July 29, 2026 IGAL/SECT/7-26/21

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

To
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai - 400 001
Scrip Code: 539448

Subject: Transcript of earnings call on financial results for the quarter ended June 30, 2026

Dear Sir/ Madam,

In compliance with Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed transcript of earnings call held on July 23, 2026, on financial results for the quarter ended June 30, 2026.

This disclosure is also being made available on the Company's website at www.goindigo.in.

The above is for your information.

Thanking you,
For **InterGlobe Aviation Limited**

NEERJA SHARMA
Digitally signed by NEERJA SHARMA
Date: 2026.07.29 14:53:08 +05'30'

Neerja Sharma
Company Secretary & Chief Compliance Officer

Encl: a/a

“IndiGo First Quarter Fiscal Year 2027 Financial Results Conference Call”

July 23, 2026

MANAGEMENT: MR. RAHUL BHATIA – MANAGING DIRECTOR
MR. GAURAV NEGI – CHIEF FINANCIAL OFFICER
MS. RICHA CHHABRA – HEAD OF INVESTOR RELATIONS

Operator: Good evening, ladies and gentlemen and welcome to IndiGo's Conference Call to discuss the first quarter of fiscal year 2027 financial results. My name is Sagar 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, Head of Investor Relations at IndiGo.

Richa Chhabra: Good evening, everyone, and thank you for joining us for the first quarter of fiscal year 2027 earnings call.

We have with us our Managing Director – Mr. Rahul Bhatia and our Chief Financial Officer – Mr. Gaurav Negi 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 Mr. Rahul Bhatia.

Rahul Bhatia: Good evening, everyone and thank you for joining us on this call.

Today, we announced our first quarter of the financial year 2027 results. This quarter we reported a loss of around 2 billion rupees.

The aviation industry, and particularly Indian aviation, continues to operate in an environment that is promising yet demanding. In the near term, what is very clear is that fuel costs remain elevated and we continue to operate in a volatile environment. This makes disciplined execution even more important — protecting the business in the near term while staying responsive to fast-changing market conditions.

The quarter was marked by constructive pricing environment, and our ability to pass through a part of the elevated fuel and operating-cost pressure in a disciplined manner. While the quarter saw a sharp increase in the cost, the revenue improvement needs to be assessed together with the movement in fuel and other costs.

At the same time, it is equally important that we do not let short-term volatility cloud the long-term opportunity. Indian aviation remains one of the most compelling structural growth stories in the world. India is still a severely under-penetrated aviation market. Rising incomes, greater mobility, a young population, expanding aspirations, and continued investment in aviation infrastructure — all point in the same direction. As we reflect on this, it is also a moment to reflect on IndiGo's journey. We began in 2006 with a simple belief - that air travel in India could be more accessible, reliable, and consistent. Over the last twenty years, this belief has translated into meaningful impact — connecting more and more cities – from heartlands to metros to international markets, serving millions of passengers, and making air travel a practical choice for a wider section of India.

As we build IndiGo for the long term, we have signed a MoU with CFM International for over 1,000 LEAP-1A engines for future aircraft deliveries. This MoU also supports the development of our engine MRO and long-term material services. It is a clear step towards gaining structural strength, investing ahead of growth, and building the platform IndiGo needs as we scale into a larger, more global airline.

That same long-term thinking also shapes how we view the network and fleet choices. The domestic and short-haul business will remain the heart of IndiGo, with our single-aisle programme — anchored by the Airbus A320 and A321 Family aircraft is central to the future of this airline. Alongside this core, international expansion and product evolution will be important parts of IndiGo's next phase. This expansion is about building a footprint in a disciplined and fit-for-purpose manner.

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

Gaurav Negi: Thank you, Rahul and good evening, everyone.

Let me start with sharing the operating context that we experienced during the quarter, which is important to understand the financial performance for Q1 FY27.

The quarter was shaped by three broad factors impacting the outcome.

- Measured capacity deployment driven by geopolitical situation in the middle east and optimization of our schedule as we transition into a seasonally weaker period starting 15th June onwards.

- Pricing action as a counter measure to offset the pressure on economic performance and outcomes. Revenue environment improved meaningfully on a year-on-year basis, supported by pricing actions, healthy loads and a base effect

- Elevated cost environment led by fuel, currency and inflationary pressures.

Moving to the financial performance for Q1 FY27, we reported a total income of 256 billion rupees, a growth of around 19% year over year, with a yield growth of 21.3% and a load factor reduction of 1.3%. Despite a volatile environment, passenger demand held up as we served 31.3 million passengers, a growth of ~1% year over year.

In terms of profitability, EBITDAR came in at 38.3 billion rupees at a margin of 15.6% compared to an EBITDAR of 57.4 billion rupees and a margin of 28% for the same period last year.

For the quarter we reported a net loss of 2.4 billion rupees compared to a profit of 21.8 billion rupees in the same quarter last year. Excluding the impact of currency movement, we reported a net loss of around 56 million rupees compared to a net profit of around 23 billion rupees during the same period last year.

