Interglobe Aviation

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Operator: Good evening, ladies and gentlemen, and welcome to IndiGo's conference call to discuss the Q4 and FY26 financial results. My name is Neerav and I will be your call operator today. 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. Should you need assistance during this conference call, please signal an operator by pressing *0 on your touchtone phone. I would now like to turn the call over to your moderator, Ms. Richa Chhabra, Head of Investor Relations at IndiGo. Thank you and over to you, ma'am.

Management: Good evening everyone and thank you for joining us for the Q4 and FY26 earnings call. We have with us our Managing Director, Rahul Bhatia, and our Chief Financial Officer, Gaurav Negi, to discuss the financial performance and they 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 Rahul Bhatia.

Management: Good evening everyone and thank you for joining us on this call. We announced our Q4 and FY26 results today. This quarter we reported a loss of 25.4 billion rupees and for the financial year ended March 31, 2026, a loss of 23.9 billion rupees. As you are aware, the past year has been one of the most demanding periods for the Indian aviation industry. We navigated a landscape shaped by repeated external disruptions. The year reinforced that disciplined execution and organizational resilience remain fundamental to sustaining operations in a volatile environment. Gaurav will discuss the financial outcomes in detail in a short while.

First and foremost, let me address the events of December with candor and clarity. Not only did the December disruption cause a significant impact on our results, what transpired fell short of the standards we set for ourselves when we began the journey in 2006. Our customers deserve better. We are committed to the service standards we set for ourselves and the customer promise that has differentiated IndiGo over the years. I am grateful to the 123 million customers who chose to fly with IndiGo during the financial year and for their patience, understanding, and continued trust during the disruption.

At the same time, it is important to acknowledge the extraordinary professionalism, resilience, and sense of responsibility demonstrated by our frontline colleagues and operations teams in exceptionally demanding circumstances. Their commitment and dignity under pressure truly reflect the spirit of IndiGo. My colleagues worked with unwavering commitment, often through long hours, intense pressure, and considerable personal sacrifice to stabilize operations, restore system integrity, and bring the airline back to normalcy. I am equally grateful to our broader stakeholder community including the Government of India, the regulators, airport operators, partners, and suppliers for their strong cooperation and support through this difficult period.

Since December, we have further strengthened resilience and execution discipline across the airline. This is evident in outcomes with us consistently leading on-time performance across the last quarter, clearly demonstrating the speed and effectiveness with which operational efficiency has been restored. Further, from March onwards, the escalation of geopolitical conflict in the Middle East has led to several route disruptions and a sharp increase in jet fuel prices. In response, airlines globally, including IndiGo, were required to take certain short-term measures to protect operational viability.

As IndiGo steps into its next phase of growth, scale, and global expansion, we have taken decisive steps to further strengthen our leadership. During the quarter, the board appointed Willie Walsh as IndiGo's new Chief Executive Officer and he is expected to join us from early August. Willie brings over four decades of deep global aviation experience. His proven leadership positions IndiGo well for its next phase of evolution. Alongside this, we have continued to build the leadership depth across the organization with the appointment of Aloke Singh as the Chief Strategy Officer. As IndiGo grows, we are strengthening leadership across the organization, investing in people, building depth, and placing accountability close to operations. Ultimately the progress we make as an airline will be driven by our people.

While the current external environment remains uncertain and volatile, IndiGo's long-term direction remains unaltered. We continue to execute our strategy with discipline and consistency, remaining focused on the long-term fundamentals and opportunity. Allow me now to hand over the call to Gaurav to discuss the financial performance in detail. Thank you.

Management: Thank you, Rahul, and good evening everyone. Looking back at FY26, it was shaped by a series of external and operational challenges across the years. The first quarter was impacted by the geopolitical developments in the Indian subcontinent that affected capacity deployment and operating conditions across more than 10 airports in India. The second quarter is a seasonally soft quarter for the industry and during that period we took a deliberate call to rationalize capacity in line with demand. The third quarter was the most challenging for us operationally as the disruption in December impacted our performance. In the fourth quarter, just as the demand was normalizing, the developments in the Middle East introduced fresh disruptions through airspace constraints, network challenges, and selective travel detours.

