

RESULT UPDATE

KEY DATA

Rating	HOLD
Sector relative	Neutral
Price (INR)	44
12 month price target (INR)	48
52 Week High/Low	80/40
Market cap (INR bn/USD bn)	56/0.7
Free float (%)	40.1
Avg. daily value traded (INR mn)	424.3

SHAREHOLDING PATTERN

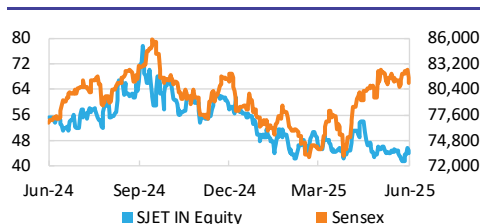
	Mar-25	Dec-24	Sep-24
Promoter	33.46%	29.14%	29.14%
FII	11.85%	15.76%	22.87%
DII	8.45%	7.57%	6.92%
Pledge	14.1%	11.7%	15.4%

FINANCIALS

(INR mn)

Year to March	FY24A	FY25A	FY26E	FY27E
Revenue	70,500	52,840	64,217	74,519
EBITDA	(90)	2,465	13,183	20,762
Adjusted profit	(4,094)	581	10,112	20,625
Diluted EPS (INR)	(3.2)	0.5	7.9	16.1
EPS growth (%)	0	0	1,641.3	104.0
RoAE (%)	14.1	(6.1)	85.1	75.7
P/E (x)	0	96.7	5.6	2.7
EV/EBITDA (x)	(1,694.2)	59.1	12.0	6.7
Dividend yield (%)	0	0	0	0

PRICE PERFORMANCE



Strong Q4; buckle up, turbulence ahead

SpiceJet (SJ) posted Q4FY25 EBITDAR of INR2.2bn versus a loss of INR148mn YoY as yields (+28% YoY) offset operational weakness.

Highlights: i) ASKM crashed 29% YoY due to higher AoG. ii) Q4 yields jumped 28% YoY on a better route mix and strong demand due to the 45-day Maha Kumbh festival. iii) Operational fleet expansion is likely delayed given no material change in fleet post-INR30bn QIP and resultant restructuring of lessors' dues. iv) Read-through from IndiGo for a bleak Q1FY26E amid geopolitical concerns. v) Revival likely to be gradual post-QIP; turnaround a key variable to monitor. In all, we are cutting FY26E/27E EBITDAR by 14%/14% on delayed turnaround; this along with a rollover to FY27E yields a lower TP of INR48; retain 'HOLD'.

Q4: EBITDAR rebounds YoY on 28% jump in yields; CASK flat

SJ's Q4FY25 EBITDAR at INR2.2bn rebounded from INR(140)mn in Q4FY24 led by a sharp rise in yields (+28%) offsetting the weakness in ASKM (-29%), RPKM (-32%) and PLF (-357bp) while CASK stayed flat YoY at INR4.8. Yield at INR6.4/km, up 28% YoY, raced ahead of IndiGo's INR5.3/km (up 2% YoY) as—we reckon—SJ operated more flights on high revenue routes due to a reduction in its operational fleet. Q4 marked a stronger-than-expected yield environment due to the 45-day Maha Kumbh festival and SJ's focus on non-metro destinations under the UDAN scheme. ASKM fell to 2.6bn km (-29% YoY) and PLF fell to 88% (from 92% YoY). CASK came in flat YoY as negative operating leverage offset the fall in overheads due to a reduction in fleet size. Fuel CASK decreased 6% YoY, underperforming the 9% cut in ATF prices due to increased VAT rates in certain states.

Increase in operational fleet delayed; Q1FY26E read-through bleak

SJ's operational fleet was made up of 25 aircraft at the end-Mar-25, lower than 28 aircraft disclosed at the end of Jun-24 at the time of INR30bn QIP closure in Sep-24, indicating an inability to expand operational fleet even after restructuring of lessors' dues. Furthermore, IndiGo's management is evaluating the impact on PRASK for Q1FY26E in the wake of geopolitical tensions, but they have observed materially adverse impact on cancellation rates and booking trends, which does not bode well for the industry as a whole, including SJ.

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

SJ's QIP of INR30bn shall allow repayment of outstanding dues and induction of aircraft on ground (AoG), which has commenced; we reckon recovery shall be gradual; a full turnaround a key variable. We are cutting FY26E and FY27E EBITDAR by 14% each on delayed turnaround and TP by 9% to INR48 (on a rollover to FY27E).

