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"Jet Airways Q1 FY12 Earnings Conference Call"

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MODERATORS: Mr. RAJ SIVAKUMAR - SENIOR VICE-PRESIDENT,

FINANCE - JET AIRWAYS

MR. KG VISHWANATH - VP, STRATEGY & IR, JET

AIRWAYS

MR. R SREESANKAR - ANALYST, TATA SECURITIES

LIMITED



Moderator

Ladies and gentlemen, good afternoon, and welcome to the Q1 FY'12 Results Conference Call of Jet Airways hosted by Tata Securities Limited. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions at the end of today's presentation. If you need any assistance during this conference call, you may signal an operator by pressing * and then zero on your touchtone telephone. Please note that this conference is being recorded. I would now like to hand the conference over to R Sreesankar of Tata Securities Limited. Thank you and over to you, sir.

R Sreesankar

Thank you, Farah. Good afternoon ladies and gentlemen and a special good afternoon and welcome to the management of Jet Airways. We have with us Mr. Raj Sivakumar – Head of Network Planning and Revenue Management and Mr. K. G. Vishwanath – Vice President, Commercial Strategy and Investor Relations. I'm handing over the call to the management of Jet Airways to take us through the first quarter FY'12 results and then we will go over to the question and answer session. Over to you Vishy.

K.G. Vishwanath

Thank you so much Sreesankar. Ladies and gentlemen, welcome to the Jet Airways first quarter results call. I hope all of you would have taken a look at both the presentation and the press release that we have put up on our website. I will take you through the key highlights and the industry scenario. And then we will go into the detailed performance and post that we can have a Q&A session.

The Indian domestic traffic grew by 15% in Q1 FY 2012 as compared to Q1 FY 2011. As against this, our growth was 12% (Jet + JetLite) in the current quarter vs Q1 FY 2011.

Jet Group continues to maintain its leadership position in the Indian aviation industry with the highest market share of 25.5% for quarter ended March 2011.

Our international operations continue to achieve high seat factors and healthy operating margins. For the quarter, we achieved a seat factor of 78.5% for Jet Airways and 80.1% for Jetlite.

Our overall EBITDAR Margins were 9.3% and -3.9% for Jet Airways and Jetlite respectively in Q1 FY12 versus 20.4% and 20.9% respectively in Q1 FY11. This is mainly due to a steep increase in the fuel rates for Q1 FY'11.

Moving to the operational highlights for Jet Airways:

capacity increased by 13.1% as compared to Q1 last year.

We achieved a system wide seat factor of 78.5% versus 79.7% in the same period a year ago. Overall yields, as measured by revenue per revenue passenger kilometer, were Rs.3.78 as compared to Rs. 3.53 in the same period a year ago (or an increase of 7.1%). During the quarter, our domestic capacity, as measured by ASKMs, increased by 16.0% and International

As a whole, Jet Airways showed loss before tax of Rs. 1,568 million (US\$ 35.1 mio) and a loss after tax of Rs. 1,232 million (US\$ 27.6 million). This compares to a profit of Rs. 35 million (US\$ 0.8 million) for the same period last year.

The breakdown of this number shows a loss of Rs.630 million (US\$ 14.1 mio) for the domestic business and a loss of Rs. 938 million (US\$ 21.1 mio) on the International operations for O1



FY12. As against this, we had a profit of Rs. 223 million US\$ 4.84 mio for the domestic business and a Loss of Rs. 188 million US\$ 4.0 mio for International operations for Q1 FY11.

The key operating highlights for the quarter in the case of JetLite are as under:

Revenues for the period were Rs. 4,321 million US\$ 96.7 mio as compared to Rs. 4,758 US\$ 102.4 mio, while the loss before tax for the quarter was Rs. 52 million (US\$ 1.2 mio) as compared to a profit of Rs.49 million or US\$ 1.1 mio for Q1 FY12.

Despite high fuel prices, various operating efficiencies have helped in posting an operating profit (EBITDAR) of Rs. 3,180 million for Q1 FY 2012. There was a 39% increase in fuel rates as compared to the same period last year. The Fuel costs for the quarter were 42% of the total costs versus 34% in Q1 FY 2011.

