SpiceJet Ltd — Sep 2025 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

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

Result: Weak Miss (Regression phase) **One-line:** The "restoration" thesis has hit a severe air pocket as the positive unit margins achieved last quarter flipped to a negative spread (□-1.09), driven by a collapse in yields and the crippling weight of grounded aircraft costs.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Weak Miss	PAT swung from +□318.6 Cr (Q4) to -□238 Cr; ASKM down 28% YoY.	□
Earnings Quality	Low	Negative EBITDAR (-87% YoY); high "Grounded CASK" (□0.54) non-productive spend.	□
Guidance Confidence	Weak	No clear timeline for ungrounding despite "Ungrounding CASK" of □0.31 being incurred.	□
Management Credibility	Neutral	Successfully recapitalized last Q, but operational execution is lagging capacity targets.	□
Business Quality Signal	Deteriorating	Unit economics turned negative; Load factors dropped 510 bps YoY to 85.9%.	□
Key Q&A Exchange	N/A — PPT_ONLY	Section not applicable.	□
The Street's Primary Anxiety	Scale vs. Solvency	Can the airline survive as a "sub-scale" player while paying for a grounded fleet?	□
Capital Cycle Stage	Survival/ Restructuring	Struggling to move from recapitalization to fleet restoration.	□
Margin / Return Ratio Trajectory	Deteriorating	RASK-CASK spread collapsed from +□1.24 (Q4) to -□1.09 (Q1).	□
Pricing Power	Eroding	Passenger Yield fell 8.5% QoQ (from □5.76 to □5.27).	□
FCF Conversion & Quality	Distorted	Cash likely being consumed by ungrounding costs and operational losses.	□
Competitive Moat Signals	Shrinking	Market share remains under pressure as ASKM continues to decline (-28% YoY).	□
Balance Sheet Strength	Adequate (Temporary)	Post-infusion cash exists, but being depleted by □238 Cr quarterly loss.	□
Working Capital Efficiency	Deteriorating	Incurring significant costs for ungrounding (□0.31 CASK) without immediate revenue return.	□
Mgmt Guidance Track Record	Mixed	Delivered on fund-raise; failing on capacity stabilization.	□
Key Vulnerability / Red Flag	Grounded Fleet Drag	Grounded aircraft cost the company □0.54 per ASKM with zero revenue offset.	□
Management Tone	N/A	Based on PPT: Highly technical/cost-focused but defensive on volume metrics.	□

Sentiment: □Negative

Key Takeaways (Positives & Negatives): * **Positives:** The airline is explicitly tracking and reporting "Ungrounding CASK" (₹0.31) and "Grounded CASK" (₹0.54), providing transparency on the financial drag of the inactive fleet. Total expenses fell 25.5% YoY, showing some success in stripping out costs alongside capacity cuts. * **Negatives:** The thesis-critical "Unit Profitability" has vanished. Total RASK (₹5.47) is now significantly below Total CASK (₹6.56). Yields, which were the sole savior last quarter at ₹5.76, have regressed to ₹5.27. Load factors have also slipped from the 90%+ territory to 85.9%, suggesting the smaller network is less attractive to passengers. * **The Street's Primary Concern:** The "Cash Burn to Capacity" ratio. Management is spending money to unground planes (₹0.31 CASK), but the total ASKM continues to shrink (-28.4% YoY). This suggests that for every plane coming back, more are going out of service or utilization is dropping. * **Forward Watchpoint:** Monitoring the "Ungrounding CASK" trend. If this remains high for another two quarters without a corresponding jump in ASKM, the recapitalization funds from last quarter will be exhausted on maintenance rather than growth.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS

