

# "Jet Airways (India) Limited Q2 FY2017 Post Results Conference Call"

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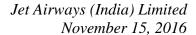
(INDIA) LIMITED

MR. GAURANG SHETTY - WHOLETIME DIRECTOR - JET

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**Moderator:** 

Ladies and gentlemen, good day and welcome to Jet Airways Limited Q2 FY2017 post results conference call, hosted by SBI Cap Securities. 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 the operator by pressing "\*" then '0" on your touchtone phone. I now hand the conference to Mr. Mahantesh Sabarad from SBICap Securities. Thank you and over to you Sir!

**Mahantesh Sabarad:** 

Good evening all. It gives us at SBICap Securities a great pleasure to host the Q2 FY2017 post results conference call of Jet Airways. We have with us the senior management of the airline to take the call. I will now handover the call to Ravichandran to take the call forward. Over to you Ravi!

N. Ravichandran:

Thanks Mahantesh. A very good evening to all. My name is N Ravichandran. Before we begin this call this evening wish to highlight that certain statements made during this call which relate to future business financial performance and future events or developments may be 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 handover the call to our CFO and acting CEO Mr. Amit Agarwal. Thanks.

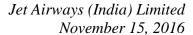
**Amit Agarwal:** 

Thanks Ravi. A very good evening to all of you. Myself Amit Agarwal, CFO and Acting CEO of Jet Airways and I am pleased to extend a very warm welcome to this earnings call organized by SBICap. I am extremely grateful to all of you for your time and interest that you have shown in our company.

It is a pleasure to be here with our team and I am accompanied by Gaurang Shetty, Wholetime Director, Jayaraj Shanmugam, Chief Commercial Officer and N. Ravichandran – VP Finance. Now I would like to commence the overview of our Second Quarter and first half fiscal 2017 performance.

Despite being a lean season and a traditionally weaker quarter for aviation, we reported a net profit of 84.9 Crores at the consolidated level with sixth profitable quarter in a row. Our continued network optimization results in overall improvement in aircraft utilization of Boeing 737 the backbone of our fleet by almost 3% from 12.9 hours in second quarter fiscal 2016 to 13.3 hours in second quarter fiscal 2017. Improved utilization of our fleet has effectively increased ASKS in this quarter by over 7.2% in the international market primarily by deploying of 777 aircraft and 5.7% for the entire operations over fiscal 2016 second quarter resulting in total ASKM of 13.2 billion.

It may be worthwhile to note that we have recorded a strong traffic growth measured in terms of improvement in our number of passengers carried by 6.3% to 6.77 million in second quarter of fiscal 2017 over the same period last year. On the back of positive operating and financial performance our focus on debt reduction continues and we reduced our net debt by 252 Crores in the current quarter.





The quarter witnessed a growth of 15% in overall Codeshare traffic and the Codeshare traffic with strategic partner Etihad Airways and its partner airlines grew by 32%.

On the operational front very recently we have significantly enhanced our connectivity to Europe and Americas through our Paris and London routes. Guests flying between India and North America will be able to connect through London Heathrow on to nine US destinations operated by Delta, which includes Atlanta, Boston, Detroit, Minneapolis, New York, Philadelphia, Portland, and Salt Lake City and Seattle. In turn Delta and Virgin Atlantic customers flying between North America and India will be able to connect with Delta Codeshare on to Jet Airways flight to Mumbai and Delhi via London Heathrow and onwards to 20 destinations within India.

We revised timing of our flight from Mumbai to Paris and as a result of the revised timing guests will now be able to connect to 25 European and more than 10 American cities over Paris. With the aforesaid enhancement Jet Airways provides unparallel option to guests travelling to the US, Canada and Europe. For instance, a guest going to New York from Bombay may now choose to hop over Amsterdam, London, Abu Dhabi or Paris. A guest may for instance hop over Paris while travelling from Mumbai to New York and choose to lay over in London in the return leg.

