



# **Business Analysis & Valuation** **InterGlobe Aviation Ltd**

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# *Introduction*

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# Global Economy

The global economy is adjusting to a landscape reshaped by new policy measures. Some extremes of higher tariffs were tempered, thanks to subsequent deals and resets. But the overall environment remains volatile, and temporary factors that supported activity in the first half of 2025—such as front-loading—are fading.

As a result, global growth projections in the latest World Economic Outlook (WEO) are revised upward relative to the April 2025 WEO but continue to mark a downward revision relative to the pre-policy-shift forecasts. Global growth is projected to slow from 3.3 percent in 2024 to 3.2 percent in 2025 and 3.1 percent in 2026, with advanced economies growing around 1.5 percent and emerging market and developing economies just above 4 percent. Inflation is projected to continue to decline globally, though with variation across countries: above target in the United States—with risks tilted to the upside—and subdued elsewhere.

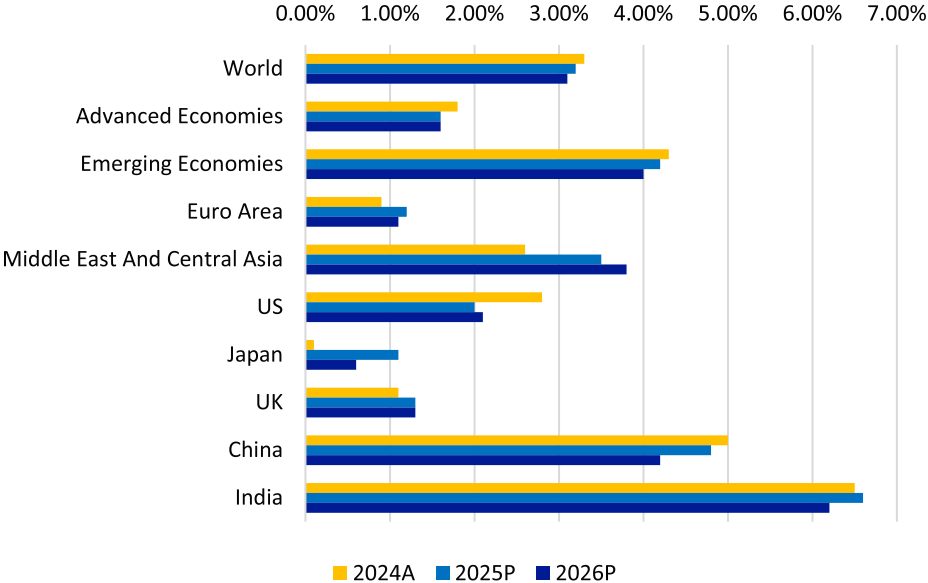
Risks are tilted to the downside. Prolonged uncertainty, more protectionism, and labor supply shocks could reduce growth. Fiscal vulnerabilities, potential financial market corrections, and erosion of institutions could threaten stability.

# Indian Economy

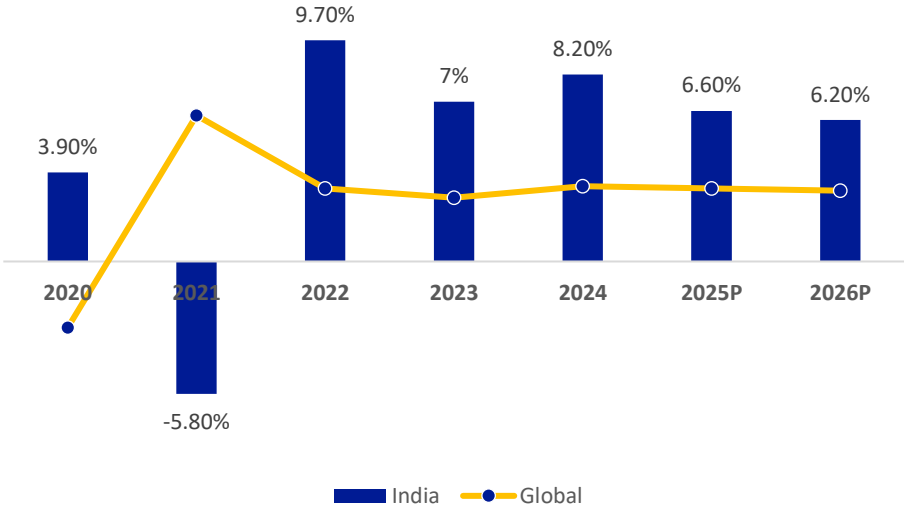
India’s strong services activity has helped GDP growth comfortably beat expectations for the second quarter in a row, rising to an impressive high of 7.8% for April-June 2025. The swift growth in the first quarter of the current financial year further consolidates India’s position as the world’s fastest growing major economy.

Currently the world’s fourth-largest economy, India is on track to become the third-largest by 2030 with a projected \$7.3 trillion GDP. This momentum is powered by decisive governance, visionary reforms, and active global engagement. Notably, growth is accelerating, with real GDP expected to rise by 7.8% in Q1 FY 2025-26, up from 6.5% a year earlier. The ascent is powered by strong domestic demand and transformative policy reforms, making India a prime destination for global capital. With easing inflation, higher employment, and buoyant consumer sentiment, private

## Global Economy Projections (%)



## India vs Global GDP Growth (%)



consumption is expected to further drive GDP growth in the coming months.

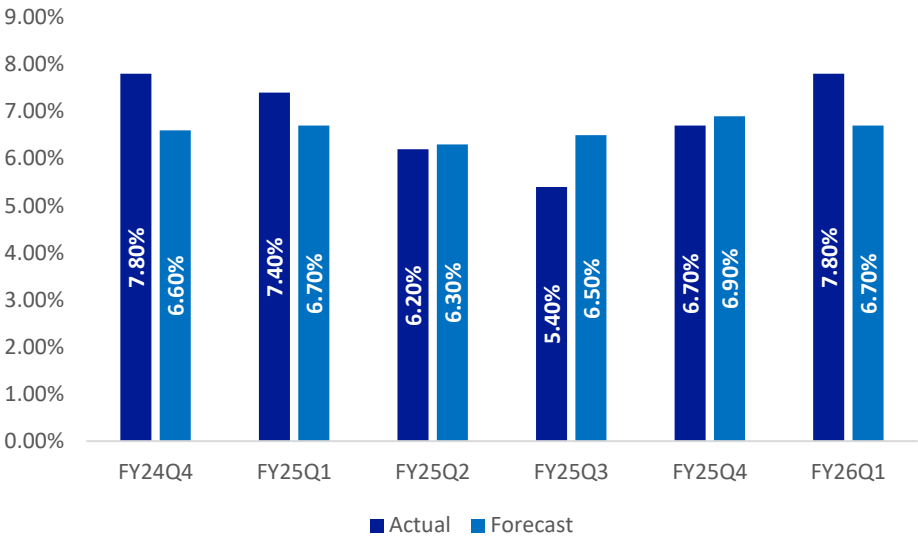
In 2024-25, CAPEX was ₹10.52 trillion, surpassing revised estimates. Notably, the quality of expenditure, measured as the ratio of capital expenditure to revenue expenditure, has remained higher than 0.27 for the past three years, almost double the pre-COVID average. Union government CAPEX was up 8.2% in July-November 2024 and is expected to pick up further pace.

## Aviation Industry - Global

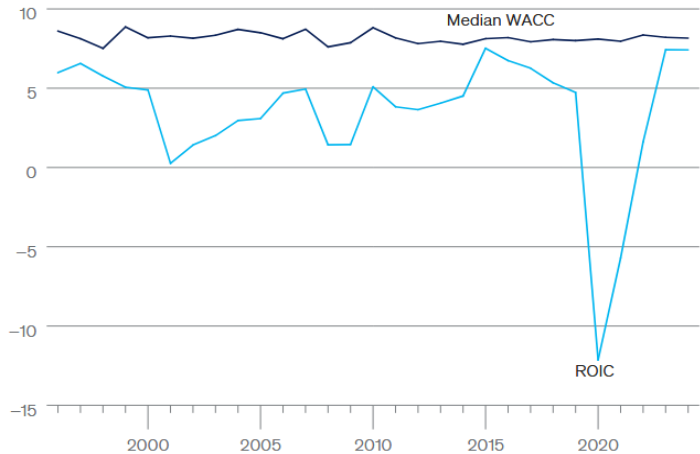
2024 has been a decent year for the aviation industry which has struggled for decades with profitability. The losses have narrowed to \$5 billion (~0.6% of industry revenue) and for the first time in a while a fair number of airlines (41%) have managed to earn returns that matched their cost of capital. The industry might be approaching a structural turnaround. Industry Revenue Passenger-Kilometers (RPK) grew 10.4% YoY in 2024, surpassing 2019 pre-COVID levels by 3.8%. All regions exceeded their pre-COVID levels for the first time. International passenger demand grew 13.6% YoY, reaching 0.5% above 2019 levels despite geopolitical conflicts. This rebound, however, was not uniform across regions. Asia Pacific led with 16.9% year-on-year RPK growth, contributing 51.2% of industry-wide growth, followed by Africa (13.2%), Europe (8.7%), and North America (4.6%).

In 2023, there were 24% fewer aircraft deliveries from manufacturers than in 2018 (which was a strong year for aircraft production). In 2024, there were 30% fewer deliveries than in 2018. OEM and supply chain challenges resulted in fewer available aircraft, and airlines had less capacity (meaning fewer available seats on flights) than they perhaps would have liked. This undercapacity was exacerbated by rampant engine problems that required additional maintenance checks, which grounded a substantial number of aircraft. Airlines have responded to supply constraints by extending aircraft leases (there were 11% more lease extensions in 2024 than in 2018) and by keeping older aircraft in service longer (the average age of the narrow- and wide-body passenger fleet in 2024 was 11.3 years, versus 9.7 years in 2018). As a result, Available

### India Quarterly GDP Growth (Actual vs Forecast)



### Global airline industry ROIC and median WACC %



Source: Bloomberg; Company reports; IATA; S&P Capital IQ; The Airline Analyst; McKinsey aviation value chain model

Seat-Kilometers (ASK) rose only 8.7% YoY— lagging demand growth — indicating that capacity expansion could not keep pace with passenger recovery.

Airlines remain a high-risk, low-margin business due to volatile fuel prices, weather disruptions, infrastructure bottlenecks, price-sensitive consumers, high competition, low entry barriers, high exit barriers, regulatory constraints that limit consolidation. Aviation is still a tough business—but for the first time in decades, the fundamentals look aligned for lasting improvement.

