

06 December 2025

India | Equity Research | Initiating Coverage

ITC Hotels

Hotels

Beyond the welcome drink – growth checking in

We initiate coverage of ITC Hotels Ltd. (ITCHL) with a **BUY** rating and a target price of INR 250, based on a 27x Dec'27E EV/EBITDA for its hotels business and a 1x NAV for its Sri Lanka residential project. Backed by a strong net cash balance of ~INR 17bn, as of Mar'25, ITCHL is set to expand its footprint from ~13,600 operational keys, as of Sep'25, to over 20,000 operational keys by 2030 through its 'asset-right' strategy. We model for a 9% RevPAR CAGR over FY25–28E, with management fees CAGR of 17% over FY25–28E led by new hotel openings. Hence, we estimate a 12% revenue CAGR on a consolidated basis over FY25–28, with a 15% EBITDA CAGR over the same period, estimating EBITDA margins to rise by 300bps over FY25–28 (100bps annually) to 37% in FY28.

Brand and asset owner with strong corporate parentage

Established in 1975, with the first premium hotel launched in Chennai, the company's hotels business represents one of India's prominent branded hospitality chains, embodying the essence of Indian hospitality and sustainability. ITCHL is engaged in the business of owning, operating, managing and franchising hotels and resorts. As of Sep'25, the company operates 145+ hotels across 13,600+ keys with a mix of 41% owned and 59% managed keys across India, Sri Lanka and Nepal. It envisages reaching 220 operational hotels across 20,000+keys by 2030, with a mix of 33% owned and 67% managed keys.

'Asset-right' growth strategy to bear fruit in medium term

The company's hotels business in 2018 pivoted to an 'asset-right' strategy to achieve scalable growth while optimising capital allocation. Going forward, ITCHL has a visible pipeline to expand its footprint from ~13,600 operational keys, as of Sep'25, to over 20,000 operational keys by 2030. Of this, a robust pipeline of 59 managed hotels with ~5,500 keys would be a key growth enabler. Further, greenfield expansion alongside scaling up of hotels opened since FY20 and active asset management are additional growth levers.

Key risks: Slowdown in hotel occupancies/ARRs; and delay in execution of upcoming hotel assets.

Financial Summary

Y/E March (INR mn)	FY25A	FY26E	FY27E	FY28E
Net Revenue	35,598	41,148	44,808	49,293
EBITDA	12,109	14,402	16,131	18,238
EBITDA Margin (%)	34.0	35.0	36.0	37.0
Net Profit	6,346	7,935	9,088	10,510
EPS (INR)	3.1	3.8	4.4	5.1
P/B (x)	4.0	3.8	3.5	3.2
P/E (x)	67.9	54.3	47.3	40.9
EV/EBITDA (x)	34.2	28.4	24.9	21.5
RoCE (%)	7.1	8.0	8.6	9.3
RoE (%)	6.6	7.2	7.6	8.1

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Market Data

Market Cap (INR)	429bn
Market Cap (USD)	4,768mn
Bloomberg Code	ITCHOTEL IN
Reuters Code	ITCT.BO
52-week Range (INR)	262 /155
Free Float (%)	45.0
ADTV-3M (mn) (USD)	6.6

Price Performance (%)	3m	6m	12m
Absolute	(15.5)	(3.3)	0.0
Relative to Sensex	(21.7)	(8.6)	0.0

ESG Score	2024	2025	Change
ESG score	NA	NA	NA
Environment	NA	NA	NA
Social	NA	NA	NA
Governance	NA	NA	NA

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

12% revenue and 15% EBITDA CAGR over FY25–28E

We build in same-store ARR growth of ~7% for operational hotels over FY25–28E, in line with our view on the hotel industry, with ITCHL's portfolio potentially set to stabilise at 76% by FY28E, as Ratnadipa, Sri Lanka stabilises.

Consequently, we model for a 9% RevPAR CAGR over FY25–28E. We model for management fees to grow at a 17% CAGR over FY25–28E to INR 2.1bn in FY28E, from INR 1.3bn in FY25, led by new hotel openings. Hence, we estimate a 12% revenue CAGR on a consol. basis over FY25–28.

While we build in a 12% revenue CAGR over FY25–28E, we estimate a 15% EBITDA CAGR for the period, envisaging higher operating margins from management fees and economies of scale on employee costs and corporate overheads. We estimate consol. EBITDA margins to rise 300bps over FY25–28 (100bps annually) to 37% in FY28.

Strong net cash position to enable organic/inorganic growth

As of Mar'25, the company had net cash reserves of INR 17bn and we estimate free cash flow (post capex) of INR 7bn annually over FY25–28, which leaves room for expansion through organic/inorganic opportunities.

The company has three hotel projects, consisting of 400+ keys in the pipeline. Its upcoming hotels are located in Puri (118 keys under Epiq Collection), Bhubaneswar (100+ keys under Welcomhotel) and Vizag (200 keys). The two hotels in Odisha (Puri and Bhubaneswar) are targeted for a FY28 opening while the Vizag asset is expected to be operational by FY30. On a cumulative basis, the company aims to spend INR 8–9bn on these three hotels.

Valuation: Initiate with BUY; TP INR 250

We initiate coverage with a **BUY** rating on ITCHL and a target price of INR 250. We value the company at a Dec'27E EV of INR 478.2bn – for its hotel business at 27x Dec'27E EV/EBITDA of INR 17.7bn at a 15% discount to our target multiple of 32x for Indian Hotels. Adding net cash of INR 30.6bn, as of Dec'27E, and Sri Lanka residential project NAV of INR 12.1bn, we derive an equity value of INR 520.9bn or INR 250/share.

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

Brand and asset owner with strong corporate parentage

ITC Hotels Ltd. (formerly a wholly owned subsidiary of ITC Ltd.) was incorporated as a public limited company on 28 Jul'23, under the Companies Act, 2013. Pursuant to the demerger scheme becoming effective on 1 Jan'25, the hotels business of ITC Ltd. was transferred and vested into ITC Hotels Ltd., marking a strategic spin-off to unlock value and sharpen focus.

Established in 1975, with its first premium hotel launched in Chennai, the company's hotels business represents one of India's pre-eminent hospitality chains, embodying the essence of Indian hospitality and sustainability. The company is engaged in the business of owning, operating, managing and franchising hotels and resorts and is focused towards enabling authentic indigenous experiences for our guests, which are in harmony with the environment and society.

As of Sep'25, the company operates 145+ hotels across 13,600+ keys, with a mix of 41% owned and 59% managed keys across India, Sri Lanka and Nepal. Its vision is to achieve 220 operational hotels across 20,000+ keys by 2030, with a mix of 33% owned and 67% managed keys.

