128
International	22	36	49	40	36
Total	79	122	222	177	164
All India					
Domestic	84	138	307	247	228
International	31	53	70	57	51
Total	115	191	376	304	279
Select market Share					
Domestic	68%	63%	56%	56%	56%
International	71%	68%	70%	70%	70%
Total	69%	64%	59%	58%	59%

Source: AAI

For YTD Dec 24, airports at the Select Markets handled 177 mn passengers (58% of all-India passengers). Post Covid recovery (FY 2024 over FY 2019) is largely complete with only Chennai lagging by 1.3 mn passengers while Mumbai, Delhi, Bengaluru, Hyderabad and Goa have grown by 4 mn, 4.4 mn, 4.2 mn, 3.6 mn and 2.8 mn respectively.

On all-India basis, Passenger movement (domestic + international) for YTD Dec 24 reflected 9% growth over YTD Dec 23.

Mumbai Airport: The Mumbai airport's terminal 1 and terminal 2 have an aggregate capacity to handle 50 mn passengers annually. Terminal 1 will be demolished in November 2025 and reconstructed to handle 20 mn passenger annually from present capacity of 14 million. The Navi Mumbai airport, which will commence in June 2025, along with Mumbai Airport terminal 2 will have a capacity to handle 50-55 MPPA together. By CY 2036, Navi Mumbai airport will be able to handle 90 MPPA.

Bengaluru and Hyderabad Airports: Air traffic at Bengaluru and Hyderabad, at 38 mn and 25 mn respectively for FY 2024, reflect 276% and 267% 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 CY 2030.⁴⁶ Hyderabad airport expansion has been completed, increasing the airports capacity from 12 MPPA to 34 MPPA, increasing to 45 mn by CY 2030.

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 17 mn passengers for FY 2024 and YTD Dec 24 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 CY 2047. The airport will have 3 terminals, spread over 5.4k acres.

Delhi NCR Airport: Delhi Indira Gandhi International Airport (DIAL) handles 62 mn passengers annually. Terminal 1 expansion was completed in August 2024. By CY 2030, the handling capacity may increase to 140 mn passenger annually after the construction of Terminal 4. Further, the new Noida International airport at Jewar is expected to be commissioned by mid 2025 with capacity for 12 mn passengers in the first phase.

⁴⁶ Source: Kempegowda International Airport Bengaluru

Goa: Dabolim and Manohar International Airport (MOPA) handle 8.5 mn and 4.5 mn passengers annually respectively. MOPA has 2 further phases for expansion, and upon full completion, will be able to handle 13.1 mn passenger by CY 2045.

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 Luxury, Upper Upscale, Upscale and Upper Midscale Segments, in which PHVL has its hospitality assets (hotels and hotel 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 PHVL has an operating hotel or planned hotel project - Bengaluru, Mumbai, New Delhi, Chennai, Goa, Hyderabad and Sakleshpur. New Delhi has been presented as part of the larger Delhi NCR market. These hotels are provided in Table 5:

Table 5 – PHVL Portfolio - Operating and Pipeline Hotels

Name	City	Brand	Group	Status	Positioning	Rooms
Operating Hotels						
Conrad Bengaluru	Bengaluru	Conrad	Hilton Worldwide	Operating	Luxury	285
JW Marriott Bengaluru Prestige	Bengaluru	JW Marriott	Marriott International	Operating	Luxury	301
Golfshire Resort & Spa	Bengaluru	Angsana	Banyan Group	Operating	Upper Upscale	79
Angsana Oasis Spa & Resort		Tribute	Marriott International	Operating	Upper Upscale	102
Mulberry Shades		Sheraton	Marriott International	Operating	Upper Upscale	360
Sheraton Bengaluru Whitefield Hotel & Convention Center	Bengaluru	MEA	Marriott International	Operating	Upper Upscale	190
Marriott Executive Apartments UB City*		Moxy	Marriott International	Operating	Upper Midscale	128
Moxy Bengaluru Airport Prestige Tech Cloud						
Total						1,445
Pipeline Hotels						
St. Regis Delhi Aerocity	Delhi NCR	St. Regis	Marriott International	Under Implementation	Luxury	188
Marriott Marquis Delhi Aerocity	Delhi NCR	Marriott	Marriott International	Under Implementation	Upper Upscale	590
W Bengaluru	Bengaluru	W	Marriott International	Under Implementation	Luxury	173
Sub-Total (A) – Under Construction			Marriott International			951
The Mumbai EDITION	Mumbai	Edition	Marriott International	Under Planning	Luxury	165
Moxy ORR Bengaluru	Bengaluru	Moxy	Marriott International	Under Planning	Upper Midscale	118
Moxy Chennai	Chennai	Moxy	Marriott International	Under Planning	Upper Midscale	153
St Regis Budvel Hyderabad	Hyderabad	St. Regis	Marriott International	Under Planning	Luxury	250
Aloft Hyderabad Prestige City India	Hyderabad	Aloft	Marriott International	Under Planning	Upscale	182
JW Marriott Goa Prestige Golfshire Resort & Spa	Goa	JW Marriott	Marriott International	Under Planning	Luxury	350
Autograph Collection	Goa	Autograph Collection	Marriott International	Under Planning	Upper Upscale	120
Tribute Portfolio Dabolim	Goa	Tribute	Marriott International	Under Planning	Upper Upscale	60
JW Marriott Sakleshpur Plantation Resort	Sakleshpur	JW Marriott	Marriott International	Under Planning	Luxury	160
Sub-Total (B) – Under Various stages of development planning						1,558
Total (A+B)						2,509
Grand Total						3,954

Source: PHVL Management

*Hotel is under Renovation, The Hospitality Asset was operated by another hotel operator from October 2008 to March 31, 2024 and operated by PHVL without a brand name from 1 April 2024 to 30 June 2024. PHVL entered into definitive agreements to rebrand the asset to Marriott Executive Apartments and commenced renovation for the rebranding on 1 July 2024. The Hospitality Asset will be managed by Marriott International after renovation.

Of the 2,509 pipeline rooms / keys, 951 rooms / keys are under construction and 1,558 rooms / keys are at various stages of development planning / approvals.

PHVL's operating hotels are comprised in 7 brands of 3 different hotel companies (Marriott International, Hilton Worldwide, Banyan Group). Further, PHVL pipeline hotels involve another six Marriott International brands.

PHVL opened (a) the first Moxy hotel (Moxy Techcloud Bengaluru) in South Asia⁴⁷, (b) the first Angsana resort in India; (c) the first and (yet) only Conrad in South India and (d) among the first Tribute brand hotels in India. It's existing and pipeline hotels together comprise diverse hotel components including city hotels, convention facilities, golf and other resorts across multiple brand positionings. JW Marriott Bengaluru Prestige Golfshire Resort & Spa is the only chain-affiliated golf resort in South India, and the largest golf resort in India in terms of rooms inventory / keys as of 31 December 24; its location at Nandi Hills combined with its convention and meeting facilities have enabled the creation of an events and leisure micro market at Nandi Hills.

PHVL portfolio includes existing and upcoming hotels in prime business micro markets which are expected to have continued business relevance and demand growth.

In this report 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.

- 5.1.4. 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.
- 5.1.5. 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 spaces 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.

⁴⁷ South Asia i.e., India, Nepal, Bangladesh, Bhutan, Maldives, Sri Lanka and Pakistan (according to World Bank).

- **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.

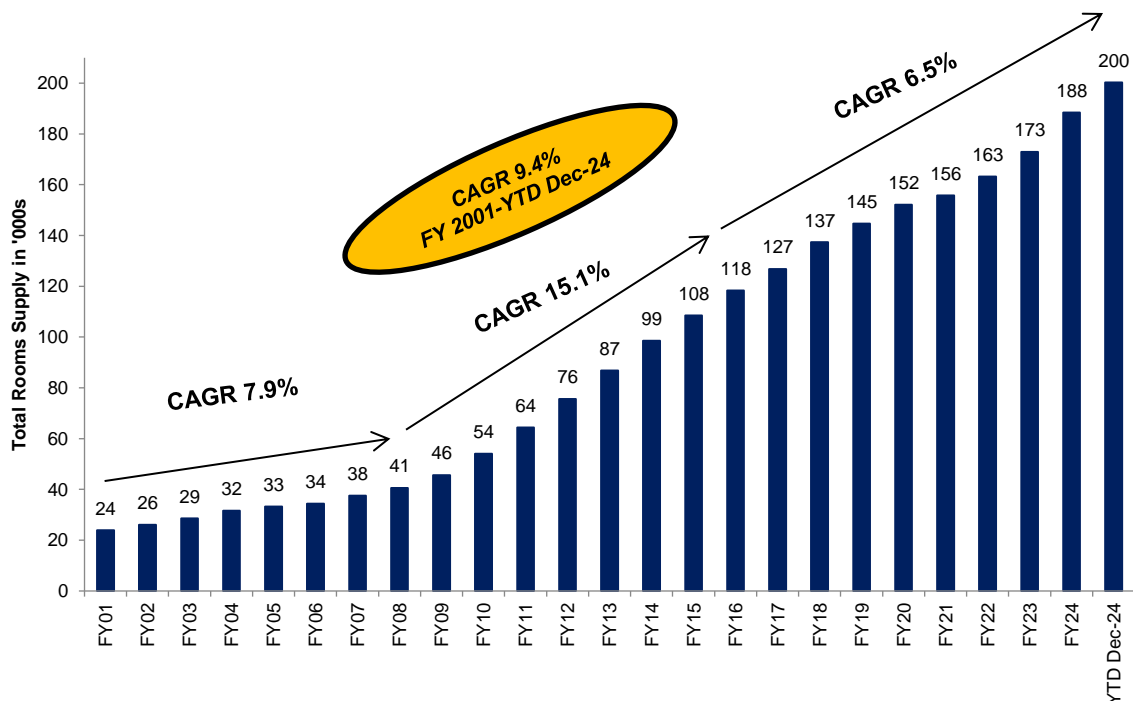
- 5.1.6. This report generally does not cover independent hotels, except to the extent that some independent hotels may have participated in collection of any reported data.

Other Independent hotels have been excluded as these – (a) lack 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 22 below reflects overall All India Chain affiliated hotel room supply.

Chart 22: All India Chain Affiliated Rooms Supply

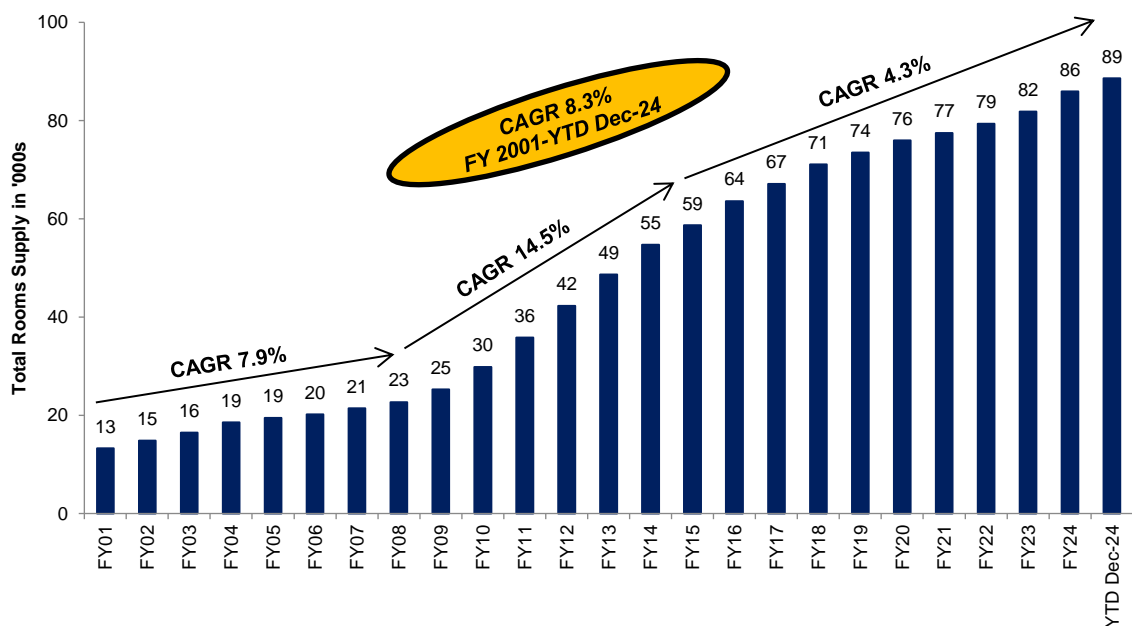


Source: Horwath HTL

Major supply growth occurred between FY 2008 - FY 2015, fuelled by strong business conditions and positive Occupancy and Average Daily Rate (ADR) trends from FY 2005 through initial months of FY 2009. On the other hand, moderate demand and economic activity from FY 2010 through FY 2014 was not supportive of new project commitments causing slower supply growth for FY 2016-FY 2023; this was exacerbated by the Covid pandemic. Yet, 9.4% CAGR between FY 2001 and YTD Dec-24 (over 23 years) reflects material supply addition, although off a small supply base as at FY 2001. 12k rooms have been added in FY 2025, upto YTD Dec24. About 68k rooms were added in the seven years from start of FY09 to end of FY 2015 and about 33k rooms in the three years from start of FY 2022 to end of FY 2024. Supply addition from FY 2014 to YTD Dec-24 comprises 64% of supply creation over the last 24 plus years.

Supply growth, aggregated across the Select Markets is reflected in Chart 23. Aggregate supply in Select Markets, at 88.6k rooms as at Dec-24, comprises 44% of all India supply; PHVL has 1.6% share of supply in Select Markets. Growth in Select Markets significantly occurred upto FY 2014. Select Markets CAGR for FY 2015-YTD Dec24 is only 4.3%, much lower than CAGR for FY08-FY 2015 at 14.5%

Chart 23: Chain Affiliated Rooms Supply: Select Markets



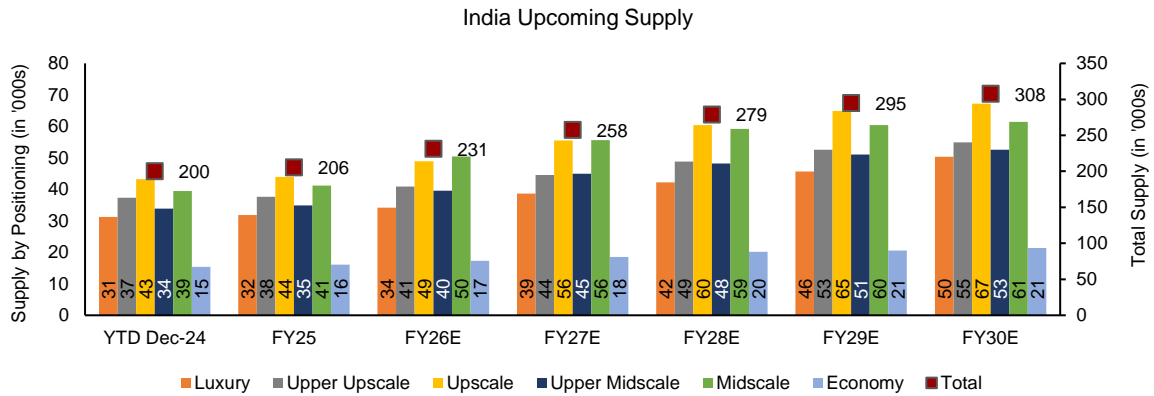
Source: Horwath HTL

5.3. All India - Expected Supply upto FY 2030

Per data based on announcements upto 15 January 2025, 107k rooms are expected to be added between January 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 projects and conversion efforts may cause some growth to happen somewhat speedily to partially compensate any delays in materialisation of the inventory pipeline of 107k rooms.

