ANANDRATHI

India I Equities

Aviation

Initiating coverage

27 October 2025

InterGlobe Aviation

Strong fundamentals, poised for global ascent, initiating, with a Buy

Rating: **Buy**
Target price (12-mth): Rs. 7,000
Share price: Rs.5,773

Nailing the LCC model, IndiGo managed to capture its home market achieving ~64.4% share, supported by a fleet of ~416 aircraft and an orderbook of ~910 aircraft. Notwithstanding a weak H1FY26, we expect a strong H2 due to festive season & higher discretionary spends prompted by GST rate cuts and this sustained demand trajectory is expected to continue going forward as well. We believe IndiGo to be a long-term compounding story supported by disciplined low-cost model, India market dominance, strategic expansion, healthy balance sheet and robust long-term growth prospects. Hence, we initiate coverage with a Buy rating, at a 12-mnth TP of Rs 7,000, valuing at 10x Sep'27e EBITDA.

Sustained market leadership in an oligopolistic market. Unlike major aviation markets (USA, China, Europe) where a clear oligopoly exists among top 3-4 players, IndiGo changed India's scenario with a near-monopoly, due to key factors incl. **a)** superior fleet size (~416 aircraft vs ~313/30/56 of Air India Group/Akasa/SpiceJet), **b)** a low cost, high efficiency model, **c)** gradual weakening of competition & **d)** consistent fleet addition even amid supply-chain issues. Going forward, we believe IndiGo would continue to maintain its current domestic market share owing to robust orderbook (~910 aircraft vs ~514/196/129 of AI/Akasa/SpiceJet), adequate cash balance to counter short-term exigencies, while consistently improving its share on international front (vs. current ~19.3%).

Stable domestic demand & strategic international expansion to aid revenue growth. Over next 5 years, Indian aviation market expected to grow at ~16.4% CAGR to ~510m passengers (vs 12% CAGR over FY23-25), prompted by airport additions, connectivity to newer outbound destinations and ramping-up of supply. We believe IndiGo is well-poised to cater to this demand, and thus, factor in ~16.2% revenue CAGR over FY26-28 with ~10.6% capacity (fleet) growth, due to sustained market leadership on domestic side & incremental growth from increased international focus as mgmt. aims to expand overseas capacity share to ~40% by FY30 (vs. current ~30%). Further, we expect EBITDA margins to hover at ~25-26% levels, with moderation in fuel and short-term aircraft rental expenses.

Key risks. Aircraft production delays, volatile crude prices, rupee depreciation, external factors curtailing demand.

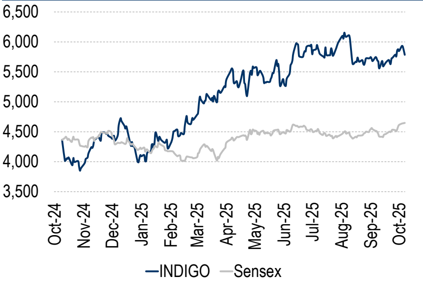
Key financials (YE Mar)	FY24	FY25	FY26e	FY27e	FY28e
Sales (Rs m)	689,043	808,030	880,506	1,043,153	1,189,092
Net profit (Rs m)	81,725	72,586	78,843	93,094	110,543
EPS (Rs)	212	188	204	241	286
P/E (x)	27.3	30.8	28.3	24.0	20.2
EV / EBITDA (x)	14.8	12.8	10.9	9.7	8.5
P / BV (x)	111.9	23.8	12.9	8.4	5.9
RoE (%)	NA	127.7	59.2	42.5	34.4
RoCE (%)	23.7	15.4	12.7	10.8	9.7
Dividend yield (%)	-	-	-	-	-
Net debt / equity (x)	9.5	2.5	1.6	1.4	1.4

Source: Company, Anand Rathi Research

Key data	INDIGO IN / INGL.BO
52-week high / low	Rs6225 / 3779
Sensex / Nifty	84212 / 25795
Market cap	Rs2234bn
Shares outstanding	387m

Shareholding pattern (%)	Sep'25	Jun'25	Mar'25
Promoters	41.6	43.5	49.3
- *of which, Pledged*	-	-	-
Free float	58.4	56.5	50.7
- Foreign institutions	28.4	27.3	25.1
- Domestic institutions	24.7	24.0	20.7
- Public	5.3	5.2	4.9

Relative price performance



Source: Bloomberg

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Quick Glance – Financials and Valuations

Fig 1 – Income statement (Rs m)

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
Net revenues	**689,043**	**808,030**	**880,506**	**1,043,153**	**1,189,092**
Growth (%)	*26.6*	*17.3*	*9.0*	*18.5*	*14.0*
Fleet Size	367	434	468	520	572
Operating costs	390,257	437,334	463,930	566,768	639,172
SG&A	117,685	143,830	160,259	191,214	217,936
EBITDAR	**181,102**	**226,866**	**256,317**	**285,171**	**331,984**
Rental Expenses	10,752	30,103	25,983	24,924	35,127
EBITDA	**170,350**	**196,763**	**230,334**	**260,247**	**296,857**
EBITDA margins (%)	*24.7*	*24.4*	*26.2*	*24.9*	*25.0*
Depreciation	-64,257	-86,802	-103,933	-124,618	-140,507
Other income*	16,094	16,774	15,503	32,985	39,698
Interest expenses	-41,694	-50,800	-58,029	-69,578	-78,450
PBT	80,493	75,935	83,875	99,036	117,599
Effective tax rates (%)	*-1.5*	*4.4*	*6.0*	*6.0*	*6.0*
+Associates / (Minorities)	-	-	-	-	-
Net income	81,725	72,586	78,843	93,094	110,543
WANS	386	386	387	387	387
FDEPS (Rs)	212	188	204	241	286

**incl. forex gain/loss*

Fig 2 – Balance sheet (Rs m)

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
Share capital	3,860	3,864	3,864	3,864	3,864
Net worth	19,964	93,682	172,525	265,619	376,162
Debt	18,917	18,000	18,000	18,000	18,000
Deferred tax liability	-	-	-	-	-
Lease & long-term liabilities	494,298	722,575	845,769	1,036,946	1,316,501
Capital employed	**533,179**	**834,257**	**1,036,294**	**1,320,565**	**1,710,663**
Net tangible assets	19,029	26,779	38,108	50,565	65,443
Net intangible assets	497	322	322	322	322
Goodwill	-	-	-	-	-
Right of use assets	342,023	490,739	619,572	797,809	1,049,008
CWIP (tang. & intang.)	1	7	7	7	7
Investments (strategic)	-	-	-	-	-
Investments (financial)	102,164	133,557	133,557	133,557	133,557
Current assets (excl. cash)	191,325	317,402	414,571	512,854	610,799
Cash	167,206	189,629	164,473	169,355	204,031
Current liabilities	289,066	324,178	334,318	343,904	352,505
Working capital	-97,741	-6,776	80,254	168,950	258,294
Capital deployed	**533,179**	**834,257**	**1,036,294**	**1,320,565**	**1,710,663**

Fig 3 – Cash-flow statement (Rs m)

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
PBT	80,493	75,935	83,875	99,036	117,599
+ Non-cash items	93,294	124,725	103,933	124,618	140,507
Oper. prof. before WC	173,787	200,661	205,334	245,247	281,857
- Incr. / (decr.) in WC	43,502	45,177	7970	6,304	5,656
Others incl. taxes	-5,114	-4,325	-5,033	-5,942	-7,056
Operating cash-flow	212,176	241,513	208,272	245,609	280,458
- Capex	11,026	16,048	17,487	20,718	23,616
Free cash-flow	201,149	225,465	190,785	224,891	256,842
Acquisitions	-	-	-	-	-
- Div. (incl. buyback & taxes)	-	-	-	-	-
+ Equity raised	4	4	-	-	-
+ Debt raised	-2,820	-917	-	-	-
- Fin investments	-109,573	-114,887	-95000	-95000	-95000
- Misc. (CFI + CFF)	-39,951	-87,242	-120,941	-125,008	-127,166
Net cash-flow	48,809	22,423	-25,156	4,883	34,675

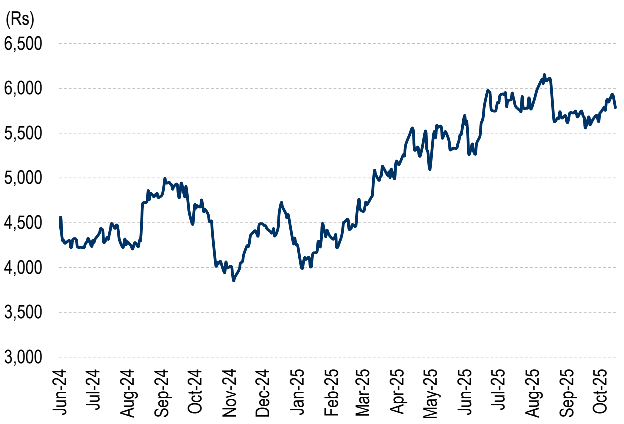
Source: Company, Anand Rathi Research

Fig 4 – Ratio analysis

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
P/E (x)	27.3	30.8	28.3	24.0	20.2
EV / EBITDA (x)	14.8	12.8	10.9	9.7	8.5
EV / Sales (x)	3.7	3.1	2.9	2.4	2.1
P/B (x)	111.9	23.8	12.9	8.4	5.9
RoE (%)	*NA*	*127.7*	*59.2*	*42.5*	*34.4*
RoCE (%) - after tax	*23.7*	*15.4*	*12.7*	*10.8*	*9.7*
RoIC (%) – after tax	*34.6*	*20.8*	*15.7*	*12.6*	*11.1*
DPS (Rs)	-	-	-	-	-
Dividend yield (%)	-	-	-	-	-
Dividend payout (%) - incl. DDT	-	-	-	-	-
Net debt / equity (x)	9.5	2.5	1.6	1.4	1.4
Receivables (days)	3	3	3	3	3
Inventory (days)	4	4	4	4	4
Payables (days)	22	22	22	22	22
CFO: EBITDA %	*124.6*	*122.7*	*90.4*	*94.4*	*94.5*

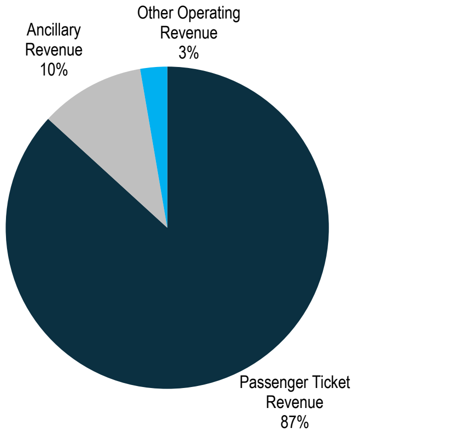
Source: Company, Anand Rathi Research

Fig 5 – Price movement



Source: Bloomberg

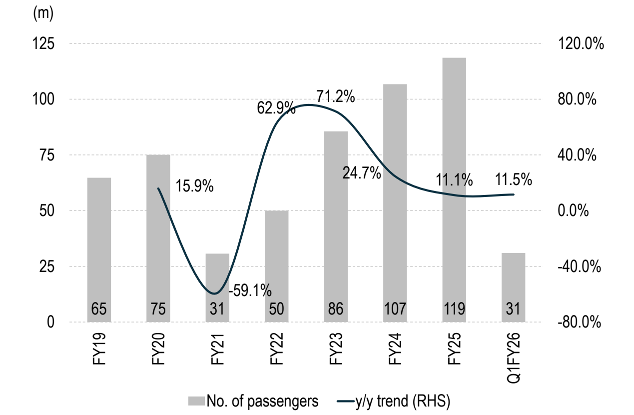
Fig 6 – Segment-wise revenue mix, Q1FY26*



