ADD

InterGlobe Aviation

Weak quarter affected by higher fuel prices; downgrade to ADD

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Aviation ▸ Result Update ▸ **July 24, 2026**

CMP (Rs): 5,024 | TP (Rs): 5,500

We downgrade Indigo to ADD from Buy, given the recent stock run-up and limited upside, though we remain constructive on the medium-to long-term outlook. Indigo posted 1QFY27 standalone EBITDA of Rs32.9bn, a 26% miss on elevated costs, fuel in particular. ASK grew 3% yoy to 43.5bn (1% miss) and PLF of 83.3% was below our 85% expectation; PRASK at Rs5.03 was a 4% beat (up 19% yoy), taking total revenue to Rs246bn (up 20% yoy), 2% above our expectation. CASK (excl fuel/FX) was 3% above estimate, while fuel expense came in 12% higher and was up 63% qoq. PBT was negative Rs3.8bn (vs our +Rs12.1bn estimate). The management flagged 1Q impact from the Middle East conflict and deliberate network optimization amid an exceptionally high-cost environment (fuel prices, currency depreciation, inflation) though strong pricing enabled partial pass-through. 2Q ASK growth guidance is muted, flat yoy, though PRASK should be up more than 25%; fuel outlook stays uncertain amid geopolitical volatility and its subsequent impact on oil and jet kero prices. The management reiterates full-year single-digit ASK growth guidance and a stronger medium term (double digit). We cut FY27E EBITDA by 7%, building in higher costs, while largely retaining FY28-29E earnings. We roll over to Jun-28E EPS and raise TP by 6% to Rs5,500 from Rs5,200, maintaining the 20x target multiple. The Middle East scenario is the key variable for the outlook.

Results highlights

Reported net loss in 1QFY27 stood at Rs3.8bn vs our estimate of Rs11.5bn profits. Other income of Rs10.4bn was a 17% miss, and down 26% qoq. RASK was up 17% yoy/7% qoq to Rs5.66, while yield was up 21%/16% to Rs6.04. Employee cost was up 11% yoy, while supplementary rentals rose by 15%. Other expenses were up 18% yoy. D/A rose 5% qoq to Rs29.5bn, while finance charges were up 7% qoq. Total fleet shrank by 9 qoq to 432 as damp leases reduced to 7 from 20 qoq amid the capacity cut. Core gross debt rose 14% qoq, while free cash was up 8%, to Rs278bn and Rs390bn, respectively. PBT/ASK (excluding FX) of Rs0.07 was a miss vs our Rs0.25 estimate.

Management KTAs

Capacity deployment was dynamically reallocated toward markets where demand remained healthy. The airline continues to prioritize profitability over market share. The fuel price outlook remains highly uncertain and continues to depend on geopolitical developments. During early 2QFY27, fuel forward curves had moderated below 1Q levels, but the situation has again turned volatile. Excl fuel FX CASK growth in FY27 should be high single digit to early double digit. The long-term international expansion strategy remains firmly on track. 2Q ASK moderation is also on account of the suspension of select East Asian routes due to seasonality. The new CEO will join in the first week of August.

Valuation

We value Indigo at a PER-based TP of Rs5,500 (~20x Jun-28E AEPS). Key risks: Adverse currency/fuel prices, economic slowdown, stake sale, and operational issues.

Target Price – 12M	Jun-27
Change in TP (%)	**5.8**
Current Reco.	ADD
Previous Reco.	BUY
Upside/(Downside) (%)	9.5

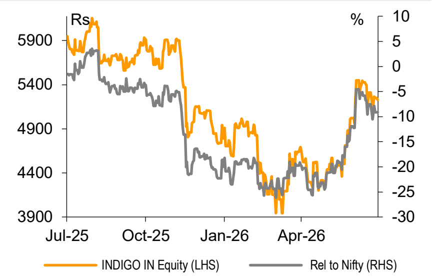
Stock Data	**INDIGO IN**
52-week High (Rs)	6,233
52-week Low (Rs)	3,895
Shares outstanding (mn)	386.7
Market-cap (Rs bn)	1,942
Market-cap (USD mn)	20,114
Net-debt, FY27E (Rs mn)	220,022.5
ADTV-3M (mn shares)	1.5
ADTV-3M (Rs mn)	6,036.9
ADTV-3M (USD mn)	62.5
Free float (%)	43.0
Nifty-50	23,869.6
INR/USD	96.6

