INVasset Corporate Insights

IndiGo

29th April, 2024

INVASSET

India's Best Performing and Most Customer Centric PMS

IndiGo's Sky-High Ambition: Pioneering Growth and Innovation in Indian Skies

IndiGo, subsidiary of Interglobe Aviation Ltd, stands at the forefront of India's aviation sector as the country's largest passenger airline, specializing in low-cost carrier services. Since its inception in August 2006, IndiGo has upheld its commitment to providing travelers with an uncomplicated, value-driven experience, marked by low fares, punctuality, and superior customer service across its extensive network of 86 destinations, including 32 international destinations. With a fleet of 275 modern aircraft and a relentless focus on innovation, sustainability, and customer satisfaction, IndiGo continues to redefine air travel, setting the standard for reliability, affordability, and convenience.

Market Leadership: IndiGo Airlines has the largest domestic market share in India, with 62% of the market. It also has a 10% share of the international market, which is second only to Air India, which has 26%. IndiGo is also India's largest airline by fleet size and number of passengers carried

Strategic Fleet Management: IndiGo's astute fleet management has been pivotal in establishing a cost-efficient airline operation. The recent order of 500 Airbus A320 family aircraft further solidifies its position, ensuring continuous capacity growth and cash flow benefits. The firm's order, scheduled for delivery between 2030 and 2035, is the largest-ever single aircraft purchase by any airline. This strategic move underscores commitment to growth and excellence.

Single Aisle Strategy: Despite expanding its international footprint, IndiGo remains committed to its single aisle strategy. The addition of A321 XLR aircraft will enhance its capabilities, offering extended range and deeper penetration into key international markets.

Expansion Goals: IndiGo's ambitious plans for include adding more than one aircraft per week, expanding its network by launching 10 new destinations, and increasing capacity by early double digits. The airline's focus on growth, despite challenges, reflects its resilience and strategic vision. With an increasing focus on international markets, IndiGo aims to capitalize on growing passenger demand and expand its presence globally

Operational Excellence: IndiGo's relentless focus on operational efficiency drives cost optimization and ensures superior service delivery. Through continuous process improvements and resource optimization, the airline maintains its position as a leader in the industry.

Positive Growth Outlook: IndiGo's near future double-digit growth projections signal confidence in its ability to navigate challenges and capitalize on opportunities. With a strategic focus on network expansion and capacity enhancement, the airline is poised for sustained growth in the coming years.

Agile Airport Services: The establishment of Agile Airport Services Pvt Ltd, a wholly-owned subsidiary, underscores IndiGo's commitment to enhancing ground handling and allied services at various airports in India. Agile Airport Services plays a pivotal role in ensuring seamless operations and superior customer experiences.

Stock Data	
CMP (27-04-2024)	3,935
52 Week High/Low	3,972/1,979.15
Face Value	10.00
Market Cap (In Crs)	1,51,896
Enterprise Value (In Crs)	1,85,550
NSE	INDIGO
BSE	539448
Bloomberg	INDIGO:IN
Sector	Transport - Airline

Shareholding Pattern (in %)		
	MAR 24	DEC 23
Promoter	57.29	63.12
FII	23.66	18.70
DII	15.03	14.65
Public	3.95	3.45
Others	0.07	0.07

Price Performance (in%)			
(%)	1M	6M	1Yr
Nifty 50	1.34	17.71	25.15
INDIGO	10.89	59.15	94.60

Key Ratios	
P/E	21.1
P/S	2.33
P/B	0.00
Debt To Equity	-
ROE	-
ROCE	6.90%
Dividend Yield	0.00%

Q3 FY 24 Result Update

Q3 FY24 Result Comparison (In Rs Cr)					
	Q3 FY24	Q2 FY24	Q3 FY23	QOQ	YOY
Sales	19,452	14,944	14,933	30.17%	30.26%
EBITDA	5,754	2,754	3,590	108.93%	60.28%
EBIT	4,094	1,209	2,248	238.63%	82.12%
Net Profit	2,998	188	1,418	1494.68%	111.42%
EPS	77.69	4.87	36.79	1495.28%	111.17%

Result Highlights

Interglobe Aviation demonstrated significant financial growth in Q3 FY24 compared to both the previous quarter and the same period last year. Sales surged by 30.17% quarter-on-quarter to INR 19,452cr, and by 30.26% year-on-year from Q3 FY23, showcasing robust revenue performance driven by increased passenger demand and expanded operations. This substantial sales growth translated into remarkable improvements in EBITDA and EBIT, with QoQ increases of 108.93% and 238.63%, respectively. The company's net profit skyrocketed by an astounding 1494.68% QoQ to INR 2,998cr, demonstrating exceptional profitability and operational efficiency enhancements.

