

**GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA**

UNSTARRED QUESTION NO:2067
ANSWERED ON:05.08.2010
CREDIT FACILITY TO KINGFISHER AIRLINES
Nahata Smt. P. Jaya Prada

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) whether Hindustan Petroleum Corporation Ltd. (HPCL) has extended credit facilities to Kingfisher airlines upto June 2010 without recovering old dues and ignoring Government order for corporate guarantee;
- (b) if so, the details thereof and reasons therefor;
- (c) the details of net profit of HPCL during 2008-09 and 2009-10 and the details of dues on Kingfisher as on March 2010;
- (d) whether the Government has initiated any enquiry into the matter; and
- (e) if so, the details thereof and if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI JITIN PRASADA)

(a) & (b): M/s Kingfisher Airlines was being allowed 60 days credit by Hindustan Petroleum Corporation Ltd. (HPCL) against the factoring arrangement with the Deutsche Bank for the current supplies as well as corporate guarantee of M/s United Breweries Holdings Ltd of Rs.500 Crore. This Ministry had advised HPCL that a special Board Meeting be convened for considering the issue of outstanding dues from M/s Kingfisher Airlines. Accordingly, Board meeting was convened by HPCL on 30.03.2010 to consider the issue of outstanding dues. The Board of Directors after due deliberation directed to continue the existing payment arrangement of 60 days credit with M/s Kingfisher Airlines, subject to certain conditions.

Currently, Kingfisher Airlines has been put on Cash and Carry arrangement by HPCL as they have been unable to fulfill the obligations imposed by HPCL Board.

(c): The detail of net profit of HPCL for the last two years is as under:

Year Profit (Rs. in Crores)

2008-09 574.98

2009-10 1301.37

The details of outstanding dues on M/s Kingfisher Airlines as on 31.03.2010 are given below:

Rs. in Crores

With in Terms: Rs.249.72 Crore

Beyond Terms :

Principal dues towards supplies Rs.224.95 Crore

Delayed payment interest Rs. 50.87 Crore

Total : Rs.525.54 Crore

(d): No, Madam.

(e): On the advise of the Government, HPCL Board has taken steps to recover the dues and an improvement is seen in the net outstandings.