June quarter's capacity growth came in at 3% on a year-over-year basis, broadly in line with our guidance. Capacity deployment during the quarter remained impacted by geopolitical developments, particularly airspace related constraints and disruption in certain international corridors. As the quarter progressed, we adjusted capacity with customer demand in mind. We moved capacity to markets where demand was holding up better and took measured actions on routes affected by disruption. This helped us stay responsive to changing travel patterns while keeping the network aligned with customer needs.

Moving to demand and revenue, the quarter demonstrated the strength of the underlying demand base and the benefit of a more disciplined pricing environment. While demand conditions were not uniform across markets.

- April's demand and load factors reflected the combined impact of disruption, constrained customer sentiment in certain markets and network recalibration.

- May was a standout month for Indian aviation — the best month ever for the domestic industry, reflecting healthy recovery. For IndiGo, it was also a landmark month as we carried over 10 million domestic passengers, our highest ever, underscoring the strength of our network, our execution and the trust customers continue to place in us.

- June remained constructive from a revenue environment perspective, with yields holding up well even as parts of the international network continued to be managed selectively. International capacity largely recovered during the month, supporting an uptick in revenue.

Driven by disciplined pricing actions and demand-supply dynamics, the passenger unit revenue came in at 5.03 rupees, which is 19 percent higher on a year-over-year basis. This is slightly better than our guidance as June sustained the positive revenue momentum. The yield came in at 6.04 rupees, which is around 21 percent higher compared to the same period last year and a load factor of around 83 percent, which is 1.3 points lower as compared to same period last year.

On the cost side, fuel remained the largest source of pressure during the quarter. Global fuel markets continued to be influenced by developments in the Middle East, resulting in significant volatility. While average Brent prices were up by around 50% year-on-year, elevated crack spreads drove benchmark Singapore jet fuel prices higher by nearly 120%.

We saw a timely intervention by the Government, which was followed by our partners from the oil marketing companies (OMCs), to limit and moderate the prices of the domestic ATF during the months of April, May and first eight days of June. This support enabled us to continue to operate largely as per our planned schedules and also pass on the benefit to the domestic passengers in the form of a lower fuel charge. Despite this measure, our fuel CASK increased by around 80% year-on-year.

We are also thankful to the airport authorities, airport operators and partners for their continued support.

Further, on a year-over-year basis, the CASK ex fuel ex forex came in at 3.20 rupees, around 11% higher year over year due to

- inflated dollar-denominated costs due to depreciation of the Indian rupee by more than 11%,
- lower utilization in parts of the quarter leading to a lower ASK base,
- annual contractual escalations

In this environment, we have stayed focused on cost efficiency and the levers within our control to reduce the impact on margins. We are prioritizing flying our more fuel-efficient aircraft and are not operating the older CEO aircraft, wherever commercially appropriate. We have also tightened our discretionary expenses and deferred increments for senior-level employees.

Moving to fleet, we inducted a total of 13 aircraft from our original orderbook, which were all inducted through our entity in GIFT city. We redelivered 9 aircraft from our original orderbook and 13 damp-leased aircraft during the quarter resulting in a total closing fleet of 432 aircraft at the quarter end.

Let me now turn to network and key developments during the quarter. During Q1 FY27, we commenced flights to Jamnagar — reinforcing our commitment to strengthening domestic connectivity while selectively building our international footprint. We also became the first airline to commence operations from Jewar airport in Noida, further deepening our presence in the NCR airport system and positioning us well for long-term growth in one of India’s most important catchment areas.

On the product and ancillary initiatives, there is an important customer dimension to the industry's evolution. As aviation becomes more mainstream in India, customers are looking for more choice, more flexibility, and more seamless travel experiences. As the market evolves, customers have different needs across different journeys. Our task is to respond to these needs without losing the essence of IndiGo.

In the same direction, we introduced "Lite Fare" for customers travelling without check-in bag with the flexibility to purchase add-ons. This supports customer choice and revenue diversification while remaining consistent with our simple, efficient operating model.

We continue to strengthen our loyalty program ecosystem through partnerships that deliver greater value beyond the journey itself. Our collaboration with Accor's ALL loyalty platform, which recently went live, extends meaningful earning and redemption opportunities across travel and hospitality, enhancing customer engagement and reinforcing IndiGo BluChip's long-term proposition.

Further, during the quarter, we also tested SITA's OptiClimb, an AI-powered flight optimization solution aimed at improving fuel efficiency.

These initiatives reflect our strategy in action: expanding the network in a disciplined manner, giving customers greater choice, building ancillary revenue streams, and continuing to strengthen the efficiency that sits at the core of the IndiGo model.

Turning now to balance sheet and liquidity. We ended the quarter with total cash of INR 529 billion, of which free cash was INR 390 billion and restricted cash was INR 139 billion. Capitalized operating lease liabilities stood at INR 538 billion. Total debt, including capitalized operating lease liabilities, stood at INR 815 billion. Right-of-use assets were INR 553 billion.