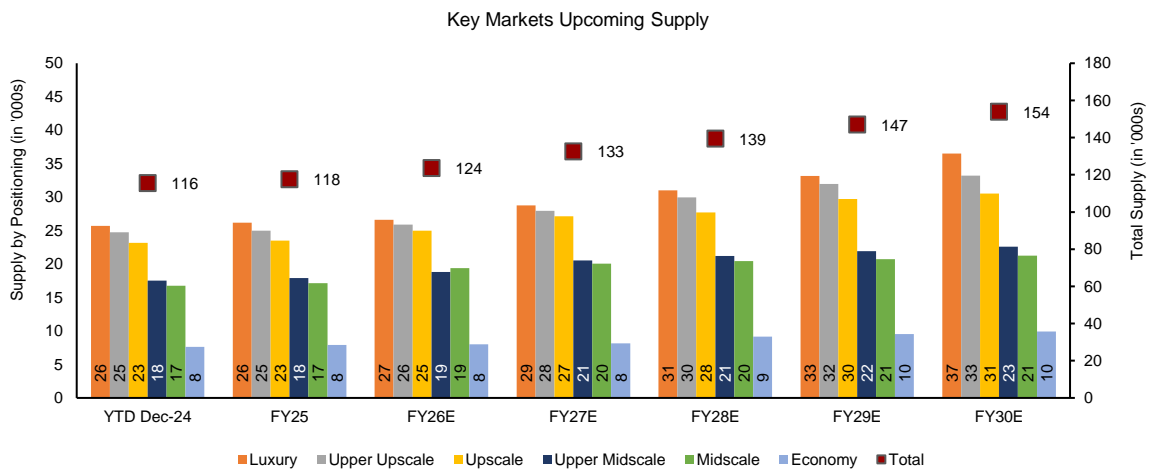
Chart 24,25 and 26 indicates the expected supply through FY 2030, on an all-India basis, for Key Markets and Select Markets and relevant segments. Limited supply may not be operational for some periods, during insolvency resolution processes – such cases will be nominal in the overall context.

Chart 24: Expected India Supply (Inventory in 000s)



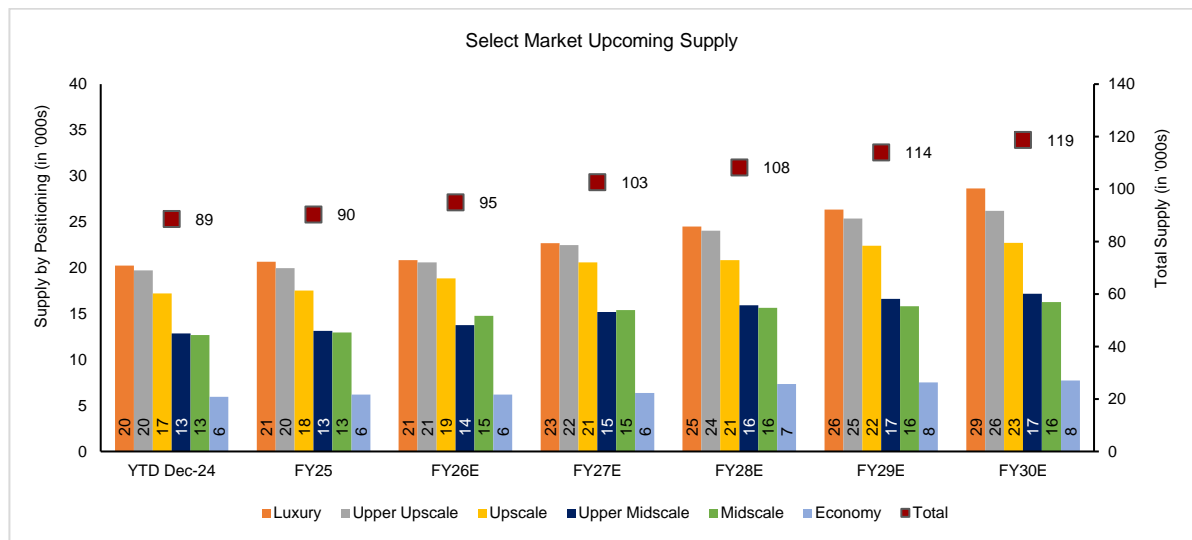
Source: Horwath HTL; Note: E = Estimated

Chart 25: Expected Key Market Supply (Inventory in 000s)



Source: Horwath HTL; Note: E = Estimated

Chart 26: Expected Select Market Supply (Inventory in 000s)



Source: Horwath HTL; Note: E = Estimated

Select Markets will see sizeable new supply, (30k rooms) with 28% share of new supply between 1 January 2025 and 31 March 2030. However, the overall supply share of Select Markets will decline from its current level of 44% to 39%.

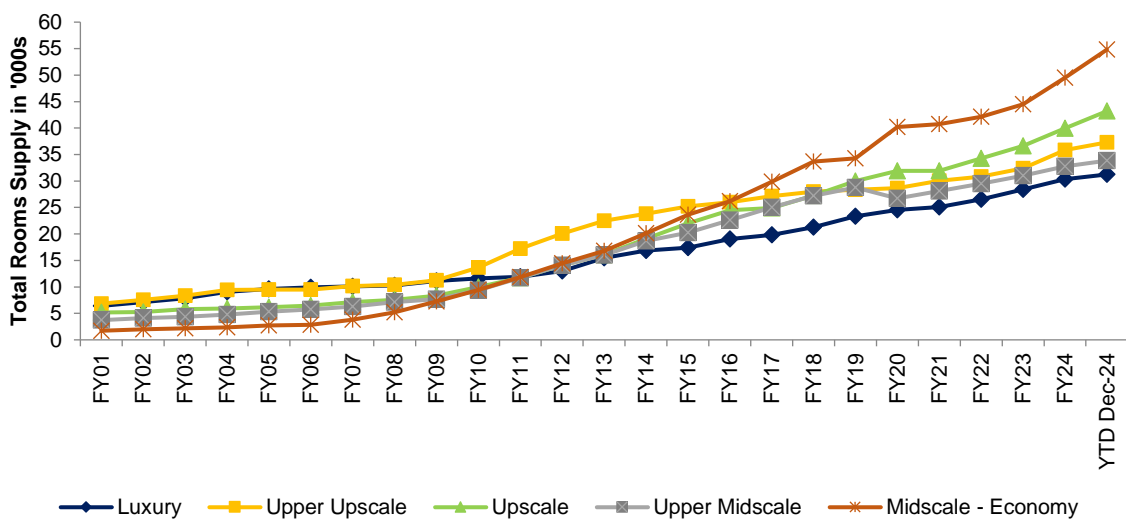
36% of supply creation upto FY 2030 will occur in Key Markets (including relevant Select Markets) and 64% will occur outside the Key Markets. The wider spread of new supply will likely satisfy latent demand and generate new demand.

About 50% of new supply in Select Markets between 1 Jan 2025 and 31 March 2030, will be in the Lux-UpperUp segment; with 18%, 14% and 18% in the Upscale, Upper-Midscale and Midscale-Economy segments respectively.

5.4. All India - Segmental Supply

Segmental supply has evolved significantly since FY 2001, and continues to do so, as reflected in Chart 27 and Table 6.

Chart 27 - All India Chain Affiliated Rooms Supply – Luxury, Upper Upscale, Upscale, Up-Mid, and M-E Segments



Source: Horwath HTL

Table 6 – Segmental Composition (Inventory in 000s)

Category							CAGR			
	FY01	FY08	FY15	FY24	YTD Dec-24	FY30E	FY01-08	FY08-15	FY15-YTD Dec24	YTD Dec24 - FY30E
Luxury	6	10	17	30	31	50	6.9%	7.9%	6.2%	9.5%
Upper Upscale	7	10	25	36	37	55	6.2%	13.5%	4.1%	7.7%
Upscale	5	8	22	40	43	67	5.6%	16.5%	7.2%	8.8%
Upper Midscale	4	7	20	33	34	53	9.7%	16.1%	5.4%	8.7%
Midscale-Economy	2	5	24	50	55	83	17.1%	24.2%	9.0%	8.2%
Total	24	41	108	188	200	308	7.9%	15.1%	6.5%	8.5%
% of Total										
Luxury	26.9%	25.3%	16.0%	16.1%	15.6%	16.3%				
Upper Upscale	28.7%	25.7%	23.2%	19.0%	18.6%	17.8%				
Upscale	21.7%	18.7%	20.3%	21.2%	21.6%	21.8%				
Upper Midscale	15.6%	17.6%	18.7%	17.4%	16.9%	17.1%				
Midscale-Economy	7.2%	12.8%	21.8%	26.3%	27.4%	26.9%				

Source: Horwath HTL; Note: E = Estimated

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 FY 2030, with Up-Mid and M-E segments having nearly 43% share of new supply between Dec-24 and FY 2030.

As of YTD Dec-24, Select Markets have 65% of all India Luxury Segment supply and 53% of Upper Upscale Segment supply. By FY 2030, the Luxury Segment supply share will reduce to 57% and Upper Upscale Segment supply share will reduce to 44%. The pace of supply growth between YTD Dec-24 and FY 2030 in the Luxury and Upper Upscale Segments; at supply CAGR of 6.9% and 3.9% respectively which is slower than All India during this period.

In absolute numbers, the Luxury, Upper-Up, Upscale, Up-Mid and M-E segments added about 25k, 30k, 38k, 30k and 53k rooms respectively between FY 2001 and Dec-24. (Note: segmental inventory decline in some years is mainly due to brand re-classification positioning change). M-E segment had the largest CAGR growth (FY 2001-YTD Dec24) at 15.7%, contributing 30% to total addition of rooms since FY 2001.

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. Its ability to support leadership level travel creates a positive multiplier effect on demand creation across segments. Refer Table 7 for segmental revenue share in CY 2024. Existing Lux-UpperUp hotels will benefit from segmental pipeline being only of moderate size, particularly in major metro cities.

Table 7 – Segmental Rooms Revenue Share – CY 2024

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 58% of rooms supply as at Dec-24, declining from 69% supply share at end FY 2015. Hotel rooms supply across market categories is summarised in Table 8.

Table 8 – Supply Distribution

Market Category	Room Count ('000)					% Share				
	FY01	FY15	FY24	YTD Dec24	FY30E	FY01	FY15	FY24	YTD Dec24	FY30E
3 Main Metros*	10	41	59	60	82	40.1%	38.1%	31.3%	30.1%	26.4%
3 Other Metros [#]	3	15	23	23	29	14.3%	14.2%	12.0%	11.5%	9.4%
Other Key Markets	3	18	30	32	44	12.1%	16.8%	15.9%	16.0%	14.2%
Other Markets	8	34	77	85	154	33.5%	30.9%	40.8%	42.3%	50.0%
Total	24	108	188	200	308	100.0%	100.0%	100.0%	100.0%	100.0%
Select Markets	13	59	86	89	119	55.6%	54.1%	45.6%	44.2%	38.6%

Note: E = Estimated

Source: Horwath HTL

*Mumbai, Delhi NCR and Bengaluru, [#]Chennai, Kolkata and Hyderabad, Other Key Markets are Pune, Ahmedabad, Jaipur and Goa

- As of 31 December 2024 Supply at the 3 Main Metros is nearly 2.6 times the Other Metros; other Key Markets have larger inventory than the Other Metros. The Key Markets led supply creation between FY 2001 - FY 2015. Among all Key Markets, supply growth over the next 5 years will mainly be at the 3 Major Metros [Delhi NCR, Mumbai and Bengaluru – 7.3k, 6.4k and 7.5k rooms respectively].
- Supply spread to Other Markets is an important evolution of the industry with 77k rooms added between FY 2001 and Dec-24 and another 69k rooms expected to be added by FY 2030. This will support and foster continued all-India demand growth. Increased urbanisation and improved air / road infrastructure have enabled supply creation in Other Markets in the last 9 years with 56% share of supply addition in this period. Hotels in Other Markets tend to be smaller and are concentrated at the mid-priced and upscale levels.
- Supply addition in the Select Markets comprised 45k rooms between FY 2001 - FY 2015 and 30k rooms thereafter through Dec-24. Overall supply growth was led by Delhi NCR (20k rooms), Bengaluru (17.3k rooms) and Mumbai (13.6k rooms), while Chennai, Hyderabad, Goa and Sakleshpur added another 24.5k rooms cumulatively. Pipeline share of Select Markets is 30.2k rooms, led by Bengaluru with 7.5k rooms.
- For the Select Markets the total supply increased by 4.3% CAGR between FY 2015 and YTD Dec 24. For the same period CAGR for Bengaluru and Goa were at 5.6% and 8.8% respectively, higher than the overall CAGR. While for the same period CAGR for Delhi NCR, Mumbai, Chennai and Hyderabad at 3%, 3.8%, 3.5% and 3.5% respectively, lower than the overall CAGR. Sakleshpur marked the entry of its first chain affiliated hotel only in FY 2024, this market is expected to mature over time with more than 400 chain affiliated rooms to be added between January 2025 to March 2030.
- 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 restricts market wide rates due to a larger share of mid-priced hotels.
- All 7 of existing PHVL hotels and 11 of the 12 upcoming PHVL hotels (i.e., ongoing and upcoming hotels) are in Key Markets. Key Markets have 58% of all India supply share as of 31 December 24.
- PHVL had 1.9% share in supply creation in the Select Markets between FY 2001 - Dec-24 and will have 8.3%% share in pipeline supply creation in the Select Markets till FY 2030.

6.2. Supply Spread by Foreign and Domestic Chain Affiliation

Between FY 2001 - YTD Dec24, 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		FY24		YTD Dec-24		FY30E	
	Domestic	Foreign	Domestic	Foreign	Domestic	Foreign	Domestic	Foreign	Domestic	Foreign
Overall	80%	20%	55%	45%	55%	45%	56%	44%	53%	47%
Lux	100%	0%	67%	33%	67%	33%	67%	33%	57%	43%
Up-Ups	60%	40%	36%	64%	29%	71%	29%	71%	28%	72%
Ups	91%	9%	42%	58%	42%	58%	43%	57%	41%	59%
Up-Mid	75%	25%	68%	32%	52%	48%	53%	47%	47%	53%
Mid-Eco	55%	45%	70%	30%	77%	23%	79%	21%	81%	19%

Note: E = Estimated

Source: Horwath HTL

- At end Dec24, foreign chains operate / franchise about 44% 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 FY 2030.

- 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 FY 2015.