## Aviation Industry - India

The Indian aviation sector accounts for about 1.5% of GDP and is entering a phase of sustained expansion. Demand in the domestic market has been strong, driven by MICE travel, an unusually long wedding season, rising disposable incomes, festive-season mobility, and growing Gen-Z spending. Domestic passenger traffic rose 8.7% in FY25 and now stands nearly 20% above pre-COVID levels. What's notable is that this growth isn't limited to the metros; tier-2 and tier-3 cities are now major contributors as a young, rising middle class increasingly chooses air travel.

International traffic has also picked up, reaching 35 million passengers in FY25, up 20% year-on-year and 35% above pre-COVID levels. Easier visa-on-arrival access in more than 50 countries is helping this trend, along with India's 35-million-strong global diaspora. Yet India still has significant headroom, with only 0.06 international seats per capita compared with 0.88 in the US and 4.42 in the UK, and only about 9 percent of Indians holding passports.

Looking ahead, the sector is projected to grow at a 6.4% CAGR over the next 15 years. Airlines have already positioned themselves for this trajectory, with India accounting for roughly 12% of all pending aircraft orders worldwide. Infrastructure is catching up as well, with the number of airports more than doubling over the past decade and further expansion planned under schemes like UDAN, which has opened hundreds of regional routes and improved connectivity to smaller cities.

Despite strong growth, the industry is beleaguered by a number of challenges such as high fuel costs that often accounts for over 40% of total operating costs. While India is rapidly expanding its airport network, a large number of major airports are operating at or above capacity, leading to congestion and delays

## Company Overview

InterGlobe Aviation Limited is one of India's leading airline. The principal activities of the Company comprises of air transportation which includes passenger and cargo services and providing related allied services including in-flight sales. The Company operates its flights under the 'IndiGo' brand. IndiGo primarily operates in India's domestic air travel market as a low-cost carrier.

IndiGo is the largest airline in India with over 2,200 daily flights covering 91 domestic destinations and 40 international destinations. Within a short span of 18 years, IndiGo became the 7th largest airline in the world in terms of daily departure.

IndiGo operates a fleet of 417 aircrafts (as of 30<sup>th</sup> Sept 2025) which mainly comprises of Airbus 320s, A321neos, ATRs. It operates in a wide network with over 2100 daily flights, serving 90 domestic and 33 international destinations.

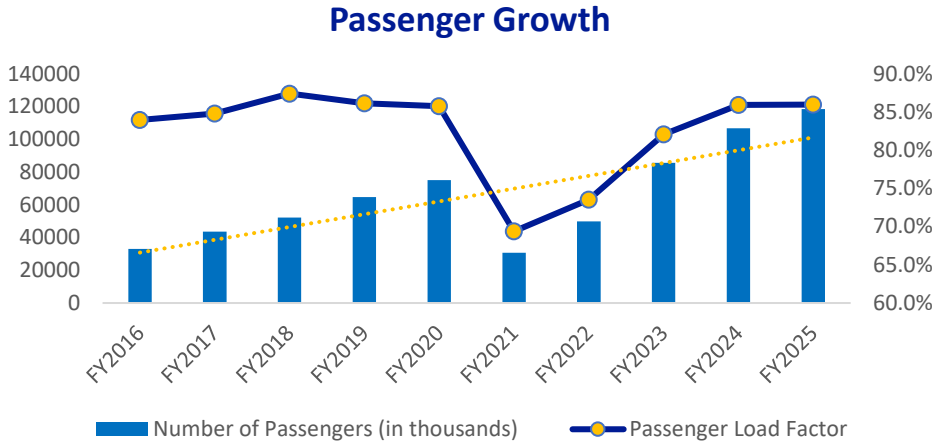
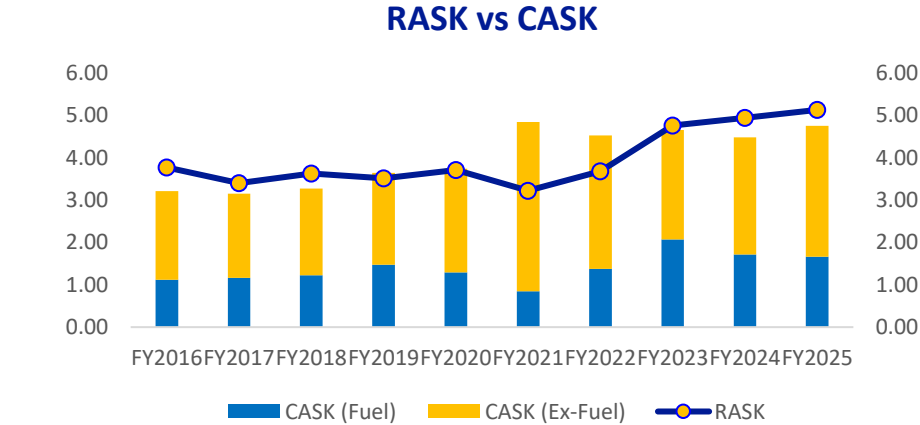
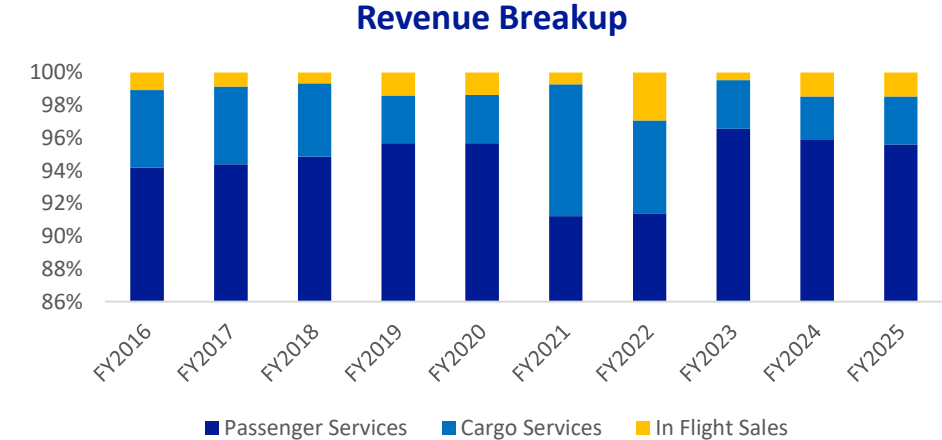
IndiGo's business model is based on LCC structure with a mostly point to point network. The airline keeps its operations simple by using a uniform fleet, mainly the Airbus A320 family. Having one aircraft type reduces pilot and crew training requirements, keeps maintenance straightforward, lowers the number of spare parts needed, and allows technical teams to specialize. Buying aircraft in bulk also helps IndiGo secure significant discounts.

Historically, IndiGo has been financing its aircrafts using sale and lease back model (SLB). This reduced upfront investment and kept their balance sheet lighter. It also helped the airline run a young and fuel-efficient fleet. But only few years ago, they have started shifting towards owning aircrafts and using finance leases. This was done because of rising leasing costs, operating leases expose the airline to dollar-based payments, and the company's financial strength now allows it to carry more assets. Finance leases and ownership also give more control over the aircrafts.

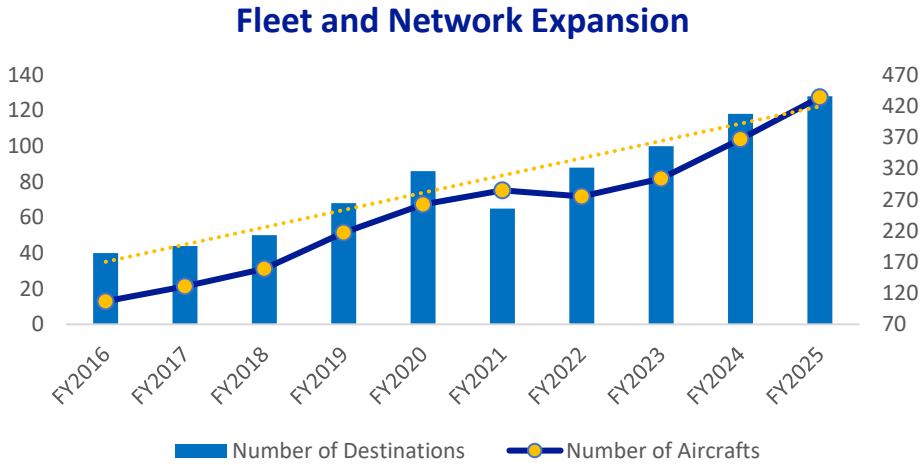
Maintenance planning is an important part of the model. A younger fleet avoids major checks like C checks, which take one to two weeks and happen roughly every 18–24 months, and D checks, which are the most intensive and can take months. By replacing aircraft before they reach this stage, IndiGo avoids long ground time and high maintenance expenses.

IndiGo also focuses on earning through ancillary services. These include priority check-in, in-flight meals, extra baggage allowance, seat selection, and ticket changes. The airline uses dynamic pricing, so fares rise or fall depending on demand and booking time. High aircraft utilization is central to the model because an aircraft on the ground does not generate revenue.

On ground, IndiGo uses a four-zone boarding process to speed up departures. It often prefers buses and stairs instead of aerobridges because they cost less, allow faster boarding in crowded airports, and reduce reliance on airport-operated equipment. This gives the airline more control over departure timelines..



Over the years, the growth in the passengers has been steady, even though the covid pandemic caused sharper dip in FY2021, it was recovered over the years and has been growing steadily ever since. The load factor is maintained above 80% but it dropped sharply in FY2021 and FY2022 before rising again.



IndiGo expanded both its fleet and network steadily over the decade. Destinations increased every year. Fleet size followed a similar climb, with only a temporary drop in FY2021 during the pandemic. Growth resumed quickly in FY2022, and by FY2025 the airline reaches more than 130 destinations and operates over 400 aircraft.

# IndiGo – Growth Story

## Aggressive CapEx

IndiGo has one of the largest order book of 920 aircrafts to be added to its fleet by 2035. The order comprises of A320 neo, A321XLRs narrow body, & A350-900 widebody aircrafts. This capex shall allow IndiGo to tap the rising demand in both domestic as well as international markets.

## Expansion to International Markets

Having dominated Indian market, IndiGo is now expanding to Central Asia, Africa, and Europe. International routes typically command higher ticket prices and better margins. The introduction of Airbus A321XLRs and wide-body A350-900s allows IndiGo to serve these longer routes efficiently.

## Expansion of Infrastructure

The Indian government has been focused on building infrastructure to boost the aviation sector. According to the latest Union Budget 2025, the government announced its plans to enhance regional connectivity under the UDAN (Ude Desh ka Aam Nagrik) scheme. Around 120 new destinations will be added that will be equipped to carry 4 crore passengers over the next 10 years. New brownfield and greenfield airports are planned to be developed to strengthen air connectivity to underserved regions. Meanwhile, US\$27 billion worth of investments in airport infrastructure have been announced and to be spent by 2027.