Exhibit 1: ITC Hotels' operational and pipeline across hotels as of Sep'25

Brands	Operational Hotels Keys	Pipeline Hotels Keys	Total Hotels Keys
 ITC HOTELS RESPONSIBLE LUXURY	16 4789	1 140	17 4929
 MEMENTOS BY ITC HOTELS	2 181	2 420	4 601
 GPIQ COLLECTION Member ITC Hotels' Group	-	2 319	2 319
 WELCOMHOTEL BY ITC HOTELS	28 3062	17 2292	45 5354
 STORM BY ITC HOTELS	8 280	12 672	20 952
 FORTUNE Member ITC Hotels' Group	58 4335	24 1916	82 6251
 WelcomHeritage Member ITC Hotels' Group	34 999	3 130	37 1129
Total	146 13646	61 5889	207 19535

Source: Company, I-Sec research

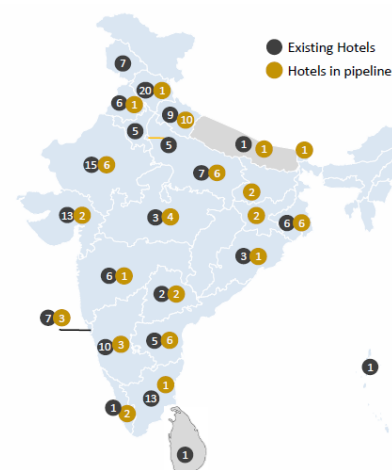
Exhibit 2: ITC Hotels' geographical footprint for operational and pipeline hotels

Current Operating Footprint

145+ Hotels
13,600+ Keys
 (Owned / Managed Mix By % Keys : 41% / 59%)

By 2030

220 Hotels
20,000+ Keys
 (Owned / Managed Mix By % Keys : 33% / 67%)



750 in status as on 30th September '25 | Managed portfolio includes hotels under franchise model

Source: Company, I-Sec research

Exhibit 3: ITC Hotels' brandscape



Source: Company, I-Sec research


Exhibit 4: ITC Hotels' new premium brand 'EPIQ'



- New addition to ITC Hotels brand portfolio
- High-Quality conversions & New builds
- Multi-brand growth strategy for expansion in key business & leisure markets
- Add about 1,000 keys under the brand in medium term

Debut Destinations

Tirupati, Andhra Pradesh
201 Keys



Puri, Odisha
118 Keys



Source: Company, I-Sec research

The company operates an expansive portfolio spread over the Indian subcontinent under seven distinct brands, including its recently launched premium brand 'EPIQ' – each strategically designed to cater to diverse traveller profiles.

The company's brand portfolio includes:

- **ITC Hotels:** All ITC Hotels operate under 'The Luxury Collection' brand, for which the company has an exclusive license in India from Marriott. Each ITC Hotel is certified with a Leadership in Energy and Environmental Design (LEED) Platinum rating for globally recognised planet positive endeavours.
- **Mementos:** Mementos by ITC Hotels is a brand of luxury lifestyle hotels and resorts that offers the rarest of luxuries and great memories for customers.
- **Welcomhotel:** A collection of premium hotels designed for customers that demand a more curated experience. The hotels are present in various locations, ranging from the hills, beaches, deserts and cities, and the brand is reflective of the warmth of the Indian culture, while also upholding the benchmark standards of ITC Hotels.
- **Storii:** Storii is a collection of handpicked boutique properties, designed to satiate the ever-evolving needs of the global traveller by offering a unique, experience-led stay that is atypical, immersive, bespoke and co-exists in harmony with the environment as well as the local community.
- **Fortune:** Fortune Park Hotels Ltd. is a wholly owned subsidiary of the company, with a pre-eminent position in the mid-market to upscale segment as India's leading chain of first-class, full-service business and leisure hotels. Convenient locations, excellence of cuisine, efficient service and competitive pricing have made the Fortune hotels chain popular amongst discerning travellers. The sub-brands under which the hotels are being operated by the chain are Fortune Select, Fortune Park, Fortune Inn and Fortune Resort.
- **WelcomHeritage:** The company's joint venture, Maharaja Heritage Resorts Ltd., licenses the WelcomHeritage brand, under which various distinctive hotels are franchised. The WelcomHeritage chain of hotels represents the traditions of heritage hospitality and tourism in India, with a unique portfolio of palaces, forts, havelis and resorts.
- **Epiq:** A recently launched premium brand, which is part of the company's multi-brand growth strategy for expansion in key business and leisure markets with a target of adding ~1,000 keys under the brand in medium term.

‘Asset-right’ growth strategy to bear fruit in medium term

During the prior upcycle, the company adopted an aggressive investment-led growth strategy to expand its footprint in the luxury and upper upscale segments. Having achieved considerable scale and market standing, the company’s hotels business in 2018 pivoted to an ‘asset-right’ strategy to achieve scalable growth while optimising capital allocation, by focusing on strong partnerships with asset owners, leveraging brand credentials and operational expertise.

This strategy has also enabled the company to expand its presence to tier-2 and tier-3 cities, where the demand for premium hospitality is rapidly increasing.

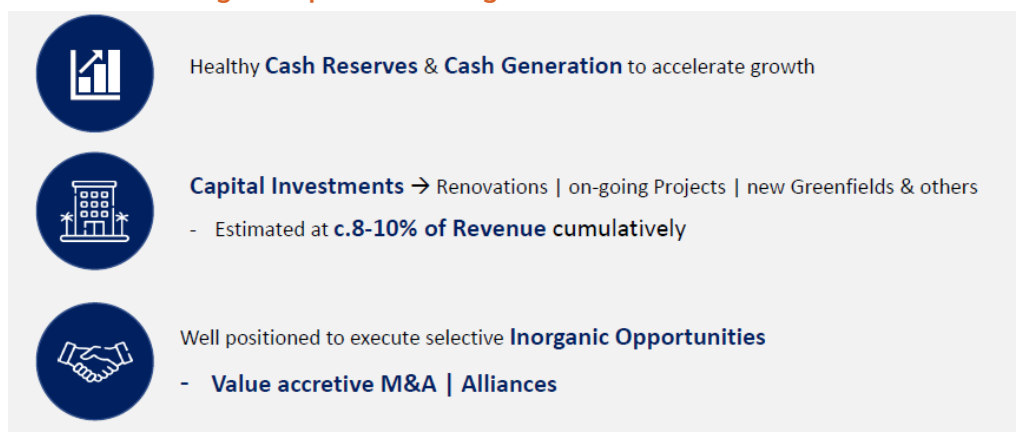
Exhibit 5: ITC Hotels’ expansion plans



Source: Company, I-Sec research

The company has a visible pipeline to expand its footprint from ~13,600 operational keys as of Sep’25 to over 20,000 operational keys by 2030. Of this, a robust pipeline of 59 managed hotels with ~5,500 keys will likely be a key enabler for growth.

