



June 3, 2024

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National Stock Exchange of India Limited  
Exchange Plaza, C - 1, Block G  
Bandra Kurla Complex  
Bandra - (E)  
Mumbai - 400 051  
Symbol: INDIGO

Department of Corporate Services  
BSE Limited  
Phiroze Jeejeebhoy Tower  
Dalal Street  
Mumbai - 400 001  
Scrip Code: 539448

**Sub: Transcript of earnings call on financial results for the quarter and financial year ended March 31, 2024**

Dear Sir / Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached the transcript of earnings call held on May 23, 2024, on financial results for the quarter and financial year ended March 31, 2024.

We request you to please take the same on record.

Thanking you,  
For **InterGlobe Aviation Limited**

**Neerja Sharma**  
**Company Secretary and Chief Compliance Officer**

Encl: As above

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“IndiGo Fourth Quarter and Fiscal Year 2024  
Financial Results Conference Call”

**May 23, 2024**



**MANAGEMENT: MR. PIETER ELBERS – CHIEF EXECUTIVE OFFICER  
MR. GAURAV NEGI – CHIEF FINANCIAL OFFICER  
MR. KAILASH RANA – HEAD, INVESTOR RELATIONS  
Ms. RICHA CHHABRA – DIRECTOR, INVESTOR  
RELATIONS**

**Operator:** Good evening, ladies and gentlemen and welcome to IndiGo's Conference Call to discuss the fourth quarter and fiscal year 2024 financial results. My name is Neerav, and I will be your coordinator. At this time, the participants are in a listen-only mode. A question-and-answer session will follow today's management discussion.

As a reminder, today's conference call is being recorded. I would now like to turn the call over to your moderator, Ms. Richa Chhabra from the Investor Relations team of IndiGo.

**Richa Chhabra:** Good evening, everyone, and thank you for joining us for the fourth quarter and fiscal year 2024 earnings call.

We have with us our Chief Executive Officer - Pieter Elbers and our Chief Financial Officer – Gaurav Negi and our Head of Investor Relations – Kailash Rana to discuss the financial performance and are available for the Q&A session.

Please note that today's discussion may contain certain statements on our business or financials which may be construed as forward-looking. Our actual results may be materially different from these forward-looking statements.

The information provided on this call is as of today's date and we undertake no obligation to update the information subsequently.

We will upload the transcript of prepared remarks by day end. The transcript of the Q&A session will be uploaded subsequently.

With this, let me hand over the call to Pieter Elbers.

**Pieter Elbers:** Good evening, ladies and gentlemen and thank you so much for joining the call. We announced our financial results for the fourth quarter and the financial year 2024 today.

As we reflect on the financial year 2024, it is evident that we reached many new heights and ventured across new frontiers achieving numerous milestones along the way that have translated into robust financial performance for the year. The strong execution of our strategy has yielded consistent results for us helping us achieve targets that we had set out for ourselves as a team at the beginning of this year.

For the financial year 2024, we reported our (highest ever) total income of around 712 billion rupees which is 27% higher than financial year 2023. In terms of profitability, we reported an annual net profit of around 82 billion rupees as against a marginal loss for the financial year 2023.

For the fourth quarter of financial year 2024, we reported a total income of 185 billion rupees and net profit of 18.9 billion rupees, with these results we are now profitable for 6 consecutive quarters post Covid. Also, after a period of 5 years, we have been profitable in all the 4 quarters in a

financial year. These results are really a testament to the loyalty of our 107 million customers, the execution of our strategy “towards new heights and across new frontiers” and the dedication of more than tens of thousands of IndiGo employees who worked relentlessly and collectively. I would like to express my gratitude to each of our customer for placing their trust in us and our employees for their hard work.

India is home to the world’s largest population and soon will become the third largest economy in the world. In the financial year 2024, the passengers served by Indian aviation industry grew by 14.5% on a year over year basis to touch a new milestone of 184 million annual passengers. Apart from the overall favourable macro-economic trends in our country such as the rise in per capita income and favourable demographics, there are new travel trends emerging such as experiential travel, growth in spiritual tourism and increasing demand for international travel that will continue to drive the overall growth of the Indian Aviation Industry. Thus, there is an immediate need for an aviation ecosystem that matches the size and potential of India.

A stride forward in this direction was our firm order for 500 A320 neo family aircraft announced in June of last year. This order was not just IndiGo’s largest order, but also the largest-ever single aircraft purchase by any airline with Airbus.

Today, we operate 88 domestic destinations with over 400 direct routes. 10 of these destinations were added in the last year itself. We fly and intend to fly to each airport of a certain size in the country. On the International network side, we have about 100 direct international routes to 33 International destinations from 18 Indian cities. During the financial year 2024, we launched 7 new international destinations across Asia and Africa and also expanded our direct routes by 25 percent.

Now moving to an important announcement, keeping in mind the evolving needs and aspirations of our Indian consumers, we are taking the next step in the evolution of IndiGo. We will be launching a tailor-made business product on the busiest routes and business routes of the country before the end of this year. There is an ever-growing need for premium travel in India and by launching this new product we will create a desired option for many who are aiming to travel business, and perhaps for the first time in their lives.

