"Jet Airways Q1 FY 2016 Post Results Conference Call"

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Moderator: Ladies and gentlemen, good day and welcome to the Jet Airways Q1 FY'16 Results Conference Call hosted by SBICAP Securities Limited. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call please signal an operator by pressing "*" and then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Mahantesh Sabarad. Thank you and over to you Sir!

Mahantesh Sabarad: Good afternoon. On behalf of SBI Caps Securities I welcome you all to the Jet Airways Q1 FY'16 Post Results Conference Call. We have Senior Management Team with us from Jet Airways for the call led by their CEO Mr. Cramer Ball. Along with Mr. Ball we also have Mr. Gaurang Shetty, Senior VP-Commercial, Mr. N. Ravichandran - VP Finance, Mr. Abhijit DasGupta - VP Planning and Alliances, Mr. Raj Sivakumar – Chief Commercial Officer and Mr. Gautam Acharya - VP Aeropolitical and Government and International Affairs. I now hand over the floor to Mr. Ball for his opening remarks. Over to you Sir!

Cramer Ball: Thank you and good afternoon everyone. Thanks for joining us this afternoon, appreciate your time. I will just provide a brief summary of the results which you would have seen on Friday and then Mr. Ravichandran will take you through further details. We are pleased to report an EBT of INR 226 Crores or approximately $35 million. This is an improvement of almost 200% from same quarter last year. Importantly we saw EBITDA improve by almost twelve times and revenue increase of 9.3%. This was driven by better utilization of our aircraft and improved load factor. We did see during the quarter, a decrease in the average fare, resulting in decrease in overall yield by about 6%. We are seeing an improvement of our cost, primarily driven by fuel but there is certainly contribution from other parts of the business as well. The cash generated from operations was INR 585 Crores. I have mentioned about aircraft utilization. In June this year we had one of the industry's best aircraft utilization levels for our 737 fleet. It is important also to note that for the quarter, we took no additional borrowings. Ravi will take further details.

N. Ravichandran: Thank you Cramer. Good afternoon everyone. My name is Ravichandran. I will take you through the financial highlights, followed by the detailed performance of the company. Talking about Jet Group's performance, consolidated results for the first quarter of FY'16, the total gross revenue stood at INR 5,508 Crores versus INR 5,040 Crores last year same quarter. The total gross revenue has been up by 9.3%. EBITDA of INR 370 crores versus EBITDA of INR 31 Crores last year same quarter, EBITDA margins were at 6.7% in the first quarter of 2016 versus 0.6% same quarter last year. We reported a profit of INR 226 Crores for this quarter compared to a net loss of INR 258 Crores for the same quarter last year. Seat factors improved by 2.2% points clocking 82.4% versus 80.2% in the previous year. Jet group's domestic passengers grew by 25.4% outpacing the industry's passenger growth of 19.1%.

Talking specifics to the operating highlights of Jet Airways standalone, domestic and international inclusive. Passenger carried increased from 4.48 million in Q1 FY'15 to 5.65 million in Q1 FY'16, an increase of 26.1%. Overall seat factor increased to 82.5% in Q1 from 80.4% in the same quarter last year. During the quarter, ASKMS, increased by 15.9% as compared to Q1 last year. RPK increased by 18.9% compared to the same quarter last year. On a standalone basis, Jet Airways reported EBITDA improvement of 624% at INR 366 crores as compared to INR 51 crores in Q1 of last year. Profit after tax was at INR 222 Crores for Q1 FY'16 as compared to a loss after tax of INR 218 Crores for the same period last year, showing an improvement of 202%.

Operational highlights for JetLite: Overall seat factor increased to 79.8% in Q1 FY'16 from 77.2% in the same quarter last year. Yield or average fare went up by 2% from INR 4610 to INR 4703. JetLite showed an improvement of 121% in EBITDA from a negative of 19.3 Crores in Q1 last year to an EBITDA positive of INR 4 Crores this year. Net results improved by 112% from loss of INR 40 Crores to profit of INR 4.7 Crores in Q1 FY'16.

