IndiGo

August 5, 2025 IGAL/SECT/8-25/1

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

Sub: Transcript of earnings call on financial results for the quarter ended June 30, 2025

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 July 30, 2025, on financial results for the quarter ended June 30, 2025.

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
DN: CN = NEERJA SHARMA C = IN O = Personal
Date: 2025.08.05 20:36:42 +05'30'

Neerja Sharma
Company Secretary & Chief Compliance Officer

Encl: a/a

"IndiGo First Quarter Fiscal Year 2026 Financial Results Conference Call"

July 30, 2025

MANAGEMENT: MR. PIETER ELBERS – CHIEF EXECUTIVE OFFICER
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 2026 financial results. My name is Rayo, 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 first quarter of fiscal year 2026 earnings call.

We have with us our Chief Executive Officer - Pieter Elbers and our Chief Financial Officer – 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 Pieter Elbers.

Pieter Elbers: Thank you, Richa. Good evening, ladies and gentlemen and thank you for joining the call. We announced our financial results for the first quarter of the financial year 2026 today. Before we begin discussing our quarterly performance, I would like to take a moment to express our deepest condolences to the families and loved ones of the passengers and crew affected by the AI171 tragedy. The entire IndiGo team stands in solidarity and united in spirit with our colleagues at Air India in this difficult time.

Moving on to our quarterly performance, the quarter started on a strong note but was later shaped by significant external challenges – geopolitical tensions and airspace restrictions – leading to increased block times on certain routes and an increase in cancellations across several key air corridors.

- The latter half of April was marked by the devastating terrorist attack in Pahalgam leading to the tragic loss and disruption in flights and demand, specifically for the Srinagar routes. This was followed by Pakistan airspace restrictions, which led to increased block times on certain western international corridors from north Indian airports impacting more than 30 daily flights. It also led to the cancellation of flights to

Almaty and Tashkent.

- As we moved to May, NOTAMs issued during the first week led to the cancellation of around 170 daily flights across 10 airports for more than a week.

- In June, as the booking trends & passenger cancellations were beginning to normalize, we had the tragic AI171 accident. This led to a caution in travel sentiment particularly on the international side. Further, conflict in the middle east region led to airspace closures from mid-June, which in turn led to cancellation of over 100 flights for a period of two days.

These series of cascading external headwinds created sustained impact on the operating environment for the whole industry. During this period, while the industry passengers grew by around 6 percent, we served more than 31 million customers, reflecting a solid growth of 12 percent compared to the same period last year. A double-digit growth during a turbulent quarter speaks volumes about the strength of our network and the relevance of our offering. We deeply value our customers' confidence, and I want to thank each and every customer for choosing to fly with IndiGo.

I would also like to take a moment to acknowledge the efforts of IndiGo teams from planning to operations, who played a critical role in adapting to our network in line with the regulatory directives and safety protocols, thereby reflecting our commitment to upholding the highest standards of safety across every part of our operations.

It is the combination of customer loyalty and organizational agility that gives us confidence in our ability to navigate short-term headwinds and continue building on our strong growth trajectory.

For the first quarter of the financial year 2026, we reported a quarterly total income of 215 billion rupees, which is an increase of 6 percent as compared to the same period last year. In terms of profitability, we reported a profit after tax of 21.8 billion rupees, or almost 2,200 crore rupees with a profit after tax margin of around 11 percent.

This quarter also marked a landmark moment for IndiGo on the world stage as we had the privilege of hosting the 81st IATA AGM in New Delhi, which brought together the most influential voices shaping the future of our industry. The presence of our Honorable Prime Minister elevated this event to a moment of national pride and global significance. It was a powerful recognition that India remains the fastest growing major aviation market. It also highlighted IndiGo's growing stature on the world stage and our role in driving conversations that will define the next era of aviation.

As part of our growth strategy, we have taken a number of decisive steps this quarter to strengthen our position and prepare for the opportunities ahead:

- To unlock the massive long-haul opportunity ahead of us and to enhance connectivity between Indian cities and major international destinations, we signed an MoU with

Airbus to convert 30 purchase rights into firm order. These widebodies will give us the reach, flexibility, and scale to tap into unserved global routes and position us as the preferred airline for long-haul journeys. As the deliveries of our initially ordered widebodies will start from 2027 onwards and deliveries of these additional 30 aircraft are expected to start from 2032 onwards, to ensure that we do not lose on the opportunity, we signed an agreement with Norse Atlantic for 6 widebodies on damp lease. We have already inducted one widebody aircraft which is currently flying from Mumbai to Amsterdam and Manchester. Touching down in Europe is a huge thing for us because of many firsts — flying long haul, serving hot meals, and having Stretch on international flights. So, it is much more than just two new destinations in Europe. It marks the start of a very new chapter in the book of IndiGo. We will be inducting the remaining 5 aircraft during this financial year. The initial feedback from customers is very encouraging wherein our ability to curate product-market fit is being appreciated - a fit-for-purpose product. Further, based on this feedback, we are enhancing the flight frequencies to current destinations from September onwards, bringing Amsterdam to six a week and Manchester to four a week. We will also be launching London & Copenhagen in the coming months.

- Given the huge Indian diaspora, the emergence of Indian aspirational traveller who likes to go abroad and India is being seen by more and more companies and countries as a relevant trade partner makes us very confident that the international market will continue to grow. With this fact in mind, we are planning to add many more new international destinations – from all directions in India.