6.3. Supply Analysis by Size

Two-thirds of the hotels as at 31 December 24 have an average size of 50 rooms, while the overall average size is 92 rooms.

Table 10 – Analysis by Inventory Size – as of 31 Dec-24

Inventory Size	Hotels	%	Rooms (in 000s)	%
<100	1,475	68%	74.3	37%
100-250	589	27%	87.3	44%
250-400	86	4%	26.6	13%
400-500	16	1%	6.9	3%
500 +	9	0%	5.3	3%
Total	2,175	100%	200.4	100%

Source: Horwath HTL

Size analysis for the relevant segments is presented below:

Table 11 –Segmental Analysis by Average Inventory Size – as of 31 Dec-24

Segment	Hotels	Rooms ('000)	Avg Rooms / Hotel
Luxury	184	31.2	170
Upper Up	238	37.3	157
Upscale	419	43.2	103
Upper- Mid	420	33.8	81
Midscale	640	39.3	61
Eco	274	15.6	57
Total	2,175	200.4	92

Source: Horwath HTL

6.4. Supply Composition – Hotel Chains

Inventory of top 15 chains in India as of Dec-24 is summarised in Chart 28:

Chart 28: Rooms Inventory of Top 15 Chains (in 000s) – as of 31 Dec-24



Source: Horwath HTL

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

- About 78.6% of total inventory is controlled by the top 15 chains
- Seven hotel chains – Marriott International, IHCL, Radisson Hotel Group, ITC, Accor, Hyatt and Lemon Tree – each have 5% or greater inventory share by number of rooms; in aggregate, these chains have 53.5% share of total supply.

6.5. Supply - Ownership Analysis

Chain ownership (including lease) of hotel rooms / keys has reduced from 70% at end FY 2001 to 25% at end Dec-24. 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 12 – Ownership Pattern – as of 31 Dec-24

	Hotels	%	Rooms ('000)	%
Chain Owned	452	21%	50.0	25%
Developer / Investor	1,723	79%	150.4	75%
Total	2,175		200.4	

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 13.

Table 13 – Ownership Pattern by Category – as of 31 Dec-24

Ownership Structure	Hotels	Rooms (in 000s)	Avg Size
Chain Owned	452	50.0	111
Major Private Asset Owners ¹	193	36.0	186
Other Private Asset Owners ²	1,495	108.7	73
Institutions ³	35	5.7	163
Total	2,175	200.4	92

1 - Major private hotel asset owners / developers comprise group companies owning more than 500 rooms / keys

2 - Other Private hotel asset owners / developers comprise group companies owning less than 500 rooms / keys

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

Source: Horwath HTL

Major private hotel asset owners have invested in some large format 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 / keys, and 9 of sixteen hotels with 400 to 499 rooms / keys 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 under positive business conditions.

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 14 – Ownership by Listed/Unlisted Companies – as of 31 Dec-24

Ownership	Listed companies		Unlisted companies		Total	
	Hotels	Rooms (000s)	Hotels	Rooms (000s)	Hotels	Rooms (000s)
Hotel Chains	276	36.1	176	13.9	452	50.0
Developer / Investor	110	22.0	1,613	128.4	1,723	150.4
Total	386	58.0	1,789	142.4	2,175	200.4

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 15 summarises the hotel ownership of the top ten major private hotel asset owners of overall who have developed or otherwise own hotels. Table 16 data pertain to top five hotels in South India owned by Major Private Investors. Table 15 and 16 comprise existing hotels as of 31 December 24 and pipeline hotels as of 15 January 25.

Table 15 – Ownership by Major Private Hotel Asset Owners

Group Company	Existing		Pipeline ^{##}		Total	
	Hotels	Rooms (000s)	Hotels	Rooms (000s)	Hotels	Rooms (000s)
Interglobe Enterprises / Accor	21	3.8	1	0.2	22	4.0
PHVL*	7	1.4	12	2.5	19	4.0
Chalet Hotels	9	3.0	2	0.8	11	3.7
Saraf Group	10	2.5	0	0.3	10	2.9
BHVL	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
Total	86	18.7	31	7.1	117	25.8

Source: Horwath HTL

Major private hotel asset owners / developers comprises group companies owning more than 500 rooms / keys

*Excludes one hotel owned by another Prestige Group entity that is not a part of this IPO

[#]Note: Ventive Hospitality listed on 31 December 24.^{##} Pipeline comprises of hotels signings as of 15 January 2025**Table 16 – Ownership by Top 5 Major Private Hotel Asset Owners or Developers in South India**

Group Company	Existing		Total (Existing+ Pipeline) [#]	
	Hotels	Rooms (000s)	Hotels	Rooms (000s)
PHVL*	7	1.4	13	2.5
BHVL	8	1.5	13	2.4
Embassy REIT	4	1.1	6	1.6
Interglobe Enterprises / Accor	8	1.3	8	1.3
BIAL	1	0.4	3	1.1

Source: Horwath HTL

Major private hotel asset owners or developers comprises private hotel owners or developers owning more than 500 rooms in India

*Excludes one hotel owned by another Prestige Group entity that is not a part of this IPO

[#] Pipeline comprises of hotels signings as of 15 January 2025

Major private hotel asset owners or developers (i.e. investors owning at least 500 rooms / keys pan India) currently have 63 hotels with 12.1k rooms / keys in South India as of December 31, 2024. Among the major private hotel asset owners in South India, PHVL is ranked second in terms of number of chain affiliated hotels and hotel rooms / keys as of 31 December 24, with 7 hotels (11.1%) and 1.4k rooms / keys (12%). Considering the pipeline, inventory in South India with such major private hotel asset owners will increase to 89 hotels and 17.7k rooms / keys. PHVL's expansion plans in South India will result in a supply share of 13 hotels (14.6%) and 2.5k rooms (14.1% share). As of 31 December 24, PHVL portfolio comprising its existing and pipeline hotels will have the largest number of keys inventory in south India among major private hotel owners. It will also be among the Top 5 major private hotel asset owners in India.

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.

Table 17 - Top 5 Hotel Asset Owners in Bengaluru – as of 31 Dec-24

Group [#]	Hotels	Rooms (in 000s)
PHVL	7	1.4
Embassy REIT	4	1.1
IHCL	6	1.0
Lemon Tree Hotels	5	0.9
SAMHI	6	0.9

Source: Horwath HTL

[#] Includes Chain Owned, Institutions, Major Private and Other Private

Table 18 – Ownership of Top 5 Marriott International Affiliated Hotel Rooms (in k)

Group	Total Marriott Portfolio [@]				Marriott Managed Portfolio	
	Current Supply [#]		Current [#] + Pipeline ^{##}		Current [#] + Pipeline ^{##}	
	Rooms (k)	% share	Rooms (k)	% share	Rooms (k)	% share
ITC Hotels	4.7	16%	4.7	10%	NA	NA
PHVL	1.1	4%	3.	8%	3.6	9%
Chalet Hotels	2.7	9%	2.8	6%	2.6	7%
SAMHI	2.6	9%	3.2	7%	3.2	8%
Ventive Hospitality	1.3	4%	1.6	3%	1.4	4%
Dangayach Group	NA	NA	NA	NA	1.1	3%

Source: Horwath HTL

– as of 31 Dec-24

Pipeline comprises of hotels signings as of 15 January 2025

@ Total Marriott Portfolio for purposes of this Table includes hotels (owned and operated by ITC Hotels) under franchise for Marriott's Luxury Collection brand and also the Sheraton New Delhi.

Marriott International pipeline data for this table is based on data from Marriott International which includes hotels to open after FY30, and branded residences. It is higher than the HTL pipeline data elsewhere in the report which only considers identified hotels opening upto FY30 and does not consider branded residences.

As of 31 December, 2024, Marriott International is among the largest hotel companies globally, operating 1.7 million plus rooms/keys and over 9.3k hotels.

Marriott Bonvoy, the loyalty program of Marriott International, had about 228 mn members; Hilton Honors, the loyalty program of Hilton Worldwide, had about 210 mn members as of 31 December 24. These help create stickiness of demand for the respective chain hotels.

7. 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, Mumbai, New Delhi and Hyderabad where PHVL has hotels. Data points for this section are sourced from Knight Frank Office Market Report. All data points in this section are for a calendar year.

India

Chart 29, 30 and 31 provides overview of metrics for commercial space in India

Chart 29 : India Commercial Space Metrics (msf)

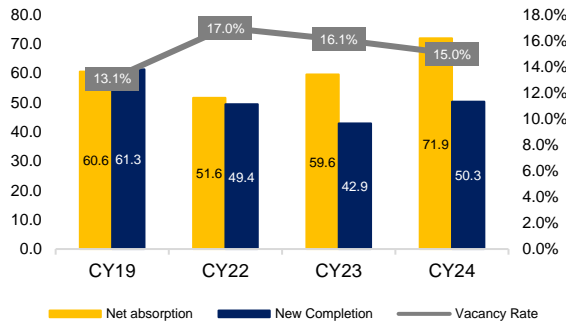


Chart 30: India Grade A Office Stock (msf)

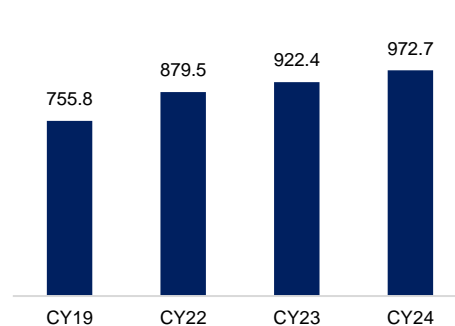


Chart 31: Sector Wise Share of Gross Leasing

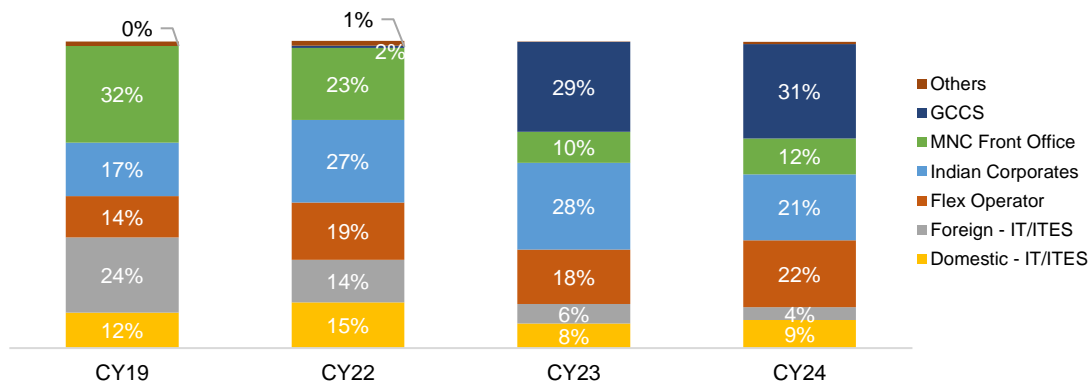


Chart 29,30 and 31 - Source: Knight Frank Office Market Report March 2025

- Grade A office stock in 2024 reflects 29% growth over 2019, increasing from 755.8 msf in CY 2019 to around 972.7 msf as of December 2024 at 5% CAGR.
- As of 31 December 24, Bengaluru, Hyderabad, Chennai, Delhi and Mumbai had 23%, 13%, 9%, 2%, 11% and 17% share respectively of all India Grade A office Stock and collectively accounts for 76% of all India Grade A office stock.
- Vacancy rate was at 15% for CY 2024 lower than 17% for CY 2022 and 16% for CY 2023 with the increase in net absorption by 21% in CY 2024 compared to CY 2023.
- GCCs continue to be the dominant occupier group, accounting for a significant 31% of total leasing activity in CY 2024. The dominant occupier in CY 2019 was MNC front offices. GCC operations are now the lead occupiers. India's leadership position in the GCC ecosystem continues to be 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 22% of the gross leasing in CY 2024

Bengaluru

Chart 32: Bengaluru Commercial Space (msf)

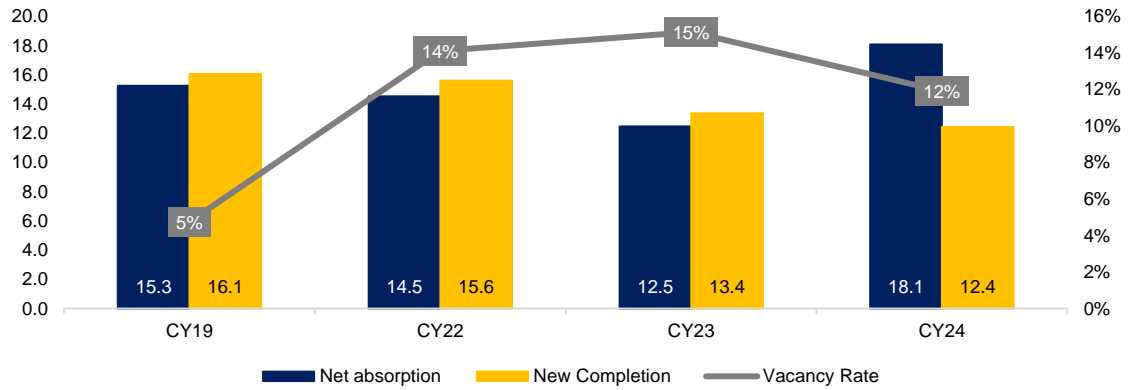


Chart 33: Bengaluru Grade A Office Stock (msf) **Chart 34: Office Stock Based on Usage as of 31 Dec-24**

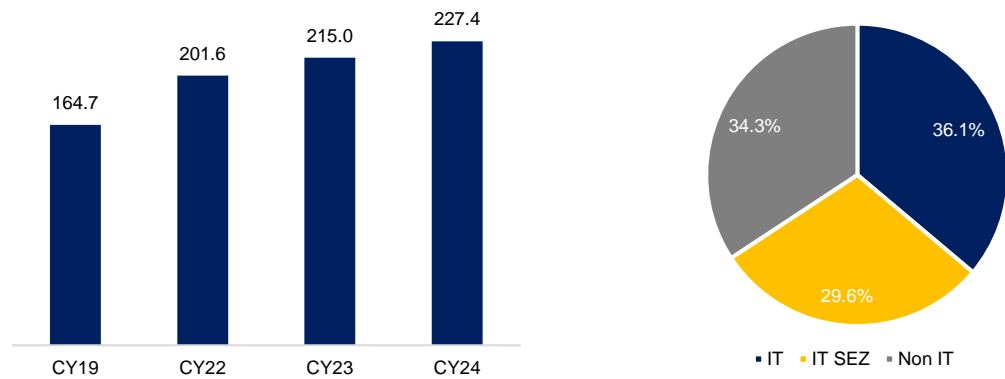


Chart 32, 33 and 34 - Source: Knight Frank Office Market Report March 2025

Comments:

- As of 31 December 24, Bengaluru has the largest Grade A office stock in India, totalling approximately 227 million sq. ft., representing 23% of Indian's total Grade A office stock.
- The city has played a leading role in shaping India's Grade A office net absorption, consistently accounting for a significant share of pan India annual net absorption.