Exhibit 6: Focusing on capital efficient growth



Source: Company, I-Sec research

As of Mar’25, the company had net cash reserves of INR 17bn and we estimate free cash flow (post capex) of INR 7bn annually over FY25–28, which leaves room for expansion through organic/inorganic opportunities.

The company has three hotel projects consisting of 400+ keys in the pipeline. Its upcoming hotels are located in Puri (118 keys under Epiq Collection), Bhubaneswar (100+ keys under Welcomhotel) and Vizag (200 keys). The two hotels in Odisha (Puri and Bhubaneswar) are targeted for a FY28 opening, while the Vizag asset is expected to be operational by FY30. On a cumulative basis, the company aims to spend INR 8–9bn on these three hotels.

Active asset management acts as a key growth lever

The company regularly undertakes strategic renovations across its hotels and F&B portfolio to keep its assets contemporary and aligned with evolving trends. These renovations are carried out in phases – during lean seasons to minimise the impact of unavailable inventory while enhancing future business performance.

Welcomhotel Chennai was re-opened in Jan'24 after a comprehensive makeover. The iconic legacy hotel, in its new avatar, has 90 well-appointed rooms, grander banquets, signature dining experiences and a wellness centre.

Exhibit 7: Company's recent renovations over FY24–26

Owned hotel	Renovation	Year of completion	Impact of the renovation
ITC Grand Goa	Post its acquisition, the hotel was comprehensively renovated in three phases, i.e., 86 rooms in FY2022, 76 rooms in FY2023 and 84 rooms in FY2024	FY2024	The hotel is India's first LEED Platinum® resort and was awarded the 'Best Wedding Resort at Travel + Leisure India's Awards 2023'
ITC Windsor, Bengaluru	60% of the keys have been completely renovated in a phased manner, i.e., 19 rooms in FY2022, 36 rooms in FY2024 and 88 rooms in FY2025	FY2025	Property repositioned as a premium luxury offering in the Bengaluru market
ITC Kakatiya, Hyderabad	66 rooms renovated in FY2024 and the remaining keys along with public areas expected to be renovated by FY2026	FY2026 (estimated)	Rooms being renovated as per contemporary design, enabling it to reposition itself in the peer set and command superior ARR

Source: Company, I-Sec research

The company also focuses on refreshing its restaurants portfolio to fortify its food and beverage offerings. Its signature brand 'Avartana' was recently added to ITC Maratha and ITC Maurya, and has been well received by its consumers. Further, a new 'Peshawri' outlet was added at ITC Kohenur, Hyderabad, by efficiently utilising the space available at the hotel; thereby, optimising its revenue generating area and improving asset utilisations. A cuisine refresh has been undertaken at ITC Gardenia, Bengaluru with the opening of 'Cajsa', which aims to redefine global flavours.

Unlocking full potential of launches in last five years

Sweating existing assets is a core element of the company's strategy to drive operating performance and capital productivity. The company believes that there is significant headroom for revenue growth from owned/licensed assets, as over 20% of its inventory, launched within the last five years, currently operates at less than 75% of potential occupancy.

During the last five years, the company has launched the following:

1. ITC Royal Bengal, Kolkata (in FY20)
2. Welcomhotel Amritsar (in FY20)
3. Welcomhotel Bhubaneshwar (in FY22)
4. Welcomhotel Guntur (in FY22)
5. ITC Narmada, Ahmedabad (in FY23)

All of these properties are located in micro-markets with high growth potential. Moreover, these properties have already created a strong foundation in their initial years of operation and are now poised to accelerate their growth trajectory.

In addition, the launch of ITC Ratnadipa, Colombo in Apr'24, a luxury hotel with 352 guest rooms, suites and serviced apartments, and 132 luxury apartments ('Sapphire Residences'), is an addition driver of growth. The completion of Sapphire Residences, comprising about 0.73msf of saleable luxury residential space, is also currently underway, which is an additional cash flow driver.

Exhibit 8: Company's key hotel openings to drive growth



About 25% Inventory operating at <70% Occupancy levels

Source: Company, I-Sec research

Expansion through greenfield projects

Going forward, the current portfolio of owned/licensed inventory will likely be augmented with the addition of over 400 keys through – 1) greenfield projects at Puri, Odisha and Vizag; and 2) planned expansions at Bhubaneswar. The company also intends to strategically leverage its existing land bank to enhance its portfolio of owned hotels.

Exhibit 9: ITCHL's upcoming greenfield projects



New Hotel at Vizag

200 Keys by FY30

Source: Company, I-Sec research

Rapid scale-up of managed/franchised portfolio

The company has a visible pipeline to expand its footprint from ~13,600 operational keys, as of Sep'25, to over 20,000 operational keys by 2030. Of this, a robust pipeline of 59 managed hotels with ~5,500 keys will likely be a key enabler for growth.

Exhibit 10: Company's hotel signings continue to accelerate



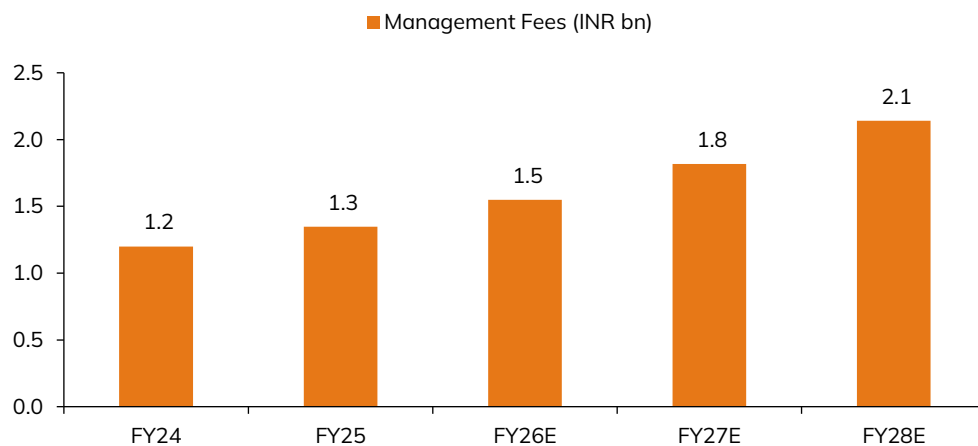
Source: Company, I-Sec research

Exhibit 11: Accelerating growth through managed hotels



Source: Company, I-Sec research

Exhibit 12: Management fees to grow at 17% CAGR over FY25–28E



Source: Company, I-Sec research estimates

Well positioned to capitalise on industry tailwinds

India's hospitality industry had an inventory of ~3.4mn keys, as of Mar'24; of which, the organised sector, which includes branded, aggregators, and quality independent hotels, represents only ~11% or ~375,000 keys. The organised hotel stock is further segmented into branded and independent hotels, of which branded hotels constitute ~45% of the keys, i.e., ~170,000 keys. The stock of luxury hospitality remains constrained – constituting only 17% of the branded hotel market, i.e., ~29,000 keys.

