

SBI Caps prepares roadmap for AI revamp

New Delhi: As a high-level committee headed by the cabinet secretary prepares to review Air India's overall performance, SBI Caps is readying a roadmap to restructure and strengthen the national carrier, which is suffering an estimated monthly loss of about Rs 250 crore.

SBI caps, which was appointed recently to prepare short, medium and long term growth plans for the carrier, has studied the company's financials and estimated that it would take two years to break even if the current load factors and revenues remain the same, sources in the know said. While the annual aver-

age revenue stands at about Rs 16,000 crore, the passenger load factor of Air India ranges between 60-65%.

It is estimated that almost half of the daily losses of the airline goes towards payment of interests, primarily on its borrowings of Rs 16,000 crore from 15 banks as overdraft. This was mainly to pay off debt for its fleet acquisition. The high-level committee, headed by Cabinet secretary K M Chandrasekhar, would meet on Saturday where the first action taken report of the airline would come up for review, apart from the key features of the SBI Caps roadmap, the sources said. Civil aviation minister



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Praful Patel said, "We have appointed SBI Caps. Soon, we would be getting feedback on what would be the short, medium and long term restructuring required for Air India."

Speaking at the launch cer-

emony of India Aviation 2010 here, Patel said the national carrier would soon get an organisational restructuring plan. Maintaining that Air India would undergo a major transformation of the management, he said, "We will involve a lot of important and eminent people on the board of Air India and have an international advisory board as is the practice across the world."

A chief operations officer would be appointed under the CMD to run the airline professionally, Patel added. Air India has chalked out a turnaround plan aimed at generating Rs 3,000 crore through internal accruals over the next

six months. It also plans to mobilise additional revenue of Rs 1,800 crore through cost cutting and savings, the sources said. Air India plans to submit this plan to the committee of secretaries while seeking equity infusion and a soft loan of Rs 3,000 crore from the government, they said.

The short-term target is to achieve a break even in the next six months. As per the 2009-10 Budget, AI would have to raise Rs 8,165 crore out of its own resources or borrowings primarily to fund its fleet acquisition programme.

A separate plan has been worked out to return its leased aircraft at the earliest.