

IndiGo sheds budget domestic image with upmarket overseas push

India's largest carrier adds business-class seating and increases international routes

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India's biggest airline is leaving behind its budget image as it expands overseas and adds business-class seating, building on its dominant position at home in the world's fastest-growing commercial aviation market.

IndiGo will bolster the number of international destinations it serves to about 40 by the end of March, up from 26 two years ago, after adding direct connections to cities such as Jakarta and Nairobi, while recently offering premium "stretch" cabins on popular shuttle routes between big Indian cities, including Mumbai and Delhi.

The move blends its cost-conscious, India-centric focus with newer, fuller-service offerings, according to chief executive Pieter Elbers — setting itself up for fierce competition with global long-haul carriers and departing

from its budget roots. "We have left that station long ago," Elbers told the Financial Times in an interview.

"I think some of us are calling us a hybrid, I'm fine with whatever name you put on it."

Operating for almost 20 years, IndiGo has reached commanding heights as more Indians take to the skies. It has seized more than 60 per cent of the domestic market — up from 37 per cent a decade ago. A focus on costs and efficiency has helped its rise in a turbulent environment where many local competitors have fallen — including the billionaire-backed Go First, Kingfisher Airlines and Jet Airways.

Shares in Indigo's parent company InterGlobe Aviation have soared 40 per cent over the past year, compared with a 6 per cent rise in the Nifty 100 index of India's top stocks, even as cut-throat pricing, high fuel costs and excessive debt grounded other carriers.

"They have succeeded in a market where most have failed," said Kapil Kaul, chief executive of aviation consultancy CAPA India. "This may be just the beginning — they have not touched

the surface of the long and ultra-long-haul market."

Elbers, a former KLM chief executive brought in to lead IndiGo in 2022, has been charged with taking the airline "across new frontiers", as more Indians holiday abroad, lured by easing visa requirements in neighbouring regions, such as south-east and central Asia.

Deliveries of Airbus's A321XLR narrow-body, long-range aircraft coming later this year "brings us further into Europe", as well as more distant destinations in Asia, such as Seoul, said Elbers.

The airline's horizons are set to broaden even further. Last year, IndiGo ordered 30 Airbus long-haul, wide-body planes, which it expects to start adding to its fleet from 2027. That was in addition to the airline's historic record order for 500 narrow-body aircraft from the European manufacturer two years ago.

Analysts said that expansion could be bumpy. "Long haul is an extremely competitive business," said Kaul.

"If you go to North America, the world is competing with you, if you go to Europe, everyone is competing with you, so that's a huge departure from the

core narrow-body model they have."

IndiGo now has an outstanding order book of about 900 jets with Airbus and is aiming to increase its fleet to about 600 by the end of the decade, doubling it in size from 2023.

"Whether it's going to be 50 more or 50 less . . . time will tell," said Elbers, given industry-wide supply chain delays. "We have been very capable of managing that and the order book itself



IndiGo has managed to seize more than 60% of its home market

stretches well into the next decade."

IndiGo's overseas focus may help defend the airline against the increasing weakness of its home currency. The rupee has fallen to fresh lows against a strengthening dollar and resulted in an 18 per cent year-on-year decline in the carrier's profit after tax in the quarter through December, even though it reported a record 31mn customers had flown with it during the period.

"We work on hedging, we work further on internationalisation and we work on keeping the fundamentals of the company strong and solid so that we're able to absorb these potential swings," Elbers said.

Wider recognition outside India has been relatively elusive, but Elbers said the brand is "creating awareness" as it increases the number of flights to global hubs, such as Abu Dhabi and Singapore.

At home, it faces a rejuvenated Air India, the stodgy, former state-owned carrier taken over in 2022 by Tata Sons. The powerful Indian conglomerate has spent billions of dollars on hundreds of new planes to modernise and scale up its ageing fleet.

"Of course, there's going to be domestic competition," Elbers added. "If we want to build India into a global aviation hub there should be a couple of airlines of matching size to compete with some of the international ones."

However, industry experts question whether India can support this growth amid a shortage of pilots and staff — as well as infrastructure. Annual domestic and international passenger traffic in India is expected to more than double in the next five to seven years to about half a billion, from an estimated 240mn this financial year ending in March, according to CAPA India.

Elbers said he was confident India's aviation boom would be well served, pointing to new airports coming in and around its busiest metropolitan areas, including Mumbai and New Delhi.

At the same time, IndiGo does not expect a massive leap in the nearly 90 Indian destinations on its roster.

"Coverage in India, when it comes to airports, is already very, very strong," he said. "I think what's important, actually, is to have bigger airports, better airports and more capacity."