

Jet Airways Limited
Q2FY10 Earnings Conference Call
October 28, 2009

- Moderator: Good afternoon ladies and gentlemen. I am Gaurav, the moderator for this conference. Welcome to the Jet Airways Conference Call hosted by IDFC-SSKI Securities. For the duration of the presentation, all participants' lines will be in the listen-only mode. After the presentation, the question and answer session will be conducted for participants connected to International Bridge. After that, the question and answer session will be conducted for participants in India. I would now like to hand over the floor to Mr. Nikhil Vora of IDFC-SSKI Securities. Thank you and over to you sir.
- Mr. Nikhil Vora: Thanks Gaurav. It is a pleasure to welcome you all for this Q2 FY10 earnings conference call for Jet Airways. We have with us the senior management of Jet Airways, Mr. Saroj Datta, Executive Director; Mr. Sudheer Raghavan, Chief Commercial Officer; Sivakumar, Senior VP, Finance; and Vishy, Vice-President, Commercial, Strategy, and Investor Relations. I will hand it over to Vishy to make the initial comments and then we can take it from there and start the Q&A post that. Over to you Vishy.
- Mr. K. G. Vishwanath: Thank you Nikhil. Ladies and gentlemen, welcome to the Jet Airways second quarter results call. We will first go through the highlights for the results of Jet Airways and JetLite and then get to the Q&A thereafter. I am sure most of you all would have taken a look at both the presentation and financial statistics that we have put up on our website as well as the press release that we have issued in this regard. Let me take you through the key highlights as well as the industry scenario, after which I will hand over the floor to Mr. Datta who will take you through the detailed performance. The domestic air traffic market has started to show some signs of recovery in the current quarter; however, the lean season and consequent low yields have impacted the top line for the quarter. The Q2 FY 2010 industry capacity has increased by 5.4% as compared to the same period last fiscal. As against this, there was an increase in the overall passengers traveled for Q2 FY10 by close to 24% as against the same period a year ago. This suggests that the achieved seat factor for the industry has gone up and is currently in the high 60s, low 70s. Our passenger market share for the quarter was at 17.8% for Jet Airways and 7.6% for JetLite. Despite the heavy cancellations due to our pilot strike, we have still managed to maintain our leadership position in the industry for the quarter. We continue to achieve high levels of seat factor in the international business. For Q2 FY 2010, we achieve a seat factor of 81% for the international business. The seat factors for the last few months and quarters have been consistently in the high 70s and in the low 80s. Our overall EBITDA margin was at 10.6% compared to a negative 6.1% for the same period last year.
- Moving to the operational highlights for Jet Airways, we achieved a system wide seat factor of 77% versus 66.3% in the same period a year ago. Our system wide breakeven seat factor was 94% versus 82% for the same period a year ago. As compared to this, our breakeven for Q1 FY 2010 was 86%. The increase sequentially quarter on quarter is largely due to the increase in the fuel rates which went up by 17.4% in Q2 this year versus Q1 of this year. Our overall yield as measured by revenue per revenue passenger kilometer were rupees 3.2 as compared to rupees 4.7 in the same period a year ago. This reflects the increased proportion of the international operation which currently is over 62% of our top line for the quarter. During this quarter, our overall capacity went down by 18% as compared to Q2 last year. This reflects an impact of our network and fleet rationalization exercise that we carried out in November of last year and May of this year. As compared to Q1 FY 2010, our capacity has gone up by 3.4% as compared to Q1 FY 2010 and this is largely because of capacities that we are converting to Jet Airways Konnect which is a single class product as well as the introduction of incremental flights to Middle

East and the SAARC regions. As a result of capacity reduction, our overall revenues were also down by 27% versus the same period a year ago. Our operations as a whole showed a pretax loss of rupees 4067 million or equivalent of US dollars 84.5 million versus a loss of rupees 5785 million or US dollars 123 million during the same period last year. If you break down this number, the domestic operations show a loss of rupees 3663 million or US dollars 76 million while the international operations showed a loss of rupees 404 million or US dollars 8.4 million. During the quarter, as you would all know, we were also impacted by 5 days of the pilot strike which impacted our top line and we will cover this in the latter part of the call. The capacity situation in the industry is steadily improving. The capacity growth has been under check whilst the demand continues to grow at a healthy pace. This coupled with a stable business scenario and a steady GDP growth is an ideal environment for these to go up from the current levels. Further, the impact of the cost initiatives will start to show full-blown results in the next few quarters. Over the last quarter, we have already started seeing this impact in terms of lower cost per ASKM ex-fuel.

The key operating highlights for the quarter in the case of JetLite were as under. Revenues for the period were rupees 3045 million or US dollars 63.6 million while loss after tax was rupees 1261 million or US dollars 26.2 million. As compared to this, for Q2 of FY 2009, our losses were rupees 2725 million or US dollars 58 million. These results also include an FX loss, in fact, of rupees 11.4 million for the quarter. Our EBITDA was negative rupees 350 million which gives us a negative margin of 11.6%. Let me now hand over to Mr. Datta who will take you through the results in put them in perspective.

Mr. Saroj K. Datta:

Good afternoon everyone. Let me begin with the domestic segment. The overall domestic market is showing signs of recovery insofar as traffic and industry seat factor numbers are concerned. This is largely due to economic stability and the competitive fare levels which are being offered by the airlines. The industry capacity increased by 5.4% for the first quarter versus the same period a year ago. Jet Airways has achieved load factor of 69.8% for the quarter, was in line with the industry seat load factor. JetLite achieved a load factor of 73.5%. The average fuel rate in the second quarter for our domestic operations were 38.3 rupees per liter which was lower than the fiscal...quarter two of fiscal 09 by 43%, but higher than the first quarter of fiscal 10 by 17%. Other exceptional items for quarter two in the domestic segment include the loss on mark to market transactions of INR 172.36 million or 3.6 million dollars. The domestic capacity for the second quarter of FY10 is lower by 11.7% as compared to the same period a year ago and higher by 2.5% in comparison to the preceding quarter. This also factors into account a major impact on account of the 5 days of pilot strike in September. During this quarter, we have been in the process of converting more capacity from the 2 plus full service offering of Jet Airways, full service product into a single class Jet Airways Konnect product. The full impact of this will also be reflected in the next...effectively for the next quarter. The domestic seat factor was 69.8% for the quarter as against 66.9 for the second quarter of the previous fiscal as just 11.3% for the first quarter of fiscal 10. As against October 2009, we have 17 B-737s and 10 ATR aircrafts operating under the Jet Airways Konnect brand and this represents around two-thirds of our total seat capacities that the entire company is offering. The domestic EBITDA margin in second quarter FY10 is minus 14.3% as compared to minus 2.4% in the second quarter of FY09. Our domestic operations as a whole showed a pretax profit of INR 3663 million or 76.1 million US dollars versus a pretax loss of 2886 million or US dollar 61.4 million for the same period last year.