The absolute increase difference in fuel costs for Jet Airways & Jetlite for the quarter was Rs. 6,558 Million (US \$ 147) as compared to the same period last year.

The Jet Group continues to maintain its leadership position in the Indian aviation industry with the highest market share of 25.5 % for the quarter ending June 2011.

To explain in greater detail, let me begin with Domestic Operations:

The share of our Domestic revenues to total revenues is 43.2% for the quarter.

Jet Airways' achieved a load factor of 74.6% for the quarter while Jetlite achieved a load factor of 80.1%.

The average fuel rate in Q1 for our domestic operations was Rs 58.57 per litre, which was higher than Q1 FY11 rates by 39%.

The domestic capacity of Jet Airways (as measured by ASKMs) for Q1 FY12 was higher by 16.0% as compared to the same period a year ago.

The domestic EBITDAR margins were 6.7% in Q1 FY12.

Our Domestic operations as a whole showed a pre-tax loss of Rs. 630 million (US\$ 14.1 mio) versus a pre tax profit of Rs. 223 million US\$ 4.8 mio for the same period last year.

Moving to international:

We continue to achieve high levels of seat factors on the International operations.

The share of International total revenues to total revenues is 56.8% for the quarter.

The average seat factors for key International routes for Q1 were as under:

USA routes were 84.5%

UK routes were 83.4%

ASEAN routes were 84.1%

Gulf routes were 77.9%

SAARC routes were 65.9%

Africa route was 72.6%

Italy route was 67.4%

The EBITDAR margin on the international operations was 11.2% for Q1 FY12 versus 21.5% for Q1 FY11.

Our international operations as a whole showed a pre-tax loss of Rs. 938 million (US\$ 21.0 mio) versus a pre tax loss of Rs. 188 million US\$ 4.0 million for the same period last year.



Let me now spend a moment to update you on the Jetlite operations:

The operating results of Jet Lite for the quarter are as under:

Achieved seat factor of 80.1% (vs. 82.5% for Q1 FY11)

Revenues of Rs. 4,321 million US\$ 96.7 million vs. Rs.4,758 million (US\$ 102.4 million) in Q1 FY11

Negative EBITDAR of Rs. 166 million (US\$ 3.7) million in Q1 FY12 versus Rs. 990 Million US\$ 21.3 million in Q1 FY11.

EBITDAR margin was at -3.9% in Q1 FY12 versus 20.9% in Q1 FY11

Loss before tax Rs. 52 million (US\$ 1.2 million) vs. Profit of Rs. 49 million US\$ 1.1 million in Q1 FY11

Turning to the current quarter and outlook:

International crude oil prices continue to be in the US\$100 per barrel levels and will impact Q2 numbers as well. For the domestic business, we expect muted growth in capacity over the next few months while demand continues to grow at around 15%. Pricing activities by competition continue and this will put pressure on yields in what already is the weakest quarter of the year.

In the international business, we enter our strongest months and the forward bookings suggest that the demand and yield growth is strong. We expect to maximize seat factors in Q2 FY12 on account of our ever improving network presence and excellent service levels. High level of fuel price continue to be a cause of concern in international operations as well, however, there is a propensity to marginally increase yields in the current quarter, due to seasonality.

Let me know take you through the details of our funds position

Our cash position as at June was at Rs.5.1 billion. US\$ 114.4 Million

On balance sheet date, debt was Rs. 132 billion. US\$ 2.95 billion, which has gone down from Rs. 135 billion as of March 2011, while Shareholders funds were Rs.24.7 billion US\$ 552 million.

The average cost of Debt for Jet airways is around 5.8%.

Ladies and gentlemen, let me now open the call to questions

Moderator The first question is from Nilesh Shetty from Quantum Asset Management.

Nilesh Shetty Hi just want clarification in your numbers. There is an item called contribution receivable from

lessor towards maintenance. What is that and how much write back is due?

