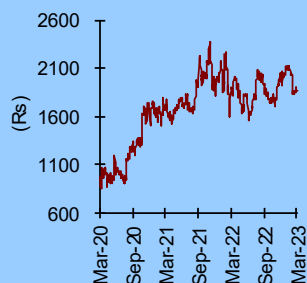


## Sector update

## IndiGo



## Aviation

## Supply tightness portends better profitability

We have maintained a tight supply outlook on the Indian Aviation within domestic segment in near to medium term driven by (1) replacement cycle by big players like IndiGo and Tata group, (2) weaker balance sheet for smaller airlines post covid and (3) internationalisation of Indian airlines. This results in a good yield outlook and in turn profitability. The spreads will likely further benefit from an increase in international mix apart from any movement in crude prices.

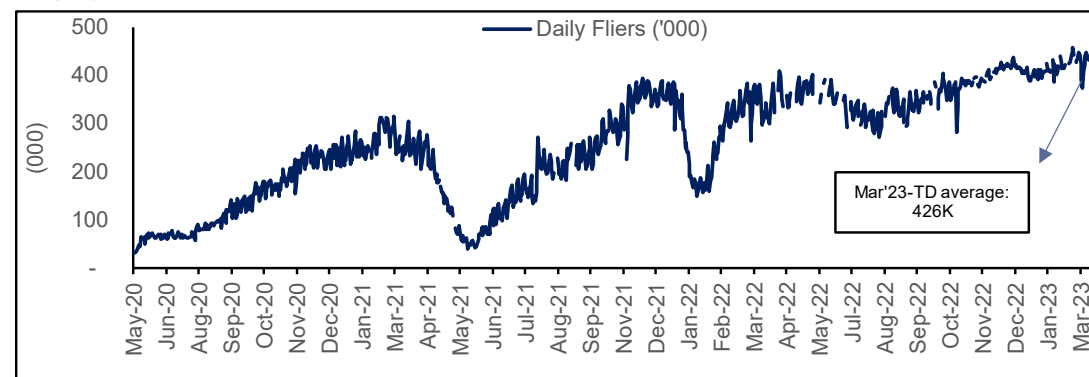
- **Weekly departures have remained in the range of 22k-25k for 2019-2023.** DGCA has approved 229k weekly departures for Summer Schedule 2023, up 4.4% over winter schedule of 2022. Indigo/GoFirst/Air India/Akasa has seen a growth of 14/11/9/57%, while SpiceJet/Air Asia/Vistara has seen a decline of 30/0.4/4.4% during the same period. Beyond departures, IndiGo, however, will likely benefit from higher A321 mix in the fleet (increased from 1 in Q4FY19 to 78 as of Q3FY23, representing 25% of total fleet size).
- **Overall fleet count in Indian aviation has also remained range bound between 650-700 aircraft over FY19-23, as per our estimates.** This is one of the reasons that has led to the current strong yields in the system. As supply tightness remains, spreads are likely to remain strong in medium term.
- **Average daily PAX continues to increase in Mar'23-TD.** Average daily PAX for the month of Mar'23-TD stood at 426k vs 423k in Feb'22. Considering average daily departures have increased from 2,959 in Feb'23 to 2987 in Mar'23, PLFs should also remain healthy.

**Table 1: Departures per week indicate supply tightness; only ~4% growth in upcoming Summer Schedule**

	Weekly departures								YoY	SS-23
	WS-19	SS-20	WW-20	SS-21	WS-21	SS-22	WS-22	SS-23		
Alliance Air	868	928	610	835	911	982	1,034	887	-9.7%	-14.2%
Air India	2,254	2,108	1,126	2,232	2,053	2,456	1,990	2,178	-11.3%	9.4%
Go First	2,308	2,492	1,203	2,510	2,290	2,557	1,390	1,538	-39.9%	10.6%
Air Asia	1,345	1,596	885	1,380	1,393	1,601	1,462	1,456	-9.1%	-0.4%
Indigo	10,310	10,895	6,006	10,084	10,243	11,130	10,085	11,465	3.0%	13.7%
SpiceJet	4,316	4,209	1,957	3,672	2,995	4,192	3,193	2,240	-46.6%	-29.8%
Vistara	1,376	1,616	852	1,632	1,675	1,741	1,941	1,856	6.6%	-4.4%
Star Air	62	87	61	125	137	137	153	234	70.8%	52.9%
Fly Big	-	-	-	54	116	158	214	220	39.2%	2.8%
IndiaOne	-	-	-	-	-	-	-	82	-	-
Akasa Air	-	-	-	-	-	-	479	751	-	-
Pawan Hans	24	23	18	24	24	-	-	-	-	-
True Jet	444	441	265	432	450	355	-	-	-	-
<b>Total</b>	<b>23,307</b>	<b>24,395</b>	<b>12,983</b>	<b>22,980</b>	<b>22,287</b>	<b>25,309</b>	<b>21,941</b>	<b>22,907</b>	<b>-9.5%</b>	<b>4.4%</b>

