

December 12, 2025

Event Update

☑ Change in Estimates | ☑ Target | ☑ Reco

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	HOLD		BUY	
Target Price	5,236		6,332	
Sales (Rs. m)	9,31,270	10,31,181	10,05,547	11,26,181
% Chng.	(7.4)	(8.4)		
EBITDA (Rs. m)	2,40,123	2,56,525	2,59,542	2,91,135
% Chng.	(7.5)	(11.9)		
EPS (Rs.)	188.3	190.7	235.1	259.8
% Chng.	(19.9)	(26.6)		

Key Financials - Standalone

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	8,08,029	8,41,792	9,31,270	10,31,181
EBITDAR (Rs. m)	2,10,686	1,84,776	2,40,123	2,56,525
Margin (%)	26.1	22.0	25.8	24.9
PAT (Rs. m)	88,763	68,284	72,761	73,671
EPS (Rs.)	229.7	176.7	188.3	190.7
Gr. (%)	(0.3)	(23.1)	6.6	1.3
DPS (Rs.)	10.0	10.0	10.0	10.0
Yield (%)	0.2	0.2	0.2	0.2
RoE (%)	156.2	61.1	44.3	31.5
RoCE (%)	14.5	7.3	11.2	10.2
EV/Sales (x)	2.8	2.8	2.6	2.2
EV/EBITDAR (x)	10.0	11.9	9.2	8.4
PE (x)	21.2	27.5	25.8	25.5
P/BV (x)	20.0	14.5	9.5	7.0

Key Data

INGL.BO | INDIGO IN

52-W High / Low	Rs.6,233 / Rs.3,945
Sensex / Nifty	85,268 / 26,047
Market Cap	Rs.1,879bn / \$ 20,781m
Shares Outstanding	387m
3M Avg. Daily Value	Rs.9190.49m

Shareholding Pattern (%)

Promoter's	41.58
Foreign	28.44
Domestic Institution	24.58
Public & Others	5.39
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(16.1)	(11.2)	8.9
Relative	(16.9)	(15.0)	3.8

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FDTL norms pose structural challenges

Quick Pointers:

- ASKM growth is likely to be in high-single to early double-digit band (earlier high-teens growth was expected) for 3QFY26E.
- PRASK to moderate by mid-single digit (earlier flattish to marginal growth was expected) in 3QFY26E.

We cut our EBITDAR estimates by 13%/8%/12% for FY26E/FY27E/FY28E and downgrade INDIGO IN to a HOLD (earlier BUY) with a TP of Rs5,236 (earlier Rs6,332) as we fine-tune our ASKM and employee cost assumptions amid implementation of Flight Duty Time Limitation (FDTL) norms. As of FY25, INDIGO IN's pilots-to-aircraft ratio was 13.8x (excluding AoG) while average salary per pilot was ~Rs6.8mn. Given the shortage of pilots (~1,213 commercial licenses were issued by DGCA in 2024); fresh hiring could prove to be a challenge. This will not only result in employee cost inflation amid demand-supply mismatch but also hinder ASKM growth, if requisite hiring to meet the new norms does not materialize. Overall, we expect employee cost per ASKM of Rs0.51/Rs0.57/Rs0.62 in FY26E/FY27E/FY28E and have cut our ASKM forecast by ~4-12% over the next 3 years. We expect sales/EBITDAR CAGR of 9%/7% over FY25-FY28E and downgrade the stock to HOLD with a TP of Rs5,236 (10.5x FY27E EBITDAR; earlier 11x) as we believe new FDTL norms pose structural challenge to the cost structure and ASKM growth.