In terms of cash utilization, during the quarter, we made deliberate capital allocations towards assets that strengthen the platform for the long term — including the purchase of 4 engines through our GIFT City entity and partial payment towards the acquisition of land for our unified campus.

As we enter a seasonally softer demand period and continue to manage fuel and airspace volatility, we are adopting a prudent and measured approach to capacity. We are rationalizing capacity by selective route-level actions and a few temporary international suspensions. As a result, we are expecting a flattish capacity growth in Q2 FY27 compared to the same period last year.

In terms of unit passenger revenue or PRASK for Q2FY27, with the current balanced demand-supply equation and the higher fares holding up, we are expecting growth of more than 25% compared to the same period last year.

In closing, the June quarter reflects the strength of the revenue environment and the depth of the demand base, but also the reality of a highly elevated cost. We will continue to manage the business with discipline — balancing growth with economics, capacity with demand, and near-term volatility with long-term strategic priorities. Our focus remains on reliability, cost efficiency, balance-sheet strength and long-term shareholder value.

With this, let me hand it back to Richa.

Richa Chhabra: Thank you, Rahul 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: Thank you very much. We will now begin with the question-and-answer session. First question comes from the line of Krupashankar NJ with Avendus.

Krupashankar NJ: My first question is on the yields, while you have highlighted that the PRASK at least is expected to be high at 25%, what's been the impact you've seen so far with respect to load factors? And is that one of the key reasons why there is a rationalization exercise with respect to capacity, when that the guidance is flattish on a relatively lower base on Y-o-Y?

Gaurav Negi: So, Krupa, the way Q1 panned out for us, we already had at least a 21% increase in the yield. The load factors did not go down significantly. It was just a 1.3% decline on the load factors. As we are looking into Q2, we are seeing that the price discipline is still holding up in the market.

And as a result, the yields have been tapering upwards, and that's why the guidance for Q2 is 25% and north of 25%. We are expecting the loads to be flattish or slightly down similar to what it was in Q1, but that's largely driven by the fact that a large part of the capacity has also been reduced, which is typical of this quarter.

Even last year, we had tapered down or optimized our capacity given that it's off-season quarter. So, with the decline in the capacity deployment that we've done, we are seeing that the pricing discipline is still holding up. We are able to push up prices, and the loads are also sticking. So that's how we are looking at Q2.

Krupashankar NJ: Got it. And second one is on the rational cash flow. So just wanted to get a sense, given the cost escalations, is there a number you want to keep as a bottom number or a spread number, which you would be comfortable with going ahead until which there can be increasing hikes with respect to your pricing? Is that something which is in the bottom of the calculation, which is always under consideration when you take this hike going ahead?

Gaurav Negi: No. The endeavour is always going to be economically viable propositions so that we keep having a healthy spread. But as you're well aware, the kind of environment that we are in right now, the fuel and the currency have been the biggest drag. So given how things have shaped up in Q1, we managed it well.

We were hoping that this is behind us because large part of the conflict was coming to a close. We've recently started to see some flare-up. But our endeavour is always going to be to make sure that there is a healthy spread. And towards that, we'll keep working. But the external factors are just too significant. The headwinds are too significant.

But like we said, we keep testing high levels of yields in order to offset largely the increased levels of cost that we are experiencing. So, there's no kind of a target, but we just want it to be a healthy kind of a spread.

Moderator: The next question comes from the line of Pulkit Patni with Goldman Sachs.

Pulkit Patni: I have a couple. Firstly, any change to your full year guidance given that your second quarter guidance is flattish one after first quarter also been relatively weak? So how should I look at your full year ASK guidance? That's question number one?

Gaurav Negi: Pulkit, we are holding to the guidance that we gave at the analyst meet. So, it's in single digits. So, it was already tapered down. But post-'27, we had already given a guidance that we'll be back to early double digits. So given the external factors, we are still holding to the single-digit guidance that we will on capacity.

Pulkit Patni: Sure. Sure. That's useful. Gaurav, my second question, it's not typically asked, but would you be able to talk about on a rupee basis, what has been the cost of fuel that you have paid in this particular quarter? And I'll tell you the reason why I'm asking this. Has our fuel consumed per ASK change meaningfully between the last few quarters and this quarter? That number would be helpful for us to just gauge that?

Gaurav Negi: No. So, when you say the two elements of change in the fuel. One is the rate and the consumption. So, there's no change on a per ASK basis as far as the consumption is. Only driver of change has been the rate. And the rates, as you are very well aware, have been going up, and that's been the biggest part of the mitigation that we've been working in Q1.

Pulkit Patni: And for the quarter, what's that rate, if you can talk about? Effective number?

Gaurav Negi: So again, it's going to be, if you look at the reference point, if you look at March because the way the pricing for fuel worked out, March was a reference point went in 1st of April, where the support came in, both from the government and the oil marketing companies, where they said that the increase in the fuel rates is going to be capped at 25% for the domestic space.

So that was defined from 1st April. It worked out in April, it worked out in May. And until the 8th of June, this particular methodology worked out. While the international always was at the market rates, which was where the MOPAG was trending.

