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MARC Insights Hospitality Industry Overview

February 2025



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Hospitality Industry Overview

Hospitality Industry in India

Major Components of the Hospitality Sector



Food and Beverage



Travel and tourism



Recreation



Hotels

India is recognized as a destination for **spiritual tourism** and attracts tourists for healing and rejuvenation. India offers geographical diversity, attractive beaches, 42 World Heritage sites, 10 bio-geographic zones, 106 national parks, and 573 sanctuaries.

An increasing number of international sports events, trade fairs, and exhibitions are expected to contribute to the inflows of international tourists and domestic tourist movement.

Source: [UNESCO](#), [wiienvivis](#), [wii.Gov.In](#)

Hotel Categories and Market Segments

By type:

Chain hotels

Independent hotels

By Segment:

Luxury

Upscale

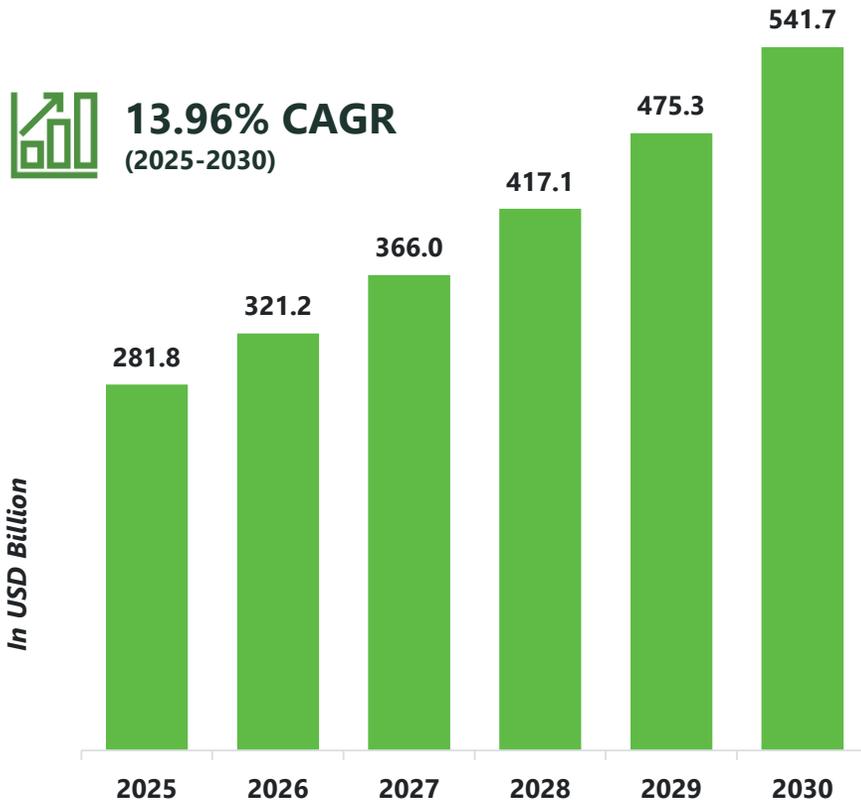
Midscale

Economy

Market Size and Growth Drivers

India's travel and tourism sector contributed **USD 255 billion (9.1% of GDP) in FY24**, up from USD 231 billion in FY23, reflecting a 10.4% YoY growth.

India Hospitality Industry Market Size



Growth Drivers

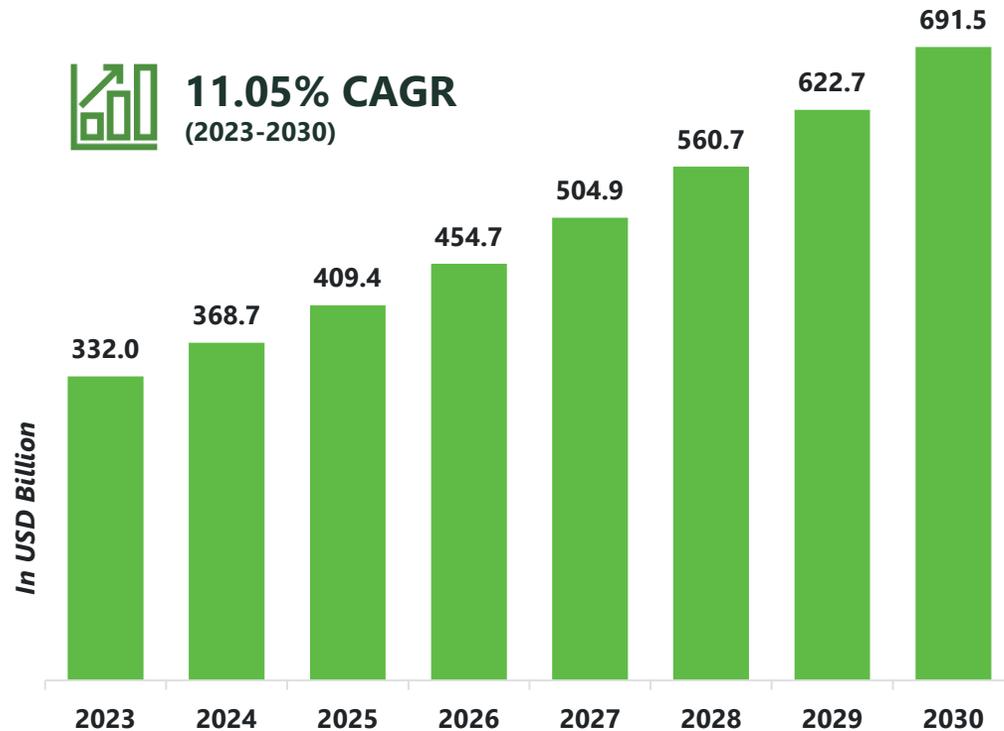
- 1. Rising Domestic and International Tourism:**
A rise in domestic and international travel has boosted hospitality demand. Domestic tourism made up 88% of hotel room demand in FY24, while foreign tourist arrivals grew 75% YoY to 12.5 million visitors.
- 2. Emphasis on Sustainability and Wellness Tourism:**
Sustainable practices and wellness offerings attract eco-conscious travelers. Wellness tourism is growing at 15% CAGR, set to reach USD 21 Bn in India by 2025. Eco-friendly stays were preferred by 60% of travelers in FY24, up from 45% in FY22.
- 3. Expansion of Branded Hotel Supply**
The increase in branded hotel rooms, especially in Tier II and III cities, has enhanced the industry's capacity to accommodate the growing number of travelers. As of June 2024, the total lodging rooms in India is approximately **2.48 million rooms**.

