

A COMPARATIVE STUDY OF FINANCIAL STATEMENT OF AIR INDIA AND INDIGO AIRLINES.

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ABSTRACT

This comparative study delves into the financial statements of Air India Limited and IndiGo Airlines, aiming to provide a comprehensive analysis of their financial performance. The research evaluates key financial indicators such as revenue, expenses, profitability, and operational efficiency over a specified period, seeking to uncover trends, variations, and underlying factors that contribute to their financial dynamics. Through a detailed examination of income composition, expense management strategies, and profitability trends, the study aims to offer valuable insights into the financial health, operational efficiency, and long-term viability of both airlines. Additionally, the analysis considers the impact of external factors on their financial performance and examines investor perceptions. The findings of this study are expected to contribute to a deeper understanding of the financial standing of Air India and IndiGo, aiding stakeholders, industry professionals, and decision-makers in making informed strategic decisions.

Keywords: Financial Statement, Air India, IndiGo, Airline Industry

1. INTRODUCTION

What is Financial Statement?

A financial statement is a report that details a company's financial operations and results. Lenders and investors use it to assess a company's financial stability and earning potential. Written documents that describe a company's financial activity are called financial statements. In order to assure accuracy and for tax, financing, or investment objectives, accountants and government authorities frequently audit financial accounts. The balance sheet, income statement, statement of cash flow, and statement of changes in equity are the primary financial statements for a for-profit company. A comparable but distinct set of financial statements is used by nonprofit organisations.

Profile of Air India Airlines:

India's flag carrier airline is called Air India. Air India Limited, a Tata Group company, owns it. It runs a fleet of Airbus and Boeing planes that travel to 102 domestic and international locations. Its main office is in Gurugram. The airline serves multiple target cities around India in addition to its primary hub at Delhi's Indira Gandhi International Airport and its secondary hub at Mumbai's Chhatrapati Shivaji Maharaj International Airport. After IndiGo, the airline is the second-largest passenger carrier in India as of July 2023. On July 11, 2014, Air India joined Star Alliance as its 27th member.

J. R. D. Tata established the airline in 1932 under the name Tata Airlines. Tata piloted the firm's inaugural single-engine De Havilland Puss Moth, transporting mail from Karachi to Bombay's Juhu airport and then on to Madras (now Chennai). It changed its name to Air India and became a public limited company following World War II. When it received its first Boeing 707, dubbed Gauri Shankar, on February 21, 1960, it became the first airline in Asia to operate a jet. There were attempts in 2000–01 to privatise Air India, and following its merger with Indian Airlines in 2006, it started to lose money. In 2017, an additional attempt at privatisation was made, and in 2022, the airline and its related businesses were returned to the Tata group. Via its subsidiary Air India Express, Air India also runs flights to domestic and Asian locations. For most domestic and short-haul international routes, Air India uses a combination of narrow body aircraft, such the Boeing 737 and Airbus A320 family, and wide body aircraft, like the Airbus A350, Boeing 777, and Boeing 787, for long-haul international routes. The Maharajah (Emperor) is the mascot of Air India. The previous emblem featured a flying swan with the Konark wheel inside, but it was replaced in 2023 by a new design that was modelled around the airline's Jharokha window pattern.

Profile of IndiGo Airlines:

The low-cost airline InterGlobe Aviation Limited, operating as IndiGo, is based in Gurgaon, Haryana, India. In terms of both passengers carried and fleet size, it is the biggest airline in India. As of November 2023, its domestic market share was 61.8%. With more than 100 million passengers carried in 2023, it is the biggest airline in Asia and among the biggest in the world overall. With a fleet of more than 340 aircraft, IndiGo will be operating over 2,000 daily flights to 119 destinations as of January 2024—86 domestic and 33 foreign. Delhi's Indira Gandhi International Airport serves

as its main hub. Rakesh Gangwal and Rahul Bhatia of InterGlobe Enterprises established the airline as a commercial enterprise in 2006. It received its first aircraft in July 2006 and started flying the same month. In terms of passenger market share, the airline rose to the top in India in 2012. Nov. 2015 saw the company's public offering. According to OAG, IndiGo was the fifteenth most punctual airline in the world in 2022.

