

# ITC Hotels | BUY

## Inline quarter; owned pipeline strengthens

ITC Hotels (ITCH) reported a steady performance, driven by 9% growth in ARR and 290bps expansion in occupancy, leading to RevPAR growth of 13% YoY at the consolidated portfolio level. ITC Ratnadipta (Sri Lanka) maintained its market leadership position in terms of RevPAR and was EBITDA positive on a 9MFY26 basis, as it benefited from the highest-ever foreign tourist arrivals in Sri Lanka. Revenue for 3QFY26 was INR 12.3bn (+21% YoY; +47% QoQ), which includes INR 815mn revenue from the residential business, as the company commenced delivery of Sapphire Residences. On a LfL basis, top line grew by 13% YoY (in line) while EBITDA increased 16% YoY. ITCH has secured a 0.9 acre leasehold land at Yashobhumi, Dwarka, New Delhi, for a luxury five-star hotel, thus strengthening its owned portfolio pipeline, which now has four upcoming assets. This land has been allotted to the company on a 91-year lease for a one-time lease premium of INR 3.3bn. Aligned with its asset-light strategy, the company commissioned six new hotels across India, taking the operational portfolio beyond 150 hotels with c.14,000 keys. We expect ITCH to report 11%/14% CAGR in revenue and EBITDA over FY25-28E and maintain BUY with a Mar'27 TP of INR 235.

- Steady operating performance:** Room revenue grew by 12% during the quarter, led by healthy demand from the corporate, wedding, and MICE segments. ADR for the quarter grew by 9% and occupancy rose by 290bps to 75%, resulting in RevPAR growing by 13% YoY at the consolidated portfolio level. F&B revenue went up by 8% YoY driven by banquet demand and healthy traction from weddings and corporate events. The domestic owned portfolio recorded 12%/11% YoY growth in RevPAR in 3Q/9MFY26 respectively. ITC Ratnadipta maintained its market leadership position in terms of RevPAR and was EBITDA positive on a 9MFY26 basis. Sri Lanka's economy is witnessing broad-based recovery across sectors and recorded healthy GDP growth. Tourism activity also showed strong momentum, with foreign tourist arrivals reaching 2.4mn in CY25 (highest ever).
- In-line revenue:** Revenue for 3QFY26 came in at INR 12.3bn (+21% YoY; +47% QoQ) including INR 815mn revenue coming from the residential business as the company commenced delivery of Sapphire Residences. EBITDA for the quarter was INR 4.7bn (+23% YoY; +90% QoQ). On a LfL basis, top line grew by 13% YoY (in line) and EBITDA rose by 16% YoY. On a standalone basis, revenue was INR 10.5bn (+12% YoY; +38% QoQ), while EBITDA was INR 4.1bn (+12% YoY; +77% QoQ) with margin flat YoY at 39%.
- Healthy pipeline across owned and managed portfolio:** ITCH currently has a portfolio of 213 hotels - 152 operational and 61 in the pipeline. Aligned with its asset-light strategy, ITCH continues to partner with asset owners to expand its footprint across Tier-II and Tier-III cities. In 3QFY26, it opened new hotels in Bodh Gaya, Rishikesh, Siliguri, Sirmaur, Dungarpur and Jaipur. India International Convention and Exhibition Centre Limited (IICC Ltd) has allotted a 0.9 acre land parcel at Yashobhumi, Dwarka, New Delhi, to the company on a 91-year lease for the development of a premium five-star hotel, with construction expected to be completed by CY30. While the company has been actively strengthening the managed pipeline, this asset improves the visibility of its owned portfolio, which now has four upcoming assets.
- Maintain BUY 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 value the stock at 25x EV/EBITDA on Mar'28E and maintain BUY with a TP of INR 235.