Source: [Mordor Intelligence](#), [hotelierandhospitality](#), [India Brand Equity Foundation](#), [Market Research Future](#)

Food and Beverage Industry Overview

Food and Beverage Industry

Food and Beverage Industry Market Size



For many hotels and resorts that manage their F&B operations in-house, a **quarter (25%)** of their total revenue is generated from these services. The F&B segment in India is expected to grow at a **CAGR of 11.05%** from FY2023 to FY2030, with sales projected to reach **USD 691.5 Billion** by 2030.

Growth drivers:

- 1. Health-Conscious Consumption:**
A growing awareness of health and wellness has increased demand for nutritious and organic food and beverages. The global healthy drink market was valued at **USD 89.25 billion** in FY21 and is expected to expand at a **CAGR of 7.1%** from FY22 to FY30.
- 2. Technological Advancements and E-commerce Integration:**
Online shopping and direct-to-consumer channels are reshaping beverage sales, especially in the non-alcoholic segment. In FY24, the global beverage market is projected to generate **USD 235.70 billion**, with a **10.05% CAGR** through 2030.

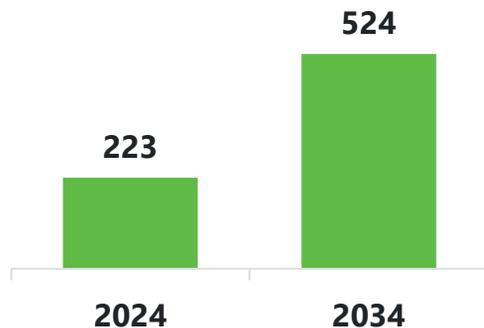
Source: [uja.in](https://www.ujain.com), [Hospitality World from The Economic Times](https://www.hospitalityworld.com), [Ken Research](https://www.kenresearch.com), [Siteminder](https://www.siteminder.com)

India Tourism Statistics

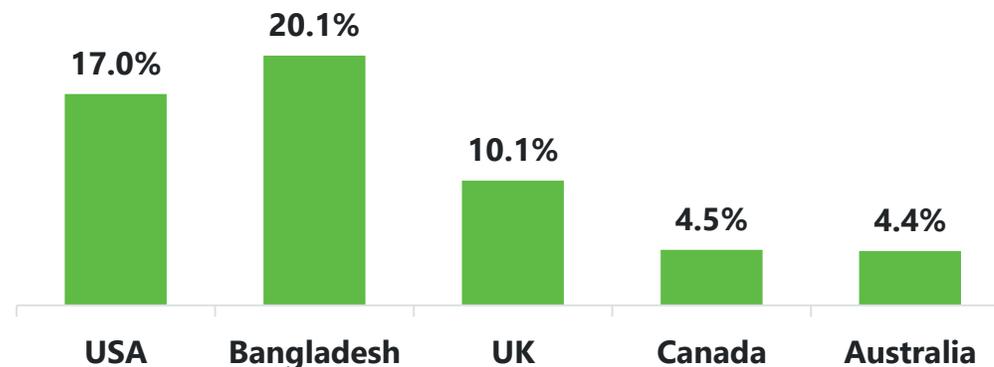
Tourism Statistics

Rising contribution to India's GDP (USD Billion)

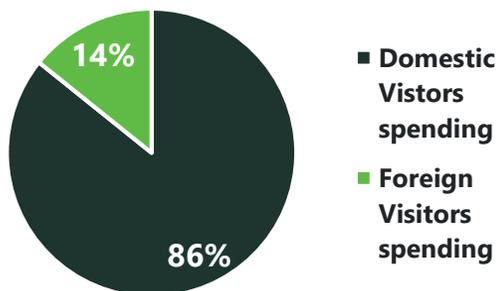
In FY2024, the direct contribution of tourism & hospitality industry to India's GDP was over **USD 222.6 billion**. This is forecasted to be **USD 523.6 billion** by FY2034, resulting in a CAGR of **8.1%**.



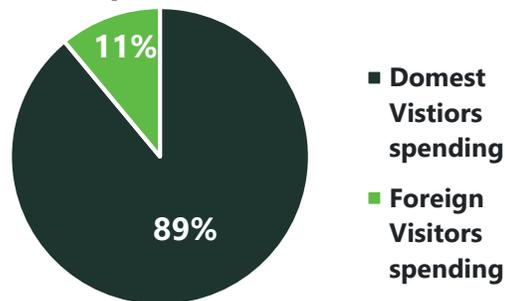
Foreign Tourist arrivals in India from top 5 countries in CY2024



Share of Tourist by expenditure (CY2023)



Expected share of tourists by expenditure (CY2028)



Domestic travel is anticipated to increase to **USD 405.8 billion** by **2028**.

Total number of tourist arrivals in CY2020-2024*

Year	Domestic Tourist Arrival (DTA)	Foreign Tourist Arrival (FTA)
2020	610.21 M	2.74 M
2021	677.63 M	1.53 M
2022	1731.01 M	6.19 M
2023	2509.63 M	9.24 M
2024*	#	7.68 M

Note: *Data up to October, 2024., # DTA for 2024 not available

Source: [business-standard](#), [Statista](#), [Statista](#), [PIB.gov.in](#), [tourism.gov.in](#), [ibef](#), [Statista](#)

Leading States in Tourism

*Percentage share of tourists by states FY2023

Domestic tourists	Foreign tourists
Uttar Pradesh (18.37%)	Gujarat (28.71%)
Tamil Nadu (12.63%)	Maharashtra (24.43%)
Andhra Pradesh (11.14%)	West Bengal (16.75%)
Karnataka (10.54%)	Delhi (13.18%)
Gujarat (7.85%)	Uttar Pradesh (10.48%)

