Spencers Retail Ltd — 02 Mar 2026 Credit Rating Summary

Section	Details
Agency	CARE Ratings Ltd.
Rating Change	**Reaffirmed** at CARE BBB- / CARE A3 (Investment Grade - Lowest Rung)
Outlook (Current vs Previous)	**Stable vs Stable**
Key Drivers of Change	1. **Parental Support:** Backed by □23,000 Cr+ RP-Sanjiv Goenka Group; flagship CESC (AA) provides financial flexibility. 2. **Aggressive Downsizing:** Store count slashed from 167 (Mar-24) to 121 (Dec-25) to curb losses. 3. **Revenue Contraction:** TOI fell ~15% in FY25 (□1,995.20 Cr) due to store closures in North/South India. 4. **Operating Loss Narrowing:** PBILDT loss reduced to -□3.47 Cr in 9MFY26 (vs -□31.81 Cr in 9MFY25) through restructuring.
Rated Instruments	• **LT Term Loan:** □460.08 Cr (Enhanced) | CARE BBB-; Stable • **ST Purchase Invoice Financing:** □360.00 Cr (Enhanced) | CARE A3 • **LT/ST Cash Credit:** □100.00 Cr | CARE BBB-; Stable / CARE A3 • **ST Bank Overdraft:** □2.00 Cr | CARE A3
Key Observations	**Strengths:** 82% revenue concentrated in Eastern India (dominant market); 72-88% product mix is non-discretionary (resilient staples); negative working capital cycle. **Risks: Negative Net Worth** due to accumulated losses (FY25 PAT: -□246.36 Cr); High bank limit utilization (>95%); Severe competition from Quick-Commerce (Blinkit, Zepto, Swiggy Instamart); 9MFY26 PAT remains deep in red at -□183.75 Cr.
Investor Impact	• **Growth:** Negative; revenue de-growth is a deliberate result of exiting loss-making regions. • **Margins:** Improving at EBITDA level but still negative; PAT burdened by high interest/capital charges. • **Leverage:** "NM" (Not Meaningful) as debt is rising while equity is wiped out. • **Dilution Risk: High**; "sizeable equity infusion" is a primary rating upgrade trigger.
Agency / Cross Analysis	**Same Agency:** Reaffirmed despite deteriorating standalone metrics (Negative Net Worth). **Trend:** The rating has fallen from BBB (Feb-23) to BBB- (current). **Conclusion:** CARE is treating this as a "Group Support" play; the credit profile would likely be 'D' (Default) or junk without the RP-SG parentage.
Final Inference	**A "Life-Support" Credit Profile:** The business is fundamentally broken with zero net worth and shrinking scale. Investment logic rests solely on a **Parental Guarantee** (implicit/explicit) and the hope that store rationalization leads to an EBITDA turnaround in FY27.