2. REVIEW OF LITERATURE

Ms. Sejal Makwana 2020 completed of an examination entitled **A Comparative Study of Financial Analysis of Jet Airways and IndiGo with idea**. The main objectives of this study are to compare the financial performance of Jet Airways and IndiGo airlines. Specifically, the study aims to analyze the net profit, operating expenses, and revenue of both airlines over the past 8 years. figured out that The conclusion of the study indicates that Jet Airways achieved higher profits compared to IndiGo over the past 8 years. Statistical analyses were conducted, rejecting the null hypothesis and indicating significant differences in both net profit and revenue between the two airlines. The study suggests that there is a need for further expansion and efforts to increase profitability in the aviation sector. with utilization It primarily focuses on comparing the financial performance of Jet Airways and IndiGo based on their annual reports. However, it does mention that the study analyzed the financial data of the two airlines from their annual reports. It is possible that the study employed a comparative analysis approach to examine the financial data and compare the performance of the two airlines over the past eight years.

Bharath K. A. 2017 completed of an examination entitled **Comparative Study On Growth and Financial Performance of Jet Airways, Indigo Airlines & Spicejet Airlines Companies in India**. with idea of understand the current and future evolvement of the Indian airline industry, to study the financial performance of selected airlines in India, and to analyze the growth and trend performance of these airlines. figured out that the study concludes that it aims to determine the better performer among Jet Airways, Indigo Airlines, and SpiceJet Airlines in terms of growth and financial performance among the three airline groups. However, there are significant differences in net profit margin (NPM) and return on assets (ROA). The study suggests that Indigo Airlines offers better business packages and vacation packages, SpiceJet competes well with varying prices of in-flight services, and Jet Airways focuses on providing luxurious services to customers with utilization. The research methodology used in this study is described as a quantitative research approach. The study utilized ratio analysis and ANOVA testing to evaluate the market share, profit margin, return on assets, and return on equity of the selected Indian airlines. Descriptive statistics, hypothesis testing, and interpretation of test results were conducted for each financial performance ratio.

Dr.W.Saranya & V.Sandeep 2021 examined **Financial Statement Analysis of Indigo and Air Asia Ltd** with intent The objectives of the study on the Financial Statement Analysis of Indigo and Air Asia Ltd are to assess financial strength, profitability, liquidity, and financial viability of the companies. discovered that The conclusion of the study indicates that both Indigo and Air Asia Ltd have satisfactory financial performance, with Air Asia being more profitable and Indigo having a stronger liquidity position. Efficient financial management is crucial for business growth, and the analysis of financial ratios provides valuable insights into the companies' overall performance with help of The research methodology of the study involved selecting two companies, Indigo Ltd and Air Asia Ltd, from the Indian aviation industry. The study utilized secondary data from the companies' annual reports, journals, articles, and other open-source databases. Analyzing this data using Ratio analysis helped in evaluating the financial performance of the chosen companies.

Saloni Sunilkumar Doshi 2020 examined **A Study on Financial Appraisal of Indigo Company of India** with intent The study aims to analyze the financial position, profitability, and business risk of IndiGo Company of India, understand the impact of the competitive market on financial performance, identify key cost and profitability factors in the airline industry, explore accounting's role in communicating financial information, and study the determinants of profitability in selected Indian aviation companies. discovered that The study concludes that despite being a market leader in the Indian air carrier industry, IndiGo reported significant losses in the fiscal year 2020 due to the COVID-19 pandemic. The company's financial condition in 2019 was poor, with losses incurred. However, in previous years, profits showed significant growth. The research highlights the challenges faced by airline companies in the current economic scenario and emphasizes the importance of analyzing financial parameters for informed decision-making with help of The research methodology employed in this study includes a quantitative approach, focusing on statistical analysis for data interpretation. The study uses secondary data collected from annual reports of companies under study, supplemented by information from various sources such as websites, journals, and magazines. The research covers a period of three years (2017-2018 to 2019-2020) to analyze the performance of IndiGo Company. Data analysis involves using accounting tools and techniques, including ratio analysis to evaluate liquidity, efficiency, profitability, and other financial aspects of the company.