## Rising middle class and demographic advantage

India has one of the youngest populations in the world, with over 65% of citizens under the age of 35. This young, aspirational, and digitally connected demographic is prioritising travel as a lifestyle choice. Increased disposable income and a cultural shift towards experience-led spending are pushing more Indians from Tier 2 and Tier 3 cities to choose air travel for work, leisure, and education.

## Regional Connectivity

The UDAN scheme was launched in 2016 to make air travel affordable and accessible by connecting unserved and underserved airports. As of 2025, the scheme has operationalized 619 routes connecting 88 airports. The scheme has enabled over 148 lakh domestic passengers to travel through nearly 3 lakh RCS (Regional Connectivity Scheme) flights. The government has extended the scheme for another 10 years, aiming to connect 4 crore more passengers and create 120 new destinations.

## Rising middle class and demographic advantage

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## Focus on MRO

The government is also focused on building the Maintenance Repair Overhaul (MRO) industry in India that will provide significant opportunities for the Indian aviation market. The Indian MRO industry is expected to become a US\$4 billion industry by 2028, as per the Ministry of Civil Aviation. The government has also announced a uniform 5% IGST rate on imports of aircraft parts, components, testing equipment, tools and tool-kits, regardless of HSN classification, which should boost the domestic sector and ensure sustainable growth.



# *Financials*

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# Projected Financial Performance

## Operating Revenues

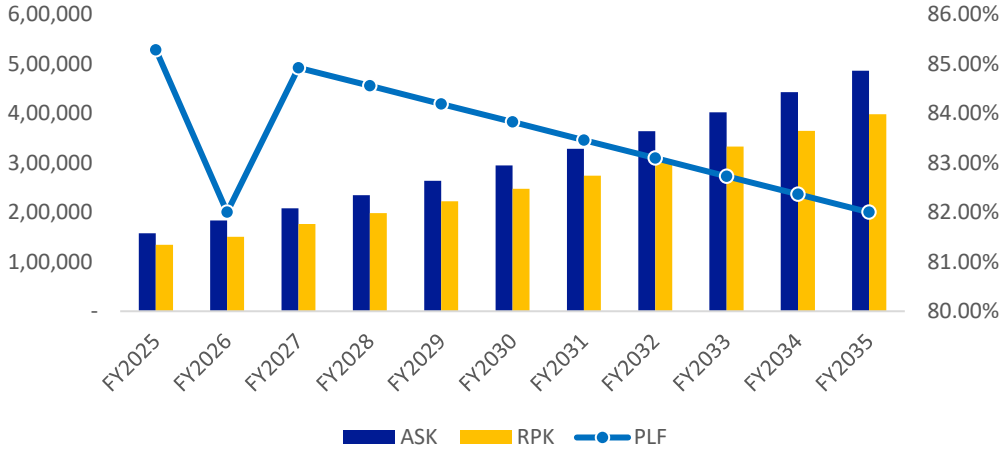
We forecast IndiGo’s revenue to grow at a CAGR of 12.7% from FY2025 to FY2035. This growth is built on three simple drivers: adding capacity, filling seats, and charging the right price.

Passenger services make up 95.78% of operating revenue. Our forecast relies on few key assumptions. We model a CAGR of 11.92% in capacity (ASK), driven by delivery of over 800 aircrafts in our explicit forecasted period. We have assumed the PLF to remain in a range of 82 to 85% as new international routes take time to mature & competition heats up. The strong domestic network acts as a safety net, preventing any major drop. We forecast yields to grow at a CAGR of 1.65%.

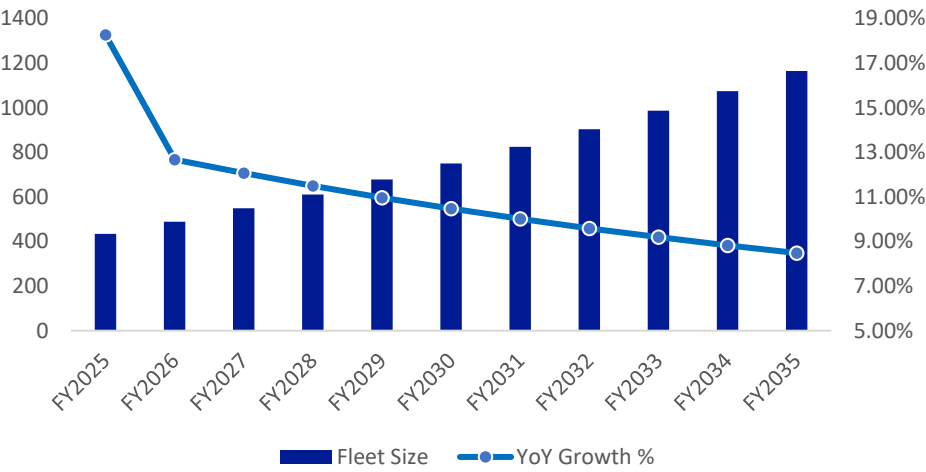
Our model forecasts ancillary services which makes up 2.80% of total revenue, to grow at a CAGR of 11.40%. The growth in ancillary revenue is directly tied to growth in RPK.

Cargo services that make up 1.41% of operating revenue, is expected to grow at a CAGR of 11.30%. It was forecasted based on median Cargo Revenue per ASK of ₹0.15mn.

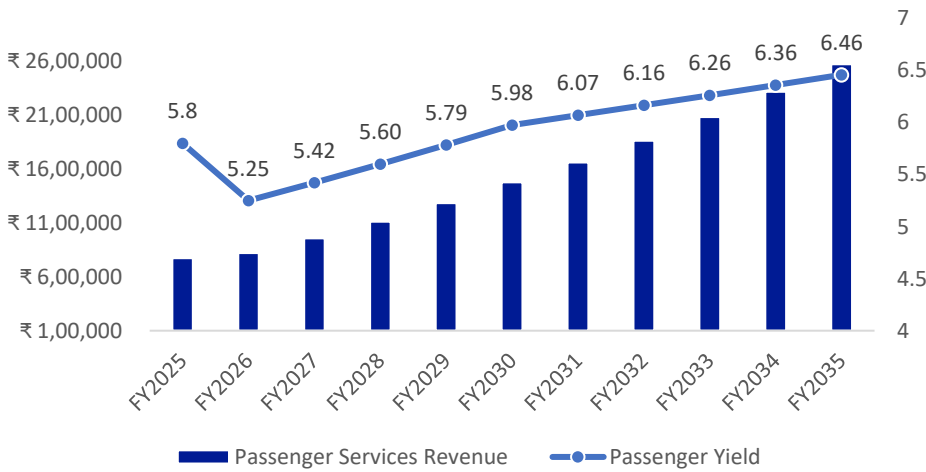
## Operating Metrics



## Fleet Size



## Passenger Revenue Growth

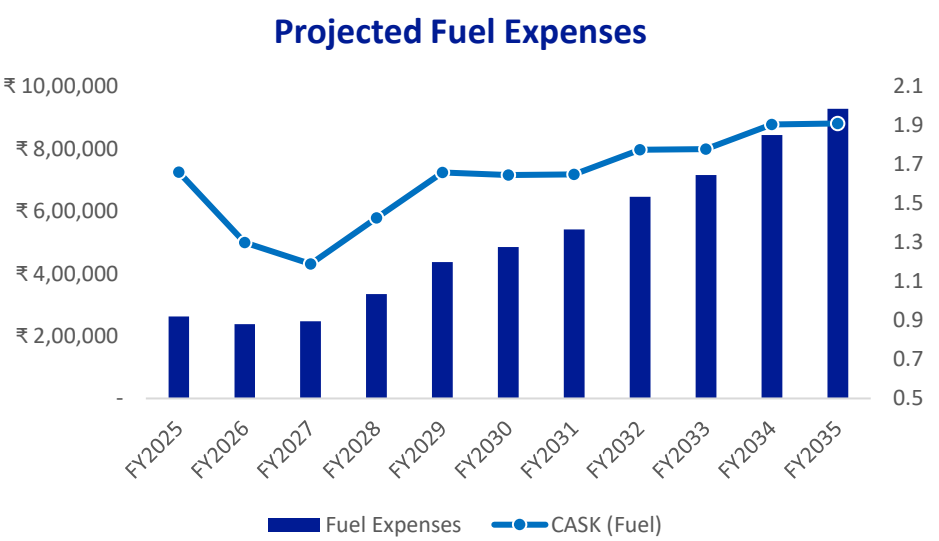


# Projected Financial Performance

## Fuel Expenses

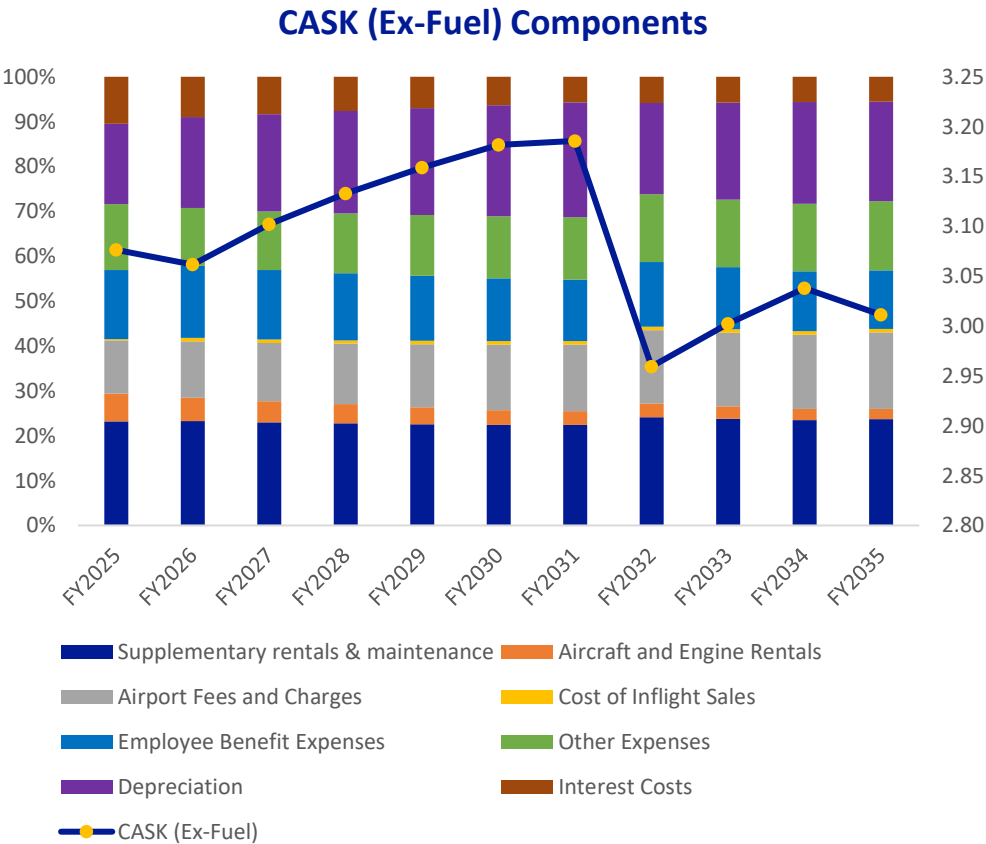
Fuel is IndiGo's largest and most volatile cost component. Our forecast models the all-in ATF (Aviation Turbine Fuel) price using a statistically derived formula that links global commodity prices, currency risk, and local taxes. Our base price is anchored to the long-term nominal forecast for Brent Crude Oil (starting at ~\$64/bbl. and stabilizing around \$85/bbl.). We use a statistically derived regression equation to accurately translate the movement of Brent Crude into the actual Indian ATF price . We apply a forecasted USD/INR exchange rate (assuming 1% annual depreciation) to the USD benchmark, which accurately captures the volatility and local cost of importing fuel. Consumption scales directly with the forecasted ASK growth.