Shareholding,Jun-26	
Promoters (%)	41.6
FPIs/MFs (%)	20.3/31.9

Price Performance

(%)	**1M**	**3M**	**12M**
Absolute	1.3	10.3	(14.8)
Rel. to Nifty	1.1	11.7	(10.0)

1-Year share price trend (Rs)



InterGlobe Aviation: Financial Snapshot (Standalone)

Y/E March (Rs mn)	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Revenue	808,030	849,619	1,052,009	1,166,068	1,308,773
EBITDA	196,251	208,948	196,847	297,888	331,577
Adj. PAT	72,533	(4,406)	42,122	102,951	116,390
Adj. EPS (Rs)	187.7	(11.4)	109.0	266.3	301.1
EBITDA margin (%)	24.3	24.6	18.7	25.5	25.3
EBITDA growth (%)	16.4	6.5	(5.8)	51.3	11.3
Adj. EPS growth (%)	(9.6)	NM	NM	144.4	13.1
RoE (%)	129.1	(31.8)	46.6	73.4	43.5
RoIC (%)	39.0	25.1	17.1	32.6	31.9
P/E (x)	26.8	NM	46.2	18.9	16.7
EV/EBITDA (x)	11.1	11.0	11.0	7.0	5.8
P/B (x)	20.9	30.1	18.7	9.0	6.1
FCFF yield (%)	10.1	9.2	15.4	13.7	19.2

Source: Company, Emkay Research

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Exhibit 1: Actuals vs estimates (1QFY27)

(Rs bn)	Actual	Estimates (Emkay)	Consensus Estimates (Bloomberg)	Variation		Comments
				Emkay	Consensus	
Total revenue	246	240	240	2%	2%	
Adjusted EBITDA	33	44	43	-26%	-24%	Higher opex
EBITDA margin	*13.4%*	*18.4%*	*17.9%*	*-501bps*	*-454bps*	
Net profit	-4	12	11	NM	NM	Higher D/A and finance costs; lower other income