Chennai

Chart 35: Chennai Commercial Space (msf)

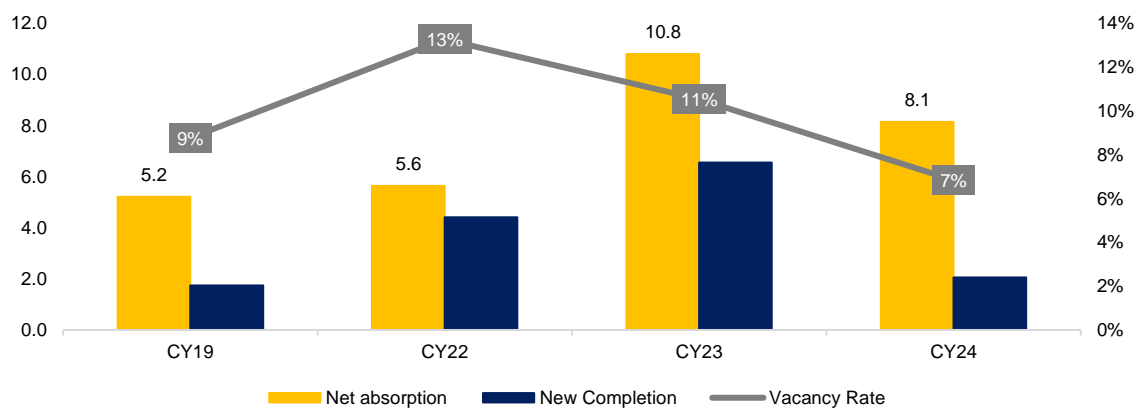


Chart 36: Chennai Grade A Office Stock (msf)

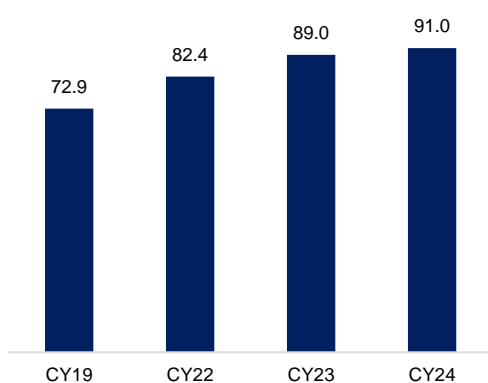


Chart 37: Office Stock Based on Usage as of 31 Dec-24

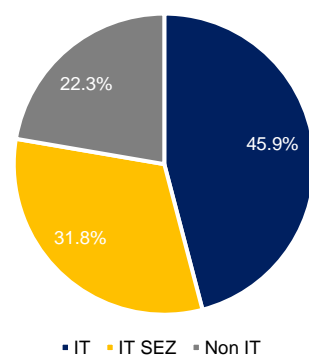


Chart 35, 36 and 37 - Source: Knight Frank Office Market Report March 2025

Comments:

- Chennai's office real estate market has emerged as a prominent and thriving sector in South India. The city holds 91 mn sft of Grade A office inventory.
- Chennai's office market began recovering from the Covid pandemic impact in CY 2022.
- Vacancy rate decreased by 3.7 points in CY 2024 compared to CY 2023, although net absorption decreased from 10.8 mn sft in CY 2023 to 8.1 mn sft in CY 2024.
- With further development of quality office space and decreasing vacancy rates, the demand-supply gap is expected to remain steady, signalling stronger market activity ahead.

Mumbai

Chart 38: Mumbai Commercial Space (msf)

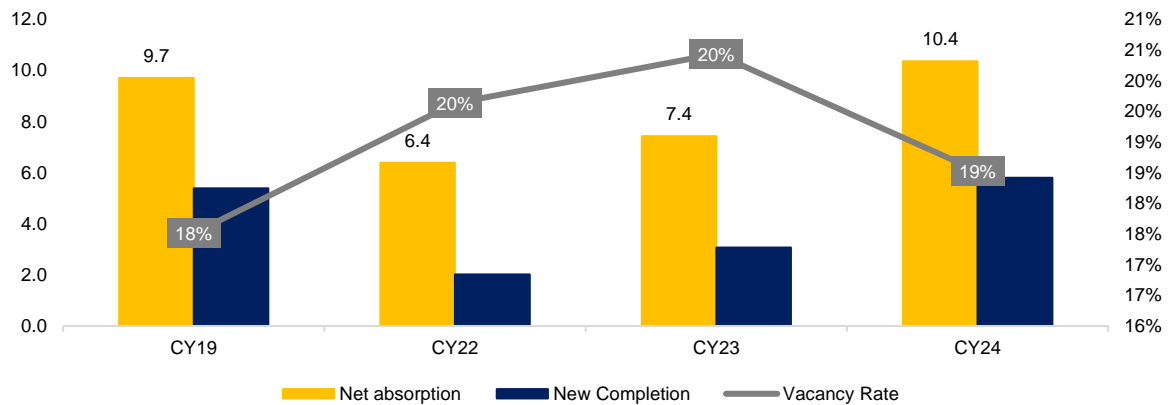


Chart 39: Mumbai Grade A Office Stock (msf)

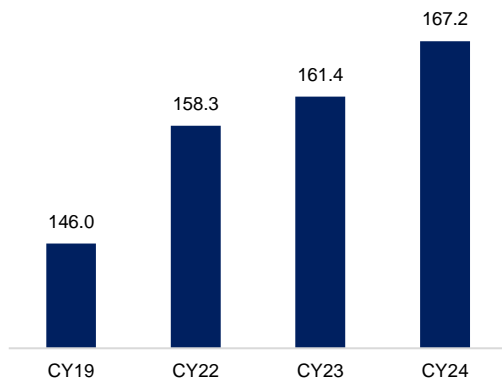


Chart 40: Office Stock Based on Usage as of 31 Dec-24

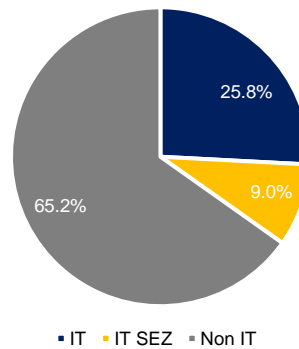


Chart 38, 39 and 40 - Source: Knight Frank Office Market Report March 2025

Comments:

- As at 31 December 24, Mumbai's holds a total Grade A office inventory of about 167.2 mn sft, representing 17% of the total stock in India's top seven markets.
- In CY 2024, net absorption in the city reached 10.4 mn sft, increasing from 7.4 mn sft in CY 2023 with vacancy rate dropping by about 2%.

Delhi

Chart 41: Delhi Commercial space (msf)

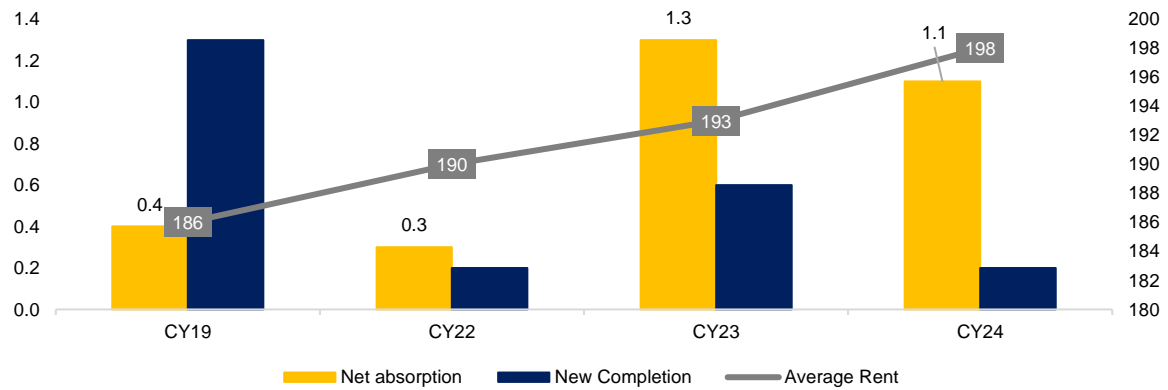


Chart 42: Delhi Grade A Office Stock (msf)

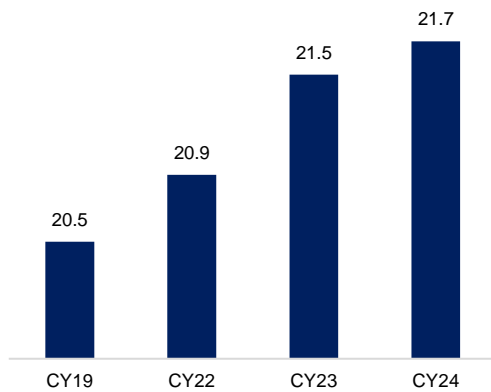


Chart 43: Office Stock Based on Usage as of 31 Dec-24

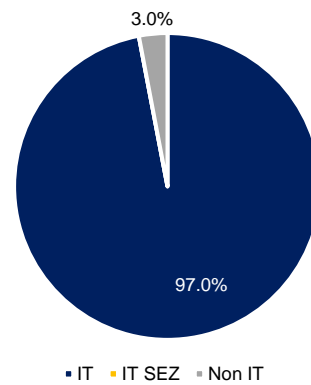


Chart 41, 42 and 43 - Source: Knight Frank Office Market Report March 2025

Comments:

- Delhi's Grade A office space has increased from 20.5 msf in 2019 to 21.7 msf as at 31 December 24, representing limited growth of 6%.
- Delhi's rental rates have increased from INR 186 in CY 2019 to 198 INR sft in CY 2024, being the highest rentals among Key Markets offering commercial spaces.
- In CY 2024, net absorption in the city reached 1.1 msf increasing from 0.4 msf in CY 2019.

Hyderabad

Chart 44: Hyderabad Commercial Space (msf)

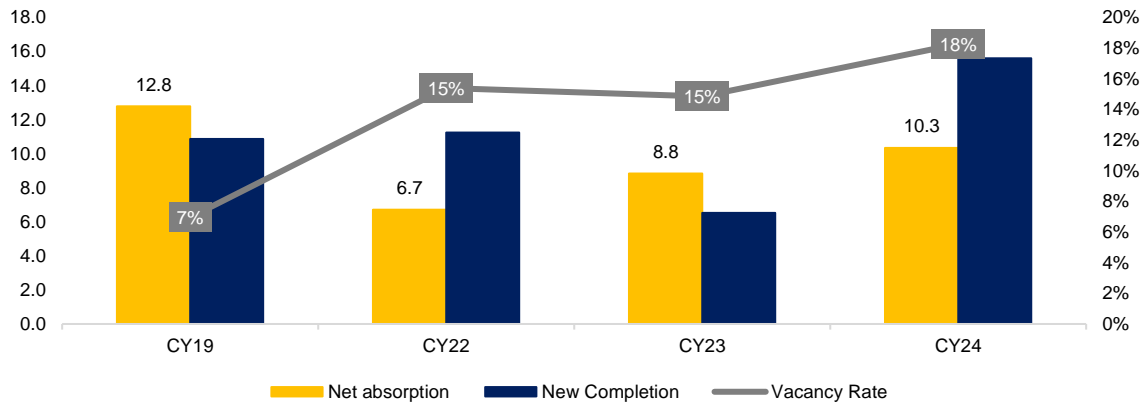


Chart 45: Hyderabad Grade A Office Stock (msf) Chart 46: Office Stock Based on Usage as of 31 Dec-24

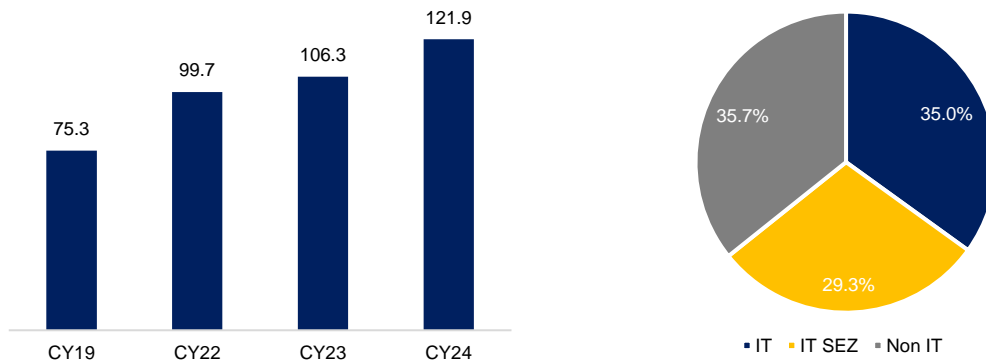


Chart 44, 45 and 46 - Source: Knight Frank Office Market Report March 2025

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 122 mn sft which reflects increase of 15% in CY 2024 compared to CY 2023.
- In recent years, Hyderabad has experienced significant growth in new office supply, particularly in the key submarkets of Gachibowli and Hitech City.
- In CY 2024, net absorption in the city reached 10.3 mn sft, increasing from 8.8 mn sft in CY 2023; Grade A office inventory 64% is contributed by IT and IT SEZ sector.

8. Hotels - Future Demand

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

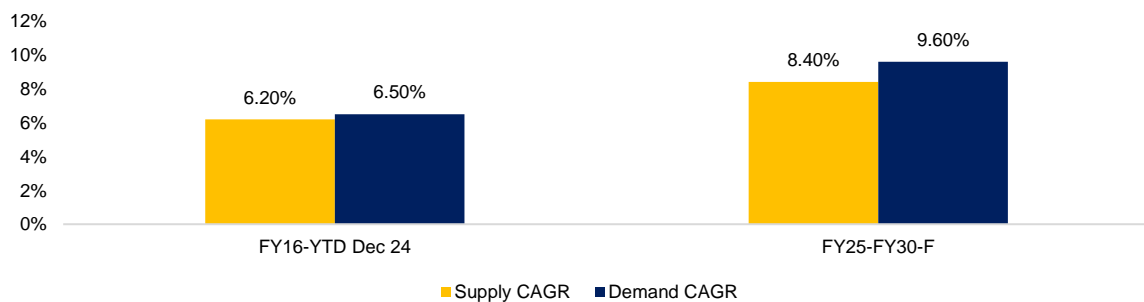
- Estimated supply and demand growth by different market categories. The total estimated All India demand is an aggregate of supply and demand from these three categories.
- We have adjusted the new hotel supply in FY 2025 for the period for which these hotels were open and for the expected supply from FY 2026 to FY 2030 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 are basing our demand projections on partial absorption of new supply.

