

Closing Price:419.00

Target Price:501.00

**Highlights:**

- EIH Limited (EIH) is the flagship company of the Oberoi Group, one of the largest luxury hotel chains in India founded in 1934.
- EIH operates hotels under the three renowned names of Oberoi, Trident and Maidens.
- EIH Limited (formerly East India Hotels) and EIH Associated Hotels Limited are the two listed companies of the Oberoi Group.
- The Group currently owns and/or manages 20 hotels under the luxury brand of Oberoi Hotels & Resorts and 10 five-star properties under the Trident Hotels brand. The Group also owns and manages Clarkes Hotel, Shimla and Maidens Hotel, New Delhi. It also owns and/or operates two luxury river Nile cruisers in Egypt.
- EIH has 4935 Rooms across Hotels in 24 Cities across India & operates in 7 countries.
- The company operates Oberoi hotels in India, Egypt, Indonesia, Mauritius, Saudi Arabia, and the UAE.
- The company comprehensive range of services includes flight catering, airport lounges, travel and excursions, vehicle rentals, project management services and corporate air charters.
- Oberoi Hotels & Resorts has been recognised as the 'Best Hotel Brand in the World' at the Travel + Leisure World's Best Awards 2022.
- EIH owned and managed hotels demonstrate RevPAR leadership over industry competition.
- RevPAR Growth of Oberoi and Trident Hotels consistently higher than industry.
- EIH hotels recognize the importance of incorporating local culture into their design to create unique and authentic experiences for guests.
- EIH are known for their opulent interiors, elegant furnishings, and attention to detail.

Stock data	Rs.
Closing Price	419
Target price	501
MCAP (Rs in crore)	26,202
52 week high	502
52 week low	203
FY 24 Adj. EPS	10.2
Book value/share	65.35

Codes	
Industry	Consumer Discretionary Services-Hotel & Resorts
Facevalue	2
BSE	500840
NSE	EIHOTEL
Bloomberg	EIH.IN
Reuters	EIHO.NS

Shareholding pattern	%
Promoter	32.9
FII	5.3
DII	13.8
Non-institutions	48.1
Total	100.0



Source: Investing.com

**Financial Summary:**

Key Financials	Total Income	YoY Gr	EBIDTA	Op Margins	Adj. Net Profit	YoY Gr	Book	Equity
Yr Ended (Mar)	(Rs. Cr)	(%)	(Rs. Cr)	(%)	(Rs. Cr)	(%)	Value/share	Capital
2021	497	-68.9%	-292	-58.7%	-370	-348%	51.2	125.1
2022	985	98.2%	-1	-0.1%	-97	-74%	50.0	125.1
2023	2,019	104.9%	597	29.6%	315	223%	55.5	125.1
2024	2,511	24.4%	927	36.9%	639	103%	65.3	125.1
2025E	3,094	23.2%	1,099	35.5%	837	31%	79.0	125.1
2026E	3,776	22.0%	1,342	35.5%	1,011	21%	96.1	125.1

Source: EPS, ROCE, ROE, P/E, P/B, EV/Sales, EV/Ebitda based on Consolidated basis.

Key Ratios	Adj. EPS	Adj. ROCE	Adj. ROE	P/E	P/B	EV/Sales	EV/Ebitda
Yr Ended (Mar)	(Rs)	(%)	(%)	(x)	(x)	(x)	(x)
2021	-5.9	12.4%	-11.8%	-13.7	1.6	10.3	-17.6
2022	-1.6	12.2%	-3.2%	-78.1	2.4	7.8	-6000.3
2023	5.0	17.4%	9.8%	32.4	2.9	4.8	16.4
2024	10.2	21.4%	17.5%	41.0	6.4	10.2	27.6
2025E	13.4	25.5%	19.2%	35.0	5.9	8.2	23.0
2026E	16.2	27.2%	19.1%	31.0	5.2	7.9	22.2

**Valuations:**

EIH is a Leader in the luxury hospitality industry. Since 1934, the company has emerged as a prominent symbol of luxury and excellence in India. EIH has several competitive advantages that set it apart in the luxury hospitality industry as they provide Exceptional Services and Personalization, Luxurious Interior, attention to detail, Cultural Sensitivity and Authenticity, Fine Dining, Culinary Excellence, strong Brand reputation and Prime locations. EIH's commitment to brand standards, training, design philosophy, communication, and quality assurance ensures a consistent and exceptional experience across its diverse hotel brands. EIH's blend of luxury, personalized service, cultural authenticity, and strategic positioning, Expansion, Innovation, Debt free Balance sheet and international focus that enables us to value EIH Ltd business at Average PE 31 x FY26E earnings to arrive at a target price of Rs.501/- Share to be achieved within 18 months.