Financials

Year to March	Q4FY25	Q4FY24	% Change	Q3FY25	% Change
Net Revenue	14,464	17,194	(15.9)	12,311	17.5
EBITDA	2,163	(148)	(1,564.4)	(206)	(1,150.0)
Adjusted Profit	3,249	1,190	173.0	250	1,201.1
Diluted EPS (INR)	2.5	1.5	66.9	0.2	1,201.1

Financial Statements

Income Statement (INR mn)

Year to March	FY24A	FY25A	FY26E	FY27E
Total operating income	70,500	52,840	64,217	74,519
Gross profit	40,674	32,324	44,278	53,412
Employee costs	7,705	6,177	6,228	6,540
Other expenses	33,059	23,682	24,867	26,110
EBITDA	(90)	2,465	13,183	20,762
Depreciation	7,479	6,377	6,505	6,635
Less: Interest expense	4,613	2,908	2,966	3,026
Add: Other income	14,470	14,522	15,974	16,772
Profit before tax	(4,094)	581	10,112	20,625
Prov for tax	0	0	0	0
Less: Other adj	0	0	0	0
Reported profit	(4,094)	581	10,112	20,625
Less: Excp.item (net)	0	0	0	0
Adjusted profit	(4,094)	581	10,112	20,625
Diluted shares o/s	1,282	1,282	1,282	1,282
Adjusted diluted EPS	(3.2)	0.5	7.9	16.1
DPS (INR)	0	0	0	0
Tax rate (%)	0	0	0	0

Important Ratios (%)

Year to March	FY24A	FY25A	FY26E	FY27E
ASKMs (Mn)	14,049.6	10,320.2	11,564.4	12,720.9
EBITDA margin (%)	(0.1)	4.7	20.5	27.9
Net profit margin (%)	(5.8)	1.1	15.7	27.7
Revenue growth (% YoY)	(20.5)	(25.0)	21.5	16.0
EBITDA growth (% YoY)	(98.5)	(2,839.7)	434.9	57.5
Adj. profit growth (%)	0	0	1,641.3	104.0

Assumptions (%)

Year to March	FY24A	FY25A	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	8,844.9	10,118.9	11,448.8
PLF (%)	89.3	85.7	87.5	90.0
CASK (INR)	4.7	4.9	3.9	3.7
Lease rent/Aircraft (USDmn)	0.5	0.5	0.6	0.5
Passenger (mn)	9.9	6.8	7.7	8.6
Pax yield/RPKM	5.5	5.8	6.1	6.0

Valuation Metrics

Year to March	FY24A	FY25A	FY26E	FY27E
Diluted P/E (x)	0	96.7	5.6	2.7
Price/BV (x)	0	8.2	3.3	1.5
EV/EBITDA (x)	(1,694.2)	59.1	12.0	6.7
Dividend yield (%)	0	0	0	0

Source: Company and Nuvama estimates

Balance Sheet (INR mn)

Year to March	FY24A	FY25A	FY26E	FY27E
Share capital	7,834	14,134	14,134	14,134
Reserves	(33,693)	(7,304)	2,808	23,433
Shareholders funds	(25,859)	6,830	16,942	37,567
Minority interest	0	0	0	0
Borrowings	53,755	42,138	37,924	34,132
Trade payables	33,579	23,306	25,170	26,513
Other liabs & prov	26,544	17,802	17,051	16,338
Total liabilities	89,568	91,160	98,172	115,634
Net block	25,415	20,939	24,822	33,577
Intangible assets	0	0	0	0
Capital WIP	0	0	0	0
Total fixed assets	25,415	20,939	24,822	33,577
Non current inv	185	185	185	185
Cash/cash equivalent	1,980	3,715	4,213	2,766
Sundry debtors	10,432	9,844	7,038	8,167
Loans & advances	7,358	10,668	12,662	15,654
Other assets	9,543	10,752	14,195	20,229
Total assets	89,568	91,160	98,172	115,634

Free Cash Flow (INR mn)

Year to March	FY24A	FY25A	FY26E	FY27E
Reported profit	(4,094)	581	10,112	20,625
Add: Depreciation	7,479	6,377	6,505	6,635
Interest (net of tax)	0	0	0	0
Others	(9,857)	(11,613)	(13,007)	(13,747)
Less: Changes in WC	1,867	20,259	1,518	9,524
Operating cash flow	(8,339)	(24,915)	2,091	3,989
Less: Capex	(6,891)	(10,336)	(10,336)	(10,336)
Free cash flow	(1,448)	(35,251)	(8,245)	(6,347)