Supply and Demand CAGR

Demand growth for chain affiliated hotels in India across all segments has been significantly higher compared to inventory growth, with the trend expected to continue between FY 2025 - FY 2030 at 9.6% CAGR. This will likely cause increased hotel occupancy and potentially support strong ADR levels

In Table 19, we have summarised the supply and demand CAGR

Chart 47 – Supply and Demand CAGR

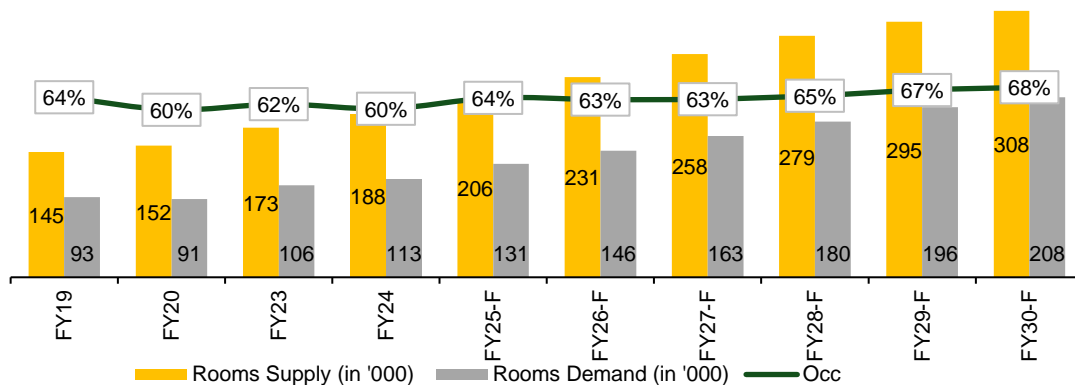


Note: F = Forecasted

Source: Horwath HTL

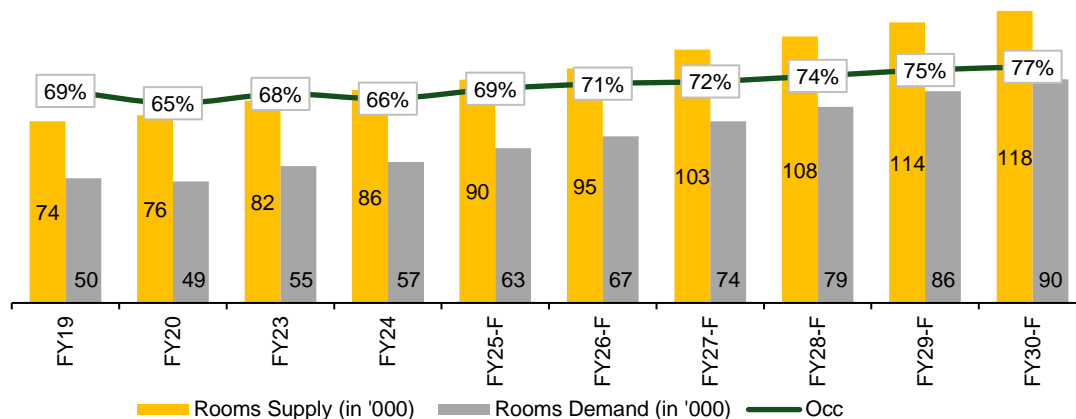
Based thereon, and with reference to our estimates of Future Supply described earlier, the occupancy estimates upto FY 2030 evolve as reflected in Chart 48.

Chart 48: All India – Rooms Supply, Rooms Demand and Occupancy Estimates – (FY2019 – FY 2030)



Note: F = Forecasted; Source: Horwath HTL

Chart 49: Select Markets (excluding Sakleshpur) – Rooms Supply, Rooms Demand and Occupancy Estimates – (FY 2019 – FY 2030)



Source: Horwath HTL; Note: F = Forecasted

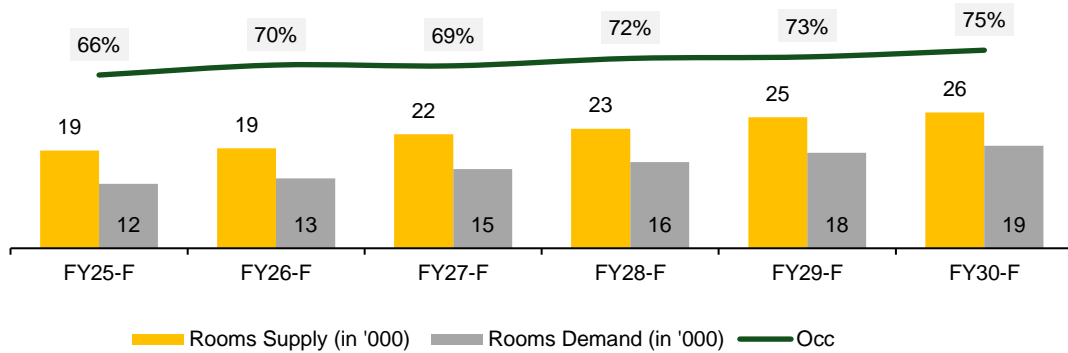
Table 19 – CAGR - Rooms Supply and Rooms Demand

Market	Supply CAGR	Demand CAGR
Bengaluru		
FY16-YTD Dec 24	4.9%	5.5%
FY25-FY 2030 (F)	6.8%	9.7%
Mumbai		
FY16-YTD Dec 24	3.6%	4.2%
FY25-FY 2030 (F)	5.7%	7.4%
Delhi NCR		
FY16-YTD Dec 24	2.6%	3.6%
FY25-FY 2030 (F)	5.1%	7.4%
Chennai		
FY16-YTD Dec 24	2.6%	4.8%
FY25-FY 2030 (F)	3.1%	4.6%
Hyderabad		
FY16-YTD Dec 24	3.0%	4.1%
FY25-FY 2030 (F)	4.6%	8.1%
Goa		
FY16-YTD Dec 24	8.6%	7.8%
FY25-FY 2030 (F)	6.9%	7.4%

Source: Horwath HTL

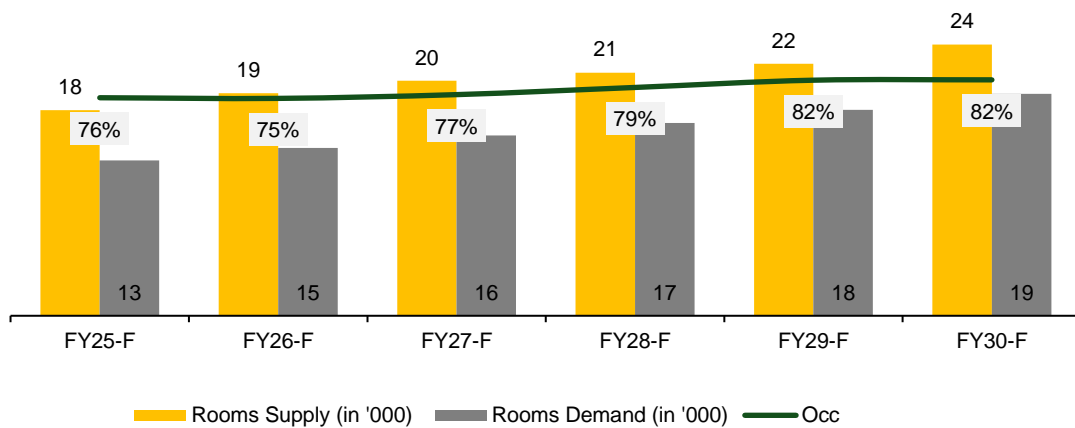
Based thereon, and with reference to the estimates of Future Supply described earlier, the occupancy estimates up to FY 2030 for Bengaluru, Mumbai, Delhi NCR, Chennai, Hyderabad and Goa are reflected in charts 50 to 55 below.

Chart 50: Bengaluru – Rooms Supply, Rooms Demand and Occupancy Estimates – (FY 2025 – FY 2030)



Source: Horwath HTL; Note: F = Forecasted

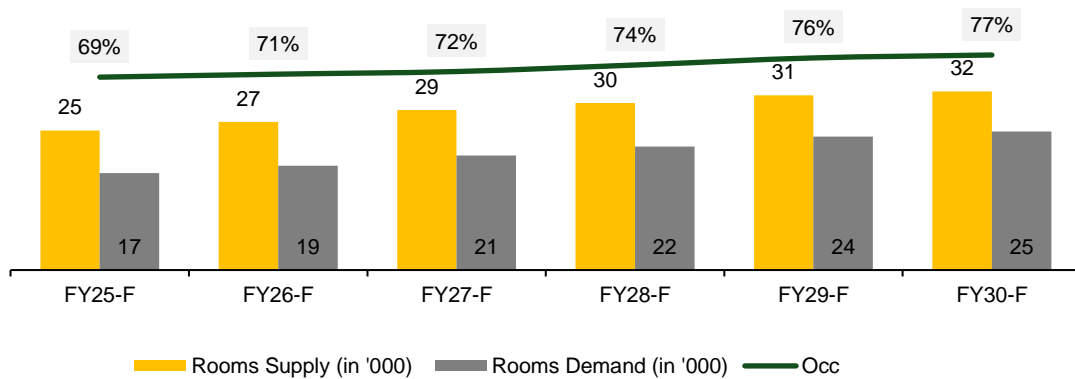
Chart 51: Mumbai – Rooms Supply, Rooms Demand and Occupancy Estimates – (FY 2025 – FY 2030)



Source: Horwath HTL; Note: F = Forecasted

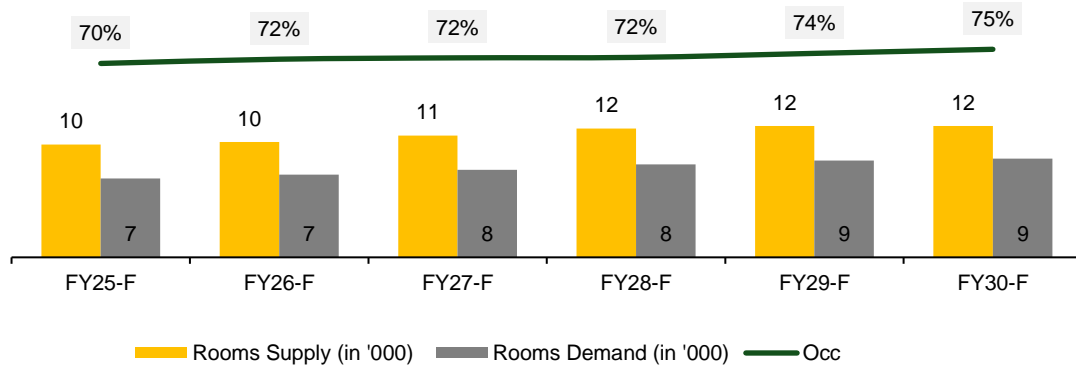
Source: Horwath HTL

Chart 52: New Delhi – Rooms Supply, Rooms Demand and Occupancy Estimates – (FY 2025 – FY 2030)



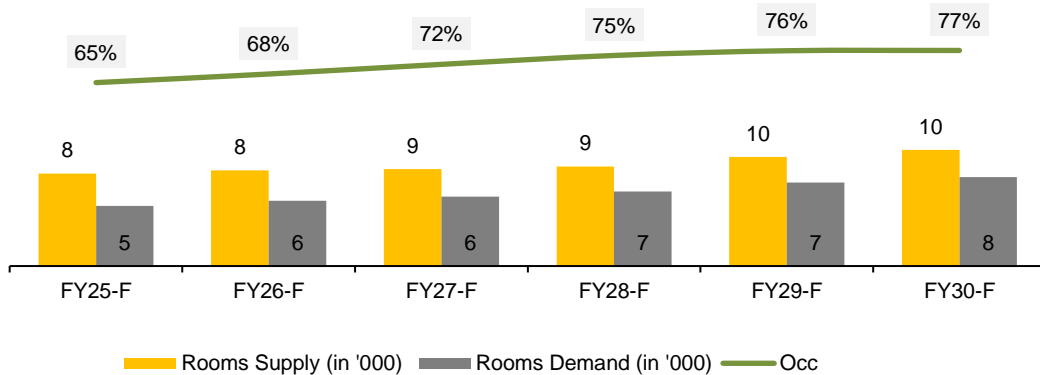
Source: Horwath HTL; Note: F = Forecasted

Chart 53: Chennai – Rooms Supply, Rooms Demand and Occupancy Estimates – (FY 2025 – FY 2030)



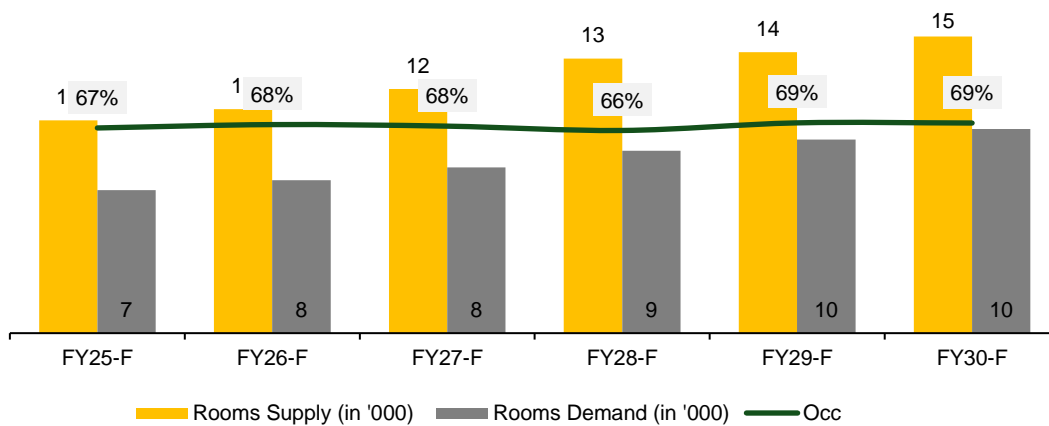
Source: Horwath HTL; Note: F = Forecasted

Chart 54: Hyderabad – Rooms Supply, Rooms Demand and Occupancy Estimates – (FY 2025 – FY 2030)



Source: Horwath HTL; Note: F = Forecasted

Chart 55: Goa – Rooms Supply, Rooms Demand and Occupancy Estimates – (FY 2025 – FY 2030)



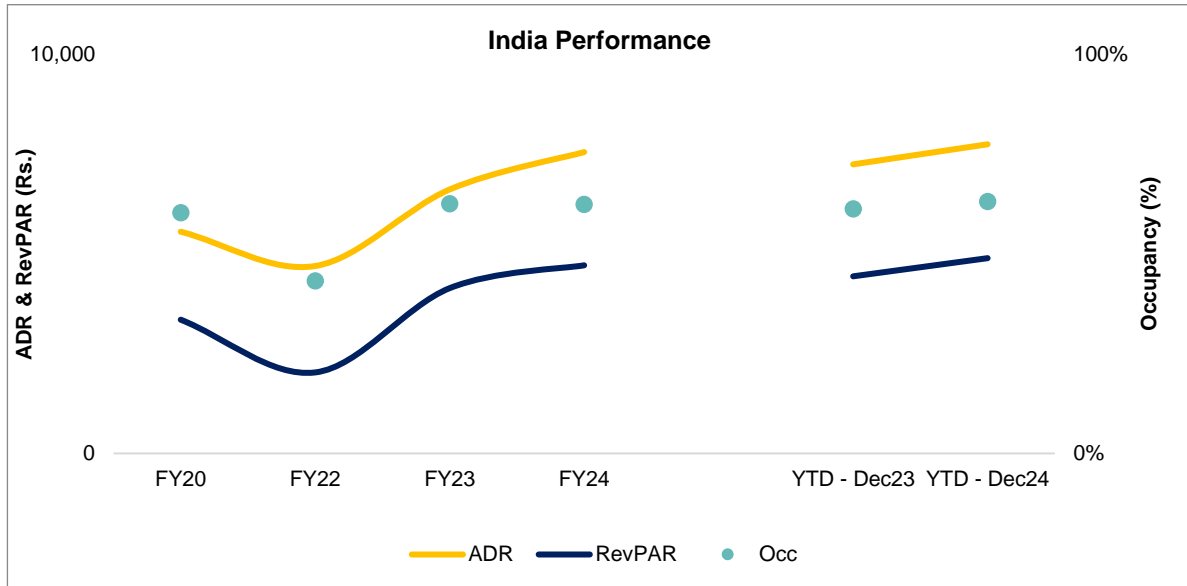
Source: Horwath HTL; Note: F = Forecasted

9. Hotel 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.

Chart 56 shows all-India performance of chain-affiliated hotels from FY 2020 through YTD Dec-24 (April- December), across all segments except FY 2021 as it was materially impacted by Covid.

