

"Jet Airways Q4 FY12 Results Conference Call"

May 25th, 2012





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LIMITED



Moderator:

Ladies and gentlemen, good day and welcome to the Q4 FY12 earnings conference call for Jet Airways hosted by Tata Securities Ltd. As a reminder for the duration of this conference, all participant lines will be in the listen only mode. There will be an opportunity for you to ask questions at the end of the day's presentation. If you should need assistance during the conference call, please signal an operator by pressing * followed by 0 on your touchstone phone. I would now like to hand the conference over to Mr. Pratik Bavishi. Thank you and over to you Sir.

Pratik Ravishi

Thank you and good afternoon everyone. On behalf of Tata Securities, let me welcome you all to the Q4 FY12 earnings call of Jet Airways India Ltd. Today, we have with us senior management by Jet Airways, represented by Mr. Sudheer Raghavan - Chief Commercial Officer, Mr. Vishwanath - Vice President Commercial Strategy and Investor Regulations. Without any further ado, let me handover the call to Mr. Vishwanath for his opening remarks. Over to you Sir.

KG Vishwanath:

Ladies and Gentlemen my name is K. G. Vishwanath. Welcome to Jet Airways fourth quarter results call. I have with me today, Mr. Sudheer Raghavan, our CCO. We will first go through the highlights of the results for Jet Airways and Jet Lite and then get to Q&A thereafter. I hope all of you would have seen both the presentation we have put up on our website as well as the results press release that we have issued. Let me take you through the key highlights and the Industry scenario after which I will take you through the detailed performance.

The Indian domestic traffic grew by 7% in Q4 FY 2012 as compared to Q4 FY 2011. As against this, our growth was significantly better at 23% (Jet + JetLite) in the current quarter vs Q4 FY2011. Jet Group continues to maintain its leadership position in the Indian aviation industry with the highest market share of 29.3% for quarter ended March 2012.

Our international operations continue to achieve high seat factors and healthy operating margins. For the quarter, we achieved a seat factor of 86.0%.

EBITDAR Margins were 9.2% and 7.9% respectively for Jet Airways and JetLite in Q4 FY12 versus 11.6% and -6.4% respectively in Q4 FY11.

Moving to the operational highlights for Jet Airways;

We achieved a system wide seat factor of 83.0% versus 77.9% in the same period a year ago. Overall yields, as measured by revenue per revenue passenger kilometer, were Rs.3.92 as compared to Rs. 3.58 in the same period a year ago. During the quarter, our domestic capacity, as measured by ASKMs, increased by 15.0% as compared to Q4 last year. As a whole, Jet Airways showed loss before tax of Rs. 2,837 million (US\$ 55.8 mio) versus a loss before tax of Rs. 1,872 million (US\$ 42.0 mio) in Q4 last year and a loss after tax of Rs. 2,981 million (US\$ 58.6 million) versus a loss after tax of Rs. 1,245 million (US\$ 27.9 mio) in Q4 last year



The breakdown of this number shows a loss before tax of Rs. 1,786 million (US\$ 35.1 mio) for the domestic business and a loss before tax of Rs. 1,051 million (US\$ 20.7 mio) on the International operations for Q4FY12. As against this, we had a loss before tax of Rs. 1,132 million US\$ 25.4 mio for the domestic business and a loss before tax of Rs. 741million US\$ 16.6 mio for International operations for Q4FY11.

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

Revenues for the period were Rs. 5,461 million US\$ 107.3 mio as compared to Rs. 4,413 US\$ 99.0 mio which is an increase of around 24 %, while the loss before tax for the quarter was Rs. 564 million (US\$ 11.1 mio) as compared to a loss before tax of Rs. 752 million or US\$ 16.9 mio for Q4 FY12.

Let me now hand it over to Mr. Sudheer Raghavan

Sudheer Raghavan:

Hi, good afternoon everybody. Our operating results for the quarter continued to be impacted due to Rupee Depreciation and high fuel cost. However, increase in fares and strict cost control measures have helped Jet Group post an operating profit (EBITDAR) of Rs. 4,124 million (US\$ 80.3 million) for Q4FY12. Full impact of the increase in fares would be seen in Q1FY13

The impact of fuel price increase for Jet Group as compared to the same period last year was INR 4,198 Million (US \$ 93.3)

Jet Group continues to maintain its leadership position in the Indian aviation industry with the highest market share of 29.3 % for the quarter ending March 2012.