3. OBJECTIVES OF THE PAPER

- ✓ The objective of the study is to analyze the profitability, liquidity, solvency, and efficiency of Air India and Indigo Airlines by comparing their financial statements.
- ✓ The study aims to understand the overall financial health of the airlines and evaluate their financial performance and business value
- ✓ By conducting this analysis, the study intends to identify the strengths and weaknesses of the airlines and provide valuable insights for decision-making purposes

Financial Statements:

Written documents that describe a company's operations and financial results are called financial statements. For the goal of ensuring accuracy and for tax, financing, or investment purposes, government authorities, accounting companies, etc. frequently audit financial accounts. The balance sheet, income statement, statement of cash flow, and statement of changes in equity are the primary financial statements for a for-profit company. A comparable but distinct set of financial statements is used by nonprofit organisations.

Uses of Financial statement:

1. Analysis of profitability
2. Analysis of liquidity
3. Analysis of solvency
4. Analysis of efficiency

Classification of Financial analysis:

As mentioned, there are three main financial statements that every company creates and monitors:

1. Balance sheet
2. Income statement
3. cash flow statement.

Here is a comparison of Income statement



Tools and Techniques:

1. Comparative Income statement
2. Common-size Income statement

Comparative Study & Results:

Comparative Income Statement of Profit and Loss for The Year Ended 31st March 2022

(Air India Limited) (Rupees in Millions)

Particulars	Note No.	2021-22	2020-21	Increase/ Decrease	Increase/ Decrease (in %)
I. Income					
1. Revenue From Operations		171052.3	103433	-67619.3	-65.37498
II. Other Income		27106.8	17607.5	-9499.3	-53.95031
III. Total Income (I+II)		198159.1	121041	-77118.6	-63.71305

IV. Expenses					
1. Aircraft Fuels & Oil		67298.1	25358.7	-41939.4	-165.3847
2. Other Operating Expenses		75018.7	47748.5	-27270.2	-57.11216
3. Employee Benefit Expenses		23291.7	22557.1	-734.6	-3.256624
4. Finance Cost		38719.4	38363.7	-355.7	-0.927179
5. Depreciation And Amortization Expenses		41880	44523.1	2643.1	5.936469
6. Other Expenses		20226.3	12282.2	-7944.1	-64.67978
Total Expenses		266434.2	190833	-75600.9	-39.6162
V. Profit/(Loss) Before Exceptional Items And Tax (III-IV)		-68275.1	-69792.8	-1517.7	2.17458
VI. Exceptional item (Net)		-25300	0	25300	-
VII. Profit/(Loss) Before Tax (V+VI)		-93575.1	-69792.8	23782.3	-34.07558
VIII. Tax Expenses:					
i) Current Tax		0	0	0	-
ii) Tax For Earlier Year		0	381.4	381.4	100
iii) Deferred Tax		1990	0	-1990	-
IX. Profit/(Loss) After Tax Of The Year (VII-VIII)		-95565.1	-70174.2	25390.9	-36.18267
X. Other Comprehensive Income					
Item That Will Not Be Re-classified To Profit & Loss And Its Related Income Tax Effect:					
i) Re-Measurements Of The Defined Benefit Plans		-396.1	-595.5	-199.4	33.48447
ii) Fair Value Changes On Equity Instruments Through Other Comprehensive Income		45.6	-69.4	-115	165.7061
iii) Income Tax On The Above		0	0	0	-
Other Comprehensive Income/(Loss) For The Year		-350.5	-664.9	-314.4	47.28531
XI. Total Comprehensive Income/(Loss) Of The Year (IX+X)		-95915.6	-70839.1	25076.5	-35.39924

- ✓ The Revenue from Operations experienced a significant decrease of Rs. 67,619.3, indicating challenges or a decline in the company's core business activities.
- ✓ Total Expenses decreased by Rs. 75,600.9, suggesting cost-cutting measures or improved operational efficiency. This reduction in expenses contributed to the overall financial improvement.
- ✓ The Profit Before Tax increased notably by Rs. 23,782.3. This substantial improvement suggests that exceptional items had a positive impact on the company's overall profitability.
- ✓ The Net Profit after Tax saw a significant increase of Rs. 25,390.9. This indicates a substantial improvement in the company's bottom line after accounting for taxes.
- ✓ The Total Comprehensive Income increased by Rs. 25,076.5, reflecting a positive change in both net profit and other comprehensive income. This overall improvement suggests a better financial performance.
- ✓ Other Comprehensive Income decreased by Rs. 314.4, indicating a reduction in items not re-classified to Profit & Loss. This decrease contributed to the overall change in total comprehensive income.
- ✓ The percentage decrease in Revenue from Operations was approximately 65.37%, signifying a substantial contraction in the core business activities compared to the previous year.
- ✓ The percentage decrease in Total Expenses was around 39.62%, indicating effective cost-cutting measures or improved operational efficiency during the period.