Key Ratios

Year to March	FY24A	FY25A	FY26E	FY27E
RoE (%)	14.1	(6.1)	85.1	75.7
RoCE (%)	1.0	6.1	16.9	25.0
Inventory days	8	12	8	6
Receivable days	55	70	48	37
Payable days	170	196	138	127
Working cap (% sales)	(48.7)	(20.6)	(14.6)	0.2
Gross debt/equity (x)	0	0	0	0
Net debt/equity (x)	0	0	0	0
Interest coverage (x)	(3.0)	(3.8)	(1.0)	2.3

Valuation Drivers

Year to March	FY24A	FY25A	FY26E	FY27E
EPS growth (%)	0	0	1,641.3	104.0
RoE (%)	14.1	(6.1)	85.1	75.7
EBITDA growth (%)	(98.5)	(2,839.7)	434.9	57.5
Payout ratio (%)	nm	0	0	0

Exhibit 1: Q4 EBITDAR rebounds YoY on higher yield partly offset by low ASKM, PLF

Year to March	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)
Revenue	14,464	17,194	(15.9)	12,311	17.5
EBITDAR	2,163	(148)	(1,564.4)	(206)	-1,150.0
Adjusted PAT	3,249	1,190	173.0	250	1,201.1
Diluted EPS (INR)	2.5	1.5	66.9	0.2	1,201.1
Load Factor %	88.0	91.6	-357bps	84.0	402bps
Yield (INR/Km)	6.4	5.0	27.8	5.7	11.3

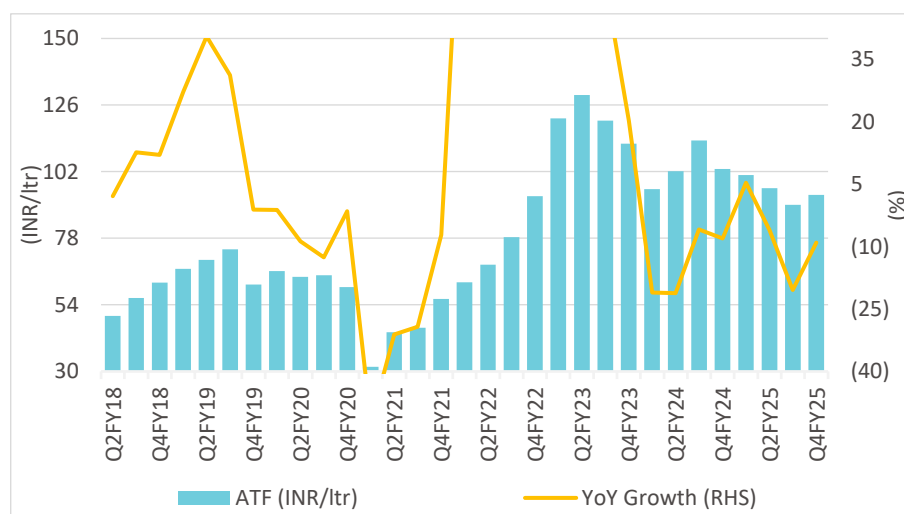
Source: Company, Nuvama Research

Exhibit 2: Yields jump on strong demand; ASKM continues to fall on reduced fleet

	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)
ASKM (Mn)	2,557	3,611	(29.2)	2,497	2.4
RPK (Mn)	2,250	3,307	(32.0)	2,097	7.3
Load factor (%)	88.0	91.6	(3.9)	84.0	4.8
Yield (INR)	6.4	5.0	27.8	5.7	11.3
RASK (INR)	5.7	4.8	18.8	4.9	14.7
CASK (INR)	4.8	4.8	0.2	5.0	(4.0)
Fuel CASK (INR)	1.9	2.1	(6.3)	1.9	2.8
CASK ex-fuel (INR)	2.9	2.7	5.1	3.1	(8.1)