Post the 9th of June, even for the domestic space, we've got the market rate, the MOPAG rate that is kicked in. So, it's kind of the way the quarter played out, 1st April till 8th of June, there was a defined kind of a formula which was supported by the oil marketing companies for all airlines.

That is going to be referenced to a March pricing that you had, a 25% cap on that. Plus, you've got taxes of VAT and excise duties. Post the 9th, the reference bench shifted, and it was back to the market rates, which way played out for the international space so all domestic had this. International was always at market rates.

Additionally, this was just for the public sector kind of oil marketing companies. The private, in effect, had their own rates that were in place, which was, again, linked to the market prices that were applicable in March.

Pulkit Patni: Sure. I'll take this offline because my implied calculation is showing that the effective rate is close to INR150 per litre. I'm not sure if that's the right number. So maybe I'll check with you offline to get a better understanding of this.

Gaurav Negi: Sure.

Moderator: Your next question comes from the line of Arvind Sharma with Citi.

Arvind Sharma: Continuing the fuel cost part. If you look at the fuel CASK, that is up almost 60% quarter-on-quarter and 80% Y-o-Y. Now I understand that there was a cap in the cost increase. But there have been multiple releases by the OMCs that stated fuel price would not be increased.

Even after that, a 63% quarter-on-quarter fuel CASK increase, what would be the key drivers? Because even after 9th June, if it was a free market, but a major part of the quarter, the growth might not have been as much as the numbers kind of reflect. If you could throw some more light on how the fuel CASK increase was 63% quarter-on-quarter ties up with the actual fuel that you've paid for?

Gaurav Negi: So, Arvind, if you look at -- since you're doing a quarter-over-quarter comparison, if you look at January, February and March, so there were three kind of reference points. So, the fuel was increasing significantly in March. So, it was in the early 80s from SingJet standpoint. It went to around 82-ish in February, and then there was an increase that happened in March.

So, March becomes the baseline when you're doing a quarter-over-quarter comparison because March became the reference point for April and May and the 8 days of June that you have. So, you were already at an elevated level of a base on which then there was this formula that was being applied, which is 25% that was being applied for domestic, plus the VAT and the taxes, the excise duty and VAT that you had to apply. So that played out on the domestic front.

International, any which ways was the same philosophy of pricing that applied prior to the war was getting applied. So, the mix of that was the driver of the fuel going up to 63%. Additionally, on that, this was only up to 9th of June. Beyond the 9th of June, it was anyway back to the same methodology of pricing, which was MOPAG-linked.

So, a combination of these two factors, plus the fact that we had international, which was anyway that market, which was 2x of the reference point that you had because the market, the fuel prices had gone up by 120% between March and then April, May, June.

International was at 120%. Domestic was being capped at 25% with additional impact of VAT as well as excise. And the private players that we had were anyway pegging their pricing at the market prices. A combination of these three effects is what will give you the 63% that you've kind of seen in the results quarter-over-quarter sequentially.

So, your starting base itself, March, was on a higher level compared to January and February. Add to that, the elements that I kind of called out is what is driving the 63% increase in the fuel quarter-over-quarter.

Arvind Sharma: Got it. And second question would be on the fleet part. So, is it fair to assume that damp lease will eventually go to zero? Given that second quarter would be a flattish capacity growth quarter, is there a rethink on the fleet strategy for the year or does it continue as usual and adjusted for the damp lease aircraft being given away?

Gaurav Negi: The fleet strategy is again, the only tapering that we've done is the older technology CEOs have, some have been parked given the environment. The fuel levels are extremely high. It doesn't kind of necessitate that we need to be operating those.

The damp leases, yes, we've returned most of the damp leases. So, we'll again assess the situation as we come into Q3 where we'll have to probably look at what is the external environment, especially related to Middle East, has that improved? Has the fuel levels moderated down?

And if the demand situation has started to improve and the cost has started to taper downwards, we'll assess that situation to see if we need a surge capacity in the form of damp leases. So outside of that, our own fleet continues to be on plan. Damp lease, we'll assess in Q3.

Arvind Sharma: Right. And if I could just ask your comments on, where are you in terms of Middle East capacity? Is it normalized or how much is the headroom for further normalization, the Middle East via N2?

Gaurav Negi: Yes. End of June, we were actually up to the same close to 90, 95 percentage levels of what capacity we were operating. We were close to 150 prior to the war, departures that we had on a daily basis. It went down to around 20 and 30 at the peak of the crisis. Over the course of June, then we started to ramp back up again. We were close to again 130-plus. But now we are assessing the situation that's developing over there.

Today, probably it's going to be in the north of 90% capacity that we are operating. But we continue to assess the situation because the crisis is again kind of flared up. So that's where we are. But our intention is to keep operating Middle East 'till the point it's safe for us to operate at the maximum amount of capacity that we can go to.

Moderator: Your next question comes from the line of Sabri with Emkay Global.

Sabri: My question is also on the fuel side. So, for the reported number in June was something like INR110 to INR115 per litre for ATF. Was that also a cap number or did you account, it's much higher than that while taking the market rate after 9th?