K.G. Vishwanath In 2009 September we had entered into a power by the hour agreement for maintenance of our engines and from that point on all our engines were included in the power by the hour agreement with the service provider. Till that date all the maintenance contribution that we had paid towards

that you have seen which is been credited to the P&L for the first quarter. Nothing is due.

engine components has now been written back and this is the contribution receivable from lessor



Nilesh Shetty What would be the difference between the current market price of your current fleet and carrying

value?

K.G. Vishwanath It's roughly \$. 0.5 Billion.

Nilesh Shetty So roughly about Rs. 2,000 crores is what you can revalue back?

K.G. Vishwanath That's correct.

Nilesh Shetty If you can clarify in terms of debt covenants. What do we see, in terms of our net worth position

and where can it go?

K.G. Vishwanath We do not have any covenants on our debt agreements. All of these loans are completely asset

backed.

Moderator The next question is from the line of Jamshed Dadabhoy from Citigroup.

Jamshed Dadabhoy Under international operations, as most of your mainline routes operate at around 80%, so are

there any expansion plans?

K.G. Vishwanath In the near term, that's in the next one or two quarters, we are looking to expand to Southeast

Asian routes as well as Gulf Routes with 737 aircrafts. It's only starting from next year winter and we have four new wide body aircrafts that we are looking to add incremental capacity into

Europe.

Raj Sivakumar The only thing I want to add is, we may add one widebody operation towards the end of the year

as we are able to squeeze some more aircraft. We are going to be focusing a lot on the connectivity between the Gulf and the ASEAN points that continue to remain strong and one of the highest growing markets in the world. So, lot more network optimization in the offing along

with a few short-haul and perhaps one long haul sector.

Jamshed Dadabhoy Sir next year winter is basically December '12?

K.G. Vishwanath October 2012.

Jamshed Dadabhoy On the domestic side, is there any capacity additions expected?

Raj Sivakumar We have additional aircraft coming into the system more towards the winter 2011 timeframe and

there will be up to 6 aircraft that will be added to the system. We are still finalizing the details and we are going to have a split between this capacity which will be added between Jet Airways

and JetLite.

Moderator The next question is from the line of Prayeen Sahay from B&K Securities.



Praveen Sahay For this quarter we have seen an increase in domestic and in international capacity as well as in

the demand. In the domestic segment have you added a new flight to a new route this time?

K.G. Vishwanath In domestic routes what basically happened is, in last year December and this year Jan, six new

ATR aircrafts joined our fleet. These were put into operations by the end of last quarter. It is only on the 27^{th} or 28^{th} March that these aircrafts came into the system and they were largely used to operate regional routes in the country and so we increased our presence in the South of India as

well as in East of India.

Praveen Sahay Is there any new destination added in the last quarter?

K.G. Vishwanath We went back into the Bhubaneswar market and we strengthened our presence in the Raipur

market.

Praveen Sahay Currently what is the situation regarding Jet and Sahara case?

K.G. Vishwanath The next hearing is on 3rd of August as it stands all of our existing assets which were held as a

security has now been released rather. So we are in a position to go ahead with our sale and lease back of our 737 aircraft as well as the development rights selling of the BKC property which we

expect to close in the next week or two.

Praveen Sahay 1. Why is it that for international operations, the yield is almost flat for the last quarter? 2. Is there

an increase in fuel surcharge on the international front?

K.G. Vishwanath On the international front, if you look at our yield per RPKm, it has gone up as compared to last

year same period from 2.76 to 2.92 and as compared to the fourth quarter it went up from 2.87 to 2.92. So it's also a mix of the sector that we have. We were in a position to increase our fuel

surcharges to some extent, but we were not able to completely cover the fuel increases.

Praveen Sahay Yes correct. And what's the mix of Jet Konnect and Jet currently on domestic segment?

K.G. Vishwanath It's around 75% Konnect and 25% full service.

Moderator The next question is from the line of Jaibir Sethi from CLSA.

Jaibir Sethi The yield in the domestic segment has not increased all that much given how depressed the

situation was for Q1. Just wanted to get a sense on what the competitive scenario is like and then how do you expect it to evolve over the coming few months, particularly with regard to the peak

season in October and November.