We are truly enthused by entering this new phase and we will be unveiling more information around the offering, the routes and the launch dates in the coming August...so please stay tuned for more updates on the same.

On the international network side, our codeshare partnerships continue to grow, and we saw an impressive growth of around 45% in the number of passengers flown through our codeshares in financial year 2024 compared to last year. During the financial year, we signed codeshare agreement with British Airways and a memorandum of understanding for a codeshare partnership with Malaysian Airlines. Furthermore, we extended our codeshare agreement with Qantas allowing our customers access to 7 new connections to Australia via Singapore. These new destinations and routes helped unlock remarkable opportunities for both business and leisure travellers seeking seamless connectivity to various corners of the world.

Further towards our goal of Internationalization, we recently had a landmark development as we placed an order for 30 Firm Airbus A350-900 aircraft. As was discussed during our last call, the significance of both our aircraft orders comprising 500 narrowbodies and 30 widebodies extends beyond their individual components. Together, they form a cohesive strategy, not only, aimed at achieving our vision of making IndiGo a global aviation player but also help us realize India's vision of developing India into a global aviation hub.

Our current pending orderbook of a little short of 1,000 aircraft to be delivered up until 2035, gives us long-term visibility well into the next decade. For many years to come, we will receive a minimum of one new plane every week. And this speaks a lot about India, probably, being the last frontier of aviation growth of such a high magnitude and the part IndiGo is poised to play in it.

Though our performance has been robust, it's essential to view these results in the context of external headwinds we faced during the year. The financial year 2024 saw headwinds in the form of aircraft groundings. However, we stood firm in our resolve, adapted swiftly to change, and emerged stronger. And these results speak volumes about our team's ability to adapt and overcome challenges. Our employees' commitment to excellence has been a critical factor in achieving our goals this year.

Further, our performance has been continuously recognized as we had the honor of receiving several prestigious awards and accolades such as 'Airline of the Year' at the 'Air Transport Awards 2024', 'The Best Low-Cost Airline in India and South Asia' at the Skytrax World Airline Awards and 'Asia Environmental Sustainability Airline of the Year' award by CAPA. These recognitions underscore our excellence and leadership in the market.

The combination of a rapidly growing economy and our strategic initiatives positions us for the unprecedented growth. With our target of 600 plus aircraft fleet by the end of this decade in mind, we continue to develop and align people, processes and technology in line with the growing size and scale of IndiGo.

In conclusion, the year gone by had some remarkable achievements and milestones which have translated into very positive financial outcomes. Looking ahead to the next financial year, while we acknowledge the presence of certain headwinds, we do so with optimism and confidence in our ability to navigate through them successfully. Again, our guidance of early double-digit growth – in terms of the capacity and the passengers on board, for the next year, reflects our confidence in our plan in place to navigate the challenges and capitalize on the opportunities that lie ahead. We are well on track towards our long-term strategic objectives and investing heavily to further build upon our strong foundations.

Let me now hand over the call to Gaurav to discuss the financial performance in detail.

**Gaurav Negi:**

Thank you, Pieter and good evening, everyone.

For the year ended March 2024, we reported a profit of 81.7 billion rupees with a net profit margin

of 11.9% compared to a net loss of 3.1 billion rupees for the year ended March 2023. Excluding the foreign exchange impact, we reported a profit of 88.9 billion rupees compared to a profit of 26.5 billion rupees for the year ended March 2023. Our capacity for the financial year increased by 21.8% as compared to last year.

We reported an EBITDAR of 175.4 billion rupees for the year ended March 2024 compared to an EBITDAR of 73.1 billion rupees for the year ended March 2023, a growth of 140% against a capacity increase of around 22% primarily due to improvement in load factors, benign fuel & forex environment.

For the quarter ended March 2024, we reported a net profit of 18.9 billion rupees with a margin of 10.6% compared to a net profit of 9.2 billion rupees and a net margin of 6.5% for the quarter ended March 2023. This translates into a net margin improvement of 4.1 points. Further, we reported an EBITDAR of 44.1 billion rupees with an EBITDAR margin of 24.8%.

For the quarter ended March 2024, the unit revenues came in at 5.13 rupees, which is about 10% higher on a year over year basis. The yields improved by 7% and the load factors came in strong at 86.3%, an improvement of 2.1 points on a year over year basis.

On the cost side, the fuel CASK reduced by 6.9% primarily due to a reduction in average fuel prices. Looking at the non-fuel costs, the CASK ex fuel came in at 2.90 rupees which is 14.7% higher than the same quarter last year. Further, the rupee closed weaker at the quarter end leading to a forex loss of around 1.7 billion rupees. Moving to the unit cost ex fuel ex forex there is a YoY increase of about 9% mainly due to cost escalations, grounding-related costs and increase in employee costs.

Due to our strong financial performance, our liquidity has further improved as we ended the March quarter with free cash of 208.2 billion rupees. This translates to an increase of 16.2 billion rupees as compared to the December quarter end.

Furthermore, during the quarter on account of our continued strong liquidity position and financial performance, CRISIL assigned us a long-term credit rating of AA- / Stable and a short-term credit rating of A1+.

We ended the quarter with a capitalized operating lease liability of around 435 billion rupees and a total debt, including the capitalized operating lease liability of around 513 billion rupees. Our right to use assets at the quarter end were 342 billion rupees.