Gaurav Negi: No. So, I'll try to address it. Pre the war, the fuel was operating somewhere close to 85, 90 in terms of ATF is concerned. When the war kind of broke out, the fuel prices went up by 120%. So, it was touching more. The SingJet, this is not Brent, SingJet and MOPAG started to touch close to 180 to 200 because of the 120% increase that happened.

So, that's why they were operating at. With that base of March that you start taking and you put a kind of a cap at least on the domestic side, it's 125% was the cap that was put. On top of that, there is VAT and excise duty that you need to add on to.

International operated at 180-plus at that because there was no release available on the international. So, when you blend these two together, you'll get an average rate. It could be somewhere 140 between the international and the domestic space.

Now in this, this is the portion that comes to you from the public sector oil marketing company partners that you had. You also have private players offering you fuel. The private players did not, not all of them, some of them did, but not all of them, moderate their pricing related to fuel.

They continue to operate at the market pricing that was applicable to the international kind of pricing. When you blend these two, you will get the 60%, which is closer to 140 kind of ATF price levels or as an average for the month, for the quarter Q1.

Now during this period, especially in June, at the fag end of June, the ATF did start to moderate downwards at an aggregate level, but it's again linked to the averages that are there. So, it did come down to 110. On a market level, it was probably tapering from 180, 120, it came down to 140 and then it further tapered downwards.

So, there was a period when the ATF did come down, but now it's again climbed back up. So today, if you were to look at ATF, my guess is it's going to be somewhere around $140 to $150 at international MOPAG levels.

So, the fuel has moved significantly. But when you add these things together, which kind of are different drivers to it, a combination of support that came from the oil marketing companies, the additional VAT and excise that you have to add on to it, the fact that there were two periods in this April to June 8 and then June 8 to 30 June, plus the private supply that comes from private players.

A combination of that will give you the 63% increase, which, from a base of 90, 85 to 90, that was very much. When you add on the 60%, it's somewhere close to 140, 150 what I think Pulkit was also mentioning.

Sabri: Right. So currently also, the rate is sort of similar $90 of Brent and the $50, $60 of SingJet margins?

Gaurav Negi: That's right.

Sabri: Right. And second question is on the capacity. So, this whole capacity thing is very significantly connected to the Middle East synergies. Is that right?

Gaurav Negi: No. Capacity for Q2, you're talking about or you're talking about Q1?

Sabri: In Q1 also in Q2 that you have like given flat guidance?

Gaurav Negi: Q1 was largely Middle East driven because, obviously, we had a huge amount of cancellation. Q2 is, again, a prudent call that we typically take, where we taper down our capacity, especially for off-season markets. So, we've already given a communication that six of the destinations on the East side, also, we had moderated down those capacities.

We kind of suspended operations, which will restart back again in October. Places like Langkawi, places like Ho Chi Minh City, Hong Kong, Shanghai. So, there are two different kind of periods that we have. Q1 was Middle East driven, Q2 is a little towards the east because of the off-season markets.

Sabri: But that's sequentially, Y-o-Y would still be having a Middle East impact in Q2, right?

Gaurav Negi: I hope not. Like I said, we are already at 90% right now. I hope the crisis kind of tapers down. As far as capacity is concerned, we'll keep operating as long as safe to operate, the maximum amount of capacity that we can throw into the Middle East.

Moderator: Your next question comes from the line of Aditya Mongia with Kotak Institutional Equities.

Aditya Mongia: So essentially, I'm just trying to get a sense on the pricing strategy, wherein today, there is an underutilized fleet, but price points are high. Is there something that could sustain even beyond 2Q?

Gaurav Negi: Beyond Q2, it's going to be the big Q3, which is usually the peak season for us. So, we will be bringing back all the capacity that we have. And that was an approach that we had even last year. We had curtailed some of our capacity in Q2 because of the off season. And then we bring back the entire capacity that we have, along with damp leases. That was at least done last year.

We'll again assess the demand-supply situation, especially in the context of increased prices that we'll have to kind of play with, given the cost levels are high. So again, something we'll obviously closely monitor. We intend to bring more capacity back into the market because the demand is more likely than not to be very high, given that it's going to be a peak Q3 again.

Aditya Mongia: Understood, sir. The second question that I had in mind was more linked to news flows that are happening on the cross-holding between airports and airlines and that's being taken out as a provision. And then 2 parts for the question. A, how does IndiGo think about the threat of new airlines, let's say, airports competing with airlines with their own setup? And B, from a constructive perspective, is there a case wherein, let's say, IndiGo would want to partner up with airports where it has happened globally and both of them then can end up benefiting?

Rahul Bhatia: Aditya, this is Rahul. So, we are reading this news as you are. All I can say is that if the news we may have -- if the news has any merit, one, it has no global precedents because it typically would reflect a massive conflict of interest. And over a period of time, it would actually be against the interest of consumers. This said, we should just watch this space and how it develops.

The second part of your question is a moot point right now. Like I said, let's see how this whole thing develops and then we can take a considered view on how to approach things into the future.