Our model assumes a steady annual improvement in Fuel Burn. This was accounted for the operational benefit of retiring older aircraft and inducting hundreds of new-generation Airbus A320neo and A321neo family aircraft, which are significantly more fuel-efficient than their predecessors.



## CASK (Ex-Fuel)

This metric comprises of other operating expenses. Our model forecasts this metric to remain in a range of 2.90 to 3.20 which settles down to 3.01 in FY2035. The major component of this cost is Supplementary rentals & maintenance which remains just above 20% throughout the explicit forecast period. The metric inflates during FY2031 due to depreciation on older aircrafts but stabilizes in last 3 years of the forecast period. Another noticeable expense is interest cost which decreases as % of other operating expenses as the company gradually shifts to finance lease & obtaining ownership of the aircrafts.



# Projected Financial Performance

## CapEx

IndiGo has one of the largest order books for aircrafts in the world. In order to support the demand, they are adding aircrafts steadily over the years.

Historically IndiGo has been obtaining its aircrafts at prices below the market value. Even though it was challenging for us to forecast fair value of aircrafts, we modelled them using the historical capex per aircraft incurred by the company, adjusted for rising costs.

Our base capex for each aircraft is INR 4000 Mn which increases at 2% each year. This value is relatively larger than the company’s historical capex. It has been considered for the costlier widebody and fuel-efficient aircrafts.

( Figures in INR Millions )

Fiscal Year	Average Aircraft Fleet	Net Additions	Capex per Aircraft	Capex
FY2025	401			
FY2026	462	61	4,000	2,44,000
FY2027	519	57	4,080	2,32,560
FY2028	580	61	4,162	2,53,858
FY2029	645	65	4,245	2,75,914
FY2030	714	69	4,330	2,98,751
FY2031	787	73	4,416	3,22,392
FY2032	864	77	4,505	3,46,858
FY2033	945	81	4,595	3,72,174
FY2034	1,030	85	4,687	3,98,364
FY2035	1,119	89	4,780	4,25,453

## Debt

The current debt of the company majorly comprises of lease liabilities. The management has given guidance of gradually shifting from operating lease to finance lease & direct ownership. Even though there is no concrete guidance for what percent will be financed through leases, we have assumed 80% for FY2025, which shall steadily decrease to 65% in FY2035.

We have assumed interest rate on lease liability to be 7.0% which is the median of historical rates.

The other financial liability comprises of the debt portion of supplementary rentals and maintenance expenses. Even though they are part of long-term debt, we have treated it as part of working capital, for valuation purposes, as the nature of the underlying expense is operating.

( Figures in INR Millions )

Fiscal Year	Capex	Lease Liability Financing	Lease Liability	Cash
FY2025				
FY2026	2,02,703	80%	1,62,162	40,541
FY2027	1,89,411	78%	1,48,372	41,039
FY2028	2,02,703	77%	1,55,406	47,297
FY2029	2,15,995	75%	1,61,996	53,999
FY2030	2,29,287	73%	1,68,144	61,143
FY2031	2,42,579	72%	1,73,848	68,731
FY2032	2,55,871	70%	1,79,110	76,761
FY2033	2,69,163	68%	1,83,928	85,235
FY2034	2,82,455	67%	1,88,303	94,152
FY2035	2,95,747	65%	1,92,236	1,03,511

# 3 Statement Financials – Income Statement

	Actual					Explicit Forecast Period									
	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035
Income Statement															
Revenue	₹ 1,46,406	₹ 2,59,309	₹ 5,44,465	₹ 6,89,043	₹ 8,08,029	₹ 8,29,406	₹ 10,04,065	₹ 11,64,126	₹ 13,43,109	₹ 15,42,524	₹ 17,34,257	₹ 19,42,285	₹ 21,67,395	₹ 24,10,410	₹ 26,72,179
Less: SG&A Expenses															
Aircraft Fuel Expenses	₹ (38,313)	₹ (96,952)	₹ (2,36,460)	₹ (2,39,046)	₹ (2,61,973)	₹ (2,29,092)	₹ (2,47,286)	₹ (3,34,512)	₹ (4,36,976)	₹ (4,84,846)	₹ (5,41,105)	₹ (6,45,596)	₹ (7,14,947)	₹ (8,42,909)	₹ (9,27,179)
Supplementary rentals & maintenance	₹ (41,913)	₹ (60,898)	₹ (80,450)	₹ (99,316)	₹ (1,12,185)	₹ (1,30,625)	₹ (1,48,226)	₹ (1,67,321)	₹ (1,87,950)	₹ (2,10,152)	₹ (2,33,970)	₹ (2,59,445)	₹ (2,86,620)	₹ (3,15,538)	₹ (3,46,244)
Aircraft and Engine Rentals	₹ (2,805)	₹ (3,117)	₹ (3,258)	₹ (10,752)	₹ (30,103)	₹ (28,037)	₹ (30,476)	₹ (31,317)	₹ (31,497)	₹ (30,850)	₹ (32,084)	₹ (33,019)	₹ (33,595)	₹ (33,746)	₹ (33,402)
Airport Fees and Charges	₹ (16,129)	₹ (22,868)	₹ (36,468)	₹ (46,239)	₹ (57,531)	₹ (74,249)	₹ (83,677)	₹ (99,126)	₹ (1,16,851)	₹ (1,37,114)	₹ (1,55,677)	₹ (1,76,046)	₹ (1,98,336)	₹ (2,22,671)	₹ (2,49,178)
Cost of Inflight Sales	₹ (785)	₹ (1,137)	₹ (1,235)	₹ (1,252)	₹ (1,391)	₹ (4,334)	₹ (5,093)	₹ (5,724)	₹ (6,402)	₹ (7,128)	₹ (7,901)	₹ (8,723)	₹ (9,594)	₹ (10,516)	₹ (11,488)
Employee Benefit Expenses	₹ (32,955)	₹ (34,864)	₹ (47,948)	₹ (64,618)	₹ (74,725)	₹ (92,300)	₹ (99,751)	₹ (1,09,969)	₹ (1,20,618)	₹ (1,31,664)	₹ (1,43,076)	₹ (1,54,824)	₹ (1,66,875)	₹ (1,79,199)	₹ (1,91,764)
Other Expenses	₹ (19,104)	₹ (24,563)	₹ (42,470)	₹ (55,300)	₹ (70,918)	₹ (69,680)	₹ (84,352)	₹ (97,797)	₹ (1,12,831)	₹ (1,29,582)	₹ (1,45,686)	₹ (1,63,159)	₹ (1,82,067)	₹ (2,02,477)	₹ (2,24,463)
EBITDA	₹ (5,598)	₹ 14,910	₹ 96,176	₹ 1,72,520	₹ 1,99,203	₹ 2,01,090	₹ 3,05,205	₹ 3,18,359	₹ 3,29,984	₹ 4,11,188	₹ 4,74,758	₹ 5,01,473	₹ 5,75,362	₹ 6,03,354	₹ 6,88,461
EBITDA Margins	-3.8%	5.7%	17.7%	25%	24.7%	24.2%	30.4%	27.3%	24.6%	26.7%	27.4%	25.8%	26.5%	25.0%	25.8%
Less: Depreciation & Amortization															
Depreciation & Amortisation	₹ (46,994)	₹ (50,686)	₹ (51,030)	₹ (64,257)	₹ (86,802)	₹ (1,13,913)	₹ (1,39,753)	₹ (1,67,960)	₹ (1,98,617)	₹ (2,31,811)	₹ (2,67,633)	₹ (2,19,370)	₹ (2,60,723)	₹ (3,04,986)	₹ (3,25,147)
Earnings Before Interest and Taxes	₹ (52,592)	₹ (35,776)	₹ 45,146	₹ 1,08,263	₹ 1,12,401	₹ 87,117	₹ 1,65,452	₹ 1,50,400	₹ 1,31,367	₹ 1,79,377	₹ 2,07,126	₹ 2,82,103	₹ 3,14,639	₹ 2,98,369	₹ 3,63,314
EBIT Margins	-35.9%	-13.8%	8.3%	16%	13.9%	10.5%	16.5%	12.9%	9.8%	11.6%	11.9%	14.5%	14.5%	12.4%	13.6%
Less: Interest	₹ (21,420)	₹ (23,580)	₹ (31,317)	₹ (41,694)	₹ (50,800)	₹ (50,310)	₹ (53,824)	₹ (56,224)	₹ (58,239)	₹ (59,795)	₹ (59,731)	₹ (62,667)	₹ (69,567)	₹ (75,735)	₹ (81,107)
Add: Other Income	₹ 10,370	₹ 7,256	₹ 14,350	₹ 23,269	₹ 32,953	₹ 35,134	₹ 38,629	₹ 42,099	₹ 45,470	₹ 48,660	₹ 50,703	₹ 52,301	₹ 53,357	₹ 53,774	₹ 53,444
PBEET	₹ (63,642)	₹ (52,100)	₹ 28,179	₹ 89,838	₹ 94,554	₹ 70,772	₹ 1,50,257	₹ 1,36,275	₹ 1,18,599	₹ 1,68,241	₹ 1,98,098	₹ 2,71,737	₹ 2,98,429	₹ 2,76,408	₹ 3,35,650
Exceptional Items	₹ 5,230	₹ (9,408)	₹ (29,598)	₹ (7,174)	₹ (16,179)	-	-	-	-	-	-	-	-	-	-
Profit Before Tax	₹ (58,412)	₹ (61,508)	₹ (1,419)	₹ 82,664	₹ 78,375	₹ 70,772	₹ 1,50,257	₹ 1,36,275	₹ 1,18,599	₹ 1,68,241	₹ 1,98,098	₹ 2,71,737	₹ 2,98,429	₹ 2,76,408	₹ 3,35,650
Less: Taxes	₹ 116	₹ (82)	₹ (14)	₹ 1,232	₹ (3,350)	₹ (9,300)	₹ (28,097)	₹ (23,704)	₹ (18,406)	₹ (30,099)	₹ (37,099)	₹ (55,232)	₹ (61,685)	₹ (56,037)	₹ (71,031)
Net Income	₹ (58,296)	₹ (61,590)	₹ (1,433)	₹ 83,896	₹ 75,025	₹ 61,473	₹ 1,22,160	₹ 1,12,571	₹ 1,00,193	₹ 1,38,143	₹ 1,60,999	₹ 2,16,505	₹ 2,36,744	₹ 2,20,371	₹ 2,64,619

