

"Jet Airways (India) Limited's Q1 FY'18 Earnings Conference Call"

September 13, 2017







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MR. AMIT AGARWAL - CHIEF FINANCIAL OFFICER,

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MR. GAURANG SHETTY – DIRECTOR & SENIOR VICE PRESIDENT, COMMERCIAL, JET AIRWAYS (INDIA)

LIMITED

Mr. Jayaraj Shanmugam – Chief Commercial

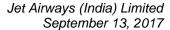
OFFICER, JET AIRWAYS (INDIA) LIMITED

MR. N. RAVICHANDRAN – VICE PRESIDENT, FINANCE,

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MR. SANTOSH HIREDESAI – SBI CAP SECURITIES MODERATOR:

LIMITED





Moderator:

Ladies and gentlemen, good day and welcome to the Jet Airways Q1 FY'18 Earnings Conference Call hosted by SBI CAP 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 '*' then '0' on your touchtone telephone. Please note this conference is being recorded. I would now like to hand the conference over to Mr. Santosh Hiredesai from SBI CAP Securities Limited. Thank you and over to you sir.

Santosh Hiredesai:

Thank you, Janice. On behalf of SBI CAP Securities, I would like to thank the management of Jet Airways for giving us an opportunity to host this call.

To discuss the 1Q FY'18 Results of Jet Airways, we have with us the senior management, represented by Mr. Vinay Dube -- CEO; Mr. Amit Agarwal - CFO; Mr. Gaurang Shetty - Director and Senior VP, Commercial; Mr. Jayaraj Shanmugam - Chief Commercial Officer and Mr. N. Ravichandran - VP, Finance.

We start with "Opening Remarks from the Management" followed by a "Q&A Session."

With that, I hand over the call to the management. Over to you, sir.

N. Ravichandran:

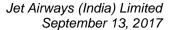
Thanks, Santosh. A Very Good Afternoon to all. My name is Ravichandran. Before we begin today's call, wish to state that certain statements made during this call related to our future business, financial performance and future events or developments maybe construed as forward-looking statements which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements.

Let me now hand over the call to Mr. Vinay Dube – our new CEO. Over to Vinay.

Vinay Dube:

Thank you, Ravichandran. A very good afternoon to all of you and a very warm welcome to this earnings call organized by SBI CAP. I am very grateful to all of you for your time and the interest that you have shown in our company. It is a pleasure to be here and be accompanied by my team members -- Gaurang -- Wholetime Director; Amit – CFO; Jayaraj – Chief Commercial Officer; and Ravichandran – VP, Finance.

Let us start with the results of the first quarter of '18: During Q1 of '18, the ASK or Available Seat Kilometers increased by 9.1%, primarily due to the increased wide body deployment on YoY basis. We recorded strong traffic growth with number of passengers carried increasing by 8.1% to 7.1 million in Q1 of '18 over the same period last year. We recorded the ninth profitable quarter in a row with net profit of INR57.9 crores for Q1 '18 at a consolidated level. The consolidated EBITDAR in the first quarter was INR1,005 crores compared to an EBITDAR of INR1,027 crores in the same period last year. Total RASK or Revenue Per Available Seat Kilometer during the quarter was INR4.26 as compared with INR4.24 for Q1 of '17. Yields measured by revenue upon RPKs or Revenue Passenger Kilometers during the same period were better by 1.6%. Our overall CASK increased by 2.3%, from INR 4.29 in the first quarter of '17





to INR 4.39 in this first quarter of '18; however, the non-fuel CASK reduced from INR3.30 in Q1 of '17 to INR3.22 in the first quarter of '18.

Airline business is highly vulnerable to global socioeconomic changes, incremental capacity additions in the domestic market, continue to put pressure on yields, weaker economic conditions in the gulf markets has resulted in depressed demands leading to lower load factors in that region. On the other hand, overall CASK have increased due to 21% increase in Brent prices. Based on our cost optimization initiatives, the company was able to offset the increases by a reduction in non-fuel CASK. Having said that, India remains one of the most promising markets. This is evident from continued traffic growth on YoY basis.

