

InterGlobe Aviation

Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR5,637 **TP: INR7,300 (+30%)** **Buy**

Muted performance; outlook remains positive

Operating performance below our estimate

- InterGlobe Aviation (INDIGO) reported a 64% YoY dip in EBITDAR to INR8.7b (est. INR25.8b) and a net loss of INR26.1b (est. net loss of INR6.6b) in 2QFY26. **However, EBITDA (ex-forex loss on lease liabilities) was INR34.5b (up 86% YoY), as forex loss stood at INR29b vs. INR2.4b in 2QFY25.**
- Due to higher-than-expected currency depreciation, slower reduction in aircraft on the ground, and additional damp leases, the company expects an early single-digit increase in unit cost (ex-fuel and forex) in FY26 vs. FY25. However, management remains confident about a healthy international as well as domestic demand outlook, backed by an under-penetrated aviation market with favorable long-term demand.
- Hence, looking at the long-term tailwinds, the company has upgraded its FY26 capacity growth guidance to mid-teens from double digits. Further, the capacity expansion is focused more internationally to provide geographical diversification against foreign exchange losses. We cut our FY26 earnings estimates by 23% (due to forex losses), while we largely retain our FY27/ FY28 estimates. We value the stock at 11x FY27E EBITDAR to arrive at our TP of INR7,300. **Reiterate BUY.**

Forex losses hurt operating performance

- INDIGO's yield stood at INR4.69 vs. our estimate of INR4.5 (down 3% YoY). Revenue Passenger Kilometer (RPK) was at 34.0b (our est. of 34.5b, +8% YoY), with Load Factor at 82.5%. ASK grew 8% YoY to 41.2b (our est. of 41.1b).
- Consequently, revenue stood at INR185.5b (est. INR183.2b, +9% YoY). EBITDAR stood at INR8.7b (est. of INR25.8b, down 64% YoY) with EBITDA at INR5.5b (our est. of INR21.1b) +64% YoY.
- However, INDIGO's EBITDA (excluding forex loss) stood at INR34.5b (up 86% YoY), as forex loss stood at INR29b vs. INR2.4b in 2QFY25.
- The company incurred a net loss of INR26.1b (est. net loss of INR6.6b) compared to a net loss of INR9.9b in 2QFY25.
- For 1HFY26, INDIGO's revenue grew 7% to INR390.5b, while EBITDA/adj. PAT declined 19%/15% to INR65.6b/INR57.5b.
- INDIGO's CFO was INR106b as of Sep'25, as against INR84.3b in Sep'24. Further, gross debt stood at INR639b in Sep'25 vs. INR567b as of Mar'25

Highlights from the management commentary

- **Capex:** Management upgraded its capacity growth guidance from double-digit growth to mid-teens growth in FY26. Further, management expects the capacity to grow in the high teens for 3QFY26
- **MRO strategy:** The company is planning to establish an MRO facility in Bengaluru for narrow- and wide-body aircraft in the next 2-4 years with a planned capex of INR10b. Currently, INDIGO's 90% MRO work is outsourced to third-party international MRO players.

Bloomberg	INDIGO IN
Equity Shares (m)	387
M.Cap.(INRb)/(USDb)	2179.2 / 24.6
52-Week Range (INR)	6233 / 3830
1, 6, 12 Rel. Per (%)	-3/0/36
12M Avg Val (INR M)	6106
Free float (%)	58.4

Financials & Valuations (INR b)

Y/E March	FY26E	FY27E	FY28E
Sales	880.7	1005.5	1099.2
EBITDA	187.4	250.1	289.7
NP	65.9	93.8	106.1
EPS (INR)	170.6	242.8	274.7
Growth (%)	10.0	11.8	13.1
BV/Sh (INR)	404.4	635.5	896.9

Ratios

Net D:E	2.4	1.3	1.0
RoE (%)	53.0	46.9	36.0
RoCE (%)	19.0	25.0	25.1
Payout (%)	5.3	5.3	5.3

