AVIATION

The Downfall of SpiceJet: A Low-Cost Airline at a Strategic Crossroads

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Abstract

SpiceJet Limited, which at one point was amongst India's most well known low cost carriers, is facing key decisions in November 2026 that will help to determine if it can successfully re-energise, or continues to be a also-also player. Since 2019, SpiceJet has seen its domestic market share plummet to just 0.6% by September 2026. Capacity has been affected by fleet groundings, funding requirements, staff salary arrears and legal claims against lessors. Despite raising funds via a qualified institutional placement of ₹3,000 crore in September 2024, there remains significant doubt regarding SpiceJet's going concern status according to its audited accounts for FY2024-25. On 18 November 2026, the board resolved to seek approval for, and then implement, a plan to raise up to ₹5,500 crore.

Students are required to put themselves in the shoes of SpiceJet's top management and board. They need to analyse how best to deploy limited funds, re-capilialise the carrier and re-establish confidence. This scenario investigates both exogenous factors and endogenous decision making within a high intensity, capital intensive sector. Students should analyse the information provided, recognise constraining factors, and critically analyse viable options for re-vitalising SpiceJet. Simply injecting additional funds does not necessarily ensure a successful turnaround.

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1 Opening

Gurugram 2026: Apart from issues of route development, SpiceJet had to contend with financial, and supply issues. Further, the directors had to consider whether funding should initially be allocated to

repairing and maintaining the fleet, or alternatively to discharging debts and legal obligations. Should SpiceJet attempt to redevelop its pre-existing route map, or develop a reduced version which emphasised routes that could be reliably served? How could SpiceJet reassure lessors, staff, suppliers, authorities, shareholders and travellers that their obligations would be fulfilled? And how soon did it need to act in order to avoid losing both routes and market sectors to rival airlines?

Whilst I will not assess whether SpiceJet should continue, I will analyse the information which can be used to identify the considerations and challenges that the directors confronted. ticket prices. Firstly, SpiceJet had to establish whether it had the financial and operational resources to continue to play a relevant role within India's domestic market. Recently, approval has been granted for the company to seek funding (through one or more permitted routes) of up to ₹5,500 crore. Proposed changes to the airline's authorised share capital were also approved (again pending shareholders' and regulatory approval), whereby the figure will be increased from ₹2,000 to ₹7,500 crore. These moves are designed to bolster financial strength, alleviate liquidity concerns and facilitate fleet repair and development. [1]

Although the news provided an avenue for SpiceJet to access further finance, there was no instant impact on fleet repair, debt resolution or traveller morale. According to the most recent regulatory information, SpiceJet transported around 73,000 people on domestic routes during September 2026. This represents just 0.6% of the relevant market. In August, SpiceJet's market share was 1.2%, and in January 3.9%. By comparison, it was reportedly responsible for around 15% of the domestic market in 2019. [2], [3] Rather than experiencing a slow erosion in market share, SpiceJet has now encountered issues relating to its size.

Moreover, SpiceJet was under pressure to deliver financial information. On 13th November, Reuters stated that SpiceJet planned to release late 2nd and 3rd quarter 2026 results by 7 th December. The Bombay Stock Exchange had noted that SpiceJet's shares may be halted from this date if results were not released in due course. SpiceJet cited an extended audit period as the cause of the late results. [3] For an entity striving to attract new investment and engage in debt discussions, late provision of accurate financial information is further problematic as those involved must base decisions about further support on such data.

SpiceJet can cite previous successful rehabilitation. Following financial difficulties between 2014 and 2015, the airline was re-governed by Ajay Singh who contributed towards the company's revival. In addition, SpiceJet undertook a QIP in September 2024, raising ₹3,000 crore. Nonetheless, it appears that current issues are both structural and not solely cyclical. During September 2024, SpiceJet revealed that 36 of its 58 planes were not in service. The company's placement document associated aircraft non-operationalism with purported under-payment to lessors and maintenance.

2 Company background

SpiceJet is an Indian airline which commenced operations on 23rd May 2005. It was therefore entering an aviation sector where people were emphasising the importance of affordable flights for internal transport. SpiceJet aimed to provide affordable flights and had a high aircraft utilisation rate. Cost controls were also key. It provided services internally and for a chosen set of international locations. The airline effectively branded itself and had become one of the key regulated airlines within India. Customers included those travelling for holidays, for small businesses, to visit friends and family and for both inter and intra-city travel.

Alongside aircraft utilisation, airlines seek to benefit from economies of scale. Costs such as those associated with aircraft ownership/leasing, staff and aircraft maintenance can then be shared out over more seats. However, when aircraft are not in operation, the airline suffers from reduced capacity and incurs numerous continuing expenses. Moreover, an airline with a limited fleet may suffer from poor network provision. Reduced frequency leads to less suitable times for customers to travel and individuals may opt to fly with another airline who can provide a greater number of flights and/or improved network provision. Therefore, the link between fleet provision and consumer decision making is a key area in relation to SpiceJet's issues.