The company's focus in reducing debt continues despite many challenges in the market. The company reduced its gross debt by Rs.398 crores; however, net debt was mostly flat at Rs.8,078 crores, primarily on account of seasonal working capital movements.

On the network front, we continue to make necessary enhancements so as to provide maximum connectivity and choices to our guests. Some key changes would be the addition of 96 new non-stop domestic fleets in the summer of 2017 includes direct round trip flights from Indore to Ahmedabad and Jaipur. We upgraded our existing Delhi-Singapore from 330 to 777 from June of 2017. All these initiatives provide an increased connectivity to our guests from emerging cities to metros throughout India and onward to our wide international network.

Codeshare and other partnerships are at the core of Jet's philosophy to extend our network and to provide maximum connectivity to our guests and we continuously evaluate with partnerships that can work best for our guests. In line with this philosophy and keeping with requirements for our guests, we will keep enhancing our Codeshare agreement to Europe with Air France KLM and Delta Airlines effective October 2017. These enhanced Codeshare allow our guests to enjoy convenient access to as many as 43 European destinations via Amsterdam, 27 via Paris, as well as 34 destinations in North America. We signed Codeshare Memorandum of Understanding with Aeromexico to travel between India and Mexico. Also, we plan to strengthen our connectivity towards the East forging successful Codeshare with China Eastern Airways which will enable metro cities like Mumbai, Delhi, Kolkata and Bengaluru to connect with Shanghai and Kuoming.

I am also happy to state that "Jet Airways has been honored as India's Best Full Service Airline by Holiday IQ Better Holiday Awards for 2017." Jet Airways also became the first Indian Airline to Partner with Airbnb.

Now, let me turn the call over to Amit to take you through some more detail in our "Financial" and "Operating Highlights." Amit, over to you.

Amit Agarwal:

Thank you, Vinay. Before we begin, it is important to mention here that as a phase-2 company Jet Airways adopted Indian Accounting Standards commonly known as IND AS effective 1st April 2017. Accordingly, the Q1 financial results have been prepared in accordance with the recognition and measurement principles laid down under Sec.133 of the Companies Act 2013



read with the relevant rules issues there under and the other accounting principles generally accepted in India. The results for the comparative quarter ended 30th June 2016 have been restated as per IND AS and the reconciliation of the results between previously reported (referred to as 'Indian GAAP') and IND AS for the quarter ended 30th June 2016 has been provided in Reg.33 submitted to the stock exchanges and also published on our website.

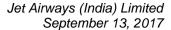
Now, let me walk you through our group's consolidated performance for first quarter of fiscal '18 vis-à-vis first quarter of fiscal '17: In first quarter fiscal '18 while the total capacity including domestic and international in terms of seats grew by 6.7% whereas total passengers carried by us grew by 8.1% Vs first quarter of fiscal '17. Compared to the same period last year in the Q1 fiscal '18, we carried 5.09 million passengers in the domestic market which is an increase of 8.8%. At the same time, in the international business, the airlines flew more than 2 million passengers which reflects the growth of 6.5%. During the period of first quarter of fiscal '18, (ASK) Available Seat Kilometer went up by 9.1% as compared to same period last year and overall seat factor achieved by us is 81.7%. Improvement in number of passengers carried has resulted in an increase in our consolidated gross revenue by 9.5% to Rs.5,951 crores in the current quarter from Rs.5,432 crores in the same quarter last year. The total (RASK) Revenue Per Available Seat Kilometer improved marginally by 0.4% only from 4.24 in Q1 fiscal '17 to 4.26 in the current quarter. As stated earlier, while yields in domestic market have shown slight improvement, international market continues to be under severe pressure. Domestic RASK improved by 10.8% whereas on the international front the RASK dropped by 7.7% in the current quarter vis-à-vis first quarter of fiscal '17.

Moving over to the cost per ASK increased by 10 paise to Rs.4.39 in the current quarter versus 4.29 in first quarter of fiscal '17. Fuel CASK however has increased by 18 paise from 0.99 to 1.17 in the same period. Our efforts on the CASK excluding fuel reduction continue and thereby we have reduced the non-fuel cost in first quarter of fiscal '18 by 8 paise or 2.5% to 3.22 from 3.30 in the Q1 fiscal '17.