Analyst: Vanitha Poojari

## EIH Ltd- Introduction

- EIH Limited is the flagship company of the Oberoi Group, one of the largest luxury hotel chains in India.
- EIH Limited, under the aegis of The Oberoi Group, operates hotels and cruisers in 7 countries under the luxury 'Oberoi' and five-star 'Trident' brands.
- The company is primarily engaged in owning and managing premium luxury hotels and cruisers under the luxury 'Oberoi' and 'Trident' brand. The Group is also engaged in flight catering, airport restaurants, travel and tour services, car rentals, project management and corporate air charters.
- EIH personalized service, commitment to excellence and attention to detail have won them loyal customers and recognition from the global hospitality industry.

## History of Heritage

- 1934-The Oberoi Group, founded by Rai Bahadur Mohan Singh Oberoi manages Oberoi Hotels & Resorts: 20 luxury hotels worldwide and Trident Hotels: 10 five-star properties.
- 1949-EIH Limited (formerly East India Hotels) is incorporated as a public limited company in 1949.
- 1956-EIH transformed the Maharaja's palace in Srinagar, Kashmir into the iconic Oberoi Palace Hotel.
- 1960- EIH expanded its portfolio
- 1965- Commenced Operations in The Oberoi Hotel in New Delhi
- Present Day- The Oberoi Group has been a pioneer in advancing the Indian hospitality industry.

## Revenue Mix



Exhibit 1: Revenue Mix Source: AR, MSL

## EIH Hotel Features:



## Industry Overview

➤ India's tourism and hospitality industry experienced significant recovery and growth in 2023, marked by increased domestic and international demand, major global events, spiritual & religious tourism, and expansions in hotel chains.

➤ The travel market in India is projected to reach US \$125 Billion by Financial Year 2027. International Tourist arrival is expected to reach 30.5 million by 2028.

➤ According to World Travel & Tourism Council (WTTC), India is ranked 10th among 185 countries in terms of travel & tourism's total contribution to GDP in 2019. WTTC reported a substantial growth of 22% in the travel and hospitality industry, reaching an impressive value of US\$ 7.7 trillion in 2022.

➤ The Indian travel and tourism industry is expected to record an annual growth at 7.1% per annum. In WTTC's Economic Impact 2023 report, India's Travel and Tourism GDP contribution grew by 5.9%. WTTC estimates the sector to achieve a value of US\$ 9.5 trillion by the end of 2023 and a remarkable US\$ 15.5 trillion by 2033, making a substantial contribution of 11.6% to the global economy.

➤ Investor interest in the Indian hospitality space is also on the rise, with projected investments exceeding US\$ 2.3 billion over the next five years, further bolstering the positive outlook of the industry.