Valuations

P/E (x)	33.0	23.2	20.5
P/BV (x)	13.9	8.9	6.3
Adj.EV/EBITDAR(x)	12.8	9.7	8.6
Div. Yield (%)	0.2	0.2	0.3
FCF Yield (%)	1.2	2.3	-1.1

Shareholding pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	41.6	43.5	49.3
DII	24.7	24.1	20.7
FII	28.4	27.3	25.4
Others	5.3	5.1	4.7

FII Includes depository receipts

- **Guidance:** Due to the higher-than-anticipated currency depreciation and a lower-than-anticipated reduction in aircraft on the ground and induction of some additional damp leases, the company is **estimating an early single-digit percentage increase in its unit cost**. This excludes fuel and forex for FY26 as compared to FY25.

Valuation and view

- Despite near-term challenges in the form of rupee depreciation and rising damp leases, Indigo remains confident in its growth strategy as India's domestic network remains the backbone, with expanding international connectivity.
- Going forward, stabilizing fuel costs, the return of grounded aircraft to service, and improved demand are likely to drive performance in the coming quarters.
- Backed by mid-teens capacity growth coupled with rising demand, stable yields, and a rising international mix, INDIGO is well-positioned to sustain healthy profitability. We expect its revenue/ EBITDAR/Adj. PAT to clock a CAGR of 11%/18%/14% over FY25-28. We value the stock at 11x FY27E EBITDAR to arrive at our TP of INR7,300. **Reiterate BUY.**

Standalone Quarterly performance

Y/E March	(INR b)											
	FY25				FY26				FY25	FY26E	FY25	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			1QE	
Net Sales	195.7	169.7	221.1	221.5	205.0	185.6	243.9	246.3	808.0	880.7	213.5	1%
YoY Change (%)	17.3	13.6	13.7	24.3	4.7	9.3	10.3	11.2	17.3	9.0	9.1	
EBITDAR	57.7	23.8	59.2	69.5	57.0	8.7	72.8	75.0	210.2	213.4	61.4	-67%
Margin (%)	29.5	14.0	26.8	31.4	27.8	4.7	29.9	30.4	26.0	24.2	28.8	
Net Rentals	6.2	7.6	7.6	8.6	4.9	3.2	8.8	9.1	30.1	26.0	8.8	-32%
EBITDA	51.5	16.2	51.6	60.8	52.0	5.5	64.0	65.9	180.1	187.4	52.7	-74%
Margin (%)	26.3	9.5	23.3	27.5	25.4	2.9	26.3	26.7	22.3	21.3	24.7	
Depreciation	18.7	20.8	22.2	24.8	25.5	26.3	26.4	26.6	86.4	104.7	25.4	
Interest	11.6	12.4	13.1	13.8	14.0	14.7	14.6	14.8	50.9	58.2	13.9	
Other Income	6.8	7.9	8.8	9.5	10.5	10.5	12.1	13.4	33.1	46.3	11.3	
PBT	28.0	-9.1	25.2	31.8	23.0	-25.1	35.2	37.9	75.9	70.9	24.6	NA
Tax	0.8	0.8	0.8	1.0	1.3	-1.5	1.1	1.6	3.3	2.5	0.8	
Rate (%)	2.7	-8.7	3.1	3.2	5.9	5.9	3.0	4.1	4.4	3.5	3.2	
Reported PAT	27.3	-9.9	24.4	30.7	21.6	-23.7	34.1	36.3	72.5	68.4	23.8	NA
EPS	70.6	-25.6	63.2	79.5	55.9	-61.3	88.3	94.0	187.7	177.0	61.7	NA
YoY Change (%)	-11.7	NA	-18.6	62.3	-20.7	139.4	39.7	18.2	-11.2	-5.7	-12.5	
Operational Data												
ASK (b)	36.3	38.2	40.8	42.1	42.3	41.2	44.1	45.5	157.4	173.0	41.7	0%
YoY Change (%)	11%	8%	12%	21%	17%	8%	8%	8%	13%	10%	15%	
Load factor (%)	86.8	82.7	87.0	87.4	84.4	82.5	87.5	88.0	86.0	85.7	85.5	-1.5
RPK (b)	31.5	31.6	35.5	36.8	35.7	34.0	38.6	40.0	135.4	148.3	35.6	-1%
YoY Change (%)	9%	7%	13%	23%	13%	8%	9%	9%	13%	10%	13%	
Yield (INR/RPK)	5.24	4.55	5.43	5.32	4.98	4.69	5.50	5.40	5.14	5.14	5.04	4%
RASK (Revenue per Available Seat Kilometer)	5.39	4.44	5.42	5.26	4.85	4.50	5.53	5.42	5.13	5.09	5.12	-1%
CASK (Cost per Available Seat Kilometer)	4.62	4.68	4.80	4.51	4.30	5.11	4.74	4.58	4.65	3.48	4.53	-9%
RASK less CASK	0.77	-0.24	0.62	0.75	0.54	-0.61	0.80	0.83	0.48	1.61	0.59	-72%
CASK ex-Fuel	2.83	2.93	3.20	2.88	2.90	3.64	3.28	3.21	2.96	2.32	2.94	-16%
Fuel Cost	1.79	1.75	1.60	1.63	1.40	1.47	1.46	1.38	1.69	1.16	1.59	6%



