

AI to issue Rs 7500cr worth of shares to its bankers

Written by Administrator

Friday, 30 December 2011 04:13 - Last Updated Friday, 30 December 2011 04:19

A proposal to issue preferential shares worth Rs 7,500 crore to Air India's lenders was approved by its Board today, as the national carrier saw significant rise in its yields and passenger revenue.

The Board, at its meeting here, "approved the rearrangement of authorized share capital by issue of preference shares worth Rs 7,500 crore, which are proposed to be allotted to the lenders of the working capital as part of the Financial Restructuring Plan (FRP)," an Air India spokesperson said. In another development, he said a cabinet note is being moved by the Civil Aviation Ministry for the purpose of equity infusion in Air India and to approve the restructuring plan.

While its yield went up by 10% in November, Air India's passenger revenue also rose by 12.3%. The Board, which reviewed the Directors' Report on the airline's performance in 2010-11, was also briefed on the progress made in implementation of the FRP, including the debt recast plan finalised at a meeting of the bankers' consortium late last month.

The State Bank of India, as leader of the consortium, has approached Reserve Bank of India for certain additional dispensations in the provisioning norms, the spokesman said. The bankers have sought an extension of provisioning norms so that the provision could be spread over five financial years.

Air India officials said the issue "has already been taken up with RBI and their reply is awaited". The officials also maintained that Air India had the "full support" of its lenders to conclude this arrangement within 120 days of the RBI approval, that is before the middle of March next year.

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