

# THE INDIAN HOSPITALITY INDUSTRY

Revenue growth projected at 7-9%  
in FY2027, though prolonged West  
Asia conflict may weigh on travel  
sentiment

MARCH 2026



## 1 Trend in Key Operating Metrics



## 2 Demand Dynamics



## 3 Supply Trends



## 4 Financial Forecasts



## 5 Credit Rating Movements



## 6 Peer Comparison & Annexures





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*Sustained demand and pricing power to support revenue growth for premium hotel segment in FY2027.*

*The ongoing conflict in West Asia is expected to impact travellers from and transiting through the region.*

*However, the industry demand is largely driven by domestic travellers and direct impact from reduced foreign tourist arrivals (FTAs) is expected to be limited. Nevertheless, the situation remains uncertain, and impact on business travel spend, liquified petroleum gas (LPG) shortages and other inflationary factors remain monitorables.*



- **ICRA estimates room occupancy and average room rates (ARRs) of 72-74% and Rs. 8,200-8,500, respectively, in FY2026, against 70-72% and Rs. 8,000-8,200, respectively, in FY2025.** Post-holiday season business travel, long weekends, and events including the India AI Impact Summit 2026 and ICC Men's T20 World Cup, supported demand in Q4 FY2026. Geopolitical disruptions in early March 2026, leading to international flight cancellations stranding tourists and travellers in India, resulted in extended stays.



- **ICRA expects the Indian hospitality industry's revenues to grow by 7-9% YoY in FY2027 following 9-12% growth in FY2026,** supported by domestic leisure travel, demand from meetings, exhibitions, conferences and events (MICE), weddings and business travel. ICRA anticipates the pan-India premium hotel occupancy rate to hold at 72-74% in FY2027, largely similar to that in FY2026, while ARR for premium hotels are projected to rise to Rs. 8,600-8,800 in FY2027 from Rs. 8,200-8,500 in FY2026.



- **Cost rationalisation measures taken during the last few years, and operating leverage benefits led to a significant and sustained expansion in margins over the pre-Covid levels.** ICRA's sample set of 13 large hotel entities is likely to report operating margins of 34-36% in FY2027, similar to 34-36% in FY2026, against 20-22% posted prior to the pandemic. Higher cash accruals have strengthened the industry's capital structure and debt metrics over recent years, and ICRA expects the debt coverage metrics to remain comfortable over the near term. Inflationary or operational impact on key input materials, if any, from the West Asia conflict, or a dent in travel sentiments if the conflict prolongs, would remain monitorable.



- **The Indian hospitality industry continues its steady run amid the persistent demand-supply imbalances.** The premium room inventory (covering 12 key cities of the country) is projected to increase at a CAGR of 5-6% during FY2025-FY2028, based on ongoing executions and announcements by hoteliers. The pace of supply increase continues to lag demand growth of 8-9%, which is supported by favourable sentiments across segments. This imbalance is likely to continue over the next 2-3 years, based on the pipeline.



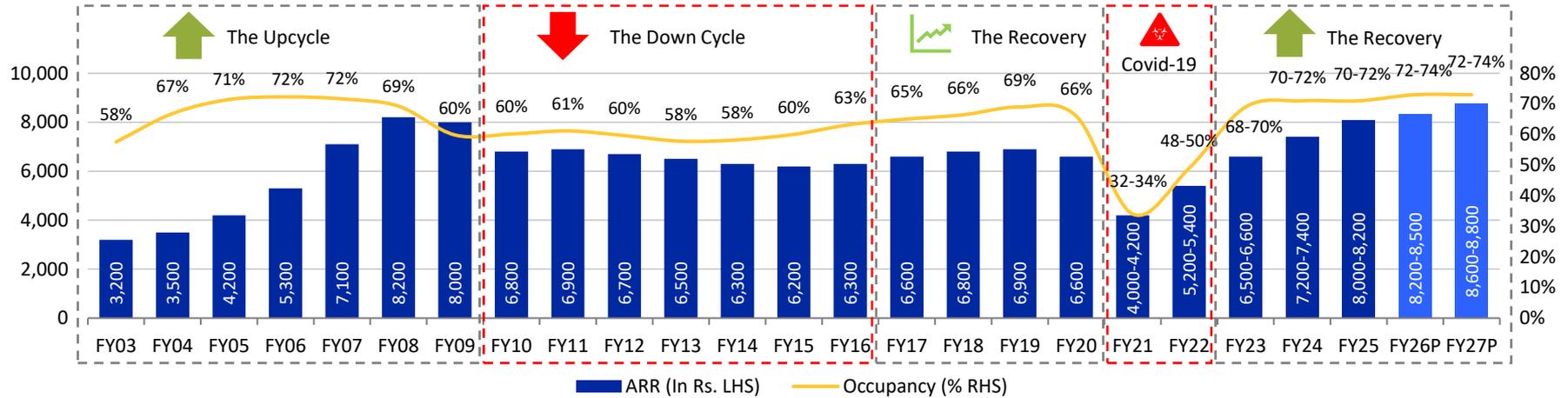
## Trend in Key Operating Metrics

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*Operating performance remained strong in FY2026; likely to continue in FY2027 as well*

# RevPAR growth momentum likely to sustain in FY2027

Exhibit 1: Indian Premium Hotel Market – Long-term Trend in Operating Metrics



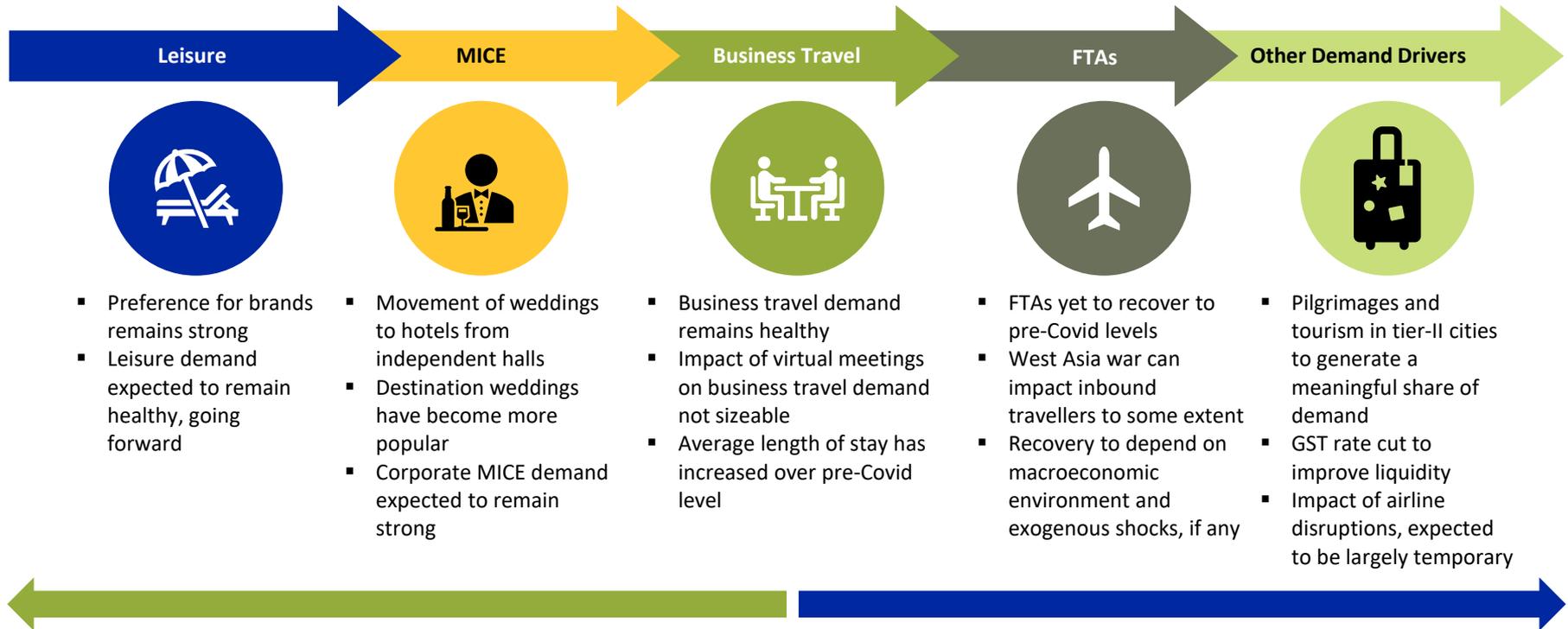
Source: ICRA Research; ICRA considers Luxury, Upscale and Upper-Upscale as the premium segment (4-Star and above)



- The occupancy was at a decadal high, and the revenue per available room (RevPAR) reached its historical (FY2008) peak in FY2025, surpassing the same in FY2026, and is expected to trend further upwards in FY2027.
- The pan-India premium hotel RevPAR is estimated to have increased to Rs. 5,900-6,300 in FY2026 over Rs. 5,600-5,900 in FY2025. The RevPAR is projected to increase further to Rs. 6,200-6,500 in FY2027, given the expectations of continued healthy occupancies and ARR.

# Demand drivers to remain healthy, though West Asia conflict poses downside risk

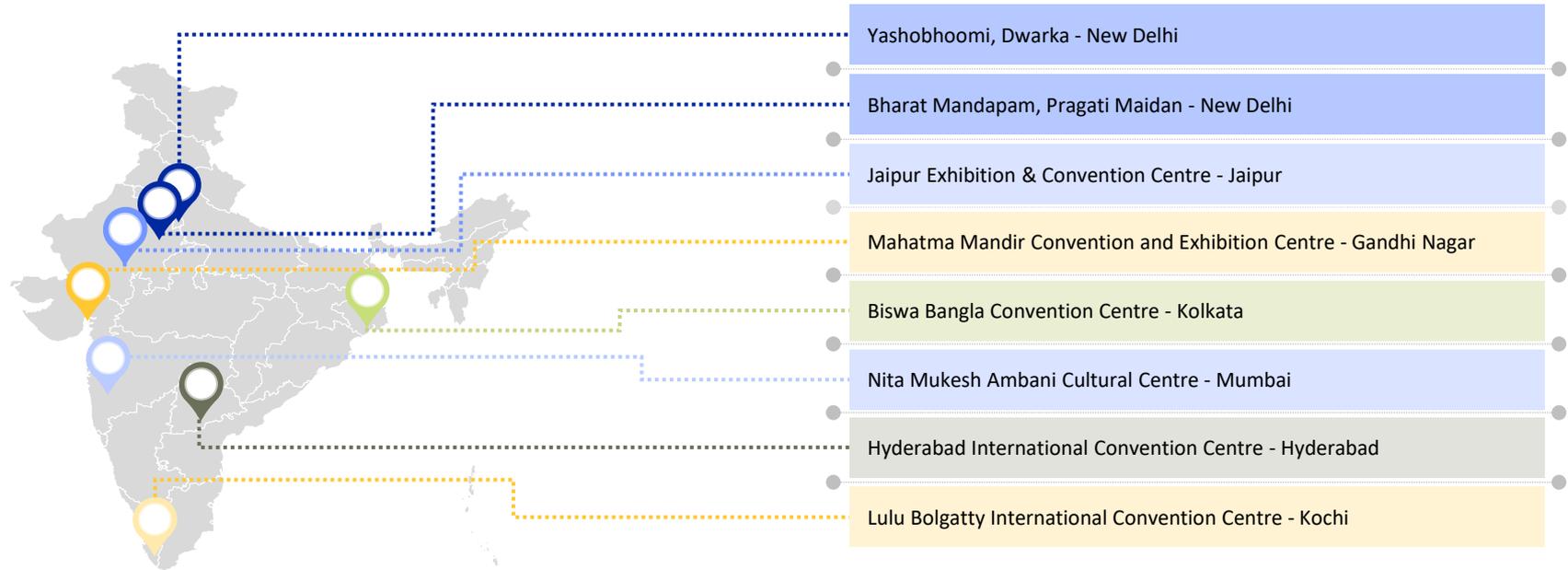
Exhibit 2: Expected Demand Drivers for Next 9-12 Months