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

The Indian domestic industry showed a growth of 7% for the quarter ending March 31, 2012 year on year. As against this, our growth in traffic is 23%

The industry capacity increased by 12% for the current quarter versus the same period a year ago.

Jet Airways domestic achieved a load factor of 77.1% for the quarter while Jetlite achieved a load factor of 78.4%. The share of Domestic to total revenues is 43.8% for the quarter.

The average fuel rate in Q4 for our domestic operations was around Rs 64 per litre, which was higher than Q4 FY11 rates by 23%. The domestic capacity of Jet Airways (as measured by ASKMs) for Q4 FY12 was higher by 19.9% as compared to the same period a year ago.

The domestic EBITDAR margins were 4.6% in Q4 FY12. Our Domestic operations as a whole showed a pre-tax loss of Rs. 1,786 million (US\$ 35.1 mio) versus a pretax loss of Rs. 1,132 million (US\$ 25.4 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 revenues to total revenues is 56.2% for the quarter. The average seat factors for key International routes for Q4 were as under: USA routes were 85.8%, UK routes were 91.7%, ASEAN routes were 85.7%, Gulf routes were 86.0%, SAARC routes were 76.8%, Africa route was 78.2%, Italy route was 83.7%. The EBITDAR margin on the international operations was 12.6% for Q4 FY12. Our international operations as a whole showed a pre-tax loss of Rs. 1,051 million (US\$ 20.7 mio) versus a pretax loss of Rs. 741 million US\$ 16.6 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 78.4% (vs. 77.1% for Q4 FY11) Revenues of Rs. 5,461 million US\$ 107.3 million vs. Rs.4, 413 million (US\$ 99.0 million) in Q4 FY11 EBITDAR of Rs. 425 million (US\$ 8.4) million in Q4 FY12 versus negative EBITDAR of Rs. 262 Million (US\$ 5.9) million in Q4 FY11.

EBITDAR margin was at 7.9% in Q4 FY12 versus -6.4% in Q4 FY11. Loss before tax Rs. 564 million (US\$ 11.1 million) vs. loss of Rs. 752 million US\$ 16.9 million in Q4 FY11

Turning to the current quarter and outlook:

Capacity reduction in the industry has helped the domestic airlines to increase fares and improve yields. The full impact of the same will show in the current quarter. We have not seen any adverse effect on the passenger traffic flow. Market growth has slowed down in Q4 FY12 but has picked up in April 2012. Rupee depreciation and Crude Oil prices continues to be a cause of concern. This coupled with sluggish economy could impact traffic growth to some extent in the short to medium term as the discretionary spending on travel could get affected.

We have taken various initiatives to improve our operating efficiency and revenue earning potential. We believe that the JetKonnect rebranding initiative will help us to enhance revenues. Other initiatives such as enhancing ancillary revenues, discontinuing loss making routes, sale/sale lease back of aircraft, restructuring commissions being paid to the agents are few to be named. These initiatives will play out starting the current quarter.

Our International business continues to be robust and we are achieving healthy seat factors. We are focusing on network rationalization, selectively adding flights to profit making markets such as Gulf & Middle East and ASEAN routes and pulling out of loss making routes..





Let me now close by addressing the balance sheet and our funding position for Jet Airways. Our cash position as at December was at Rs.5 billion. (US\$ 97.9 million). On balance sheet date, debt was Rs. 131 billion (US\$ 2578.6 million), which has gone down from Rs. 135 billion as of March 2011, while Shareholders funds were Rs. 11.2 billion US\$ 259.8 million. Ladies and gentlemen, let me now open the call to questions.

Moderator:

Thank you very much. We will now begin the question and answer session. We have the first question from the line of Jamshed Dadabhoy from Citigroup. Please go ahead.

Jamshed Dadabhoy:

Yeah, thank you for taking my question. Could you shed some light, we have been reading in the papers that on your international operations, you have moved out some loss making routes and there is some talk of changing the hub from Brussels to Munich. Is that correct?