Let me explain in detail the Jet Airways domestic operations. Total domestic revenues are INR 2,167 crores, up by 17.7% on year-on-year basis. Domestic operations in Jet Airways achieved a load factor of 80.3%, an improvement of 8.4% points over last year same quarter. ASKMs went up by 26.4% compared to Q1 of last year.

Talking about international, the share of international revenues to total revenues is 55% for the quarter. The international revenues stood at INR 3,053 crores up by 7.3% as compared to Q1 of last year, achieved a load factor of 83.7%; ASKM went up by 10.9% compared to Q1 of last year.

The average seat factors for key international routes for Q1 FY'16 were as under: UK route achieved 86% versus 83.1% last year same quarter. ASEAN routes were at 84.3% versus 83.9% last year. Gulf was at 85% compared to 88.7% last year. SAARC routes were at 67.6% versus 74.1% last year. Abu Dhabi gateway routes were 81.9% versus 84.6% last year. Brussels gateway routes were at 84.3% versus 84.4% last year. Europe, CDG which is the Paris route was at 81.3% versus 68.5% last year.

Let me give you a brief about the funds and liquidity position of the group. Our cash and bank balances as at end June 2015 were at INR 1,589 Crores equivalent to $250 million. As on June 30, 2015, the overall debt on our balance sheet was at INR 11,072 Crores or equivalent to US $ 1.74 billion. The repayments which took place during the quarter aggregated to 985 Crores equivalent to $154.8 million of which aircraft loans were to the tune of 250 Crores equivalent to US $39.3 million and the other non-aircrafts loans were to the tune of INR 735 Crores equivalent to US $115.5 million.

Speaking about the current quarter and the outlook, domestic, as Cramer mentioned, domestic fares continue to be under pressure. However, with improved utilization and standardization of product, together with our enhanced Guest First service, Jet expects to have a fair share of its traffic. Quarter 2 is a robust quarter for international market and we see continuing strength for the current quarter.

Recent drop in ATF prices are expected to provide breather in a usually low demand quarter. We continue to enhance our metro to metro schedule as opportunities still exist between the metros. In line with this, we introduced ninth frequency on Bombay-Chennai route and second frequency on Kolkata-Bangalore with effect from July 23. Additionally, we are evaluating to upgrade some of our current narrow body routes to wide body operations. Etihad's integration has shown good results. We are now aligning our commercial team in approaching corporate and agency customers jointly wherever permissible. Codeshares with Etihad and Etihad Airline partners have resulted in higher traffic flows. We are enhancing our ancillary revenue capabilities, viz. engineering and security services provided to other airlines. I am sure you would have known about our seat select and few other additional products that we have introduced and we will continue to strive to provide additional bouquet of services enhancing our ancillary revenues.

During Q1 we enhanced our Codeshares with three new partners namely Air Seychelles, Air Berlin and Bangkok Airways taking our total codeshare partner's tally to 21. These are expected to bring significant guest benefits such as seamless connectivity, frequent flyer accruals, redemption opportunities and cumulatively, the quality of revenue.

I am through with the details. We now open the floor for questions.

Moderator: Thank you. Ladies and gentlemen we will now begin the question and answer session. The first question is from the line of Niraj Mansingka from Edelweiss. Please go ahead.

Niraj Mansingka: Thank you for giving an opportunity. I have one question on the discussion that you just had on deploying more wide body in the routes where the narrow bodies are running, can you give a detail on that and secondly what are your breakups between metro-metro versus metro-non-metro and non-metro to non-metro flights?

Cramer Ball: In terms of wide body to narrow body we are constantly looking at opportunities. We are not in position to announce at the moment but we have the flexibility to deploy; to take advantage of the opportunity, so that is where we stand at the moment.

Abhijit DasGupta: Today roughly between 38% and 40% of our capacity is deployed on metro to metro routes. That is a rough number because it alternates by day of week and of course by season and remaining routes are mostly metro to non-metro routes. We do have some amount of exposure on non-metro to non-metro routes mainly on our ATR fleet but it is quite a small proportion.

