SPICEJET

RESULT UPDATE

KEY DATA

Rating	HOLD
Sector relative	Neutral
Price (INR)	48
12 month price target (INR)	52
52 Week High/Low	80/40
Market cap (INR bn/USD bn)	61/0.7
Free float (%)	40.1
Avg. daily value traded (INR mn)	366.1

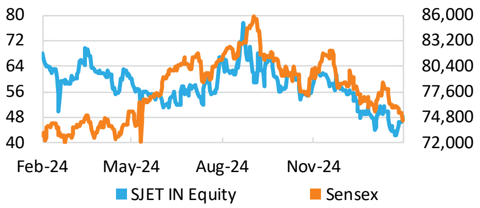
SHAREHOLDING PATTERN

	Dec-24	Sep-24	Jun-24
Promoter	29.1%	29.1%	47.7%
FII	15.8%	22.9%	1.8%
DII	7.6%	8.5%	5.1%
Pledge	40.3%	52.8%	38.8%

FINANCIALS (INR mn)

Year to March	FY24A	FY25E	FY26E	FY27E
Revenue	70,500	54,031	65,939	76,772
EBITDA	(90)	2,179	15,296	24,187
Adjusted profit	(4,094)	(1,105)	14,507	25,856
Diluted EPS (INR)	(3.2)	(0.9)	11.3	20.2
EPS growth (%)	0	0	0	78.2
RoAE (%)	0	0	0	0
P/E (x)	0	0	4.2	2.4
EV/EBITDA (x)	0	70.4	8.4	3.8
Dividend yield (%)	0	0	0	0

PRICE PERFORMANCE



Signs of improvement; recovery gradual

SpiceJet (SJ) posted Q3FY25 EBITDAR of INR(206)mn from INR(140)mn YoY [INR(2.3)bn sequentially] as yields (+18% YoY) offset operational weakness. SJ's operations are set to improve as it has started to induct grounded fleet by settling with its lessors for outstanding dues.

Highlights: i) SJ's lack of transparency in sharing key operational data stays a major concern. ii) Q3 yields jumped 18% YoY on better route mix while Q2 yields fell 4% YoY. iii) ASKM crashed 41% YoY in Q3 and 30% in Q2 on AoG rise. iv) Revival likely to be gradual post-QIP with turnaround a key monitorable. We are cutting FY25E/26E EPS by 14%/13% on operational softness. We are cutting TP to INR52 as we roll forward to Q3FY27E, revise EV/EBITDAR to 7x (from 9x); 'HOLD'.

Q3: EBITDAR flattish YoY on low base; yields jump 18% YoY

SpiceJet's Q3FY25 EBITDAR at INR(206)mn was flattish YoY (on a low base) from INR(140)mn primarily as better yields offset weakness in ASKM, RPKM and PLFs along with increase in CASK. Yields stood at INR5.7/km, up 18% YoY (IndiGo's yields at INR5.4/km, down 1%) as we reckon SJ operated more flights on high revenue routes due to decrease in operational fleet. According to DGCA data, RPKM came in at 2.1bn km, down 44% YoY as ASKM fell to 2.5bn km (-41%) and PLF fell to 84% (from 88%). CASK rose 12% YoY to INR5/km, primarily on higher forex loss due to the sharp INR depreciation and negative operating leverage. Fuel CASK fell 9% YoY on a 20% cut in ATF prices partly offset by higher VAT in certain states.

Q2: EBITDAR better on lower opex; RPKM falls on lower ASKM, PLF

SJ's Q2FY25 EBITDAR at INR(2.3)bn improved YoY from INR(3.7)bn primarily on lower opex (-42%) as fixed cost reduction on increase in AoG outweighed revenue loss. According to DGCA data, RPKM came in at 1.7bn km, down 36% YoY as ASKM fell to 2.1bn km (-30%) and PLF decreased to 80.7% (from 87%). Yields stood at INR5.2/km, down 4% YoY versus IndiGo's yields at INR4.5/km, up 2% YoY. CASK fell 8% YoY to INR5.4/km, primarily on reduction in other expenses partly offset by negative operating leverage. Fuel CASK fell 4% YoY primarily on a 6% fall in ATF prices.