Highlights from the management commentary

■ Capex

- INDIGO is anticipating high-teens growth in capacity in FY26, driven by increasing GDP growth and passenger growth correlation & accelerating Festival travels
- INDIGO, as done historically, will be disproportionately allocating capacity to International routes, as it also benefits the company in foreign currency hedging

■ Outlook and guidance

- Due to the higher-than-anticipated currency depreciation and a lower-than-anticipated reduction in aircraft on the ground and induction of some additional damp leases, the company is estimating an early single-digit percentage increase in its unit cost. This excludes fuel and forex for FY26 as compared to FY25.
- Further, INDIGO is estimating flattish to a slight growth in the passenger unit revenue in 3QFY26.

■ Strategic investments

- INDIGO has doubled the Airbus A350 orders from 30 to 60 and is expecting delivery from 2028 onwards
- The company is planning to establish an MRO facility in Bengaluru for narrow- and wide-body aircraft in the next 2-4 years with a planned capex of INR10b. Currently, INDIGO's 90% MRO work is outsourced to third-party international MRO players
- The company entered into an MoU with Asian Airlines in Greece for fleet expansion, enhancing its brand presence, and destinations

■ Loyalty program

- In just over a year since its launch, the Blue Chip program has grown to around 7m members
- Further, in 2QFY26, the company accelerated the program's momentum with the launch of three co-branded credit cards in partnership with Kotak Mahindra Bank, IDFC First Bank, and SBI Cards

■ Operations

- Operationally, Indigo served 28.8m passengers, expanded its domestic network to 94 destinations, including new regional airports, and launched international routes, including Athens, Copenhagen, Manchester, London Heathrow, and Guangzhou.
- Cost pressures include forex impacts and AOG (aircraft on ground) issues related to grounded aircraft, partly offset by increased yields and disciplined capacity management.
- The fleet size was 417 aircraft at quarter end, with a targeted shift to 30-40% owned or finance-leased fleet by 2030 for better cost and operational control.
- The widebody wet leases currently flying to Europe are early in operation but showing encouraging demand, especially for cargo.