Niraj Mansingka: Another thought, do the airports in Mumbai and Delhi have enough space to give more landing rights in case there is a significant growth in the demand in the passengers and how do you see the environment in that, assume there is 30% growth in the passenger volumes in say Delhi-Mumbai route, how do you see yourself and the industry adopting to that?

Cramer Ball: It is a fact that the airport is constrained and particularly with the slots available, so this is where we see having that flexibility we talked about is key in taking advantage of opportunities and this is why it is very important to have common configuration for the 737s, and also having a wide body flexibility to deploy wherever possible so. So there is no doubt the constraint is a challenge but we have managed to get through that in the past and we intend to do in the future.

Niraj Mansingka: But is there really more space to give more landing rights and can you give just thought on your industry, what do you see, how many planes can land more or is it just adding capacity by again going into wide body that the industry can add capacity?

Abhijit Dasgupta: Unfortunately there is a subjective answer depending on which airport and what city they are and what routes we are looking to operate and of course time of day. There are peak times where there are more constraints and there are non-peak times where there is greater potential but by and large we are certainly not in a position to answer whether the industry is running out of space. There is plenty of opportunity to grow and there is plenty of different market and airports that are showing the growth. So by and large there is opportunity and there will always be constraints and that is our object to see how we can optimize get the right opportunity and work with our airport partners to see how we can continuously expect.

Gaurang Shetty: I think with the new integrated terminal plans coming through and the way they are actually building more taxi ways and improving efficiency in Mumbai Airport, some of these opportunities will certainly come on the table as well.

Niraj Mansingka: My second question is on your capacity ASKM growth. What is your ASKM growth that you forecast and what is the fleet addition that you are looking at?

Abhijit Dasgupta: As you can see we have added significant ASK growth versus same quarter last year. We have also managed to optimize capacity. Cramer mentioned in the beginning about our focus on fleet utilization and that has yielded us some result even on a quarter-on-quarter basis in spite of no addition to fleet. We continue to work on further optimization. This is a step-by-step process. In terms of exact capacity expansion, terms of ASK or fleet growth I would not like to make any specific numbers as we are working through some options and we will announce them when they are finalized.

Niraj Mansingka: But just leaving out the capacity of fleet in case we are not going to add in fleet how much can you still stretch your asset to get more ASKM growth?

Abhijit Dasgupta: We manage to stretch about 15% to 16% over year-on-year basis. We managed to stretch at 6.5% over the last quarter without any fleet growth. There are still opportunities. I just do not want to get into exactly how much right now because it depends on lot of different external variables.

Niraj Mansingka: By the way the growth in ASKM has been quite commendable. That is it from my side thank you.

Moderator: Thank you. The next question is from the line of Pravin Sahai from B&K Securities. Please go ahead.

Pravin Sahai: Thank you for taking my question. First question is over the international pax growth. We have delivered 12% to 13% of the growth in the international pax growth, so would you please give us some insights like how much from the codeshare we have delivered this number.

Abhijit Dasgupta: Broadly on a network level our codeshare interline revenues are roughly between 13% and 14% of our total passenger revenue. That is a good number and we are of course continuously adding not only partnership but expanding the scope of our current codeshare partnerships but we are also growing the baseline revenue as well. So it is a good number for us to have achieved and hold in the future.

Pravin Sahai: So we are expecting this number will go up with increasing number of codeshares?

Abhijit Dasgupta: We hope so but as you will agree that depends on how we work with our partner, it is not a number that we can forecast going forward but yes that is the objective.

Pravin Sahai: On the debt side, as you had mentioned INR 11072 Crores of debt we have right now, how much is in INR terms and what is the blended cost of the debt?

N Ravichandran: Out of the INR 11,072 Crores, about 20% is on INR term and the balance about 80% is on USD denominated loans. On the aircraft funding, our average cost is sub 3% and on the non-aircraft which is predominantly working capital are at sub 10% levels.

Pravin Sahai: What is our target to get down to or in a year or so?

Company Speaker: We are still working on various options to have the right blend between rupee denominated debt and dollar. Overall it should be hovering in the same range.