As Pieter highlighted, these results should be looked in the context of headwinds we faced during the year, in the form of AOG situation. During the financial year 2024, we added 65 aircraft including 12 damp-leased aircraft and during the quarter ended March 2024 we added 9 aircraft to our fleet. With these additional aircraft and lease extensions that we had carried out we were able to mitigate the adverse situation well and through all these measures, we exceeded our initial capacity guidance of north of mid-teens in the financial year 2024. Currently, the AOG count remains range bound. Going forward, we will continue to assess the situation and adjust our

mitigation measures to continue to meet our growth targets.

We have already provided a capacity guidance that we will broadly grow our capacity at early double digits in the financial year 2025 as compared to financial year 2024. For the first quarter of financial year 2025, we are expecting to add around 10 to 12% capacity as compared to same period last year which translates to around 3 to 5% capacity growth on a sequential basis. With this growth projection for the first quarter of financial year 2025, we are likely to be back to the quarterly capacity which we had prior to the accelerated inspection of engines due to the powder metal issue. Further, we are currently experiencing similar revenue environment in Q1FY25 as compared to Q1FY24.

As we look ahead, it's imperative that we acknowledge the task at hand with respect to our growth targets and the cost dimensions. There are inflationary pressures in certain cost line items that we are foreseeing in next financial year. However, we remain focused on cost optimization efforts to create maximum shareholder value. What truly sets us apart is our ability to adapt and innovate in a rapidly changing environment. Our strong foundations and focused execution of our strategy has positioned us for sustained growth in the years to come.

With this, let me hand it back to Richa.

**Richa Chhabra:** Thank you, Pieter and Gaurav. To answer as many questions as possible, I would like to request that each participant limit themselves to one question and one brief follow-up question, if needed. And with that, we are ready for the Q&A.

**Moderator:** The first question is from the line of Binay Singh from Morgan Stanley.

**Binay Singh:** Congratulations on a good set of numbers. Actually, I'll just pick up from the comment that was there in the opening statement on inflationary cost pressures. So could you talk a little bit in more detail about the coming financial year, which are the line items where you see more cost pressure? And also if you could reflect back on FY '24, any one-off expenses that you had in FY '24 relating grounding, which wasn't compensated which sort of offsets it or so. So that will be my question to just get more details on this.

**Gaurav Negi:** Binay, in terms of inflationary pressure that we're talking about is across various line items. Primarily, it's going to be around maintenance and airport fees that we've also talked in the past, so these are primarily the 2 line items that we are seeing inflation. Outside of that, the normal course of inflation that you will see related to other expenses and employee costs, which are naturally there is also going to play their part in the financial year '25, but the increased inflation levels that we are seeing is largely on maintenance side as well as on the airport side.

**Binay Singh:** But these are largely high single-digit inflationary pressures or something more than that?

**Gaurav Negi:** High single-digit to early double digits is what we are experiencing. It's more than what we have experienced in the past, which was towards low single digit. So there's an increased level that we are seeing at least for these line items.

- Binay Singh:** And fair to say that there is no one-off expenditure in FY '24, which sort of offset some of these things as your fleet comes back?
- Gaurav Negi:** There were some elements of cost that we are still negotiating, as we have said, related to grounding. So there could be a timing difference between one financial year versus the other. So barring that, there's no significant one-offs that we have. It's more timing that will pay out between 2 financial years.
- Moderator:** Next question is from the line of Aryn Pirani from JP Morgan Chase & Co.
- Aryn Pirani:** My question was on the comment that you made that in 1Q this year, you are taking a similar revenue environment compared to 1Q of last year. So were you indicating like in terms of the yield direction?
- Gaurav Negi:** We were indicating more on the passenger RASK level. So more towards that, it's a balance between the yields and the load factors. So we're trying to see that the revenue comes in line with what we had in Q1 of last year.
- Aryn Pirani:** Okay. The reason I asked is because unlike most years, this year's 4Q RASK is almost similar or even slightly higher than 1Q. And normally, from 4Q to 1Q, the seasonality is positive. So just trying to get some more colour there. Are you expecting seasonally RASK to flatten out versus the normal seasonality, which is improving in this quarter?
- Pieter Elbers:** Maybe to supplement on that. I think there's quite a couple of uncertainties in the market today, which makes giving a precise prediction in terms of RASK levels difficult. So that's why we give an indication compared to what it was last year.
- Aryn Pirani:** Okay. And just a follow-up on the revenue bit itself. The compensation that you get from the suppliers on the grounded aircraft, that comes in into your other income line?
- Gaurav Negi:** It comes into revenue from operations, other operating income.
- Aryn Pirani:** Okay. And there, can you give a broad sense as to given the amount of compensation you think that's due, how much of that broadly would have come in till date? Is there a possibility to give a broad idea?
- Gaurav Negi:** Unfortunately not. So whatever is captured, you can probably go through those financials, but we're not calling out anything specific on that.
- Moderator:** Next question is from the line of Ansuman Deb from ICICI Securities.
- Ansuman Deb:** My question was regarding the spread for FY '25 because you mentioned about the fact that FY '24 should be looked from the perspective of headwinds we had, right? So when we look at FY '25, there could be a little bit of mitigation in the AOG scenario. We can have inflationary expectation, as you said.



