



BUSINESS PLAN · INDIA

Budget / Mid-Scale Hotel

Clean, comfortable, well-priced stays - occupancy, ADR and RevPAR

HOSPITALITY

AISEVAK.IN · BY ABL DIGITAL TECHNOLOGIES

August 2026

This document is confidential and prepared for planning purposes. All financial figures are illustrative model assumptions for an Indian MSME context and must be validated against live quotes, local rates and professional advice before any investment or borrowing decision.

1. Executive Summary

This plan sets out a **Budget / Mid-Scale Hotel** in India — a 25–50-room budget-to-mid-scale hotel offering clean, comfortable rooms, basic F&B (restaurant/room service), and stay services for business, transit & leisure travellers, distributed through OTAs (MakeMyTrip/Booking/Agoda), direct & corporate channels, optionally under a brand/franchise (OYO/Treebo/FabHotels or independent). It earns room revenue plus F&B & ancillary income, driven by occupancy, ADR & RevPAR against a fixed-cost asset — a real-estate-, occupancy- & distribution-driven hospitality business.

India's travel & hospitality demand is large & growing, driven by business travel, tourism, religious & wedding travel, rising incomes & connectivity. Budget & mid-scale hotels serve the value-conscious majority. The economics turn on **occupancy × ADR = RevPAR** against a largely fixed-cost asset (rooms, staff, rent/EMI), so distribution (OTA + direct), pricing/yield, service, location & cost control are decisive. Branding/franchise can lift occupancy & trust at the cost of fees/commissions.

This is a capital-intensive hospitality business — funded by promoter equity plus bank finance (term loan for property fit-out/rooms + CC/OD for working capital; SIDBI/hospitality & Mudra/CGTMSE for smaller units). This plan models a leased 30-room hotel requiring **₹2 crore** (₹70 lakh promoter + ₹1.3 crore bank finance), targeting **₹2.4 crore** revenue in Year 1 and **₹3.8 crore** by Year 3. (*Budget/mid-scale hotel; occupancy/ADR/RevPAR-driven, fixed-cost asset, OTA-distributed.*)

2. Business Description, Vision & Legal Structure

Concept: A clean, comfortable, well-located budget/mid-scale hotel with reliable service & basic F&B - value stays for business, transit & leisure travellers.

Vision: To be the preferred value hotel in its micro-market.

Mission: Deliver consistent, comfortable, well-priced stays with warm service.

Legal structure options

- **Private Limited / LLP** — recommended (for the asset, finance & governance).
- **Proprietorship / Partnership** — possible for a small owned unit.

Regulatory anchor: a hotel is a heavily licensed business — trade & hotel/lodging licence, FSSAI (F&B), fire NOC, police/guest registration & C-Form (foreign guests), Shops & Establishments, GST, liquor licence (if bar), music/PPL, pollution & building/occupancy approvals, tourism registration. Occupancy, ADR/RevPAR, distribution (OTA+direct), service, location & cost control determine success; capital-intensive, fixed-cost & occupancy-sensitive.

3. Promoter & Ownership

Led by a promoter with hospitality, real-estate or business experience. The team includes a hotel manager, front-office, housekeeping, F&B/kitchen, maintenance & a revenue/OTA function (or brand/franchise support). Location, service, distribution & cost control are the differentiators. Ownership & stakes are editable inputs.

4. Market Analysis — India

India's hospitality demand is large & growing across business, leisure, religious, wedding & transit travel, supported by rising incomes, connectivity (air/rail/road), tourism promotion & digital booking. Budget & mid-scale hotels serve the value-conscious majority & enjoy the deepest demand pool. The market rewards location, occupancy & yield

management, distribution (OTA + direct), service & cost control; it is occupancy-/seasonality-sensitive & competitive, met with distribution, pricing & service.

Demand drivers

- Business & transit travel.
- Tourism, religious & wedding travel.
- Rising incomes & connectivity.
- Digital/OTA booking.
- Value-segment depth.

Market sizing (illustrative framing)

Layer	Definition	Indicative scale
TAM	Hotel/stay market in India	Very large
SAM	Micro-market demand	Substantial
SOM (Yr 1-3)	Room-nights sold	Scaling

Target segments

- Business & corporate travellers.
- Transit & connectivity stays.
- Leisure, religious & wedding travel.
- OTA & direct bookers.

5. Competition & Competitive Advantage

Landscape: other budget/mid-scale hotels, branded-budget chains (OYO/Treebo/FabHotels), guesthouses & homestays. The hotel competes on location, value, service, cleanliness, distribution & consistency.

The hotel's edge

- Location & micro-market fit.
- Value, cleanliness & service.
- Distribution (OTA + direct + corporate).
- Yield/pricing management.
- Brand/franchise (optional) trust.