*Source: Company *other operating income incl. AOG compensation, govt. incentives*

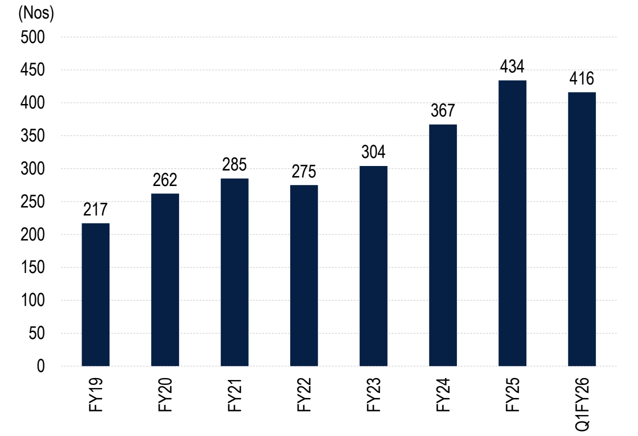
Story in charts

Fig 7 – As IndiGo's passenger base grew at ~10.6% CAGR over FY19-25, so did its market share, to ~63% from ~42.8%



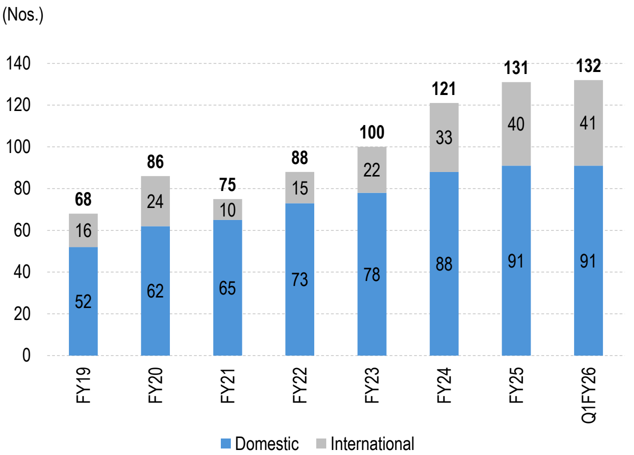
Source: Company

Fig 8 – Doubled its fleet size in ~6 years



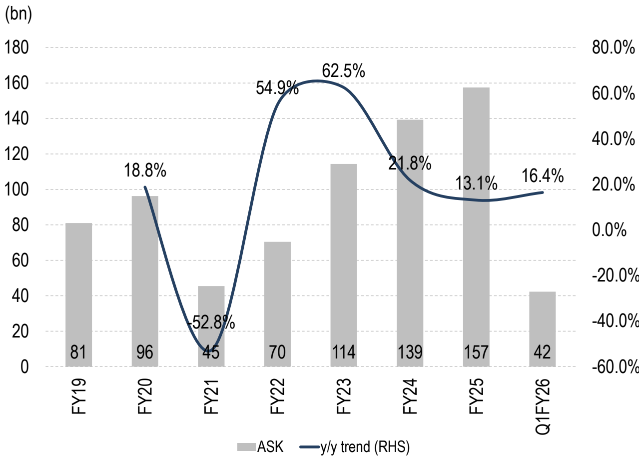
Source: Company

Fig 9 – No. of destinations; with superior domestic connectivity, gradually ramping up international expansion



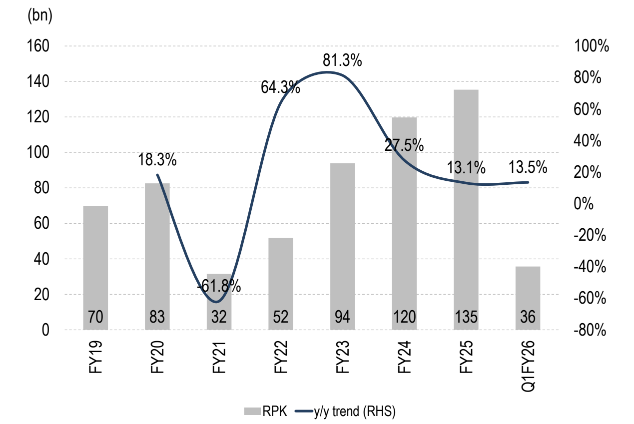
Source: Company

Fig 10 – ASK expanded ~11.7% over FY19-25, with ~30% forming international capacity (as of Q1FY26)



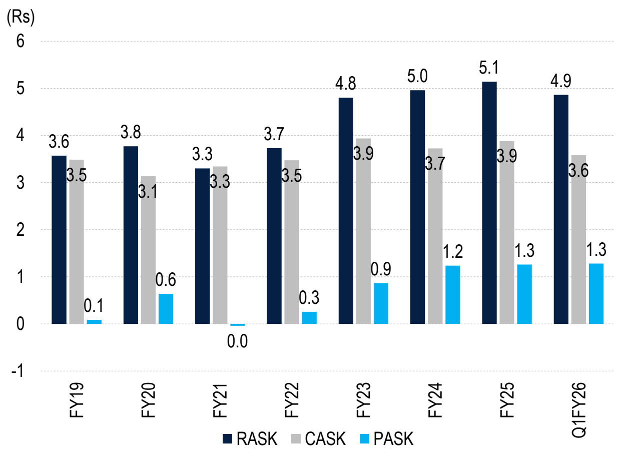
Source: Company

Fig 11 – RPK grew at par with ASK, with load factors hovering at ~85-86% (excl. Covid-19 anomaly)



Source: Company

Fig 12 – Gradual improvement in per-ASK profitability*



*Source: Company *per operating CASK excl. D&A, interest cost and forex*

Sustained market leadership in an oligopolistic market

Commencing operations in 2006 with a single aircraft, IndiGo is India's largest passenger airline (7th largest globally w.r.t. daily departures) with ~64.4% market share in Q1FY26, way ahead of the 2nd biggest player, Air India Group, which has a ~27% share. IndiGo nailed the low-cost-carrier (LCC) model by prioritising on-time performance over frills.

The airline has a fleet of ~416 aircraft (Q1FY26) and an active orderbook of ~910 aircraft which secures deliveries till FY35. This ensures it remains well-equipped to cater to the rising Indian aviation demand which is expected to grow at ~16.4% CAGR over next 5 years. Increasing middle class population, rapid urbanisation, rising income levels, and govt's focus on connectivity/infrastructure development are key drivers of high domestic growth.

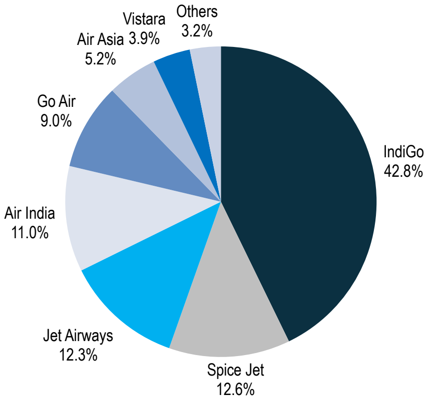
Fig 13 – Mapping key domestic aviation players

	IndiGo	Air India Group	Akasa	SpiceJet
Launch year	2006	**Air India -**1932 **Air India Express** - 2005 **AirAsia (rebranded as AIX Connect)** - 2014 **Vistara (India)** – 2015	2022	2005
Domestic market share (Q1FY26)	64.4%	27%	5.2%	2.4%
Fleet size (Nos.)	**416**	**~313**	**30**	**56 (21 operational)**
- Airbus	*86%*	*57%*	*0%*	*0%*
- Boeing	*2%*	*43%*	*100%*	*100%*
- ATR	*12%*	*-*	*-*	*-*
Aircraft type				
- Narrow Body	*99%*	*80%*	*100%*	*100%*
- Wide Body	*1%*	*20%*	*0%*	*0%*
Orderbook (Nos.)	**~910**	**514**	**196**	**129***
- Airbus	*100%*	*67%*	*-*	*-*
- Boeing	*-*	*33%*	*100%*	*100%*
Destinations (Nos.)	**132**	**103**	**29**	**73**
- Domestic	*91*	*55*	*23*	*60*
- International	*41*	*48*	*6*	*13*
Daily departures (Nos.)	2,200+	1,000+	140+ (basis 1000+ weekly flights)	250+

Source: Company, DGCA, MCA, individual company press release, Anand Rathi Research
**unfulfilled orders per Boeing as of Aug'25; additional 10 on damp lease & further, plans to unground ~10 aircraft by Apr'26*

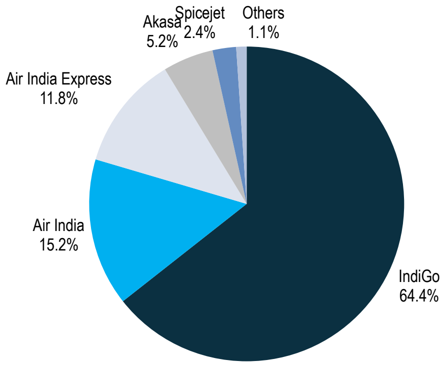
Indian domestic aviation market was relatively more crowded in FY19 with IndiGo having ~42.8% share followed by SpiceJet/Jet Airways/Air India (standalone) respectively with ~12.6%/12.3%/11% share. However, burdened with mounting debt and financial mismanagement, Jet Airways ceased operations in Apr'19. Pandemic driven slump in the industry led to GoFirst ceasing operations, in May'23 and SpiceJet's market share halving to ~5.9% in FY24. The resultant market consolidation benefitted IndiGo.

Fig 14 – IndiGo led the pack in FY19; SpiceJet & Jet Airways followed (combined, ~25% share) – both eventually ceasing operations



Source: DGCA

Fig 15 – Post consolidation and merging, IndiGo's share at an all-time high of ~64.4% (Q1FY26)



Source: DGCA (considering Air India merging with Vistara & AirAsia merging with Air India Express)

The airline's clear domination on its home front is an exception, not the norm, as globally, in major markets like the US, China and Europe, a clear oligopoly exists, with very keen competition among the top 3-4 players. And often, it is full-service carriers (FSC) which lead the pack, closely followed by other airlines.