- In addition to our domestic Stretch product, which is currently available across 5 domestic routes, we took a significant step in March 2025 by introducing Stretch, also international, on the Delhi–Bangkok route using our damp-leased widebody aircraft. Though this was a temporary deployment, featuring over 50 stretch seats, it served as an effective market test. I am pleased to share that the feedback was overwhelmingly positive, with strong demand observed on this route. Based on these insights, we've decided to expand our Stretch offering using our A321 aircraft across select regional international markets. Since the beginning of July, we have begun a phased rollout of Stretch product across all frequencies to Bangkok, Singapore, Dubai and Phuket from Delhi and Mumbai.

- Another important cornerstone of success in international operations is strong and mutually beneficial codeshare partnerships. We have announced new partnerships during this quarter providing enhanced travel options to Indian travellers and increasing our brand awareness amongst non-Indian travellers.

    - Our existing partnership with KLM has become reciprocal that will enable IndiGo customers enhanced connectivity to 30 destinations in Europe and the UK through Amsterdam. Further, our existing relationship with Japan Airlines has also become reciprocal with us also placing our marketing flight codes on Japan Airlines' flights between points in Southeast Asia and Tokyo.

- In addition, we have also signed a codeshare agreement with Jetstar enabling convenient connections to Australia and New Zealand.

- At the IATA AGM, we announced a partnership with Delta Airlines which will enable IndiGo's customers to connect to Delta's broad transatlantic network.

- And lastly, our partnership with Virgin Atlantic will also become reciprocal. This will enhance connectivity between India, UK, and North America.

- On the domestic network side, we have already launched 2 new destinations – Hindon in Ghaziabad and Adampur in Jalandhar. We are also gearing up to be the launch carrier at the two new airports – Jewar and Navi Mumbai. These new airports are a critical part of India's next wave of aviation infrastructure and will allow us to tap into new catchment areas. In addition to launching new destinations, we will continue to further densify our unparalleled domestic network, by adding new routes and frequencies, strengthening our leadership in India and deepening our regional network.

Adding new destinations, growing partnerships with airlines and airports will not only be greatly beneficial to our customers but is also at the very heart of our purpose of giving wings to the nation. We do see an increasing middle class and a newer generation that focuses on experiences, we see an increasing international link both for Indian companies going abroad and foreign companies coming here. So, if you take all these into account then what we have been doing, with all these steps, is cultivating and keeping the foundation of the company ready for growth.

Our loyalty programme has received a very positive response with around 3.8 million members already enrolled, and we have onboarded several key brands. Recently, with the aim of elevating the travel and lifestyle experience, we have launched Co-Branded credit card in partnership with Kotak Mahindra Bank.

In terms of operations, since November last year, we have been the leader in terms of on-time performance and maintain one of the highest technical dispatch reliabilities in the industry, highlighting the core of one of our key customer promises.

As we approach our 19th anniversary in just a few days, it is a moment of pride for everything we have built – an unparalleled network, 7th largest airline, in the world, by daily departures, a trusted brand and a passionate team that has redefined air travel in India. While we take a moment to acknowledge how far we have come in such a short span of time, our eyes are firmly set on the future.

While near-term disruptions may impact individual quarters, our long-term direction is clear and built for sustained success. Our growth story remains intact, and our ambition undimmed. Our confidence is underpinned by the structural growth opportunity for air travel in India. While the first quarter saw some impact of these external headwinds, the second quarter is witnessing stabilization, and we remain optimistic for the third and fourth quarter to have a strong rebound and growth.

We are defining the next phase of our growth with clarity, ambition and discipline. The steps we have taken in the last couple of years are laying the foundation for growth, leadership and value creation in the years to come. This is an exciting time for all of us at IndiGo. And we are proud of the journey so far and even more confident of the road ahead.

With this, ladies and gentlemen, let me now hand over the call to Gaurav to discuss the financial performance in more detail.

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

For the quarter ended June 2025, we reported a total income of 215 billion rupees and a net profit of 21.8 billion rupees with a net profit margin of 10.6 percent compared to a net profit of 27.3 billion rupees with a net profit margin of around 13.9 percent during the same period last year. As Pieter mentioned, the June quarter was marked by series of external impactful events – geopolitical events, airspace restrictions and the unfortunate accident in the Indian Aviation – leading to higher flight and passenger cancellations and a moderation in yields. Amid a series of external challenges, we delivered a robust 12 percent growth in passengers served — double the industry growth of 6 percent — highlighting the strength of our network, brand and execution. While profitability was impacted by ongoing geopolitical headwinds, this was partially offset by a favorable fuel price environment.

While the large part of April performed well as our domestic number of passengers grew by 14 percent compared to an industrywide growth of 8 percent, and the revenue environment was also supportive, May and June were marked by significant geopolitical headwinds, which led to a significantly higher cancellations and did not allow normalization of yields.

Our total income increased by around 6 percent compared to the same period last year. Excluding the impact of one-timers in Q1FY25 related to claims that we had called out last year, the increase in total income would have been even higher.

In terms of per unit revenue performance, the passenger unit revenue (PRASK), came in at 4.21 rupees vs. 4.54 rupees in Q1FY25, a reduction of around 7 percent. The yields came in at 4.98 rupees, a reduction of 5 percent as compared to the same period last year and load factors came in at around 85 percent, which is 2 percentage points lower compared to the same period last year.

