



## FLY91 tastes breakeven. Now it must scale

Manoj Chacko has accomplished what his former boss Vijay Mallya couldn't with the popular but loss-making Kingfisher Airlines. FLY91, a regional airline he started in March 2024, managed to turn a profitable quarter.

"FLY91 was profitable in the third quarter of FY26," says Chacko, showing a slide from an investor presentation on his laptop, as we sit across a table at a central Mumbai cafe.

FLY91's upward trend, however, dips and slips into the red in the fourth quarter of the fiscal. "Profitability declined in the fourth quarter following the induction of additional capacity, which resulted in higher operating expenses," Chacko explains, matter-of-factly.

"The important thing is, have we shown the ability to break even? Yes. Now I can remain a profitable, small airline, but that's not what we are here for," the FLY91 managing director and CEO goes on to add.

Clearly Chacko, who was executive vice president, commercial, at Kingfisher, has a lot more planned.

FLY91 now has six aircraft in its fleet, adding two planes in February—the fourth-quarter capacity addition that Chacko mentioned. These aircraft help the airline operate 280 flights a week, connecting 12 destinations across India from its twin hubs at Goa and Hyderabad. "We want to expand to 50 cities with a fleet of 50-60 aircraft, focusing on regional connectivity," he says.

Ambitious, much? That's a scale no regional airline has come close to achieving so far. Connecting India's smaller cities, regional carriers have barely held on; many have folded. The latest to go belly up was FlyBig, which ceased operations in December 2025 after five years of struggle. In all, a dozen regional airlines have shut down in India since the turn of the century. That's one every two years.

"You can't build a business on government doles," says a senior industry executive who has worked in private airlines, asking not to be named. "You can't build scale or generate profits if you need government support. It can help you start, like a startup. But you need to get the basics right—maintenance, network, operations—to make it a success."

The "doles" refer to the subsidies airlines get under the government's UDAN scheme, for every seat offered on a regional route. While it attracted many players, few managed to scale or become profitable.

And, that's where the real test lies for FLY91. Can it scale and still get to profitability? Chacko insists he has ticked all boxes. FLY91 is not dependent on government largesse; of the airline's 280 weekly flights, only 98 are on UDAN routes. The third quarter profit is proof.

The next big question is if he has the funds to expand FLY91's operations.

"To expand to 50 aircraft, FLY91 needs at least Rs 600 to Rs 800 crore of financing. The airline has to get its financing in place if it has to get these aircraft at a reasonable price," says the senior industry executive.

FLY91 had raised Rs 250 crore before it started operations. In between, it had taken on Rs 50 crore in debt, which it has since repaid. Chacko says the airline still has half the initial funding it raised. But that's not going to be enough. As he gets down to convincing investors to write out cheques so he can place the order for aircraft—which he promises will soon be announced—FLY91's business model will come under close scrutiny.



## The right mix

Despite his years in aviation, Chacko made sure he did his homework before he turned entrepreneur at the age of 52. “Obviously, we studied airlines, the ones that failed. And our focus has been on what went wrong with all these guys.” He points out three main learnings:

One, considering an airline as a service business rather than a transportation business. “Aviation is nothing but transportation. You are transporting people from one point to another. The moment you move away from this core and focus on the product as the hero, you lose the plot,” says Chacko.



While he doesn't name Kingfisher Airlines, the Mallya-run airline is an apt example. The bells and whistles may have made it popular with fliers, but its financial model was a mess. Kingfisher's cost ballooned and cash flows could never keep up.

“The second thing we noticed was the inability of airlines to sweat their assets—the aircraft. Every time you open and close the aircraft's door, you are creating inventory,” he says. It's thus important to have a network, crew management and scheduling that lets the aircraft do as many trips as possible.

In this context, starting off with Goa as its primary base was crucial for FLY91. Turnaround time at smaller airports is faster, enabling it to eventually have more flights in a day. Further, Chacko claims, “FLY91 is the only airline in India where none of the crew stays in a hotel. 100% of them come back to their base at the end of the day. I don't spend on hotel stays.”

The third lesson is having the right financial structure. “You need to have enough fuel in your tank before you start a journey... Your capital structure, your financial structure, your cost models are very important,” says Chacko. For starters, FLY91 doesn't have a large airline's overheads. “Neither do we have the overhang of being a side gig of a big company. A large conglomerate or a company will have dozens of people with fancy designations and it's sometimes the small airline that has to bear the brunt.”