- ✓ The percentage increase in Profit Before Tax was approximately 34.08%, reflecting a notable improvement in profitability. Exceptional items played a significant role in driving this positive change.
- ✓ The percentage increase in Net Profit after Tax was about 36.18%, indicating a significant enhancement in the company's bottom line after accounting for taxes.
- ✓ The percentage increase in Total Comprehensive Income was around 35.40%, showcasing an overall positive change in both net profit and other comprehensive income. This suggests an improved financial performance.
- ✓ The percentage decrease in Other Comprehensive Income was approximately 47.29%, signifying a reduction in items not re-classified to Profit & Loss. This contributed to the overall change in total comprehensive income.

Common-size Income Statement of Profit and Loss for The Year Ended 31st March 2022

(Air India Limited) (Rupees in Millions)

Particulars	Note No.	Amount (Rs.)		% to Revenue From Operations	
		2021-22	2020-21	2021-22 (in %)	2020-21 (in %)
I. Income					
1. Revenue From Operations		171052.3	103433	100	100
II. Other Income		27106.8	17607.5	15.84708	17.0231
III. Total Income (I+II)		198159.1	121040.5	115.8471	117.0231
IV. Expenses					
1. Aircraft Fuels & Oil		67298.1	25358.7	39.34358	24.51703
2. Other Operating Expenses		75018.7	47748.5	43.85717	46.1637
3. Employee Benefit Expenses		23291.7	22557.1	13.61671	21.80842
4. Finance Cost		38719.4	38363.7	22.636	37.09039
5. Depreciation And Amortization Expenses		41880	44523.1	24.48374	43.04535
6. Other Expenses		20226.3	12282.2	11.82463	11.87455
Total Expenses		266434.2	190833.3	155.7618	184.4994
V. Profit/(Loss) Before Exceptional Items And Tax (III-IV)		-68275.1	-69792.8	-39.9148	-67.4763
VI. Exceptional item (Net)		-25300	-	-14.7908	-
VII. Profit/(Loss) Before Tax (V+VI)		-93575.1	-69792.8	-54.7055	-67.4763
VIII. Tax Expenses:					
i) Current Tax		-	-	-	-
ii) Tax For Earlier Year		-	381.4	-	0.368741
iii) Deferred Tax		1990	-	1.163387	-
IX. Profit/(Loss) After Tax Of The Year (VII-VIII)		-95565.1	-70174.2	-55.8689	-67.8451
X. Other Comprehensive Income					
Item That Will Not Be Re-classified To Profit & Loss And Its Related Income Tax Effect:					
i) Re-Measurements Of The Defined Benefit Plans		-396.1	-595.5	-0.23157	-0.57574
ii) Fair Value Changes On Equity Instruments Through Other Comprehensive Income		45.6	-69.4	0.026659	-0.0671
iii) Income Tax On The Above		-	-	-	-

Other Comprehensive Income/(Loss) For The Year		-350.5	-664.9	-0.20491	-0.64283
XI. Total Comprehensive Income/(Loss) Of The Year (IX+X)		-95915.6	-70839.1	-56.0738	-68.4879

- ✓ Other Income as a percentage of Revenue from Operations decreased from 17.02% in 2020-21 to 15.85% in 2021-22. This reduction suggests a slightly lower contribution from non-operational income compared to total revenue.
- ✓ The percentage of Total Income to Revenue from Operations decreased from 117.02% in 2020-21 to 115.85% in 2021-22. This indicates that the proportion of non-operational income to total revenue slightly decreased.
- ✓ The percentage of Total Expenses to Revenue from Operations increased from 184.50% in 2020-21 to 155.76% in 2021-22. This suggests a change in the relationship between total expenses and revenue, indicating potential cost management strategies.
- ✓ The percentage of Profit/(Loss) Before Exceptional Items and Tax to Revenue from Operations increased from -67.48% in 2020-21 to -39.91% in 2021-22. This indicates a relative improvement in operating performance, moving closer to break-even.
- ✓ The percentage of Profit/(Loss) Before Tax to Revenue from Operations increased from -67.48% in 2020-21 to -54.71% in 2021-22. This suggests a positive change in the company's financial position before considering taxes.
- ✓ The percentage of Profit/(Loss) After Tax to Revenue from Operations increased from -67.85% in 2020-21 to -55.87% in 2021-22. This indicates a relative improvement in the net profitability of the company.
- ✓ The percentage of Total Comprehensive Income/(Loss) to Revenue from Operations increased from -68.49% in 2020-21 to -56.07% in 2021-22. This reflects an overall improvement in the company's comprehensive financial performance.

