

ITC Hotels | ADD

Resilient operating performance; upgrade to ADD

ITC Hotels' (ITCH) performance was ahead of our expectation, driven by better-than-expected occupancy in its standalone business (72% vs. our estimates of c.70%). Consol. revenue was inline and grew 8% YoY, aided by 11% growth in RevPAR; F&B revenue grew slower at 5% YoY. Despite seasonal softness and the negative impact of heavy monsoon rains on the overall travel sentiment, EBITDA grew 16% YoY to INR 2.5bn (vs. JMFc: INR 2.3bn, 8% beat), as EBITDA margin expanded by ~200bps to 29.3% (JMFc: c.27%). Healthy growth in room rates, higher fee income and cost interventions led to this expansion in margin. ITC Ratnadipa witnessed 1.6x YoY growth in RevPAR and was EBITDA positive during 2QFY26. ITCH announced the launch of a new upper upscale brand: "Epiq Collection", with two inaugural assets – an under-development, owned hotel in Puri and a managed property in Tirupati. Going forward, we expect ITCH to report 11%/14% CAGR in revenue and EBITDA over FY25-28E aided by c.7% growth in ADR and ramp-up of the Sri Lanka asset. We roll forward to Mar'27E with a new TP of INR 235 and upgrade the stock to ADD from REDUCE.

- **Healthy operating performance:** ADRs for the quarter grew by 6% and occupancy expanded by 254 bps to c.72%, resulting in overall standalone RevPAR YoY growth of 9% to INR 8,100. Consol. RevPAR registered double-digit growth of 11% during the quarter over last year. F&B revenue grew 5% on a high base, given that wedding segment revenue was relatively lower on account of lesser auspicious dates in the quarter. During the quarter, ITC Ratnadipa continued to demonstrate market leadership in terms of RevPAR and was EBITDA positive. Sri Lanka's hospitality sector is experiencing strong resurgence and is emerging as one of the fastest growing tourism markets in Asia, as foreign tourist arrivals in 9MCY25 have surpassed 2018 levels of 1.73mn, representing a complete recovery post - COVID.
- **Revenue and EBITDA ahead of our estimates:** Consol. revenues were inline and grew 8% YoY, aided by 11% growth in RevPAR while growth in F&B revenue was lower at 5% YoY. Despite seasonal softness and the negative impact of heavy monsoon rains on the overall travel sentiment, EBITDA grew 16% YoY to INR 2.5bn (vs. JMFc: INR 2.3bn, 8% beat), as EBITDA margin expanded by ~200 bps to 29.3% (JMFc: c.27%). Healthy growth in room rates, higher fee income and cost interventions led to this expansion in margin.
- **Updates on the pipeline:** ITCH currently has a portfolio of 207 hotels - 146 operational and 61 in the pipeline. ITCH signed new hotels in Patna, Hyderabad, Tirupati, Wayanad, Nellore, and Mantralayam, reinforcing its presence in high-potential markets. During the quarter, it marked its entry into Kerala with the launch of Fortune Kochi, and future openings are planned in Wayanad (Storii) and Kakkanad (Fortune). ITCH also announced the launch of a new upper upscale brand: "Epiq Collection", with two inaugural assets – an under-development owned hotel in Puri and a managed property in Tirupati. The company aims to add ~1,000 keys under the Epiq Collection over the medium term, focusing on high-quality conversions and new builds.
- **Upgrade to ADD with a Mar'27 TP of INR 235:** Going forward, we expect ITCH to report 11%/14% CAGR in revenue and EBITDA over FY25-28E aided by c.7% growth in ADR and ramp-up of the Sri Lanka asset. We roll forward to Mar'27E with a new TP of INR 235 and upgrade the stock to ADD from REDUCE.