Recovery likely to be gradual, monitoring turnaround; retain 'HOLD'

SJ's QIP of INR30bn shall allow repayment of outstanding dues and induction of AoG, which has commenced; we reckon recovery will likely be gradual. Full turnaround is a key monitorable while lack of transparency in sharing key operational data stays a concern. We are cutting FY25E/26E EPS by 14%/13% and TP by 14% to INR52 (roll forward to Q3FY27) as we lower EV/EBITDAR multiple to 7x (from 9x, in-line with IndiGo) and lease rentals multiple to 6x (from 7x, in-line with IndiGo). Retain **'HOLD'.**

Financials

Year to March	Q3FY25	Q3FY24	% Change	Q2FY25	% Change
Net Revenue	12,311	19,036	(35.3)	9,110	35.1
EBITDA	(206)	(140)	(47.0)	(2,327)	91.1
Adjusted Profit	250	(3,015)	108.3	(4,417)	105.7
Diluted EPS (INR)	0.2	(4.4)	104.4	(3.4)	105.7

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Financial Statements

Income Statement (INR mn)

Year to March	FY24A	FY25E	FY26E	FY27E
Total operating income	70,500	54,031	65,939	76,772
Gross profit	40,674	33,324	47,588	58,095
Employee costs	7,705	6,064	5,958	6,256
Other expenses	33,059	25,081	26,335	27,651
EBITDA	(90)	2,179	15,296	24,187
Depreciation	7,479	6,332	6,458	6,588
Less: Interest expense	4,613	2,915	2,973	3,032
Add: Other income	14,470	13,379	14,717	15,453
Profit before tax	(4,094)	(1,105)	14,507	25,856
Prov for tax	0	0	0	0
Less: Other adj	0	0	0	0
Reported profit	(4,094)	(1,105)	14,507	25,856
Less: Excp.item (net)	0	0	0	0
Adjusted profit	(4,094)	(1,105)	14,507	25,856
Diluted shares o/s	1,282	1,282	1,282	1,282
Adjusted diluted EPS	(3.2)	(0.9)	11.3	20.2
DPS (INR)	0	0	0	0
Tax rate (%)	0	0	0	0

Balance Sheet (INR mn)

Year to March	FY24A	FY25E	FY26E	FY27E
Share capital	7,834	12,817	12,817	12,817
Reserves	(33,693)	(34,798)	(20,290)	5,566
Shareholders funds	(25,859)	(21,981)	(7,473)	18,383
Minority interest	0	0	0	0
Borrowings	53,755	39,426	35,483	31,935
Trade payables	33,579	25,573	24,977	25,934
Other liabs & prov	26,544	24,302	23,293	22,334
Total liabilities	89,568	92,268	105,381	127,208
Net block	25,415	37,846	33,748	27,519
Intangible assets	0	0	0	0
Capital WIP	0	0	0	0
Total fixed assets	25,415	37,846	33,748	27,519
Non current inv	185	185	185	185
Cash/cash equivalent	1,980	800	10,805	31,136
Sundry debtors	10,432	5,921	7,226	8,413
Loans & advances	7,358	7,358	9,500	12,713
Other assets	9,543	7,103	9,261	12,586
Total assets	89,568	92,268	105,381	127,208

Important Ratios (%)

Year to March	FY24A	FY25E	FY26E	FY27E
Avg. fleet size (No.)	163.0	185.5	213.0	213.0
Avg. flying hours (Hrs)	2.4	1.5	1.4	1.4
ASKMs (Mn)	14,049.6	10,541.8	11,819.3	13,001.2
EBITDA margin (%)	(0.1)	4.0	23.2	31.5
Net profit margin (%)	(5.8)	(2.0)	22.0	33.7
Revenue growth (% YoY)	(20.5)	(23.4)	22.0	16.4
EBITDA growth (% YoY)	(98.5)	(2,522.0)	602.0	58.1
Adj. profit growth (%)	0	0	0	78.2

Free Cash Flow (INR mn)

Year to March	FY24A	FY25E	FY26E	FY27E
Reported profit	(4,094)	(1,105)	14,507	25,856
Add: Depreciation	7,479	6,332	6,458	6,588
Interest (net of tax)	0	0	0	0
Others	(9,857)	(10,464)	(11,744)	(12,420)
Less: Changes in WC	1,867	(20,103)	3,058	8,206
Operating cash flow	(8,339)	14,865	6,164	11,817
Less: Capex	(6,891)	(10,336)	(10,336)	(10,336)
Free cash flow	(1,448)	4,529	(4,172)	1,481