Pravin Sahai: Now the quarter numbers like we have reported somewhere Rs.1.3 billion of receivable from the **lessors** towards maintenance so would you please give some detail on that what is that exactly?

N Ravichandran: We have explained this in our previous quarters as well. The PBTH arrangement that we have got into for the engine service providers entails different accounting treatment in terms of treating the variable rentals payables, predominantly for the buildup maintenance results is taken to the balance sheet and this is regularly monitored and topped up as and when the shop visits happen and the PBTH contribution that we make to the service providers or taken as debit to the P&L. As a result over the years with many engines getting into this PBTH arrangement this amount has seen a rise but over a period of time with more number of shop visits happening there will be a gradual release out of these reserves buildup.

Pravin Sahai: How many owned aircraft we have and how many we had leased to?

N Ravichandran: The total fleet size is 116 both the airlines put together of which 24 is own and the balance 92 are on operating lease.

Pravin Sahai: And how many we had lease to some other airlines.

N Ravichandran: 10 of them.

Pravin Sahai: Can you give the duration for that like for how many months we have given for this?

Abhijit Dasgupta: The one which we have given to Turkish is on a long-term lease until 2020.

Abhijit Dasgupta: Three A330s are leased out until sometime around 2020, one A330 is leased out to Etihad until June 2015 and 777s are currently leased out until the end of 2015.

Moderator: Thank you. The next question is from the line of Devesh Agarwal from Bangalore Aviation. Please go ahead.

Devesh Agarwal: On the fleet sir I am sorry you all were answering the previous persons question but I think whoever was using a speakerphone the voice was too echoed so can I get details of the fleet again please, how many narrow bodies you have in Jet alone not including JetLite.

Abhijit Dasgupta: Narrow body currently we have 68 B737 and 18 ATR in Jet, excluding JetLite.

Devesh Agarwal: I am assuming all of them are the 72 with a mix of -500s and -600s.

Abhijit Dasgupta: That is absolutely right there are three 600s and fifteen 500s.

Devesh Agarwal: How many wide bodies Sir?

Abhijit Dasgupta: We have a fleet of 10 B777 and 12 A330.

Devesh Agarwal: And I am assuming this includes the four of 330-300.

Abhijit Dasgupta: You are absolutely right.

Devesh Agarwal: And the balance is eight 332s.

Abhijit Dasgupta: That is correct.

Devesh Agarwal: What is the current deployment of these ten 777s I remember last time you had five of them leased out or something like that.

Abhijit Dasgupta: Yes, currently we have six of them leased out to Etihad and we have one A330-200 leased out to Etihad and we have three A330-200 leased out to Turkish.

Devesh Agarwal: That means four are sitting with you.

Abhijit Dasgupta: Yes we are flying them.

Devesh Agarwal: I am sorry, they are flying with you. Could you tell me what are the periods of the lease on the Etihad aircraft and the Turkish?

Abhijit Dasgupta: The A330 leased out to Etihad is coming back in June 2015 the three Turkish leases are ending in April and May 2020.

Devesh Agarwal: So that is a long-term lease, and the six 777s?

Abhijit Dasgupta: Yes, we have the option of extending it with Etihad.

Abhijit Dasgupta: They are currently ending in end of this year but we are working through some options with Etihad.

Devesh Agarwal: That is fine. You had about close to a year ago announced a plan to standardize all your 737 fleets if I remember to 12 business and 156 economy.

Abhijit Dasgupta: That is correct Devesh all 737-800 were to be standardized to 12 and 156 yes and that has been done.

Devesh Agarwal: So all aircrafts are now in one standard configuration.

Abhijit Dasgupta: That is correct.

Devesh Agarwal: How many aircrafts would that be sir your 800.

Abhijit Dasgupta: The total 800s are 64.

Devesh Agarwal: I wanted to ask you this year I have observed and I do not know why the amount of information released in the investor presentation especially on operating parameters is extremely condensed when compared to the previous years, is there any particular reason why that was come this year or rather in this quarter?