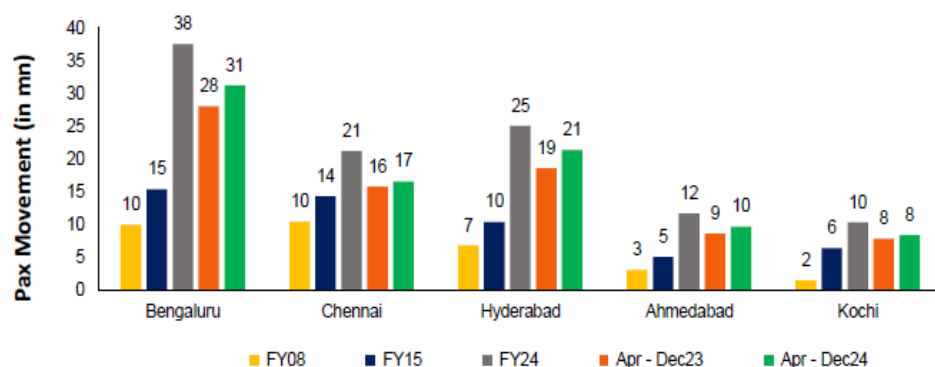
Hospitality in India is typically undertaken through Owner, Manager and Franchiser business models and any combinations of these. The business model of an Owner-Manager combines asset ownership and management and provides alignment with an optimal focus on asset-level profitability, brand progression and management-fee growth. The hospitality industry comprises luxury, premium (upper upscale and upscale), economy and midscale segments, which provide a wide range of offerings, services, and experiences. The luxury hospitality segment has larger room sizes, and high-quality amenities with best-in-class services and are typically characterised by multiple banquets, restaurants and meeting rooms, depending on the target segment.

According to Horwath HTL, future demand will likely be driven by diverse domestic and inbound travel needs – business, leisure, MICE, weddings, social events, pilgrimages and other personal travels, political and business delegations and airline crew.

As per The World Travel & Tourism Council (WTTC), the travel and tourism sector's contribution to India's economy was INR 15.7trn in CY22 and INR 19.1trn in CY23. Further, as per the WTCC Economic Impact Factsheet released on 28 Jun'24, the travel and tourism sector's contribution to India's economy was estimated at INR 21.2trn for CY24, and is forecast at INR 43.3trn for CY34, growing at 7.4% CAGR from CY24 to CY34 (Source: Horwath HTL). Additionally, the Hotel Association of India (HAI) estimates foreign tourist arrivals (FTA) to cross 30mn in India by CY37 and McKinsey estimates 5bn domestic visits by CY30. Further, HAI forecasts 15bn domestic visits and 100mn FTAs by CY47. As per Horwath HTL, the growth in FTAs is expected to strengthen hotel average daily rates, particularly for upper-tier hotels.

Moreover, the demand for chain affiliated hotels has increased from 61,000 rooms per day in FY15 to 116,000 rooms per day in FY24 and to 127,000 rooms per day at the end of Mar'25. FTA was above 10mn annually from CY17 to CY19 and recovered, post Covid-19, to 9.2mn in CY23. FTA for CY24 was 9.7mn, 1.4% higher than CY23.

Exhibit 13: Passenger (pax) movement (arrivals and departures) in million for select markets*



* Excludes Mysore airport due to limited and inconsistent travel from that airport; Source: Airports Authority of India (AAI)

Source: Horwath HTL, I-Sec research

Further, domestic travel visits grew at a 13.5% CAGR between CY01–19, from 236mn visits in CY01 to 2.3bn visits in CY19. Domestic travel numbers for CY23 at 2.51bn have surpassed CY19 (pre-Covid-19) by 8%, reflecting strong rebound of travel and an increase of 45% over 1.7bn visits for CY22.

As a brand and asset owner/developer of hotels in key cities across India, the company is well positioned to benefit from its scale, built-in operating efficiencies and ability to expand the company's operations in key markets.

Key market characteristics of the Indian hotel sector

This section has been derived from the report titled 'Industry Report – India Hotel Sector' and 'Industry Report – Sri Lanka Hotel Sector' released by Crowe Horwath HTL Consultants Private Limited (collectively, the 'Horwath HTL Reports').

Hotel supply in India:

Chain affiliated supply: India has 195,000 chain-affiliated hotel rooms, across segments, as at 30 Sep'24. The sector also has a robust supply pipeline, estimated at 95k rooms opening by FY29. Supply at independent hotels is widely fragmented and substantially of midscale and lower positioning.

Supply segmentation: As at end-FY01, supply was heavily weighted in the luxury and upper-upscale segments (together 56% supply share). Supply composition has evolved materially over the years, resulting in greater depth and balance across segments – current supply is comprised as 16%, 40% and 44% in the luxury, upper-upscale and upscale, and upper-midscale and midscale-economy segments, respectively.

Supply ownership: Hotel ownership patterns have shifted over the last 20 years. Hotel chain and chain-led ownership of hotel rooms has dropped sharply from 71% (FY01) to 25% (YTD Sep'24), with ownership materially led by private sector developers/institutional investors. Ownership concentration is also limited. In case of luxury hotels, chain owned inventory is 44% of total luxury rooms inventory. Among the chain-owned luxury supply, IHCL, ITCHL, EIH and Leela Hotels have 44%, 33%, 9.8% and 7.6% supply share, respectively.

Supply spread: Geographic spread of hotels continues to widen. Supply share at key markets (Mumbai, Delhi NCR, Bengaluru, Chennai, Hyderabad, Kolkata, Pune, Ahmedabad, Goa and Jaipur) declined from 69% at FY15 to 58% at YTD Sep'24, and is expected at 50% by FY29. 66% of new supply between Oct'24 and end-FY29 is outside the key markets.