Rajasthan

Domestic – 108.33 million tourists
International – 0.40 million tourists

Gujarat

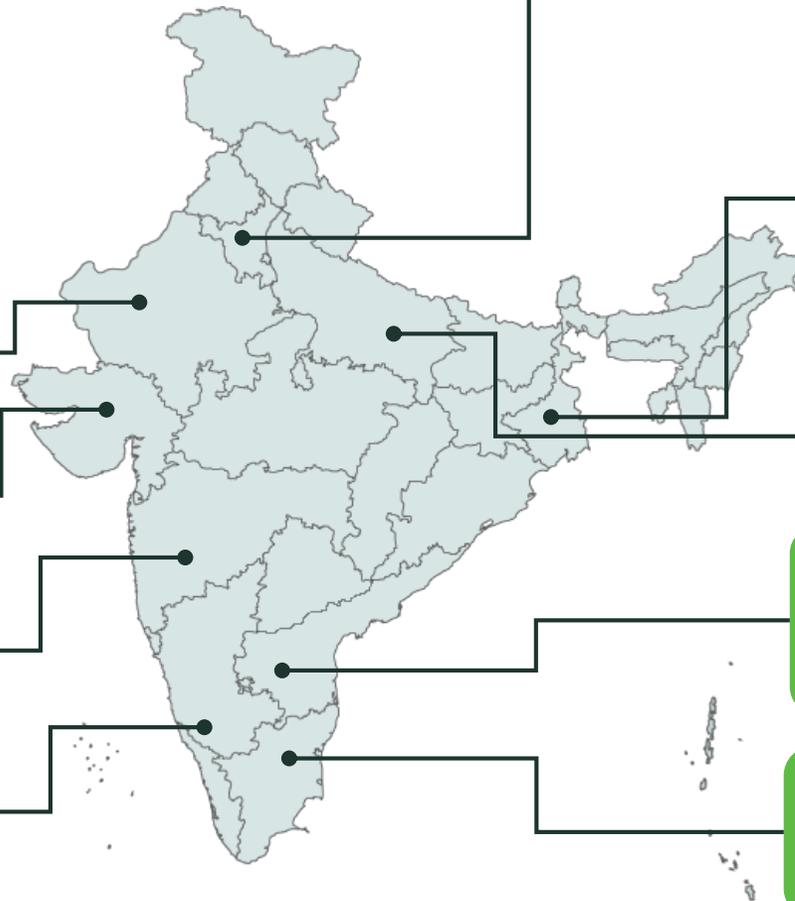
Domestic – 135.81 million tourists
International – 1.78 million tourists

Maharashtra

Domestic - 111.30 million tourists
International – 1.51 million tourists

Karnataka

Domestic – 182.41 million tourists
International – 0.13 million tourists



Delhi

Domestic - 27.19 million tourists
International – 0.82 million tourists

West Bengal

Domestic - 84.54 million tourists
International – 1.04 million tourists

Uttar Pradesh

Domestic – 317.91 million tourists
International – 0.65 million tourists

Andhra Pradesh

Domestic – 192.77 million tourists
International – 0.17 million tourists

Tamil Nadu

Domestic – 218.59 million tourists
International – 0.41 million tourists

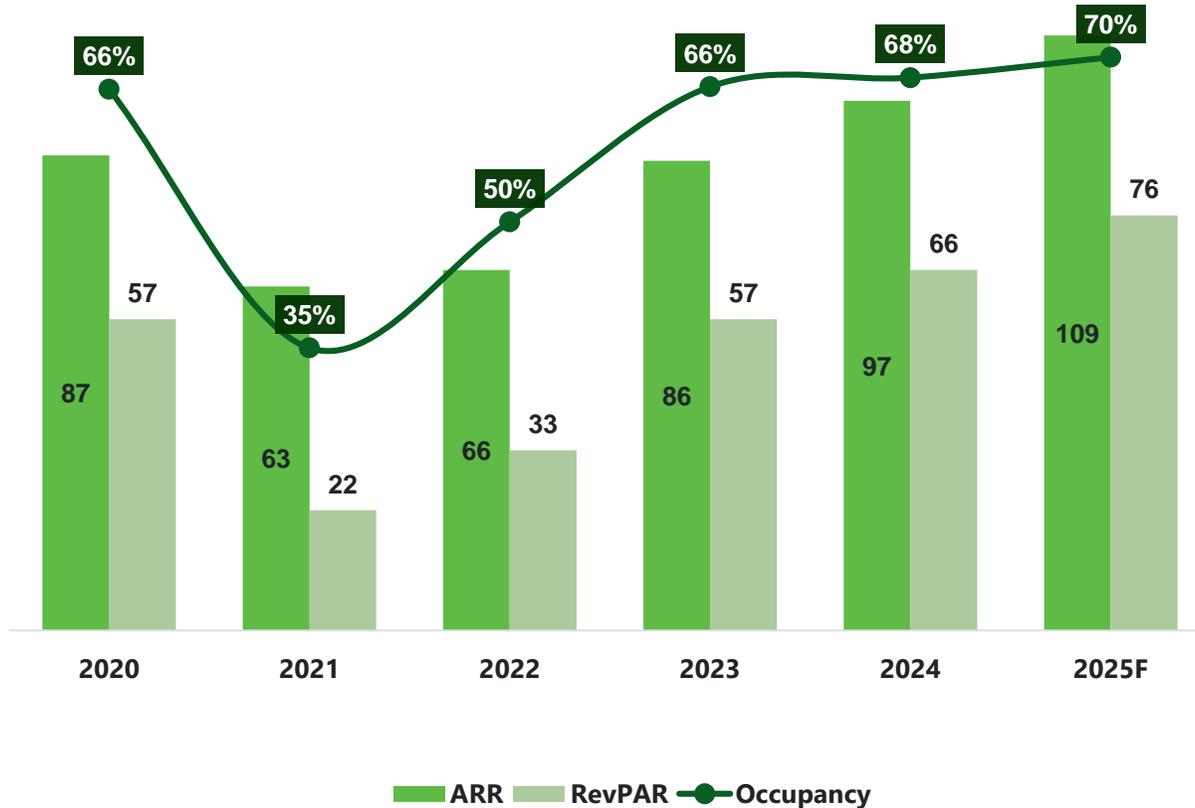
Source: *India Tourism Statistics 2023, Government Of India, Hotelivate*

Note: Data for FY2024 currently not available

Hotel Industry Overview

Hotel Industry Overview

Industry KPIs (in USD)



- In FY24, the Hotel Industry in India closed with a nation wide **Occupancy** of **68%** (the **second** highest in a decade) with **ADR** of **USD 97** and a consequent **RevPar** of **USD 66**.
- In FY2025, the industry is projected to achieve an **Occupancy** of **70%**, with an **ADR** of **USD 109** and a **RevPAR** of **USD 76**.

