

DALALBYTES RESEARCH

Elh Associated Hotels

The Cheapest Way to Own Oberoi Luxury

Seven owned hotels, zero debt, Rs 307.5 cr of surplus cash,
and the trough that FY27-28 must exit

NSE: EIH AHOTELS · BSE: 523127

October 5, 2026

Reference: Rs 294.40, NSE close of October 5, 2026.

Founding story, hotels, flywheel, financials, competition,
management, valuation vs peers, risks, and FY2029 scenarios.

01 BLUNT VERDICT FIRST

70 / 100 : Selective Positive

Elh Associated Hotels is the cheapest listed way to own Oberoi-managed luxury hotel assets: seven owned hotels and 784 keys, including the award-winning Oberoi Rajvilas in Jaipur and The Oberoi Cecil in Shimla, zero bank debt, Rs 307.5 cr of surplus funds, 31% EBITDA margins, and 70.7% occupancy with 11% ARR growth in FY26. At Rs 294.40, about 20.6x earnings, it trades at a discount to its own operator (Elh Ltd at ~25x) and a deep discount to IHCL (~48x), while carrying the strongest balance sheet in the listed hotel set.

The discount is not free. FY26 was a down year: revenue fell 5.5% to Rs 403.2 cr and PAT fell 5.1% to Rs 87.2 cr, Q1 FY27 revenue fell 4% YoY, and foreign-exchange earnings dropped 18.5%. Roughly 16% of the key inventory is under comprehensive renovation at Trident Jaipur, suppressing near-term revenue. And about 21-22% of revenue flows back to the promoter-operator group as management fees, procurement, royalties, and reimbursements: the company cannot operate independently of the 36.8% shareholder that runs it. The stock's plumbing is thin: 25% free float, zero DII holding, a few thousand shares a day, and the price is down ~24% in a year.

Rs 294.40

Reference price
NSE close, Oct 5 2026

**Rs 1,794
cr**

Market cap

**Rs 403.2
cr**

FY26 revenue
(-5.5% YoY)

Rs 87.2 cr

FY26 PAT
(-5.1% YoY)

Rs 235

FY2029 bear

Rs 410

FY2029 base

Rs 635

FY2029 bull

20.6x

TTM P/E
2.9x book

02 SNAPSHOT: WHAT EIH ASSOCIATED HOTELS IS

Item	Detail
Founded	1983 as Pleasant Hotels Ltd; renamed Elh Associated Hotels 1996
Ownership	JV of Oberoi family and Rajan Raheja group; promoters 75%, flat since 2017, zero pledging

Item	Detail
Portfolio	7 owned hotels, 784 keys: 2 Oberoi (Rajvilas, Cecil), 5 Trident
Operation	Managed by EIH Ltd (fee Rs 29.3 cr in FY26); single segment, India only
Scale	FY26 revenue Rs 403.2 cr; Q1 FY27 Rs 66 cr (-4%); 6.09 cr shares, Rs 10 face value
Economics	EBITDA margin 31%; PAT margin ~23%; ROCE 21%; ROE 15.8%
Balance sheet	Zero bank debt; Rs 307.5 cr surplus funds; Rs 100.4 cr operating cash flow in FY26
Dividend	Rs 3.50/share for FY25 and FY26 (payout ~23-24%); 1:1 bonus June 2024

03 FOUNDING STORY: A JOINT VENTURE BUILT FOR TRIDENT

EIH Associated Hotels was incorporated on March 21, 1983 as Pleasant Hotels Limited, a joint venture between the Oberoi family group and the Rajan Raheja group, and renamed EIH Associated Hotels Limited in 1996. The structure was deliberate: the Oberois contributed the luxury-hospitality operating platform (brands, management, standards) and the Rahejas contributed capital and real estate access, with both families as promoters of a separately listed vehicle. It listed in September 1995.

That dual-parent character persists today: EIH Limited holds 36.81%, Satish B. Raheja holds 22.27%, and Hathway Investments (Raheja group) holds 14.33%, for a combined promoter holding of 74.99%, unchanged since at least March 2017. What the structure gives the company is the Oberoi and Trident brands, EIH's operating machinery, and 40+ years of continuity. What it takes away is independence: the Chairman and Managing Director are the same two people who run EIH Limited, and brand, systems, procurement, and strategy all flow from the promoter-operator.