Raj Sivakumar We have observed that there is certain amount of irrational pricing action that still continues in

the market. And we have also observed, unlike what we observed last year, the capacity increases outpaced the traffic increase and that put pressure on the yield as well. Going forward, talking about the next couple of months as you all know, this is the weakest quarter for the

domestic market and that has been reflected in our forecast in the budget as such. But I do not



expect a big upward moment in the yield certain in the next couple of months given that this is historically the weak quarter. However we are reasonably bullish on what's going to happen from the peak period October November and we continue to maintain that as the market turns around, as the traffic picks up and we get back to what the predicted levels of growth are. That demand will release the pressure on yields and we should be able to increase the yields upwards.

Jaibir Sethi

The other thing I wanted to check on was that there has been a fair bit of commentary on pilot availability as well as particularly in Air India's case, some unrest there. Now from a staffing perspective, are you facing any issues on the pilot side or is your retaining keeping pace with the fleet addition plans, which you have?

Raj Sivakumar

In terms of induction of pilots we are pretty much on track to add new aircraft and new capacity. But the issue has always been in terms of getting experienced Indian captains and that's always been an issue. We are obviously going out in a market to hire experienced plots for obviously come at twice the expense as much as an Indian guys. And that's a risk that we are taking in the short terms. But over the medium term I guess, as on when more and more of Indian pilots accumulate that much more experience levels, we will be able to very seamlessly transfer them from first officers to captain and that process will take two or three years in the running. So in the short terms, yes there are some challenges but we are able to overcome that by going to the international market and getting expatriate pilots.

Moderator

The next question is from the line of Danesh Mistry from Tata Mutual Fund.

Danesh Mistry

I would think that with the retirement of S2 jets, if you were to see even the load factors have reduced as well as with the yield and this time fuel cost was around 65% or your overall revenues. So any sense on how we are going to proceed on JetLite going forward?

K.G.Vishwanath

Yes I will just make one comment and hand it over to Raj I think what's been happening is that over the last 2 or 3 months there were two big carriers in the market too who started dumping say so much so that their pricing levels were similar or even lower than that of JetLite on account of which we had to use JetLite to be able to discount that product to be able to compete effectively in the market.

Raj Shivakumar

Oh yes just add to what Vishy said while the yields are clearly a function of like I said irrational pricing that is prevailing in the market place and it is quite satisfactory with where the seat factors are tracking like I said the negative gap between the capacity addition for the industry overall versus the demand increase does tend to impact LCC carriers and JetLite is not immune from this one but having said that we closely track sort of the JetLite seat factors vis-à-vis what we consider competition in LCC arena and we find that, the gap is narrowing over a period a time so, this reflects consumers growing acceptance of the JetLite product and we will continue to make tweaks in the network to narrow the gap further and take it even ahead of others so, while the absolute numbers reflect for way the marketers we tend to evaluate JetLite in conjunction with what we consider its core competition and we feel fairly good about it.



Danesh Mistry Are the two big carriers still dumping fare in the market or has that pitted out?

Raj ShivakumarThe actions are continuing and there has been a plateaued but there is no upward tick happening

for the next couple of months. This being a seasonally weak quarter for us but the "dumping" has

plateaued.

Danesh Mistry On the international bid I was just seeing some micro numbers so, just correct me if I am wrong

your selling and distribution expenses per passenger has actually been increasing quarter on quarter and YoY and secondly are we doing something different when we try to kind of garner a

lot more market or what is it?

Raj Shivakumar Basically trying to get into newer markets from a network standpoint and the case in point here is

that we are selling a lot now out of the Japan market and the Japan market has a very peculiar way of selling in that only full fares are sold by the travel agent and what he remits effectively to the airline is net of all the discounts so, in the accounting what basically happens is that the ticket reach the full fare, the revenue to some extent is bloated up and incrementally what Jet gets the net is effectively in discounts or in commissions so, Japan as a point of sale has started to increase its contribution to the overall international business on account of which you are seeing

that both the top-line is also higher and the selling end distribution cost is also higher in that

market.

Moderator The next question is from the line of Ashok Mehta from ICICI Bank.

Ashok Mehta Regarding contribution received from lessors just wanted to ask if it is a write back or does it

form part of a current assets?