KG Vishwanath:

We have taken a call on pulling out of some of the routes which are loss making. To name some of them, the Johannesburg route is one of them. The Delhi-Colombo route is one another route that we are announcing to get out of. As well as one or two other routes in to Dubai from the south of India. As regards to change of hub, there is nothing that we have in mind at this point in time.

Jamshed Dadabhoy:

Okay, could you give some light on your fleet expansion plans. You are taking delivery of wide bodies this year or is it next year?

KG Vishwanath:

We are taking deliveries of four wide bodies in the second half of the financial year as against which we will have two wide body aircraft which is basically going to have lease expiry. The net addition will be two incremental aircraft on the wide body. In terms of the narrow body, we have actually shrunk largely because the number of additions that we have to the fleet are far less than the number of lease expiries that we have.

Jamshed Dadabhoy:

If you could give some sense in terms of how you all have increased your capacities on the domestic side, it is about 22% versus the industry at 12%. Is this through seat additions or what has happened out here?

KG Vishwanath:

Largely seat reconfiguration whereby we brought down the business class cabin from anywhere between 16 to 20 seats down to 8 seats and most of them are currently operated on a 8/152 configuration.

Jamshed Dadabhoy:

Okay, thanks a lot. I will come back for more questions.

Moderator:

Thank you. The next question is from the line of Vinit Maloo from Birla Sun Life. Please go ahead.

Vinit Maloo:

I just wanted to know, I was going through the yields, and it seems that JetLite has seen a much better improvement in yields for December quarter. Is this a specific phenomenon for LCC or how is it working. Could you throw some light, how various segments have seen yield changes?





KG Vishwanath:

There were two rounds of fare increases which happened over the last six months. One happened somewhere in the middle of November at which point in time Jet full service business was already selling at a significant premium to the LCC. The large impact of that fare increase was felt by the LCC and in our case most specifically JetLite. The second round of fare increase actually happened in March 15, 2012, and the full impact of that is something which you will see on both JetLite and Jet in the first quarter of this financial year. So, in short, large part of the November fare increase was felt in the JetLite business because Jet Airways full service business was already selling at a significant premium at that point in time.

Vinit Maloo:

Sure, I believe that you have substantial part in JetKonnect as well, right, within Jet Airways standalone? So, that should have also benefited from LCC fare increase in November.

KG Vishwanath:

If you actually compare how the fares are in terms of what each airline offers, on the top you have Jet Airways, and the second level of fares are largely inline what Kingfisher offers or Air India offers, and JetKonnect is somewhere there. The LCC which includes Spice, Indigo, and even JetLite are selling further down below in terms of the fare bucket. You will actually find the JetKonnect is somewhere in between as compared to an LCC or full service.

Vinit Maloo:

Otherwise also, your premium in full service would have reduced substantially by now, is it?

KG Vishwanath:

In terms of offering, and we have said that in the past, we always use the JetKonnect configuration as the swing inventory in an environment where we believe that there are customers willing to pay the full service. We actually change the level of service to full service and in an off-peak season which is typically somewhere in the second quarter July through September, you will find that a significant amount of our capacity will go into JetKonnect.

Vinit Maloo:

Sure. Second question is on your lease rentals, just wanted to know, are they all denominated in US dollars and if yes, you know how are we dealing with that in terms of currency Fluctuations that we are seeing.

KG Vishwanath:

These are 100% in US dollars. If you look at our overall P&L, around 35% of our top line is in dollar terms and while around 45% of our cost is in dollar terms. So, we are exposed to the extent of 10% of our top line, which currently we are not hedged.

Vinit Maloo:

Okay, right, thanks a lot.

Moderator:

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

Pravin Sahai:

Yeah, my first question is related to the cost per ASKM. That is increase somewhere around 14% for Q4 and 18% for full year. As you have mentioned, dollar related cost is somewhere around 45%. So, again there is rupee depreciation. So, how you see going forward and even in the Delhi airport the charges have increased, so how you will take that increase in charges in Delhi airport also.





KG Vishwanath:

There are two kinds of charges that go up in Delhi. One is the UDF and ADF which is the direct pass through to the customer. So, no part of that cost is effectively going to sit on our P&L. There is another line item in terms of the landing charges which will increase in the Delhi airport. We are currently looking at levying a surcharge to be able to recover the increased cost of flying to Delhi.