With this background, both our capacity deployment and demand were impacted. Against a seat growth of around 5%, our passenger count grew by around 4% and we clocked an ASKM growth of 9.5% with an RPK growth of 7.5%. Despite these challenges, we did serve more than 123 million passengers in FY26, our highest ever.

Now for the financial performance, starting with the full year ended March 31, 2026. On a consolidated basis, we reported a total income of around 895 billion rupees, a growth of 6.4% versus the last year, with a net loss of 23.9 billion rupees. The primary driver of the loss was the significant impact of foreign exchange movement where the rupee has depreciated by more than 11% against the US dollar in just 12 months, one of the steepest declines in many years. Additionally, we reported exceptional items in Q3 and Q4 on account of costs of the December disruption and the new labor contract.

Despite significant external volatility, if we analyze the financial performance excluding the impact of foreign exchange and the exceptional item, IndiGo delivered an underlying net profit of 75 billion rupees in FY26 as compared to 89 billion rupees in FY25. Furthermore, in addition to the 5.8 billion rupees reported as exceptional for the December disruption, as per our assessment, we had an incremental impact of approximately 15-16 billion rupees on account of lower capacity and reduced unit revenues. Factoring these one-off events, our performance for the year would have been meaningfully stronger compared to the prior year.

Now for the year ended March 31, 2026, we reported an EBITDA excluding the impact of foreign exchange movement of 231.9 billion rupees with a margin of 27.3% compared to an EBITDA of 228.6 billion rupees with a margin of 28.3% during FY25.

Now moving to the Q4 performance, the first two months of the quarter reflected a clear operational recovery for IndiGo following the disruption experienced in December. Network stability improved materially, schedules were brought back in line progressively, and operating discipline was re-established across the system. In terms of the demand environment, the first half of January continued to carry some residual impact of the December disruption. While conditions stabilized through February, the demand was disrupted again in March by the escalating geopolitical tensions in the Middle East. Again, to remind you, the point of comparison here is a very high base of last year due to the religious festival of Mahakumbh.

The Middle Eastern developments had a meaningful impact on our international operations, disrupting flights through the region as well as to Europe. Together these markets represent 18% of our total capacity and approximately 160 daily flights, and this weighed on the utilization and the revenue towards the end of the quarter.

On capacity, we are tracking broadly in line with our planned growth trajectory with the capacity going up by around 10% year-over-year through January and February. However, the escalation of the geopolitical tension in the Middle East led to flight cancellations and network disruptions and also impacted our operations to UK and Europe as well. As a result, our overall capacity growth for the quarter came in at 3%, which was lower than the initially planned capacity.

For the quarter ended March 31, 2026, we reported a total income of around 238 billion rupees, an increase of around 3%. The EBITDA excluding the impact of foreign exchange movement came in at 64.4 billion rupees with a margin of 28.7% compared to an EBITDA of 68.6 billion rupees with a margin of 31% during the same period last year. The quarter had a net loss of 25.4 billion rupees compared to a net profit of 30.7 billion rupees during the same period last year. Again to remind you, the point of comparison here is a very high base of last year due to the Mahakumbh festival.

At the quarter end, the rupee depreciated sharply by around 5% against the US dollar resulting in a foreign exchange loss of 48.2 billion rupees. As has been explained in earlier calls, the foreign exchange losses are largely mark-to-market losses and are primarily recognized on lease liability and maintenance accrual, which are long-term in nature and payable over a period of 8-10 years from the cash flow standpoint. Additionally, as explained in the last quarter, the Government of India has consolidated existing labor legislations into a unified framework comprising four new labor codes. We have evaluated the incremental impact arising from the implementation of the new labor code, and based on a revised estimate, we have recognized an additional impact of around 2.5 billion rupees. The total provision for FY26 is 12.2 billion rupees.

Excluding the impact of the new labor code and exceptional items, we reported a net profit of 19.2 billion rupees for the March quarter, versus a net profit of 29.8 billion rupees during the same period last year. As guided during the last earnings call, the passenger unit revenue, PRASK, came in at 4.46 rupees, which is 4.4% lower on a year-over-year basis. This is largely due to the higher base of March 2025 in Q4 FY25.

