25 July 2026

InterGlobe Aviation

Soaring ATF prices outweigh ~20% revenue growth; maintain BUY

Rating: **BUY**
Target Price: Rs.5,550
Share Price: Rs 4,975

InterGlobe Aviation (IndiGo) reported Rs245.8bn revenue (up ~20% y/y) in Q1FY27, which exceeded ours and street estimates by ~2.8% and 1.9%, respectively. Higher-than-estimated revenue is attributable to ~2.9% y/y growth in ASK to ~43.5bn, and ~21.3% y/y improvement in yields to ~Rs6.04, while load factors declined ~130bps y/y to ~83.3%. Thus, RASK increased by ~16.3% y/y to ~Rs5.65. The company reported ~Rs33.5bn EBITDA in Q1FY27 (down ~37.7% y/y). while EBITDA margin contracted by ~1259bps y/y to ~13.6%, largely led by significant increase in fuel expenses due to the West Asia conflicts (fuel/ASK increased to ~2.5 vs. ~1.38 in Q1FY26). EBITDAR declined ~33.7%y/y to ~Rs38.9bn, resulting in falling ~1280bps y/y compression in EBITDAR margin to ~15.8%. Despite short-term headwinds, we remain positive on IndiGo's long-term compounding story, backed by its dominant market position (~66.3% market share in Jun-26), strong BS (~Rs390bn of free cash as of Q1FY27), low competitive intensity (competitors face operational difficulties and financial distress) and large OB of >900 aircrafts (vs. ~513/196/120 AI/Akasa/SpiceJet). Thus, we maintain BUY rating on the stock with an unrevised TP of Rs5,550, valuing it at 9.5x FY28e EBITDA.

Quarterly Performance: Revenue growth was supported by pricing actions and a low base of the previous year. Capacity deployment was affected on account of West Aisa conflicts. However, some of it was directed towards domestic demand. Middle East capacity utilisation reverted to ~95% levels (~160 flights). The company inducted ~13 aircrafts and returned ~9 aircrafts from the original order book. Pre-war ATF fuel prices stood at ~$85-90, which increased by ~120% post-war, resulting in increase in the prices for international operations to ~$180 in the quarter under review. However, the prices for domestic operations were capped at ~25% increase till 8th of Jun-26. Consequently, the blended ATF rate for the quarter came at ~$140-150. Cost mitigation actions were undertaken by prioritising fuel-efficient aircraft over the older ones, tightening of discretionary spending and deferral of senior-level increments. Damp leases and older tech CEO aircrafts were returned during the quarter. Net debt fell to ~Rs425bn as of Q1FY27-end from ~Rs415bn as of FY26-end (ex-restricted cash).

Guidance for Q2FY27 and FY27: Capacity addition (ASK) is expected to remain sequentially flat in Q2FY27e, as it is historically a weak quarter in terms of demand, coupled with operational uncertainty affecting travel between India and West Asia. Low base of the previous year and prices hikes (yield tapering upwards) are expected to result in ~25% growth in PRASK y/y. Load factors will see marginal decline in Q2FY27e. CASK (ex-fuel and ex-forex) will see high single-digit/early double-digit y/y increase in FY27e, resulting in EBITDA margin of ~11.7% in FY27e.

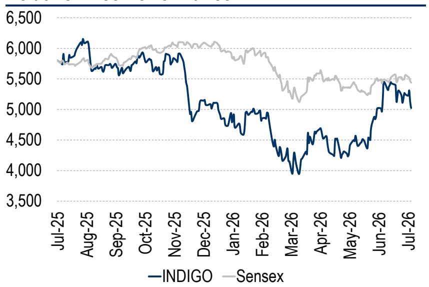
Outlook and Valuation: At CMP, the stock trades at ~18.6/8x of FY27/FY28e EBITDA. We maintain BUY rating on the stock with an unrevised TP of Rs5,550, valuing it at 9.5x FY28e EBITDA. **Key Risks:** (a) Rise in ATF prices; (b) INR depreciation; (c) delay in aircraft deliveries; and (d) external factors like pandemic/war.