Moving to international, our international operations have shown improving trends over the last few quarters which is evident from the seat factors achieved. The share of international operating revenues to total was 62.9% during the quarter. The average seat factors for the key international routes for the second quarter were US routes 87%, UK routes 84, ASEAN routes 76, Gulf routes 72%, SAARC routes 78%. At these levels of load factors with the exception of our ultra long-haul routes, all the other routes in the network have made profits. As a part of our initiative to

utilize excess capacity and capture market potential in the Middle East and SAARC regions, we have launched new flights between Bombay and Jeddah, between Bombay and Riyadh, both in Saudi Arabia, between Hyderabad and Dubai, between Cochin and Sharjah and the new flight between Delhi and Hong Kong. Our earlier flights that I have listed are all with 737s except Delhi-Hong Kong which is A330 operation. We have also increased the frequency to Bangkok from Bombay, that is the second frequency everyday and we have also started flights earlier this month between Bangkok and Gaya via Varanasi. These are twice weekly flights. There were still some instances of aircrafts on ground during this quarter, the impact of which was approximately a cost of US dollars 3.5 million for the quarter. EBITDA margin for international operations were plus 25.2% for quarter two of FY10 versus a negative 9.5% for the second quarter of FY09 and 22.3% for quarter one FY10. That is an improvement compared to both first quarter FY10 and the second quarter FY09. Our international operations as a whole showed a pretax loss of 404 million Indian rupees or 8.4 million US dollars versus a pretax loss of 2899 million or US dollars 61.7 million for the same period last year. The long haul operations continue to experience high level seat factors as I have indicated above earlier and with an improvement of the market conditions, corporate demand, and resulted in yield improvement. These routes are expected to break even going forward. The short haul routes have been consistently profitable as again mentioned earlier and we expect to improve the overall international performance in the coming quarter. We have postponed future deliveries of our wide-body aircraft for a couple of years and we will only selectively add new routes which justify better network revenues and result in better utilization of the remaining fleet of wide-body aircraft. There was a major exceptional item which impacted the results for this quarter and this was 5 days of pilot strike between 8th September 2009 and 12th September. The strike resulted in close to 1300...cancellation of 1300 domestic flights and around 200 international flights. These cancellations resulted in an approximate loss of revenues of around rupees 800 million or 16 million US dollars during the 5-day period. Other exceptional items for the second quarter of the current fiscal in international segment includes loss on mark-to-market transactions of INR 172.1 million or US dollars 3.6 million.

Let me now spend a moment to update you on JetLite operations. The operating results of JetLite for the second quarter are as under. They achieved seat factor of 71.8% versus 61.2% in the corresponding quarter of fiscal 09. The revenue earnings were 3045 million or US dollars 63.63 million versus 4294 million or US dollars 91.4 million in the second quarter of fiscal 09. EBITDA of minus 350 million or US dollars minus 7.3 million in the second quarter of fiscal 10 versus a negative EBITDA of 1827 million or USD 38.9 million in the second quarter of fiscal 09 and positive of 784 million rupees or US dollar 16.4 million during the first quarter of the current fiscal. EBITDA margin at minus 11.6% in second quarter of fiscal 10 versus a negative minus 43% in the second quarter of FY09 and positive 19.9% in the first quarter of fiscal 10. Revenue per RPK was rupees 2.9 in second quarter of fiscal 10 versus 4.3 in the second quarter of fiscal 09, a very significant decline. These numbers include a loss due to foreign exchange fluctuation amount to INR 11.4 million or USD 0.24 million.

To turn now to the current quarter and the outlook, domestic air traffic appears to have started reviving, as Vishy has already told you, in the last few months based on recent traffic data. This along with the peak season impact in the third quarter will help airlines to improve yields which otherwise had been severely impacted due to the recession and the lean season impact in the second quarter. On the international routes, we were able to achieve a seat factor of close to 80% and are close to breakeven as we have shown in the results I have read out earlier despite difficult market conditions. We do expect yield improvement with the peak season as well as premium demand revival in the next few quarters whilst our focus will continue to be on maximizing revenues through higher seat factor levels and improved yields. Our Jet Airways Konnect no-frills, all economy service has helped us to improve seat factor and our overall revenues in the domestic business and we are now in full-fledged operations as per our original plans. As we have mentioned

earlier, approximately two-thirds of our current domestic capacity is on Jet Konnect flight.

Let me close by addressing the balance sheet and our funding position. Our cash position as at September end was 8.4 billion Indian rupees or USD 176.2 million. Our on-balance sheet debt, the debt was 147.86 million or US dollars 3.1 billion while shares funds were rupees 33.9 million or US dollar 705 million. Ladies and gentlemen, we will now open the call for questions. Thank you.

Moderator: Thank you very much sir. At this moment, I would like to hand over the proceedings to Diana to conduct the Q&A for participants connected to International Bridge. After this, we will have a question and answer session for participants connected to India Bridge. Thank you and over to you Diana.

International Moderator: Thank you Gaurav. We will now begin the question and answer session for participants connected to the International Bridge. Please press 01 to ask a question. Again, please press 01 to ask a question. Thank you. Participants, please press 01 to ask a question. At this moment, there are no questions from participants at the International Bridge. I would like to hand over the proceedings back to India moderator, Gaurav.

Moderator: Thank you very much Diana. We will now begin the Q&A interactive session for India participants. Participants who wish to ask questions may please press *1 on your telephone keypad. On pressing *1, participants will get a chance to present their questions on a first-in-line basis. Participants are requested to use only handsets while asking a question. To ask a question, participants may please press *1 now. First in line, we have Mr. Mahantesh from Centrum Broking.

Mr. Mahantesh Sabarad: Good afternoon sir.

Mr. K. G. Vishwanath: Good afternoon.

Mr. Mahantesh Sabarad: Sir, I had a query related to your domestic yields which have fallen year on year as well as sequentially quarter on quarter. I think more worrying is the sequential fall which is about 20%. Can you help me break up the 4.49 rupees yield that you have in terms of what comes through business class out of that, what comes through Jet Konnect and what comes through the rest?

Mr. K. G. Vishwanath: I will send that information to you separately Mahantesh.

Mr. Mahantesh Sabarad: Fine, but at least can you give a color in terms of, is there a significant change in the business class related yields?