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### Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	235
Upside/(Downside)	30.9%
Previous Price Target	235
Change	0.0%

### Key Data – ITCHOTEL IN

Current Market Price	INR180
Market cap (bn)	INR374.1/US\$4.1
Free Float	43%
Shares in issue (mn)	2,081.2
Diluted share (mn)	2,081.2
3-mon avg daily val (mn)	INR549.2/US\$6.0
52-week range	262/155
Sensex/Nifty	82,180/25,233
INR/US\$	91.0

### Price Performance

%	1M	6M	12M
Absolute	-7.3	-29.5	0.0
Relative*	-4.2	-29.9	0.0

\* To the BSE Sensex

Financial Summary					
Y/E March	FY24A	FY25A	FY26E	FY27E	(INR mn)
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	8.4	10.1	11.7
ROE (%)	6.6	6.6	7.3	7.9	8.2
P/E (x)	66.8	58.9	46.3	39.6	34.9
P/B (x)	4.4	3.5	3.3	3.0	2.8
EV/EBITDA (x)	37.1	29.5	24.8	21.4	18.7
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company data, JM Financial. Note: Valuations as of 20/Jan/2026

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.

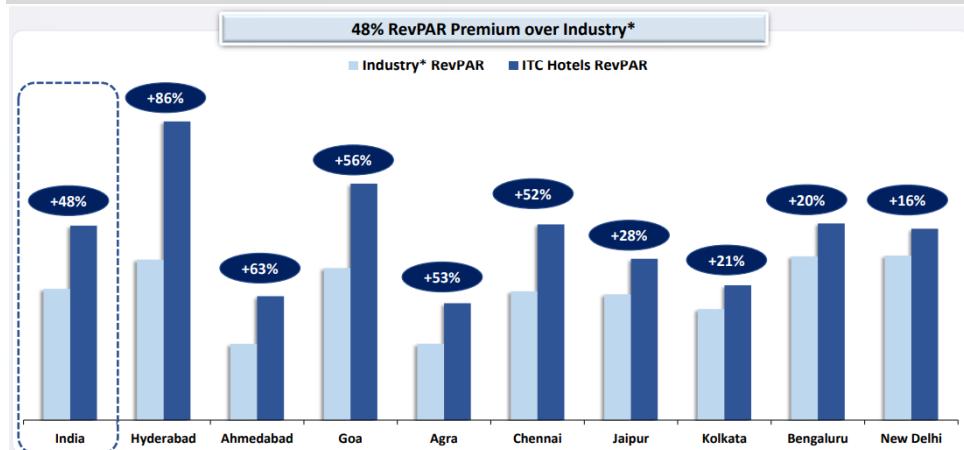
## Exhibit 1. Financial snapshot

	2QFY25	3QFY25	4QFY25	FY25	1QFY26	2QFY26	3QFY26	QoQ	YoY	3QFY26E	Variance
Cons. Revenue (INR mn)	7,780	10,154	10,606	35,598	8,155	8,395	12,307	47%	21%	11,444	7.5%
Total operating expense	5,657	6,348	6,483	23,489	5,709	5,937	7,636	29%	20%	7,130	7%
EBITDA	2,122	3,806	4,123	12,109	2,447	2,458	4,671	90%	23%	4,315	8%
EBITDA margin	27.3%	37.5%	38.9%	34.0%	30.0%	29.3%	38.0%	868bps	47bps	37.7%	25bps
Depreciation & amortization	1,039	1,040	998	4,024	1,024	1,041	1,042	0%	0%	1,060	-2%
EBIT	1,083	2,766	3,125	8,085	1,422	1,417	3,629	156%	31%	3,255	11%
EBIT margin	13.9%	27.2%	29.5%	22.7%	17.4%	16.9%	29.5%	1261bps	224bps	28.4%	105bps
Other income	30	155	382	663	442	454	496	9%	221%	450	10%
Profit before tax	1,096	2,905	3,490	8,682	1,848	1,852	3,263	76%	12%	3,685	-11%
Income tax expense	370	780	957	2,464	551	554	903	63%	16%	1,006	-10%
PAT	762	2,150	2,569	6,346	1,331	1,328	3,191	140%	48%	2,719	17%
Adjusted Basic EPS	0.4	0.4	1.0	1.2	0.6	0.6	1.5	140%	319%	0.6	153%