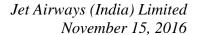
In line with our commitment to offer enhanced full service experience to guests we launched an innovative and first of its kind in-flight entertainment service in the Indian Sky. Using wireless streaming technology Jet Airways guests can now stream a wide variety of video and audio content directly on their own devices such as mobile phone, tablet and laptops redefining the way entertainment has been experienced on board.

Furthermore Jet screen, Jet Airways' in-flight entertainment service will now be available on domestic flights operated by our 737 Boeing fleet. We have also started installing the streaming facility on the 737 and by March 2017 all our 737 Boeing aircrafts will be compatible with streaming.

Let me now take you through some of the financial and operating highlights for the Jet Group in the second quarter fiscal 2017 vis-à-vis second quarter of fiscal 2016. Compared to same period last year Jet Group domestic's capacity in terms of fleet grew by 2% and in terms of ASKM grew by 3.4% and domestic passenger numbers grew by 4.9% in second quarter fiscal 2017.

At the same time in the international business the airline registered a 7.9% growth in capacity in terms of seats and 7.2% growth in capacity in terms of ASKM. The total capacity domestic plus international in terms of seat grew by 3.7% and in terms of ASKM grew by 5.7%. Total passenger numbers of the airline grew by 6.3% in second quarter of fiscal 2017 vis-à-vis second quarter of fiscal 2016.

Overall, we have achieved a seat factor of 81.7% on the increased capacity. The improvement in number of passengers carried has resulted in our consolidated gross revenue increasing by 3.2% to





Rs.5,682 Crores in the current quarter from Rs.5,504 Crores in the same quarter of last year. Yields in domestic and international markets continue to be under severe pressure primarily on account of increased capacity deployment overall in the market place. The drop in domestic average fare was around 4% whereas on the international flight the drop in average fare is witnessed to the tune of 6%.

Against a fare drop of 4% to 6% the Revenue per ASK or commonly known as RASK reduced from 4.40 in second quarter to 4.29 in the current quarter and we were able to contain this reduction to 2.3%. Other operating income includes certain income arising from end of reconciliation as well as certain credits on account of negotiations with vendors.

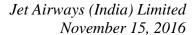
Our total cost per ASKM reduced from Rs.4.43 in second quarter of fiscal 2016 to Rs.4.41 in the current quarter a reduction of 0.4% due to lower fuel rates and other cost reduction initiatives taken by the company. CASK excluding fuel increased marginally by 1.7% from 3.28 in second quarter last year to 3.33 in the current quarter despite increase in employee cost, unfavourable exchange rate impact of more than 2% and normal yearly inflationary impact on CASK.

Reflecting upon the salary cost increase in this quarter compared to last year was due to normal wage increase as well as reaching wage settlement with certain group of employees, which included inflationary increases given to them as well as the arrears, which has been paid. There was also increase in retirement benefit liabilities due to increase in base salaries coupled with decrease in the G-SEC rate.

Further increased utilization of our aircraft and additional deployment of 777 aircrafts has resulted in the increase in the number of pilots, cabin crew and certain airport staffs in order to enhance customers experience as well. Overall we have delivered an EBITDA of 513 Crores in the current quarter. Our net profit improved by 2.5% and our consolidated reported net profit after tax in this quarter was 84.9 Crores compared to Q2 of last fiscal.

In line with our overall deleveraging strategy we recently sold and leased back two of our 737-800 and have since sold three of A330 aircraft, which were leased out to Turkish Airways for quite sometime now. These transactions resulted in one time loss of 130 Crores on A330 and one time gain or 133 Crores on 737 which are reflected in other expenses and other income respectively.