We took massive strides in our journey of becoming a global aviation player by launching direct flights to Amsterdam and Manchester. We also introduced specially curated, complementary hot meals and beverages, by iconic home-grown Indian brands, to our customers on these routes.

We remain prudent in our approach to growth. We are a fit-for-purpose airline. While the core of our product remains the same, we are developing groups of products depending on the routes we operate. The product design is focused on fit for purpose and a value-for-money proposition. Our product is designed to feel at home for Indians and offer a taste of India for non-Indians.

On the cost side, the fuel CASK reduced by 21.9 percent on a year over year basis driven by a reduction in average fuel prices, contract negotiation and redeliveries of older generation aircraft, which were inducted as part of mitigation measures for the AOG situation.

The CASK ex fuel ex forex came in at 2.89 rupees, which is lower by 1.5 percent on a sequential basis driven by reduction in number of damp leases partially offset by annual increases in airport charges and annual increments.

On a year-over-year basis, the CASK ex fuel ex forex has increased by 1.8 percent primarily due to annual contractual increases across line items partially offset by reduction in number of damp leases. As communicated earlier, CASK ex fuel ex forex for this financial year is expected to remain at similar levels as for the financial year 2025.

In terms of fleet, during the quarter we inducted 8 aircraft through our captive leasing unit in the GIFT city. Further, as guided during the last earnings call, the number of grounded aircraft remains stable in forties and with the reduction in number of groundings, we have started returning damp-leases from March onwards and have redelivered 16 damp leased aircraft during this quarter. The same is reflected in the reduction of our aircraft and rentals line item during this quarter.

Further, we continue to assess the demand and supply situation and remain open to inducting additional damp-leases, as we move forward.

On the balance sheet side, we ended the June quarter with a capitalized operating lease liability of 468 billion rupees and a total debt of around 685 billion rupees. Our right to use assets at the quarter end were around 508 billion rupees.

Further, our liquidity has improved as we ended the June quarter with free cash of 348 billion rupees and restricted cash of 146 billion rupees.

As part of our strategic initiatives, we launched our venture capital arm, IndiGo Ventures, in August 2024 primarily to invest in early-stage startups driving innovation in aviation and allied sectors. During the quarter, we achieved a couple of important milestones with the first close of fund at INR 450 crores and announced our debut investment in Jeh Aerospace, which is one of the fastest growing aerospace startups, based in Hyderabad, focused on high-precision aerospace and defense manufacturing.

Further during the quarter, we also signed an MoU with Bengaluru International Airport Limited to develop MRO capabilities. Together with BIAL, we are further shaping the future of Indian aviation by focusing on innovation, growth and global connectivity that will define India's leadership in the skies. A dedicated state-of-the-art MRO facility will offer a significant advantage in terms of aircraft availability, greater cost efficiencies and quicker turnaround benefiting us and our customers.

Moving on to the capacity guidance, we remain firm on our full year capacity guidance of early double-digit capacity addition. For the second quarter, we have taken a number of proactive steps, as part of our annual plan, to align capacity with demand, by adjusting frequencies on certain low-demand sectors. At the same time, we are using the downtime to conduct structural inspections on some aircraft and implement fleet upgrades, ensuring the fleet is fully prepared for the seasonally strong third quarter.

As a result of these adjustments, we are expecting to add capacity in the mid to high single digit as compared to the same period last year.

Further, on the revenue side, basis the July trends, we are estimating similar passenger unit revenues (PRASK) for the second quarter as compared to the same period last year. As Pieter mentioned, the July trends confirm stabilization, we are expecting further recovery in August and September.

We are focused on our holistic growth to be able to offer affordable, convenient, on-time travel experience to our customers on a growing domestic and international route network. We also remain determined to maintain our cost leadership while continuously enhancing our operational efficiency and profitability, thereby ensuring strong returns to our shareholders' trust, support, and investment.

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: Thank you very much. Participants are requested to use handsets while asking questions. The first question is from Amyn Pirani from JP Morgan. Please go ahead.

Amyn Pirani: Thanks for the opportunity. My question is actually on your comment on the 2Q ASK guidance. At mid to high single digits on a base of last year 2Q, which was also in single digit, so is it a reflection of the fact that the slowdown that you started to see in May and June because of the disruption, you are expecting it to continue this quarter as well? And if that is the case, can you maybe give some colour on whether this is mostly domestic or international, some colour there would be very helpful.

Gaurav Negi: On the contrary, actually, the reflection on the ASK is largely driven by the softness that typically you see in the Q2 quarters. So, if you see historically, the Q2 quarter is the softest quarter in terms of travel related activities, at least on the domestic side. You do have travel on the international side. And that's where we continue to keep adding capacity. Like I kind of mentioned in the opening remarks, we have taken a judicious call to look at our fleet holistically in terms of ensuring that we are not spending too much capacity, but deploying our fleet towards maintenance and various activities that we need to serve our aircraft with in the Q2 quarter so that we gear up to be able to scale up in the Q3 quarter. So, deploying too much capacity in the Q2 quarter, which is the softest, doesn't make sense. So, that's what we have done. You will see that year-over-year, we have already grown a lot of capacity. And that same translates now with a single digit growth for this particular quarter. But on the whole, what I also mentioned for the whole year, we are still committed to an early double-digit growth in the capacity numbers.