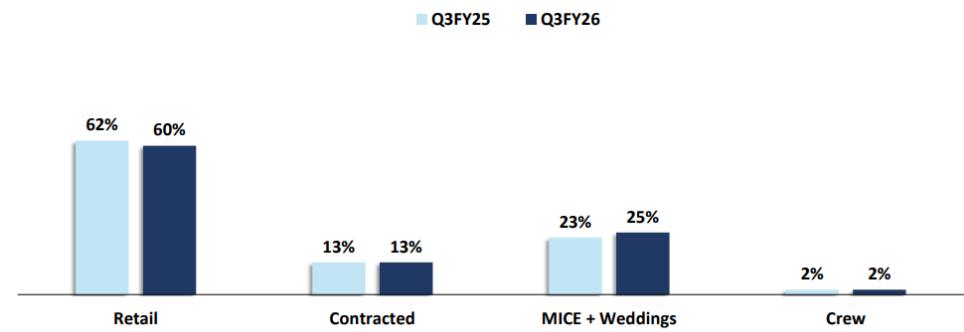
Source: Company, JM Financial

Note: Revenue adjusted for residential segment came in at INR 11.5bn (+13% YoY; +37% QoQ) which was in line with JMFe. EBITDA of INR 4.4bn (+16% YoY; +79% QoQ) was 2% above JMFe.

## Exhibit 2. RevPAR outperformance across cities

Source: Company, JM Financial, CoStar  
Data for YTD Nov'25 (Owned Hotels)

## Exhibit 3. Room segment snapshot

Source: Company, JM Financial  
Data for 3QFY26  
Domestic Owned Hotels

## Exhibit 4. Strong multi-channel distribution network



Source: Company, JM Financial  
 Data for 3QFY26  
 Domestic Owned Hotels

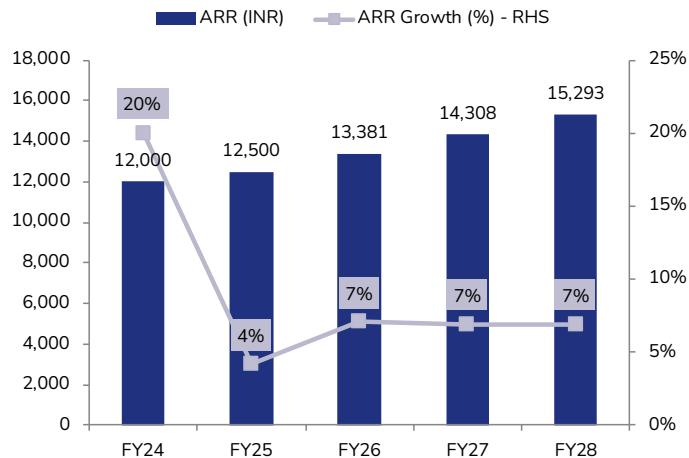
## Exhibit 5. Brand landscape

Brands	Operational Hotels   Keys	Pipeline Hotels   Keys	Total Hotels   Keys
ITC HOTELS HILTON HOTEL LUXURY	16   4789	1   140	17   4929
MEMENTOS BY ITC HOTELS	2   181	2   420	4   601
EPIQ COLLECTION Member ITC Hotels Group	-	3   469	3   469
STORI BY ITC HOTELS	10   374	12   713	22   1087
WELCOMHOTEL	29   3252	17   2360	46   5612
FORTUNE Member ITC Hotels' Group	59   4409	25   2017	84   6426
W.H. WelcomHeritage Member ITC Hotels' Group	36   1065	1   33	37   1098
<b>Total</b>	<b>152   14070</b>	<b>61   6152</b>	<b>213   20222</b>

Source: Company, JM Financial  
 Status as on 31<sup>st</sup> Dec'25 | Pipeline excludes upcoming owned hotel at Yashobhoomi, New Delhi  
 Pipeline (keys) include proposed expansion at existing hotels

