SpiceJet Ltd — Feb 2025 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

The punchline. Read this first — it frames everything below.

Result: Inline (Stabilization phase) **One-line:** The thesis has evolved from "Survival" to "Execution" as SpiceJet successfully deployed its QIP proceeds to purge □602 Cr in statutory defaults, though the resulting 70% drop in cash balance (QoQ) leaves the airline dependent on rapid fleet ungrounding to generate sustainable operating cash flow.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Inline	Fundraise completed and statutory dues cleared as promised.	□
Earnings Quality	Low	Core operations still loss-making; losses narrowed by 50% YoY but on 27% lower capacity.	□
Guidance Confidence	Neutral	Credit rating upgrade (to B+/BB-) validates the repair of the balance sheet.	□
Management Credibility	Improving	Followed through on the □3,000 Cr QIP and immediate settlement of tax/EPF dues.	□
Business Quality Signal	Stable	High RASK (□6.26) and 88% PLF prove brand resilience despite fleet decay.	□
Key Q&A Exchange	N/A — no concall	Section not applicable.	□
The Street's Primary Anxiety	Cash Burn vs. Fleet Growth	Will the remaining □738 Cr cash last until 17 more planes are ungrounded?	□
Capital Cycle Stage	Investment / Recapitalization	Heavily deploying capital to restore a grounded fleet.	□
Margin / Return Ratio Trajectory	Improving	EBITDAR grew 20% YoY; losses are narrowing as unit economics (RASK) improve.	□
Pricing Power	Stable	Total RASK increased 7% YoY to □6.26.	□
FCF Conversion & Quality	Distorted	Massive cash outflow for liability settlement (□2,381 Cr utilized).	□
Competitive Moat Signals	Stable	Secured Haj 2026 rights; maintaining 29 exclusive RCS routes.	□
Balance Sheet Strength	Adequate (Improved)	Statutory dues cleared; long-term rating upgraded from Default (D) to B+.	□
Working Capital Efficiency	Improving	Aggressive settlement of creditor and statutory liabilities.	□
Mgmt Guidance Track Record	Mixed	Successfully recapitalized but ungrounding pace remains slow (3/20).	□
Key Vulnerability / Red Flag	Liquidity Concentration	Free cash dropped from □2,294 Cr to □656 Cr in one quarter.	□
Management Tone	N/A	Based on PPT: Pragmatic and focused on engineering recovery.	□

Sentiment: □Neutral

Key Takeaways (Positives & Negatives): * **Positives:** Management has successfully de-risked the business from a regulatory standpoint by clearing ₹602 Cr in GST, TDS, and EPF dues. The credit rating upgrade to B+/BB- is a significant milestone that should eventually lower the cost of capital. Operational efficiency remains high with a 7% YoY increase in RASK and a stable 88% load factor, suggesting that demand is not the bottleneck—capacity is. * **Negatives:** The "hollowing out" of the airline continues as ASKM (capacity) fell 27% YoY. While losses are narrowing, the airline is still losing ₹26.68 Cr per month (ex-forex) on a core basis. The cash position has dwindled rapidly from ₹2,465 Cr to ₹738 Cr as the QIP proceeds were used to pay down old debts rather than fund aggressive expansion. * **Street Concern:** The market is skeptical about the speed of ungrounding. Only 3 aircraft were ungrounded this quarter out of a 20+ target; the ability to bring the remaining 7 Max and 4 NG aircraft back to service before the remaining cash is depleted is the primary risk. * **Forward Watchpoint:** Monitor the ungrounding of the 7 Boeing 737 Max aircraft; these are fuel-efficient levers that are critical to flipping CASK-RASK into a positive spread.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: Concall not available — Mgmt Commentary column absent.

Metric	Current Qtr (9M Dec-24)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Total Income	₹4,794.5 Cr	-22%	Not in doc	↓	Revenue decline driven by 27% lower capacity (ASKM).
ASKM (Million)	7,653	-27%	Not in doc	↓	Reflects a significantly smaller operational fleet YoY.
Total RASK (INR)	6.26	+7%	Not in doc	↑	Growth driven by "Other RASK" (+60%); Pax RASK fell 1.5%.
Total CASK (INR)	6.62	+4%	Not in doc	↓	Cost inflation in ungrounding (+68%) and forex (+100%).
EBITDA	₹401.2 Cr	+4%	Not in doc	→	Resilient despite capacity cuts; EBITDAR up 20%.
EBITDA Margin %	8.37%	+209 bps	Not in doc	↑	Margin expansion on lower cost base and higher RASK.
PAT	-₹266.8 Cr	+50%	Not in doc	↑	Loss halved YoY; includes ₹123.1 Cr Forex loss.
Passenger Load Factor	88%	0%	Not in doc	→	Remains industry-leading despite operational stress.
Total Cash Balance	₹738.0 Cr	+172%	-70%	↓	Up YoY due to QIP, but down 70% QoQ post-settlements.
Free Cash Balance	₹656.0 Cr	Not in doc	-71%	↓	Reflects deployment of QIP funds into liabilities.
On-Time Performance	61.5%	Not in doc	+3110 bps	↑	OTP improved significantly from 30.4% in Aug to 61.5% in Dec.
Market Share %	3.47% (Dec-24)	Not in doc	+92 bps	↑	Market share recovering from 2.55% lows in August.

2B. SEGMENT BREAKDOWN

Segment	Revenue (₹ Cr)	YoY Growth	Margin	Trend	vs Company Avg	Key Development
Revenue from Ops	₹3,837.6 Cr	-28%	Not in doc	↓	Underperformer	Capacity constraints impacting core flight revenue.
Other Income	₹956.9 Cr	+18%	Not in doc	↑	Outperformer	Includes ₹125 Cr "Other RASK" (up 60% YoY).
Haj Operations	Not in doc	N/A	Not in doc	→	N/A	Secured rights for Q1 FY26 from four cities.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Fleet Expansion	Unground 17 aircraft (7 Max, 4 NG, 6 Q400).	Needs ~₹1,823M remaining ungrounding budget; Feasible.	Mixed; only 3 ungrounded this quarter.	High
Strategy	Liability Settlement	Clear statutory and creditor dues.	Completed ₹602 Cr statutory; ₹698 Cr creditors.	Delivered as per QIP plan.	Low
Strategy	Fleet Renewal	Induct 10 aircraft (including 3 ungrounded).	Achieved in Dec-24 quarter.	Delivered.	Low
Strategy	Network Growth	Add 60 new flights post-QIP.	Achieved; 32 added in winter schedule alone.	Delivered.	Low
Balance	Credit Profile	Improve rating from "D" (Default).	Achieved upgrade to B+ and BB- stable.	Delivered.	Low

(N/A — no concall conducted or available.)

4. ANALYST Q&A

Section not applicable — investor presentation only. No concall conducted or available.

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter	This Quarter	Direction
Cash Position	₹2,465 Cr (Post-QIP influx)	₹738 Cr	↓
Statutory Liability	~₹650 Cr outstanding	Zero (Cleared ₹601.6 Cr)	↑
Credit Rating	D (Default)	B+ / BB- (Stable)	↑
Operational Fleet	28 Aircraft	35+ (10 inducted, including 3 ungrounded)	↑
Market Share	2.26% (Lowest)	3.47% (Recovering)	↑
On-Time Performance	29.3% (July)	61.5% (Dec)	↑
Unit Revenue (RASK)	Not provided	₹6.26 (+7% YoY)	↑
Net Loss (Core)	Not provided	-₹143.7 Cr (Ex-Forex)	↑

STOP HERE.