**13.9%
CAGR**

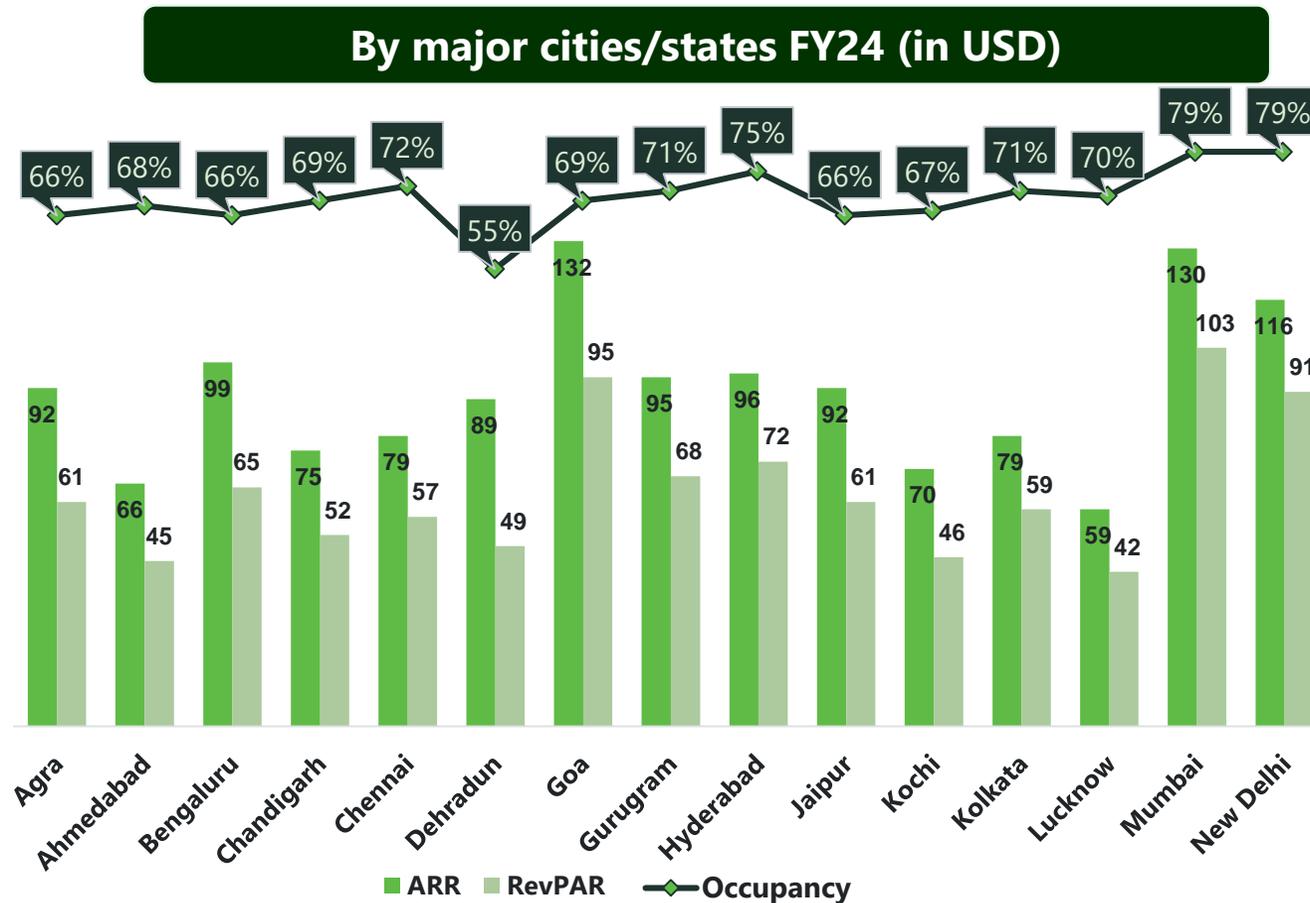
In FY2024 the India Hotels Market revenue reached **USD 281.83bn**. Revenue is expected to show an annual growth rate (CAGR 2025-2030) of **13.9%**, resulting in a projected market volume of **USD 541.70bn** by 2030.

*F in the graph refers to forecasted

Source: *Hotelivate Hospitality Trends & Opportunities 2024*, *Mordor Intelligence*

Note: ADR= Average Daily Rate , RevPAR= Revenue Per Available Room

Regional Performance of Hotels



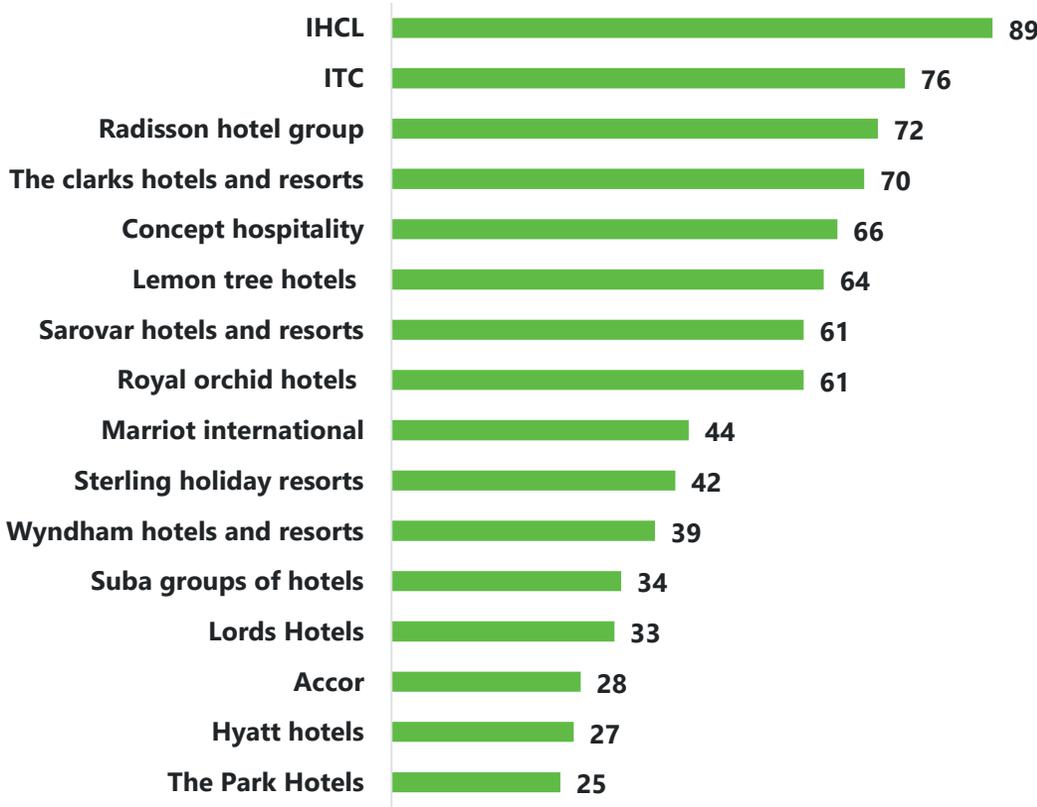
All the figures are in USD
ARR(average room rate), RevPAR(revenue per available room)