Fig 16 – No other market has dominance of one player the way India does

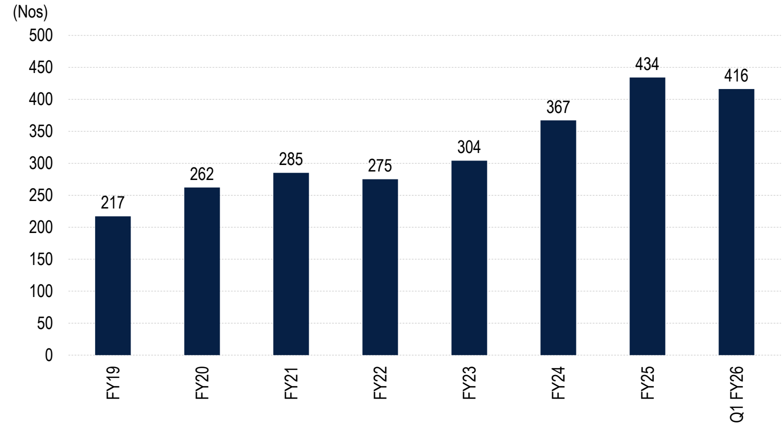
Region	Airline	Type	Market share, %	Competition
India	IndiGo	LCC	64%	Low
	Air India Group	FSC	27%	
	Akasa Air	LCC	5%	
US	Delta	FSC	18%	High
	American	FSC	17%	
	Southwest	FSC	17%	
CHINA	China Southern	FSC	16%	High
	China Eastern	FSC	14%	
	Air China	FSC	11%	
EU*	Ryan Air	LCC	28%	High
	Lufthansa	FSC	19%	
	IAG	FSC & LCC	17%	
	Air France - KLM	FSC	14%	
	EasyJet	LCC	13%	
	Wizz Air	LCC	9%	

*Source: Company, DGCA, US Dept. of Transportation, OAG *EU calculated basis relative market share*

Even amid supply-chain disruption, IndiGo's consistent fleet expansion

Per IATA, the backlog of unfulfilled new aircraft orders was ~17,000 in CY24. At present delivery rates, it would take ~14 years to clear this backlog, way more than the pre-pandemic timeframe of ~6 years. Despite this, IndiGo managed to double its fleet size, from ~217 in FY19 to ~434 in FY25, making it the first domestic airline to cross ~400 aircraft.

Fig 17 – IndiGo's doubling of fleet in six years, amid worsening supply-chain issues



Source: Company

Moreover, with ~58 aircraft delivered by Airbus in FY25 to IndiGo, they accounted for ~7% of Airbus' global aircraft deliveries, making it the single largest receiver of the aircraft manufacturer. IndiGo's ~100%-Airbus centric orderbook became an advantage as Boeing was faced with increasing regulatory scrutiny and delivery-restrictions imposed by the US Federal Aviation Administration (FAA) in CY24. Since then, however, the situation has started improving for the OEM. Now, compared to IndiGo, other Indian carriers have some exposure to Boeing (~33% of Air India Group's orderbook of ~514 aircraft is Boeing-centric); while Akasa and SpiceJet have ~100% exposure to Boeing w.r.t. their present and upcoming fleets.

Fig 18 – Orderbook dynamics of domestic carriers

Airline	Fleet size (existing)	Order Book			
		Total	Airbus	Boeing	Delivery Timeline
IndiGo	**416**	**~910**	**100%**	**0%**	**FY35**
Air India Group (incl. Air India Express)	~313	514	67%	33%	Unspecified
Akasa	30	196	0%	100%	FY32
SpiceJet	56 (21 operational)	129*	0%	100%	Unspecified

Source: Company, Boeing, Airbus, Anand Rathi Research
**unfulfilled orders per Boeing as of Aug'25; additional ~10 on damp lease and further, plans to unground ~10 aircraft by Apr'26*

Fig 19 – Q2 CY25 commentary of Boeing and Airbus

	Management commentary, Q2 CY25
Airbus	- In H1, delivered ~306 commercial aircraft; retained guidance of delivering ~820 commercial aircraft in CY25.
	- The backlog stands at ~8,754 aircraft
Boeing	- Reached ~38 aircraft deliveries a month for 737 Max; now seeking FAA approval for hiking cap to ~42 deliveries a month
	-Delivered ~280 aircraft in H1CY25 making it the highest deliveries post-CY18 (on comparable periods)
	- Ramped up manufacturing of the 787 model to ~7 aircraft a /month from ~5 in the previous quarter: expecting to further deliver ~70-80 aircraft in CY25
	-The backlog stands at ~5,900 aircraft

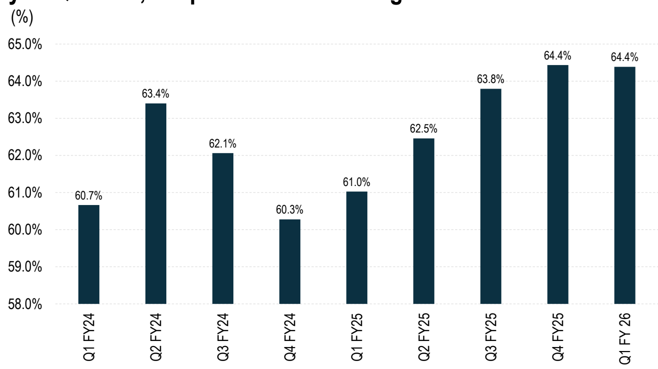
Source: Airbus, Boeing

Adequate cash balance to cater to short-term supply exigencies

IndiGo has ~Rs 494bn cash (~70.4% being free cash) as of Q1FY26 which is 0.6x/2.5x/2.2x of FY25 revenue/EBITDA/EBITDAR, respectively. This helps IndiGo counter short-term volatility in revenues and expenses.

E.g. In Q1 FY24, the airline's operations were curbed by the Pratt & Whitney (P&W) engine issue leading to several groundings, with grounded aircrafts increasing to ~75 (~18.3% of total fleet) in Q2 FY25. IndiGo's strong balance sheet helped it to navigate this situation well. To avoid material market-share losses, IndiGo adopted a sound mitigation strategy whereby it: **a)** extended the lease tenure of less fuel-efficient CEO aircraft already in its fleet and **b)** took additional aircraft from the secondary market on damp (short-term) lease. Though this strategy impacted margins (i.e., during peak of AOG issue in Q2FY25, airline saw a ~782bp y/y decline in EBITDA margins to ~11%), IndiGo's was able to hold on its market share. **Now, with the AOG issue somewhat stabilising, management expects ~40 groundings in the near term (currently, constituting ~9.6% of existing fleet, as of Q1FY26).**

Fig 20 - Market share over Q1 FY24 – Q2 FY25; IndiGo's share continued to grow sequentially in Q2 FY25, despite ~70-75 aircraft grounded

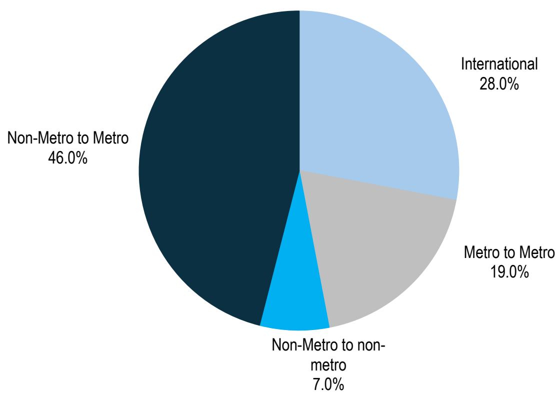


Source: Company, DGCA

Expansive connectivity, swiftly capturing emerging non-metro markets

Out of ~1,000 domestic routes, IndiGo operates on ~600 (~60%). The closest competitor, Air India Group, operates across ~300+ routes, both domestic and international combined. Here, as well, IndiGo's clear leadership has been enabled by deeper penetration into non-metro circuits, with ~87% of India's population within ~100km of an IndiGo-served airport, resulting in two-thirds of its capacity connecting to non-metro cities.

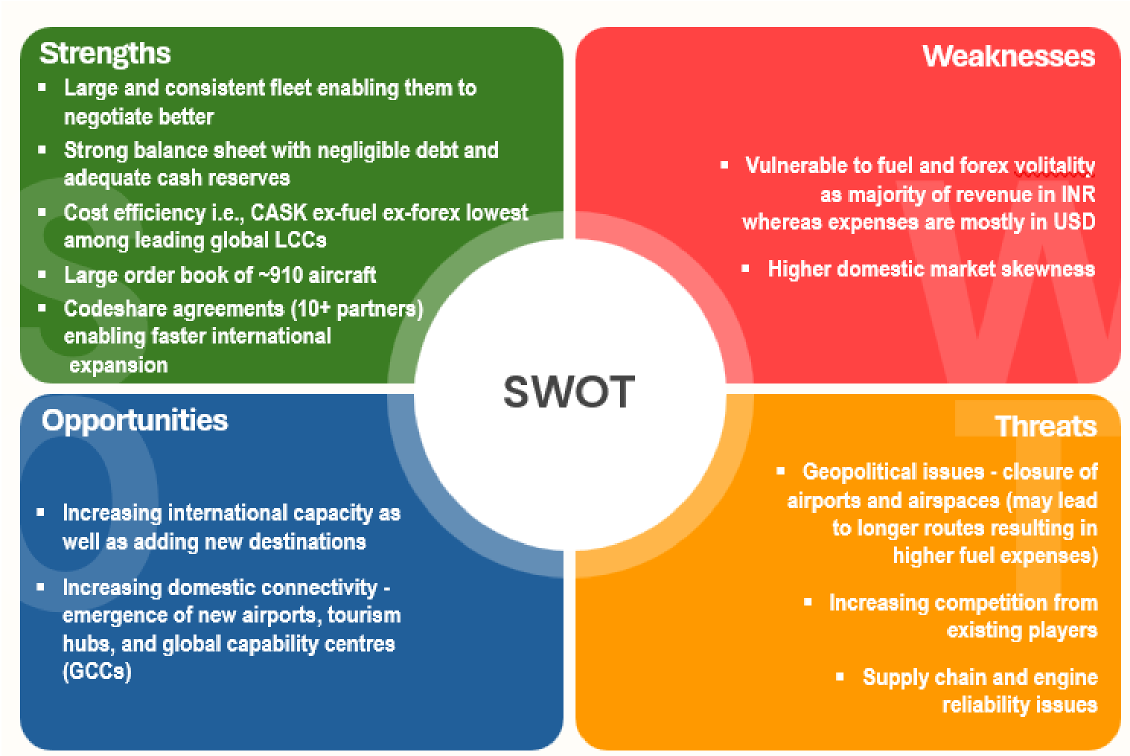
Fig 21 – Capacity-based geographic bifurcation enabling expansive coverage across metros and non-metros



Source: Company (Note: figures as of Mar'25; airline's international capacity increased to ~30% as of Q1FY26)