Pravin Sahai:

Obviously with the rupee depreciation, your cost comes around somewhere around 45%, in the USD dollar that will also put some pressure, I think, going forward.

KG Vishwanath:

As I mentioned, 35% of our top line also in dollars, so we are exposed to the extent of 10% of top line. There is very little that we can do in the short term and we are not in a position to go and buy hedges at this price. So, we have to look at other initiatives and that is where we are focused on ancillary revenues and other modes of increasing our revenues something that we are putting in place now.

Pravin Sahai:

Okay, coming to like, in the press release you have mentioned the company is exploring fund to comment on the financial and operational obligations. Would you please give some light over there?

KG Vishwanath:

We have already said that we are looking at doing sale and lease back of some of our aircrafts to be able to pay down high cost rupee debt and that is something, unfortunately, we have not been able to finalize by the end of the fourth quarter. We are very hopeful that the things will work out in the first quarter as well largely also because of the fact that quite a lot of European banks based on what they were reading about some of our competitors were not very happy to increase exposure into India. Having said that we have been consistently in dialogue with over the last one or two months and we expect that you know in the current quarter we should be in a position to at least complete four of our sale and lease back transactions in this quarter.

Pravin Sahai:

Coming to debt like as you mentioned Rs. 131 billion total debt, would you please give us a mix of foreign debt and domestic denomination?

KG Vishwanath:

Around Rs. 85 to 90 billion out of that is foreign debt and another 40 billion is rupee debt.

Pravin Sahai:

As you have mentioned in the presentation and also even the actual like the difference in average fuel rate for the domestic operation and JetLite, why this difference in the fuel rate for these two segments?

KG Vishwanath:

One is dependent on the station mix and the sector mix that we have. The reason is of course, Jet Airways has got ATRs while JetLite is all Boeing fleet. You know, on ATR, average sales tax that we pay is significantly lower. So, surely sector mix and the mix of the ATRs versus 737.

Pravin Sahai:

On a fare hike, would you give some quantum like how much of an average fare hike the company has taken in the fourth quarter?





KG Vishwanath: On March 15, we took a 12% fare hike.

Pravin Sahai: Okay, thank you Sir.

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

Jaibir Sethi: Good afternoon, thanks for taking my question. Just wanted to understand how things on the

international front. There has been a bit of news flow recently where several carriers have been pulling back from India and at the same time, some of the domestic ones, Indigo for example, have been ramping up operations. Just want to understand what the competitor scenario

looking like there?

Sudheer Raghavan: On a very broad perspective, luckily the European market that drives a lot of our business, to

the exception, perhaps of Spain, the economy is pretty robust and we continue to see high traction. US is generally robust and our seat factors continue to reflect that. The forward bookings also healthy and even though, we have a scary situation in Europe, I think to a large extent, there is enough traffic from Northern Europe which we normally collect from, seems to be pretty stable. Gulf is showing us a pretty strong demand and likewise the ASEAN routes. So, international looks pretty okay, and I am very cautiously confident that we will not see a

massive fall in traffic in the international route.

KG Vishwanath: Just to add to what Sudheer has been saying, I think, we have seen good traffic traction on all

of our international routes. Where we have failed in the short to medium terms is to try and get the fares up. I think, fare increase or a yield improvement overnight is something which is that much more difficult to achieve in international business and that is why in the short to medium

term, we have been relatively unsuccessful in terms of passing on the inter middle class of fuel.

But in terms of traffic side of the story, things are looking pretty good.

Jaibir Sethi: Any worries about outbound traffic from India given what the currency has done in the last

few weeks.

KG Vishwanath: We have not seen any drop. This happens to be the peak season for traffic out of India and we

have not seen any softening in terms of pace of booking even for the travel dates in July and

August.

Jaibir Sethi: That is all from my side. Thanks a lot.

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

Rajni Khetan: Hi, good afternoon, thank you very much for the call. A couple of questions. I will go through

them one by one, maybe. The first one is how much is the domestic capacity currently offered

through JetKonnect?

KG Vishwanath: Roughly, 65% to 70%.





Rajni Khetan: Alright, have you seen any kind of tangible improvements come through from the brand

merger of JetLite and Konnect earlier this year?

