

# Pick of the week

## Indian Hotels

Recommendation:	<b>ADD</b>
Target Price:	<b>₹640</b>
Current Price:	<b>₹544</b>
Time Period:	<b>12 Months</b>
Date:	<b>13<sup>th</sup> May 2024</b>



- Indian Hotels is the largest play on India's hospitality sector, with its wide presence across mid-to-premium segments as well as in business and leisure locations.
- Indian Hotels has an operational inventory of 24,136 keys, comprising 13,813 owned keys and 10,323 managed keys. In FY24, IHCL added 2,500 keys.
- The company is looking to add 12,953 keys in the next four years, comprising 2,779 owned keys and 10,174 managed keys.
- Indian Hotels generated operational cash flows of Rs1,740 cr in FY24. The company has a net cash balance of ~Rs1,200 cr as of March 2024.
- We expect earnings per share to grow by 60.6% in FY25E and by 25.6% in FY26E.
- The strong earnings growth keeps us positive despite rich valuations. We have an ADD rating with a fair value of Rs640.