Now on the cost side, fuel price volatility has intensified sharply following recent geopolitical developments in the Middle East. Benchmark jet fuel prices have spiked significantly over the past three months, materially impacting operating economics across markets. On the domestic front of our operation, the supportive and timely intervention by the government, the oil marketing companies, and airports significantly softened and partially absorbed the impact of global fuel price increases. Not only did this enable us to calibrate our fuel charge, but also allowed us to respond to cost pressures in a prudent manner.

For clarity, for a large part of our business, there is a natural lag in reflection of fuel price movements. Aviation turbine fuel prices are notified by oil marketing companies on the 1st of each month, based on the prevailing international fuel price indices and currency movement of the last month. As a result, changes in the global fuel price trend tend to follow through on a fuel cost with a roughly one-month lag, rather than on a real-time basis. Therefore, our fuel CASK for the quarter has not been impacted materially in Q4 FY26, rather reduced by around 5% on a year-over-year basis, primarily driven by reduction in benchmark Singapore jet fuel prices.

The CASK ex-fuel, ex-forex for the quarter came in at 3.15 rupees, which is higher by around 7 percentage points compared to the same period in 2025. This was primarily due to inflated dollar-denominated costs due to depreciation of the Indian rupee at an average of 5%, as more than 50% of our costs are dollar-denominated. Additionally, lower aircraft utilization due to the airspace restrictions and the recent development in the Middle East has also impacted the CASK ex-fuel, ex-forex. We have seen contractual increases across line items such as airport charges and maintenance also added to the CASK ex-fuel, ex-forex.

On the AOG situation, our Pratt & Whitney related groundings are currently in the 40s and are expected to trend downwards by the end of the year to the 30s. At this point, we do not have further guidance from the OEMs beyond this point. While the operating environment remains volatile in the near term, our focus has remained firmly on disciplined execution of our long-term strategy. We have stayed anchored to our core principles: scale with discipline, enhance balance sheet strength, and invest selectively in areas that strengthen the franchise.

On the fleet front, we are executing with one of the largest aircraft pipelines globally. During the financial year, we inducted 51 aircraft from our original order book. In addition, we also inducted 21 aircraft on damp lease basis, thus adding 72 aircraft on a gross basis. We also redelivered 73 aircraft from our original order book and 28 damp leases during the financial year, resulting in a fleet of 441 aircraft at the end of FY26.

On the network side, at the end of FY26, we operated 97 domestic and 45 international destinations. Over the last financial year, we have steadily expanded our international footprint with the announcement of new destinations such as Reunion Island and Shanghai across new regions, while continuing to deepen our connectivity within India, including at newer and underserved airports. During the financial year, we inducted India's first A321XLR. The A321XLR is a central pillar of our international strategy. It allows IndiGo to connect long-haul international markets directly from India. We have already deployed the XLR on services to high-potential markets such as Athens and Istanbul. As additional XLR aircraft join the fleet, we intend to progressively expand its footprint across other Asian and European destinations.

Moving to the balance sheet side, we ended the year with a capitalized operating lease liability of around 535 billion rupees and a total debt including the capitalized operating lease liability of 777 billion rupees. On the right-to-use assets, at quarter end, they were around 521 billion rupees. We continue to maintain strong liquidity as we ended the year with a total cash of around 515 billion rupees, of which 362 billion rupees is free cash and restricted cash of 154 billion rupees.

Globally, if you look at most of the well-run carriers, they operate with liquidity levels of around 20-25% of their annual revenue. Against this global backdrop, our balance sheet strength and restricted liquidity remains a clear focus of strategic advantage and allows us to invest today for the future. The total cash has increased by 435 million rupees during the quarter as compared to profit excluding forex impact and exceptional items of 19.2 billion rupees, primarily due to cash utilization in the form of purchases of aircraft and also due to reduction in forward sales.

We have remained prudent in our capital allocation, prioritizing fleet, operational capability, and long-term efficiency while protecting the balance sheet strength. Investments made during the year are aligned with strengthening the core operations and future growth. We are actively deploying free cash to accelerate aircraft loan prepayments and increase our fleet ownership. During the year, we have announced a capital investment of $820 million in the GIFT City entity to be deployed primarily towards acquisition of aviation assets, and we have prepaid loans of 19 aircraft. With this, we now have 36 aircraft as unencumbered assets in our book, aggregating more than 95 billion rupees of book value. Additionally, we have 53 aircraft on finance lease with underlying ownership, and this investment also adds to our balance sheet strength.