Comparing YoY, Interglobe Aviation sustained its impressive growth trajectory, with notable YoY increases across key financial metrics. EBITDA, and EBIT surged by 60.28%, and 82.12% YoY, respectively, underscoring the company's sustained momentum and operational resilience. The net profit witnessed a remarkable YoY growth of 111.42% to INR 2,998cr, reflecting Interglobe Aviation's ability to capitalize on market opportunities and navigate challenges effectively..

Customer-Centric Approach and Service Quality: IndiGo's customer-centric philosophy places a strong emphasis on delivering exceptional service quality and ensuring passenger satisfaction. From hassle-free booking processes to friendly and courteous staff interactions, the airline prioritizes the needs and preferences of its customers at every touchpoint. This relentless focus on customer experience fosters loyalty and trust among passengers, driving repeat business and positive word-of-mouth referrals.

Innovative Technology Adoption: IndiGo's strategic embrace of innovative technologies enhances operational efficiency, improves service delivery, and enriches the overall passenger experience. The airline leverages advanced booking platforms, mobile applications, and self-service kiosks to streamline processes and empower travelers with convenient, user-friendly solutions. By staying at the forefront of technological advancements, IndiGo remains agile and responsive to evolving customer expectations while driving cost savings and operational enhancements.

Sustainability Initiatives and Environmental Responsibility: IndiGo recognizes the importance of environmental sustainability and is committed to minimizing its carbon footprint and environmental impact. The airline invests in fuel-efficient aircraft, adopts eco-friendly practices in its operations, and explores renewable energy alternatives to reduce emissions and promote environmental stewardship.

Strategic Partnerships and Collaborations: IndiGo's strategic alliances and partnerships play a pivotal role in expanding its network reach, enhancing service offerings, and driving growth opportunities. Collaborations with leading airlines, airport authorities, and travel industry stakeholders enable IndiGo to access new markets, optimize route networks, and unlock synergies for mutual benefit. By forging strategic partnerships, IndiGo strengthens its competitive position, diversifies revenue streams, and positions itself for long-term success in the dynamic aviation landscape.

Employee Engagement and Development: IndiGo prioritizes the well-being and professional growth of its employees, recognizing them as invaluable assets to the company's success. The airline invests in comprehensive training programs, career development initiatives, and employee engagement activities to nurture talent and foster a culture of excellence and innovation.

Concall Highlights

Financial Growth: IndiGo's robust financial performance in Q3 FY24 saw a substantial increase in net profit, signifying a notable growth trajectory compared to the previous year. This surge in profitability underscores the company's effective revenue management and operational efficiency amidst a challenging operating environment.

Improved Margin Dynamics: The significant improvement in net margin compared to the same period last year, reflects IndiGo's enhanced cost controls, streamlined operations, and favorable market conditions. This margin expansion demonstrates the company's ability to generate higher returns on revenue and strengthen its financial position.

Operational Milestones Achieved: IndiGo achieved notable milestones, including surpassing 100 million passengers and operating 2,000 daily flights for the year. These achievements underscore the airline's operational excellence, customer trust, and robust market positioning in India's competitive aviation landscape.

Revenue Composition Insights: IndiGo's revenue mix analysis reveals that approximately 20% of its total passenger revenue is derived from international operations, while the remaining 80% originates from domestic flights. This balanced revenue composition underscores the company's diversified revenue streams and strategic approach to serving both domestic and international markets.

Strategic Growth Plans: IndiGo remains bullish about market growth prospects and is strategically positioned to capitalize on emerging opportunities through its comprehensive network expansion and operational strategies. The company's proactive approach to route development and capacity deployment underscores its commitment to sustainable growth and market leadership.

Network Advantage Utilization: IndiGo's expansive network comprising 86 domestic and 32 international destinations serves as a key strategic asset, enabling the efficient allocation of capacity and facilitating market penetration across various geographies. The airline's ability to leverage its network advantage effectively enhances its competitive edge and drives customer value proposition.

Sustainability of Network Advantage: Management's confidence in the sustainability of IndiGo's network advantage stems from its strategic route planning, capacity optimization initiatives, and robust demand forecast mechanisms. These factors collectively contribute to the long-term viability and competitiveness of the airline's network strategy, ensuring continued value creation for stakeholders.

