

# IndiGo™

InterGlobe Aviation Limited



## Annual Report 2019-20

#### Forward-looking statements

This report may contain some statements on your Company's business or financials which may be construed as forward-looking based on the management's plans and assumptions. The actual results may be materially different from these forward-looking statements although we believe we have been prudent in our assumptions.

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# Message from the CEO

## Dear Shareholders,

I write this at a time when we are in the midst of the COVID-19 pandemic. My sympathies are with anyone who is directly or indirectly affected by the virus and I sincerely wish for the good health and safety of all. Apart from the health crisis, the pandemic has also presented us with an economic crisis. Across countries, we have witnessed a sharp deceleration in growth, with airlines being one of the worst hit sectors. FY 2020 has therefore been a challenging year for us, primarily due to this outbreak. Both internationally and domestically, we have faced unprecedented demand slowdown and revenue challenges due to travel bans, lockdowns and general anxiety towards travel.

During the crisis, the level of resilience and determination that our organisation has demonstrated is really commendable. As an example, during the pandemic, our entire operations and sales teams worked together to rapidly convert some of our aircraft from passenger aircraft to all-cargo aircraft. Consequently, we have been carrying up to twenty tons of cargo on passenger airplanes to destinations in Asia and the Middle East. We deeply appreciate the support we are receiving from our stakeholders during this time. Given the uncertainty, it is difficult to predict the timing of return to normalcy, but we are determined to come out of this crisis in a stronger position than when we entered. In that context, we are paying particular attention to four critical aspects of our company including measures to ensure the safety of our customers and employees, reduce our costs, strengthen our brand and further enhance our employee culture.

### Priority to customer safety and well-being

At this time, our priority is to ensure safety of our customers. We have introduced a number of measures as a part of our new standard operating procedures, which will enable us to minimise the impact of the virus. Some of these procedures include:

- Disinfecting aircraft before every departure;
- Spray cleaning the aircraft at every arrival;
- Increased frequency of deep cleaning of the aircraft including wiping of all touch points;
- Providing safety kits to our passengers;
- Mandatory masks on board for both crew and passengers;
- Placing hand sanitisers at various places;
- Discontinuance of meal services; and
- Ensuring social distancing norms at check in, boarding.



“ Given the uncertainty, it is difficult to predict the timing of return to normalcy, but we are determined to come out of this crisis in a stronger position than when we entered. ”

Ronojoy Dutta  
Whole Time Director and  
Chief Executive Officer



Rs. **204** billion

## Total Cash Balance

as on March 31, 2020

Further, Airbus aircraft cabin is equipped with HEPA filters, which ensures that the virus cannot recirculate. The surfaces are cleaned thoroughly and passengers are wearing face masks. So the risk of transmission by air or through droplets is minimal. Therefore, I would like to stress that airlines are clearly the safest mode of transportation and we want our customers to fly our airline with full confidence that we are safeguarding their health and well-being.

## Low costs remain fundamental to the way we do business

IndiGo is a pioneer in bringing low-cost aviation to India. With our structural cost advantages coupled with operational efficiencies, we have been able to build one of the lowest cost structures globally. During the current period of crisis, when revenue has nearly dried up, airlines across the globe are emphasising cost control and reduction of cash burn. We have also undertaken several cost reduction and cash flow initiatives that have helped us to rationalise our costs further and utilise our cash reserves judiciously. Specifically, we have taken the following actions:

- We have announced a salary cut in the range of 5 to 25% across the organisation excluding certain employees at the lower pay grades.
- We have announced leave without pay for the months of May, June and July. This action will result in employees foregoing an additional 3% to 17% of their pay.
- We have put on hold all discretionary expenses and have deferred certain capital expenditure projects.
- We are looking at every element of cost and working hard with the partners for negotiating better prices and terms.
- We will be rightsizing our capacity to the demand in the market. We value the efficiency and structural low costs associated with NEO aircraft and thus we will continue to substitute them for the older CEO aircraft. We are taking deliveries of all our new NEO aircraft and balancing them by returning the CEO aircraft that we had committed to earlier.

## Our focus has shifted from profitability and growth to cash management and liquidity

This crisis has once again highlighted the importance of a strong balance sheet, particularly, our cash reserves. In times of distress, a strong cash balance built up prudently over the years has provided IndiGo with a cushion to navigate through these difficult times. As a result, we ended the FY 2020 with a healthy total cash balance of 204 billion rupees of which 89 billion rupees was free cash. Along with this, we have taken and will continue to take a number of actions to shore up our liquidity.