Source: ICRA Research

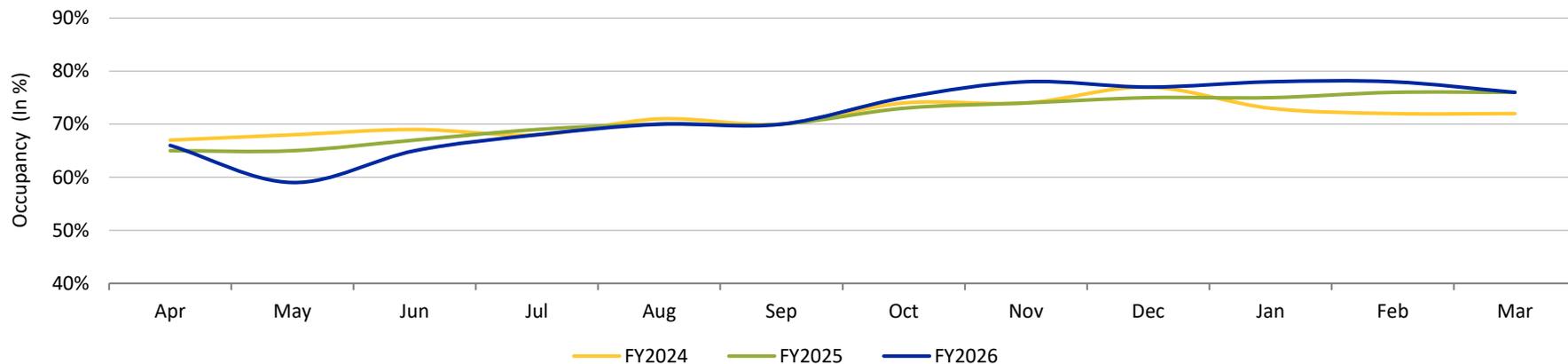
# Convention centres driving business activity and in turn demand for hospitality

Exhibit 3: Indicative List of Pan-India Operational Convention Centres



 There are more convention centres planned in and around upcoming/recently commenced airports in places like Noida (Jewar) and Goa (Mopa).

**Exhibit 4: Indian Premium Hotel Market – Monthly Occupancy Trend\***

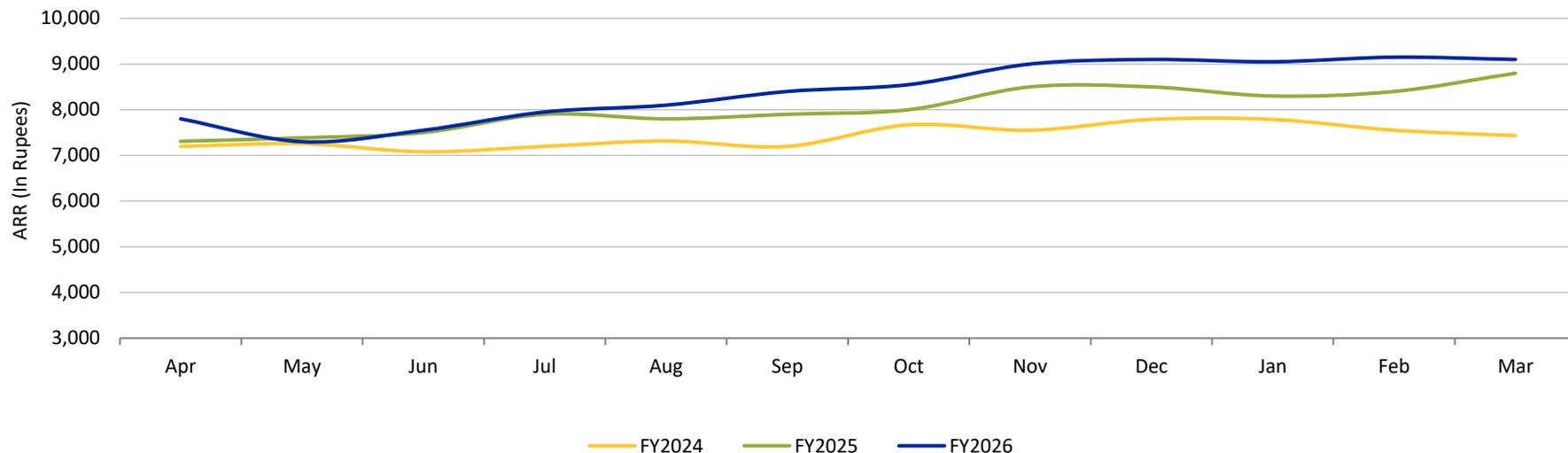


- The industry performed strongly in FY2024 and FY2025, with pan-India occupancy at 70-72% in both the years, amid demand from leisure and business travellers, as well as MICE activities. Although the terror attack and military operations between India and Pakistan caused the cancellation of several hotel bookings in May 2025, especially in northern and western India, the situation recovered following the abatement of the conflict on May 10, 2025.
- In Q2 FY2026, heavy rains in some parts of North and West India disrupted travel for some days, however, the impact was localised and recovered quickly. The wedding season, festive period and long weekend travel further supported the occupancy levels in Q3 FY2026. While the implementation of new flight duty time limitations (FDTL) norms caused temporary flight disruptions in early December 2025, the impact on hotel bookings was temporary. Travellers extended their stays due to flight cancellations, which, coupled with bulk bookings for the wedding season, reduced the impact to an extent. The post-holiday season business travel, long weekends, MICE demand with events such as Indian AI Impact Summit in Delhi NCR and the ICC Men’s T20 World Cup contributed to healthy occupancy in Q4 FY2026.
- ICRA estimates industry occupancy at 72-74% in FY2026 against 70-72% in FY2025, and to hold at 72-74% for FY2027. However, if the West Asia conflict prolongs, causing second-order effects on domestic demand, it will exert a downward pressure on ICRA’s current estimates.

Source: ICRA Research; Note\*: Based on trend reported by 13 of the large hotel companies in the country

# Enhanced pricing power stemming from strong demand continues to support ARR

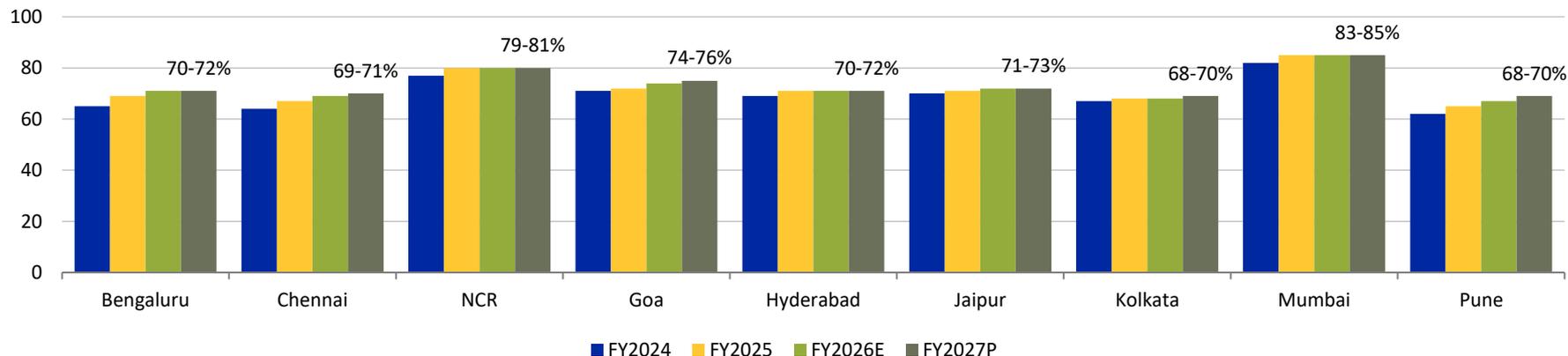
Exhibit 5: Indian Premium Hotel Market – Monthly ARR Trend\*



- The pan-India premium hotel ARR stood at Rs. 8,000-8,200 in FY2025 and improved to Rs. 8,200-8,500 in FY2026. Events such as the T20 Cricket World Cup and the AI Impact Summit drove up prices in Q4 FY2026.
- Several hotels are currently under renovation, refurbishment and upgradation, which are likely to support ARR, going forward as well. The ARR in FY2027 is expected to be Rs. 8,600-8,800. They have improved across markets, supported by higher-than-average rates for some high-end hotels and specific pockets.

Source: ICRA Research; Note\*: Based on trend reported by 13 of the large hotel companies in the country

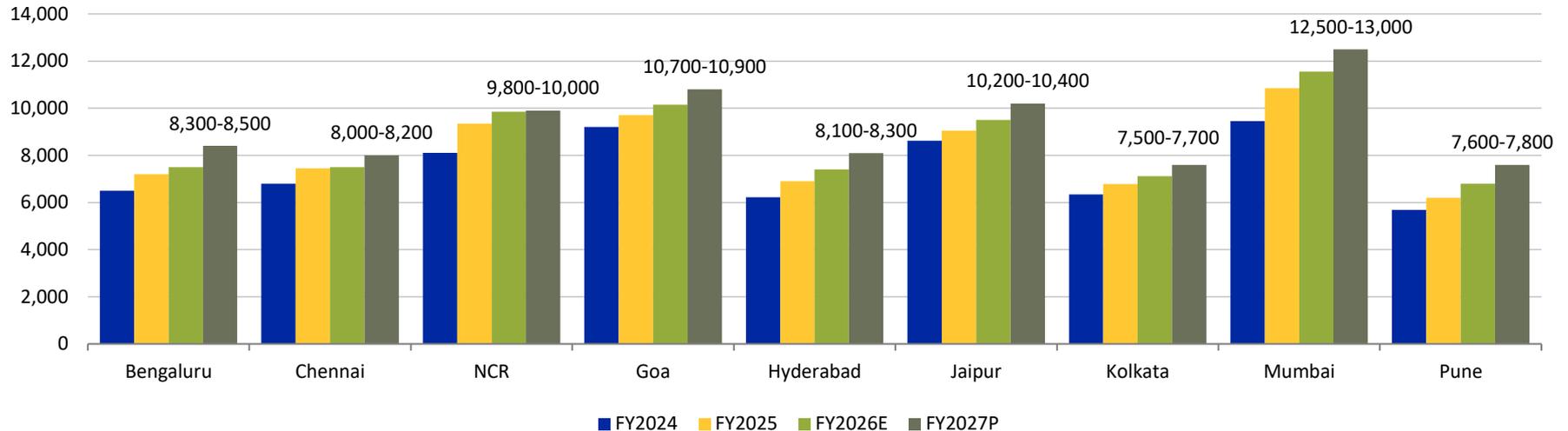
**Exhibit 6: Indian Premium Hotel Market – Recent Occupancy Trend (%)**



- Demand remained strong across all markets in FY2025 (despite a marginally weaker Q1 FY2025 in business travel markets because of the General Elections) and has continued to remain so in FY2026 as well. Hotel specific demand, however, remains dependent on location, competition and other property-related dynamics. The demand momentum is expected to continue in FY2027 as well.
- Mumbai, Delhi and Gurugram, being gateway cities, continue to report the strongest occupancy rates.
- Floods and heavy rains impacted occupancies for a few days of Q2 FY2026 in North and West India. However, the impact was localised and the demand recovered quickly after the floods. Flight disruptions in early December 2025 also impacted travel, but the impact was temporary and has not been very significant. Various MICE events and business travel supported occupancy levels in Q4 FY2026 in key cities like Delhi NCR, Mumbai, Kolkata, Ahmedabad, etc.

Source: ICRA Research; Note: Based on trend reported by 13 of the large hotel companies in the country

**Exhibit 7: Indian Premium Hotel Market – Recent ARR Trend (in Rs.)**



- The ARRs in Mumbai and Delhi NCR are expected to remain stable in FY2027, aided by demand from business and MICE travellers. Upgradation of properties is also likely to facilitate higher ARRs in specific hotels.
- The healthy ARRs in premium hotels would continue to result in demand spillover to mid-scale hotels.