Mr. K. G. Vishwanath: In fact, business class, both yields and traffic have been pretty much stable. We have actually seen the tariff in business class actually go up from July onwards where we are carrying on an average close to 900 to 1000 passengers a day and this number was close to 800 a day in the previous quarter.

Mr. Mahantesh Sabarad: Okay.

Mr. K. G. Vishwanath: So, it is pretty much a similar yield.

Mr. Mahantesh Sabarad: And how would it be on the international side?

Mr. K. G. Vishwanath: International side, our front end or business class seat factors are again in the mid 50s for the second quarter.

Mr. Mahantesh Sabarad: Sorry, I missed that, how much?

Mr. K. G. Vishwanath: Mid 50s...

Mr. Mahantesh Sabarad: Okay.

Mr. K. G. Vishwanath: ...in the second quarter. Starting from the third quarter, we will see _____ 22:05 business class _____ third quarter on the international as well.

Mr. Mahantesh Sabarad: Fine. And just one query, I noticed your debt position has actually fallen from the year opening position, can you tell us how was that possible?

Mr. K. G. Vishwanath: Mahantesh, we have effective repayment of certain loans in the last six months as contracted. There are repayments happening every month, every quarter both for the domestic loans as well as the loans taken in foreign currency.

Mr. Mahantesh Sabarad: But then you aren't making...you didn't cash profits this quarter at least, you did cash profits last quarter.

Mr. K. G. Vishwanath: Yeah.

Mr. Mahantesh Sabarad: Am I right?

Mr. K. G. Vishwanath: Yeah, yeah, we did not make cash profits, I am aware, but there are some credits we have taken, so we have been able to make these payments in priority to other, we have taken up for settlement in the next quarter or next to next quarter.

Mr. Mahantesh Sabarad: So, you managed to do it through the means of working capital...

Mr. K. G. Vishwanath: Yeah.

Mr. Mahantesh Sabarad: ...reductions. Okay, I will...thank you for answering my questions, I will come back to you later if I have more.

Moderator: Thank you very much sir. Participants who wish to ask questions may please press *1 now. Next in line, we have Mr. Sharat Tripathi from B&K Securities.

Mr. Pramod Desai: Yeah, hi sir, this is Pramod Desai. Sir, just wanted to understand on the overall industry capacity you said that it has come down by around 10 percentage points, just want to understand how much has been the capacity reduction from our side during this entire year and is there any further capacity which you want to take out of the system in the domestic operations?

Mr. K. G. Vishwanath: Firstly, the 10% that we are talking about is the capacity reduction for Jet Airways.

Mr. Pramod Desai: Okay, that is only for Jet Airways.

Mr. K. G. Vishwanath: That is correct.

Mr. Pramod Desai: And how much do we intend more in that direction sir, in terms of is there any more capacity which would be taken out by us?

Mr. Saroj K. Datta: No. This is Saroj Datta here. No, we are not planning any further capacity reduction. As we have told you, the market has started improving. There has been a growth of 24% in the total market in terms of number of passengers carried. We have, as you know, converted several of our aircrafts from the two-class configuration to a single economy class configuration. So, effectively there will not be any reduction in seats. In fact, we will probably go back to an earlier level of seats as a result.

Mr. Pramod Desai: Okay.

Mr. Saroj K. Datta: And thirdly is that we do firmly believe now based on even the results that we have had that our capacity is not very much aligned to market requirements and also to

what the competitive scenario is and so for the present certainly we have no plans of relooking at it again or revising our capacity.

- Mr. Pramod Desai: Okay sir. And sir, this takes me back to the market question, as in what has been the capacity reduction in the market vis-à-vis our capacity reduction of 10% during this time?
- Mr. K. G. Vishwanath: Industry capacity has gone up by 5% Y-o-Y.
- Mr. Pramod Desai: It has gone up by 5%?
- Mr. K. G. Vishwanath: Yeah.
- Mr. Pramod Desai: So, I think it is normally the LLC guys who are adding capacities.
- Mr. Saroj K. Datta: That is right.
- Mr. Pramod Desai: Okay. And on the international side sir, how are we placed in terms of capacity, is there something which we need to add or drop?
- Mr. Saroj K. Datta: No, no. Once again as you know, we have already leased out 9 of our aircrafts and we again are at a fairly optimum level in terms of market penetration and market presence. Of course, we are getting pretty high load factors on most of the international routes that we are operating.
- Mr. Pramod Desai: Yeah.
- Mr. Saroj K. Datta: But with the results in the yield being what they are, we need to consolidate on these routes before we talk of adding further capacity on any of these routes or in terms of putting in different aircraft type or something and, you know, most of the regional operations have been meeting their capacities out of the domestic capacity release.
- Mr. Pramod Desai: Okay.
- Mr. Saroj K. Datta: So, no, we are not again planning any revamping of capacity right now.
- Mr. Pramod Desai: Okay, fair enough sir and thanks a lot and best of luck for the future.
- Mr. Saroj K. Datta: Pleasure, thank you.
- Mr. K. G. Vishwanath: Thank you.
- Moderator: Thank you very much sir. Next, we have Mr. Hemant Patel from Enam Securities.
- Mr. Hemant Patel: Yeah, hello sir.
- Mr. Saroj K. Datta: Yes Hemant.
- Mr. Hemant Patel: I noticed a couple of things. One, you did mention that you are going to increase the size of your domestic fleet and now you have had two-third of your fleet in Jet Konnect. What I did notice was that your cost per ASKM excluding fuel has actually gone up on a 7% Y-o-Y basis against which, you know, obviously for the other reasons, the yields have fallen, but the point is that despite going to the low cost, the cost has really not fallen. Has anything been done on the ground level to actually lower cost in the next couple of quarters?
- Mr. Saroj K. Datta: Yes, a lot of work is going on in reducing costs and, in fact, apart from...you know, once again you got to remember all the cost reductions that have been effected, the plants which have been implemented have not yet had a full year impact. You would see a greater impact going forward because several of them have taken time

to put into effect and implementation. In addition, specifically now that a substantial part of the capacity that we are operating is on all economy single class Jet Airways Konnect mode, we are looking at each item of expense, comparable items of expenses specifically for Jet Konnect and how they can be reduced. In particular, for example, like the GDS costs which are relatively irrelevant for Jet Konnect or all economy operations compared to Jet Airways and various other items, fuel consumption, engineering cost and so on, and going forward we do believe that certainly in the next two quarters, if not a little earlier even, for the Jet Konnect part of it, there will be significant reduction in the unit cost and that will obviously have an impact also on the overall cost of Jet Airways plus Jet Konnect. Please also remember when Jet Konnect started in May, we have had relatively little time to bring in the disciplines that are required in low cost operation to be able to achieve the full benefits of cost while we have unfortunately had to...naturally, not unfortunately, naturally have had to implement the fare levels and reduce the yields in order to be competitive with the other low cost carriers.