Chart 56: India Hotel Market Performance



Data Source: CoStar

From a macro-perspective, the following elements emerge:

- The hotel sector had a difficult period from late CY 2008, mainly because expected demand growth did not occur to match supply created in anticipation of demand growth. The economy and investment climate were not supportive of demand growth; security issues occurred in some years. All India occupancy stagnated at 57-58% between FY 2012 – FY 2014. During this period, supply grew by 34k rooms while demand grew by 18k rooms.
- Typically, the industry sees changes in demand linked to macro-economic cycles. Down cycles see greater travel controls and needs, causing demand to slow or to lower hotel categories, a positive macro-economic situation and sentiment fuels travel and demand. Hotel occupancies decline or grow with such movements and in turn impact room rates; slowing occupancy invariably leads to softer room rates.

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

- Between FY 2010 - FY 2016, ADR was impacted by the dual factor of slower demand and occupancy generally, and diversification of supply profile so that wider options of quality and price points became available.
- Occupancy revived from FY 2015 as demand conditions improved and new supply had slowed. The upward trend in RevPAR upto December 2019 was materially occupancy led, with improved occupancy gradually enabling ADR increases.
- The Covid-19 pandemic was a major disruption with severe travel and operating restrictions causing material drop of occupancies and ADR. Demand recovery started in the late summer of

2020 and then gained momentum; recovery from wave 2 of Covid was much more rapid, enabling strong Q2 performance in FY 2022. The Omicron wave was disruptive between mid-December 2021 to February 2022 but then gave way to strong performance through December 2023. Strong occupancies and recognition of stronger rate needs and potential have enabled much higher ADR levels.

- f. For FY 2024, ADR was at INR 7.5k at an occupancy of 62%.⁴⁸ ADR for FY 2024 was higher by 14% compared to FY 2023, and by 36% compared to FY 2020 (pre-COVID levels). For YTD Dec-24 ADR was at INR 7.7k (+7% over YTD Dec-23) and occupancy at 63% (+2 points over YTD Dec-23).⁴⁹

10. Performance and Outlook for Select Markets

In this section we provide an overview of the Select Markets and of the performance of hotels in Select Markets and certain key micro-markets. Data comprises chain-affiliated hotels of all positioning in these markets or micro-markets. Data is dependent upon the extent of participation by hotels. Charts below shows chain-affiliated hotels for Select Markets from FY 2020 through YTD Dec-24 (April- December), across all segments except FY 2021 as it was materially impacted by Covid.

10.1. Bengaluru

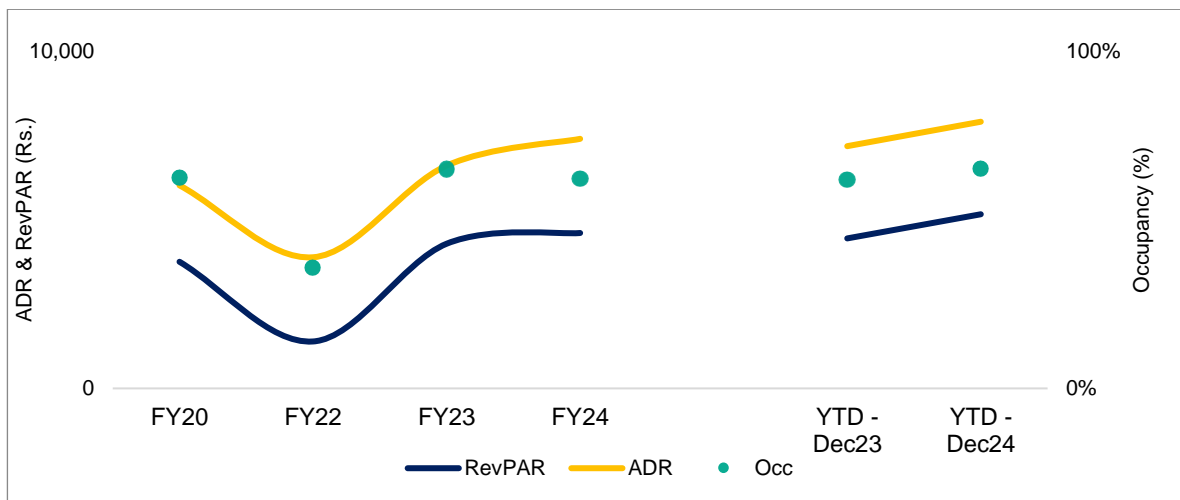
Table 20: Bengaluru Key Aspects

Aspect	Remarks			
Key Features	Capital of Karnataka; IT and technology capital of India			
Area	City	709 sq km	Urban Agglomeration	2.2k sq km
Population	City	8.4 mn	Urban Agglomeration	9.6 mn
Bengaluru GDDP - FY23	8.6 trillion INR			
Air Traffic	FY 2020 – 32 mn; FY 2024 – 38 mn; YTD Dec-24 – 31 mn;			
Chain Affiliated Hotel Rooms	FY 2020 – 14.5k; FY 2024 – 18.1k; YTD Dec-24 – 18.4k;			
Office Space as of 31 Dec 24	227.4 msf			

⁴⁸ Data Source: CoStar

⁴⁹ Data Source: CoStar

Chart 57: Bengaluru Hotel Market Performance



Data Source: CoStar

- The city with predominant IT sector focus has the largest hotel room inventory in India as at 31 December 24 (about 18.4k rooms); it also has 227 msf commercial office space as of 31 December 24 which is the largest (by city) 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 joiners, increased MICE activities, and growing activity in the aerospace sector with global companies setting up R&D and manufacturing bases in the Aerospace SEZ near Bengaluru airport.
- Passenger numbers at Bengaluru airport crossed 40 mn for CY 2024 and are nearly 42 mn for FY 2025, achieving material growth over pre-Covid levels. The airport gained from its infrastructure enhancement, having opened a second runway in December 2019 and a second terminal in November 2022.
- INR 7.4k ADR for FY 2024 was +12% higher than FY 2023, though occupancy fell by three percentage points to 62%⁵⁰. The rise in ADR contributed to +7% increase in RevPAR for FY 2024 over FY 2023 with further growth anticipated as IT parks re-open and occupancy levels improve.
- YTD Dec-24 results reflect ADR at Rs 7.9k (+10% over YTD Dec-23), Occupancy at 65% (+3 points over YTD Dec-23), and 16% rise in RevPAR over YTD Dec-23.⁵¹
- While assessing the market ADR and Occupancy, it is relevant to highlight that these are impacted by material supply addition (3.3k rooms added between CY 2020 and CY 2024). A positive attribute is that rooms demand grew by 7.9k rooms during this period, with this growth effectively occurring in the last three years. This demand growth is the largest in this period among all Key Markets.
- Bengaluru demographics, with a growing workforce size and younger profile workforce, point to larger potential for staycations and F&B spends at hotels with the requisite appeal.
- Major events such as Aeroshow and the annual Nasscom conference create beneficial value for hotels across the city.

⁵⁰ Data Source: CoStar

⁵¹ Data Source: CoStar

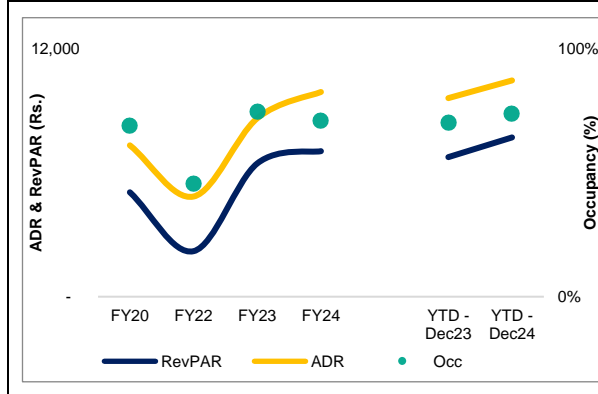
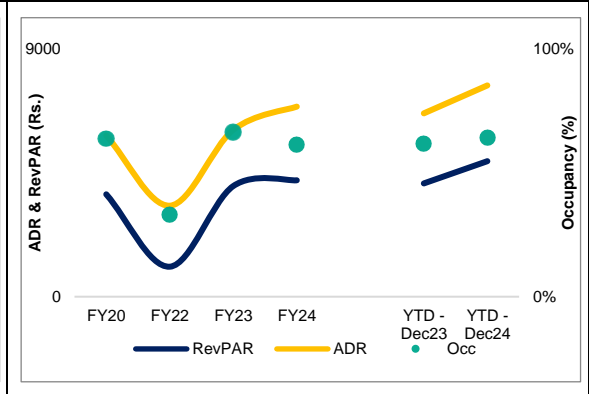
- The city has six distinct micro-markets arising from its widespread geographic expansion over several years. Table 21 provides micro-marketwise rooms supply (in '000s) in Bengaluru; some micro-markets have been combined based on performance data availability.

Table 21 – Bengaluru Micro-Markets Rooms Supply (in '000s)

Year	City Centre	North	South	Sarjapur & Whitefield	Total
FY08	1.3	1.0	0	0.4	2.7
FY 2015	3.5	2.4	1.5	3.3	10.7
YTD Dec-24	4.5	6.7	2.0	5.2	18.3
FY29 (E)	4.5	10.2	2.8	7.4	24.9

Source: Horwath HTL

- Bengaluru City is driven by diverse demand sources including business travel, MICE, weddings, sports and limited leisure demand.
- Whitefield and Sarjapur demand is driven by business travel, corporate MICE and weddings / social demand. Taken together, Whitefield and Sarjapur have 51% of the office space supply of Bengaluru, with several IT Parks and residential eco-systems. The Sheraton Grand, Whitefield with its large function spaces draws MICE and weddings demand, besides corporate travel demand.
- North Bengaluru (including Yeshwantpur in north-west Bengaluru) is a key growth corridor, driven by Bengaluru's Kempegowda International Airport located further north and the availability of large land parcels. This has enabled growth of supply and demand around Hebbal and Yeshwantpur; several projects are planned at and near the Kempegowda International Airport, with anticipated demand growth from the airport, Aero SEZ, several IT parks and other commercial spaces planned along (and close to) the highway from Hebbal to the airport and further north.
- South Bengaluru added only 300 rooms between FY 2015 and YTD Dec-24 and will add another 800 rooms till FY 2029. This micro-market could gain even more significantly with the proposed development of an airport at Hosur in Tamil Nadu.
- Performance for Bengaluru City Centre and Whitefield & Sarjapur micro markets are provided in Charts 58 and 59.

Chart 58: Bengaluru Centre Performance

Chart 59: Bengaluru- Sarjapur & Whitefield Performance


Data Source: Costar

- YTD Dec-24 ADR for Bengaluru City Centre was INR 10.5k, at an occupancy of 74%.⁵² The ADR was higher than the city ADR by 32% and the occupancy was higher by 8 points. The higher ADR is reflective of this micro-market having 36% supply share of the city's Lux-UpperUp hotels.
- Whitefield and Sarjapur micro market achieved 64% occupancy at ADR of INR 7.6k for YTD Dec-24.⁵³ These reflect an ADR gain of 15% over YTD Dec-23 and 27% over FY 2023. The RevPAR gain was at 20% and 22% respectively.

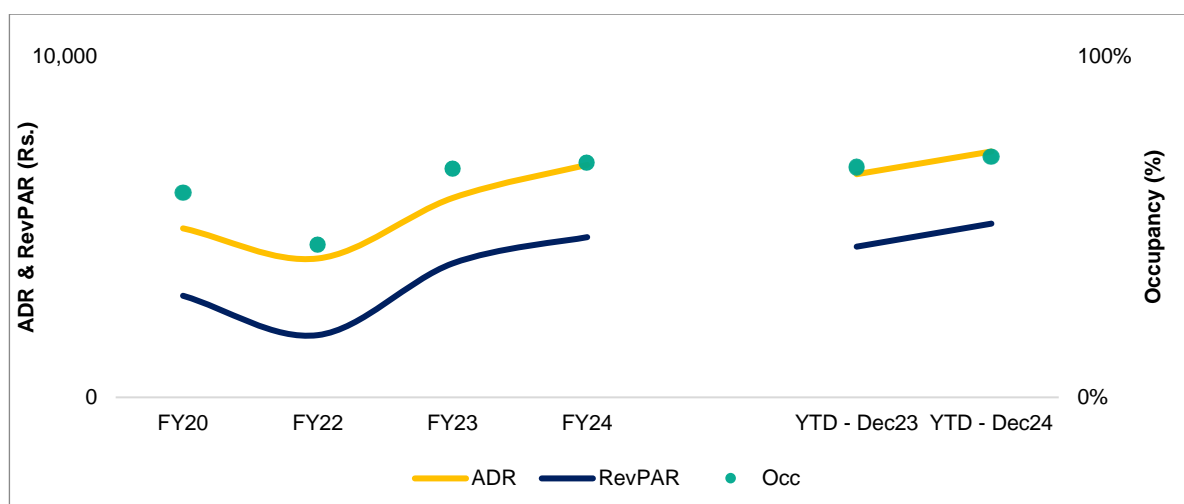
10.2. Chennai

Certain key aspects of Chennai are provided in Table 22

Table 22 – Chennai Key Aspects

Aspect	Remarks			
Key Features	Capital of Tamil Nadu; an important business city in South India			
Area	City	426 sq km	Urban Agglomeration	1.2k sq km
Population	City	6.7 mn	Urban Agglomeration	8.9 mn
Chennai GDDP - FY23	2.9 trillion INR			
Air Traffic	FY 2020 – 22 mn; FY 2024 – 21 mn; YTD Dec-24 – 17 mn			
Chain Affiliated Hotel Rooms	FY 2020 – 10k; FY 2024 – 9.7k; YTD Dec-24 – 9.8k			
Office Space as of 31 Dec 24	91 msf			

Chart 60: Chennai Hotel Market Performance



Data Source: CoStar

- Chennai has bounced back strongly, having achieved its best city-wide performance since 2008, with 69% occupancy and INR 6.8k ADR in FY 2024⁵⁴, and 71% occupancy and INR 7.2k ADR as of YTD Dec-24.⁵⁵

⁵² Data Source: CoStar

⁵³ Data Source: CoStar

⁵⁴ Data Source: CoStar

⁵⁵ Data Source: CoStar

- The results were materially enabled by (a) Lux-Upper Up ADR of INR 9.3k and INR 9.7k for FY 2024 and YTD Dec-24 respectively⁵⁶ and (b) Upscale- Upper Mid segment occupancy of 74.7% and 75% for FY 2024 and YTD Dec-24 respectively.⁵⁷
- City performance for YTD Dec-24 reflects material occupancy and ADR gains over YTD Dec-23; Occupancy gained 3 points, while ADR rose by 10%.
- Demand is led by business travel, and supported by MICE, weddings and crew. Business travel demand is largely from IT, automobile, health and pharma sectors, travel for corporate purposes and for interaction with the state government. 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. Resorts at coastal locations also secure leisure demand.
- In March 2023, a new integrated airport terminal was developed increasing the airport's 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.
- Hotel rooms supply growth has been nominal over the last six years; the supply pipeline comprises 2.1k rooms by FY 2030.