Assumptions (%)

Year to March	FY24A	FY25E	FY26E	FY27E
GDP (YoY %)	6.7	7.2	7.0	6.8
Repo rate (%)	6.5	6.0	5.0	4.5
USD/INR (average)	82.8	84.4	86.5	85.0
RPKMs (Mn)	12,553.1	9,086.1	10,637.3	11,701.1
PLF (%)	89.3	86.2	90.0	90.0
CASK (INR)	4.7	4.6	3.8	3.8
Lease rent/Aircrart (USDmn)	0.5	0.5	0.4	0.4
Passenger (mn)	9.9	7.1	8.0	9.0
Pax yield/RPKM	5.5	5.7	5.8	6.0

Key Ratios

Year to March	FY24A	FY25E	FY26E	FY27E
RoE (%)	NM	NM	NM	NM
RoCE (%)	NM	NM	NM	NM
Inventory days	8	10	7	6
Receivable days	55	55	36	37
Payable days	170	200	140	121
Working cap (% sales)	(48.7)	(57.4)	(36.1)	(20.9)
Gross debt/equity (x)	NM	NM	NM	NM
Net debt/equity (x)	NM	NM	NM	NM
Interest coverage (x)	(3.0)	(4.0)	0.9	4.4

Valuation Metrics

Year to March	FY24A	FY25E	FY26E	FY27E
Diluted P/E (x)	NM	NM	4.2	2.4
Price/BV (x)	NM	NM	NM	3.3
EV/EBITDA (x)	NM	70.4	8.4	3.8
Dividend yield (%)	0	0	0	0

Valuation Drivers

Year to March	FY24A	FY25E	FY26E	FY27E
EPS growth (%)	NM	NM	NM	78.2
RoE (%)	NM	NM	NM	0
EBITDA growth (%)	(98.5)	(2,522.0)	602.0	58.1
Payout ratio (%)	0	0	0	0

Source: Company and Nuvama estimates

Exhibit 1: Q3 EBITDAR down on low ASKM, PLF partly offset by better yields YoY

Year to March	Q3FY25	Q3FY24	YoY (%)	Q2FY25	QoQ (%)
Revenue	12,311	19,036	(35.3)	9,110	35.1
EBITDAR	(206)	(140)	(47.0)	(2,327)	91.1
Adjusted PAT	250	(3,015)	108.3	(4,417)	105.7
Diluted EPS (INR)	0.2	(4.4)	104.4	(3.4)	105.7
Load Factor %	84.0	88.0	-400bps	80.7	332bps
Yield (INR/Km)	5.7	4.9	17.8	5.2	11.0

Source: Company, Nuvama Research

Exhibit 2: Q3 yield increase YoY on increase in air fares, better route mix

	Q3FY25	Q3FY24	YoY (%)	Q2FY25	QoQ (%)
ASKM (Mn)	2,497	4,265	(41.4)	2,117	18.0
RPK (Mn)	2,097	3,752	(44.1)	1,708	22.8
Load factor (%)	84.0	88.0	(4.5)	80.7	4.1
Yield (INR)	5.7	4.9	17.8	5.2	11.0
RASK (INR)	4.9	4.5	10.4	4.3	14.6
CASK (INR)	5.0	4.5	11.5	5.4	(7.2)
Fuel CASK (INR)	1.9	2.1	(9.3)	2.0	(8.0)
CASK ex-fuel (INR)	3.1	2.4	29.3	3.4	(6.8)

Source: Company, Nuvama Research

Exhibit 3: Q2 EBITDAR better on lower opex part offset by lower ASKM, yield YoY

Year to March	Q2FY25	Q2FY24	YoY (%)	Q1FY25	QoQ (%)
Revenue	9,110	14,253	(36.1)	16,955	(46.3)
EBITDAR	(2,327)	(3,682)	(36.8)	2,835	(182.1)
Adjusted PAT	(4,417)	(4,315)	2.4	1,500	(394.6)
Diluted EPS (INR)	(3.4)	(6.3)	(45.4)	1.9	(282.3)
Load Factor %	80.7	87.0	-636bps	90.5	-988bps
Yield (INR/Km)	5.2	5.4	(4.4)	5.9	(12.9)