04 THE SEVEN HOTELS

The Oberoi Rajvilas, Jaipur (71 keys): the flagship. A 32-acre luxury resort estate and the company's highest-rate asset, carrying Travel + Leisure USA World's Best 2024, Conde Nast Traveller UK 2025, and One Michelin Key 2025. The irreplaceable asset: a purpose-built royal-resort estate that cannot be recreated at today's land prices.

The Oberoi Cecil, Shimla (75 keys): the heritage jewel. A colonial-era hill hotel ranked No. 3 Best Hotel in India in the Conde Nast Traveller UK Readers' Choice Awards 2025. Heritage hill inventory with pricing power in the domestic leisure season.

Trident, Udaipur (142 keys): the workhorse. A 43-acre resort overlooking Lake Pichola, operating at 100% utilization per board disclosure. The response: 10 luxury tents (Rs 15 cr, board-approved March 2026, target

completion October 2026) plus a children's activity centre and a second pool.

Trident, Agra (135 keys): the wedding bet. Proximity to the Taj Mahal makes it a wedding and leisure property; a new banquet facility for weddings, social, and corporate events is under development at ~Rs 29 cr with expected completion in November 2026.

Trident, Jaipur (132 keys): the renovation story. En route to Amber Fort, overlooking Mansagar Lake. A comprehensive renovation of 127 rooms was board-approved in June 2025; capital work in progress stood at Rs 47 cr at FY26 end versus Rs 17 cr a year earlier. About 16% of the company's total key count is in renovation at once: the single biggest drag on FY26-FY27 revenue.

Trident, Bhubaneswar (62 keys) and Trident, Chennai (167 keys): the business anchors. Bhubaneswar serves the Odisha business market; Chennai, the largest Trident in the portfolio, anchors the company's home city. All seven hotels are owned by the company; there is no third-party management or franchise portfolio.

05 THE FLYWHEEL: ARR-LED PRICING ON OWNED TROPHY ASSETS

The stated strategy has four legs: own trophy assets in strategically important markets; price for rate, not occupancy; renovate continuously; and fund everything from internal accruals with zero debt:

- **Premium pricing over occupancy:** FY26 ARR rose 11% to Rs 14,203 and RevPAR rose 12.9% to Rs 10,047, ahead of industry RevPAR growth of 10-12%. Occupancy of 70.7% is the deliberate result of rate discipline.
- **Trophy assets with pricing power:** Rajvilas and Cecil carry global awards; Udaipur runs at 100% utilization. Margins held at 31% even as FY26 revenue fell, which is rate discipline working.
- **Self-funded reinvestment:** the Jaipur renovation, Udaipur tents, Agra banquet, and the Visakhapatnam resort are all funded from accruals and the Rs 307.5 cr surplus-fund balance. FY26 capex of Rs 60.6 cr carried no debt.
- **EIH operating platform:** Oberoi/Trident brands, central sales, and proven MICE and wedding execution flow from the promoter-operator.

The pipeline: **Trident Visakhapatnam**, a 125-room five-star beachfront resort plus convention centre (the company's AR; EIH Ltd's presentation lists 150 keys, both figures reported) on a 40-acre site near the upcoming Bhogapuram airport with APTDC, expected to open in 2027 and add ~16-19% to key count; **Trident Udaipur** tents (October 2026); **Trident Jaipur** renovation; **Trident Agra** banquet (November 2026).

06 SEASONALITY AND THE QUARTERLY ARC

Seasonality is pronounced and disclosed: Q1 (April-June) is the structurally weakest quarter; Q3 (December) and Q4 (March) are the peaks (winter tourism, wedding season, New Year).

Quarter	Revenue (cr)	PAT (cr)	Occupancy / ARR
Q1 FY26	68.7	6.2	n.v.
Q4 FY26	n.v.	37.7	79% / Rs 17,696
Q1 FY27	66.0	6.89	66% / Rs 10,794

Q1 FY27 (announced August 4, 2026): revenue Rs 66.0 cr (-4.0% YoY); EBITDA including other income Rs 13.0 cr (-6.5% YoY), margin 19.7%; operating profit excluding other income Rs 7.14 cr, margin 10.8%; PAT Rs 6.89 cr (+11.6% YoY), EPS Rs 1.13. The pattern that matters: revenue fell on the Jaipur renovation drag (127 rooms out of service), but PAT rose because costs were controlled and other income supported the quarter. Q4 FY26 showed the peak-season economics: occupancy 79%, ARR Rs 17,696, RevPAR Rs 14,051. The watch item for FY27 is whether Q3-Q4 deliver the seasonal leverage the model depends on.