Whilst the company has experienced periods of fast growth, it has also previously undergone a reorganisation. Following some financially challenging years (2014-15) control of SpiceJet was re-assumed by Ajay Singh. Passenger numbers and the company's market position then improved. Between FY2015 and FY2020 SpiceJet saw domestic passengers increase by a compound annual rate of 15.5% and international numbers by 23.3%. Scheduled passenger numbers rose from 11.69 million in FY2015 to 24.77 million in FY2020. [4]

Significant changes occurred in SpiceJet's external environment from 2019 onwards. Firstly, SpiceJet aircraft were impacted by the groundings of Boeing's 737 MAX plane and there were also impacts on aircraft supply. Then, during 2020, the global pandemic resulted in almost complete cessation of air passenger travel. Post-2020 there were limitations on air travel and a patchy recovery. Additional pressures on SpiceJet included increasing prices for aviation turbine fuel, fluctuations in currencies and the cost of aircraft maintenance. Within its placement document SpiceJet noted that the grounding of the Boeing 737 MAX, the pandemic and its related travel bans, alongside increasing fuel costs, had all been 'major negative influences' on the business. [4]

Whilst consumers often assess airlines based on overall value for money, factors including pricing, timings, frequency, timeliness, ease of cancellation, luggage provisions and after-sales service are also taken into account. Given the digital nature of today's world consumers can easily change service providers. Consequently, alongside providing affordable tickets, SpiceJet needed to ensure that it was able to deliver a reliable service. Should the airline be unable to provide suitable flights at the desired time for a customer then its affordable branding would be insufficient to overcome this issue.

As previously mentioned, the company's finances were also impacted by aviation industry economics. Significant funds are needed to pay for aircraft leasing, engine servicing, airport fees, fuel and staffing along with currency commitments. Key suppliers for these include lessors and engine maintenance companies. Poor payment performance can hinder an airline's ability to obtain engines, parts, maintenance and aircraft. Such issues can then in turn affect revenue streams. In September 2024 SpiceJet stated within its placement document that 36 of its 58 aircraft (62.06%) were not in operation. Reasons cited for this included engine and part issues relating to both Boeing 737 and Q400 aircraft. [4]

Furthermore, SpiceJet's accounts illustrate that the situation was more complex than just a temporary dip in demand. For FY2024-25, the group made a standalone net profit after other comprehensive income of around ₹47.77 crore. Nevertheless, the auditors highlighted that the company had incurred historic losses totalling around ₹7,764.81 crore and that current liabilities surpassed current assets by around ₹3,845.07 crore. These, together with other issues, suggested to the auditors that there was considerable inconclusive information and that this could lead to major concerns in relation to whether the company could continue in business. Although management

believed that the going concern assumption was suitable, it had done so partly due to enhanced operations and progress in paying suppliers and financiers. [5]

Whilst there was evidence of an annual profit, the existence of large historic losses and liquidity concerns illustrated another crucial aspect of the situation. Merely having one year of profitability does not automatically mean that a firm has successfully re-balanced its books, replenished its fleet and re-gained the trust of its suppliers. Nor does financial difficulty automatically equate to a business having no future. However, it is pertinent to analyse whether SpiceJet can successfully transform fresh finance and operational enhancements into ongoing cash production.

Table 1. SpiceJet: Company Profile.

Company profile item	Description
Legal name	SpiceJet Limited
Sector	Scheduled passenger airline; aviation and air transport
Commercial operations	Started 23 May 2005
Business model	Low-cost carrier model focused on competitive fares and aircraft utilisation
Main customer groups	Domestic leisure, business, visiting-friends-and-relatives and selected international travellers
Key operating assets	Aircraft fleet, engines, maintenance arrangements, airport access, route network, trained personnel and distribution channels
Key cost exposures	Aviation turbine fuel, aircraft leases, maintenance, airport charges, employees, foreign exchange and financing
Strategic issue	Restoring operating scale and stakeholder confidence while managing liquidity and legacy obligations

Information available to 25 November 2026. Sources: company disclosures.

3 Industry and competitive context

There are many factors which affect the Indian aviation sector – including population size, economic growth, airport development, tourism and business. Although there have been times of fast expansion within the sector, there has also been financial difficulty faced. Airlines must balance cost control against a low-cost strategy. Fuel and currency exchange rates fluctuate and aircraft and engines must be sourced from worldwide suppliers. Standards, both for safety and service, are also controlled.