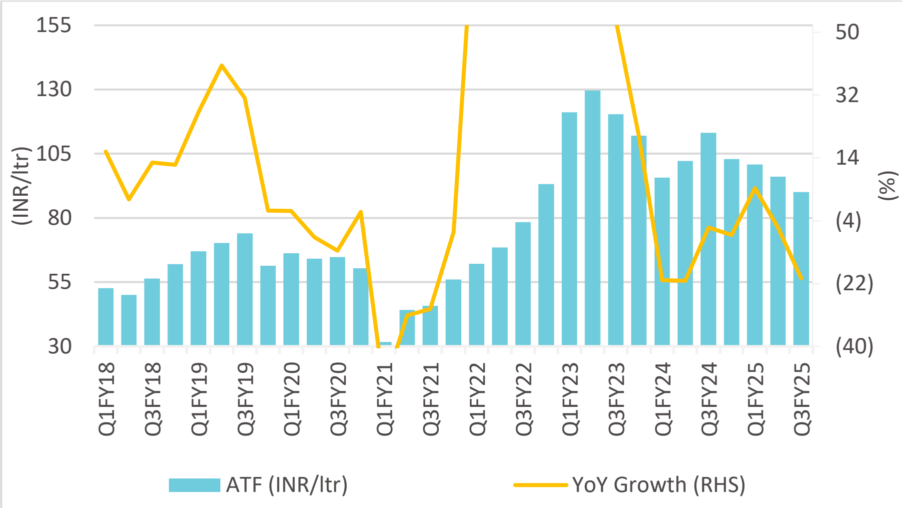
Source: Company, Nuvama Research

Exhibit 4: Q2 yields fall YoY on focus on lower fares, ASKM fall on increase in AoG

	Q2FY25	Q2FY24	YoY (%)	Q1FY25	QoQ (%)
ASKM (Mn)	2,117	3,042	(30.4)	3,038	(30.3)
RPK (Mn)	1,708	2,647	(35.5)	2,751	(37.9)
Load factor (%)	80.7	87.0	(7.3)	90.5	(10.9)
Yield (INR)	5.2	5.4	(4.4)	5.9	(12.9)
RASK (INR)	4.3	4.7	(8.2)	5.6	(22.9)
CASK (INR)	5.4	5.9	(8.4)	4.6	16.2
Fuel CASK (INR)	2.0	2.1	(3.9)	2.2	(5.0)
CASK ex-fuel (INR)	3.4	3.8	(10.9)	2.5	34.6