07 FINANCIALS: THE POST-COVID ARC THROUGH A DOWN FY26

Year	Revenue (cr)	Op profit (cr)	Op margin	PAT (cr)	EPS (Rs)
FY22	197.8	33	17%	12.9	2.12
FY23	344.1	95	28%	64.6	10.61
FY24	397.9	113	29%	81.0	13.30
FY25	426.9	128	31%	91.8	15.07
FY26	403.2	119	31%	87.2	14.31

FY22 was still Covid-depressed; FY23-FY25 was the post-Covid rebound (revenue doubled, margins rebuilt from 17% to 31%); FY26 was the first down year of the cycle: revenue -5.5%, PAT -5.1%, with ~16% of keys under renovation and foreign-exchange earnings falling 18.5% to Rs 59.8 cr. Margins held at 31% on rate discipline even as revenue fell: the company chose ARR over occupancy. Net worth compounded to Rs 602.4 cr; ROCE 21%, ROE 15.8%. A 1:1 bonus in June 2024 doubled the share count, so reported EPS for FY22-24 is on the pre-bonus base. One secondary-source flag: about Rs 21 cr of FY26's reported EBITDA of Rs 138.3 cr is estimated to be non-operating gains; the cleaner read is the Rs 119 cr of operating profit excluding other income.

08 BALANCE SHEET, CASH FLOW, CAPITAL ALLOCATION

Fortress balance sheet

Zero bank borrowings every year FY17-FY26; debt including lease liabilities only Rs 4.3 cr; surplus funds of Rs 307.5 cr at FY26 end, roughly 17% of market cap in the treasury. Net operating cash flow Rs 100.4 cr in FY26 (1.15x PAT). Free cash flow positive every year FY22-FY26. The biggest capex cycle in company history was funded from internal accruals; promoters at 75% for a decade with zero pledging; no dilution since the 2024 bonus.

Dividends have been steady: Rs 5.00 (FY23), Rs 6.00 (FY24), Rs 3.50 (FY25), Rs 3.50 (FY26), a payout ratio of 23-24% consistently; the step-down reflects the 1:1 bonus. Current yield ~1.2%. No acquisitions or divestments in the last five years; no SEBI action; auditor Deloitte Haskins & Sells LLP issued an unmodified FY26 opinion.

The related-party tax

FY26 related-party transactions with EIH Ltd and the Oberoi group (AR Note 43): management contract fee Rs 29.3 cr, purchase of goods and services Rs 43.4 cr, royalty Rs 4.6 cr, expense reimbursements Rs 9.5 cr, rent Rs 0.4 cr. Total promoter-group outflows of ~Rs 86-87 cr are roughly 21-22% of revenue, all disclosed as arm's length. This is the structural governance item of the report: the company is operationally dependent on its 36.8% shareholder for brand, management, procurement, and shared services, and the fee-and-procurement structure is a permanent drag on the margin the assets would otherwise earn.

Public float is 25%: FII ~13.64% (concentrated in two Jupiter funds at ~13.2% combined), DII 0%, public ~11.35%, ~25,637 shareholders. Liquidity is thin: on October 5, 2026 the NSE volume was 4,445 shares. Entry and exit move the price.

09 COMPETITION: THE SMALLEST PREMIUM OWNER IN THE SET

EIH Associated is the smallest listed premium hotel owner: 784 keys and ~Rs 1,794 cr market cap versus IHCL's 30,000+ keys and ~Rs 1,02,000 cr. It is a pure owner with no management-fee annuity, leisure-tilted, with the highest disclosed EBITDA margin in the peer set on a clean basis but the weakest scale and growth. Its edge is asset quality and rate discipline: FY26 ARR growth of 11% and RevPAR growth of 12.9% beat the industry.

The structural disadvantage is the fee flywheel it lacks: IHCL and EIH Ltd compound on management contracts and brand fees across hundreds of hotels; EIH Associated compounds only on the rooms it owns. That makes every capex cycle (Jaipur now, Vizag next) a direct hit to near-term earnings with no fee income to cushion it.