Key Data	INDIGO IN / INGL.BO
52-week high / low	Rs6225 / 3895
Sensex / Nifty	76060 / 23767
Market cap	Rs1942bn
Shares outstanding	387m

Shareholding Pattern (%)	Jun'26	Mar'26	Dec'25
Promoters	41.6	41.6	41.6
- of which, Pledged	-	-	-
Free float	58.4	58.4	58.4
- Foreign institutions	20.3	21.6	25.0
- Domestic institutions	31.9	31.2	28.1
- Public	6.2	5.6	5.3

Estimates Revision (%)	FY27e	FY28e
Revenue	9.8	4.4
EBITDA	-31.7	7.9
PAT	-185.0	34.1

Relative Price Performance



Source: Bloomberg

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Research Analyst

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Quick Glance – Financials and Valuations

Fig 1 – Income Statement (Rs m) (pre-Ind AS)

Y/E Mar	FY24	FY25	FY26	FY27e	FY28e
Net revenues	**6,89,043**	**8,08,029**	**8,49,619**	**10,06,720**	**10,98,337**
Growth (%)	26.6	17.3	5.1	18.5	9.1
Fleet Size	**367**	**434**	**441**	**471**	**501**
Operating costs	3,90,257	4,37,334	4,55,168	6,77,218	5,88,439
SG&A	1,17,685	1,43,830	1,64,013	1,90,130	2,10,620
EBITDAR	**1,81,101**	**2,26,865**	**2,30,438**	**1,39,372**	**2,99,279**
Rental Expenses	10,752	30,103	20,847	21,833	24,779
EBITDA	**1,70,349**	**1,96,762**	**2,09,591**	**1,17,539**	**2,74,500**
EBITDA margins (%)	24.7	24.4	24.7	11.7	25.0
Depreciation	-64,257	-86,802	-1,08,082	-1,18,263	-1,34,218
Other income*	16,094	16,774	-62,206	50,631	48,839
Interest expenses	-41,694	-50,800	-58,908	-65,499	-74,336
PBT	80,493	75,934	-19,605	-15,592	1,14,785
*Effective tax rates (%)***	-1.5	4.4	-22.1	-6.0	-6.0
+Associates / (Minorities)	-	-	-	-	-
Net income	81,724	72,584	(23,936)	(16,528)	1,07898
WANS	386	386	387	387	387
FDEPS (Rs)	212	187.9	-62	-43	279

**incl. forex gain/loss & exceptional items **majorly tax paid on other income*

Fig 2 – Balance Sheet (Rs m)

Y/E Mar	FY24	FY25	FY26	FY27e	FY28e
Share capital	3,860	3,864	3,866	3,866	3,866
Net worth	19,964	93,682	69,711	53,183	1,61,081
Debt	18,917	18,000	18,063	18,063	18,063
Deferred tax liability	-	-	-	-	-
Lease & long-term liabilities	4,94,298	7,22,575	9,07,437	9,70,224	10,68,512
Capital employed	**5,33,179**	**8,34,257**	**9,95,374**	**10,41,633**	**12,47,819**
Net tangible assets	19,029	26,779	1,10,871	1,25,221	1,40,617
Net intangible assets	497	322	366	366	366
Goodwill	-	-	-	-	-
Right of use assets	3,42,023	4,90,739	5,20,540	5,85,701	6,71,206
CWIP (tang. & intang.)	1	7	387	387	387
Investments (strategic)	-	-	-	-	-
Investments (financial)	1,02,164	1,33,557	1,48,565	1,48,565	1,48,565
Current assets (excl. cash)	1,91,325	3,17,402	3,39,299	3,42,229	3,43,937
Cash	1,67,206	1,89,629	2,39,993	2,13,039	3,21,997
Current liabilities	2,89,066	3,24,178	3,64,647	3,73,875	3,79,256
Working capital	-97,741	-6,776	-25,348	-31,646	-35,319
Capital deployed	**5,33,179**	**8,34,257**	**9,95,374**	**10,41,633**	**12,47,819**

Fig 3 – Cash-flow Statement (Rs m)