Source: Company, Emkay Research

Exhibit 2: Quarterly summary

Standalone (Rs mn)	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	yoy	qoq	FY25	FY26	yoy
Total revenue	**204,963**	**185,553**	**234,719**	**224,384**	**245,841**	**20%**	**10%**	**808,030**	**849,619**	**5%**
Change in stock	24	-17	3	-24	17			-2	-14	
Purchases	1,019	1,144	1,358	1,442	1,448	42%	0%	3,834	4,963	29%
Fuel expense	58,326	59,618	69,445	66,503	108,329	86%	63%	261,973	253,892	-3%
Employee cost	18,299	18,235	18,770	18,297	20,320	11%	11%	67,301	73,601	9%
Airport fees	16,269	15,155	17,180	16,878	16,383	1%	-3%	57,531	65,482	14%
Aircraft-engine rentals	4,925	3,200	5,093	7,629	5,397	10%	-29%	30,103	20,847	-31%
Supplementary rentals	30,787	32,692	33,924	32,090	35,302	15%	10%	112,227	129,493	15%
Other expenses	21,792	21,024	24,250	25,341	25,743	18%	2%	78,812	92,407	17%
Total expenditure	**151,441**	**151,051**	**170,023**	**168,156**	**212,939**	**41%**	**27%**	**611,779**	**640,671**	5%
EBITDA	**53,522**	**34,502**	**64,696**	**56,228**	**32,902**	**-39%**	**-41%**	**196,251**	**208,948**	**6%**
Depreciation	25,531	26,293	27,681	28,009	29,517	16%	5%	86,366	107,514	24%
EBIT	27,991	8,209	37,015	28,219	3,385	-88%	-88%	109,885	101,434	-8%
Finance costs	14,026	14,749	15,570	15,743	16,791	20%	7%	50,889	60,088	18%
Other income	10,465	10,450	10,640	13,940	10,380	-1%	-26%	33,068	45,495	38%
PBT before exceptionals	24,430	3,910	32,085	26,416	-3,026	NM	-111%	92,064	86,841	-6%
Forex gains	-1,476	-29,048	-11,169	-48,816	-793			-16,189	-90,509	
Exceptional items	0	0	-14,668	-2,497	0			0	-17,165	
PBT	22,954	-25,138	6,248	-24,897	-3,819	NM	NM	75,875	-20,833	NM
Current tax	1,343	1,003	-1,548	-798	-4			3,338	0	
Deferred tax	0	0	1,670	2,522	0			4	4,192	
Total tax	1,343	1,003	122	1,724	-4			3,342	4,192	25%
Reported PAT	**21,611**	**-26,141**	**6,126**	**-26,621**	**-3,815**	**NM**	**NM**	**72,533**	**-25,025**	**NM**
Reported EPS (Rs)	**55.9**	**-67.6**	**15.8**	**-68.9**	**-9.9**	**NM**	**NM**	**187.8**	**-64.7**	**NM**
Total Pax (mn)	31.0	28.8	31.9	31.6	31.3	1%	-1%	118.6	123.3	4%
ASK (mn)	**42,257**	**41,220**	**45,413**	**43,553**	**43,503**	**3%**	**0%**	**157,474**	**172,443**	**10%**
RPK (mn)	35,730	34,040	38,410	37,390	36,230	1%	-3%	135,390	145,570	8%
PLF (%)	84.6%	82.6%	84.6%	85.8%	83.3%	-127bps	-257bps	86.0%	84.4%	-156bps
RASK (Rs)	4.86	4.55	5.20	5.30	5.66	17%	7%	5.14	4.99	-3%
Yield (Rs)	**4.98**	**4.69**	**5.33**	**5.20**	**6.04**	**21%**	**16%**	**5.15**	**5.06**	**-2%**
Fuel cost/ASK (Rs)	1.38	1.45	1.53	1.53	2.49	80%	63%	1.66	1.47	-11%
CASK excluding fuel and FX (Rs)	2.90	3.01	2.96	3.17	3.24	12%	2%	3.09	3.21	4%
PBT/ASK (Rs)	0.54	-0.61	0.14	-0.57	-0.09	NM	NM	0.48	-0.12	NM
PAT excluding FX	23,087	2,907	17,295	22,195	-3,022	NM	NM	88,722	65,484	-26%
EBITDARM	27.9%	5.8%	19.3%	8.5%	15.4%	-1250bps	688bps	26.3%	15.6%	-1068bps
Free cash	348,019	385,167	369,445	362,163	390,387	12%	8%	331,531	362,163	9%
Restricted cash	146,038	149,985	146,624	154,343	138,459	-5%	-10%	150,174	154,343	3%
ROU assets	508,000	540,443	551,100	588,654	550,000	8%	-7%	493,052	588,654	19%
Fleet size (no of)	**416**	**417**	**440**	**441**	**432**	**16**	**-9**	**434**	**441**	**7**
Domestic destinations (no of)	91	94	96	97	97	6	0	91	97	6
International destinations (no of)	41	41	44	45	46	5	1	40	45	5
OTP	83%	90%	77%	80%	87%	350bps	700bps	74%	82%	865bps

Source: Company, Emkay Research

Concall highlights

- Indigo's 1QFY27 performance was shaped by three key factors: 1) measured capacity deployment due to geopolitical disruptions in the Middle East and deliberate network optimization as the airline entered the seasonally weaker demand period from mid Jun-26, 2) a significantly stronger pricing environment that enabled partial pass-through of elevated fuel and operating costs, and 3) an exceptionally high cost environment driven by fuel prices, currency depreciation, and inflation. The quarter demonstrated the resilience of underlying demand and pricing discipline. While near-term profitability remains challenged by elevated costs, the long-term structural outlook for Indian aviation remains intact.

- Passenger demand remained resilient despite higher fares and geopolitical uncertainties. Indigo carried 31.3mn passengers during the quarter, up 1% yoy, while ASK growth of 3% yoy was broadly in line with guidance. Capacity deployment was dynamically reallocated toward markets where demand remained healthy, allowing the airline to optimize aircraft utilization while maintaining network stability. April witnessed temporary demand disruption owing to geopolitical uncertainties, but May emerged as the strongest month with Indigo carrying over 10mn domestic passengers for the first time. Revenue momentum remained healthy through June as international capacity progressively recovered and yields continued to remain firm.