Mr. K. G. Vishwanath: And just one point, clarification on that, the ASKMs for July to September this year have been impacted because of the pilot strike. If you typically restore those ASKMs and then compare your cost per ASKMs, they will actually be lower...

Mr. Saroj K. Datta: Lower.

Mr. K. G. Vishwanath: ...than the last year.

Mr. Saroj K. Datta: Absolutely.

Mr. K. G. Vishwanath: So, that is one thing which you have to address while looking at the cost per ASKM numbers.

Mr. Hemant Patel: Okay, fair point. On international front, your load factors have been probably one of the highest that I have seen in the recent past. Can this be extrapolated for the peak season which is coming up ahead?

Mr. Saroj K. Datta: Yeah, certainly they should be better than that, certainly not lower. There is no reason for these load factors to be lower.

Mr. Hemant Patel: And is it sustainable probably going into next year and probably why has this been so high, is it only because of yields or something else which has happened?

Mr. Saroj K. Datta: No, no, yields have...yeah, certainly yields have contributed to it, but then the yield is a situation which is affected by the entire industry, it is not peculiar to Jet Airways alone and the market has started reviving. There have been capacity cuts by other airlines also. All of this has certainly helped us to attract and we are more established in the international markets in this quarter than we were there last year.

Mr. K. G. Vishwanath: I think the other key issue is, you know, over time we have built significant network capabilities and connectivity within domestic India which are not feeding very effectively to the international business. A lot of our passengers now not only alight at Bombay or Delhi or even the key gateway points but go beyond not only to points within India but also to other international points on the east like Bangkok or Katmandu or even the SAARC regions like Dhaka or Colombo. So, it is this network capability that we have built over time which is what is resulting in very high levels of seat factor.

Mr. Saroj K. Datta: And another I will add to that is very truly if you look at in international operations worldwide, seat factors at these sorts of levels, like 80% on the US route, in fact, results in what you call turn away of traffic. There is a displacement of traffic, the market is not fully adrift, but obviously you do not consider putting in more capacity or increasing the capacity of it because of the yield levels at the bottom line on

these operations, but you have got the market access and as the market, what you call, the economic situation improves and higher...it becomes possible to implement higher fares and improve the yields.

- Mr. Hemant Patel: Okay. Especially in your East Asian region, is there any escalation of pricing competition, at least in the recent past?
- Mr. Saroj K. Datta: Not very significant ones, I mean we have heard talk of some of the East Asian, South East Asian carriers like Air Asia, etc., increasing operations, but they have had only marginal increases so far.
- Mr. Hemant Patel: Okay. And just one final question sir. We have been hearing a lot of talks of leasing companies internationally actually going bust or nearing bust because of their kind of debt levels that they have and there are talks that even lease/rentals would probably increase globally. What is our take on the lease/rentals for domestic and international, are they likely to go up?
- Mr. Saroj K. Datta: First of all, as you know, not a single leasing company has folded up.
- Mr. Hemant Patel: Not yet, but there are talks...
- Mr. Saroj K. Datta: No, no, even ILFC which is supposed to be in...has been in extreme trouble because...
- Mr. Hemant Patel: Sure.
- Mr. Saroj K. Datta: ...of AIG situation, ownership by AIG, but ILFC is one of the most profitable arms of AIG. You know that and they talked of hiving it off, but Bank RBS has talked off hiving of its aircraft leasing business, but that is not because the aircraft leasing business is not doing well, but it is the question of the bank requiring more funds and it is able to...by selling it off, they are able to get cash and get more resources for the banking activity. No, there has been absolutely no real downturn in the leasing market. Aircraft lease rates appear to have stayed steady. There was some decline in the beginning, but it is now back to...almost back to normal, though not back to the 350 dollar rates that had prevailed at one time, but they are higher than they had got to at one level, at one time in recent past.
- Mr. Hemant Patel: And I am sorry, just one more final question if you don't mind. The lease/rental income which you have been getting for 9 aircrafts that you have given out on wet lease for international, you mentioned last time that the quantum of this...quite a few number of these aircrafts will be going into dry lease. Are we likely to see a significant fall in revenues and probably can you quantify what are we looking at in terms of lease/rental incomes?
- Mr. Saroj K. Datta: No, no, first of all, yes, these aircrafts are on wet leases, but only four of those aircrafts have gone into dry leases, four 777s have gone into...they are currently operating as dry lease aircrafts with British Airlines. The remaining three 777s and two A330s, both are on wet leases with Gulf Air and Oman Air respectively. The wet leases get over at the end of October and middle of November for both these transactions. We have already got two of the 777s back from Gulf Air and the third one will be back during the latter part of this week in the next couple of days and the second A330 will be back in the middle of November. I think it has just been extended up to 22 of November. We have no firm plans for leasing out these six aircrafts. The two A330s we require ourselves for our operation and the three 777s which are coming back, we currently have no plans for deployment ourselves. We are in talks with various carriers and to various other parties who have shown an interest in lease of these aircrafts, dry or wet lease. We haven't firmed up any plans as of now.
- Mr. K. G. Vishwanath: Just to clarify the impact on the P&L, to the extent the aircrafts which were wet leased, you would have seen the income line as income from wet lease, but you would also have to see the cost line which includes the cost of these pilots and

insurance and maintenance that we incur. So, to the extent the wet lease transaction falls apart and gets replaced by dry lease, you will only have a dry lease income but you will also be able to phase out all of your pilots who are not required to be able to operate. So, to the extent the income line goes down, the cost lines will also go down to the same effect.