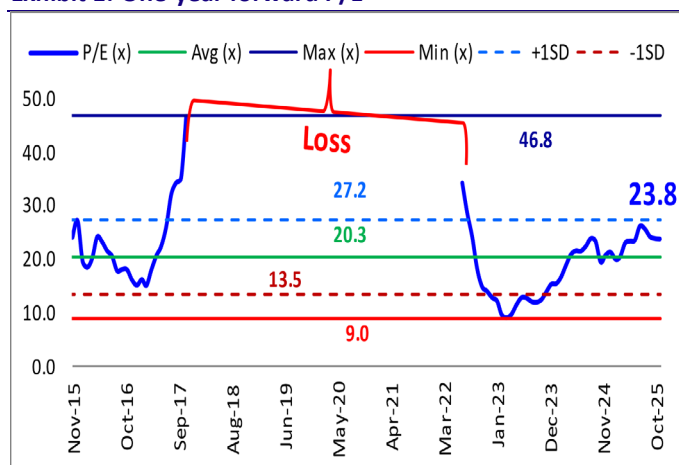
■ Others

- Despite near-term challenges, Indigo remains confident in its growth strategy as India's domestic network remains the backbone with expanding international connectivity.
- The company incurs a loss of INR9b for every unit of rupee depreciation against USD.
- INDIGO is actively hedging forex exposures and expects international revenues to provide natural currency hedges.
- Pilot attrition and regulatory changes (DPL implementation) may cause some incremental costs going forward.
- The AOG issue persists, with about 40 grounded aircraft expected to remain range-bound for some time, leading to damp leases to meet demand.

Operational Metrics

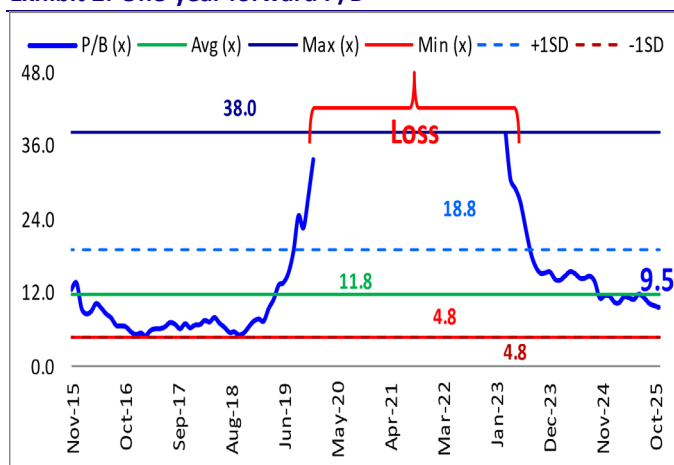
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Capacity								
ASK (million)	45,471	70,400	1,14,400	1,39,300	1,57,400	1,73,032	1,88,616	2,02,795
ASK YoY (%)	-53%	55%	63%	22%	13%	10%	9%	8%
Load Factor (%)	69%	73%	82%	86%	86%	86%	87%	90%
RPK (million)	31,595	51,700	93,900	1,19,700	1,35,400	1,48,268	1,64,528	1,82,515
RPK YoY (%)	-62%	64%	82%	27%	13%	10%	11%	11%
Revenue Calculation								
Ticket Revenue (INR m)	1,18,735	2,19,239	4,81,759	6,07,980	6,97,381	7,65,368	8,60,750	9,41,011
Yield (INR/RPK)	3.76	4.24	5.13	5.08	5.15	5.16	5.23	5.16
Ancillary revenues (incl. others)	27,671	40,070	62,706	81,064	1,10,649	1,15,328	1,44,716	1,58,209
Total Revenue (INR m)	1,46,406	2,59,309	5,44,465	6,89,044	8,08,030	8,80,696	10,05,466	10,99,221
Fuel Cost								
Exchange rate (INR/USD)	74	75	80	83	85	87	88	90
ATF Prices (INR/lit)	43	74	116	102	95	87	86	86
YoY (%)	-32%	71%	57%	-12%	-7%	-8%	-1%	-1%
Aircraft fuel expenses (INR m)	38,868	98,117	2,39,320	2,42,468	2,65,805	2,47,118	3,01,346	3,18,580
Spreads								
RASK	3.22	3.68	4.76	4.95	5.13	5.09	5.33	5.42
CASK	4.50	4.56	4.79	4.37	4.65	4.68	4.67	4.72
RASK-CASK	-1.28	-0.88	-0.03	0.58	0.48	0.41	0.66	0.70
CASK-ex fuel	3.65	3.17	2.70	2.63	2.96	3.25	3.07	3.15
RASK-CASK (ex-fuel)	-0.43	0.52	2.06	2.32	2.17	1.84	2.26	2.27

