

ITC Hotels

Solid Fundamentals, Stretched Valuations



Prominent player with
diversified portfolio

Focussing on asset
light growth

Valuation leaves
limited headroom

ITC Hotels

Solid fundamentals, stretched valuations

Incubated under the ITC umbrella, ITC Hotels (ITCH) has evolved into an industry leader with ~140 properties with c. 13,500 keys. ITCH enjoys a distinct market positioning with c.60% inventory under the luxury segment. Having developed a strong portfolio of owned assets (5,500 keys) over the last 2 decades, the company has an asset-light pipeline to further expand its footprint to over 200 hotels and ~20,000 keys by 2030. It has delivered 22% CAGR in EBITDA over FY23-25 but near-term growth remains restricted with no new asset getting commissioned till FY28E. We expect it to report 11%/13% CAGR in revenue and EBITDA over FY25-28E aided by c.7% growth in ADR and ramp-up of the Sri Lanka asset. While robust cash generation can enable it to accelerate growth by way of inorganic acquisitions, we believe such an outcome is adequately priced in at current valuations of ~30x on FY27E earnings. Thus, we initiate coverage with a SELL rating and a target price (TP) of INR 215, valuing the company at 25x Jun'27 EBITDA (15% discount to IHCL's target multiple).

Evolved into a market leader: ITC entered the hospitality business 5 decades ago with the acquisition of a hotel in Chennai. Since then, ITC Hotels has evolved into an industry leader. ITCH's portfolio is spread across six distinct hotel brands with c.62% inventory under 'ITC Hotels' and 'Mementos' brands, which are positioned in the luxury segment. Of the 140 hotels, the company owns 25 hotels with c. 5,500 keys and the balance keys are a part of managed hotels, thereby implying a balanced mix of 45%/55% owned/managed hotels.

'Asset-right' strategy: During the prior upcycle, ITCH adopted an aggressive investment-led growth strategy to expand its footprint in the luxury and upper upscale segments. Having achieved considerable scale and market leadership position, the company pivoted to an 'asset-right' strategy to achieve scalable growth while optimising capital allocation. This strategy has also enabled it to expand its presence to tier 2 and tier 3 cities, while mitigating development and execution risks.

Fee business to scale up rapidly: ITCH has a visible pipeline to further expand its footprint to over 20,000 keys by 2030, with the share of asset-light keys increasing to 65% from about 55% currently. Over the last 24 months, it has opened 25 hotels (run-rate of 1 hotel each month) and expects the momentum to continue with the fee business growing at FY25-FY28E CAGR of 16%.

Strong balance sheet...: ITCH has a strong debt-free balance sheet with a net cash position of INR 17bn. We expect the company to generate cumulative FCF of INR ~25bn over FY26-28E, which positions it well to fund the planned expansion and also undertake inorganic opportunities. ITCH has three hotel projects (c. 418 keys) in the pipeline and aims to spend c. INR 8bn-9bn on these 3 hotels over FY26E-FY30E.

...but growth restricted in near term, initiate with SELL: It has delivered 22% CAGR in EBITDA over FY23-25 driven by 15% CAGR in RevPAR during the same period. However, due to limited incremental inventory getting commissioned till FY28E, we believe growth will be limited in the near term. We expect it to report 11%/13% CAGR in revenue and EBITDA over FY25-28E aided by c.7% growth in ADR and ramp-up of the Sri Lanka asset. Hence, we initiate coverage with a SELL rating and a target price (TP) of INR 215, valuing the company at 25x Jun'27 EBITDA (15% discount to IHCL's target multiple).

Recommendation and Price Target		Financial Summary (INR mn)					
Current Reco.	SELL	Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Current Price Target (12M)	215	Net Sales	30,340	35,598	40,511	44,354	48,094
Upside/(Downside)	-12.2%	Sales Growth (%)	15.4	17.3	13.8	9.5	8.4
Key Data – ITCHOTEL IN		EBITDA	10,040	12,109	14,349	16,154	17,636
Current Market Price *	INR245	EBITDA Margin (%)	33.1	34.0	35.4	36.4	36.7
Market cap (bn) *	INR509.8/US\$5.8	Adjusted Net Profit	5,597	6,346	8,079	9,313	10,162
Free Float	33%	Diluted EPS (INR)	27.3	30.5	38.8	44.7	48.8
Shares in issue (mn)	2,081.2	Diluted EPS Growth (%)	1.9	11.7	27.3	15.3	9.1
Diluted share (mn)	208.1	ROIC (%)	12.4	6.7	8.2	9.4	10.3
3-mon avg daily val (mn)	INR1,126.5/US\$12.9	ROE (%)	6.6	6.6	7.3	7.8	7.9
52-week range	262/155	P/E (x)	9.0	8.0	6.3	5.5	5.0
Sensex/Nifty	81,307/24,870	P/B (x)	0.6	0.5	0.4	0.4	0.4
INR/US\$	87.5	EV/EBITDA (x)	50.6	40.8	33.9	29.6	26.6
		Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0
Price Performance		Source: Company data, JM Financial. Note: Valuations as of 22/Aug/2025					
%	1M	6M	12M	JM Financial Research is also available on: Bloomberg - JMFR <GO>, Thomson Publisher & Reuters, S&P Capital IQ, FactSet & Visible Alpha			
Absolute	0.5	50.5	0.0	You can also access our portal: www.jmflresearch.com			
Relative*	0.7	38.0	0.0	Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.			

*To the BSE Sensex

Sumit Kumar
sumit.kumar@jmfl.com
Tel: (91 22) 66303089

Sourabh Gilda
sourabh.gilda@jmfl.com
Tel: (91 22) 66303114

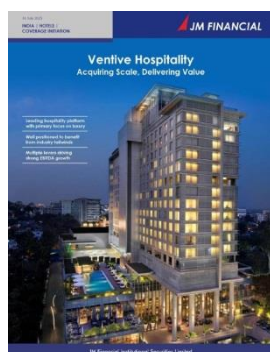
Tushar Wankhede
tushar.wankhede@jmfl.com
Tel: (91 22) 62241795

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Incubated under the ITC umbrella, ITC Hotels (ITCH) has established itself as an industry leader with ~140 properties with c. 13,500 keys. Having developed a strong portfolio of owned assets (5,500 keys) over the last 2 decades, the company has an asset-light pipeline to further expand the footprint to ~20,000 keys by 2030. It has delivered 22% CAGR in EBITDA over FY23-25 but near-term growth remains restricted with no new asset getting commissioned till FY28E. We expect it to report 11%/13% CAGR in revenue and EBITDA over FY25-28E aided by c.7% growth in ADR and ramp-up of the Sri Lanka asset. While robust cash generation can enable it to accelerate growth by way of inorganic acquisitions, we believe such an outcome is adequately priced in at current valuations of ~30x on FY27E earnings. Thus, we initiate coverage with a SELL rating and a target price (TP) of INR 215.

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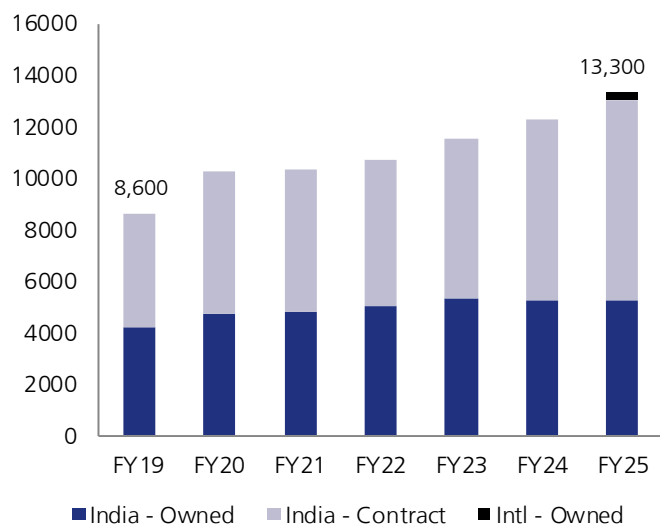
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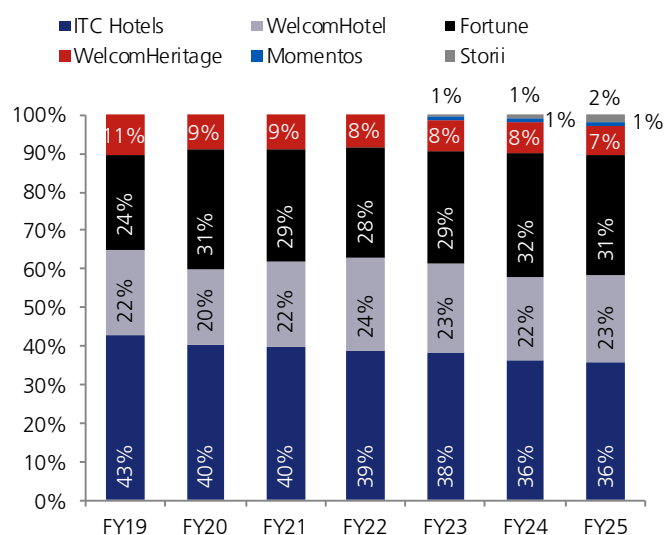
Focus charts

Exhibit 1. ITC has a portfolio of 13,300 keys...



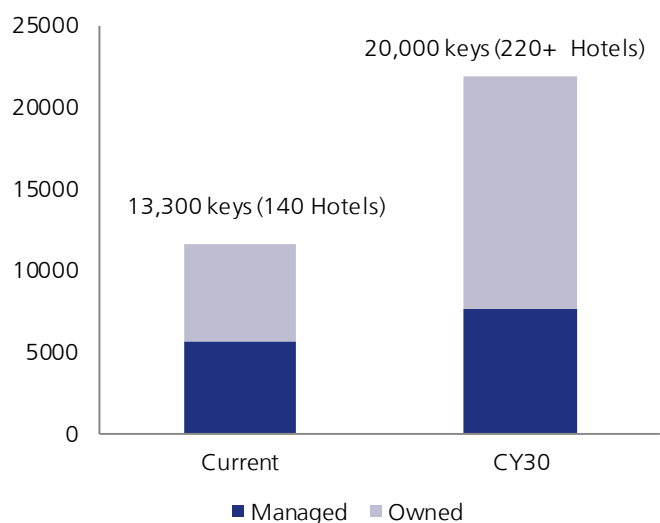
Source: Company, JM Financial

Exhibit 2. ...with 60% inventory in luxury segment



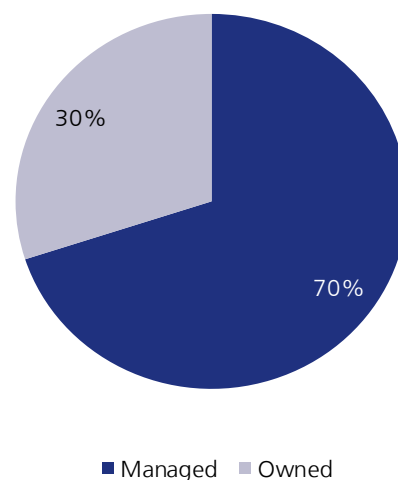
Source: Company, JM Financial

Exhibit 3. Portfolio to grow to 20,000 keys...



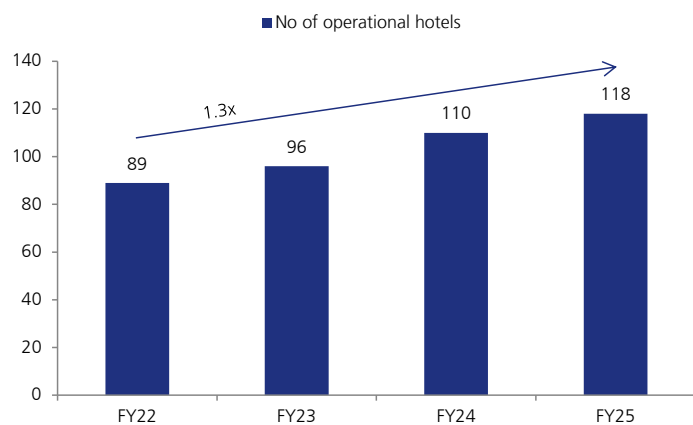
Source: Company, JM Financial

Exhibit 4. ...with 70% share of managed hotels



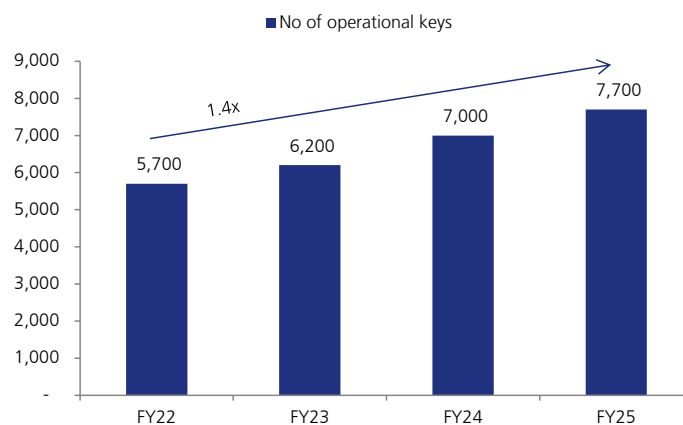
Source: Company, JM Financial

Exhibit 5. Strong increase in no of managed hotels



Source: Company, JM Financial

Exhibit 6. Accelerated traction in scaling up managed portfolio



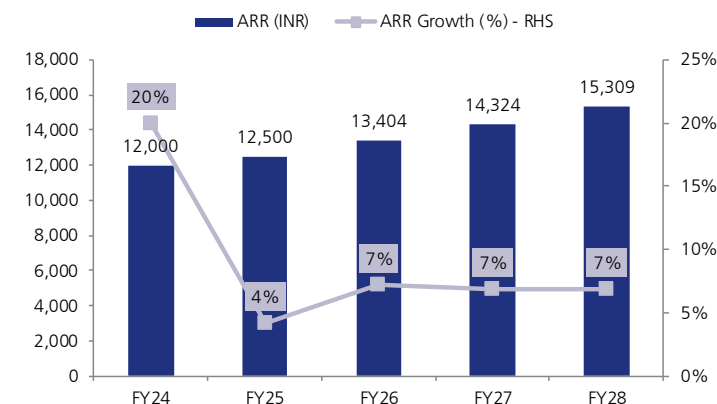
Source: Company, JM Financial

Exhibit 7. ITC hotels current portfolio and development pipeline

Brands	Operational		Pipeline		Total	
	Hotels	Keys	Hotels	Keys	Hotels	Keys
ITC Hotels	16	4,789	-	-	16	4,789
Mementos	2	181	2	420	4	601
WelcomHotel	27	3,002	12	1,592	44	5,228
Storii	7	229	12	655	19	890
Fortune	57	4,263	24	1,909	81	6,172
WelcomHeritage	34	999	3	130	37	1,129
Total	143	13,469	58	5,340	201	18,809

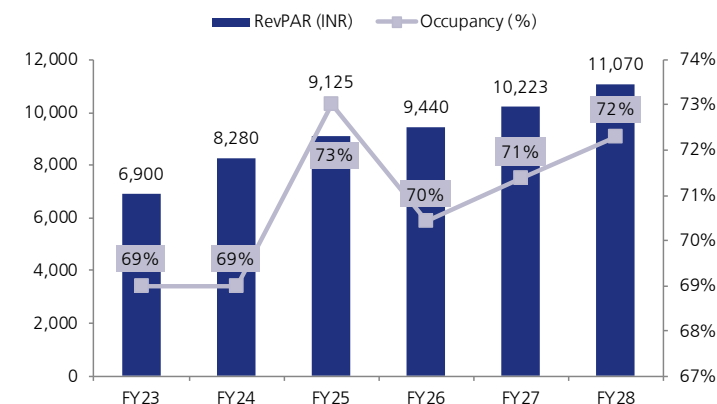
Source: Company, JM Financial

Exhibit 8. ARR to grow at a CAGR of 7% over FY25-28E...