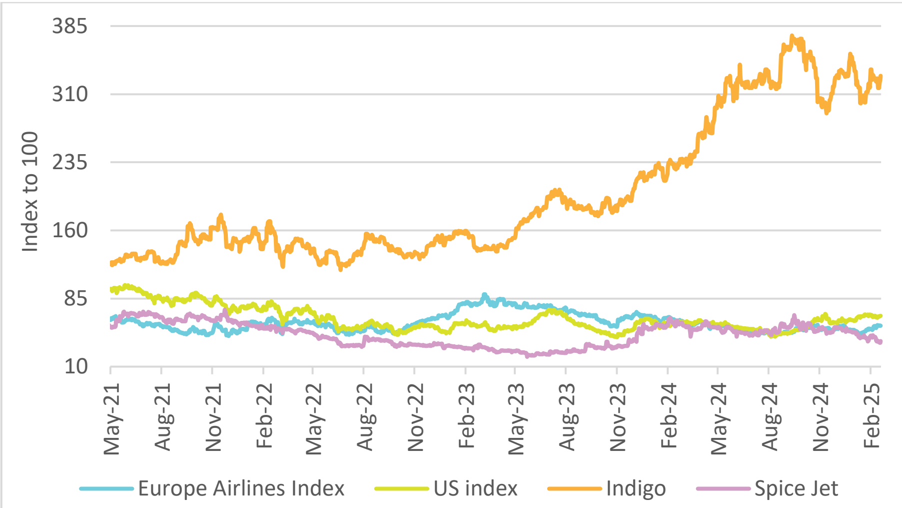
Source: Company, Nuvama Research

Exhibit 5: ATF prices fall 20%/6% YoY in Q3/Q2 with crude oil prices decreasing



Source: Company, Nuvama Research

Exhibit 6: SpiceJet stock performance versus global airlines



Source: Company, Nuvama Research

Exhibit 7: Quarterly comparison with peers

	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	YoY (%)
PAX (Mn)																	
Indigo	10.4	6.3	11.2	17.8	14.6	10.3	18.5	22.3	23.4	26.2	26.3	27.5	27.5	27.8	27.8	31.1	13.1
Spicejet	3.2	1.3	1.7	3.3	2.8	3.6	2.8	3.2	3.1	2.5	2.0	2.8	2.6	2.1	1.3	1.6	(41.7)
Yield (INR/km)																	
Indigo	3.7	3.6	4.2	4.4	4.4	5.2	5.1	5.4	4.9	5.2	4.4	5.5	5.2	5.2	4.5	5.4	(1.0)
Spicejet	3.5	4.1	4.5	4.5	4.6	5.4	4.9	5.4	5.1	7.0	5.4	4.9	5.0	5.9	5.2	5.7	17.8
PLF (%)																	
Indigo	70.3	58.9	70.9	79.7	76.5	79.6	79.1	85.1	84.2	88.7	83.2	85.8	86.2	86.7	82.7	86.9	1.3
Spicejet	77.4	69.3	75.9	84.5	80.9	84.9	84.0	88.7	89.9	90.9	87.0	88.0	91.6	90.5	80.7	84.0	(4.5)
RASK (INR/km)																	
Indigo	3.2	2.7	3.7	4.1	4.0	4.7	4.5	5.2	4.7	5.1	4.2	5.3	5.1	5.4	4.4	5.4	1.5
Spicejet	3.9	4.9	5.4	5.1	4.7	5.0	4.6	5.0	4.7	6.4	4.7	4.5	4.8	5.6	4.3	4.9	10.4
Fuel CASK (INR/km)																	
Indigo	1.0	1.1	1.3	1.4	1.6	2.2	2.3	2.0	1.8	1.6	1.7	1.9	1.7	1.8	1.7	1.6	(16.2)
Spicejet	1.5	1.7	1.9	2.1	2.5	3.4	3.5	3.5	2.2	2.2	2.1	2.1	2.1	2.2	2.0	1.9	(9.3)
CASK ex fuel (INR/km)	y																
Indigo	4.1	4.5	4.7	3.8	4.8	2.9	2.9	2.7	2.5	2.6	2.6	2.7	2.9	2.9	3.0	3.3	22.6
Spicejet	2.3	3.7	3.3	1.5	2.6	2.2	2.1	1.3	2.1	2.9	3.8	2.4	2.7	2.5	3.4	3.1	29.3
RASK-CASK (INR/km)																	
Indigo	(1.8)	(4.7)	(2.3)	(1.1)	(2.4)	(0.4)	(0.6)	0.5	0.3	0.9	0.0	0.8	0.5	0.7	(0.3)	0.6	(28.0)
Spicejet	0.1	(0.5)	0.3	1.5	(0.4)	(0.6)	(1.0)	0.2	0.4	1.2	(1.2)	(0.0)	(0.0)	0.9	(1.1)	(0.1)	NM

Source: Company, Nuvama Research

Exhibit 8: SotP valuation of INR52/share

	Dec'26E	Multiple (X)	INR mn	INR/share
EBITDAR	21,907	7.0	154,222	120
Less: Aircraft lease rentals	6,074	6.0	36,201	28
Less: Net debt (cash)			51,775	40
Equity value			**66,247**	**52**
Market Cap / CMP			61,482	48
% upside				**8%**