N Ravichandran: Devesh all the basic parameters have been released all the other parameters that use to be released can be derived out of the ones that are there.

Devesh Agarwal: Could you share with us your RASK and CASK?

Abhijit Dasgupta: Yes we can do that offline.

Devesh Agarwal: I am assuming would somebody just send it to me then or do I have to follow up with somebody.

N Ravichandran: We can send you the growth you can send it to our address investorrelations@jetairways.com we will send the required information.

Devesh Agarwal: Great and could you give me a rough breakup of your ASKs based on the various geographies that you as a percentage you mentioned like say for instance or if you can give me at least at a block level what percentage of your ASKs are deployed to the UK, to ASEAN, to SAARC and say to the Gulf and then to Abu Dhabi.

N Ravichandran: Devesh we can provide this because these are further deep diving into the details we can always provide this offline to you.

Devesh Agarwal: My purpose of asking that question was to try and determine how crucial is the Abu Dhabi hub in your operations and the basic follow up on question was now that India has return to category one I had raised the question with last time but I think it was very close to the return what are your plans to return to the United States if I recall there was a flight that was announced Delhi-Abu Dhabi-New York and I think there was one ex Bangalore to Chicago, what are your plans on those flights?

Cramer Ball: We are working through those options now and you know it is pretty much as we speak. So Abu Dhabi is one part of your operation and as you know we fly to various other destinations. We have a European gateway, we have London, South East Asia, so Abu Dhabi is one component of our operation where we are flying narrow bodies. So we are working through the opportunities now and in context of wide bodied, narrow bodies and we will fly where it makes economic sense and we will announce that when the time is right.

Moderator: Thank you. The next question is from the line of Danish Mistry from Tata Mutual Fund. Please go ahead.

Danish Mistry: I basically had two questions, the first one related to your sales and distribution expenses and if you were to see that on a standalone basis it was about roughly INR 400 Crores and that has moved to about INR 600 odd Crores so if you could just run us through as to what happened over there. Is it because of the high proportion of the international traffic or is it just on commissions some color on that., That is question number one.

N Ravichandran: What is the question number two?

Danish Mistry: Question number two is how is the pricing going on right now in the international markets. So as you talked about domestic and there are pricing pressures what is happening internationally?

Raj Sivakumar: Thanks Danish. In relation to the first question for the increase in selling and distribution cost this is primarily due to three major factors. One is the full impact of our frequent flyer program. As you would recollect last year, in the first quarter this program got hived off into a different company, post which as we have explained, the business models work in a different manner as opposed to how we use to treat it when the program was sitting within the company. . Secondly there has been an increase in our PLBs, basically the productivity linked incentives that we have. Last year, we had the full impact of this towards the end of the year when people clocked higher level of their productivity. Providing for those trends as we have clocked last year, we have started accruing them from the current financial year on a quarter-on-quarter basis.

Danish Mistry: Is it for employee nature productivity linked incentives or for agents.

Raj Sivakumar: These are for the travel agents with the airline. Within S&D these are the travel agents incentives.

Danish Mistry: Yes, I just clarified that point.

Raj Sivakumar: And there are few normal inflationary increases on the CRS and our hosting cost, which are annual inflationary increases as provided in the contract. So these have together contributed to an increase in the selling and distribution costs.

Danish Mistry: Fair enough, and if I can just follow up with one. If you want to just see this, how do you see it going forward will the frequent flyer program still contribute to some extent to this cost inflation or is it just a kind of base effect.

N Ravichandran: You must understand we have explained this concept before, this is only one side of the frequent flyer program that you get to see, the incremental revenue that is coming out of the program is sitting on our revenue line, so if you were to see in isolation, the cost of this frequent flyer miles which is sitting within the S&D cost is one aspect of it, incremental revenue that you see because of the program is included in our income from operations. So they have to go in tandem and they are going in tandem as we see, in fact revenues would better as we move along when the program matures.

Danish Mistry: And this maturity would happen when is it next few years or very close by?

N Ravichandran: In our guess it should be in another say 12 to 18 months from now on.