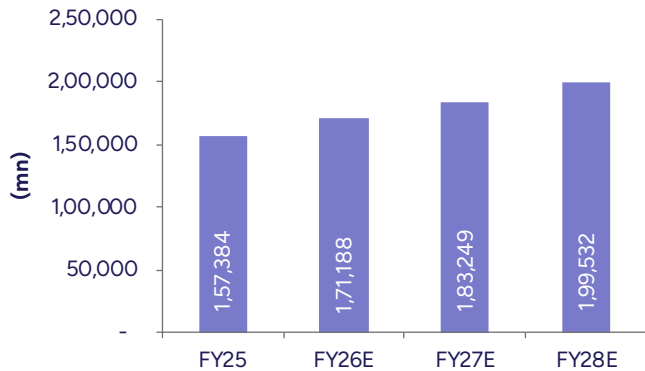
ASKM CAGR of 8% over FY25-FY28E: INDIGO IN faced significant operational disruptions starting first week of December 2025 due to the new crew-rostering norms. This resulted in cancellation of ~4,500 flights. Following this disruption, DGCA also directed INDIGO IN to reduce its capacity for the domestic winter schedule by ~10%. As of FY25, INDIGO IN's pilots-to-aircraft ratio was 13.8x (excluding AoG) and to meet the new norms fresh hiring would be required.

Assuming incremental pilot requirement of ~1/2/3 per plane, additional pilot requirement for INDIGO IN would be 377/754/1,131 respectively on immediate basis, given 377 aircrafts (excluding AoG figure of ~40) were operational as of 2QFY26. However, given only 1,213 commercial pilot licenses were issued by DGCA in 2024, hiring additional pilots could prove to be a challenge curtailing ASKM growth. As a result, we have cut our ASKM forecast by ~4-12% over the next 3 years and expect ASKM of 171bn/183bn/200bn in FY26E/FY27E/FY28E.

Employee cost set to rise post FDTL norms: With the rollout of new FDTL norms, INDIGO IN's pilot requirement is set to increase, leading to higher employee cost. As of FY25, IndiGo had 5,456 pilots and 434 aircrafts, implying a pilots-to-aircraft ratio of 13x (13.8x excluding AoG). We assume 11% CAGR in pilot salary over the next 3 years and expect fresh inductions in the band of ~670 pilots each year (capacity growth has been trimmed) resulting in employee cost per ASKM of Rs0.51/Rs0.57/Rs0.62 in FY26E/FY27E/FY28E.

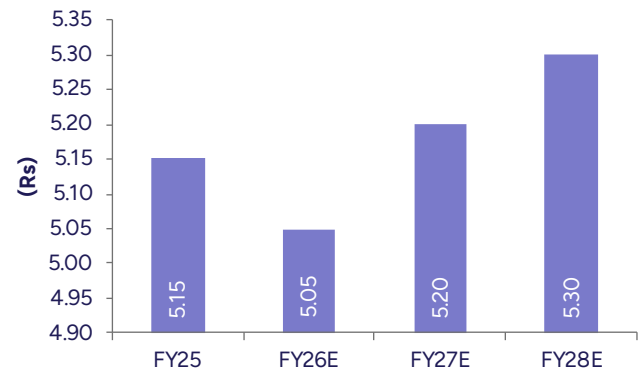
Damp leases can provide some respite in near-term: To mitigate the FDTL challenges, INDIGO IN can resort to damp leases (pilot is provided by the lessor). As of 2QFY26, INDIGO IN had 8 damp lease aircrafts and in past the figure had touched a peak of ~33 amid aggravating AoG issue indicating there is some headroom for expansion, if required. We expect damp lease count to rise in future to mitigate FDTL norms and consequently aircraft & engine rentals are expected to be at Rs22.7bn/Rs15.8bn/Rs13.4bn in FY26E/FY27E/FY28E.