Source: Company, Nuvama Research

Exhibit 9: Global aviation peer valuation

Company	Mcap	EV	EBITDAR (LC mn)			EV/EBITDAR (x)			ROE (%)		
	(USD mn)	(LC mn)	FY24	FY25E	FY26E	FY24	FY25E	FY26E	FY24	FY25E	FY26E
India Aviation											
Indigo	19,557	1,932,199	176,405	198,592	226,537	11.0	9.7	8.5	NM	NM	NM
Spicejet	651	108,211	20,415	24,119	21,863	5.3	4.5	4.9	NM	NM	NM
India Aviation-Mean						**8.1**	**7.1**	**6.7**			
US Aviation											
Delta Airlines	41,561	61,263	9,135	9,098	10,554	6.7	6.7	5.8	44.3	32.5	29.5
American Airlines	10,567	41,127	7,225	6,297	7,148	5.7	6.5	5.8	-6.7	-10.7	NM
South West Airlines	17,780	17,135	2,430	2,223	2,909	7.1	7.7	5.9	7.6	4.9	10.0
US Aviation-Mean						**6.5**	**7.0**	**5.8**	**15.1**	**8.9**	**19.7**
Europe Aviation											
Ryanair	22,356	21,399	3,125	2,823	3,344	6.8	7.6	6.4	28.4	21.1	24.0
Lufthansa	8,180	12,956	5,832	4,584	5,240	2.2	2.8	2.5	19.3	10.7	12.4
Europe Aviation-Mean						**4.5**	**5.2**	**4.4**	**23.8**	**15.9**	**18.2**
APAC Aviation											
Singapore Airlines	14,232	23,098	4,968	4,192	3,964	4.6	5.5	5.8	14.5	13.8	8.8
Air China	14,561	313,775	29,463	29,841	37,071	10.6	10.5	8.5	-0.6	0.5	11.9
Cathay Pacific Airways Ltd	8,314	122,380	28,066	26,807	27,082	4.4	4.6	4.5	14.6	13.8	13.6
Japan Airlines Co Ltd	7,487	1,378,110	283,643	317,591	333,578	4.9	4.3	4.1	10.7	10.8	11.1
APAC Aviation-Mean						**6.1**	**6.2**	**5.7**	**9.8**	**9.7**	**11.4**
Global Aviation-Mean						**6.3**	**6.4**	**5.7**	**16.2**	**11.5**	**16.4**

Source: Company, Bloomberg, Nuvama Research

Exhibit 10: Q3FY25 financial snapshot (INR mn)

Year to March	Q3FY25	Q3FY24	YoY	Q2FY25	QoQ	FY25E	FY26E	FY27E
Total operating revenue	12,311	19,036	(35.3)	9,110	35.1	54,031	65,939	76,772
Aircraft Fuel Expenses	4,700	8,852	(46.9)	4,329	8.6	20,707	18,351	18,677
Employee Expenses	1,446	1,984	(27.1)	1,521	(5.0)	6,064	5,958	6,256
Selling and Distribution Exp.	0	0	NA	0	NA	0	0	0
Other Expenses	6,371	8,340	(23.6)	5,587	14.0	25,081	26,335	27,651
EBITDAR	**(206)**	**(140)**	**NA**	**(2,327)**	**NA**	**2,179**	**15,296**	**24,187**
Aircraft Lease Rentals	1,678	2,245	(25.3)	1,321	27.0	7,417	6,074	4,164
Depreciation	1,461	1,825	(20.0)	1,553	(5.9)	6,332	6,458	6,588
EBIT	**(3,345)**	**(4,210)**	**NA**	**(5,200)**	**NA**	**(11,570)**	**2,763**	**13,436**
Interest Expense	602	1,255	(52.1)	873	(31.1)	2,915	2,973	3,032
Other income	4,196	2,451	71.2	1,656	153.3	13,379	14,717	15,453
Exceptionals	0	0	NA	0	NA	0	0	0
Profit before tax	**250**	**(3,015)**	**NA**	**(4,417)**	**NA**	**(1,105)**	**14,507**	**25,856**
Provision for Tax	0	0	NA	0	NA	0	0	0
Reported Profit	**250**	**(3,015)**	**NA**	**(4,417)**	**NA**	**(1,105)**	**14,507**	**25,856**
Adjusted PAT	**250**	**(3,015)**	**NA**	**(4,417)**	**NA**	**(1,105)**	**14,507**	**25,856**
No of shares	1,282	684	87.3	1,282	-	1,282	1,282	1,282
Diluted EPS (INR)	**0.2**	**(4.4)**	**NA**	**(3.4)**	**NA**	**(0.9)**	**11.3**	**20.2**
Diluted P/E (x)						NA	4.2	2.4
EV/EBITDAR (x)						70.4	8.4	3.8
as % of total operating income								
Aircraft fuel expenses	38.2	46.5		47.5		38.3	27.8	24.3
Employee expenses	11.7	10.4		16.7		11.2	9.0	8.1
Selling and distribution expenses	0.0	0.0		0.0		0.0	0.0	0.0
Other operating expenses	51.8	43.8		61.3		46.4	39.9	36.0
EBITDAR	(1.7)	(0.7)		(25.5)		4.0	23.2	31.5
Aircraft lease rentals	13.6	11.8		14.5		13.7	9.2	5.4
Depreciation	11.9	9.6		17.0		11.7	9.8	8.6
Interest Expense	4.9	6.6		9.6		5.4	4.5	4.0
Reported Profit	2.0	(15.8)		(48.5)		(2.0)	22.0	33.7