Source: ICRA Research; Note: Based on trend reported by 13 of the large hotel companies in the country

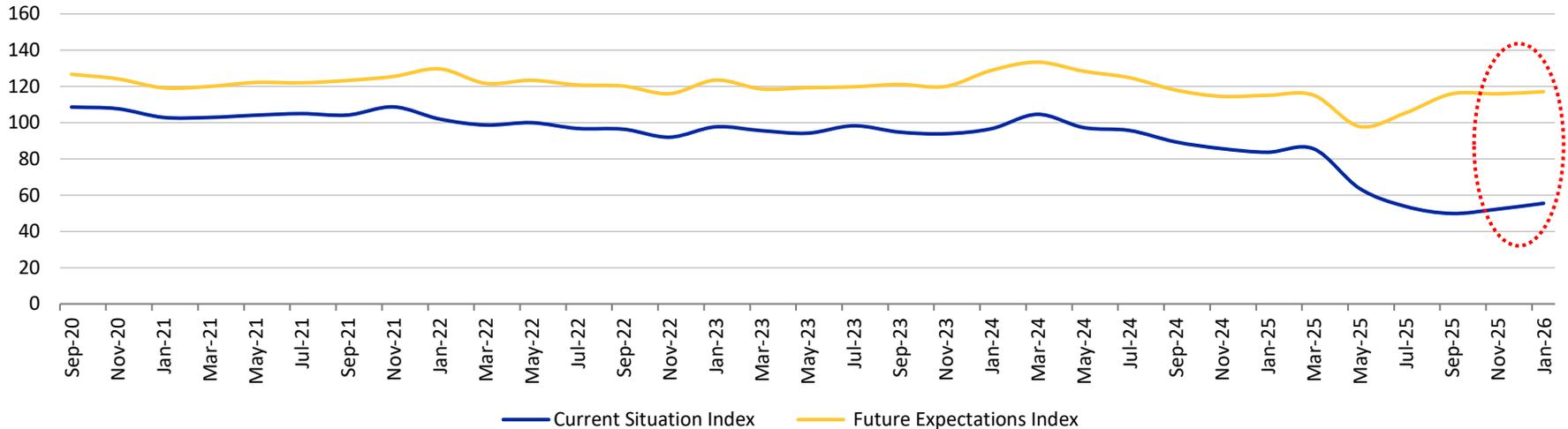


## Demand Dynamics

*Domestic tourism to remain the prime driver in the next few quarters*

# Consumer sentiments turn cautious

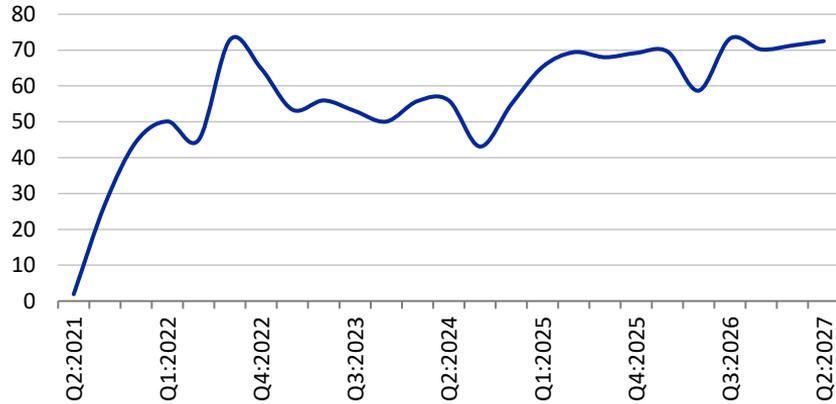
Exhibit 8: Trend in Current Sentiment Index (CSI) and Future Expectation Index (FSI)



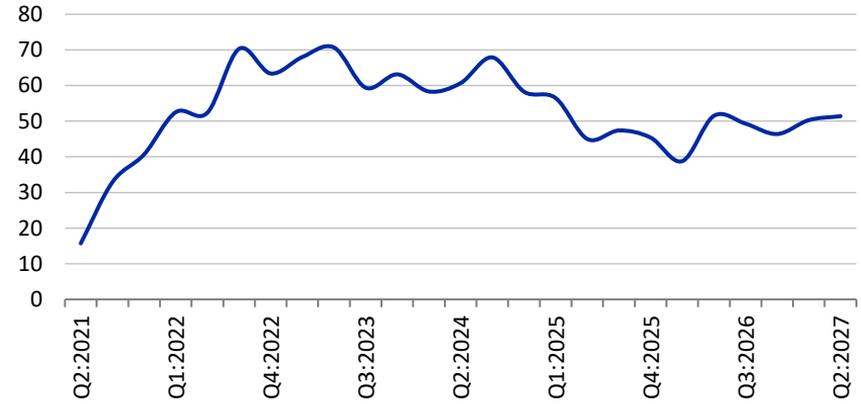
Urban consumer sentiments have remained broadly stable, and improved in recent periods, supported by favourable developments like GST rate rationalisation, income tax relief and benign food inflation. However, the upside risks to inflation stemming from the ongoing global energy supply disruptions amid the West Asian conflict could feed into inflationary expectations of households and sour consumer sentiments in the near term.

# Overall corporate performance stable vis-à-vis business sentiments

**Exhibit 9: Expectations of Overall Business Scenario by Service Sector Companies (net response\*)**



**Exhibit 10: Expectation of Overall Business Scenario by Manufacturing Sector Companies (net response\*)**



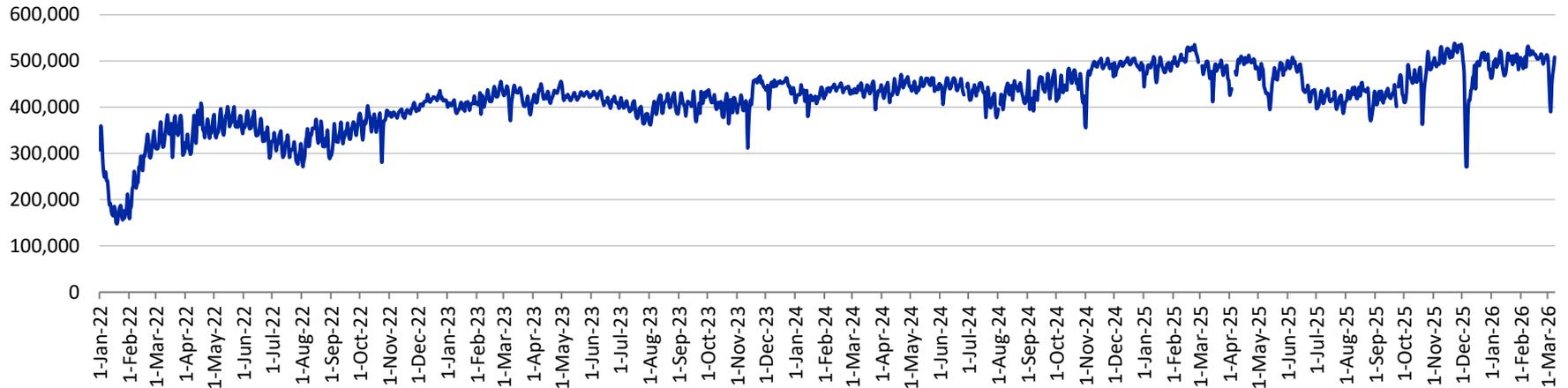
- According to a recent industrial outlook survey published by the Reserve Bank of India (RBI), manufacturing companies remain optimistic about production, order book and capacity utilisation, however, they reported concerns over rising raw material prices and new wage bill that might impact margins. The service sector expects an overall improvement in business situation; however, input cost pressure is likely to persist.
- Overall, corporate India's performance is expected to remain steady, and tariff related uncertainties remain. Slowing information technology (IT) spending in the US and evolving technology environment may impact the IT sector. The continuing conflict in West Asia could lead to export-import challenges for corporates.

Source: RBI, based on RBI survey; ICRA Research; Note\*: Net Response (NR) is the difference between the percentage of respondents reporting optimism and those reporting pessimism. It ranges between -100 and 100. Positive value indicates expansion/optimism and negative value indicates contraction/pessimism.

Sensitivity Label : Restricted

# Several incidents impacted air passenger traffic in FY2026

Exhibit 11: Trend in Daily Airline Passenger Traffic since Resumption of Domestic Operations on May 25, 2020



- The pick-up in travel for both leisure and business was healthy in FY2025 and April 2025, significantly above the pre-Covid levels. However, airport closures and flight cancellations impacted air travel to some extent in May 2025 (because of the India-Pakistan conflict). Subsequently, the tragic aircraft accident in June 2025 induced travel hesitancy. The revision in FDTL norms led to flight cancellations from early December 2025. The situation has gradually stabilised thereafter. The impact of the ongoing West Asia conflict on air passenger traffic and airline profitability remains a key monitorable.

# Air traffic growth in tier-II cities has been higher than India's top six cities

Exhibit 12: Trend in Air Passenger Traffic in Top 6 Cities

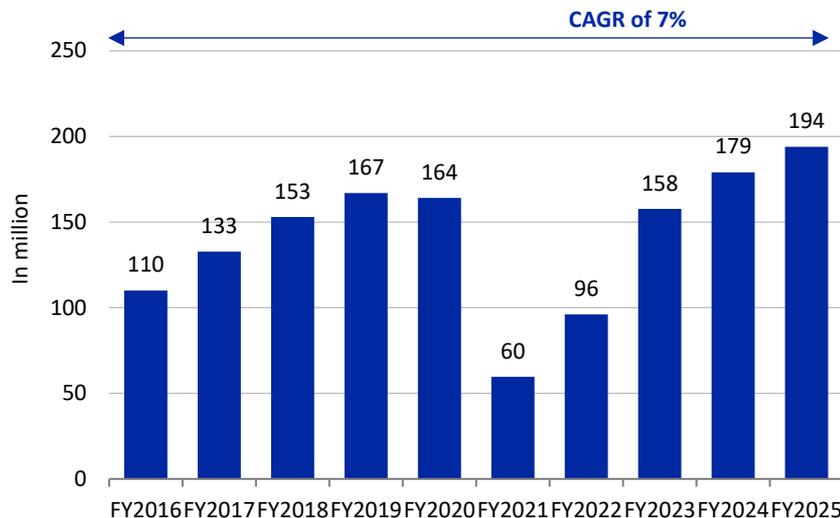
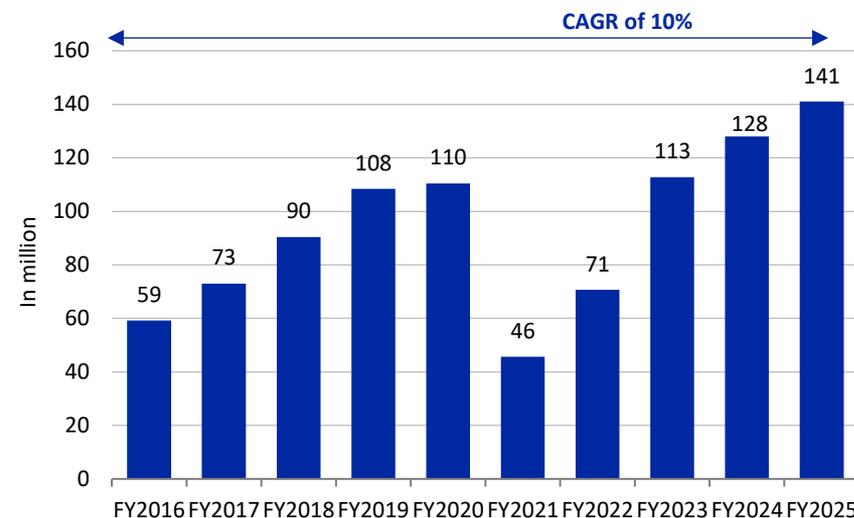