Exhibit 1: One-year forward P/E



Source: Company, MOFSL

Exhibit 2: One-year forward P/B



Source: Company, MOFSL

Exhibit 3: Revisions to our estimates

Particulars	Revised			Previous			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	881	1,005	1,099	884	1,005	1,101	0%	0%	0%
EBITDAR	213	280	322	236	282	323	-10%	-1%	0%
EBITDA	187	250	290	209	252	290	-10%	-1%	0%
PAT	66	94	106	86	95	107	-23%	-1%	-1%

Story in charts: 2QFY26

Exhibit 4: Total ASK stood at 41.2b...

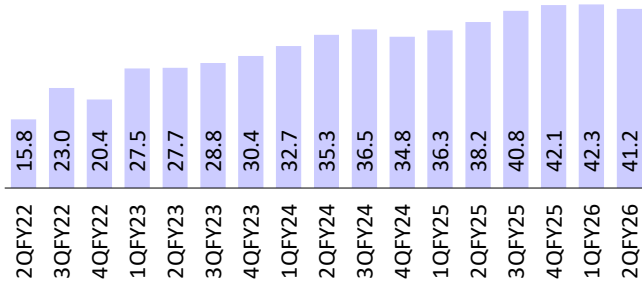


Exhibit 5: ...up 8% YoY in 2QFY26

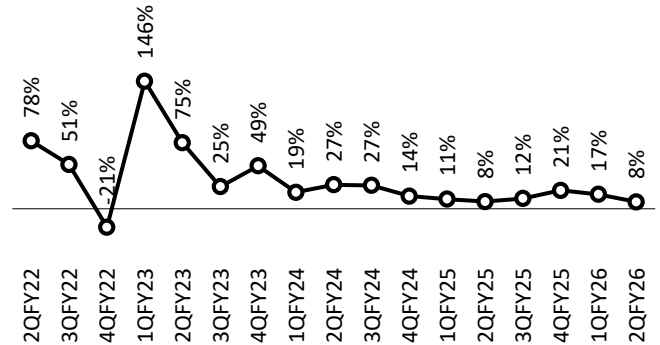


Exhibit 6: Total RPK stood at 34.0b...

