

## Akasa air FY24 revenue jumps 339pc, losses double

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Mumbai: Akasa Air, India's latest entrant in the aviation industry, reported a significant increase in its net loss for FY24, reaching ₹1,670 crore. This is more than double the previous year's loss of ₹744.5 crore, according to its first filings with the Registrar of Companies (RoC).

Despite strong revenue growth, which jumped over fourfold to ₹3,069.58 crore from ₹698.67 crore in FY23, the airline's financial performance was impacted by high operational costs associated with expanding its network.

It was the first full-year results for late stock market investor Rakesh Jhunjhunwala-backed SNV Aviation which started operations in August 2022 under the Akasa Air brand.

Asked about the losses, Ankur Goel, chief financial officer, told ET that an airline takes a few years to stabilise before it breaks even. However,

“our capacity tripled this fiscal year, leading to a 10% increase in Revenue per Available Seat Kilometre (RASK). This growth reflects improvements across the board at Akasa, ensuring RASK rises annually.”

This fiscal, Goel said, “RASK will continue to rise annually as our internal capabilities, brand presence, and airport visibility grows.”

He said the airline’s fleet capacity will increase by 50-55pc in FY25, boosting revenue by about 50pc.

Total expenses last fiscal climbed more than threefold to Rs4,814.4 crore from Rs1,522 crore in FY23.

Goel said the company invested heavily in areas such as fleet expansion, brand building, and fresh hirings including pilots which inflated expenses.

Interest and other finance costs rose nearly threefold to Rs406.1 crore from Rs141.18 crore. This was due to higher aircraft lease obligations and accounting standards, said Goel.

Employee benefit costs rose to Rs774.9 crore in FY24 from Rs232.4 crore as the airline hired 1,400 employees during the year to expand its workforce to 3,800 employees.

“The company is also focusing on ensuring adequate liquidity in the business and is working on various initiatives towards this. Considering the future business projections, the management believes that the company will be able to realise its assets and will be able to meet its liabilities at the amounts stated in books and commitments in the normal course of business,” the Akasa Air management said in its annual report for FY24.

As of March 31, the airline operated a fleet of 24 aircraft with over 110 daily flights, serving 21 domestic destinations and one international. This included the launch of flights to Doha on March 28.

The company has ordered an additional 150 aircraft, increasing its total order to 226 Boeing 737-8200 and Boeing 737-10. However, the airline, like many other Indian carriers, are facing aircraft delivery issues with Boeing.

According to an industry expert, delay in aircraft deliveries can impact a relatively new airline like Akasa unlike established airlines. To this, Goel said the airline is “comfortably positioned” at this point of time.

The company anticipates a 50pc increase in capacity in the future. Although this will raise overall expenses, the increase in costs is expected to be less than 50pc due to efficiencies of scale. As a result, the unit cost per available seat kilometre (CASK), which has already decreased by 20pc, is projected to continue declining, enhancing cost efficiency and supporting profitability in line with the capacity expansion, Goel said.

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