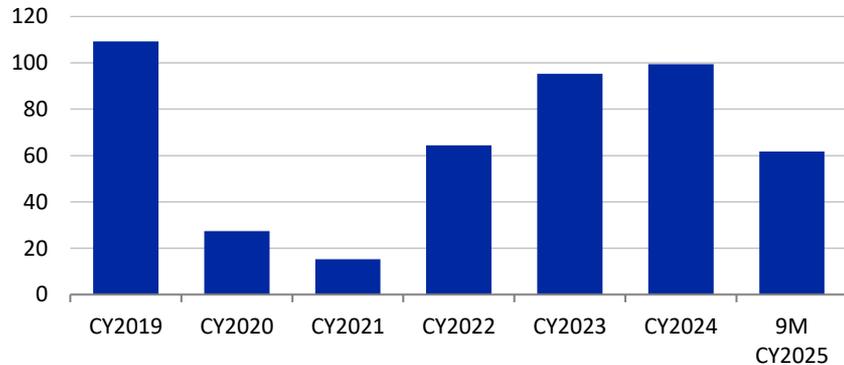
Exhibit 13: Trend in Air Passenger Traffic in Tier-II Cities



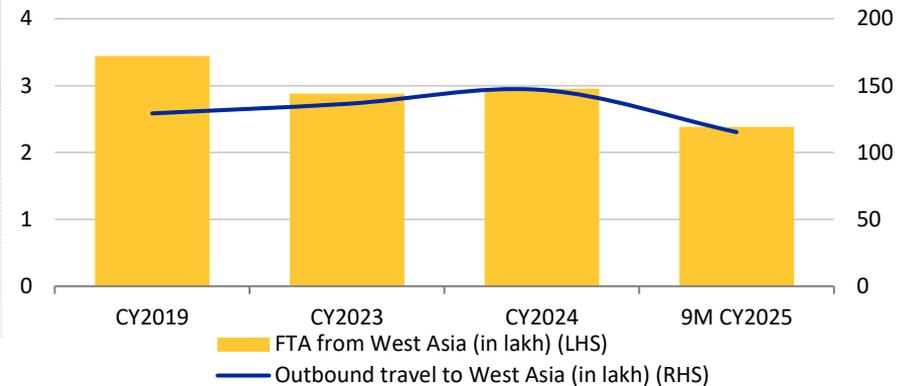
The cumulative air traffic in tier-II cities witnessed a CAGR of 10% between FY2016 and FY2025 and has been significantly higher than the 7% CAGR seen in the top six cities during the same period. Healthy traffic inflow into tier-II cities augurs well for hotel demand in smaller cities.

# Net impact of conflict in West Asia to be limited as softer inbound travel will likely be cushioned by domestic travel substitution

**Exhibit 14: Trend in Total FTAs in India (in lakh)**



**Exhibit 15: Trend in Inbound And Outbound Traffic between India & West Asia**



- The Indian hospitality sector is unlikely to see a severe adverse impact from the recent escalations in West Asia, considering that a major part of the demand is derived from domestic travel, which continues to remain robust.
- While FTA has also historically supported demand, the same has remained relatively subdued since Covid, and is yet to recover to pre-covid levels, despite the YoY improvement each year. Within this, travellers from West Asia accounted for approximately 3% of total FTAs into India. Given the reduced dependence of the sector on FTAs since the pandemic, and the marginal dependence on the affected geography, the Indian hospitality sector is unlikely to see a major direct impact of the ongoing conflict. The impact due to gas shortages on the food and beverages (F&B) segment and inflationary impact from the conflict remain monitorable.
- As for outbound travel, the region accounts for nearly half of the total outbound travel from India, with a major part relating to the Indian diaspora in the geography. In the current environment, travel for leisure to West Asia would suffer a setback, some part of which will get redirected towards domestic destinations, further supporting demand in the sector. ICRA estimates that around 26-28% of the leisure-bound tourists from India travelled to West Asia in recent years, accounting for around 37 lakh travellers.

Source: Ministry of Tourism, ICRA Research

# Foreign tourist arrivals in India yet to recover to pre-Covid levels

Exhibit 16: Global ITA Trend

Growth in ITAs %	CY18	CY19	CY20	CY21 (over CY19)	CY22 (over CY19)	CY23 (over CY19)	CY24 (over CY19)	9M CY25 (over CY19)
World	6%	4%	-72%↓	-69%↓	-34%↓	-11%↓	-1%↓	3%↑
Europe	6%	4%	-68%↓	-59%↓	-18%↓	-5%↓	1%↑	6%↑
Asia Pacific	6%	4%	-84%↓	-93%↓	-74%↓	-34%↓	-13%↓	-10%↓
The Americas	3%	2%	-68%↓	-63%↓	-28%↓	-9%↓	-3%↓	-1%↑
Africa	7%	2%	-73%↓	-72%↓	-32%↓	-4%↓	7%↑	19%↑
West Asia	10%	7%	-73%↓	-66%↓	-5%↓	31%↑	41%↑	33%↑

Source: UNWTO and ICRA Research

- International tourist arrivals (ITAs) picked up in CY2024 and 9M CY2025. However, the pace of recovery over the next few months would depend on the global economic environment and exogenous shocks, if any.
- FTAs to India were impacted in the aftermath of the terror attacks earlier during the year and the associated uncertainties. The ongoing conflict in West Asia is impacting travel from the geography as well as those transiting through it to India.



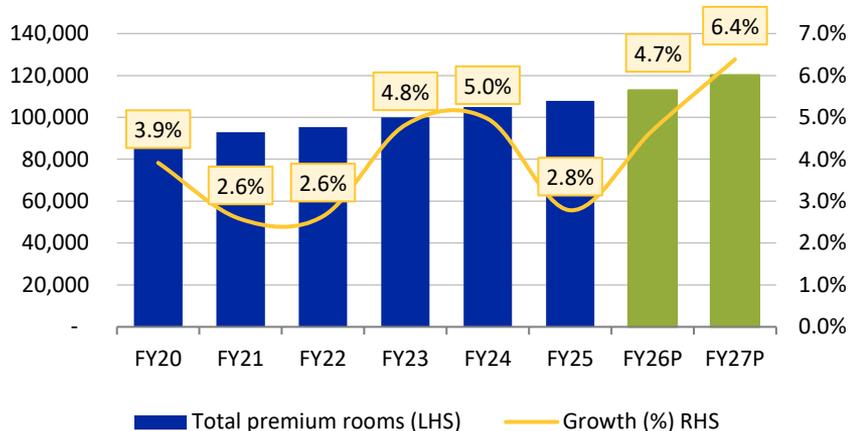
## Supply Trends

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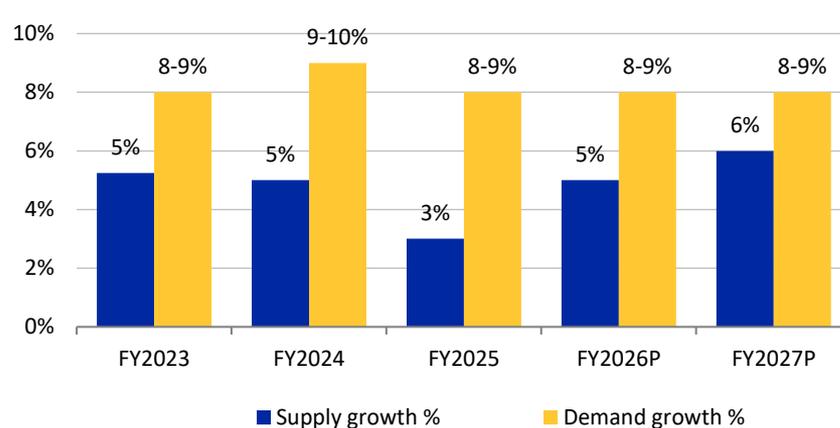
*Supply announcements gain momentum amid sustained demand, but pace trails demand growth*

# Premium supply additions to lag demand growth over the medium term

**Exhibit 17: Inventory in the Domestic Premium Hotel Industry**



**Exhibit 18: Demand-Supply Trend for the Indian Premium Hotel Industry**

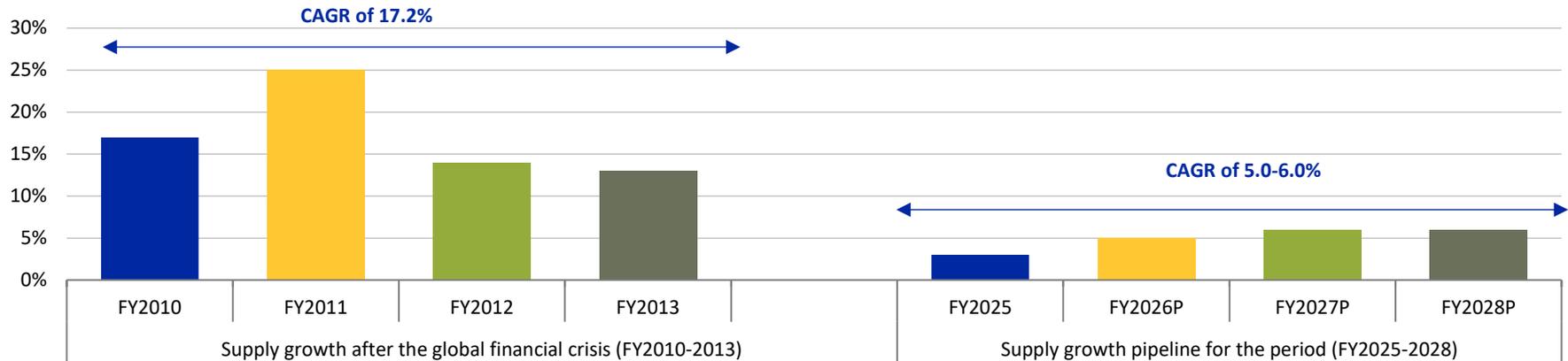


Source: ICRA Research; Data captures premium supply in 12 Indian cities (Mumbai, Delhi NCR, Chennai, Pune, Hyderabad, Bengaluru, Goa, Kolkata, Chandigarh, Jaipur, Ahmedabad and Visakhapatnam)

- ICRA's premium room inventory database (12 key cities) across the country indicates a CAGR of around 5-6% during FY2025-FY2028. Although supply announcements have picked up in the last 24-30 months, supply addition is expected to lag demand growth over the next few years, based on the current pipeline.
- Supply additions in certain premium micro-markets in metros and tier-I cities remain constrained by limited land availability and high land prices, which augurs well for incumbents in these markets.

# Current supply growth lower than that after the FY2009 global financial crisis

Exhibit 19: Comparison of Supply Growth after Crises



Source: ICRA Research; Data captures premium supply in 12 Indian cities (Mumbai, Delhi NCR, Chennai, Pune, Hyderabad, Bengaluru, Goa, Kolkata, Chandigarh, Jaipur, Ahmedabad and Visakhapatnam)

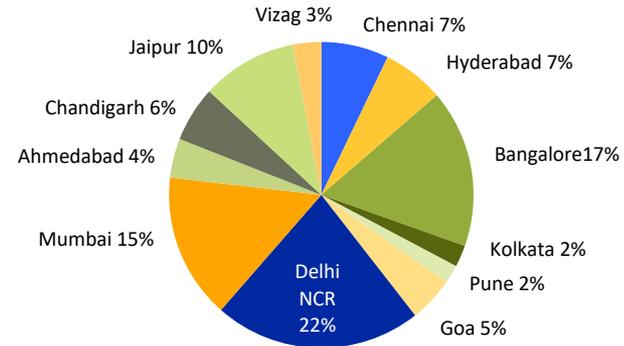
- Compared to the previous downcycle in FY2009, which saw untimely supply increases of over 15% of the inventory at the bottom of the cycle during FY2009-FY2013, the current inventory growth is 5-6% for the period FY2025-FY2028, even after a period of subdued supply addition of 3-4% over FY2022-FY2025. This is because of the cautious expansion approach of hoteliers and the absence of any major announcements during the Covid-19 period and is expected to continue to support the ongoing upcycle as supply lags demand, which remains supportive for the ARR and occupancies.
- During the previous downcycle, the supply addition was largely focused on tier-I/ metro cities; however, at present the supply is spread across tier-II/III markets as well, resulting in a more widespread supply addition and reducing risks of concentrated supply addition and surplus supply in select markets.
- The supply addition in the mid-scale segment is expected to be broadly similar to that in the premium segment.