IndiGo has successfully built up an extensive network and sized fleet so that it can provide good coverage and frequent services. The Air India group also grew in size post-merger between Air India and Air India Express. Furthermore, Akasa Air commenced operations in 2022. Alongside price, firms can differentiate themselves through their network, service offering, fleet, customer rewards schemes, and reliability. Being a smaller airline may worsen a firm's competitiveness. Smaller fleets constrain services provided and so limit consumer service options. Poor service volumes can then also inhibit further capital investment in the fleet.

According to the Competition Commission of India, IndiGo accounted for 61.6% of internal market traffic in FY2023/24 and SpiceJet for 5.1%. IndiGo further increased its market share to 63.0% in

FY2024/25, whereas SpiceJet decreased to 3.2%. Alongside this, the data identified that the Air India group improved its overall market share as firms merged. [6] This is relevant as it demonstrates that whilst SpiceJet was losing out, the market was dominated by companies able to both capture and increase service frequency.

In September 2026, total internal traffic was 118.23 lakh. IndiGo's traffic was 77.30 lakh (or 65.4%), Air India Group had 31.65 lakh (or 26.8%) and Akasa Air 5.6%. Finally, SpiceJet's traffic was about 0.73 lakh (or 0.6%). Looking at load factors, SpiceJet underperformed with a figure of 78.8%, behind IndiGo's 81.1% and Air India Group's 79.9%. Moreover, SpiceJet's on-time arrival rate of 16.6% at top 10 airports lagged well behind that of IndiGo (91.1%) and Akasa Air (90.8%). [2], [7]

Importantly, load factor does not indicate how much revenue is generated per flight, but reflects what percentage of seats are filled. Even if an airline has a decent load factor, the smaller its fleet, the fewer people it will carry due to its restricted capacity. Thus, in addition to poor traffic volume, the September 2026 data highlights that SpiceJet also suffers from poor reliability in comparison to key rivals.

Table 2. Selected Indian Domestic Airline Indicators, September 2026.

Airline	Domestic passengers (lakh)	Market share	Passenger load factor
IndiGo	77.30	65.4%	81.1%
Air India Group	31.65	26.8%	79.9%
Akasa Air	6.64	5.6%	88.1%
SpiceJet	0.73	0.6%	78.8%
Star Air	0.79	0.7%	73.9%
Fly91	0.62	0.5%	77.6%
Alliance Air	0.49	0.4%	59.0%

Passengers in lakh; market share and load factor in %. Source: DGCA September 2026 domestic traffic report.

Alongside the above factors, regulation is also an important industry aspect. Airlines are subject to DGCA regulation covering areas such as aircraft, staff and operation, together with passenger safety. Due to the costs involved in ensuring safety (for example those relating to maintenance, staff training and monitoring), financial difficulties cannot be viewed in isolation from the issue of safety. In July 2022, as a result of concerns about the airline's safety monitoring and maintenance processes, DGCA placed a cap on SpiceJet's flight operations of 50% of its permitted summer flights. This was then extended until 29 th October 2022. However, it was not re-imposed following assessment of the airline's safety record. [8], [9] This case highlighted that an airline's operations can directly impact on its capacity, via regulatory intervention.

Alongside regulation, technology has altered industry competition. Passengers can now easily research and analyse airlines' pricing and service information via online travel agents, airline websites and price comparison sites. Airlines can then use revenue management technology to tailor prices for different routes, times of year and levels of aircraft occupancy. Operational and maintenance technologies can also be deployed to enhance aircraft capacity provision. Again, however, such technologies necessitate both investment and good quality information, as well as good deployment. An airline facing financial problems may be less able to afford to implement these technologies, despite the increasing importance of operational control.

Within the industry, there is a challenging strategic balance between cost and service. Although low-cost airlines need to operate efficiently, reducing spending on areas such as aircraft maintenance, staff training and passenger service can compromise the service reliability that is so crucial to income generation. Furthermore, given high price competition, airlines are not always able to fully recover additional costs through higher ticket prices. Thus, SpiceJet operated within a market where although there was still strong demand for air travel in India, the airline's capacity to successfully and reliably meet this demand was influenced by factors including aircraft capacity, finances and operational control.

Whilst for SpiceJet it was no longer pertinent to question whether air travel would continue to be required within India, the key issue became whether the airline could re-construct a strong competitive operations base ahead of bigger competitors moving to consolidate both SpiceJet's previous routes and customer base. Indeed, the data appeared to indicate that time had become a key element of an airline's strategy.

4 Background to the problem

Table 3. Timeline of Events Affecting SpiceJet (2005–25 November 2026).