10 STRENGTHS

- **Fortress balance sheet:** zero bank borrowings FY17-FY26, Rs 307.5 cr surplus funds (~17% of market cap), all capex self-funded.
- **High, clean margins:** 31% operating margin, ~23% PAT margin, ROCE 21%, ROE 15.8%, the best disclosed margins among listed hotel owners.
- **Irreplaceable trophy assets:** Oberoi Rajvilas (global awards) and Oberoi Cecil (heritage), plus 43 acres of Lake Pichola frontage at Trident Udaipur running at 100% utilization.
- **Pricing power:** FY26 ARR Rs 14,203 (+11% YoY), RevPAR Rs 10,047 (+12.9% YoY), ahead of industry growth; rate discipline held margins at 31% even as revenue fell.
- **Aligned, stable ownership:** 75% promoter holding unchanged since 2017, zero pledging, no dilution; the operator (EIH Ltd) is the largest shareholder at 36.81%.
- **Disciplined, self-funded growth:** Vizag resort, Udaipur tents, Jaipur renovation, Agra banquet, all from internal accruals.
- **Shareholder returns:** consistent 23-24% dividend payout, 1:1 bonus in 2024, Deloitte audit with unmodified opinion.

11 WEAKNESSES AND RISKS

- **Micro-scale and concentration:** 784 keys across 7 hotels versus IHCL's 30,000+; single segment, India-only, leisure-tilted. No management-fee annuity to cushion downturns.
- **Earnings are declining:** FY26 revenue -5.5% and PAT -5.1% YoY; Q1 FY27 revenue -4.0% YoY; TTM sales growth about -8%. The stock is down ~24% in a year for a reason.
- **Renovation drag:** 127 of ~784 keys (16%) at Trident Jaipur are under comprehensive renovation, suppressing near-term inventory and revenue through FY27.
- **Related-party dependence:** ~21-22% of revenue flows to the EIH Ltd/Oberoi group as management fees, procurement, royalties, and reimbursements. A permanent margin tax.
- **Seasonality and cyclicity:** Q1 is structurally weak (Rs 66 cr revenue, 10.8% operating margin in Q1 FY27); leisure demand is discretionary and FY26 was hit by geopolitical and aviation disruptions.
- **Weak foreign-tourist recovery:** foreign-exchange earnings fell 18.5% to Rs 59.8 cr in FY26, even as management cites foreign-tourist revival as an FY27 driver. That is an expectation, not a result.
- **Illiquidity and narrow ownership:** 25% free float, zero DII holding, ~25,637 shareholders, a few thousand shares a day; FII concentrated in two Jupiter funds. Any large seller moves the price.
- **Jaipur lease litigation overhang:** a writ petition in the Rajasthan High Court concerning the Trident Jaipur lease is pending; contingent liabilities of Rs 13.1 cr, mostly tax-related (per a secondary summary, not verified in AR text).

12 MANAGEMENT AND GOVERNANCE

Chairman Arjun Singh Oberoi and Managing Director Vikramjit Singh Oberoi are the same two people who run EIH Limited; Akshay Raheja represents the Raheja family on the board. Three of six directors are independent (Surin Shailesh Kapadia, CA and audit chair, also independent director at Exide and Sonata Software; Ameeta Aziz Parpia, advocate, also independent director at Supreme Industries; Sandeep Kumar Barasia, ex-hospitality and consumer-tech, also independent director at Indiamart). No directors are related to each other per the AR's corporate-governance report. Auditor Deloitte Haskins & Sells LLP issued an unmodified FY26 opinion.

Assessment: conservative, clean stewardship with the Oberoi operating halo. The honest flip side is passivity: the listed vehicle has no independent strategy, no analyst calls, and no investor presentations, and its entire growth pipeline is approved and executed by the promoter-operator. Related-party transactions are voluminous but fully disclosed (AR Note 43); no self-dealing beyond the disclosed fee-and-procurement structure is on the public record.

13 VALUATION VS PEERS

At Rs 294.40 (Oct 5, 2026): TTM P/E 20.6x, P/B ~2.9x, EV/EBITDA ~12.7-13.6x (estimates from market cap and operating profit; coindataflow reports 13.58x), dividend yield ~1.2%.