Supply share: Domestic and international chains – supply share of international chains has risen from 21% in FY01 to 45–48% for the last ten years; it is expected to remain at 46% at end-FY29.

Domestic chains – asset-light approach: Several domestic chains have traditionally been asset owners, and are now actively transitioning to an asset-light approach, which has enabled portfolio expansion. Consequently, the share of rooms under management contract among inventory of domestic chains has increased from 12% in FY01 to 55% at YTD Sep'24. Importantly, 54%³ of the aggregate rooms inventory under leading chains such as IHCL, EIH, ITC, Leela, The Park Hotels and LTH are owned by these chains.

Under-penetration: With only 195,000 chain affiliated hotel rooms across segments as of 30 Sep'24, the sector is underpenetrated compared to several developed global markets, in terms of ratio of rooms to population. Total hotel keys penetration basis

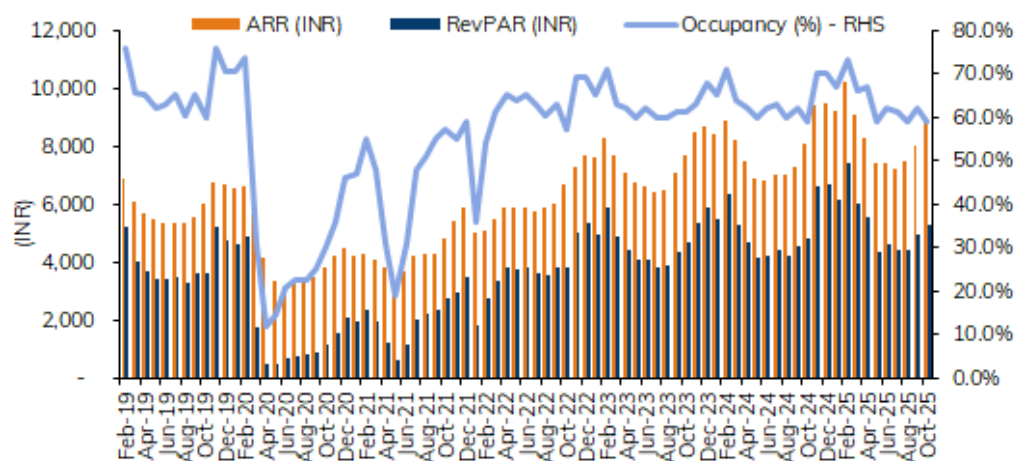
population, as of 31 Dec'23, is at 0.3 keys per 1,000 people in India, compared to 22.1/10/2.7/2.2 keys per 1,000 people in US/UK/China/globally.

Medium-term demand outlook remains positive

FY24 (Apr'23–Mar'24) was a stellar year with industry RevPAR growth at 14%. For FY25, even with a weak Q1FY25 where India's general elections and heatwaves impacted demand, FY25 industry RevPAR has grown 10–12% over FY24. With various estimates pegging industry supply CAGR at 5–6% over FY24–29 vs. a demand CAGR at ~10%, we expect a high-single-digit ARR CAGR of 6–8% across hotels over FY25–28E, with occupancies rising 100–200bps each in FY26E and FY27E. Going ahead, new asset additions/completions remain key for companies to deliver an EBITDA CAGR of 15–20% over FY25–28E.

We expect management contracts to remain the preferred choice of expansion for most hotel companies (over 80% of incremental room addition over FY25–29E), with pure asset owners looking to either acquire operational hotels or utilise their existing land banks to drive growth.

Exhibit 14: Industry ARR/occupancy trends from Feb'19 to Oct'25



Source: I-Sec research, HVS Anarock

Financial Analysis

Exhibit 15: Key operating and revenue/EBITDA assumptions for ITC Hotels*

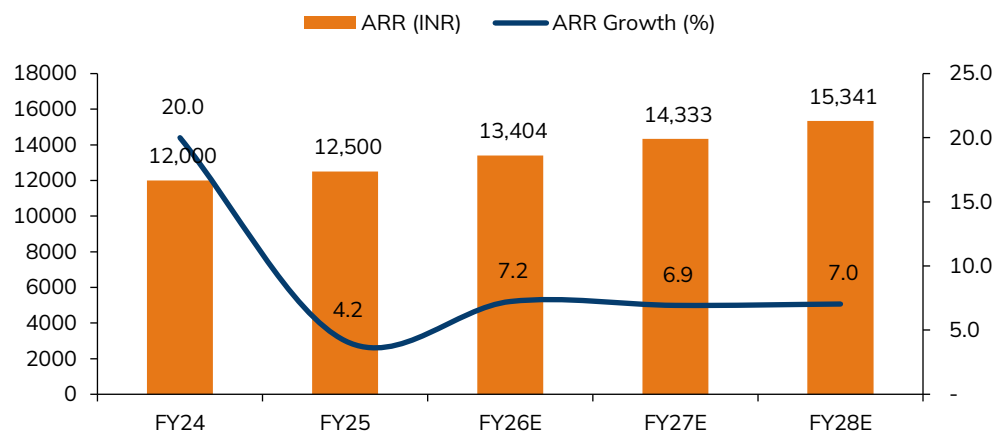
Details	FY24	FY25	FY26E	FY27E	FY28E
Operational Metrics:					
ARR (INR)	12,000	12,500	13,404	14,333	15,341
YoY ARR Growth (%)	20.0	4.2	7.2	6.9	7.0
Occupancy (%)	69.0	73.0	72.4	73.6	75.6
RevPAR (INR)	8,280	9,100	9,703	10,553	11,602
YoY RevPAR Growth (%)	20.0	7.1	9.4	8.8	9.9
Management Fees (INR bn)	1.2	1.3	1.5	1.8	2.1
Net Cash (INR bn)	NM	16.5	22.5	30.1	38.8

Source: I-Sec research, Company data, *Includes ITC Ratnadipa, Sri Lanka which commenced operations in FY25