K.G.Vishwanath It had been expensed out in the P&L in the prior. At this point in time it is written back to the

P&L and the other impact is shown as amounts recoverable in cash and bank.

Ashok Mehta Going forward what would be the pass through fuel in minimum quantum?

K.G.Vishwanath When you say pass through you mean increase in surcharges?

Ashok Mehta Right.

K.G.Vishwanath In the current environment it is difficult for us to pass through incremental cost of fuel largely

because it is the weakest quarter of the year. To some extent as we mentioned the price drops have plateaued out but this is not a good time for us to go out in a market and continue to

increase sale so, we will wait for another month or two before taking further pricing action.

Ashok Mehta What was the amount of forward sales?

K.G.Vishwanath The amount of forward sales for the period was around 7 to 8 Crores.

Ashok Mehta That would be roughly 15 days?



K.G.Vishwanath Yes, that's right.

Moderator The next question is from the line of Rajani Khetan from HSBC.

Rajani Khetan The front end yields are the ones that listed the yields for Jet or is it also the economy that

performed better this quarter unlike JetLite which as you said registered YoY decline?

Raj Shivakumar And yes this question is specifically related to domestic?

Rajani Khetan Yes.

Raj Shivakumar Okay. There has been an upwards pick in both actually in a front end as well at the back. We

were able to earn some of our key flights. We are able to squeeze some class mix; we used revenue management. We are able to extract additional yield to optimization and the same in the

front end as well on certain flights. So it is a combination of both front end and the back.

Rajani Khetan So, if economy on Jet could perform better than- I mean why was JetLite so weak because?

Raj Shivakumar Well yeah because like I have said before couple of times JetLite is less immune to some of the

fare actions that are prevalent in the market place. So the willingness of the customer to purchase a higher fare is a bit low in an LCC type environment than it is in a full service environment. So, as the carriers tend to drop the fares a bit more than they ought to I know we are forced to match a lot more vigorously than LCC type carrier than the full service carrier so, the JetLite yields

tend to track the market pricing actions lot more closely than what happens in Jet Airways.

Rajani Khetan Sure and in the international then how was the scenario there when you compare the front end

yields versus the back end?

Raj Shivakumar For the international scenario the front end has been a lot more robust. As we have become more

established in more and more markets we are starting to see some traction in the front end. The yields have also gotten better and in the economy side as Vishy said in sectors where we clock 75-80-85% seat factors, our ability to optimize the yields is also better. However, this has to be put in conjunction with the new routes that we entered which always go through some gestation period. So, on the established routes we continue to do better and they are quite pleased with what happens in the front as well as the back and this always comes along with as going through this gestation period on the new route and for any expanding carrier like Jet Airways as we keep adding new routes we are going to see certain routes that is going to just take sometime to pick up certainly on the international side and the established routes are getting better from my yields

as well as the seat factor standpoint.

Rajani Khetan Sure thanks just second question is on the interest payment of 116 Crores to Sahara, I was

wondering in your notes you said that the same has not been provided for in the books of accounts, pending the final settlement of the case. So, if which we assume the final settlement happens on August 3rd and it stands as it is which is a payment of 116 Crores which you have

already made how would it be treated it in your books?



Raj Shivakumar It will be treated as an expense.

Rajani Khetan Through your P&L total. Is there any provision that you have already made for this?

Raj Shivakumar No we haven't.

Rajani Khetan Alright and just one more question, you said the BKC deal is probably getting signed within the

next two weeks. Can you take us once more through the new capacity that's coming this year with net addition to your fleet and are there any leased aircrafts coming back into the fleet this

year?

Raj Shivakumar We are basically looking at adding anywhere between 4 to 6 narrow body aircraft to the domestic

and the international fleet in winter this year. We are also taking back two of our B777 aircrafts which were leased out to Turkish Airlines which are coming back into the fleet which are going to be used to upgrade our Bombay – Hong Kong and our Delhi – Hong Kong services. They will also be used to operate 777 services to the EWR route on the weekend. So, these are about the

only incremental aircraft or capacity which will get added over the next 6 to 9 months.

Moderator The next question is from the line Manav Vijay from Edelweiss Capital.