Yield Management Strategies: IndiGo's strong yield performance is attributed to several factors, including robust fare structures, optimized network mix, and potential recovery in corporate travel demand. The company's proactive yield management strategies underscore its commitment to maximizing revenue potential while maintaining price competitiveness in the market.

Operational Efficiency Enhancements: IndiGo's operational prowess lies at the heart of its success story, as the airline continuously fine-tunes its operations to drive cost efficiency and bolster profitability. Through meticulous process refinement, astute resource allocation, and strategic technology integration, IndiGo remains at the forefront of the aviation sector. This steadfast commitment to operational excellence not only ensures seamless flight operations but also enhances the overall customer journey, reaffirming IndiGo's status as a preferred airline choice renowned for reliability, affordability, and superior service delivery.

Regulatory Compliance and Safety Priorities: IndiGo remains steadfast in its commitment to regulatory compliance and safety standards, particularly in light of new regulations governing Flight Duty Time Limitations (FDTL). The company prioritizes safety management and regulatory adherence to uphold its reputation for operational excellence and passenger safety.

Market Positioning and Growth Trajectory: IndiGo's strategic direction, operational resilience, and customer-centric focus position it as a leading player in India's dynamic aviation sector. The company's long-term growth trajectory is supported by its ambitious market share and revenue expansion goals, underpinned by innovation, efficiency, and customer satisfaction.

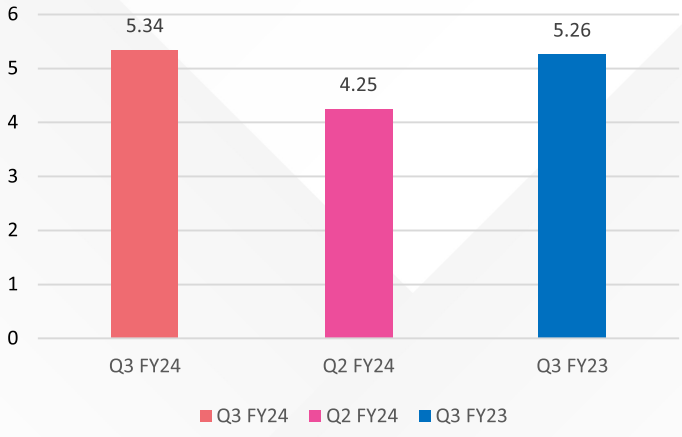
Long-term Value Creation Strategy: IndiGo's unwavering commitment to long-term value creation is evident through its strategic initiatives aimed at doubling market share and revenue by the end of the decade. Through sustained investment in fleet expansion, network optimization, and service excellence, the company seeks to deliver sustainable growth and shareholder value over the long term.

