

Domestic air traffic slowed in Apr-26, partly impacted by higher airfares amid the ongoing geopolitical volatility, though daily trends in May-26 indicate a stronger recovery supported by seasonal travel demand. Operational metrics weakened in Apr-26, with PLFs and OTP declining sequentially, while cancellations continued to inch up. On the cost front, OMCs reduced international ATF prices sharply by 27% while keeping domestic ATF prices unchanged for Jun-26, thereby providing near-term respite to airlines.

Domestic pax growth softens in Apr; strong rebound seen in May

India's domestic passenger air traffic declined 3% YoY to 13.8mn in Apr-26, likely impacted by uptick in airfares following the introduction of fuel surcharge by airlines. However, daily trends in May-26 indicate a stronger rebound, with ~11% YoY growth, supported by seasonal travel demand. Indigo continued to strengthen its dominant position in the domestic space, expanding its market share by 170bps MoM to 65.0%. Also, Akasa recorded a 40bps MoM uptick, with record market share at 5.8%. However, the Air India Group's market share declined by 150bps MoM to 24.7%, while SpiceJet recorded a 40bps MoM downtick to 3.4%.

Operational metrics weaken with lower PLFs and OTP, higher cancellations

The passenger load factor (PLF) plummeted across key airlines in Apr-26, with the Air India Group reporting the highest monthly downtick of 3.8%, resulting in Apr-26 PLF of 78.5%. SpiceJet and Indigo followed, reporting MoM decline of 2.1% and 0.8%, with PLF down to 80.7% and 82.7%, respectively. However, Akasa reported a 1.3% MoM uptick, with PLF improving to 91.8%. On-time performance (OTP) declined sequentially across key airlines in Apr-26, except for the Air India Group, with OTP improving to 82.4% from 78.0% in Mar-26. Indigo remained the most punctual, with an OTP of 88.5%, while SpiceJet reported the lowest OTP, declining to 31.2% from 43.0% MoM. Akasa's OTP declined to 81.4% from 82.6% MoM. Cancellations further aggravated during the month, with Indigo's cancellation rate increasing to 0.39% from 0.27% in Mar-26. SpiceJet recorded the highest cancellation rate, at 2.67%, while the Air India Group stood at 0.82%. Akasa recorded the lowest cancellation rate, of 0.17%.

International ATF prices decline sharply, nearing domestic levels

Providing significant relief to airlines on stressed international operations, PSU OMCs have reduced Jun-26 ATF prices for international operations by a steep 27% to USD1.1/ltr, driven by softening crude oil prices and jet fuel cracks. Consequently, international ATF prices are now largely at par with domestic scheduled operations. Further, despite continuing under-recoveries, OMCs have kept ATF prices for domestic scheduled operations unchanged for the second consecutive month, at Rs104.9/ltr (in Delhi). However, the reduction in VAT rates by Maharashtra and Delhi—from 18% and 24% to 7%, respectively—has partially alleviated under-recoveries for OMCs, with the two states accounting for ~45% of aviation traffic from a fueling perspective.

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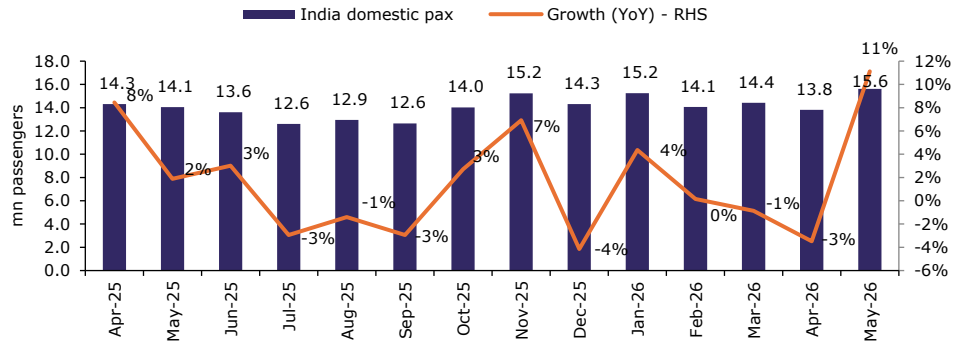
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Domestic aviation snapshot: Apr-26

