

Kingfisher grounds 20% flights

RAGHUVIR BADRINATH
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Kingfisher Airlines, India's second-largest airline, has slashed 20 per cent of its domestic flights and is now operating around 440 flights. The company, which recently started its overseas flight connecting Bangalore to London, is also understood to be initiating discussions with Singapore Airlines for a code-sharing pact.

The airline recently got the required nod for increasing its overseas flights by connecting Mumbai to Hong Kong and Singapore; and Bangalore to Colombo, Male and Dubai.

Industry sources indicate that Kingfisher's Bangalore-London flight is operating at a



little over 50 per cent load factor and the basic drawback on this operation is that there are no adequate connecting flights for a seamless travel. While the company did confirm that it has slashed 20 per cent of its domestic flights and its Bangalore-London flight is operating at a 50 per cent load factor, it offered not to comment

on the code sharing discussions. The company is going through an overhaul of its intended plans to fly overseas even as it cancelled its much discussed direct flights to San Francisco from Bangalore.

The airline, which is hoping to be operationally profitable for the month of December, is understood to have leveraged debt more than 10 times on an equity base of Rs 256 crore, even as it tries to raise Rs 1,600 crore through equity dilution.

This is the second time that the airline is making a concerted effort to raise funds through equity dilution after its earlier attempt to raise Rs 1,200 crore did not materialise.

The company in that place

raised Rs 1,000 crore debt during the fag end of 2007. It is understood that the company has already initiated discussions with a few financial institutions to raise debt and keep open a parallel option. This move to raise funds comes even as its Chairman Vijay Mallya has been actively lobbying for a cut in sales tax on ATF to 4 per cent from the current 26 per cent.

Mallya had recently said that if this move happens, the domestic airline industry would have cumulatively saved \$2 billion (around Rs 10,000 crore) making the industry profitable.

The airline had posted a net loss of Rs 641 crore for the six months ended September 30, 2008, post its merger with Decan Aviation.