There would be also some investments or some expense towards the new business class that we are bringing in. So if you could help us, because there are multiple pluses and minuses in play in FY '25, if you could give colour on the possible spread directionally in FY '25.

**Gaurav Negi:** Ansuman, again, we are not giving any kind of guidance related to the spread for the whole year. So we'll take it one step at a time. We give you the guidance in terms of capacity that we see for this particular quarter as well as what we see the revenue environment like, we'll limit ourselves to that for the time being.

**Ansuman Deb:** Fair enough. Just continuing that part, in terms of aircraft on ground, have we seen the worst behind us or in terms of that impacting the cost, is it like the worst behind us?

**Gaurav Negi:** Yes. So what we communicated, I think we have peaked to a certain extent, what we called out as a mid-70 number. It's still in that range that we are looking at. So we have not seen anything significantly adverse as we sit today. But again, things will play out, but we are not expecting anything which is going to be significantly different. It's, again, going to be range bound. So to a large extent, we are where we need to be from a grounding standpoint.

Again, I'll just elaborate also. So one is the grounding side of it, plus the other is the mitigation side of it. So like I mentioned in my commentary, we are actually looking at capacity reaching the same levels that we had in Q3. So we managed to mitigate a large part of these groundings in a matter of a quarter, so as to speak. So we're back to the same levels in Q1 of '25.

**Moderator:** Next question is from the line of Pramod Kumar from UBS Securities Pvt. Ltd.

**Pramod Kumar:** My question is related to the business product, what you kind of talked about. Can you please help us understand what could be the kind of ramp-up here because if I'm not wrong, you did mention about select routes where you would be using them. And what could be the time line for ramp-up because out of the total aircraft, what we have, the number of routes we service?

What do you see as the potential routes which can absorb a business plus kind of configuration because there'll be a setoff against a number of seats as well. And what could be the likely implications as you do this transition on your existing ASK capacities? Or how should one look at this transition? And how long do you think in terms of timeline when you will be largely done with this particular transition at least on the domestic side?

**Pieter Elbers:** Yes. Thank you. That's a lot of detailed questions. Maybe just a few words to elucidate on this, and I tried to do that in my introduction words. India is changing rapidly, and the needs of the Indian consumers are changing rapidly. And we see that happening over the past couple of years. So against that backdrop and looking at the network of IndiGo with a quite a couple of routes with a very high frequency with a lot of business-related travel, we felt collectively that this was the right moment to move into that space.

So I would say it's a natural evolution, which sort of coinciding with our turning 18 by August of this year. So we see the market developing. We see IndiGo developing, and we see a growing desire for our customers to have more travel options, if you wish. That's the reason why we made this announcement today.

In the announcement itself, we said it's going to be introduced before the end of the year. Of course, we have been working on this for a while already. So it's going to be introduced before the end of the year. And in the early part of August, we're going to announce more details in terms of timings, in terms of precise number of routes, in terms of exact introduction date and so on and so forth. So as I said, stay tuned for the further developments on this.

**Pramod Kumar:**

And Pieter, just to follow up on that, and this is in context of the yield comment what you kind of alluded to, looks like we are kind of seeing some bit of resistance on demand given how the phase of kind of behaved generally. In that context, how should one look at the business class versus the economy class in terms of the yields and the kind of likely what do you say, net impact, what IndiGo would face because at one level we are seeing, despite the constraint on capacities and across most of the airlines and some of the routes being dropped by many airlines, reduce frequency, you're seeing that yields are not going higher anywhere from here on.

So given the price sensitivity and the fact that you're talking about business class in this environment, if you can just help us understand what are the factors that you're seeing and whether any specific comments on whether the fare resistance what you're seeing is more on the metro, non-metro routes or Tier 2 routes. Anything if you can just help us understand on the yield behaviour.

**Pieter Elbers:**

Yes. Well, thank you. You have the ability to put around 25 questions in 1. That's well done. But let me just try to give a bit of an elucidation to that. You made a statement that the yields can go up. I don't think we phrased it like that. We gave some outlook for the first quarter, and that's the first quarter outlook as compared to the first quarter last year. And again, these calls, I think, are there to give an outlook for the first quarter and not per se an outlook for the entire year, leave alone for the years ahead.

And I think what you have IndiGo seen doing over the past 2 years is really laying out the strategy with different building blocks, if you wish. And one of these building blocks was to build on the XLR, which we ordered a few years ago, which is going to go in place somewhere next year.

Another building block was internationalization. More recently, we have announced another building block, which is the A350 coming in to further stretch the reach of IndiGo. And with that, this step, what we're going to do now with this new premium product, which is going to be very IndiGo like in terms of creating a very different structure in the market. That's what we've known today is precisely matching all the other building blocks.

So fast forward, where India is going to be in 2027 which is, I think, today, the latest sort of forecast is then it will be the third largest economy in the world. So if home is the third largest economy in the world. And if that economy continues to grow and the customers are more and more looking for different travel options, be it from the metros and the non-metros, for us, it's all the normal to start preparing for that now with the introduction of this business class.