- The pricing environment remained highly constructive throughout the quarter. Yield increased 21.3% yoy, while PRASK increased 19% yoy, materially supported by disciplined industry pricing, calibrated capacity deployment, and favorable demand-supply dynamics. The airline successfully increased fares without materially impacting demand, with load factor declining by only 130bps yoy to 83.3%. The pricing environment has remained strong entering 2QFY27 as well, with yields continuing to improve despite capacity moderation, indicating limited demand elasticity at current fare levels. Load factors are expected to remain broadly similar to 1Q in 2QFY27, despite higher fares, supported by lower industry capacity during the seasonally weak quarter.

- 2QFY27 PRASK is expected to grow by more than 25% yoy, reflecting continued pricing discipline, favorable demand-supply balance, and higher fare realization. Capacity growth during 2QFY27 is expected to remain flattish yoy owing to deliberate capacity rationalization during the seasonal lean period. The airline continues to prioritize profitability over market share by optimizing capacity deployment and maintaining pricing discipline, similar to its approach adopted during 2QFY26.

- Fuel remained the single largest earnings headwind during 1QFY27. While Brent prices increased around 50% yoy, benchmark Singapore jet fuel prices surged ~120% yoy owing to elevated crack spreads following the Middle East conflict. Domestic ATF prices were partially protected through temporary government intervention and support from PSU OMCs between Apr-26 and 8-Jun-26, limiting domestic price increases to ~25% over March levels, while international operations continued to procure fuel entirely at market-linked prices. Despite this support, fuel costs still increased nearly 80% yoy and fuel CASK increased ~63% qoq owing to elevated benchmark prices, international operations exposed to market linker pricing, private supplier pricing at market rates, and the elevated Mar-26 base used for domestic pricing. Market-linked pricing for domestic operations wef 9-Jun-26 further resulted in higher fuel cost.

- The temporary domestic ATF support mechanism significantly cushioned the impact of elevated global fuel prices and enabled the airline to maintain scheduled operations while limiting fare increases. The lower fuel cost was entirely passed on to customers through lower fuel surcharge. Consequently, no incremental liability is expected relating to the Apr-June support mechanism, as bills have already been settled with OMCs based on the agreed pricing formula.

- Fuel price outlook remains highly uncertain and continues to depend on geopolitical developments. During early 2QFY27, fuel forward curves had moderated below 1Q levels (below the 25% cap levels), suggesting lower fuel costs. However, renewed geopolitical tensions have once again pushed Singapore jet fuel prices higher. While initial expectation was 2Q fuel costs to be lower than 1Q, any further escalation in Middle East tensions or disruption around the Hormuz Strait could result in 2Q fuel costs remaining similar to 1Q levels. The airline therefore continues to dynamically revise fare levels to offset changing fuel costs.

- During 1QFY27, yield growth of 21% was insufficient to fully offset cost inflation, as overall costs increased materially faster due to fuel and currency pressures. Consequently, the airline continues testing progressively higher fare levels in 2QFY27 to offset rising costs. If fuel prices continue increasing, additional fare increases may be implemented. Going ahead, once the current fuel-driven cost environment normalizes, focus is expected to shift back toward volume-led growth, although structurally higher fare levels could be sustained as the industry's underlying cost base has increased owing to inflation and currency depreciation.

- CASK (excluding fuel and FX) increased around 11% yoy, primarily owing to more than 11% depreciation in the currency, lower aircraft utilization during part of the quarter, annual contractual escalations, and higher USD-denominated expenses. Cost optimization remains a key priority, with the airline focusing on operating newer fuel-efficient aircraft, reducing discretionary expenditure, deferring annual increments for senior management employees, and retiring older CEO-generation aircraft where economically viable. CASK (excluding fuel and FX) for FY27 is expected to remain at the higher end of single digit and could even enter early double-digit growth owing to lower utilization and continued cost inflation.

