INDIGO

COMPANY UPDATE

KEY DATA

Rating	HOLD
Sector relative	Neutral
Price (INR)	4,968
12 month price target (INR)	5,069
52 Week High/Low	6,233/3,945
Market cap (INR bn/USD bn)	1,920/21.4
Free float (%)	25.1
Avg. daily value traded (INR mn)	7,435.9

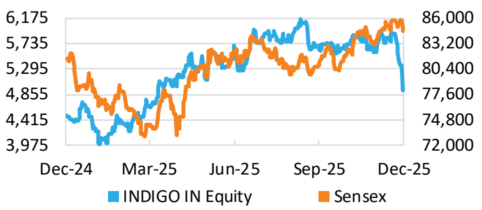
SHAREHOLDING PATTERN

	Sep-25	Jun-25	Mar-25
Promoter	41.6%	43.5%	49.3%
FII	28.4%	27.3%	25.1%
DII	24.6%	24.0%	20.7%
Pledge	0%	0%	0%

FINANCIALS (INR bn)

Year to March	FY25A	FY26E	FY27E	FY28E
Revenue	808	859	975	1,087
EBITDA	211	182	255	309
Adjusted profit	73	39	111	164
Diluted EPS (INR)	188.7	102.2	289.5	427.1
EPS growth (%)	(11.2)	(45.8)	183.2	47.5
RoAE (%)	127.7	35.0	60.4	51.9
P/E (x)	25.5	47.1	16.6	11.3
EV/EBITDA (x)	10.4	11.5	7.8	6.1
Dividend yield (%)	0.2	0.1	0.2	0.4

PRICE PERFORMANCE



Near term pain; recovery unclear

Indigo's mismanagement led to its worst operational turbulence as revised FDTL norms took effect; shortage of trained pilots and crew led to more than 4,500 flight cancellations; management cut Q3 guidance.

Highlights: i) DGCA ordered a 10% cut in Indigo's domestic schedule flights while Indigo's operations were hurt by revised FDTL norms and poor pilot rostering. ii) We estimate 40% impact on Q3FY26E EBITDAR, factoring in lower ASKM/PRASK growth and a 7% YoY rise in ATF cost. iii) PLFs may rise, but yields may be depressed by low pricing power. iv) We also expect risk to longer-term growth forecasts, as pressure grows for Indigo to cut its dominant 65% domestic market share. v) We are cutting FY26E/27E/28E EBITDAR by 14%/4%/3%; retain 'HOLD'.

Revised FDTL norms affect Indigo operations; on hold until Feb-26

DGCA's stricter FDTL norms—raising weekly rest from 36 to 48 hours, expanding the night-duty window to 00:00–06:00, limiting pilots to two consecutive night duties, limit of two night landings (six earlier) and mandatory quarterly fatigue reporting caused Indigo's operational disruption resulting in > 4,500 flight cancellations starting the first week of Dec-25. The company's poor planning drove a huge shortage of pilots under the Phase II of the revised FDTL norms that kicked in from November 1, 2025. DGCA has since placed these norms on hold for the A320 fleet until Feb-26 and allowed pilot leave to count toward the 48-hour rest requirement.

DGCA orders 10% cut to winter schedule; Q3 guidance cut

DGCA ordered a 10% cut of its scheduled flights for the domestic winter schedule, which will hurt Indigo's overall profitability in the near term. Moreover, cancellations shall also result in loss of revenue and a rise in costs due to further passenger support such as distribution of vouchers worth INR10,000 and compensation of INR5,000–10,000. Hence, the company cut its Q3FY26 guidance with ASKM growth of high single to early double-digit growth (from earlier high teen growth) and mid-single digit downward moderation in PRASK (from earlier guided flattish to slight growth).

40% Q3 EBITDAR hit fuelled by ATF cost hike, forex loss, poor yields

Factoring in a 9% YoY ASKM growth, a 5% moderation in PRASK, penalties of 0.5x of refunds of INR8.3bn and a forex loss impact of INR15bn in Q3, our calculation suggests a 40% impact on our Q3FY26E EBITDAR and a 2% impact in Q4FY26E (exhibit 1). A 7% YoY rise in ATF cost would aggravate margin squeeze. We believe the profits may likely see a larger impact as large number of customers need to be accommodated on lower scheduled flights. While their PLFs may report a rise, yields shall be hurt owing to loss of pricing power.

Outlook and valuation: Near-term pain, valuation lofty; 'HOLD'

The near-term outlook looks challenging given the operational disruption, 10% curtailment and rise in cost from new pilot and crew hiring (exhibit 5). To factor in the guidance cut, we are cutting FY26/27/28E EBITDAR by 14%/4%/3%, yielding a 5% cut in TP to INR5,069; retain **'HOLD'**. The stock is trading at 17x/11x FY27E/28E EPS.

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Financial Statements

Income Statement (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Total operating income	8,08,029	8,59,352	9,74,618	10,87,361
Gross profit	5,46,056	6,08,105	6,87,495	7,70,389
Employee costs	74,725	84,438	94,993	99,743
Other expenses	2,60,645	3,41,607	3,37,150	3,62,123
EBITDA	2,10,686	1,82,060	2,55,352	3,08,523
Depreciation	86,802	1,05,670	1,10,464	1,14,949
Less: Interest expense	50,800	58,349	61,283	63,771
Add: Other income	32,953	41,010	45,111	49,622
Profit before tax	75,934	43,256	1,15,427	1,70,238
Prov for tax	3,350	3,930	4,058	5,958
Less: Other adj	0	0	0	0
Reported profit	72,584	39,326	1,11,369	1,64,280
Less: Excp.item (net)	0	0	0	0
Adjusted profit	72,584	39,326	1,11,369	1,64,280
Diluted shares o/s	385	385	385	385
Adjusted diluted EPS	188.7	102.2	289.5	427.1
DPS (INR)	10.0	5.1	11.6	17.1
Tax rate (%)	4.4	9.1	3.5	3.5

