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India | Equity Research | Sector Update

Aviation

Weaker Q1 does not deter the strong business proposition for IndiGo which continues to gain strength

We have been highlighting about the possible disruption in Q1FY26 on account of several matters in our previous reports ([link1](#), [link 2](#)) and as such is expected. However, we remain constructive on IndiGo basis (1) systemic business position continues to gain strength for IndiGo (case in hand being international passenger market share which has now increased 425bps YoY amongst Indian carriers in May'25), (2) IndiGo has taken a host of measures to augment all-round capability (refer Exhibit 9), (3) inherent capability of IndiGo to clock in INR 10bn PAT in FY27E after full tax even though disruptions in supply demand and gross margin may happen. While our estimated PAT for IndiGo is ~INR 19.5bn ex of forex (down 33.5% YoY) in Q1FY26E, there is no change in strong fundamental positioning of the business.

Expect total passenger within range of 30.5-31.5mn for IndiGo in Q1FY26E

Total passengers for IndiGo in Apr'25 stood at 10.50mn, split between 9.17mn for domestic and 1.33mn for international while in May'25, total passengers for IndiGo stood at 10.41mn, split between 9.08mn for domestic and 1.33mn for international. As per MoCA daily data, average daily domestic passengers stood at 461k in Jun'25 vs 463k in May'25. Assuming a 64.5% market share (64.5% in May'25), we arrive at 8.72mn domestic passengers for IndiGo in Jun'25. Similarly, as per MoCA daily data, average daily international passengers stood at ~100k in Jun'25 vs 113k in May'25. Assuming higher market share of 49.6% due to decline in Air India operations (44.7% in May'25), we arrive at 1.26mn international passengers for IndiGo in Jun'25. This implies total 30.89mn passengers for IndiGo in Q1FY26E.

ASK growth could be ~15% in line with management guidance

IndiGo's management had guided for a mid-teen growth in ASK for Q1FY26. Total ASK growth in Apr/May'25 has been 19%/15%, respectively. We factor in 11.3% YoY growth in ASK for Jun'25 which implies an overall 15% growth in total ASK for Q1FY26E. We expect ASK to be 41.75bn for Q1FY26E vs 42.1bn in Q4FY25.

We expect passenger RASK to decline QoQ to INR 4.29 in Q1FY26E

IndiGo in Q4FY25 reported PRASK of INR 4.65 driven by strong travel demand from festivities, wedding season and the Maha Kumbh. However, Q1FY26 has been marred with geopolitical issues around the world and Air India's unfortunate accident. As such, we expect IndiGo's PRASK to see a decline to INR 4.29. Our RASK estimate stands at INR 4.84, assuming non-passenger revenue of INR 22.7bn in Q1FY26E (~3bn lower QoQ on account of lower OEM compensation).

Fuel CASK expected to decrease in line with ATF prices

Average ATF decreased by 8.2% QoQ in Q1FY26 to ~INR 86k/KL. Accordingly, we factor in fuel CASK at INR 1.46 in Q1FY26E.

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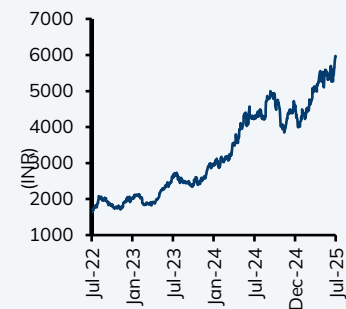
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Q1FY26E CASK (ex-fuel) expected to be lower on QoQ basis at INR 3.13

CASK (ex-fuel) increased to INR 3.16 in Q4FY25. The increase in Q4FY25 was driven by increases in maintenance cost and airport charges. IndiGo has also started redeliveries for its damp leased aircraft with reduction of AOG. IndiGo redelivered 13 aircraft in Mar/Apr'25. Driven by redeliveries, we expect CASK ex-fuel to decline from heightened base of Q4FY25 to INR 3.13.