Exhibit 1: ASKM to reach to 1,99,532mn by FY28E



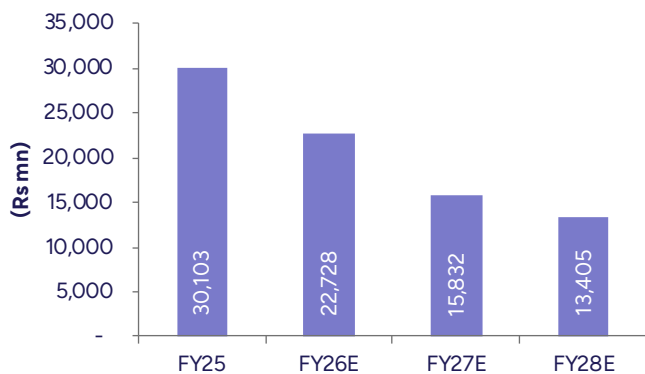
Source: Company, PL

Exhibit 2: Yield to rise to ~Rs5.30 by FY28E



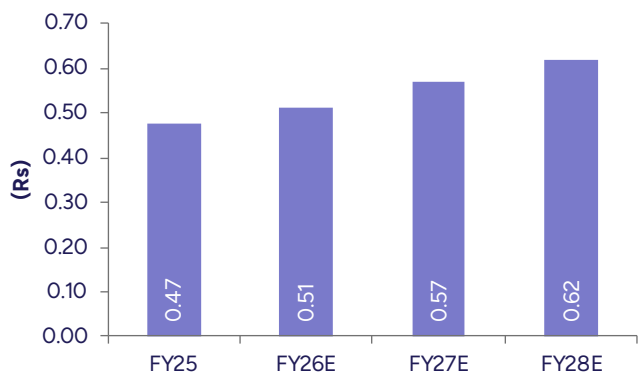
Source: Company, PL

Exhibit 3: Aircraft & engine rentals to decline to ~Rs13bn by FY28E



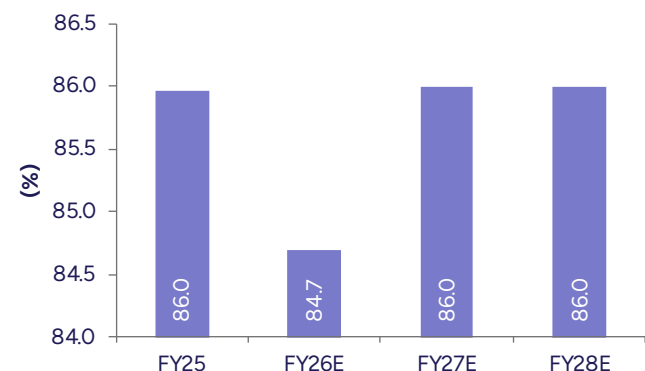
Source: Company, PL

Exhibit 4: Employee cost per ASKM is expected to rise to ~Rs0.62 by FY28E



Source: Company, PL

Exhibit 5: Load Factor is expected to stabilize at 86% by FY28E



Source: Company, PL

Exhibit 6: RPKM set to increase to 1,71,598mn by FY28E



Source: Company, PL

Exhibit 7: Operating metrics table from FY25-FY28E

Particulars (in Rs)	FY25	FY26E	FY27E	FY28E
RASK	5.13	4.92	5.08	5.17
Aircraft Fuel/ASKM	1.66	1.51	1.55	1.59
Gross margin	3.47	3.41	3.53	3.57
Employee Cost/ASKM	0.47	0.51	0.57	0.62
Ownership cost/ASKM	1.07	1.08	1.11	1.11
Lease Rental/ASKM	0.19	0.13	0.09	0.07
Capital Cost/ASKM	0.87	0.94	1.02	1.04
Other Operating Exp./ASKM	1.66	1.81	1.65	1.67
CASK (Rs)	4.86	4.91	4.88	4.99
RASK-CASK (w/o other income)	0.27	0.00	0.20	0.17
CASK ex Fuel	3.20	3.40	3.33	3.40
FX/ASKM	0.10	0.18	0.00	0.00
CASK ex Fuel ex FX	3.09	3.23	3.33	3.40
Other income/ASKM	0.21	0.24	0.24	0.24
CASK Net of Other Income	4.65	4.67	4.64	4.76
RASK-CASK with other income	0.48	0.25	0.44	0.41
RASK-CASK without other income	0.27	0.00	0.20	0.17