Period	Event and significance
2005	SpiceJet begins commercial operations, entering India's growing low-cost aviation market.
2014–15	The airline faces severe financial difficulty. Ajay Singh returns to control and leads a turnaround.
FY2015–FY2020	Passenger traffic grows strongly. Company disclosures report domestic traffic CAGR of 15.5% and international traffic CAGR of 23.3%.
March 2019	The global Boeing 737 MAX grounding affects 13 SpiceJet aircraft and disrupts planned deliveries.
2020–2022	COVID-19 restrictions severely reduce passenger traffic. Fuel prices rise during the recovery period, while lease and maintenance obligations remain.
July–October 2022	DGCA restricts SpiceJet departures to 50% of approved schedule for eight weeks, later extended to 29 October, following safety oversight and maintenance concerns.
2023–2024	Aircraft availability, payment disputes, statutory dues and liquidity concerns intensify. The airline seeks new capital.
September 2024	The company completes a ₹3,000 crore QIP. Its placement document states that 36 of 58 aircraft are grounded.
FY2024–25	The airline reports a small standalone profit, but the auditor highlights material uncertainty related to going concern.
December 2025 quarter	SpiceJet reports a loss of approximately ₹262 crore as grounded aircraft, labour-code impact, airspace restrictions and a weaker rupee weigh on results.
April 2026	A UK court orders SpiceJet to pay approximately US$8 million to an engine lessor for unpaid rent and maintenance charges relating to three engines.
September 2026	DGCA data shows SpiceJet at 0.6% domestic market share and 16.6% on-time performance at the ten major airports.
13–18 November 2026	The airline says it will file overdue March and June 2026 results by 7 December after a BSE warning. The board approves a proposal to raise up to ₹5,500 crore, subject to approvals.

Sources: company disclosures, DGCA, Government of India, Reuters and business reporting.

SpiceJet was operating and had plans to operate Boeing 737 MAX planes. Following two tragic plane incidents, there was a worldwide grounding of this plane model. Within India this lasted a prolonged period of time. SpiceJet's 2024 placement document recognised that this together with a halt to delivery services had negatively impacted the group. Although not exclusive to SpiceJet, the impact would depend on how effectively the airline could reconfigure capacity, cover extra expenditure and maintain its fleet strategy.

Following this, the industry was hit by the pandemic. Passenger services were halted and later restarted under a limited scope. Significantly, unlike previous downturns, airlines struggled to proportionally cut expenditure given the sharp fall in income. Fixed costs such as aircraft leasing, maintenance, staff and airport fees had to continue to be met. SpiceJet recognised within its placement document that the halting of passenger services and continued travel limitations until even 2022 had a 'deeply negative' impact on the company's revenues. It further recognised a link between the pandemic and aircraft groundings due to the inability to meet leasing commitments. [4]

During the subsequent recovery phase there were additional challenges. Aviation jet fuel prices rose in 2022 and, as noted above, are one of the main expense categories for airlines. Given that many leasing and maintenance contracts are denominated in US dollars, Indian airlines are affected by fluctuations in the rupee to dollar exchange rate. Should the rupee depreciate, dollar commitments will become more costly to meet in rupee terms. Airline groups can charge different fares however, there exists a fine balance between ensuring sufficient income is received and maintaining competitiveness and/or demand for tickets.

Issues both operationally and in relation to regulation became apparent in 2022. The Government of India outlined that the DGCA had noted instances of planes deviating from and continuing on routes where safety levels were compromised. As a consequence, DGCA directed that SpiceJet should only fly 50% of its authorised service schedule for a period of eight weeks. This was later prolonged until 29 th October 2022. It was stated by the government that having analysed the airline's safety record, it decided not to further prolong this limit. [8], [9] Apart from the immediate impact of the flight service limitation, this incident emphasised to SpiceJet the importance of effective regulation, maintenance provision and regulatory trust and its impact on business capacity.

By 2024, investor visibility of SpiceJet's financial and fleet difficulties was further enhanced. The group's September 2024 placement document explained that of its 58 plane fleet, 36 were grounded. Mechanical issues were amongst the cited reasons for this. Furthermore, it noted that lessors had the right to seek recompense for breaches of leasing terms. Aircraft could even be repossessed thereby impacting asset levels and operations. [4]

Around this time, there were also revelations about the airline's arrears. According to Business Standard (and as detailed within SpiceJet's placement document), the group owed around ₹427 crore in statutory fees between April 2020 and August 2024. This encompassed, for example, tax at source, GST and provident fund payments. Employee and airport fees were similarly outstanding. [10] Thus it was evident that alongside lessors, the airline had liquidity issues with the government, staff and airports.

