SpiceJet Ltd — Rating update 1d Credit Rating Summary

Section	Details
Agency	CARE Ratings Ltd.
Rating Change	**CARE B+ / CARE A4** → **CARE D** (Downgraded to Default status)
Outlook	**Not Applicable** (Previous: Stable)
Key Drivers of Change	1. **Debt Servicing Failure:** Confirmed delays in principal and interest payments over the last 3-4 months. 2. **Guarantee Invocation:** Lenders invoked bank guarantees in July 2026. 3. **Chronic Operating Losses:** PBILDT loss of ₹470.92 Cr (FY25) and ₹437.3 Cr (9MFY26) due to grounded fleet and high fixed costs. 4. **Liquidity Exhaustion:** Despite raising ₹4,172 Cr (QIP/Preferential), funds were insufficient to cover operational drains and old dues.
Rated Instruments	1. **LT Term Loan:** ₹680.89 Cr
Key Observations	• **Reporting Discrepancy:** Company submitted "Clean No-Default Statements" until June 30, 2026, while actual defaults occurred 3-4 months prior. • **Operational Paralysis:** Only 33 aircraft operational; grounded Boeing 737 Max fleet creates massive fixed cost outgo without revenue. • **Weak Efficiency:** Breakeven Plant Load Factor (PLF) crossed 100% in FY22-23; unable to compete with rivals using more fuel-efficient NEO aircraft. • **Solvency Crisis:** Negative net worth base despite massive equity infusion; Total Debt stood at ₹4,218.5 Cr (incl. ₹3,329.3 Cr lease liabilities) as of March 2025. • **Legal Overhang:** Significant ongoing litigations (Delhi HC) and unpaid vendor settlements continue to drain management bandwidth.
Investor Impact	• **Equity Value:** High risk of total loss/delisting; "D" rating triggers institutional exit mandates. • **Dilution Risk:** Previous ₹4,172 Cr fundraise failed to turn the tide; further survival likely requires extreme dilution or hair-cuts. • **Margins:** Negative PBILDT and rising ATF costs suggest no path to profitability without a massive fleet overhaul.
Agency / Cross Analysis	**Same Agency (CARE):** Drastic shift from CARE BB- (Jan 2025) to B+ (Apr 2026) to D (July 2026). • **Evolution:** Previous reviews flagged "financial risk profile deterioration"; current review confirms a total liquidity collapse. • **Conclusion:** Significant **Deterioration**. The agency was reactive, relying on lender feedback to uncover defaults that the company failed to report in its monthly NDS.
Final Inference	**Hard Default.** The ₹4,172 Cr capital infusion was a "leaking bucket" strategy—used for past dues rather than fixing the broken operational core. Equity is now a speculative recovery play with high insolvency risk.