Now let me talk about the overall performance of Jet group for the first half in fiscal 2017 vis-à-vis fiscal 2016. Overall our ASKMs went up by 4.8% as compared to H1 of last year. Passengers carried increased from 12.66 million in first half fiscal 2016 to 13.34 million in fiscal 2017, an increase of 5.4% at a total seat factor of 81.3%. Overall CASK reduced by 3.7% from 4.47 in fiscal 2015 to 4.3 on fiscal 2017 while CASK excluding fuel remain almost flat at 3.27 in fiscal 2017.





In terms of EBTIDA we reported an 1176 Crores in first half compared to 1073 Crores in first half fiscal 2016, an improvement of 9.6%. Reported profit was 211 Crores for first half of this year. Overall net debt has been reduced by 433 Crores in first half 2017.

Continuing on the operational highlight for a standalone Jet Airways both domestic and international operations we carried passengers of 5.78 million in second quarter of fiscal 2016 to 6.1 million in second quarter of fiscal 2017 which is reflecting an increase of 5.6%. In terms of the ASKM it grew by 5.4% gross revenue increased by 3.1% to 5420 Crores vis-à-vis 5258 Crores in the same quarter last year. We reported a profit if 108 Crores for the second quarter of fiscal 2017.

Now specifically on the domestic operations our total share on domestic revenues comes to around 42% in the quarter. Total domestic revenues were 2,355 Crores up by 3.6% as compared to second quarter of last year. The passenger revenue from domestic operation increased by 0.7% to 1,992 Crores in the current quarter.

Domestic average fare reduced by 4% in the current quarter as compared to Q2 of fiscal 2016. ASKM went up by 3.4% when compared to 2<sup>nd</sup> quarter of last year. Domestic load factors were 81.4% at the increased capacity.

Now moving on to the international scene, international revenues were 58% of the total revenues in the quarter. Our passenger revenue from international operation increased by 3.5% to 2814 Crores in the current quarter. The ASKM increase is 7.2% compared to last year. On the other hand, international average fares reduced by 5.9% in the current quarter as compared to Q2 of fiscal 2016. Overall seat factors in the international market were 81.8%.

Now moving on to the JetLite operations, JetLite recorded a loss of 77.9 Crores in Q2 as compared to a loss of 50.3 in Q2 fiscal 2016. Total revenue increased by 8.6% to 282 Crores; however, the RASK reduced by 2.7% to 3.63 from Rs.3.74. ASKM increased by 11.6% compared to Q2 of last year. The seat factor was a healthy 79.2% in Q2 of fiscal 2017 and CASK improved by 0.3% to 4.54 in Q2 visà-vis 4.55 in Q2 of last year.

Let me take you through the details of the debt and liquidity position for the Jet crew. As on September 30, 2016 out debt on the balance sheet stood at 12,126 Crores which comprises of an aircraft debt of 3832 Crores and almost 80% of our debt is denominated in US dollar. As our deleveraging strategy continues during the quarter our net debt reduced by 252 Crores and the net debt stood at September 30 was 9,531 Crores as compared to 9,783 Crores as on June 30, 2016 and 9,964 Crore as at March 31, 2016.

Now let me briefly talk about the quarters going forward. Q3 is traditionally the quarter where both domestic and international travel shows strength. However during the upcoming quarter, yields continued to be under severe pressure in both domestic and international markets. We are seeing



promising results out of the fare choices launched in August earlier this year. What we see is that more and more our guests are able to perceive the value and benefits of different price products and opting for the fare bucket which better suits their requirement. This has helped in more customer choice and drives a better value for airlines and customers.

Our wide body aircraft leased to Etihad Airways have started to return and are being operationalised in our network. The incoming 777 has helped in upgrading our capacity. Introduction of 777 on some routes freed up the 330-capacity, which were then, utilized to upgrade some of the narrow body routes both in domestic and international sector. This in turn will help in deploying and increasing more frequencies on certain key routes.