- Mr. Hemant Patel: Okay.
- Mr. Saroj K. Datta: And just to add to that, because these aircraft is not being used by us immediately as you know or we have reduced the utilization of these aircrafts, several of the expatriate pilots whom we had recruited for these operations, their contracts have been terminated or put on hold or in the process of being, they being put on hold.
- Mr. Hemant Patel: Alright sir, that's it from my end. Thanks a lot.
- Mr. Saroj K. Datta: Thank you.
- Moderator: Thank you very much sir. Next in line, we have Mr. Saurabh Das from Sundaram BNP Paribas.
- Mr. Saurabh Das: Hello sir.
- Mr. K. G. Vishwanath: Hi Saurabh.
- Mr. Saroj K. Datta: Hi.
- Mr. Saurabh Das: Hi. Thanks for the opportunity. I had three questions. First, a clarification that rupees 80 crore revenue loss which we have mentioned due to the pilot strike, does it also take into account the reduction in fares which was followed post the strike for a limited period?
- Mr. Saroj K. Datta: Yes, it does.
- Mr. K. G. Vishwanath: It does.
- Mr. Saurabh Das: Okay. Can you quantify that if it is possible?
- Mr. K. G. Vishwanath: It is around 10% of that amount.
- Mr. Saurabh Das: Okay. And the next question is as a followup of the lease income, what was the lease income in the quarter and what do you expect for the following quarter?
- Mr. K. G. Vishwanath: The lease income for the quarter was 53 million dollars, 53.5 million dollars. Going forward, as Mr. Datta said, we only have four aircrafts which are firmed up and who are in a dry lease mode. The other five aircrafts which are being returned back, we are still in discussion, so at this point in time we cannot quantify how much of lease revenues those will bring in.
- Mr. Saurabh Das: Okay. But from 9, we will come down to 5?
- Mr. Saroj K. Datta: 4.
- Mr. K. G. Vishwanath: 9 will come down to 4.
- Mr. Saurabh Das: 4, okay.
- Mr. K. G. Vishwanath: Yeah.
- Mr. Saurabh Das: And one final question on our fund raising plans, I read through media reports that it still awaits FICB approval. What is the current situation and have we made any headway on that?

Mr. K. G. Vishwanath: We will know after the 30th when the meeting is scheduled to take up our case along with lot of other companies cases are also being listed.

Mr. Saurabh Das: Okay. And I missed the cash figure on our balance sheet, if you can repeat that please.

Mr. K. G. Vishwanath: 176 million dollars.

Mr. Saurabh Das: Okay. Thanks a lot.

Mr. Saroj K. Datta: Thank you.

Moderator: Thank you very much sir. Next in line, we have Mr. Jaimin Shah from CRISIL Research.

Mr. Jaimin Shah: Hello...

Mr. Saroj K. Datta: Hello.

Mr. K. G. Vishwanath: Hi Jaimin.

Mr. Jaimin Shah: Hi, good morning.

Mr. K. G. Vishwanath: Good morning.

Mr. Jaimin Shah: Good afternoon sorry.

Mr. K. G. Vishwanath: It is good evening.

Mr. Jaimin Shah: Yeah. Sir, I would just want to know what are the load factors for Jet Konnect and breakeven load factor for the same?

Mr. K. G. Vishwanath: The Jet Konnect load factor is around 75% for the quarter. Beyond September, we are currently running at 78% for Jet Konnect and the breakevens are in the low 80s to mid 80s.

Mr. Jaimin Shah: Okay. Thank you.

Moderator: Thank you very much sir. Next in line, we have Tanu from Quantum.

Ms. Tanu Kejriwal: Hello...

Mr. K. G. Vishwanath: Hello.

Mr. Saroj K. Datta: Hello.

Ms. Tanu Kejriwal: Hi. One is, could you tell us revenues under Jet Konnect if it is possible?

Mr. K. G. Vishwanath: Can I get back to you separately we haven't published that. We will send that you separately.

Ms. Tanu Kejriwal: Alright, okay. And could I have the consolidated debt number?

Mr. K. G. Vishwanath: 3.1 billion is Jet Airways and 100 million dollars is JetLite. So, 3.2 billion is the consolidated debt number.

Ms. Tanu Kejriwal: Alright. And consolidated cash on books would be how much?

Mr. K. G. Vishwanath: Just a moment...160 million dollars...170..170 million dollars. JetLite doesn't have a lot of cash on books, so it is around 176 to 180 million.

Ms. Tanu Kejriwal: 176 to 180, okay. And one last question from my end, I just wanted to understand more on the selling and distribution expenses, I was just comparing the domestic and the international numbers this quarter. While on the international side, you know, we have been able to bring it down by about 29%, on the domestic side they have actually gone up and that is the only expense, you know, net of interest that is actually gone up on the domestic side and even in absolute terms if you compare it is a lot higher on the domestic side, you know, vis-à-vis the international side, whichever way you look at it as a percentage of revenues or absolute term, so just wanted to understand how does it differ, how does it work really?

Mr. K. G. Vishwanath: No, basically what happens in the international markets which are outside India, most of the fares that you see are already in the net-net fares scheme offer.

Ms. Tanu Kejriwal: Okay.

Mr. K. G. Vishwanath: It is only in a country like India where you still have the concept of a basic fare or a YQ and then a commission being paid at 3% to the travel agent. So, a lot of what happens in the overall selling and distribution will also impact on account of the point of sale India contribution to the overall sales and things of that sort, but historically if you see, the commissions on the international business have been lower largely because of the kind of fares being offered in the market outside India where it is more of net-net fare.

Ms. Tanu Kejriwal: So, that is how it is going to be always is it?

Mr. K. G. Vishwanath: Right.

Ms. Tanu Kejriwal: Alright. And what is the kind of, you know, online sort of sale that we are doing right now, on the website?

Mr. K. G. Vishwanath: Around 11% of total sales are being done on website.

Ms. Tanu Kejriwal: That is for the domestic business or put together, everything?

Mr. K. G. Vishwanath: Put together, both put together.

Ms. Tanu Kejriwal: Okay, alright. Thanks, thanks so much Vishy.

Mr. K. G. Vishwanath: Yeah.

Moderator: Thank you very much ma'am. Next in line, we have Ms. Amrita from Moneylife.

Ms. Amrita: Hello...

Mr. Saroj K. Datta: Hello.

Ms. Amrita: Hello sir. This is Amrita from Moneylife. My first question is, if I am not wrong, the debt for Jet Airways stands at 3 billion dollar plus.

Mr. K. G. Vishwanath: Yeah.

Ms. Amrita: So, how do you plan to repay this debt, any revenue model in place for it?

Mr. K. G. Vishwanath: Shiv will answer that question, but just before that, I would like you to know that compared to the 3 billion dollars or a large promotion of this 3 billion dollars relates to aircrafts that we have on the books. So that is 200 or even much higher aircrafts net asset value that you will see on the asset side. In terms of repayments, the average balance maturity of this debt is around 7 to 8 years and these debts get repaid over this period.

Mr. Raj Sivakumar: Yeah, 2.2 billion is relating to the aircraft and all other things are certain things relating to the property and certain things are relating to the working capital. So, some of our debt will remain. You can take a maturity profile period of 6 to 7 years.

Ms. Amrita: Okay. And when does this 6 to 7 years end?

Mr. Raj Sivakumar: I am talking about balance maturity period will be 7 to 8 years you can take maximum.

Ms. Amrita: From hereon?

Mr. Raj Sivakumar: Yeah.

Mr. K. G. Vishwanath: Yes.