So I would really see it as a natural evolution disconnected from whatever yield development we see quarter-over-quarter. I think there's always a lot of actualities involved, be it AOGs, be it some sort of disruptions either this year or past year, be it some bad weather, be it whatever reasons are

involving, take for this step. I mean, this is a long-term step. This is not something we do for just drifting a quarter.

It's part of a holistic strategy and the holistic strategy is to continue, as IndiGo has been known for the past 18 years have the development of IndiGo going hand-in-hand with the development of the Indian economy and if you wish, even society. And therefore, we continue on the very foundations of what IndiGo has been made and when we had the goal around the introduction of the wide-body.

I think I mentioned there, the size of the order is significant enough to have impact and prudent enough not to disturb the business model. And I think you should see this step in the very same context. It is significant enough to have impact on the routes where we want to have impact. And again, this will be all shared with you somewhere in the first part of August and prudent enough to continue to serve on our customer promises, which made IndiGo the wonderful airline, it is today.

**Moderator:** Next question is from the line of Krupashankar NJ from Avendus Spark Institutional Equities.

**Krupashankar NJ** My first question is on the pilot fatigue norms. Just wanted to get a sense whether we have any incremental information regarding that and whether it will be implemented for the entire fleet starting from June?

**Gaurav Negi:** No, Krupa. Currently, the matter is sub judice. As you know that the decision has been deferred, but currently, it's been taken to the court. So we are awaiting the next hearing that is due sometime in July. So there's no further comments on that.

**Krupashankar NJ** Got it. And relating to your fleet purchase plans. Is there any target set relating to what would be the portion of smaller aircraft, which will be purchased during the year. Any projections on that front?

**Pieter Elbers:** I think if you take the order books of all the airlines in the world, IndiGo tops the chart by a long margin. So the decisions taken by IndiGo over the past 12 months, basically have solidified and made that planning for the years ahead. So beside these 2 very significant orders and steps we've announced over the past year, the 500 Airbus 320 and the wide-body is really creating the foundation of what we do, and furthermore, going forward, we keep all options open at all times.

So it's a bit of a repetitive answer, but I think you have seen us over time moving in the direction. But we keep all options open, but I must say the backlog of orders offer us a very solid basis in going forward.

**Krupashankar NJ** I understand that, Pieter, but we were of the intention of buying ATRs and to utilize our cash balances that was our plan. That no longer exists, or we are just exploring option at the moment?

**Gaurav Negi:** No, that option is very much available. So we've got options to buy them also. And in the past, we bought a few of those also. So those options are very much available to us. There's still a set of additional ATRs that are in the backlog that we still have. So as and when they come up for

delivery, we will execute the option, which is best for us. whether it's a lease option or even to use the cash that we have. So very much available to us. So nothing has been ruled out.

**Moderator:** Next question is from the line of Prateek Kumar from Jefferies India Private Limited.

**Prateek Kumar:** Congrats for great results. My first question is just a clarification on your cash flow statement. There is a line item phased major inspection and overall cost on leased aircraft of around INR 900 crores, INR919 crores. This is like a maintenance cost, which is capitalized or what is it? Can you just clarify?

**Gaurav Negi:** These are just the redelivery costs that we reflect separately. These are all related to redelivery.

**Prateek Kumar:** Okay. But is this something which has come up related to grounding or this was used to be the cost earlier as well.

**Gaurav Negi:** No, it is as per the accounting policy that we have to disclose this, so nothing new that is coming up.

**Prateek Kumar:** Okay. And just one question on CASK ex fuel. We generally used to think about it as like around in the range of INR2.6 in current inflationary environment and with last quarter clocking at INR2.9, how should we look at this going forward for the estimate?

**Gaurav Negi:** So you talking about CASK ex fuel. So there's an element of FX also in that. So there's a sizable amount of FX that is also impacting. Excluding that, obviously, there's an impact from an AOG standpoint. Our overall ASKs went down this quarter, as we mentioned, because of AOGs going up. So there's a dimension of that. And then the remainder is largely because of inflationary pressures that we've spoken about. So a combination of these are pushing up the CASK ex fuel portion. And as the ASKs continue to start growing upwards for us, with the capacity coming back, we are hopeful to bring this particular unit cost down.

**Prateek Kumar:** Sure. So, this should trend down from here despite like that inflation comment, which was there earlier in the call. So, this number should come down adjusted for the items there in Q4?

**Gaurav Negi:** Yes, it should. Like I said, if the capacity continues to grow, it will obviously, because we had a reduced capacity, so there's an element of capacity coming down, which naturally on a per unit basis pushes up the CASK ex fuel portion. As my capacity comes back again in Q1, this particular unit costs are trending downwards. Subject to again, what the inflationary pressures are going to be.

**Moderator:** Next question is from the line of Sabri Hazarika from Emkay Global Financial Services Ltd.

**Sabri Hazarika:** Congratulations on good set of numbers. Just one question. So, in terms of damp leases also are we at the peak of it because, I mean, there's been no increase in terms of like 13 damp leases versus what it was actually last quarter. So, I mean, we had some plans of like taking another like 20, 25 aircraft from the secondary market. So, is that happening? Or are we at the top of it in terms of damp leases.