KG Vishwanath: Too early to comment, what I can only say that we have seen improvement in yields, the

erstwhile JetLite yields versus the current JetKonnect yields, if you see the fare increase has

improved and strengthened by around 2% to 3%.

Rajni Khetan: Okay, and in terms of capacity, I know you have answered this question in the part earlier, but

could you give the numbers on the narrow body capacity addition over this year and the next

two years as well.

KG Vishwanath: So, we have currently roughly around 100 narrow body airplanes, which includes Jet & and

JetLite, that number will drop by around 6% to 7% by end of March 2013, and this will have an impact largely on international 737 routes. In terms of our wide body, as I mentioned to you

we are currently at 12 airplanes. We will move to 14 to 15 airplanes by the end of this year.

Sudheer Raghavan: Actually, if I may just add, if we look at the total market capacity growth tracking from April

2011, each month we saw an average capacity increase of anywhere from 15% to 20%, and it stayed in that bandwidth until March 2012 when the capacity increase fell to 4%. Now that trend has held into April as well. So, our prognosis is that going forward in the year, capacity

growth is not going to be as exuberant as it was in the previous financial year.

KG Vishwanath: Just to read more in to that, 15% industry growth was largely fuelled by Jet because we as a

group, grew our capacity by over 23% to 24%. So, we were actually one of the contributors in terms of such a high growth level in terms of capacity. If you exclude Jet on the equation,

everybody else in the industry grew at a significantly slower pace.

Sudheer Raghavan: Yeah, and the pleasant side for us is while the traffic growth also pitted down in a mirror

image. In April, it took a reverse turn and showed 9% year-on-year growth. So, what we are seeing is a tempered capacity growth with a demand growth pacing higher, despite fare

increases.

Rajni Khetan: Sure, just to clarify, are you adding any planes in the domestic/ International business in this

financial year?

KG Vishwanath: We are going to be adding around one or two airplanes in the domestic business and net-net

there will actually be a reduction in international business for narrow body.

Rajni Khetan: Okay, the next question is on your ancillary revenue. You have mentioned that you are trying

to increase your ancillary revenue, what kind of ancillary revenues you are actually looking at?

Sudheer Raghavan: This is a very very interesting question that you have raised. May be I can seek your

indulgence in explaining the global situation first and then putting ours in perspective. As many of you know, from 2008, most airlines around the world realized that it is going to be

extremely difficult going forward to remain profitable by just depending on sale of tickets and





sale of cargo space. They augmented their revenue by selling optional services at a price to their consumers. In 2010, the total revenue collection for ancillary revenue was in the region of about \$18 billion. By 2011, that grew to about \$32.5 billion. Now, the US legacy carriers lead the charge and then quite a few European LCCs the suit, one or two Gulf carriers and many Asian carriers in the Far East. The surprising thing is has any Indian carrier got into the game? This despite us having one of the highest seat-mile cost and lowest seat-mile revenue. It is something of a strange phenomenon that has to be corrected quickly. If you look at the average percentage of ancillary revenue earned by the carriers who are long in the curve, close to anywhere from 18% to 20% of their total revenue come from sale of ancillary services. The more modest carriers in the lower end are hovering at about 2% to 5%. I would say that ours is even lower than that. So, my goal is to see how over the next two to three years to build our ancillary revenue portfolio to somewhere in the league of the high earning carriers. The highest earners earn close to \$40 per uplifted passenger. So, there are some very compelling reasons for us to say that we really need to start changing our model and start selling optional services and from a consumer perspective, I think it is a meaningful thing to do rather than charging all sundry the same fare. The concept of allowing people to pay for what will enrich their travel experience is increasingly becoming more sensible thing to do.

Rajni Khetan: Sure Sudheer, can you specifically tell me which optional services would you offer?

Sudheer Raghavan: I think, there is buy on board food; there is preferred selection of seats, lounge facilities,

preferred check-in. There is a potential to sell miles to companies who want to revert their good customer. So, the list is endless. In fact, I have seen more and more airlines getting very

creative at building new sources of ancillary revenue.

Rajni Khetan: Sure.

Moderator: Thank you. We have the next question from the line of Jasdeep Walia from Kotak Securities.

Please go ahead.