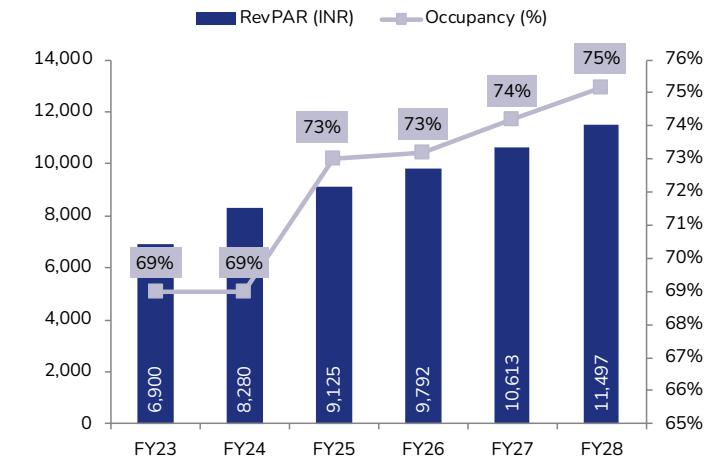
## Annual Information and Estimates

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



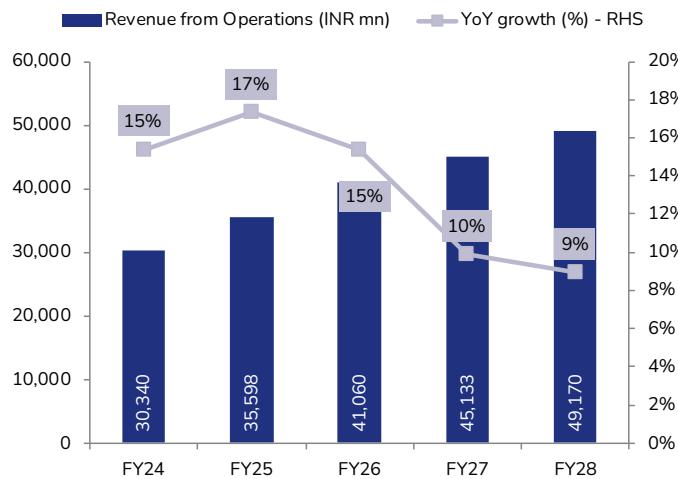
Source: Company, JM Financial

Exhibit 7. ...with improving occupancy



Source: Company, JM Financial

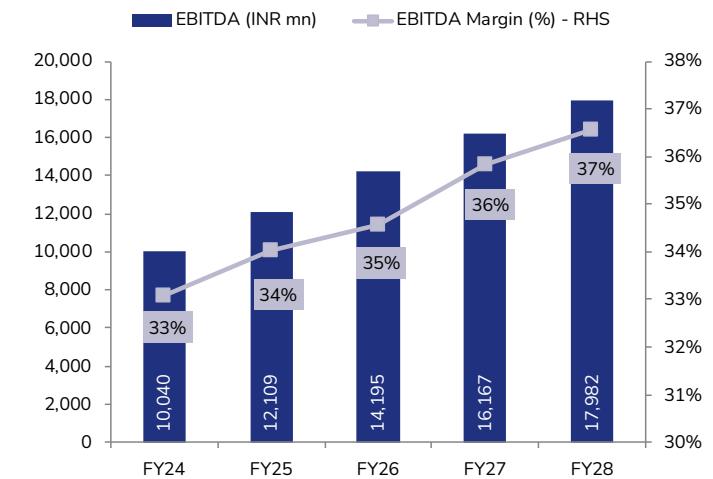
Exhibit 8. Revenue to grow at 11% CAGR over FY25-28E...



Source: Company, JM Financial

Note: These numbers does not include the residential segment

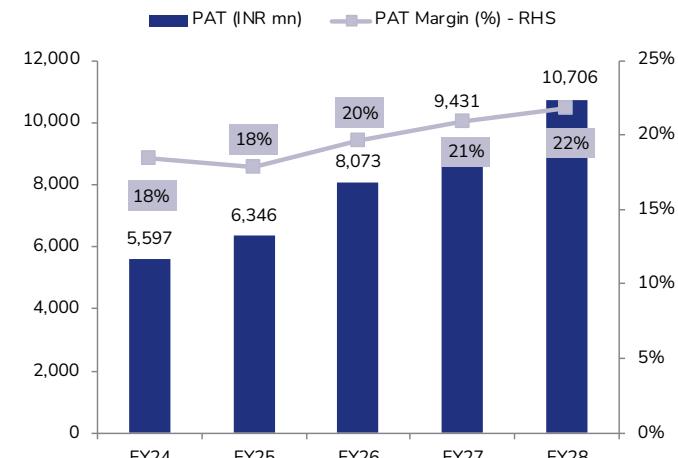
Exhibit 9. ...and EBITDA to clock 14% CAGR over the same period