Source: *Hotelivate Hospitality Trends & Opportunities 2024*

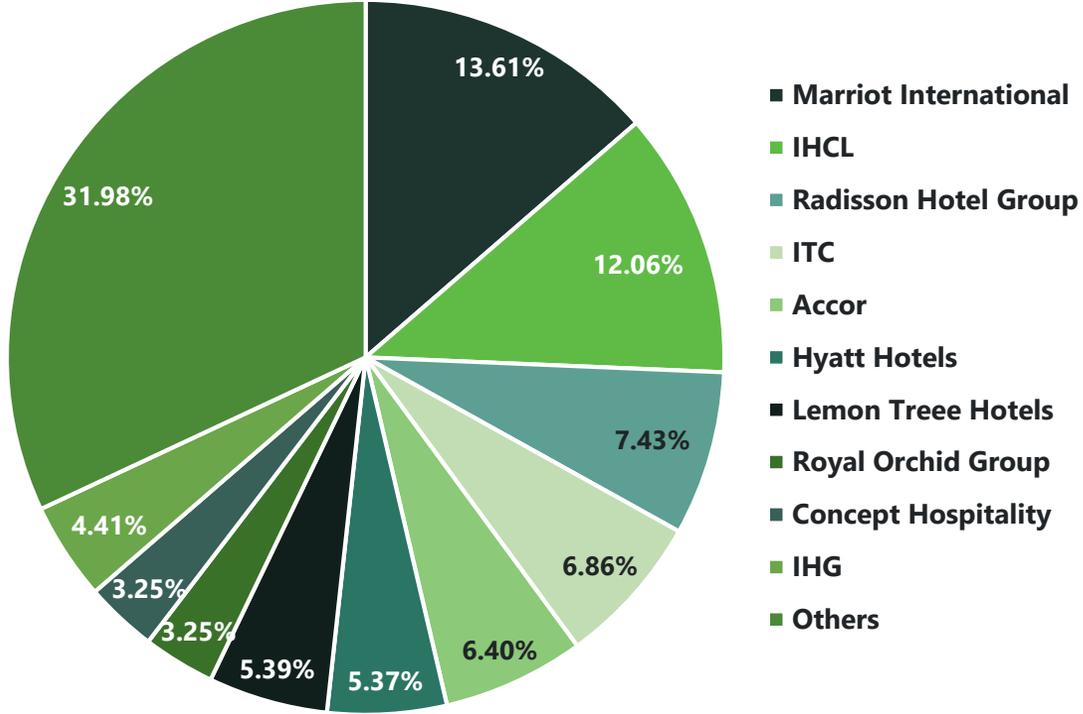
- The Indian hospitality industry showed impressive recovery in FY2024 over FY2023, with significant growth in key performance metrics such as occupancy, ADR, and RevPAR across major cities.
- Mumbai topped the list of Leading Cities with an **Occupancy of 79.0%**, followed by New Delhi at **78.7%** and Hyderabad at **75.1%**, nearing pre-pandemic occupancy levels due to the resurgence of business and leisure travel.
- Goa recorded the highest average room rate (**ARR**) at **USD 132**, fueled by its luxury hotels. Mumbai followed closely with **USD 130**, driven by a surge in corporate travel and events.
- Mumbai led with a **RevPAR of USD 102.9** in FY2024, while Bengaluru, Hyderabad, and Kolkata saw notable increases over FY2023 due to the return of business travel and M.I.C.E. activities, reflecting overall market strength.
- Cities like Dehradun, Noida, and Amritsar faced declines in occupancy rates due to an influx of new hotel rooms, resulting in an **oversupply** that outpaced demand growth.

Best Performing Hotels

Top 15 Brands by City presence in FY24



Hotel brands by percentage share of existing inventory (Total Operational Rooms) FY2024



Source: *Hotelivate Hospitality Trends & Opportunities 2024*

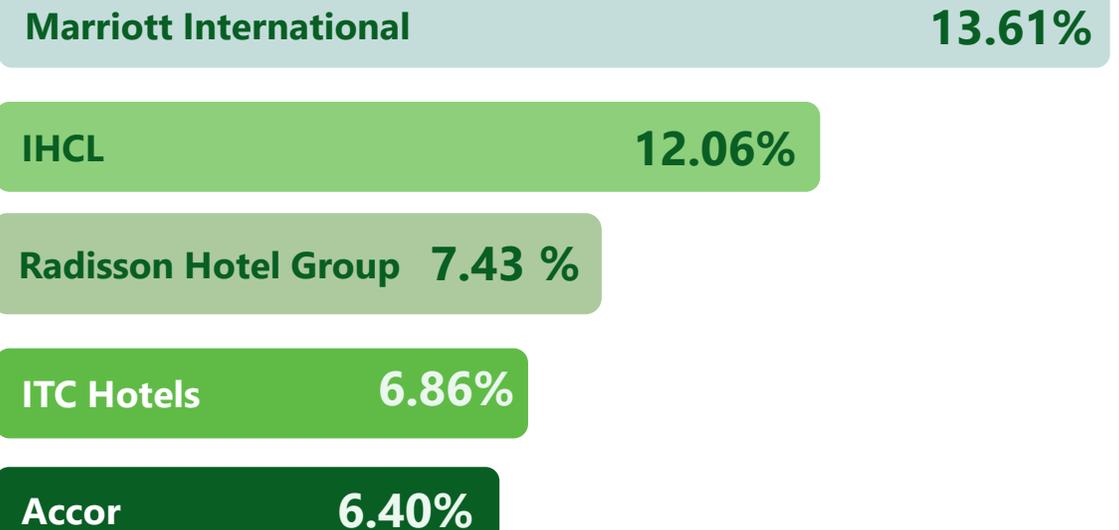
Growth Drivers and Major Players

Reasons for Growth of the Industry

- In FY2023, India's hospitality industry experienced significant growth, fueled by an increasing number of business travelers, particularly in the IT sector.
- The Indian government's relaxation of investment policies allowed 100% foreign direct investment in tourism, hotel, resort, and recreational facility projects.
- A resolution in the Lok Sabha aims to establish 80 new airports by 2025, creating a demand for **25,000 additional hotel rooms** and boosting the hospitality sector.
- The GST council's rate cuts from **28% to 18%** for upscale hotels and from **18% to 12%** for mid-scale hotels are expected to drive growth in the Indian hotel industry.
- Government initiatives include significant investments in road and rail networks, along with plans to privatize airports in Tier 2 and Tier 3 cities, improving connectivity to unexplored tourist destinations.

*International Hotel chains are increasing their presence in India, and it accounted for **50%** share in the **Tourism and Hospitality Sector** of India in the year **2023**.*

Top Hotel Brands by Percentage Share of Existing Inventory (approx. **192,000 rooms**) in India (August 2024)



Source: [Hotellivate Trends and Opportunities Report 2023](#), [Hotellivate Hospitality Trends & Opportunities 2024](#), [Moneycontrol](#)

Note: Latest growth drivers for FY2024 currently not available

Hospitality Industry Trends

Rise in Alternative Accommodation

*Demand for alternative accommodation like **hostels, campsites, vacation rentals, and chalets** is skyrocketing, with Average Daily Rates (ADR's) and booked room-nights growing at double the rate of traditional hotels. Weekend bookings in top leisure and business cities like **Varanasi, Goa, Bengaluru, and Delhi** have surged 4 to 5 times higher in 2023 compared to 2022, indicating a significant shift in travel preferences.*



Guest House

Guest House in hospitality industry refers to accommodation establishment that provide temporary lodging to guest. These establishment are smaller in scale compared to hotels and often offer a more homely and personalized experience.