Y/E Mar	FY24	FY25	FY26	FY27e	FY28e
PBT	80,493	75,935	-19,605	-15,592	1,14,785
+ Non-cash items	93,294	1,24,726	2,36,399	1,29,831	1,49,716
Oper. prof. before WC	1,73,787	2,00,661	2,16,794	1,14,239	2,64,500
- Incr. / (decr.) in WC	43,502	45,177	20,473	6,298	3,673
Others incl. taxes	-5,114	-4,325	-2,568	-936	-6,887
Operating cash-flow	2,12,176	2,41,513	2,34,699	1,19,601	2,61,286
- Capex	-11,026	-16,048	-17,101	-20,263	-22,107
Free cash-flow	2,01,149	2,25,465	2,17,598	99,338	2,39,179
Acquisitions	-	-	-	-	-
- Div. (incl. buyback & taxes)	-	-4,661	-3,865	-	-
+ Equity raised	4	4	2	0	-
+ Debt raised	-2,820	-917	63	-	-
- Fin investments	-1,09,573	-1,14,887	-10,404	-	-
- Misc. (CFI + CFF)	-81,627	-1,06,018	-2,01,052	-1,26,292	-1,30,221
Net cash-flow	7,134	-1,014	2,342	-26,954	1,08,958

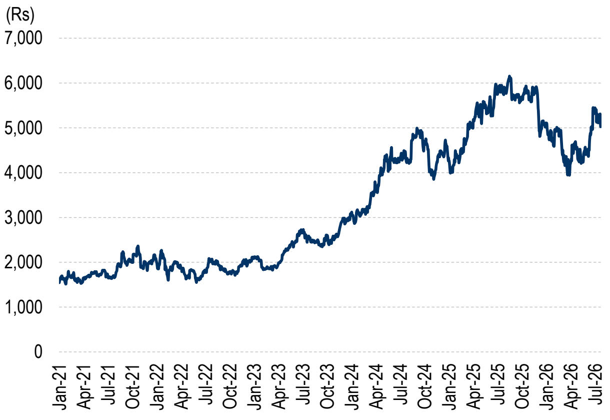
Source: Company, Anand Rathi Research

Fig 4 – Ratio Analysis

Y/E Mar	FY24	FY25	FY26	FY27e	FY28e
P/E (x)*	23.3	26.2	NA	NA	17.7
EV / EBITDA (x)	12.8	11.1	10.4	18.6	8.0
EV / Sales (x)	3.2	2.7	2.6	2.2	2.0
P/B (x)	95.4	20.3	27.3	34.6	11.7
RoE (%)	-384.6	127.7	-29.3	-23.5	99.0
RoCE (%) - after tax	23.7	15.4	13.5	-0.1	13.0
RoIC (%) – after tax	34.6	20.8	17.7	-0.1	16.9
DPS (Rs)	-	10.0	-	-	-
Dividend yield (%)	-	0.20	-	-	-
Dividend payout (%) - incl. DDT	-	6.4	-	-	-
Net debt / equity (x)	9.5	2.5	4.0	6.7	2.2
Receivables (days)	3	3	3	3	3
Inventory (days)	3	4	4	4	4
Payables (days)	17	19	21	21	21
CFO: EBITDA %	124.6	122.7	112.0	101.8	95.2

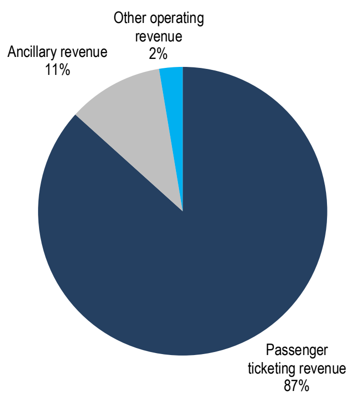
*Source: Company, Anand Rathi Research *inclusive of forex impact*

Fig 5 – Price Movement



Source: Bloomberg

Fig 6 – Segment-wise Revenue-mix Q1FY27



Source: Company

Outlook and Valuation

Capacity addition (ASK) is expected to remain sequentially flat in Q2FY27e, as it is historically a weak quarter in terms of demand, coupled with operational uncertainty affecting travel between India and West Asia. Low base of the previous year and prices hikes (yield tapering upwards) are expected to result in ~25% growth in PRASK y/y. Load factors will see marginal decline in Q2FY27e. CASK (ex-fuel and ex-forex) will see high single-digit/early double-digit y/y increase in FY27e, resulting in EBITDA margin of ~11.7% in FY27e.