- Employee costs continue to normalize following labor-related provisions recognized during FY26. While annual increments for senior management have been deferred amid the current operating environment, employee costs remain elevated owing to higher gratuity run-rate, annual increments for the wider employee base, and increasing headcount required to support long-term fleet expansion. The deferred senior management increments will be reassessed after six months depending upon the operating environment.

- Fleet optimization continued during the quarter with 13 aircraft inducted from the original order book (all through the GIFT City entity), while nine operated aircraft and thirteen damp-lease aircraft were returned, taking the fleet size to 432 aircraft. Fleet strategy remains unchanged, with the airline accelerating retirement of older CEO aircraft given the elevated fuel cost environment while maintaining planned deliveries from its original Airbus order book. Damp leases will be reintroduced only if required during the peak season, depending upon fuel prices, demand conditions, and geopolitical developments.

- Capacity moderation during 1QFY27 was primarily driven by Middle East disruptions, whereas 2QFY27 capacity optimization is largely seasonal. International operations to the Middle East recovered sharply from merely 20-30 daily departures during the peak of the conflict to over 90% of pre-war capacity (~150 daily flights) by Jun-end, with operations continuing wherever safety permits. 2Q capacity moderation is instead driven by temporary suspension of selected East Asian routes such as Langkawi, Ho Chi Minh City, Hong Kong, and Shanghai during the seasonal off-peak period. These routes are expected to resume from Oct-26, while full capacity, including damp leases, is expected to return during the peak 3Q season subject to demand conditions.

- The airline continues to maintain its FY27 guidance of single-digit ASK growth despite 1Q and 2Q capacity moderation. Beyond FY27, long-term growth guidance also remains unchanged, with capacity expected to grow at early double-digit to mid-teen CAGR between FY28 and FY30, supported by its large aircraft order book and continued network expansion.

- Long-term international expansion strategy remains firmly on track despite temporary geopolitical disruptions. International capacity has already recovered to around one-third of total capacity and is expected to increase to nearly 40% by FY30, supported by A321XLR induction and future A350 deliveries. International operations are expected to grow faster than domestic operations owing to the relatively smaller base, while domestic, narrow body short-haul operations will continue to remain the core of Indigo's business model.

- Network expansion continued despite near-term capacity optimization. During the quarter, Indigo commenced services to Jamnagar and became the first airline to commence operations from Jewar Airport, strengthening its position in one of India's fastest-growing aviation markets (NCR). Capacity allocation continues to be dynamically optimized across domestic and international markets based on demand, seasonality, and geopolitical developments.

- Product diversification and ancillary revenue initiatives continued to gain traction. The airline introduced 'Lite Fare' for passengers travelling without check-in baggage, providing greater fare flexibility while enhancing ancillary revenue opportunities. It also strengthened its BluChip loyalty ecosystem through partnership with Accor's loyalty platform and continued deploying AI-based flight optimization solutions aimed at improving fuel efficiency and operational productivity.
- Indigo strengthened its long-term fleet ecosystem by signing an MoU with CFM International for 1,000+ LEAP-1A engines covering future aircraft deliveries, engine MRO capability, and long-term material support. The agreement supports the airline's long-term scale ambitions while improving maintenance capability and strengthening vertical integration as the airline evolves into a significant global carrier.
- The airline reiterated that domestic and short-haul operations powered by the A320/A321 family will remain the backbone of its business model, while international expansion, product evolution, and long-haul operations will drive the next phase of growth for Indigo. Expansion into international markets will continue in a disciplined manner, balancing growth opportunities with profitability and operational efficiency.
- Foreign exchange volatility had a limited impact during the quarter as the rupee appreciated toward quarter-end. MTM FX loss was only ~Rs0.8bn as the quarter-end exchange rate moved by merely 10 paise, substantially lower than earlier quarters. Supplementary rentals normalized during 1Q following one-off releases recognized in 4QFY26, with the yoy increase primarily reflecting annual escalation in USD-denominated maintenance contracts and currency depreciation.
- The airline continues to view India's aviation sector as a compelling long-term structural growth opportunity despite periodic external shocks. The current environment is viewed as another temporary industry disruption. Once fuel prices normalize, the strategy is expected to shift back toward volume-led growth while sustaining structurally higher fare levels.
- Airport operators entering the airline business is a conflict of interest and a long-term negative for consumers; globally, too, such restrictions exist. 1Q capex included the purchase of four engines (through GIFT City) and land for a campus.