# 3 Statement Financials – Balance Sheet

	Actual					Explicit Forecast Period									
In INR millions unless stated otherwise	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035
Balance Sheet	76.7%	39.0%	21.7%	24.3%	23.5%	22.3%	24.1%	25.0%	24.5%	26.2%	24.1%	27.2%	25.9%	26.6%	22.4%
Assets															
Cash	₹ 1,12,277	₹ 1,01,201	₹ 1,18,397	₹ 1,67,206	₹ 1,89,629	₹ 1,85,061	₹ 2,42,302	₹ 2,90,519	₹ 3,29,206	₹ 4,04,202	₹ 4,17,139	₹ 5,28,080	₹ 5,61,931	₹ 6,40,012	₹ 5,98,250
Inventories	₹ 3,164	₹ 4,081	₹ 5,911	₹ 6,248	₹ 8,203	₹ 9,641	₹ 11,049	₹ 12,596	₹ 14,289	₹ 16,135	₹ 18,141	₹ 20,316	₹ 22,666	₹ 25,200	₹ 27,926
Trade Receivables	₹ 2,190	₹ 3,329	₹ 5,199	₹ 6,425	₹ 7,397	₹ 7,920	₹ 9,588	₹ 11,116	₹ 12,825	₹ 14,729	₹ 16,560	₹ 18,547	₹ 20,696	₹ 23,017	₹ 25,516
Current Investments	₹ 73,394	₹ 81,065	₹ 1,15,580	₹ 1,55,711	₹ 2,47,748	₹ 2,72,523	₹ 2,99,775	₹ 3,29,753	₹ 3,62,728	₹ 3,99,001	₹ 4,42,447	₹ 4,94,558	₹ 5,57,202	₹ 6,32,734	₹ 7,46,626
Other Financial Assets	₹ 8,932	₹ 3,281	₹ 10,397	₹ 17,282	₹ 35,867	₹ 35,867	₹ 35,867	₹ 35,867	₹ 35,867	₹ 35,867	₹ 35,867	₹ 35,867	₹ 35,867	₹ 35,867	₹ 35,867
Other Current Assets	₹ 8,182	₹ 9,332	₹ 6,003	₹ 5,659	₹ 18,187	₹ 19,591	₹ 23,717	₹ 27,498	₹ 31,725	₹ 36,436	₹ 40,965	₹ 45,878	₹ 51,196	₹ 56,936	₹ 63,119
Total Current Assets	₹ 2,08,139	₹ 2,02,289	₹ 2,61,487	₹ 3,58,531	₹ 5,07,031	₹ 5,30,604	₹ 6,22,297	₹ 7,07,348	₹ 7,86,640	₹ 9,06,369	₹ 9,71,119	₹ 11,43,246	₹ 12,49,558	₹ 14,13,765	₹ 14,97,304
Fixed Assets	₹ 1,88,167	₹ 2,12,837	₹ 2,76,584	₹ 3,61,535	₹ 5,17,817	₹ 6,47,904	₹ 7,40,711	₹ 8,26,609	₹ 9,03,906	₹ 9,70,846	₹ 10,25,605	₹ 11,53,093	₹ 12,64,544	₹ 13,57,923	₹ 14,58,229
CWIP	₹ 664	₹ 1,193	-	₹ 1	₹ 7	₹ 7	₹ 7	₹ 7	₹ 7	₹ 7	₹ 7	₹ 7	₹ 7	₹ 7	₹ 7
Intangible Assets Under Development	₹ 54	₹ 60	₹ 208	₹ 13	₹ 23	₹ 23	₹ 23	₹ 23	₹ 23	₹ 23	₹ 23	₹ 23	₹ 23	₹ 23	₹ 23
Deferred tax assets (net)	₹ 3,027	₹ 2,949	₹ 2,949	₹ 4,192	₹ 4,192	₹ 4,192	₹ 4,192	₹ 4,192	₹ 4,192	₹ 4,192	₹ 4,192	₹ 4,192	₹ 4,192	₹ 4,192	₹ 4,192
Income tax assets (net)	₹ 5,140	₹ 7,119	₹ 10,998	₹ 16,101	₹ 17,080	₹ 17,080	₹ 17,080	₹ 17,080	₹ 17,080	₹ 17,080	₹ 17,080	₹ 17,080	₹ 17,080	₹ 17,080	₹ 17,080
Non Current Financial Assets	₹ 15,824	₹ 20,911	₹ 24,501	₹ 62,711	₹ 88,116	₹ 82,941	₹ 1,00,407	₹ 1,16,413	₹ 1,34,311	₹ 1,54,252	₹ 2,08,111	₹ 2,33,074	₹ 3,25,109	₹ 3,61,561	₹ 4,00,827
Other Non-Current Assets	₹ 9,498	₹ 12,267	₹ 14,971	₹ 19,161	₹ 24,169	₹ 24,169	₹ 24,169	₹ 24,169	₹ 24,169	₹ 24,169	₹ 24,169	₹ 24,169	₹ 24,169	₹ 24,169	₹ 24,169
Total Non-Current Assets	₹ 2,22,374	₹ 2,57,336	₹ 3,30,211	₹ 4,63,714	₹ 6,51,404	₹ 7,76,316	₹ 8,86,588	₹ 9,88,492	₹ 10,83,688	₹ 11,70,570	₹ 12,79,187	₹ 14,31,638	₹ 16,35,125	₹ 17,64,955	₹ 19,04,527
Total Assets	₹ 4,30,513	₹ 4,59,625	₹ 5,91,698	₹ 8,22,245	₹ 11,58,435	₹ 13,06,919	₹ 15,08,886	₹ 16,95,840	₹ 18,70,328	₹ 20,76,939	₹ 22,50,307	₹ 25,74,884	₹ 28,84,682	₹ 31,78,721	₹ 34,01,831
Equities & Liabilities															
Equity															
Total Share Capital	₹ 3,849	₹ 3,853	₹ 3,855	₹ 3,860	₹ 3,864	₹ 3,864	₹ 3,864	₹ 3,864	₹ 3,864	₹ 3,864	₹ 3,864	₹ 3,864	₹ 3,864	₹ 3,864	₹ 3,864
Other Equity	₹ (2,741)	₹ (63,733)	₹ (66,321)	₹ 16,105	₹ 89,818	₹ 1,45,143	₹ 2,55,088	₹ 3,56,401	₹ 4,46,575	₹ 5,70,903	₹ 6,99,702	₹ 8,51,255	₹ 9,93,302	₹ 11,25,525	₹ 12,84,296
Total Equity	₹ 1,108	₹ (59,880)	₹ (62,466)	₹ 19,965	₹ 93,682	₹ 1,49,007	₹ 2,58,952	₹ 3,60,265	₹ 4,50,439	₹ 5,74,767	₹ 7,03,566	₹ 8,55,119	₹ 9,97,166	₹ 11,29,389	₹ 12,88,160
Non-Current Liabilities															
Lease Liability	₹ 2,02,805	₹ 2,50,587	₹ 3,22,246	₹ 3,78,635	₹ 5,46,683	₹ 5,91,917	₹ 6,10,996	₹ 6,24,158	₹ 6,30,411	₹ 5,99,192	₹ 6,92,213	₹ 7,75,570	₹ 8,48,417	₹ 9,09,948	₹ 9,64,847
Other Financial Liabilities	₹ 26,049	₹ 33,093	₹ 78,811	₹ 92,343	₹ 1,51,192	₹ 1,57,136	₹ 1,72,151	₹ 1,88,071	₹ 2,04,933	₹ 2,22,777	₹ 2,41,648	₹ 2,61,594	₹ 2,82,666	₹ 3,04,915	₹ 2,72,665
Borrowings	₹ 3,816	₹ 4,162	-	-	-	-	-	-	-	-	-	-	-	-	-
Provisions	₹ 5,523	₹ 5,897	₹ 13,365	₹ 22,301	₹ 24,079	₹ 20,801	₹ 23,332	₹ 26,193	₹ 29,264	₹ 32,545	₹ 36,042	₹ 39,757	₹ 43,693	₹ 47,855	₹ 52,246
Other Non Current Liabilities	₹ 242	₹ 343	₹ 452	₹ 717	₹ 573	₹ 573	₹ 573	₹ 573	₹ 573	₹ 573	₹ 573	₹ 573	₹ 573	₹ 573	₹ 573
Deferred Incentives	₹ 1,730	₹ 1,254	₹ 778	₹ 302	₹ 48	₹ 48	₹ 48	₹ 48	₹ 48	₹ 48	₹ 48	₹ 48	₹ 48	₹ 48	₹ 48
Total Non-Current Liabilities	₹ 2,40,165	₹ 2,95,336	₹ 4,15,652	₹ 4,94,298	₹ 7,22,575	₹ 7,70,475	₹ 8,07,099	₹ 8,39,044	₹ 8,65,229	₹ 8,55,136	₹ 9,70,524	₹ 10,77,542	₹ 11,75,398	₹ 12,63,340	₹ 12,90,379