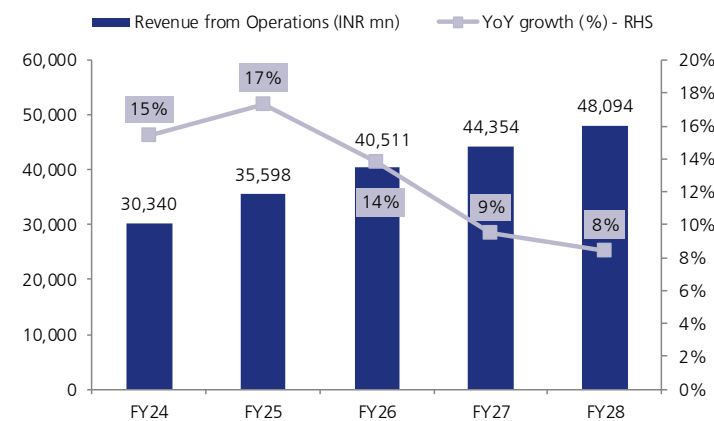
Source: Company, JM Financial

Exhibit 9. ...with improving occupancy



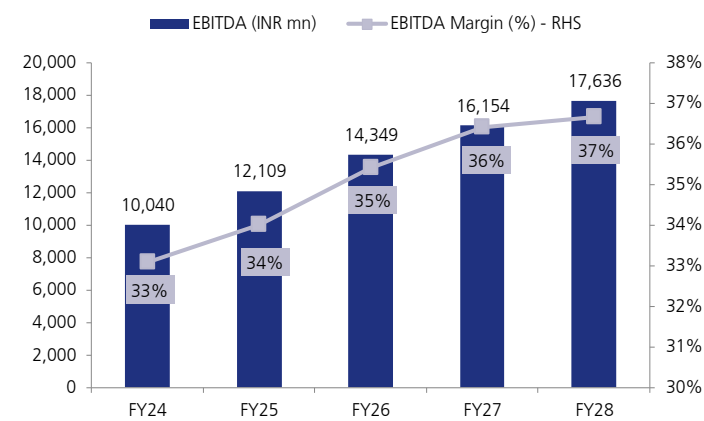
Source: Company, JM Financial

Exhibit 10. Revenue to grow at 11% CAGR over FY25-28E...



Source: Company, JM Financial

Exhibit 11. ...and EBITDA to clock 13% CAGR over the same period



Source: Company, JM Financial

Investment thesis

Strong portfolio with balanced mix of owned/managed hotels

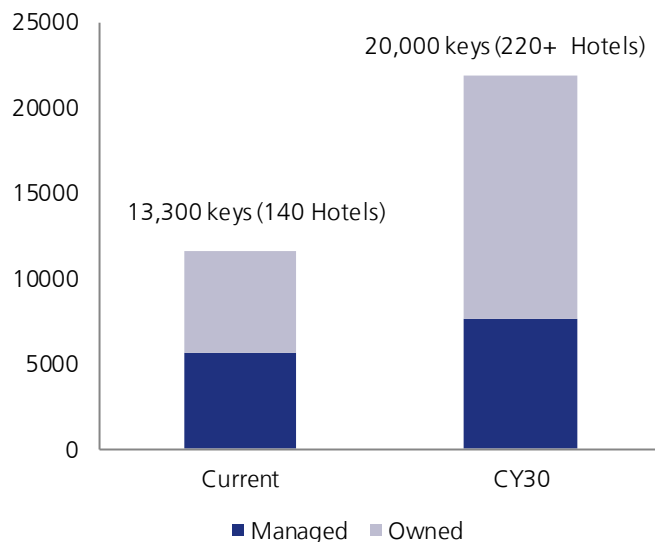
- ITC entered the hospitality business almost 5 decades ago with the acquisition of a hotel in Chennai, which currently operates as WelcomHotel by ITC. Since then, ITC Hotels has evolved into an industry leader with ~140 owned and managed properties with c. 13,500 keys. The portfolio of ITC Hotels (ITCH) is spread across six distinct hotel brands, viz., 'ITC Hotels' and 'Mementos' in the Luxury segment, 'Welcomhotel' in the Upper Upscale segment, 'Storii' in the Boutique Premium segment, 'Fortune' in the Mid-market to Upscale segment, and 'WelcomHeritage' in the Heritage segment. It also commenced international operations recently with the launch of super luxury hotel ITC Ratnadipa in Colombo (Sri Lanka).

Exhibit 12. Brand mix



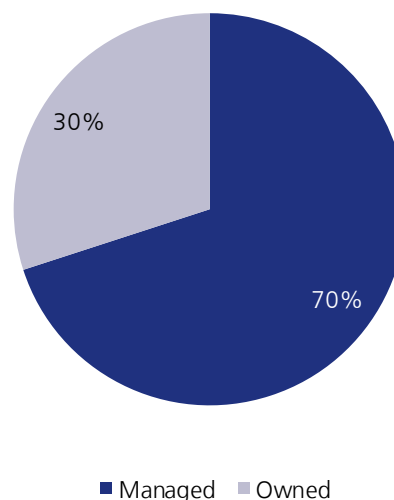
Source: Company, JM Financial

Exhibit 13. Portfolio to grow to 20,000 keys...



Source: Company, JM Financial

Exhibit 14. ...with 70% share of managed hotels

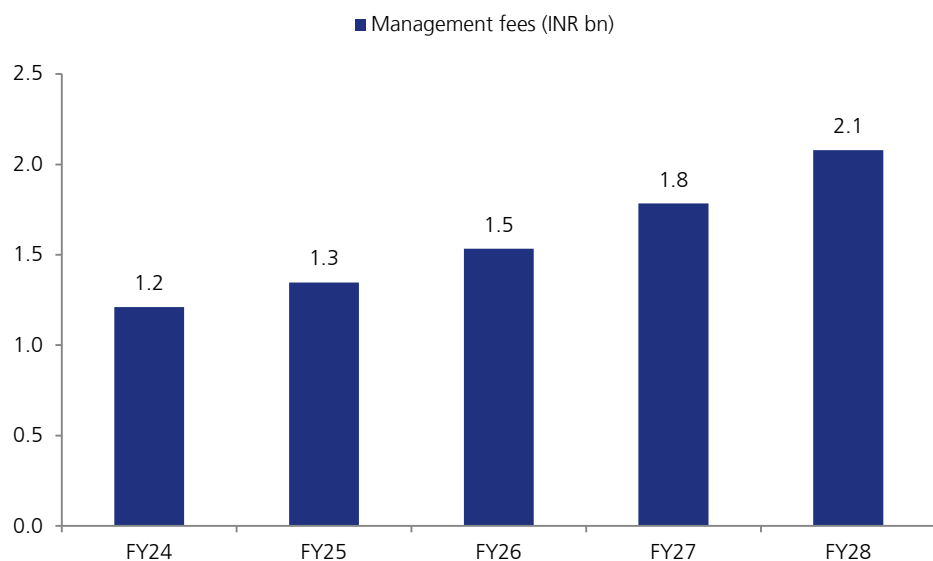


Source: Company, JM Financial

Strong pipeline with asset right strategy

- During the prior upcycle, ITC adopted an aggressive investment-led growth strategy to expand its footprint in the luxury and upper upscale segments of the Indian hospitality industry. Having achieved considerable scale and market standing, the company pivoted to an 'asset-right' strategy to achieve scalable growth while optimising capital allocation. This strategy has also enabled it to expand its presence to tier 2 and tier 3 cities, where the demand for premium hospitality is rapidly increasing
- ITC has a visible pipeline to further expand its footprint to over 200 hotels and over 18,000 keys by 2030, with the share of keys under management contracts (including franchising) increasing to 65% from about 55% currently. Over the last 24 months, it has opened 25 hotels (run-rate of 1 hotel each month) and the company expects the momentum to continue. As a result of this expansion, the management fee income will grow at 16% CAGR over FY25-28E to INR 2.1bn.

Exhibit 15. Fee income to grow at 16% CAGR over FY25-28E



Source: Company, JM Financial

Exhibit 16. Pan-India presence

Current Operating Footprint

140+ Hotels

13,300+ Keys

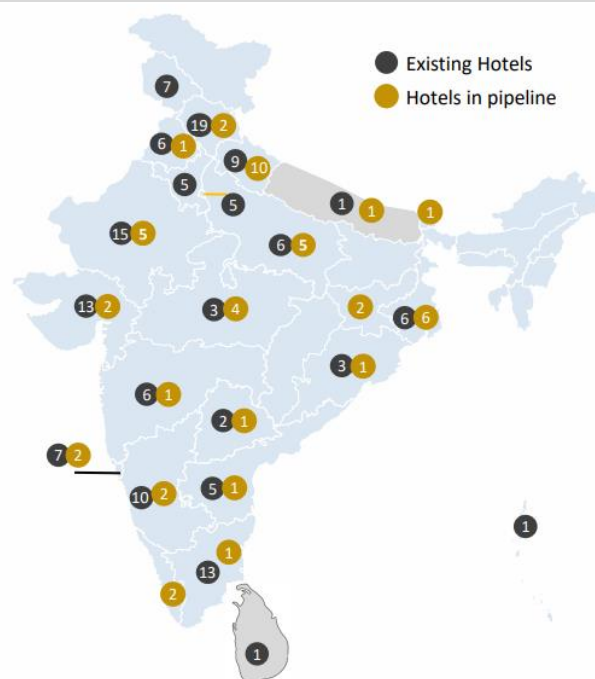
(Owned / Managed Mix By % Keys : 42% / 58%)

By 2030

220 Hotels

20,000+ Keys

(Owned / Managed Mix By % Keys : 30% / 70%)



Source: Company, JM Financial

Active asset management acts as additional lever for growth

- ITC regularly undertakes strategic renovations across its hotels and food and beverage 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.
- For example, The Welcomhotel Chennai reopened in Jan'24 after a complete makeover. The asset now features 90 well-appointed rooms, larger banquet spaces, signature dining options, and a wellness centre. Certified as a LEED Platinum® and LEED® Zero Carbon hotel, the property has recorded a two-fold increase in RevPAR post-renovation.
- The table below lists some other renovation exercises done in its owned portfolio:

Exhibit 17. Recent renovations at its owned portfolio

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 FY22, 76 rooms in FY23 and 84 rooms in FY24	FY24	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 FY22, 36 rooms in FY24 and 88 rooms in FY25	FY25	Property repositioned as a premium luxury offering in the Bengaluru market
ITC Kakatiya, Hyderabad	66 rooms renovated in FY24 and the remaining keys along with public areas expected to be renovated by FY26E	FY26 (estimated)	Rooms being renovated as per contemporary design, enabling it to reposition itself in the peer set and command superior ARR

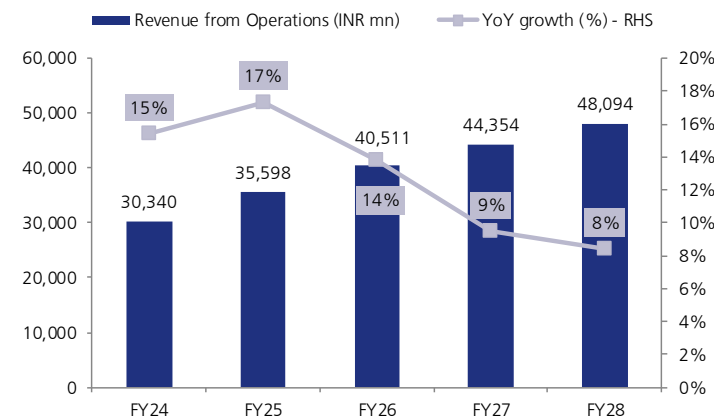
Source: Company, JM Financial

The company continues to recalibrate its restaurant portfolio to strengthen its food and beverage leadership. Its signature brand 'Avartana' was recently introduced at ITC Maratha and ITC Maurya. Additionally, a new 'Reshavi' outlet was launched at ITC Kohenur, Hyderabad, by efficiently utilising available hotel space, thereby optimising revenue-generating areas and enhancing asset utilisation.

Net cash balance sheet but near-term growth restricted

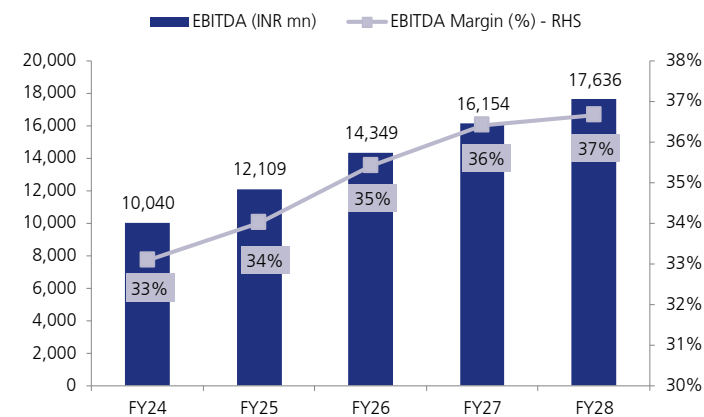
- ITC has a strong debt-free balance sheet with a net cash position of INR 17bn. We expect the company to generate cumulative FCF of INR ~25bn over FY26E-28E, which positions it well to fund the planned expansion and also undertake inorganic opportunities. ITC has three hotel projects (c. 418 keys) in the pipeline and aims to spend c. INR 8bn-9bn on them over FY26E-FY30E.
- However, with optimal occupancy of 73% at the portfolio level and the lack of new assets in the near term, the company's growth profile will remain restricted. We expect the company to report 11%/13% CAGR in revenue and EBITDA over FY25-28E aided by c.7% growth in ADR and ramp-up of the Sri Lanka asset.

Exhibit 18. Revenue to grow at 11% CAGR over FY25-28E...



