



INDIA'S SPICEJET COULD ORDER UP TO 250 AIRCRAFT BY END OF MARCH

News / Airlines



Indian low-cost carrier SpiceJet Ltd. is making money again and plans to order new aircraft worth billions of dollars in the next five months, said its chairman.

As the once-struggling airline gets set for a new round of expansion, it could order more than 200 aircraft by the end of March.

It is in advance stages of discussions with Boeing Co. and Airbus Group SE for passenger jets and separately with Avions de Transport Regional, Bombardier Inc. and Embraer SA to buy turboprop planes, Ajay Singh, SpiceJet's chairman and managing director, told The Wall Street Journal.

"We do intend to place substantial orders for aircraft, both the large aircraft and the small regional aircraft, and we hope that both can be done in this financial year," Mr. Singh said.

He said SpiceJet will order between 100 and 150 Boeing 737 or Airbus 320 aircraft. SpiceJet also plans to boost its fleet of turboprop planes for shorter flights, he said.

Another person at SpiceJet, who asked not to be named, said the order for turboprop planes would be around 100 aircraft.

SpiceJet currently has a fleet of 20 Boeing and 14 Q400 planes from Bombardier. Last year it placed an order for 42 Boeings. It is scheduled to add six Boeing planes to its fleet by the end of this month.

SpiceJet -- which is India's second largest low-fare carrier by market share after IndiGo -- wants to buy the new planes to deepen its presence across India and ride expected growth in air travel demand in Asia's third-largest economy.

Boeing in August predicted Indian carriers will need 1,740 new planes in the next two decades. The International Air Transport Association expects the country to become the third-largest market in the world after China and the U.S. in 2031.

Mr. Singh took a controlling stake in SpiceJet earlier this year, saying he could rescue the company which had to ground some flights temporarily as its suppliers refused to refuel them as the airline was behind on payments. Like many low-cost carriers, SpiceJet had been struggling with sluggish demand growth and high fuel prices.

Since Mr. Singh took over, SpiceJet has posted profits for two quarters in a row as sales rose and fuel prices fell. The company has been filling more than 90% of its aircraft seats in recent months.

"We will have a vastly improved performance in the (July to September) quarter," said Mr. Singh. In the same quarter last year, the airline had a loss of 3.1 billion rupees.

The airline has been able to use recent profits to start settling the overdue bills that had piled up in tougher times. SpiceJet has more than halved its outstanding dues to 10 billion rupees (US\$154 million) from about 22 billion rupees. The rest of the dues should be settled in the next 12 months, Mr. Singh said.

SpiceJet is trying to get back on track and catch up with IndiGo, which in August finalized an order for 250 passenger jets from Airbus, taking its total orders so far with the European manufacturer to 530 planes.

Mr. Singh said the company doesn't have any immediate plans to try to raise money by selling a stake to a foreign airline.

"I am not interested in selling at this time," he said. "There is plenty of cash in the business."

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