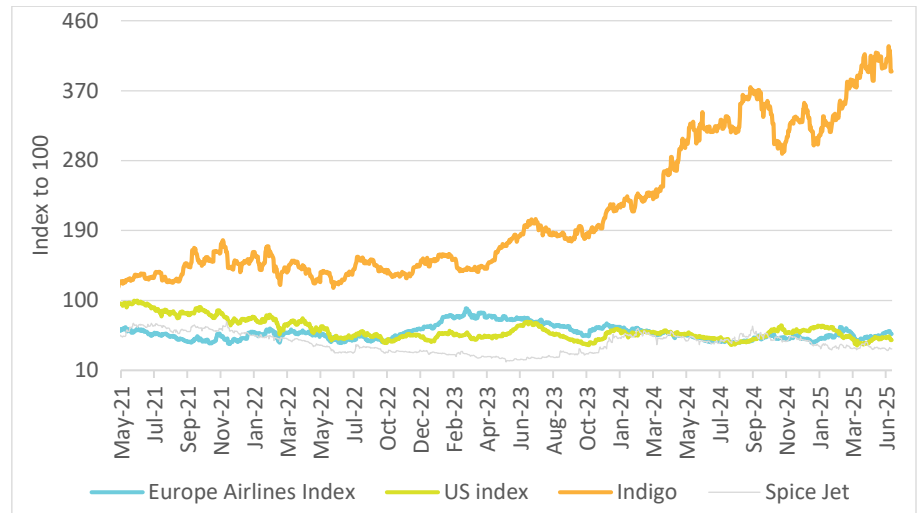
Source: Company, Nuvama Research

Exhibit 3: ATF prices down 9% YoY in Q4, in line with crude oil prices



Source: Company, Nuvama Research

Exhibit 4: SpiceJet stock performance versus global airlines – Low-lying



Source: Bloomberg, Nuvama Research

Exhibit 5: Quarterly comparison with peers

	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	YoY (%)
PAX (Mn)														
Indigo	14.6	10.3	18.5	22.3	23.4	26.2	26.3	27.6	26.6	27.8	27.8	31.1	31.9	19.9
Spicejet	2.8	3.6	2.8	3.2	3.1	2.5	2.0	2.8	2.6	2.1	1.3	1.6	1.8	(31.2)
Yield (INR/km)														
Indigo	4.4	5.2	5.1	5.4	4.9	5.2	4.4	5.5	5.2	5.2	4.5	5.4	5.3	2.2
Spicejet	4.6	5.4	4.9	5.4	5.1	7.0	5.4	4.9	5.0	5.9	5.2	5.7	6.4	27.8
PLF (%)														
Indigo	76.5	79.6	79.1	85.1	84.2	88.7	83.2	85.8	86.2	86.7	82.7	86.9	87.4	1.4
Spicejet	80.9	84.9	84.0	88.7	89.9	90.9	87.0	88.0	91.6	90.5	80.7	84.0	85.8	(6.3)
RASK (INR/km)														
Indigo	4.0	4.7	4.5	5.2	4.7	5.1	4.2	5.3	5.1	5.4	4.4	5.4	5.3	2.7
Spicejet	4.7	5.0	4.6	5.0	4.7	6.4	4.7	4.5	4.8	5.6	4.3	4.9	5.7	18.8
Fuel CASK (INR/km)														
Indigo	1.6	2.2	2.3	2.0	1.8	1.6	1.7	1.9	1.7	1.8	1.7	1.6	1.6	(6.6)
Spicejet	2.5	3.4	3.5	3.5	2.2	2.2	2.1	2.1	2.1	2.2	2.0	1.9	1.9	(6.3)
CASK ex fuel (INR/km)														
Indigo	4.8	2.9	2.9	2.7	2.5	2.6	2.6	2.7	2.9	2.9	3.0	3.3	3.0	0.2
Spicejet	3.8	3.3	3.1	1.3	2.1	2.9	3.8	2.4	2.7	2.5	3.4	3.1	2.9	5.1
RASK-CASK (INR/km)														
Indigo	(2.4)	(0.4)	(0.6)	0.5	0.3	0.9	0.0	0.8	0.5	0.7	(0.3)	0.6	0.7	54.1
Spicejet	(1.7)	(1.7)	(2.0)	0.1	0.4	1.2	(1.2)	(0.0)	(0.0)	0.9	(1.1)	(0.1)	0.8	NM

Source: Company, Nuvama Research

Exhibit 6: SotP valuation of INR48/share

	FY27E	Multiple (X)	INR mn	INR/share
EBITDAR	20,762	7.0	144,503	113
Less: Aircraft lease rentals	7,249	6.0	43,784	34
Less: Net debt (cash)			39,763	31
Equity value			60,955	48
Market Cap / CMP			56,138	44
% upside				9%

