

Domestic air traffic regained its momentum through Oct-Nov, supported by strong festive travel, while IndiGo further strengthened its dominant position. With robust international expansion and rising traction, international growth remains a key driver heading into Q3FY26.

Domestic air traffic rebounds; IndiGo achieves a record market share

India's domestic passenger air traffic returned to growth, increasing 3% YoY to 14mn in Oct-25, bolstered by festive season demand. Daily trends in Nov-25 suggest a further acceleration in traffic growth to ~8% YoY. IndiGo continued to strengthen its dominant position in the domestic space, expanding its market share by 130bps MoM to a record high of 65.6% in Oct-25. SpiceJet's market share also saw a healthy rebound, increasing by 70bps MoM to 2.6%. However, the Air India Group's market share declined by 170bps MoM to 25.7%, while Akasa recorded a marginal downtick of 10bps MoM to 5.2%. PLFs plummeted across key airlines in Oct-25, with IndiGo being the only airline to report a MoM uptick, rising by 90bps to 82.4%. PSU OMCs raised domestic ATF prices by 5% MoM to Rs99.7/liter (in Delhi) for Dec-25. The hike, despite a ~2% decline in crude oil prices, was driven by a 33% uptick in jet fuel cracks and a depreciating rupee. However, middle distillate cracks have seen correction in Dec-25.

Domestic outperformance; international expansion drives IndiGo's growth

While domestic pax air traffic declined 2% YoY in Q2FY26, IndiGo reported a 1% YoY pax growth, reinforcing its domestic leadership; meanwhile, international pax growth was healthy at 23%. This drove overall RPK growth of 8% in Q2, with domestic and international RPK rising 1% and 26%, respectively. With IndiGo's continued push toward international expansion and the introduction of new international routes in Q3, international RPK growth is expected to remain healthy due to longer route lengths, while international passenger growth is expected to be steady. We expect IndiGo to achieve its YoY high-teen ASK growth guidance in Q3, with RPK growth expected to be similar.

No material impact on traffic due to the A320 software directive

The EASA issued an Emergency Airworthiness Directive for the Airbus A320 family on 28-Nov, following a JetBlue incident, citing an ELAC software malfunction that required immediate upgrades on newer aircrafts and part replacements on older ones. In India, ~340 aircrafts across IndiGo (~200) and the Air India Group (138) were impacted; however, upgrades were completed in 1-2 days, resulting in no cancellations and only minor delays at the most. Daily passenger traffic from 29-Nov to 1-Dec remained strong and above the Nov-25 average of 0.51mn. However, operations on 2 and 3-Dec-25 were disrupted, with IndiGo seeing OTP drop to 35%, along with 200+ flight cancellations owing to technical snags, congestion at airports, and FDTL norm-related crew challenges, per media reports. We await further clarity, though we do not expect the impact to persist, with IndiGo stating its intent to normalize flight operations within the next 48 hours.

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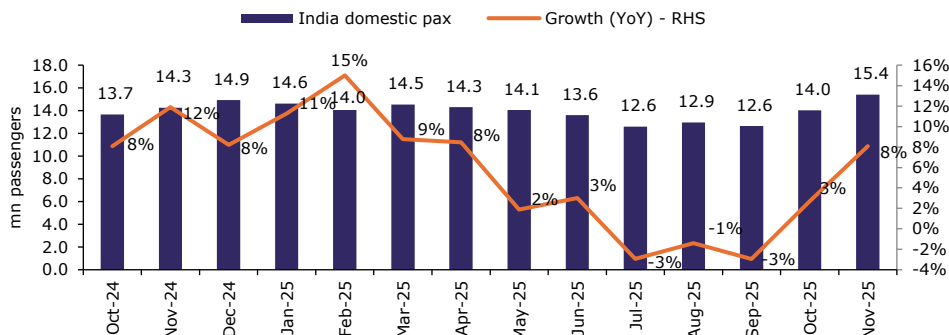
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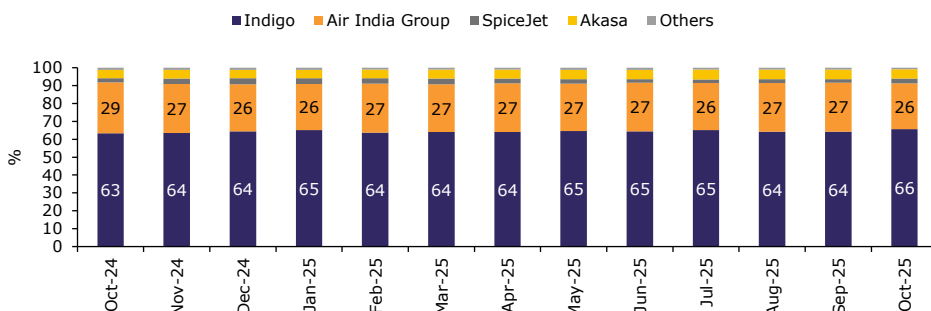
Domestic aviation snapshot: Oct-25