Source: Company, JM Financial

Exhibit 19. ...and EBITDA to clock 13% CAGR over the same period



Source: Company, JM Financial

Valuation – Priced for perfection

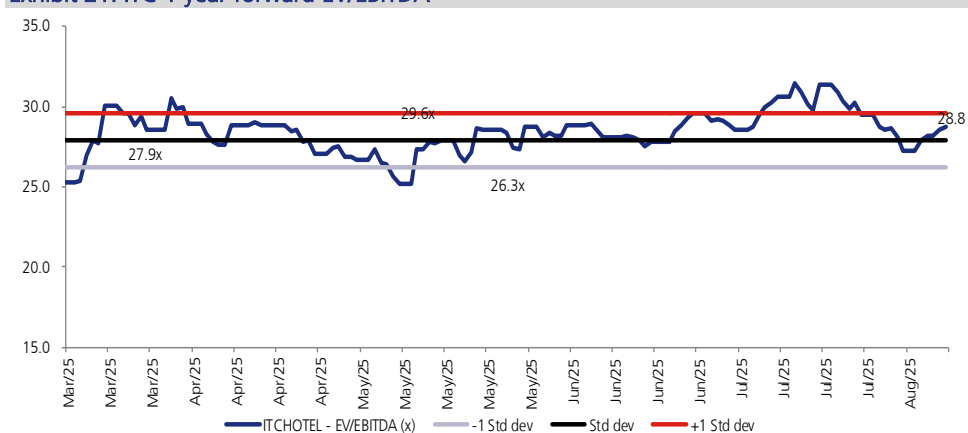
- Due to the limited public market history of the peer set and the limited profitability track record of the sector, we believe that a P/E multiple valuation approach is not suitable for the sector.
- Additionally, asset holdings differ greatly across hotel companies (owned, leased & managed/franchised). The quality and stability of earnings depend considerably on the level of operating leverage in a hotel company. Consequently, net income/PAT based multiples may not be a true comparative benchmark for such companies. In view of these challenges, we have used EV/EBITDA multiple for valuation of the companies in the sector.
- ITC is one of the leading luxury hotel franchises in India, with 140 operational hospitality assets (25 owned assets). It has delivered 22% CAGR in EBITDA over FY23-25 driven by 13% CAGR in RevPAR during the same period. However, given the healthy occupancy level of 73% and no new hotel getting commissioned in the near term, we believe growth will be restricted.
- Hence, we initiate coverage with a SELL rating and a target price (TP) of INR 215, valuing the company at 25x Jun'27 EBITDA. We assign a 15% valuation discount to ITC relative to IHCL, reflecting its stronger brand positioning, larger operational scale and superior return profile.

Exhibit 20. Jun'26 TP of INR 215

INR mn (unless mentioned)	
EV/EBITDA multiple (x)	25.0x
EBITDA from Hotel operations – Jun'27	16,524
EV of the Hospitality business	4,13,110
EV of the Residential business	11,299
Total Enterprise Value	4,24,410
Net Debt/(Cash) as of Jun'26	-23,406
Equity Value	4,47,816
No. of shares (mn)	2,081
Price per share (INR)	215

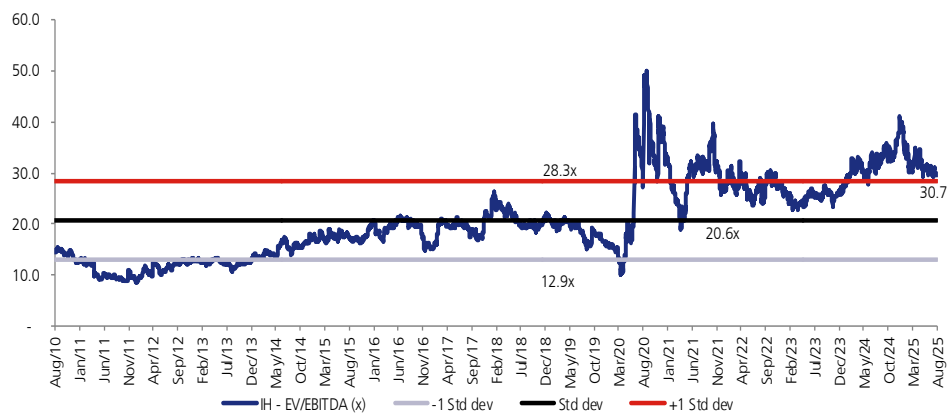
Source: Bloomberg, JM Financial

Exhibit 21. ITC 1 year forward EV/EBITDA



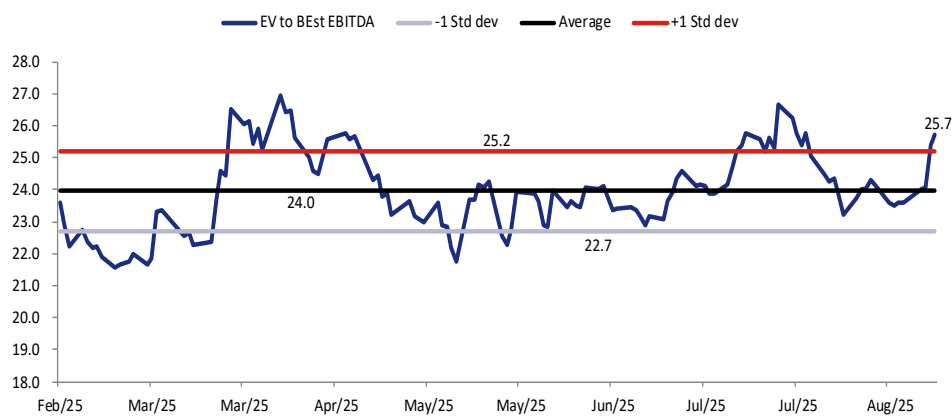
Source: Bloomberg, JM Financial

Exhibit 22. IHCL 1 year forward EV/EBITDA



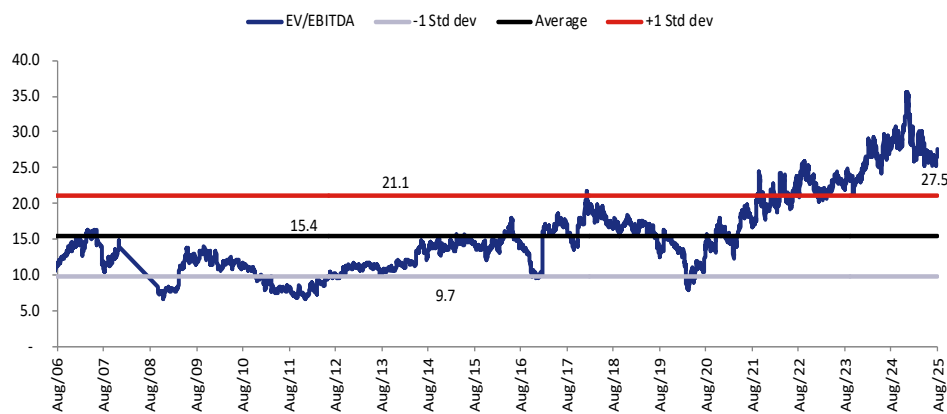
Source: Bloomberg, JM Financial

Exhibit 23. ITC 2 year forward EV/EBITDA



Source: Bloomberg, JM Financial

Exhibit 24. IHCL 2 year forward EV/EBITDA



Source: Bloomberg, JM Financial

Exhibit 25. Valuation comps

Company	CMP	Shares o/s	Mcap	TP (INR/sh)	Upside	Reco	FY25-FY27E CAGR		
		(mn)	(USD bn)				Sales	EBITDA	PAT
Asset Owners									
Chalet	997	218	2.5	1,000	0%	BUY	21%	24%	104%
Juniper Hotels	287	223	0.7	410	43%	BUY	16%	27%	113%
Ventive Hospitality	735	234	2.0	895	22%	BUY	13%	16%	235%
Asset/Brand Owners									
Indian Hotels	808	1,423	13.2	800	-1%	HOLD	14%	18%	19%
Lemon Tree	156	792	1.4	175	12%	BUY	14%	16%	28%
ITC Hotels	245	2,081	5.9	215	-12%	SELL	12%	16%	21%
Company	EV/Sales			EV/EBITDA			P/E		
	FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY25	FY26E	FY27E
Asset Owners									
Chalet	13.8x	11.2x	9.5x	32.2x	25.2x	20.9x	152.8x	60.7x	36.7x
Juniper Hotels	7.5x	6.3x	5.5x	20.9x	15.9x	13.0x	89.4x	28.5x	19.8x
Ventive Hospitality	9.1x	7.9x	7.1x	20.3x	16.9x	15.2x	357.9x	40.7x	31.9x
Asset/Brand Owners									
Indian Hotels	13.5x	11.2x	10.3x	40.5x	32.4x	29.3x	71.8x	55.5x	50.3x
Lemon Tree	10.9x	9.3x	8.4x	22.1x	18.3x	16.3x	62.9x	46.3x	38.1x
ITC Hotels	13.9x	12.2x	11.2x	40.9x	34.5x	30.7x	80.7x	63.4x	55.0x
Company	Sales. (YoY growth)			EBITDA margin (%)			PAT margin (%)		
	FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY25	FY26E	FY27E
Asset Owners									
Chalet	21%	24%	18%	43%	44%	45%	8%	17%	24%
SAMHI	18%	12%	11%	36%	36%	37%	8%	11%	17%
Juniper Hotels	15%	18%	15%	36%	40%	43%	8%	20%	25%
Asset/Brand Owners									
Indian Hotels	23%	20%	9%	33%	35%	35%	19%	21%	21%
Lemon Tree	20%	17%	10%	49%	51%	52%	15%	18%	20%
ITC Hotels	17%	14%	9%	34%	35%	36%	18%	20%	21%

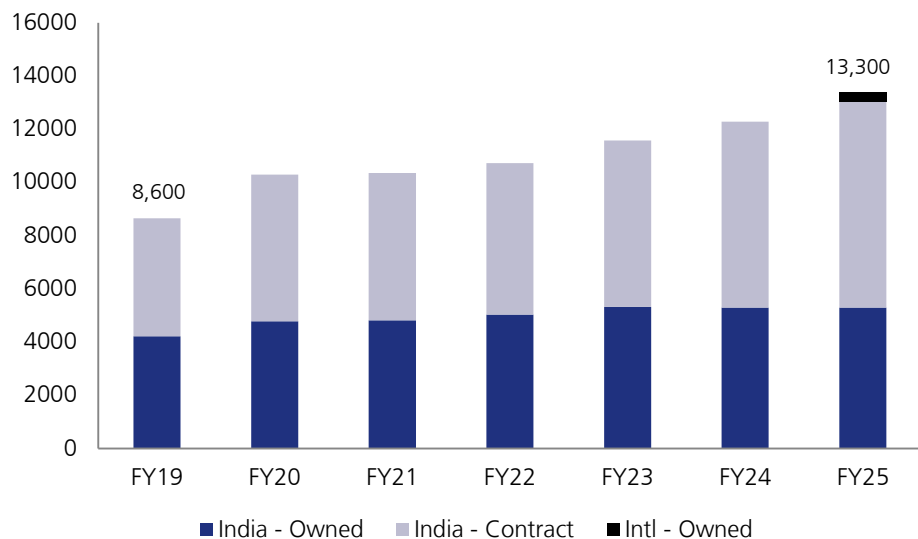
Source: Company, Bloomberg, JM Financial
Note: USD to INR conversion of INR 87

Investment Highlights

Strong portfolio with balanced mix of owned/managed hotels

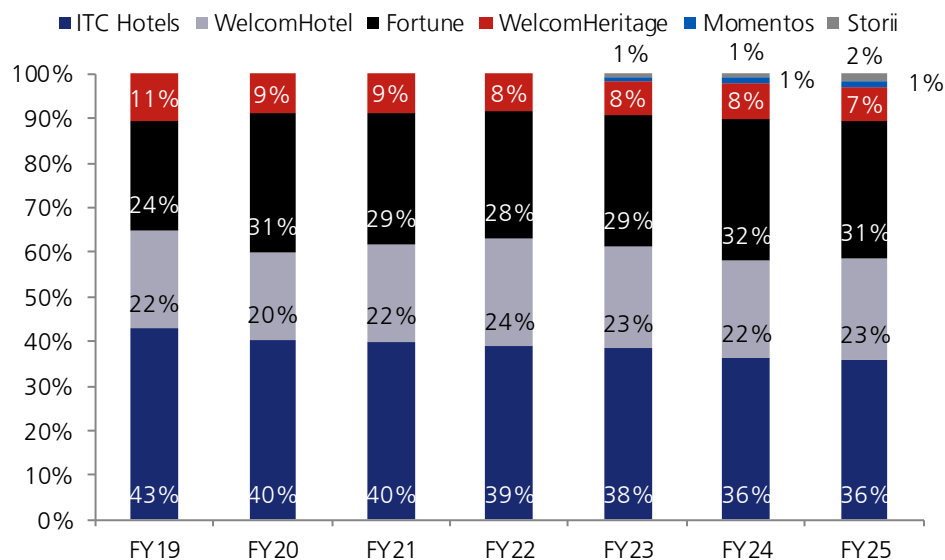
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Exhibit 26. Portfolio has grown to over 13,300 keys