**Pieter Elbers:** I think the approach you have seen for us is an approach whereby we give a capacity guidance to the market, and then we start executing the mitigating measures which are into that. And of course, whenever we give you that capacity guidance, we've done already our homework on those mitigating measures. So when we said for the year, which just closed FY '24, we said in the north of the mid-teens, that was a prudent approach because eventually, we did slightly more, thanks to the effectiveness of all these measures.

We have now given a capacity guidance for this year, FY '25 and also there, that is solidified by not only a stabilizing AOG situation as Gaurav just elucidated to, but also the damp leases we have in place and we continue to work with potential opportunities to increase it, to adjust it. I think for us, it's very important to have that flexibility.

So we continue to have a close look at the market. But at this point in time, there is no additional plans other than the ones which are communicated already.

**Sabri Hazarika:** Right. Got it. Just a follow-up, your A321 NEO fleet has been like almost range bound from the last 2, 3 quarters. So anything to read into that? Or it's like it will get adjusted automatically.

**Pieter Elbers:** Sorry, I didn't get that question.

**Sabri Hazarika:** I mean the A321 NEO fleet, around 93, 94 aircraft, so that has remained constant since Q2 FY '24. So, is there anything from Airbus side of like slowing deliveries of 321 NEOs, anything of that sort?

**Pieter Elbers:** No, there's nothing. We just happen to have a quarter with somewhat lesser number of deliveries, as was mentioned in Gaurav's text. If I recall well, he mentioned 9 of deliveries, and as we continue to go forward, there happen to be a mix of the 320s and 321s. So, this was all pretty much according to the plan and according to the planning which we had with Airbus. And again, there's fluctuations month-over-month and there's fluctuations in the mixture of 320s and 321s. So, I don't think you should read anything else in that other than those fluctuations.

**Moderator:** Next question is from the line of Arpit Shah from Stallion Asset.

**Arpit Shah:** Yes. I just wanted to understand, like pre-pandemic our dividend payouts were closer to 100% and since our net worth has become positive again, what kind of payouts we could see in the future going ahead?

**Gaurav Negi:** Difficult question because we'll have to take it to the Board to get the necessary approvals. But while our net worth has become positive, we are still negative as far as the overall retained earnings is concerned, which is the accumulated reserves that we have in order to pay the dividends.

So, once we cross that threshold, obviously, we'll take the necessary steps to then work towards defining along with, obviously, the Board what the dividend levels need to be. So, a difficult question right now to answer because we are not there yet.

**Arpit Shah:** In Q1 FY '24, we did see an impact on the competitor airlines going bankrupt, and we saw a very big tailwind on our RASK/CASK spread, leading us to deliver the highest RASK/CASK spread

in our history. So how should we look at Q1 FY '25 given that you've already spoken about some inflationary pressures on airport fees and maintenance growing in double digit. So how should we look at that number? You've already alluded us to some guidance on the RASK, but just to have some better clarity.

**Gaurav Negi:**

I think you're answering the question because like I said, the revenue is in line with what we had last year. I've shared that the cost pressures are there. So you can draw a conclusion in terms of the spread from there on.

Obviously, it's not going to be a repeat of what we had from a spread standpoint where we were last year same quarter. So there are some pressures that we have. But on the whole, the fact is that we are also going to have an increased capacity level versus last year. I gave that guidance also that our capacity is going to grow from 10% to 12%. So a combination of those, I think you can work out what Q1 '25 going to be like.

**Arpit Shah:**

And the 2.9 CASK numbers start trending downwards, right, delinquent earlier in the call.

**Gaurav Negi:**

It will. So not to forget, there's increased levels of the increase that you're seeing year-over-year is also from the fact that we have AOGs. And like we've said that there is a certain compensation that comes and sits at the other income levels also.

So, what you see as a cost increase has an offset sitting in the revenue side also. So that's why you're seeing that. But on a net basis, it washes off. But overall, as we start pushing up our capacity, we're focused on cost optimization, we pushed those levels. We are hopeful that on a unit basis, the cost excluding the AOG is going to be range bound.

The increase is largely a round of AOG and offset sitting in the revenue and then the inflationary pressures that I talked about also with the fact that we've not grown the capacity the way we would have wanted to because we were hit by an AOG. We are coming back to the Q3 levels again, what we were at.

So, all these variables were there. But beyond Q1, we see more stabilization as far as our capacity is concerned, because we would have like, again, what we mentioned, at least from a range bound standpoint, we would have reached a level of normalized AOG levels that we have kind of guided everyone towards.

**Moderator:**

Next question is from the line of Kushagra from Old Bridge Asset Management Co. Ltd.

**Kushagra:**

Just 2 questions. One, on the international side first, if you can share the international revenue share and profit share in FY '24, if possible. And a related question on the international side is, how big would be the contribution of codeshare arrangements in your international revenue? And if you think about it from the longer-term perspective, having owned wide-bodies, would it in any way hinder the codeshare arrangements which you would have at that point of time? That's my first question.

**Gaurav Negi:** So, our international contribution, as we've guided earlier also, obviously, it's reached the levels of close to 27% in the ASK terms. On the revenue terms, it ranges between 20% to 25%. So, on a given quarter, it can range between 20% to 25%. So that's on the international side.