Glamping Tents

Glamping tents has become a popular choice for travellers seeking immersive and nature-based experience without sacrificing comfort. It also offers various recreational activities and amenities, such as hiking, wildlife experience, spa etc.



Lodges

Lodges are often characterized by their modest facility and services, focusing on providing a comfortable place to stay at reasonable price.. It has been popular among budget-conscious travellers who prioritize affordability and practicality.



Villas

Villas have become a popular accommodation option in hospitality industry, offering a luxurious and private experience for travellers. These are spacious and well-appointed properties often come with amenities such as private pool, gardens, and personalised services.

Source: [Hoteltalk.in](https://www.hoteltalk.in)

Key Trends in Hospitality Industry (1/2)

Bleisure



A travel that combines both business and leisure, by not committing to one purpose solely. People on a bleisure trip, will typically add some extra days to their business trip in order to relax. This is often due to the fact that they have conveniently travelled to a holiday destination as part of their business trip.

Sustainability



Application of sustainable practices in hospitality and hotel operations and compliance with environmental, social and governance (ESG) principles for their business to follow environmentally, socially and culturally sound practices.

Personalisation



A process of tailoring content, messages, offers, and services to suit a guest's lifestyle, preferences, and requirements. It aims to enhance customer experience and create a long-lasting, meaningful relationship between the client and the brand.

Smart hotels



A Smart Hotel is a hotel equipped with disruptive technologies such as Artificial Intelligence and IoT (Internet of Things), changing of temperature, turning on electronic appliances and equipment's, digitalised systems, etc

Key Trends in Hospitality Industry (2/2)

Staycation



Stay-at-home vacations that include a variety of activities that can be done in the comfort of one's own home. It may include transportation to and from local excursions, dining, and attractions

Workation



Working vacations are becoming a popular corporate travel trend as employees strive for a work-life balance. Employees are more likely to have a chance to explore new places while fulfilling day-to-day obligations.

Co-working Spaces as an amenity



In a new era of hospitality, hotels are redefining the concept of "work from anywhere" by offering amenities that cater to the needs of today's modern workforce. Marriott, Hilton, and Intercontinental Hotels Group (IHG) are examples of hotels that implemented co-working spaces.

Subscription Based Models



Subscription-based revenue model, which became popular during the rise of remote working, has made its way to the big brands, which are offering remote workers flexibility to travel to different hotel locations of the brand, without any additional charges

Technological Trends in Hospitality Industry

Online booking and reservations



Many hotels, resorts, and vacation rental properties now have their own websites and online booking systems, allowing customers to easily book and pay for their stays.

Room automation



Some hotels and resorts have implemented technology that allows guests to control lighting, temperature, and other aspects of their room using a mobile app or in-room tablet.

Automated check-in and check-out



Some hotels and resorts have implemented self-service kiosks or mobile check-in options, allowing guests to check in and out of their rooms without interacting with front-desk staff.

VR and AR:



Some hotels and resorts are using virtual and augmented reality technology to give customers a virtual tour of the property before they book a place, or to enhance the guest experience during their stay.

Shifting Landscape of Hotel Management Model

Shifting Landscape of Hotel Management Model

Hotel Management Agreement

Hotel brand/operator will be responsible to manage the hotel by providing supervision, direction, and expertise through conventional methods and measures. It will fundamentally take over the operations of the hotel for and on behalf of the hotel owner for a fee.
Example: OYO

Hotel Franchise Operation

The franchise agreement is a legal license agreement between the hotel brand and the hotel owner that give hotel owner the rights and obligations to operate the hotel under the franchisor's brand in exchange for fees. Example: JW Marriott

	Owner		Brand	
	Pros	Cons	Pros	Cons
Hotel Management Agreement	No experience required for the day-to-day operations	No control over the operating structure	Quality control and more influence on long-term CAPEX plans	Increase of responsibilities and intensive resources
	Access to brand's distribution and operational tools	Payment of fee	Lower market risks	Quality standardization challenges
	Save time and resources	No control/ approval rights over brand standards	Fee earnings	Conflict of interests
Franchise Agreement	Full control over operation	Higher responsibilities and risks	Lower resource requirement	Dependent on owner's finances and expertise
	Quality Control	Royalty Fee	Lower market risk and no operating risks	Risk for brand reputation
	Quickly drives demand	No control over brand reputation	Long-term fee-based income	Less control over CAPEX

Source: OYO, JW Marriott

MARC's Industry Forecast

MARC Forecast

1. Revival Of The Hospitality Industry

Domestic leisure travel growth

Govt. push towards infra

Resumption of business travel

Weddings and social events

2. Sustainability Trends In Hospitality

Using renewable energy

Reducing waste

Eco friendly materials at Weddings and social events

3. Focus on the millennial generation

440 Million

Millennials are around **34%** which is **440 million** of the country's population.

75%

Millennials will become the primary breadwinners and will account for **75%** of the workforce by **2030**.

Most millennials are tech savvy, well connected with the internet and use OTAs to book or plan their vacation.

Their to do list include recreational activities like adventure sports, nature trails, local experiences.

Many reputed hotels have jumped on the bandwagon adapting to the millennial customer's needs and creating customised experiences.

Financial Analysis

Leading players in India- KPIs in comparison

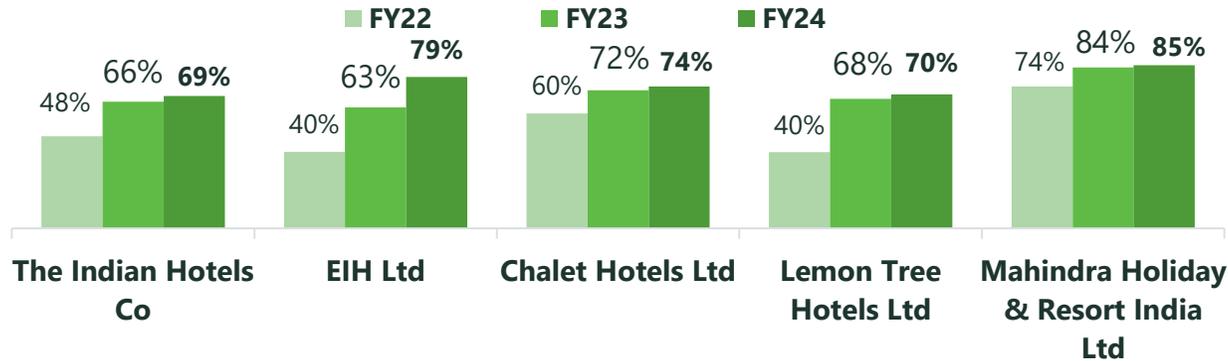
*These top five leading players in the hospitality industry in India are considered based on their **extensive presence, market share, brand reputation, and significant contributions** to the hospitality sector in India over the years.*