Balance Sheet (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Share capital	3,864	3,864	3,864	3,864
Reserves	89,818	1,27,178	2,34,091	3,91,800
Shareholders funds	93,682	1,31,042	2,37,955	3,95,664
Minority interest	0	0	0	0
Borrowings	5,64,683	6,13,430	6,57,302	6,96,787
Trade payables	41,756	47,345	50,279	54,443
Other liabs & prov	2,03,134	2,24,192	2,47,495	2,47,495
Total liabilities	10,55,020	11,79,155	13,68,414	15,69,772
Net block	5,17,518	6,30,789	7,17,373	8,19,176
Intangible assets	299	299	299	299
Capital WIP	7	7	7	7
Total fixed assets	5,17,824	6,31,095	7,17,679	8,19,482
Non current inv	88,139	78,139	68,139	58,139
Cash/cash equivalent	4,37,377	4,79,091	6,09,728	7,37,433
Sundry debtors	7,397	7,867	8,922	9,954
Loans & advances	35,867	25,867	15,867	5,867
Other assets	30,582	22,166	17,101	12,395
Total assets	10,55,020	11,79,155	13,68,414	15,69,772

Important Ratios (%)

Year to March	FY25A	FY26E	FY27E	FY28E
Average fleet size(No)	434.0	490.0	570.0	650.0
Avg. flying hours (Hrs)	0	0	0	0
CASK (INR/ km)	3.8	3.8	3.6	3.5
EBITDA margin (%)	26.1	21.2	26.2	28.4
Net profit margin (%)	9.0	4.6	11.4	15.1
Revenue growth (% YoY)	17.3	6.4	13.4	11.6
EBITDA growth (% YoY)	20.1	(13.6)	40.3	20.8
Adj. profit growth (%)	(11.2)	(45.8)	183.2	47.5

Free Cash Flow (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Reported profit	72,584	39,326	1,11,369	1,64,280
Add: Depreciation	30,103	15,795	13,289	9,186
Interest (net of tax)	4	8	0	0
Others	1,76,858	2,34,955	2,36,217	1,74,541
Less: Changes in WC	51,156	63,871	61,435	27,314
Operating cash flow	2,28,393	2,26,214	2,99,440	3,20,693
Less: Capex	(2,43,090)	(2,18,941)	(1,97,047)	(2,16,752)
Free cash flow	(14,697)	7,272	1,02,392	1,03,941

Assumptions (%)

Year to March	FY25A	FY26E	FY27E	FY28E
GDP (YoY %)	7.2	7.0	6.8	6.2
Repo rate (%)	6.0	5.0	4.5	4.5
USD/INR (average)	84.4	87.5	87.0	88.0
RPKM growth (%)	13.1	9.8	14.5	13.2
PLF (%)	86.0	84.9	85.1	85.5
Lease rent/Aircraft (USDmn)	1.1	0.5	0.4	0.3
Pax growth (%)	11.2	6.7	6.2	11.0
Yield (INR/km)	5.1	5.1	5.1	5.0

Key Ratios

Year to March	FY25A	FY26E	FY27E	FY28E
RoE (%)	127.7	35.0	60.4	51.9
RoCE (%)	15.8	9.7	14.4	15.8
Inventory days	3	3	3	3
Receivable days	3	3	3	3
Payable days	17	19	18	18
Working cap (% sales)	(26.1)	(32.5)	(35.5)	(34.8)
Gross debt/equity (x)	6.0	4.7	2.8	1.8
Net debt/equity (x)	1.2	0.9	0.1	(0.1)
Interest coverage (x)	1.8	1.0	2.1	2.9

Valuation Metrics

Year to March	FY25A	FY26E	FY27E	FY28E
Diluted P/E (x)	25.5	47.1	16.6	11.3
Price/BV (x)	19.8	14.1	7.8	4.7
EV/EBITDA (x)	10.4	11.5	7.8	6.1
Dividend yield (%)	0.2	0.1	0.2	0.4

Valuation Drivers

Year to March	FY25A	FY26E	FY27E	FY28E
EPS growth (%)	(11.2)	(45.8)	183.2	47.5
RoE (%)	127.7	35.0	60.4	51.9
EBITDA growth (%)	20.1	(13.6)	40.3	20.8
Payout ratio (%)	5.3	5.0	4.0	4.0

Source: Company and Nuvama estimates

Exhibit 1: IndiGo's EBITDAR hurt by guidance cut and lower scheduled flights

Particulars	UoM	x	Remarks
Q3FY26E EBITDAR	INR mn	78,175	
ASKM guidance cut	INR mn	(6,926)	9% YoY growth, guidance high single to low double digit YoY growth
PRASK guidance cut	INR mn	(4,674)	5% YoY fall, guidance mid-single YoY fall
Fines/penalties/relief costs	INR mn	(4,135)	0.5x of refunds
Forex	INR mn	(15,390)	Based on 90.5 closing rate
New Q3FY26E EBITDAR	INR mn	47,051	
Revision	**%**	**-40%**	
Q4FY26E EBITDAR	INR mn	70,019	
Impact of 10% lower scheduled flights	INR mn	(1,195)	
New Q3FY26E EBITDAR	INR mn	68,824	
Revision	**%**	**-2%**	
Q2FY26 USDINR end to end depreciation		3.18	

Source: Company, Nuvama Research

Exhibit 2: More than 4,500 flights cancelled till date

Date	Cancellations
02-Dec-25	Over 150 cancelled
03-Dec-25	Nearly 200 cancelled
04-Dec-25	Over 300 cancelled
05-Dec-25	Around 1600 cancelled
06-Dec-25	Around 850 cancelled
07-Dec-25	Around 650 cancelled
08-Dec-25	Over 500 cancelled
09-Dec-25	Over 400 cancelled
10-Dec-25	Nearly 220 cancelled
11-Dec-25	Over 100 cancelled