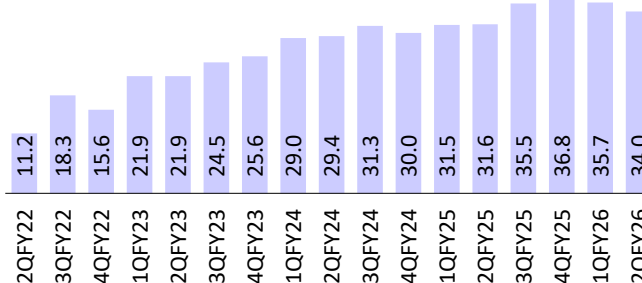


Exhibit 7: ...up 8% YoY in 2QFY26

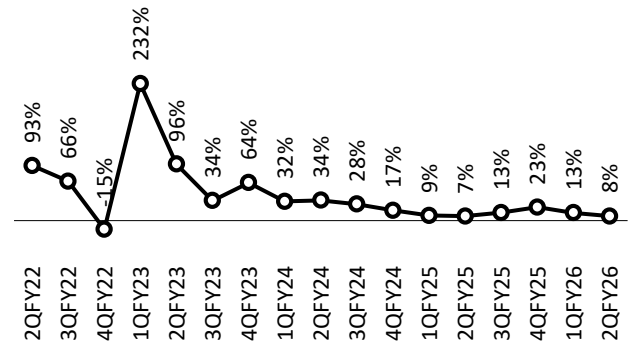


Exhibit 8: RASK stood at INR4.50

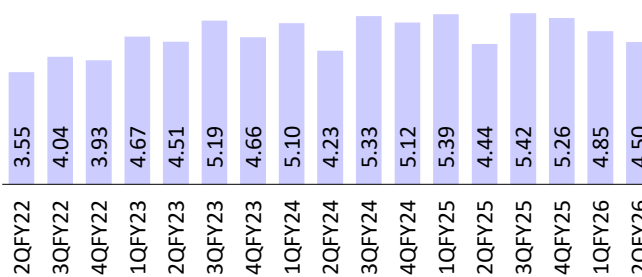


Exhibit 9: CASK stood at INR5.1

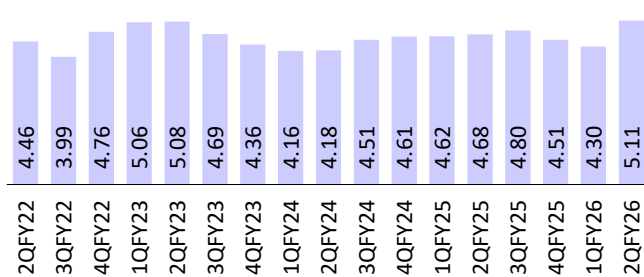


Exhibit 10: Load factor increased to 82.5% (82.7% in 2QFY25)

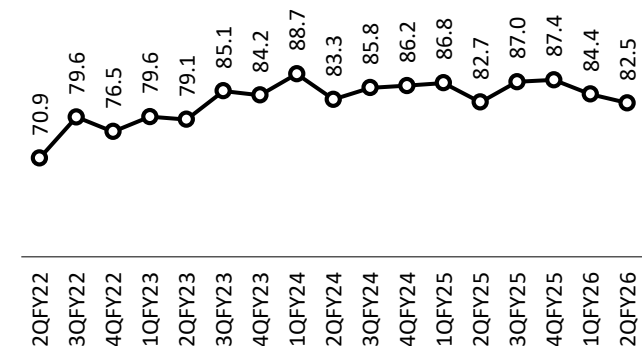
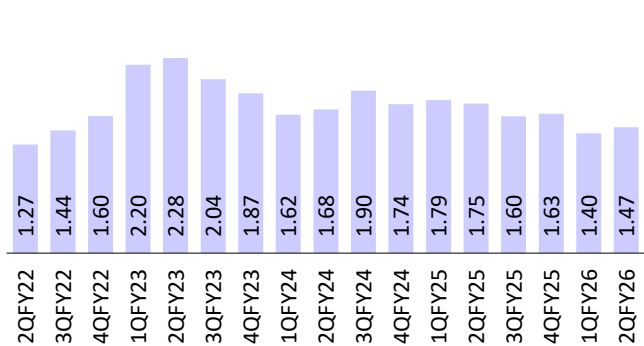


Exhibit 11: Fuel costs stood at INR1.5 (-16% YoY)