Source: Company, Travel Portals, JM Financial

Exhibit 27. C.60% inventory in luxury segment



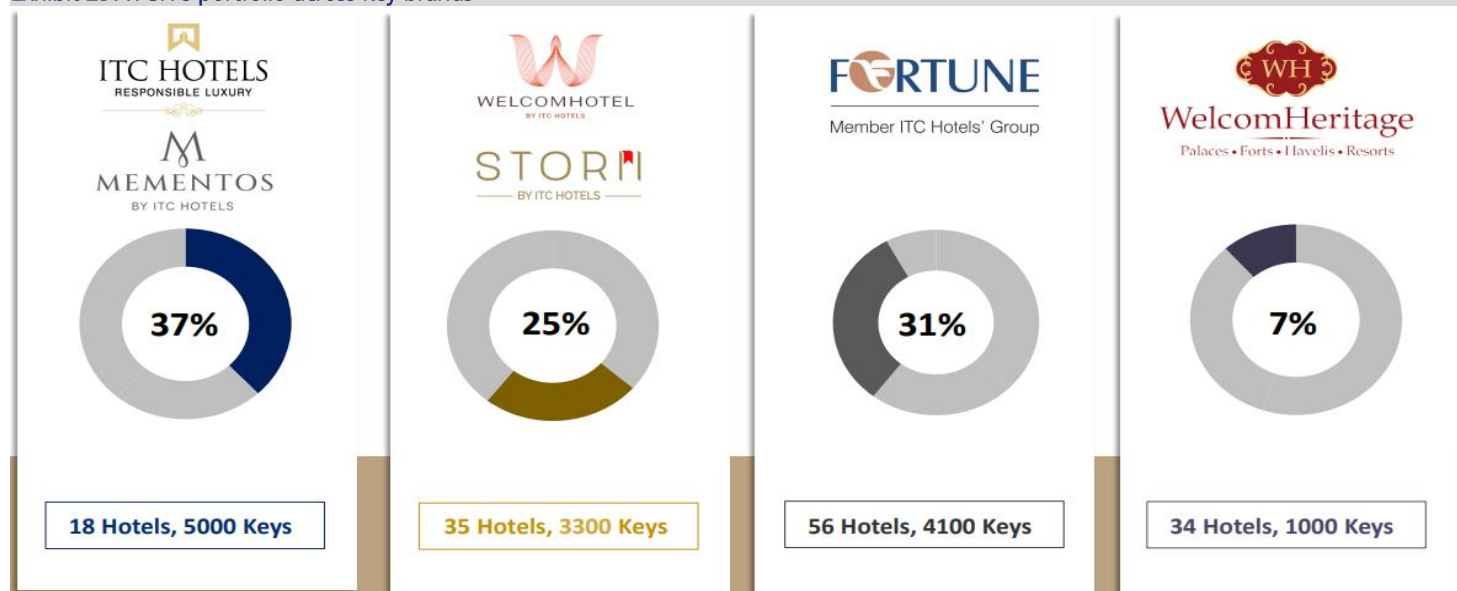
Source: Company, JM Financial

Exhibit 28. Presence across market segments with a distinct brand portfolio



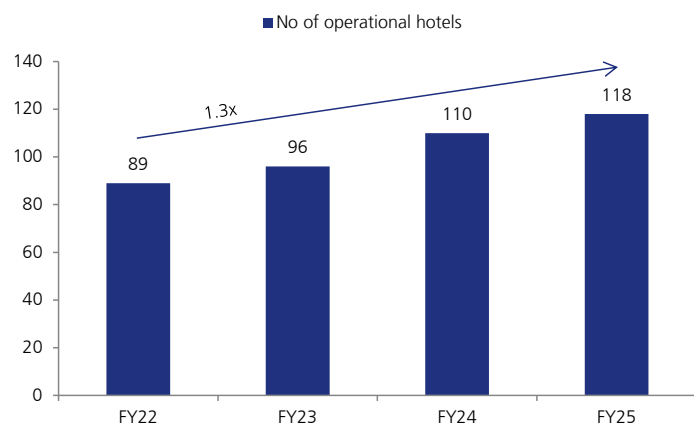
Source: Company, JM Financial

Exhibit 29. ITC's portfolio across key brands

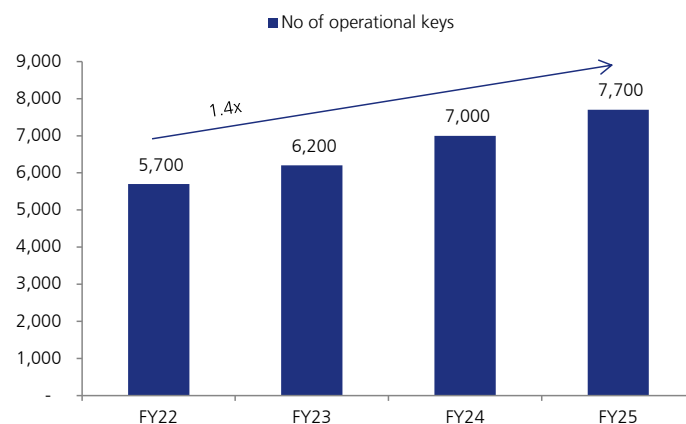


Source: Company, JM Financial

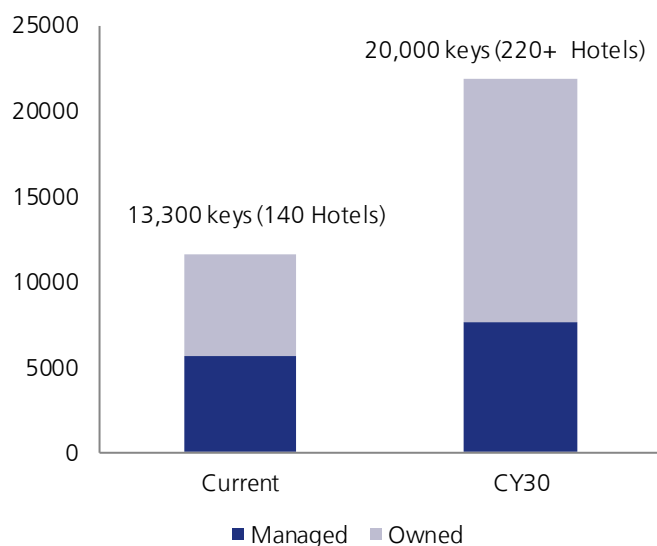
- Over the years, ITC has invested in creating a pan-India presence with several iconic properties across key business and leisure destinations and has been recognised as the best luxury hotel chain for the 8th consecutive year at 'Travel + Leisure India's Best Awards 2024'.
- Of the 140 hotels in its portfolio, the company owns 25 hotels with 5,500 keys (majorly operated under ITC Hotels and Mementos brands) and the balance keys are a part of managed hotels, thereby implying a balanced mix of 45%/55% owned/managed hotels.

Exhibit 30. Shifting focus to asset-light growth

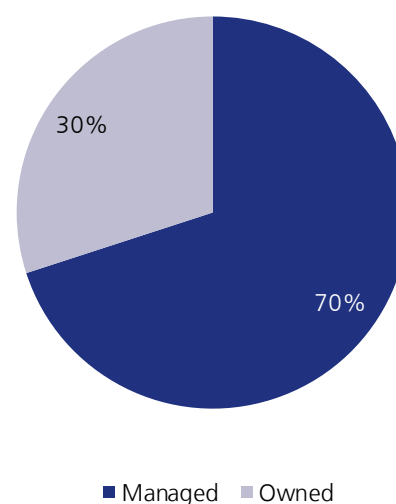
Source: Company, JM Financial

Exhibit 31. Accelerated traction in scaling up managed portfolio

Source: Company, JM Financial

Exhibit 32. Portfolio to grow to 20,000 keys...

Source: Company, JM Financial

Exhibit 33. ...with 70% share of managed hotels

Source: Company, JM Financial

ITC backing and Marriott partnership further strengthens the business

- The company is backed by ITC Ltd, whose institutional strengths, including its corporate brand reputation, robust governance systems and processes, and sustainability credentials, amongst others, contribute significantly towards strengthening the business model and securing sustainable competitive advantage.
- While the company sources over 80% of its bookings through its own distribution platforms, it also has the exclusive licence in India for 'The Luxury Collection' brand pursuant to licence agreements with various affiliates of Marriott International - a relationship that was initially established in 1979 (with the Sheraton brand initially). Its hotels operate in the luxury and upper-upscale segment under various licence agreements with Marriott - with 16 hotels operating under 'The Luxury Collection' brand (15 in India and 1 in Sri Lanka) and 1 hotel under the 'Sheraton' brand. The alliance with Marriott provides ITC access to the former's strong global distribution network and international loyalty & rewards programme - Marriott Bonvoy, which has over 230mn members as on date.

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DESTINATION

Kolkata, West Bengal, India

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ROOMS & GUESTS

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All Filters

Price

Amenities

Brands

Free Breakfast (2)

Pool (5)

1 - 5 of 5 ResultsSort by: Distance ▾

ITC Royal Bengal, a Luxury Collection Hotel, Kolkata

📍 2.9 mi from destination

Cherishing the finest experiences

View Details →

9,500 INR / Night

View Rates

ITC Sonar, a Luxury Collection Hotel, Kolkata

📍 3.1 mi from destination

View Details →

8,550 INR / Night

View Rates

Source: Marriott.com, JM Financial

- ITC undertook its first international investment in Sri Lanka with plans to develop a 352 key luxury asset – ITC Ratnadipa. The asset is located on the Galle Seaface in Colombo and also has 132 luxury apartments (Sapphire Residences) that are built adjacent to the hotel building.
- Development commenced in CY14 (ground-breaking ceremony happened in CY14) but there were significant delays in construction, with the initial opening target set for CY17. The project had received its third extension in 7 years to commence operations as it was impacted by multiple issues like political uncertainties, terrorist attacks, pandemic and the economic slowdown in Sri Lanka.
- It was finally launched in CY24 with c. 250 rooms getting operational in phase 1, and the balance inventory opened at the start of FY26. The asset has already reached EBITDA positive level and we expect it to achieve 65% occupancy by FY27E and generate an EBITDA of INR 500mn.

Exhibit 35. ITC Ratnadipa: Key assumptions

Ratnadipa - Sri Lanka	FY25	FY26E	FY27E	FY28E
Keys	250	352	352	352
Room Night Available	91,250	1,28,480	1,28,480	1,28,480
Room Night Sold	59,313	83,512	83,512	83,512
Hotel Occupancy	65%	65%	65%	65%
Average Rate	15,000	15,750	16,538	17,364
Growth %	n/a	5%	5%	5%
Revenue (INR mn)	890	1,315	1,381	1,450

Source: Company, JM Financial

- The completion of Sapphire Residences, comprising about 0.7msf of saleable luxury residential space, is also currently underway. We expect the project to be monetized over the next five years over which it can potentially generate a surplus of c. INR21bn.

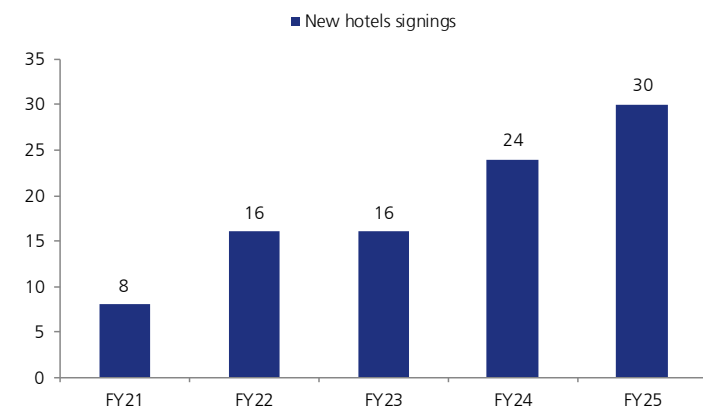
Exhibit 36. Monetization assumptions for residential project

Sapphire Residence - Sri Lanka	FY26E	FY27E	FY28E	FY29E	FY30E
Total units	132	132	132	132	132
Saleable Area (msf)	0.73	0.73	0.73	0.73	0.73
% Sold	15%	15%	20%	25%	25%
Area Sold (msf)	0.11	0.11	0.15	0.18	0.18
Realisation psf	30,000	30,000	30,000	30,000	30,000
Sale Value (INR mn)	3,285	3,285	4,380	5,475	5,475
Post tax surplus	2,628	2,628	3,504	4,380	4,380

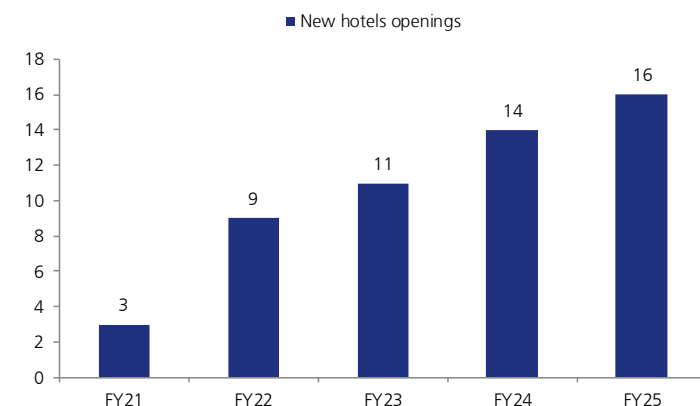
Source: Company, JM Financial

Rapid scale-up in the fee business

- During the prior upcycle, ITCH adopted an aggressive investment-led growth strategy to expand its footprints in the luxury and upper upscale segments. Having achieved considerable scale and market standing, the company 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.

Exhibit 37. New hotel signings

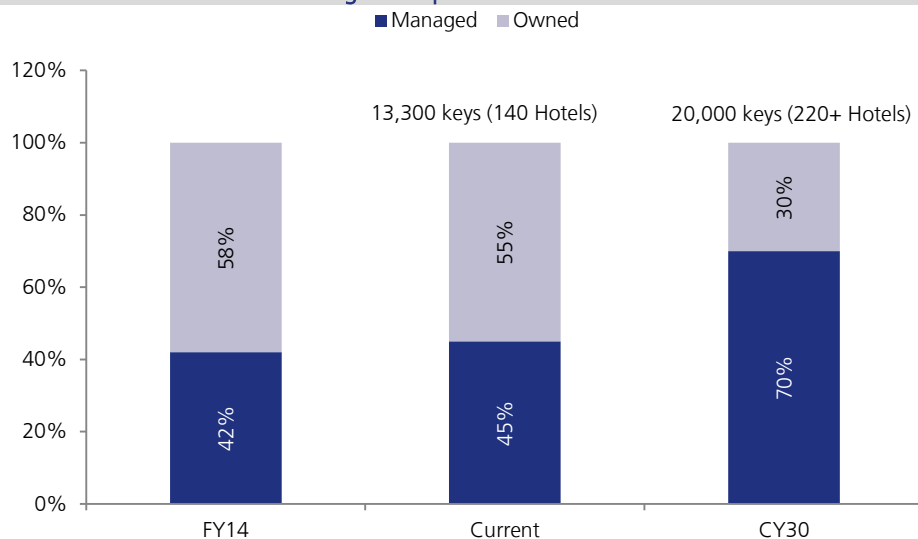
Source: Company, JM Financial

Exhibit 38. New hotel openings

Source: Company, JM Financial

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

- Over the last 24 months, the company has opened 25 hotels (run-rate of one hotel each month) and over 16 of these hotels were opened in tier 2-and-below markets. Also, over half the recent openings were done under the Fortune brand.
- Fortune Hotels, a wholly owned subsidiary of ITC, was established 2 decades ago to drive growth through the asset light model. It reached a milestone of 50 hotels last year, with current operating hotels at 56 and a pipeline of 22.