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Recommendation and Price Target

Current Reco.	ADD
Previous Reco.	REDUCE
Current Price Target (12M)	235
Upside/(Downside)	5.9%
Previous Price Target	215
Change	9.3%

Key Data – ITCHOTEL IN

Current Market Price	INR222
Market cap (bn)	INR462.2/US\$5.3
Free Float	34%
Shares in issue (mn)	2,081.2
Diluted share (mn)	2,081.2
3-mon avg daily val (mn)	INR693.3/US\$7.9
52-week range	262/155
Sensex/Nifty	84,212/25,795
INR/US\$	87.9

Price Performance

%	1M	6M	12M
Absolute	-1.2	13.7	0.0
Relative*	-5.7	7.0	0.0

* To the BSE Sensex

Financial Summary

(INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	30,340	35,598	41,060	45,133	49,170
Sales Growth (%)	15.4	17.3	15.3	9.9	8.9
EBITDA	10,040	12,109	14,195	16,167	17,982
EBITDA Margin (%)	33.1	34.0	34.6	35.8	36.6
Adjusted Net Profit	5,597	6,346	8,073	9,431	10,706
Diluted EPS (INR)	2.7	3.0	3.9	4.5	5.1
Diluted EPS Growth (%)	1.9	13.4	27.2	16.8	13.5
ROIC (%)	6.2	6.7	8.5	10.4	12.2
ROE (%)	6.6	6.6	7.3	7.9	8.2
P/E (x)	82.6	72.8	57.2	49.0	43.2
P/B (x)	5.4	4.3	4.0	3.7	3.4
EV/EBITDA (x)	45.9	36.8	30.9	26.6	23.4
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company data, JM Financial. Note: Valuations as of 24/Oct/2025

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ.

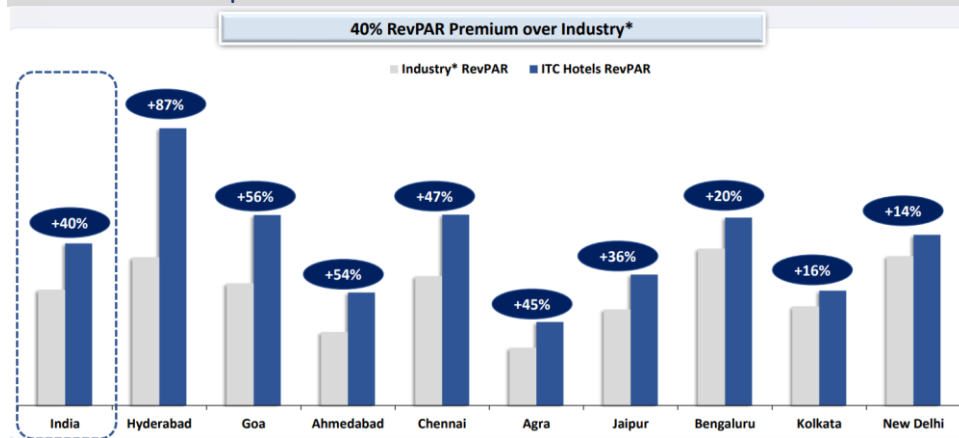
Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Exhibit 1. Financial snapshot

	2QFY25	3QFY25	4QFY25	FY25	1QFY26	2QFY26	QoQ	YoY	2QFY26E	Variance
Cons. Revenue (INR mn)	7,780	10,154	10,606	35,598	8,155	8,395	3%	8%	8,351	0.5%
Total operating expense	5,657	6,348	6,483	23,489	5,709	5,937	4%	5%	6,075	-2%
EBITDA	2,122	3,806	4,123	12,109	2,447	2,458	0%	16%	2,276	8%
EBITDA margin	27.3%	37.5%	38.9%	34.0%	30.0%	29.3%	-73bps	200bps	27.3%	202bps
Depreciation & amortization	1,039	1,040	998	4,024	1,024	1,041	2%	0%	1,025	2%
EBIT	1,083	2,766	3,125	8,085	1,422	1,417	0%	31%	1,251	13%
EBIT margin	13.9%	27.2%	29.5%	22.7%	17.4%	16.9%	-56bps	295bps	15.0%	190bps
Other income	30	155	382	663	442	454	3%	1424%	410	11%
Profit before tax	1,096	2,905	3,490	8,682	1,848	1,852	0%	69%	1,643	13%
Income tax expense	370	780	957	2,464	551	554	1%	50%	421	32%
PAT	762	2,150	2,569	6,346	1,331	1,328	0%	74%	1,262	5%
Adjusted Basic EPS	0.4	0.4	1.0	1.2	0.6	0.6	0%	53%	0.6	5%