In fact, FLY91 is the only standalone regional airline in India right now. Even Star Air, the other regional airline that has made an impression, is part of a larger group. Interestingly, Chacko refers to Star Air as a “niche airline”—and not a regional airline—mainly because of its choice of aircraft.

While FLY91 has a fleet of ATR turboprop aircraft, Star Air operates the larger Embraer jets—E175 and E145—that must fly longer distances to recover their higher fuel costs. That means Star Air would need to look at routes that are shorter than what bigger airlines like IndiGo fly, but longer than FLY91's.

“Our unit economics works very differently. Turboprop aircraft—like the ATR—use propellers instead of jet engines, which significantly reduces fuel consumption. In fact, they can burn up to 50% less fuel compared to similarly sized jet aircraft. Fuel costs for us account for roughly 20–23% of revenue. For larger airlines operating jet aircraft, this can range between 32% and 40%, and with rising fuel prices, it can go even higher. So, in that sense, turboprop operations are more resilient to fuel price shocks,” explains Chacko.

That said, Star Air has claimed to have turned EBITDA-positive. If FLY91 does indeed have more economical aircraft than its regional peer—as Chacko seems to indicate—can it outdo Star Air in profitability? While that remains to be seen, the senior industry executive agrees with Chacko's assessment. “Overall, FLY91 has a good thing going. The critical thing now is if it can pull off the next phase.”

## Scale test

Scale is critical to the cash-guzzling operations of an airline. As fuel costs and lease liabilities weigh on the balance sheet, airlines aim to reduce the fixed costs per seat, improve margins and get to profitability with more aircraft and a denser network.

“The fixed costs need to be absorbed. That’s why it is important for FLY91 to quickly get from six to 15 aircraft,” says the senior industry executive cited above.

It is also where funds come into play. First off, they help an airline get good terms from aircraft lessors. “Aircraft leasing companies have had poor experience in India. Apart from IndiGo or Air India, they don’t want to do business with most of the other players. Unless you can show them you have enough money in the bank, or have a commitment from investors. You need to show the documents,” says the senior executive. Otherwise, lease rents can be prohibitively high, with the potential to break the unit economics of an airline.

Second, they help cushion some of the turbulence of the regional-carrier business. Developing a route can be expensive and time-consuming. “These destinations have till now been served by road and rail. To shift consumers to flights, you need to create that habit. Fares can’t be too high... in short, you need to fund the losses for about 6–8 months, the time taken to develop a route,” says the senior industry executive.

On this front, FLY91 appears to be off to a good start. “FLY91’s strategy centres on serving underserved and unserved destinations with limited or no direct air connectivity. We had five virgin routes that we started that nobody had ever flown before. Of the five, potentially three are running at 70%-plus load factors. This clearly indicates that we have built up traffic,” says Chacko.

That said, it is something that Chacko will be focusing on in the coming months. He has divided FLY91’s addressable market into zones. The first is the Goa zone. Second is the zone with Hyderabad as hub. “Then, we possibly would have a third in Mumbai, a fourth in the north, a fifth in the east and a sixth in the Northeast. So, over a span of five years, the plan is to actually have about 50 aircraft across these bases and cover about 50 cities.”

The strategy is expected to help quickly expand operations. Chacko shares an example. “My next station is going to be Tirupati. While earlier I would start a new station with one route, in Tirupati, I will start with five routes. This will be 10 daily flights. Now the cost of the station is distributed over 10 flights in a day, 300 flights a month, as opposed to 30 earlier. This helps the costs and revenues converge.”

There’s another aspect to FLY91’s scaling that Chacko hopes will impress investors. Between FY25 and FY26, it increased its flights by 75%, yet managed to double passenger traffic. Moreover, “while revenue surged by 80%, expenses were contained to a 39% increase. This disciplined growth led to a 16% reduction in cost per block hour. This shows our operational efficiency.”

It all sounds impressive. The real test, however, lies ahead. Scale may bring down costs, but it also brings complexity. Even the well-oiled machine that is IndiGo faced disruptions.

Chacko is aware of this. “If you ask me what keeps me up at night, it is increasing complexity. I’m constantly asking my guys, why are we trying to do this? Why are we changing it? Don’t fix what is not broken. We should stay simple.”

Keeping it simple may be just what FLY91 needs to survive and thrive in what has, so far, been an unforgiving sector.