Comparative Income Statement of Profit and Loss for The Year Ended 31st March 2022

(IndiGo Airlines) (Rupees in Millions)

Particulars	Note No.	2021-22	2020-21	Increase/ Decrease	Increase/ Decrease (in %)
Income					
Revenue From Operations		259309.27	146406.31	-112902.96	-77.116
Other Income		7245.42	10363.32	3117.9	30.0859
Total Income		266554.69	156769.63	-109785.06	-70.03
Expenses					
1. Aircraft Fuels Expenses		96952.36	38312.77	-58639.59	-153.05
2. Aircraft and Engines Rentals		3116.84	2804.57	-312.27	-11.134
3. Supplementary Rentals and Aircraft Repair and Maintenance (Net)		60897.84	41912.6	-18985.24	-45.297
4. Airport Fees and Charges		228068.37	16128.84	-211939.53	-1314
5. Purchase of Stock-in-Trade (In-Flights)		1181.42	543.21	-638.21	-117.49
6. Changes in Inventories of Stock-in-Trade		-16.77	11.61	28.38	244.444
7. Employee Cost		31516.78	30261.95	-1254.83	-4.1466
8. Finance Cost		23580.15	21419.83	-2160.32	-10.086
9. Depreciation and Amortization Expenses		50678.47	46986.85	-3691.62	-7.8567
10. Foreign Exchange (Gain) / Loss (Net)		9408.38	-5230.26	-14638.64	279.884
11. Other Expenses		28081.1	21915.58	-6165.52	-28.133
Total Expenses		328264.94	215067.55	-113197.39	-52.633
Profit/(Loss) Before Tax		-61710.25	-58297.92	3412.33	-5.8533
Tax Expenses:					

i) Current Tax		-	-	-	-
ii) Deferred Tax		-	-	-	-
Profit/(Loss) After Tax Of The Year		-61710.25	-58297.92	3412.33	-5.8533
Other Comprehensive Income					
Item That Will Not Be Re-classified To Profit & Loss And Its Related Income Tax Effect:					
i) Re-Measurements Of The Defined Benefit Plans		29.65	-16.65	-46.3	278.078
ii) Income Tax On The Above		-	-	-	-
Other Comprehensive Income/(Loss) For The Year		29.65	-16.65	-46.3	278.078
Total Comprehensive Income/(Loss) Of The Year		-61680.6	-58314.57	3366.03	-5.7722

- ✓ Revenue from Operations decreased by Rs. 112,902.96, representing a substantial decline of approximately 77.12%. This indicates a significant reduction in the core business activity during the specified period.
- ✓ Other Income increased by Rs. 3,117.9, reflecting a positive change of 30.09%. This suggests a relative improvement in non-operational income.
- ✓ Total Income decreased by Rs. 109,785.06, indicating a significant overall decline of approximately 70.03%. This reflects the combined impact of reduced revenue from operations and changes in other income.
- ✓ Total Expenses decreased by Rs. 113,197.39, representing a substantial reduction of approximately 52.63%. This indicates effective cost management or operational efficiencies during the specified period.
- ✓ Profit/(Loss) Before Tax increased by Rs. 3,412.33, reflecting a positive change of approximately -5.85%. This indicates a relative improvement in the company's financial position before considering taxes.
- ✓ Profit/(Loss) After Tax of the Year increased by Rs. 3,412.33, showing a positive change of approximately -5.85%. This indicates a relative improvement in the net profitability of the company.
- ✓ Other Comprehensive Income increased by Rs. 29.65, reflecting a positive change of 278.08%. This suggests changes in items not re-classified to Profit & Loss, contributing to the overall comprehensive income.
- ✓ Total Comprehensive Income/(Loss) Of The Year increased by Rs. 3,366.03, reflecting a positive change of approximately -5.77%. This indicates an overall improvement in the company's comprehensive financial performance.
- ✓ Revenue from Operations experienced a substantial decrease of approximately -77.12%. This significant decline indicates a notable contraction in the core business activity during the specified period.
- ✓ Other Income showed a positive change of approximately 30.09%, indicating a relative improvement in non-operational income.
- ✓ Total Income witnessed a significant overall decrease of approximately -70.03%, reflecting the combined impact of reduced revenue from operations and changes in other income.
- ✓ Total Expenses demonstrated a substantial reduction of approximately -52.63%, suggesting effective cost management or operational efficiencies during the specified period.
- ✓ Profit/(Loss) Before Tax showed a positive change of approximately -5.85%, indicating a relative improvement in the company's financial position before considering taxes.
- ✓ Profit/(Loss) After Tax of the Year exhibited a positive change of approximately -5.85%, suggesting a relative improvement in the net profitability of the company.
- ✓ Other Comprehensive Income showed a substantial positive change of approximately 278.08%. This indicates significant alterations in items not re-classified to Profit & Loss, contributing to the overall comprehensive income.
- ✓ Total Comprehensive Income/(Loss) of The Year experienced a positive change of approximately -5.77%, reflecting an overall improvement in the company's comprehensive financial performance.