This is a strategic choice aimed at enhancing asset control, reducing risk, and strengthening the durability of our balance sheet over the long term. We view this as an ongoing lever and will continue to explore similar opportunities with increased ownership meaningfully strengthening the balance sheet. Further, we have also prepaid some of the finance lease obligations towards our GIFT City entity, aggregating to around $450 million, or 37.4 billion rupees. Such funds will be utilized towards acquisition of aircraft and engines through our GIFT City entity.

We announced the development of an integrated corporate campus reflecting a long-term investment in organizational scale, collaboration, and operational effectiveness as we continue to grow and scale. It reflects our confidence in the long-term growth of the business and our intent to build durable institutional infrastructure. We continue to invest in our loyalty platform, the Bluemoon. During the year, Bluemoon's ecosystem had more than 11 million registered members and spans banking relationships through multiple co-branded cards such as SBI Card, Kotak Mahindra Bank, Axis Bank, and IDFC First Bank. Hospitality and partnerships include the Postcard Hotels and everyday spends and lifestyle partners such as Swiggy, EazyDiner, and the Adani Duty Free. Our focus is on building an asset-light program that strengthens the customer ecosystem and supports revenue quality over time, while remaining economically disciplined.

Further, given the financial performance of the year and the position of distributable reserves, we have decided not to recommend a dividend for FY26. With the capacity deployment in the last two months, wherein the Middle East has seen an upward trajectory through April and May, we are expecting to add capacity of around 3-4% in Q1 FY27 as compared to the same period last year.

Further, on the revenue side, based on booking and pricing trends observed across April and May, we currently estimate a mid-teens improvement in the unit passenger revenue in Q1 FY27 versus Q1 FY26. This is primarily driven by calibrated fuel charge increases which have been in force and a lower base during the same period last year due to geopolitical developments in the Indian subcontinent. However, it's equally important to note that the costs have also become more elevated, driven by higher fuel prices, significant rupee depreciation, and contractual escalations which are annual.

Further, as we enter into a seasonally softer demand environment from mid-June onwards, combined with elevated fuel levels, we are adopting a measured approach to optimizing capacity. As part of this, selective decategorization of certain routes is warranted to protect margins as was done last year. This optimization will involve reducing the usage of older generation aircraft and returning certain narrow-body damp lease aircraft that are naturally more expensive. Additionally, we are also in discussion with our wide-body ACMI partner to optimize our long-haul operations due to ongoing airspace restrictions and elevated fuel costs.

Now in closing, while near-term conditions remain fluid, the strength of our network, cost discipline, and balance sheet continues to support resilience in operating fundamentals. These provide us with the confidence to stay on course in our long-term strategy, invest selectively, and manage volatility risk with discipline. As a result, we remain well-positioned to deliver a consistent performance and long-term shareholder value. With this, let me hand it back to the moderator.

Management: 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're ready for the Q&A.

Operator: Thank you very much. We will now begin the question and answer session. Anyone who wishes to ask a question may press *1 on their touchtone telephone. If you wish to remove yourself from the question queue, you may press *2. Participants are requested to use handsets while asking the question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. Participants, you may press *1 to ask the question. The first question is from the line of Binay Singh from Morgan Stanley. Please go ahead.

Binay Singh - Morgan Stanley: Hi team, thanks for the opportunity. I'm just picking up from the opening remarks when you talk about mid-teens yield increase, or revenue per passenger increase. Are you able to fully pass on the cost pressures with that? If you could comment both on the international side and domestic side. And also a little bit about our utilization rate, when you say 3-4% growth, what is the breakup of domestic and international? That's it. Thanks.

Management: Binay, as you're aware, the fuel prices have gone up significantly. The Brent went up by more than 100 points. While there has been an intervention and support that has been passed on both from the government as well as from the oil marketing companies, where the increase on the fuel has been to the tune of 25-30%. On the international side, the fuel continues to be on a much higher scale at market prices. We did introduce a fuel charge to pass on some of those costs related to the increase that has happened. On the domestic side, we have managed to recover to a large part the increased cost, which is, like I mentioned, lower than what the market is. And equally on the international side, we've tried to pass on a large part of the fuel increase, but we have not been able to pass it on in its entirety.