Source: Industry, Nuvama Research

Exhibit 3: Revised FDTL rules encourage more rest and limit flying hours

Aspect	Earlier FDTL – applicable up to 31 Oct 2025	Revised FDTL (fully in force from 1 Nov 2025)
Weekly rest	Minimum 36 hours continuous weekly rest including 2 local nights; 36hr was the default weekly rest look-back requirement	Minimum weekly rest increased to 48 hours, still including 2 local nights, as a standard requirement – materially more rest per week than earlier baseline
Extra weekly rest after heavy night schedules	If a pilot had >3 duties in the preceding 168 hours that encroached the night period/WOCL, weekly rest had to be boosted to 48 hours incl. 2 local nights (i.e., 48h was an enhanced rest triggered only after a lot of night work)	48-hour weekly rest becomes the new normal requirement (not just a triggered enhancement). The revised CAR hard-codes higher rest for fatigue mitigation; the earlier enhanced rest after >3 night duties concept is effectively folded into a generally more generous base rest requirement
Definition of 'Night' for duty / FDTL	Night in the FDTL context ran from 00:00 to 05:00 local time. Consecutive night-duty limitations were anchored to this 00:00–05:00 window	Night re-defined as 00:00 to 06:00 local time, explicitly aligning with the Window of Circadian Low (WOCL) 02:00–06:00 – i.e., pilots are now treated as on night duty for an extra early-morning hour vs earlier norms
Max flight time for duties encroaching Night	For two-pilot operations, daily limits were set (up to 10:00 block and 13:00 FDP depending on sectors), with additional WOCL reductions. A night-encroaching pattern could still legally end up close to ~9-10 hours block time, depending on start time/sectors	For any flight operation encroaching Night, max flight time is capped at 8 hours. This is a hard ceiling for night-encroaching operations, regardless of how the table might otherwise allow longer FDP from a day-time start
Max FDP for duties encroaching Night	FDP limits came from the general tables (up to 13:00 FDP for two-pilot operations), with reductions when the FDP overlapped WOCL; but the structure still allowed relatively long FDPs that partly straddled the 00:00–05:00 window	For night-encroaching operations, FDP is capped at 10 hours – a clear, lower top-end vs earlier norms, specifically aimed at night / circadian-sensitive operations
Max landings in a night-encroaching FDP	The 2019 CAR allowed up to 6 landings in a day within the 8-hour flight-time band; and press/official summaries indicate that up to 6 landings were permissible even during night-operations / night-encroaching duties under the older scheme	New rules limit night-encroaching FDPs to only 2 landings (for passenger ops). This is a very material tightening. You can't pack in multiple short night sectors back-to-back any more. (Cargo operations may have a slightly relaxed cap in the CAR text, but passenger flights are held to 2.)
Consecutive night duties	Max 2 consecutive nights (defined as duties between 00:00–05:00) allowed; this could be used once in any 168-hour window. After such a series, next flight could not start until 24 hours (incl. one local night) plus local night + 2 hours from arrival, effectively mandating a full day's recovery plus a night	The revised CAR retains the basic no more than 2 consecutive night duties structure but now applies it over the longer night period (00:00–06:00) and in combination with the stricter 8hr/10hr/2-landing caps. MoCA's January 2024 summary reiterates the not more than two consecutive night duties within 168 hours concept and explicitly couples it with a minimum 24-hour rest after such night series Qualitatively: the count limit is similar, but it bites harder because more early-morning duty is now counted as night and each night duty is shorter but denser-regulated.
Weekly rest & night-duty interaction	Weekly rest was 36hr, with 48hr including 2 local nights only when >3 night/WOCL-encroaching FDPs in the last 168 hours. So theheavy night work led longer weekly rest protection only kicked in after fairly intense night patterns	Weekly rest now anchors at 48hr as standard, and together with stricter night-duty caps and 2-landing limit it structurally reduces the total number of high-fatigue night segments per week compared with what was schedulable earlier for the same fleet and pilot pool
Unforeseen operational circumstances – extensions	Under 2019 CAR, in unforeseen operational circumstances (weather, medical, runway closure etc.), extensions were generous: Flight Time could be extended by up to 1:30, FDP by up to 3:00, and one extra landing was allowed. There were cumulative caps over 28 days (max extra 4:30 flight time, 9:00 FDP, and 2 extra landings)	New CAR is much stricter: in unforeseen circumstances, Flight Time can be extended by only 1:00, FDP by only 2:00, and such extensions must be recorded and reported to DGCA in quarterly fatigue summaries by the Head of Operations
Ultra-Long-Range (ULR) post-flight rest	ULR framework already required post-ULR rest of at least 120 hours free of all duties on return to home base, including weekly rest (this is retained as a baseline in the 2019 ULR provisions)	Revised CAR keeps the 120-hour post-ULR rest requirement but embeds it into the broader fatigue-management and FRMS narrative, alongside the stricter night-encroaching limits (8hr/10hr/2 landings). In practice, ULR patterns are now also subject to the tightened night definitions and maximum FDP caps, so scheduling ultra-long services becomes more conservative overall
Fatigue reporting / FRMS	2019 CAR already required operators to maintain fatigue-reporting systems and keep records for inspection; but the regime was less prescriptive about non-punitive policies and periodic reporting to DGCA	Revised FDTL explicitly mandates that all operators submit quarterly fatigue reports, including analysis and action taken, and that fatigue reporting be non-punitive and confidential. It positions these prescriptive rules as a stepping stone to full FRMS, signalling a shift toward data-driven fatigue management

Source: Company, Nuvama Research

Exhibit 4: Impact assessment of productivity hit due to new operational challenges and regulatory changes

Scenario	Hit %	New block hrs/day/aircraft	Old pilot-hrs/yr/aircraft	Lost pilot-hrs/yr/aircraft	Lost pilot-hrs/mo/aircraft	Additional pilots needed (system)	Incremental pilot cost (INR mn/yr)
Low	10.0%	7.20	5840	584	49	611	3667
Base	12.5%	7.00	5840	730	61	786	4714
High	15.0%	6.80	5840	876	73	971	5824
Stress	20.0%	6.40	5840	1168	97	1375	8250

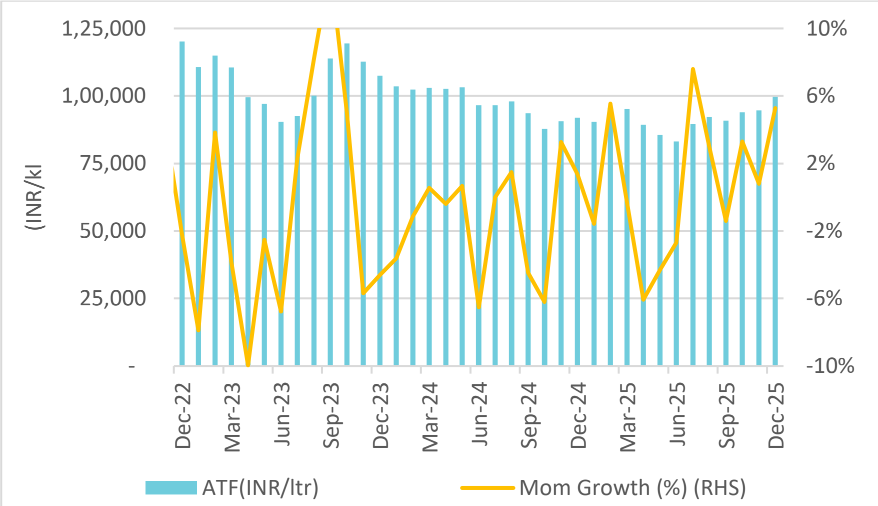
Source: Company, Nuvama Research

Exhibit 5: Productivity hit can lead to incremental cost/aircraft reaching INR20mn in stress scenario