Source: Company, JM Financial

Exhibit 2. RevPAR outperformance across cities

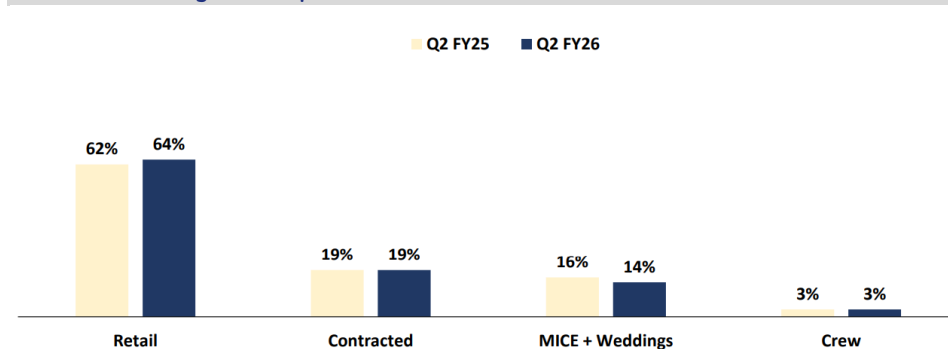


Source: Company, JM Financial, CoStar

*Luxury, Upper Upscale & Upscale

Data for Q2 FY26 (Owned Hotels)

Exhibit 3. Room segment snapshot



Source: Company, JM Financial

Data for Q2 FY26

Domestic Owned Hotels

Exhibit 4. Strong multi-channel distribution network



Source: Company, JM Financial
 Data for Q2 FY26
 Domestic Owned Hotels

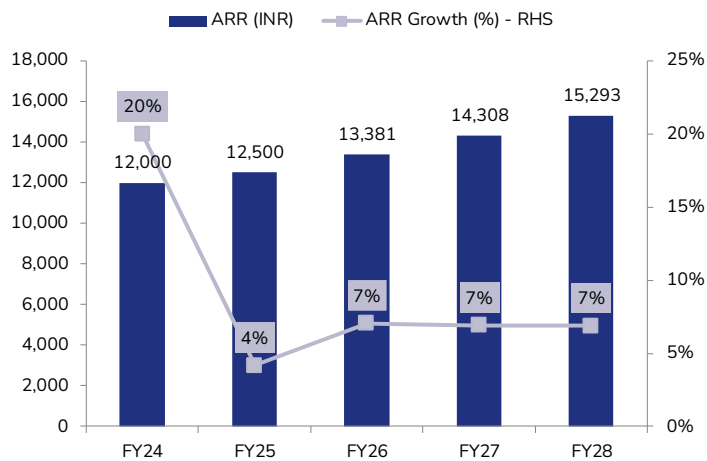
Exhibit 5. Brand landscape

Brands	Operational Hotels Keys	Pipeline Hotels Keys	Total Hotels Keys
 ITC HOTELS RESORTS & LUXURY	16 4789	1 140	17 4929
 MENTORS BY ITC HOTELS	2 181	2 420	4 601
 EPIQ COLLECTION Member ITC Hotels Group	-	2 319	2 319
 WELCOMHOTEL BY ITC HOTELS	28 3062	17 2292	45 5354
 STORI BY ITC HOTELS	8 280	12 672	20 952
 FORTUNE Member ITC Hotels Group	58 4335	24 1916	82 6251
 WELCOMHERITAGE Palace of India's Heritage & Culture	34 999	3 130	37 1129
Total	146 13646	61 5889	207 19535

Source: Company, JM Financial
 Status as on 30th Sep'25

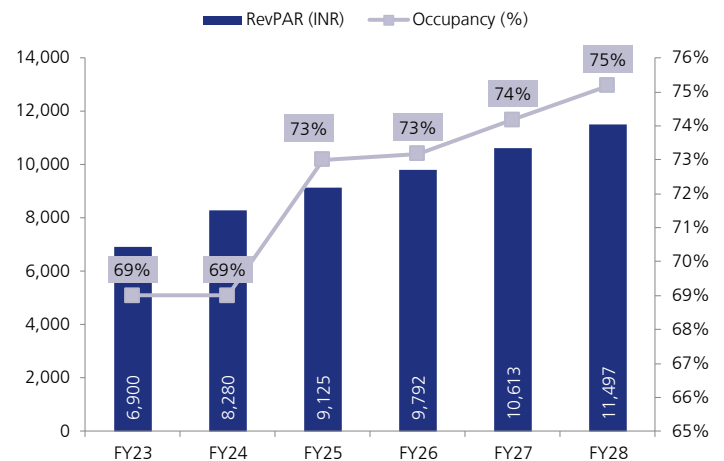
Annual Information and Estimates

Exhibit 6. ARR to grow at a CAGR of 7%...



