

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 Ratnadipa (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 Ratnadipa 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

(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 | 8.4 | 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 JMF. EBITDA of INR 4.4bn (+16% YoY; +79% QoQ) was 2% above JMF.

Exhibit 2. RevPAR outperformance across cities

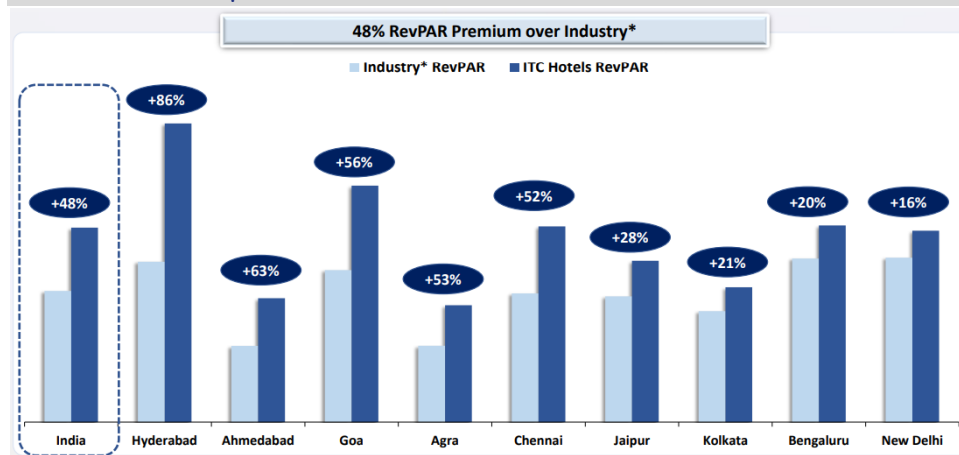
Source: Company, JM Financial, CoStar
Data for YTD Nov'25 (Owned Hotels)

Exhibit 3. Room segment snapshot

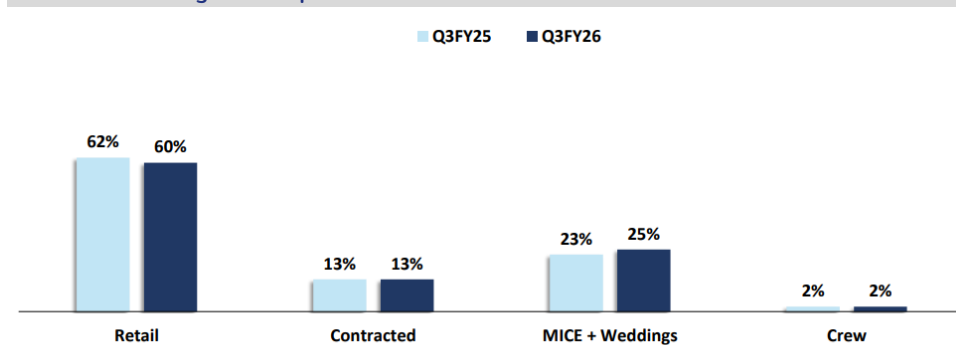







Source: Company, JM Financial
Data for 3QFY26
Domestic Owned Hotels

Exhibit 4. Strong multi-channel distribution network



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

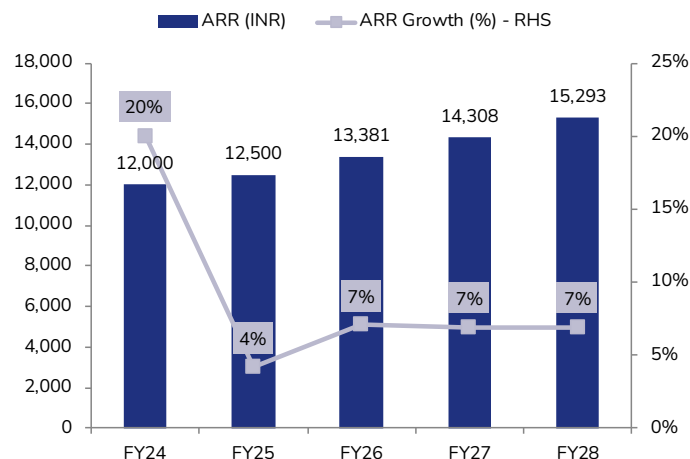
Exhibit 5. Brand landscape

| Brands | Operational Hotels Keys | Pipeline Hotels Keys | Total Hotels Keys |
|--|------------------------------|---------------------------|------------------------|
|  ITC HOTELS REDEFINING 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 |
|  STORM BY ITC HOTELS | 10 374 | 12 713 | 22 1087 |
|  WELCOMHOTEL BY ITC HOTELS | 29 3252 | 17 2360 | 46 5612 |
|  FORTUNE Member ITC Hotels Group | 59 4409 | 25 2017 | 84 6426 |
|  WELCOMHERITAGE Member ITC Hotels Group | 36 1065 | 1 33 | 37 1098 |
| Total | 152 14070 | 61 6152 | 213 20222 |

