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26th October 2026

Quarterly Result Update

ITC Hotels Ltd



ITC Hotels Limited

Reco	HOLD

Industry	Hotels
LTP (Oct 26, 2026)	Rs. 164.3
Buy on Dips	Rs. 147-152
Base case target	Rs 184
Bull case target	Rs 198
Time Horizon	4 Quarters

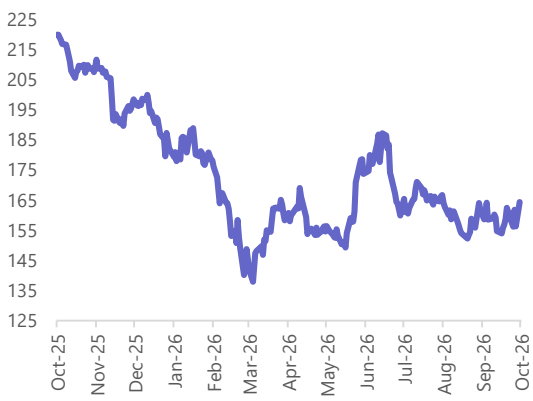
Stock Info

BSE Code	544325
NSE Code	ITCHOTELS
Bloomberg	ITCH:IN
Equity Capital (Rs Cr)	208.3
Face Value (Rs)	1
Equity Share O/S (Cr)	208.3
Market Cap (Rs Cr)	34,273
Adj. Book Value (Rs)	56.0
Avg. 52 Wk Volumes	34,40,791
52 Week High	226.6
52 Week Low	137.3

Share Holding Pattern (%) (Sep'26)

Promoters	39.85
Institutions	35.20
Non-Institutions	24.95
Total	100.0

One Year Price Chart



Research Analyst

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Strong Q2 print, domestic demand remains resilient amidst global slowdown

ITC Hotels reported a strong Q2FY27 with revenue up by 25.6%12.6% YoY/QoQ to Rs 1,054 cr, despite moderation in global travel demand and slowing of international arrivals. Excluding branded residences, revenue rose 17.4% YoY to Rs 978 Cr, indicating that the operating hotel portfolio remained the principal driver of growth. EBITDA grew by 37.3%/15.4% YoY/QoQ to Rs 337 cr, while EBITDA margin expanded about 274/78 bps YoY/QoQ to 32.0%. PAT rose 51.4%/11.5% YoY/QoQ to Rs 201 Cr, with PAT margin at 19.2% against 15.9% in Q2FY26.

Operating metrics during the quarter remained resilient with Occupancy improving by 481 bps YoY to 76% during the quarter, Average Daily Rates grew 14% (ADR), resulting in overall RevPAR growth of 21.3% YoY to Rs 9,700 as compared to Rs 8,000 in Q2FY26. Room Revenue grew 22% YoY to Rs 501 cr, led by supported by healthy transient demand across key markets and buoyancy in MICE, aided by the BRICS Summit in New Delhi.

F&B revenue grew by 12% YoY, led primarily by specialty outlets and banqueting. Management Fees grew by 25% YoY as managed portfolio continues to stabilize. ITC Ratnadipa continued to register strong revenue growth, with Q2 RevPAR at 1.8x over FY25 levels while sustaining its leadership position in RevPAR.

The outlook for the seasonally stronger second half remains constructive, aided by the wedding and events calendar and limited supply additions in several key markets. We have, however, marginally revised our estimates to factor in slower inbound foreign tourist arrivals on account of the prolonged West Asia conflict. Elevated crude prices, firmer inflation and softer domestic air traffic in August–September remain monitorables, although domestic business, event and leisure demand has so far absorbed these pressures, as the quarter's RevPAR shows.

*With the stock currently trading at 29.0x FY28E earnings and 17.8x FY28E EV/EBITDA, we maintain **HOLD** recommendation w.r.t our Pick of the Week report dated February 22, 2026 (link), and recommend to add on dips in the range of Rs 147-152. However, we cut the Base Case/ Bull Case Target Price to Rs 184/198, from previous Targets of Rs 195/212, factoring in the impact of slower inbound travel and the prolonged surge in crude oil prices.*