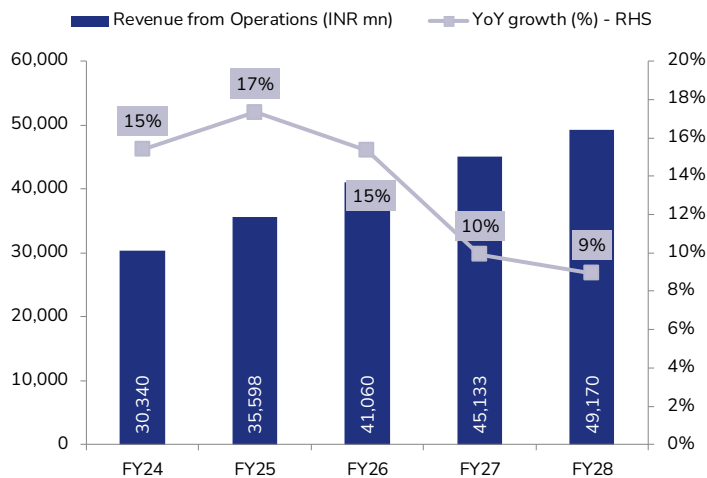
Source: Company, JM Financial

Exhibit 7. ...with improving occupancy



Source: Company, JM Financial

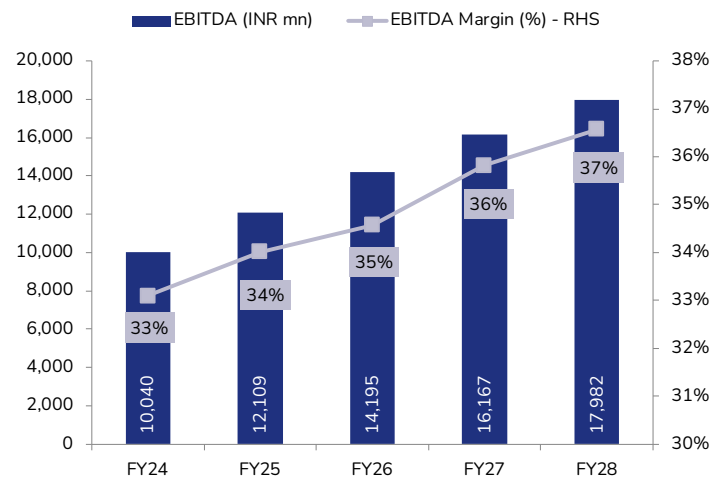
Exhibit 8. Revenue to grow at 11% CAGR over FY25-28E...



Source: Company, JM Financial

Note: These numbers does not include the residential segment

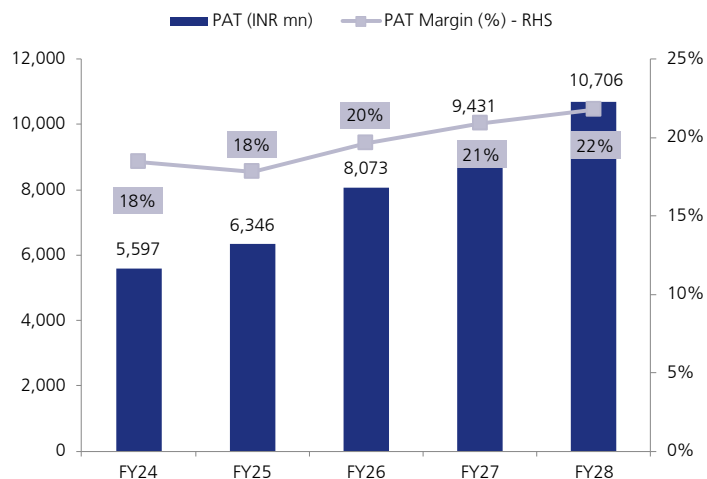
Exhibit 9. ...and EBITDA to clock 14% CAGR over the same period