Source: Company, JM Financial

Note: These numbers does not include the residential segment

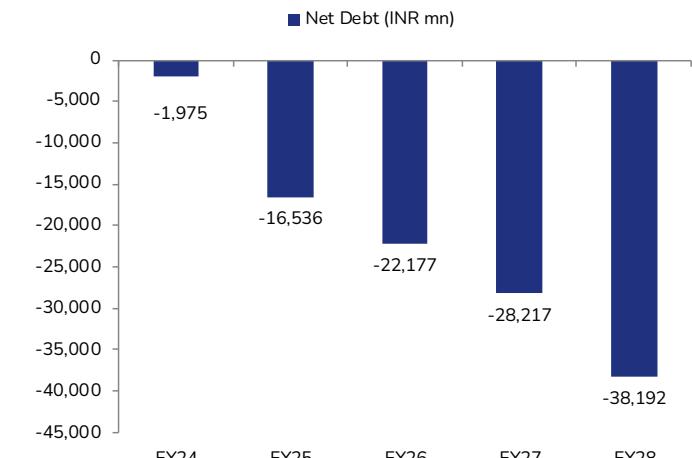
Exhibit 10. Stable PAT performance



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	FY25	FY26E	FY27E	FY28E
Keys	250	352	352	352
Room Night Available	91,250	128,480	128,480	128,480
Room Night Sold	41,063	77,088	83,512	83,512
Hotel Occupancy	45%	60%	65%	65%
Average Rate	14,000	14,560	15,288	16,052
growth %		4%	5%	5%
Room Revenue (INR mn)	575	1,122	1,277	1,341
F&B and other revenues	460	898	1,047	1,113
<b>Total Revenues</b>	<b>1,035</b>	<b>2,020</b>	<b>2,324</b>	<b>2,453</b>

Source: Company, JM Financial

**Exhibit 13. Mar'27 TP of INR 235**

INR mn (unless mentioned)	FY28E
EV/EBITDA multiple (x)	25.0x
Hotel EBITDA - FY28E	17,982
Value of the Residential business	11,299
<b>Enterprise Value</b>	<b>46,0843</b>
Net Debt/(Cash)	-28,217
Equity Value	4,89,059
No. of shares (mn)	2,081
Price per share (INR)	235

