

Spicejet Limited

April 09, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	680.89 (Reduced from 909.80)	CARE B+; Stable	Downgraded from CARE BB-; Stable
Long-term / Short-term bank facilities	364.02 (Reduced from 490.20)	CARE B+; Stable / CARE A4	LT rating downgraded from CARE BB-; Stable and ST rating reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has downgraded the long-term ratings on bank facilities of SpiceJet Limited (Spicejet), factoring in continued deterioration in its financial risk profile and stretched liquidity. The company reported operating losses in FY25 and 9MFY26, primarily due to low number of operational fleet in a highly competitive and regulated industry. Profitability was further impacted by low operational efficiency, with a significant portion of its fleet grounded adding costs, and rising fuel costs and slowdown of demand momentum in the airlines industry.

The company is further, exposed to volatile fuel prices and foreign exchange (forex) rates, which also impacted it adversely in the recent past. Spicejet and other aviation industry players, remains exposed to ongoing geopolitical tensions, which led to disruptions such as cancellation of certain international routes, particularly to the Middle East, and elevated aviation turbine fuel (ATF) prices. ATF accounts for a significant portion of overall cost structure (36% in FY25). The brent crude oil prices rose significantly from US\$70/bbl in February 2026 to US\$102-105/bbl in recent days, exerting further pressure on margins. Going forward, the company's ability to pass on higher costs through fare increases, improve fleet utilisation, and maintain healthy passenger load factors (PLF) will remain key monitorable for its profitability and credit profile.

The company is exposed to concentration risk largely due to its dependence on Boeing Co. for airframes, which has been facing operational issues.

The rating continues to factor its modest, though gradually improving market share in the Indian aviation industry. The company has track record of utilising its operational fleet efficiently, which and promoters' extensive experience in the airline industry is expected to support business operations going forward.

Careedge Ratings also considers that the company raised significant funds in the past to support its high operating expenses and pending dues. Despite the, the company's debt coverage metrics remained moderated and a stretched liquidity position. Going forward, the company has asset monetisation plans for ~₹400-500 crore in the next 12-18 months to fund its debt repayment liabilities and operational expenses, which would be critical for the company to sustain its operations. The company is also expected to benefit from some operational efficiencies by selling of grounded planes and increase in its operational fleet size to 60 aircraft in the next 6-9 months on leases, which will support the reduction in operating losses gradually in the near-to-medium term.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustainable turnaround in the business risk profile of the company

Negative factors

- Inability to raise funds/ monetise assets as expected
- Significant impact on the schedule of un-grounding of aircraft

Analytical approach: Consolidated

For analysing Spicejet, consolidated financials have been considered due to presence of common management, operational and financial linkages with subsidiaries. Entities consolidated have been listed under Annexure-6.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Outlook: Stable

'Stable' outlook is largely driven by the expectation of improvement in operating fleet which is expected to support scale of operations and profitability in the medium term.

Detailed description of key rating drivers:**Key weaknesses****Modest market share considering significant grounded aircraft**

In FY20, Spicejet used to be the second largest domestic passenger air carrier with a market share of ~15-16% in the industry. However, market share moderated to 5% in FY24 and 3.4% in FY25. The company's operating fleet reduced from 114 aircraft as of March 2020 to 25 aircraft as on March 2025. However, operational fleet improved to 33 aircraft as of December 2025, resulting in improvement of its market share sequentially, from 2.2% as of September 2025 to 4.3% as on December 2025. While the company is gradually increasing its operating fleet, ~37 of the company's aircraft are still grounded, considering alleged non-payment of dues to aircraft lessors and lack of maintenance on such aircraft due to financial constraints and/or non-availability of components and spare parts. However, the company has plans to increase its operational fleet on leases to 60 aircraft by December 2026.

Intense competition and highly regulated business

Though the Indian aviation industry has few incumbents with Indigo being the largest domestic passenger air carrier followed by Air India (including Vistara), Spicejet, Air India Express, and Akasa Air, among others, there is intense competition present among existing players. Price sensitive Indian aviation industry is driven by requirement of reaching efficient PLF to cover fixed costs efficiently. This lowers bargaining power of airline players with customers. In the last decade, few players have exited, yet companies have been unable to significantly increase pricing. The large aircraft orderbook of Indian airlines further may limit their ability to increase prices in the future. Aviation industry operates in a strictly regulated industry primarily regulated by the Directorate General of Civil Aviation (DGCA) and Bureau of Civil Aviation Security (BCAS), which exposes their business to significant regulatory interface and consequential action. Several consumer complaints and legal notices pertaining to issues such as deficient services, refund of fare for cancelled flights, delay in flights schedule and loss of baggage, among others, also hinder operational efficiency and financial flexibility.