Company	P/E	EV/EBITDA	Note
EIH Associated	20.6x	~13x	784 keys, zero debt, 31% margin
EIH Ltd (operator)	~25x	n.v.	Oberoi/Trident owner-operator
IHCL	47.5x	~30.6x	Largest; ~8x book
Chalet Hotels	34.4x	n.v.	Mumbai luxury; D/E 0.64
ITC Hotels	38.3x	n.v.	Demerged; PAT margin ~20%
SAMHI Hotels	distorted	~11-13x	Midscale; D/E ~2.0

EIH AHOTELS sits at the bottom of the premium-hotel valuation ladder: roughly half of IHCL's 47.5x and below its own operator EIH Ltd at ~25x. The discount reflects micro-scale, declining near-term earnings, single-segment concentration, and illiquidity. Against that, EV per key of ~Rs 1.9 cr (estimate) is a fraction of replacement cost for trophy resort assets, and Rs 307.5 cr of surplus funds is 17% of market cap in cash. The stock is 27% below its 52-week high of Rs 403.45, and the 1-year return of about -24% is the signature of an illiquid stock repricing a down year while the catalysts sit in FY27-28.

14 FY2029 SCENARIOS (INR)

Built off FY26 revenue of Rs 403.2 cr and PAT of Rs 87.2 cr (EPS Rs 14.31); 6.0936 cr shares; assumptions explicit. No sell-side coverage exists, so targets are built bottom-up.

	Bear: Rs 235	Base: Rs 410	Bull: Rs 635
Revenue CAGR FY26-29	4%	9%	14%
FY29 revenue	Rs 454 cr	Rs 522 cr	Rs 597 cr
PAT margin	21%	24%	27%
Exit P/E	15x	20x	24x

Bear: the renovation drag lingers, Vizag is delayed, and foreign tourists do not return; margin compresses on the RPT structure and cost inflation; de-rating toward a no-growth microcap. **Base:** Vizag adds ~16-19% keys in 2027, the Jaipur renovation completes, the Agra banquet and Udaipur tents contribute, and ARR-led RevPAR compounds; operating leverage partly offset by RPT fees; multiple holds at ~20x. **Bull:** Vizag ramps fast, foreign tourists return, weddings and MICE compound, full operating leverage; rerating toward the parent's multiple on compounding ROCE. Base-case FY29 implies EPS of ~Rs 20.6, so Rs 410 is ~20x FY29E earnings: a fair hotel-owner multiple for a company growing high-single digits with 21%+ ROCE and zero debt. The bear case is ~20% below today's price, which is the honest shape of the risk: the trough must end.

15 WHY IT MATTERS

Elh Associated Hotels is the purest listed play on Oberoi-managed luxury without paying Elh Ltd's price: seven owned hotels, two of them genuine trophy assets, zero debt, Rs 307.5 cr of surplus cash, and 31% margins at 20.6x earnings. The FY26 decline is explainable (renovation of 16% of keys, weak foreign-tourist mix) rather than structural, and the FY27-28 catalyst stack (Vizag, Jaipur, Udaipur, Agra) is the largest growth program in the company's history, all self-funded. The permanent costs are the related-party structure, which taxes ~22% of revenue back to the promoter-operator, and the microcap plumbing, which makes any exit expensive. At 70/100 Selective Positive, the verdict is: buy the assets and the balance sheet at a fair price, size for illiquidity, and watch the Jaipur ramp and the Vizag opening. The business must grow into the multiple it already has.

16 SOURCES

FY26 Integrated Annual Report (financials, key counts, strategy, dividends, RPT Note 43, surplus funds, operating metrics): company investor site. screener.in (operating profit, margins, shareholding trend 2017-2026, FCF series, quarterly series). finnhub.io, 5paisa, coindataflow.com (price, multiples, 52-week range). bajajfinserv.in, trendlyne, wealthrox (shareholding detail, pledging). scanx.trade (Q4 FY26, Udaipur tents). tijorifinance.com (Q1 FY27 metrics, August 2026 presentation summary). valueresearchonline.com (Elh Ltd Q1 FY27 presentation); Elh Ltd Sep 2024 investor presentation (key counts); Elh Ltd Q4 FY26 transcript (industry data). devdiscourse.com (Udaipur tents). Peer multiples: bajajfinservmarkets.in,

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