Danish Mistry: And if you could help me on the second point the pricing part in the international markets?

Raj Sivakumar: Hi this is Raj let me take that on, so when you sort of look at the prices that are prevailing across the world the region that is more depressed year-over-year is Europe and we are taking several actions to kind of mitigate that effect. So the lower European pricing would be normally sort of observed on our Brussels hub route and we are overcoming that by carrying more through traffic meaning India to

North America traffic. The depressed European pricing is also playing sort of a domino role in our Gulf markets because the Gulf carriers have brought forth more seats to the gulf India market that have brought down the yield. The good news there is that the market continuous to exhibit a fair amount of traffic robustness and we are able to inventory manage our way through that and really the third area which is smaller in the scale of things is unfortunate effect of the calamity that we observed in the Kathmandu. Not just the local market, but also a fair amount of the trekking and the mountaineering traffic that we usually get from Europe, so these are the three major areas where we see some effect but otherwise our Asian flights are holding up well and a number of the Gulf markets are holding up well as well.

Danish Mistry: And how do we see that going because Q2 would be a good quarter for us in terms of the international piece?

Raj Sivakumar: Yes, Q2 is a good quarter, it is a robust quarter and Q3, while it is seasonally challenging quarter, at least early part of it for the gulf markets after you cross the initial period, you start getting into the strong traffic flows in the long haul flights. So, at least from pricing standpoint I am not seeing anything that is terribly different from what we have observed in the first quarter.

Moderator: Thank you. The next question is from the line of Miten Lathia from HDFC Mutual Fund. Please go ahead.

Miten Lathia: Your current as well as Abu Dhabi load factors are down on a YoY basis, was there anything peculiar about the season in QI this time.

Abhijit DasGupta: In both cases whether it is gulf or the Abu Dhabi gateway routes, the seat factors are marginally down. It is coming on the back of significant capacity growth in both these markets, also we must keep in mind that one of the very large hubs in the Gulf which is usually used as a connecting point for other gulf markets was closed for a large part of the same quarter last year. Therefore, to some extent, our seat factors were higher because of a one-off event last year but most of this seat factor drop is coming because of the fact that we have substantially increased our capacity, but as Raj mentioned earlier, the revenue strength from these markets is still holding up fairly well.

Miten Lathia: If you could just put that in perspective as to how much would the percentage capacity increase on both these markets have been?

Abhijit DasGupta: We will get the exact numbers across to you offline.

Moderator: Thank you. We have a follow up question from the line of Devesh Agarwal from Bangalore Aviation. Please go ahead.

Devesh Agarwal: Gentlemen just one question yesterday in The National of Abu Dhabi there was a report that Etihad is offering permanent contracts to pilots who are placed with them on temporary contracts and this includes pilots from Jet Airways I was going to ask if what is going to be the impact on Jet Airways of this move by Etihad?

Cramer Ball: We have had a program in place for sometime for our pilots to progress or move to Abu Dhabi should the opportunity arise and that does not change. The program is already in place, we have 63 pilots working in Abu Dhabi flying the leased aircrafts at the moment, so this is an ongoing process and it depends on the needs vastly of the individual airline. I think quoted in that article was Air Berlin. Air Berlin are changing their narrow body fleet from 737 to A320, so they have an excess pilot headcount for that fleet.So, as I said, it all depends on the needs of individual partner airline. What is important is that we have a program in place with Etihad and our partners for a career progression whether it be pilots or any other category of employee.

Devesh Agarwal: No that I agree sir, what I meant is that is Etihad is going to recruit these pilots then what happens to your 777 fleet, should it return or does that mean that we can assume that Jet Airways anyway does not have any long-term plan for utilization of the 777 fleet and it would much rather look to leasing it out.

Cramer Ball: It has got nothing to do with 777 fleet, it is across all categories of pilots, so it depends on their needs, our needs and what we agree, that is always done in cooperation.

Devesh Agarwal: Because the article specifically refers to 787s and the A380s.

Cramer Ball: They have a need for those sorts of pilots and they will upgrade from within and recruit from externally, but we work in collaboration and that is the important factor. So nothing would be done to harm our business and always built in line is our needs and what their requirements are as well.