Moderator: The next question comes from the line of Prateek Kumar with Jefferies.

Prateek Kumar: My first question is on cost ex fuel ex forex. Which increased 11% during the quarter. Slight I know it's because of lower utilization. Do you still maintain net to high single-digit increase guided for this number? Also, can you quantify the deferred salary increment, which were not kind of accounted during this quarter?

Gaurav Negi: On the cost CASK ex fuel, ex forex, it is going to be on the higher side of the single digit, even to the extent of probably on early double digits because that's what we are experiencing as far as the cost environment and given the lower utilization that has happened. So, for the year, we are still going to be on the higher side of this single digit, possibly even lower end of the early double-digit ranges.

The second part of the question, given the scenario in the environment that we are right now in, there was, again, a deferment related to increments that were to be given to senior management employees.

So that's what we've been, we'll assess again in 6 months' time where this needs to be, what needs to be looked into, given the environment that we are right now in. So, there was a deferment that we had done for all senior management employees within the company as far as the annual increments were concerned.

Prateek Kumar: But your employee cost is still higher by 11% year-on-year. I mean, still like reasonably higher. So that excludes the management increment and maybe that will be part of the cost in later part of the year, which also accounts for this double-digit guidance that you're talking about?

Gaurav Negi: It factors in. It factors all that into account as well. But year-over increase is a combination of, obviously, increments that have been done to a certain portion of the team. It is also on account of gratuity. If you remember, we have taken some provisions to increase levels of gratuity, head count increases and so on and so forth.

So, gratuity has a higher run rate now compared to what it was earlier. So, we've taken an exceptional kind of cost for that in both Q3 as well as Q4. But the run rate has now started to increase because of that.

Prateek Kumar: My other question is on your capacity growth beyond FY27. I think you while doing analyst meet, you gave the capacity number of 300 billion by FY30. That implied words of mid-teens growth from FY27 onwards post FY27. And you said in your opening remarks, it was like low double digits. Can you discuss this again?

Gaurav Negi: No, we still hold to the mid-teens. That is going to be from FY2028 to FY 2030. It's going to be early double-digit to mid-teens levels is what we still are holding to.

Moderator: The next question comes from Achal Kumar with HSBC.

Achal Kumar: So, my first question is on the yield versus the fuel and other cost pressure. So, you mentioned that with such a high increase in the fuel, you were able to cover up with some part of it with the yield. Now you're guiding 20% yield increase. So, until what level of fuel you can still cover up?

Do you think you'll be able to cover the whole fuel price or is there any sort of -- that with this increase in the yield, you'll still be able to cover up, say, $120 a barrel or whatever. So, with this increase in costs also. So, if you could give a bit of a color in terms of yield increase versus the cost increase? How should we think about that, please?

Gaurav Negi: If you look at just Q1, Achal, we basically had a yield growth of around more than 20%, 21%, but the cost increase were north of 30%. So that's why the pressure point comes in. When we look at Q2, there's been a moderation as far as capacity is concerned. And we were pushing up the yields north of 25%.

As we see this shift that has already started to happen on the fuel side again because the fuel had tapered down significantly. Now we're seeing that the fuel is again, the SingJet has started to and MOPAG has started to taper upwards as far as the cost. We'll again need to keep testing high levels of yields to offset that increased cost because beginning of the quarter when we were sitting, end of June, the war was coming to a close.

Then suddenly, the shift that has started to happen between in the Middle East has resulted in increased levels of fuel costs. So, we'll have to keep testing higher levels of yields also just to offset the increased cost.

So, this is a very dynamic situation. There's nothing that is what we can state that this is it where we will increase the yields and then we'll have to probably be able to offset the cost. The cost levels themselves have started to increase again. So, we'll have to test more higher levels of yield. We'll see where this kind of settles depending on the development that happened in Middle East.

Achal Kumar: Okay. Fine. Fair enough. And my second question is around sort of the fuel. You've got some relaxing from the OMCs in April, May in between there was a news that the government is asking airlines to compensate for that in case you don't sign up for the scheme. If that happens, have you gazed, as in how much extra burden will come to your P&L in case you need to compensate for the losses of OMC made in April, May, please?

Gaurav Negi: No, not really because the way we look at it because when the fuel levels were higher, on the international side, you had to pay market. On the domestic side, the cap that was applied enabled us then to define a fuel charge that was then passed on to the consumer.

So, in effect, whatever was the increase, the 25% increase that happened, which was significantly lower than what the market was and it was kind of a good support that came from both the government as well as the oil marketing companies, was then passed on to the consumer also because our fuel charge did not go higher than what was the increased charge that will be passed to us. So, in effect, it was a pass-through that we enabled us to keep the fare levels low and yet operate the scheduled operations that we had.

Achal Kumar: Is Willie still joining on the 1st of August? Have you got all the approvals in place?

Gaurav Negi: Yes. First week of August is when Willie is going to be joining the team. And also just to answer the earlier question because we've kind of settled the period of April to 8th of June based on the bills that have been also raised by the oil marketing companies on us as per the formula that will define the 25% cap. So, we've kind of settled those bills based on what was the agreed position at that time.