Source: Company, JM Financial

**Exhibit 14. ITC Hotels EV/EBITDA chart**

Source: Bloomberg, Company

## Financial Tables (Consolidated)

Income Statement (INR mn)						Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E	Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	30,340	35,598	41,060	45,133	49,170	Shareholders' Fund	84,979	106,922	114,994	124,426	135,132
Sales Growth	15.4%	17.3%	15.3%	9.9%	8.9%	Share Capital	830	2,081	2,081	2,081	2,081
Other Operating Income	0	0	0	0	0	Reserves & Surplus	84,149	104,841	112,913	122,344	133,051
<b>Total Revenue</b>	<b>30,340</b>	<b>35,598</b>	<b>41,060</b>	<b>45,133</b>	<b>49,170</b>	Preference Share Capital	0	0	0	0	0
Cost of Goods Sold/Op. Exp	2,960	3,632	4,517	4,965	5,409	Minority Interest	333	363	393	424	455
Personnel Cost	5,860	6,925	7,391	7,673	8,113	Total Loans	0	0	0	0	0
Other Expenses	11,480	12,933	14,958	16,329	17,667	Def. Tax Liab. / Assets (-)	3,997	4,257	4,257	4,257	4,257
<b>EBITDA</b>	<b>10,040</b>	<b>12,109</b>	<b>14,195</b>	<b>16,167</b>	<b>17,982</b>	<b>Total - Equity &amp; Liab.</b>	<b>89,308</b>	<b>111,542</b>	<b>119,645</b>	<b>129,107</b>	<b>139,844</b>
<b>EBITDA Margin</b>	<b>33.1%</b>	<b>34.0%</b>	<b>34.6%</b>	<b>35.8%</b>	<b>36.6%</b>	Net Fixed Assets	81,883	83,312	84,129	86,357	85,942
<b>EBITDA Growth</b>	<b>24.3%</b>	<b>20.6%</b>	<b>17.2%</b>	<b>13.9%</b>	<b>11.2%</b>	Gross Fixed Assets	80,240	101,247	106,147	112,647	116,647
Depn. & Amort.	2,980	4,024	4,230	4,424	4,574	Intangible Assets	3,759	3,836	3,983	4,135	4,294
EBIT	7,060	8,085	9,964	11,743	13,408	Less: Depn. & Amort.	19,783	23,330	27,560	31,984	36,559
Other Income	350	663	696	731	768	Capital WIP	17,667	1,560	1,560	1,560	1,560
Finance Cost	70	66	68	69	70	Investments	320	104	104	104	104
PBT before Excep. & Forex	7,340	8,682	10,593	12,404	14,105	Current Assets	19,715	41,346	49,598	57,644	69,618
Excep. & Forex Inc/Loss(-)	0	0	0	0	0	Inventories	10,366	12,412	14,316	15,736	17,144
PBT	7,340	8,682	10,593	12,404	14,105	Sundry Debtors	1,445	2,018	2,327	2,558	2,787
Taxes	1,982	2,464	2,648	3,101	3,526	Cash & Bank Balances	1,975	16,536	22,177	28,217	38,192
Extraordinary Inc./Loss(-)	0	0	0	0	0	Loans & Advances	4	2	2	2	2
Assoc. Profit/Min. Int.(-)	22	-128	-128	-128	-128	Other Current Assets	5,925	10,379	10,775	11,130	11,493
Reported Net Profit	5,597	6,346	8,073	9,431	10,706	Current Liab. & Prov.	12,610	13,221	14,185	14,998	15,819
<b>Adjusted Net Profit</b>	<b>5,597</b>	<b>6,346</b>	<b>8,073</b>	<b>9,431</b>	<b>10,706</b>	Current Liabilities	6,908	5,550	6,226	6,738	7,247
Net Margin	18.4%	17.8%	19.7%	20.9%	21.8%	Provisions & Others	5,702	7,671	7,960	8,260	8,572
Diluted Share Cap. (mn)	2,081.2	2,081.2	2,081.2	2,081.2	2,081.2	Net Current Assets	7,105	28,126	35,412	42,646	53,799
<b>Diluted EPS (INR)</b>	<b>2.7</b>	<b>3.0</b>	<b>3.9</b>	<b>4.5</b>	<b>5.1</b>	<b>Total - Assets</b>	<b>89,308</b>	<b>111,542</b>	<b>119,645</b>	<b>129,107</b>	<b>139,844</b>
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
<b>Operating Cash Flow</b>	<b>6,725</b>	<b>8,035</b>	<b>10,549</b>	<b>12,548</b>	<b>13,983</b>
Capex	-6,729	-3,859	-4,900	-6,500	-4,000
Free Cash Flow	-4	4,175	5,649	6,048	9,983
Inc (-) / Dec in Investments	-776	-13,555	0	0	0
Others	-21	-4,643	0	0	0
<b>Investing Cash Flow</b>	<b>-7,527</b>	<b>-22,057</b>	<b>-4,900</b>	<b>-6,500</b>	<b>-4,000</b>
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
<b>Financing Cash Flow</b>	<b>1,270</b>	<b>14,297</b>	<b>-8</b>	<b>-8</b>	<b>-8</b>
Inc / Dec (-) in Cash	<b>468</b>	<b>274</b>	<b>5,642</b>	<b>6,040</b>	<b>9,975</b>
Opening Cash Balance	25	513	787	6,429	12,468
Closing Cash Balance	493	787	6,429	12,468	22,443

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%	8.4%	10.1%	11.7%
ROE	6.6%	6.6%	7.3%	7.9%	8.2%
Net Debt/Equity (x)	0.0	-0.2	-0.2	-0.2	-0.3
P/E (x)	66.8	58.9	46.3	39.6	34.9
P/B (x)	4.4	3.5	3.3	3.0	2.8
EV/EBITDA (x)	37.1	29.5	24.8	21.4	18.7
EV/Sales (x)	12.3	10.0	8.6	7.7	6.8
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
26-Oct-25	Add	235	9.3

**Recommendation History**

## APPENDIX I

## JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

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

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New Rating System: Definition of ratings	
Rating	Meaning
BUY	Expected return >= 15% over the next twelve months.
ADD	Expected return >= 5% and < 15% over the next twelve months.
REDUCE	Expected return >= -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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