Amyn Pirani: Okay, yes, I appreciate the fact that 2Q is a soft quarter. But actually, my question was more regarding that last year 2Q was also a soft quarter. And on a YoY basis, still the growth seems low. But I guess you are expecting a bigger growth to come back in 3Q and 4Q?

Pieter Elbers: No, every year you will find Q2 being a soft quarter. Like in Europe, every year, Q1 of the calendar year is a soft quarter. So, in India, Q2 is every year a soft quarter. So, despite the fact that it's a soft quarter, we are moderating our capacity to a single digit number. Single digit, by the way, still allows us to grow. We also have still room in the load factor to further grow. We have adjusted our capacity and made sure that, for example, we have reduced some of our damp leases and that should help us also even from a financial perspective. So, I would say it's a very normal trend. Every year you find Q2 not to be a great quarter. It was included, by the way, in our initial planning. Otherwise, we would have also revised our guidance for the entire year, which we haven't.

Amyn Pirani: Okay, great. Thank you. I will come back in the queue.

Moderator: Thank you. The next question is from Krupashankar from Avendus Spark. Please go ahead.

Krupashankar: Good evening and thank you for the opportunity. My first question is on the A321XLR deliveries. We do note that there are considerable delays with respect to these capacities coming in. How does that shape up your guidance post FY26, probably over the medium term? And how do you see this ramp up coming through?

Pieter Elbers: We still expect our XLR to come in this year. There is no change in that. That was perhaps, if you would have asked that question two years back, there was a different day. But this one now is very consistent. We still expect that plane to come in this year itself. And thereafter, we continue to build our network in the calendar year following, which is the calendar year of '26. We are not having yet given any capacity guidance for FY27, and neither are we going to do today. But what we have demonstrated, I think, over the years is that we have the ability to find alternative aircraft if needed so. And clearly, the planes which I alluded to earlier, the planes which we have taken from Norse are really helping us to step up our international footprint on the longer haul as well.

Krupashankar: Got it. The second question is on the implementation of flight duty time limitations, which started from July 1st. Just wanted to get a sense, is the employee cost in 1st quarter a fair reflection of the increase, which is likely because of the implementation of this norm, or you do anticipate a further increase coming in from second quarter onwards?

Gaurav Negi: Krupa, the first quarter reflects the normalized increase that the employees get every year. So, it kicks in in the first quarter. That's what you get to see over here. The implementation of the FDTL starts from 1st of July. Most of it is going to get absorbed through efficiencies that we are looking in-house. The second phase starts off around the November time frame. That particular thing is still under evaluation in terms of what exactly is going to be the changes that are being kind of recommended by the regulators. So, what you see in the first quarter is largely the annual increases that are across the board for all the employees.

Krupashankar: Okay, got it. Thanks a lot, and I will get back in the queue.

Moderator: Thank you. Next question is from Binay Singh from Morgan Stanley. Please go ahead.

Binay Singh: Hi, team. Thanks for the opportunity. A very good quarter given the volatile environment that we were facing. Two questions, one on international and one on the Mumbai airport change. On the international side, in a few calls back, we had talked about rising competition, especially from Middle East carrier in the international space. Could you comment a little bit about how is international profitability been for you? I know it's very early to comment on the long-haul flight that you've started, but any initial feedback on load factors also over there? The second is on this year, we will see the change in the Mumbai airport. Do you expect any disruption to operations or any market share losses because of that change? Only these two questions, Thanks.

Pieter Elbers: Thank you. You thanked us for the opportunity, and I thank you for the reflection on this quarter by quoting it a very good quarter. That's exactly how we would reflect on it, given all what happened in India and outside India and then still to have a Rs. 2,200 crore and 11% margin was our qualification as well. So, thank you for highlighting that. Coming back to the international, indeed we have grown significantly on the international front. We had significant expansions to Abu Dhabi, Muscat, Dammam, Ras Al Khaimah, and more recently also Fujairah was added to it. And clearly, there we have competition both from the Indian operators as well as from the local operators in that part. I think we continue to believe that IndiGo is very well-positioned to deal with that competition. The four customer promises we are having underpinned by a relentless focus on keeping our cost leadership is really, really helping us to deal with that competition. The fact that the market has grown 5% to 6%, and that's a combination of domestic and international, and IndiGo has grown 12%, I think that speaks for itself in terms of dealing with that. So, that competition is there. We welcome competition. It's good it's there. But for us, we feel that our proposition and our cost leadership are equipping us very well to deal with that regional competition. When it comes to the new flights to Amsterdam and Manchester, really, I think it's a great opportunity for Indian travellers to fly nonstop to these destinations. And Manchester, again, wasn't served directly. Now IndiGo provides a direct service. I had the pleasure of being on that flight and being in Manchester myself. Wonderful to see how not only the Indian community in Manchester is responding very positive, but also the British business community is responding positive. And the recent agreement between the UK and India will further drive business development between the two countries. And I think our flight, therefore, is very well-timed and that allows us to step up. We have seen a very positive response. We went actually out live just after less than a month of open for sale and we have seen both bookings from the European as well as from the Indian side. Another thing maybe to highlight here, and that aligns very much with the vision of the Indian government, is that we actually do see quite a few customers connecting in Mumbai and using the IndiGo flight to connect to places in Southeast Asia or Sri Lanka or other parts where our network really provides a very competitive opportunity. And the geographical position of India clearly positions us very well to deal with that traffic as well. And for precisely that reason, we have decided to step up the number of frequencies and further build on that. To your second question on, do you expect any disturbance in Mumbai? Changing of terminals and opening and closing of it, there is always going to be some disturbance and some disruption. But I take the example what happened in Delhi with the closing of T2. I think it's actually very impressive how collectively the entire system, the airport, and the operators, have dealt with such a massive change in re-accommodating at other places then fine tuning. So, I am not ruling out that we will have some operational effects, but I am very confident that we will be able to minimize any disruption and any impact for our customers on that.