Source: Company, Nuvama Research

Exhibit 11: Q2FY25 financial snapshot (INR mn)

Year to March	Q2FY25	Q2FY24	YoY	Q1FY25	QoQ	FY25E	FY26E	FY27E
Total operating revenue	9,110	14,253	(36.1)	16,955	(46.3)	54,031	65,939	76,772
Aircraft Fuel Expenses	4,329	6,472	(33.1)	6,540	(33.8)	20,707	18,351	18,677
Employee Expenses	1,521	1,894	(19.7)	1,717	(11.4)	6,064	5,958	6,256
Selling and Distribution Exp.	0	0	NA	0	NA	0	0	0
Other Expenses	5,587	9,569	(41.6)	5,864	(4.7)	25,081	26,335	27,651
EBITDAR	**(2,327)**	**(3,682)**	**NA**	**2,835**	**NA**	**2,179**	**15,296**	**24,187**
Aircraft Lease Rentals	1,321	630	109.5	2,485	(46.9)	7,417	6,074	4,164
Depreciation	1,553	1,877	(17.2)	1,699	(8.6)	6,332	6,458	6,588
EBIT	**(5,200)**	**(6,189)**	**NA**	**(1,349)**	**NA**	**(11,570)**	**2,763**	**13,436**
Interest Expense	873	1,132	(22.9)	869	0.5	2,915	2,973	3,032
Other income	1,656	3,006	(44.9)	3,717	(55.4)	13,379	14,717	15,453
Exceptionals	0	0	NA	0	NA	0	0	0
Profit before tax	**(4,417)**	**(4,315)**	**NA**	**1,500**	**NA**	**(1,105)**	**14,507**	**25,856**
Provision for Tax	0	0	NA	0	NA	0	0	0
Reported Profit	**(4,417)**	**(4,315)**	**NA**	**1,500**	**NA**	**(1,105)**	**14,507**	**25,856**
Adjusted PAT	**(4,417)**	**(4,315)**	**NA**	**1,500**	**NA**	**(1,105)**	**14,507**	**25,856**
No of shares	1,282	684	87.3	793	61.5	1,282	1,282	1,282
Diluted EPS (INR)	**(3.4)**	**(6.3)**	**NA**	**1.9**	**NA**	**(0.9)**	**11.3**	**20.2**
Diluted P/E (x)						NA	4.2	2.4
EV/EBITDAR (x)						70.4	8.4	3.8
as % of total operating income								
Aircraft fuel expenses	47.5	45.4		38.6		38.3	27.8	24.3
Employee expenses	16.7	13.3		10.1		11.2	9.0	8.1
Selling and distribution expenses	0.0	0.0		0.0		0.0	0.0	0.0
Other operating expenses	61.3	67.1		34.6		46.4	39.9	36.0
EBITDAR	(25.5)	(25.8)		16.7		4.0	23.2	31.5
Aircraft lease rentals	14.5	4.4		14.7		13.7	9.2	5.4
Depreciation	17.0	13.2		10.0		11.7	9.8	8.6
Interest Expense	9.6	7.9		5.1		5.4	4.5	4.0
Reported Profit	(48.5)	(30.3)		8.8		(2.0)	22.0	33.7

Source: Company, Nuvama Research

Company Description

SpiceJet is among India's leading and most preferred low-cost airline. The company is constantly adding more destinations, expanding its fleet, and enhancing its services to reach out to millions of flyers across the world. The company has a dedicated logistics and technology platform, SpiceXpress, providing innovative modular supply chain solutions.

Investment Theme

Revenue maximisation an appropriate strategy at current scale

SpiceJet's revenue maximisation strategy has been backed by tactical pricing and dynamic revenue management, which has successfully propped up occupancy. This coupled with its obsessive focus on ancillary revenue generation has yielded rich dividends.

Next big focus on industry-leading cost structure

Shirking legacy issues and to ensure structural cost advantages, management is restructuring its long-term contracts. Towards this, it is working with lessors and other service providers to rationalise its cost base.

Key Risks

The economic slowdown is exerting pressure on demand for corporate and leisure travel that would affect load factor and, hence, profitability—given the high operating leverage structure of the airline business. Failure to maintain occupancy at 90%-plus or any demand weakness would pressure RASK and, hence, pose a risk to earnings and valuations.