Exhibit 39. ITC's owned and managed footprint

Source: Company, JM Financial

Exhibit 40. New hotels opened in the last 24 months

Sl. No.	Hotel	City	Brand	Keys	Market
1	Welcomhotel Jim Corbett	Jim Corbett	Welcomhotel	62	Tier 1
2	Fortune Inn Walkway Mall Haldwani	Haldwani	Fortune	58	Tier 2/3
3	WelcomHeritage Parv Vilas	Solan	WelcomHeritage	55	Tier 2/3
4	Mementos Udaipur	Udaipur	Mementos	117	Tier 1
5	Fortune Resort Kalimpong	Kalimpong	Fortune	42	Tier 2/3
6	WelcomHeritage Ayatana	Ooty	WelcomHeritage	30	Tier 1
7	Fortune	Khajjiar	Fortune	35	Tier 2/3
8	WelcomHeritage Grand Srinagar	Srinagar	WelcomHeritage	28	Tier 1
9	Storii Moira Goa	Moira	Storii	18	Tier 1
10	Fortune Heritage Walk	Amritsar	Fortune	50	Tier 2/3
11	Welcomhotel Manali	Manali	Welcomhotel	46	Tier 1
12	Fortune Park Hoshiarpur	Hoshiarpur	Fortune	57	Tier 2/3
13	Fortune Ranjit Vihar	Amritsar	Fortune	54	Tier 2/3
14	WelcomHeritage Santa Roza	Kasauli	WelcomHeritage	35	Tier 2/3
15	Fortune Park	Aligarh	Fortune	66	Tier 2/3
16	Fortune Park Tirupur	Tirupur	Fortune	62	Tier 2/3
17	Fortune Park	Vivek Vihar	Fortune	70	Tier 1
18	Fortune Park	Hosur	Fortune	107	Tier 2/3
19	Storii by ITC Hotels, Kaba Retreat, Solan	Solan	Storii	28	Tier 2/3
20	Mementos Jaipur	Jaipur	Mementos	64	Tier 1
21	Storii by ITC Hotels, Urvashi's Retreat	Manali	Storii	22	Tier 1
22	Fortune Resort & Wellness Spa Bhaktapur	Bhaktapur	Fortune	66	Tier 2/3
23	Fortune, Statue of Unity, Kevadia	Kevadia	Fortune	144	Tier 2/3
24	Fortune palampur	Palampur	Fortune	43	Tier 2/3
25	Storii Devasom	Kolkata	Storii	24	Tier 1
26	Fortune Candolim	Candolim	Fortune	103	Tier 1
27	Fortune Chennai	Chennai	Fortune	40	Tier 1
28	Welcomhotel Belagavi	Belagavi	Fortune	116	Tier 2/3

Source: Company, JM Financial

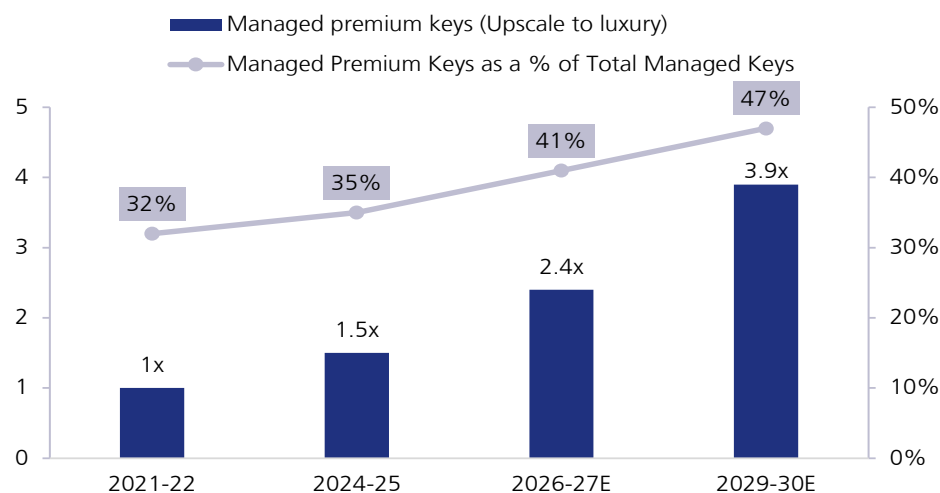
- Leveraging this strategy, ITC has a visible pipeline to further expand its footprint to over 200 hotels and over 20,000 keys by 2030, with the share of keys under management contracts (including franchising) increasing to 70% from about 55% currently.

Exhibit 41. ITC hotels current portfolio and development pipeline

Brands	Operational		Pipeline		Total	
	Hotels	Keys	Hotels	Keys	Hotels	Keys
ITC Hotels	16	4,789	-	-	16	4,789
Mementos	2	181	2	420	4	601
WelcomHotel	27	3,002	12	1,592	44	5,228
Storii	7	229	12	655	19	890
Fortune	57	4,263	24	1,909	81	6,172
WelcomHeritage	34	999	3	130	37	1,129
Total	143	13,469	58	5,340	201	18,809

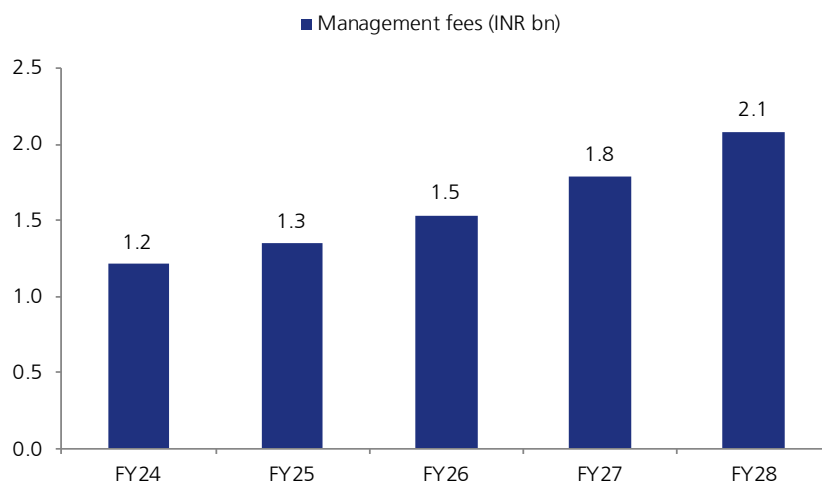
Source: Company, JM Financial

- In FY30, the managed hotels portfolio for luxury and upscale segment (premium segment) will constitute 47% of the total managed portfolio, up from 35% in FY25.

Exhibit 42. Managed hotel portfolio mix (upscale to luxury)

Source: Company, JM Financial

- ITC generated INR 1.3bn of fee income from c. 7,700 under management contract. Given the rapid expansion in managed portfolio, we expect the fees to grow at 16% CAGR over FY25-28E to INR 2.1bn.

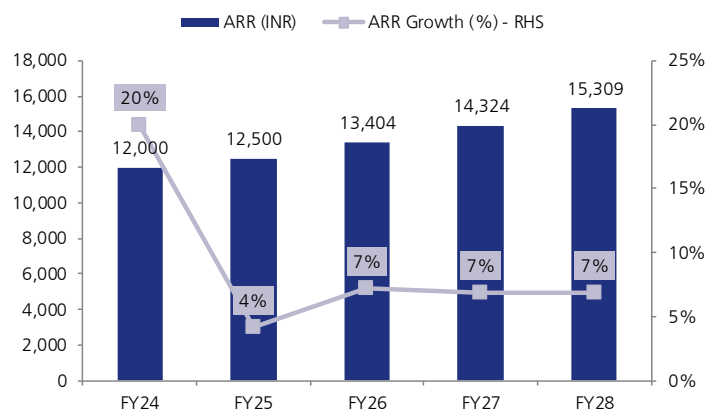
Exhibit 43. Fee income to grow at 16% CAGR over FY25-28E

Source: Company, JM Financial

EBITDA to grow at 13% CAGR over FY25-28E

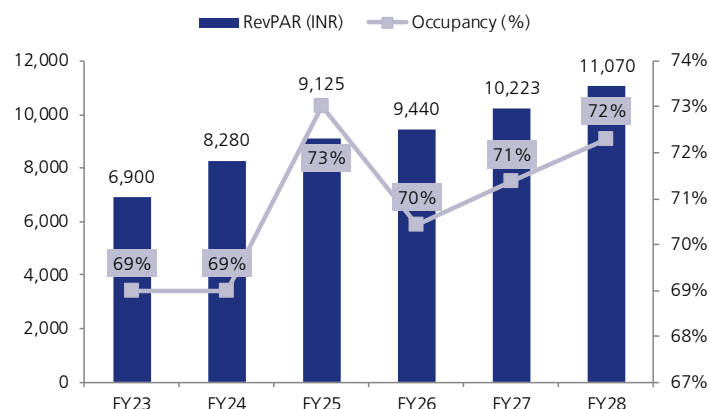
We expect ITC to deliver 11% CAGR in top line over FY25-28E aided by c. 7% ARR growth across the operational portfolio and ramp-up of recently commissioned assets including the luxury hotel in Sri Lanka. Compared to peers, the overall growth profile for ITC is restricted on account of healthy occupancy at portfolio level at 73% and lack of any new hotel commissioning in the near term (except Sri Lanka). Over FY25-28E, EBITDA and PAT is estimated to grow at 13%/17% CAGR.

Exhibit 44. ARR to grow at a CAGR of 7%...



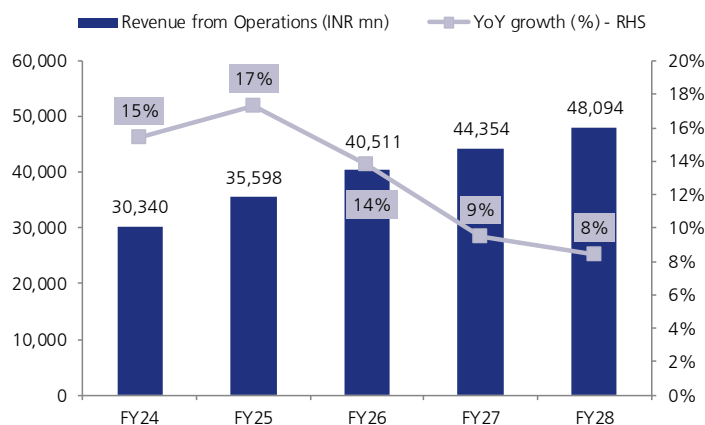
Source: Company, JM Financial

Exhibit 45. ...with improving occupancy



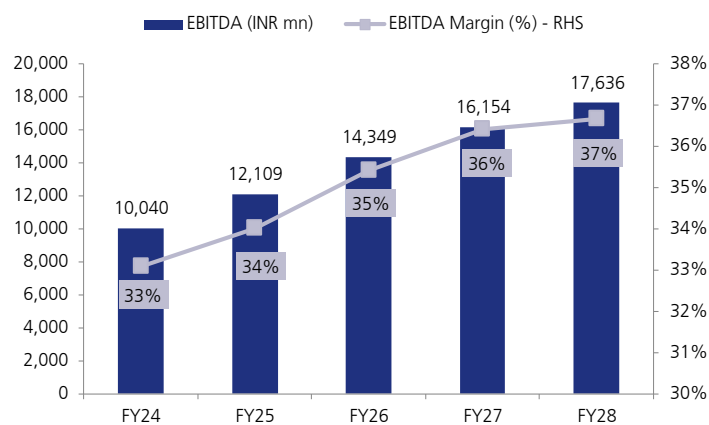
Source: Company, JM Financial

Exhibit 46. Revenue to grow at 11% CAGR over FY25-28E...



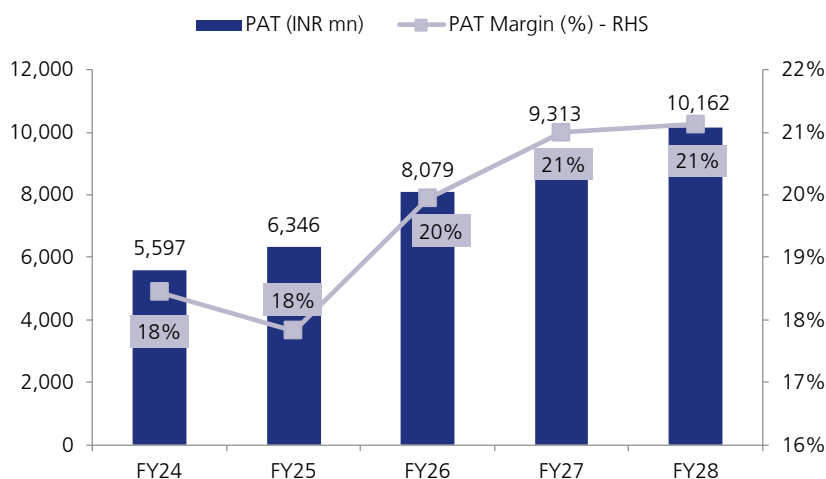
Source: Company, JM Financial

Exhibit 47. ...and EBITDA to clock 13% CAGR over the same period



Source: Company, JM Financial

Exhibit 48. Stable PAT performance

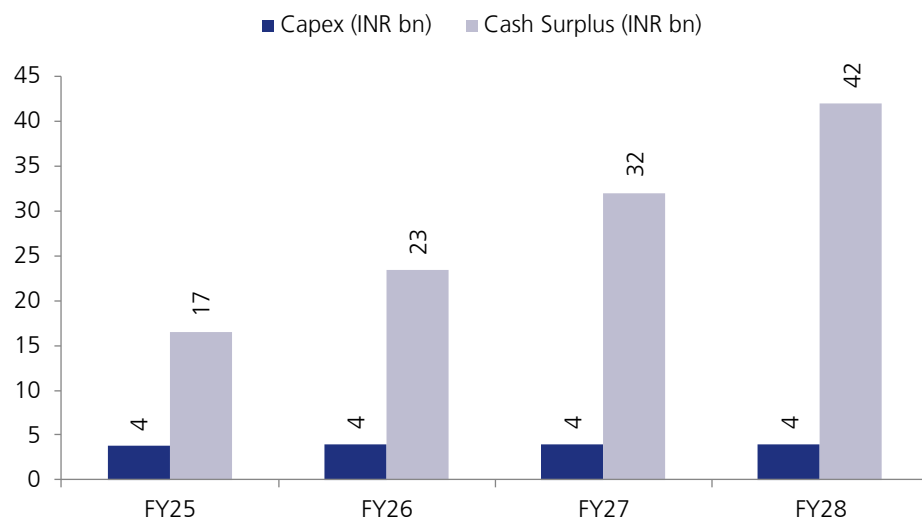


Source: Company, JM Financial

Debt-free balance sheet provides headroom for expansion

- ITC has a strong debt-free balance sheet with a net cash position of INR 17bn. We expect the company to generate cumulative FCF of INR ~25bn over FY26E-28E, which positions it well to fund the planned expansion and also undertake inorganic opportunities.
- ITC has three hotel projects (c. 418 keys) in the pipeline. Its upcoming hotels are located in Puri (118 keys), Bhubaneshwar (100+ keys) and Vizag (200 keys). The two hotels in Odisha (Puri and Bhubaneshwar) will be operated under the Welcomhotel brand and are expected to be opened by FY28E. The Vizag asset is expected to be operational by FY30E. On a cumulative basis, the company aims to spend c. INR 8bn-9bn on these three hotels.