Ms. Amrita: And my second question is you just spoke of cost reduction plan, if you could put a percentage of the expected cost reduction for this fiscal?

Mr. K. G. Vishwanath: There are a lot of initiatives that we are undertaking and most of these are in the areas excluding fuel. So, we expect our cost per ASKM excluding fuel to be down by around 10% Y-o-Y.

Ms. Amrita: Okay, thank you.

Moderator: Thank you very much ma'am. Next in line, we have Mr. Anirudha Dutta from CLSA.

Mr. Anirudha Dutta: Good afternoon sir. A few questions, one was you mentioned that in the last quarter domestic capacity has gone up by 5%...

Mr. Saroj K. Datta: Yeah.

Mr. Anirudha Dutta: ...for the industry, is it on a aircraft basis or seat basis?

Mr. K. G. Vishwanath: Seat.

Mr. Saroj K. Datta: Seat. Aircraft really has very little meaning...

Mr. Anirudha Dutta: Right.

Mr. Saroj K. Datta: ...because all of us operate different configurations or numbers of seat per aircraft. So, this 5.4% is based on number of seats offered.

Mr. Anirudha Dutta: So, it would also include the increase that has taken place because of Jet Konnect?

Mr. Saroj K. Datta: Oh yes, of course, but this is industry.

Mr. Anirudha Dutta: Yeah, industry, that's right. And the other was, what is the status of the dispute with Sahara, where are you right now on that one?

Mr. Saroj K. Datta: No new development. As you know, the matter is in the High Court. The next hearing of the High Court has not yet been fixed.

Mr. Anirudha Dutta: Right. And today what is the aircraft ownership profile and any plans to do more sale and lease type deals that we have seen in the last few years?

Mr. K. G. Vishwanath: Today, we have 85 aircrafts in the Jet Airways fleet, 40 of which are owned and the balance 45 are leased.

Mr. Anirudha Dutta: 40 are owned?

Mr. K. G. Vishwanath: Yeah.

Mr. Saroj K. Datta: I mean that sale and leaseback is one of the options that we have...

Mr. Anirudha Dutta: Right.

Mr. Saroj K. Datta: ...traditionally used every year to unlock the value on our aircraft...

Mr. Anirudha Dutta: Right.

Mr. Saroj K. Datta: ...and we will continue to look at that for the current year also, but we have not firmed up any plans as of yet.

Mr. K. G. Vishwanath: But as we have mentioned, the intent is to raise close to 400 million dollars through a combination of further equity offering in the form of a QIP through sale and leaseback of aircrafts and through sale of the properties that we have in our books today.

Mr. Saroj K. Datta: And as you know, the sale and leaseback whatever we do will principally be the 737.

Mr. Anirudha Dutta: Right. And...

Mr. Saroj K. Datta: And let me clarify one more thing Anirudha...

Mr. Anirudha Dutta: Sure.

Mr. Saroj K. Datta: ...the sale and leaseback, you know, most of these aircrafts we don't own. These aircrafts are under finance leases and finance purchase, but they are assets on our balance sheet and for tax purposes. So, effectively these aircrafts will be sold by the current owners, but the leasing will continue with a new entity by us.

Mr. Anirudha Dutta: Right. But the profits when you book, those are on aircrafts which are owned by you right?

Mr. Saroj K. Datta: Yes.

Mr. K. G. Vishwanath: Right, right.

Mr. Saroj K. Datta: Profits will come to us because the market value will be higher.

Mr. Anirudha Dutta: Okay, okay, okay, right. And how many aircrafts have you deferred taking delivery of, which you mentioned that the long range aircrafts which you have deferred for two years and the advances, PDPs that you have paid on it so far, do you need to continue making...

Mr. Saroj K. Datta: No, for the deferred aircraft, you don't need to continue making PDPs. In fact, probably some PDPs have been refunded back to us also, if I am not mistaken.

Mr. Anirudha Dutta: Okay.

Mr. Saroj K. Datta: They will come up within the time schedules that are laid down in each of these aircraft agreement, purchase agreements, 36 months etc., in advance of the, I mean earlier than delivery of the aircraft. So, those schedules become operative now.

Mr. K. G. Vishwanath: In terms of immediate aircraft deliveries which we had deferred, we had 9 aircraft deliveries of JetLite which we have deferred by anywhere between 12 to 24 months and we had 5 Airbus 330 aircrafts and 2 Boeing 777 aircrafts, all of which we have also deferred.

Mr. Anirudha Dutta: Okay, okay. Thank you very much.

Mr. Saroj K. Datta: Welcome.

Moderator: Thank you very much sir. Next in line, we have Mr. Nadeem from Dolat Capital.

Mr. Nadeem Parkar: Yeah, hi. Just a quick question. I was just going through the quarter's sequential numbers. Your lease/rentals have actually increased from Q1 to Q2 by 7%.

Mr. Saroj K. Datta: Yes.

Mr. Nadeem Parkar: Can you just explain because we have got the same number of aircrafts which have been leased out, so can you just explain on that?

Mr. K. G. Vishwanath: That is also a function of the ROE, so to the extent the rate of exchange was higher in quarter two during the months between July and August, that has got an impact of higher lease/rentals for the quarter.

Mr. Nadeem Parkar: Oh, so it is currency effect.

Mr. K. G. Vishwanath: Yeah, mainly currency.

Mr. Nadeem Parkar: Right. Just to come again on the number of aircrafts leased out, you said you are going to reduce from 9 to 4, 5 are going to be...

Mr. Saroj K. Datta: Not that we are going to reduce, the remaining five are on wet lease and the wet leases are getting over or have got over.

Mr. Nadeem Parkar: Right.

Mr. Saroj K. Datta: No firm plans have yet been negotiated...not plans, no firm agreements have yet been negotiated for further leases of those aircrafts.

Mr. Nadeem Parkar: So, you are saying no firm plans of wet lease continuation, but dry lease...

Mr. Saroj K. Datta: Dry lease...no, no, just to rephrase it again, no firm agreements have yet been reached on either a wet lease or dry lease of those aircrafts.

Mr. Nadeem Parkar: Alright, alright.

Mr. Saroj K. Datta: Wet leases with the current lessors are over...lessees are over.

Mr. Nadeem Parkar: Okay, so...

Mr. Saroj K. Datta: Five of the aircrafts will have or are in the process of being redelivered to us.

Mr. Nadeem Parkar: Alright, okay. Just coming back to again your utilization numbers, your aircraft utilization per hour is close to 11 hours, 11.25, which has increased compared to last time. Are we likely to see this trend continuing or it is like going to stabilize at 11.25 or 11.3?