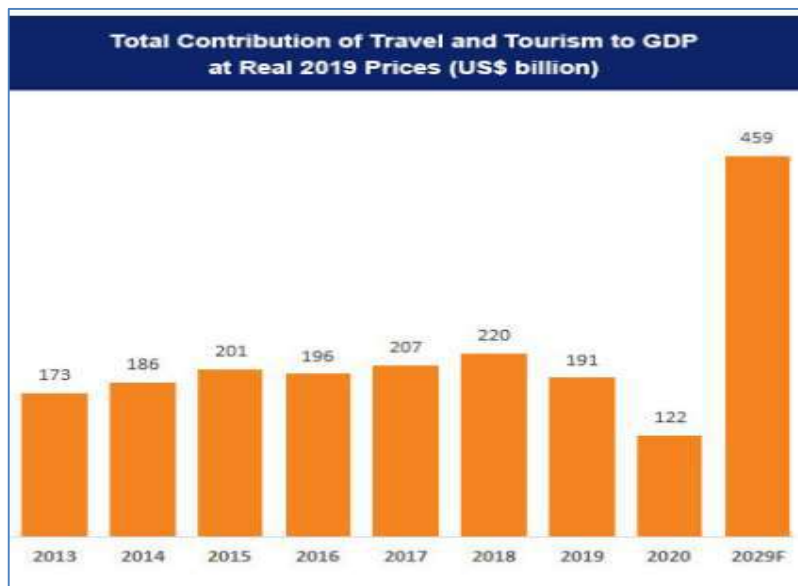


Exhibit 2: Contribution of Tourism to GDP Source: Ibef

## Highlights of the Consolidated Fourth quarter result

- The Net Sales including other operating income for the quarter grew by 16% YoY and 0.01% qoq to Rs.741 Crs.
- Ebitda for the quarter grew by 49% YoY and degrew by -6% qoq to Rs. 304 Crs.
- Profit Before Tax (PBT) for the quarter came at Rs. 309 Crs grew by 65% YoY & and degrew by -2% qoq.
- Profit after Tax grew by 182% YoY and 9% qoq to Rs.235 Crs.
- The effective Tax Rate was 28% at Rs.90.54 Crs for the quarter.
- The results have been achieved with increased focus on environmental, social and governance principles and personalized services.

## Concall Highlights

- During this current year 2024, 2 new hotels would be coming up which are in advanced stages of construction.
- The Oberoi located at Mumbai which was under renovation has added the ~20 suites in April 2024.
- The company has an 8-acre site in Bengaluru where they could build luxury hotels of ~1.2 million square feet.
- The company has announced the construction for the development of 3 additional hotels: The Trident at Tirupathi with 125 keys, Oberoi Leisure at Andhra Pradesh, close to the Indian Grand Canyon with 25 keys and in Vizag under the EIH Associated Hotels with 125 keys. These hotels are under development and would be completely operational within 4 years. The keys would be expandable as per demand requirements.
- The overall hotel supply by FY28 would be ~2,20,772 hotels translating to a growth of ~33% from 2023 to 2028, with one-third of the additional supply towards luxury categories.
- The company maintains its plan to expand by 50 more hotels with 4,500 additional keys by 2030.

## **Investment Rationale**

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Our investment rationale is based on following premises:

- 1 – Strong Brand Reputation**
- 2 – Diverse portfolio of hotels across multiple countries.**
- 3 – High-end leisure and business clientele.**
- 4 – Digitalisation**
- 5– Drivers for growth going forward.**

### **1. Strong Brand Reputation**

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- EIH hotels, especially the Oberoi brand, are renowned for their impeccable service.
- EIH Limited has strategically built a strong brand reputation in the luxury hospitality industry through several key factors such as service excellence, guest satisfaction, personalized attention, and anticipating needs.
- EIH properties pay meticulous attention to every detail, from room design to dining experiences. Luxurious amenities, elegant interiors, and well-maintained facilities create a lasting impression on guests.
- EIH celebrates India's rich cultural heritage by incorporating local art, architecture, and traditions, providing an authentic and memorable experience for guests.
- The Oberoi and Trident brands have a long-standing reputation for excellence. Repeat guests and positive word-of-mouth contribute to EIH's competitive edge.

EIH embraces innovation while preserving tradition. They adapt to changing guest preferences, incorporate technology, and stay ahead of industry trends.

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### **2. Diverse portfolio of hotels across multiple countries**

- EIH maintains a diverse portfolio of hotels across multiple countries through strategic expansion, brand differentiation, and a focus on guest preferences
  - EIH achieves strategic expansion by identifying in emerging markets and invests in prime locations.
  - The company carefully select cities with high tourism potential or strong business demand. Acquisitions, joint ventures, and management contracts allow them to expand globally.
  - EIH listens to guest feedback and adjusts offerings accordingly. They prioritize guest experiences, amenities, and services.
  - EIH adapts to local culture, architecture, and preferences. Properties reflect the essence of the region while maintaining global standards.
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### **3. High-end leisure and business clientele**

- EIH Limited attracts both high-end leisure and business clientele due to its exceptional service, luxurious amenities, and strategic locations.
  - These properties offer opulent experiences, attracting discerning travelers seeking luxury, relaxation, and cultural immersion.
  - Oberoi properties are popular for lavish weddings and celebrations. Impeccable Service and Personalization. EIH hotels are renowned for their exceptional service.
  - Staff members go above and beyond to cater to guests' needs. Personalized attention, thoughtful gestures, and anticipating guest preferences create a memorable experience.
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#### **4. Innovation and Digitalisation**