Source: Company, MOFSL

Source: Company, MOFSL

Financials and Valuation

Standalone - Income Statement

(InR b)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Total Income from Operations	146.4	259.3	544.5	689.0	808.0	880.7	1,005.5	1,099.2
YoY Chg (%)	-59.1	77.1	110.0	26.6	17.3	9.0	14.2	9.3
EBITDAR	2.6	8.4	68.1	173.7	210.2	213.4	280.1	322.1
Margin (%)	1.7	3.2	12.5	25.2	26.0	24.2	27.9	29.3
Aircraft & Engine Lease Rentals	2.8	3.1	3.3	10.8	30.1	26.0	30.0	32.4
EBITDA	-0.3	5.3	64.8	162.9	180.1	187.4	250.1	289.7
Margin (%)	-0.2	2.0	11.9	23.6	22.3	21.3	24.9	26.4
Depreciation	47.0	50.7	51.0	64.1	86.4	104.7	123.4	151.9
EBIT	-47.2	-45.4	13.8	98.9	93.7	82.7	126.7	137.8
Int. and Finance Charges	21.4	23.6	31.3	41.7	50.9	58.2	54.6	53.2
Other Income	10.4	7.2	14.3	23.3	33.1	46.3	53.3	57.2
PBT	-58.3	-61.7	-3.2	80.4	75.9	70.9	125.4	141.8
PBT after EO Exp.	-58.3	-61.7	-3.2	80.4	75.9	70.9	125.4	141.8
Tax	0.0	0.0	0.0	-1.2	3.3	5.0	31.6	35.7
Tax Rate (%)	0.0	0.0	0.0	-1.5	4.4	7.0	25.2	25.2
Reported PAT	-58.3	-61.7	-3.2	81.7	72.5	65.9	93.8	106.1
Change (%)	Loss	Loss	Loss	LP	-11.2	-9.1	42.4	13.1
Margin (%)	-39.8	-23.8	-0.6	11.9	9.0	7.5	9.3	9.7

Standalone - Balance Sheet

(InR b)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	3.8	3.9	3.9	3.9	3.9	3.9	3.9	3.9
Total Reserves	-3.1	-64.2	-66.9	15.5	89.2	151.6	240.4	340.9
Net Worth	0.7	-60.4	-63.0	19.3	93.1	155.5	244.3	344.8
Total Loans	227.9	289.6	344.8	397.6	567.5	544.8	495.8	471.0
Capital Employed	228.6	229.2	281.7	416.9	660.6	700.3	740.1	815.8
Gross Block	295.3	370.7	485.4	633.3	874.9	1,016.9	1,226.3	1,535.1
Less: Accum. Deprn.	107.2	157.9	208.9	272.9	359.3	464.0	587.4	739.3
Net Fixed Assets	188.2	212.8	276.5	360.4	515.6	552.9	638.9	795.8
Capital WIP	0.7	1.2	0.2	0.0	0.0	0.0	0.0	0.0
Total Investments	72.9	80.3	115.1	164.5	264.0	264.0	264.0	264.0
Curr. Assets, Loans&Adv.	168.0	164.3	198.6	295.8	379.5	385.0	407.7	378.6
Inventory	3.2	4.1	5.9	6.2	8.2	9.2	10.0	10.7
Account Receivables	2.2	3.3	5.2	6.4	7.4	8.1	9.2	10.1
Cash and Bank Balance	112.3	101.2	118.1	167.1	188.6	176.7	170.5	119.5
Loans and Advances	50.4	55.7	69.4	116.0	175.3	191.0	218.1	238.4
Curr. Liability & Prov.	201.2	229.4	308.7	403.8	498.6	501.6	570.5	622.7
Account Payables	15.6	31.5	32.1	31.9	41.9	46.8	50.8	54.5
Other Current Liabilities	164.2	184.6	260.7	344.2	415.7	453.1	517.2	565.4
Provisions	21.4	13.2	15.9	27.7	41.0	1.8	2.5	2.8
Net Current Assets	-33.1	-65.1	-110.1	-108.0	-119.1	-116.6	-162.8	-244.1
Appl. of Funds	228.6	229.2	281.7	416.9	660.6	700.3	740.1	815.8