6. Products & Revenue Model

Stream	Model	Basis
Room revenue	Occupancy × ADR (RevPAR)	Core
F&B (restaurant/room service)	F&B margin	Ancillary
Banquets / events (if space)	Higher margin	Occasion
Corporate / long-stay	Contracted rates	Base occupancy

Ancillary (laundry/transport)	Fee	Add-on
-------------------------------	-----	--------

Rooms are the core (high incremental margin once fixed costs are covered); F&B, events & ancillary add revenue. The master metric is **RevPAR (occupancy × ADR)** against a fixed-cost asset; distribution mix (OTA commission ~15–25% vs. direct/corporate), yield management & cost control drive economics — the decisive hotel levers.

7. Go-to-Market — Marketing & Sales

- **OTA distribution & ratings** (MMT/Booking/Agoda).
- **Direct (website/Google/repeat)** for margin.
- **Corporate & travel-agent** tie-ups.
- **Yield/dynamic pricing.**
- **Service, reviews & loyalty.**

Sales approach

Build occupancy via OTA + direct + corporate; manage yield (dynamic pricing by demand/season); win reviews via service & cleanliness; shift repeat to direct for margin; add F&B/events. RevPAR growth, distribution mix & cost control build profit on the fixed-cost asset.

8. Operations Plan

- **Property & rooms:** well-located 30-room hotel (leased/owned), clean comfortable rooms, restaurant/kitchen, common areas, maintenance.
- **Process:** distribution & booking → check-in/registration (incl. C-Form) → stay & service (housekeeping/F&B) → check-out/billing → reviews & repeat.
- **Tech:** PMS (property-management system), channel manager/OTA, booking engine, POS, revenue management, CRM.
- **Compliance:** hotel/lodging, FSSAI, fire, police/guest registration, GST, liquor (if bar).
- **Capacity:** 30 rooms × 365 room-nights; scale via occupancy, ADR, F&B & additional properties.

Hotel workflow

Stage	Activity	Metric
Distribute	OTA/direct/corporate	Occupancy
Price	Yield/dynamic	ADR/RevPAR
Serve	Stay/F&B	Reviews/service
Bill	Check-out	Ancillary revenue
Retain	Reviews/repeat/direct	Direct mix

9. Regulatory, Licences & Compliance (India)

- **Hotel & safety:** hotel/lodging & trade licence; fire NOC; building/occupancy; police/guest registration & C-Form (foreign guests).

- **Food & beverage:** FSSAI; liquor/excise licence (if bar); music/PPL.
- **Business & tax:** Pvt Ltd/LLP; Shops & Establishments; GST; PAN/TAN; Udyam; tourism registration.
- **Labour & environment:** labour/ESI/PF; pollution/effluent; lift/DG as applicable.

10. Organisation & Manpower Plan

Role	Yr 1	Yr 2	Yr 3
Hotel manager & front office	5	6	8
Housekeeping	8	10	13
F&B & kitchen	7	9	12
Maintenance & security	4	5	6
Revenue/OTA, sales & admin	3	4	6
Total	27	34	45

11. Implementation Timeline & Milestones

Phase	Timeline	Milestone
Setup	Month 0-5	Property, fit-out, rooms, licences, PMS/OTA, hiring, launch
Ramp	Month 5-10	Occupancy, reviews, corporate tie-ups, F&B
Traction	Month 10-12	RevPAR & direct mix; ₹2.4cr revenue
Optimise	Year 2	Yield, direct, F&B/events, cost
Scale	Year 3	₹3.8cr revenue; second property

12. Financial Plan (Illustrative)

All figures are illustrative model assumptions for an Indian context, shown so the promoter can replace them with live rates. They are not projections of guaranteed results. Budget/mid-scale hotel; occupancy/ADR/RevPAR-driven, fixed-cost asset, OTA-distributed.

12.1 Project cost & means of finance

Capital requirement	₹
Property fit-out & rooms (30 rooms, leased)	1,20,00,000
F&B, kitchen & common areas	30,00,000
PMS, tech, deposits & licences	20,00,000
Launch, marketing & pre-operative	15,00,000
Working-capital margin	15,00,000
Total project cost	2,00,00,000

Promoter contribution	70,00,000
Bank finance (term + CC; SIDBI/Mudra/CGTMSE)	1,30,00,000

12.2 Projected Profit & Loss (3 years)

Particulars	Year 1	Year 2	Year 3
Room revenue (occ. 55%→68%)	1,75,00,000	2,35,00,000	2,75,00,000
F&B	50,00,000	70,00,000	85,00,000
Events & ancillary	15,00,000	25,00,000	40,00,000
Total revenue	2,40,00,000	3,30,00,000	4,00,00,000
Operating cost (F&B, supplies, utilities)	72,00,000	96,00,000	1,14,00,000
Lease/rent & property	42,00,000	46,00,000	50,00,000
Salaries & staff	50,00,000	62,00,000	76,00,000
OTA commission, marketing & overheads	40,00,000	52,00,000	60,00,000
Interest & other	16,00,000	18,00,000	18,00,000
Total expenses	2,20,00,000	2,74,00,000	3,18,00,000
Net profit (before tax)	20,00,000	56,00,000	82,00,000
Net margin	8.3%	17.0%	20.5%

12.3 Unit economics & break-even

- **RevPAR:** occupancy × ADR is the master metric; rooms have high incremental margin once fixed costs are covered — occupancy & yield are everything.
- **Distribution mix:** OTA (commission ~15-25%) vs. direct/corporate; shifting to direct lifts net RevPAR & margin.
- **Break-even:** at an occupancy threshold (~45-50%) covering fixed costs (lease, staff, interest); above it, incremental rooms are highly profitable.