Particulars					
Revenue (in USD million)	510	152	254	161	124
Occupancy	77%	85%	71%	73%	72%
ESG Score	26	28	33	22	22
ARR (in USD)	87	81	84	119	76
No. of Employees	40,726	4,339	8,970	2,992	7,200
Room Inventory	42,500 Rooms	5,327 Rooms	4,935 Rooms	2,894 Rooms	9,700 Rooms

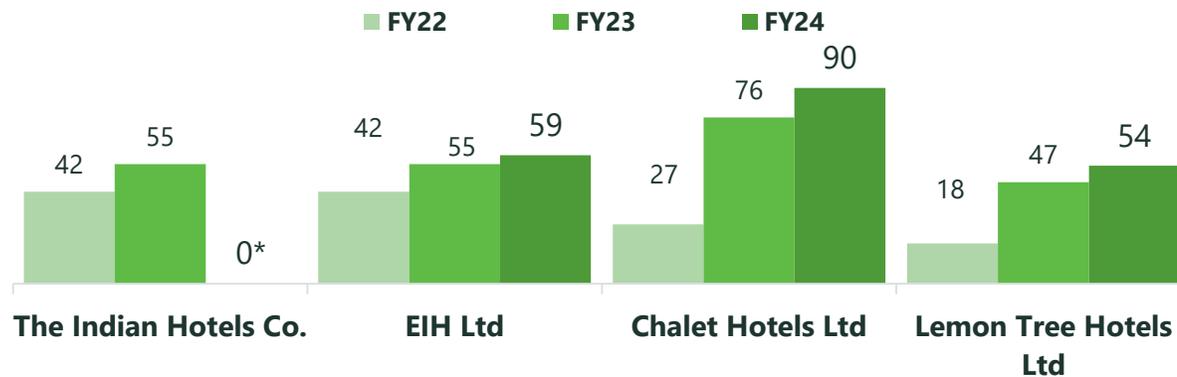
Source: Annual Reports FY24 & MARC Analysis

Competitors Analysis

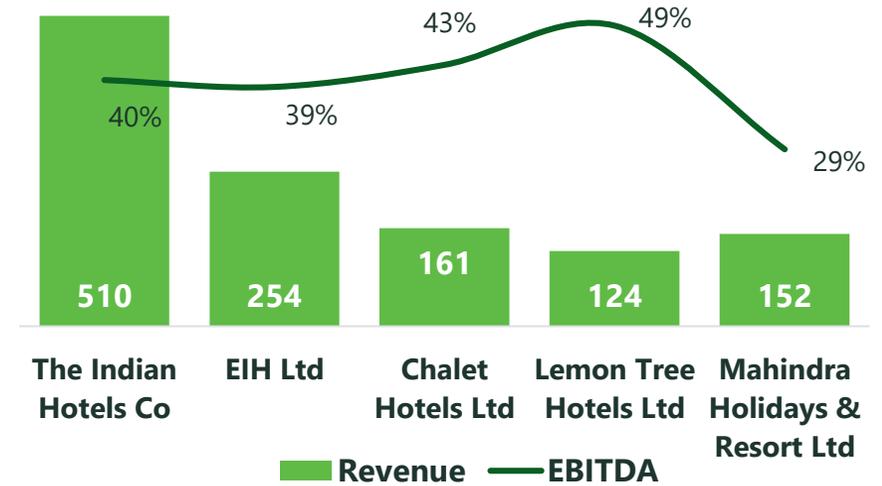
Occupancy Level (in%)



Revenue Per Available Room (in USD)



Profitability Analysis (in USD Million)



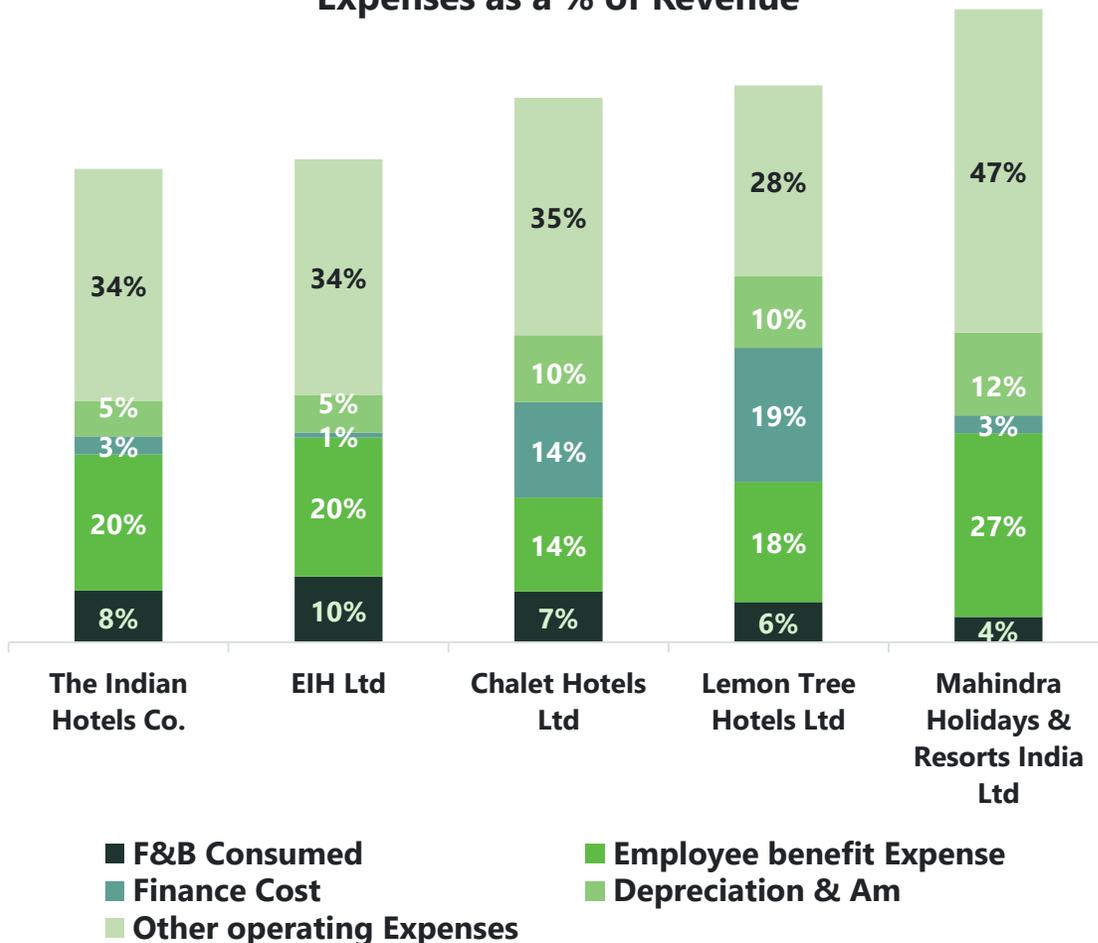
- Occupancy rates for all five hotels in FY24 ranged between **69%** and **85%**, with Mahindra Holidays leading at **85%**.
- The Indian Hotels Company recorded the highest revenue at **USD 510 million** in FY24, which can be attributed to its **increased occupancy rates, expansion of premium offerings, and improved ADR (Average Daily Rate)** across key cities, benefiting from a resurgence in both **leisure and business travel** post-pandemic.
- Chalet Hotels had the highest RevPAR growth, reaching **USD 90** in FY24 due to its **strategic location** in high-demand markets, strong **operational efficiencies**, and **increased demand** in premium segments, driven by growing business tourism and a surge in **luxury hospitality offerings**.