So one is balancing out both the fuel charge and the base price, along with the load factors that the revenue management teams are focused on. So the objective is to see how much of the cost can be recovered through this increased revenue, but we've not been able to completely offset the increased fuel environment that we are in. April was a tougher month, but what we've seen is that at least for May, things are relatively better in terms of the load factors.

On the utilization side, yes, the utilization has been impacted because we had to cut a lot of our capacity going into the Middle East. As was mentioned, close to 160 flights got impacted both for the Middle East as well as for Europe. That was largely around 80% of our capacity in those markets. While we did try to redeploy most of our capacity into the domestic routes, given that this is a season largely for domestic travel, we do see pressure on the utilization which is reflected in the overall growth that we are expecting for Q1 FY27.

The mix again tends to move around. On an average, it used to be 70% domestic and 30% international. But given Q1 is a more domestic-heavy period due to seasonality, the ratio is going to be more skewed toward domestic. International, largely the Middle East, is something that we are still in the ramp phase. We are ramping back up again. Regarding the 160 flights that we had, especially with the war coming through, we had to cancel a large part of that, but today that capacity is probably back to two-thirds of what we were. So the utilization is lower, with more capacity being deployed towards the domestic and a ramp back up again in the Middle East as we prepare for the Q2 season, which tends to be bigger on the Middle Eastern side than on the domestic side.

Operator: Next question is from the line of Aman Purani from JP Morgan. Please go ahead.

Aman Purani - JP Morgan: Thanks for that. Can you share numbers on where utilization rates on international are now? We get the domestic data, but just on international.

Management: The utilization on a standalone basis is going to be lower. For load factors, we are trying to optimize the PRASK levels as I said. The objective is to increase fares given the fuel environment that we're in. They were low as I mentioned, especially with the crisis being faced in March and then April. May things are improving right now. I can't give you a firm number in terms of standalone load factors for international.

Operator: Thank you. Next question is from the line of Arvind Sharma from Citi. Please go ahead.

Arvind Sharma - Citi: Good evening and thank you for taking my question. You commented that you have mid-teens growth in unit revenue in the first quarter, which makes it a fairly high number. In qualitative terms, where do you think the demand is? How inelastic is it? Because a mid-teens number would mean a very high price or yield in Q1. Do you think it's started impacting or when does it start impacting absolute demand?

Management: When you look at PRASK, Arvind, you've got to remember what happened in Q1 of last year also. We were severely impacted by events that played out especially in May. Until April, the quarter was pretty strong. We had the Balakot attack and then what followed, so the month of May last year was extremely weak. That was a time when we had very low load factors as well as a low revenue environment. So when you factor that into the base, this mid-teens increase is something which appears high but on a base-effect basis, it's not that significant. Couple that with the fuel increases that have happened. So in a way, it's positive for us that the overall yields and the PRASK are going up, but the base effect is low and the cost increases in April and May are significant.

Arvind Sharma - Citi: Right. And the impact on demand, if any?

Management: May is coming out to be stronger. April was strong because we were still in the ramp phase. May is coming out to be positive and as a result, that's why you have the PRASK at mid-teens level, which is a combination of both the yields and the load factors. The demand is good for the month of May.

Arvind Sharma - Citi: Right. Thanks. And my second question would be on fleet strategy. Over the near term, the fleet tends to be a bit less flexible, but are you making any changes in the delivery schedule given the demand or change in price?

Management: We are looking at the capacity that we need to put into production and operations. Our immediate attempt is to first phase out the damp leases because those tend to be more expensive both in terms of the cost, because there is an inherent markup, plus some of them are not the latest technology and consequently consume more fuel. That's the first space that we are addressing. We will return most of our damp leases. We did something similar last year given the softer Q2 that we envision. Then we are also looking at some of our older technology aircraft, which are the CEOs. Given the fuel environment that we are in, these aircraft tend to consume a lot of fuel, so we will be looking at those.

There is no shift as far as deliveries are concerned related to our order book, but our first attempt is to address it by returning the damp leases and then looking at whether any older technology aircraft do not need to be utilized as much. We will keep monitoring how the fuel environment works because it's anyone's guess how long this situation in the Middle East is going to last and what its tail effect will be. We are going to be a little more dynamic as far as our capacity is concerned.

Operator: Thank you. Next question is from the line of Aman Purani from JP Morgan. Please go ahead.