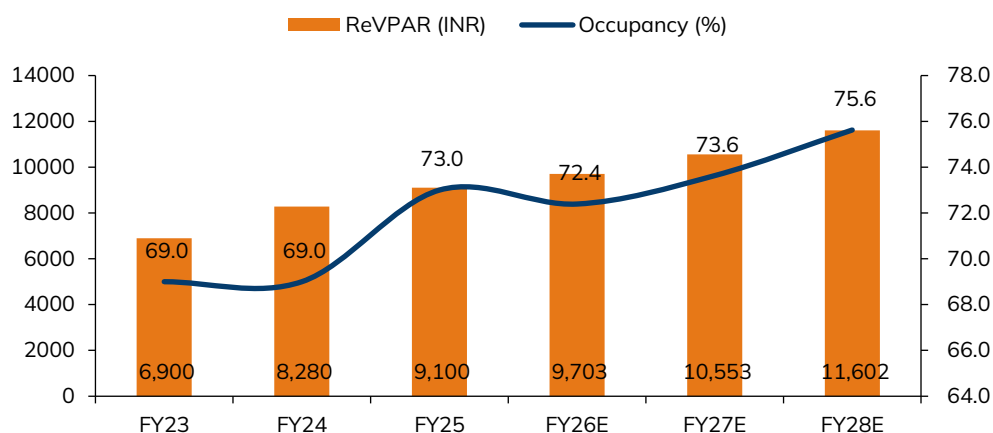
12% revenue CAGR over FY25–28E

We build in same-store ARR growth of ~7% for operational hotels over FY25–28E, in line with our view on the hotel industry, with portfolio set to stabilise at 76% by FY28E as Ratnadipa, Sri Lanka stabilises. Consequently, we model for 9% RevPAR CAGR over FY25–28E. We model for management fees to grow at a 17% CAGR over FY25–28E to INR 2.1bn in FY28E, from INR 1.3bn in FY25 led by new hotel openings. Hence, we estimate a 12% revenue CAGR on a consol. basis over FY25–28.

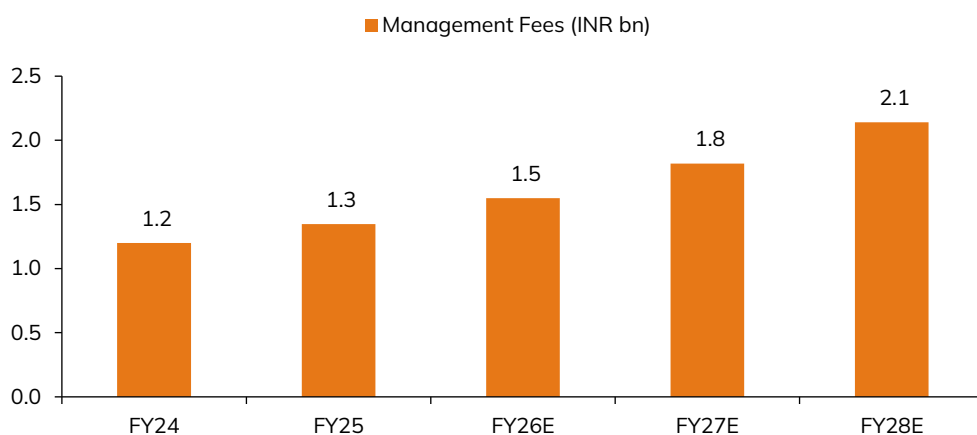
Exhibit 16: We estimate 7% ARR growth over FY25–28



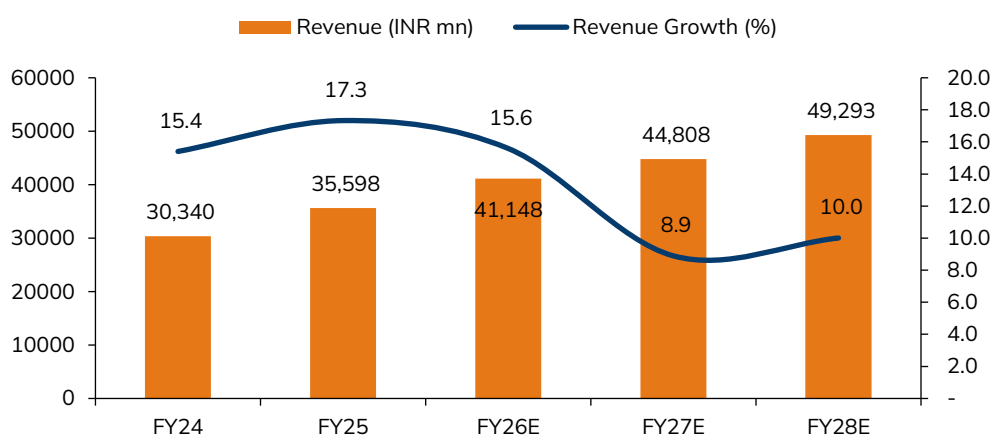
Source: Company, I-Sec research estimates

Exhibit 17: Company's RevPAR estimated to grow at 9% CAGR over FY25–28

Source: Company, I-Sec research estimates

Exhibit 18: Management fees to grow at 17% CAGR over FY25–28E

Source: Company, I-Sec research estimates

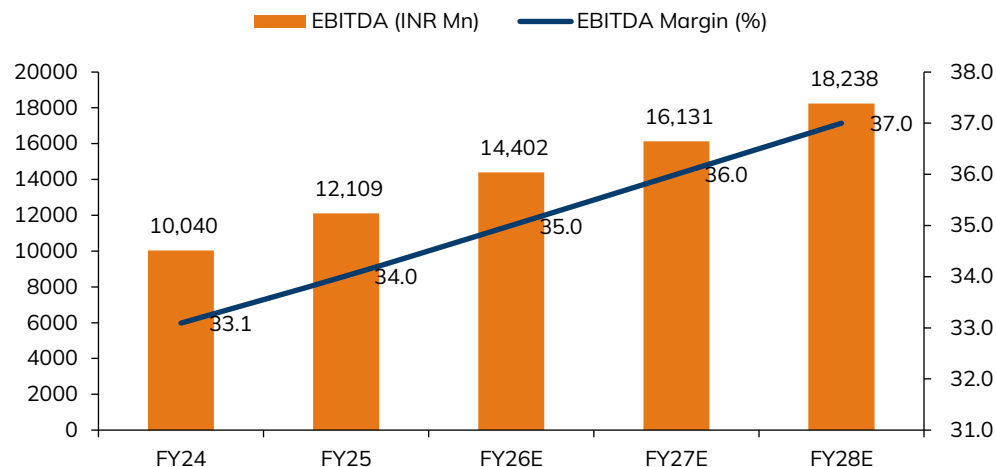
Exhibit 19: 12% revenue CAGR over FY25–28E

Source: Company, I-Sec research estimates

15% EBITDA CAGR over FY25–28E

While we build in a 12% revenue CAGR over FY25–28E, we estimate a 15% EBITDA CAGR over the same period on account of higher operating margins from management fees and economies of scale on employee costs and corporate overheads. We estimate consol. EBITDA margins to rise by 300bps over FY25–28 (100bps annually) to 37% in FY28.