Scenario	Incremental cost per aircraft (INR mn/yr)	Incremental cost as % of revenue
Low	8.9	0.51%
Base	11.5	0.66%
High	14.2	0.82%
Stress	20.1	1.16%

Source: Company, Nuvama Research

Exhibit 6: ATF price up 7% YoY in Dec-25



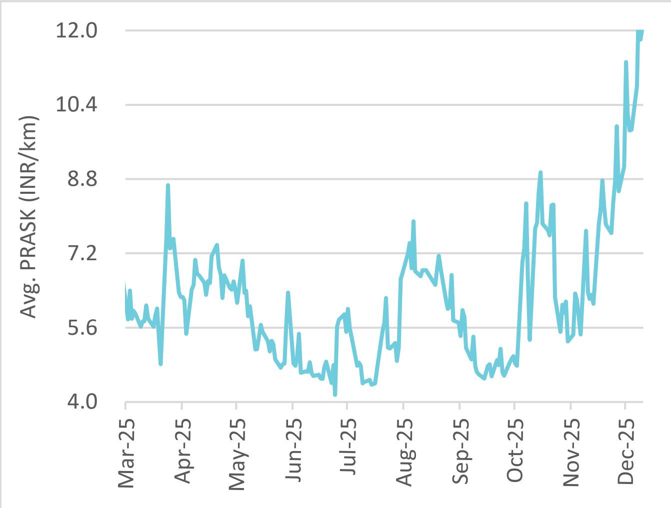
Source: Company, Nuvama Research

Exhibit 7: Our SotP yields TP of INR5,069/share

	FY27E	Multiple (X)	Total Value	Per Share
EBITDAR	2,71,048	8.0	21,57,541	5,609
Net debt			1,27,306	331
Aircraft lease rentals	13,289	6.0	80,265	209
Equity value (INR mn)			**19,49,970**	**5,069**
CMP			**18,53,662**	**4,819**
Upside (%)				**5%**