Parameters	Apr-26	Apr-25	YoY	Mar-26	MoM	FY26	FY25	YoY
Domestic pax (mn)	13.8	14.3	-3.5%	14.4	-4.1%	167.5	165.4	1.3%
Avg daily pax (mn)	0.46	0.48	-3.5%	0.47	-1.0%	0.46	0.45	1.3%
Pax mkt share (%)								
Indigo	65	64	90bps	63	170bps	64	63	80bps
Tata Group	25	27	-250bps	26	-150bps	27	28	-90bps
SpiceJet	3	3	80bps	4	-40bps	3	3	-20bps
Akasa	6	5	80bps	5	40bps	5	5	50bps
Others	1	1	0bps	1	-20bps	1	1	-10bps
PLFs (%)								
Indigo	82.7	86.9	-420bps	83.5	-80bps	85.6	86.7	-110bps
Air India Group	78.5	83.3	-480bps	82.3	-380bps	83.0	86.9	-390bps
SpiceJet	80.7	86.0	-530bps	82.8	-210bps	85.5	87.3	-180bps
Akasa	91.8	93.0	-120bps	90.5	130bps	92.2	89.9	230bps

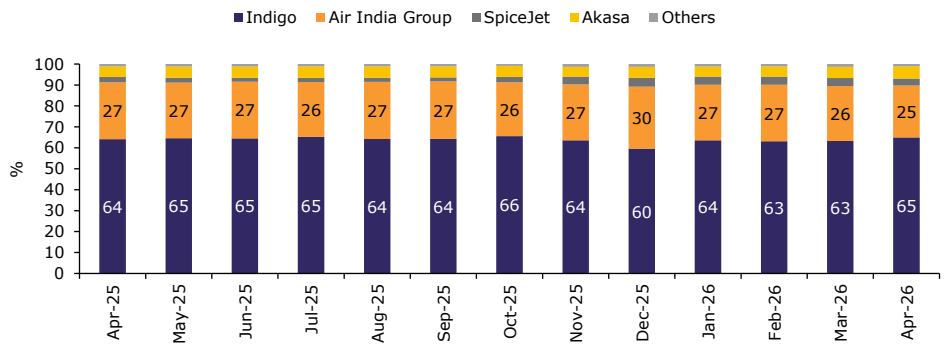
Source: DGCA, Emkay Research

Exhibit 1: India's domestic pax traffic fell 3% YoY in Apr-26; recovery seen in May-26



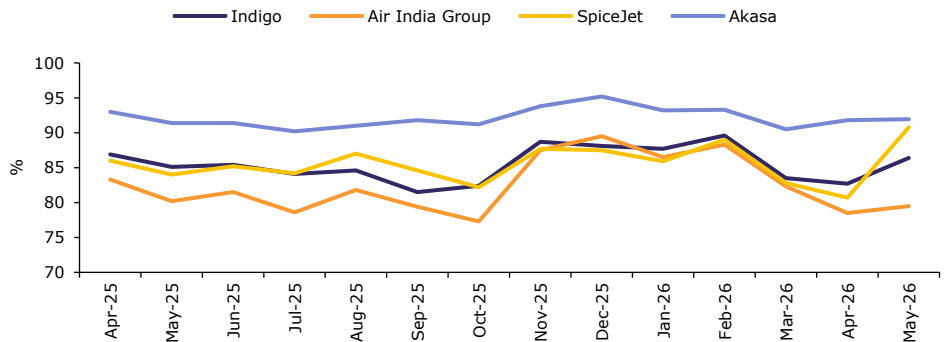
Source: DGCA, Emkay Research

Exhibit 2: Indigo's pax market share increases to 65% in Apr-26



Source: DGCA, Emkay Research

Exhibit 3: Monthly PLF trends across domestic airlines



Source: DGCA, Emkay Research

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