We have deployed the incremental 777-capacity on Mumbai-Singapore, Mumbai-Dubai and Mumbai-Amsterdam routes. We plan to upgrade Delhi-Amsterdam-Toronto route as well on 777 soon. Some of the 330 capacity freed up by deployment of the 777 has been deployed on Middle-East market such as Damam and Doha and some domestic routes such as Calcutta and Delhi.

In this winter session we are introducing following routes on daily basis Dubai-Trivandram, Bangalore-Singapore, Trichy-Abu Dhabi, Kozhikode – Sharjah, Hyderabad-Sharjah. More importantly with returning wide bodies, Jet Airways is placed in a unique advantageous position to deploy high capacity aircrafts in slot constant airports such as Mumbai and Delhi. Also this provides our customers in the domestic sector an option to enjoy superior services such as flat bed seat in the business class.

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

**Moderator:** 

Thank you very much. Ladies and gentlemen we will now begin the question and answer session. The first question is from the line of Anand Krishna from Kotak. Please go ahead.

**Anand Krishna:** 

Hi Sir, good evening. My question was with respect to past experience that you guys have any strategy that you guys actually follow to fill up seats in an aircrafts? I just wanted to understand say one day before the travel date or five days or one week, one month or more than one month what is be the percentage of tickets that would actually be filled in an aircraft?

**Amit Agarwal:** 

Thanks Anand. I will ask Jayaraj, our Chief Commercial Officer to respond.

Jayaraj Shanmugam:

I am Jayaraj here. The answer to your question 0 to 15 days out about 50%, **Amit Agarwal:** Anand again this is a very average number because what happens is it is very specific on certain routes And seasonality plays a role as well. Because we are very focused on a corporate traffic and that corporate traffic is always booking closer to the departure date, thereby on certain key metro routes we see a significant higher booking closer to the departure date as well as you know that we have a large presence in the gulf sector and people are waiting for their visas. As soon as when they get their visas



they make those bookings. However, all is a very relative number because it changes completely on the seasonality, time of the flight, and day of the week as well as the sector so this is very important that we cannot say straight 50% it is an average overall.

**Anand Krishna:** Sure sir and how it would actually be on the international front?

Amit Agarwal: Yes again it depends in different regions like for the European and the UK and American market it is

very different because it is depending upon the Visas and such things people plan their trips and again there are two types of traffic. One is the visiting family and relatives are very planned as well as the corporate. Again since our focus continues to be garnering the cooperate traffic some of the bookings

are very, very close to the departure.

**Anand Krishna:** Thank you so much.

Moderator: Thank you. The next question is from Mahantesh Sabarad SBICap Securities. Please go ahead.

**Mahantesh Sabarad:** Thanks. I think let us move on to the question after me. I will come later in the queue.

Moderator: Thank you. We have the next question from Giriraj Daga from KM Visaria. Please go ahead.

Giriraj Daga: My question is related first what is the rental income we earned in FY2016 on lease where we have

about six planes if I remember correctly six fleet.

**Jayaraj Shanmugam:** This is 60 million dollar a year.

Giriraj Daga: 60 million dollar a year and when like in FY2018 you should have assumed that should have

completely come to the nil kind of a situation or there will be some aircraft?

Amit Agarwal: So what happens is the 777s, which was leased to Etihad is returning back and that is obviously going

to generate revenues because they will operate under our network.

**Giriraj Daga:** The other income part should be nil. I agree the operation.

Amit Agarwal: No, but there are some other aircrafts, which we have leased. We have leased one more aircraft to the

Etihad Group Airline and for that we will continue with a lease income.

Giriraj Daga: If you like to look at the domestic pricing you also touched up on that it is getting very competitive

and like we have seen that Jet Airways domestic growth number is very low compared to the overall industry growth rate. So actually we should read that Jet Airways is not getting into the aggressive mode and that is why it is ready to vacate the space and focus on international travel is that the

thought process?