We expect adjusted PAT (ex of forex loss) of INR 19.5bn in Q1FY26E

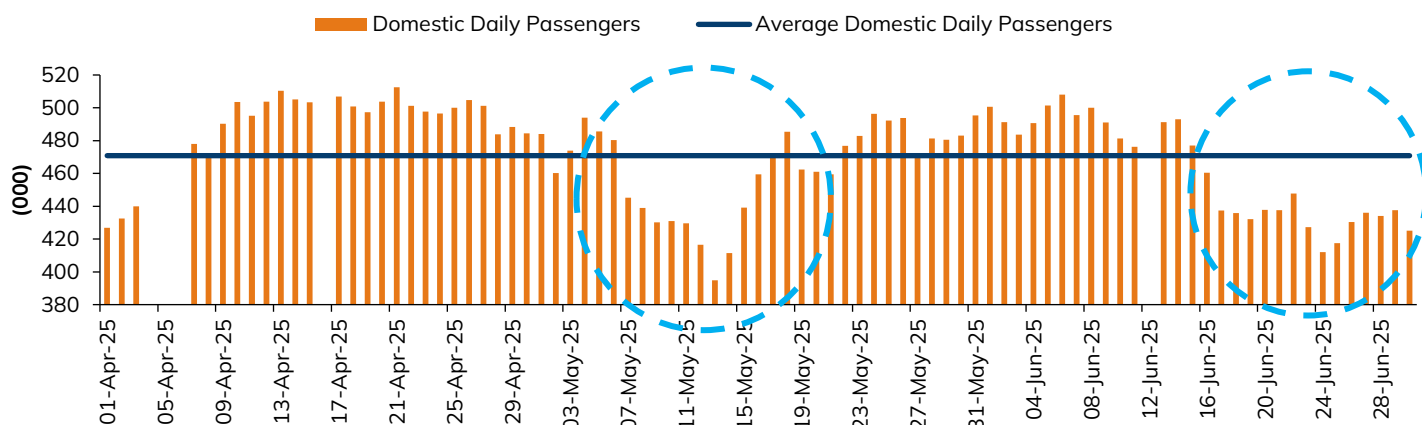
Q1FY26 has seen INR depreciation of 0.3% which could lead to a forex loss of INR 2bn. We expect PAT of INR 17.5bn in Q1FY26E. Adjusted for forex, we expect PAT to be INR 19.5bn.

Exhibit 1: IndiGo Q1FY26E preview

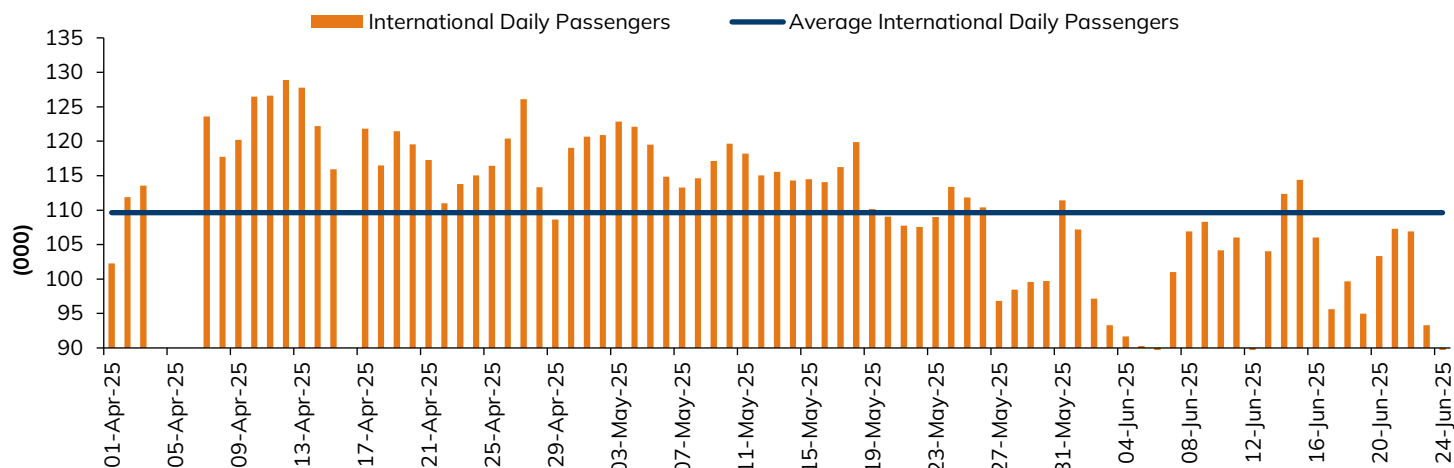
	Q1FY26E	Q1FY25	Y-Y(%)	Q4FY25	Q-Q(%)
ASK (bn)	41.7	36.3	15.0%	42.1	-0.8%
Passengers (Mn)	30.9	27.8	11.1%	31.9	-3.2%
PRASK (INR)	4.29	4.55	-5.6%	4.65	-7.7%
RASK (INR)	4.84	5.39	-10.3%	5.26	-8.1%
CASK Ex fuel	3.13	3.02	3.5%	3.16	-1.1%
Fuel CASK (INR/ASK)	1.46	1.77	-17.5%	1.60	-9.1%
CASK (INR)	4.59	4.79	-4.2%	4.77	-3.8%
RASK - CASK	0.25	0.60	-58.5%	0.50	-49.6%
PAT (INR mn)	17,504	27,288	-35.9%	30,675	-42.9%
Adjusted PAT (INR mn)	19,504	27,863	-30.0%	29,309	-33.5%