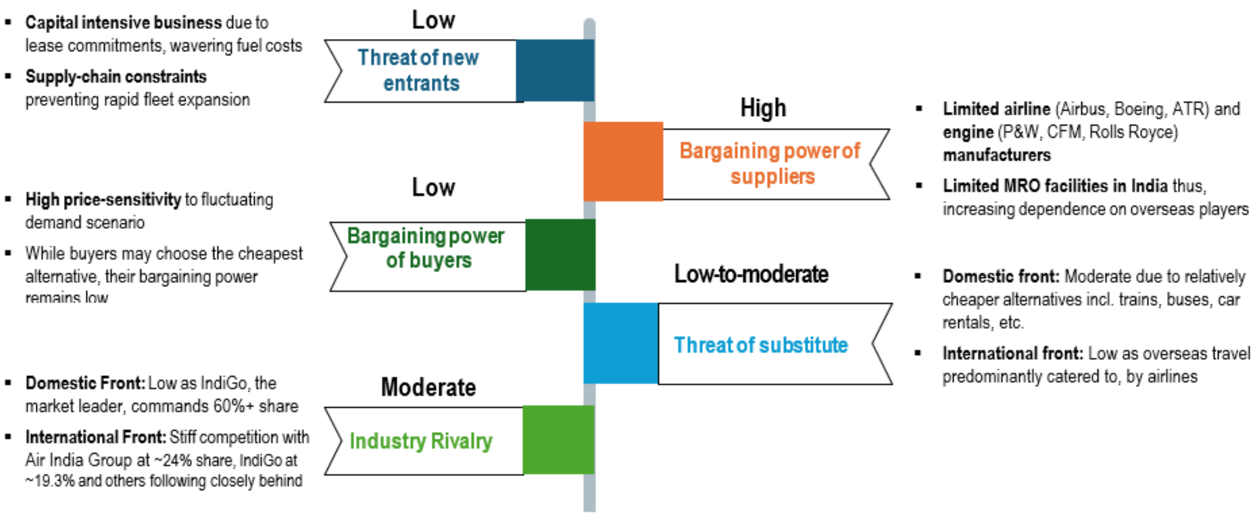
SWOT and Porter Analysis

Fig 22 – SWOT Analysis



Source: Anand Rathi Research

Fig 23 – PORTER Analysis



Source: Anand Rathi Research

No frills philosophy; prioritising operational efficiency

Where other airlines were **a)** suffering huge losses due to inefficient operations, **b)** huge debt on their books or **c)** stuck in legal battles, IndiGo succeeded by getting the low-cost-carrier (LCC) formula right. This meant:

Minimal frills. No free in-flight F&B or entertainment, resulting in CASK excl. fuel, excl. forex of ~Rs2.9, lowest of the top 10 global LCCs

Fleet uniformity. In Q1FY26, ~86.3% of its fleet being Airbus, keeping training costs in check

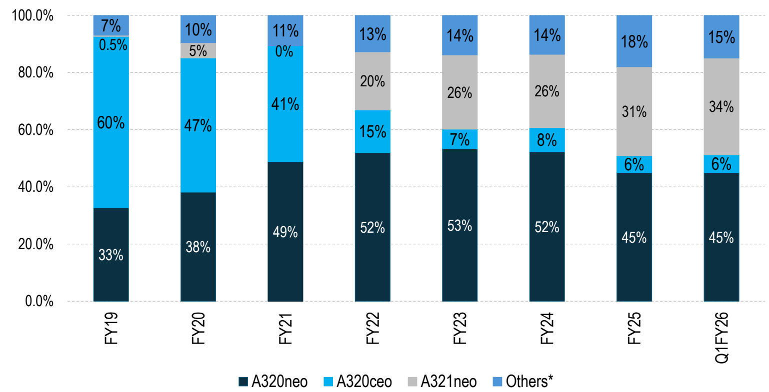
High aircraft utilization of~13 block hours/day.

Low turnaround time. ~35 minutes for domestic flights and additional ~5-10 mins, for international flights

But, without any frills, IndiGo fulfilled passengers' basic requirement, reaching destinations on time without compromising on safety. Thus, the airline retained its No.1 spot w.r.t., on-time performance (OTP) at ~83.4% on DGCA metros along with ~99% technical dispatch reliability.

Not to mention, IndiGo also has one of the lowest average fleet ages of ~4.9 years (vs. the global average of ~14.8 years). This, and ~78.8% of its fleet having NEO engines (with ~15% fuel efficiency) as of Q1FY26, have kept in check both fuel and maintenance costs.

Fig 24 – Proportion of NEO engines: ~78.8% in Q1FY26 vs. ~33% in FY19



Source: Company **Others incl. Boeing (on damp lease) and ATRs*

A third factor keeping IndiGo's costs in check has been its preference for operating leases (ie, ~80.8% in Q1FY26), vs. finance leases/owned (~16.5%) and damp lease (~2.7%) for fleet financing. This resulted in lower interest and depreciation costs initially, along with enabling rapid fleet expansion. On the contrary, global LCCs continue to prefer ownership/finance leases to operate, eg, Southwest Airlines (~13.2% of operating lease), Ryan Air (~4.4%) and JetBlue (~9%).

While IndiGo prioritised rapid fleet expansion at relatively lower initial costs and fleet flexibility based on demand scenario, global airlines preferred more fleet control and relatively predictable long-term costs e.g., per Ryan Air, due to higher aircraft ownership, when the pandemic prompted aircraft groundings, the airline had to only cater to depreciation expense, shielding them from considerable cash crunch.

Fig 25 – Apart from IndiGo and Spirit Airlines, most global LCCs are skewed toward ownership/finance lease models

Airline	Region (predominantly at present)	Fleet size	Lease Type, %	
			Operating lease	Owned/Finance lease
IndiGo	**India**	**416**	***80.8***	***16.5***
Spirit Airlines	The Americas	215	*68.8*	*31.2*
EasyJet	Europe	355	*44.5*	*55.5*
Southwest	The Americas	803	*13.2*	*86.8*
JetBlue	USA & Europe	290	*9.0*	*91.0*
Ryan Air	Europe	613	*4.4*	*95.6*

Source: Individual company filings

Thus, as global airlines are expected to reach $1trn revenue with ~3.6% net profit in CY25 (source: IATA), IndiGo after employing these cost-effective strategies is already miles ahead in profitability, at ~10.6% PAT margins (Q1FY26). Ahead, **IndiGo plans to gradually increase its proportion of finance leases to gain aircraft ownership at nominal rates (over longer periods) while maintenance costs are capitalised.** This plan also falls in-line with the airline's recently announced maintenance, repair & overhaul (MRO) integrated strategy wherein, IndiGo would start maintaining its owned aircrafts. **To construct the MRO facility in Bengaluru, company has earmarked ~Rs 10bn capex.**

Fig 26 – How IndiGo pans out compared to other leading global LCCs

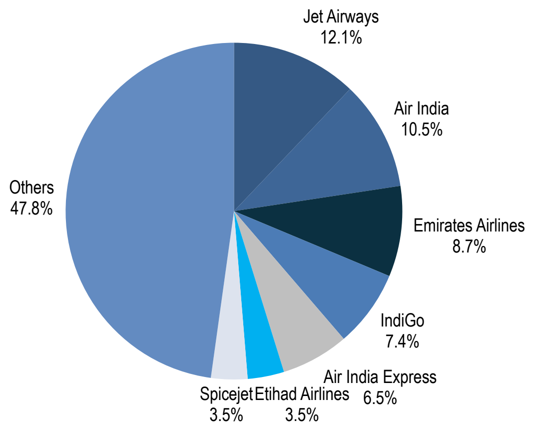
Particulars	IndiGo			Southwest			Spirit Airlines			JetBlue			RyanAir			EasyJet		
	FY23	FY24	FY25	FY23	FY24	FY25	FY23	FY24	FY25	FY23	FY24	FY25	FY23	FY24	FY25	FY23	FY24	FY25
Fleet size (Nos.)	**304**	**367**	**434**	**770**	**817**	**803**	**194**	**205**	**213**	**290**	**300**	**290**	**537**	**584**	**618**	**320**	**336**	**347**
y/y growth, %	*10.5*	*20.7*	*18.3*	*5.7*	*6.1*	*-1.7*	*12.0*	*5.7*	*3.9*	*2.8*	*3.4*	*-3.3*	*7.4*	*8.1*	*5.8*	*3.8*	*5.0*	*3.3*
ASK (bn)	**114**	**139**	**157**	**239**	**274**	**285**	**78**	**90**	**85**	**104**	**110**	**106**	**237**	**245**	**267**	**97**	**113**	**123**
y/y growth, %	*62.5*	*21.8*	*13.1*	*12.4*	*14.7*	*4.1*	*19.0*	*14.6*	*-4.8*	*19.0*	*6.2*	*-3.5*	*61.0*	*3.3*	*9.2*	*198.0*	*16.5*	*8.4*
Revenue (Rs bn)	**545**	**689**	**808**	**1,957**	**2,175**	**2,349**	**416**	**447**	**420**	**753**	**802**	**793**	**964**	**1,213**	**1,285**	**588**	**905**	**1,031**
y/y growth, %	*110.0*	*26.5*	*17.3*	*60.3*	*11.2*	*8.0*	*66.0*	*7.4*	*-6.1*	*61.0*	*6.5*	*-1.1*	*116.0*	*25.8*	*5.9*	*-*	*54.0*	*13.9*
RASK (Rs.)	**4.8**	**5.0**	**5.1**	**8.2**	**7.9**	**8.2**	**5.3**	**5.0**	**4.9**	**7.3**	**7.3**	**7.5**	**4.3**	**5.0**	**4.8**	**6.0**	**8.0**	**8.4**
y/y growth, %	*28.7*	*3.3*	*3.6*	*42.0*	*-3.1*	*3.8*	*37.0*	*-6.3*	*-1.4*	*34.0*	*0.3*	*2.6*	*35.0*	*14.3*	*-3.0*	*28*	*32.2*	*5.1*
CASK (Rs.)	**3.9**	**3.7**	**3.9**	**7.84**	**7.87**	**8.14**	**6.0**	**5.4**	**6.0**	**7.5**	**7.2**	**7.6**	**3.8**	**4.2**	**4.3**	**4.1**	**6.5**	**6.3**
y/y growth, %	*13.3*	*-5.3*	*4.2*	*53.5*	*0.4*	*3.4*	*53.0*	*-9.8*	*12.2*	*38.0*	*-4.5*	*6.3*	*8.9*	*11.7*	*1.8*	*-26.0*	*59.0*	*-3.0*
PASK (Rs.)	**0.9**	**1.2**	**1.3**	**0.35**	**0.07**	**0.1**	**-0.6**	**-0.4**	**-1.1**	**-0.2**	**0.1**	**-0.1**	**0.6**	**0.8**	**0.5**	**1.9**	**1.4**	**2.0**
y/y growth, %	*236.5*	*42.8*	*8.3*	*-44.0*	*-80.5*	*42.9*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*30.8*	*-29.3*	*-*	*-25.3*	*41.8*

Source: Individual Company Filings

Eyeing overseas expansion

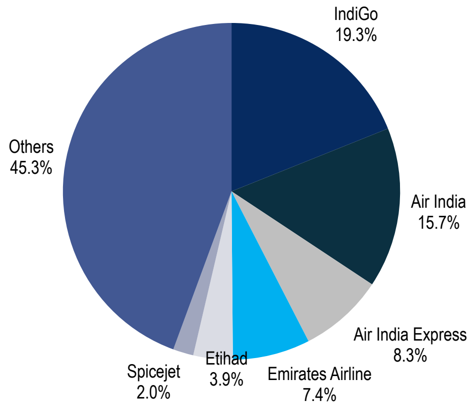
We expect international markets to be the next growth engine for the company. IndiGo has a ~19.3% share in international markets (behind Air India's share of ~22.2%) and is catering to ~41 global destinations. To do so, it is implementing a threefold strategy: **a)** Frequently introducing new international routes, eg, recently started direct flights to Amsterdam and Manchester, with Athens, London and Copenhagen commencing soon; **b)** Placing orders for Airbus XLR and A350s (widebody aircraft) designed for long-haul destinations and **c)** Codeshare agreements with 10+ global airlines, catering to 60+ codeshare locales.