- EIH Improves its Brand Visibility through its brand building strategies initiatives.
  - EIH launched numerous campaigns to enhance its visibility and reach a broader Audiences through Quarterly Newsletters.
  - Alliances-Through strategic alliances with renowned brands, EIH maintain regular communication with its extensive member base of over two million guests.
  - Innovating digitally to elevate experiences as they have deployed state-of-the-art technologies to elevate the experiential quotient for their esteemed patrons and raise the standards in the hospitality industry to unprecedented heights.
  - EIH unveiled its flagship loyalty programme designed to acknowledge and reward its esteemed and loyal guests.
  - EIH through its guest loyalty programme Trident Privilege offers exciting privileges with a broad spectrum of benefits at each tier.
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#### **5. Drivers for growth going forward**

- EIH boasts strong brand equity with renowned brands like "Oberoi" and "Trident." Their established market presence enhances customer trust and loyalty.
- EIH aims to establish collaborative teaching and research excellence through student-centered activities through its European Innovation Hubs (EIH). These hubs leverage strong links between alliance members, local ecosystems, and businesses.
- EIH deploys six capitals (including financial, human, and intellectual) to create value for stakeholders.
- EIH has lined up aggressive expansion plans. EIH plans to more than double room inventory by FY2030 and will pursue both ownership and the management contract routes for the planned inventory addition.
- Growing popularity of 'bleisure' travel as the introduction of flexible work arrangements and remote work options has led to the emergence of trends like 'bleisure' travel or 'workcations.
- Changing face of religious tourism. The number of domestic tourists visiting pilgrimage sites exceeded 1.4 billion will drive growth further for the company.
- India is a preferred destination for medical tourism and EIH stands to benefit.

#### **Risks & Concern**

- Regulatory Compliance
- Geopolitical Risks
- Cybersecurity
- Foreign Exchange-Risk