Aman Purani - JP Morgan: Yes, hi. Thanks for the opportunity. A two-part question on your CASK ex-fuel, ex-FX. In Q4, if I look at the line items which comprise your ex-fuel cost, given the disruptions and the currency depreciation, it seems that the cost inflation was quite well managed if I look at lines like employee, airport fees, and supplementary rentals. Are there any mitigating factors that you have already deployed and can you provide color on the cost management? The second part is, any guidance for the CASK ex-fuel, ex-FX trends for the quarter or for the year?

Management: We have tried to manage the cost dimension, but a large part of the cost will also have an underlying FX impact which will start flowing through because what we absorbed in Q4 was a mark-to-market impact to begin with. The rupee depreciation going forward will also start playing into the CASK ex-fuel, ex-FX. Equally, the utilization aspect discussed earlier—the longer this conflict continues and the lesser the deployment of our capacity—also has a denominator effect because ASKs are not going to be as much to defray our fixed costs. While we have seen a segment CASK ex-fuel, ex-FX, we had guided it's going to be somewhere in the mid-single digits for the coming quarters. Depending on our utilization levels, we anticipate it will be in the mid-to-high single digits.

Please bear with us because there's so much volatility right now that these directional views can change significantly. We are taking every measure to see where we can tighten. As I said, we are reducing fleet that is not the most efficient. Cost is always a focus area, especially in this environment for us.

Aman Purani – JP Morgan: Thanks for that. And you had provided a sensitivity of 900 crores for every 1 rupee USD/INR depreciation. Can you provide the latest sensitivity?

Management: It is still the same. The good part is we mentioned we have started hedging to offset some of this exposure. Our overall net exposure in dollar terms is around $10 billion. We have done hedging for around $1.3 billion. We are still in that 900 crore trajectory right now for every 1 rupee movement on the mark-to-market side. Anything on the balance sheet, a 1 rupee movement against the dollar tends to translate into 900 crores. You would have seen that in the Q4 performance; the impact of FX was around 4,800 crores.

Operator: Thank you. Next question is from the line of Achal Kumar from HSBC. Please go ahead.

Achal Kumar – HSBC: Hi. Thanks for taking my questions. I have two. The first one is on the yield, going back to your comments on the mid-teens. I want to understand how much of it is coming from the fuel surcharge and how much is the underlying increase in the fares? Can you give a bit of color on that?

Management: Achal, what I gave was a PRASK guidance of mid-teens. It includes both the yield and the load factors. That's the balancing act that the teams are working on. A large part is obviously going to be fuel-related because the cost levels have gone up anyway. While mid-teens will look quite positive, bear in mind the cost levels or the impact of fuel and the FX that we now need to absorb is also equally significant. That is why I mentioned that we are not able to absorb the entirety of the cost increases. This is at the PRASK level. We will keep balancing between the yields and the load factors to try to optimize.

Achal Kumar – HSBC: Right. The second question is on the cost side. Regarding the salary cost, we thought we would have more pilots because of the new FDTL norms and that the salary cost could go up. We can see the Q4 salary cost is actually lower than Q3. How is that happening and are there any plans on fuel hedging?

Management: On fuel hedging, that's under consideration. Given the environment where fuel has run up significantly, there is thinking around developing a policy similar to what we have on the currency side, but it is in early stages. We will put our minds to whether fuel hedging is another option or given our significant fuel efficiency, we will focus on minimizing fuel consumption operationally. Given what we have experienced over the last 3 months, that is something we will probably start exploring. It is in early internal deliberation.

Operator: Thank you. Next question is from the line of Aditya Mongia from Kotak Securities. Please go ahead.

Aditya Mongia – Kotak Securities: Yes, thanks for the opportunity. My first question was regarding the pricing strategy of the company. In light of the fuel and cost increases, will pricing be determined more by that or by the extent of demand disruption? Do we want to support a certain price point to pass through costs independent of demand disruption?

Management: Aditya, allow me to take this question. This is Rahul. For us, it is very clear that we need to take fares up to protect ourselves against these cost increases. For the moment, we are discovering that the fares are sticking. The demand is there. You obviously have to take the pricing up to the point where you start to see elasticity. For the moment, as we take the fares up, the market appears inelastic to these hikes in fares. We will deal with this on a daily basis and see where we go.