Exhibit 49. ITC will generate robust cash flows despite ongoing capex

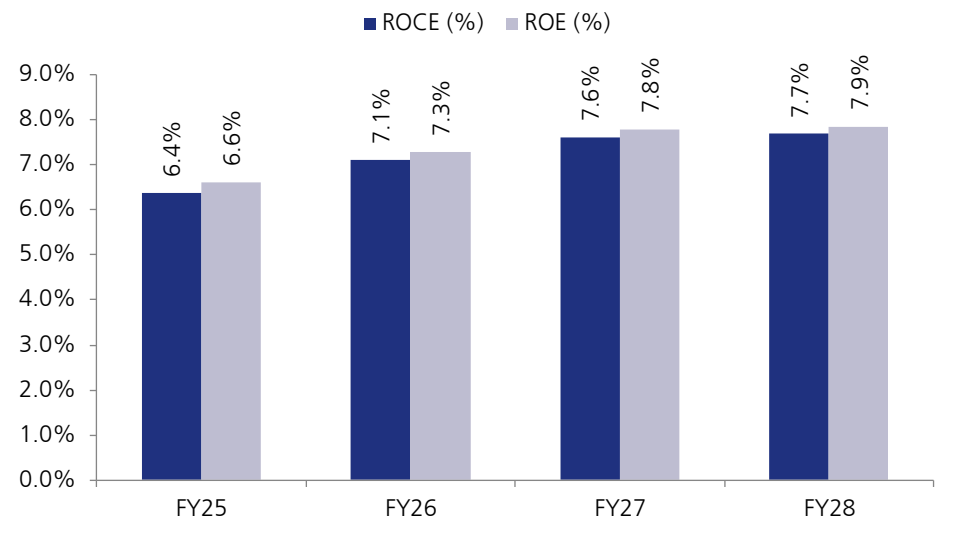


Source: Company, JM Financial

Return ratios to gradually improve

- We expect return ratios to improve gradually driven by:
 - (1) ITC Ratnadipa – One of the key luxury assets that was launched last year. Given the significant investments made by ITC in this hotel, it will be key lever of improvement in return profile.
 - (2) Stabilisation of new hotels – Since FY20, ITC has commissioned four new owned hotels, which are operating at 75% of potential occupancy. Sweating of these assets can drive uptick in operational efficiency. During the last 5 years, ITC has launched the following:
 - a. ITC Royal Bengal, Kolkata (in FY20)
 - b. Welcomhotel Amritsar (in FY20)
 - c. Welcomhotel Bhubaneshwar (in FY22)
 - d. Welcomhotel Guntur (in FY22)
 - e. ITC Narmada, Ahmedabad (in FY23)
 - (3) Refurbishment benefits – In line with its strategy of undertaking periodic renovations in existing portfolio, the company had recently refurbished three owned hotels (one each in Goa, Bengaluru and Hyderabad), which has improved their positioning in respective markets.

Exhibit 50. Return ratios to remain in single digits



Source: Company, JM Financial

Competitive Benchmarking

Exhibit 51. Peer benchmarking

Parameters	Particulars	ITC Hotels	IHCL	Leela	Elh	Chalet	Ventive
Key Parameters & Pipeline	Hotels	143	243	13	30	11	11
	Keys	13,382	26,494	3,544	4,205	3,314	2,036
	Hotels in Pipeline	50	139	8	21	5	3
	Keys in Pipeline	4,500	14,516	966	1,473	1,250	367
Financial KPIs (FY25)	Total Revenue (INR mn)	35,598	83,345	13,006	27,432	17,178	20,784
	F&B as a % of Revenue	40%	40%	37%	37%	29%	30%
	EBITDA (INR mn)	12,109	27,693	5,944	10,170	7,359	9,310
	PAT (INR mn)	6,346	16,942	477	7,699	1,426	480
	EBITDA Margin (%)	34%	33%	46%	37%	43%	45%
	Revenue CAGR (FY25-28E)	11%	12%	16%	11%	19%	13%
	EBITDA CAGR (FY25-28E)	13%	14%	16%	8%	22%	15%
Operational KPIs	ADR (INR)	12,500	10,992	16,409	17,308	12,094	20,769
	Occupancy %	73%	72%	65%	80%	73%	64%
	RevPAR (INR)	9,125	7,914	10,696	13,846	8,781	11,293
Debt Status	D/E	Net Cash	Net Cash	1.06	Net Cash	0.77	0.50
	CFO (INR mn)	8,035	21,944	5,529	8,251	9,504	6,775

Source: Company, JM Financial

- ITC is the 2nd largest hospitality company in India both in terms of portfolio footprint and financial performance. Its comparable peers would be IHCL, Elh and Leela, with all of them being brand owners and having a mix of owned and managed keys. As with all other hotel companies, ITC has also been expanding through the capital light route and has majorly managed assets in its upcoming pipeline.
- Its portfolio occupancy has improved considerably in the last 24 months, as it is second only to Elh, when compared to its closest peers. ARR of ~INR 12,000 is a function of product mix (mid-scale assets) rather than pricing power. We highlight that enterprise ARRs for both IHCL and ITC are lower due to mid-scale portfolios, which bring down room rates on a consolidated level.
- In terms of financial performance, the growth profile is similar to its peers – which is limited due to no incremental inventory additions to be commissioned before FY28E. There is substantial room for EBITDA margin improvement, as it can get better as the newly opened assets ramp up, and we believe that ITC can come closer to Elh in terms of the margin profile.

Financials

Exhibit 52. Financial snapshot

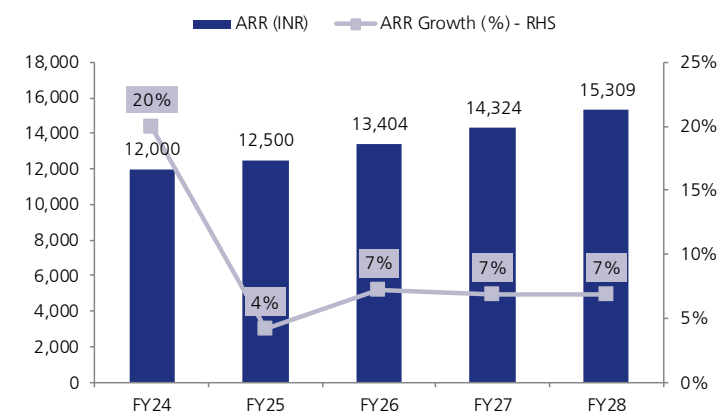
Particulars	FY23	FY24	FY25	FY26E	FY27E	FY28E
Operational Metrics – Leela Hotels						
ARR (INR)	10,000	12,000	12,500	13,404	14,324	15,309
ARR Growth (%) - RHS	59%	20%	4%	7%	7%	7%
Occupancy (%)	69%	69%	73%	70%	71%	72%
RevPAR (INR)	6,900	8,280	9,125	9,440	10,223	11,070
Consolidated Financials						
Revenue from Operations (INR mn)	26,290	30,340	35,598	40,511	44,354	48,094
YoY growth (%) - RHS	99%	15%	17%	14%	9%	8%
EBITDA (INR mn)	8,080	10,040	12,109	14,349	16,154	17,636
EBITDA Margin (%) - RHS	31%	33%	34%	35%	36%	37%
EBITDA growth (%)	1038%	24%	21%	19%	13%	9%
PAT (INR mn)	5,490	5,597	6,346	8,079	9,313	10,162
PAT Margin (%) - RHS	21%	18%	18%	20%	21%	21%
Performance Ratios						
Net Debt (INR mn)	-	-1,975	-16,536	-23,406	-32,047	-41,953
Net Debt / EBITDA (x)	-	-0.2	-1.4	-1.6	-2.0	-2.4
ROCE (%)	-	12.3%	6.4%	7.1%	7.6%	7.7%
ROE (%)	-	6.6%	6.6%	7.3%	7.8%	7.9%

Source: Company, JM Financial

Note: Residential business has been valued separately

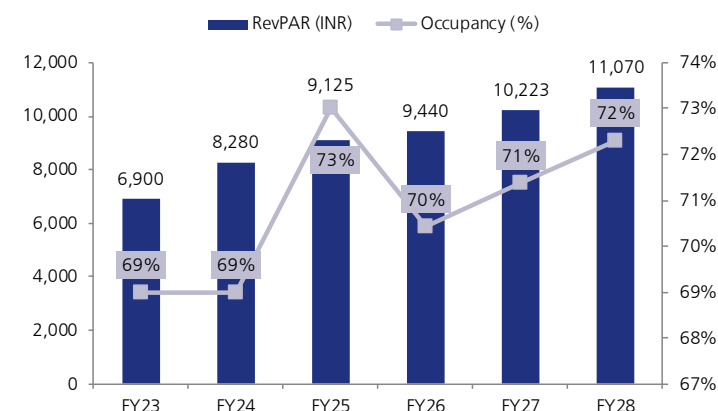
- We model 7% ARR growth in FY26E, FY27E and FY28E respectively and expect occupancies to be stable at c. 72%. We expect IHCL's consolidated revenue to grow at a CAGR of 11% over FY25-FY28E to INR 48bn in FY28E led by an increase in ARR at its owned hospitality assets, portfolio expansion of managed hotel portfolio and positive operating leverage.
- EBITDA is expected to grow at a CAGR of 13% to INR 17.6bn over the same period. We currently estimate EBITDA margin to increase to ~37% in FY28E.

Exhibit 53. ARR to grow at a CAGR of 7%...

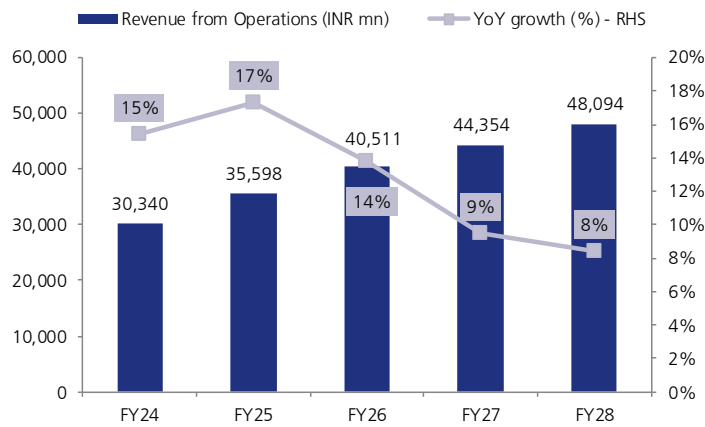


Source: Company, JM Financial

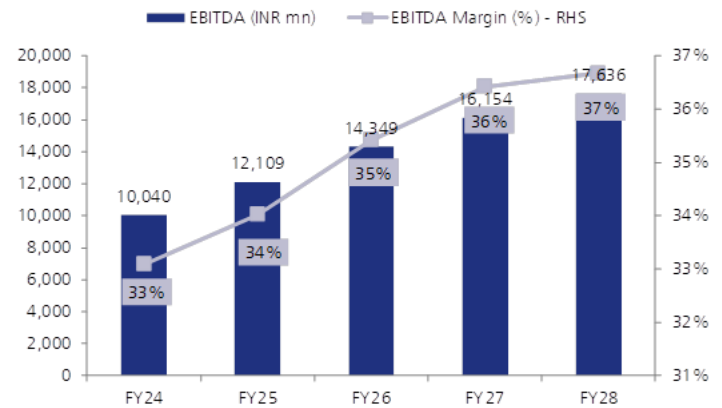
Exhibit 54. ...with improving occupancy



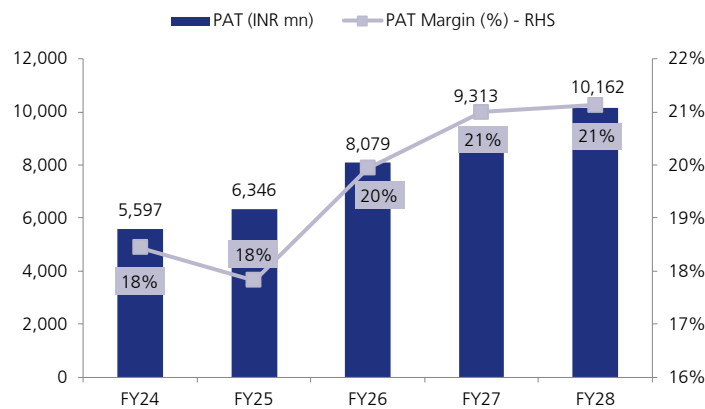
Source: Company, JM Financial

Exhibit 55. Revenue to grow at 11% CAGR over FY25-28E...

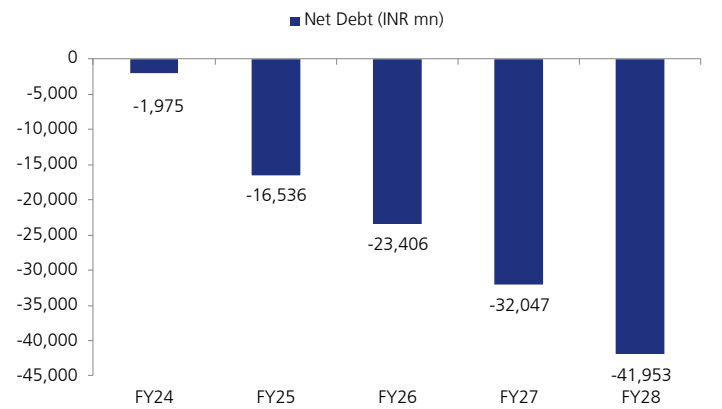
Source: Company, JM Financial

Exhibit 56. ...and EBITDA to clock 13% CAGR over the same period

Source: Company, JM Financial

Exhibit 57. Stable PAT performance

Source: Company, JM Financial

Exhibit 58. Expected to maintain cash positive position

Source: Company, JM Financial

Key Risks

- **The hotel industry and retail food and beverage industry are intensely competitive:** The travel and tourism sector's contribution to India's economy is estimated at INR 21.1trln for CY24 and is projected to increase to INR 43.25trln by CY34, growing at 7.4% CAGR which is well above the global average. 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 increasing demand from travellers. Some of the hotels owned and/or operated by the company are generally located in intensely competitive regions.
- **Risk related to concentration of ITC Hotels' revenue from key geographies:** A large portion of ITC's revenue is derived from the 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 it to potentially change its business strategy and operations.
- **Risk related to hospitality assets licensed or located on leased:** As on date, some of its hospitality assets are licensed to it or located on leased or licensed land from third parties including governments and land development authorities. While the company typically has long-term licence or lease arrangements, there can be no assurance that its licence or leasehold arrangements will be renewed upon expiry of the licence or lease period, or that such agreements will not be terminated prior to the completion of the relevant term.
- **Risk related to macroeconomic conditions, seasonal and cyclical volatility:** Depending on macroeconomic conditions and other factors such as the weather, festive or religious holidays, among others, 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 we may not be able to predict accurately. The company may be vulnerable to economic downturns in India, which may reduce its flexibility to respond to changing business and economic conditions and adversely impact cash flows from business operations.