Fig 27 – International market share, FY19; Jet Airways eventually ceased operations in Apr'19



Source: DGCA

Fig 28 – ~41 international destinations, IndiGo's ~19.3% share behind Air India Group's consol. ~24%



Source: DGCA (Note: Air India group incl. Air India, Vistara, Air India Express)

Fig 29 – IndiGo's aircraft-wise utilisation; Expecting XLRs and A350s to start coming in from respectively H2FY26 and CY27, aiding international expansion

Type of aircraft	Aircraft-wise utilisation	IndiGo's fleet
A350s / Damp-leased widebodies	International long haul	3
A321 XLR	International mid haul	0
A320/ 321	International short, mid haul	365
A320/ 321	Domestic	
ATRs	Regional routes	48

Source: Company

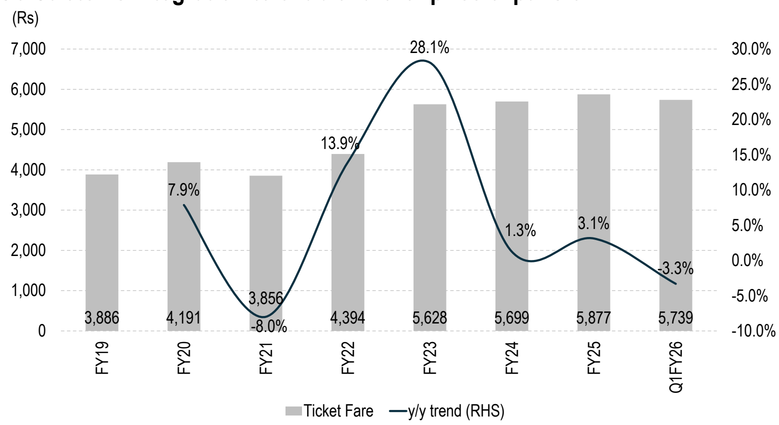
While the XLRs and A350s are expected to be delivered by H2FY26 and CY27 respectively, the airline in the interim, has availed of six B787 widebodies on damp lease from Norse Atlantic Airways to capitalise on the growing outbound demand (one already arrived in Q4FY25 and remaining five to come in FY26 itself). **Eventually, it plans to expand its international capacity share to ~40% of total capacity by FY30, from ~30% now.**

Along with capacity expansion, IndiGo is gradually moving away from a typical LCC to a hybrid airline, to better position itself as a global aviation player. The airline announced 'IndiGoStretch' in Oct'24, a tailor-made business product, offering premium seats, curated healthy meal options, priority check-ins, anytime boarding, advance seat selection, zero convenience fee and additional baggage allowance.

Initially launched on the Delhi-Mumbai route in Nov'24, this was expanded to five key domestic routes. Plans are in place to take this to ten metro-to-metro routes, totalling ~45 aircraft (~10% of its fleet size) along with expanding to international destinations incl. Bangkok, Singapore, Dubai, Phuket, Manchester and Amsterdam.

Essentially, on introducing business class, IndiGo becomes one of the leading LCCs offering this key frill, alongside global peers such as Jetblue (Mint seats) and Air Asia (premium flatbed). And with Stretch seats priced at 3x the economy fare, this unlocks additional revenue opportunity on ~10% of flights.

Fig 30 – IndiGo's avg. ticket prices clocking a ~7% CAGR over FY19-25; ahead, IndiGo Stretch's integration to enable further price expansion



Source: Company

Besides, it announced a loyalty program in Aug'24 called IndiGo BluChip, offering exclusive benefits: customers earn BluChips and upgrade to higher tiers. Within a short span, this programme has already garnered ~3.8m members. In Apr'25, the airline announced a partnership with Accor, resulting in a collaboration between their loyalty programmes ie, IndiGo BluChip and Accor Live Limitless, enabling members to earn and redeem points across flights and stays.

Global aviation passengers to grow at 3.8% CAGR over FY23-43

2024 saw ~10.6% y/y growth in demand (i.e., RPK) led by ~8% y/y passenger growth and load factors at 83.5%. Region-wise, APAC reported the highest growth in demand, 17.3% y/y, followed by Europe with ~8.8% y/y. Ahead, 2025 is expected to show a mere ~5.8% y/y RPK growth. This is prompted by macro-economic headwinds (incl. slowdown in global GDP growth, uncertainty concerning US tariffs, etc.), geopolitical tensions disrupting airline operations and delay in aircraft deliveries, somewhat offset by decline in crude oil prices due to OPEC+ production hike. On a long-term basis, per IATA, global aviation demand is expected to register a ~3.8% CAGR over CY23-43, resulting in the net addition of ~4.1bn passengers, taking the total count to ~7.9bn by the period's end.

Fig 31 – Passenger growth forecast over 2023-2043

Region	CAGR, % (2023-2043)	Additional passengers by 2043, m
Asia Pacific	**5.1**	**2,609**
Europe	2.3	662
Middle East	4.1	314
North America	3.0	763
Africa	3.7	182
Latin America	3.0	200
World	**3.8**	**4,138**

Source: IATA

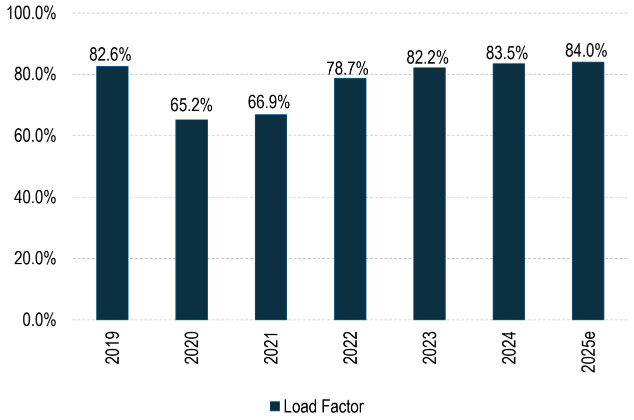
Supply per se, overall global ASK grew ~8.8% y/y in 2024, led by ~12.8% y/y growth in APAC and ~9.9% y/y in Africa, offset by suboptimal growth in North America, with the demand-supply gap persisting due to fewer new aircraft deliveries and engine issues hampering capacity growth in some key markets. In CY25, overall ASK is expected to grow ~5.2% y/y owing to sustained supply chain dysfunctionality, resulting in higher load factors (expected at ~84%, up 50bps y/y) and decline in yields (~13% y/y drop this year), prompted by a fall in jet-fuel prices.

Fig 32 - Region-wise 2024-2025 RPK-ASK forecast

Region	Aviation demand-supply			
	ASK		RPK	
	2024	2025	2024	2025
Asia Pacific	**12.80**	**6.90**	**15.60**	**9.00**
Europe	8.10	5.90	9.10	6.00
Middle East	8.40	4.60	8	6.40
North America	4.70	1.30	8.30	0.40
Africa	9.90	7.30	5.30	8
Latin America	7.10	7.80	5	5.80
World	**8.80**	**5.20**	**10.60**	**5.80**

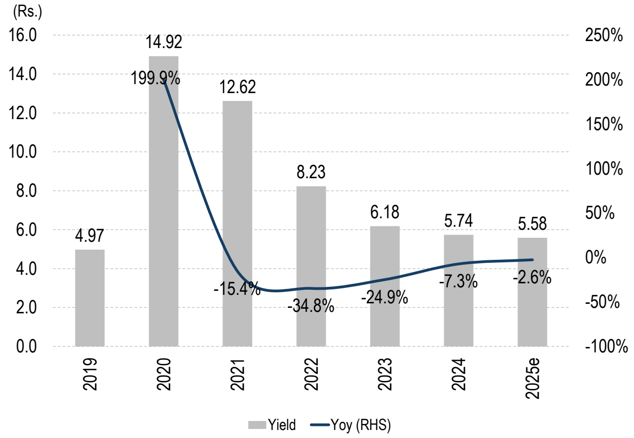
Source: IATA

Fig 33 – Load factors surpassing pre-pandemic trends, partially aided by fall in jet fuel prices



Source: IATA

Fig 34 – Global yields expected to drop in 2025, amid jet fuel price reduction, partially offset by supply-chain constraints

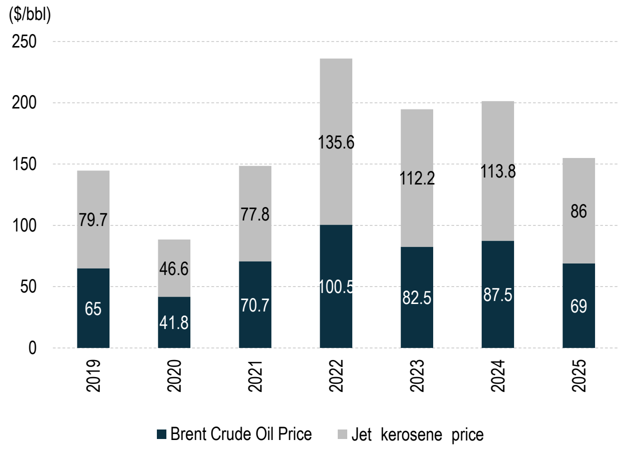


Source: IATA

Fig 35 – Brent crude oil prices ($/bbl)

Source: Bloomberg

Fig 36 – Jet fuel crack spread, 2025



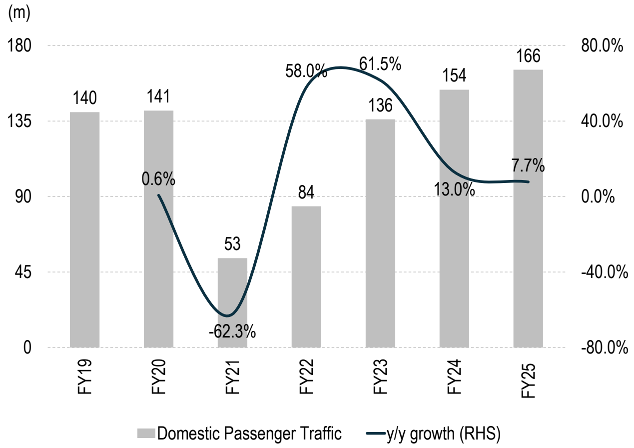
Source: IATA

Strong tailwinds to paint India as a global aviation hub

In FY25, domestic air passenger traffic grew ~7.7% y/y to ~166m, surpassing pre-Covid'19's ~140m. Even international passenger traffic grew ~10.6% y/y to ~74m yet again surpassing pre-pandemic highs of ~64m supported by strong demand. India now ranks as the third largest aviation market, just behind the USA and China. The greater increase of international passenger traffic compared to domestic traffic indicates that India is gradually transforming into a global tourism hub.