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	8,08,029	8,41,792	9,31,270	10,31,181
YoY gr. (%)	17.3	4.2	10.6	10.7
Aircraft Fuel Expenses	2,61,973	2,58,494	2,84,240	3,18,206
Employee Cost	74,725	87,925	1,04,661	1,23,531
Other Expenses	2,56,813	3,05,462	2,96,748	3,26,934
EBITDAR	2,10,686	1,84,776	2,40,123	2,56,525
YoY gr. (%)	21.1	(12.3)	30.0	6.8
Margin (%)	26.1	22.0	25.8	24.9
 Aircraft Lease Rentals	 30,103	 22,728	 15,832	 13,405
 Depreciation and Amortization	 86,802	 1,00,962	 1,15,222	 1,28,863
EBIT	93,781	61,085	1,09,069	1,14,257
Margin (%)	11.6	7.3	11.7	11.1
 Net Interest	 50,800	 60,653	 71,580	 79,472
Other Income	32,953	41,622	43,356	47,072
 Profit Before Tax	 75,934	 42,054	 80,845	 81,857
Margin (%)	9.4	5.0	8.7	7.9
 Total Tax	 3,350	 2,103	 8,085	 8,186
Effective tax rate (%)	4.4	5.0	10.0	10.0
 Profit after tax	 72,584	 39,951	 72,761	 73,671
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
 Adjusted PAT	 88,763	 68,284	 72,761	 73,671
YoY gr. (%)	(0.2)	(23.1)	6.6	1.3
Margin (%)	11.0	8.1	7.8	7.1
Extra Ord. Income / (Exp)	16,179	30,394	-	-
 Reported PAT	 72,584	 39,951	 72,761	 73,671
YoY gr. (%)	(11.2)	(45.0)	82.1	1.3
Margin (%)	9.0	4.7	7.8	7.1
 Other Comprehensive Income	 -	 -	 -	 -
Total Comprehensive Income	72,584	39,951	72,761	73,671
Equity Shares O/s (m)	386	386	386	386
EPS (Rs)	229.7	176.7	188.3	190.7

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	7,99,714	10,53,131	12,52,008	13,78,608
Tangibles	7,97,421	10,52,802	12,51,644	13,78,204
Intangibles	2,293	329	364	404
Acc: Dep / Amortization	(2,81,897)	(3,80,865)	(4,96,087)	(6,24,950)
Tangibles	(2,79,903)	(3,80,865)	(4,96,087)	(6,24,950)
Intangibles	(1,994)	-	-	-
Net fixed assets	5,17,817	6,72,266	7,55,921	7,53,658
Tangibles	5,17,518	6,71,937	7,55,557	7,53,254
Intangibles	299	329	364	404
 Capital Work In Progress	 30	 30	 30	 30
Goodwill	-	-	-	-
Non-Current Investments	88,116	84,289	86,580	90,713
Net Deferred tax assets	4,192	4,251	4,237	4,383
Other Non-Current Assets	41,249	42,090	43,583	48,259
Current Assets				
Investments	2,47,748	2,47,748	2,47,748	2,47,748
Inventories	8,203	6,919	7,654	8,475
Trade receivables	7,397	6,919	7,654	8,475
Cash & Bank Balance	1,89,629	1,99,038	2,66,475	4,03,633
Other Current Assets	18,187	16,836	19,557	21,655
Total Assets	11,58,435	13,09,848	14,68,309	16,18,996
Equity				
Equity Share Capital	3,864	3,864	3,864	3,864
Other Equity	89,818	1,25,905	1,94,802	2,64,609
Total Networth	93,682	1,29,769	1,98,666	2,68,473
Non-Current Liabilities				
Long Term borrowings	5,46,683	6,21,288	6,82,412	7,39,624
Provisions	24,079	24,412	24,213	26,811
Other non current liabilities	621	637	700	770
Current Liabilities				
ST Debt / Current of LT Debt	1,21,415	1,54,380	1,65,798	1,76,357
Trade payables	41,756	41,513	43,374	48,028
Other current liabilities	1,79,007	1,69,489	1,76,206	1,83,633
Total Equity & Liabilities	11,58,435	13,09,848	14,68,309	16,18,996