Binay Singh: Thanks for that, Pieter. So, fair to assume no market share losses or anything that you foresee because of that change?

Pieter Elbers: Market share is always an outcome. And if you see today's market share of IndiGo, it's an outcome of all the things we have been doing. And we continue to do what we do, and we are not focused on every month, whether the market share goes a bit up or it moderates or it goes down by 0.5% or whatever. So, our focus is continuing to serve our customers, keep our cost leadership, build our network. And again, I think the numbers speak for themselves.

Binay Singh: Great. Thanks for the detailed response. Thanks.

Moderator: Thank you. Next question is from Aditya Mongia from Kotak Securities. Please go ahead.

Aditya Mongia: Thank you for the opportunity. I will go ahead with my question. The first one was on load factors. There is a unique position that is emanating on both domestic and international legs for IndiGo as a lead over others. I wanted to check with you whether this is more linked to let's say smart pricing yield management or is that an increasing preference for customers to fly IndiGo versus other elements that you are trying to pick up?

Pieter Elbers: So, the line was a bit cracking. You asked about the load factor, that it was lower or lower compared to others. I am not exactly sure.

Aditya Mongia: So, let me repeat the question. We have seen in recent months the load factor of IndiGo being much better than that of competition. And this is true in carriers both on domestic and international routes. I wanted to check whether the same is a function of smarter pricing by IndiGo or is there an increased preference that you are seeing of customers traveling IndiGo?

Pieter Elbers: Yes, I would almost say all of the above, Sir. We have in that first quarter; we have an 85% load factor. And you have seen that it's slightly lower than it was last year, but significantly larger than some of our competitors. And what we do is indeed, we have a focused strategy in that. But to the two points you mentioned, allow me to add a third one. I think the network of IndiGo is really supporting that. And the fact that we do operate to the 93 destinations in the country itself makes that if we connect a new city to, especially if we connect it to one of the larger cities in the network, it's not only a connection between two points, but in fact, it adds a connection to the entire network of IndiGo. And I think that really is helpful. So, that goes for domestic, and obviously that also goes for some of the international additions we have done. They are connecting to the point they are operated from, but they are also connecting from that point to a whole lot of domestic Indian destinations. So, I think our network really should also be taken into consideration next to the other two points which you have mentioned. And therefore, the power of our network is a great asset for our customers, wherever you have to go in India, actually IndiGo serves it. And just as a reminder for everyone, 90% of the Indian population lives within 100 kilometres of an IndiGo served airport. That's a phenomenal number, I would say. And that helps us really also to stimulate the load factor.

Aditya Mongia: Understood. The second question that I had was more on the fuel cost movement on a quarter-to-quarter basis. Now it seems to be much larger than what could be explained by the movement in ATF prices. Is this solely reflective of the increased fuel efficiency that is coming from damp leases going out? Or are there any other one-off factors that we should be taking into account?

Gaurav Negi: So, Aditya, it's going to be a factor of where the ATF prices are. On top of that, incremental to that is going to be the damp leases that are being reduced, which was part of our network, as well as some of the negotiations that we have recently done related to our fuel being acquired from the oil market companies. So, the combination of those three factors is what is driving the fuel down

Aditya Mongia: Yes, well, just to confirm, this can be sustained at the current levels if ATF prices don't change, right?

Gaurav Negi: Yes. So, the first two can be, but the damp lease impact has already come through. So, as we reduce the damp leases, that would have already kind of diluted itself. So, that's already played out. But the ATF prices and the negotiated prices that we have is going to play itself out at least for this year.

Moderator: Thank you. Next question is from Pulkit Patni from Goldman Sachs. Please go ahead.

Pulkit Patni: Sir, thank you for taking my question. So, first is on aircraft rental. We have seen a pretty significant dip in the quarter. But parallelly, the other income number has not really changed much. Now, our understanding was that as the AOGs come back, both your other income as well as aircraft rentals will go down as the damp leases go away. So, just help me reconcile whether the current rate of aircraft rental is going to sustain? And parallelly, how does this play out in the other income number?

Gaurav Negi: So, what you are looking at as the other income is largely going to be finance income that we have. You've got other operating income if you are looking at that, you will probably see a reflection in terms of what we get related to the rentals that you are trying to extrapolate. So, the aircraft rental is directly proportional to the number of damp leases that we have. So, that number continues to go down. Having said that, this number will stabilize because now we will be taking the Norse aircraft also which are coming in. So, while the narrow-body damp leases will come down, but as was called out, that we are now going to be increasing the number of leases that we have on the wide-body side. So, we already have one. There are 5 more coming in this year. So, that's why the aircraft rental line will probably reflect now more of the wide bodies than of the damp leases that we had on the narrow bodies.

