



“IndiGo First Quarter Fiscal Year 2022  
Financial Results Conference Call”

**July 27, 2021**



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MR. ANKUR GOEL – HEAD, INVESTOR RELATIONS**

**Operator:** Good evening ladies and gentlemen and welcome to IndiGo's Conference Call to discuss the First Quarter Fiscal Year 2021 financial results. My name is Janis and I will be your coordinator. At this time, all participants are in a listen-only mode. A question-and-answer session will follow today's management discussion.

As a reminder, today's conference call is being recorded. I would now like to hand the conference over to your moderator, Mr. Ankur Goel, Head of Investor Relations for IndiGo. Thank you and over to you, sir.

**Ankur Goel:** Good Evening, everyone, and thank you for joining us for the First Quarter Fiscal Year 2022 Earnings Call.

We have with us our Chief Executive Officer – Ronojoy Dutta and our Chief Financial Officer – Jiten Chopra to take you through our performance for the quarter. Wolfgang Prock-Schauer, our Chief Operating Officer and Sanjay Kumar, our Chief Strategy and Revenue Officer are also with us and are available for the Q&A session.

Before we begin, 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.

A transcript of today's call will also be archived on our website. We will upload the transcript of today's prepared remarks shortly. The transcript of the Q&A session will be uploaded subsequently.

With this, let me hand over the call to Rono Dutta.

**Rono Dutta:** Thank you Ankur. Good evening everyone and thank you for joining the call. Hope all of you are safe and doing well.

We announced our first quarter fiscal year 2022 financial results today. We reported a net loss of 31.7 billion rupees for the quarter ending June 21 as compared to a net loss of 11.5 billion rupees for March quarter of fiscal 2021 and 28.4 billion rupees for the June quarter last year.

Needless to say, we are deeply disappointed by these results. Last year for the June quarter, we had reported a loss of 28.4 billion rupees and this year we have a loss of 31.7 billion rupees. Let me first explain the reason for the higher loss. 2.9 billion rupees was due to the foreign exchange losses and 1.5 billion rupees pertained to lower finance income. Without these two non-operational items, our losses would have been roughly the same.

The next question of-course is that given we had around 9.1 billion higher ASKs why could we not generate more positive contribution from this additional flying, year over year? Fuel unfortunately was a big negative driver and our YOY fuel cost adjusted for overall capacity impacted us by 5.4 billion rupees. You will of-course be aware that year over year fuel price has doubled. The second large factor was the severe impact that the Covid second wave had on our revenues in this quarter.

The best way to illustrate this covid impact is by reading out to you our monthly revenue performance for the period of April'21 through July'21. April revenue was 15.4 billion rupees, May was 6.7 billion rupees, June was 9.6 billion rupees and July is projected to recover back to April levels.

Sequentially, our CASK for the June quarter increased by 43.7% compared to the March quarter on account of higher fuel price, rupee depreciation and 41.5% lower capacity deployment. Our cash burn also increased from an average of 190 million rupees per day in the March quarter to an average of 334 million rupees per day in the June quarter because of lower demand and lower capacity deployment. Unfortunately, with the second wave we faced similar challenges as we did last year and had no option but to re-instate leave without pay for our employees.

On the cash side, we continue to look at ways to bolster our balance sheet through various sources of funds and have also obtained shareholders' approval to raise up-to 30 billion rupees through QIP. We ended the quarter with a free cash of 56.2 billion rupees.

In the near term, our primary focus remains on adding capacity so that we can get back to pre-covid levels as quickly as possible. Currently, we are restricted to 65% capacity deployment, but we are in continuous dialogue with the Ministry and we are hopeful that we will see a gradual relaxation of these restrictions. Of-course the additional capacity will have to be tempered by the reality of Covid impacted demand so that we are always covering our variable costs and generating cash to cover the fixed cost.

Scheduled International operations remain challenging, and our short-term focus is on increasing the capacity deployed through air bubble arrangements and charters.

As we have reiterated throughout the pandemic, our focus is to manage our cash levels, improve our cost structure, run a high-quality airline with highly engaged employees and position ourselves for the future.

The core to our business remains our customer service. Some of the key accomplishments during the quarter are

1. Globally, IndiGo was ranked as 3rd most punctual airline by OAG rankings for Jan to Jun'21
2. Domestically, we have been ranked as number one in our OTP consistently for the past 4 quarters.
3. Our customer complaint rates in the Jun quarter were the lowest at 0.1 complaints per thousand

passengers as compared to rest of Industry average of 1.09 per thousand passengers.

4. We have been felicitated as India's best places to work in Transportation by Great place to Work Institute.

While the impact of the covid second wave has been severe on both our income statement and our cash flow, we are pleased to see that as covid numbers decline travel revenue also rebounds quickly.

This has obviously been a very bad quarter and the key question in investors mind must be when do we start seeing light at the end of the tunnel? Given the vaccination rates a reasonable scenario is that the third wave will be relatively flat and as such we hope to be at 100% of pre-covid domestic capacity by the end the year, after which we can hope to return to normalcy on revenues.

And With that, let me handover the call to our CFO, Jiten Chopra

**Jiten Chopra:**

Thank you Rono and good evening everyone. Hope all of you are safe and doing well.

For the quarter ended June 2021, we reported a net loss of 31.7 billion rupees compared to a net loss of 11.5 billion rupees for the quarter ending March 21. We reported a negative EBITDAR of 13.6 billion rupees compared to an EBITDAR of 6.5 billion rupees in the quarter ending March 21.

In the March quarter, we operated at 75% of pre-covid capacity but during the Jun quarter we operated at only 44% of pre-covid capacity. Such lower capacity deployment has negatively impacted our performance metrics. Some of the key variations from the March quarter are

1. We operated at a load factor of 58.7 percent, a reduction of 11.4 points
2. Our RASK reduced by 16.4 percent primarily driven by reduction in our load factors by 11.4 points and reduction in our yields by 5.7 percent to 3.48 rupees.
3. Our fuel CASK increased by 8.5 percent compared to a 12 percent increase in average ATF prices on a sequential basis.
4. Our CASK ex-fuel increased by 56.0 percent.

The update on our cash position is as follows:

1. We ended the March quarter with a free cash of 71.0 billion rupees
2. Our average net cash burn during the quarter was 334 million rupees per day.

3. At the end of March quarter, we had announced liquidity initiatives aggregating 45 billion rupees. Further, in the June quarter we were able to secure additional liquidity of 10 billion rupees taking the total initiatives to 55 billion rupees for the year. Of this we infused 14 billion rupees during the quarter. We are also in discussions with various lenders to further enhance our liquidity position.
4. Additionally, we continue to work with our various partners to secure favourable credit terms.
5. We ended the June quarter with a free cash of 56.2 billion rupees and total cash of 170.7 billion rupees.

On the other key balance sheet numbers, we ended the quarter with capitalized operating lease liability of 259.3 billion rupees and total debt, including the capitalized operating lease liability of 316.9 billion rupees.

The strength of our balance sheet is our biggest defense in the fight against Covid-19 and we will continue to enhance this strength by focusing on cost reduction, liquidity enhancement and capacity addition.

With this, let me hand it back to Ankur.

**Ankur Goel:**

Thank you Rono and Jiten. To answer as many questions as possible, I would like to request that each participant limit themselves to one question and one brief follow-up question, if needed. And with that, we are ready for the Q&A.

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