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	75,934	42,054	80,845	81,857
Add. Depreciation	86,802	1,00,962	1,15,222	1,28,863
Add. Interest	41,084	60,653	71,580	79,472
Less Financial Other Income	32,953	41,622	43,356	47,072
Add. Other	(3,159)	-	-	-
Op. profit before WC changes	2,00,661	2,03,669	2,67,648	2,90,192
Net Changes-WC	45,177	90	4,780	7,841
Direct tax	(4,325)	(1,076)	(7,722)	(10,009)
Net cash from Op. activities	2,41,513	2,02,683	2,64,706	2,88,023
Capital expenditures	(15,929)	(12,000)	(14,000)	(16,000)
Interest / Dividend Income	11,320	-	-	-
Others	(1,22,984)	(2,41,510)	(1,89,011)	(1,17,730)
Net Cash from Invt. activities	(1,27,593)	(2,53,510)	(2,03,011)	(1,33,730)
Issue of share cap. / premium	414	-	-	-
Debt changes	(917)	-	-	-
Dividend paid	-	(3,864)	(3,864)	(3,864)
Interest paid	(40,644)	(60,653)	(71,580)	(79,472)
Others	(69,007)	1,24,753	81,187	66,201
Net cash from Fin. activities	(1,10,154)	60,236	5,742	(17,135)
Net change in cash	3,766	9,409	67,437	1,37,158
Free Cash Flow	2,25,465	1,90,683	2,50,706	2,72,023

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS	229.7	176.7	188.3	190.7
CEPS	454.4	438.0	486.5	524.2
BVPS	242.4	335.8	514.1	694.8
FCF	583.5	493.5	648.8	704.0
DPS	10.0	10.0	10.0	10.0
Return Ratio(%)				
RoCE	14.5	7.3	11.2	10.2
ROIC	13.0	7.1	11.4	11.8
RoE	156.2	61.1	44.3	31.5
Balance Sheet				
Net Debt : Equity (x)	2.5	2.5	1.7	1.0
Net Working Capital (Days)	(12)	(12)	(11)	(11)
Valuation(x)				
PER	21.2	27.5	25.8	25.5
P/B	20.0	14.5	9.5	7.0
P/CEPS	10.7	11.1	10.0	9.3
EV/EBITDAR (Adj)	10.0	11.9	9.2	8.4
EV/Sales	2.6	2.6	2.4	2.1
Dividend Yield (%)	0.2	0.2	0.2	0.2