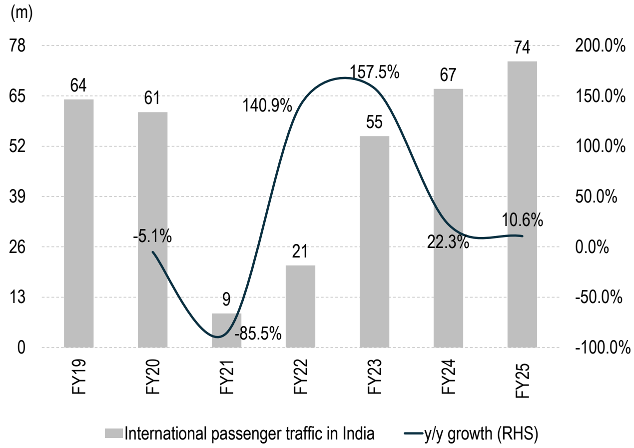
Ahead, per ICRA, domestic air passenger traffic is expected to grow ~4-6% y/y to ~172-176m (downwardly revised from earlier ~7-10% y/y) largely due to a tepid H1FY26 impacted by escalated cross-border tensions (which prompted airport closures and dampened travel sentiment) and, Air India cash incident and prolonged monsoon season, particularly in Jul-Aug'25 period, somewhat offset by strong H2FY26 supported by festive period and higher y/y wedding dates. However, international passenger traffic is likely to see a higher ~7-10% y/y growth to ~82-85m passengers.

Fig 37 – Per ICRA, domestic passenger traffic in FY26 expected to grow to ~172-176m (+4-6% y/y)



Source: DGCA

Fig 38 – Per ICRA, international passenger traffic in India likely to expand ~7-10% y/y to ~82-85m in FY26

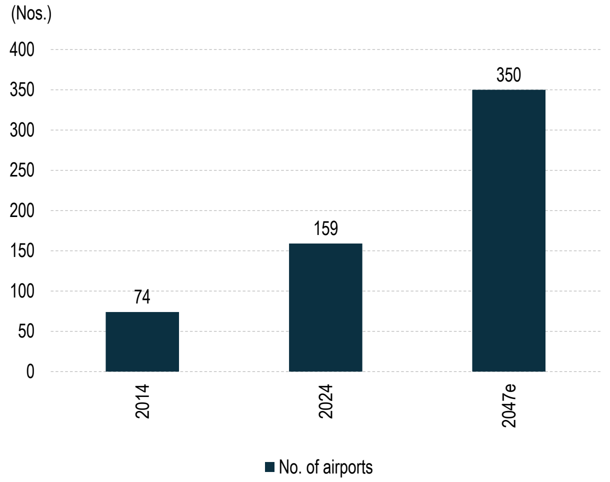


Source: DGCA

Notwithstanding the slowdown in FY26, domestic aviation demand is expected to grow at ~16.4% CAGR over next 5 years to ~510m passengers (source: CAPA) from current ~239m passengers in FY25, prompted by increasing middle class population, rapid urbanisation, rising income levels, and govt. agenda focused on connectivity and infrastructure development.

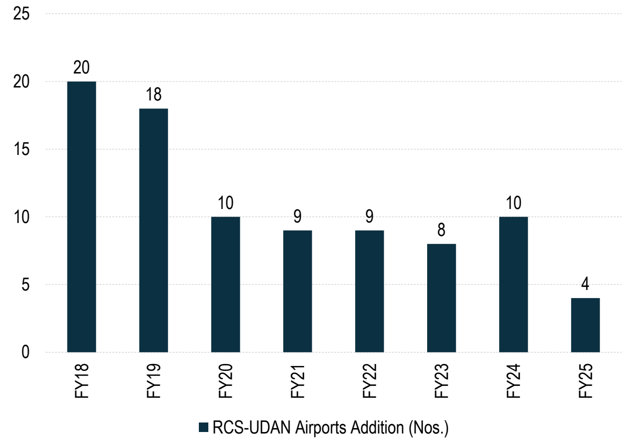
In supply, India's current order book is ~1,500+ aircraft with projected demand for 2,200+ aircraft by 2042, according to the Ministry of Finance. The steady airline capacity expansion augurs well for the industry amid tailwinds such as robust economic activity, expansion of the middle-class, higher disposable incomes, penetration of aviation infrastructure (especially to improve regional connectivity under the Ude Desh Ka Aam Nagrik (UDAN) scheme, supporting domestic and international passenger traffic.

Fig 39 – No. of airports to grow 2.2x over next two decades



Source: Ministry of Civil Aviation

Fig 40 – As of FY25, ~88 Regional Connectivity Scheme (RCS) airports operationalised



Source: Airport Authority of India (AAI)

Financials

The airline derives revenue from sale of flight tickets, in-flight and flight-related offerings and ancillary services, along with government schemes and incentives. Over FY23-25, key metrics ASK/RPK registered ~17.3/20.1% CAGRs. IndiGo's overall operating revenue registered a ~21.8% CAGR with passenger ticket revenue, ancillary revenue and other operating revenue reporting ~20.3/20.8/94.8% CAGRs, respectively. Thus, the RASK expanded from ~Rs4.8 to ~Rs5.14.

Over FY26-28, we expect ASK (capacity) to register a ~16.3% CAGR on the back of ~10.6% fleet growth. With load factors hovering at ~86%, we expect RPK (utilisation) to grow at par with ASK. As a result, passenger ticketing revenue is expected to clock a 17.4% CAGR alongside ~15% expansion in ancillary revenue. However, other operating revenues would decline ~31% over FY26-28 on account of normalisation of the AOG issue.

Fig 41 – Revenue details

	FY23	FY24	FY25	FY26e	FY27e	FY28e	23-25 CAGR %	26-28 CAGR %
No. of Passengers (m)	86	107	119	127	149	164	*17.7*	*13.4*
YoY growth (%)	*71.2*	*24.7*	*11.1*	*7.3*	*17.0*	*10.0*		
ASK (m)	**114,359**	**139,281**	**157,474**	**173,221**	**207,697**	**234,178**	***17.3***	***16.3***
YoY growth (%)	*62.5*	*21.8*	*13.1*	*10.0*	*19.9*	*12.8*		
RPK (m)	**93,889**	**119,703**	**135,400**	**148,970**	**178,619**	**201,393**	***20.1***	***16.3***
YoY growth (%)	*81.3*	*27.5*	*13.1*	*10.0*	*19.9*	*12.8*		
Passenger Load Factor (%)	82.1	85.9	86.0	86.0	86.0	86.0		
Yield (Rs)	5.13	5.08	5.15	5.15	5.20	5.25	*0.2*	*1.0*
YoY growth (%)	*21.0*	*-1.0*	*1.4*	*0.0*	*1.0*	*1.0*		
Passenger Ticket Revenue (Rs m)	**481,743**	**608,227**	**696,962**	**767,198**	**929,087**	**1,058,021**	***20.3***	***17.4***
YoY growth (%)	*119.3*	*26.3*	*14.6*	*10.1*	*21.1*	*13.9*		
PRASK (Rs.)	**4.21**	**4.37**	**4.43**	**4.43**	**4.47**	**4.52**		
YoY growth (%)	*34.9*	*3.7*	*1.4*	*0.1*	*1.0*	*1.0*		
Ancillary Revenue (Rs m)	54,334	65,642	79,225	91,109	104,775	120,491	*20.8*	*15.0*
YoY growth (%)	*47.6*	*20.8*	*20.7*	*15.0*	*15.0*	*15.0*		
Other Operating Revenue (Rs m)	8,388	15,175	31,843	22,200	9,291	10,580	*94.8*	*-31.0*
YoY growth (%)	*202.9*	*80.9*	*109.8*	*-30.3*	*-58.1*	*13.9*		
Total revenue from operations (Rs m)	**544,465**	**689,043**	**808,030**	**880,506**	**1,043,153**	**1,189,092**	***21.8***	***16.2***
YoY growth (%)	*110.0*	*26.6*	*17.3*	*9.0*	*18.5*	*14.0*		
RASK (Rs)	**4.80**	**4.96**	**5.14**	**5.08**	**5.02**	**5.08**	***3.5***	***-0.1***
YoY growth (%)	*28.7*	*3.3*	*3.6*	*-1.1*	*-1.2*	*1.1*		

Source: Anand Rathi Research

Aircraft rentals (incl. supplementary rentals & aircraft maintenance) and fuel expenses are the two major costs incurred by the airline, taking up ~57%/55.3%/52.8% of the overall cost over FY23-25. Even then, EBITDA grew ~44.3% with margins expanding to ~24.4% from ~17.4%. Ahead, increased skewness toward more fuel-efficient A320neo and A321neo aircraft, moderate fuel prices and reduced aircraft rentals (due to tapering off the AOG issue) would lead to EBITDA recording a ~13.5% CAGR over FY26-28, with margins stable at ~25-26%.