Pulkit Patni: Sure, this is clear. So, my second question is on yield. When you guide for yield, which will be flat on a YoY basis in second quarter based on what you are seeing today, this is what you see today or based on the assumption that it will increase through August and September?

Gaurav Negi: So, given that we are giving a guidance for the whole of Q2, this is what we expect that it will be. So, we are estimating again for August and September. We are seeing some improvements that already started to happen from June to July. That same trend we are expecting will continue to keep improving going into August and September. And I am saying this on a year-over-year basis. So, on a year-over-year basis, what we are saying is we are going to be in line in terms of price to what it was last year. But having said that, we have experienced a significant softness in June. We have seen some improvement already happening in July. So, there is some bit of stabilization. We expect this to improve in August and September leading to a year-over-year kind of a flattish price that we anticipate.

Pulkit Patni: Okay, very clear. Thank you so much, Gaurav.

Gaurav Negi: Thanks, Pulkit.

Moderator: Thank you. Next question is from Ankur from Axis Capital. Please go ahead.

Ankur: Yes, hi. Thanks for the opportunity and congrats for the continuous market share gain there. First question on the overheads or the overall cost side. Just wanted your thoughts on while your earlier guidance was that on non-fuel basis, we will be likely able to maintain these numbers on a YoY basis. Any specific line items wherein you are seeing slightly higher inflationary trend, especially among the other expenses and the airport fee and charges?

Gaurav Negi: So, largely on that, like I said that we are expecting that the overall CASK ex-fuel ex-forex is going to be in line with what it was last year, '25. And the '25 was a little elevated because of the damp leases that we had taken. We had taken significant amount of damp leases to offset the AOG situation. As that came down, the cost in other line items that we have across the P&L is going to have their natural inflation/escalations that are going to come in through. So, as a result, the CASK ex-fuel ex-forex for the whole year, we are expecting to be flattish compared to '25. Now this is across the line items while fuel has been a little benign. But in other line items related to maintenance, airport charges, airport fees, international airports that we have, as well as other expenses, we will have our natural inflation/escalations that is going to come in. But the guidance has been that FY26 is going to be in line with what FY25 was on a unit basis, on a CASK ex-fuel ex-forex basis.

Ankur: Sure, Gaurav, that's helpful. And just one clarification, the narrow body leases are coming down while the wide bodies will be going up. So, from a, let's say Q1 versus maybe a Q2 or Q3, the other operating income here will go up in sync with the increase in cost at the aircraft rental side.

Will that be a fair assumption?

Gaurav Negi: No. The other operating income had largely the AOG-related claims that we were getting. So, the AOG, so it's going to be directly proportional to the number of AOGs we will continue to carry. If the AOG numbers, which has been declining, so it was in the mid-70s, that's why the number used to be high. It's already moderated down to the 40s that we called up. As this number goes down, the AOG-related claims will go down. So, as a result, that particular line item will also start moderating downwards. The rental side is what you pay for these damp leases. The wide bodies will start coming in. Having said that, while the damp leases for the narrow body, we have already moderated, given it's a softer quarter, Q2, we are returning most of them. Given the Q3 and Q4 demand that we project is going to be strong, we will assess if we need more of these damp leases to then serve again the demand that we foresee coming through in Q3 and Q4.

Ankur: Okay, that's helpful. Thank you and all the best.

Moderator: Thank you. Next question is from Achal Kumar from HSBC. Please go ahead.

Achal Kumar: Hi, team. Thanks for taking my question. So, I have two. First of all, could you please give a bit of a colour in terms of the increased aircraft incidents in the recent months at IndiGo? What's happening there? Is there a specific maintenance problem? What exactly is happening and what are you doing? Because just taking forward from Air India crash, of course, there is a bit of fearness and then, of course, we can see a lot of increased aircraft incidents these days. So, what's happening? My second question is about, so Indian government recently increased the number of seats by 50% under the bilateral agreement with Kuwait, which is definitely an interesting move. How do you see that? And do you think we are close to further increase the number of seats to other Middle East destinations? Everybody is sort of begging to Indian government to increase. And if that happens, do you see increased competition from the Middle East carriers? Thank you.

Pieter Elbers: Let me start with your second question. I think some of the bilateral have been changed recently. I think the Indian government has concluded bilateral agreements with Thailand, with Indonesia, and I believe there is other discussions underway. So, I think the philosophy here, and we shared that before, if there is a desire on both the foreign and the Indian side to increase the bilateral regime, then there is an opportunity to expand. But as long as both sides are not aligned on either the need or the sort of opportunity, then it's not taking place. So, I would say some of the recently concluded increased bilateral are being filled and if we take Thailand as an example, there is additional frequencies being concluded. Indian operators, not only IndiGo, but also other Indian operators are operating additional flights into Thailand. If I am correct, also Kuwait recently has been updated in terms of when it comes to the air service agreement. And that is also a reflection, I guess, of an update being done. And again, the Indian government takes a holistic approach and a holistic chance to this. And whenever there is additional frequencies being granted, Indian operators will operate them. But there has to be, and I shared that before in an international forum, it's a bilateral service agreement. So, that means that two sides must be of the view that changes have to be made. And if one side of the view is making more noise, it doesn't mean that you are more right. Coming back to your first point, I think what is important to underline, IndiGo is having in place a robust safety management system and is totally aligned with not only all local regulations and standards and protocols, but also aligned with ICAO as the international body on that. We do operate 2,200 flights on a daily basis. And that's why aviation industry as a total is still one of the safest modes of transportation. There is a lot of protocols and experiences and things coming into place. Obviously, after the tragic incident, it has a highlighted sensitivity in elements which are happening. And there is a lot of focus on things which may not got the news six months ago, which are coming in the news now. But IndiGo, as I said, has a robust system in place, continues to focus. There is always an evaluation of every event, what happens. There is a close liaison with not only the regulator, but also the OEMs whenever incidents are occurring and we learn and develop on all of them. If we look to the technical dispatch reliability of IndiGo's operation, it's a very high technical dispatch reliability. I would call it one of the leading in the industry. And with that, we continue to focus on the operation and safety can and should never be taken for granted. So, it has our daily attention and our daily focus, deeply rooted in the company and full focus on that.