Performance Trends



Exhibit 3: Revenue Trend  
Source: MSL



Exhibit 4: EBITDA Trend  
Source: MSL

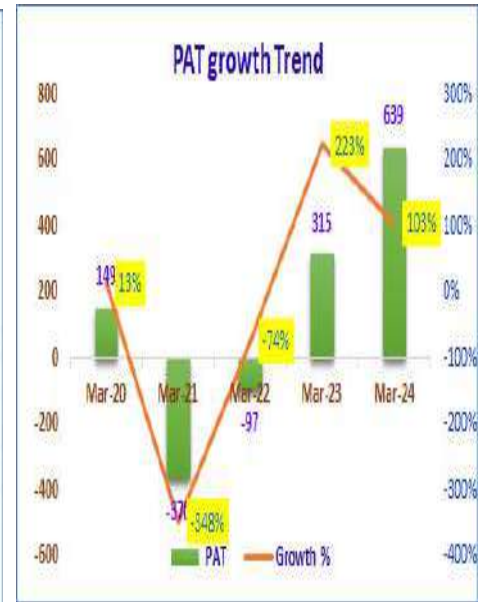


Exhibit 5: PAT Trend  
Source: MSL

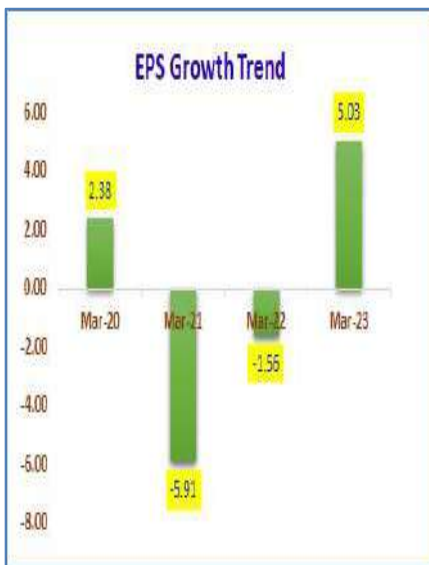


Exhibit 6: EPS Trend  
Source: MSL



Exhibit 7: Debt to Equity  
Source: MSL



Exhibit 8: ROCE Trend  
Source: MSL

## Financial analysis (In Rs. Crs)

Quarterly Analysis Consol(Rs in Cr.)	4Q24	4Q23	VAR	3Q24	3Q23	VAR	2Q24	2Q23	VAR	1Q24	1Q23	VAR
Net Sales	741	637	16%	741	586	26%	531	401	32%	498	394	26%
Other Operating Income	-	-	-	-	-	-	-	-	-	-	-	-
Total Income	741	637	16%	741	586	26%	531	401	32%	498	394	26%
Total Expenditure	437	433	1%	417	377	10%	388	316	23%	343	295	16%
Operating Profit	304	204	49%	324	209	55%	143	85	69%	155	100	56%
Depreciation	33	32	3%	34	31	8%	33	32	5%	32	31	2%
PBITO	272	172	57%	291	178	64%	110	53	107%	124	68	81%
Interest	2	12	-81%	5	7	-26%	6	8	-29%	6	8	-27%
PBTO	269	160	68%	285	170	67%	104	45	131%	117	60	97%
Other Income	40	27	48%	29	17	70%	22	16	37%	25	18	36%
PBT	309	187	65%	314	187	68%	126	61	106%	142	78	83%
Eff Tax	91	52	73%	74	48	53%	36	3	1153%	39	21	85%
Reported Profit After Tax	235	83	182%	216	137	58%	90	27	235%	103	72	43%
Minority Interest	(25)	(8)	217%	(11)	(6)	-	(1)	2	-	(2)	(3)	-
Profit/Loss of Assoc Comp.	13	9	44%	14	14	0%	4	(0)	-1329%	3	(3)	-
Net Profit	223	84	164%	219	143	54%	93	25	279%	104	63	65%
Extra-ordinary Items	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted Profit After Tax	223	84	164%	219	143	54%	93	25	279%	104	63	65%

Exhibit 9: Source: Dion Global, MSL Research Consolidated financials.

EIH Limited is renowned for its luxury hotels and heart felt hospitality. The company combines luxury, personalized service and create exceptional experiences for its guests and has a strong commitment to corporate social responsibility. EIH embraces innovation while preserving tradition. They adapt to changing guest preferences, incorporate technology, and stay ahead of industry trends.

EIH Ltd has its unique design elements, there are overarching design principles that tie them together. EIH incorporates cultural authenticity, attention to detail, and luxury into the design of all its properties. The use of local materials, artwork, and architectural features contributes to brand consistency.

With increasing preference for travel, rising air traffic & better connectivity as well as revival of foreign tourist arrival, the demand momentum is expected to remain strong. EIH ltd, including the iconic "Oberoi" and "Trident" brands exude timeless elegance. Their architecture, interiors, and attention to detail create a refined atmosphere, EIH's exceptional services, culinary excellence, strategically located at prime location, portfolio expansion, Digital transformation, customer centric approach, and global marketing all this makes for a compelling proposition in the coming future.

P&L Analysis (Rs in Cr.)-C	FY26E	FY25E	VAR	FY25E	FY24	VAR	FY24	FY23	VAR	FY23	FY22	VAR	FY22	FY21	VAR
Net Sales	3,776	3,094	22%	3,094	2,511	23%	2,511	2,019	24%	2,019	985	105%	985	497	98%
Total Expenditure	2,434	1,995	22%	1,995	1,584	26%	1,584	1,421	11%	1,421	987	44%	987	789	25%
Operating Profit	1,342	1,099	22%	1,099	927	19%	927	597	55%	597	(1)	-46772%	-1	-292	-100%
Depreciation	152	146	4%	146	131	11%	131	126	4%	126	124	2%	124	133	-6%
PBITO	1,190	954	25%	954	795	20%	795	471	69%	471	(126)	-475%	-126	-425	-70%
Interest	18	16	18%	16	19	-20%	19	36	-45%	36	35	2%	35	46	-
PBTO	1,172	938	25%	938	776	21%	776	436	78%	436	(160)	-371%	-160	-470	-66%
Other Income	189	155	22%	155	115	35%	115	78	48%	78	59	32%	59	58	1%
Profit Before Tax	1,366	1,088	26%	1,088	883	23%	883	444	99%	444	(47)	-1054%	-47	-415	-89%
Eff Tax	355	283	26%	283	240	18%	240	125	92%	125	2	7068%	2	-100	-102%
Reported Profit After Tax	1,011	805	26%	805	644	25%	644	319	102%	319	(48)	-762%	-48	-315	-85%
Minority Interest	(51)	(8)	-	(8)	(39)	-	-	(15)	-	-	(2)	-	-	6	-
Profit/Loss of Assoc Com	51	40	26%	40	34	0%	34	20	-	20	(36)	-	-36	-61	-
Net Profit	1,011	837	21%	837	639	31%	639	315	103%	315	(97)	-423%	-97	-370	-74%