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

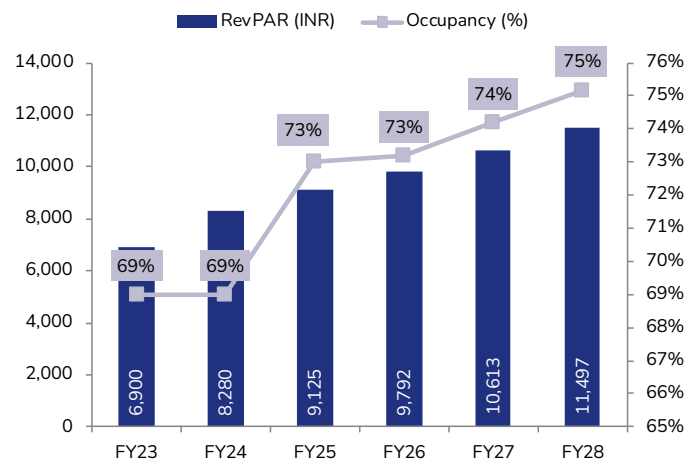
Annual Information and Estimates

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



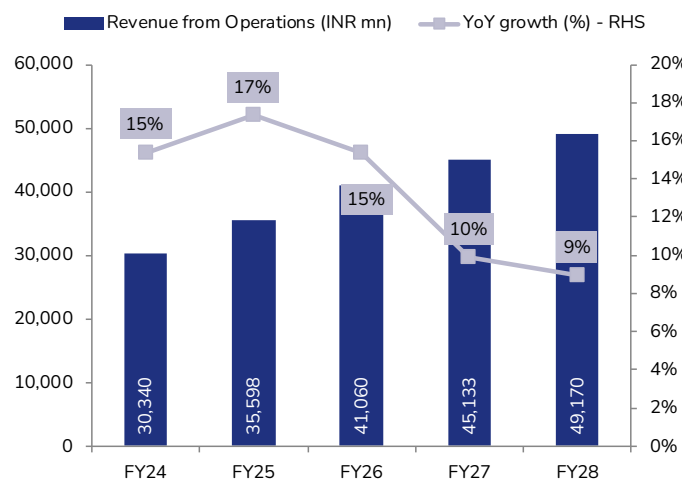
Source: Company, JM Financial

Exhibit 7. ...with improving occupancy



Source: Company, JM Financial

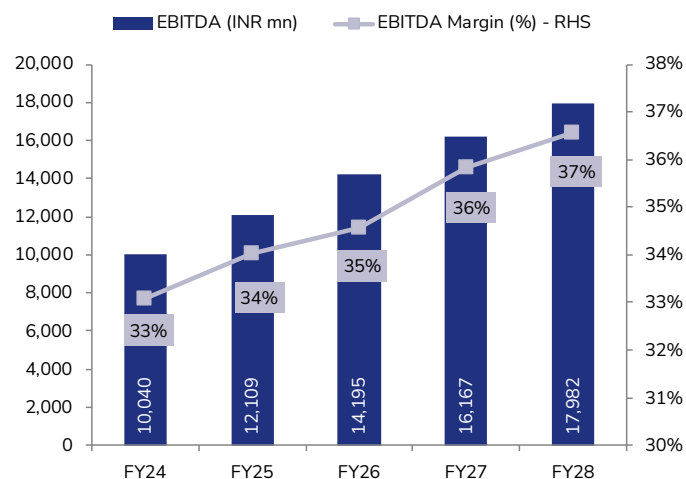
Exhibit 8. Revenue to grow at 11% CAGR over FY25-28E...



Source: Company, JM Financial

Note: These numbers does not include the residential segment

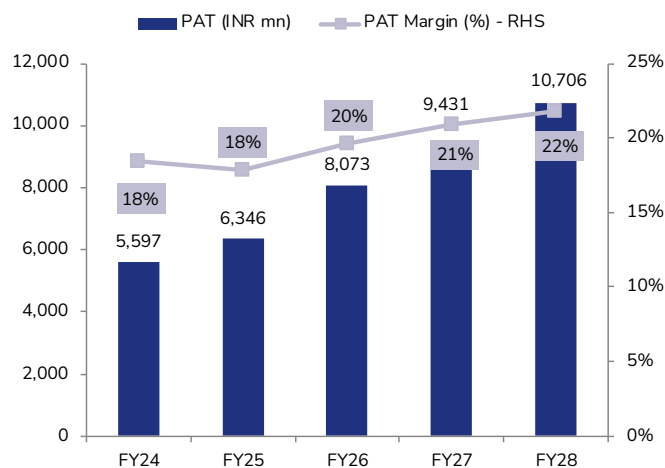
Exhibit 9. ...and EBITDA to clock 14% CAGR over the same period