Source: DGCA and Media reports ([Link 1](#), [Link 2](#), [Link 3](#), [Link 4](#)). W= Winter sch and SS= Summer Sch

**Chart 1: Number of average daily passenger stands at 426k in Mar'23-TD; this is largely in line with Feb'20 levels**



Source: MOCA, I-Sec research; Number in boxes indicates monthly averages

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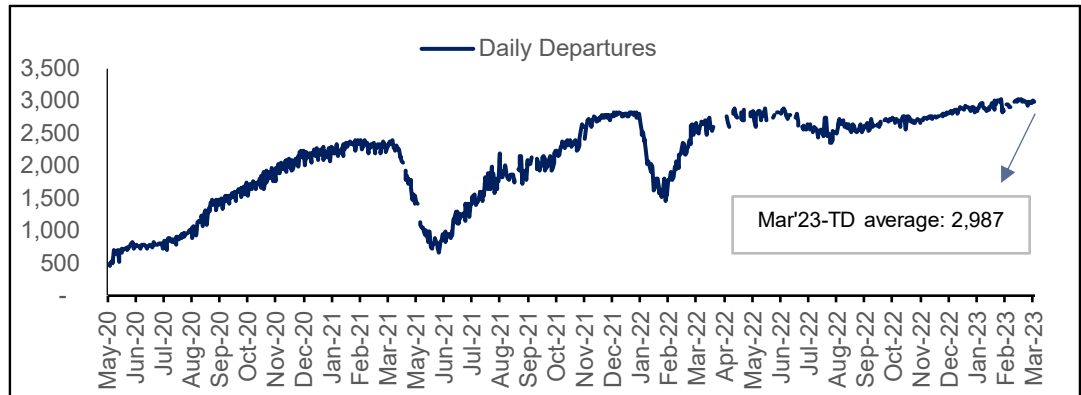
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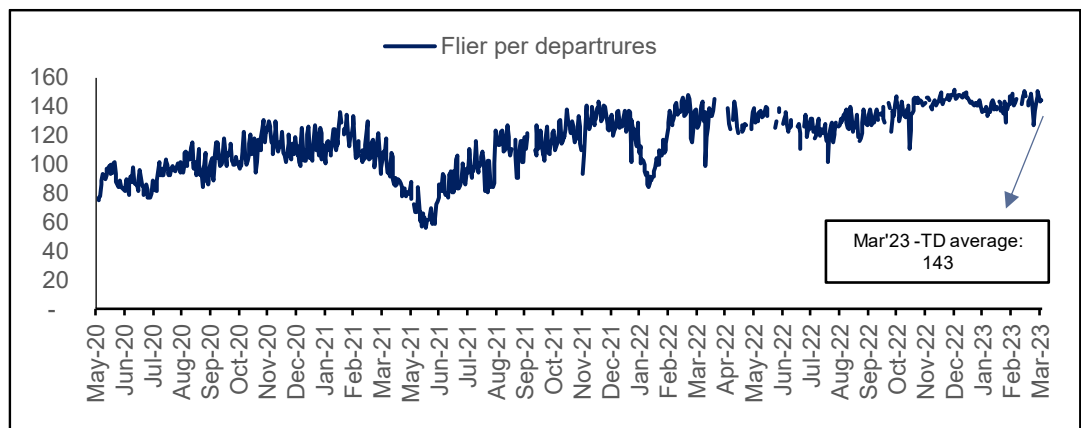
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**Chart 2: Number of average departures have largely remained stable**

Source: MOCA, I-Sec research;

**Chart 3: Number of fliers per departure is marginally up in Feb'23**

Source: MOCA, I-Sec research

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