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Net Revenue	2,21,107	2,21,519	2,04,963	1,85,553
YoY gr. (%)	13.7	24.3	4.7	9.3
Raw Material Expenses	1,090	1,074	1,043	1,127
Gross Profit	2,20,017	2,20,445	2,03,920	1,84,426
Margin (%)	99.5	99.5	99.5	99.4
EBITDA	59,371	69,535	57,190	8,995
YoY gr. (%)	9.0	58.8	(1.1)	(62.4)
Margin (%)	26.9	31.4	27.9	4.8
Depreciation / Depletion	22,255	24,914	25,660	26,405
EBIT	29,531	35,980	26,605	(20,610)
Margin (%)	13.4	16.2	13.0	NA
Net Interest	13,081	13,742	13,961	14,649
Other Income	8,821	9,456	10,463	10,442
Profit before Tax	25,272	31,696	23,107	(24,817)
Margin (%)	11.4	14.3	11.3	NA
Total Tax	784	1,021	1,344	1,004
Effective tax rate (%)	3.1	3.2	5.8	(4.0)
Profit after Tax	24,488	30,675	21,763	(25,821)
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	39,052	29,309	23,236	1,039
YoY gr. (%)	28.1	42.3	(16.6)	(113.9)
Margin (%)	17.7	13.2	11.3	0.6
Extra Ord. Income / (Exp)	14,564	(1,366)	1,473	28,921
Reported PAT	24,488	30,675	21,763	(25,821)
YoY gr. (%)	(18.3)	61.9	(20.2)	NA
Margin (%)	11.1	13.8	10.6	(13.9)
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	24,488	30,675	21,763	(25,821)
Avg. Shares O/s (m)	386	386	386	386
EPS (Rs)	101.3	76.0	60.1	2.7

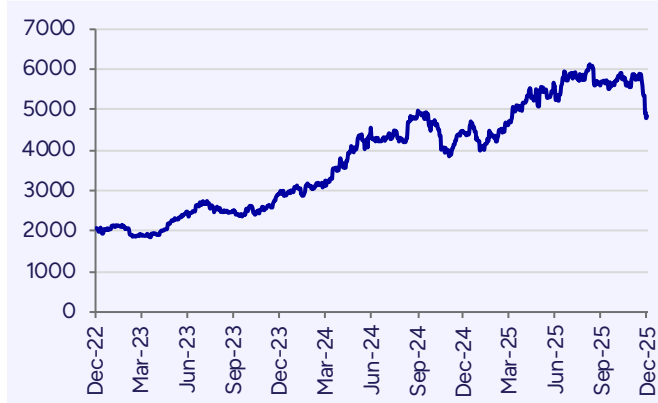
Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
EBITDAR (Rs mn)	2,10,686	1,84,776	2,40,123	2,56,525
EBITDAR %	26.1	22.0	25.8	24.9
ASK (bn)	157	171	183	200
RPK (bn)	135	145	158	172
PLF %	86	85	86	86
RASK (Rs)	5.1	4.9	5.1	5.2
CASK (Rs)	4.9	4.9	4.9	5.0
RASK-CASK (Rs)	0.3	-	0.2	0.2
Fleet Size	434.0	486.0	528.0	570.0

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	05-Nov-25	BUY	6,332	5,630
2	07-Oct-25	BUY	6,644	5,666
3	31-Jul-25	BUY	6,517	5,740
4	09-Jul-25	BUY	6,691	5,802
5	22-May-25	BUY	6,084	5,462
6	09-Apr-25	BUY	5,875	5,157
7	21-Mar-25	BUY	5,861	5,087
8	27-Jan-25	BUY	5,246	4,162
9	09-Jan-25	Accumulate	4,919	4,262

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Apeejay Surrendra Park Hotels	BUY	235	143
2	Chalet Hotels	BUY	1,183	960
3	Delhivery	Accumulate	489	443
4	DOMS Industries	BUY	3,085	2,566
5	Imagicaaworld Entertainment	BUY	73	51
6	Indian Railway Catering and Tourism Corporation	BUY	840	710
7	InterGlobe Aviation	BUY	6,332	5,630
8	Lemon Tree Hotels	Hold	174	155
9	Mahindra Logistics	Accumulate	386	344
10	Navneet Education	Reduce	119	148
11	Nazara Technologies	Hold	253	274
12	PVR Inox	Hold	1,211	1,087
13	S Chand and Company	BUY	291	185
14	Safari Industries (India)	BUY	2,570	2,099
15	Samhi Hotels	BUY	305	202
16	TCI Express	Hold	705	634
17	V.I.P. Industries	Hold	387	398
18	Zee Entertainment Enterprises	BUY	161	109

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

ANALYST CERTIFICATION

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