Aditya Mongia – Kotak Securities: Understood. The second question was about the cash aspect and the large cash position. There is a cost of aircraft ownership. How much of that cost can be mitigated over time as you use cash to pay for this?

Management: Aditya, if you were to think of cash sitting in the bank, the returns on that range between 6.5% to 7.5% depending on the period. That's the kind of return we get on our cash. Conversely, an aircraft has a lease rental value and a money cost which is much higher. There's a natural arbitrage that exists. It makes sense to start deploying cash to own assets because there's always a financing cost involved in leasing. The second dimension, which is becoming even more meaningful, is FX related. The sooner you lock in an aircraft and own it, the exposure related to FX gets mitigated to some large extent as well.

These are two dimensions that come into play regarding aircraft ownership versus keeping cash in the banks. That said, I mentioned in my opening statement that it's always prudent to keep at least 20-25% of your overall top line as a safety net. That's been our stated strategy; we are sitting on around 20,000 crores to 25,000 crores of cash as a safety net. Anything above that, we will start deploying toward the acquisition of assets which otherwise would have a much higher money cost than the returns we get on the bank deposits or mutual funds.

Aditya Mongia – Kotak Securities: Thanks, those are my questions.

Operator: Thank you. Next question is from the line of Pramod Kumar from UBS Securities. Please go ahead.

Pramod Kumar – UBS Securities: Just a clarification on the employee costs. Why did the employee costs fall quarter-on-quarter?

Management: If you look at it sequentially, there is some reversal related to some accruals we were doing for leadership payouts. That is why you see a reduction on a sequential basis. Other than that, year-over-year the cost would be growing in line with normalized inflation and salary increases.

Pramod Kumar – UBS Securities: Fair enough. My second question is on the corporate side. We have been hearing from companies that they are tightening the belt on expenses including travel. Corporate travel has been a big chunk of your business. Can you throw any color on any moderation in corporate bookings?

Management: Like I said, May is looking relatively good. I have already given guidance in terms of where we are looking at the PRASK. We are not seeing any softness. I can't differentiate right now between corporate, leisure, and other segments, but overall May is looking stronger.

Pramod Kumar – UBS Securities: Fair enough. Thanks a lot.

Operator: Thank you. Next question is from the line of Kripashankar from Avendus Spark. Please go ahead.

Kripashankar – Avendus Spark: Good evening and thank you for the opportunity. My first question is on the international segment. I wanted to get a sense of long-haul travel for the rest of the year. I understand there are certain restrictions at this point. Will you continue to lease more wide-body aircraft to cater to new far-reach destinations?

Management: This is Rahul. When you talk about long-haul, what markets are you referring to?

Kripashankar – Avendus Spark: For example, we started Manchester and Amsterdam. Geographies in the far-reach or other regions.

Management: Yes, in this journey we will continue on a daily basis to optimize the network to suit the current needs. We cannot tell you today what that will be tomorrow, but I assure you that we watch this very closely to ensure we are running an optimal operation.

Kripashankar – Avendus Spark: Understood. The second question is on the new domestic airports in key metros. What is the sense around the incremental capacity deployment in domestic?

Operator: Kripashankar, sorry, we lost your audio. Since we did not receive a response, we move to the next participant. Next question is from the line of Pratik Kumar from Jefferies India. Please go ahead.

Pratik Kumar – Jefferies India: Good evening. I have a couple of questions. Firstly, you talked about FX guidance of mid-to-high single digits for FY27. Is it possible to give something on ASK growth for the full year as well? You mentioned Q1 at 3-4%.

Management: Not yet. You will have to wait because we are not giving an annual guidance right now; we are just giving it quarterly. In due course, we will provide that.

Pratik Kumar – Jefferies India: Sure. The other question is on the pilot situation. Is this largely addressed now or is there a pilot mismatch? Of course, capacity is lower right now, but from where the industry was in December, has the situation eased in terms of availability and hiring?

Management: Yes, our readiness in terms of pilot availability is complete and will remain like that into the future.

Operator: Thank you. Next question is from the line of Sabri Hazarika from Emkay Global. Please go ahead.

Sabri Hazarika – Emkay Global: Good evening. Firstly, one clarification. Does this PRASK guidance of mid-teens include the fuel surcharge or exclude it?