Moderator: Thank you. The next question is from the line of Mahantesh. Please go ahead.

Mahantesh Sabarad: Just wanted to you to quickly tell us how are the codeshare revenues growing in the overall airlines revenue.

Abhijit Dasgupta: Mahantesh as I answered a question a little while ago, codeshare and interline connectivity effectively generates about 13% to 14% of our total passenger revenues and that is a big step up from about 18 months ago. We do expect this proportion to continue to grow but exact amount to which it will grow will of course, depend on how individual partnership scopes and new partnerships form over a period of time. The codeshare revenue due to codeshare in specific has grown by nearly 30% this quarter versus same quarter last year. Of course, we have seen that also includes a significant step up in our cooperation with Etihad and Etihad partners and in volume terms at least we do expect this momentum to continue.

Cramer Ball: We are seeing a very strong growth year-on-year figures, in terms of our exchange with Etihad and that is what passengers of Etihad place on us and what we place on Etihad. At the moment, they are generating more passengers on Jet than we are on Etihad but the combined growth is significant and we had the highest month in May. So it is certainly trending in the right direction and our partnership not only with Etihad, but also our codeshare strategy is very much working.

Mahantesh Sabarad: I have another question on the pricing of domestic tickets, so am I right in seeing that you have done away with the fuel surcharge or rather merged it with the base rate.

Raj Sivakumar: Yes, it is an all-inclusive pricing that we have on the domestic sectors.

Mahantesh Sabarad: How does that in terms of pricing prior to when you earlier had fuel surcharge so how does that change is there an increase or is there a decrease?

Company Speaker: Well whether or not the fuel surcharge remained as a separate component, we try to stay competitive. So the decision to do away with the fuel surcharge does nothing for the overall pricing strategy.

Mahantesh Sabarad: And that is the regulatory approval kind of that.

Company Speaker: No there is no approval needed.

Moderator: Thank you. The next question is from the line of Rohan Pandya from B&K Securities. Please go ahead.

Rohan Pandya: My question is basically on the domestic market share front we see a sequential decrease in the market share from say around 20% to around 18% this quarter can you give me a reason or throw some light on it?

Cramer Ball: Quarter-on-quarter the market share has increased 1.1%. When you look at the market share we obviously consider both JetLite and Jet Airways. As we now have a one brand strategy, we are seeing growth in market share and we are seeing growth in capacity. But it is important that we not only solidly focus on market share as the quality of the revenue as well and what we are seeing is a shift and very good growth in our traffic and that has validated one brand strategy and certainly validates the model where it is full service it is strong loyalty program, the riding very valuable reward and recognition to our customers.

Rohan Pandya: As I can see from your last quarter's presentation that mentioned it is 24.6% to JetLite this quarter it is 21.88% so just want some color on that.

Raj Sivakumar: Like Cramer mentioned year-over-year market share for the first quarter has grown 1.1% and also to sort of accentuate what Cramer was saying couple of things we have got to keep in mind. Market

share somewhat closely mirrors the capacity share and it is also reflection of our decision to carry or not carry a traffic that is only willing to come at a certain price. So we take a conscious call whether to take that traffic or not because carrying the traffic has a dilutionary effect on the rest of the traffic. With a lot of the fare sale activities going on at levels that we find could be dilutionary in the overall scheme of things, we may choose not to carry the traffic. So, while we all understand that the market share is perhaps most widely watched publically available data, that is not an approved reflection of the airlines ability to garner the "fair share of the revenue."

Moderator: Ladies and gentlemen as there are no further questions I would now like to hand the floor over to Mr. Mr. Mahantesh Sabarad for closing comments.

Mahantesh Sabarad: Thank you senior management team from Jet Airways for patiently answering these questions. We can now all disconnect. Thank you very much sir.

Ravichandran N: Thank you Mahantesh.

Moderator: Ladies and gentlemen on behalf of SBI Securities that concludes this conference. Thank you for joining us. And you may now disconnect your lines.