

THE INDIAN HOSPITALITY INDUSTRY

Industry revenue growth expected to plateau; outlook revised to Stable from Positive

MAY 2025



Agenda













Highlights



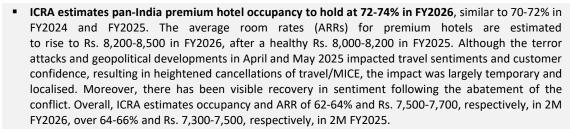


Click to see full report

ICRA has revised the industry's outlook to Stable from Positive, considering expectations of normalised revenue growth of 6-8% in FY2026 on the high base posted after three years of double-digit revenue growth in the industry.

While the terror attacks in April and consequent heightened turmoil in North and West India in May 2025 had led to a surge in cancellation of travel/MICE, the impact has been largely temporary and localised.







■ ICRA expects the Indian hospitality industry to grow by 11-13% YoY in FY2025 and 6-8% YoY in FY2026, over the high base of FY2024. Sustained domestic leisure travel, demand from meetings, incentives, conferences and exhibitions (MICE), including weddings, and business travel have driven demand in FY2025; although growth is expected to plateau over the near term. With the stabilisation in growth and earnings, ICRA has revised the outlook on the sector to Stable, from the earlier Positive. Cost rationalisation measures undertaken during the last few years and operating leverage benefits have led to a sharp expansion in margins over pre-Covid levels. ICRA's sample set of 13 large hotel entities is likely to report operating margins of 34-36% for FY2025 and FY2026, against 20-22% during the pre-Covid period.



Higher business accruals have strengthened the industry's capital structure and debt metrics. The debt coverage metrics are likely to stabilize. The credit ratio, defined as the ratio of rating upgrades to downgrades, has been improving since H2 FY2022, with more upgrades than downgrades.



■ The demand uptick led to an increase in supply announcements and resumption of deferred projects in the past 24-30 months. However, supply growth is expected to lag demand in the next 12-18 months. ICRA's premium room inventory database (12 key cities) across the country indicates a CAGR of ~4.5-5.0% during FY2023-FY2026.



Name	Designation	Email	Contact Number
Jitin Makkar	Senior Vice-President and Group Head	jitinm@icraindia.com	0124 – 4545 368
Srikumar K	Senior Vice-President and Co-Group Head	ksrikumar@icraindia.com	044 – 4596 4318
Sruthi Thomas	Vice-President and Sector Head	sruthi.thomas2@icraindia.com	080 – 4332 6430
Sriraman Mohan	Senior Analyst	sriraman.mohan@icraindia.com	080 – 4332 6428

















ICRA Business Development/Media Contact Details

Name	Designation	Email	Contact Number
L Shivakumar	Chief Business Officer	shivakumar@icraindia.com	022-61693304
Neha Agarwal	Head – Research Sales	neha.agarwal@icraindia.com	022-61693338
Rohit Gupta	Head Business Development – Infrastructure Sector	rohitg@icraindia.com	0124-4545340
Vivek Bhalla	Head Business Development – Financial Sector	vivek.bhalla@icraindia.com	022-61693372
Vinita Baid	Head Business Development – East	vinita.baid@icraindia.com	033-65216801
Shivam Bhatia	Head Business Development – Corporate Sector – North & South	shivam.bhatia@icraindia.com	0124-4545803
Sanket Kulkarni	Head Business Development – Corporate Sector – West	sanket.kulkarni@icraindia.com	022-6169 3365
Naznin Prodhani	Head - Group Corporate Communications & Media Relations	communications@icraindia.com	0124-4545860



















© Copyright, 2025 ICRA Limited. All Rights Reserved.

All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies, while publishing or otherwise disseminating other reports may have presented data, analyses and/or opinions that may be inconsistent with the data, analyses and/or opinions in this publication. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.



Thank You!

Sensitivity Label : Public