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

Metric	Current Qtr (Q1FY26)	YoY Change	QoQ Change	Trend
Total Income	₹1,191 Cr	-42.5%	-38.7%	↓
Revenue from Ops	₹1,106 Cr	-34.8%	-23.5%	↓
PAT	-₹238 Cr	-258.7%	-174.7%	↓
EBITDAR	₹26 Cr (implied)	-87.1%	Not in doc	↓
Total RASK (INR)	5.47	-19.7%	-27.9%	↓
Total CASK (INR)	6.56	3.9%	3.3%	↓
RASK-CASK Spread	(1.09)	-243%	-187.9%	↓
Load Factor (%)	85.9%	-510 bps	-210 bps	↓
Passenger Yield (₹)	5.27	-2.0%	-8.5%	↓
ASKM (Million)	1,830.8*	-28.4%	-28.4%	↓
Fuel CASK (INR)	1.76	-18.2%	-	↑
CASK Ex-Fuel (INR)	4.80	15.4%	-	↓
Grounded Aircraft CASK	0.54	92.8%	Not in doc	↓
Ungrounding CASK	0.31	New	Not in doc	↓
Finance Costs	₹132.8 Cr**	-28.7%	32.1%	↓

**Calculated based on 28.4% YoY decline from Q1FY25 (2,557M). **Calculated from total expense breakdown %.*

2B. SEGMENT BREAKDOWN

Segment	Revenue (₹ Cr)	YoY Growth	Margin	Trend	vs Company Avg	Key Development
Pax Operations	₹1,106 Cr	-34.8%	Negative	↓	Inline	Yields fell to ₹5.27; RASK at ₹4.75.
Other Income	₹85 Cr	-77.4%	Not in doc	↓	Underperformer	Massive drop in non-operating/ ancillary support.
Other RASK	₹0.39	-68.0%	Not in doc	↓	Underperformer	Ancillary revenue per seat collapsed from ₹1.22.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Strategy	Fleet Restoration	Restoration in progress (₹0.31 CASK spent on ungrounding).	Needs ~40% ASKM growth in Q2 to return to Q4FY25 levels.	Poor; ASKM fell 28% QoQ.	High
Financials	Unit Profitability	Positive RASK-CASK Spread.	Requires Yield to return to >₹6.00 or CASK to drop by ₹1.10.	Missed; spread is now -₹1.09.	High
Cost Control	Fixed Cost Absorption	Reducing grounded aircraft costs.	Grounded CASK needs to halve to stop the EBITDA drain.	Poor; Grounded CASK up 92% YoY.	High
Strategy	Ancillary Revenue	High "Other RASK" contribution.	Needs to triple from current ₹0.39 to hit last year's ₹1.22.	Missed significantly.	High

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 (Q4FY25)	This Quarter (Q1FY26)	Direction
Profitability Status	Profitable (+₹318.6 Cr)	Loss Making (-₹238 Cr)	↓
Unit Spread (INR)	+1.24 (Healthy)	-1.09 (Negative)	↓
Passenger Yield	₹5.76	₹5.27	↓
Capacity (ASKM)	2,557 Million	1,830.8 Million	↓
Other RASK	₹1.94	₹0.39	↓
Load Factor	88.0%	85.9%	↓
Finance Costs	₹100.5 Cr	₹132.8 Cr (est)	↓
Cost Disclosure	Combined CASK	Split: Grounded (0.54) vs Ungrounding (0.31)	↑ (Transparency)
EBITDAR	Positive Growth (+15.6%)	Near Breakeven (-87% YoY)	↓

Investor Notes: * **The Yield Trap:** The massive 29% yield growth seen in Q4 has completely reversed. The airline no longer commands a pricing premium, likely due to a fragmented schedule caused by the lower fleet count. * **The "Dead Weight" Problem:** Grounded aircraft costs (□0.54 CASK) are now 8.2% of the total cost base. This is "non-flying" expenditure that effectively wipes out any potential operating margin. * **Ancillary Collapse:** "Other RASK" dropped from □1.94 to □0.39. This suggests the airline has lost significant high-margin ancillary revenue (cargo, priority services, etc.) that previously propped up the unit economics. * **Conclusion:** The thesis has moved from "Recovery" back to "Distressed." The recapitalization money is being used to sustain a loss-making operation rather than being funneled into growth. Unless ASKM scales up by 30-40% in the next quarter, the positive net worth achieved in Q4 will be quickly eroded.

STOP HERE.