Source: Company, JM Financial

Note: These numbers does not include the residential segment

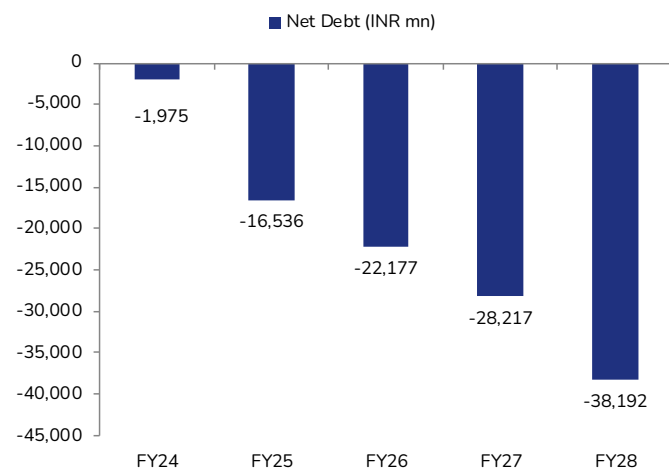
Exhibit 10. Stable PAT performance



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

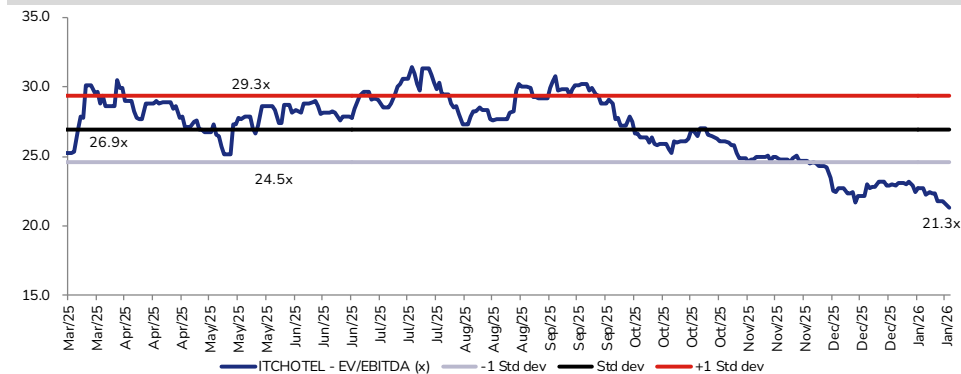
| Ratnadipa - Sri Lanka | FY25 | FY26E | FY27E | FY28E |
|------------------------|--------------|--------------|--------------|--------------|
| Keys | 250 | 352 | 352 | 352 |
| Room Night Available | 91,250 | 128,480 | 128,480 | 128,480 |
| Room Night Sold | 41,063 | 77,088 | 83,512 | 83,512 |
| Hotel 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 |
| Total Revenues | 1,035 | 2,020 | 2,324 | 2,453 |

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 |
| Enterprise Value | 4,60,843 |
| 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) | | | | | |
|----------------------------|---------------|---------------|---------------|---------------|---------------|
| 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 | -4,900 | -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 |
| Investing Cash Flow | -7,527 | -22,057 | -4,900 | -6,500 | -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 | 5,642 | 6,040 | 9,975 |
| 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

| 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 | 84,129 | 86,357 | 85,942 |
| Gross Fixed Assets | 80,240 | 101,247 | 106,147 | 112,647 | 116,647 |
| 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 | 49,598 | 57,644 | 69,618 |
| 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 | 22,177 | 28,217 | 38,192 |
| 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 | 35,412 | 42,646 | 53,799 |
| Total - Assets | 89,308 | 111,542 | 119,645 | 129,107 | 139,844 |

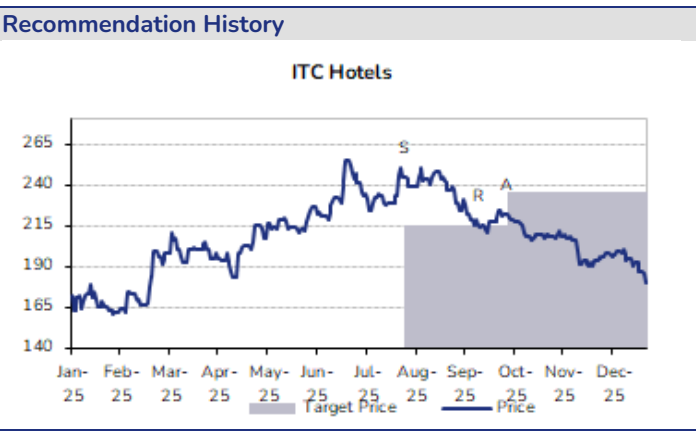
Source: Company, JM Financial

| 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% | 8.4% | 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 |



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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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.

Research Analyst(s) Certification

The Research Analyst(s), with respect to each issuer and its securities covered by them in this research report, certify that:

All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and

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