



Indigo

INDIGO COMPANY

RESEARCH REPORT

Indigo



Rating

Business	★ ★ ★ ★ ★
Financials	★ ★ ★ ★ ★
Valuation	★ ★ ★ ★ ★
Management	★ ★ ★ ★ ★



Company : Indigo Limited.

Sector : Aviation.

Buy Range : ₹ 4950-5000		Rating - BUY	Target : ₹6000	Potential Upside: 21.00%	Research Report
Stock Info			<p>Indigo Limited: InterGlobe Aviation Ltd is an airline service provider based in India, operating as a low-cost carrier under its Indigo brand. The company offers its services through an official website and the IndiGo App, allowing customers to book airline tickets and travel packages. Its operations are divided into two segments: Air transportation services and Other income. The majority of the company's revenue is generated through passenger ticket sales from its domestic airline operations.</p> <p>Key Highlights: 1.IndiGo Airlines, India’s largest carrier, is set to expand internationally with the introduction of the Airbus A321XLR in 2025-26. The airline plans to add 14 new international destinations, leveraging the A321XLR’s long-range capabilities. The aircraft will feature a two-class configuration, including 12 business-class seats and 183 economy seats, totaling 195 seats. IndiGo aims for double-digit passenger growth, using the A321XLR to enhance capacity and revenue opportunities. The airline is strengthening its presence at major hubs like Delhi, Mumbai, and Bengaluru to attract more international transit passengers. While competition from full-service carriers and regulatory challenges could pose obstacles, IndiGo’s efficient operations and cost discipline position it well for success. The A321XLR allows the airline to expand into long-haul markets with a competitive edge.</p> <p>2.IndiGo aims to increase its international seat share to 40% by FY30, up from 28%, as part of a strategy to expand its presence in India’s international aviation market, where it currently holds 19%. The airline plans to achieve this through fleet expansion, new routes, and the introduction of premium seating.IndiGo’s fleet is set to grow to over 600 aircraft by 2030, up from 437, with plans to receive more than one new aircraft per week in FY26. The airline expects to carry 118 million passengers in FY25, with double-digit growth projected for FY26. The airline will introduce new routes in Asia and Europe, using the upcoming Airbus A321XLR and a leased Boeing 787-9 Dreamliner for long-haul expansion. It also plans to add business class seats on select A321XLR and A350 aircraft to meet rising demand for premium travel.</p> <p>3.The airline reported revenues of ₹230 billion—a 15% year-over-year increase—despite a 12% capacity boost, while its profit after tax, excluding forex effects, reached ₹38.5 billion with a 17.4% margin, marking a 26% improvement from last year.</p> <p>4.Interglobe Aviation, with a 63.6% domestic market share as of November 2024 and operating over 2,200 daily flights to 128 destinations, is the largest player in this market. Its position as a low-cost carrier and cost leader, as noted in management commentary, enhances its ability to maintain competitive fares and improve margins. The company's market leadership, with a fleet expansion and network growth, aligns with industry trends, positioning it to capture a significant share of the projected growth.</p> <p>5.The Indian aviation sector is poised for unprecedented growth, providing a favorable backdrop for InterGlobe the market size is estimated at \$14.78 billion in 2025, expected to reach \$26.08 billion by 2030, growing at a CAGR of 12.03%. This growth is driven by rising demand, increased economic activity, tourism, and government initiatives, such as opening 100 additional airports by 2024.</p> <p>6.IndiGo's extensive network spans all major IPL host cities, including Ahmedabad, Bangalore, Chennai, Delhi, Hyderabad, Kolkata, Lucknow, Mumbai, and others, ensuring seamless connectivity for traveling fans. As of March 2025, the airline operates over 2,200 daily flights to 128 destinations, including 91 domestic, positioning it well to handle increased travel demand. Known for efficient operations and competitive pricing, IndiGo remains a preferred choice for IPL attendees. During the season, it likely increases flight frequencies to high-demand cities, as seen with its expansion to Dharamsala, boosting regional connectivity and contributing to tourism growth.</p> <p>7. OPM, the recent 27.4% EBITDAR margin in Q3FY25, compared to historical improvements, indicates potential for continued enhancement. The company's cost leadership, reduction in grounded aircraft, and lower fuel prices, as mentioned by management, should support margin expansion. Additionally, new revenue streams from business class and loyalty programs may increase yields, further boosting OPM. Given the industry's growth and the company's strategic initiatives, it is reasonable to forecast OPM improvements, potentially reaching or exceeding historical highs</p> <p>Key Risk : 1.Operational Challenges : InterGlobe Aviation Ltd, IndiGo's parent company, faced operational disruptions in Q3 2024, with over 70 aircraft grounded due to Pratt & Whitney engine issues, expected to reduce to the mid-40s by April 2025. This led to a sharp rise in aircraft and engine rental costs to ₹763.6 crore in Q2FY25 from ₹195.6 crore year-on-year, resulting in a ₹987 crore loss, posing potential risks for investors if the challenges continue.</p> <p>2.Fuel price volatility : Fuel price volatility remains a major risk for the airline industry, significantly impacting InterGlobe Aviation Ltd. As fuel constitutes a large portion of operating expenses, price fluctuations directly affect profit margins. The recent surge in fuel costs contributed to IndiGo's ₹987 crore loss in Q2FY25, underscoring the financial risks tied to these variations.</p>		
Market Cap (₹ in cr)	193513.95				
52-Weeks High/Low	5,190.35/3,302.35				
Avg Volume (Mn)	679882				
No. of eq shares (cr)	38.64				
Face Value	10.00				
Bse Code	539448				
Nse Code	Indigo				
Free Float (cr)	98048.14				
Source : NSE/BSE					
Particulars	2023	2024			
P/E (x)	At Loss	16.77			
P/B (x)	At Loss	68.61			
EV/EBITDRA (x)	7.45	4.08			
P/S (x)	1.37	2.03			
EPS	-8.21	211.60			
ROCE (%)	9.57%	28.17%			
ROE (%)	-	AT Loss			
Interest Coverage	1.42	2.57			
Equity/Assets	-0.11	0.02			
Sorce : Company					
Particulars	2024	(TTM)			
Promoters	57.29%	49.27%			
Mutual Funds/AIF	12.38%	14.51%			
Insurance co.	1.66%	2.07%			
Other DIIs	1.06%	4.63%			
Govt of India	0.00%	0.00%			
FII	23.66%	24.82%			
Retails and Others	3.95%	4.69%			
Total	100.00%	100.00%			
Sorce : NSE/BSE					
Particulars	TTM				
P/E	32.05				
P/B	51.26				
EV/EBITDRA	3.98				
P/S	2.59				
EPS	157.31				
P/CF	9.17				
Source : Company					

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- **BUY** – We expect the stock to deliver more than 10%-20% returns over the next 9 months.
- **ACCUMULATE** – We expect the stock to deliver 5% - 12% returns over the next 9 months.
- **REDUCE** – We expect the stock to deliver 0% - 5% returns over the next 9 months.
- **SELL** – We expect the stock to deliver negative returns over the next 9 months.
- **NR** – Not Rated. Fin2Research is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
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- **NA** – Not Available or Not Applicable. The information is not available for display or is not applicable.
- **NM** – Not Meaningful. The information is not meaningful and is therefore excluded.
- **NOTE** – Our target prices are with a 9-month perspective. Returns stated in the rating scale are our internal benchmark.

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