Large dependence on Boeing Co., airframe manufacturer, which is undergoing significant challenges

The company's fleet largely consists of Boeing aircraft and few smaller aircraft from Bombardier. Boeing Co. has been undergoing qualitative issues in recent years. Among major reasons for the company's significant deterioration in performance has been grounding Boeing 737 MAX aircraft, which adversely impacts its operational profile relative to its peers, who depend on Airbus, consuming relatively lesser fuel for operations. There have also been quality deficiencies in Boeing's manufacturing processes, which resulted in slowdown in its production as authorities increase the vetting process. Resultant incidents have been hindering productivity of Boeing Co., which is resulting in delayed receipt of aircraft by airlines.

Operational losses due to liquidity constraints, exposure to fuel prices and foreign exchange rates

In the last 3-4 fiscal years through FY25 and in 9MFY26, Spicejet has been reporting operating losses of ₹470.9 crore and ₹437.3 crore respectively, which is estimated to continue further as well. Initially, operating profitability was impacted by significant spike in fuel costs, adverse forex rate leading to higher lease rental outgo and other dollar dominated expenses. However, major impact was from grounding 13 Boeing 737 Max aircraft in March 2019, which impacted the company's revenue and profitability. Boeing 737 Max consumes 15% lesser fuel compared to other Boeing aircraft. While Boeing 737 Max grounding impacted the fleet composition of Spicejet, competitors inducted Airbus 320 NEO considering better cost competitiveness. COVID-19 impacted the company's operations, considering restrictions on travel, further constraining Spicejet's liquidity and led to alleged nonpayment of dues to aircraft lessors and lack of maintenance on such aircraft. Resultantly, Spicejet's grounded aircraft started increasing, leading to higher fixed outgo without generation of income. This is reflected in its breakeven PLF crossing 100% in FY22 and FY23, and significant spike in prices of ATF. Pressure on the company's profitability and liquidity continued through the recent fiscals, despite significant fund raising.

Lease rentals and repairs/maintenance costs, which also form significant portion of the cost structure, are dollar denominated. Fuel filled at international destinations are also in foreign currency. This has also led to certain adverse impact, particularly, in recent years as USD-INR depreciated. However, the company partly has a natural hedge, as it also earns in foreign currency from international passengers.

Weak financial risk profile

Over the years, the company's financial performance remained weak, marked by increasing operating losses, negative net-worth base, inadequate debt coverage metrics and stretched liquidity. In FY24 and FY25, Spicejet raised significant funds through preferential share issue (including share warrants) and qualified institutional placement (QIP), totalling to ₹4,172 crore. While this provided some improvement in the company's net worth position and provided liquidity for repayment of pending dues, the operating losses continued through FY25 and 9MFY26 due to rising fuel costs, high opex towards grounded fleet and de-growth of its total operating income (TOI) amid demand slowdown in the travel industry. Despite fund-raising, net worth remained subdued considering operating losses, against which the company's total debt remains high, at ₹4218.5 crore as on March 31, 2025, of which lease liability was ₹3,329.3 crore and remaining being term loans. This resulted in inadequate debt coverage metrics and stretched liquidity position in recent years. Spicejet has plans of monetising its assets and optimisation of its fleet, which is expected to bring in some operational efficiencies and result in reduction of its operating losses gradually. However, with the airline industry witnessing increase in ATF costs, the company's ability to pass it on to its customers through fair hikes and maintain a healthy PLF will remain a monitorable for a sustained turnaround of its profitability.

Ongoing litigations

CareEdge Ratings takes note of the ongoing litigations towards the company related to the Delhi High Court case and settlement of vendor disputes. The company is in the process of submitting a land parcel equivalent to ₹148 crore as security deposit as ruled by the Court. Certain aircraft/engine lessors filed petitions before the National Company Law Tribunal (NCLT)/Delhi High Court over alleged non-payment of dues. The company continues to defend and gradually settle these cases. Unfavourable outcome towards these resulting in a higher-than-expected cash flow for the company can impact its operations materially and will remain a monitorable.

Key strengths**Significant fund-raise and its utilisation in pending dues**

In FY24 and FY25, Spicejet raised a total of ₹4172 crore through preferential share issue and QIP. Against these funds, the company utilised ₹4061.9 crore towards payment of pending statutory dues, settlement of creditors, uplifting and ungrounding fleet, new fleet induction, settlement of external commercial borrowings, ATF costs and servicing debt obligations, among others. As on December 31, 2025, the company had unutilised funds of ₹110 crore and free cash & cash equivalents of ₹170 crore. Unutilised funds are expected to be spent towards ungrounding, new fleet induction, settlement of dues and maintenance expenses.

