

# Pick of *the week*

## InterGlobe Aviation (INDIGO)

Recommendation: **Buy**

Target Price: ₹5,400

Current Price: ₹4,710

Time Period: 12 Months

Date: 26<sup>th</sup> August 2024



- Indigo sustaining lead on load factors as peers falter on customer experience.
- Customers may continue to prefer flying Indigo at same price point and some may shift to Indigo for their business class from Vistara—Vistara brand is potentially close to getting dissolved soon.
- Supply, market share for Tata-owned airlines stagnating since February 2024.
- Indigo is well-placed to report better-than-estimated load factors (from Q2) and better yields (from Q4).
- Gains for its spreads may get amplified if crude remains within a range. This and other consumer-centric aspects of Indigo's business model may make market rerate the stock.
- Our 20x fair value earnings multiple (and thus lower FCF multiple) has upside risks, apart from upside risks to estimates.

Note: The above is a brief note on the company, based on the inputs of KIE research report dated 20<sup>th</sup> August'24, which is available on our website at: <https://www.kotaksecurities.com/ksweb/ResearchCall/Fundamental>.

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