Source: Company, JM Financial

Note: These numbers does not include the residential segment

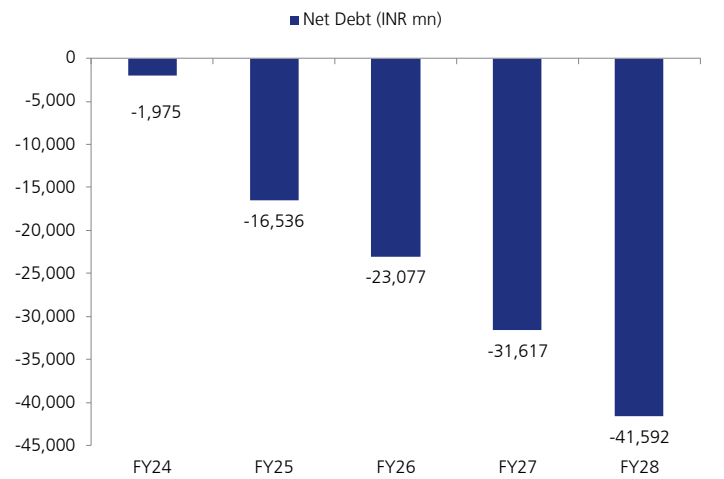
Exhibit 10. Stable PAT performance



Source: Company, JM Financial

Note: These numbers does not include the residential segment

Exhibit 11. Expected to maintain cash positive position



Source: Company, JM Financial

Note: These numbers does not include the residential segment

Exhibit 12. ITC Ratnadipa key assumptions

Ratnadipa - Sri Lanka	FY26E	FY27E	FY28E
Keys	352	352	352
Room Night Available	128,480	128,480	128,480
Room Night Sold	77,088	83,512	83,512
Hotel Occupancy	60%	65%	65%
Average Rate	14,560	15,288	16,052
growth %	4%	5%	5%
Room Revenue (INR mn)	1,122	1,277	1,341
F&B and other revenues	898	1,047	1,113
Total Revenues	2,020	2,324	2,453

Source: Company, JM Financial

Exhibit 13. Valuation table

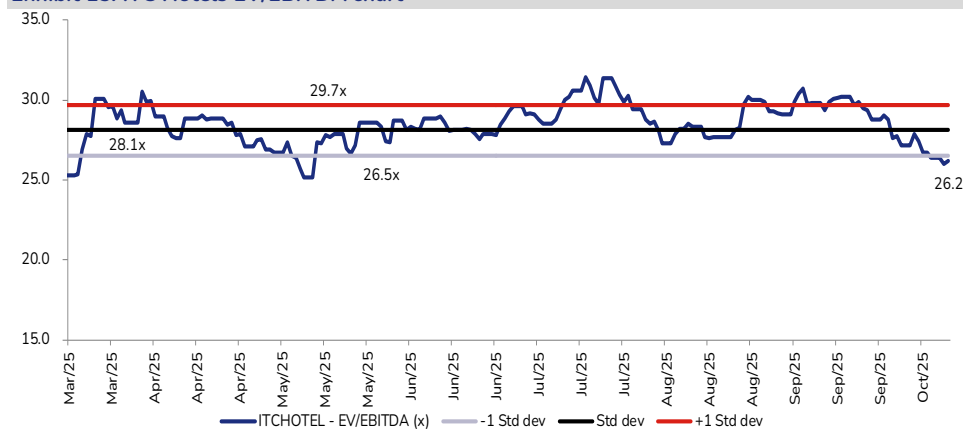
INR mn (unless mentioned)	FY28E
EV/EBITDA multiple (x)	25.0x
Hotel EBITDA - FY28E	17,982
Value of the Residential business	11,299
Enterprise Value	460,843
Net Debt/(Cash)	-23,128
Equity Value	483,971
No. of shares (mn)	2,081
Price per share (INR)	235

