

Project Appraisal and Monitoring Services

Domestic Hotel Industry



About Us

Resurgent India Ltd. is a top-tier financial advisory firm and a Category I Merchant Banker, serving SMEs, large corporates, and government bodies. Our services span Techno-Economic Viability (TEV) studies, Lender's Independent Engineer (LIE) assessments, Agency for Specialized Monitoring (ASM), Detailed Project Reports (DPRs), and Due Diligence assignments. We also support clients through specialized practices in Debt Syndication, Capital Markets, and Valuations, alongside Investment Banking and NBFC Advisory. In addition, we provide Stressed Asset Advisory, Insolvency (IBC) Services, Corporate Legal Services, ESG Advisory, Government Advisory, FinTech Solutions, and Training, enabling clients to access a complete suite of financial and strategic solutions.

Our Project Appraisal and Monitoring vertical assists in both pre- and post-disbursement decision-making for lenders. We have delivered over 2000 TEV studies and more than 750 LIE reports. Furthermore, we are empanelled with nearly all public sector banks, several private banks, and NBFCs for LIE and TEV studies, and with the Indian Banks' Association (IBA) for ASM services. With over 20 years of experience and our team of experts, including engineers, chartered accountants, and industry specialists, we have completed numerous assignments in TEV in various sectors like Agriculture, Logistics, Packaging, Education, FMCG, Textiles, Real Estate, Solar Power, Chemicals, Pharmaceuticals, Infrastructure, Healthcare, Hotel, Ethanol, Iron & Steel, etc.

Reshaping of the Indian hotel industry – Pre-COVID, Post Covid YTD vs. Near-term

The Indian hospitality industry, now valued at nearly INR 220,000 crore in 2025, has grown at a steady ~8% CAGR post-COVID and is expected to sustain this trajectory in the near term. Beyond growth, it has fundamentally reshaped itself—shifting from a capital-heavy, Tier-1 city model reliant on corporate and foreign travel to a leaner, asset-light structure powered by strong domestic leisure demand. This marks a decisive break from its pre-COVID paradigm, resizing the sector to a new level of agility and resilience.

Its near-term growth is fuelled by a diversification of revenue streams, high-margin supplementary services like weddings and MICE events as its profit centres, and a strategic expansion into Tier-2 and Tier-3 cities and beyond, marking its advances to new geographic turfs. This evolution will be analogous and underpinned by accelerated technology adoption, allowing for greater operational efficiency, and enhanced, tailored guest experiences.

Exhibit I: Indian Hotel Industry Reset: Pre-COVID, Immediately After COVID YTD (2021–2024) vs. Near-term –perspective