Manav Vijay I just have one question, although we understand that due to the competition pressure in the

domestic market it is difficult situation for JetLite and Jet Airways due to pressure on yields. Now with the Indigo coming in the picture in the international, competition is only going to go up. What is your sense how international operations which currently makes majority of the

money for our company will come under pressure?

Raj Shivakumar Indigo starting international operations on certain sectors may add some additional pressure. We

should remember that at least in the Near-East and the Gulf sectors there is already an abundance of low cost presence whether its Air Asia or Air Arabia or Al Jazeera or emergence of Fly Dubai. So, while any addition of capacity will put some pressure on the yields, we are not terribly concerned about Indigo entering into certain sectors. So, we will find a way to manage and get better both from our product as well as from our pricing standpoint. Now the difference between the international environment and if I may elaborate on that a bit more the difference between international environment and the domestic environment from a pricing standpoint is the stability that we see in the fares on the international environment is not quite there on the domestic environment. So, we continue to be somewhat disappointed with what happens from a pricing standpoint in the domestic environment certainly in the lean periods whereas we continue to believe that the carriers act a lot more responsibly in the international environment even the low cost carriers. So, I am personally not terribly concerned about the addition of Indigo. We have

already experienced when SpiceJet entered certain international sectors.

Manav Vijay Okay, one more question with that although you have mentioned that the land deal is going to happen maybe in a week or two weeks on time. Is there any kind of progress that we are making

on sale and lease back and any kind of probability of happening that event during this year?



Raj Shivakumar Yes so, we are very actively pursuing sale and lease back opportunities as we had mentioned in

our earlier con-calls. We are proceeding very aggressively on that and again in the next one or two months in all probability in this quarter you will see three or four aircrafts being sold this

time.

Moderator The next question is from the line of Mahantesh Sabarad from Fortune Equity.

Mahantesh Sabarad 1.Can you give us a possible guidance of Pax growth for the balance period of this fiscal year?

2. How is your new brand Konnect going to merge with JetLite and when?

Vishwanath In terms of pure passenger growth we have always believed that a 15% growth for the year is

something which is definitely possible and that is something which we have been seeing 3 to 4 months of the current financial year. In terms of the merger of the brand that you are talking about, we are still in the process of discussing whether we need to merge both JetLite and Jet

Konnect but we are very clear that there will be only one brand in the low fare arena and that is something which will emerge very clearly in the next one or two months. After which we will

have one full service brand and one low fare brand.

Mahantesh Sabarad Okay maybe I can squeeze in just one question the profits of your quarter or the loss for the

quarter is 123 Crores as an exceptional item. What is your cash profit for the quarter? How do we view that because a little bit more clarity on the taxation as well what is the cash outflow and

non cash?

K.G. Vishwanath The tax credit that you see is basically our deferred tax liabilities which has got reversed.

Mahantesh Sabarad So that's non-cash?

K.G. Vishwanath In terms of cash profit basically will need to add depreciation. There are some amounts of non

cash items which are also sitting in aircraft maintenance which are provisions and which are noncash in nature but very broadly to the operating profit or loss you need to add depreciation to get

the cash profit.

Mahantesh Sabarad Okay, so taxation is not that you have seen as a cash outgo right now as the non cash and that

118 Crores is also non-cash?

K.G. Vishwanath At this point in time, it is shown in the balance sheet and it will get recovered over a period in

time.

Moderator The next question is from the line of Nilesh Shetty from Quantum Asset Management.

Nilesh Shetty What is the cash position for the year? What's the quarterly debt repayment that you have to do?



Raj Shivakumar Okay so, for the full year they are looking at a debt repayment of around 1000 Crores to 1100

Crores. Our cash on the balance sheet as of 30th, June was 510 Crores and our balance sheet debt

as on 30th June was around 13,200 Crores.

Nilesh Shetty I think rough estimates suggests your cash profits for Q1 is of 100 Crores. Where do we get the

money from or do we raise more debt to repay for 1100 Crores?