The completion of SpiceJet's ₹3,000 crore QIP in September 2024 was therefore highly significant. The company stated that this had been undertaken to bolster the business and meet commitments. Specific post-placement objectives included meeting debt commitments, meeting statutory fees and reconfiguring the fleet. Although this provided a chance to help stabilise SpiceJet, overcoming the

airline's fleet, mechanical and supply chain issues was still essential in enabling it to successfully recover. [4], [11]

Whilst SpiceJet demonstrated an improvement in FY2024-25, reporting a standalone net profit after other comprehensive income of some ₹47.77 crore, its auditor report pointed to a historic loss position of around ₹7,764.81 crore. Further, there existed a deficit of approximately ₹3,845.07 crore between the group's current liabilities and assets. The auditor concluded that this presented considerable doubt about whether SpiceJet could continue as a going concern. Nonetheless, the report recognised that management maintained that the going concern assumption was suitable, based on the expectation that business would continue to improve and that the company would meet its supplier and loan repayment commitments. [5]

Nevertheless, the recovery process had been patchy. Within the quarter ended December 2025, SpiceJet incurred a net loss of some ₹262 crore. Contributory factors were said to include influences from labour code provisions, maintenance backlogs for grounded planes, international air space limitations and the depreciated rupee. [12] Moreover, In April 2026, a London court ruled that SpiceJet should remunerate Sunbird France 02 SAS for unpaid rental and maintenance fees for three engines. Reuters indicated that rental fees were outstanding from January 2022 and maintenance fees dated back to November 2020. Engines had been repossessed from the airline in late 2022/early 2023. [13]

By September 2026, SpiceJet's domestic market share had dwindled to 0.6%. Data from DGCA further revealed that the group had an on-time arrival rate of just 16.6% at ten key airports. In November, the company was urged to submit delayed financial information and subsequently launched a board-approved scheme to secure up to ₹5,500 crore. [1], [2], [3], [7] Although this did provide the group with a funding solution, it also became apparent that SpiceJet had an extensive array of business and stakeholder related challenges to confront.

5 Managerial dilemma

SpiceJet's main issue was to re-establish itself in the market and in a financially and operationally sustainable way. Although finance was required, there were various demands for money including from lessors and engine lessors, for the maintenance and replacement of aircraft and for staff wages and statutory payments. Airports and the government also sought payment. Customers wanted flights to run as scheduled. Investors also wanted both up-to-date information and assurance that fresh money will lead to tangible benefits for the business.

There was also an issue regarding the availability of aircraft. Although an aircraft fleet can be identified, not all of these will necessarily be fit for operation. Aircraft must be equipped with working engines and parts and pass relevant checks. Staff require training and there must be maintenance provision together with insurance and permissions. Appropriate routes must also be identified. It was revealed in September 2024 that of SpiceJet's 58 aircraft, 36 were not currently operational. This illustrates the extent of this issue. Repairing aircraft can be costly and requires liaison with numerous parties such as lessors, engine lessors, maintenance businesses and part suppliers.

Secondly, there was an issue relating to the allocation of finance. Should the business allocate substantial amounts to pay off past debts, then there may be less money available for aircraft repair and for working capital. Furthermore, if the business concentrates on repairing aircraft, then it may

fail to pay suppliers and/or those to whom it owes money. Consequently, this may affect the availability of aircraft, engines and services. Likewise, if the business elects to utilise money to develop new routes and promote the business prior to stabilising aircraft and route situations, it risks offering customers more capacity than it can consistently supply.

Thirdly, SpiceJet faced issues around continued relevance. With only a 0.6% market share, it is now greatly diminished compared with previously. Rivals have developed greater business size, route networks and brand recognition. As well as identifying suitable routes, a business must ensure it has appropriate aircraft at the correct times, staff in suitable locations and airport space. It must also guarantee good market awareness and that there is enough demand. Moreover, relaunching routes can prove costly. Even if customers previously travelling on SpiceJet now switch to rival businesses, they may not necessarily return. SpiceJet had to determine whether to adopt a broad or focused route strategy.

Fourthly, the business encountered issues surrounding operational efficiency. According to DGCA data for the top ten airports in September 2026, SpiceJet only achieved a 16.6% on-time performance – well below that of leading rivals. [7] Poor on-time performance can result in passengers experiencing connection issues. It can also incur extra expenses for customers, result in compensation being due and generate adverse publicity. Additionally, it can deter repeat travellers. Businesses and travel agents may also be less inclined to advise customers to fly with SpiceJet. Enhancing on-time performance necessitates sufficient numbers of aircraft, staff and maintenance provision together with good airport co-operation and control.

Finally, there was an issue relating to confidence. Staff and suppliers are crucial for ensuring that a business operates safely and efficiently. Staff morale and hence staff retention can suffer if wages and/or statutory payments are late. Lessors may take possession of goods or pursue legal action if money is not paid as agreed. Suppliers too may insist on prepayment or refuse to offer credit. Customers may avoid booking with SpiceJet if they are concerned that flights may be cancelled or that they will encounter problems refunding tickets. Investors may also expect increased returns and/or improved protections if information is not provided promptly and if the business's balance sheet is not robust. Again, each party's reaction can contribute to increased recovery costs.