Reported profit after tax was Rs.58 crores for first quarter of fiscal '18. EBITDA for the quarter was Rs.1,005 crores in first quarter of fiscal '18 as compared to Rs.1,027 crores in first quarter of fiscal '17. During the quarter, the company has also recorded share of profit on completion of the developments of its plot of land situated at Bandra Kurla Complex, Mumbai upon final settlement with Godrej Properties Limited amounting to Rs.113.9 crores.

Now, let me walk you through about the "Operational Highlights on Standalone Numbers for Jet Airways." Passengers carried increase from 5.84 million in first quarter of fiscal '17 to 6.41 million in fiscal '18 first quarter which reflects an increase of 9.8%. ASK were up by 10.8% as compared to Q1 of last year. Gross revenue increased by 9.9% to Rs. 5,649 crores in the current quarter from Rs.5,139 crores in the same quarter last year. Profit after tax was Rs.53.5 crores for first quarter of fiscal '18.

Now, specifically on the domestic operations in Jet Airways: The share of total domestic revenue to total revenue accounts for 45.2% in the current quarter. Total domestic revenues were Rs.2,553





crores, up by 22.6% as compared to Q1 of last year. The Passenger revenue from domestic operations increased by 20.5% to Rs.2,191 crores in the current quarter. RASK in domestic market improved by 8.7% in the current quarter as compared to Q1 of fiscal '17. ASKM went up by 12.8% when compared to Q1 of last year. Domestic load factors were 83% which shows an increase of 3 % points compared to Q1 of fiscal '17.

Now, moving on to the International: The share of international revenues to total revenues were 54.8% for the quarter. Our passenger revenue from international operations increased by 6.5% to Rs.2,663 crores in the current quarter. ASKM grew by 9.7% compared to Q1 of last year.

RASK in the international market reduced by 7.7% in the current quarter as compared to Q1 of fiscal '17. Overall seat factor in the international market was 80.8% compared to 81.8% in the last year.

Let me now take you through the details of the "Debt and Liquidity Position for the Jet Group Consolidated:" As of 30th June 2017, our gross debt on balance sheet stood at Rs.8,699 crores. Our total debt comprises of aircraft debt of Rs.2,615 crores or \$405 million and approximately 73% of our total debt is denominated in US dollar. During the quarter, the gross debt reduced by Rs.398 crores. Our net debt stood flat at Rs.8.078 crores as on 30th June.

Turning to the current quarter and outlook: We feel that the weakness in the Gulf market is continuing. Because of increased capacity both in the domestic and international markets, the increase in the fuel prices are not being fully passed on to the customers. In view of this, our focus remains upon improving efficiency and reducing cost. Despite challenges, Aviation market in India remains one of the most promising globally as demand is expected to remain strong in short to medium term. To cater to this growing demand, we plan to induct 8 Aircrafts during the current fiscal. This is in addition to our firm Max 8s which start getting inducted into the fleet from next year onwards. Some of the proposed enhancements to our domestic and international connectivity are additional frequencies on Mumbai-Delhi, Pune-Chennai, Pune-Mumbai and also connections from Coimbatore-Pune and Kolkata, new connection from Delhi to Raipur. On expansion on the international side mainly to Riyadh and Dhaka with additional frequencies to Riyadh from Mumbai and new frequency from Chennai to Dhaka and from Riyadh to Delhi. As stated earlier, we are strengthening our European network with the launch of third frequency from Mumbai-London and new frequency connecting Bangalore-Amsterdam and Chennai-Paris.

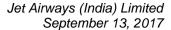
Let me now open the call to "Questions."

Moderator:

Thank you. Ladies and gentlemen, we will now begin with the question-and-answer session. We take the first question from the line of Rahul Bangadia from Lucky Investment. Please go ahead.

