

Press Release
SpiceJet Limited
August 03, 2022



Rating Reaffirmed and Issuer not co-operating

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	1165.00	-	ACUITE A4 Reaffirmed Issuer not co-operating*
Bank Loan Ratings	285.00	ACUITE B Reaffirmed Issuer not co-operating*	-
Total Outstanding Quantum (Rs. Cr)	1450.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed the long-term rating of '**ACUITE B**' (read as **ACUITE B**) and the short term rating of '**ACUITE A4**' (read as **ACUITE A four**) on the Rs. 1,450 Cr bank facilities of SpiceJet Limited (SpiceJet). The rating review has been undertaken on the basis of material event of DGCA's interim order on Spicejet on operating at 50 percent of its fleet for a tenure of 8 weeks. The rating continues to be flagged as "Issuer NotCooperating" and is based on the best available information.

The rating action is mainly on account of the stress in its liquidity position, weaker operational performance as compared to earlier expectations and heightened information risk associated with the credit. Acuite had sought information for conducting the rating review and clarifications on media reports regarding the downgrade of one of its banking accounts and DGCA's order ,however there has been no cooperation from the company.

About the Company

Established in 1984 and based in Gurugram (Haryana), SpiceJet Limited (SpiceJet) was initially set up as an air taxi provider. In 1993, the company diversified into domestic aviation service provider business and changed its name to 'Modiluft' in 1994 through a technical partnership with Lufthansa AG. In 2000, the company got a new name - Royal Airways. In the year 2005, the company got its prevailing name, when its services were re-launched. SpiceJet operated its first flight in May 2005 and commenced operations with 3 leased Boeing 737-800s fleets. In 2008, a US-based asset investor, Mr.Wilbur Ross acquired a 30 percent stake. In June 2010, Mr. Kalanithi Maran, Chairman and Managing Director of the Sun Group, acquired 38 percent stake in SpiceJet from the US- based investor, Mr. Wilbur Ross and the UK-based Kansagra family. The stake was sold back to Mr Ajay Singh (present promoter) in January 2015. Mr. Ajay Singh and HUF holds around 59.54 percent as on June 30, 2021 (around 44.32 of the promoter shareholding remains pledged). Spicejet follows the Low Cost Carrier (LCC) business model with an objective to deliver the lowest air fares with the highest consumer value, to price sensitive consumers. SpiceJet, a public limited company, is listed on Bombay Stock exchange (BSE) and National Stock Exchange (NSE) and is promoted by Mr. Ajay Singh with majority holdings. The airline had a total fleet size of 94 aircrafts (43 Boeing NG (700/800/900), 13 Boeing max (737), 32 Q-400 and 5 wide-body aircrafts on wet-lease) serving domestic as well as

international destinations as on March 31, 2021.

Non-cooperation by the issuer/borrower:

Acuité has been requesting for data, information and undertakings from the rated entity for conducting surveillance & review of the rating. However, the issuer/borrower failed to submit such information before the due date. The company has not submitted 'No default statement' (NDS) for the last 5 months since February 2022. Acuité believes that information risk is a critical component in such ratings, and noncooperation by the issuer along with unwillingness to provide information could be a sign of potential deterioration in its overall credit quality. This rating is, therefore, being flagged as "Issuer not-cooperating", in line with prevailing SEBI regulations and Acuité's policies.

Limitation regarding information availability:

The rating is based on information available from sources other than the issuer/borrower (in the absence of information provided by the issuer/borrower). Acuité endeavored to gather information about the entity/industry from the public domain. Therefore, Acuité cautions lenders and investors regarding the use of such information, on which the indicative credit rating is based.

Rating Sensitivity

No information provided by the issuer / available for Acuité to comment upon.