Obviously, we have codeshare. We've got 8 codeshare partnerships that we have. Some are in the early stages, some are mature. They roughly contribute in probably mid kind of single-digit range. But they've been growing, as we mentioned in our kind of opening statements also. Those kind of arrangements have been growing at an incremental pace for us. So again, these are positive kind of indicators for us in terms of our ability to reach the international destinations, although be it through codeshares right now.

**Kushagra:** Right. And, having own wide-body does that any way hinder the codeshare arrangements, which you would have at that point of time over the longer term?

**Pieter Elbers:** No, it's all part of a holistic strategy as we elucidated to earlier. IndiGo used to be a very domestic-heavy airline with 90% of its operation on the domestic network. We launched 2 years ago with trajectory to go more international. And I think we gave a guidance of moving our capacity share up to 25%, then to 27% and then trajected to move in the range of 30% of international capacity. So we're moving in that direction. And clearly, whenever the XLR will come in, that number will go up.

What the codeshares are doing are in fact twofold, one of the codeshares or part of the codeshares, I should say, is a codeshare of some of the foreign airlines on IndiGo's domestic network that doesn't present any international exposure per se but it exposes us to international consumers and start to work together. The 2 other ones, the one we're having with Turkish Airlines and with Qantas are really connecting to international flights of IndiGo and then connecting in Istanbul and Singapore, respectively.

Those are really preparing us for the next stage of operation. And by the time the wide-body will come in, we will be able to fly to many different parts of the world directly from India. And the good news is that at that point in time, a lot of these consumers have already had the experience to fly with IndiGo. And we'll see how this partnership evolve over time and how they will further grow and develop going forward.

**Kushagra:** Sure. That's helpful. Just a small one, the second question, the last one. If you can clarify, is there any sort of a possibility of you going for further orders of 100-odd planes on the ATR side, which was there in the news articles. Any clarification on that side?

**Pieter Elbers:** Yes. I think the topic of fleet came up a bit earlier during this call also. And sorry to be a bit repetitive, if not consistent in my answer. We keep all options open at all times to serve our customers and drive growth for our organization going forward. So we've had a good set of orders and an enormous amount of planes to be delivered. And with that, as I said, we keep all options open at all times.

**Moderator:** Next question is from the line of Arvind Sharma from Citi.

**Arvind Sharma:** First question on the business product side. Is it just the seats and everything? Or is there a loyalty program, which can come through as well?

**Pieter Elbers:** Earlier today, I mentioned that we will unveil more specificities of the product itself in August. But to your question earlier, we have already shared that we are working to enhance our loyalty program. We have a program today as you may be aware of, and we've announced in earlier calls that we are working to enhance that program as well going forward.

**Arvind Sharma:** So that's in addition or apart from the business product?

**Pieter Elbers:** Yes, there are 2 different things, but they are all part of the same strategy to address the Indian market and the evolving needs of the Indian consumers. So we have a loyalty program in place today or rather a sort of co-branded credit card system in place today, that is there. And as part of the meeting the evolving need of the Indian consumers, we announced already earlier that will further enhance that program, details to be unveiled.

And of course, you can connect the dots between all the different steps we're taking, internationalization, wide-body order, now this product. It's all part of a very cohesive and integral strategy. And when we said earlier, 2 years ago, towards new heights and across new frontiers, there's a lot of different elements and ingredients. And slowly, slowly, you would see them coming altogether or rather not so slowly, slowly, actually quite fast, you see them all coming together in actual implementation.

**Arvind Sharma:** Just one question on the accounting part. There was a tax credit this quarter. Going forward in fiscal '25, how many tax rates are there still? Maybe if you can give us some guidance about the effective tax rate for fiscal '25.

**Gaurav Negi:** Nothing planned in terms of tax credit. This is just a DTA that we've recognized in this particular quarter. Again, we've got a significant amount of losses that we had incurred during the pandemic. So given the extent of those losses, we do not foresee any kind of a tax burden that will come on IndiGo at least in the next year.

**Moderator:** Next question is from the line of Sai Siddhardha from Kotak Securities Ltd.

**Sai Siddhardha:** Yes. So firstly, congratulations on a great set of numbers. I wanted to have a bit of clarity on how to look at the yield given the 4Q yield was on similar lines to what we have seen in the first quarter as well.

**Gaurav Negi:** Sorry, not clear on the question. Can you just repeat that, please?

**Sai Siddhardha:** Is it better now?

**Gaurav Negi:** Yes, we can hear you, but just repeat the question because I'm not sure I understood the question.

**Sai Siddhardha:** So the yield in the quarter has been similar to what we have seen a strong number in first quarter. So I just wanted to understand how to look on the same moving forward.



**Gaurav Negi:** Again, like we said, we're not giving further guidance for the rest of the year. What we've kind of guided towards is on a passenger ASK levels. We are foreseeing that the revenue is going to be in line with what we had in Q1 of last year. So that's what we are guiding towards, a combination between that is the yields and the loads. So, we are not giving any further guidance in terms of where the yields are going to come in for this quarter as well as for the future quarters.