Raj Shivakumar The third quarter and the fourth quarter are the better quarters of the year. The first half generally

produces only 45% of the top-line for the year and the balance 55% comes from quarter 3 and quarter 4. So, they are going to be stronger quarters in terms of top-line and more likely in terms of the cash profit that we generate. Out of that 1000 or 1200 Crores that I spoke about in terms of principle repayments, around 800 Crores is aircraft related and the balance 400 Crores is roughly working capital loans, which we have a potential to refinance or roll over to the next period. We also mentioned that with the BKC deal happening we will have some cash inflows which will help us in repaying our loans to the extent our cash profits are not adequate and we are also

looking at sale and lease back to be able to prop up our cash position.

Nilesh Shetty You are not excessively worried in terms of cash position and where the money will come from

for the year?

Raj Shivakumar No.

Moderator The next question is form the line of Jaibir Sethi from CLSA.

Jaibir Sethi Currently there has been a fair bit of yield pressure visible within JetLite. So I just wanted to get

a sense of what are the trends in Jet Konnect been like and currently what are the gap between

JetLite, Jet Konnect, and the full service offerings?

Raj Shivakumar The yield pressure on Jet Konnect is somewhat similar to what we see from JetLite. While Jet

Konnect sits somewhere in between an LCC and a full service model but it is more similar to an

LCC type model. The yield pressure also swings in the same.

Jaibir Sethi So, just in terms of absolute levels, what is the gap in yield between JetLite, Jet Konnect, and the

full service offering?

K.G. Vishwanath Just a very broad sense if Jet Airways is 100 Jet Konnect is roughly 80 and JetLite is around 75.

Moderator Thank you. The next question is from the line of Jamshed Dadabhoy from Citigroup, please go

ahead.

Jamshed Dadabhoy Yes Vishi just wanted to check you mentioned Jet Konnect is now 75% of overall domestic

capacity?

K.G.Vishwanath That's correct.



Jamshed Dadabhoy Okay so, this has gone up from that low 60 number that it was.

K.G.Vishwanath That is correct.

Jamshed Dadabhoy why do you think its going to go to 80-85% also?

K.G.Vishwanath So, we have always maintained that Jet Konnect will continue to be a swing inventory. Last year

for example in quarter 1 and quarter 2 we had Jet Konnect at around two thirds of our total capacity but we really swung it the other way in the third quarter and we saw that demand was picking up and pricing power was emerging in the market. At which point in time we pushed more flights into the full service. We will continue to do that. We do not have a magical number in terms of what the proportion of low fare or full service is going to be but we will wait and watch in terms of how the market pricing environment moves and keep shifting our inventory

accordingly.

Jamshed Dadabhoy As the growth in the market continues to be LCC dominated or at least capacity growth, do you

think India is eventually going to become a low fare market?

K.G.Vishwanath Both these models will continue to coexist. Increasingly more capacity will come into the low

fare model and all full service carriers will have to adjust their capacity and their growth from

here on.

Raj Shivakumar I do like the speaker rightly pointed out I do see the prepotence of increase primarily coming

from low fare carriers and we got to respond to that and our aim is to maximize the revenue on every seat and every flight and we do believe that on certain sectors and certain times of day the customer is willing to a pay a higher fare for the service that he or she demands and our strategy will be to utilize the tools that we have in our tools set meaning the full service product, Jet airways Konnect, and JetLite judiciously to make sure that we do exactly that where we maximize the revenue through yields and service wherever and whenever the customer demands and is willing to pay for that or if we have to go fight that competition using our low fare

components we will do that.

Jamshed Dadabhoy And so is it fair to understand and assume that the capacity which are being added are on the

domestic routes and are mostly on the Jet Konnect flight?

Raj Shivakumar It will follow the same percentage. Yes you are right.

Moderator Thank you. As there are no further questions at this time, I would like to hand the floor over to

Mr. R. Sreesankar for closing comments.

R.Sreesankar Thank you Farah. Let me thank all the participants and thanks to the management of Jet Airways

both Vishwanath as well as Raj Sivakumar. Thank you ladies and gentleman.

K.G.Vishwanath Thank you so much



Raj Shivakumar Thank you

Moderator Thank you. On behalf of Tata Securities Limited that concludes this conference call. Thank you

for joining us and you may now disconnect your lines. Thank you.