**Amit Agarwal:** 

Absolutely not. Giriraj first of all you see we are not in the business of just chasing a market share. We want to be very clear that the metro routes where we operate we have a significant presence with the frequency, which we maintain between one city pair. Second we also want to see that we deploy the capacity, which makes a profitably to the company and adds to the bottomline. Additionally, you have seen consistently we have been increasing our utilization of the aircraft, which adds and helps us improving the capacity utilization and improve the capacity. Third, as I mentioned earlier that our key target customer remains to be a corporate market and the corporate market travels moves around certain key metro destinations, which is mainly eight cities in the country. So that area we want to see how I maintain the market share or grow my market share in that not on an overall traffic basis. That has been a philosophy, which will continue to operate and we have been operating and we will continue to operate on the philosophy.

Giriraj Daga:

Would you be able to guide us something like what can be the ASK growth in FY2018 and would it be done like addition in the fleet or higher utilization still further possible from this level also?

**Amit Agarwal:** 

First of all, Giriraj we cannot give guidance. Second in terms of what you call aircraft utilization our endeavor because if you see before two years, it would have been very, very challenging for us to talk about a 13.2 to 13.4 hours. We started the journey from 11.2 hours and our network team and the sales team have done a phenomenal job in putting together this network so we have achieved this level. We continue to endeavor to go there plus because the 777s have come back in our operations that will clearly show and reflect upon increase in the capacity in the ASK growth.

**Moderator:** 

Thank you. We have the next question from Anshuman Dev from ICICI Securities. Please go ahead.

**Anshuman Dev:** 

Thanks for the opportunity. I just wanted though it is early days, but I just wanted to understand the impact of demonetization on the sector that you perceive as far as Q3 or Q4 is concerned?

Amit Agarwal:

I think you said yourself that it is early days. We are still looking at it. I think it will be too premature on our side to make a comment or a guess to say how it will shape up. It is too premature for us unfortunately. Maybe in the next few weeks we will know better.

**Anshuman Dev:** 

Another question is on the other operating income that you mentioned. So I assume there were certain end of lease reconciliation and renegotiations that you talked about. Can we have the number please of that one of number in other operating income?

**Amit Agarwal:** 

You see what happens is because there are various vendors with whom we have negotiated and the lease rentals, which we talked about on the returning basis, which we had given to the Etihad so this is a little complicated calculation, which has an impact in one or two quarters so it would be difficult for us to go into a specific numbers.



**Anshuman Dev:** Sir one last question is on the employee cost. Now I understand there has been this wage increase plus

your increase higher use for your Boeing 777s, but what can be the rate, which we can expect for

employee cost going ahead on a quarterly basis.

Amit Agarwal: Again as I mentioned it would be difficult for us to give a guidance, but you can consider in this

period we had almost close to 70 Crores of one off cost, which has gone into this quarter primarily

due to the arears and the change in the retiral benefits.

**Anshuman Dev:** That is very helpful. Thank you Sir.

Moderator: The next question is from Santosh Hiredesai from Edelweiss. Please go ahead.

Santosh Hiredesai: Thanks for the opportunity. Sir I am just trying to understand where we stand in terms of the fleet

now. So from last quarter I understand we have moved from 116 to 117 and with these couple of

transactions, which have gone through where we do stand today?

**Amit Agarwal:** Santosh, as you know that we have sold three 330s now so obviously that will get reduced from our

total fleet size however this has not been in our operational fleet. What has been in our operational fleet we are not reducing that because as I mentioned 777s, which we sold we have leased it back, so from an operational fleet point of view there has been no change and the 330, which was given out on

lease to Turkish that has been sold.

Santosh Hiredesai: Sir that is understood, so when I look at 117, I am assuming this also includes the aircraft, which was

given on lease to Turkish Airlines right?

**Amit Agarwal:** Absolutely.

**Santosh Hiredesai:** So out of these 117 three go off. Is that reading correct?

Amit Agarwal: Yes absolutely correct.