Common-size Income Statement of Profit and Loss for The Year Ended 31st March 2022
(IndiGo Airlines) (Rupees in Millions)

Particulars	Note No.	Amount (Rs.)		% to Revenue From Operations	
		2021-22	2020-21	2021-22 (in %)	2020-21 (in %)
Income					
Revenue From Operations		259309.27	146406	100	100
Other Income		7245.42	10363.3	2.79412	7.07848
Total Income		266554.69	156770	102.794	107.079
Expenses					
1. Aircraft Fuels Expenses		96952.36	38312.8	37.3887	26.1689
2. Aircraft and Engines Rentals		3116.84	2804.57	1.20198	1.91561
3. Supplementary Rentals and Aircraft Repair and Maintenance (Net)		60897.84	41912.6	23.4846	28.6277
4. Airport Fees and Charges		228068.37	16128.8	87.9523	11.0165
5. Purchase of Stock-in-Trade (In-Flights)		1181.42	543.21	0.4556	0.37103
6. Changes in Inventories of Stock-in-Trade		-16.77	11.61	-0.0065	0.00793
7. Employee Cost		31516.78	30262	12.1541	20.6699
8. Finance Cost		23580.15	21419.8	9.09345	14.6304
9. Depreciation and Amortization Expenses		50678.47	46986.9	19.5436	32.0935
10. Foreign Exchange (Gain) / Loss (Net)		9408.38	-5230.26	3.62825	-3.5724
11. Other Expenses		28081.1	21915.6	10.8292	14.969
Total Expenses		328264.94	215068	126.592	146.898
Profit/(Loss) Before Tax		-61710.25	-58297.9	-23.798	-39.819
Tax Expenses:					
i) Current Tax		-	-	-	-
ii) Deferred Tax		-	-	-	-
Profit/(Loss) After Tax Of The Year		-61710.25	-58297.9	-23.798	-39.819
Other Comprehensive Income					
Item That Will Not Be Re-classified To Profit & Loss And Its Related Income Tax Effect:					
i) Re-Measurements Of The Defined Benefit Plans		29.65	-16.65	0.01143	-0.0114
ii) Income Tax On The Above		-	-	-	-
Other Comprehensive Income/(Loss) For The Year		29.65	-16.65	0.01143	-0.0114
Total Comprehensive Income/(Loss) Of The Year		-61680.6	-58314.6	-23.787	-39.831

- ✓ Revenue from Operations constitutes 100% of the Total Income in both 2021-22 and 2020-21, indicating that it is the primary source of the company's income.
- ✓ Other Income as a percentage of Total Income decreased from 7.08% in 2020-21 to 2.79% in 2021-22. This suggests a relative decrease in the contribution of non-operational income to the total.
- ✓ The percentage increase in Total Income was -4.29%, decreasing from 107.08% in 2020-21 to 102.79% in 2021-22. This reflects a reduction in the contribution of both Revenue from Operations and Other Income to the total.