Company Overview

- ITC Hotels Ltd (formerly a wholly owned subsidiary of ITC Ltd) was incorporated as a public limited company on 28th Jul'23, under the Companies Act, 2013. Pursuant to the demerger scheme becoming effective on 1st 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.
- With its legacy dating back to 1975 when the first premium property was launched in Chennai, ITC Hotels has evolved into one of India's leading hospitality chains, with a strong emphasis on sustainability and indigenous luxury. The company operates, manages, franchises, and owns over 140 hotels across 90+ destinations, comprising approximately 13,000 keys.
- Renowned for its culinary leadership, ITC Hotels houses a portfolio of award-winning F&B brands and iconic dining experiences centred on Indian traditions and local ingredients. The brand's positioning under the philosophy of 'Responsible Luxury' reinforces its commitment to environmentally conscious growth, making it a benchmark in sustainable hospitality globally.

Exhibit 59. Brand portfolio



Source: Company, JM Financial

Exhibit 60. Key subsidiaries of ITC Hotels

Name	ITCH holding	Brand	Keys	FY25 revenue (INR mn)	FY25 PAT (INR mn)
WelcomHotels Lanka Pvt Ltd	100%	ITC	352	1,288.3	-1,187.1
Landbase India Limited	100%	ITC	104	474.9	144.4
Srinivasa Resorts Limited	68%	ITC	188	809.4	656.2
Fortune Park Hotels Limited	100%	Fortune	526	656.2	173.1
Bay Islands Hotels Limited	100%	Welcomhotel	46	43.6	33.0

Source: Company, JM Financial

Board of Directors

Exhibit 61. Board of directors

Name	Description
Mr. Sanjiv Puri	Chairman & Non-Executive Director
Mr. Anil Chadha	Non-Executive Director
Mr. Kamal Bali	Independent Director
Dr. Indu Bhushan	Independent Director
Mr. Supratim Dutta	Non-Executive Director
Mr. Mukesh Gupta	Independent Director
Mr. Tablesh Pandey	Non-Executive Director
Ms. Vrinda Sarup	Independent Director
Mr. Rajendra Kumar Singhi	Non-Executive Director
Mr. Prathivadibhayankara Rajagopalan Ramesh	Non-Executive Director

Source: Company, JM Financial

Exhibit 62. Key management personnel

Name	Designation	Description
Mr. Sanjiv Puri	Chairman & Non-Executive Director	He is an alumnus of the Indian Institute of Technology, Kanpur, and the Wharton School of Business, U.S.A. He led ITC Infotech India Limited, a wholly owned subsidiary of ITC Limited, as its managing director. Mr. Puri also served as managing director of Surya Nepal Private Limited, a subsidiary of ITC Limited in Nepal. Mr. Puri is the President of Confederation of Indian Industry ("CII"), the apex business and industry association in the country.
Mr. Anil Chadha	Non-Executive Director	He is an alumnus of the Welcomgroup Graduate School of Hotel Administration. Mr. Chadha is a member of the Executive Committee of Hotel Association of India and the CII – National Committee on Tourism and Hospitality. Earlier, he served as vice president south and general manager at ITC Grand Chola, and as area manager south and general manager at ITC Grand Chola.
Mr. Ashish Thakar	CFO	In a career spanning over three decades at ITC Limited, He has held various senior roles in the finance function. Prior to working under the hotels division of ITC Limited, he held the position of vice president finance at foods division of ITC Limited, and was also a part of ITC Limited's strategic planning team. Mr. Thakar is presently on the board of Gujarat Hotels Limited, Fortune Park Hotels Limited, Landbase India Limited, Bay Islands Hotels Limited, WelcomHotels Lanka (Private) Limited, Srinivasa Resorts Limited, Logix Developers Private Limited and Maharaja Heritage Resorts Limited.
Mr. Diwaker Dinesh	Company Secretary and Compliance Officer	He is a member of the Institute of Company Secretaries of India and holds a master's degree in commerce and a bachelor's degree in law. Mr. Diwaker joined ITC Limited in February 2023, bringing with him over 17 years of experience in corporate governance practices, corporate laws and securities laws related matters, etc. Before joining ITC Limited, Mr. Diwaker was working with Ester Industries Limited as Company Secretary.
Mr. Kamal Bali	Independent Director	An engineering graduate from the Indian Institute of Technology, Roorkee and an alumnus of St. Joseph's Academy Dehradun. Bali has an illustrious career spanning nearly four decades in the automotive industry. Prior to spearheading the Volvo Group India as its Managing Director, he has worked with leading Indian and multi-national organisations, such as Escorts, SAME Deutz-Fahr and LeeBoy, in senior executive positions.
Dr. Indu Bhushan	Independent Director	He is a retired IAS officer from the 1983 batch, is a distinguished leader with a remarkable journey spanning over four decades across governance, global development, and health systems. He holds a Doctor of Philosophy in health economics and a master's degree in health sciences from the prestigious Johns Hopkins University and is also a Chartered Financial Analyst, from CFA Institute, USA. He is an alumnus of the IIT Banaras Hindu University and IIT Delhi, where he completed his B. Tech and Post Graduate Diploma, respectively.
Mr. Supratim Dutta	Non-Executive Director	Mr. Dutta, a qualified chartered accountant and cost accountant, he is presently the executive director and chief financial officer of ITC Limited. Mr. Dutta has served as a member of the World Business Council for Sustainable Development CFO Network and is currently a member of the CII National Committee on Financial Reporting.
Mr. Mukesh Gupta	Independent Director	Mr. Gupta holds a bachelor's degree in science and master's degree in business administration (human resources). He has held prominent positions in the corporate office and five major zones of LIC, including executive director (personnel) and executive director (bancassurance) at their corporate office, marketing manager of Bikaner Division.

Source: Company, JM Financial

Industry section

Overview of the Indian Hospitality Industry

- India's hospitality industry had an inventory of approximately 3.4mn keys as of 31stMar'24, of which the organised sector, which includes branded, aggregators, and quality independent hotels, represents only ~11% or approximately 375,000 keys. The organised hotel stock is further segmented into branded and independent hotels, of which branded hotels constitute approximately 45% of the keys, i.e., approximately 170,000 keys. The stock of luxury hospitality remains constrained – constituting only 17% of the branded hotel market, i.e., approximately 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.

Business Models in Hospitality

- Hotel operating structures are stratified into layers, each performing a key role. This specialisation of focus can create greater efficiency in the operation of the overall asset. While property owners are largely focused on maximising asset value and underlying profitability, operators/managers are generally incentivised to drive revenue with lesser focus on asset value growth. 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.

Exhibit 63. Business models in hospitality

Model	Function	Economics
Owner	<ul style="list-style-type: none"> Owner or developer of the underlying real estate Asset manager (appointed by Owner to oversee the hotel performance) 	<ul style="list-style-type: none"> Top-line revenue Bottom-line, property level economics (i.e., hotel EBITDA, asset valuations)
Manager	<ul style="list-style-type: none"> Promotes the brand Sets the SOP Runs day-to-day operations 	<ul style="list-style-type: none"> Base fee: 2-4% of total revenues Incentive fee: 6-10% of gross operating profit
Franchiser	<ul style="list-style-type: none"> Promotes the brand Sets brand standards 	<ul style="list-style-type: none"> Base Franchise Fee: 4%-6% of the total revenue

Source: HVS ANAROCK Research

Snapshot of Hospitality Segments in India

- The hospitality industry comprises luxury, premium (upper upscale and upscale), midscale and economy segments, which provide a wide range of offerings, services, and experiences. Segmental classification is essentially based on the intended positioning of respective hotel brands. Luxury hotels typically comprise the top tier hotels characterised by iconic status and high service standards.

Exhibit 64. Snapshot of hospitality segments in India

Segment	Luxury	Premium (upper upscale and upscale)	Economy and midscale
Segment Description	Typically includes iconic and marquee hotels, positioned in the topmost tier. They usually offer larger room sizes, multiple and differentiated fine dining options, spas, recreational facilities, large and opulent public areas with personalized services.	Upper upscale hotels are typically well positioned, full-service hotels. Typically, priced lower than luxury and offer smaller public areas and facilities	Economy and midscale hotels offer functional accommodations and limited services, while being focused on price consciousness
Typical Brand Examples	The Leela, Raffles, Fairmont, Waldorf Astoria, Six Senses, Mandarin Oriental, St. Regis, Oberoi, Four Seasons, Taj	Vivanta, Hyatt Regency, Crowne Plaza, Marriott, Westin Hotels & Resorts and Trident Hotels	Novotel, Hilton Garden Inn, Ginger, Ibis, FabHotel, Keys by Lemon Tree
# of keys in India	29,727	78,778	84,533
% of Branded Keys (India)	15.4%	40.8%	43.8%

Source: HVS ANAROCK Research. Data for FY24

Segment Attributes

- The hotel segments are distinct in their offerings and value proposition. Luxury hospitality segment hotels have high quality amenities with best-in-class services and are typically characterised by multiple banquets, restaurants and meeting rooms depending on the target segment. Hotels in the luxury hospitality segment offer guests a bouquet of service offerings and generally have higher operating leverage and better margin profile as compared to other segments. Full-service hotels have larger meeting spaces and can cater to larger groups for business and leisure, which complements demand for rooms and F&B.

Exhibit 65. Segment attributes

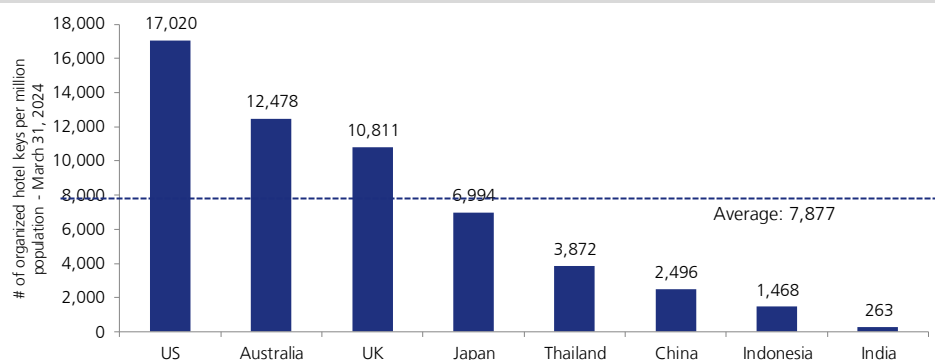
Particulars	Luxury	Upper Upscale and Upscale / Premium	Midscale and Economy
Service Level	Full	Full	Select / Limited
# of Restaurants	3 - 4	1 - 3	0 - 1
Other Typical Amenities	Gym, Spa, Swimming Pool, Wellness Services	Gym, Spa, Swimming Pool	Gym
Service Highlights	Opulent & large rooms, multiple & typically theme based dining options, multiple amenities, personalized services (e.g., butler services)	Well-designed rooms, multiple dining options, multiple amenities	Functional rooms, limited dining options
Primary Income Streams	Room sales, sizeable F&B revenues, MICE & banqueting	Room sales, F&B revenues, MICE & banqueting	Room sales & limited F&B
Typical Gross Floor Area per room (sq. ft)	1,200 and above	800 - 1,200	400 - 800
Typical Area per Room	38 sqm and above	28 - 38 sqm	15 - 28 sqm
Key Location Attributes	Marquee Locations in Central and Key Business Districts	Premium locations	Multiple locations

Source: HVS ANAROCK Research

Limited existing stock and muted supply growth

- India had an inventory of ~3.4mn keys as of 31st Mar'24, of which the organised sector held ~375,000 keys. The penetration of organised hotels, by keys, in India continues to remain lower than major economies with significant domestic visitation.

Exhibit 66. The Indian hospitality industry is significantly underpenetrated relative to major economies



Source: HVS ANAROCK Research

Note: Global average does not include India. Global keys mentioned as of December 31, 2023.

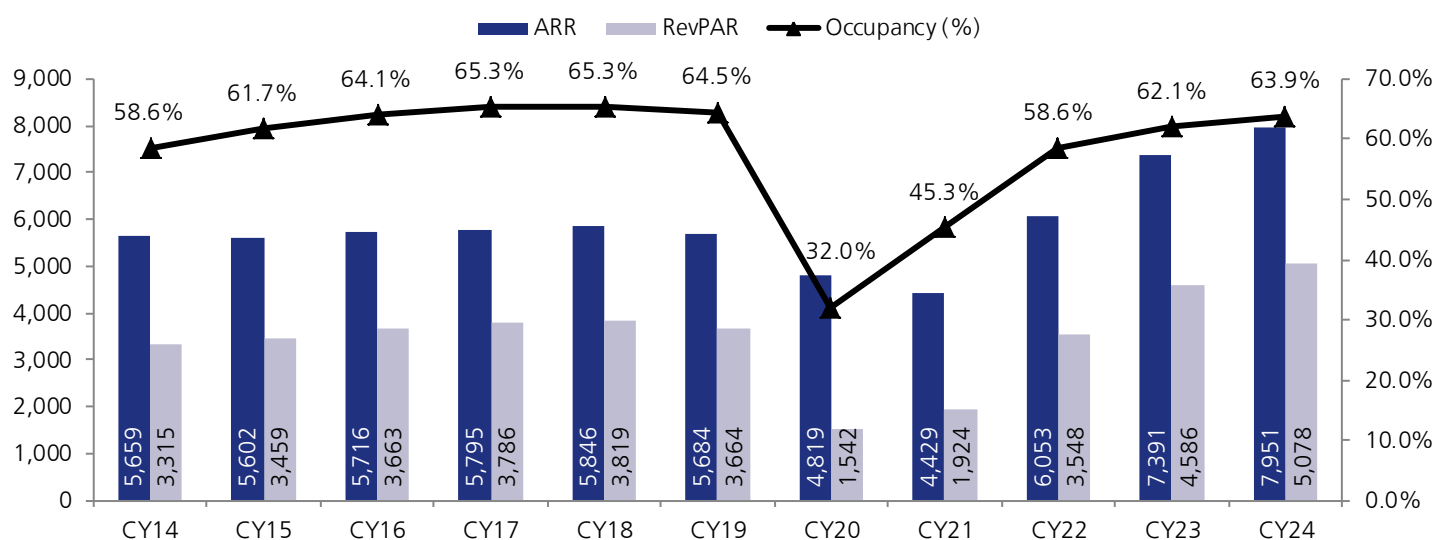
Hotel supply in India:

- Chain affiliated supply:** India has 195k chain affiliated hotel rooms, across segments, as on 30th 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; it is not considered for this report.
- Supply segmentation:** As of 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 comprises 16%, 40% and 44% in the Luxury, Upper Upscale & Upscale, and Upper Midscale & Midscale-Economy segments respectively.