Source: I-Sec research, Company data

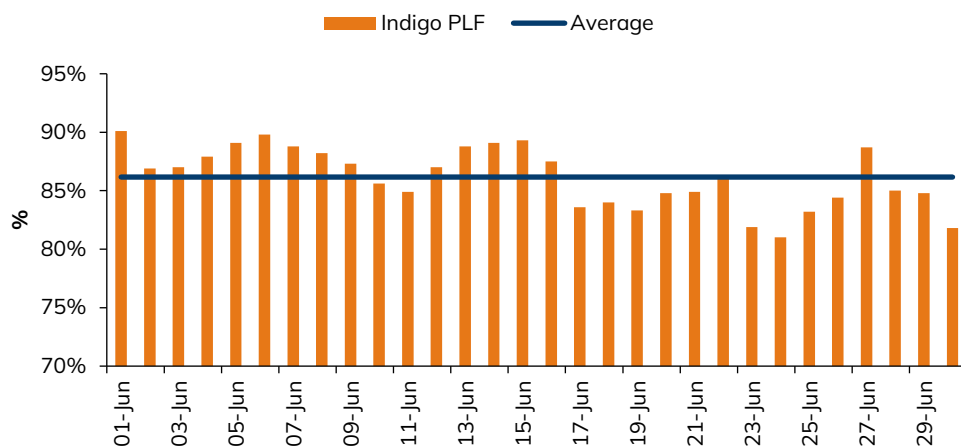
Exhibit 2: Daily domestic air passengers, which dipped in May'25 due to India-Pakistan geopolitical issues, recovered in Jun'25, but are now again seeing a dip post 12 Jun'25



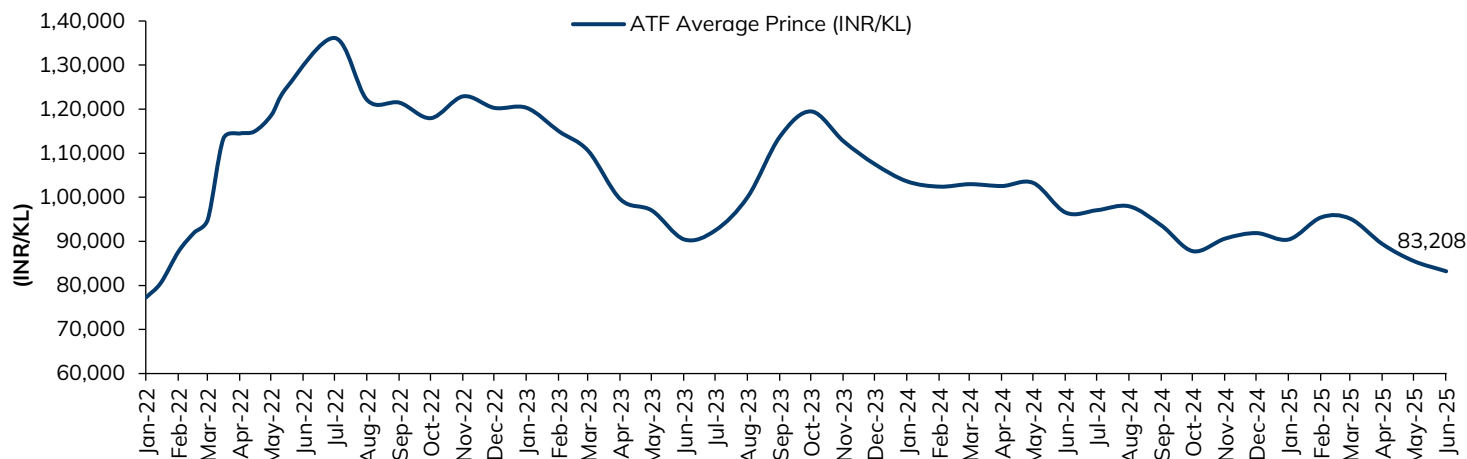
Source: I-Sec research, MoCA

Exhibit 3: Daily international air passengers have remained low since May'25 due to various geopolitical issues