- ✓ Total Expenses as a percentage of Revenue from Operations increased from 126.59% in 2020-21 to 146.90% in 2021-22. This indicates a higher proportion of expenses relative to the revenue generated from operations.
- ✓ The percentage decrease in Profit/(Loss) Before Tax as a ratio of Revenue from Operations was -15.12%, decreasing from -39.82% in 2020-21 to -23.80% in 2021-22. This reflects a relative improvement in the company's financial position before taxes.
- ✓ The percentage decrease in Profit/(Loss) After Tax of the Year as a ratio of Revenue from Operations was -15.12%, decreasing from -39.82% in 2020-21 to -23.80% in 2021-22. This indicates a relative improvement in net profitability.
- ✓ Other Comprehensive Income as a percentage of Revenue from Operations increased from -0.0114% in 2020-21 to 0.0114% in 2021-22. This indicates changes in items not re-classified to Profit & Loss, contributing to the overall comprehensive income.
- ✓ The percentage decrease in Total Comprehensive Income/(Loss) Of The Year as a ratio of Revenue from Operations was -15.12%, decreasing from -39.83% in 2020-21 to -23.79% in 2021-22. This reflects an overall improvement in comprehensive financial performance.

Comparison:

Comparative Income Statements:

- ✓ Air India Limited experienced a 65.37% decrease in Revenue from Operations, a 39.62% decrease in Total Expenses, and notable improvements in Profit Before Tax (34.08%) and Net Profit after Tax (36.18%). Total Comprehensive Income increased by 35.40%, while Other Comprehensive Income decreased by 47.29%.
- ✓ In contrast, IndiGo Airlines faced a more substantial 77.12% decrease in Revenue from Operations, a larger 52.63% decrease in Total Expenses, and a positive change of -5.85% in both Profit Before Tax and Net Profit after Tax. The Total Comprehensive Income showed a -5.77% change, and Other Comprehensive Income saw a significant 278.08% increase.

Common-size Income Statements:

- ✓ In 2021-22, both Air India Limited and IndiGo Airlines experienced changes in income composition, with Air India showing a slight decrease in Other Income, while IndiGo had a reduction in the proportion of Total Income.
- ✓ Air India managed its expenses more efficiently, as seen in a decrease in the percentage of Total Expenses to Revenue from Operations, whereas IndiGo faced a higher proportion of expenses relative to revenue.
- ✓ Both airlines demonstrated improvements in operating performance, with Air India moving closer to break-even and IndiGo showcasing a positive change in financial position before taxes.
- ✓ There was a relative enhancement in net profitability for both, with increases in the percentages of Profit/(Loss) After Tax to Revenue from Operations.
- ✓ Comprehensive financial performance improved for both companies, reflected in increased percentages of Total Comprehensive Income/(Loss) to Revenue from Operations.
- ✓ Revenue from Operations remained the primary income source for both airlines, constituting 100% of Total Income in both years.
- ✓ IndiGo exhibited a relative decrease in the contribution of Other Income to the total, while both airlines saw a reduction in the overall contribution to Total Income.
- ✓ Air India and IndiGo had varying trends in Total Expenses as a percentage of Revenue from Operations, with Air India showcasing a decrease and IndiGo experiencing an increase.
- ✓ Both airlines demonstrated relative improvements in Profit/(Loss) Before Tax and Profit/(Loss) After Tax of the Year as percentages of Revenue from Operations.
- ✓ The contribution of Other Comprehensive Income to Revenue from Operations increased for both airlines, contributing to the overall comprehensive income.
- ✓ The percentages of Total Comprehensive Income/(Loss) Of The Year relative to Revenue from Operations reflected an overall improvement in comprehensive financial performance for both Air India and IndiGo.

4. CONCLUSION

In conclusion, Air India Limited experienced a comparatively milder decline in key financial metrics, coupled with significant improvements in profitability and comprehensive income. On the other hand, IndiGo Airlines faced more substantial decreases in revenue and expenses, resulting in a less favorable change in profitability and a notable impact on comprehensive income, particularly in Other Comprehensive Income.

In summary, both Air India Limited and IndiGo Airlines witnessed shifts in income composition, with Air India managing expenses more efficiently and showcasing improvements in operating performance. Both airlines experienced relative enhancements in net profitability and comprehensive financial performance. Revenue from Operations remained the primary income source for both, but there were variations in the contribution of Other Income. While Air India demonstrated a decrease in Total Expenses as a percentage of Revenue from Operations, IndiGo faced an increase. Overall, both airlines exhibited positive changes in key financial metrics, contributing to an improved comprehensive financial performance in the fiscal year 2021-22.

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