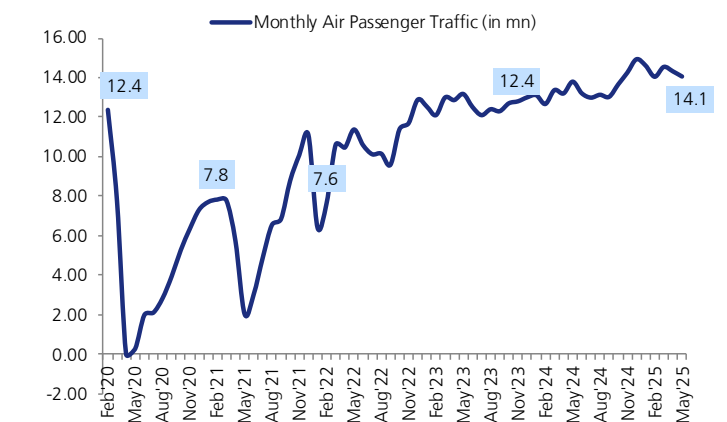
- **Supply ownership:** Hotel ownership patterns have shifted over the last 20 years. Hotel chain and chain-led ownership of hotel rooms has dropped sharply from 71% (FY01) to 25% (Sep'24), with ownership materially led by private sector developers / institutional investors. Ownership concentration is also limited. In case of luxury hotels, chain-owned inventory is 44% of total luxury room inventory. In chain-owned luxury supply, IHCL, ITC Hotels Ltd (ITC), EIH and Leela Hotels have 44%, 33%, 9.8% and 7.6% supply share respectively.
- **Supply spread:** The geographic spread of hotels continues to widen. Supply share in Key Markets (Mumbai, Delhi NCR, Bengaluru, Chennai, Hyderabad, Kolkata, Pune, Ahmedabad, Goa and Jaipur) declined from 69% at FY15 to 58% at 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 10 years; it is expected to remain at 46% at end-FY29.
- **Demand uptrend continues:** CY24 marked a strong recovery for India's hospitality sector, achieving a notable occupancy rate of 63.9%, one of the highest in recent years. Both Average Room Rates (ARRs) and Revenue per Available Room (RevPAR) reached new peaks, reflecting robust demand across business and leisure segments.
- Several cities recorded their highest-ever ARR and RevPARs, with Mumbai leading in occupancy at 77%, followed by Delhi at c.74%. Chennai and Kolkata recorded occupancy levels of c.71%, nearing pre-pandemic levels.

Exhibit 67. India's hotel industry has recovered sharply post-Covid

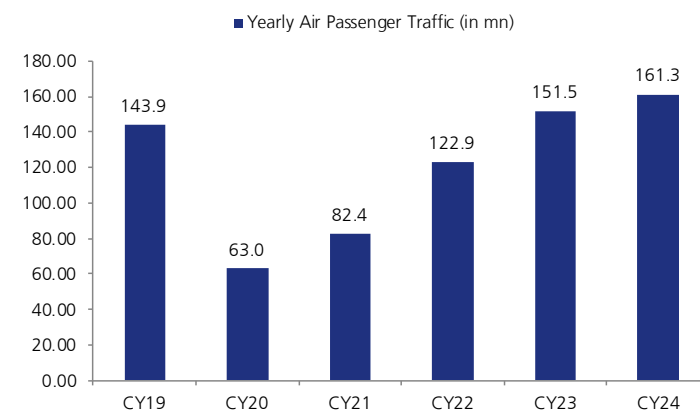


Source: Hotelivate, JM Financial

- **Robust recovery in air passenger traffic:** India's air passenger traffic has demonstrated a strong recovery post-pandemic, with yearly figures rising from 63mn in CY20 to 161.3mn in CY24, surpassing pre-pandemic levels.

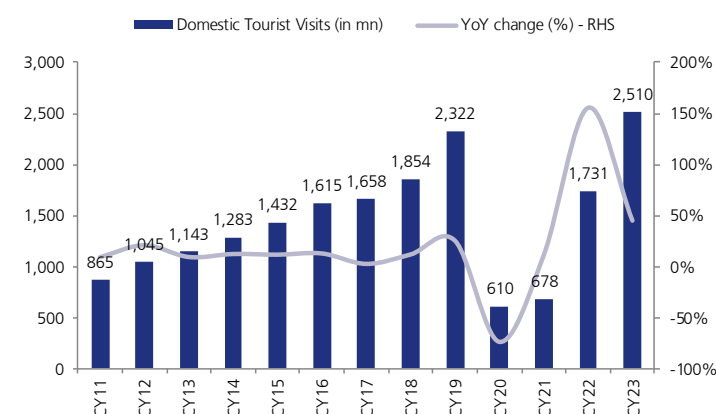
Exhibit 68. Monthly air traffic back to pre-pandemic levels

Source: DGCA, JM Financial

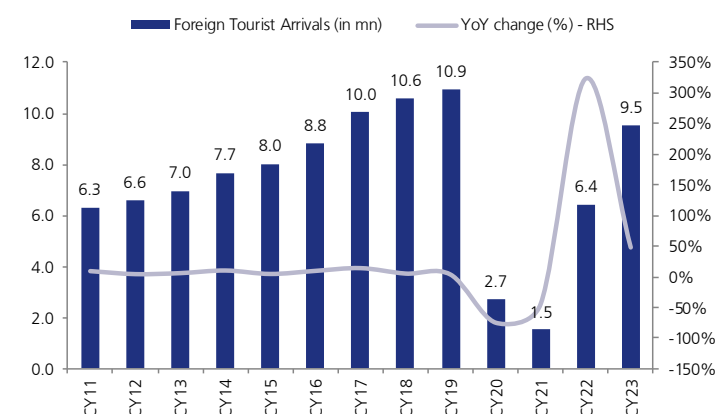
Exhibit 69. Annual air traffic level expected to reach new peak

Source: DGCA, JM Financial

- **Tourism sector revival:** Domestic tourist arrivals crossed pre-pandemic levels at 2.5bn arrivals in CY23, driven by heightened leisure travel and government initiatives. Foreign inbound travel has charted a smart recovery with FTAs (foreign tourist arrivals) for CY23 at 9.5mn (+43% YoY; 10.9mn in CY19). However, FTAs are expected to reach 25mn by CY30E (Source: Benori; Vision 2047, Indian Hotel Industry).

Exhibit 70. Domestic tourist visits above pre-pandemic levels

Source: DGCA, JM Financial

Exhibit 71. Foreign tourist arrivals recovering slowly

Source: DGCA, JM Financial

Hotel Demand

- **Chain affiliated hotel demand:** Demand for chain affiliated hotels grew at 9.9% CAGR between FY01 and FY24 while supply during this period grew at 9.4%. Demand grew from 26k rooms per day for FY08 to 61k rooms per day for FY15 and to 90k rooms per day for FY20. Demand grew even more rapidly to 116k rooms per day for FY24, in spite of FTA not fully recovering to pre-Covid levels. Demand is expected to increase to 192k rooms per day by FY29.
- **FTA and domestic visits:** Domestic travel visits aggregated 2.3bn for CY19; post-Covid recovery was sharp with 1.73bn visits for CY22 (subsequent data not available). FTA was above 10mn for CY17-19 and, post Covid, recovered to 9.2mn for CY23. FTA for Jan-Aug'24 was 6.2mn, up by 6.5% over Jan-Aug'23. (The latter also has sizeable G20 travel.)
- **Corporate travel spends** (airlines, hotels and others) were estimated at USD 10.6bn in CY23 and is expected to rise to USD 20.8bn by CY30, at 10% CAGR. 34% of the spend in CY23 was for hotels. Major demand sectors were IT Services (29%), BFSI (19%), Engineering (9%), and Aviation, Oil & Gas and Pharma each at 5%. While Delhi, Mumbai, Bengaluru Chennai and Hyderabad are top visited domestic destinations, the top emerging domestic destinations comprise Ahmedabad, Vadodara, Lucknow, Bhubaneshwar, Kolkata and Vizag. ITC has hotels in all these destinations.

Competitive landscape

- The hospitality landscape comprises several players. Companies with over 1,000 owned keys in their portfolio, having a presence in the luxury segment, include pure-play asset owners such as Chalet Hotels, Juniper Hotels and Ventive Hospitality as well as brand + asset owners, which include The Leela, Indian Hotels (IHCL), EIH Ltd (EIH) and ITC Hotels Ltd (ITC). There are other listed players such as Apeejay Surrendra Park Hotels, Lemon Tree Hotels, and SAMHI Hotels, which primarily operate in mid-scale and upscale segments but have minimal presence (Lemon Tree Hotels) or no presence (Apeejay Surrendra Park Hotels, SAMHI Hotels) in the luxury segment.

Exhibit 72. Overview of listed hospitality players in the Indian landscape

Particulars		ITC	Direct Peers			Other Industry Players		
			IHCL	EIH	The Leela	Juniper	Chalet	Ventive
Segment Focus	Luxury keys (% of Total) ⁽¹⁾	Luxury, Upper Upscale, Upscale	All Segments	Luxury and Upper Upscale	Luxury	Luxury, Upper Upscale, Upscale	Luxury, Upper Upscale, Upscale	Luxury, Upper Upscale, Upscale
Business Model	Owner – Operator	✓	✓	✓	✓	✗	✗	✗
	Asset Owner	✓	✓	✓	✓	✓	✓	✓
Operational Metrics	Total operational keys (#)	13,328	25,935	4,184	3,553	2,115	3,052	2,036
Financial Metrics	Total Revenue % CAGR (FY22-25)	39%	40%	41%	51%	45%	50%	21%
	FY25 EBITDA Margin (%)	34%	33%	37%	46%	36%	43%	45%
Brands		ITC Hotels, Mementos, WelcomHotel, Storii, Fortune, WelcomHeritage	Taj, Seleqtions, Vivanta, Gateway, Ginger	Oberoi, Trident	The Leela (Palaces, Hotels and Resorts)	Grand Hyatt, Andaz, Hyatt Residences, Hyatt Regency, Hyatt and Hyatt Palaces	JW Marriot, Marriot Executive Apartments, Novotel, Westin, Courtyard and Four Points by Sheraton	JW Marriott, Ritz Carlton, Anantara, Conrad, Raaya, Marriott Suites, DoubleTree by Hilton, Oakwood Residences, Courtyard by Marriott, Marriott Aloft

Source: Company filings, Schloss Bangalore DRHP

Notes: All Key Counts are as of December 31, 2024. Keys for the Leela are as of FY2025.

Financial Tables (Consolidated)

Income Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	30,340	35,598	40,511	44,354	48,094
Sales Growth	15.4%	17.3%	13.8%	9.5%	8.4%
Other Operating Income	0	0	0	0	0
Total Revenue	30,340	35,598	40,511	44,354	48,094
Cost of Goods Sold/Op. Exp	2,960	3,632	4,456	4,879	5,290
Personnel Cost	5,860	6,925	7,292	7,540	7,935
Other Expenses	11,480	12,933	14,414	15,781	17,232
EBITDA	10,040	12,109	14,349	16,154	17,636
EBITDA Margin	33.1%	34.0%	35.4%	36.4%	36.7%
EBITDA Growth	24.3%	20.6%	18.5%	12.6%	9.2%
Depn. & Amort.	2,980	4,024	4,376	4,570	4,955
EBIT	7,060	8,085	9,973	11,584	12,681
Other Income	350	663	696	731	768
Finance Cost	70	66	68	69	70
PBT before Excep. & Forex	7,340	8,682	10,601	12,246	13,378
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	7,340	8,682	10,601	12,246	13,378
Taxes	1,982	2,464	2,650	3,062	3,345
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	22	-128	-128	-128	-128
Reported Net Profit	5,597	6,346	8,079	9,313	10,162
Adjusted Net Profit	5,597	6,346	8,079	9,313	10,162
Net Margin	18.4%	17.8%	19.9%	21.0%	21.1%
Diluted Share Cap. (mn)	205.1	208.1	208.1	208.1	208.1
Diluted EPS (INR)	27.3	30.5	38.8	44.7	48.8
Diluted EPS Growth	1.9%	11.7%	27.3%	15.3%	9.1%
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	10,760	12,405	13,537
Depn. & Amort.	2,014	4,024	4,376	4,570	4,955
Net Interest Exp. / Inc. (-)	46	66	68	69	70
Inc (-) / Dec in WCap.	1,431	-2,010	-1,645	-1,303	-1,272
Others	-169	-760	-31	-31	-31
Taxes Paid	-2,244	-2,127	-2,650	-3,062	-3,345
Operating Cash Flow	6,725	8,035	10,878	12,649	13,915
Capex	-6,729	-3,859	-4,000	-4,000	-4,000
Free Cash Flow	-4	4,175	6,878	8,649	9,915
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	6,871	8,640	9,906
Opening Cash Balance	25	513	787	7,658	16,298
Closing Cash Balance	493	787	7,658	16,298	26,205

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	84,979	106,922	115,001	124,313	134,475
Share Capital	830	2,081	2,081	2,081	2,081
Reserves & Surplus	84,149	104,841	112,920	122,232	132,394
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	119,651	128,995	139,187
Net Fixed Assets	81,883	83,312	83,083	82,666	81,869
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	27,706	32,276	37,231
Capital WIP	17,667	1,560	1,560	1,560	1,560
Investments	320	104	104	104	104
Current Assets	19,715	41,346	50,585	61,131	72,905
Inventories	10,366	12,412	14,125	15,464	16,768
Sundry Debtors	1,445	2,018	2,296	2,514	2,726
Cash & Bank Balances	1,975	16,536	23,406	32,047	41,953
Loans & Advances	4	2	2	2	2
Other Current Assets	5,925	10,379	10,756	11,103	11,456
Current Liab. & Prov.	12,610	13,221	14,120	14,905	15,692
Current Liabilities	6,908	5,550	6,161	6,646	7,120
Provisions & Others	5,702	7,671	7,960	8,260	8,572
Net Current Assets	7,105	28,126	36,465	46,225	57,214
Total - Assets	89,308	111,542	119,652	128,995	139,187

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	18.4%	17.8%	19.9%	21.0%	21.1%
Asset Turnover (x)	0.7	0.3	0.3	0.4	0.4
Leverage Factor (x)	1.1	1.1	1.1	1.1	1.0
RoE	6.6%	6.6%	7.3%	7.8%	7.9%

Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	414.3	513.8	552.6	597.3	646.1
ROIC	6.2%	6.7%	8.2%	9.4%	10.3%
ROE	6.6%	6.6%	7.3%	7.8%	7.9%
Net Debt/Equity (x)	0.0	-0.2	-0.2	-0.3	-0.3
P/E (x)	9.0	8.0	6.3	5.5	5.0
P/B (x)	0.6	0.5	0.4	0.4	0.4
EV/EBITDA (x)	50.6	40.8	33.9	29.6	26.6
EV/Sales (x)	16.8	13.9	12.0	10.8	9.7
Debtor days	17	21	21	21	21
Inventory days	125	127	127	127	127
Creditor days	78	65	67	68	68

Source: Company, JM Financial

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

Registered Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.

Board: +91 22 6630 3030 | Fax: +91 22 6630 3488 | Email: jmfinancial.research@jmfl.com | www.jmfl.comCompliance Officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1743 | Email: sahil.salastekar@jmfl.comGrievance officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1743 | Email: instcompliance@jmfl.com

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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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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

No part of his or her or their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

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