Feature	Pre-COVID Era	Immediately After COVID YTD (2021–2024)	Near-Term (2025–2030)
Primary Demand Driver	Corporate travel, business meetings, foreign tourist arrivals.	Domestic leisure, staycations, weddings.	Theme-based travel, weddings as profit centre.
Market Focus	Tier-1 cities, tourist hubs.	Drive-to destinations, Tier-2 wellness retreats.	Tier-2/Tier-3 expansion, improved connectivity enhancing industry penetration.
Room Additions	Premium/luxury in metros.	Delayed projects, conversions.	Mid-scale and upper mid-scale growth.
Operating Module	Asset-heavy, owned properties.	Shift to asset-light, franchises.	Capital-efficient, lease/management contracts.
Technology Use	Traditional (Property Management System) & OTA (Online Travel Agency), largely manual ops.	Gradual percolation of technology -Contactless tech, mobile check-in, hygiene apps.	AI/ML for revenue, guest experience, Big Data.
Guest Expectations	Standardized service indexes, implicit focus on safety.	Visible hygiene, flexible bookings, gradual shift to personalised experience for guests.	Personalized, authentic, safety-centric experiences. End to End (Home to Home/Office to Office tour management).
Growth Drivers	Disposable income, business cycles.	Pent-up demand, domestic tourism push.	Connectivity, social eventing, digital architecture in occupational management driving revenues.
EBITDA Amplifiers	Occupancy and rate growth.	Ancillary services critical.	High-margin services: weddings, MICE, wellness, Incorporation of AI, ML models for hotel governance pruning costs.
Industry Organisation	Fragmented, inconsistent quality.	Gradual shift to formal structure, focus on signings with hotel chains.	Formalizing via branded affiliations - to consolidate in near term aiding improved guest experience.
Investment Focus	Owned luxury city assets.	Conservative, digital upgrades.	PE/REIT interest in asset-light, tech-led models.
Competition	Traditional hotel chains.	Homestays, boutique, alternative formats.	Homestays, hostels, co-living, serviced apartments.
Distribution Channels	Travel agents, corporate tie-ups.	Direct bookings, OTA surge.	Omni-channel: apps, AI pricing, OTA-brand sync.
Human Capital & Staffing	Full-service, fixed roles.	Downsizing, multi-skilling.	Hybrid staffing: automation + personalization.
Brand Strategy	Flagship luxury brands.	Rise of sub-brands, niche formats.	Diversified portfolios: lifestyle, wellness, co-living, further growth in sub brands, granularization of traditional categories commodating the offering packages- Upper Midscale branches downwards to Upper Midscale Experience – low cost but upper midscale offerings.
Loyalty Programs	Points-based, transactional.	Flexible, goodwill-focused.	Experience-driven, tiered, lifestyle partnerships, improved guest involvement post their property experiences aiding market reach.
Revenue Management	Static, seasonal pricing.	Dynamic pricing, cancellation buffers.	AI-driven predictive pricing and marketing, focus on traditional non seasons to boost income.
Wellness & Health Offerings	Spa and gym in luxury hotels.	Immunity menus, mental wellness, in-room fitness.	Holistic retreats, medical tourism, preventive care.

Operating models challenging hotel room stays in India

India’s traditional hotel sector is being challenged gradually by a wave of disruptive operating models that experiment the dominance of conventional room stays. From asset-light aggregators and short-term rentals to co-living spaces and pod hotels, these formats cater to evolving traveller preferences, namely—affordability, flexibility, community, and authenticity.

Each model targets distinct segments, from budget-conscious solo travellers to digital nomads and families seeking immersive experience. As these models scale, regulatory clarity and service standardization will be critical to sustaining their impact.

Exhibit II: Evolving Operating Models Beyond Traditional Hotel Room in India

Operating Model	Key Characteristics	Target Audience	Disruptive Potential
Aggregators	Standardizes and brands unbranded, independent hotels using technology for booking and operations. Asset-light franchise model.	Budget-conscious travellers seeking affordability and consistency.	<ul style="list-style-type: none">• High in the budget segment, standardizing a fragmented market.• Forces innovation in budget & mid-scale offerings from major chains.
Short-term Rentals	Platforms for homeowners to list properties, offering authentic, local experiences with more privacy & space. Often more affordable for extended stays.	Leisure travelers, families, and groups seeking unique, local experiences.	<ul style="list-style-type: none">• High in leisure and extended-stay markets, especially impacting hotels in tourist-heavy areas.• Forces hotels to enhance personalization and local experiences.• Vulnerable to regulatory challenges and service quality inconsistencies among hosts.
Co-living & Serviced Apartments	Furnished, apartment-style accommodations for longer-term stays. Offers hotel-like amenities with a community focus.	Corporate travellers, students, and digital nomads.	<ul style="list-style-type: none">• Directly competes with extended-stay hotels, providing a flexible, cost-effective alternative.• Challenges hotel revenue strategies for long-duration bookings.• Forces hotels to integrate communal spaces and flexible stay options.
Hybrid Hospitality & Hostels	Blends hotel and hostel elements (private rooms, dorms, co-working spaces) with an emphasis on community.	Millennials, Gen Z, solo travellers, and budget-conscious groups.	<ul style="list-style-type: none">• Direct competition with budget and mid-scale hotels by offering a social, affordable experience.• Pressures hotels to rethink community building and social spaces in their offerings..
Pod Hotels	Offers compact, minimalist sleeping capsules, prioritizing efficiency and affordability.	Transit passengers, solo travellers, and budget-conscious individuals needing a short, convenient stay.	<ul style="list-style-type: none">• Strong competition in the budget segment, especially at transport hubs.• Attracts cost-conscious travellers seeking efficiency, hygiene, and a novel experience.

