

VALUE SCANNER

Inter Globe Aviation (INDIGO)

Recommendation	Buy
CMP	Rs. 3159
Target Price	Rs. 4100
Time Frame	12-15 Months
Risk	Medium
Sector	Air Transport Service

Price & Ratio Analysis

% Change from previous Day	0.93%
% Change from previous Month	8.94%
52 Week High/ Low	3300 / 1811
Market Cap (Rs. CR)	121,789
Book Value / Share	-0.91
% of Deliverable Qty to Traded Qty	28.76%
EPS	186.27
ROCE	6.90%
P/E	16.67

Company Description

InterGlobe Aviation Ltd. (IndiGo) is India's largest and most preferred passenger airline and amongst the fastest growing airlines in the world with fleet of over 358 aircraft, IndiGo operates well over 2,016 daily flights, connecting over 110+ destinations (of which 32 international), welcoming 85+ million customers on board last year.

The company for the year Mar 2023, the total paid-up capital is INR 3,855 million and Authorized capital is INR 7,500 million. Company's annual revenue growth of 109.64% outperformed its 3 year CAGR of 14.28%.

Key Metrics for InterGlobe are: PE Ratio of InterGlobe is 16.66. Earning per share of InterGlobe is 186.47. Price/Sales ratio of InterGlobe is 1.35. Price to Book ratio of InterGlobe is -19.35"

Support, Resistance & Trend Analysis

Support	2851/2451
Resistance	3300/4150
Moving Average 50 days/200 days	2970/2589
Pivot Level	2589
ADX (14d)	24
Bollinger Band (Weekly)	3243/2278
MACD Weekly	47.33
RSI (14, E9) Monthly	58.6
Stochastic oscillator monthly (1,3,3)	55.54

Technical Analysis

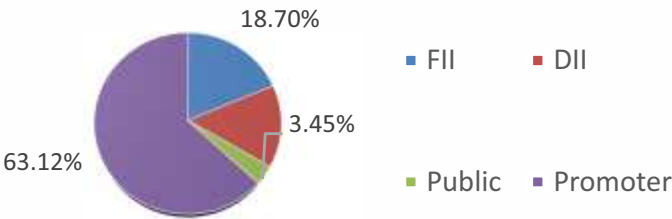
The stock has scaled a new all-time-high at 3300, which suggests strong bullish indicator and most importantly, is on backdrop of stock price potentially breaking out of previous trading ranges. Several indicators like the Keltner Channel, High Low Band, and MA Channel are showing strong bullish signals, indicating positive breakouts.

The ADX (Average Directional Index) is at 24, indicating an improving robust trend. An ADX value over 25 would typically indicate a stronger trend. Rate of Change and RSI (21) indicators are positive, suggesting upward price momentum.

The big long-term supports are placed at 2851/2451 area.

Look to accumulate at CMP, and on dips between 2900-2950 zone, targeting 3351/3663 and then aggressive targets at 4100 with stop below 2441. Holding Period: 12-15 months."

Shareholding Pattern



Quarterly Result

Rs. Crs	Q3FY23-24	Q2FY23-24	Q1FY23-24	Y-o-Y %	Q-o-Q %
Net Sales	19,452.0	14,944.0	16,683.0	68.9%	9.9%
EBIT	299,849	18,786	308,725	-20.2%	701.1%
EBIT Margin (%)	1541.5%	125.7%	1850.5%	-0.3	516.5%
EBITDA	1,650,000.0	1,330,000.0	-548,000.0	-50.1%	-159.3%
EBITDA Margin (%)	8482.4%	8899.9%	-3284.8%	-0.7	-187.8%
Net Profit	299,849	18,786	308,725	-19.6%	701.1%
Net Profit Margin	1541.5%	125.7%	1850.5%	-0.3	516.5%
EPS (Rs.)	77.7	4.87	80.07	-28%	

Peer Comparison

Company	INDIGO	SPICE JET	GLOBE VECT	JET AIRWAYS	TAAL ENTERPRISES
CMP	3105.95	68.18	125.5	52	2689.8
Market Cap (Rs. CR)	119882.44	4665.82	175.7	590.72	838.23
Book Value/Share	21.94	31.57	8.68	35.54	1.09
EPS	0.04	3.56	1.45	13.23	-0.49
Dividend Yield (%)	0.00%	0.22%	0.00%	0.63%	0.00%
P/E	N/A	156.01	126.84	68.34	43.55
P/B	4.62	17.56	21.71		6.92
52W H	134.35	586.95	227.9	923.45	1567.85
52W L	44.35	412.1	133.95	557.1	1102.5

Chart



Valuation & Outlook

"# The positive takeaway is that IndiGo has an industry leading on-time performance and one of the highest customers NPS in the Indian market and most importantly, the airline amidst its market leadership position has the ability to leverage its network, cost efficient fleet, and healthy cash position. Healthy passenger volume, robust ticket prices, and moderation in ATF prices despite geopolitical tensions in middle east/an ease in fuel prices shall continue to support earnings momentum in the medium term.

Interestingly, IndiGo is looking forward to extend its scope, by spreading wings internationally, developing from a domestic carrier to a global aviation giant.