Jasdeep Walia: Good afternoon. What are the debt repayments due in the next year, FY13?

KG Vishwanath: Roughly around Rs. 1500 crore.

Jasdeep Walia: Can you split it in to dollar and rupee denominated debt?

KG Vishwanath: Two-thirds of that will be dollar and one-third is rupee.

Jasdeep Walia: Okay, how you are planning to refinance this? I mean, it would be difficult for your business to

generate enough cash flows to repay this.

KG Vishwanath: Based on FY12 number, it will be difficult but we don't know how FY13 is going to come

through. Having said that as I mentioned to you, we are looking at sale and leaseback of our aircraft which is basically going to help us release cash which is basically going to help us if

the need arises to lead on something like this.





Jasdeep Walia: Okay. Have you made any other arrangement with domestic banks?

KG Vishwanath: We constantly keep talking to banks and we are in the final stages of negotiation for raising

some more rupee debt from them.

Jasdeep Walia: This dollar loan, which will be repaid is currently at around 3.8%.

KG Vishwanath: That is correct.

Jasdeep Walia: Thank you, that is all.

Moderator: The next question is again from the line of Jamshed Dadabhoy from Citigroup. Please go

ahead.

Jamshed Dadabhoy: Yeah, just following up on that, could you give some disclosure how much cash you generated

from sale and leaseback for FY12 and development rights that you sold? Just the cash, not the

profit, the profit number I can see.

KG Vishwanath: From the development rights, we took Rs. 500 crores. From the sale and leaseback, we had

engines which did a sale and leaseback and we generated Rs. 75 crore.

Jamshed Dadabhoy: This is on the cash flow. Any thoughts on how much you are going to generate in the FY13

from sale and leaseback either engines or planes?

KG Vishwanath: From looking at gross sale procedure of around \$200 million, which would involve 10 to 12

planes. This would be in a staggered manner through the year.

Jamshed Dadabhoy: You mentioned something on restructuring of commissions to travel agents. Could you divulge

how much of your total commission was to travel agents in FY12 and how much you think you

will cut this down and how you will do that?

KG Vishwanath: Let me rephrase that. At one point in time when the market was heavily competitive, there was

a PLB structure that we were paying to quite a lot of our agents. We are looking to now to make that completely volume dependent and not have a standard rate that we pay out to everybody. It is going to be based on specific targets that we go and work with the agents, both

MNC as well as the Indian agents.

Jamshed Dadabhoy: Vishy, when do you all take the delivery of 787?

KG Vishwanath: Currently, we are looking at FY-2015 delivery date.

Jamshed Dadabhoy: So, how many planes will you all induct then?

KG Vishwanath: Two airplanes in that year. Two more in the next two years thereafter.



Jamshed Dadabhoy: So, could you share the total seats offered by the industry in FY12, domestic?

KG Vishwanath: It was around 85 million seats.

Jamshed Dadabhoy: How much of this in FY11?

KG Vishwanath: That was a growth of around 22%, 73 million in the previous year.

Jamshed Dadabhoy: Okay, last question from my side. The two rounds of fare increases cumulatively, how much

do they amount to?

KG Vishwanath: As I mentioned to you, the first round of fare increase in November did not impact the full

service business that much but it impacted the JetLite business. That was roughly around 8% to 10%. Second round fare increase which impacted all carriers including the full service business as well as LCCs, that is around 12%. So, one on top of the other will give you around 23 odd percentage. That 23% fare increase you will see largely in the LCC business. The full service

business is anywhere between 12% to 15%.

Jamshed Dadabhoy: Full service business, 12% to 15%. And any thoughts on FDI in aviation and the government

keeps talking about and press keeps talking about it. What is your view?

KG Vishwanath: No specific thoughts.

Jamshed Dadabhoy: Thanks, I will come back for more questions.

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

Please go ahead.

Mahantesh Sabarad: Thank you. I have one query. I noticed your statements showing that net reserve surplus

without reevaluation reserve is Rs. (-484 or -485) crore for the year ended on a standalone entity basis, whereas it is about Rs. 16 to 76 crore for consolidated entity. Does that build

pressure on you to pump in equity into the company?

KG Vishwanath: We have always mentioned that at the right opportune moment and at the right price, the

promoter is willing to dilute equity but we are not sure if this is the right time or even if we get

the right kind of investors to take equity in the airline.