Key Takeaways

- Domestic demand continues to remain resilient amidst global uncertainties impacting in-bound travel. ADR witnessed strong improvement of 14% YoY to Rs 12,800 from Rs 11,300 in Q2FY26.
- The portfolio stood at 156 operational hotels with over 14,300 keys at end-September 2026, of which 41% are owned and 59% managed. Management fee income rose 25% YoY to Rs 43 Cr, although it remains a modest 4.4% of revenue excluding branded residences.
- The RevPAR premium over the industry benchmark stood at 44%, led by Hyderabad, Goa, Delhi, Agra, Chennai and Ahmedabad, while the premium was narrower at about 3% in Mumbai and Kolkata.
- Cost ratios improved YoY, with F&B cost at 24% of F&B revenue (25% Q2FY26), people cost at 24% of revenue (25% Q2FY26) and energy cost at 5% (6% Q2FY26), while other operating costs held at 29%.
- The order book is diversified across IPPs, C&I customers and other market segments, with DCR and non-DCR orders accounting for approximately 70% and 30%, respectively.
- Domestic operating ROCE improved to 19.5% at September 2026 from 17.3% a year ago, which management attributes to stabilisation of owned hotels, higher yields, cost control and rising fee income.
- Five owned projects with 700+ keys are under way across Puri, Visakhapatnam, New Delhi, Bhubaneswar and ITC Grand Bharat. ITC Kumarakom (72 keys, acquired in May 2026) is expected to launch by December 2026, while Welcomhotel Ahmedabad (130 keys, acquired in September 2026) is due for refurbishment over the next six months.
- ITC Ratnadipa remained EBITDA positive in Q2 and H1FY27, with RevPAR at 1.8x the FY25 level. Sapphire Residences handed over four apartments in the quarter, taking cumulative handovers to 20 apartments (101k sq ft) at average realisations above Rs 31,600 per sq ft. Retail and office rentals at ITC Ratnadipa are expected to begin in Q4FY27.

- The board approved the incorporation of a wholly owned subsidiary in Dubai, subject to regulatory approvals. The company also added land at Yashobhoomi Complex in Delhi and a 2.8-acre freehold parcel in Lucknow, which can support a luxury hotel of 200+ keys.

Valuation & Recommendation

The quarter showed growth across rooms, F&B and fees, with margins expanding on better pricing and a lower cost ratio base. Occupancy of 76% and a 44% RevPAR premium over the industry give the owned portfolio a firm earnings base, while the Asset-Right strategy lowers the capital intensity of future growth through a larger managed pipeline. A domestic operating ROCE of 19.5% and an EBITDA-positive Sri Lankan subsidiary add to the quality of earnings.

The seasonally stronger second half, weddings, large events and limited supply in key markets support the near-term outlook. We have marginally revised our estimates to factor in slower inbound foreign tourist arrivals due to the prolonged West Asia conflict, alongside elevated crude prices and softer air traffic. Conversion of the managed pipeline and the ramp-up of recently acquired assets will be the key determinants of earnings beyond FY27.

With the stock currently trading at 29.0x FY28E earnings and 17.8x FY28E EV/EBITDA, we maintain HOLD recommendation w.r.t our Pick of the Week report dated February 22, 2026 (link), and recommend to add on dips in the range of Rs 147-152. However, ***we cut the Base Case/ Bull Case Target Price to Rs 184/198, from previous Targets of Rs 195/212***, factoring in the impact of slower inbound travel and the prolonged surge in crude oil prices.

Risks & Concerns

- Prolonged escalation in West Asia beyond current expectations could further depress inbound travel, freight and insurance costs, and energy prices, impacting both revenue and margins, beyond FY27.
- The hospitality sector is susceptible to downturns in the domestic and international economies. The global economic environment remains fragile, with growth slowing down in advanced economies. Although travel demand remains robust in India, the company may be adversely impacted in the case of an economic slowdown.
- The hotel industry and retail food and beverage industry are intensely competitive, with threats from new entrants and aggressive expansion and upgradation from existing players.
- Disruptions related to project execution may lead to a delay in expansionary growth.
- Over-aggressive room additions may impact occupancy levels. The company needs to maintain a balance between the inventory of resorts and the growth of customers. While the company plans to aggressively expand its geographical footprint, any industry oversupply may affect its occupancy levels.
- Weakening of operating performance due to lower-than-estimated ARR and/or occupancy, resulting in material compression in operating margin on a sustained basis.

Financial Summary

Particulars (in Rs Cr)	Q2FY27	Q2FY26	YoY-%	Q1FY27	QoQ-%	FY24	FY25	FY26	FY27E	FY28E
Total Operating Income	1,054	839	26%	936	13%	2,224	3,560	4,139	4,701	5,301
EBITDA	337	246	37%	292	15%	750	1,211	1,424	1,537	1,773
APAT	201	133	51%	180	12%	422	635	897	992	1,180
Diluted EPS (Rs)	1.0	0.6	50%	0.9	10%	2.0	3.0	4.3	4.8	5.7
RoE %						9.9	6.6	8.0	8.2	8.9
P/E (x)						81.1	53.9	38.2	34.5	29.0
EV/EBITDA (x)						45.6	28.1	23.5	21.2	17.8

(Source: Company, HDFC sec)

Rating Criteria
Buy - > 15%+ return potential
Add - +5% to +15% return potential
Reduce - -10% to +5% return potential
Sell - >10% downside return potential

Disclosure:
I, **Darshil Shah (CA, MBA)**, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect its views about the subject issuer(s) or securities. SEBI conducted the inspection and based on their observations have issued advise/warning. The said observations have been complied with. We also certify that no part of its compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.
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