Santosh Hiredesai: Okay and from last quarter we were at 116. So essentially we have 116 plus one minus three is that

how?

**Amit Agarwal:** Yes that is correct. That is absolutely correct.

Santosh Hiredesai: Sir just one clarification, does it mean that in the sale and lease back now we should be looking at a

higher essential rentals coming into the P&L. Is that essentially right?

Amit Agarwal: Not really because what happens is if we consider in terms of the way we have structured it, it is

between the depreciation and the interest cost and the lease rentals broadly match the two.



Santosh Hiredesai: So essentially what you are saying is that lease rentals might go up, but your deprecation and so-

called interest expense could be coming down.

**Amit Agarwal:** Yes. So the two will offset each other.

**Santosh Hiredesai:** That is all thanks so much.

Moderator: Thank you. The next question is from Anshuman Dev from ICICI Securities. Please go ahead.

**Anshuman Dev:** Thanks for the opportunity. One more question do we have really performed very well as far as yield

is concerned from our competitor in the domestic front also we have seen a decline of 2% Y-O-Y, which has been very commendable. Would you like to give a brief colour on the particular strategies that we have followed or the current quarter scenario that you are witnessing particularly in the domestic yield and international yield has dropped more than domestic, so is there is any particular

reason for that?

**Amit Agarwal:** I think Anshuman that is a very good question, which you have pointed out. I will tell you for us the

whole strategy as we have been consistently talking to all of you that we are not just chasing the market share and sometimes what we want to do is clearly focus below a certain pricing level we are not in the market to sell. I am not talking about one or two seats that is not the matter; however, broadly the upper focus on the two strategy is we are uniquely placed that we have a premier class, which some of our competition does not have and clearly the corporate traffic, which gets inclined to the premier class as well as our JPPL program, which gives a huge loyalty and we continue to have an active membership of more than 5 million members who continue to be our loyal customers that gives a very strong revenue. Second thing we also know that being a network carrier, we connect lot of traffic, who come from the international market and go into the domestic market. That also ensures a better quality of the yield. Third thing what we also know that the traffic which we get from the Gulf

again gives a better quality because we are looking at the traffic going through Bombay, Delhi, and other gateways. On top of it we are also seeing very good quality traffic with our partnerships with

Etihad, Etihad Airlines partners as well as Air France, Delta, and KLM. So all that results into

significant improvement in proration domestic yield and that is why we continue to focus on this area. And the corporate traffic as I mentioned is going to be the key play whether it is India or overseas that

will be clearly our methodology to move forward.

**Anshuman Dev:** Thanks a lot Sir.

Moderator: Thank you. We will take the next question from Mahantesh Sabarad from SBICAPS Securities.

Please go ahead.

Mahantesh Sabarad: Thank you. Amit, I just had query related to Air France in delta Codeshare, so how much of the traffic

is coming through these Codeshare currently?



Gaurang Shetty:

At this point in time, let me begin by saying that the partnership began this year earlier on April when we switched from Brussels to Amsterdam, we currently have gone into a phase II wherein we are actively codesharing with Air France and Delta or Paris, we have started Delta over London now this October and we start virgin codesharing, so overall I think first of all I will tell you that in terms of depth and coverage in US and Europe by far I think we would have significant edge over our competition and also in terms of I would say the opportunity for Indian consumers to take a stop over in either London or Paris or Amsterdam. I think it is a great opportunity to stop over it any of these destinations on their way to or from these points. So coming back your question in terms of the numbers, the numbers have significantly increased and what has happened is that is why we have gone into phase II, so we started in April in a slightly limited manner in less than seven months we have actively gone and opened it up across the board and also our partnership has grown very well and I must confess across all three hubs now.

Mahantesh Sabarad:

Do you intend to extend these partnerships in the phase II now that you have commenced phase II that means will the coverage increase the furthermore?