# 3 Statement Financials – Cash Flow Statement

*In INR millions unless stated otherwise*

		Explicit Forecast Period									
	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035
<b>Cash Flow Statement</b>											
Profit Before Tax	₹ 70,772	₹ 1,50,257	₹ 1,36,275	₹ 1,18,599	₹ 1,68,241	₹ 1,98,098	₹ 2,71,737	₹ 2,98,429	₹ 2,76,408	₹ 3,35,650	
Add: Interest Expense	₹ 50,229	₹ 53,824	₹ 56,224	₹ 58,239	₹ 59,795	₹ 59,731	₹ 62,667	₹ 69,567	₹ 75,735	₹ 81,107	
Add: Depreciation	₹ 1,13,913	₹ 1,39,753	₹ 1,67,960	₹ 1,98,617	₹ 2,31,811	₹ 2,67,633	₹ 2,19,370	₹ 2,60,723	₹ 3,04,986	₹ 3,25,147	
Add: Creation of Provision	₹ 15,566	₹ 16,485	₹ 18,779	₹ 21,016	₹ 23,417	₹ 25,988	₹ 28,732	₹ 31,654	₹ 34,758	₹ 38,051	
Less: Utilisation of Provision	₹ (22,017)	₹ (13,022)	₹ (14,860)	₹ (16,863)	₹ (19,035)	₹ (21,380)	₹ (23,902)	₹ (26,607)	₹ (29,500)	₹ (32,584)	
Less: Change in Working Capital	₹ 29,819	₹ 44,888	₹ 44,404	₹ 48,155	₹ 52,154	₹ 52,711	₹ 56,330	₹ 60,123	₹ 64,095	₹ (22,666)	
Less: Tax Paid	₹ (9,300)	₹ (28,097)	₹ (23,704)	₹ (18,406)	₹ (30,099)	₹ (37,099)	₹ (55,232)	₹ (61,685)	₹ (56,037)	₹ (71,031)	
<b>Cash Flow from Operations</b>	<b>₹ 2,41,513</b>	<b>₹ 2,48,983</b>	<b>₹ 3,64,088</b>	<b>₹ 3,85,077</b>	<b>₹ 4,09,356</b>	<b>₹ 4,86,286</b>	<b>₹ 5,45,682</b>	<b>₹ 5,59,702</b>	<b>₹ 6,32,205</b>	<b>₹ 6,70,446</b>	<b>₹ 6,53,674</b>
Net Purchase of Fixed Assets	₹ (81,838)	₹ (84,188)	₹ (98,452)	₹ (1,13,918)	₹ (1,30,607)	₹ (1,48,543)	₹ (1,67,748)	₹ (1,88,246)	₹ (2,10,061)	₹ (2,33,217)	
Net Purchase of Long Term Financial Assets	₹ 5,175	₹ (17,466)	₹ (16,006)	₹ (17,898)	₹ (19,942)	₹ (53,859)	₹ (24,963)	₹ (92,035)	₹ (36,452)	₹ (39,265)	
Net Purchase of Short Term Financial Assets	₹ (24,775)	₹ (27,252)	₹ (29,978)	₹ (32,975)	₹ (36,273)	₹ (43,447)	₹ (52,110)	₹ (62,644)	₹ (75,532)	₹ (1,13,892)	
<b>Cash From from Investing Activities</b>	<b>- ₹ (1,01,437)</b>	<b>₹ (1,28,906)</b>	<b>₹ (1,44,436)</b>	<b>₹ (1,64,791)</b>	<b>₹ (1,86,822)</b>	<b>₹ (2,45,849)</b>	<b>₹ (2,44,822)</b>	<b>₹ (3,42,925)</b>	<b>₹ (3,22,045)</b>	<b>₹ (3,86,375)</b>	
Repayment of Lease Liability	₹ (1,03,415)	₹ (1,16,929)	₹ (1,29,293)	₹ (1,42,243)	₹ (1,55,743)	₹ (1,99,363)	₹ (80,827)	₹ (95,753)	₹ (1,11,081)	₹ (1,26,772)	
Change in Short Term Borrowings	₹ 6,882	₹ 4,124	₹ 3,331	₹ 3,479	₹ 3,604	₹ 2,973	₹ 2,927	₹ 2,844	₹ 2,722	₹ 2,557	
Interest Paid	₹ (49,434)	₹ (52,921)	₹ (55,205)	₹ (57,094)	₹ (58,515)	₹ (58,306)	₹ (61,087)	₹ (67,822)	₹ (73,813)	₹ (78,999)	
Dividend Paid	₹ (6,147)	₹ (12,216)	₹ (11,257)	₹ (10,019)	₹ (13,814)	₹ (32,200)	₹ (64,951)	₹ (94,698)	₹ (88,148)	₹ (1,05,847)	
<b>Cash Flow from Financing Activities</b>	<b>- ₹ (1,52,114)</b>	<b>₹ (1,77,942)</b>	<b>₹ (1,92,424)</b>	<b>₹ (2,05,877)</b>	<b>₹ (2,24,469)</b>	<b>₹ (2,86,896)</b>	<b>₹ (2,03,938)</b>	<b>₹ (2,55,428)</b>	<b>₹ (2,70,320)</b>	<b>₹ (3,09,061)</b>	
Net Change in Cash	₹ (4,568)	₹ 57,241	₹ 48,217	₹ 38,687	₹ 74,996	₹ 12,937	₹ 1,10,941	₹ 33,851	₹ 78,081	₹ (41,762)	
Opening Cash Balance	₹ 1,89,629	₹ 1,89,629	₹ 1,85,061	₹ 2,42,302	₹ 2,90,519	₹ 3,29,206	₹ 4,04,202	₹ 4,17,139	₹ 5,28,080	₹ 5,61,931	₹ 6,40,012
<b>Closing Cash Balance</b>	<b>₹ 1,89,629</b>	<b>₹ 1,85,061</b>	<b>₹ 2,42,302</b>	<b>₹ 2,90,519</b>	<b>₹ 3,29,206</b>	<b>₹ 4,04,202</b>	<b>₹ 4,17,139</b>	<b>₹ 5,28,080</b>	<b>₹ 5,61,931</b>	<b>₹ 6,40,012</b>	<b>₹ 5,98,250</b>

# *Valuation*

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3



# Valuation

## Objective

The objective is to reach at the intrinsic value of InterGlobe Aviation's stock. The analysis aims to assess the company's worth basis its ability to generate cash flows, future growth and risk associated with the business. We have carefully considered management's guidance while performing the analysis

## Valuation Methodology

There are primarily three approaches in Valuation (viz., Cost Approach, Market Approach, and Income Approach).

For any valuation, all the approaches may not be relevant and there fore will not give a fair estimate of value. Hence, the approach most suitable for specific business/ company must be applied in the valuation exercise based on common practices

The three approaches generally adopted in valuation are as under:

- Market Approach: Comparable Companies Method and Comparable Transaction Method.
- Income Approach: Discounted Cash Flow Method
- Asset Approach: Net Asset Value Method.

## Market Approach

Under this method, we measure the value of business of the company by applying the market multiples of listed companies which trade actively and possess attributes similar and comparable with the target company. This methodology is based on the principle that such market pricing taking place between informed buyers and informed sellers while taking into account all the relevant factors.

Not all multiples are applicable to every company. Therefore, the relevant multiples should be chosen carefully and adjusted for differences between the comparable. For the purpose of valuation of Voltas, we have chosen EV/EBITDA multiple.

## Asset Approach

Under this approach, the value of the business is derived basis difference between the value of assets and liabilities. This approach focusses on determining the value of net assets from the perspective of equity valuation. The value of net assets can be determined as follows;  $\text{Net assets} = \text{Total Assets} - \text{Total External Liabilities}$ . The value of net assets is also known as Total Equity.

## Income Approach

Under this approach, the value of business is derived by considering free cash flows, future growth and weighted average cost of capital which signifies risk.

There are four major steps in Income Approach

Forecasting future cash flows for explicit growth period.

Discounting these cash flows to present value at the rate of return which depicts the risk in realizing the future cash flows and expected growth. Calculation of terminal value of free cash flows post explicit growth period.

Addition of present value of terminal cash flows and free cash flows during explicit forecast period.

# DCF Valuation

In INR Crores unless stated otherwise

In INR Crores unless stated otherwise		Explicit Forecast Period																				
		FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035										
Free Cash Flow to Firm																						
EBITDA	₹	1,99,203	₹	2,01,090	₹	3,05,205	₹	3,18,359	₹	3,29,984	₹	4,11,188	₹	4,74,758	₹	5,01,473	₹	5,75,362	₹	6,03,354	₹	6,88,461
Less: Depreciation & Amortisation	₹	(86,802)	₹	(1,13,913)	₹	(1,39,753)	₹	(1,67,960)	₹	(1,98,617)	₹	(2,31,811)	₹	(2,67,633)	₹	(2,19,370)	₹	(2,60,723)	₹	(3,04,986)	₹	(3,25,147)
EBIT	₹	1,12,401	₹	87,177	₹	1,65,452	₹	1,50,400	₹	1,31,367	₹	1,79,377	₹	2,07,126	₹	2,82,103	₹	3,14,639	₹	2,98,369	₹	3,63,314
Less: Tax	₹	(3,350)	₹	(9,300)	₹	(28,097)	₹	(23,704)	₹	(18,406)	₹	(30,099)	₹	(37,099)	₹	(55,232)	₹	(61,685)	₹	(56,037)	₹	(71,031)
EBIT (1-T)	₹	1,09,051	₹	77,877	₹	1,37,355	₹	1,26,696	₹	1,12,961	₹	1,49,278	₹	1,70,027	₹	2,26,871	₹	2,52,954	₹	2,42,332	₹	2,92,282
Add: Depreciation & Amortisation	₹	86,802	₹	1,13,913	₹	1,39,753	₹	1,67,960	₹	1,98,617	₹	2,31,811	₹	2,67,633	₹	2,19,370	₹	2,60,723	₹	3,04,986	₹	3,25,147
Cash NOPAT	₹	1,95,853	₹	1,91,790	₹	2,77,108	₹	2,94,655	₹	3,11,577	₹	3,81,089	₹	4,37,659	₹	4,46,241	₹	5,13,677	₹	5,47,317	₹	6,17,430
Less: Reinvestments																						
Change in Working Capital		- ₹	29,819	₹	44,888	₹	44,404	₹	48,155	₹	52,154	₹	52,711	₹	56,330	₹	60,123	₹	64,095	₹	(22,666)	
CAPEX During the year		- ₹	(81,838)	₹	(84,188)	₹	(98,452)	₹	(1,13,918)	₹	(1,30,607)	₹	(1,48,543)	₹	(1,67,748)	₹	(1,88,246)	₹	(2,10,061)	₹	(2,33,217)	
Free Cash Flow to Firm	₹	1,95,853	₹	1,39,772	₹	2,37,808	₹	2,40,607	₹	2,45,815	₹	3,02,636	₹	3,41,827	₹	3,34,823	₹	3,85,555	₹	4,01,352	₹	3,61,546
Discount Period (Years)	Mid Year?	Yes		0.5	1.5	2.5	3.5	4.5	5.5	6.5	7.5	8.5	9.5									
Discount Rate (WACC)	14.00%																					
Present Value Factor				0.94	0.82	0.72	0.63	0.55	0.49	0.43	0.37	0.33	0.29									
Present Value of Free Cash Flow to Firm		₹	1,30,908	₹	1,95,375	₹	1,73,399	₹	1,55,396	₹	1,67,822	₹	1,66,276	₹	1,42,868	₹	1,44,311	₹	1,31,775	₹	1,04,128	

