

First Flight to raise Rs 100 cr via PE firms

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Mumbai, 29 May

First Flight, country's second largest courier company, is all set to get Rs 100 crore investment from overseas private equity firms.

The company, which also runs three small ATP cargo airplanes for its own use, is in talks with two foreign private equity houses to dilute its equity by a little over 20 per cent.

A source close to the development said the deal was likely to be finalised in two weeks and the company was expected to hit the capital market with an initial public offer (IPO) in next two years.

First Flight Deputy Managing Director R K Saboo declined to comment.

The Rs 290 crore First Flight picks up over 85 million consignments each day through its network of 751 offices across the country, covering 1,800 destinations.

Sources pointed out First Flight would be investing this Rs 100 crore for acquiring larger aircraft and setting up warehouses across key cities.

However, Saboo confirmed that the company was in talks with leasing companies to acquire two Boeing B737-300 freighter aircraft to deploy in trunk routes such as Mumbai, Delhi and Chennai.

"We have firmed up plans to acquire larger jets that will be used for interline arrangements with international cargo carriers. Meanwhile, ATP planes would be deployed in the feeder routes connecting metros. But, smaller planes

will be exclusively for captive use," he said.

Interline arrangements would mean First Flight's bigger jet will operate as the last leg for international cargo planes. For instance, Cathay Pacific, from its various international points, will bring its Ahmedabad-destined cargo to Mumbai as it does not have operations to Ahmedabad. First Flight, as a part of interline arrangements, will carry cargo to Ahmedabad from Mumbai.

So why interline operations? Saboo pointed out that the last leg operations for international carriers would fetch better yields than a dedicated freighter operations.

Industry analysts opined that there would be assured cargo for First Flight in the case of interline operations, while ATP planes would take care of its express shipments.

"We are in talks with international carriers for such arrangement while speeding up the process of acquiring bigger cargo planes. We are also planning to foray into logistics offering warehousing, inventory management, supply chain and distribution services," Saboo said.

The company has plans to set up warehouses in 14 locations across India and half of them would be ready by the next year. At present, its rival Blue Dart Express is the only operator running domestic cargo airline operations. Players such as Air Deccan, Jet Airways, Kingfisher Airlines and others are planning to start domestic cargo operations.