Mr. K. G. Vishwanath: The 11.3 has largely come about because as Mr. Datta said, for most of the Gulf operations we have utilized our night capacity which we had on the domestic 737 aircraft.

Mr. Nadeem Parkar: Okay.

Mr. K. G. Vishwanath: So, we consistently will look at improving this utilization of the 737 fleet on account of utilizing them better, but given that, you know, there are very many routes that we are going to start in the next few quarters, we will largely see the utilization numbers being more or less within this range.

Mr. Nadeem Parkar: Okay.

Mr. K. G. Vishwanath: But we look at it for JAK. For Jet Airways Konnect, we will look at trying to increase the utilization levels to be in line with what competition is doing today.

Mr. Nadeem Parkar: Alright. Again another parameter of utilization is the number of departures per aircraft.

Mr. Saroj K. Datta: Yes.

Mr. Nadeem Parkar: That has come to 4.61. As discussed in the last conference call, you said you will be somewhere in the range of 5. So, are we likely to maintain that for FY10?

Mr. K. G. Vishwanath: Departures per day, I think you should be splitting that into domestic and international separately.

Mr. Nadeem Parkar: Okay.

Mr. K. G. Vishwanath: Given that all of the wide-boy aircrafts are only being used for long haul or ultra long haul operations.

Mr. Nadeem Parkar: Okay.

Mr. K. G. Vishwanath: So, it will not add to departures per day. In terms of what we have for the domestic business, we have anywhere between 6 to 6-1/2 departures that we have or aircraft cycles that we have on a per-day basis.

Mr. Nadeem Parkar: Okay.

Mr. K. G. Vishwanath: It is largely going to remain flat given that the average sector distances in India is anywhere between 1 hour 40 minutes to 1 hour 50 minutes.

Mr. Nadeem Parkar: Right, okay, fine. Sir, can you give me the number of employees by the end of this quarter?

Mr. K. G. Vishwanath: 11,700 for Jet Airways and 1300 for JetLite.

Mr. Nadeem Parkar: 1300 for JetLite, alright. I think...yeah, last question would be on your capacity. With more and more capacity coming through Jet Airways Konnect, what do we see for FY10 and FY11, the capacity levels, your capacity is down by 18% compared to last year.

Mr. Saroj K. Datta: It will obviously increased as Vishy has said because the number of seats on each Jet Konnect flight...

Mr. Nadeem Parkar: Right.

Mr. Saroj K. Datta: ...is higher than on the Jet Airways aircraft.

Mr. Nadeem Parkar: Right.

Mr. Saroj K. Datta: So, therefore, since a larger number of aircrafts has been converted or are in the process of being converted...

Mr. Nadeem Parkar: Right.

Mr. Saroj K. Datta: ...and this is happening middle of the year...

Mr. Nadeem Parkar: Okay.

Mr. Saroj K. Datta: ...so obviously in the next financial year you will see an increase because of the full year impact of those operations unless the...yeah, that's right, I mean there is no likelihood of any change of that in FY11.

Mr. Nadeem Parkar: Alright, alright sir. That should be from my side. Thanks a lot.

Moderator: Thank you very much sir. Next, we have Mr. Mahantesh from Centrum Broking.

Mr. Mahantesh Sabarad: Sir, just a followup question to what you answered on FIPB, your approval is due on 30th listed for matters on 30th. I just wanted a clarification, I didn't understand why should you require an FIPB approval for raising equity?

Mr. Raj Sivakumar: As you are aware, the holding of this company is held by Naresh Goyal, an NRI, you know, holding through OCB, that initially was, you know, permitted investments and afterwards government had amended the rule, so we have to necessarily go through and what is going to happen right now is the sectoral cap is 49%. The investment coming from that is considered to be FDI. Anybody coming in have to got to be an FII now virtually, and anybody coming into investment in this company which is already above 49% needs some kind of clarificatory approval from government.

Mr. Mahantesh Sabarad: So, basically you are wanting the government to clarify...

Mr. Raj Sivakumar: That is for IPO time. Government did specifically approve, you know, the shares being placed with various domestic investors and also any overseas investors coming through the IPO route. They wanted this to be, you know, abundantly...clarified properly so that we don't have any problems later, you know, when this thing comes in.

Mr. Mahantesh Sabarad: So...

Mr. Raj Sivakumar: So, what will happen to the promoter holding to the extent of dilution will be taken up by FII.

Mr. Mahantesh Sabarad: But then otherwise you are not in contravention to the existing...

Mr. Raj Sivakumar: We are not in contravention.

Mr. Mahantesh Sabarad: ...FDI norms.

Mr. Raj Sivakumar: No, we are not.

Mr. Mahantesh Sabarad: So, this is mainly in the nature of being a little extra cautious?

Mr. Saroj K. Datta: And also because it is a transfer of shareholding currently off the investor Mr. Goyal as the NRI to other FII.

Mr. Mahantesh Sabarad: That means are you saying that you will have...Mr. Goyal will do....

Mr. Raj Sivakumar: No, no, no, it is a dilution...it is a dilution and the foreign money will come into the company when the shares are allotted...

Mr. Mahantesh Sabarad: Okay, okay.

Mr. Raj Sivakumar: ...so we will get that diluted. That is what he is referring to.

Mr. Mahantesh Sabarad: Okay. And this FIPB approval, is there any time bound to that, time given?

Mr. Raj Sivakumar: Generally they do it in 8 weeks' time, so this is coming up, that is what we were told, on the 30th. We will know on the 2nd or 3rd of November.

Mr. Mahantesh Sabarad: And...

Mr. Raj Sivakumar: And we will, hopefully we will get whatever is the approval that we are seeking.

Mr. Mahantesh Sabarad: And then we can assume that once you get, if you get the FIPB approval, then...

Mr. Raj Sivakumar: We will hit the market.

Mr. Mahantesh Sabarad: You will hit the market. Okay sir, okay, thank you.

Moderator: Thank you very much sir. Next in line, we have Mr. Vijay from Centrum Broking.

Mr. Vijay: Hello sir. Sir, my question was on your domestic operations. Can you give us a directional call on your yields, whether it will be higher or lower from Q2 current quarter as your Jet Konnect services are increasing, so...

Mr. K. G. Vishwanath: There are only two pointers which we can give you. Q3 is sequentially a better quarter given that it is the peak as such, October to December. Secondly, we have also seen over the last one month there have been two rounds of fare increases carried out by the airlines in general.

Mr. Vijay: Okay.

Mr. K. G. Vishwanath: Both of which have stuck at this point in time. So, the current yield that we are experiencing is around 10% to 15% higher than Q2 yields.

Mr. Vijay: Okay. But higher share of low services will not...