Milestones

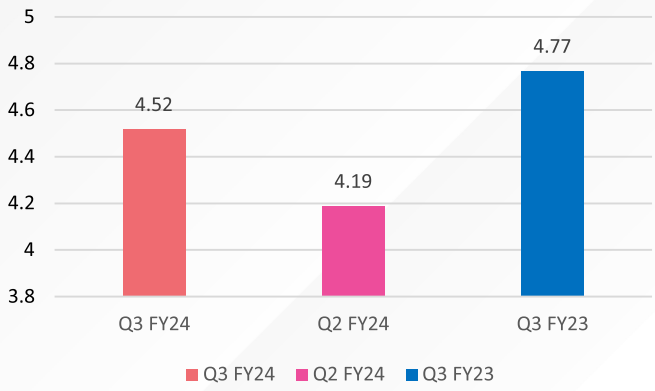


Story Through Charts

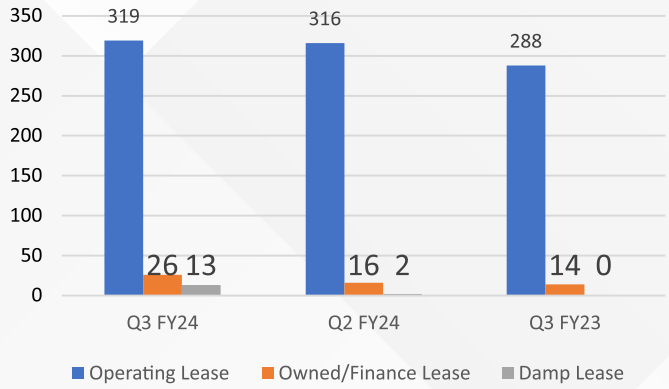
Revenue Per Available Seat Kilometer



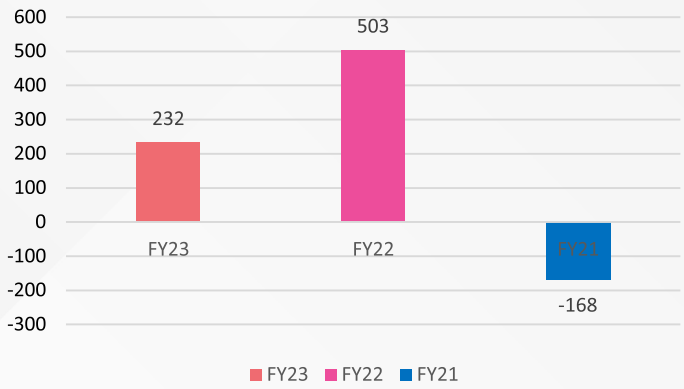
Cost of Available Seat Kilometer



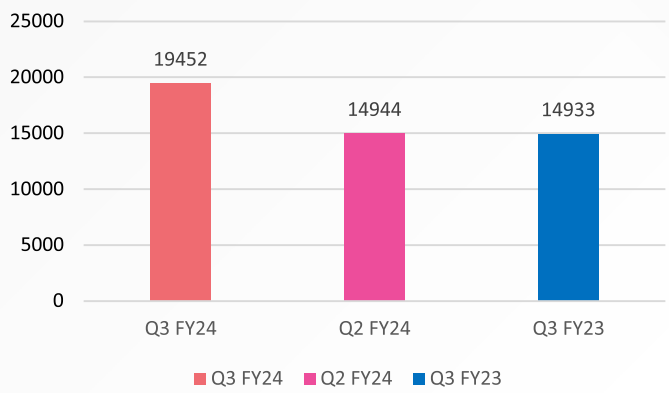
Fleet Breakup



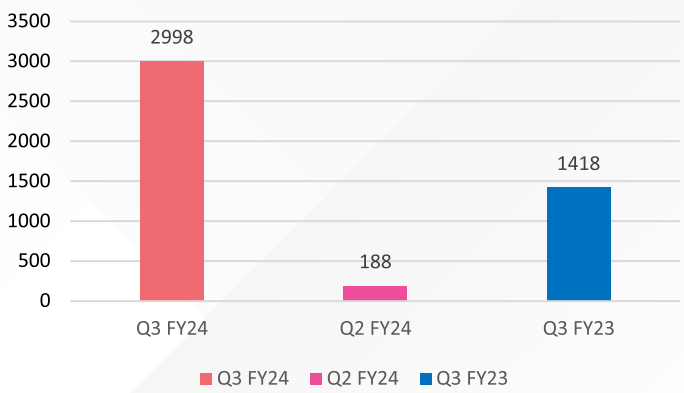
Cash Flows (In Cr)



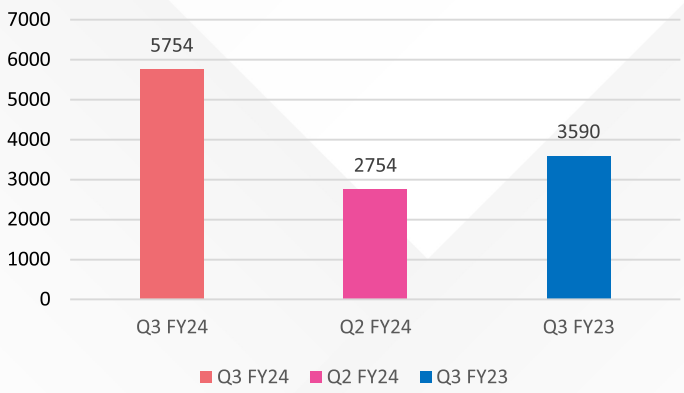
Revenue (In Cr)



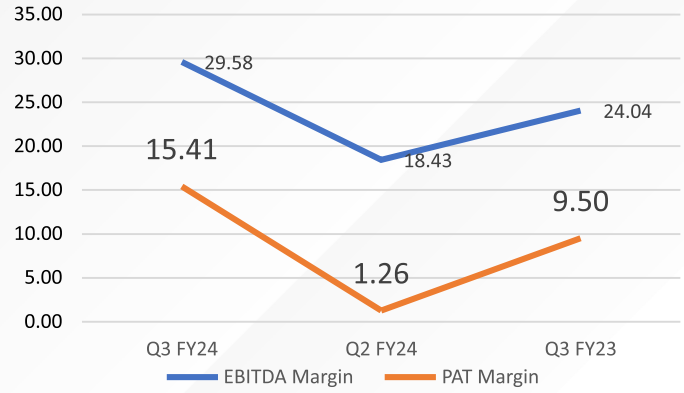
PAT (In Cr)