Source: I-Sec research, MoCA

Exhibit 4: Basis MoCA daily data, IndiGo should report PLF in the range of 86-87% in Jun'25


Source: I-Sec research, MoCA

Exhibit 5: ATF price trends


Source: I-Sec research, IOCL

Exhibit 6: Domestic operating data for IndiGo

Month	Pax carried (in numbers)	Capacity (ASK) ('000)	Pax kms performed ('000)	PLF (%)
Apr-25	91,71,560	99,42,178	86,42,291	86.9
May-25	90,79,585	1,00,16,892	85,21,422	85.1
Jun-25 E	87,22,000	95,00,000	82,00,000	86.3
Q1FY26E	2,69,73,145	2,94,59,070	2,53,63,713	86.1
Q4FY25	2,77,71,133	2,98,75,299	2,64,59,326	88.6
Q1FY25	2,45,33,458	2,63,33,409	2,30,00,679	87.3
YoY Growth	9.9%	11.9%	10.3%	
QoQ Growth	-2.9%	-1.4%	-4.1%	

Source: I-Sec research, Company data, DGCA

Note: Apr/May'25 is actual data while Jun'25 are estimates

Exhibit 7: International operating data for IndiGo

Month	Pax carried (in numbers)	Capacity (ASK) ('000)	Pax kms performed ('000)	PLF (%)
Apr-25	13,28,293	42,14,790	34,92,104	82.9
May-25	13,30,798	41,67,591	34,29,499	82.3
Jun-25	12,62,132	39,00,000	33,10,000	84.9
Q1FY26E	39,21,223	1,22,82,381	1,02,31,603	83.3
Q4FY25	39,29,087	1,21,90,699	1,03,17,807	84.6
Q1FY25	32,26,470	99,53,936	84,65,357	85.0
YoY Growth	21.5%	23.4%	20.9%	
QoQ Growth	-0.2%	0.8%	-0.8%	

Source: I-Sec research, Company data, DGCA

Note: Apr/May'25 is actual data while Jun'25 are estimates

Exhibit 8: Total operating data for IndiGo

Month	Pax carried (in numbers)	Capacity (ASK) ('000)	Pax kms performed ('000)	PLF (%)
Apr-25	1,04,99,853	1,41,56,968	1,21,34,395	85.7
May-25	1,04,10,383	1,41,84,483	1,19,50,921	84.3
Jun-25	99,84,132	1,34,00,000	1,15,10,000	85.9
Q1FY26E	3,08,94,368	4,17,41,451	3,55,95,316	85.3
Q4FY25	3,17,00,220	4,20,65,998	3,67,77,133	87.4
Q1FY25	2,77,59,928	3,62,87,345	3,14,66,036	86.7
YoY Growth	11.3%	15.0%	13.1%	
QoQ Growth	-2.5%	-0.8%	-3.2%	

Source: I-Sec research, Company data, DGCA

Note: Apr/May'25 is actual data while Jun'25 are estimates

Exhibit 9: New initiatives and achievements for IndiGo in FY26-TD

Date	Headline	Link
9 th Apr'25	IndiGo and Accor to offer unique Loyalty Program Benefits to IndiGo BluChip and ALL – Accor Live Limitless Members	Link
17 th Apr'25	IndiGo and Swiggy Partner to Reward IndiGo BluChip Members Beyond the Skies	Link
1 st May'25	IndiGo Awarded 'Partner of the Year' at Changi Airline Awards 2025 for Outstanding Collaboration	Link
28 th May'25	IndiGo and Adani Airports join hands to contribute to India's growing role in global aviation	Link
30 th May'25	IndiGo and BIAL Sign MoU to build a world class MRO facility for IndiGo at Kempegowda International Airport, Bengaluru	Link
1 st Jun'25	IndiGo, Delta Air Lines, Air France-KLM and Virgin Atlantic Announce Partnership to Link Fast-Growing Indian Economy with North America and Europe	Link
1 st Jun'25	IndiGo signs Memorandum of Understanding with Airbus to double its wide-body order from 30 to 60 Firm Airbus A350-900 aircraft	Link
4 th Jun'25	IndiGo and Garuda Indonesia announce codeshare partnership	Link
6 th Jun'25	Paving the Way for Greener Skies: IndiGo Introduces SkyBreathe Pilot App	Link
4 th Jul'25	IndiGo Elevates Group Travel Experience with Infiniti's GroupRM Solution	Link

Source: I-Sec research, Company data

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