Source: Annual Reports FY24 & MARC Analysis

Note: *IHCL data for 2024 isn't available, Financials converted from ₹INR to \$USD using 1 USD= 86.41 INR

Cost Analysis

Expenses as a % of Revenue



Following inferences have been drawn for the period under review (FY24):

- F&B Consumed**
 - Taj by Indian Hotels (8%) & Oberoi by EIH (10%) are known for high-end restaurants, banquets, and catering services. F&B is a significant revenue driver for these brands, which also translates into higher costs.
- Employee Benefit Expense**
 - Both Mahindra Holidays (27%) and The Indian Hotels Co. (20%) prioritize personalized service, requiring larger workforces across multiple service areas (housekeeping, F&B, concierge, activities, etc.).
- Finance Cost**
 - Lemon Tree Hotels Ltd. (19%) is aggressively expanding, adding approximately 800 rooms in key cities like Delhi, Pune, and Hyderabad. Such growth requires heavy borrowing, leading to higher finance costs.
- Depreciation & Amortization**
 - Mahindra Holidays (12%) owns most of its properties, leading to higher depreciation compared to asset-light competitors that rely on management contracts.
- Other Operating Expenses**
 - Mahindra Holidays (27%) operates on a timeshare model (Club Mahindra), where members prepay for future vacations. The company incurs higher ongoing maintenance costs for its resorts to meet quality expectations over decades of membership.

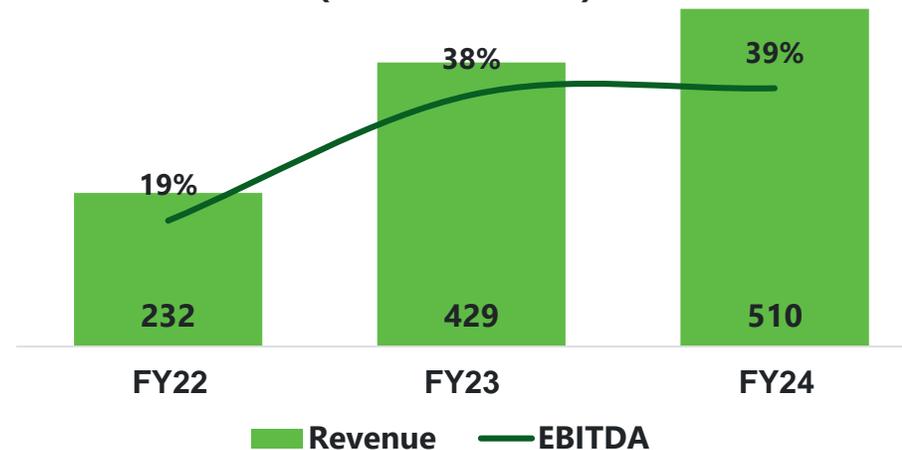
Source: Audited Financial Statements FY23-24, [Livemint](#),

Profit & Loss Snapshot

P&L Snapshot (The Indian Hotel Co. Ltd.)

Particulars (in USD Million)	Actuals			Common Size		
	FY22	FY23	FY24	FY22 (%)	FY23 (%)	FY24 (%)
Revenue From Operations	231.8	428.7	509.8	100%	100%	100%
Expenses						
F&B Consumption	20.0	35.2	38.5	9%	8%	8%
Employee Benefit Expenses	72.3	88.1	101.0	31%	21%	20%
Travel Agents Commission	4.4	7.3	9.6	2%	2%	2%
Licence Fees	7.6	18.8	25.7	3%	4%	5%
Power and fuel	16.8	21.5	22.2	7%	5%	4%
Repairs & Maintenance	10.3	14.3	15.4	4%	3%	3%
Other Expenses	55.5	82.6	99.3	24%	19%	19%
Total Expenses	186.9	267.9	311.7	81%	62%	61%
EBITDA	44.9	160.8	198.1	19%	38%	39%

Revenue – EBITDA Comparison (The Indian Hotel Co. Ltd) (in USD Million)

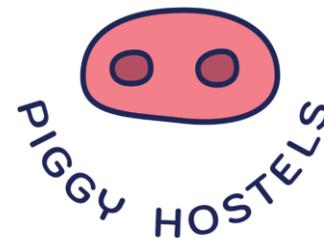


- The Indian Hotel Co. Ltd. has shown a strong recovery in FY24, building on the momentum from FY23. Revenue from operations has consistently increased, rising from **USD 231.84 million in FY22 to USD 509.85 million in FY24**, demonstrating an average growth rate of **51.9%**. This growth can be attributed to factors like strong domestic demand, changing consumer behavior (such as combining business and leisure travel), and increased weekend getaways.
- EBITDA margin has significantly improved, reaching **39% in FY24**, up from **19% in FY22** resulting in a growth of **51.3%**. This improvement is driven by higher RevPAR across all group hotels, efficient asset management, and a focus on portfolio premiumization.
- Total expenses as a percentage of revenue have remained relatively stable over the last 2 years, indicating effective cost control. Notably, F&B consumption as a % of revenue has remained steady at **8%**, despite the increase in revenue, highlighting efficient expense allocation in this area.
- In FY24, **Employee Benefit Expenses** grew at **18.7%** in absolute terms, however, as a percentage of revenue, it reduced by **14% CAGR** per year due to revenue growing at a much faster pace. Increased occupancy and RevPAR (Revenue Per Available Room) drove revenue without a proportionate increase in staff costs.

Source: Audited Financial Statements FY22-23 & 23-24, IHCL Integrated Annual Report 2022-23 & IHCL Integrated Annual Report 2023-24. Note: Financials converted from ₹INR to \$USD using 1 USD= 86.41 INR

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Our Clientele





MANGAL ANALYTICS AND[®]
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Delivering Excellence, Partnering Success.

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