Rahul Bangadia:

My question is related to your CASK only and related cost line in the P&L. Sir, while the CASK ex-of fuel has gone down to 3.22, it is actually still higher than what you reported in Q3 and Q4 of FY'17. So if you could just help us understand? This is in spite of the fact that rupee has kind of appreciated which we generally think would help you in your dollar cost. So that is first. A





related question is that in your other expenses of Q1 FY'17 you had Rs.212 crores one-off expense which may not have repeated in Q1 FY'18, but still your other expenses line has gone up. So I am just trying to put these two things together.

Amit Agarwal:

If you look at it, the CASK has always the impact of inflationary increases which we are supposed to give on many of the contracts like you have the engineering contract, reservation charges as well as the salaries and wages. These carry the inflationary impact and the impact of such inflationary has been already incorporated in the current quarter cost. As far as other expense line item is concerned, as you know, we have brought back the six 777s which have started to fly into the fleet, you have additional landing, navigation charges as well as the increase on the expenses on account of operating the fleet. Therefore, you see the impact in other expense and this also includes impact due to net loss on the foreign exchange.

Rahul Bangadia:

If we see last two, three quarters, now even in this quarter, if we did not have that help from the Godrej bid of Rs.100-odd crores, our RASK is actually lower than the CASK. So where do we see this going? We cannot be having one off gains from property or anywhere else all the time, right. Now we are adding capacities but we are still on a loss-making thing when we see RASK minus CASK.

Amit Agarwal:

To be very clear, if you look at it, the Gulf market and some of the other international markets, there is a continued pressure on the yield and we are not in a position to pass on the fuel price increase to the customers. To that extent, the impact is reflected into the RASK line item. Our endeavor is very clear that we focus on cost reduction initiative as we have demonstrated and we will continue to do so.

Moderator:

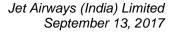
Thank you. The next question is from the line of Yusufi Kapadia from Edelweiss. Please go ahead.

Yusufi Kapadia:

Sir, my question is related to the other income which you had booked from the BKC property. So just wanted to check is there any gains left on this property, whether it was a one-time or were you recording it in your earlier couple of years as well because what I get from a sense from the Godrej Properties, these guys were booking profits over the past three years continuously since FY'13 on the sale of this property, so was there any benefit which you had attributed in the earlier years as well or was the whole adjustment or the benefit was provided in the current quarter and what is the scene going forward on the property sale is my question?

N. Ravichandran:

Hi, this is Ravi. If you see our footnote to this results especially 7A, it talks about our profit of Rs.113.98 crores is the final settlement upon completion of this development of this property. As you rightly said, we have been accruing these profits over the last two years including 31st March 2017, now that the project has come to an end, this is the final recognition of the profit upon the completion of the project and all treatments in relation to the capitalization has also taken place. So Rs.113.98 crores essentially is the final share of the profit that has accrued and has been accounted by the company.





Moderator: Thank you. The next question is from the line of Anshuman Deb from ICICI Securities. Please

go ahead.

Anshuman Deb: I wanted to understand that some of our utilization based increase that we have been doing over

the last few quarters, so if we see per hours flown per aircraft continuously been increasing. So what is the headroom left in that area? Secondly, related to IND AS, if you could highlight certain

balance sheet changes that would be in effect from FY'18?

Amit Agarwal: First, on the utilization as you see, we have done the utilization based on the rejig of the network

and probably we see very little room left, but we continue to work on it and as you know our focus now has shifted on taking clearly in this year we are going to take eight new aircrafts and

from next year we are taking more Max's. So we are expanding the fleet and thereby making

sure that the fleet is adequately put on the network.

N. Ravichandran: The primary change that we see on the IND AS balance sheet will be to this (PPE) Property,

Plant and Equipment, hitherto we were adjusting all the foreign exchange fluctuations insofar as it related to FOREX loans which had been taken for funding the capital asset acquisitions to the cost of the asset. Pursuant to the application of IND AS, it has been removed from the cost of the asset, so the carrying value of the asset is relieved to that extent and that will bring in reprieve in the depreciation as we get to see in the future years. This also leaves us to the fact that moving forward, any currency fluctuation on these loans which are FOREX-denominated, which has been acquired to fund these capital assets will be a direct adjustment to the P&L. That is the main change that has been brought and which is impacting our industry. Barring this, there are a few

other fair valuation of some of the carrying provisions and things like that which are not very

significant or substantial enough but the adjustment to the PPE is the major one.