The board's intention to raise money totalling ₹5,500 crore also raised issues relating to capital and dilution. Share capital can be used to improve a business's balance sheet and does not incur set repayment commitments. However, it does result in existing shareholders' stakes being diluted. Moreover, although debt and convertible instruments can sometimes be utilised to gain finance, they can also involve repayment commitments, security provisions and/or potential for further dilution. Having already received board approval for increasing share capital entitlement, this still needs to be formally authorised. In addition, although announcement has been made of the intention to raise money, this has not yet been guaranteed. [1]

In addition, management had to assess the desired speed of recovery. Swift action can help to sustain a business's route relevance and demonstrates assurance. However, increased expenditure does not always enable aircraft to be repaired, engines obtained and/or maintenance conducted any faster. Whereas a slower approach can aid cash conservation and minimise implementation risks, it may permit rivals to move into formerly held routes and boost customer allegiance. Operating on a scaled back basis may also assist in sustaining certain business activities and limit financial losses. Nonetheless, an extremely limited route network may struggle to cover costs and continue to be relevant.

Non-action too presented issues. Further late payment could result in additional legal actions, asset repossessions and/or reduced supplier support. Sustained inefficient operational efficiency can cause bookings to fall and compromise the validity of revenue predictions. Late provision of financial information could yield market and regulatory implications precisely at a time when outside finance is required. Equally, an overly ambitious strategy, which is not underpinned by feasible financial projections, risks depleting newly-raised finance and may fail to bring about lasting positive change.

In summary then, rather than facing a binary choice between success and failure, management had to navigate a series of linked challenges. These included those associated with raising finance, negotiating with creditors, repairing aircraft, choosing routes, ensuring efficient operations, maintaining confidence and managing the board. The board had to ascertain what should be the initial area of focus, what could be financed and how it could establish that recovery efforts were effective.

Table 4. The Managerial Problem: Interdependent Constraints as at 25 November 2026.

Decision pressure	Management question	Potential consequence if unresolved
Liquidity	Which obligations must be settled first, and how much working capital must be protected?	Creditor action, supplier disruption or insufficient cash for daily operations.
Fleet availability	Which aircraft can be restored economically and within a realistic time?	Low capacity, continuing lease costs and lost revenue.
Network strategy	Should the airline rebuild broadly or focus on selected routes?	Premature cost expansion or further loss of market presence.
Service reliability	How can punctuality and cancellations improve with limited spare capacity?	Passenger dissatisfaction and lower repeat bookings.
Stakeholder confidence	How can employees, lessors, regulators, investors and passengers be reassured?	Higher operating friction, financing costs and reputational damage.
Governance and reporting	How can the company meet reporting deadlines and provide credible information?	Investor distrust and potential exchange/ regulatory consequences.

Sources: company disclosures and public reporting.

6 Alternatives and strategic options

Below are various options which can be pursued. Although there may be areas of overlap, each option suggests its own priority, financial commitment and level of risk. Students should evaluate these options using the evidence provided and recognise that it cannot necessarily be assumed that one is better than another.

6.1 Option A: Rapid capacity rebuild

They would then allocate a significant proportion of new funds to re-engineer planes, re-open routes and establish planes on new and existing routes in an attempt to boost demand and optimise capacity. An increased network can assist in promoting the business and encouraging customers to return. It will also allow for better spreading of static overheads. Sound contracts with lessors and maintenance organisations together with a steady supply of spares and engines would all be required. Furthermore, the company must have enough working capital to run the enlarged network. However, money could be spent quicker on repairing planes and on extending the business' route

network than it is able to earn. Should the business not simultaneously improve its service reliability then it may again suffer from route closures, poor customer relations and extra expenditure.

6.2 Option B: Financial restructuring and stakeholder settlement

A company may work on clearing its debts and also attempt to rebuild relationships with lessors, engines, service providers, employees, airports and other parties. Parties may negotiate new repayment arrangements and a decision will be taken regarding which debts should be repaid. Debt related issues can also be addressed. This can help to further fleets and services and reduce legal exposure. However, money set aside for debt will not increase fleet size. Creditors may also require immediate payment and collateral. Again, a company may not be able to provide this. Thus an agreed method of addressing debt related issues needs to establish which debts are key to continued company functioning and which can be addressed at a future date.

6.3 Option C: Focused network and controlled operations

SpiceJet could also implement a streamlined network which specialises within areas offering both sufficient demand and suitable revenue; and which can be operated successfully. Frequencies which are not economically viable can then be reduced and an airline can prevent its limited fleet being thinly spread. Route profitability can then be analysed to inform fleet allocation. An airline may benefit from having a streamlined network, as resources could be consolidated. However, there is a danger that such a network will not be as visible within the market place and that links (both physical and in terms of relationships) will suffer. Rivals will seek to exploit this situation in order to gain access to desirable airport space, business clients and customer allegiance.