EBITDA (In Cr)



EBITDA & PAT Margin(In %)



Technical Outlook



The technical analysis of the INDIGO chart indicates a strong uptrend with higher highs and higher lows since early 2020, as seen by the ascending trendline. A recent breakout above consolidation between 2,900 and 3,100 suggests bullish momentum. However, the Relative Strength Index (RSI) above 70 signals potential overbought conditions, possibly leading to a temporary pullback or consolidation before continuing the trend.

The moving averages indicate a bullish trend across all periods, with the shorter-term exponential moving averages (EMAs) trading above the simple moving averages (SMAs), suggesting recent price momentum is strong. The increasing gap between EMAs and SMAs further confirms the uptrend.

The Relative Strength Index (RSI) values for both daily and weekly timeframes are above 70, indicating overbought conditions. This could suggest that the asset is potentially overvalued and might see a pullback or consolidation in the near term.

Moving Averages Days	Simple Moving Average	Exponential Moving Average
5	3,708.9	3,728.5
10	3,678.9	3,676.5
20	3,610.1	3,588.6
50	3,335.7	3,391.6
100	3,152.9	3,180.5
200	2,838.9	2,905.5

Pivot Levels : FIBONACCI		
R1 3,852	Pivot 3,789.57	S1 3,750.1
R2 3,891.4		S2 3,687.7
R3 3,953.8		S3 3,648.3

	Daily	Weekly
Relative Strength Index (RSI)	72.45	75.52

Disclaimer: This report has been prepared by the research department of Invasset, is for information purposes only. This report is not construed as an offer to sell or the solicitation of an offer to buy or sell any security in any jurisdiction where such an offer or solicitation would be illegal. Invasset have exercised due diligence in checking the correctness and authenticity of the information contained herein, so far as it relates to current and historical information, but do not guarantee its accuracy or completeness. This Document may contain confidential and/or privileged material and is not for any type of circulation and any review, retransmission, or any other use is strictly prohibited. This Document is subject to changes without prior notice.

The opinions expressed are our current opinions as of the date appearing in the material and may be subject to change from time to time. Prospective investors are cautioned that any forward looking statement are not predictions and are subject to change without prior notice. Recipients of this material should rely on their own investigations and take their own professional advice. Invasset or any of its affiliates or employees shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. Invasset. or any of its affiliates or employees do not provide, at any time, any express or implied warranty of any kind, regarding any matter pertaining to this report, including without limitation the implied warranties of merchantability, fitness for a particular purpose, and non-infringement. The recipients of this report should rely on their own investigations.

Invasset and/or its affiliates and/or employees may have interests/ positions, financial or otherwise in the securities mentioned in this report. Opinions expressed are our current opinions as of the date appearing on this material only. While we endeavour to update on a reasonable basis the information discussed in this material, there may be regulatory, compliance, or other reasons that prevent us from doing so. This report is not directed to or intended for display, downloading, printing, reproducing or for distribution to or use by any person in any locality, state and country or other jurisdiction where such distribution, publication or use would be contrary to the law or regulation or would subject to Invasset or any of its affiliates to any registration or licensing requirement within such jurisdiction. Invasset may or may not hold any securities discussed in the article in its portfolios. Invasset may or may not take decisions based on the information contained in the article while curating portfolios for its clients. Without limiting any of the foregoing, in no event shall Invasset, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind.

This research has been done by the Core Fundamental Research Team of InvAsset PMS Desk.

Anirudh Garg
anirudhgarg@invasset.com

Harshal Dasani
harshaldasani@invasset.com

Bhavik Joshi
bhavikjoshi@invasset.com

INVASSET

India's Best Performing and Most Customer Centric PMS

MUMBAI
911 One Lodha Place,
Lower Parel, Mumbai 400013

GURUGRAM
4th Floor Two Horizon Centre,
DLF Phase 5, Gurugram,
Haryana 122002

LUDHIANA
1401, Aspen 2, Centara Greens,
Pakhowal Road, Opp. Riviera Resort,
Ludhiana 141001

1800-309-2172
98158-10172

info@invasset.com

www.invasset.com