Exhibit 3: Change in assumptions

	FY27E			FY28E			FY29E		
	Previous	**Revised**	**Variance**	**Previous**	**Revised**	**Variance**	**Previous**	**Revised**	**Variance**
ASK (bn)	187.0	181.7	-3%	213.2	208.9	-2%	234.5	236.1	1%
PLF (%)	86%	85%	-86bps	87%	87%	0bps	87%	87%	0bps
RASK (Rs)	5.6	5.8	5%	5.6	5.7	1%	5.6	5.6	0%
Fuel Cost/ASK (Rs)	1.9	2.2	17%	1.7	1.7	2%	1.6	1.7	1%
CASK ex-Fuel & Forex (Rs)	3.2	3.3	2%	3.3	3.3	1%	3.3	3.3	0%
PBT/ASK (Rs)	0.4	0.2	-46%	0.7	0.7	1%	0.7	0.6	-3%

Source: Company, Emkay Research

Exhibit 4: Change in estimates

(Rs bn)	FY27E			FY28E			FY29E		
	Previous	Revised	Variance	Previous	Revised	Variance	Previous	Revised	Variance
Revenue	1,016.5	1,052.0	3%	1,160.3	1,166.1	1%	1,282.9	1,308.8	2%
EBITDA	211.8	196.8	-7%	293.6	297.9	1%	328.1	331.6	1%
EBITDA margin	*20.8%*	*18.7%*	*-213bps*	*25.3%*	*25.5%*	*25bps*	*25.6%*	*25.3%*	*-24bps*
PBT excluding forex	72.5	56.3	-22%	134.4	137.6	2%	152.5	155.6	2%
APAT	54.2	42.1	-22%	100.5	103.0	2%	114.1	116.4	2%
EPS (Rs)	140.2	109.0	-22%	260.0	266.3	2%	295.0	301.1	2%

Source: Company, Emkay Research

Exhibit 5: PER-based valuation (Jun-28E)

	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Standalone EPS (Rs)	-8.2	207.7	187.7	-11.4	109.0	266.3	301.1
Target PER (x)							20.0
Target price (Rs)							**5,500**

Source: Company, Emkay Research

InterGlobe Aviation: Standalone Financials and Valuations

Profit & Loss

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	**808,030**	**849,619**	**1,052,009**	**1,166,068**	**1,308,773**
Revenue growth (%)	17.3	5.1	23.8	10.8	12.2
EBITDA	**196,251**	**208,948**	**196,847**	**297,888**	**331,577**
EBITDA growth (%)	16.4	6.5	(5.8)	51.3	11.3
Depreciation & Amortization	86,366	107,514	124,750	145,006	161,264
EBIT	**109,885**	**101,434**	**72,098**	**152,882**	**170,313**
EBIT growth (%)	5.1	(7.7)	(28.9)	112.0	11.4
Other operating income	31,843	22,215	20,521	20,726	20,933
Other income	32,981	45,495	55,404	66,309	75,867
Financial expense	50,889	60,088	71,189	81,556	90,578
PBT	**91,977**	**86,841**	**56,313**	**137,635**	**155,602**
Extraordinary items	(16,102)	(107,674)	(15,000)	0	0
Taxes	3,342	4,192	2,066	20,645	39,212
Minority interest	-	-	-	-	-
Income from JV/Associates	-	-	-	-	-
Reported PAT	**72,533**	**(25,025)**	**39,247**	**116,989**	**116,390**
PAT growth (%)	(11.2)	0	0	198.1	(0.5)
Adjusted PAT	**72,533**	**(4,406)**	**42,122**	**102,951**	**116,390**
Diluted EPS (Rs)	**187.7**	**(11.4)**	**109.0**	**266.3**	**301.1**
Diluted EPS growth (%)	(9.6)	0	0	144.4	13.1
DPS (Rs)	**0**	**10.0**	**0**	**15.1**	**30.1**
Dividend payout (%)	**0**	**(15.4)**	**0**	**5.0**	**10.0**
EBITDA margin (%)	24.3	24.6	18.7	25.5	25.3
EBIT margin (%)	13.6	11.9	6.9	13.1	13.0
Effective tax rate (%)	3.6	4.8	3.7	15.0	25.2
NOPLAT (pre-IndAS)	**105,892**	**96,538**	**69,453**	**129,949**	**127,394**
Shares outstanding (mn)	386	387	387	387	387