In terms of liquidity measures, we are working on a number of initiatives such as:

- **Returning older CEOs and getting deliveries of NEOs:** The CEOs that we are operating have a higher ownership cost driven by higher maintenance cost and higher fuel burn. As part of our fleet plan we are working on naturally retiring a number of these CEO aircraft. We will be taking the deliveries of new planes in quarter 1 and 2 of FY 2021 which are more cost effective and we are in discussions with manufacturers regarding deliveries beyond this period. Further, we have already financed majority of the deliveries through operating lessors, which will help in improving our liquidity.
- **Freezing of supplementary rentals:** We have been talking to our lessors to freeze our supplementary rentals and better align these with our utilisation for a period of 9 months. Since a large number of aircraft are currently grounded and will be operated at much lower utilisation levels going forward, there is no immediate need for us to provide for these.
- We have reached out to our various suppliers to provide us more favourable credit terms.
- Moreover, while we have paid dividends in the past, we will not pay dividends this year to conserve liquidity.

All these measures will help us generate additional liquidity of approximately 30-40 billion rupees. We are also looking to raise finance against the various unencumbered assets of IndiGo, which could be a source of additional liquidity for us.

## Phased capacity ramp-up and network expansion to eventually reach pre-pandemic levels

IndiGo has been instrumental in providing the much needed aviation infrastructure in the country leading to growth in trade and tourism and spurring overall economic growth. Although the pandemic has led to a deferment of our near term growth

“IndiGo has been instrumental in providing the much needed aviation infrastructure in the country leading to growth in trade and tourism and spurring overall economic growth.”

plans, we are hopeful that this will not last for very long and we will bounce back soon. We see our vast domestic network as the key to successful international operations, which I believe is extremely difficult for any other airlines to replicate. While we are likely to face revenue pressures in the short-term, the sharp decrease in fuel costs nevertheless allows us to fly a large part of our network profitably.

### Delivering a hassle-free experience, particularly during tough times

Our endeavour has always been to deliver a hassle-free experience from the initiation of ticket booking till the completion of journey. Exemplary customer service is at the core of everything we do, and each year we actively work towards enhancing the same.

Our Net Promoter Score is comparable with low-cost carriers around the world. We find customer feedback to be the most valuable source of information and thus we place a significant amount of Management's time and attention towards the analyses of such information in order to identify root cause of issues reported, evaluate areas of improvement and align ourselves to best practices.

For the third time in a row, IndiGo was awarded 'Asia's Best Low-Cost Airline' by TripAdvisor's 2019 Travellers' Choice Airline Awards. This award is based on direct customer feedback and holds a great value to us. Further, our contribution towards building a world-class airline infrastructure in the country has been recognised on several forums. For this, IndiGo was awarded the 'Best Domestic Airline' at FICCI's first edition of Travel and Tourism Excellence Award.

### IndiGo has become a strong global brand

During the year, we further strengthened our international partnerships and enhanced our brand presence. A codeshare agreement with Qatar Airways enabled us to extend the IndiGo experience to passengers across the world. IATA membership has expanded our global presence in terms of enhanced partnership portfolio and alignment to the best global practices. Furthermore, we added 12 global online travel agencies ("OTAs") to our network and organised GSA meetings across the globe as a part of our brand outreach.

IndiGo has been recognised among the most valuable and strongest airline brands, as per the Brand Finance Airlines 50 report for 2020. This is very encouraging news for us during these unprecedented times and is a testament to all the hard work put in to scale-up our operations during the last year.

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### New destinations

added during the year

“ We are on a mission to build the best air transportation system in the world, and I am optimistic about the prospects the future holds for us. ”

### Working with a highly dedicated and talented pool of professionals

At IndiGo, we are proud to be an equal opportunity employer for people with diverse backgrounds and cultures. We remain the employer of choice and this is reflected by the fact that we have almost doubled our employee count in the last three years with a total headcount of 27,812 as of March 31, 2020. Our Human Resources function focuses on training and skill development through state-of-the-art academy, called “ifly”.

I am proud to state that our employees have once again proved to be our pillars of strength by demonstrating true dedication and courage in the selfless service of our customers and our nation, ferrying emergency relief supplies during the pandemic.

### Fulfilling our responsibilities towards the community and the environment

We, as an organisation, recognise our role towards sustainable growth and have undertaken several initiatives to help the community. We have impacted the lives of over 64,500 women through financial inclusion and other income generating activities. Education is another key area of work and we have enhanced the lives of over 47,500 children through various education interventions. We have also installed several biogas units in our pursuit to reduce greenhouse gas emissions.