Source: Nuvama Research

Exhibit 7: Global peers' valuation

Company	Mcap	EV	EBITDAR (LC mn)			EV/EBITDAR (x)			ROE (%)		
	(USD mn)	(LC mn)	FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY25	FY26E	FY27E
India Aviation											
Indigo	24,743	2,347,108	209,257	243,838	262,939	11.2	9.6	8.9	NM	NM	NM
Spicejet	670	45,654	17,353	17,406	18,060	2.6	2.6	2.5	NM	NM	NM
India Aviation-Mean						6.9	6.1	5.7			
US Aviation											
Delta Airlines	32,106	50,675	9,098	8,643	9,663	5.6	5.9	5.2	32.5	21.6	21.7
American Airlines	7,294	36,428	6,297	5,501	6,630	5.8	6.6	5.5	-11.8	-14.3	-11.1
South West Airlines	19,085	18,828	2,223	2,499	3,516	8.5	7.5	5.4	4.9	7.5	14.3
US Aviation-Mean						6.6	6.7	5.4	8.5	4.9	8.3
Europe Aviation											
Ryanair	29,456	24,053	2,839	3,452	3,804	8.5	7.0	6.3	21.1	26.4	25.0
Lufthansa	9,867	13,776	4,583	5,034	5,609	3.0	2.7	2.5	10.5	10.5	12.0
Europe Aviation-Mean						5.7	4.9	4.4	15.8	18.5	18.5
APAC Aviation											
Singapore Airlines	16,357	25,439	4,356	4,073	4,273	5.8	6.2	6.0	14.7	9.2	9.2
Air China	17,469	329,838	28,941	36,268	45,681	11.4	9.1	7.2	0.5	8.6	15.8
Cathay Pacific Airways Ltd	8,598	125,433	27,518	28,474	27,946	4.6	4.4	4.5	14.1	15.1	14.9
Japan Airlines Co Ltd	8,856	1,457,417	319,778	363,419	387,610	4.6	4.0	3.8	10.9	11.6	10.1
APAC Aviation-Mean						6.6	5.9	5.4	10.1	11.1	12.5
Global Aviation-Mean						6.5	5.9	5.2	11.5	11.5	13.1

Source: Bloomberg, Nuvama Research

Exhibit 8: Quarterly financial snapshot (INR mn)

Year to March	Q4FY25	Q4FY24	YoY	Q3FY25	QoQ	FY25	FY26E	FY27E
Total operating revenue	14,464	17,194	(15.9)	12,311	17.5	52,840	64,217	74,519
Aircraft Fuel Expenses	4,947	7,459	(33.7)	4,700	5.3	20,516	19,939	21,108
Employee Expenses	1,493	1,816	(17.8)	1,446	3.3	6,177	6,228	6,540
Selling and Distribution Exp.	0	0	NA	0	NA	0	0	0
Other Expenses	5,861	8,066	(27.3)	6,371	(8.0)	23,682	24,867	26,110
EBITDAR	2,163	(148)	NA	(206)	NA	2,465	13,183	20,762
Aircraft Lease Rentals	1,637	2,303	(28.9)	1,678	(2.4)	7,120	9,574	7,249
Depreciation	1,665	1,705	(2.3)	1,461	13.9	6,377	6,505	6,635
EBIT	(1,139)	(4,155)	NA	(3,345)	NA	(11,033)	-2,895	6,878
Interest Expense	565	1,005	(43.8)	602	(6.1)	2,908	2,966	3,026
Other income	4,952	6,350	(22.0)	4,196	18.0	14,522	15,974	16,772
Exceptionals	0	0	NA	0	NA	0	0	0
Profit before tax	3,249	1,190	173.0	250	1,201.1	581	10,112	20,625
Provision for Tax	0	0	NA	0	NA	0	0	0
Reported Profit	3,249	1,190	173.0	250	1,201.1	581	10,112	20,625
Adjusted PAT	3,249	1,190	173.0	250	1,201.1	581	10,112	20,625
No of shares	1,282	783	63.6	1,282	-	1,282	1,282	1,282
Diluted EPS (INR)	2.5	1.5	66.9	0.2	1,201.1	0.5	7.9	16.1
Diluted P/E (x)						96.7	5.6	2.7
EV/EBITDAR (x)						59.1	12.0	6.7
as % of total operating income								
Aircraft fuel expenses	34.2	43.4		38.2		38.8	31.0	28.3
Employee expenses	10.3	10.6		11.7		11.7	9.7	8.8
Selling and distribution expenses	0.0	0.0		0.0		0.0	0.0	0.0
Other operating expenses	40.5	46.9		51.8		44.8	38.7	35.0
EBITDAR	15.0	-0.9		(1.7)		4.7	20.5	27.9
Aircraft lease rentals	11.3	13.4		13.6		13.5	14.9	9.7
Depreciation	11.5	9.9		11.9		12.1	10.1	8.9
Interest Expense	3.9	5.8		4.9		5.5	4.6	4.1
Reported Profit	22.5	6.9		2.0		1.1	15.7	27.7