Occupancy – Industry Benchmarking

Historically, the Indian hotel industry has demonstrated a threshold occupancy of approximately 67%, which is expected to rise further, driven by sustained domestic tourism growth, infrastructure expansion, and the emergence of thematic and experiential offerings.

Concurrently, the addition of new inventory is anticipated to stabilise the room occupancy around ~72% in the near term with lower order rooms reporting a higher occupancy relative to their upper bracket counterparts.

Government Support to Domestic Hotel Industry – Focus FY24 & FY25

As India's hotel industry migrates to the next level scale, the corporate effort is been supported synchronously by the State and Central Govts. While Central schemes address the infrastructure, ESG[1], and Tier-2 expansion amongst other, states cohesive to the Central Govt. efforts have meshed their incentives to heritage, wellness, eco-tourism, and boutique formats.

The sector is now investor-aligned, digitally enabled, and poised for diversified growth. The gist of State and Central schemes is tabulated below.

[1] Environment, Social and Governance

Government Entity	Support Summary (FY2024 & FY2025)	Key Themes to be Benefitted	Source
Central Government	₹2,500+ crore for Top 50 destinations; HML inclusion; REIT and lending support; PM Gati Shakti access; ESG-linked incentives; medical tourism clusters; Skill India for hospitality.	Infrastructure, ESG, medical tourism, Tier-2 expansion, skill development, REIT investment	Union Budget 2025, Ministry of Tourism, NITI Aayog, Invest India
Maharashtra	Support for hospitality infra in Konkan, Vidarbha, and heritage zones; incentives for wellness resorts and boutique hotels; skilling via MTDC; ESG-linked upgrades for coastal and hill station hotels.	Coastal tourism, wellness, heritage, ESG, boutique formats	Maharashtra Tourism Policy 2021, MTDC FY2024–25 Plan
Uttar Pradesh (UP)	Ayodhya, Kashi, Mathura circuits; land allotment for budget hotels; branding of heritage and spiritual tourism.	Religious tourism, budget hotels, heritage branding	UP Tourism Policy 2022, State Budget FY2024
Karnataka	Western Ghats homestay incentives; wellness and tech-driven hospitality; skilling via tourism-linked programs.	Wellness tourism, eco-stays, digital hospitality	Karnataka Tourism Policy 2020–2025, FY2024 Budget
Tamil Nadu (TN)	Coastal and temple tourism infra; Siddha wellness clusters; boutique hotel clearance; branded affiliation.	Heritage tourism, wellness, boutique formats	Tamil Nadu Tourism Policy 2023, State Budget FY2025
Telangana (TG)	Hyderabad MICE and luxury hotel support; eco-resorts; digital tourism integration.	MICE, luxury, eco-tourism	Telangana Tourism Department, FY2024–25 Budget
Andhra Pradesh (AP)	Amaravati and Vizag hotel incentives; Buddhist circuit support; green building norms.	Coastal tourism, spiritual circuits, ESG	AP Tourism Development Corporation, FY2025 Budget
Assam	River and wildlife tourism infra; boutique lodges; tribal tourism branding.	Eco-tourism, tribal circuits, boutique formats	Assam Tourism Policy 2022, FY2024 Budget
Madhya Pradesh (MP)	Jungle lodges, heritage hotel restoration; vocational skilling.	Wildlife tourism, heritage, skill development	MP Tourism Board, FY2024–25 Budget
Odisha	Coastal and tribal tourism push; wellness retreat support; ESG-linked subsidies.	Tribal tourism, wellness, ESG	Odisha Tourism Policy 2023, FY2025 Budget
West Bengal (WB)	Sundarbans and hill station hotel support; Durga Puja tourism branding.	Cultural tourism, eco-tourism, festival circuits	WB Tourism Department, FY2024 Budget
Punjab	Golden Temple and Anandpur Sahib circuits; budget hotel incentives; water reuse norms.	Religious tourism, ESG, budget formats	Punjab Tourism Policy 2023, FY2024 Budget
Jammu & Kashmir (J&K)	Gulmarg, Pahalgam infra; boutique & wellness hotel incentives; homestay formalization.	Adventure tourism, wellness, boutique hotels	J&K Tourism Department, FY2024–25 Budget
Ladakh	High-altitude eco-tourism; solar-powered hotel incentives; youth skilling.	Adventure, ESG, local employment	UT Administration of Ladakh, FY2025 Development Plan