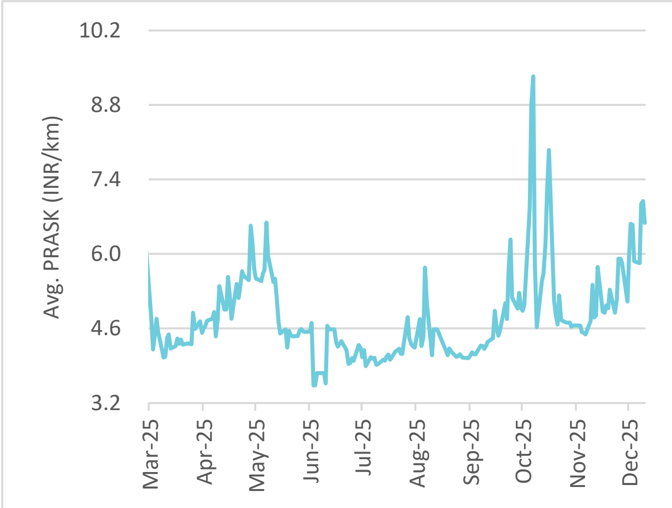
Source: Company, Nuvama Research

Exhibit 8: International PRASK up 48% MoM in Dec-25



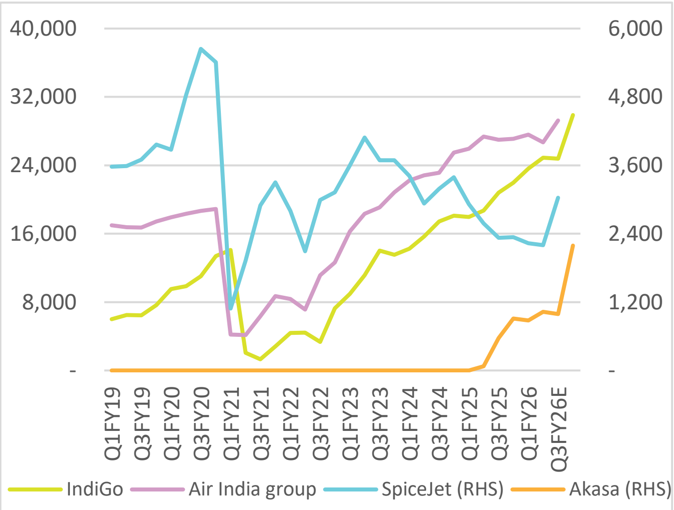
Source: Company, Nuvama Research

Exhibit 9: Domestic PRASK up 23% MoM in Dec-25



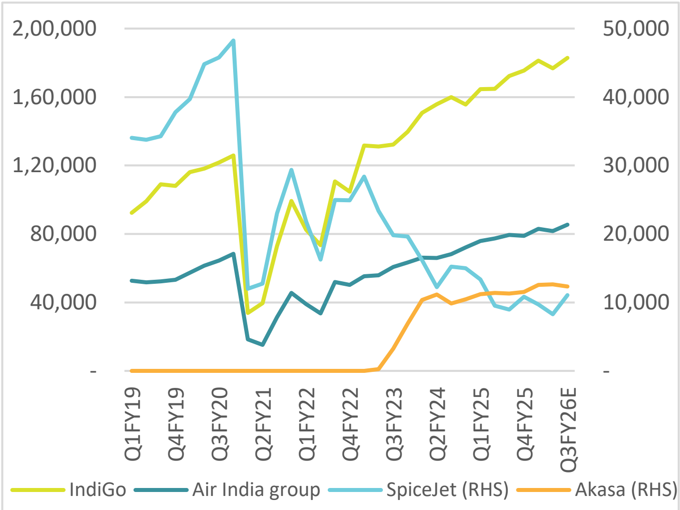
Source: Company, Nuvama Research

Exhibit 10: International scheduled flights up 23%, IndiGo 36%*



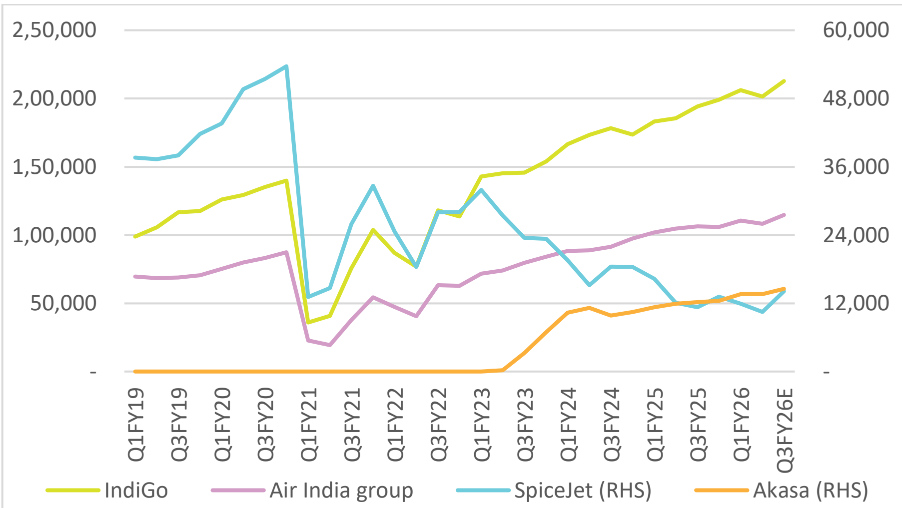
*Source: Company, Nuvama Research * in Q3FY26E*

Exhibit 11: Domestic scheduled flights +7% YoY (IndiGo +6%)*



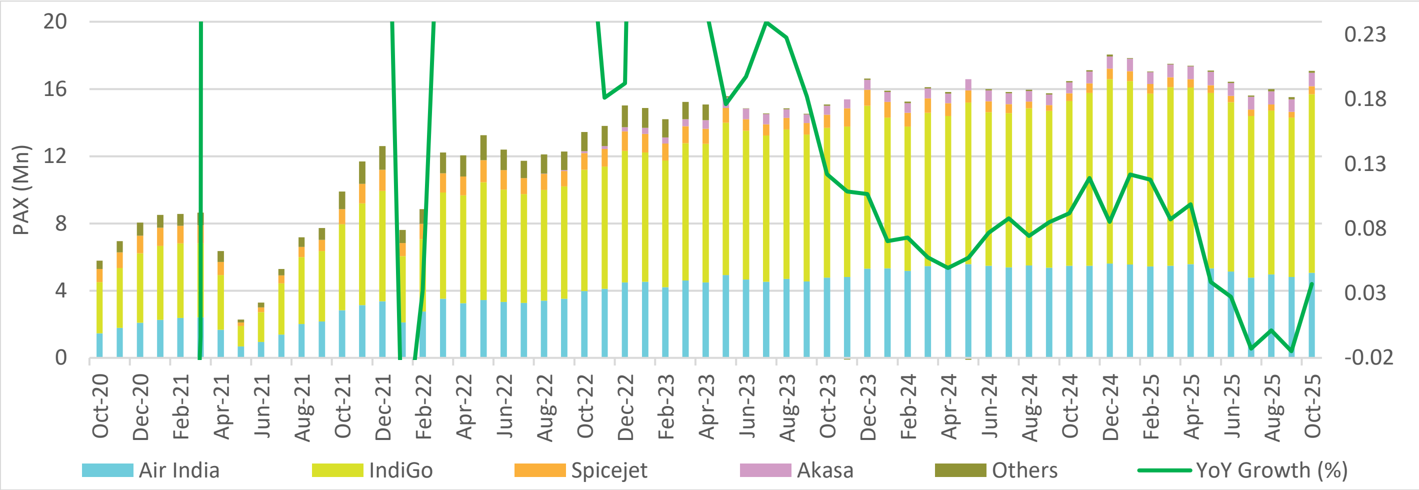
*Source: Company, Nuvama Research * in Q3FY26E*

Exhibit 12: Total scheduled flights +10% YoY (IndiGo +10% YoY)*



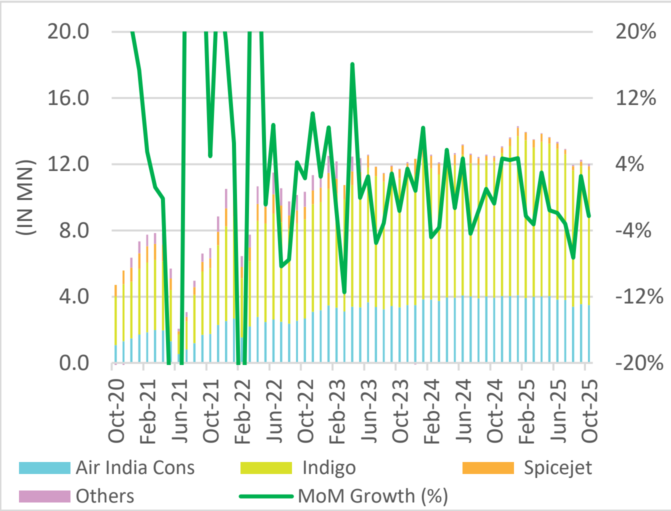
*Source: Company, Nuvama Research *in Q3FY26E*

