Tourism & Hospitality Industry

Working Capital Management & Financing Guide

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Industry Overview & Metrics

₹21.5L Cr	55 Million+	13.5 Mn+	1.5L Keys
GDP CONTRIBUTION	TOTAL EMPLOYMENT	PROJECTED ARRIVALS	NEW ROOM PIPELINE

- **Sector Resurgence:** Shift to Sustainable & Spiritual Tourism (40% demand).
- **Core Segments:** Luxury Hotels, Homestays, MICE, and Tour Operators.
- **Growth Drivers:** UDAAN connectivity and "Weddings in India" initiative.
- **Major Hubs:** Goa, Rajasthan, Kerala, and the Spiritual Circuit.
- **Digital Shift:** 75% mobile-first bookings; AI-driven dynamic pricing.

Operational Process In Hospitality

1

Inventory Management

30-90 Days: Channel setup & pricing strategy.

2

Guest Acquisition

1-30 Days: OTA listings & direct marketing.

3

Service Delivery

Stay Duration: F&B services & concierge.

4

Billing Cycle

0-60 Days: OTA settlements & credit cycles.

Key Resources & Inputs

- **Physical Assets:** High-end interiors & commercial kitchens.
- **Human Capital:** Front-office & culinary experts.
- **Digital Infra:** Property Management Systems (PMS) & CRM.
- **Compliance:** FSSAI, Fire Safety, & Liquor Licenses.

Service Deliverables & Revenue

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Accommodation

Room revenue is the primary income source (RevPAR).

Food & Beverage

Restaurants, bars, and banqueting services.

MICE & Events

Weddings, corporate conferences, and celebrations.

Wellness & Spa

Therapeutic treatments and gym memberships.

Working Capital Cycle

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45

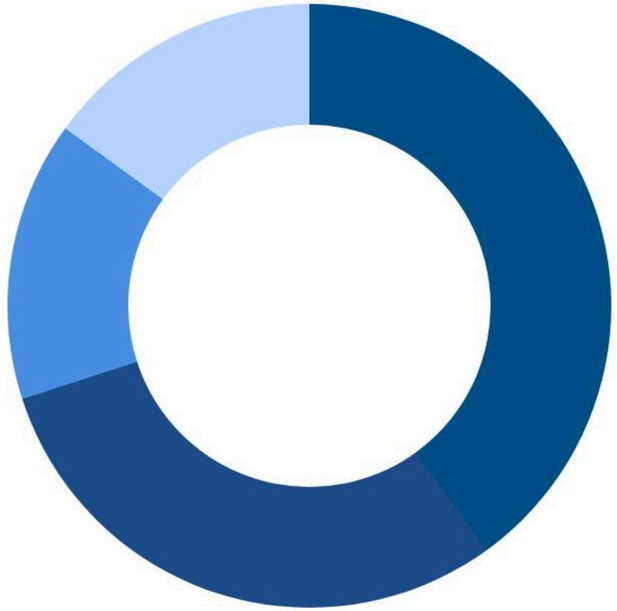
DAYS

The Average Cash Gap

- **Inventory (F&B):** 15-30 Days (Perishables).
- **Accounts Receivable:** 30-75 Days (OTAs/Corporate).
- **Accounts Payable:** 30-45 Days (Vendors).

Hospitality is cash-heavy; high utility costs and corporate credit lead to a persistent liquidity gap.

Current Asset Composition



- **Cash & Bank:** High for daily Ops.
- **Trade Receivables:** OTAs & Events.
- **Inventory:** Low volume/High turnover.
- **Prepaid Exp:** Licenses & Insurance.

Common Mistakes To Avoid

- **Over-reliance on OTAs:** Paying excessive commissions (15-25%).
- **High Perishable Wastage:** Inefficient kitchen management.
- **Underfunding Renovations:** Failing to set aside WC for lean periods.
- **Static Pricing:** Ignoring demand spikes during events.

Standard Operating Metrics (2026)

Metric	Industry Standard
Occupancy Rate	66% - 72%
ARR (Average Room Rate)	₹6,500 - ₹9,500
RevPAR	₹4,500 - ₹6,800
F&B Cost %	25% - 32% of Revenue
Employee Cost %	18% - 22% of Revenue

Revenue Realization Periods

Industry Threats & Challenges

Seasonal Volatility

Extreme fluctuations in cash flow between peak and lean seasons.

Energy Costs

Electricity accounts for 10-12% of total overheads.

Labor Shortage

High attrition in front-line roles and specialty chefs.

How Terkar Capital Can Help

WC Loans

Up to ₹5 Cr for seasonal cash gaps.

LRD

Liquidity against corporate lease contracts.

Renovation

Funding for property refurbishment.

Invoice Disc.

Immediate cash against MICE billing.

Machinery

Commercial kitchen & HVAC financing.

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