6.4 Option D: Strategic partnership or broader capital solution

The board may wish to attract strategic and/or airline partners and/or financiers and/or another type of investor, which can offer finance as well as specialist knowledge, and/or aircraft and/or buying power. A partner can also help to diversify risk and enhance availability of after-sales support and the fleet. They can add strength to relationships with both suppliers and investors. Nevertheless, a partner could seek decision making powers, ask for company governance alterations and/or wish for favourable trading terms. They may also want to value the company in a way which current shareholders are not happy with. Discussions can be lengthy and just because a board has resolved to raise finance does not automatically mean that investors will decide to invest.

Table 5. Strategic Alternatives Available to SpiceJet's Board.

Option	Primary objective	Capital priority	Main benefit sought	Key risk
A. Rapid capacity rebuild	Regain passenger volume and route presence	Aircraft restoration, engines, components, working capital	More seats and revenue; stronger market visibility	High cash requirement; expansion before reliability is proven
B. Financial restructuring	Restore stakeholder confidence and reduce legacy pressure	Lessors, vendors, employees, statutory and airport dues	Improved access to aircraft and essential services	Less immediate capacity growth; settlements may be difficult

Option	Primary objective	Capital priority	Main benefit sought	Key risk
C. Focused network	Operate a smaller but more controlled schedule	Core fleet, maintenance readiness, route economics	Better use of scarce resources and potentially stronger reliability	Further loss of scale and route presence
D. Partnership / capital solution	Bring external capital and strategic capabilities	Equity, structured finance, partnership arrangements	Additional funding, expertise and credibility	Dilution, loss of autonomy and lengthy negotiations

Prepared for classroom analysis; not company guidance.

7 Data for decision making

Prior to making decisions the board will require relevant financial, operational and market as well as stakeholder related information. Although there is publicly available information, there are still areas where further internal information will be required. This is shown below:

7.1 Financial position and funding

Sole accounts for FY2024/25 show a net profit attributable of around ₹47.77 crore. However there are also accumulated losses totalling around ¬7,764.81 crore. Further, current liabilities were higher than current assets by about ₹3,845.07 crore. There was also significant doubt around the going concern aspect. [5] Therefore, in addition to analysing the business using net profit it appears that the board must also analyse operating cash flow, debtor and creditor management, unresolved legal claims, potential liabilities and aircraft rental obligations. Furthermore, they must consider what cash is needed to repair all the company's aircraft.

Table 6. Selected Financial and Funding Indicators.

Financial indicator	Reported value	Period / basis	Decision relevance
Net profit after OCI	₹47.77 crore	FY2024–25, standalone	Reported annual profit, but not by itself cash available for recovery.
Accumulated losses	₹7,764.81 crore	31 March 2025, standalone	Indicates scale of historical losses.
Current liabilities above current assets	₹3,845.07 crore	31 March 2025, standalone	Signals substantial short-term liquidity pressure.
QIP proceeds	₹3,000 crore	September 2024	Context for earlier capital infusion and planned uses.
Proposed new fundraising	Up to ₹5,500 crore	Board approval, 18 November 2026	Potential funding source; subject to route, investor participation and approvals.

Sources: SpiceJet FY2024–25 Annual Report, QIP disclosures and board announcement.

Managers will require a 13 week cash flow projection together with an integrated 12-24 month financial model. This needs to include anticipated income and expenditure relating to sales, aviation fuel, staff costs, leases, maintenance, airport fees, taxes and repayment of debt. In addition it should reflect the impact of various scenarios for securing finance (i.e. full, partial, late or non-finance receipt). Without such data, the board will be unable to assess the true level of funds that can be deployed in new capacity.

7.2 Fleet and operational data

In 2024 it was noted that 36 out of 58 aircraft were off-line; issues were identified relating to both engines and parts. The company also indicated that it could repossess planes in the event of defaulting by a lessor. [4] In order to develop fleet strategy the management will require information on each plane including details of ownership/leasing, cause of off-line status, repairs required, part availability, time available for maintenance, projected re-introduction date, cost of repair, lessor approval and anticipated daily usage.

In addition to assessing repair costs, the airline must analyse the cost of either leasing substitute capacity or wet-leasing. Aircraft which can be repaired rapidly and economically are likely to provide differing economic benefit to those which need extensive engine repair or complex legal resolution. Fleet strategy must also take into account aircraft type, pilot training, parts, maintenance and route factors. However, a higher nominal fleet size does not always equate to greater economic benefit where a high percentage of the fleet is off-line.

Table 7. Operational Data Required for Fleet and Network Decisions.