**Moderator:** Next question is from the line of Parv Jain from Niveshaay Investment Advisory.

**Parv Jain:** Sir, just wanted to ask on our plans towards regional air routes. How should we look at it in terms of going forward, what portion of our revenues could be from these regional destinations? And what portion of our revenues are currently from these regional destinations? Regional, as in I'm referring to the subsidized routes.

**Gaurav Negi:** We had a number of routes that were part of the UDAN scheme that we had. Over a period of time, obviously, the number of routes have come down. Having said that, we've continued to operate those even outside of the UDAN scheme. And we classify them in our ATR fleet that we have. Because those are the ones where we largely focus on from a regional standpoint.

That contributes roughly around the low single digits to mid-single digits in terms of contribution to the overall revenue. But they are an important component from a feeder traffic standpoint. They then feed into our larger networks of the A320 and the 321s and then also the international.

So again, to Pieter's earlier point, it's a step approach in terms of our strategy we build from the regional when we reach out to the non-metros to the metros and then international. So, it's an important element of our overall strategy.

But given the scale that we have, at least for the A320 fleet that we have, relative to that, it's a smaller fleet. It's close to 45 aircraft that are operating. And it's probably one of the biggest set of fleets in the regional domain. So that's broadly, I think, in terms of the regional fleet question that you had.

**Parv Jain:** Gaurav, but when we look at the other airlines, they tend to usually operate there for the first initial years and then they tend to stop operating on those routes. In terms of IndiGo going forward, can we expect the routes being operated on these subsidized routes increase? Or how is that trend going to be?

**Pieter Elbers:** No, I don't think you can make any prediction along that line because even these routes are different routes. Some of them are from non-metro to non-metro, very sort of Tier 3 or even Tier 4 type of cities between those cities and doing quite well. Some others are feeding if you wish into some of the larger metros and from there providing good connectivity.

And that's why the scheme is very effective for the market. It's meant to be a start-up and a generator for creating new routes. And as every sort of entrepreneurial approach, some of them succeed and some of them after a while don't succeed and then we should spend until a moment in the future. So, I would not be able to feel comfortable to give any numbers, so that's a percentage stop and open and specifically here or there.

**Moderator:** Next question is from the line of Aditya Mongia from Kotak Securities Ltd.

**Aditya Mongia:** So, I'll go with my first question. See, in the past few quarters, we've been seeing yields go up, even though fuel cost per ASK is coming down. Could you give us a sense of what is driving this phenomenon for IndiGo? Related question is that with us now seeing a decent amount of capacity being added by IndiGo and competitors this year. Do you expect this trend to reverse sometime in this year?

**Gaurav Negi:** I think the trend was largely because there was limited capacity while we've added, but there was capacity that was getting taken out at an overall industry level. So that kind of enabled or gave the support from a yield standpoint. And that's the phenomenon that has played out since Q1 of '24 until Q4 of '24.

Again, we are testing out what Q1 is going to look like. So, we are looking at what the levels of yields as well as load factors are going to be again, that's why we are saying that we are foreseeing that the overall PRASK level is going to be similar to what we had in Q1 '24, Aditya. Beyond that, we are not giving any kind of estimate or a guidance. We just want to see how Q1 plays.

**Aditya Mongia:** Understood. The second question that I had was again taking the clue from what you had said earlier, could you give us a sense of what's the share in your ASK of foreign travellers, domestic and kind of international combined travel. What is this share in ASK of foreign travellers versus what will be it taking forward? Give us a sense of how, let's say, the brand of IndiGo getting up initiative.

**Pieter Elbers:** I think you should make a difference and if I understand your question correct, we have a share of ASKs international and domestic. That share is anywhere between 25% and 27% quarter-over-quarter in terms of ASKs. That's the ASK share as a total share.

Then we have the number of flights, which is a different ratio, but let's stick to ASKs for a while. Then we welcomed last year 107 million, 106.7 million to be precise customers on board of the network. This is a mixture of domestic or, I should say, Indian consumers and non-Indian consumers. Those non-Indian consumers, some of them are overseas living, some of them are having different sort of point of place of residence. So, it's very difficult to differentiate that.

What we can say, though, is that with the further increase of one, our own international network; and two, the increase of codeshares that we see an increasing share of sort of non-Indian travellers on our network, but the vast, vast, vast majority number significantly higher than our ASK share are still Indian consumers. And again, that speaks, I think, to the growth of the Indian market and many of the new destinations, which we have opened, for example, those in Central Asia, we see a high demand from the Indian consumer side in making use of these travel options.

**Moderator:** Ladies and gentlemen, that will be our last question for today. I would now like to hand the conference over to Mr. Pieter Elbers for closing comments.

**Pieter Elbers:** Thank you so much. Ladies and gentlemen, thanks a lot for joining us today evening. The financial year 2024 has been a year of really many remarkable achievements and milestones. Moving to the next financial year, we're highly energized by the growth path ahead of us adding more than 1

aircraft every week. The journey towards 2030 will be cemented by an increasing number of planes and increasing number of happy customers and a network that will allow us to further enable our purpose of giving wings to the nation by connecting people and aspirations. Thank you for joining and wishing you a wonderful evening.

**Moderator:**

Thank you very much. Ladies and gentlemen, on behalf of IndiGo, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.

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Note: This transcript has been edited for readability and is not a verbatim record of the call