Government Entity	Support Summary (FY2024 & FY2025)	Key Themes to be Benefitted	Source
Goa	ESG-linked beach hotel incentives; wellness and digital nomad formats; homestay formalization.	ESG, wellness, long-stay formats	Goa Tourism Master Plan, FY2024 Budget
Islands (Andaman, Lakshadweep)	Sustainable resort incentives; marine wellness tourism; safety protocols.	Marine tourism, sustainability, wellness	Ministry of Home Affairs (UTs), Island Tourism Development Schemes
Arunachal Pradesh	Tribal and adventure tourism infra; boutique lodge support; guide skilling.	Adventure tourism, tribal circuits, skill development	Arunachal Tourism Policy 2023, FY2024 Budget
Other Small States & UTs	Homestay formalization, digital tourism portals, skilling programs, ESG-linked incentives.	Local tourism, formalization, digital access, ESG	Respective State/UT Tourism Departments, FY2024–25 Budgets

The future trajectory of India’s domestic hotel industry is being guided by a convergence of synchronous policies across the Centre and States, fostering a more unified regulatory and investment environment. The rapid adoption of digital platforms is streamlining cost structures while enhancing guest experience management, making operations more agile and data-driven.

Formalisation of the sector is accelerating, with sustainability benchmarks increasingly embedded into planning and operations. A renewed focus on hinterland tourism is unlocking new destinations, supported by region-specific thematic appreciation—be it cultural, ecological, or spiritual—thus broadening the hospitality canvas beyond traditional urban and resort zones.

Exhibit III: PESTLE analysis: Indian hotel sector

Category	Key Insights
Political	<ul style="list-style-type: none">Stable governance; promoting tourism through initiatives like Dekho Apna Desh and Swadesh Darshan 2.0.Infrastructure push via airports, highways, and rail connectivity enhances hotel access.Regulatory complexity due to varied state-level licensing and compliance norms.
Economic	<ul style="list-style-type: none">Rising middle class and disposable income drive domestic travel and hotel demand.Inflationary pressures and macroeconomic shifts affect input costs and pricing strategies.Post-pandemic rebound with strong growth in occupancy, ADR, and RevPAR.
Social	<ul style="list-style-type: none">Heightened hygiene and safety expectations favor branded and standardized hotel formats.Bleisure (business + leisure) and workation trends create hybrid demand.Spiritual, wellness, and experiential tourism gaining traction across Tier-2 and heritage destinations.
Technological	<ul style="list-style-type: none">Digital transformation with contactless check-in, AI-based pricing, and mobile-first bookings.Smart room automation and IoT integration enhance guest experience.Data analytics used for personalization, dynamic pricing, and operational efficiency.
Legal	<ul style="list-style-type: none">Multi-layered compliance across central and state laws (labor, fire safety, FSSAI, GST). GST slab variations impact pricing and profitability; streamlining remains a policy focus. Project delays due to land-use approvals and environmental clearances.
Environmental	<ul style="list-style-type: none">ESG mandates and investor expectations drive sustainability adoption.Green practices like energy efficiency, water conservation, and waste management are scaling.Carbon footprint reduction and eco-certifications now influence brand positioning and funding access.

Resurgent India Limited’s imprint in the hotel industry (TEV)

Resurgent India Limited has progressively expanded its footprint across the Indian hospitality sector, covering diverse geographies from the hill regions of Uttarakhand and the Northeast to the plains of Gujarat and Tamil Nadu. This pan-India engagement has enabled it to gather distinct insights into terrain-specific hotel operations, comparing hill hotels with plain-based properties.

RIL has also differentiated between hotels, resorts, and amusement-linked hospitality formats, analysing their financial and operational models. Furthermore, its exposure to regional tourism circuits has enriched its understanding of cultural, spiritual, and nature-based themologies amongst others across hospitality (star and scale) categories. These insights now power the Resurgent India’s hotel feasibility studies, in the pursuit assisting stakeholders navigate the project finance arena of domestic hotel landscape.

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