INDIGO SEES POTENTIAL DELAYS IN DELIVERY SCHEDULE OF A320NEO AIRCRAFT

News / Airlines

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IndiGo, India's largest airline by passengers carried, said the delivery of the first fuel-efficient Airbus A320neo has been delayed and there could be additional delays, citing "industrial reasons" at European plane maker Airbus SAS.

"On 17 December 2015 after close of business hours, we have received an official notification from Airbus that the A320neo aircraft, the first of which was to be delivered on 30 December 2015 has been delayed due to 'industrial reasons'," IndiGo, run by InterGlobe Aviation Ltd, said in a statement on Saturday.

As the launch customer of the A320neo, IndiGo, which uses only A320s right now in its fleet, was waiting for the fuel-efficient neo versions of the planes that will help the airline cut fuel costs by 10-15%.

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IndiGo has been consistently profitable since 2009, a feat unrivalled by any other domestic airline.

Mint could not immediately contact Airbus for a comment.

"At this time, IndiGo does not have clear visibility of its future A320neo delivery schedule and the potential for additional delays exist," IndiGo said in the statement. "We are looking at mitigating the potential shortfall in capacity through other options."

In a September interview , Aditya Ghosh, president and whole-time director at IndiGo, had said that induction of A320neos will be a springboard for IndiGo to reach the next level of revolutionary growth.

IndiGo had ordered 100 Airbus A320 aircraft in June 2005, 180 A320neo aircraft in June 2011 and 250 A320neo aircraft in August 2015. Each of these orders were the largest single order of aircraft by number from Airbus at the time of the order, according to Airbus.

The magnitude of orders helped the airline negotiate favourable terms with Airbus and other aircraft-related suppliers and service providers, which provided the firm with a structural cost advantage by reducing the overall costs associated with the acquisition, maintenance and operation of the aircraft.

IndiGo had raised Rs.3,010 crore through a successful initial public offering (IPO) in October--the biggest since the listing of around $750 million by Bharti Infratel Ltd in December 2012. The IPO had attracted orders worth six times the number of available shares. The stock was listed in November.

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