⁵⁶ Data Source: CoStar

⁵⁷ Data Source: CoStar

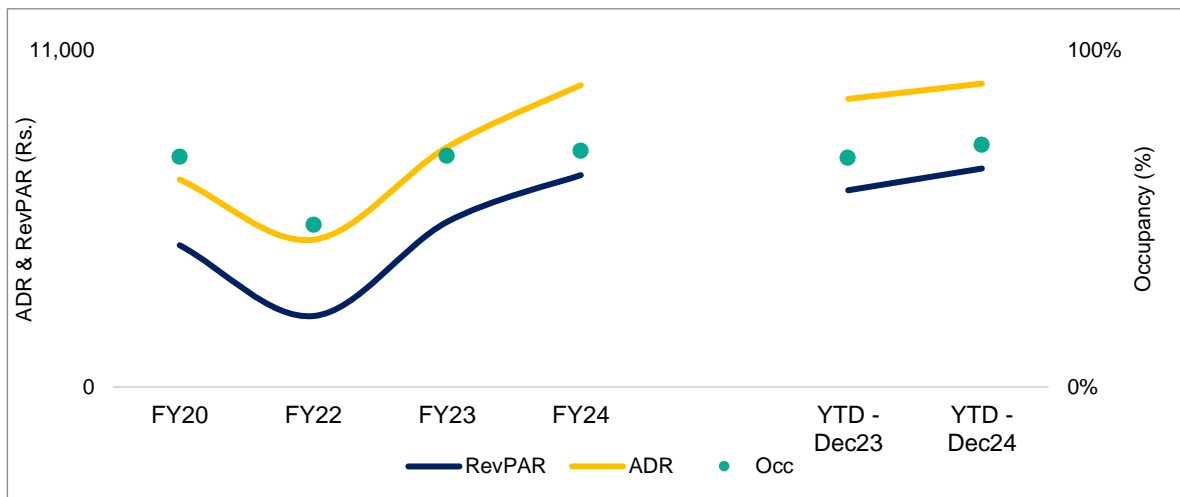
10.3. Delhi

Certain key aspects of New Delhi are provided in Table 23

Table 23 – New Delhi Key Aspects

Aspect	Remarks			
Key Features	Political capital of India; growing business and events destination			
Area	City	42.7 sq km	Urban Agglomeration	1.5k sq km
Population	City	142k	Urban Agglomeration	16.8 mn
New Delhi GDDP - FY23	10.1 trillion INR			
Air Traffic	FY 2020 – 67 mn; FY 2024 – 74 mn; YTD Dec-24 – 59 mn;			
Chain Affiliated Hotel Rooms	FY 2020 – 13.3k; FY 2024 – 13.6k; YTD Dec-24 – 13.8k			
Office Space as of 31 Dec 24	21.7 mn sft			

Chart 61: New Delhi Hotel Market Performance



Data Source: CoStar

- Delhi has the largest airport in the country, with further expansion underway. The city, and Delhi NCR have rapidly developed as a prime business destination drawing corporate and financial services activity, IT & ITeS and the manufacturing sectors. Delhi airport presently serves the entire Delhi NCR; the upcoming Jewar airport in eastern NCR is expected to ultimately add growth capacity and potential to the overall Delhi NCR region, notwithstanding any short term impact on Delhi airport.
- Delhi is part of the 'Golden Triangle' for tourism, together with Agra and Jaipur. Its hotels gain materially from weddings and MICE demand; this will deepen with 2 major convention centres opened and a 3rd convention centre under development by PHVL at New Delhi Aerocity.
- Occupancy for YTD Dec-24 at 72%⁵⁸ was higher than YTD Dec-23 by 4 points, with 11% RevPAR growth. The ADR for YTD Dec-24 was INR 9.9k⁵⁹, 5% higher than YTD Dec-23.
- Market Occupancy has increased from 69% in FY 2023 to 70% in FY 2024 and further to 72% for YTD Dec-24⁶⁰. ADR growth between FY 2023 and FY 2024 was 26%. ADR further increased by 5% for YTD Dec-24 as compared to FY 2024.

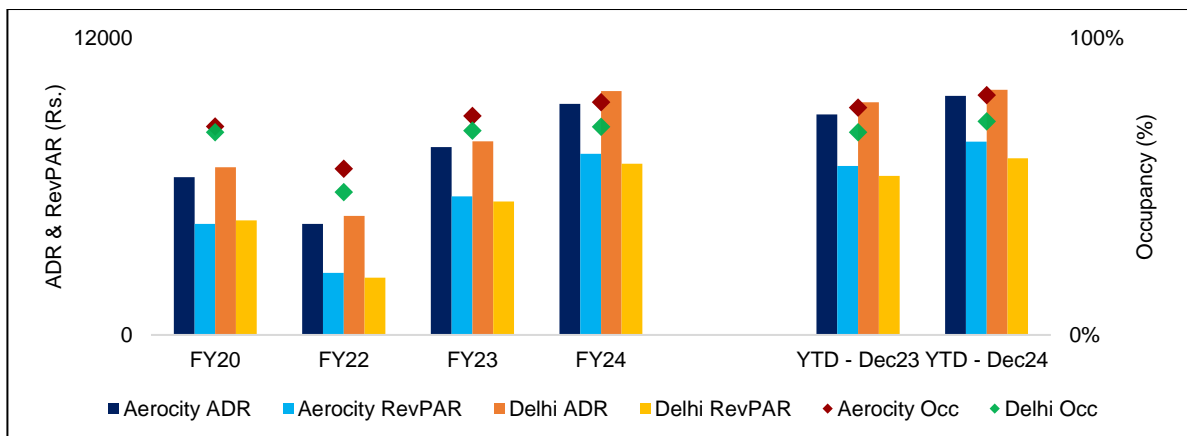
⁵⁸ Data Source: CoStar

⁵⁹ Data Source: CoStar

⁶⁰ Data Source: CoStar

- The Luxury Segment had significant growth in ADR and RevPAR in FY 2024 over FY 2020. ADR increased by +58% from INR 10k in FY 2020 to INR 16k in FY 2024⁶¹; RevPAR by +72% from INR 7k in FY 2020 to INR 12k in FY 2024⁶². RevPAR for YTD Dec-24 has grown by +7% to 11.8k⁶³, compared to YTD Dec-23, mainly driven by a four-point increase in occupancy.
- For Upper Upscale and Upscale segment, ADR and RevPAR increased by 42% and 36% respectively for FY 2024 over FY 2020. For YTD Dec-24, RevPAR increased over YTD Dec-23 by 11% and 15% for the respective segments.
- The Delhi market is expected to be in a positive mode with improved inbound travel and continued domestic travel adding demand, while the supply pipeline is only 1.8k rooms through FY 2030. These should benefit occupancy and ADRs. For the overall Delhi NCR market, the supply pipeline is 7.3k rooms through FY 2030; of these, 49% are in the Lux-UpperUp Segments (only 39% excluding the pipeline contribution by PHVL).
- The DMRC led Convention Centre on Dwarka Expressway and upgraded Pragati Maidan will create significant demand basis for MICE growth in the city. City hotels will continue to benefit from weddings and MICE demand.
- Delhi Aerocity, including its Hospitality district has become a key micro market, with development of newer hotels with larger function spaces that were not available in several city hotels that were mainly developed over 30 years ago. Aerocity hotels gain corporate demand from its location (with further demand potential from the large commercial space of 4.04 msf expected to be developed), from MICE and weddings demand (residential and non-residential), and from leisure and crew travel – all of these gain from the location advantage and the larger and newer function spaces at some Aerocity hotels. This micro market achieved occupancy of 78% and 81% at an ADR of INR 9.4k and INR 9.7k for FY 2024 and YTD Dec-24⁶⁴ respectively as reflected in Chart 61.

Chart 62: Comparison of performance of New Delhi Hotel Market to Dehi Aerocity



Data Source: CoStar

Delhi Aerocity refers to Costar submarket of IGI Airport that includes performance of participating hotels in the vicinity of Indira Gandhi International Airport.

10.4. Mumbai

Certain key aspects of Mumbai are provided in Table 24

⁶¹ Data Source: CoStar

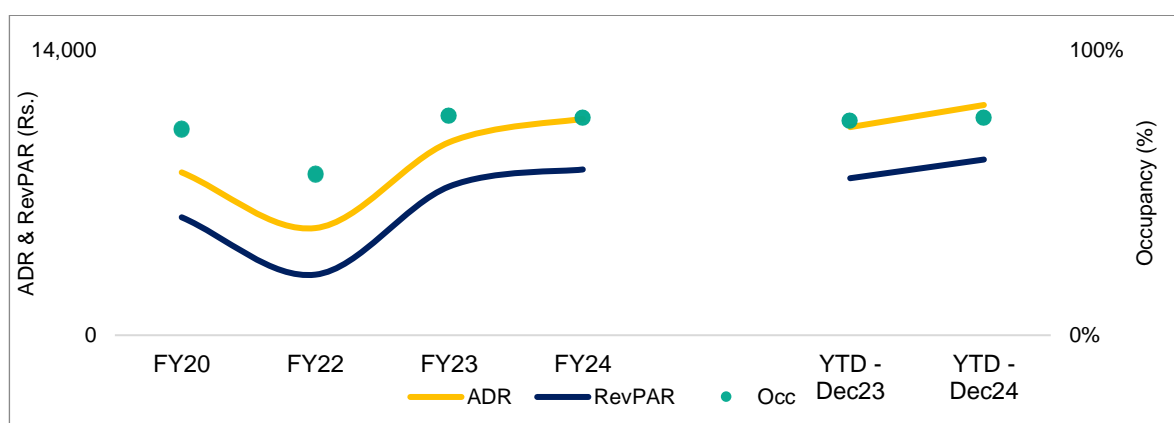
⁶² Data Source: CoStar

⁶³ Data Source: CoStar

⁶⁴ Data Source: CoStar

Table 24 – Mumbai Key Aspects

Aspect	Remarks			
Key Features	Capital of Maharashtra; commercial and financial capital of India			
Area	City	437 sq km	Urban Agglomeration	6.3k sq km
Population	City	21.6 mn	Urban Agglomeration	24 mn
Mumbai GDDP - FY23	4.4 trillion INR			
Air Traffic (Pax)	FY 2020 – 46 mn; FY 2024 – 52 mn; YTD Dec 24 – 41 Mn; Constrained by capacity; Navi Mumbai International Airport to add 20 mn capacity by end FY25, which is expected to go up to 90 mn by FY33.			
Chain Affiliated Hotel Rooms	FY 2020 – 13.7k, FY 2024 – 16.7k; YTD Dec24 – 17.2k			
Office Space as of 31 Dec 24	167.2 msf			

Chart 63: Mumbai Hotel Market Performance

Data Source: CoStar

- Mumbai is a base for corporate activity, banking and financial services. Key demand sectors include BFSI, IT & ITeS, corporate sector activities, professional services, trade, commerce and port services, entertainment, retail and real estate.
- Demand is led by business travel, MICE, weddings and crew and is materially supported by social and leisure travel. Each of these are in growth mode.
- The hotel market has been buoyant, particularly post Covid pandemic, across all segments. City occupancy has ranged between 76% and 77% for FY 2023 and FY 2024⁶⁵; city ADR has ranged between Rs.7.3k and Rs. 8.2k for these years⁶⁶.
- FY 2024 demand of about 12.4k rooms per day was higher by 2.7k rooms over FY 2020, yielding 77% occupancy and enabling a positive rate scenario. FY 2024 ADR was 33% higher than FY 2020 ADR.
- 76% Occupancy for YTD Dec-24 was up from 75% in YTD Dec-23⁶⁷. YTD Dec-24 ADR of Rs. Rs. 8.6k was +11% up from YTD Dec-23⁶⁸, enabling +12% RevPAR growth for this period.

⁶⁵ Data Source: CoStar⁶⁶ Data Source: CoStar⁶⁷ Data Source: CoStar⁶⁸ Data Source: CoStar

- The Lux-UpperUp segment achieved 78% occupancy in FY 2024, at an ADR of INR 13.3k; this ADR⁶⁹ was the highest segmental ADR among all metro cities.
- BKC is an expanding financial district which lacks sufficient hotel supply for corporate purposes and, further, for the Jio World Convention Centre which opened in April 2022 and adjacent Event Centre. Hotels in BKC and proximate locations will continue to gain from larger conventions, events and weddings hosted at the convention centre with these gaining momentum and scale as the Convention and Events Centres mature. As a ripple effect, business travel needs at such times will be displaced to hotels in the wider north / central Mumbai areas. These will combine to create strong occupancy and positive ADR bases for hotels in BKC and the wider micro-markets. BKC and its hotels will also gain from the upcoming launch of the new BKC metro line.
- The city will further benefit from ongoing infrastructure projects connecting various parts of the city by road and metro rail, the bullet train project with its Mumbai terminus at BKC, the airport developments and the growing sports related demand from cricket stadia in south Mumbai, BKC and Navi Mumbai.