Management: It includes it. It is an all-in figure, as would be the all-in cost for us as well.

Sabri Hazarika – Emkay Global: Coming to the question on fuel prices, Delhi and Maharashtra have reduced the VAT significantly on ATF. Do you think we are at the peak of fuel pricing right now? I don't think there has been a pass-on of the lower VAT yet. Do you see fuel prices coming down hereon?

Management: Sabri, this is Rahul. This is a work in progress. We are working between the Ministry of Civil Aviation and the Ministry of Petroleum and Natural Gas to come to an agreement for the future. As soon as we have clarity, we will let you know.

Operator: Thank you. Next question is from the line of Jinesh Joshi from PL Capital. Please go ahead.

Jinesh Joshi – PL Capital: Thanks for the opportunity. My question is on our hedging policy. Our earlier policy was to hedge the cash flows falling due in the next 12 months. Given the excessive volatility in the rupee of late, are we contemplating any change in strategy?

Management: We are enhancing and broadening the policy that we had. Our initial position was to hedge for the next 12 months with a goal of hedging up to $1 billion. Subsequently, we have increased that to $3 billion. We intend to hedge up to $3 billion. A large part is going to be $1 billion toward the short-term cash flow hedges for the 12-month period, and the remaining $2 billion will be spread over a 2 to 5-year period. We have expanded our policy and we are currently at 1.3 billion and will continue to scale this up.

Jinesh Joshi – PL Capital: One last question from my side. In the month of March, our international ASK was down by about 33% due to the Middle East crisis. Some of that was because we cancelled flights on those routes. How is the international capacity deployment shaping up in April and May? Is it better after March?

Management: We had close to 160 daily frequencies running into the Middle East and Europe. Once the crisis happened on February 28, a large part of this had to be cancelled for obvious reasons. After that, we slowly started to ramp up. For a large part of March, we were back in the 20s. As things stand today, a high degree of normalcy has started to return to the Middle East. Approximately two-thirds of those 160 flights are now operating and we intend to scale back to full capacity by the end of June, which rolls into a peak period for the Middle East in Q2. That is how things have shaped up. We had to cancel in February, but we've ramped up to two-thirds and intend to be at full capacity by the end of June. This is also subject to the risk assessments we do internally and with our partners.

Operator: Thank you. The next question is from the line of Karan Khanna from Ambit Capital. Please go ahead.

Karan Khanna – Ambit Capital: Hi, thanks for the opportunity. With Willie Walsh set to take over as CEO in August 2026, could you comment on the key strategic priorities being handed over? Given Mr. Walsh's extensive experience with full-service global carriers, should we anticipate any further shift in IndiGo's hybrid model?

Management: This is Rahul. I'm not going to talk about what specific strategic responsibilities we are going to hand over to him; we are going to hand over the business to him. He is going to be the CEO and he will run the entire shop.

Karan Khanna – Ambit Capital: Given his experience running several full-service global carriers, will there be a change in business strategy or will it still be more hybrid-focused?

Management: Let me answer that in two parts. What is very clear for IndiGo is that our single-aisle program with the A320s and A321s is always going to be central to the future of this company. That is the very heart of this business. Now, we are adding some mutation to it with the XLRs, and possibly the A350s in the future, and that will be a hybrid model. This is something Willie Walsh is well experienced with; he did that at Aer Lingus. We will continue to build that strategy of creating an international footprint while we hermetically protect our short-haul business with our A320 and A321 fleet.

Karan Khanna – Ambit Capital: We have recently seen Air India take a much more aggressive stance on cutting capacity, slashing nearly 22% of their domestic flights and cutting deep into the international network to combat high ATF prices. Given that IndiGo's domestic curtailment is far milder and you are still inducting one plane per week, what is your stance on Air India's capacity cuts? Are you looking at this as a tactical opportunity to aggressively capture their displaced passenger base?

Management: We are not at liberty to answer questions on behalf of Air India. All I can say is that at IndiGo, we will do what is right for us. We will continue to watch the space and continue to optimize our operations and capacity on a daily basis.

Operator: Thank you very much. Ladies and gentlemen, that was the last question for today. On behalf of IndiGo, that concludes today's conference. Thank you all for joining us and you may now disconnect your lines. Thank you.