Financials and Valuation

Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Basic (INR)								
EPS (INR)	-151.2	-160.1	-8.2	211.8	188.1	170.6	242.8	274.7
Cash EPS	-29.4	-28.7	124.5	379.1	413.4	443.9	565.0	671.2
BV/Share	1.8	-157.0	-164.0	50.3	242.1	404.4	635.5	896.9
DPS	0.0	0.0	0.0	0.0	10.0	9.1	12.9	14.6
Payout incl. tax (%)	0.0	0.0	0.0	0.0	5.3	5.3	5.3	5.3
Valuation (x)								
P/E	-37.3	-35.2	-686.2	26.6	30.0	33.0	23.2	20.5
Cash P/E	-191.6	-196.4	45.3	14.9	13.6	12.7	10.0	8.4
P/BV	3,055.9	-35.9	-34.4	112.2	23.3	13.9	8.9	6.3
EV/Sales	15.7	9.1	4.4	3.5	3.2	2.9	2.5	2.3
EV/EBITDAR (x)	899.5	281.1	35.3	13.9	12.2	12.8	9.7	8.6
EV/EBITDA	-9,010.6	446.3	37.1	14.8	14.2	13.6	10.0	8.7
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.2	0.2	0.2	0.3
FCF Yield (%)	-3.3	-2.3	5.9	9.1	10.1	1.2	2.3	-1.1
FCF per share	-184.3	-128.6	332.4	514.0	570.3	67.6	127.1	-63.6
Return Ratios (%)								
RoE	-196.5	206.9	5.1	-373.7	129.1	53.0	46.9	36.0
RoCE	-16.5	-16.7	11.0	35.5	22.5	19.0	25.0	25.1
RoIC	-168.6	-101.7	29.2	150.4	61.1	32.9	33.6	28.0
Working Capital Ratios								
Fixed Asset Turnover (x)	0.5	0.7	1.1	1.1	0.9	0.9	0.8	0.7
Asset Turnover (x)	0.6	1.1	1.9	1.7	1.2	1.3	1.4	1.3
Inventory (Days)	8	6	5	4	5	4	4	4
Debtor (Days)	5	5	3	3	3	12	11	12
Creditor (Days)	39	46	25	23	26	19	18	18
Working Cap. Turnover (Days)	-363	-234	-153	-146	-139	-122	-121	-121

Standalone - Cash Flow Statement

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
OP/(Loss) before Tax	-58.3	-61.7	-3.2	80.4	75.9	70.9	125.4	141.8
Depreciation	47.0	50.7	51.0	64.1	86.4	104.7	123.4	151.9
Interest & Finance Charges	11.1	16.3	31.1	41.7	50.9	11.8	1.3	-4.0
Direct Taxes Paid	0.0	0.0	-3.9	-5.1	-4.1	-5.0	-31.6	-35.7
(Inc)/Dec in WC	-3.8	21.4	31.2	43.4	44.6	-14.4	40.0	30.3
CF from Operations	-4.0	26.7	106.2	224.5	253.6	168.1	258.5	284.3
CF from Operating incl EO	-4.0	26.7	127.0	211.8	240.6	168.1	258.5	284.3
(Inc)/Dec in FA	-67.2	-76.4	1.4	-13.2	-20.3	-142.0	-209.4	-308.8
Free Cash Flow	-71.2	-49.7	128.4	198.6	220.4	26.1	49.1	-24.6
(Pur)/Sale of Investments	22.1	-7.4	-43.5	-109.1	-119.0	0.0	0.0	0.0
Others	10.4	7.2	1.6	4.8	11.5	46.3	53.3	57.2
CF from Investments	-34.8	-76.5	-40.6	-117.6	-127.8	-95.6	-156.1	-251.7
Inc/(Dec) in Debt	68.6	61.7	-16.7	-2.8	-0.9	-22.7	-49.0	-24.8
Interest Paid	-21.4	-23.6	-26.7	-35.0	-0.3	-58.2	-54.6	-53.2
Dividend Paid	0.0	0.0	0.0	0.0	-3.9	-3.5	-5.0	-5.7
CF from Fin. Activity	42.7	38.8	-84.3	-99.8	-109.7	-84.4	-108.7	-83.6
Inc/Dec of Cash	4.0	-11.1	2.2	-5.5	3.1	-11.9	-6.2	-51.0
Opening Balance	108.3	112.3	10.1	12.4	6.9	10.0	-1.9	-8.2
Closing Balance	112.3	101.2	12.4	6.9	10.0	-1.9	-8.2	-59.2

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