12.4 Projected Cash Flow — Year 1 (quarterly, illustrative)

Particulars (₹)	Q1	Q2	Q3	Q4
Opening balance	15,00,000	13,50,000	13,20,000	13,60,000
Collections	48,00,000	56,00,000	64,00,000	72,00,000
Operating, lease, staff & interest	49,50,000	56,30,000	63,60,000	70,80,000
Closing balance	13,50,000	13,20,000	13,60,000	14,80,000

Hotel collections are largely immediate (OTA payouts lag ~1-2 weeks); lease, staff & interest are heavy fixed outflows; seasonality swings occupancy. Occupancy/yield, direct-mix, cost control, CC limit & the WC margin manage cash; the fixed-cost base makes occupancy the key risk — low season needs the buffer.

12.5 Key Performance Indicators to Monitor

- **Rooms:** occupancy %; ADR; RevPAR; direct vs. OTA mix.
- **Revenue:** F&B & ancillary revenue; TRevPAR.
- **Cost:** cost per occupied room; OTA %; staff & lease %.
- **Guest:** reviews/ratings; repeat; corporate share.

13. Funding Requirement & Bankability

Total ask: **₹1.3 crore bank finance** against ₹70 lakh promoter contribution — term loan for property fit-out/rooms + CC for working capital, via SIDBI/hospitality schemes & Mudra/CGTMSE (smaller units). Bankability rests on location, occupancy/RevPAR ramp, distribution & cost control; hotels are asset-backed with strong incremental margins above break-even. Year-1 profit ~₹20 lakh scaling to ₹82 lakh supports servicing; a lease (vs. purchase) lowers capex & risk.

13.1 Funding utilisation

Use of funds	₹	% of total
Property fit-out & rooms	1,20,00,000	60%
F&B, kitchen & common areas	30,00,000	15%
PMS, tech, deposits & licences	20,00,000	10%
Launch, marketing & pre-operative	15,00,000	7.5%
Working-capital margin	15,00,000	7.5%
Total	2,00,00,000	100%

14. Risk Analysis & Mitigation

Risk	Mitigation
Low occupancy / seasonality	Distribution mix; yield/dynamic pricing; corporate base; segments; buffer
OTA dependence & commissions	Direct & corporate mix; reviews/ratings; loyalty
High fixed costs (lease/staff/interest)	Occupancy above break-even; cost discipline; lease terms
Competition & branded-budget chains	Location, value, service, cleanliness, reviews; optional franchise
Compliance (safety/police/FSSAI)	Full licences; fire & guest-registration; audits

15. SWOT Analysis

Strengths Deep value-segment demand; high incremental room margins; asset-backed; F&B/ancillary upside.	Weaknesses Capital-intensive; high fixed costs; occupancy-/seasonality-sensitive; OTA-dependent; licence-heavy.
---	---

Opportunities Travel/tourism growth; direct-mix & yield; corporate/long-stay; events; second property; franchise.	Threats Seasonality & demand shocks; OTA commissions; competition; cost inflation; regulatory.
---	--

16. Recommended AiSevak Tools for This Business

This hotel would use AiSevak's Hospitality vertical tools in delivery:

- **Hotel ops:** PMS/channel-manager/OTA, revenue/yield-management, booking-engine and CRM/reviews tools.
- **Compliance:** hotel/fire/police-registration, FSSAI, GST and labour/ESI-PF (+ liquor) tools (with Legal & Finance verticals).
- **Practice:** Business Plan, RevPAR/occupancy-yield and Break-even tools to model the hotel.

17. Key Assumptions & Notes

- Budget/mid-scale 30-room hotel (leased); rooms core + F&B + events/ancillary; RevPAR (occupancy × ADR) is the master metric.
- Fixed-cost asset; high incremental room margins above break-even (~45-50% occupancy); OTA commission ~15-25% vs. direct/corporate.
- Term + CC (SIDBI/hospitality/Mudra/CGTMSE); hotel/fire/police/FSSAI/GST/labour + tourism registration; liquor if bar.
- Occupancy, yield, distribution mix & cost control decisive; figures illustrative, exclude GST.

► **Use these tools now — free on AiSevak**

Every tool referenced in this plan is available on aisevak.in. Open the [Hospitality toolkit](https://aisevak.in/verticals/hospitality) to browse and use them all at <https://aisevak.in/verticals/hospitality> — or go straight to any specific tool at <https://aisevak.in/service/<tool-name>>. No signup needed to explore; each tool guides you step by step.

Prepared by AiSevak.in — a product of ABL Digital Technologies. AI-powered business services for India. This is AI-assisted guidance; figures are illustrative and not a guarantee of results. Verify all numbers, licences and regulatory requirements with a qualified professional before relying on this plan for binding decisions. © 2026 ABL Digital Technologies Private Limited.