Exhibit 13: Total PAX +5% YoY/+10% MoM in Oct-25



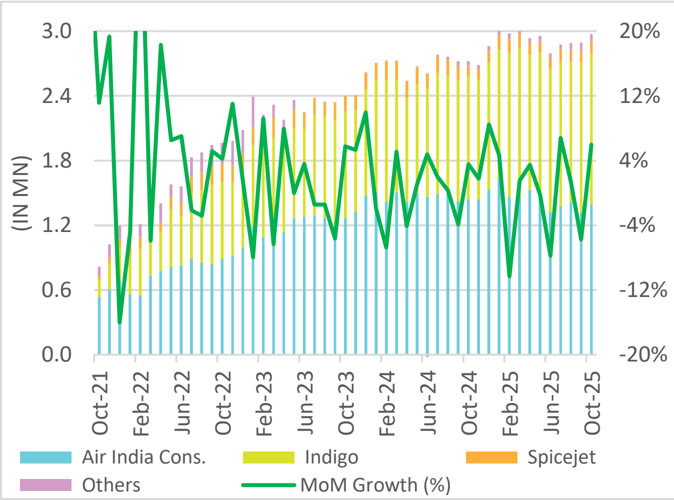
Source: Company, Nuvama Research

Exhibit 14: Domestic PAX -3% YoY/-2% MoM in Oct-25



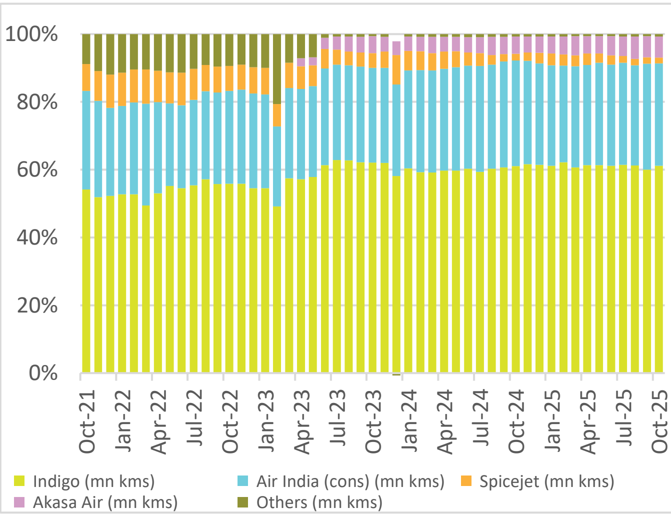
Source: Company, Nuvama Research

Exhibit 15: International PAX +8% YoY/+6% MoM in Oct-25



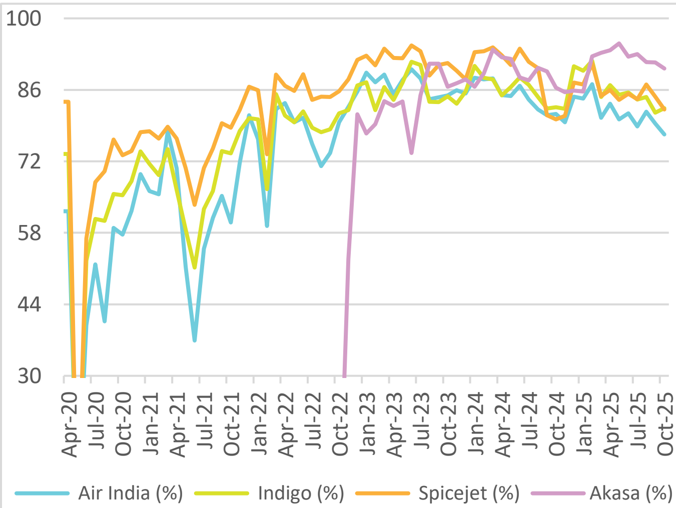
Source: Company, Nuvama Research

Exhibit 16: Domestic ASKM share by airline; IndiGo tops



Source: Company, Nuvama Research

Exhibit 17: PLF down 158bp YoY in Oct-25



Source: Company, Nuvama Research

Exhibit 18: Peer comparison — Domestic aviation market

Domestic	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25
PAX (Mn)													
Indigo	8.22	8.65	9.08	9.62	9.53	9.03	9.33	9.19	9.10	8.79	8.23	8.33	8.15
Spicejet	0.26	0.34	0.44	0.49	0.47	0.46	0.48	0.38	0.34	0.26	0.25	0.26	0.24
Air India Group	3.94	4.03	4.04	4.09	3.92	3.99	4.02	4.04	3.83	3.81	3.39	3.56	3.50
Akasa	0.57	0.62	0.67	0.69	0.69	0.66	0.72	0.71	0.75	0.72	0.70	0.70	0.66
RPKM (Mn Km)													
Indigo	7,627	8,132	8,596	9,117	9,127	8,545	8,811	8,655	8,532	8,271	7,627	7,720	7,590
Spicejet	238	315	432	498	473	444	484	389	372	258	230	248	228
Air India Group	4,065	4,091	4,166	3,973	4,044	4,081	4,113	3,942	3,900	3,482	3,911	3,662	3,798
Akasa	635	714	804	813	816	787	859	851	897	867	854	864	800
ASKM (Mn Km)													
Indigo	9,235	9,887	9,517	10,058	10,167	9,323	10,414	9,957	10,029	9,680	9,068	9,127	9,311
Spicejet	296	390	492	569	543	487	571	452	442	303	274	285	269
Air India Group	4,946	4,688	4,920	4,713	4,641	5,068	4,938	4,917	4,791	4,416	4,786	4,612	4,915
Akasa	739	834	869	872	871	827	928	915	982	949	947	950	872
PLF (%)													
Indigo	83	82	90	91	90	92	85	87	85	85	84	85	82
Spicejet	80	81	88	87	87	91	85	86	84	85	84	87	85
Air India Group	82	87	85	84	87	81	83	80	81	79	82	79	77
Akasa	86	86	93	93	94	95	92	93	91	91	90	91	92

Source: Company, Nuvama Research

Exhibit 19: Quarterly comparison with peers

	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	YoY (%)
PAX (Mn)														
Indigo	18.5	22.3	23.4	26.2	26.3	27.6	26.6	27.8	27.8	31.1	31.9	31.0	28.8	3.6
Spicejet	3.1	3.0	3.3	2.8	2.0	2.6	2.7	2.3	1.6	1.4	1.8	1.5	1.3	1.3
Yield (INR/km)														
Indigo	5.1	5.4	4.9	5.2	4.4	5.5	5.2	5.2	4.5	5.4	5.3	5.0	4.7	3.3
Spicejet	4.6	5.8	5.0	6.1	5.3	5.4	4.8	5.4	4.2	6.8	6.3	5.4	4.3	1.4
PLF (%)														
Indigo	79.1	85.1	84.2	88.7	83.2	85.8	86.2	86.7	82.7	86.9	87.4	84.5	82.5	(0.2)
Spicejet	83.6	86.8	90.2	90.6	88.0	86.6	91.7	91.3	85.1	80.8	86.3	82.9	83.2	(2.2)
RASK (INR/km)														
Indigo	4.5	5.2	4.7	5.1	4.2	5.3	5.1	5.4	4.4	5.4	5.3	4.9	4.5	1.4
Spicejet	4.4	5.3	4.6	5.5	4.7	4.9	4.6	5.2	3.7	5.6	5.6	4.5	3.6	(2.9)
Fuel CASK (INR/km)														
Indigo	2.3	2.0	1.8	1.6	1.7	1.9	1.7	1.8	1.7	1.6	1.6	1.4	1.4	(16.3)
Spicejet	3.6	3.6	2.1	1.9	2.1	2.3	2.0	2.0	1.8	2.2	1.9	1.6	1.4	(18.3)
CASK ex fuel (INR/km)														
Indigo	2.9	2.8	2.6	2.7	2.7	2.8	3.1	2.0	3.2	3.4	3.1	3.2	3.9	23.9
Spicejet	2.7	1.6	2.1	2.5	3.8	2.6	2.6	2.3	2.9	3.6	2.8	2.9	4.1	42.9
RASK-CASK (INR/km)														
Indigo	(0.6)	0.4	0.2	0.8	(0.1)	0.7	0.3	1.6	(0.4)	0.4	0.5	0.3	(0.9)	NM
Spicejet	(1.9)	0.1	0.4	1.1	(1.2)	(0.0)	(0.0)	0.9	(0.9)	(0.1)	0.8	0.1	(2.0)	NM