Source: Company, JM Financial

Exhibit 14. Change in Estimates

	New			Old			Change		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	41,060	45,133	49,170	40,511	44,354	48,094	1.4%	1.8%	2.2%
EBITDA	14,195	16,167	17,982	14,349	16,154	17,636	-1.1%	0.1%	2.0%
PAT	8,073	9,431	10,706	8,079	9,313	10,162	-0.1%	1.3%	5.4%
Margin	34.6%	35.8%	36.6%	35.4%	36.4%	36.7%	-85bps	-60bps	-10bps

Source: JM Financial

Exhibit 15. ITC Hotels EV/EBITDA chart

Source: Bloomberg, Company

Financial Tables (Consolidated)

Income Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	30,340	35,598	41,060	45,133	49,170
Sales Growth	15.4%	17.3%	15.3%	9.9%	8.9%
Other Operating Income	0	0	0	0	0
Total Revenue	30,340	35,598	41,060	45,133	49,170
Cost of Goods Sold/Op. Exp	2,960	3,632	4,517	4,965	5,409
Personnel Cost	5,860	6,925	7,391	7,673	8,113
Other Expenses	11,480	12,933	14,958	16,329	17,667
EBITDA	10,040	12,109	14,195	16,167	17,982
EBITDA Margin	33.1%	34.0%	34.6%	35.8%	36.6%
EBITDA Growth	24.3%	20.6%	17.2%	13.9%	11.2%
Depn. & Amort.	2,980	4,024	4,230	4,424	4,574
EBIT	7,060	8,085	9,964	11,743	13,408
Other Income	350	663	696	731	768
Finance Cost	70	66	68	69	70
PBT before Excep. & Forex	7,340	8,682	10,593	12,404	14,105
Excep. & Forex Inc/Loss(-)	0	0	0	0	0
PBT	7,340	8,682	10,593	12,404	14,105
Taxes	1,982	2,464	2,648	3,101	3,526
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	22	-128	-128	-128	-128
Reported Net Profit	5,597	6,346	8,073	9,431	10,706
Adjusted Net Profit	5,597	6,346	8,073	9,431	10,706
Net Margin	18.4%	17.8%	19.7%	20.9%	21.8%
Diluted Share Cap. (mn)	2,081.2	2,081.2	2,081.2	2,081.2	2,081.2
Diluted EPS (INR)	2.7	3.0	3.9	4.5	5.1
Diluted EPS Growth	1.9%	13.4%	27.2%	16.8%	13.5%
Total Dividend + Tax	0	0	0	0	0
Dividend Per Share (INR)	0.0	0.0	0.0	0.0	0.0

Source: Company, JM Financial

Cash Flow Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	5,647	8,841	10,751	12,563	14,263
Depn. & Amort.	2,014	4,024	4,230	4,424	4,574
Net Interest Exp. / Inc. (-)	46	66	68	69	70
Inc (-) / Dec in WCap.	1,431	-2,010	-1,821	-1,377	-1,368
Others	-169	-760	-31	-31	-31
Taxes Paid	-2,244	-2,127	-2,648	-3,101	-3,526
Operating Cash Flow	6,725	8,035	10,549	12,548	13,983
Capex	-6,729	-3,859	-4,000	-4,000	-4,000
Free Cash Flow	-4	4,175	6,549	8,548	9,983
Inc (-) / Dec in Investments	-776	-13,555	0	0	0
Others	-21	-4,643	0	0	0
Investing Cash Flow	-7,527	-22,057	-4,000	-4,000	-4,000
Inc / Dec (-) in Capital	-5	-3	0	0	0
Dividend + Tax thereon	0	0	0	0	0
Inc / Dec (-) in Loans	830	0	0	0	0
Others	444	14,300	-8	-8	-8
Financing Cash Flow	1,270	14,297	-8	-8	-8
Inc / Dec (-) in Cash	468	274	6,542	8,540	9,975
Opening Cash Balance	25	513	787	7,329	15,868
Closing Cash Balance	493	787	7,329	15,868	25,843

