

SpiceJet Ltd — 24 Mar 2025 Credit Rating Summary

Section	Details
Agency	CARE Ratings Limited
Rating Change	BB- / A4 (Maintained; No notches moved)
Outlook	Stable (Current) vs Stable (Previous)
Key Drivers of Change	<ol style="list-style-type: none"> Insolvency Overhang: New petitions filed by 3 lessors (USD 12.68M / ~₹106 Cr) and a pilot (₹3 Cr); legal risk is currently the primary threat to equity. Liquidity Infusion: Significant fundraise in the last 18 months acts as a temporary buffer against immediate default. Fleet Constraints: Significant portion of fleet remains grounded; recovery depends on Boeing 737 MAX inductions and pending orderbook. Financial Fragility: Recent history of significant losses due to fuel/forex volatility, though management expects a turnaround.
Rated Instruments	Bank Loan Facilities: CARE BB- (Stable) / CARE A4 (Total amount not specified in update; refers to previous rationale).
Key Observations	<ul style="list-style-type: none"> • Strengths: Track record of efficient fleet utilization; strong promoter experience; recent capital raising success. • Risks: High concentration risk (Boeing airframes); exposure to volatile ATF prices and USD/INR rates; intensely competitive industry dynamics. • Legal Status: No case admitted in NCLT yet; parties exploring settlement, which is a neutral-to-positive signal for the short term.
Investor Impact	<ul style="list-style-type: none"> • Growth: Stunted by reduced fleet size; scale-up depends entirely on Boeing deliveries. • Margins: Stretched by fixed costs of grounded aircraft and external macro shocks. • Leverage/Dilution: High dilution risk from outstanding share warrants and potential preferential allotments to institutional investors to bridge liquidity gaps.
Agency / Cross Analysis	<p>Same Agency: Rating maintained despite NCLT petitions. CARE acknowledges the legal threat but views the 18-month fundraise as a sufficient liquidity firewall for now.</p> <p>Conclusion: Neutral/Monitoring. While operational performance remains weak, the rating is anchored by the cash cushion and settlement potential rather than P&L strength.</p>
Final Inference	High-Risk Survival Play: The "Stable" outlook is contingent on settling lessor claims out-of-court. Equity value remains highly sensitive to NCLT hearing outcomes (April 15) and the successful conversion of warrants to equity.