Mahantesh Sabarad: Your auditors would have commented upon this and mentioned the need for increasing the

equity.

KG Vishwanath: Auditors have commented on the ability of the airline to raise cash, not necessarily equity and

that is the reason why instead of raising straight equity we are looking and doing sale and

leaseback which will help us to release our equity which is stuck into these assets.





Mahantesh Sabarad: You mentioned, 12 aircrafts that you wanted to do sale in fact this year, if I understand you

have a portfolio of about 34 aircrafts which are unencumbered.

KG Vishwanath: 41 narrow body aircraft.

Mahantesh Sabarad: Okay, then again, on this fleet reduction that you talked of in the domestic side, how many

ATRs will go out and how many narrow body will go out?

KG Vishwanath: It is going to be largely 737, because even though we have ATR expiry, we have also no ATR

coming through. So, net-net, the ATR fleet is not going to shrink, it will be the 737 fleet which

will shrink.

Mahantesh Sabarad: Okay, just one more question, it may sound a little repetitive, but what is the debt on your

book. I heard you have mentioned about Rs. 13000 crore.

KG Vishwanath: Rs. 13100 crore as of March '12, Rs. 13500 as of March '11, but in the 13100, there is a

number of 1000 crore which is the impact of FOREX loss which is also being capitalized. So

net-net we repaid around Rs. 1500 crore year-on-year.

Mahantesh Sabarad: How did you repay, you mentioned, one I understood is you repaid through cash flow from the

development right sales of the BKC plot. That is about Rs. 500 crore. How did you manage the

balance Rs. 1000 crore, 75 would have come from...

KG Vishwanath: There were other loans that we drew down from banks which were short term in nature which

helped us tied over this cash flow.

Mahantesh Sabarad: There was a refinancing that you did of about Rs. 1000 odd crore for this year FY12, and such

a regular move would have come at a costlier interest rate?

KG Vishwanath: Around 1% to 1.5%.

Mahantesh Sabarad: Okay, I will just quickly squeeze in one question if you allow me. Is it fair to say that to be

able to avoid refinancing once again this year that is FY13, your EBITDA margin for the year

as a whole has to be around 17% to 18%, just hypothetically.

KG Vishwanath: Yeah, 15% for sure, but having said that more importantly we should be in a position to do all

the sale and leaseback and release that equity. That is more important for us.

Mahantesh Sabarad: Right, any lease rental increases that you will say apart from those for the two wide bodied

aircrafts induction?

KG Vishwanath: No, none at all.

Mahantesh Sabarad: Okay, thanks for answering my questions.





Moderator: Thank you. We have the last question form the line of Rashesh Shah from ICICI Securities.

Please go ahead.

Rashesh Shah: Sir, your international segment is doing quite well, and I guess there is domestic and

international mix of about roughly 50-50. So, will there be a change in mix going forward, or will there be more shift towards international operations since it is performing quite well

compared to the domestic in all plane groups in overall profitability.

KG Vishwanath: I do not think we can say that there will be a stronger focus in the international network as

opposed to the domestic network. We cannot ignore the growth story within the India. Year-on-year, even though the growth rate has come down it is still a commendable growth rate and it is not something which we can ignore. So, the focus in India would be to judiciously build our network and work on improving the yields and start to develop new sources of income like ancillary income. Focused on the international network also will be to consolidate and improve our yield where possible. Given that we have four wide bodies coming in, etc., we need to build a network that continues to grow at a reasonable pace every year. We do not want chew more than what we can digest, but we need to chew some extra every year and that will be our

modus operandi for the international network.

Rashesh Shah: Sir, one more question, is there any development happening on direct ATF import side?

KG Vishwanath: None at all.

Rashesh Shah: Okay, that is it from my side.

Moderator: Thank you. I would now like to hand the floor back to Mr. Pratik Bavishi for closing

comments. Over to you Sir.

Pratik Bavishi: Thank you. On behalf of Tata Securities, I would like to thank the senior management of Jet

Airways and also the participants of this call for taking your time out to understand more about

the airline industry and Jet Airways in particular.

Moderator: Thanking all on behalf of Tata Securities Ltd. That concludes this conference call, thank you

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