Achal Kumar: Thank you. I will come in the queue.

Moderator: Thank you. Next question is from Arvind Sharma from Citigroup. Please go ahead.

Arvind Sharma: Hi, thank you for taking my question. My question would be on the yield trends that were reported for 1QFY26. It was down YoY. Is it just a high base or like you said, the various unfortunate events that happened while you said that 2Q, it should be flattish YoY? Purely on 1Q numbers, what should one assume that how much was the impact of the high base? And how much do you think was because of the unfortunate events that unfolded in 1Q? Purely on the yield part, traffic, we have the data.

Gaurav Negi: No, Arvind, if you look at April, the trending in the April, that was on a year-over-year basis was coming even stronger than what it was in FY25. So, these are all largely impacted by the events that we have spoken because our best reflection is the fact that April was coming very strong. It was on the back of a very strong Q4 also, given that we had a very strong Q4 last year. But April is an indication that the yields were holding up and were improving year-over-year basis. But these unfortunate events that transpired had then seen a significant moderation in the yield levels. Despite that moderation, like we said, the demand was very strong still. So, the moderation in the yields happened, but the demands will continue to be very, very strong. And as a result, so to your question, Q1 is more a reflection, at least from our vantage point, is a reflection of the external factors that played their role based on what we saw in April. And the same trend that, like I mentioned, in July, we are seeing some stabilization. We are hopeful that August and September is going to at least offset some of those, the recovery that we are trying to do, both from a May, June, July standpoint, in terms of the trend. So, August and September is going to be better.

Arvind Sharma: Thanks. Thanks so much for this. And staying with the demand, just a corollary to it. You said that 2Q, the ASK would be mid-to-high single digit because you are reassessing some of the lower traffic routes. Does that mean that from a demand perspective or RPK, if you may term that, it would not be as bad? I mean, it would be probably better than the mid to high single digit what you are building in?

Gaurav Negi: Again, it's going to be a factor of also where the overall market is going to be. We are anticipating that the demand side is going to be stronger because there is a lot of capacity that the industry is taking out. Typically, in Q2, you will find most of the airlines taking out a lot of their capacities. Given the capacity is going to be lower, the demand is going to be stronger. We anticipate that the load factors are going to be stronger and likewise the demand should be stronger for us also because we see across the board reduction in capacity right now.

Arvind Sharma: Sure. Thank you. Thank you so much for the answers. That's all from my side. Thanks again.

Gaurav Negi: Thanks, Arvind.

Moderator: Thank you. Next question is from Kushagra from CWC Advisors. Please go ahead.

Kushagra: Hi. Thanks for the opportunity. Just two questions. One is factoring in 2Q guidance and your comment on the full FY26 guidance. It appears that there is little room for error, and you need to add significant quote-unquote capacities, right? So, can you give us some more sense on what's going to help there? Is it largely those accelerated reversal of AOGs or it's going to be addition of new planes or some deferment of the database? Some sense there if you can give. That's the first question.

Pieter Elbers: Well, it may be good to repeat that IndiGo has not only the world's largest order book, but last year there was no airline in the world which took more planes than IndiGo. We continue to have and I am not aware of all the precise order books of others, but IndiGo continues to have a plane being delivered each and every week. So, that allows us also with a combination of phasing in and phasing out the aircraft with stepping up or stepping down the number of damp leases to adjust our network very much to the seasonal demand. So, I would slightly disagree with your statement that airlines do not have a lot of ability to fluctuate their capacity on a quarterly basis. I think in the first quarter we delivered a capacity growth of 16% year-over-year. In the second quarter we spoke about we intentionally reduce it a bit in order to adjust our network and our offered capacity with the seasonality of the demand and we are very confident that we can step it up again in Q3 and Q4 by the factors which I just mentioned and those are the classical very strong quarters which by the way is pretty similar to what we have done last year in terms of our strategy. And here what you see that as the Indian aviation market matures and today already it's the third largest aviation market in the world. As the Indian aviation market matures, we will see increasingly trends which are very common in other parts of the world with high season and peak season and lower season and clearly, I think the agility IndiGo has demonstrated over the past years is also being projected on this year. So, that makes us confident that adjusted a lower I should say not adjusted a lower, a plan lower because it's in line with planning, a lower single digit growth in Q2 can be followed by a double-digit growth in Q3 and Q4.