Anshuman Deb: Just wanted to understand if you could quantify the change that would happen in the PP&E if

possible?

N. Ravichandran: In the carrying value the adjustment is almost to the tune of Rs.1700 crores.

Moderator: Thank you. The next question is from the line of Binay Singh from Morgan Stanley. Please go

ahead.

Binay Singh: Just two questions; could you share with us what kind of capacity growth are you targeting both

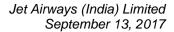
in India and internationally for this year and next year because you highlighted you are adding eight more planes and the Max's is coming? Secondly, relating to that, we do understand that you have been highlighting a lot about yield stress in the international market. How are you

seeing yield trends in the Indian market?

Amit Agarwal: As I mentioned that we are adding eight aircrafts 737 capacity. So clearly that is distributed as

you know our 737 fly both domestically and internationally, so there is no specific that it will be domestic and international depending upon how the market situations behave at that point of

time we decide on the route where we fly either domestic or international. It would be a very





broad similar level in the next year in terms of the induction of the capacity. So that is the intent of capacity addition. As far as the yield is concerned, if you look at it very clearly we have seen that there is an yield improvement in the domestic market but on the yield in the international market especially Gulf continues to be quite subdued and we are seeing continued weakness in the Gulf market both on the demand as well as yield. What we have seen a brighter spot is with the partnership with our players into the Air France KLM Delta, at the Amsterdam hub and the Paris Gateway both gateways we have seen a strengthening and thereby we see some yield improvement in these two markets. That is the situation on the international market.

Binay Singh: On the India side, like last year was very challenging for the industry, this year we have seen

they are improving. So do you believe that these trends will sustain through the year in India?

Amit Agarwal: I would not go into a guidance, but as of now I can say that we feel that the market is considering

this increase acceptable and we have not seen a significant drop from the current levels which

we have.

Moderator: Thank you. The next question is from the line of Aaron Chong from Flight Global. Please go

ahead.

Aaron Chong: I just wanted to confirm something. You mentioned eight new aircrafts. Would that be 737 and

what is the arrangement for that – is it all by purchase or leases? Can you also confirm the new

expansion routes that Jet Airways intend to take on?

Amit Agarwal: Clearly these eight aircrafts are all on leases, so we have not considered the purchase of these

aircrafts. As far as the new routes are concerned, we have already indicated the new routes is Pune-Chennai, Pune-Mumbai, Pune-Kolkata and frequency additions to Mumbai-Delhi, Delhi-Raipur and on the international side we are clearly launching the third frequency Mumbai-

London and expanding into the gateways both Amsterdam and Paris with new flight from Bangalore-Amsterdam and Chennai-Paris from the winter session as well as adding Riyadh-

Mumbai and a new frequency Chennai-Dhaka and Riyadh-Delhi.

Aaron Chong: Can I ask also then when are the aircrafts supposed to come in?

Amit Agarwal: Starting from now till end of the year and one has already come in

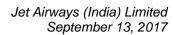
Moderator: Thank you. The next question is from the line of Suraj Chedda from IIFL. Please go ahead.

Joseph: This is Joseph from IIFL. I am looking for the international passenger revenue number. The

number that I have for 1Q FY'17, that is June '16 quarter is Rs.2,501 crores. Can I have the

corresponding number for this quarter please?

Amit Agarwal: Rs.2,664 crores.





Joseph: In this quarter, we have not seen any note in relation to the income that you were recognizing

from sale of the Jet Privilege thing. I think last quarter was Rs.75 crores if I remember correctly.

So has that income recognition discontinued or it has got something to do with IND AS?

N. Ravichandran: As you know, Joseph, in the last March '17, we still were left with Rs.305 crores, part of it has

been recognized, since it became a regular feature, we did not find it a relevant point to be including it as a footnote. Yes, the results do include part of the accrual of this profit which in

this quarter has been to the extent of Rs.46 crores. These are as you know pegged to certain

conditionalities which we have explained in the past.