**Gaurang Shetty:** 

That is the way forward. As customers start appreciating the hubs the transfer over the hubs in Amsterdam, Paris and London is to settle down and give coverage because codeshares really as a most effective way wherein we are able to settle down and cooperate with our partners in terms of the corporate traffic very clearly is where we see significant benefit wherein we actively come into agreements wherein corporate' who are based in Europe and north America will actively choose these routes to come into India and to fly within domestic India.

Mahantesh Sabarad:

Is there any of JPPL benefit rising from these codeshares specifically?

**Gaurang Shetty:** 

The underlying premise for the customer is frequent flyer program, so we have global earn and burn across all the three carriers, so yes it is supplemented with global earn and burn, so customers can earn globally on the network of Air France KLM, Delta and Virgin, so it is a global earn and burn and that supplements the entire codeshare.

Mahantesh Sabarad:

And you are deploying your own 777 on these routes?

**Gaurang Shetty:** 

Yes, we have upgraded the 777 on Mumbai, Amsterdam route and cum January we will upgrade the Delhi, Amsterdam, Toronto route as well. Also I just wanted to add on that the Paris flight which is to operate in the afternoon, now goes early in the morning at 2 o'clock giving us the entire connection in Europe to North America and Europe with Delta and Air France, so that is another significant although I say time changes that we have done with Delta and Air France.

Mahantesh Sabarad:

Does that improve the yield for you?



Gaurang Shetty: Yes, it does because then effectively we are able to offer our customers a choice of going over

London, so in the same time band at midnight, you do have a choice of either going over London, Amsterdam or Paris and also not forgetting that we also work with Etihad or Abu Dhabi and customers now have a choice of either going over the European hubs and with our partner Etihad

Airway as well. So for us it is more choice for the customers, which is beneficial to us.

Mahantesh Sabarad: Thanks.

Moderator: Thank you. We have the next question from Anand Krishna from Kotak Infinity. Please go ahead.

Anand Krishna: I just wanted to understand the difference in NPV that you can actually generate by giving an aircraft

on lease rather than actually having it on your own fleet, so what it would be the benefit in each case I

just wanted to understand that?

Amit Agarwal: Anand, this is highly complicated calculation not so straightforward you can just pick a number on

because it depends on age of the aircraft, when you enter how is the market for that particular aircraft, what is the availability, how people perceive the value erosion of that aircraft, so there are number of factors which goes into it and I think it is not easy, it is dependent upon the time at which you do, so

there is no straight math x is equivalent to y or 1.2x is equivalent to y I think little bit more

complicated in that aspect.

**Anand Krishna**: If I were to just ask with respect to Jet Airways in particular as in aircraft, which is actually come into

your fleet from the Etihad Airways, so what would be the payoff for you to run it on your own fleet?

Amit Agarwal: The lease was given at the point when we had a certain network which was the network was not

available. Today our network with the partnership as my colleague, Gaurang explained with the partnership with Air France, KLM and Delta. We see completely different mechanics of operating these aircrafts into Amsterdam, so it is our own aircraft at that point of time still our own aircraft, so

at that point of time, we had given these aircraft to Etihad so that Etihad operated those aircrafts in their network, now these aircrafts are coming back which we continue to own and gets operated in our

network.

Anand Krishna: If I were to pin pointedly ask you say leasing you used to generate around Rs.100 of I am just giving

your number say Rs.100 of income on your P&L, so what sort of revenue do you actually generate

that running at your own free to general fuel?

Amit Agarwal: Because it is going to start getting deployed now and that would start reflecting in terms of guidance,

I am not going to give guidance on this, but we know that operating the aircraft ourselves is going to be helping the entire network, so profitability cannot be just constituted on that particular item it is in

the entire network benefits which we get.



Anand Krishna: Thank you.

Moderator: Thank you. Next question is from Aashish Shah from IDFC Securities. Please go ahead.