Kushagra: Awesome. All right. Second question, so can you give us some sense on the increase in the aircraft cost which you have negotiated with the OEMs and this is due to this whole geopolitical stuff some sense there and if I can chip in one more data question so every time you call out that international is 30% of the ASKs on the revenue front we got this it's around 23% odd, so if you can give a some number a similar number on the profitability side as well, those were my questions. Thank you.

Gaurav Negi: Again, no guidance on profitability for the future quarters. Related to the question on the negotiated cost of an aircraft, the deliveries that we are getting is actually from our 2015 order book. So, this was something that was negotiated back in 2015, those are the deliveries. So, it kind of reflects on the pipeline to Peiter's point the order book that we have of more than 900 aircrafts, the surety of the supply chain is reflective of the fact that even today we are getting deliveries from our 2015 negotiated order book. There is still a 2019 and a 2023 order book that is yet to be executed. So, there is no kind of negotiation happening on the pricing of the aircraft now.

Kushagra: All right. Thank you and all the best.

Moderator: Thank you very much. In the interest of time, we will be able to take one last question. We take the last question from Jinesh Joshi from PL Capital please go ahead.

Jinesh Joshi: Yes, I just have one bookkeeping question. Can you highlight what are the benefits of having a finance lease versus having an operating lease because if I look at our total finance lease count that has increased to about 69 from 31 in the base quarter and if I am right in finance lease the depreciation and interest cost is higher in the initial period which is also hurting our profitability to a certain extent. So, is there any specific advantage that we get from having the finance lease versus operating lease?

Gaurav Negi: Jinesh, I will probably answer in short, but you can follow this up with the IR team. But the benefit of a finance lease is that you have an option to buy out the aircraft at the end of the lease term. In an operating lease you are basically returning an asset. You already know what the situation of the supply chain is across the globe related to aircrafts; everyone would love to possess an aircraft. So, in that regard as we look towards and from our standpoint we are looking at building an airline which is going to have ownership of the assets so that's why we drove that ship from largely doing operating leases for a large part of our existence of 16, 17, 18 years we are shifting now that we will start owning aircrafts and the finance lease approach is the first step towards that, but you can always get in touch with the IR team, they will take you through the accounting. You are right, there are some trade-offs, but the biggest benefit is going to be ownership and that's where our MRO strategy also comes in because once you start owning these aircrafts you will also have your own MROs to maintain these aircrafts. So, it's kind of an integrated approach that we are talking about.

Jinesh Joshi: Got that, and I know we have spoken about this a lot in today's call, but I just want to get some better understanding of the ASK guidance of mid to high single digit for 2Q. So, even if I agree with 5% growth, I get an ASK of about 40,000 odd which is a decline on sequential basis. Even a high digit number of about 8% presents an ASK of approximately 41,000 odd which again is a decline on a sequential basis so while you have mentioned that 2Q is always softer than 1Q, historically I mean even if I look at FY25 or even FY24 our 2Q ASK number has not been lower than 1Q. So, in that context how to read this guidance. I know that for the full year we are not changing our guidance, but does it mean that in 2Q we are expecting some significant different demand or anything specific which you want to highlight given how the trend is in FY26 versus the earlier years?

Gaurav Negi: Again, if you look at Q1 because you are comparing from a Q1 standpoint like we said we had damp leases also operating in Q1 because it's a peak we anticipated this to be a peak quarter in that regard. So, as a result you deploy capacity to serve the passengers. You know that Q2 is going to be a soft quarter, there is no point deploying a lot of capacity during this particular quarter and that's the judicial planning that we talked about. We are not deploying more capacity it's going to be a softer quarter. Having said that the point Pieter also made Q3, Q4 is going to be a stronger kind of a quarter we anticipate that and that's where we will deploy our capacity and bring in capacity. It could be in all forms, it could be in the form of new deliveries that are coming in which are now scheduled so that they are timed in a manner where they are being received in a peak period, ready for the peak period that is coming in the second half, it could be in terms of additional damp leases that we try to bring in. So, all put together if you wrap this, we are still committed to an early double-digit capacity growth for the full year. So, we have already done 16% capacity growth in this particular this sizable it's much more than anyone else that is, any other airline that is putting in so we are balancing this out in terms of manage the downside especially of a softer quarter. The total year guidance is still holding true; we will be growing early double digits.

Jinesh Joshi: Sure. Thank you so much. Thank you.

Moderator: Thank you very much. We will take that as the last question. 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, thank you so much for joining us in this call. The June quarter was marked by a series of external impactful events, geopolitical headwinds, tragic safety event in the industry and airport and airspace closures. With these events we still saw a strong growth of around 12% in number of passengers for IndiGo - double the industry growth of 5% to 6% and a very resilient quarter despite industry headwinds and it brought us Rs. 2,200 crores of profit and 11% of margin. Basis the stabilization of trends in the second quarter, we remain very confident of a strong rebound and robust growth in the third and the fourth quarter. The steps we have recently announced demonstrate our conviction in the long-term growth story of Indian aviation. Ladies and gentlemen, once again thank you for joining and looking forward to talking to you next quarter and for now thank you. Thank you.

Moderator: Thank you very much. On behalf of IndiGo that concludes this conference. Thank you for joining us ladies and gentlemen, you may now disconnect your lines.

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