

INDIAN AIRPORT INFRASTRUCTURE

Passenger traffic to surpass 400
million in FY2025

MARCH 2024





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Overall passenger traffic is estimated to surpass 400 million in FY2025, on the back of a strong pick-up in both leisure and business travel in the domestic segment and the continued uptick in international travel.

Debt coverage metrics of industry participants is expected to remain healthy.



- With strong pick-up in both leisure and business travel in the domestic segment and the continued uptick in international travel on the back of lower restrictions and improving connectivity to newer destinations, the overall air passenger traffic is expected to witness healthy growth of around 8-11% in FY2025 to reach around 407-418 million.



- Passenger traffic during the first 11 months of FY2024 grew by 16% to 343 million, supported by healthy growth in international (+23% YoY) as well as domestic traffic (+14% YoY). The passenger traffic is estimated to reach around 377-378 million (+15% YoY) in FY2024, which is in line with ICRA's earlier estimate of 373-380 million (14-16% YoY) and surpass the pre-Covid level traffic by 110-111%.



- With sustained improvement in both domestic and international passenger traffic, increase in tariffs at some of the major airports and ramp-up of non-aeronautical revenues, the revenues for ICRA's sample set* are likely to grow by around 15-17% YoY in FY2025. The operating margins are estimated to improve by around 100 bps to 41-43% in FY2025. With the capitalisation of capex programme at some of the key airports, the interest outgo and debt repayments are expected to start from FY2025, resulting in moderation of coverage metrics, despite expectations of improved profitability.



- The cargo volumes in FY2024 are likely to surpass pre-Covid levels with sharp recovery in volumes in H2 FY2024, amid the Red Sea crisis in the international segment and strong economic activity in the domestic segment. The cargo volumes are expected to increase by around 4-6% in FY2025.



- Capex investments in the airport infrastructure remain healthy with around Rs. 55,000 – 60,000 crore of committed capex over the next 3-4 years, including new greenfield airports, brownfield expansions and expansion of airports under the Airports Authority of India.

* ICRA Sample set includes Delhi International Airport, GMR Hyderabad International Airport, Cochin International Airport and Airports Authority of India

1 Industry Outlook



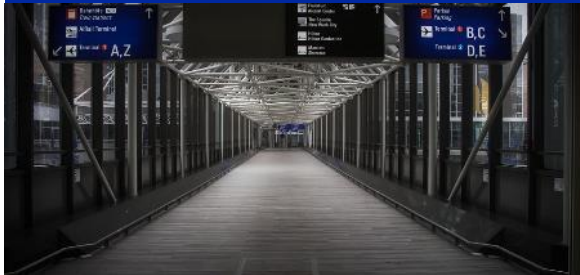
2 Passenger and aircraft traffic



3 Air cargo traffic



4 Capacity Addition at Airports



5 UDAN – Regional Connectivity Scheme



6 ICRA Ratings in the Sector





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