Material Covenants

None

Liquidity Position

No information provided by the issuer / available for Acuité to comment upon

Outlook

Not applicable

Key Financials

Particulars	Unit	FY 21 (Actual)	FY 20 (Actual)
Operating Income	Rs. Cr.	5762.02	13093.31
PAT	Rs. Cr.	(998.30)	(934.81)
PAT Margin	(%)	(17.33)	(7.14)
Total Debt/Tangible Net Worth	Times	(0.13)	(0.13)
PBDIT/Interest	Times	1.87	2.41

Status of non-cooperation with previous CRA

None

Any other information

Acuité is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

Applicable Criteria

- Rating Process and Timeline: <https://www.acuite.in/view-rating-criteria-67.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on Complexity Levels of the Rated Instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
12 May 2022	Proposed Bank Facility	Long Term	7.50	ACUITE B (Downgraded and Issuer not co-operating*)
	Term Loan	Long Term	50.00	ACUITE B (Downgraded and Issuer not co-operating*)
	Packing Credit	Short Term	173.00	ACUITE A4 (Downgraded and Issuer not co-operating*)
	Term Loan	Long Term	127.50	ACUITE B (Downgraded and Issuer not co-operating*)
	Bank Guarantee	Short Term	100.00	ACUITE A4 (Downgraded and Issuer not co-operating*)
	Bank Guarantee	Short Term	192.00	ACUITE A4 (Downgraded and Issuer not co-operating*)
	Working Capital Demand Loan	Long Term	100.00	ACUITE B (Downgraded and Issuer not co-operating*)
	Bank Guarantee	Short Term	100.00	ACUITE A4 (Downgraded and Issuer not co-operating*)
	Bank Guarantee	Short Term	450.00	ACUITE A4 (Downgraded and Issuer not co-operating*)
	Packing Credit	Short Term	150.00	ACUITE A4 (Downgraded and Issuer not co-operating*)
09 Aug 2021	Term Loan	Long Term	50.00	ACUITE BB- Stable (Assigned)
	Bank Guarantee	Short Term	450.00	ACUITE A4+ (Assigned)
	Proposed Bank Facility	Long Term	7.50	ACUITE BB- Stable (Assigned)
	Packing Credit	Short Term	173.00	ACUITE A4+ (Assigned)
	Bank Guarantee	Short Term	192.00	ACUITE A4+ (Assigned)
	Packing Credit	Short Term	150.00	ACUITE A4+ (Assigned)
	Working Capital Demand Loan	Long Term	100.00	ACUITE BB- Stable (Assigned)
	Bank Guarantee	Short Term	100.00	ACUITE A4+ (Assigned)
	Term Loan	Long Term	127.50	ACUITE BB- Stable (Assigned)
	Bank Guarantee	Short Term	100.00	ACUITE A4+ (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Rating
Yes Bank Ltd	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	450.00	ACUITE A4 Reaffirmed Issuer not co-operating*
Indian Bank	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	192.00	ACUITE A4 Reaffirmed Issuer not co-operating*
Yes Bank Ltd	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	100.00	ACUITE A4 Reaffirmed Issuer not co-operating*
ICICI Bank Ltd	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	100.00	ACUITE A4 Reaffirmed Issuer not co-operating*
Yes Bank Ltd	Not Applicable	PC/PCFC	Not Applicable	Not Applicable	Not Applicable	150.00	ACUITE A4 Reaffirmed Issuer not co-operating*
Yes Bank Ltd	Not Applicable	PC/PCFC	Not Applicable	Not Applicable	Not Applicable	173.00	ACUITE A4 Reaffirmed Issuer not co-operating*
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	7.50	ACUITE B Reaffirmed Issuer not co-operating*
Yes Bank Ltd	Not Applicable	Term Loan	22-06-2021	9.25	23-06-2027	127.50	ACUITE B Reaffirmed Issuer not co-operating*
IDFC First Bank Limited	Not Applicable	Term Loan	21-08-2019	12.50	31-10-2023	50.00	ACUITE B Reaffirmed Issuer not co-

							operating*
City Union Bank Ltd	Not Applicable	Working Capital Demand Loan (WC DL)	Not available	Not available	Not available	100.00	ACUITE B Reaffirmed Issuer not co- operating*

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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