# Delhi NCR, Mumbai and Bengaluru to generate about 54% of supply pipeline over the medium term among the major cities

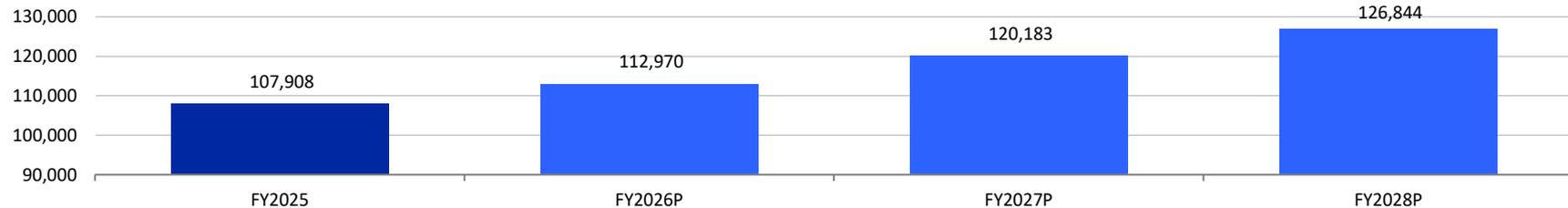
**Exhibit 20: Growth Rate in Premium Supply in Key Indian Markets**

	FY25	FY26P	FY27P	FY28P	3-yr CAGR (FY25-FY28)
Mumbai	1%	5%	7%	5%	6%
Delhi NCR	4%	6%	8%	2%	6%
Chennai	-3%	1%	4%	10%	5%
Hyderabad	2%	8%	6%	3%	6%
Bengaluru	5%	6%	8%	9%	7%
Goa	4%	3%	2%	3%	3%
Jaipur	6%	6%	8%	12%	8%
Pune	3%	2%	2%	2%	2%
<b>Key 12 markets</b>	<b>3%</b>	<b>5%</b>	<b>6%</b>	<b>6%</b>	<b>5-6%</b>

**Exhibit 21: Share of Premium Supply Additions in Key Markets Expected during FY2026-FY2028**



**Exhibit 22: Estimate of Premium Hotel Supply Inventory in Key Markets**



Source: ICRA Research; Key 12 markets include Mumbai, Delhi NCR, Chennai, Hyderabad, Bengaluru, Goa, Jaipur, Pune, Ahmedabad, Vishakapatnam, Kolkata and Chandigarh



## Spiritual tourism

- Spiritual tourism includes pilgrimages, cultural and heritage sightseeing, festivals, meditation and wellness retreats. India is home to numerous spiritual sites and attracts a significant share of both domestic and foreign tourists.
- Growing disposable income and the increasing number of travellers seeking premium travel experience is increasing demand for more organised hotels, restaurants and other infrastructure in these sites.
- Government focus on infrastructure towards developing road connectivity, train services, airport development, financial assistance scheme for developing spiritual sites is a positive for demand development and supply addition in such markets.

## Airport hotels

- Air passenger traffic has grown significantly over the years, and the hotels in proximity to airports are gaining popularity for business travellers, MICE and transit passengers.
- Airports of major business metro cities are far from their central business districts (CBDs), inducing travellers to check in at airport hotels to avoid traffic and save time.
- Major cities have developed commercial hubs near airports to facilitate business activities such as Aerocity in New Delhi, and the area near Mumbai airport. Additionally, Bengaluru and Hyderabad markets, are also developing commercial areas near their respective airports, which is attracting hotel investments in the vicinity.

# Over 2,000 airport hotel keys coming up over medium term

Exhibit 23: Sample List of Key Airport Hotels (Recently Opened/Upcoming) in Indian Premium Hotel Industry

<b>Mumbai</b> 	<ul style="list-style-type: none"><li>Aurika, MIAL (669 keys) – Opened</li></ul>	<b>Delhi</b> 	<ul style="list-style-type: none"><li>Taj at Delhi International Airport (390 keys)</li></ul>
<b>Mumbai</b> 	<ul style="list-style-type: none"><li>Fairmont, near Chhatrapati Shivaji International Airport, Terminal 2 (575 keys) – Opened</li></ul>	<b>Noida</b> 	<ul style="list-style-type: none"><li>Roseate, near Jewar International Airport (220 keys)</li></ul>
<b>Delhi</b> 	<ul style="list-style-type: none"><li>Marriott Marquis, Aerocity (600 keys)</li></ul>	<b>Bengaluru</b> 	<ul style="list-style-type: none"><li>Vivanta at Kempe Gowda International Airport (450 keys)</li></ul>
<b>Delhi</b> 	<ul style="list-style-type: none"><li>St. Regis, Aerocity (179 keys)</li></ul>	<b>Chandigarh</b> 	<ul style="list-style-type: none"><li>Novotel Mohali Airport Road (120 keys)</li></ul>

Source: ICRA Research

# Several global brands foraying into India owing to demand potential



**Radisson**  
HOTELS & RESORTS

**Radisson Collection**



**IHG**<sup>®</sup>  
HOTELS & RESORTS

**Voco**



**Hilton**

- Curio Collection
- Waldorf Astoria



**WYNDHAM**  
HOTELS & RESORTS

- Wyndham Garden
- Wyndham Grand
- Trademark Collection



**HYATT**<sup>®</sup>

**The Unbound Collection**



**Marriott**<sup>®</sup>  
INTERNATIONAL

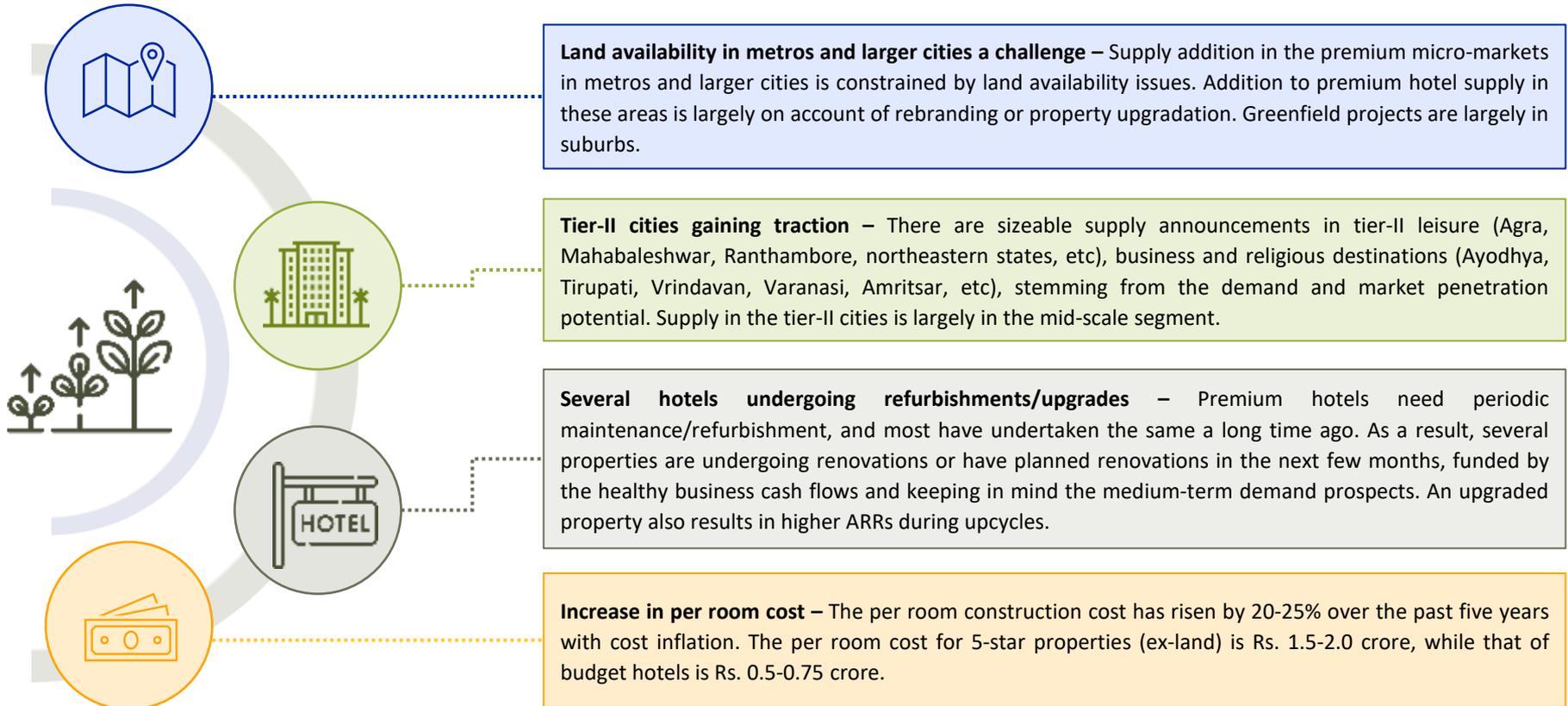
- Tribute
- Marriott Marquis



**MINOR**  
HOTELS

**Anantara**

# Other noticeable trends in upcoming supply



Source: ICRA Research

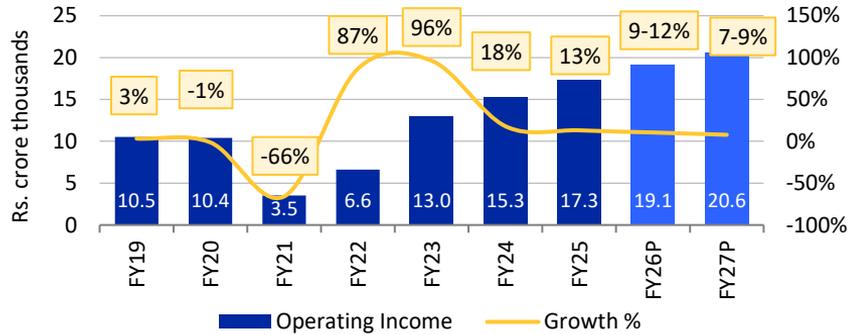


## Financial Forecasts

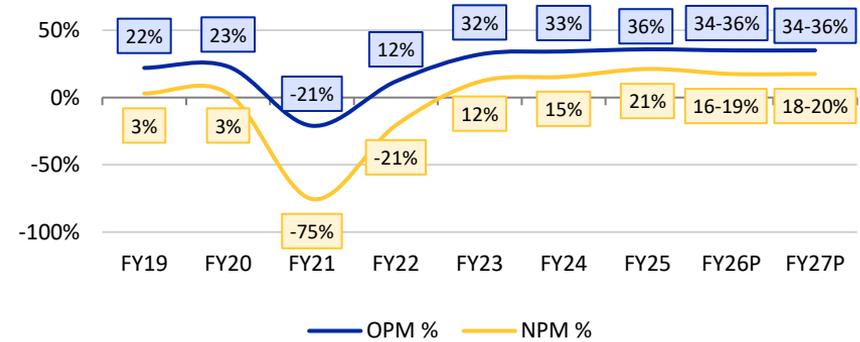
*Operating margins to remain significantly higher than pre-Covid 19 levels in FY2026 and FY2027, at 34-36%*

# Revenue growth of 7-9% expected in FY2027

**Exhibit 24: Revenue Growth Forecast for the Industry Sample Set**



**Exhibit 25: Margin Forecast for the Industry Sample Set**



Source: ICRA Research; Industry sample set comprises 13 of the large hotel companies in the country (includes entities that derive revenues from mixed-use assets as well); P - Projected

- The Indian hotel industry's revenue grew by 13% YoY in FY2025, and ICRA expects revenue growth of 9-12% YoY in FY2026 and 7-9% in FY2027. Sustained domestic leisure travel, demand from MICE, including weddings, and business travel have driven demand in FY2026. This trend is likely to continue over the next 9-12 months. Over the medium term, healthy demand amid relatively lower supply and property upgrades would support higher ARR. Larger players will benefit from commissions owing to asset-light expansion and other diversified revenue sources.
- Margins are expected to remain at 34-36% for FY2026 and FY2027, after 36% reported in FY2025 aided by healthy revenues despite an increase in some cost heads, including refurbishment/maintenance and employee costs. The margins are expected to remain at significantly higher than pre-Covid levels, going forward. Any prolonged impact from the geopolitical developments, would remain monitorable.