Mr. K. G. Vishwanath: Is not going to significantly impact because I mentioned to you out of the 25 odd thousand passengers that we carry on Jet Airways, only 800 to 1000 are business class passengers.

Mr. Vijay: Okay. And for Q4 sir?

Mr. K. G. Vishwanath: Q4 relative to Q2 is much better. It comes second in terms of the peak season. So, Q3 is the best quarter and Q4 is the second best quarter of the year.

Mr. Vijay: Okay. Thanks sir, that's it from my side.

Moderator: Thank you very much sir. . Participants who wish to ask questions may please press *1 now.

Mr. Nikhil Vora: Hi, Nikhil here. I just wanted to ask a couple of questions. One is, if you look at the fuel cost and the mix of traffic that we have today, international has already become 60% plus and the difference between the two in terms of fuel cost is around 35-40% even today. Does it mean that incrementally we will become less susceptible to higher fuel cost at least in the domestic market and that should fundamentally be very positive for us as the business mix improves?

Mr. K. G. Vishwanath: I think before answering that question, I think Nikhil we should also realize that to the extent fuel costs are lower in the international business, the yields are also very, very low. So, in comparison to the domestic yields, if you look at international yields, they are actually half of what they are in the domestic business. So, the market typically prices in the impact of lower fuel prices when you get into our international operations. Having said that, we are not going to significantly increase capacity on the domestic business at least for the next 12-18 months with the exception of JetLite conversions that you will see now and to the extent we expect markets to improve, we can go to the leasing market and get an aircraft as such, but overall I think the level of operations will remain stable for the next three or four quarters.

Mr. Nikhil Vora: Coming from the fact that, you know, our loads also on international are closer to 80%. That is obscenely high for a full service carrier anyway, so, you know, if you maintain that sort of load and if the average cost structure including fuel is pretty much in that range, would you be able to monetize the international operation much better than what we have done till date.

Mr. K. G. Vishwanath: That is most definitely. What we are now intending to do is to maintain the high levels of seat factor and start to slowly change the yield mix. Given that at 80% you are typically turning away passengers, now you will be able to start improving yields on the international routes and that is what is going to happen over the next few quarters. We wanted to go up to a particular level of base and at 80%, we believe that we have this base which we have already created and now it will be about yield improvement and yield maximization in the international business.

Mr. Nikhil Vora: Okay. The second part is this capitalization that we have, you know, all been talking about for quite some time. Assuming for whatever reason it gets delayed further on, what is our total obligations to pay over the next 12 months and assuming there is a delay in capitalization, are we in a position in our business plans right now to be able to pay off all obligations over the next 12 months?

Mr. K. G. Vishwanath: See, we have an option of going through either the equity route or also on the sale and leaseback of aircrafts. Depending on the situation, we will opt for the appropriate option.

Mr. Nikhil Vora: Okay. And what are your overall obligations to be paid for the next 12 months?

Mr. K. G. Vishwanath: We have close to 500 crores worth of aircraft loan that we have to repay and all of the other loans including the Sahara repayment will be at around 200 odd crores.

Mr. Nikhil Vora: Okay. Interest liabilities?

Mr. K. G. Vishwanath: Interest that you will see for the next six months will be around 100 million dollars.

Mr. Nikhil Vora: Okay. So, broadly say around 300 million dollars of repayments over the next 12 months?

Mr. K. G. Vishwanath: Including interest, yes.

Mr. Nikhil Vora: Okay, okay. That's it from my side. Gaurav, we will just take one last question if there is.

Moderator: Thank you sir. We have Mr. Miten Lathia from HDFC Mutual Fund. Please go ahead sir.

Mr. Miten Lathia: Good afternoon sir. Just a followup of your point on yields. Current yields being 10% to 15% higher than Q2 would be a function of the month that we are in, isn't it, average for the quarter, would that sort of an increased yield sustain or it is tough to predict as of now?

Mr. K. G. Vishwanath: No, for the quarter, there are only two weeks, as in one week fortnight that you will see in the month of November which is the first week of November, after which you will again see the peak season, you know, yield being there. So, we would still expect a 10% to 15% yield improvement sequentially as compared to Q2.

Mr. Miten Lathia: And fuel cost would be flat over Q2, I mean given current pricing?

Mr. K. G. Vishwanath: Yeah, so the average price for Q2 was around 38 rupees to a liter. In the initial few days, you will see that going up given that crude had touched 78 dollars or even 80 dollars, but I guess to the extent its retracted average should be in line with 38 odd rupees.

Mr. Raj Sivakumar: It is also linked to the rupee...

Mr. K. G. Vishwanath: ...dollar to some extent.

Mr. Raj Sivakumar: Rupee-dollar dollar how much it is going to be moving around.

Mr. Miten Lathia: Sure. And we have no fuel hedging contracts in place?

Mr. K. G. Vishwanath: No, not as of now.

Mr. Miten Lathia: Okay sir. Thank you, thank you very much.

Moderator: Thank you very much sir. At this moment, I would like to hand over the floor back to Mr. Vora for his final remarks. Over to you sir.

Mr. Nikhil Vora: Gaurav, I am presuming there are no other questions right now.

Moderator: Yeah, this was the last one sir.

Mr. Nikhil Vora: Okay, thanks. Vishy, do you want to...or Mr. Datta, you want to make any closing remarks.

Mr. Raj Sivakumar: Nikhil, I just wanted to say somebody had asked this question of maturity profile for the loans, I said 7 to 8, it is actually, you know, 10-year period is the maturity profile for the aircraft loans.

Mr. Nikhil Vora: Okay.

Mr. Raj Sivakumar: I just wanted to clarify.

Mr. Nikhil Vora: Okay, cool.

Mr. Raj Sivakumar: 737 will end in 5 years' time and, you know, all those 777 and all the long haul aircrafts, the tenure is above 12 years and we have just completed 1-1/2 years or something like that. So, you can take average 10-year period maturity profile.

Mr. Nikhil Vora: Okay, okay, I guess that answers. Do you want to any closing remarks or we can close the call.

Mr. Saroj K. Datta: This is Datta here again. I don't think there is anything more to add. Thank you all for your questions. They were very useful and we hope we have been able to correctly answer, I mean clarify all the issues that you have raised. As Vishy has said, if you have any further queries, please be in touch with him. He will give the additional information that you require. Thank you very much.

Mr. Nikhil Vora: Thanks, thanks a lot. Thanks everyone for being on the call.

Moderator: Ladies and gentlemen, thank you for choosing WebEx's Conferencing Service. That concludes this conference call. Thank you for your participation. You may now disconnect your lines. Thank you.