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

Please go ahead.

Devesh Agarwal: My question is basically on the impact of the saturation at Mumbai airport and what impact the

saturation is having on overall fares and in specific on Jet Airways strategy because you are ultimately a Mumbai hubbed airline, how are you mitigating this impact or planning to mitigate

this impact and do you see any short-term solutions on the horizon?

Amit Agarwal: Clearly, you know Mumbai has been our hub for a very long time and we continue to enjoy the

number slots in the position, and as you know very well on a constraint airport if you have the largest number of slots we tend to gain significantly on the position of that, that trend we continue

to maintain.

Devesh Agarwal: But I was talking in terms of the growth that you are projecting. So how are you changing your

strategy to sort of cover for the lack of ability to grow out of Mumbai?

Amit Agarwal: Absolutely, we are very clear that since Mumbai is a constraint airport, we are enhancing our

capability and slots between Delhi and Bangalore and ensuring that we are deploying some of the wide bodies where we can replace the narrow bodies on the main trunk sectors and in Delhi where we are operating some of the ATR we will be able to upguage it to 737 as well. So clearly we are strengthening capacity to Delhi and Bangalore and flying larger aircraft from an ATR to

737 or from a narrow body to a wide body in Mumbai.

Devesh Agarwal: As I said, do you see sir any short-term solution to this infrastructure problem? The crisis is of

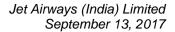
course maximum at Mumbai but it appears to be at Bangalore, it appears to be at Delhi.

Amit Agarwal: All of us have the same challenge and you are right that this challenge is so huge that we will

have to go through and there is no so easy solution to this. The airport in Navi Mumbai is going

to take some time to come up. That is the reality unfortunately.

Moderator: Thank you. The next question is from the line of Savi Jain from 2Point2 Capital. Please go ahead.





Savi Jain:

Just wanted to understand how large is the domestic business class as a percentage of your revenues? What is the impact of the higher GST rates from 9% to 12% and economy going down from 6% to 5%, so a differential increase is by 4% due to the new GST rates?

Amit Agarwal:

We do not share the revenue split into a business class and an economy class, we consider both together. However, for the GST impact we see very clearly, there is no material impact between the two, between the business class going from 6% to 5%. So broadly it is reflected at the same level.

Moderator:

Thank you. The next question is from the line of Akash Jhaveri from Fortune Financial. Please go ahead.

Akash Jhaveri:

I had a question on standalone results. There is Rs.80 crores provision for the loan to the subsidiary which has been reported for Q1 FY'17, note 7(b). So I am assuming this is an IND AS because this is not in last year's filing annual report. Could you help us understand that?

N. Ravichandran:

Hi, Akash, Ravi here. Yes, absolutely right, this is an adjustment arising out of the IND AS and that is precisely the provision that has been on the loans which has been provided to the subsidiary.

Akash Jhaveri:

A brief follow-up question that a caller asked earlier. So we are starting in a small way direct connectivity to tier-2 cities. So I think the chairman also alluded that in the statement. So about 56 new flights a week which is pretty small. My question is that our focus has always been on corporate and organized SME. From a 3-to-5-year perspective, because the capacity constraints, slot constraints, are we seeing that we have to deploy capacity in these lower RASK routes because where a more price-sensitive, there should be a shallower demand or is the RASK on these routes equivalent to a metro route?

Amit Agarwal:

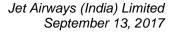
Look, I would not like to comment on a forward that where we deploy the flight, which network because at this juncture as you rightly pointed out our focus continues to be on the corporate sector which we have alluded to earlier as well that our focus has made itpossible to reach to the level of 47-48% of our domestic revenues coming out of corporate. That is clearly a very big focus area. However, considering the growth and the demand developing into the country, we continuously evaluate all the sectors, tier-1, tier-2 and tier-3 cities and according to our analysis we deploy capacities in order to make sure that we have put the right network. Second thing, we are a network carrier and we also look at not just a sector which is operating good or bad in a domestic sectorwe consider the strength that how a tier-2 city can feed into a longer international sector.