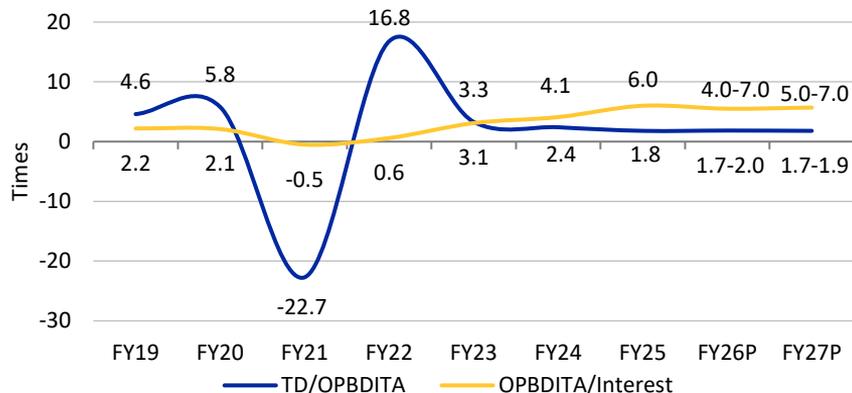
## Revenue growth strategy

- Healthy demand-supply dynamics leading to healthy occupancy and ARR improvement
- Property renovations leading to superior product and higher ARR
- Larger players expanding through asset-light mode to get incremental revenues from commissions, as revenues and margins of network properties increase
- Diversified revenue sources to mitigate cyclical risks to an extent

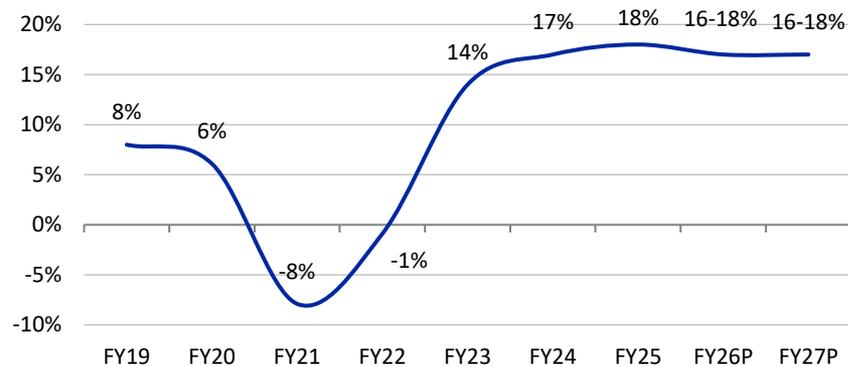
## Cost-related measures

- Pass-through of cost inflation, given the healthy demand
- Usage of renewables and other cheaper power sources
- Staff-to-room ratio still remains below pre-Covid levels. There has been up to 15% reduction in manpower per room over pre-Covid levels
- Sustenance of initiatives on productivity improvement and fixed-cost front, including asset-light growth
- De-leveraging balance sheets from business accruals and fresh equity fund raises, leading to lower interest costs

**Exhibit 26: Coverage Metrics Forecast for the Industry Sample Set**



**Exhibit 27: RoCE Forecast for the Industry Sample Set**

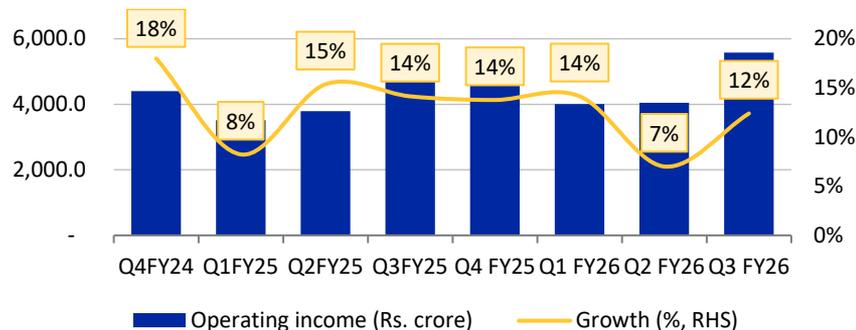


Source: ICRA Research; Industry sample set comprises 13 of the large hotel companies in the country; P - Projected

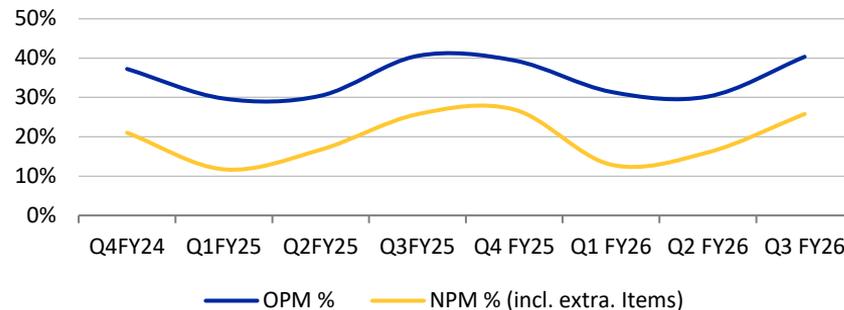
- ICRA expects improvement in business accruals and equity fund-raises pursued by entities to continue to support the capital structure, going forward. However, although material improvement in capital structure and coverage indicators are unlikely given the capex cycle underway in the industry to encash on the favourable demand dynamics, it is expected to remain comfortable considering the significant deleveraging since the pandemic.
- Hotels that have expanded through the asset-light mode over the last few years have reported significant improvement in RoCE, aided by strong accruals. This trend is likely to continue going forward as well. However, in case of asset-heavy expansions, the extent of improvement in RoCE remained constrained by the high capital cost of new properties owing to increased land and construction costs.

# Robust revenue growth and margins in Q3 FY2026, despite temporary travel disruptions due to revised FDTL norms

**Exhibit 28: Quarterly Revenue Growth Trend for the Industry Sample Set**



**Exhibit 29: Quarterly Margin Trend for the Industry Sample Set**

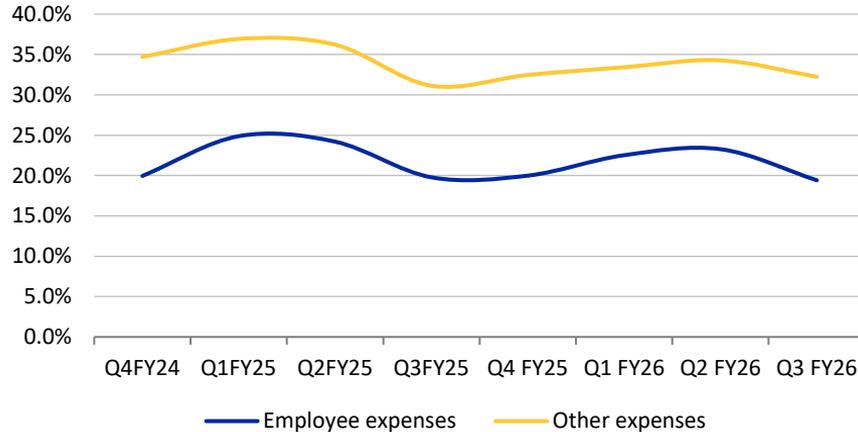


Source: Aggregate for 13 listed companies; ICRA Research; Revenues and margins from Q2 FY2025 onwards do not consider that of Taj SATS Air Catering Limited (which has been consolidated with IHCL as a subsidiary from Q2 FY2025) for like-to-like comparison

- For FY2025, the revenues of ICRA's sample set grew by 13.0% over the previous year. The momentum continued in Q1 FY2026 with 14% YoY growth despite temporary disruptions in travel/MICE due to terror attacks and geopolitical developments in April and May 2025. The revenue grew by 7% YoY in Q2 FY2026; Despite heavy rains in certain parts of India, which impacted travel temporarily, the impact was largely localised and temporary, and occupancy recovered quickly. The revenue grew by 12% YoY in Q3 FY2026, despite temporary flight disruptions in early December 2026, amid strong demand from wedding, business and leisure travel.
- The industry has undertaken several sustainable cost optimisation initiatives, which have reduced break-even levels. Along with improved operating leverage, this has led to healthy margins. The OPM for the sample set for Q3 FY2026 was at 40%. ICRA forecasts hotel companies to report operating margins of 34-36% for FY2026, similar to 35.8% in FY2025, with focus on costs and asset-light expansions continuing to support the margin profile.

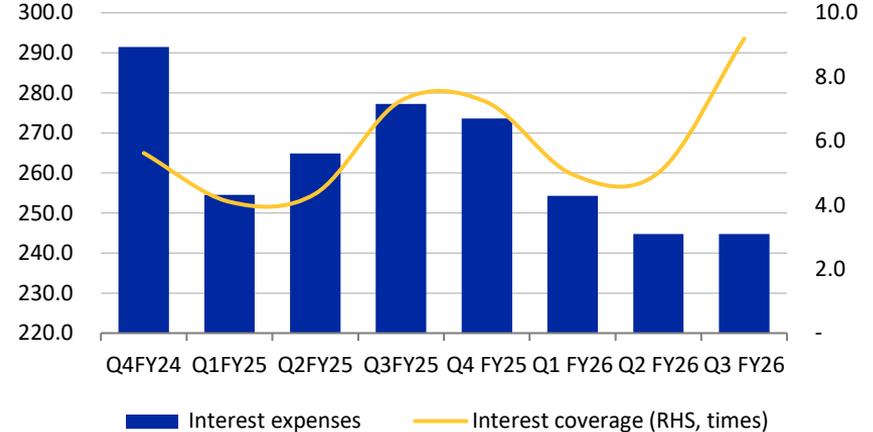
# Healthy coverage metrics over last several quarters

**Exhibit 30: Quarterly Cost Trends (% of sales)**



Source: Aggregates for 13 listed companies; ICRA Research

**Exhibit 31: Quarterly Interest Coverage**



- The staff-to-room ratio remains lower than pre-Covid levels aided by the redeployment of staff, reskilling employees and centralisation of business functions.
- Coverage metrics have been healthy in all quarters of FY2024, FY2025 and YTD FY2026. Interest coverage is likely to be healthy going forward as well, with anticipated healthy operating profits and reduction in cost of debt.