Efficient fleet utilisation, however, lower than break even PLF

The airline industry is characterised by high fixed costs, including lease and other aircraft acquisition charges, engineering and maintenance charges, financing commitments, staff costs and IT costs. Each flight bears fixed cost of fuel, which needs to be recovered. Significant operating expenses, such as airport charges, do not vary according to PLF. Hence, optimum PLF is required for profitable operations. Spicejet has been among the most efficient utiliser of its operating fleet as can be observed with consistent track record of highest PLF in the industry in the last four fiscal years through FY25. CareEdge Ratings is expecting this to continue, which is key to sustainable profitable operations.

Turnaround in operations expected aided by extensive experience of its promoter

In the last 2-3 years, the company utilised its funds raised for turnaround of its operations, as witnessed through continuous settlement of pending dues with lessors, payment of statutory dues, operating expenses, new fleet induction and increasing operational fleet. The company's total fleet increased from 61 aircraft in March 2025 to 70 aircraft in December 2025, whereas operational fleet increased from 25 aircraft to 33 aircraft in the same period. Going forward, the company plans to increase its operational fleet to 60 aircraft in the next 6-9 months, and sell part of its grounded fleet and some spare parts/ components, which is expected to result in better operational efficiencies in the near-to-medium term. The promoter's experience will be key in driving the turnaround of Spicejet's operations supported by his experience of over 20 years in the aviation industry.

Liquidity: Stretched

The company's liquidity is stretched as marked by high debt repayment liabilities of ₹242.7 crore and ₹218.8 crore in FY26 and FY27 respectively. The company almost fully utilised its funds raised in the past, with available free cash balances of ₹170 crore and ₹110 crore of unutilised QIP funds as of December 2025. The company is expected to fund its repayment liabilities and to fund future cash outflows through available free cash, monetisation of spare parts/ unutilised fleet, however, the same remains contingent upon completion in the next 12-18 months. The company has no sanctioned fund-based working capital limits.

Applicable criteria

- [Consolidation](#)
- [Definition of Default](#)
- [Liquidity Analysis of Non-financial sector entities](#)
- [Rating Outlook and Rating Watch](#)
- [Service Sector Companies](#)
- [Financial Ratios – Non financial Sector](#)
- [Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Transport services	Airline

SpiceJet was setup as an air taxi provider in 1984 by SK Modi, which diversified into domestic aviation services in 1993. The company was acquired by Ajay Singh in 2004 and operates as a low-cost carrier (LCC) under the brand name of 'SpiceJet' in India since May 23, 2005. The company is engaged in providing air transport services for carriage of passengers and cargo. The company's controlling stake was acquired by Kalanidhi Maran through the Sun group in 2010. In January 2015, Ajay Singh acquired the controlling stake and continues to be a promoter. As on December 31, 2025, the company had total operational fleet (dry lease/owned) of 33 aircraft. The company is undertaking efforts to operationalise its grounded aircraft.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Total operating income	6,924.90	5,226.91	3581.7
PBILDT*	-369.36	-470.92	-437.3
Profit after tax (PAT)	-409.44	58.07	-1117.2
Overall gearing (x)	-2.08	6.17	-
Interest coverage (x)	-0.77	-1.56	-2.59

A: Audited UA: Unaudited; Note: these are latest available financial results

*PBILDT: Profit before interest, lease rentals, depreciation and tax

Status of non-cooperation with previous CRA: Not applicable

Any other information:

Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	06-10-2028	680.89	CARE B+; Stable
Non-fund-based - LT/ ST-BG/LC		-	-	-	364.02	CARE B+; Stable / CARE A4

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	680.89	CARE B+; Stable	-	1)CARE BB-; Stable (28-Jan-25)	-	-
2	Non-fund-based - LT/ ST-BG/LC	LT/ST	364.02	CARE B+; Stable / CARE A4	-	1)CARE BB-; Stable / CARE A4 (28-Jan-25)	-	-

LT: Long term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Non-fund-based - LT/ ST-BG/LC	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	SpiceJet Merchandise Private Limited	Full	Wholly owned subsidiary
2	SpiceJet Technic Private Limited	Full	Wholly owned subsidiary
3	SpiceJet Interactive Private Limited	Full	Wholly owned subsidiary
4	SpiceJet Shuttle Private Limited	Full	Wholly owned subsidiary
5	SpiceJet Club Private Limited	Full	Wholly owned subsidiary
6	Canvin Real Estate Private Limited	Full	Wholly owned subsidiary
7	SpiceXpress and Logistics Private Limited	Full	Wholly owned subsidiary
8	Spice Ground handling Services Private Limited	Full	Wholly owned subsidiary
9	SpiceTech System Private Limited	Full	68% owned subsidiary
10	AS Air Lease 41 (Ireland) Limited	Full	Wholly owned subsidiary

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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