Aashish Shah: Good evening Sir. I was a little unclear on the movement which has happened in our fleet, so you said

that you have leased one more aircraft, which takes your gross fleet to 117 from 116 and from that

point on you explained some movement which I sort you missed could you?

Amit Agarwal: Let me go back. During the quarter, we have increased one more aircraft and in now that means in

October, November we have sold three aircraft, so that would reduce to 114, so 116 plus one minus

three makes it 114 aircraft. Is that clear?

**Aashish Shah**: Sure, but now, how will the pictures on the number of aircraft on lease look up. I mean we have 10

aircraft at the end of previous quarter? Where do we stand in terms of aircrafts, which are on lease,

which we have given on lease?

Amit Agarwal: What we have given on lease there will return by end of December, we still have three aircraft on

lease as on 30<sup>th</sup> September; however, by the end of December you would see only one aircraft on lease. The other two aircrafts which is the 777 aircraft leased out to Etihad will return during this

quarter, so effectively you will have only one aircraft leased out to Etihad Partner Airlines.

**Aashish Shah:** Right and the three aircrafts, which have come back from Turkish that is the one, we have sold?

Amit Agarwal: Absolutely in any case it has not come back, they continued to be on the lease, but we have sold those

aircrafts.

Aashish Shah: Right, so they are no longer part of your gross fleet as before.

Amit Agarwal: Absolutely.

Aashish Shah: Thank you very much.

Moderator: Thank you. The next question is from Rajani Khaitan from CLSA. Please go ahead.

Rajani Khaitan: Good evening. Thank you for taking my question. Amit I know you have already commented upon

the demonetization impact or what process could it have on your prospects really, but I just wanted to check what impact did you see from the airlines from being allowed to continue selling or continue accepting 500 and 1000 notes at the airport counters and also what percentage of your total ticket

sales or traditional travel agent and what percentage of that do you estimate as in cash sales?



Amit Agarwal: First of all to give you the answer on the first one obviously there was a rush and lot of queue around

the airport counters, but in any case the airport counter sales are insignificant compared to the overall sales in today's world. So even if it has increased it has not increase substantially that can change the revenues dramatically. Now in terms of travel agents, because we operate through IATA network and we would really not know that how much a travel agent gets cash, because he moves that through a normal settlement cycle of IATA, so it is very difficult for us to estimate how much he sells the ticket

on cash basis because we get our payments through the settlement process which is managed by

IATA.

Moderator: Thank you. The next question is from Tushar Sarda from Athena Investments. Please go ahead.

**Tushar Sarda:** Thank you for taking my question. In your tie up with Delta and Air France, would it be possible for

Jet Privilege members to book seamlessly on your website?

**Gaurang Shetty**: Can you ask the question again?

Tushar Sarda: In terms of your tie up with Delta and Air France and KLM, will it be possible for Jet Privilege

members to book seamlessly on website? Because currently on Etihad you cannot book seamlessly

right, we have prove the debt?

Gaurang Shetty: That is right. There is a project on board to make that seamless from net base as well at this point in

time yes, the transactions are separate on two different websites, yes there is a process to make that

seamless on the web as well.

**Tushar Sarda**: By when more that be done?

**Gaurang Shetty**: At this point in time looking ahead first quarter 2017.

Tushar Sarda: Thank you.

Moderator: Thank you. As there are no further questions from the participants. I now hand the conference over to

Mr. Mahantesh Sabarad for closing comments.

Mahantesh Sabarad: Thank you all for patiently listening onto the conference call and I thank the management of Jet

Airways for answering all the queries. Thank you once again Sir.

Amit Agarwal: We would like to thank all investors, analysts and participants on the call for taking interest in the

performance of the company and especially Mahantesh and your team for hosting this call. Thank

you.

Mahantesh Sabarad: Thank you all.



Moderator:

Thank you very much. Ladies and gentlemen, on behalf of SBICap Securities that concludes this conference call for today. Thank you for joining us. You may now disconnect your lines.