Parameters	Oct-25	Oct-24	YoY	Sep-25	MoM	YTD-Oct-25	YTD-Oct-24	YoY
Domestic Pax (mn)	14.0	13.7	2.7%	12.6	11.0%	94.2	93.0	1.3%
Avg daily pax (mn)	0.45	0.44	2.7%	0.42	7.4%	0.44	0.43	1.3%
<u>Pax Mkt share (%)</u>								
Indigo	66	63	230bps	64	130bps	65	62	270bps
Tata Group	26	29	-280bps	27	-170bps	27	29	-210bps
SpiceJet	3	2	20bps	2	70bps	2	3	-100bps
Akasa	5	5	70bps	5	-10bps	5	5	70bps
Others	1	1	-40bps	1	-20bps	1	1	-30bps
<u>PLFs (%)</u>								
Indigo	82.4	82.3	10bps	81.5	90bps	84.3	84.8	-50bps
Air India Group	77.3	83.5	-610bps	79.4	-210bps	80.3	87.3	-700bps
SpiceJet	82.2	81.0	120bps	84.6	-240bps	84.7	87.0	-230bps
Akasa	91.2	85.7	550bps	91.8	-60bps	91.4	87.3	410bps

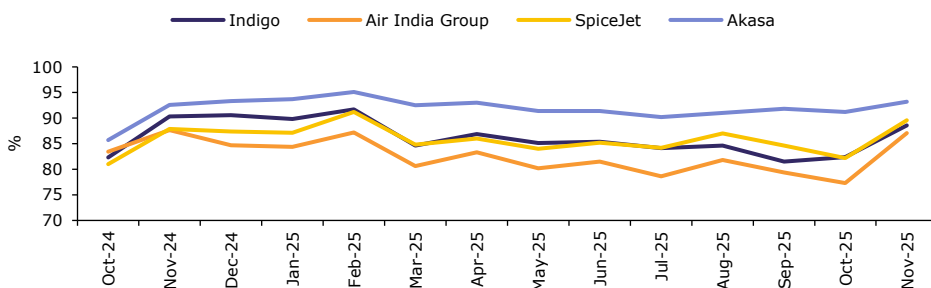
Source: DGCA, Emkay Research

Exhibit 1: India's domestic pax traffic grew 3% YoY; improving trends seen in Nov-25

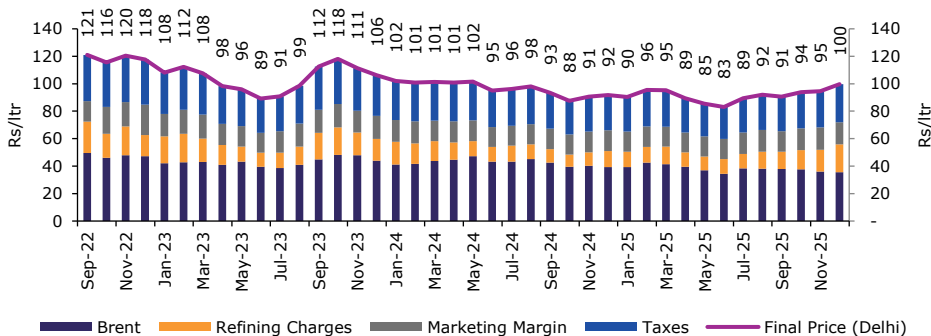
Source: DGCA, Emkay Research

Exhibit 2: Indigo's pax market share hits a record high in Oct-25

Source: DGCA, Emkay Research

Exhibit 3: Monthly PLF trends across domestic airlines

Source: DGCA, Emkay Research

Exhibit 4: ATF price trend

Source: IOCL, Bloomberg, Emkay Research

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