Exhibit 20: Company's EBITDA to grow at 15% CAGR over FY25–28E



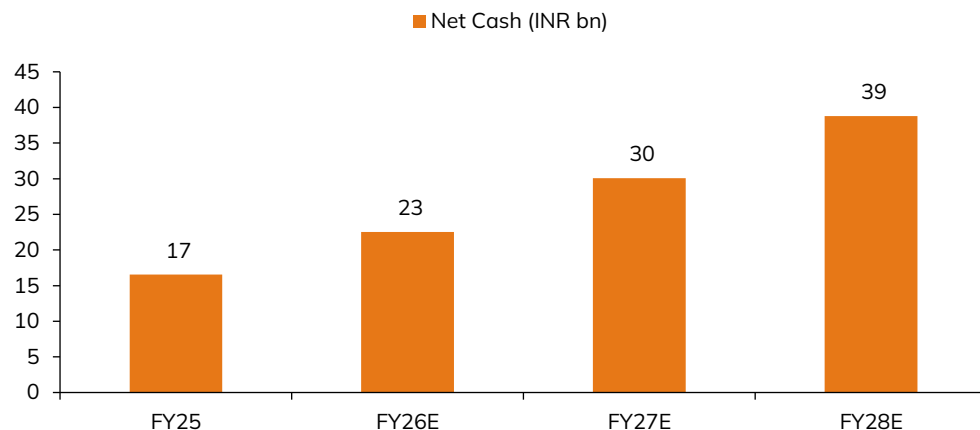
Source: Company, I-Sec research estimates

Strong net cash position may enable organic/inorganic expansion

As of Mar'25, the company had net cash reserves of INR 17bn and we estimate free cash flow (post capex) of INR 7bn annually over FY25–28E, which leaves room for expansion through organic/inorganic opportunities.

The company has three hotel projects consisting of 400+ keys in the pipeline. Its upcoming hotels are located in Puri (118 keys under Epiq Collection), Bhubaneswar (100+ keys under Welcomhotel) and Vizag (200 keys). The two hotels in Odisha (Puri and Bhubaneswar) are targeted for a FY28 opening while the Vizag asset is expected to be operational by FY30. On a cumulative basis, the company aims to spend INR 8–9bn on these three hotels.

Exhibit 21: Strong net cash position leaves room for expansion



Source: Company, I-Sec research estimates

Valuation

We initiate coverage with a **BUY** rating on ITC Hotels and a target price of INR 250. We value the company's hotel business at 27x Dec'27E EV/EBITDA valuing the hotel business at an EV of INR478.2bn. Our target multiple of 27x is at a 15% discount to our target multiple of 32x for Indian Hotels (IH) considering IH's superior RoCE of 17% vs. high single digit RoCE of ~9% for ITC Hotels. Adding net cash of INR 30.6bn, as of Dec'27E and Sri Lanka residential project NAV of INR 12.1bn, we derive an equity value of INR 520.9bn or INR 250/share.

Exhibit 22: ITC Hotels valuation

Particulars	INR mn
Dec'27E EBITDA	17,712
Enterprise Value (EV at 27x EV/EBITDA)	478,211
Add: Sri Lanka residential project NAV	12,115
Add: Net Cash as of Dec'27E	30,610
ITC Hotels Equity Value	520,937
Equity Value per Share (INR)	250

Source: Company data, I-Sec research

Exhibit 23: Peer comparison

Company	Revenue (INR mn)				EBITDA (INR mn)				EBITDA Margin (%)			
	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E
Indian Hotels	83,345	1,01,329	1,12,809	1,25,506	27,734	33,998	38,923	44,318	33.3	33.6	34.5	35.3
ITC Hotels	35,598	41,148	44,808	49,293	12,109	14,402	16,131	18,238	34.0	35.0	36.0	37.0
Chalet Hotels	17,178	20,511	23,600	26,683	7,359	9,491	11,291	13,124	42.8	46.3	47.8	49.2
Lemon Tree Hotels	12,861	15,470	17,712	20,213	6,341	7,436	8,697	9,924	49.3	48.1	49.1	49.1
Brigade Hotel Ventures	4,683	5,452	6,237	7,542	1,644	2,030	2,378	2,846	35.1	37.2	38.1	37.7

Company	EV/EBITDA (x)				RoCE (%)			
	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E
Indian Hotels	36.9	29.9	25.7	22.1	15.8	16.6	17.1	17.2
ITC Hotels	34.0	28.2	24.7	21.4	7.1	8.0	8.6	9.3
Chalet Hotels	29.4	21.9	18.2	15.1	11.6	13.1	13.8	14.9
Lemon Tree Hotels	34.0	28.6	23.8	20.1	11.7	14.3	16.4	17.8
Brigade Hotel Ventures	NM	15.3	16.3	16.3	16.7	14.0	9.5	6.8