Source: Company, Nuvama Research

Exhibit 20: Global valuation comps

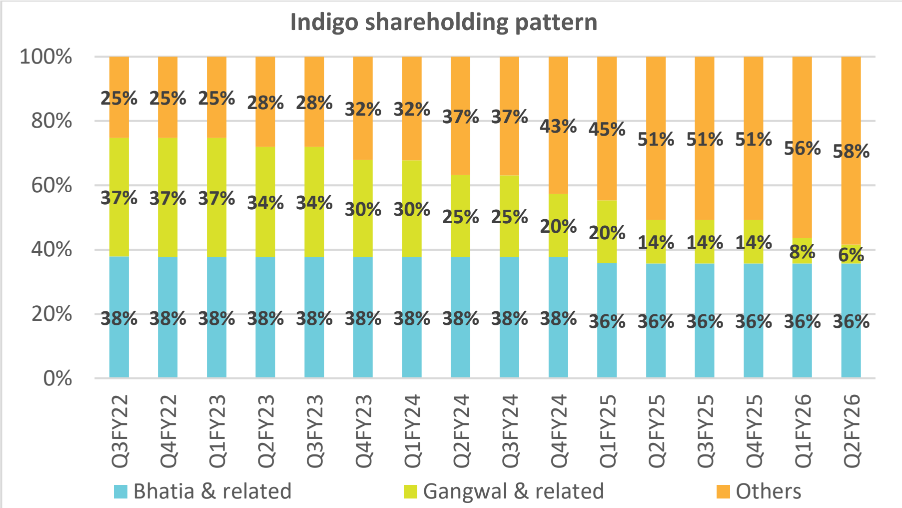
Company	Mcap	EV	EBITDAR (LC mn)			EV/EBITDAR (x)			ROE (%)		
	(USD mn)	(LC mn)	FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY25	FY26E	FY27E
India Aviation											
Indigo	21,375	21,72,241	2,09,257	2,24,989	2,64,724	10.4	9.7	8.2	NM	NM	NM
Spicejet	542	86,810	17,056	12,742	18,808	5.1	6.8	4.6	NM	NM	NM
India Aviation-Mean						**7.7**	**8.2**	**6.4**			
US Aviation											
Delta Airlines	44,238	61,425	9,098	9,083	10,196	6.8	6.8	6.0	32.5	21.7	21.8
American Airlines	9,915	39,124	6,297	5,216	6,464	6.2	7.5	6.1	-11.8	-9.9	-31.5
South West Airlines	19,833	22,073	2,223	2,375	3,560	9.9	9.3	6.2	4.9	6.4	15.2
US Aviation-Mean						**7.6**	**7.9**	**6.1**	**8.5**	**6.1**	**1.8**
Europe Aviation											
Ryanair	34,404	28,066	2,839	3,724	4,102	9.9	7.5	6.8	21.1	28.9	27.7
Lufthansa	11,322	14,851	4,583	5,105	5,568	3.2	2.9	2.7	10.5	11.5	11.8
Europe Aviation-Mean						**6.6**	**5.2**	**4.8**	**15.8**	**20.2**	**19.7**
APAC Aviation											
Singapore Airlines	15,276	24,074	4,356	4,064	4,215	5.5	5.9	5.7	14.7	6.0	6.2
Air China	18,953	3,27,140	28,581	32,151	38,014	11.4	10.2	8.6	0.5	2.9	10.9
Cathay Pacific Airways Ltd	10,233	1,35,980	27,518	27,686	27,339	4.9	4.9	5.0	14.1	15.5	15.5
Japan Airlines Co Ltd	7,909	13,98,773	3,19,778	3,71,993	3,87,462	4.4	3.8	3.6	10.9	11.9	11.5
APAC Aviation-Mean						**6.6**	**6.2**	**5.7**	**10.1**	**9.1**	**11.0**
Global Aviation-Mean						**7.1**	**6.9**	**5.7**	**11.5**	**11.8**	**10.9**

Source: Company, Nuvama Research

Continued promoter stake sales an overhang on stock

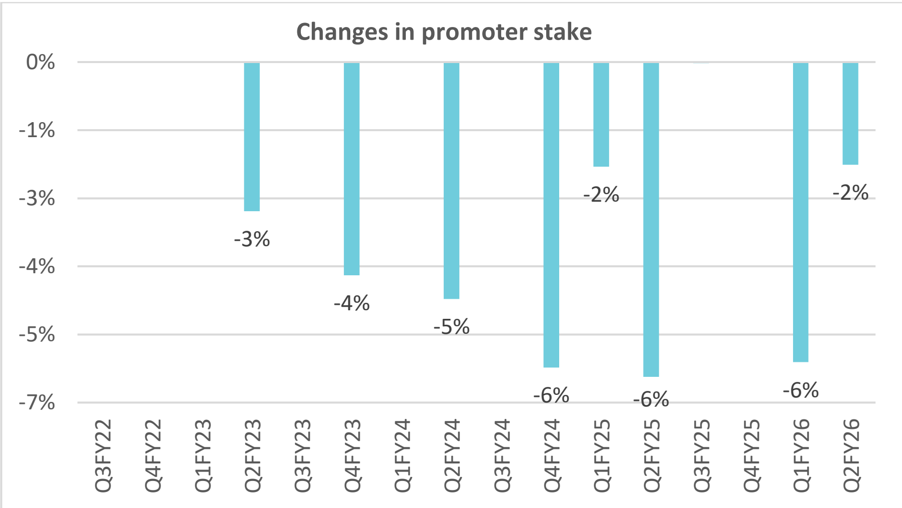
In the wake of a disagreement among promoters, one of the major promoters has been continuously trimming stake in the company—with the final objective of exiting the company. At Q3FY22, the exiting promoter's stake was 36.6%, which has reduced to 8%. We observe the exiting promoter has been paring stake every six months or so since the Sep-22 quarter. As a surprise to the market, the other promoter sold a 2% stake in Q1FY25 (first time since the company's listing), which raised speculation of both promoters exiting the company. However, a clarification from the other promoter alleviated those concerns given the intended objective of the sale being primarily to fund other business ventures of the promoter group.

