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Stocks of IndiGo, SpiceJet fly high

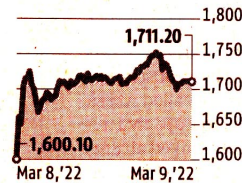
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Shares of airline companies InterGlobe Aviation (parent company of the low-cost airline IndiGo) and SpiceJet gained up to 8 per cent on the BSE in Wednesday's intra-day trade after the government announced resumption of international flights from March 27. The move is expected to boost international capacity and shall help soften airfares, which have been soaring due to increased demand and rise in crude oil prices.

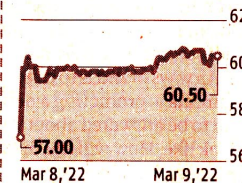
The stock of IndiGo ended the day at ₹1,711.20, up 7 per cent, while that of SpiceJet closed at ₹60.50, up 6 per cent. The benchmark Sensex, on the other hand, closed 2.29 per

TAKING OFF

InterGlobe Aviation (₹)



SpiceJet (₹)



Source: Bloomberg. Compiled by BS Research Bureau

cent up at 54,647.33 points.

In the past month, shares of Indigo declined more than 23 per cent, as compared to a little over 7 per cent decline in the Sensex. The stock of SpiceJet had hit a 52-week low of ₹53.30 on Monday.

The civil aviation ministry on Tuesday announced the resumption of scheduled

international flights from March 27 and an end to air transport bubbles, which replaced regular flights for the past two years.

Analysts believe IndiGo remains better placed than its peers and is likely to emerge stronger post-Covid, given a superior balance sheet, industry leading cost structure, and

strong management team. The Street has multiple concerns related to SpiceJet.

Edelweiss Research said: "Given the delay in 737 MAX deliveries, lack of transparency for investors, transfer of the cargo business, replacement of cheap Boeing planes, and a weak balance sheet, we are reducing FY23 estimated operating profit by 3.7 per cent." The brokerage maintains a 'hold' rating.

But the rising crude prices remains a worry for both firms. Ashutosh Somani and Heet Vora of JM Financial said: "Airlines currently face a challenging time ahead on account of record high aviation turbine fuel prices, which are likely to increase further on the back of a war between Russia and Ukraine."