Operational measure	Public reference point	Additional internal data required
Fleet availability	58 total; 36 grounded in September 2024	Current active fleet, aircraft status, return-to-service dates and restoration cost
Passenger load factor	78.8% in September 2026	Route-level load factor by departure, fare class and season
On-time performance	16.6% in September 2026 at ten major airports	Delay causes, aircraft rotation buffers, crew availability and maintenance disruption
Flight cancellations	DGCA monthly reporting	Airline-specific cancellation reasons, refund cost and passenger reaccommodation cost
Aircraft utilisation	Not sufficient in public monthly data	Block hours per aircraft per day, turnaround time, spare ratio and dispatch reliability

Public reference points: DGCA September 2026 data and SpiceJet QIP document.

7.3 Market and customer data

SpiceJet had a market share of 0.6%, with a 78.8% load factor in September 2026. It achieved an on time performance across 10 key airports of 16.6%. Again these statistics must be analysed jointly. Even with a good load factor, an airline's service can underperform if it is operating on a cut back flight network. Further financial information required would include RASK and CASK by route, yield, additional income streams, cost of acquiring new customers, refund policy and post variable cost contribution margin.

Market research would assist in analysing why customers may have stopped travelling with SpiceJet. This could be for reasons including pricing, frequency, flight cancellations, on time performance, route cuts and/or dissatisfaction with the refund process. Further information regarding business and travel agent bookings, customer loyalty and both complaint levels and call centre turnaround times is necessary. In addition, the board must recognise and analyse two types of non-flying customers – those who will never travel with SpiceJet and those who would do so if an appropriate network was in place. Each group will require distinct business approaches.

Analysis of rival airlines should include assessment of shared routes, departure times, average prices, frequency, plane models, inter-connectivity and on time performance. Although a route may seem favourable due to high volumes, it can prove uneconomic if rival airlines offer more frequent flights and/or can continue to provide cheaper tickets. In order to implement a speciality network approach, in-depth financial analysis for individual routes is needed in addition to evaluation of their market size.

7.4 Human resources, governance and stakeholder data

Alongside pilots, cabin crew and engineers, companies also employ ground and dispatch personnel together with customer service and airport related staff. Concerns have been expressed in placedetail statements made by the company in 2024 plus press articles, regarding underpayment of employees and statutory charges. The board should seek up-to-date data relating to employee pay, staff turnover and availability, together with details around training and working hours. Information regarding the company's ability to deploy more staff and still maintain safe and reliable services would also be essential.

Again, reporting and reporting to investors was highlighted following late 2026 March and June financial results; the exchange's cautionary notice and the board's intention to raise finance. [1], [3] There should be consensus over when audited financial results will be published. Further, the board needs to ensure that debtors' claims are analysed and reported and provide reporting on the use of funds from past raising of finance. It will also require oversight of the steps being taken to turn authorised finance-raising into subscriptions and then the receipt and application of funds.

Therefore, the ideal decision pack will integrate external and internal information. It will include the fleet of aircraft able to re-enter service, associated re-introduction costs, statutory liabilities, profitable route networks and the funding required to safely run services. Achievable service quality should also be quantified. Further, the board should consider negative factors such as, for example, only half the targeted ₹5,500 crore being successfully raised, delays in the supply of engines, increases in fuel costs and a key leasing company's unwillingness to agree new payment arrangements.

8 Decision point

Whilst the Board is transitioning from announcing a capital raising to developing a business turnaround strategy, there are key decisions to be taken. Although the proposed capital increase has the potential to provide additional capital, the Board must analyse the best way to progress debt repayment, aircraft re-engineering, working capital provision, route development and enhancements. Information from the market in September 2026 highlighted just how far behind the airline has fallen in the sector. Additionally, late reporting and the previous audit report's 'going concern' concern emphasised the significance of good quality information provision and financial projections.

Furthermore the Board must consider what information it will need in order to authorise expenditure on the various components of the turnaround. It must analyse which aircraft should be re-engineered, what debts should be repaid urgently and which routes should be developed. The Board must also assess what service levels (on-time performance and number of cancellations) should be attained prior to further development. Finally, it must establish how to convey its turnaround strategy to staff, lessors, suppliers, customers, investors and authorities.

For SpiceJet's executive team, key questions now are: Which business turnaround strategy should be adopted? How should the prospective capital be allocated? And, what quantifiable factors must be met in order for the airline to develop, specialise or alter its business direction?

9 Case questions

1. Identify the internal and external factors that contributed to SpiceJet's decline. Which factors were within management's control, and which were largely external?
2. Using the financial and operational exhibits, assess whether SpiceJet's primary constraint in November 2026 was liquidity, fleet availability, service reliability, competitive position or stakeholder confidence. Support your assessment with evidence.
3. Evaluate Options A–D. What are the financial, operational, marketing and governance risks associated with each alternative?
4. How should SpiceJet prioritise the proposed ₹5,500 crore fundraising proceeds? Develop a framework for allocating capital across creditor settlements, fleet restoration, working capital and customer/service recovery.
5. Recommend a set of measurable performance indicators and decision gates that the board should use before approving further route and fleet expansion.

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