Exhibit 21: Promoter stake has been continuously falling in recent quarters



Source: Company, Nuvama Research

Exhibit 22: Exiting promoter has been selling stakes every six months or so



Source: Company, Nuvama Research

Company Description

IndiGo, operated by InterGlobe Aviation Limited, having commenced operations in August 2006 with a single aircraft has grown its fleet over the years and is now the leader in the domestic airline industry with a market share of ~65%.

Investment Theme

We believe risk-reward is balanced on:

(i) Premium valuations vs. global peers and other LCCs (low-cost carriers)

(ii) Industry PRASK (Passenger Revenue per Available Seat Kilometre) are likely to deteriorate on capacity adds outpacing passenger growth

(iii) IndiGo likely to add capacity at a slower rate than the competition, resulting in market share losses

(iv) Actual passenger growth lagging growth implied by historical real GDP multiplier

(v) Continued promoter stake sales acting as an overhang on the stock.

However, we believe downside is likely to be limited on –

(i) Bearish outlook for crude oil likely to keep ATF (Aviation Turbine Fuel) prices in check

(ii) IndiGo’s focus on margin accretive international segment is likely to support earnings

(iii) As per CAPA, short-term operational issues at aircraft and engine OEMs are likely to slow down fleet & capacity additions in the near-term.

Key Risks

Uncertainty and unpredictability of the policy/regulatory framework continues to be a concern. Adverse taxation structure will drive up the cost of doing business hurting profitability.

Economic slowdown can pressure demand for corporate/leisure travel, which in turn would impact load factors and hence profitability given the high operating leverage structure of the airline business.

Existing airports at the Indian metros such as Mumbai, Chennai and Kolkata running at peak capacity could prove to be bottlenecks for growth.

Rising competitive intensity from the likes of Air India, Akasa Air and Spicejet amidst higher oil prices.

Additional Data

Management

Chairman	Dr. Venkataramani Sumantran
Managing Director	Mr. Rahul Bhatia
Non-executive Director	Mr. Meleveetil Damodaran
Non-executive Director	Mr. Gregg Albert Saretsky
Auditor	M/s S.R. Batliboi & Co. LLP

Holdings – Top 10*

	% Holding		% Holding
InterGlobe Ente	35.71	Westbridge Aif	2.75
Chinkerpoo Fami	8.23	SBI Funds Manag	2.07
Rakesh Gangwal	5.30	Vanguard Group	1.95
Republic of Sin	3.58	BlackRock Inc	1.72
ICICI Prudentia	3.31	HDFC Asset Mana	1.53

**Latest public data*

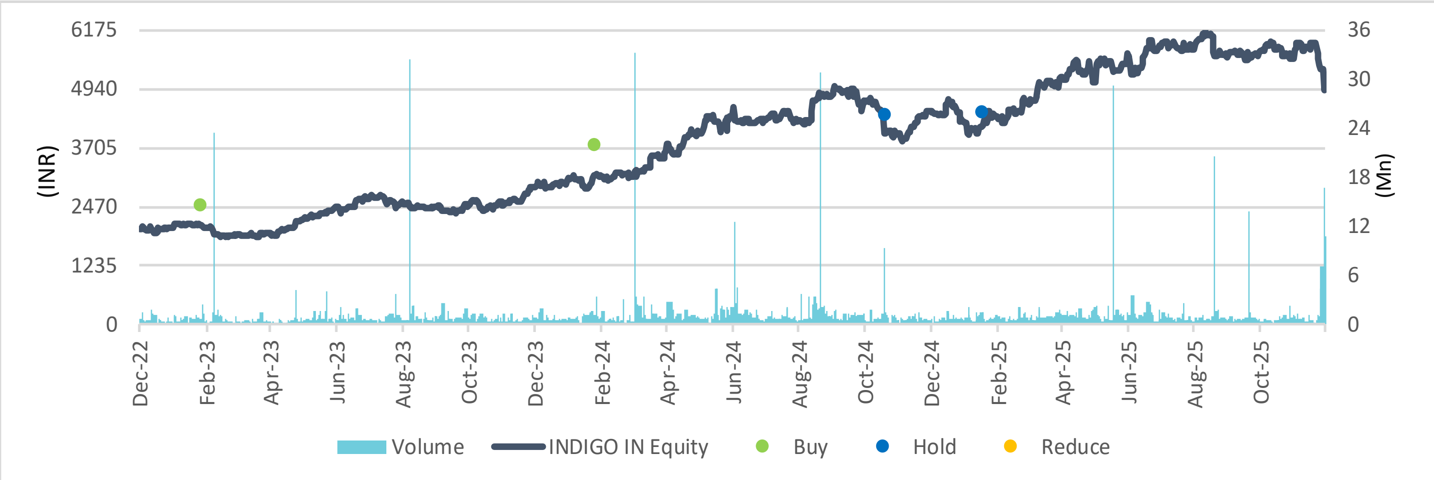
Recent Company Research

Date	Title	Price	Reco
05-Nov-25	FX misery; sticky AoG causes margin stre; *Result Update*	5,637	Hold
29-Sep-25	Losing altitude amid dark clouds; *Company Update*	5,679	Hold
30-Jul-25	Weak demand affects Q1; Q2 steady; *Result Update*	5,740	Hold

Recent Sector Research

Date	Name of Co./Sector	Title
12-Nov-25	SpiceJet	FX mars Q2; ambitious growth plans; *Result Update*
06-Sep-25	SpiceJet	Below-par Q1 showing; Q2 outlook steady; *Result Update*
18-Jun-25	Aviation	Geopolitical headwind for Indian carrier; *Sector Update*

Rating and Daily Volume Interpretation



Source: Bloomberg, Nuvama research

Rating Rationale & Distribution: Nuvama Research

Rating	Expected absolute returns over 12 months	Rating Distribution
Buy	15%	207
Hold	<15% and >-5%	69
Reduce	<-5%	35

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