Fig 42 – Cost of Operations (Rs m)

	FY23	FY24	FY25	FY26e	FY27e	FY28e	23-25 CAGR %	26-28 CAGR %
Cost of Goods Sold	**2,860**	**3,423**	**3,832**	**4,215**	**5,054**	**5,699**	***15.8***	***16.3***
As % of Rev	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%		
Per ASK (Rs.)	0.03	0.02	0.02	0.02	0.02	0.02		
Employee benefits expense	**47,948**	**64,618**	**74,725**	**82,198**	**97,617**	**112,405**	***24.8***	***16.9***
As % of Rev	8.8%	9.4%	9.2%	9.3%	9.4%	9.5%		
Per ASK (Rs.)	0.42	0.46	0.47	0.47	0.47	0.48		
Operating expense	**358,796**	**397,587**	**463,605**	**485,698**	**586,637**	**668,600**	***13.7***	***17.3***
As % of Rev	65.9%	57.7%	57.4%	55.2%	56.2%	56.2%		
-Aircraft fuel expenses	**236,460**	**239,046**	**261,973**	**268,493**	**332,314**	**374,685**	***5.3***	***18.1***
As % of Rev	43%	35%	32%	30%	32%	32%		
Per ASK (Rs.)	2.07	1.72	1.66	1.55	1.60	1.60		
-Aircraft and engine rentals	**3,258**	**10,752**	**30,103**	**25,983**	**24,924**	**35,127**	***204.0***	***16.3***
As % of Rev	1%	2%	4%	3%	2%	3%		
Per ASK (Rs.)	0.03	0.08	0.19	0.15	0.12	0.15		
-Supplementary rentals and aircraft maintenance	**80,450**	**99,316**	**112,185**	**123,404**	**147,964**	**166,829**	***18.1***	***16.3***
As % of Rev	15%	14%	14%	14%	14%	14%		
Per ASK (Rs.)	0.70	0.71	0.71	0.71	0.71	0.71		
-Landing fees and enroute charge/airport fees	**36,468**	**46,239**	**57,531**	**65,824**	**78,925**	**88,988**	***25.6***	***16.3***
As % of Rev	7%	7%	7%	7%	8%	7%		
Per ASK (Rs.)	0.32	0.33	0.37	0.38	0.38	0.38		
-Reservation cost	**2,160**	**2,233**	**1,813**	**1,994**	**2,511**	**2,972**	***-8.4***	***22.1***
As % of Rev	0%	0%	0%	0%	0%	0%		
Per ASK (Rs.)	0.02	0.02	0.01	0.01	0.01	0.01		
Other expenses	**40,310**	**53,066**	**69,105**	**78,061**	**93,597**	**105,531**	***30.9***	***16.3***
As % of Rev	7%	8%	9%	9%	9%	9%		
Per ASK (Rs.)	0.35	0.38	0.44	0.45	0.45	0.45		
Total Cost	**449,913**	**518,693**	**611,267**	**650,172**	**782,906**	**892,235**	***16.6***	***17.2***
EBITDA	**94,551**	**170,350**	**196,763**	**230,334**	**260,247**	**296,857**	***44.3***	***13.5***
EBITDA margin	***17.4***	***24.7***	***24.4***	***26.2***	***24.9***	***25.0***		
EBITDAR	**97,810**	**181,102**	**226,866**	**256,317**	**285,171**	**331,984**	***52.3***	***13.8***
EBITDAR margin	***18.0***	***26.3***	***28.1***	***29.1***	***27.3***	***27.9***		
D&A	**51,030**	**64,257**	**86,802**	**103,933**	**124,618**	**140,507**	***30.4***	***16.3***
As % of Rev	9.4	9.3	10.7	11.8	11.9	11.8		
Per ASK (Rs.)	0.45	0.46	0.55	0.60	0.60	0.60		
Foreign exchange loss (net)	**-29,598**	**-7,174**	**-16,179**	**-25,000**	**-15,000**	**-15,000**		
As % of Rev	-5.4	-1.0	-2.0	-2.8	-1.4	-1.3		
Interest expenses	**31,317**	**41,694**	**50,800**	**58,029**	**69,578**	**78,450**	***27.4***	***16.3***
As % of Rev	5.8	6.1	6.3	6.6	6.7	6.6		
CASK (Rs.)	**4.91**	**4.54**	**4.86**	**4.83**	**4.78**	**4.81**	***-0.6***	***-0.2***
YoY growth (%)	*5%*	*-8%*	*7%*	*-1%*	*-1%*	*1%*		
CASK ex fuel (Rs.)	2.85	2.82	3.19	3.28	3.18	3.21	*6.0*	*-1.1*
YoY growth (%)	*-13%*	*-1%*	*13%*	*3%*	*-3%*	*1%*		
CASK ex fuel ex forex (Rs.)	2.59	2.77	3.09	3.14	3.10	3.15	*9.3*	*0.1*
YoY growth (%)	*-18%*	*7%*	*12%*	*2%*	*-1%*	*1%*		
PASK (Rs.)	**-0.11**	**0.42**	**0.28**	**0.25**	**0.25**	**0.27**		**3.57**
YoY growth (%)	*-88%*	*-475%*	*-34%*	*-11%*	*-2%*	*9%*		

Source: Anand Rathi Research

Competition analysis

Fig 43 – IndiGo vs Peers (ASK – RPK Dynamics) (bn)

Airlines Players	Available Seat Kilometer (ASK)						Revenue Passenger Kilometre (RPK)					
	Domestic			International			Domestic			International		
	FY23	FY24	FY25	FY23	FY24	FY25	FY23	FY24	FY25	FY23	FY24	FY25
IndiGo	**87.9**	**102.6**	**113.0**	**26.2**	**36.4**	**44.4**	**72.3**	**89.1**	**98.1**	**21.3**	**30.4**	**37.3**
Akasa	1.9	7.5	9.7	NA	NA	1.4	1.5	6.7	8.7	NA	0.0	1.1
Air India	15.1	17.7	38.5	45.8	56.3	75.6	12.3	15.3	33.0	38.1	48.4	63.8
Air India Express	0.0	1.5	17.3	12.2	17.1	22.8	0.0	1.2	14.5	9.2	13.5	17.0
Vistara	15.7	16.8	NA	5.8	10.5	NA	13.7	15.5	NA	4.7	8.7	NA
AIX Connect	NA	2.8	NA	NA	NA	NA	NA	2.4	NA	NA	NA	NA
Go Air	12.9	NA	NA	4.2	NA	NA	11.0	NA	NA	3.2	NA	NA
Air Asia	11.1	9.4	NA	NA	NA	NA	9.2	8.2	NA	NA	NA	NA
Spicejet	12.5	8.6	5.9	5.4	4.7	4.2	11.1	8.0	5.2	4.6	4.0	3.4

Source: Company, Bloomberg

Fig 44 – IndiGo vs Peers (Passenger Dynamics)

Airlines Players	No. of Passengers (m)					
	Domestic			International		
	FY23	FY24	FY25	FY23	FY24	FY25
IndiGo	**76.7**	**94.6**	**104.2**	**8.6**	**11.8**	**14.0**
Akasa	2	6.8	7.7	NA	NA	0.4
Air India	11.7	15.0	31.9	6.7	8.5	11.6
Air India Express	0.0	1.4	14.5	3.4	5.0	6.1
Vistara	12.5	14.4	NA	1.3	2.4	NA
AIX Connect	NA	2.4	NA	NA	NA	NA
Go Air	11.5	NA	NA	0.9	NA	NA
Air Asia	9.0	8.1	NA	NA	NA	NA
Spicejet	10.9	8.0	5.2	1.9	1.8	1.5

Source: Company, Bloomberg

Fig 45 – IndiGo vs Peers (FY23-25) Performance

Airlines Players	Revenue (Rsbn)			*Revenue Growth (%)*			EBITDA (Rsbn)			*EBITDA margins (%)*		
	FY23	FY24	FY25	FY23	FY24	FY25	FY23	FY24	FY25	FY23	FY24	FY25
IndiGo	**544**	**689**	**808**	***110.0***	***26.6***	***17.3***	**95**	**170**	**197**	***17.4***	***24.7***	***24.4***
SpiceJet	86	68	51	*32.2*	*-21.0*	*-25.2*	6	-9	-3	*6.9*	*-13.1*	*-6.4*
Ryan Air	901	1,207	1,266	*124.4*	*24.8*	*3.8*	209	280	252	*23.2*	*23.2*	*19.9*
American Airlines	3,850	4,358	4,536	*63.9*	*7.8*	*2.7*	455	684	615	*11.8*	*15.7*	*13.6*
Delta	3,977	4,792	5,158	*69.2*	*14.8*	*6.2*	518	801	793	*13.0*	*16.7*	*15.4*
United Airlines	3,850	4,358	4,536	*82.5*	*19.5*	*6.2*	455	684	615	*11.8*	*15.7*	*13.6*
Southwest Airline	1,872	2,154	2,299	*50.8*	*9.6*	*5.3*	209	219	199	*11.2*	*10.1*	*8.6*
China Eastern Airline	541	1,327	1,536	*-31.0*	*145.7*	*16.1*	-115	269	324	*-21.2*	*20.3*	*21.1*
China Southern Airline	1,017	1,865	2,025	*-14.3*	*83.7*	*8.9*	22	369	420	*2.2*	*19.8*	*20.7*
Air China	618	1,646	1,938	*-29.0*	*166.7*	*18.1*	-166	362	362	*-26.9*	*22.0*	*18.7*

Source: Company, Bloomberg

Fig 46 – IndiGo vs. Peers (FY26-28) performance

Airlines Players	Revenue (Rsbn)			Revenue Growth (%)			EBITDA (Rsbn)		
	FY26e	FY27e	FY28e	FY26e	FY27e	FY28e	FY26e	FY27e	FY28e
IndiGo*	**881**	**1,043**	**1,189**	**9.0**	**18.5**	**14.0**	**230**	**260**	**297**
Ryan Air	1,580	1,663	1,782	*24.8*	*5.3*	*7.2*	376	413	450
American Airlines	4,835	5,129	5,383	*6.6*	*6.1*	*5.0*	327	443	492
Delta	5,170	5,471	5,751	*0.2*	*5.8*	*5.1*	732	826	903
United Airlines	5,231	5,629	5,968	*15.3*	*7.6*	*6.0*	698	801	884
Southwest airline	2,494	2,675	2,824	*8.5*	*7.3*	*5.6*	187	288	355
China eastern Airline	1,752	1,847	1,974	*14.1*	*5.4*	*6.9*	321	380	446
China southern Airline	2,156	2,267	2,429	*6.5*	*5.1*	*7.1*	462	517	560
Air China	2,136	2,263	2,493	*10.2*	*5.9*	*10.2*	440	505	586

*Source: Bloomberg   *Our estimates*

Fig 47 – IndiGo vs. Peers (FY26-28) performance

Airlines Players	EBITDA margins (%)			PE (x)			EV/EBITDA (x)		
	FY26e	FY27e	FY28e	FY26e	FY27e	FY28e	FY26e	FY27e	FY28e
IndiGo*	***26.2***	***24.9***	***25.0***	**28.3**	**24.0**	**20.2**	**10.9**	**9.7**	**8.5**
Ryan Air	*23.8*	*24.8*	*25.3*	12.3	10.8	9.8	6.7	6.1	5.6
American Airlines	*6.8*	*8.6*	*9.1*	28.5	6.7	5.2	7.9	5.8	5.2
Delta	*14.2*	*15.1*	*15.7*	10.1	8.3	7.3	6.0	5.4	4.9
United Airlines	*13.3*	*14.2*	*14.8*	9.4	7.6	6.8	5.5	4.8	4.4
Southwest airline	*7.5*	*10.8*	*12.6*	34.6	13.5	9.6	8.2	5.4	4.3
China eastern Airline	*18.3*	*20.6*	*22.6*	-	37.7	23.4	11.3	9.5	8.1
China southern Airline	*21.4*	*22.8*	*23.1*	21.8	10.1	7.1	8.0	7.1	6.6
Air China	*20.6*	*22.3*	*23.5*	20.8	9.0	6.9	9.0	7.8	6.7