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	84,979	106,922	114,994	124,426	135,132
Share Capital	830	2,081	2,081	2,081	2,081
Reserves & Surplus	84,149	104,841	112,913	122,344	133,051
Preference Share Capital	0	0	0	0	0
Minority Interest	333	363	393	424	455
Total Loans	0	0	0	0	0
Def. Tax Liab. / Assets (-)	3,997	4,257	4,257	4,257	4,257
Total - Equity & Liab.	89,308	111,542	119,645	129,107	139,844
Net Fixed Assets	81,883	83,312	83,229	82,957	82,542
Gross Fixed Assets	80,240	101,247	105,247	109,247	113,247
Intangible Assets	3,759	3,836	3,983	4,135	4,294
Less: Depn. & Amort.	19,783	23,330	27,560	31,984	36,559
Capital WIP	17,667	1,560	1,560	1,560	1,560
Investments	320	104	104	104	104
Current Assets	19,715	41,346	50,498	61,044	73,018
Inventories	10,366	12,412	14,316	15,736	17,144
Sundry Debtors	1,445	2,018	2,327	2,558	2,787
Cash & Bank Balances	1,975	16,536	23,077	31,617	41,592
Loans & Advances	4	2	2	2	2
Other Current Assets	5,925	10,379	10,775	11,130	11,493
Current Liab. & Prov.	12,610	13,221	14,185	14,998	15,819
Current Liabilities	6,908	5,550	6,226	6,738	7,247
Provisions & Others	5,702	7,671	7,960	8,260	8,572
Net Current Assets	7,105	28,126	36,312	46,046	57,199
Total - Assets	89,308	111,542	119,645	129,107	139,844

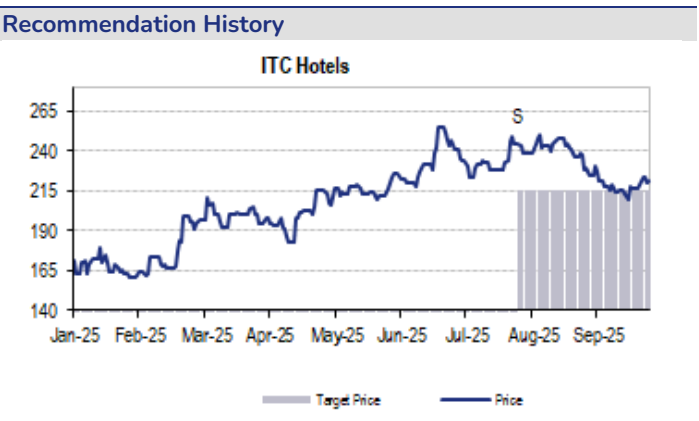
Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	18.4%	17.8%	19.7%	20.9%	21.8%
Asset Turnover (x)	0.7	0.3	0.4	0.4	0.4
Leverage Factor (x)	1.1	1.1	1.1	1.1	1.0
RoE	13.2%	6.6%	7.3%	7.9%	8.2%

Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	40.8	51.4	55.3	59.8	64.9
ROIC	6.2%	6.7%	8.5%	10.4%	12.2%
ROE	6.6%	6.6%	7.3%	7.9%	8.2%
Net Debt/Equity (x)	0.0	-0.2	-0.2	-0.3	-0.3
P/E (x)	82.6	72.8	57.2	49.0	43.2
P/B (x)	5.4	4.3	4.0	3.7	3.4
EV/EBITDA (x)	45.9	36.8	30.9	26.6	23.4
EV/Sales (x)	15.2	12.5	10.7	9.5	8.6
Debtor days	17	21	21	21	21
Inventory days	125	127	127	127	127
Creditor days	78	65	66	67	68

Source: Company, JM Financial

History of Recommendation and Target Price			
Date	Recommendation	Target Price	% Chg.
24-Aug-25	Sell	215	
8-Oct-25	Reduce	215	0.0



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

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Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

New Rating System: Definition of ratings	
Rating	Meaning
BUY	Expected return $\geq$ 15% over the next twelve months.
ADD	Expected return $\geq$ 5% and $<$ 15% over the next twelve months.
REDUCE	Expected return $\geq$ -10% and $<$ 5% over the next twelve months.
SELL	Expected return $<$ -10% over the next twelve months.

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

Previous Rating System: Definition of ratings	
Rating	Meaning
BUY	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
HOLD	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
SELL	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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