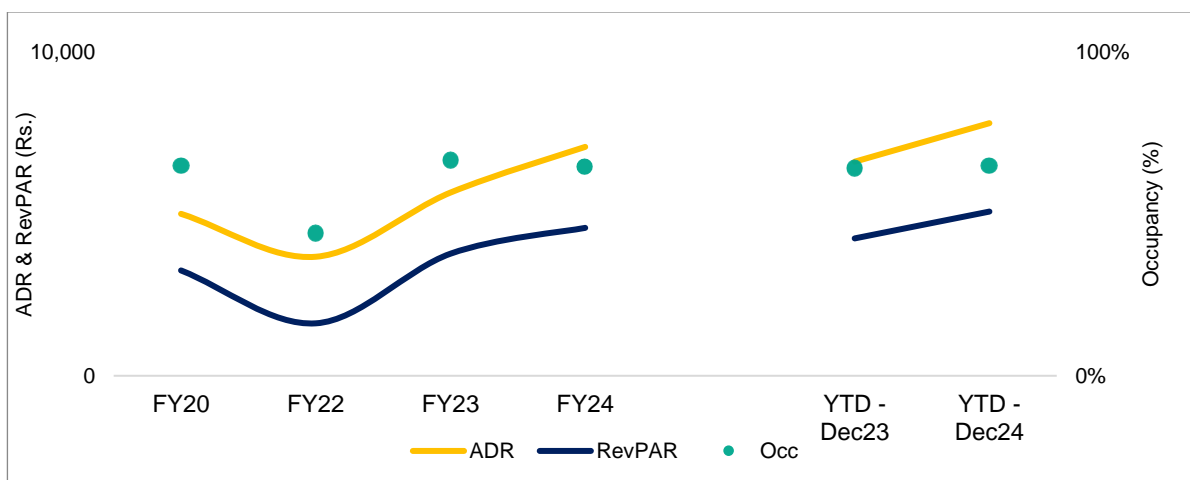
10.5. Hyderabad

Certain key aspects of Hyderabad are provided in Table 25

Table 25 – Hyderabad Key Aspects

Aspect	Remarks			
Key Features	Capital of Telangana			
Area	City	217 sq km	Urban Agglomeration	650 sq km
Population	City	3.9 mn	Urban Agglomeration	6.7 mn
Hyderabad GDDP - FY23	2.3 trillion INR			
Air Traffic	FY 2020 – 22 mn; FY 2024 – 25 mn; YTD Dec-24 – 21.4 mn; CAGR 3.7%			
Chain Affiliated Hotel Rooms	FY 2020 – 7.7k; FY 2024 – 7.9k; YTD Dec-24 – 8.2k			
Office Space as of 31 Dec 24	121.9 msf			

Chart 64: Hyderabad Hotel Market Performance



Data Source: CoStar

⁶⁹ Data Source: CoStar

- The city had a resurgence of business since CY 2014, once the statehood matter was resolved. Hyderabad commercial real estate has increased by more than 60%, from 75.3 msf to 121.9 msf, between 2019 and 2024. The city's hotel inventory grew by 2.3k rooms in the last 10 years (CY 2014-CY 2024).
- Demand is materially IT and ITeS focussed, with lesser demand share by way of corporate demand from locally based companies, professional services and the retail sector. Demand is also supported by the growth of F&B and entertainment spaces to support a growing working population with younger demographics and substantial spend power.
- The city benefits from the Hyderabad International Convention Centre, the privately developed airport which has been expanded, the aerotropolis development with MRO and other operations, industrial development in zones on the city outskirts, and the excellent road infrastructure.
- The market had stronger ADR performance than Occupancy results for FY 2024 and YTD Dec-24. Occupancy stood at 65%⁷⁰ for both the periods. ADR at INR 7k for FY 2024 and at INR 7.8k for YTD Dec-24⁷¹ grew by 25% and 18% over FY 2023 and YTD Dec-23 respectively. Lux-UpperUp ADR for FY 2024 increased sharply to INR 10.7k; this reflects growth of INR 3.6k over FY 2020 and INR 2.3k over FY 2023.⁷²
- Lux-UpperUp ADR for YTD Dec-24 has further increased to 11.5k, which is INR 1.4k higher than the ADR for YTD Dec-23.⁷³

10.6. Goa

We have provided certain key aspects of Goa in Table 26

Table 26 – Goa Key Aspects

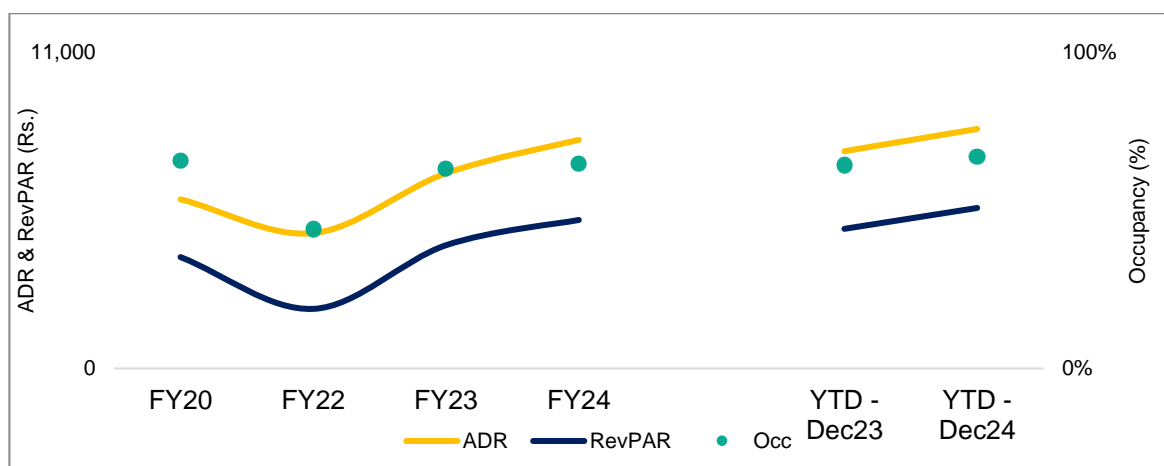
Aspect	Remarks
Key Features	Located on the western coast, Goa is the most popular beach destination in India
State Area	3.7k sq km
State Population	1.6 mn
Goa GSDP – FY 2024	INR 1 trillion
Air Traffic	FY 2020 – 8 mn; FY 2024 – 11 mn; YTD Dec24 – 8.6 mn;
Chain Affiliated Hotel Rooms	FY 2020 – 7.2k; FY 2024 – 9.3k; YTD Dec24 – 10.2 mn

⁷⁰ Data Source: CoStar

⁷¹ Data Source: CoStar

⁷² Data Source: CoStar

⁷³ Data Source: CoStar

Chart 65: Goa Hotel Market Performance

Data Source: CoStar

- This coastal state is India's premier beach destination. Tourism is a significant component of Goa's economy. It is one of two states in India that permits casinos.
- Goa was one of the best performing markets in India during Covid-19 with the domestic upper tier and luxury demand segments travelling within the country and working remotely from resort locations. This was also the period when international borders remained initially closed and then restricted. Gaining significantly in the post Covid period (including in the recovery phase of each Covid wave), travel to Goa has been driven by strong domestic demand across multiple price segments.
- Comparing FY 2024 with FY 2020 – (a) Luxury Segment ADR increased 67% to INR 20k; (b) market-wide ADR increased 47%; (c) Market-wide occupancies increased from 62% in FY 2020 to about 66% in FY23 and FY 2024.⁷⁴ Market wide demand increased by 2.2k rooms per day between CY 2019 and CY 2024.
- In CY 2024, there has been a market correction which was inevitable as other destinations offered travel incentives and with short-term travel fatigue to Goa. In the medium to longer term, Goa's tourism sector can be expected to remain positive particularly in terms of demand and ADR for quality upper tier hotels and resorts.
- Occupancy for FY 2024 was 66% at an ADR of INR 11k.⁷⁵ Market-wide occupancy for YTD Dec-24 at 66%⁷⁶, was two points higher than for YTD Dec-23; however, ADR for YTD Dec-24 declined by about 1.3% over the previous year. Occupancy for the Luxury Segment increased by 5 percentage points, while ADR declined by 2.2%⁷⁷ (lower ADRs in H1 are a typical occurrence for Goa). Increased MICE and group businesses reflects in the revenue outcome for hotels and resorts.

10.7. Performance Indices

In this paragraph, we present the performance of certain PHVL owned hotels relative to its competitive market performance.

The performance of PHVL hotels is presented as Occupancy index, ADR index and RevPAR index. Occupancy index = Occupancy of hotel / Occupancy of market or micro-market. ADR index = ADR

⁷⁴ Data Source: CoStar⁷⁵ Data Source: CoStar⁷⁶ Data Source: CoStar⁷⁷ Data Source: CoStar

of hotel / ADR of market or micro-market. RevPAR index = RevPAR of hotel / RevPAR of market or micro-market.

High occupancy levels at PHVL portfolio hotels enables high RevPAR. RevPAR is a key performance parameter reflecting the effective yield on guest rooms. The occupancy, ADR and RevPAR indices for PHVL Bengaluru portfolio and for individual hotels within the Bengaluru portfolio are provided below

Table 27: Comparison between PHVL Bengaluru Portfolio vs Bengaluru Hotel Market

	PHVL BLR Portfolio vs Overall Market		
	Occ	ADR	RevPAR
FY 2022	1.11	1.44	3.20
FY 2023	0.89	1.75	1.34
FY 2024	1.04	1.82	1.59
YTD Dec23	0.93	1.82	1.70
YTD Dec24	0.91	1.83	1.19

PHVL BLR Portfolio – Operating Hotels in Bengaluru of PHVL

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

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 28: Comparison Between PHVL's Bengaluru Hotels vs Respective Segmental Performance

FY	Conrad BLR vs BLR Luxury Segment			JW Marriott BLR vs BLR Luxury Segment		
	Occ	ADR	RevPAR	Occ	ADR	RevPAR
FY22	0.78	0.95	0.74	0.00	0.00	0.00
FY23	0.99	0.92	0.91	0.50	1.90	0.94
FY 2024	1.04	0.86	0.90	0.74	1.64	1.21
YTD - Dec23	1.04	0.87	0.90	0.69	1.64	1.13
YTD - Dec24	1.01	0.88	0.88	0.77	1.55	1.18

FY	Sheraton Grand Whitefield vs BLR Upper Up Segment			Angsana Oasis vs BLR Upper Up Segment		
	Occ	ADR	RevPAR	Occ	ADR	RevPAR
FY22	1.11	1.05	1.16	1.43	1.30	1.85
FY23	0.94	1.16	1.09	1.14	0.97	1.11
FY 2024	0.99	1.25	1.24	1.01	1.00	1.01
YTD - Dec23	0.97	1.24	1.20	1.01	1.02	1.03
YTD - Dec24	0.99	1.31	1.30	0.91	1.06	0.97

FY	Tribute Portfolio vs BLR Upper Up Segment			Moxy BLR vs BLR UpMid Segment		
	Occ	ADR	RevPAR	Occ	ADR	RevPAR
FY22	0.00	0.00	0.00	0.00	0.00	0.00
FY23	0.00	0.00	0.00	0.00	0.00	0.00
FY 2024	0.61	1.55	0.94	0.35	1.50	0.52
YTD - Dec23	0.54	1.55	0.84	0.00	0.00	0.00
YTD - Dec24	0.81	1.46	1.17	0.61	1.65	1.01

Source: Hotel Performance – PHVL Management; Industry Performance – CoStar

11. Operating Performance Parameters

Manpower to Rooms Ratio

Table 29 – Manpower to Rooms Ratio – Star Category Wise – FY 2015 to FY 2023

Year	India	5 Star Deluxe	5 Star	4 Star	3 Star
FY 15	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
FY 20	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; FY 2024 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 30 below provides a summary of operating performance. Table 30 provides F&B revenue as % of listed companies and Table 31 provides F&B revenue % of room revenue of listed companies that own at least 1.5k rooms and have more than 50% hotel rooms in the Luxury and Upper Upscale Segments. This data is provided for FY 2022, FY 2023, FY 2024, YTD Dec-23 and YTD Dec-24.

Table 30 – Operating Performance - Select Listed Hotel Companies (INR Mn)

Company	FY22			FY23			FY24			Apr-Dec 23			Apr-Dec 24		
	Rev	EBITDA	%	Rev	EBITDA	%	Rev	EBITDA	%	Rev	EBITDA	%	Rev	EBITDA	%
IHCL ¹	32,114	5,600	17%	59,488	19,430	33%	69,517	23,400	34%	50,002	16,340	33%	60,782	20,810	34%
ITC Hotels ²	13,440	710	5%	26,530	8,080	30%	30,690	10,040	33%	21,634	NA	NA	25,172	NA	NA
EIH ¹	10,440	574	5%	20,964	6,750	32%	26,260	10,420	40%	18,450	6,980	38%	20,137	7,642	38%
Chalet ¹	5,297	1,204	23%	11,780	5,023	43%	14,370	6,044	42%	10,126	4,154	41%	12,167	5,153	42%
Ventive Hospitality ³	11,976	4,924	41%	17,622	7,711	44%	19,074	8,698	46%	NA	NA	NA	14,423	6,415	44%
JHL ⁴	3,438	1,015	30%	7,173	3,224	45%	8,263	3,197	39%	5,781	2,257	39%	6,887	2,420	35%
Total / Avg	76,705	14,027	18%	143,557	50,218	35%	168,174	61,799	37%	105,993	29,731	28%	139,567	42,440	30%

Notes:

¹ Source: Annual Report/ Investor presentation/ Quarterly Report

² Source: Information Memorandum / Quarterly Report

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

⁴ 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

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

Company	FY22			FY23			FY24		
	Rev	F&B	%	Rev	F&B	%	Rev	F&B	%
IHCL ¹	32,114	10,594	33%	59,488	21,348	36%	69,517	23,861	34%
ITC Hotels ²	13,440	NA	NA	26,530	NA	NA	30,690	NA	NA
EIH ¹	10,440	3,813	37%	20,964	7,569	36%	26,260	9,535	36%
Chalet ¹	5,297	1,565	30%	11,780	3,386	29%	14,370	4,008	28%
Ventive Hospitality ³	11,976	2,946	25%	17,622	4,454	25%	19,074	4,815	25%
JHL ⁴	3,438	895	26%	7,173	2,024	28%	8,263	2,470	30%
Total / Avg	76,705	19,813	26%	143,557	38,781	27%	168,174	44,689	27%

Notes:¹Source: Annual Report/ Investor presentation/ Quarterly Report²Source: Information Memorandum / Quarterly Report³Source: Red Herring Prospectus. Proforma Numbers are considered⁴Source: 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

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 32 –F&B Revenue as % of Room Revenue - Select Listed Hotel Companies (INR Mn)

Company	FY22			FY23			FY24		
	Room Rev	F&B Rev	F&B as % of RR	Room Rev	F&B Rev	F&B as % of RR	Room Rev	F&B Rev	F&B as % of RR
IHCL ¹	14,775	10,594	72%	28,533	21,348	75%	33,923	23,861	70%
ITC Hotels ²	NA	NA	NA	NA	NA	NA	NA	NA	NA
EIH ¹	4,306	3,813	89%	9,862	7,569	77%	12,229	9,535	78%
Chalet ¹	2,195	1,565	71%	6,157	3,386	55%	7,997	4,008	50%
Ventive Hospitality ³	4,423	2,946	67%	7,207	4,454	62%	7,690	4,815	63%
JHL ⁴	1,700	895	53%	3,803	2,024	53%	4,877	2,470	51%
Total / Avg	27,399	19,813	72%	55,562	38,781	70%	66,716	44,689	67%

Notes:¹Source: Annual Report/ Investor presentation/ Quarterly Report²Source: Information Memorandum / Quarterly Report³Source: Red Herring Prospectus. Proforma Numbers are considered⁴Source: 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

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.

12. Barriers to Entry

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

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

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

13. 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. 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.

4. Economic Risk

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

5. 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.

6. 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.

7. 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.

8. 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.

9. 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.

10. Compliance Risk

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

11. 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.

12. 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.

13. 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.

14. 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.

15. 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.