*Source: Bloomberg   *Our estimates*

Valuations

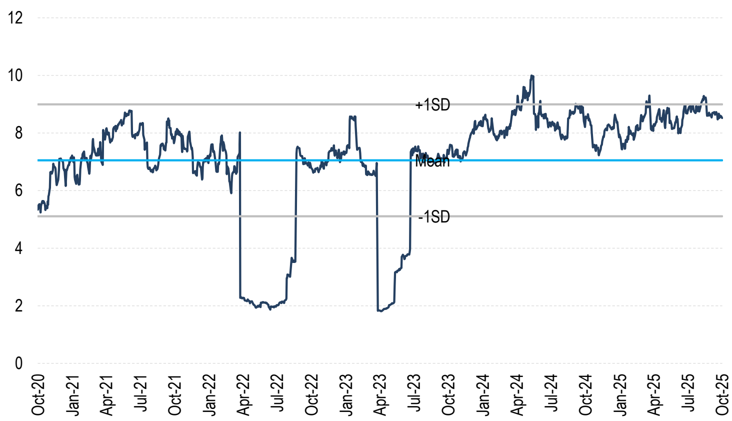
Nailing the LCC model, IndiGo managed to capture its home market achieving ~64.4% share, supported by a fleet of ~416 aircraft and an orderbook of ~910 aircraft. Notwithstanding a weak H1FY26, we expect a strong H2 due to festive season & higher discretionary spends prompted by GST rate cuts and this sustained demand trajectory is expected to continue going forward as well. We believe IndiGo to be a long-term compounding story supported by disciplined low-cost model, India market dominance, strategic expansion, healthy balance sheet and robust long-term growth prospects. Hence, we initiate coverage with a Buy rating, at a 12-mnth TP of Rs 7,000, valuing at 10x Sep'27e EBITDA.

Fig 48 – Valuation

	Sep'27e
Target EV/EBITDA (x)	**10**
EBITDA (Rs m)	278,552
Target EV (Rs m)	2,785,522
Net debt (Rs m)	89,117
Market cap (Rs m)	2,696,405
Shares O/S (m)	387
Expected share price (Rs)	**7,000**
CMP (Rs)	5,773
Upside	**21.3%**

Source: Anand Rathi Research

Fig 49 – EV / EBITDA



Source: Bloomberg, Anand Rathi Research

Fig 50 – AR vs. Bloomberg estimates

	FY26e			FY27e			FY28e		
(Rs m)	AR	Bloomberg	*% Chg*	AR	Bloomberg	*% Chg*	AR	Bloomberg	*% Chg*
Revenues	**880,506**	871,300	*1.1*	**1,043,153**	988,275	*5.6*	**1,189,092**	1,119,000	*6.3*
EBITDA	**230,334**	221,788	*3.9*	**260,247**	253,014	*2.9*	**296,857**	283,592	*4.7*
EBITDA margins %	***26.2***	*25.5*	*70 bps*	***24.9***	*25.6*	*-65 bps*	***25.0***	*25.3*	*-38 bps*

Source: Anand Rathi Research, Bloomberg

For FY26/27/28, our revenue estimates are higher by 1.1/5.6/6.3% vs. BB estimates respectively, largely on account of **a)** flattish y/y yield trend (vs street anticipating a marginal y/y decline) and **b)** stable ~86% load factor (vs. street estimates of ~85-86%) amid demand recovery expected from H2FY26 (after a slump in H1) largely due to festive season & higher discretionary spends and this sustained demand trajectory is expected to continue in FY27-28 as well. On margins front, our expectations are largely at par with street.

Risks

- Production delays hampering aircraft supply (as of Q1FY26, its order book stands at ~910 aircraft)
- Operational issues (eg, P&W GTF engine issue) leading to higher AOGs (as of Q1FY26, IndiGo has ~40 AOGs after peaking in Q2FY25)
- Disruption in flight operations due to airport closures or large-scale technical glitches (eg, Microsoft IT outage)
- New domestic/international entrants in aviation
- Higher fuel costs due to geopolitical uncertainties especially in the MEA region as well as fleet aging and expansion (as of Q1FY26, aircraft fuel expenses were ~28.5% of revenue, ~63.5% of operating expenses)
- Rupee depreciating against the dollar resulting in higher forex losses
- Slowdown in the economy would curtail demand; also, external factors such as terrorist attacks, epidemics, etc.

Company background, management

Operated by Interglobe Aviation, IndiGo is the largest airline in India by market share, operating on a low-cost carrier business model, characterized by fleet uniformity, high aircraft utilisation, no-frills service and low turnaround time. Commencing operations in 2006 with a single aircraft, the airline has grown its fleet to ~416 with an active orderbook of ~910 aircraft to be delivered by FY35. To further grow its international footprint, the carrier has signed codeshare agreements with 10+ international airlines, enabling connectivity to ~41 overseas destinations.

Fig 51 – Milestones

Year	Key events
FY07	Commenced operations with a single aircraft
FY09	Attains profitability
FY12	Commenced international operations
FY15	Receives delivery of 100th aircraft
FY16	Completes listing on NSE and BSE
FY19	Receives delivery of 200th aircraft while expanding operations to 50 destinations along with signing codeshare agreement with Turkish Airlines
FY23	Achieves feat of being the first Indian airline to cross 300+ fleet size; expanded operations to 100 destinations along with starting freighter business
FY24	Welcomed 100m+ customers while operating 2,000+ daily flights; made the largest-ever aircraft order
FY25	Crossed $10bn in revenue; Launched IndiGoStretch, a new business product, placed orders for A350 wide-body aircraft and launched its own BluChip loyalty programme.

Source: Company

Fig 52 – Contingent liabilities

Particulars (Rs m)	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Provision for maintenance, re-delivery and overhaul cost	2,202	16,618	17,851	9,514	11,731	22,493	34,538
Income tax demand – in dispute	12,174	13,479	14,030	14,030	19,245	24,185	24,185
Service tax – in dispute	146	151	145	145	55	55	55
Value-added tax (VAT)	13	16	28	31	31	31	31
Octroi	74	74	74	74	74	74	74
IGST	4,135	5,955	8,539	10,616	12,638	15,668	18,958
Penalty imposed by CCI for fuel surcharge cartelisation	95	95	95	95	95	95	95
Total	**18,840**	**36,389**	**40,762**	**34,505**	**43,869**	**62,600**	**77,936**
As % of revenue	***6.6***	***10.2***	***27.8***	***13.3***	***8.1***	***9.1***	***9.6***

Source: Company

Fig 53 – Commitments

Particulars (Rs m)	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Gross value	1,522,517	3,194,380	2,926,091	2,942,570	3,063,758	6,129,777	6,438,686
Less: advances	301.43	660	449	322	1,480	2,127	4,334
Net commitments	**1,522,216**	**3,193,720**	**2,925,642**	**2,942,248**	**3,062,277**	**6,127,650**	**6,434,352**

*Source: Company * Estimated number of contracts to be executed on capital account and other commitments -not provided for in the books of account*

Fig 54 – Board of Directors

Name	Designation	Details	Committees	Directorships
Vikram Singh Mehta	Chairman and Independent Director	Presently chairman and Distinguished Fellow of CSEP (Centre for Social and Economic Progress), previously with Brookings Institution India Center, Shell Markets, Shell Chemicals and IOC, among others	• Audit Committee • Nomination & Remuneration Committee	• Colgate Palmolive India • Mahindra & Mahindra • Jubilant Food Works • Apollo Tyres • Global Health • Larson & Toubro
Rahul Bhatia	Managing Director	B.E.(Electrical), University of Waterloom Canada; instrumental in formation of InterGlobe Enterprises in 1989 with its flagship business of air transport management; >27 years' experience in travel industry		NA
Petrus Johannes Theodorus Elbers	Chief Executive Officer	Bachelor's in Logistics Management and master's in business economics; previously President & CEO of KLM; elected chairman of IATA effective 2025; seasoned airline business professional with 30+ years aviation experience	• Risk Management Committee	NA
Gaurav M. Negi	Chief Financial Officer	Commerce graduate from Hindu College and a CA, has 2+ decades of exposure in finance, corporate governance and business operations; prior to IndiGo, spent ~22 years with General Electric Company as CFO for GE Renewable Onshore Wind covering APAC		
Michael G. Whitaker	Independent Director	Holds juris doctorate degree from Georgetown University Law Center, Washington, DC, and B.A (Pol science) from the University of Louisville; held several key roles incl. COO at Supernal, Deputy Administrator at FAA and Senior VP Alliances, International & Regulatory Affairs at United Airlines		
Meleveetil Damodaran	Non-Executive Director	Retired IAS officer, previously Chairman of SEBI (2005 – 2008); elected Chairman of Emerging Markets Committee (EMC) of the International Organisation of Securities Commission (IOSCO) along with being Founder Chairman of IIM, Tiruchirappalli	• Corporate Social Responsibility Committee (Chairperson) • Nomination & Remuneration Committee • Risk Management Committee	• Larsen and Toubro • Biocon
Gregg Albert Saretsky	Non-Executive Director	At present, advisory board member of RECARO Aircraft Seating; previously with Wood Buffalo Economic Development Corp. and RECARO Holding GmbH; career spanning 36 years in aviation	• Risk Management Committee (Chairperson)	NA
Anil Parashar	Non-Executive Director	Member of the ICAI and B.A. (Economics), Delhi University; currently President and CEO & WTO of InterGlobe Technology Quotient Pvt. Ltd. (ITQ); previously, Group-CFO of Interglobe Enterprises; also chairman, Tourism & Hospitality Committee, PHD Chambers of Commerce & Senior member Advisory Committee of Tourism and Hospitality Skill Council	• Audit Committee • Nomination & Remuneration Committee • Corporate Social Responsibility Committee • Risk Management Committee	NA
ACM (Retd.) Birender Singh Dhanoa	Independent Director	M.Sc. in Defence Studies from Madras University; Air Officer Commanding-in-Chief of South-Western Air Command before taking over as Vice-Chief of Air Staff in 2015; also 25th Chief of IAF (2017-2019); awarded Param Vishisht Seva Medal (2016), Ati Vishisht Seva Medal (2015), Yudh Seva Medal (1999), Vayu Sena Medal (1999)	• Stakeholders' Relationship Committee (chairperson) • Nomination & Remuneration Committee • Risk Management Committee	• Hero MotoCorp
Pallavi Shardul Shroff	Independent Director	Currently Managing Partner of Shardul Amarchand Mangaldas & Co. with over 37 years' extensive experience in legal institutions; member of the Competition Law Review Committee, recently appointed to the ICC (International Chamber of Commerce) Court of Arbitration	• Audit Committee • Nomination & Remuneration Committee (Chairperson) • Corporate Social Responsibility Committee	• Apollo Tyres • Asian Paints • PVR • One97 Communications • Juniper Hotels
Deloitte Touche Tohmatsu India LLP	Internal Auditor			
S.R. Batliboi & Co LLP	Statutory Auditor			

Source: Company

Appendix

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