DCF Calculation - Perpetuity Growth	
Perpetual Growth Rate	5%
Terminal Year FCFF x (1+PGR)	3,79,624
Terminal Value	42,18,040
Present Value of Terminal Value	10,65,638
Present Value of FCFFs	15,12,259
Enterprise Value	25,77,897
Implied Exit Multiple	3.7x
Implied EV/EBITDA	12.9x
Less: Debt	(8,96,813)
Add: Cash	1,89,629
Less: Minority Interest	0
Add: Value of Holdings	0
Add: Non Operating Asset	4,00,827
Equity Value	22,71,540
Less: Value of Options	(5,246)
Equity Value for Shareholders	₹ 22,66,293
Number of Shares	386
Value per Share	₹ 5,865

DCF Calculation - Exit Multiple	
Exit Multiple	9.4x
Terminal Year EBITDA	6,88,461
Terminal Value	64,71,533
Present Value of Terminal Value	16,34,957
Present Value of FCFFs	15,12,259
Enterprise Value	31,47,215
Implied Exit Multiple	4.6x
Implied EV/EBITDA	15.8x
Less: Debt	(8,96,813)
Add: Cash	1,89,629
Less: Minority Interest	0
Add: Non Operating Asset	4,00,827
Equity Value	28,40,858
Less: Value of Options	(5,246)
Equity Value for Shareholders	₹ 28,35,612
Number of Shares	386
Value per Share	₹ 7,338

Market Cap  
INR 2,07,607 Crores

Intrinsic Value  
INR 2,26,629 Crores

WACC  
14%

Terminal Growth  
5%

		WACC					
		12.00%	13.00%	14.00%	15.00%	16.00%	17.00%
Terminal Growth %	3%	25,92,969	22,97,216	20,55,934	18,55,407	16,86,154	15,41,415
	4%	27,64,073	24,23,015	21,50,596	19,28,011	17,42,737	15,86,117
	5%	29,84,064	25,80,263	22,66,293	20,15,135	18,09,608	16,38,269
	6%	32,77,385	27,82,440	24,10,916	21,21,621	18,89,854	16,99,904
	7%	36,88,035	30,52,008	25,96,859	22,54,728	19,87,932	17,73,865
	8%	43,04,009	34,29,405	28,44,783	24,25,866	21,10,529	18,64,263
		WACC					
		12.00%	13.00%	14.00%	15.00%	16.00%	17.00%
Exit Multiple	6.4x	26,74,642	24,86,278	23,13,817	21,55,721	20,10,613	18,77,263
	7.4x	28,84,097	26,77,068	24,87,749	23,14,412	21,55,514	20,09,675
	8.4x	30,93,552	28,67,858	26,61,680	24,73,103	23,00,415	21,42,087
	9.4x	33,03,006	30,58,648	28,35,612	26,31,794	24,45,315	22,74,499
	10.4x	35,12,461	32,49,438	30,09,543	27,90,485	25,90,216	24,06,912
	11.4x	37,21,916	34,40,228	31,83,475	29,49,176	27,35,117	25,39,324

# Relative Valuation

in \$' Billions unless specified

Relative Valuation	Ticker	Share Price (local currency)	Market Data			Financials			Multiples		
			Market Cap	Net Debt	Enterprise Value	Sales	EBITDA	PAT	EV/Sales	EV/EBITDA	Price/Earnings
Ryan Air	XETRA: RYA	26.37	31.98	-2.385	34.365	17.267	3.871	2.44	2.0x	8.9x	13.1x
EasyJet	LSE: EZJ	484.50	3.64	-0.327	3.967	9.575	0.854	0.412	0.4x	4.6x	8.8x
WizzAir	LSE: WIZZ	1047.00	1.08	4.259	5.339	4.665	0.4457	0.225	1.1x	12.0x	4.8x
International Consolidated Airlines Group (IAG)	LSE:ICAG	417.90	19.2	4.68	23.88	28.561	5.3	2.684	0.8x	4.5x	7.2x
Southwest Airlines	NYSE: LUV	30.30	15.67	2.24	17.91	27.551	1.685	0.379	0.7x	10.6x	41.3x
Air Arabia PJSC	DFM: AIRARABIA	3.95	18.2	-2.824	15.376	6.889	1.554	1.491	2.2x	9.9x	12.2x
High									2.2x	12.0x	41.3x
75th Percentile									1.8x	10.4x	12.9x
Average									1.2x	8.4x	14.6x
Median									1.0x	9.4x	10.5x
25th Percentile									0.7x	5.7x	7.6x
Low									0.4x	4.5x	4.8x

Parameter Weights		30%	20%	20%	30%	
Subject Asset		Size	Growth	Profitability	Revenue Mix Alignment	Parameter Score
Ryan Air		6	3	6	3	4.5
EasyJet		2	1	3	2	2
WizzAir		1	4	2	1	1.8
International Consolidated Airlines Group (IAG)		5	2	4	5	4.2
Southwest Airlines		3	6	1	6	4.1
Air Arabia PJSC		4	5	5	4	4.4
Weighted Average Multiple						1.3x

Relative Valuation		Relative Valuation		Relative Valuation	
Sales	8,08,029	Sales	8,08,029	Sales	8,08,029
EBITDA	1,99,203	EBITDA	1,99,203	EBITDA	1,99,203
Earnings	75,025	Earnings	75,025	Earnings	75,025
Valuation Multiple	EV/Sales	Valuation Multiple	EV/EBITDA	Valuation Multiple	P/E
EV/Sales	1.3x	EV/EBITDA	8.4x	P/E	16.1x
Enterprise Value	1071300	Enterprise Value	1677480	Equity Value	1209547
Less: Debt	(8,96,813)	Less: Debt	(8,96,813)	Less: Debt	-
Add: Cash	1,89,629	Add: Cash	1,89,629	Add: Cash	-
Less: Minority Interest	-	Less: Minority Interest	-	Less: Minority Interest	-
Add: Value of Holdings	-	Add: Value of Holdings	-	Add: Value of Holdings	-
Add: Non Operating Asset	4,00,827	Add: Non Operating Asset	4,00,827	Add: Non Operating Asset	-
Equity Value	7,64,943	Equity Value	13,71,122	Equity Value	12,09,547
Less: Value of Options	(5,246)	Less: Value of Options	(5,246)	Less: Value of Options	-
Equity Value for Shareholders	7,59,696	Equity Value for Shareholders	13,65,876	Equity Value for Shareholders	12,09,547

Companies in Aviation Industry operating on LCC model & taken as comparable comps are Ryan Air, EasyJet, Wizz Air, International Consolidated Airlines Group (IAG), Southwest Airlines, Air Arabia PJSC (Appendix 2)

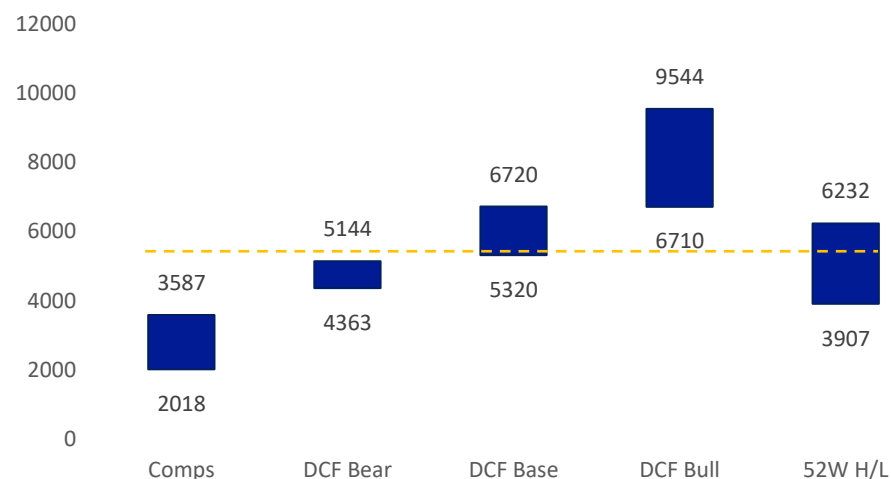
# Valuation Summary

Valuation Method	Enterprise Value	Equity Value Available for Shareholders	Value Per Share	Market Price	(Discount)/Premium	(Discount)/Premium%
DCF - Perpetuity Growth	₹ 2,59,637	₹ 2,28,477	₹ 5,865	₹ 5,371	₹ (494)	(9.2%)
DCF - Exit Multiple	₹ 3,16,569	₹ 2,85,409	₹ 7,338	₹ 5,371	₹ (1,967)	(36.6%)
Relative Valuation - EV/Sales	₹ 1,07,130	₹ 76,494	₹ 1,966	₹ 5,371	₹ 3,405	63.4%
Relative Valuation - EV/EBITDA	₹ 1,67,748	₹ 1,36,587	₹ 3,535	₹ 5,371	₹ 1,836	34.2%
Relative Valuation - P/E	₹ 1,52,115	₹ 1,20,954	₹ 3,130	₹ 5,371	₹ 2,241	41.7%

## Analysis

Across methods, our base-case valuation aligns with the current market price, suggesting that the stock is fairly valued on conservative assumptions. The comparable-company approach results in a meaningfully lower value due to the structural differences between IndiGo and global LCC peers such as profit margins, debt levels, weaker demand. The bull-case scenario offers significant upside, driven by sustained margin expansion and international growth, but requires a high degree of execution consistency. Overall, the risk-reward skews neutral at present levels.