## Credit Rating Movements

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*Upgrades have significantly exceeded downgrades since FY2023*

# At present, 70% of ICRA's rated portfolio has a Stable outlook



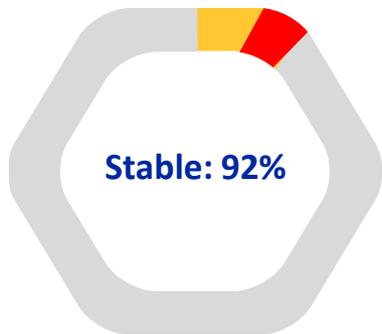
January 2020



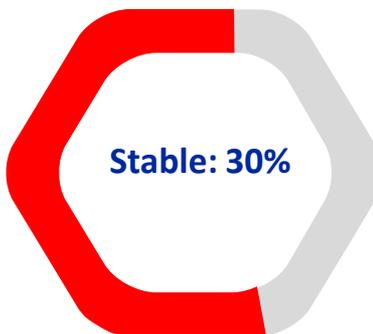
March 2021



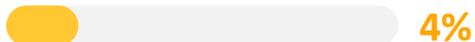
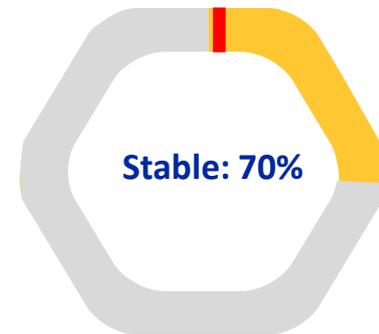
March 2026



VS



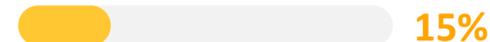
VS



4% of the rated portfolio on Positive outlook  
4% on Negative outlook



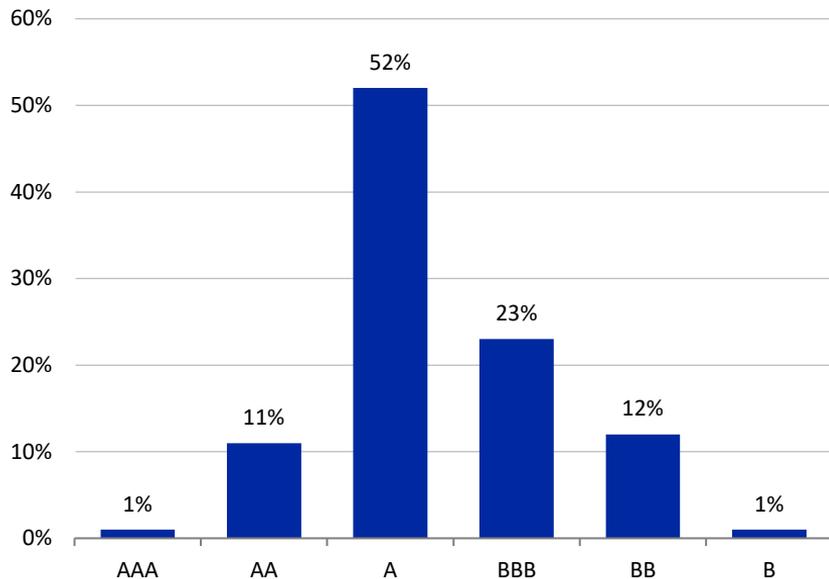
70% on Negative outlook



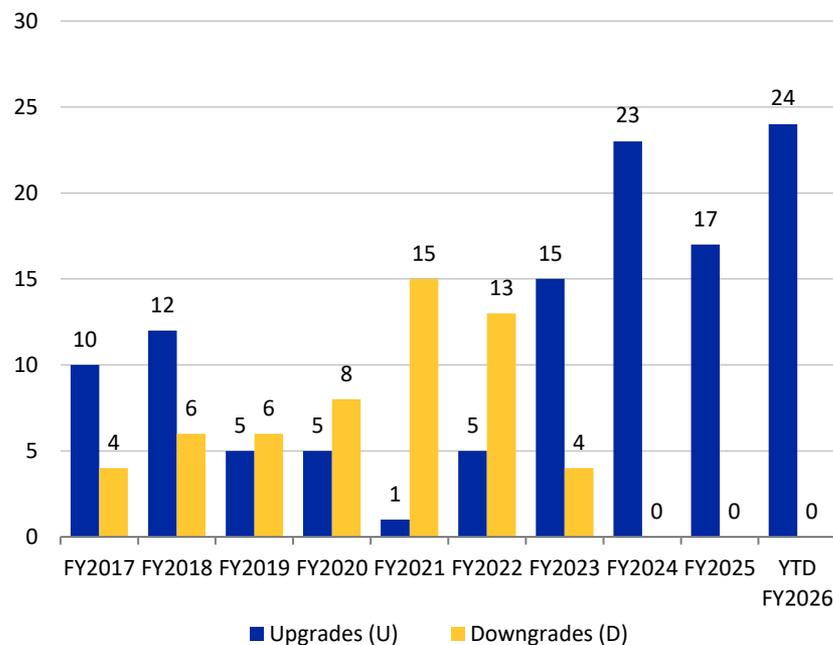
15% on Positive outlook  
14% on Rating Watch with Developing Implications  
1% on Negative outlook

# Significant number of upgrades since FY2023

**Exhibit 32: Rating Distribution of ICRA-rated Entities**



**Exhibit 33: Count of Upgrades and Downgrades (ICRA-rated Entities)**



Source: ICRA Research; Note: Data as on March 13, 2026, and does not include Issuer non-cooperation cases

## ENVIRONMENTAL



Key Risks		Comments	Risk Score	
<b>Physical Climate Risks</b>		Natural disasters (such as hurricanes and floods) and extreme weather conditions could interrupt operations or damage properties and have financial implications		<b>MEDIUM</b>
<b>Climate Transition Risks</b>		Tightening energy/emission control requirements necessitate investments in alternative fuel vehicles and adopting renewable energy sources		<b>LOW</b>
<b>Extent of Reliance on Natural Resources</b>		Exposed to adequate availability of natural resources like metal/oil/water		<b>MEDIUM</b>
<b>Pollution &amp; Hazards</b>		Exposed to litigation/penalties arising from issues related to waste/water/energy management		<b>LOW</b>

## SOCIAL



<b>Consumer &amp; Community</b>		Exposed to shift in consumer preferences/demographics; investments to refresh product portfolio required		<b>LOW</b>
<b>Human Capital</b>		Ability to manage employee relations, their health and safety, while vendor ecosystem remains key		<b>MEDIUM</b>
<b>Responsible Operations</b>		Instances of breach in data security/privacy may lead to financial implications and impact reputation		<b>MEDIUM</b>



## Peer Comparison & Annexures

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# Domestic hotel chains: Operational comparison

	The Indian Hotels Company Limited (IHCL)	ITC Hotels Limited (ITC Hotels)	EIH Limited (EIH)	Chalet Hotels Limited (CHL)	Lemon Tree Hotels Limited(LTHL)	Samhi Hotels Limited (SHL)
<b>Parentage/Promoters</b>	Tata Group	ITC Group	Oberoi Group	K. Raheja Corp	Mr. Patanjali Govind Keswani	-
<b>Shareholding</b>	Promoters – 38.1% Public – 61.9%	Promoters – 39.9% Public – 60.1%	Promoters – 32.9% Public – 67.1%	Promoters – 67.3% Public – 32.7%	Promoters – 22.3% Public – 77.7%	Public – 100.0%
<b>Brands Operated</b>	Taj, Vivanta, Ginger, SeleQtions, Tree of Life	ITC Hotels, Welcomhotel, Mementos, Storii, Fortune	Oberoi, Trident, Maidens	Renaissance, Four Points by Sheraton, Westin, Marriott, JW Marriott, Athiva	Lemon Tree Premier, Lemon Tree, Aurika, Red Fox, Keys Prima, Keys Select and Keys Lite	Hyatt Regency, Fairfield, Four points by Sheraton, Holiday Inn Express, Courtyard by Marriott
<b>Categories</b>	Luxury, Upper upscale, Upscale, Midscale	Luxury, Upper upscale, Upscale, Midscale	Luxury, Upscale	Luxury, Upper upscale, Upscale, Economy	Upper upscale, Upscale, Economy	Upper Upscale, Upscale, Midscale,
<b>Geographic Diversification</b>	Present pan-India and 13 overseas countries	Present pan-India and 2 overseas countries	Pan-India Also, has hotels overseas under the 'Oberoi' brand in places including Bali, Lombok and Dubai	Mumbai, Hyderabad & Bengaluru, Rishikesh, Lonavala, Pune	Pan-India	14 cities in India

Source: ICRA Research; Note: Shareholding refers to that as on September 30, 2025

# Domestic hotel chains: Financial peer comparison

**Exhibit 34: Key Financial Indicators – FY2025 and FY2024**

In Rs. crore	IHCL		ITC Hotels		EIH		CHL		LTHL		SHL	
	FY2025	FY2024	FY2025	FY2024	FY2025	FY2024	FY2025	FY2024	FY2025	FY2024	FY2025	FY2024
<b>Operating Income</b>	8,334.5	6,768.8	3,559.8	2,224.4	2,743.2	2,511.3	1,717.8	1,418.3	1,286.1	1,071.1	1,130.0	959.2
<b>OPBITDA</b>	2,769.3	2,157.1	1,254.9	770.7	1,017.0	926.9	735.9	592.0	634.1	523.2	407.4	269.8
<b>PAT</b>	1,961.3	1,201.6	621.8	415.2	711.1	643.9	142.5	278.2	243.4	181.0	85.4	-234.6
<b>NCA</b>	1,925.1	1,521.7	1,049.8	636.7	797.3	790.0	529.5	377.3	399.5	279.4	161.2	-57.0
<b>Net Worth</b>	11,160.7	9,456.7	10,692.2	8,497.9	4,612.8	3,939.6	2,675.2	1,480.3	1,163.5	966.9	1,142.1	1,038.5
<b>Total Debt</b>	3,084.3	2,736.2	72.8	73.1	265.1	-	2,604.0	3,005.2	2,147.6	2,335.8	2,246.3	2,122.7
<b>Cash &amp; Liquid Inv.</b>	3,080.4	2,209.7	1,827.2	273.4	1,050.9	743.8	272.6	175.1	119.2	61.8	70.0	147.4
<b>OPM (%)</b>	33.2%	31.9%	35.3%	34.6%	37.1%	36.9%	42.8%	41.7%	49.3%	48.8%	36.1%	28.1%
<b>NPM (%)</b>	23.5%	17.8%	17.5%	18.7%	25.9%	25.6%	8.3%	19.6%	18.9%	16.9%	7.6%	-24.5%
<b>RoCE (%)</b>	19.7%	15.7%	10.1%	16.2%	21.6%	23.9%	13.9%	14.6%	13.1%	12.0%	8.9%	4.0%
<b>Gearing</b>	0.2	0.3	0.0	0.0	0.1	-	1.0	2.0	1.2	2.4	2.0	2.0
<b>Interest Cover</b>	13.3	9.8	28.4	38.2	47.6	47.8	4.6	3.0	3.0	2.6	1.8	0.8
<b>TD/OPBITDA</b>	1.1	1.3	0.1	0.1	0.3	-	3.5	5.1	3.4	4.5	5.5	7.9
<b>NCA/TD</b>	62.4%	55.6%	1442.4%	870.9%	300.8%	-	20.3%	12.6%	18.6%	12.0%	7.2%	-2.7%
<b>NWC/OI</b>	-9.8%	-12.9%	15.2%	18.0%	-0.6%	4.2%	-9.9%	4.0%	3.2%	0.1%	-2.5%	-7.3%
<b>Debtor Days</b>	29	26	23	26	32	29	17	14	22	24	22	23

Source: Annual Reports, BSE, ICRA Research; Amount in Rs. crore; consolidated numbers wherever applicable/published

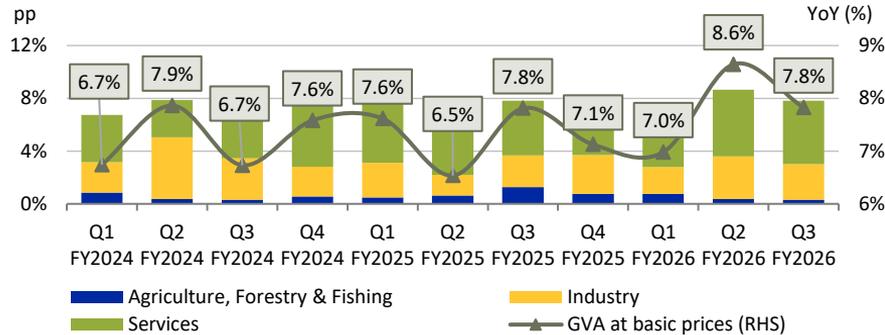


## Annexure I – Indian Economy: Macro Indicators

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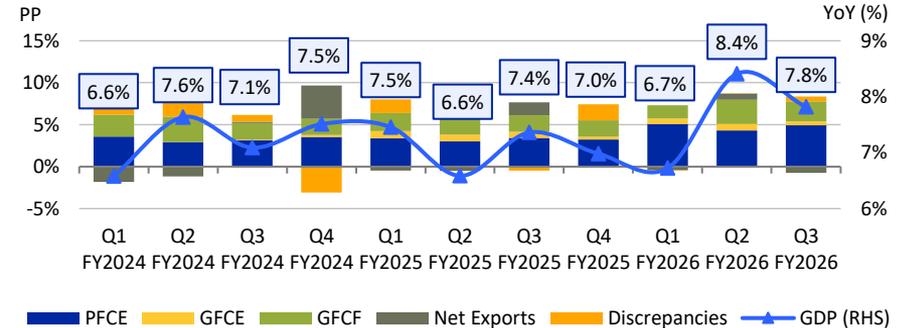
# GDP and GVA growth eased to 7.8% each in Q3 FY2026