Source: Company, Emkay Research

Balance Sheet

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Share capital	3,864	3,866	3,866	3,866	3,866
Reserves & Surplus	89,204	60,654	99,901	211,041	315,793
Net worth	**93,068**	**64,520**	**103,767**	**214,907**	**319,659**
Minority interests	-	-	-	-	-
Non-current liab. & prov.	(4,192)	0	0	0	0
Total debt	**670,884**	**852,463**	**816,647**	**848,148**	**848,833**
Total liabilities & equity	**911,564**	**1,146,578**	**1,226,875**	**1,374,182**	**1,518,686**
Net tangible fixed assets	515,168	624,995	650,338	668,067	678,881
Net intangible assets	480	480	480	480	480
Net ROU assets	-	-	-	-	-
Capital WIP	30	361	365	368	372
Goodwill	-	-	-	-	-
Investments [JV/Associates]	17,443	96,947	98,886	100,864	102,881
Cash & equivalents	**435,172**	**491,475**	**596,624**	**705,569**	**851,673**
Current assets (ex-cash)	69,624	81,897	101,406	112,400	126,156
Current Liab. & Prov.	243,383	280,360	365,084	371,813	415,828
NWC (ex-cash)	**(173,759)**	**(198,463)**	**(263,678)**	**(259,413)**	**(289,672)**
Total assets	**911,564**	**1,146,578**	**1,226,875**	**1,374,182**	**1,518,686**
Net debt	235,712	360,988	220,022	142,578	(2,839)
Capital employed	911,564	1,146,578	1,226,875	1,374,182	1,518,686
Invested capital	**341,889**	**427,012**	**387,139**	**409,133**	**389,689**
BVPS (Rs)	240.9	166.9	268.4	555.9	826.8
Net Debt/Equity (x)	2.5	5.6	2.1	0.7	-
Net Debt/EBITDA (x)	1.2	1.7	1.1	0.5	-
Interest coverage (x)	2.8	2.4	1.8	2.7	2.7
RoCE (%)	**22.0**	**17.5**	**13.9**	**22.1**	**22.1**

Source: Company, Emkay Research

Cash flows

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
PBT (ex-other income)	58,996	41,346	909	71,326	79,734
Others (non-cash items)	19,997	26,594	46,286	70,398	78,066
Taxes paid	(4,130)	(2,407)	(2,066)	(20,645)	(39,212)
Change in NWC	44,636	20,232	129,003	(13,986)	53,502
Operating cash flow	**240,647**	**233,794**	**352,525**	**306,185**	**392,744**
Capital expenditure	(20,398)	(21,494)	(20,000)	(20,000)	(20,000)
Acquisition of business	0	0	0	0	0
Interest & dividend income	11,473	13,521	0	0	0
Investing cash flow	**(127,836)**	**(90,271)**	**(29,594)**	**(29,863)**	**(30,139)**
Equity raised/(repaid)	418	39	0	0	0
Debt raised/(repaid)	(917)	63	(17,563)	(400)	(50)
Payment of lease liabilities	(68,483)	(90,595)	(146,631)	(113,339)	(217,019)
Interest paid	(40,767)	(48,446)	(17,546)	(27,469)	(31,189)
Dividend paid (incl tax)	0	(3,865)	0	(5,849)	(11,639)
Others	18,439	46,983	(43,697)	(28,205)	35,274
Financing cash flow	**(91,310)**	**(95,821)**	**(225,436)**	**(175,263)**	**(224,624)**
Net chg in Cash	21,501	47,702	97,494	101,060	137,982
OCF	240,647	233,794	352,525	306,185	392,744
Adj. OCF (w/o NWC chg.)	196,011	213,562	223,522	320,171	339,242
FCFF	220,249	212,300	332,525	286,185	372,744
FCFE	180,833	165,733	261,336	204,630	282,166
OCF/EBITDA (%)	122.6	111.9	179.1	102.8	118.4
FCFE/PAT (%)	249.3	(662.3)	665.9	174.9	242.4
FCFF/NOPLAT (%)	**208.0**	**219.9**	**478.8**	**220.2**	**292.6**