Achal Kumar: So, you're not expecting any extra burden from April, May?

Gaurav Negi: Like I said, because we ourselves did not put any additional burden on the consumer in order to operate our planned fleet. Had the levels of fuel and the charges on us been to the extent of the market prices, we would have taken a different call. But given that support was coming through, we made sure that we pass it on to the consumer.

Moderator: The next question comes from Kushagra Bhattar with CWC Advisors.

Kushagra Bhattar: Just two questions. One short term and one longer term. The short-term, the near-term question is, if you can give us some more sense on the RASK minus CASK or the next splits to call, let's say, for both, let's say, international and the domestic because the environment has been challenging across, but the factors which played out are slightly different in the first quarter.

And I'm assuming the competitive intensity is also quite different in both of these, which would have implications on the pricing or on the yield differently between these two markets, right? So, if you can help us understand how the net spread evolved for both international and domestic in this quarter?

And then how do you expect it to play out let's say, for the entire year? Is the gap sort of converging between the two markets? Or you're not seeing those trends? That's the first question. I have a second question more on the longer-term perspective?

Gaurav Negi: Honestly, I'll take the second question because we can't give you a guidance on the spread right now. You know how volatile the situation is. When we sat in March before the crisis, we were very optimistic in terms of this year is going to turn out better than the earlier 2 years, given the first year, we had elections. Then the following year, we had the Pahalgam. We were very, very bullish and optimistic related to how the year is going to turn out.

Just the very first quarter itself has kind of turned on us, given the external factors, both the combination of the Middle East prices and the currency. So very difficult to give a spread number right now. So, we are not giving any guidance on that.

Kushagra Bhattar: Okay. No problem. The second question is more like on the industry structure, let's say, apart from the relatively new news, which has come out on the airport operators entering the airline sector. But apart from that, and a related question to that is if the challenges are different again for airlines because a lot of them are at different points of maturity with different balance sheets and different cost structures.

So, are you seeing or expecting a significant or some sort of a decent amount of industry structure, change in industry structure shaping over the next 12 to 15 months weakening of some competition, which is where the motives behind this new news could also be one of the factors?

So, if you can share some thoughts there yes, that would be helpful. Because is this more like a better way where Indian airports can become global hubs? Or this is more like how the current structure is, which is where the motives behind these new news is coming up?

Gaurav Negi: Anything we say is going to be in the speculative zone because like what was shared, this is, again, news, which is playing out. We'll see where this goes. The reality is whatever is beneficial for the consumer, there has been certain rules, regulations, which have always kept airport and airline separate across the globe also. But we'll keep monitoring the space there. We'll see how we need to act and react whenever this comes as a formal kind of communication, rest is all speculation right now.

Kushagra Bhattar: All right. And just last one, a small one, if I can squeeze in, which is, given the way, let's say, once the international normalizes, which is already 90% and if you continue to take fresh playing, let's say, from second half onwards, do you expect the international ASK share guidance, which target, which you had shared earlier, kind of prepone and the international ASK share could sort of go much higher than what you had estimated probably by the end of this decade? Yes, that's it.

Gaurav Negi: No, we're still holding to the guidance. We have said 40% that we'll be there by 2030. We were well on track in terms of deliveries of our both the XLRs, which are largely for international markets as well as the wide bodies that will also start coming in. So, we are holding to that 40% guidance.

And yes, the international side is going to grow faster because it has a lower base. And we had touched close to 33% of our capacity which had gone to international. And by 2030, it's more likely than not, will be somewhere around 40% that we had guided earlier.

Moderator: Your next question comes from the line of Jinesh Joshi with Prabhudas Lilladher Capital.

Jinesh Joshi: Sure. Sir, my question is on the extent of FX loss cash we have seen in this quarter, which is to the tune of about INR82 crores and given the extent of rupee depreciation, this number appears to be slightly lower in the context of guidance that we had given earlier with respect to the kind of unit cost hit that we have from rupee depreciation that we see versus dollar. So, any reason for this number to be low? Has our expansion with respect to hedge cover increase or what is it?

Gaurav Negi: No. So, you're probably referring to the mark-to-market. So, the mark-to-market, the shift was only 10 paisa quarter end March to June end. So, it was good because at one time, it was trending significantly higher. So that 10 paisa translates into the 8 billion, 9 billion that we typically have called out, which is our currency exposure that we have on a U.S. dollar basis.

That translates into this INR80 crores. So, it's largely because where the currency closed that at a quarter point in June, which actually came out to be favourable because it was at one point, very adverse, but strengthened during the quarter point of June. And as a result, it translates into an INR80 crores, much lower than what we had experienced in the earlier quarters.

Jinesh Joshi: Sure. And secondly, on the supplementary rental side, we have seen that cost increase to about 0.8 on a per ASK basis. Some bit of it could be due to rupee depreciation. But is there anything specific that you would want to call out over here, because the cost is up by about 11%. And this is one area where we have seen the surge be quite higher when I compare with the other cost hits?