Uncertainty and unpredictability in policy/regulatory framework remains a concern. Adverse taxation structure would drive up the cost of doing business, hurting profitability.

Existing airports at Indian metros such as Mumbai, Chennai and Kolkata running at peak capacity could prove to be bottlenecks for growth.

Additional Data

Management

CEO	AJAY SINGH
Independent Director	Ajay Chhotelal Aggarwal
Director	Mrs. Shiwani Singh
Independent Director	Manoj Kumar
Auditor	E&Y

Holdings – Top 10*

	% Holding		% Holding
Ajay Singh	59.56	Jupiter Fund Ma	1.56
HDFC Asset Mana	5.26	BHARGAVA MEENAK	1.12
Franklin Resour	4.00	SINGH KALPANA	0.40
Jhunjhunwala Ra	1.67	ICICI Prudentia	0.23
NATIONAL WESTMI	1.61	BlackRock Inc	0.19

**Latest public data*

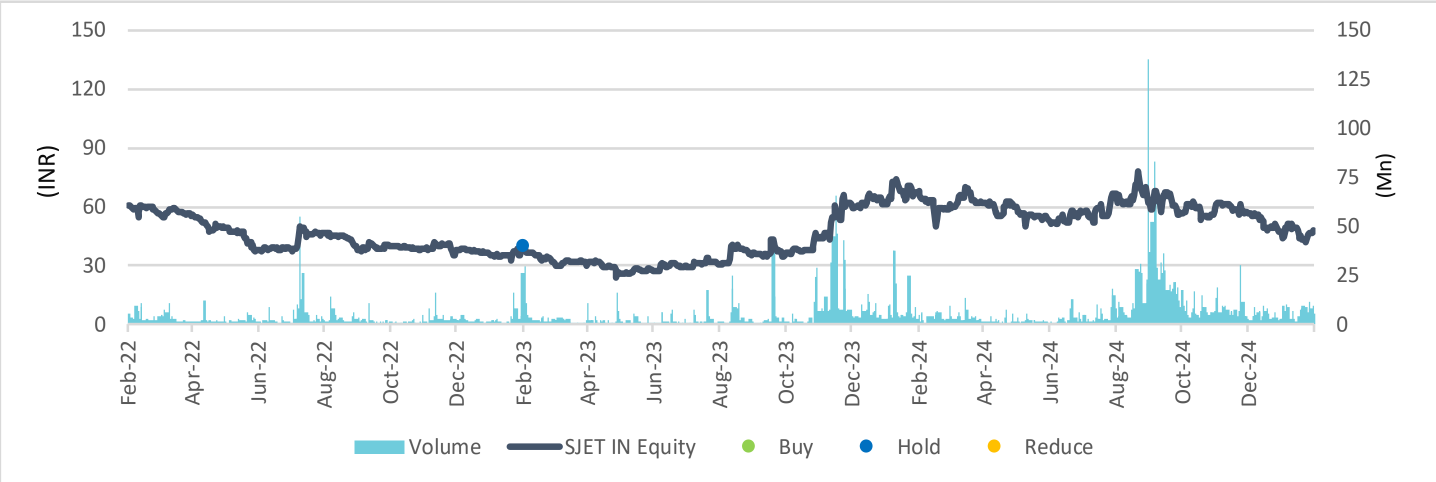
Recent Company Research

Date	Title	Price	Reco
12-Dec-23	Turbulence lingers; silver lining ahead; *Result Update*	46	Hold
14-Aug-23	Turbulence-ridden flight; *Result Update*	46	Hold
24-Feb-23	Navigating turbulence; *Result Update*	46	Hold

Recent Sector Research

Date	Name of Co./Sector	Title
20-Feb-25	Aviation	Q4 flights growth healthy, led by IndiGo; *Sector Update*
25-Jan-25	IndiGo	Better yields, PLF drive beat; Q4 mixed; *Result Update*
20-Dec-24	Aviation	SpiceJet, IndiGo gain at Air India's cos; *Sector Update*

Rating and Daily Volume Interpretation



Source: Bloomberg, Nuvama research

Rating Rationale & Distribution: Nuvama Research

Rating	Expected absolute returns over 12 months	Rating Distribution
Buy	15%	229
Hold	<15% and >-5%	61
Reduce	<-5%	26

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