



FY18 Results: Air India revenues to rise, loss to drop

Air India will report operating revenues for 2017-18 that are around 20% higher than those for the previous year when they were Rs 21,859 crore. However, the operating profit is likely to be lower than in 2016-17, thanks to rising fuel costs. The airline witnessed a threefold hike in operating profit to Rs 298 crore in FY17.

Savings on account of lease rentals and better utilisation of aircraft would, however, leave the national airline with a loss that is slightly lower than the loss of Rs 5,765 in 2016-17. Air India's projected net loss for 2017-18 is estimated at Rs 3,579 crore as per a written reply from the ministry of civil aviation in January this year. The ministry was conservative in its FY17 loss estimates as actual losses turned out to be Rs 2,000 crore more than the Rs 3,728-crore provisional figure for that year.

The airline's fuel bill in 2016-17 was Rs 6,338 crore; this will go up by about 10%, persons familiar with the development said. Jet fuel expenses for IndiGo and [SpiceJet](#) rose by 22% and 15%, respectively. A senior airline official told FE the airline has made efforts on all fronts to improve its financial parameters. "Better aircraft utilisation, more flying hours, negotiating lease rentals, clearance of dues, etc, are part of this exercise," he explained.

Though the detailed financial results are under process, the officials who spoke to FE said efforts towards improving operational efficiencies along with cost-cutting measures have helped the Maharaja reduce losses.

Air India flew 16.4 million passengers domestically in FY18 compared with 14.8 million passengers in the same period last year, up nearly 11%.

The state-owned carrier registered a whopping Rs 5,765-crore loss in FY17, but the provisional numbers suggest that the annual losses would be less in the financial year ended March 31, 2018, according to sources. The official said the airline has increased fares to offset the rising fuel bill which is likely to go up by Rs 600 crore in FY18. Air India incurred Rs 6,338 crore as fuel expenses in FY17.

"The annual loss in FY18 is less as compared to the year before that. Yields have gone up as a result of operational efficiencies," said another official on condition of anonymity. "ATF (aviation turbine fuel) is up nearly 30%. We adopted a strategy to pass on the rising fuel costs to consumers," he added.

Air India CMD Pradeep Singh Kharola had recently said the airline's focus was on improving its revenue flow in the fiercely competitive Indian domestic market. The rise of fuel prices is a cause of concern. We are adjusting fares and improving efficiencies in our operations to tackle rising fuel costs," Kharola had said.

By- Arun Nayal

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