Source: Company, Emkay Research

Valuations and key Ratios

Y/E March	FY25	FY26	FY27E	FY28E	FY29E
P/E (x)	26.8	(77.6)	49.5	16.6	16.7
P/CE(x)	12.2	23.5	11.8	7.4	7.0
P/B (x)	20.9	30.1	18.7	9.0	6.1
EV/Sales (x)	2.8	2.8	2.1	1.8	1.5
EV/EBITDA (x)	11.1	11.0	11.0	7.0	5.8
EV/EBIT(x)	19.8	22.7	30.0	13.6	11.4
EV/IC (x)	6.4	5.4	5.6	5.1	5.0
FCFF yield (%)	10.1	9.2	15.4	13.7	19.2
FCFE yield (%)	9.3	8.5	13.5	10.5	14.5
Dividend yield (%)	0	0.2	0	0.3	0.6
DuPont-RoE split					
Net profit margin (%)	9.0	(2.9)	3.7	10.0	8.9
Total asset turnover (x)	1.1	0.8	0.9	0.9	0.9
Assets/Equity (x)	13.6	13.1	14.1	8.2	5.4
RoE (%)	**129.1**	**(31.8)**	**46.6**	**73.4**	**43.5**
DuPont-RoIC					
NOPLAT margin (%)	13.1	11.4	6.6	11.1	9.7
IC turnover (x)	3.0	2.2	2.6	2.9	3.3
RoIC (%)	**39.0**	**25.1**	**17.1**	**32.6**	**31.9**
Operating metrics					
Core NWC days	(78.5)	(85.3)	(91.5)	(81.2)	(80.8)
Total NWC days	**(78.5)**	**(85.3)**	**(91.5)**	**(81.2)**	**(80.8)**
Fixed asset turnover	1.2	0.9	1.0	1.0	1.1
Opex-to-revenue (%)	75.2	74.8	80.7	73.9	74.1

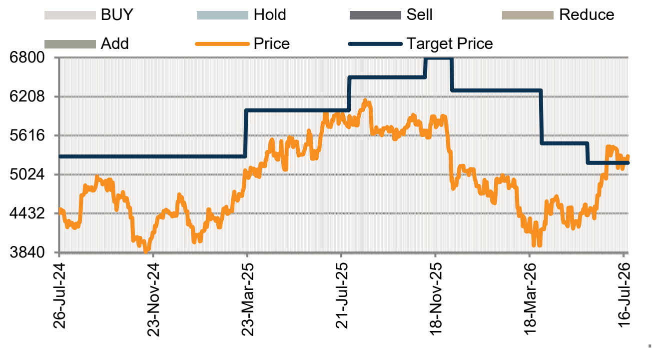
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (Rs)	TP (Rs)	Rating	Analyst
09-Jun-26	4,538	5,200	Buy	Sabri Hazarika
31-May-26	4,405	5,200	Buy	Sabri Hazarika
02-Apr-26	4,194	5,500	Buy	Sabri Hazarika
07-Mar-26	4,404	6,300	Buy	Sabri Hazarika
23-Jan-26	4,705	6,300	Buy	Sabri Hazarika
09-Dec-25	4,968	6,300	Buy	Sabri Hazarika
05-Nov-25	5,637	6,800	Buy	Sabri Hazarika
31-Jul-25	5,911	6,500	Buy	Sabri Hazarika
22-May-25	5,503	6,000	Buy	Sabri Hazarika
21-Mar-25	5,044	6,000	Buy	Sabri Hazarika
25-Jan-25	4,162	5,300	Buy	Sabri Hazarika
26-Oct-24	4,366	5,300	Buy	Sabri Hazarika
05-Aug-24	4,220	5,300	Buy	Sabri Hazarika
27-Jul-24	4,493	5,300	Buy	Sabri Hazarika

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	>15% downside

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