IndiGo continues to support the Government during natural disasters. More than 13 tonnes of relief materials were provided during Assam, Karnataka, Maharashtra and Patna floods.

During the lockdown, we operated over 30 relief flights in the country transporting medical equipment and other requisite resources across the country at our own cost.

### “In the midst of every crisis, lies great opportunity”

The pandemic has presented several challenges to the aviation industry in terms of liquidity and change in consumer expectations. Even with these challenges, I am very bullish on the future of Indian aviation, as India possesses all the underlying drivers required for rapid growth in this industry.

Furthermore, I believe that IndiGo is best placed to lead this growth in Indian aviation given its financial strength, efficient fleet and strong market position across India and neighbouring countries.

I would like to sum up by saying that IndiGo is likely to soon resume its path of rapid growth. It is imperative for us to remain focused on liquidity and profitability with no compromise on the operational excellence for which we are well known. I am thankful to our customers and our shareholders for their continued support and confidence. We are on a mission to build the best air transportation system in the world, and I am optimistic about the prospects the future holds for us.

Sincerely,

Ronojoy Dutta

Whole Time Director and Chief Executive Officer

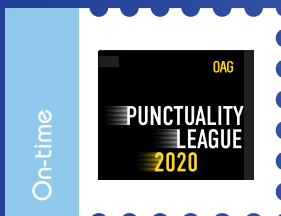
## The IndiGo Way

On-time

Low fares

Courteous & hassle-free

Only Indian airline to be ranked amongst the top 20 mega airlines globally for best on-time performance, 3 years in a row



Best Low Cost Airline, Central Asia and India, 10 years in a row



Best Domestic Airline, FICCI's Travel and Tourism Excellence Award





### Customers

1650+ daily departures and 75,025,960 passengers served during the year.

Launched a co-branded credit card called "Ka-Ching" which offers flight discounts and other benefits to its members.

Launched Chatbot, user friendly Mobile Apps and exclusive features like Flexi Fare, Flexi Pay and Plan B on direct channels keeping in mind the customer needs.

**Best Low Cost Airline - Central Asia and India:** At the Skytrax World Airline Awards 2019 - for the tenth consecutive time.

**Best Domestic Airline:** Awarded by FICCI's first edition of Travel and Tourism Excellence Award.

10 new domestic and 8 new international destinations added during the year

Rs. 204 billion: Total cash balance at March 31, 2020 including free cash of Rs. 89 billion

Rs. 69.7 billion: Cash flow from operations generated during the year

Ordered 300 additional A320 NEO family aircraft including A321 XLRs. At March 31, 2020 NEOs formed 44% of total fleet.

CFM engines ordered to power 280 A320 NEO and A321 NEO aircraft

Increased global brand presence by becoming member of IATA



### Shareholders



### Employees

4,200+ net employees added during the year

464 pilots, 1,384 cabin crew, 657 engineers and 3,007 airport, customer service and security staff graduated from ifly this year.

Awarded Companies with Great Managers - by People Business in partnership with The Economic Times.

Our learning academy - 'ifly' won awards for best practices in Learning and Development under six different categories at the TISS LEAPVAULT Chief Learning Officer (CLO) awards by the Tata Institute of Social Sciences.

Operated over 170 cargo flights during the 2 months of non-operation carrying 1,110 tonnes of cargo including essentials and medical supplies.

Operated more than 290 repatriation flights serving around 45,000 passengers till June 2020.

Fleet size increased to 262 aircraft - added 45 net aircraft during the year

Flying to over 55 Tier 2 and Tier 3 cities with 15 new routes added under the UDAN scheme during the year.



### Country



### Community

64,500+ Women empowered through income generating activities

47,500+ Children impacted through our academic and holistic development programmes

13.27 tonnes of cargo transported to flood affected region during the Assam, Karnataka, Maharashtra and Patna floods.

# Board of Directors



Mr. Meleveetil Damodaran  
Chairman and Independent Director



Dr. Anupam Khanna  
Independent Director



Ms. Pallavi Shardul Shroff  
Independent Director



Dr. Venkataramani Sumantran  
Independent Director



Mr. Rahul Bhatia  
Director



Mr. Rakesh Gangwal  
Director



Ms. Rohini Bhatia  
Director



Mr. Anil Parashar  
Director



Mr. Ronojoy Dutta  
Whole Time Director and  
Chief Executive Officer