Despite short-term headwinds, we remain positive on IndiGo's long-term compounding story, backed by its dominant market position (~66.3% market share in Jun-26), strong BS (~Rs390bn of free cash as of Q1FY27), low competitive intensity (competitors face operational difficulties and financial distress) and large OB of >900 aircrafts (vs. 513/196/120 AI/Akasa/SpiceJet). **Thus, we maintain BUY rating on the stock with an unrevised TP of Rs5,550, valuing it at 9.5x FY28e EBITDA.**

Fig 7 – Valued at 10x FY28e EBITDA

(Rs m)	FY28e
Target EV/EBITDA (x)	**9.5**
EBITDA (Rs m)	274,500
Target EV (Rs m)	2,552,853
Net debt (Rs m)	424,926
Market cap (Rs m)	2,127,927
Shares O/S (m)	387
Expected share price (Rs)	**5,550**
CMP (Rs)	4,975
Upside	**11.5%**

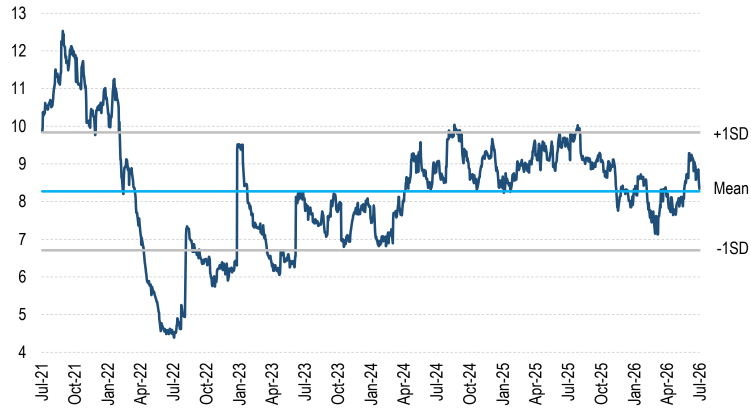
Source: Anand Rathi Research

Fig 8 – Change in estimates

	FY27			FY28		
(Rs m)	New	Old	% Change	New	Old	% Change
Revenues	10,06,720	9,16,915	9.8	10,98,337	10,52,462	4.4
EBITDA	1,17,539	1,72,077	(31.7)	2,74,500	2,54,470	7.9
EBITDA margin %	11.7	18.8	-709 bps	25.0	24.2	81 bps
EBIT	(724)	52,681	(101.4)	1,40,282	1,19,176	17.7
EBIT margin %	-0.1	5.7	-582 bps	12.8	11.3	145 bps
PBT	(15,592)	20,674	(175.4)	1,14,785	85,625	34.1
Net Profit	(16,528)	19,434	(185.0)	1,07,898	80,488	34.1

Source: Anand Rathi Research

Fig 9 – EV / EBITDA



Source: Bloomberg, Anand Rathi Research

Key Risks

- Rise in ATF prices.
- INR depreciation.
- Delay in aircraft deliveries.
- External factors like pandemic/war.

Appendix

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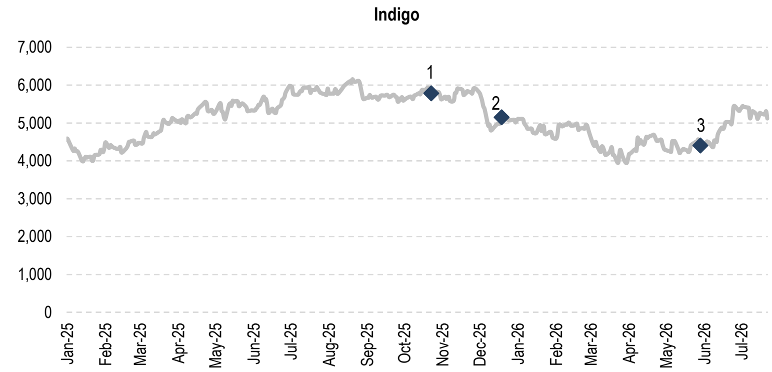

	Date	Rating	TP (Rs)	Share Price (Rs)
1	27-Oct-25	**Buy**	7,000	5,773
2	19-Dec-25	**Buy**	6,450	5,118
3	31-May-26	**Buy**	5,550	4,406

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