Exhibit 10: Source: Dion Global, MSL Research

## Financial estimates (In Rs. Crs)

P&L - Consol (Rs in Cr.)	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Net Sales	1,811	1,596	497	985	2,019	2,511	3,094	3,776
Total Expenditure	1,405	1,306	789	987	1,421	1,584	1,995	2,434
Operating Profit	406	290	(292)	(1)	597	927	1,099	1,342
Depreciation	133	146	133	124	126	131	146	152
PBITO	273	144	(425)	(126)	471	795	954	1,190
Interest	50	56	46	35	36	19	16	18
PBTO	223	88	(470)	(160)	436	776	938	1,172
Other Income	69	78	58	59	78	115	155	189
Profit Before Tax	219	166	(415)	(47)	444	883	1,088	1,366
Eff Tax	82	1	(100)	2	125	240	283	355
Reported Profit After Tax	137	165	(315)	(48)	319	644	805	1,011
Minority Interest	(17)	(16)	6	(2)	(15)	(39)	(8)	(51)
Profit/Loss of Assoc Comp.	12	(0)	(61)	(36)	20	34	40	51
Net Profit	132	149	(370)	(97)	315	639	837	1,011
Extraordinary Items	-	-	-	-	-	-	-	-
Adjusted Net Profit	132	149	(370)	(97)	315	639	837	1,011

Exhibit 11: Source: Dion Global, MSL Research

Balance Sheet - Consol	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
<b>SOURCES OF FUNDS :</b>								
Share Capital	114	114	125	125	125	125	125	125
Reserves Total	2,879	3,022	2,979	2,902	3,250	3,814	4,659	5,678
Total Shareholders Fund	2,993	3,137	3,104	3,027	3,375	3,940	4,784	5,804
Minority Interest	89	100	94	97	97	147	155	205
Total Debt	500	421	277	334	57	-	-	-
Other Liabilities	-	-	-	-	-	-	-	-
Total Liabilities	3,582	3,657	3,476	3,458	3,529	4,086	4,939	6,009
<b>APPLICATION OF FUNDS</b>								
Net Block	2,628	3,137	2,885	2,854	2,871	2,886	2,978	3,151
Capital Work in Progress	79	-	169	55	96	170	230	420
Investments	428	459	411	365	384	448	538	699
<b>Current Assets, Loans</b>								
Inventories	60	61	51	49	64	62	70	68
Sundry Debtors	248	206	78	116	224	200	324	362
Cash and Bank	241	229	206	261	459	659	1,147	1,482
Total Current Assets	549	496	335	425	747	1,291	1,911	2,282
Loans and Advances	568	360	331	441	309	254	483	720
<b>Less : Current Liabilities</b>								
Current Liabilities	621	742	609	638	825	865	1,081	1,138
Provisions	49	52	47	44	53	97	119	125
Total Current Liabilities	670	795	656	682	878	962	1,200	1,263
Net Current Assets	-121	-299	-321	-257	-131	329	711	1,019
Deferred Tax Assets	-	-	-	-	-	-	-	-
Deferred Tax Liability	-	-	-	-	-	-	-	-
Net Deferred Tax	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-
Total Assets	3,582	3,657	3,476	3,458	3,529	4,087	4,939	6,009

Exhibit 12: Source: Dion Global, MSL Research





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Diclosure of Interest		
1	Analyst Ownership of the stock	0
2	Client Ownership of the stock	Unaware
3	Company Associate Ownership of the stock	10700
4	Broking relationship with the company covered	None
5	Investment banking relationship with the compa	None

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