**Exhibit 35: Contribution of GVA Components**



Source: NSO; CEIC; ICRA Research

**Exhibit 36: Contribution of GDP Components**

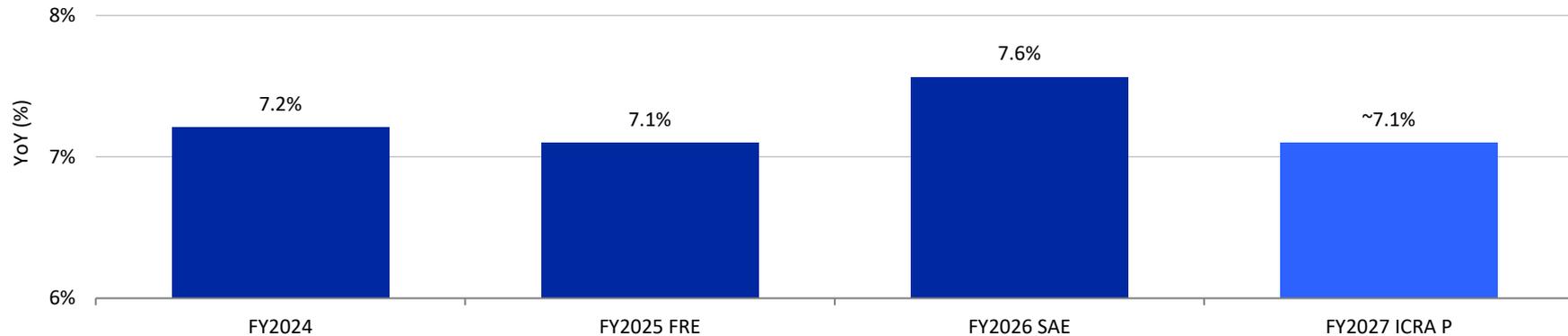


PFCE: Private Final Consumption Expenditure; GFCE: Government Final Consumption Expenditure; GFCF: Gross Fixed Capital Formation; Source: NSO; CEIC; ICRA Research

- As per the National Statistical Office's (NSO) new 2022-23 series, the YoY growth in GVA at basic prices eased to 7.8% in Q3 FY2026 from 8.6% in Q2 FY2026. This was led by the GVA of industry (to +9.7% in Q3 FY2026 from +10.6% in Q2 FY2026; amid a slowdown across all segments barring manufacturing) and agriculture, forestry and fishing (to an 8-quarter low +1.4% from +2.3%), while the pace of expansion in the services sector (to +9.5% from +9.3%) inched up between these quarters. In terms of contribution, services accounted for a sizeable 4.8 percentage points (pp) of the 7.8% GVA growth in Q3 FY2026, followed by 2.7 pp and 0.3 pp from industry and agriculture, respectively.
- Additionally, the YoY GDP expansion has been estimated to ease to a similar 7.8% in Q3 FY2026 from 8.4% in Q2 FY2026 (ICRA's exp: +7.2% based on the 2011-12 series). While the pace of expansion in GFCE (to +4.7% from +6.6%) and GFCF (to +7.8% from +8.4%) eased in Q3 FY2026 vis-à-vis Q2, that for PFCE (to +8.7% from +8.0%) saw an improvement, reflecting the impact of GST rate cuts on consumption in the quarter, along with a narrowing in net exports (to -Rs. 1.2 trillion from -Rs. 2.3 trillion). Overall, PFCE contributed 4.9 pp to the 7.8% GDP growth in Q3 FY2026, followed by GFCF (2.4 pp), exports (1.2 pp), and GFCE (0.5 pp).
- In constant price estimation, the use of double deflator for manufacturing and agricultural sectors, and single extrapolation elsewhere may have led to revisions in quarterly growth estimates.

# ICRA foresees downside risk to our real GDP growth forecast of around 7.1% for FY2027, amid escalating West Asia conflict

Exhibit 37: Annual YoY Trends in Real GDP (base year: 2022-23)



P: Projected, FRE: First Revised Estimate; SAE: Second Advance Estimate; Source: NSO; ICRA Research

- ICRA currently projects the real GDP growth at a healthy 7.1% in FY2027 (vs. + 7.6% in FY2026 SAE) as per the new 2022-23 series, amid favourable developments including the interim deal with the US with a lower tariff rate, improved prospects for domestic investment, aided by the robust hike in Central capital spending included in the recent Union Budget. The reduction in GST rates, cumulative 125 rate cuts, as well as lower-than-expected rise in food inflation, along with upbeat farm sector trends portend a favourable outlook for private consumption in the upcoming fiscal.
- However, the ongoing conflict in West Asia, elevated crude prices and shipping costs may weigh on corporates' profitability and household spending, thereby posing a downside risk to ICRA's growth estimate for FY2027.



# ICRA's ratings in hospitality sector – I

Company	Long-term Rating	Outlook	Short-term Rating
Accent Hotels Private Limited	[ICRA]A	Stable	
Annakoot Properties Private Limited	[ICRA]BBB-	Stable	
Apeejay Surrendra Park Hotels Limited	[ICRA]A+	Positive	[ICRA]A1
Arpit Projects Limited	[ICRA]BBB-	Stable	
Ascent Hotels Private Limited	[ICRA]A	Positive	[ICRA]A2+
Ashford Properties Private Limited	[ICRA]A	Stable	
Bhutan Ventures Hospitality Private Limited	[ICRA]BB	Stable	
Brigade Hotel Ventures Limited	[ICRA]A+	Stable	[ICRA]A1
Caddie Hotels Private Limited	[ICRA]A	Stable	[ICRA]A1
Canary Hotels Private Limited	[ICRA]A+	RWD	
Caspia Hotels Private Limited	[ICRA]A	Positive	[ICRA]A2+
Celsia Hotels Private Limited	[ICRA]A+	RWD	[ICRA]A1
Chalet Hotels Limited	[ICRA]AA-	Stable	[ICRA]A1+
Elixir Enterprises and Hotels Private Limited	[ICRA]BB	Stable	
Eros Resorts and Hotels Private Limited	[ICRA]BB+	Stable	
Fleur Hotels Limited	[ICRA]A+	RWD	[ICRA]A1
GMR Hospitality and Retail Limited	[ICRA]AA, [ICRA]AA+ (CE)	Stable/Positive	
Gurnani Hotels Private Limited	[ICRA]BB	Stable	
Hardcastle Restaurants Private Limited	[ICRA]AA-	Stable	[ICRA]A1+
Hotel Excelsior Limited	[ICRA]A+	Stable	
Hyacinth Hotels Private Limited	[ICRA]A+	RWD	

## ICRA's ratings in hospitality sector – II

Company	Long-term Rating	Outlook	Short-term Rating
Icon Hospitality Private Limited	[ICRA]BBB-	Positive	
IHHR Hospitality Andhra Pvt.Ltd.	[ICRA]BBB+	Stable	[ICRA]A2
IHHR Hospitality (Gujarat) Private Limited	[ICRA]BBB+	Stable	
IHHR Hospitality Private Limited	[ICRA]A-	Stable	
IHHR Hospitality (Himachal) Private Limited	[ICRA]BBB	Stable	
Inovia Hotels and Resorts Limited	[ICRA]A+	RWD	
Interglobe Hotels Private Limited	[ICRA]A	Stable	[ICRA]A2+
International Travel House Limited	[ICRA]AA	Stable	[ICRA]A1+
Isha Steel Treatment Private Limited	[ICRA]A	Stable	
Junobo Hotels Private Limited	[ICRA]BBB	Stable	
Ksheer Sagar Developers Private Limited	[ICRA]BBB-	Positive	
Lemon Tree Hotels Limited	[ICRA]A+	Positive	[ICRA]A1
Lulu Convention and Exhibition Center Private Limited	[ICRA]BBB+	Stable	[ICRA]A2
Lulu International Convention Center Private Limited	[ICRA]BB+	Stable	[ICRA]A4+
Manglam Spa Resort Private Limited	[ICRA]BB	Stable	
Milagro Infrastructure Private Limited	[ICRA]A	Stable	
MPG Hotels and Infrastructure Ventures Private Limited	[ICRA]BBB-	Stable	[ICRA]A3
Northland Holding Company Private Limited	[ICRA]A+ (CE)	Stable	
Orange County Resorts & Hotels Limited	[ICRA]A-	Stable	[ICRA]A2+
Orient Exchange And Financial Services P Ltd	[ICRA]BBB-	Stable	[ICRA]A3
Oriental Hotels Limited	[ICRA]AA-	Stable	[ICRA]A1+

## ICRA's ratings in hospitality sector – III

Company	Long-term Rating	Outlook	Short-term Rating
Oriole Dr. Fresh Hotels Private Limited	[ICRA]A+	RWD	[ICRA]A1
Pinkcity Build Home Pvt Ltd	[ICRA]BBB-	Stable	[ICRA]A3
Prestige Hospitality Ventures Limited	[ICRA]A+ (CE)	Stable	
Pride Hotels Limited	[ICRA]BBB+	Stable	[ICRA]A2
Restaurant Brands Asia Limited	[ICRA]A-	Stable	[ICRA]A2+
Ronil Hotels & Resorts Private Limited	[ICRA]BB	Stable	[ICRA]A4
Roots Corporation Limited	[ICRA]AA	Stable	[ICRA]A1+
Royal Orchid Hotels Limited	[ICRA]A-	Positive	
SAMHI Hotels (Gurgaon) Private Limited	[ICRA]A	Positive	[ICRA]A2+
SAMHI Hotels Limited	[ICRA]A	Positive	[ICRA]A2+
Sangu Chakra Hotels Private Limited	[ICRA]BB+	Stable	
Sapphire Foods India Limited	[ICRA]A	RWD	[ICRA]A2+
Sayaji Hotels Limited	[ICRA]BBB+	Stable	
SLN Hotels and Resorts	[ICRA]B+	Stable	
SPPL Hotels Private Limited	[ICRA]A+ (CE)	RWD	[ICRA]A1 (CE)
Srilanand Mansions Private Limited	[ICRA]A	Stable	
SRP Prosperita Hotel Ventures Limited	[ICRA]A-	Stable	
Sukhsagar Complexes Private Limited	[ICRA]A+	RWD	[ICRA]A1
Taj SATS Air Catering Limited	[ICRA]AA	Stable	[ICRA]A1+
Techpark Hotels Private Limited	[ICRA]A	Stable	

## ICRA's ratings in hospitality sector – IV

Company	Long-term Rating	Outlook	Short-term Rating
The Indian Hotels Company Limited	[ICRA]AAA	Stable	[ICRA]A1+
Triton Hotels & Resorts Private Limited	[ICRA]A	Stable	[ICRA]A2+
United Foodbrands Limited (Erstwhile Barbeque Nation Hospitality Limited)	[ICRA]A	Negative	[ICRA]A2+
Varun Hospitality Private Limited	[ICRA]BBB	Stable	[ICRA]A3+

Note: Live rated entities as on March 13, 2026



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Years of  
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