Gaurav Negi: Yes. When you look at it from a sequential basis also, yes, there is because in quarter 4, we had some releases because as part of the supplementary rentals, we make provisions for redeliveries. When you redeliver, there is some leftover in terms of you don't spend as much. And as a result, those releases come through. So that's what happened in Q4.

As a result, what you get in Q1 is a more normalized kind of arrangement, which will play itself out every quarter. The increase in supplementary rentals, as you rightly mentioned, has been because of currency. These are all dollar-denominated as well as the annual escalation that kicks in. But what you have in Q1 is a normalized kind of a setup, which you'll see quarter-over-quarter now.

Moderator: The next question comes from Jainam Shah with Equirus Securities Private Limited.

Jainam Shah: Sir, just one question. What we've seen between FY22 and '23, while our yield has increased around 13% and 21% during that point in time due to various reasons, and then we have hold it up to those yields till now. And recently, the yields are now upwards of INR6. So, can we expect that post the normalization of the fuel prices maybe after a quarter or 2 or so, can we be able to hold on this thing? What your assessment is or will it be back to the normal given that the competition will be eventually playing out? What's your initial assessments is?

Gaurav Negi: Jainam, it's a good observation because pre-COVID to post-COVID, there was a significant shift that happened on the yield levels. There was a 45% - 40% increase that happened. So, post the crisis, there was obviously revenge travel, there was lower capacity that was available in the market, that pushed up the prices.

Subsequent to that, the growth has been largely volume driven. So, a lot of capacity is what we were pumping in and pushing in while keeping the yields relatively at those levels, which was then being absorbed by the market.

We are again experiencing a similar kind of shift where we are in a crisis in terms of the fuels elevated, the currency depreciation. These have elevated the cost levels. We are testing new levels of pricing. As things moderate, because this is going to be a price-led kind of a growth.

As things moderate, we will look towards again, bringing more volume. That's why the mid-teen kind of growth post '27, and we'll look to holding the prices because the cost basis themselves have also kind of increased, barring the fuel, the normal cost levels have also increased because of their natural inflation. That is very much prevalent. And the currency, which typically does depreciate every year on an average should depreciate.

So, the cost base continues to increase. It's an opportunity right now for us to push prices to offset those cost bases. But even after the crisis over and the fuel moderates, we're hopeful that we'll be able to then start driving volume-driven growth where we are able to push more volumes so that more consumers can avail the services related to this.

Moderator: The next question comes from Amyn Pirani with JPMorgan.

Amyn Pirani: Just one more question on fuel. Because the oil marketing companies, the ATF prices that we used to track has become distorted because of the changes which have happened. Just from a simple calculation point of view, given whatever fuel price you have seen in the June quarter, which was made up of the fuel cap and then the removal of the fuel cap and international being at market from the very beginning.

And assuming that in 2Q, you are moving or you are continuing to be on market prices entirely, how should we think about the 2Q number versus the 1Q number based on whatever you can see in the market right now? Obviously, we still have 2 more months. But will it be higher? Will 2Q be higher than 1Q or will it be similar to 1Q? If you can give some broad directional sense?

Gaurav Negi: I wish I could do that. The forward curves related to fuel continue to keep changing. So obviously, Q1 was significantly high where the Brent also went up. If you look at Brent today, I'm using Brent, it's not the right reference point. But if you look at Brent, it's already north of 90 again. But what happened in Q1 was that the crack went up significantly higher.

So, while the Brent went up 50%, the cracks were going up even higher. We'll have to see whether demand supply equation works for turbine fuel, so aviation turbine fuel, because that demand supply then defines what the crack levels and the pricing for MOPAG is going to be.

So, if you look at the forwards and we keep tracking the forwards on the regulators, we've seen an uptick because no one can kind of crystal gaze in terms of where it's going to be. The best reference point is going to be where the forwards related to MOPAG is or SingJet is moving.

We've started to see an uptick. We were hoping when we started Q2, they were all moderating downwards. And that's one of the reasons why no one signed up to the scheme because the levels had come down lower than the thresholds.

But now we have again started to see an uptick. So, it’s anyone's guess honestly, because the best reference point is going to be the forward that is available. So far, the forwards were lower than what Q1 were. And as a result, Q2 was supposed to be lower than Q1.

But if the war kind of starts and whatever turn this particular thing takes and the Hormuz canal, etcetera, is kind of blocked, we may see similar levels of Q1. Going in, we had anticipated Q2 is going to be better than Q1.

Amyn Pirani: Okay, okay. But you are assuming Q2 to be better than Q1 because I understand that the forwards are coming down. But in Q1, for a large part of the quarter for the domestic business, you also had a cap. Then shouldn't Q2 still have been higher than Q1 because the cap gets removed? I'm just trying to get that calculation correctly?

Gaurav Negi: No, the levels had come down below the cap levels is what I'm saying. Even the levels were coming down even below the cap levels.

Moderator: That would be our last question for today. Ladies and gentlemen, on behalf of IndiGo, that concludes today's conference. Thank you all for joining us, and you may now disconnect your lines.

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