IndiGo managed to surpass market expectations with its Q3FY2024 results as it posted an 111% jump in net profit, helped led by continued demand for air travel and a fuel surcharge introduced in October. Net profit came in at Rs 2,998.12 crore against Rs 1,422.6 crore in the year-ago, Revenue surged 30 percent to Rs 19,452.15 crore.

The airline carried 243.10 lakh passengers, commanding a market share of 62.1% during the quarter. In the year-ago period, IndiGo carried 199.70 lakh passengers commanding a market share of 55.7%.

The point of concern is the company's total debt which rose 15.1% on-year to Rs 51,187.5 crore in the December quarter, while total cash rose by 47.9% to Rs 32,428 crore including free cash of Rs 19,199.6 crore.

"IndiGo had a total cash balance of Rs 324,280 million comprising Rs 191,996 million of free cash and Rs 132,285 million of restricted cash. The capitalised operating lease liability was Rs 445,565 million. The total debt (including the capitalised operating lease liability) was Rs 511,875 million.

IndiGo served over 100 million passengers in the calendar year 2023. The airline expanded its operations to 118 destinations, operating over 2,000 daily flights during the quarter. At the close of Q3 FY24, the airline had a fleet of 358 aircraft including 184 A320 NEOs, 31 A320 CEOs (11 damp leases), 94 A321 NEOs, 3 A321 freighters, 44 ATRs, and 2 B777 (damp leases), marking a Net Increase of 23 passenger aircraft and 1 freighter in Q3 FY24.

IndiGo operated at a peak of 2,016 daily flights in Q3 FY24, including non-scheduled flights. Scheduled services were provided to 86 domestic destinations and 29 international destinations.

IndiGo's robust financial performance reflects its resilience and adaptability in navigating challenges while capitalizing on opportunities in the aviation industry. Profitable growth is attributable to the confidence in the Company, portrayed by passengers choosing to fly with Indigo.

With a strong focus on operational efficiency and customer-centric strategies, IndiGo remains well-positioned for sustained growth in the dynamic aviation market.

Going forward, the fourth quarter of fiscal year 2024 is expected to witness a 12% increase in capacity compared to the same period in Fy23.

Here are the main highlights of Q3 FY24 (compared to the same period of the last financial year):

- Carrier’s capacity in Q3 increased by 26.8%.
- The quota of passengers went up by 23.4%, to reach 27.5 million.
- The yield rose by 2.0% to ₹5.48 and the load factor saw an improvement of 0.7 points and went to 85.8%.
- The Revenue from Operations went up by 30.3% to ₹194,521 million.
- There was a reduction in fuel CASK by 6.7%, to ₹1.88.
- The CASK ex-fuel declined by 4.2% to ₹2.64.
- The Company had an EBITDA of ₹54,751 million (28.1% was the EBITDA margin) in Q3 FY24, against an EBITDA of 33,990 million in the last fiscal year same quarter (22.8% EBITDA margin).
- Excluding the loss in foreign exchange, the Company’s profit amounted to ₹30,491 million in Q3 FY24, relative to the profit of 20,091 million in Q3 FY23.
- The Company had a Net Profit of ₹29,981 million this Q3, versus a Net Profit of ₹14,226 million in Q3 Fy23.

Financial Results at a Glance:

Here is a glimpse of the financial results of Q3 (figures in ₹ Million except where indicated by %):

Metrics	Q3 FY 2023-24	Q3 FY 2022-23	YoY Growth %
Revenue from Operations	194,521	149,330	30.3%
Total Income	200,623	154,102	30.2%
EBITDA	54,751	33,990	61.1%
Profit Before Tax	29,985	14,233	110.7%
Profit After Tax (PAT)	29,981	14,226	110.7%

Cash and Debt

At the close of Q3 FY23, the carrier had a Total Cash Balance of ₹324,280 million including ₹191,996 million of Free Cash and ₹132,285 million of Restricted Cash. The capitalised Operating Lease Liability was ₹445,565 million. The Total Debt (along with the capitalised operating lease liability) was ₹511,875 million.

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Technically, brace yourselves with the sequence of a higher high/low formation on the daily/weekly and monthly time frames + a classic Flag pattern breakout pattern which indicates the uptrend seems quite sustainable. The price is seen comfortably trading above its 21, 50 and 200-day moving average and most importantly is just signalling a massive breakout on the daily/weekly charts. The general rule is if a stock is trading above its 200-DMA, the trend is largely upward. An impulse uptrend is seen forming on the daily/weekly time scale with positive SAR series.

Add to that a bullish divergence and a rising stochastic signal (on daily charts) with recent increase in volumes signalling a larger rebound. The 200 days Exponential Moving Average (EMA) of the stock on the daily chart is currently at 2560-2575 zone. The level of 2560-2575 zone will act as a strong support zone.

Simply buy at CMP, and on dips between 2750-2800 zone, targeting 3300/3505 mark and then aggressive targets at psychological 4000 mark. Stop at 2521. Holding Period: 12-15 months.



Aarnik Securities Pvt. Ltd.

509, Dalamal Chambers, 29 New Marine Lines, Mumbai, Maharashtra 400 020.

Email: aarniksec@yahoo.co.in

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