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	M/s Walker Chandio & Co LLP

Holdings – Top 10*

	% Holding		% Holding
Ajay Singh	26.44	Morgan Stanley	1.53
DISCOVERY GLOBA	3.17	Goldman Sachs A	1.50
AUTHUM INVESTME	2.90	VOLRADO VENTURE	1.39
Spice Healthcar	2.67	Tata Asset Mana	1.33
IDFC Mutual Fun	2.27	PLUTUS WEALTH M	1.29

*Latest public data

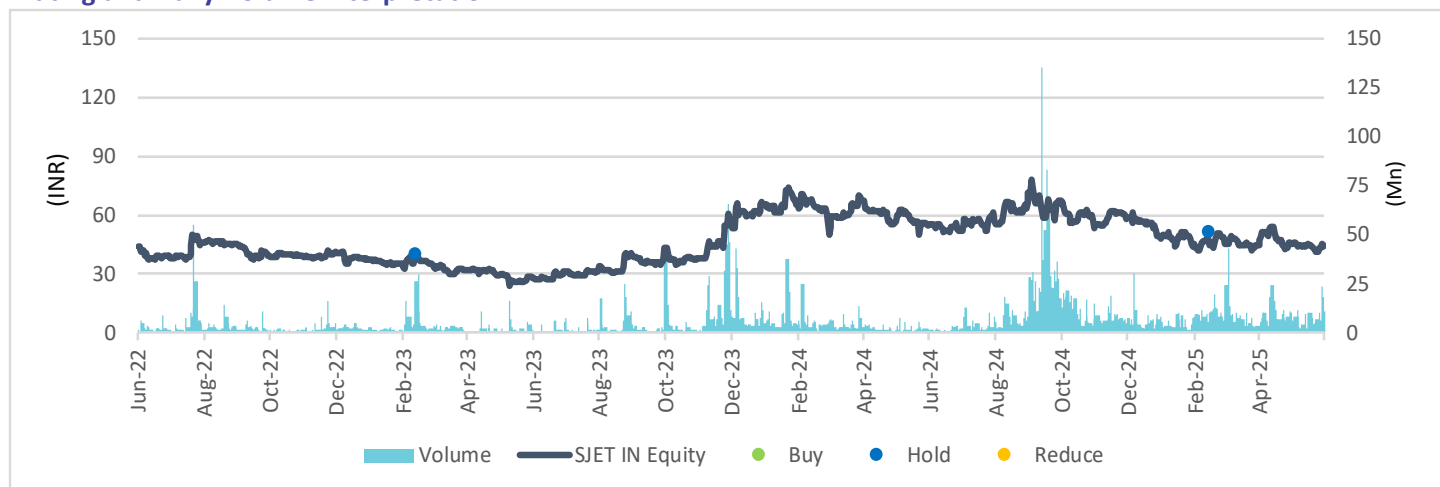
Recent Company Research

Date	Title	Price	Reco
26-Feb-25	Signs of improvement; recovery gradual; <i>Result Update</i>	48	Hold
12-Dec-23	Turbulence lingers; silver lining ahead; <i>Result Update</i>	46	Hold
14-Aug-23	Turbulence-ridden flight; <i>Result Update</i>	45	Hold

Recent Sector Research

Date	Name of Co./Sector	Title
22-May-25	IndiGo	Strong demand buoys Q4; Q1FY26 bleak; <i>Result Update</i>
19-Mar-25	IndiGo	Going global; international ASKM to rise; <i>Company Update</i>
20-Feb-25	Aviation	Q4 flights growth healthy, led by IndiGo; <i>Sector Update</i>

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%	203
Hold	<15% and >-5%	62
Reduce	<-5%	37

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