Moderator:

Thank you. The next question is from the line of Joseph from IIFL. Please go ahead.

Joseph:

I had the third question which was pending which is you refer to the accounting change because of which the capitalization of currency fluctuation that was happening earlier is now hitting the P&L. Is that hitting the operating cost line... which line is it hitting?





N. Ravichandran: It will be into the other expenses.

Moderator: Thank you. The next question is from the line of Rahul Bangadia from Lucky Investment. Please

go ahead.

Rahul Bangadia: Just a question on this Gulf routes bit. How much of our capacity is there operating on those

routes which are seeing this pressure and is there any plan to kind of reconsider the routes if at

all?

Amit Agarwal: If you look at it that we operate into the Gulf market almost let us say 20% of our overall capacity

into the Gulf market but there is no one specific route that we would like to take it out at this juncture because we continuously evaluate all the routes at all points of time and depending upon the full scale, full year structure, we decide on pulling out a route or not. So therefore, our focus is to get this route and we have got various niches available to us and we want to capitalize on this. Short-term optimization is not the right thing but we continue to optimize continuously

tactically.

Rahul Bangadia: On the debt bit, what is the repayment plan on Rs.8,000-odd crores, anything on that front, this

year, next year? The planes that you are going to take on next year, are they going to come back

on sale and lease back basis or are you going to take it them on the books?

Amit Agarwal: So all the new aircrafts which we talked about taking into the Max's we are going to take on a

sale and leaseback. Clearly, we have the amortization on the debt and we are going to make this amortization payment which is in the range of Rs.1500-1700 crores every year. To your first

question on debt, it is an amortizing debt and this maturity is on an amortizing is anything

between four to five years.

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

Please go ahead.

Devesh Agarwal: Specifically, I had some questions about your debt which is I think standing at about Rs.8,000

crores and 73% of it is dollar-denominated. Obviously, this will be impacting your CASK

numbers. What are your plans to retire this debt and its proceeds -- are you looking at equity sale,

is equity sale a possibility?

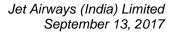
Amit Agarwal: Devesh, you know it very well that our focus on Jet Airways continues to be deleveraging story

more than Rs.2700 crores. This clearly reflects in the cash flow generation as well as improvement in finding ways to reduce the debt that has been the focus and we will continue to do so. Clearly, there is no way that Rs.8,000 crores debt can be repaid by tomorrow. So our focus

and we have clearly demonstrated in the span of last two years that we have reduced our debt of

continues to be that we will take all the cash flow generation and deploy it towards deleveraging and reducing the debt on the balance sheet. As far as equity is concerned, we would not like to

speculate on anything, we have told number of times.





Devesh Agarwal: One question about your ATR operations. How do you see it fitting into your overall group

strategy, and is there any specific impact of labor cost on your ATR operations?

Amit Agarwal: The ATR operations, we have clearly identified that it is operating between tier-2 to a tier-2 city

and this is again part of our network which I mentioned to your colleagues earlier that we consider ourselves being the network and if I get a certain traffic to be taken for an international from a tier-2 city and does not require 737, we deploy the ATR and it shows that on a short-haul market we get decent frequency in order to take care again of our corporate traffic segment.

Devesh Agarwal: Do you plan to use the RCS-UDAN Scheme to improve on to your ATR fleet?

Amit Agarwal: As you know, we evaluate this consistently and depending upon the economics available we will

decide on the second round which is coming up for bidding.

Moderator: Thank you. That was the last question. I now hand the floor over to the management for their

closing comments.

Amit Agarwal: Thank you very much to all the investors, analysts and participants on the call for taking interest

in the performance of the company and SBI CAP Santosh for hosting this call. Look forward to

talking to you in the next quarter.

N. Ravichandran: Thank you, all.

Moderator: Thank you. Ladies and gentlemen on behalf of SBI CAP Securities Limited, that concludes this

conference. Thank you for joining us. You may now disconnect your lines.