Source: Company data, I-Sec research estimates

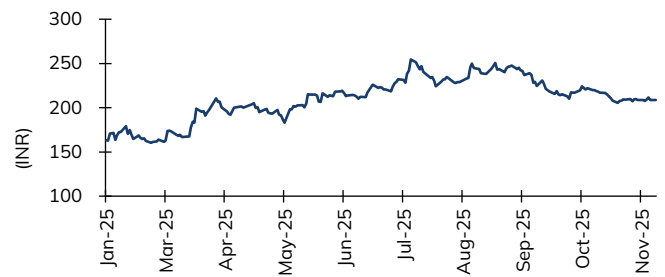
Key Risks

- Deterioration in the quality or reputation of the company's brands:** The company owns, operates, manages, franchises and develops hotels and resorts under ITC, The Luxury Collection, Sheraton, Mementos, Welcomhotel, Storii, WelcomHeritage, Epiq and Fortune brands, along with its variant suffixes, i.e., Select, Park, Resort, Inn. The company's ability to attract guests largely depends on the public recognition and perception of its brands and its associated reputation. In addition, the success of its hotel owners' businesses may indirectly depend on the strength and reputation of its brands. Such dependence makes the company's business susceptible to risks regarding brand obsolescence and reputational damage. The performance and quality of services at its hotels are critical to brand reputation and the success of its business. If the company's brand is found to be lacking in consistency or quality, then its ability to attract guests, or attract or retain its third-party hotel owners may be impacted.
- Competitive intensity in hotel and retail food and beverage industry:** Hotels in India currently face intense competition from existing and new hotels globally and in India, as well as from hotel chains, upcoming homestay aggregators, hostel accommodations, boutique hotels and budget hotels, which have been witnessing an increasing demand from travellers. Some of the hotels owned and/or operated by the company are generally located in intensely competitive regions. The company's success is largely dependent upon its ability to compete in areas such as brand recognition and perception, room rates, location of the property, quality of accommodation, service levels, quality and scope of other amenities, including food and beverage facilities, and attractiveness of its loyalty program.
- Revenue concentration risk in key geographies:** A large portion of the company's revenue is derived from its hotels located in key geographical regions, including in New Delhi, Mumbai, Chennai, Kolkata, Hyderabad and Bengaluru. Any social, political or economic factors, natural calamities, increased competition or civil disruptions including protests in these areas may adversely affect its business, results of operation and financial condition. Further, changes in laws and policies of local and municipal government authorities in these regions, including an increase in property tax, may require the company to potentially change its business strategy and operations.
- Delay in timelines/cost overruns of hotel development projects:** The company's 'asset right' growth strategy envisages development of new owned hotels and management/ franchise of third party owned hotels. The company has established strong credentials over the decades by commissioning several iconic properties through greenfield developments. There may be delays and cost overruns in project execution on account of operational factors, including, delay in obtaining approvals, changes required due to shortcomings in design development, construction defects, high dependency on contractors and labour coupled with non-availability during specific seasons or strikes, inadequate project management, unanticipated future regulatory restrictions.
- Industry cyclicality and seasonality and macro risks:** Depending on macroeconomic conditions and other factors such as the weather, festive or religious holidays, the revenue of its hotels may fluctuate during certain periods of the year, or for a few years, as compared to other time periods. The hospitality sector experiences periodic changes in demand and supply, which the company may not be able to predict accurately. The company may be vulnerable to economic downturns in India, which may impact demand.

Exhibit 24: Shareholding pattern

%	Mar'25	Jun'25	Sep'25
Promoters	39.9	39.9	39.9
Institutional investors	47.0	46.1	45.7
MFs and others	9.8	9.2	8.9
FIs/Banks	0.0	0.0	0.1
Insurance	11.7	11.3	11.0
FIIIs	25.5	25.6	25.7
Others	13.1	14.0	14.4

Source: Bloomberg, I-Sec research

Exhibit 25: Price chart


Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 26: Profit & Loss

(INR mn, year ending March)

(Numbers are ex-residential)*	FY25A	FY26E	FY27E	FY28E
Net Sales	35,598	41,148	44,808	49,293
Operating Expenses	23,489	26,746	28,677	31,055
EBITDA	12,109	14,402	16,131	18,238
EBITDA Margin (%)	34.0	35.0	36.0	37.0
Depreciation & Amortization	4,024	4,130	4,294	4,466
Interest expenditure	66	70	73	77
Other Non-operating Income	663	696	731	768
Profit / (Loss) from Associates	159	167	175	184
PBT	8,841	11,065	12,670	14,647
Less: Taxes	2,464	3,098	3,548	4,101
PAT	6,376	7,967	9,122	10,546
Less: Minority Interest	(31)	(32)	(34)	(36)
Net Income (Reported)	6,346	7,935	9,088	10,510
Net Income (Adjusted)	6,346	7,935	9,088	10,510

Source Company data, I-Sec research, *Sri Lanka residential project revenue and EBITDA not included

Exhibit 27: Balance sheet

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Total Current Assets				
of which cash & cash eqv.	34,570	42,578	51,705	62,220
Total Current Liabilities & Provisions	16,536	22,531	30,089	38,783
Net Current Assets	11,607	11,953	12,310	12,677
Goodwill/Investments	22,962	30,624	39,396	49,543
RoU/Other Assets	5,503	5,732	5,971	6,222
Net Fixed Assets	77,917	77,787	77,693	77,637
Capital Work-in-Progress	1,579	1,579	1,579	1,579
Total Assets	1,14,892	1,22,903	1,32,070	1,42,662
Liabilities				
Borrowings	-	-	-	-
Deferred Tax Liability	4,257	4,257	4,257	4,257
other Liabilities	3,350	3,393	3,438	3,485
Equity Share Capital	2,081	2,083	2,083	2,083
Reserves & Surplus	1,04,841	1,12,775	1,21,863	1,32,374
Total Net Worth	1,06,922	1,14,858	1,23,946	1,34,456
Minority Interest	363	395	429	464
Total Liabilities	1,14,892	1,22,903	1,32,070	1,42,662

Source Company data, I-Sec research

Exhibit 28: Cashflow statement

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Operating Cashflow	10,044	11,473	12,761	14,324
Working Capital Changes	(2,010)	(1,852)	(1,408)	(1,658)
Capital Commitments	(3,818)	(4,000)	(4,200)	(4,410)
Free Cashflow	4,217	5,620	7,154	8,256
Other investing cashflow	(18,240)	446	481	518
Cashflow from Investing Activities	(22,057)	(3,554)	(3,719)	(3,892)
Issue of Share Capital	-	2	-	-
Interest Cost	(69)	(73)	(76)	(80)
Inc (Dec) in Borrowings	-	-	-	-
Dividend paid	-	-	-	-
Others	14,366	-	-	-
Cash flow from Financing Activities	14,297	(71)	(76)	(80)
Chg. in Cash & Bank balance	274	5,995	7,558	8,694

Source Company data, I-Sec research

Exhibit 29: Key ratios

(Year ending March)

	FY25A	FY26E	FY27E	FY28E
Per Share Data (INR)				
Adjusted EPS (Diluted)	3.1	3.8	4.4	5.1
Cash EPS	5.0	5.8	6.4	7.2
Dividend per share (DPS)	0.0	0.0	0.0	0.0
Book Value per share (BV)	51.4	55.1	59.5	64.6
Growth (%)				
Net Sales	17.3	15.6	8.9	10.0
EBITDA	20.6	18.9	12.0	13.1
EPS (INR)	13.9	25.0	14.5	15.6
Valuation Ratios (x)				
P/E	67.9	54.3	47.3	40.9
P/BV	4.0	3.8	3.5	3.2
EV / EBITDA	34.2	28.4	24.9	21.5
EV / Sales	11.6	9.9	8.9	8.0
Dividend Yield (%)	0.0	0.0	0.0	0.0
Operating Ratios				
EBITDA Margins (%)	34.0	35.0	36.0	37.0
Net Profit Margins (%)	17.8	19.3	20.3	21.3
Net Debt / Equity (x)	(0.2)	(0.2)	(0.2)	(0.3)
Net Debt/EBITDA (x)	(1.4)	(1.6)	(1.9)	(2.1)
Return Ratios				
RoCE (%)	7.1	8.0	8.6	9.3
RoE (%)	6.6	7.2	7.6	8.1

Source Company data, I-Sec research

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