## Footfall Field – Valuation Summary



## *Appendix 1: Weighted Average Cost of Capital*

*A-1*

# Appendix 1: Weighted Average Cost of Capital (WACC)

## WACC Inputs

Country	India
Local Currency 10Y Government Bond Yield	6.55%
India's Moodys Sovereign Rating	Baa3
Credit Default Spread as per Dr Damodaran	2.16%
Implied US Equity Risk Premium	3.77%
Asset Beta	0.85
Asset Beta Variation (+/-)	0.05
Country Risk Premium	3.25%
Lambda	0.97
Market Value of Equity	2076070
Debt to Equity	43.2%
Debt to Capital (Gearing)	30.2%
Marginal Tax Rate	25%
Company Credit Rating Available?	Yes
Company is Large Firm or Small Firm?	L
Provide Credit Rating	Aa2/AA
Interest Coverage Ratio	2.2
ICR Based Corporate Default Spread	1.83%
Small Size Premium	6%
Asset Specific Risk Premium	3%

## Risk Free Rate

We have considered 4.39% as the risk-free rate in estimation of cost of equity of 11.73%. The risk-free rate of India is calculated by considering local currency 10 years government bond yield adjusted for default spread of India.

## Asset Beta

We have estimated an asset beta range of 0.80 to 0.90, with a mid point of 0.85 based on observed median of 5 Years monthly asset beta of benchmark listed companies adjusted for Blume effect.

## Equity Risk Premium (ERP)

An ERP of 3.77% has been adopted based on US implied equity risk premium

## Cost of Debt

For the purpose of assessing the cost of debt, we have used country's default spread and corporate default spread based on company's debt rating & interest coverage ratio

1. Tax rate considered as Marginal Tax Rate of India

2. Asset Beta is considered as median of 5 years Monthly beta for comps adjusted for Blume effect.

3. Equity Beta = Asset Beta \* (1+(1-Tax Rate %)\*Debt/Equity)

WACC Inputs	Low	Mid	High
Risk Free Rate	4.39%	4.39%	4.39%
Mature Market Equity Risk Premium	3.77%	3.77%	3.77%
Asset Beta	0.80	0.85	0.90
D/E Ratio	43.20%	43.20%	43.20%
Equity Beta	1.06	1.13	1.19
Country Risk Premium	3.25%	3.25%	3.25%
Lambda	0.97	0.97	0.97
<b>CAPM Cost of Equity</b>	<b>11.54%</b>	<b>11.79%</b>	<b>12.04%</b>
Small Size Premium	2.60%	2.60%	2.60%
Asset Specific Premium	3.00%	3.00%	3.00%
<b>Modified Cost of Equity</b>	<b>17.14%</b>	<b>17.39%</b>	<b>17.64%</b>
Pre Tax Cost of Debt	7.15%	7.15%	7.15%
Marginal Tax Rate	25%	25%	25%
<b>Post Tax Cost of Debt</b>	<b>5.35%</b>	<b>5.35%</b>	<b>5.35%</b>
Capital Gearing (D/D+E)	30.2%	30.2%	30.2%
Weighted Average Cost of Capital	13.59%	13.76%	13.94%
<b>WACC (Rounded)</b>	<b>14.00%</b>	<b>14.00%</b>	<b>14.00%</b>

## Country Risk Exposure

Country risk exposure has been estimated by applying the country risk premium (3.25%) and scaling it with lambda (0.97) which measures the company's sensitivity to country-specific risk.

## Small Size Premium

Empirically small sized assets have exceeded the returns as compared to large sized assets. We have used the study on size premium conducted by Incwert which is based on difference between actual returns and CAPM expected returns arranged in decile basis market capitalization of Indian companies

## Asset Specific Premium

We selected comparable airlines operating in markets with lower regulatory intervention than India. Since about 73 percent of IndiGo's revenue is domestic and the Indian aviation sector is more tightly regulated, we have applied a judgment-driven asset-specific risk premium of 3 percent to reflect this higher regulatory exposure

# Appendix 1: Beta Analysis

Beta Analysis - 5 Years Monthly

Comparable Company	Ticker	No. Of Weekly Observations	Market Cap	Asset Beta	D/E	Equity Beta	D/D+E	R <sup>2</sup>	SD	Considered?	Narrow Set
Ryan Air	XETRA: RYA	60	\$ 31 bn	1.23	0.39	1.59	28.1%	0.41	0.08	Y	TRUE
EasyJet	LSE: EZJ	60	\$ 5 bn	0.71	2.44	2.00	70.9%	0.35	0.12	Y	TRUE
WizzAir	LSE: WIZZ	60	\$ 2 bn	0.42	4.78	1.93	82.7%	0.28	0.14	N	FALSE
International Consolidated Airlines Group (IAG)	LSE:ICAG	60	\$ 25 bn	1.94	0.69	2.94	41.0%	0.41	0.11	Y	TRUE
Southwest Airlines	NYSE: LUV	60	\$ 17 bn	-0.14	1.22	-0.28	54.9%	0.12	0.10	N	FALSE
Spring Airlines Co., Ltd.	SSE: 601021	60	\$ 7 bn	0.54	1.20	1.02	54.5%	0.42	0.06	Y	TRUE
VietJet Aviation JSC	HOSE: VJC	60	\$ 4 bn	0.38	1.20	0.71	54.5%	0.15	0.10	N	FALSE
	DFM:										
Air Arabia PJSC	AIRARABIA	60	\$ 5 bn	0.87	0.26	1.04	20.6%	0.33	0.06	Y	TRUE
Median - Broad Set				0.62	120.0%	1.31	54.5%				
Average - Broad Set				0.74	168.4%	1.37	50.9%				
Median - Considered Set				0.87	73.0%	1.03	37.6%				
Average - Considered Set				1.06	73.0%	1.03	37.6%				

Blume Beta Analysis - 5 Years Monthly

Comparable Company	Ticker	No. Of Weekly Observations	Market Cap	Asset Beta	D/E	Equity Beta	D/D+E	R <sup>2</sup>	SD	Considered?	Narrow Set
Ryan Air	XETRA: RYA	60	\$ 31 bn	1.06	0.39	1.38	28.1%	0.41	0.08	Y	TRUE
EasyJet	LSE: EZJ	60	\$ 5 bn	0.58	2.44	1.65	70.9%	0.35	0.12	Y	TRUE
WizzAir	LSE: WIZZ	60	\$ 2 bn	0.35	4.78	1.60	82.7%	0.28	0.14	N	FALSE
International Consolidated Airlines Group (IAG)	LSE:ICAG	60	\$ 25 bn	1.49	0.69	2.27	41.0%	0.41	0.11	Y	TRUE
Southwest Airlines	NYSE: LUV	60	\$ 17 bn	0.08	1.22	0.15	54.9%	0.12	0.10	N	FALSE
	SSE:										
Spring Airlines Co., Ltd.	601021	60	\$ 7 bn	0.53	1.20	1.00	54.5%	0.42	0.06	Y	TRUE
VietJet Aviation JSC	HOSE: VJC	60	\$ 4 bn	0.42	1.20	0.80	54.5%	0.15	0.10	N	FALSE
	DFM:										
Air Arabia PJSC	AIRARABIA	60	\$ 5 bn	0.85	0.26	1.02	20.6%	0.33	0.06	Y	TRUE
Median - Broad Set				0.63	120.0%	1.20	54.5%				
Average - Broad Set				0.67	168.4%	1.23	50.9%				
Median - Considered Set				0.85	73.0%	1.01	37.6%	0.41	0.08		
Average - Considered Set				0.90	73.0%	1.01	37.6%	0.15	0.10		

We are taking 0.85 as asset beta of an LCC operator

## *Appendix 2: Comparable Companies*

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**A-2**



## Appendix 2: Comparable Comps

Comparable Companies	Business Description
Ryan Air	Ryanair operates a pure low-cost carrier model across Europe, offering point-to-point short-haul flights with high aircraft utilization, tight cost control, and a focus on secondary airports. It generates additional revenue through ancillary services such as priority boarding, seat selection, and baggage fees.
EasyJet	EasyJet is a low-cost airline serving major airports across Europe with a network focused on short-haul leisure and business travelers. Its model combines competitive fares with a higher share of primary airports, supported by a mix of ancillary income and operational scale.
WizzAir	Wizz Air is a Central and Eastern European low-cost carrier with an ultra-low-cost operating structure. It focuses on secondary airports, lean operations, and high aircraft utilization while serving both migrant worker flows and leisure routes across Europe and the Middle East.
International Consolidated Airlines Group (IAG)	IAG is a large airline holding company that owns British Airways, Iberia, Aer Lingus, and Vueling. Its portfolio spans premium full-service long-haul networks and low-cost short-haul operations, giving it diversified exposure across Europe, the Americas, and transatlantic routes.
Southwest Airlines	Southwest Airlines is the largest low-cost carrier in the United States, operating a point-to-point network with a single-aircraft fleet strategy and a focus on quick turnarounds. It emphasizes reliable service, low fares, and high-frequency domestic routes supported by strong brand loyalty.
Air Arabia PJSC	Air Arabia is a major low-cost carrier in the Middle East and North Africa, operating from hubs in the UAE, Morocco, and Egypt. It focuses on short-haul routes with a disciplined cost structure and targets value-conscious travelers across the Gulf, North Africa, and South Asia.

### Comparable Comps

In selecting comparable companies for the relative valuation, we focused on airlines operating under a low-cost carrier model, as legacy carriers differ meaningfully in growth patterns, cost structures, and profitability. Our initial universe consisted of 15 airlines. Seven were dropped at the first screening stage because their revenue mix did not align with InterGlobe Aviation’s core business profile.

A second round of benchmarking removed two more companies due to inconsistent profitability and revenue growth relative to the industry. Because the number of listed LCC operators is limited, especially in emerging markets, the final peer set includes carriers from developed economies that exhibit similar operating models and financial characteristics.

### Methodology for Weighting Parameters

For the purpose of discounting relative valuation, we have assigned weights to company parameters based on following methodology

- **Size of Company:** Weights for company size were assigned by comparing each company's market size to InterGlobe Aviation Ltd., with closer alignment in market size resulting in higher weights, reflecting their relative scale and market presence.
- **Growth:** Weights were assigned on the basis of similarity in growth of companies in comparison to InterGlobe Aviation.
- **Profitability:** Weights were assigned on the basis of similarity in EBITDA & EBIT Margin of companies in comparison to InterGlobe Aviation.
- **Revenue Mix:** Weights were assigned on the basis of similarity in revenue mix (in terms of passenger revenue, cargo revenue & in-flight sales) of companies in comparison to InterGlobe Aviation.

# Sources & Disclaimer

## Sources

- goIndiGo.in
- iata.org
- McKinsey.com
- IMF & World Bank
- Macrotrends & Trading Economics
- Aswath Damodaran's NYU Website

## Disclaimer

The valuations carried out are based on a good number of assumptions, which are built based on the understanding of the company analysis.

The report has been prepared solely for educational purposes and should not be considered or used for investment purposes. The author assumes no liability or responsibility for the losses caused by using this report as investment advice.

Please bear in mind that the analysis and valuations presented in this report are based on the data and information available at the time of preparation.