Jet Airways (India) Limited
(Under Corporate Insolvency Process)

Teaser for Prospective Resolution Applicant
20 July, 2019
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1. Aviation Industry
- India
Introduction

- India is currently the third largest domestic civil aviation market in the world. Aviation is playing a key role in connecting Indians to the remotest corners of the country and to the world. With around 200 mn passenger trips annually, Indian aviation market is expected to grow more than five times to a billion trips in the next decade or two.

- India has amongst the most liberal Foreign Direct Investment (FDI) policies in aviation sector across the world. India allows 100% FDI in airports and many other associated businesses and a significant minority position in airlines.

- In December 2018, Indian aviation completed 52 consecutive months of double digit growth. The Indian aviation market is on a high growth path. Total passenger traffic to, from and within India, during Apr-Nov 2018 grew by around 15% year on year as compared to around 6% globally. India is now the seventh largest aviation market with 187 mn passengers (to, from and within India) in FY 2017-18. It is expected to become the third largest by 2022.

- India may have around 190-200 operational airports in 2040. Its top 31 cities may have two airports and the cities of Delhi and Mumbai three each. The incremental land requirement is expected to be around 150,000 acres and the capital investment (not including cost of acquiring land) is expected to be around USD 40-50 bn.

- Air cargo throughput is projected to quadruple to 17 mn tons in FY 2040. Cargo processing will be completely paperless and dwell times reduced to just 1-2 hours. India’s freighter fleet is likely to expand multifold with the growth in e-commerce. India will gradually become a transshipment hub for entire South Asia.
2. India’s untapped potential
• The unprecedented growth being witnessed in the Indian aviation market, though impressive, is significantly lower than its untapped potential. A nation of nearly 1.35 bn people, with a middle class of over 350 mn (and growing) should be flying, at conservative estimates, over 700 mn passengers per annum. The FY2018 figure of 187 mn passengers is a small fraction of that.

• The key reasons behind low air penetration in the past were manifold:
  a) Treatment of air travel as an 'exotic luxury product’
  b) Short-term approach to planning
  c) High oil prices
  d) High taxes
  e) Sub-optimal infrastructure and
  f) Shortage of skilled professionals etc.

• All this is now changing, with successive governments at the federal, state and district level realizing the catalytic effect of the aviation sector on the local economy, infrastructure, tourism and employment creation. Each of these are critical for a nation with over half its population below the age of 25, yearning for satisfying jobs and high quality of life.

• In February 2018, India's Finance Minister announced India's plans for a five-fold increase in its airport capacity to handle over a billion trips a year under a new initiative called 'NABH Nirman' (NABH - NexGen Airports for Bharat; Nirman - Development).
2. India’s untapped potential (2/2)

- In Budget 2019, Government has proposed to hike the foreign direct investment (FDI) limit in domestic air carriers from existing 49%. The government will also implement measures to make the country a hub of aircraft leasing & aviation finance.

- The National Civil Aviation Policy (NCAP 2016) signaled the government's intent to radically alter the sector's growth trajectory. NCAP’s flagship program - Regional Connectivity Scheme (RCS or UDAN) is taking flying to the masses by offering subsidized fares as low as USD 35 for a one hour flight. With a growing economy, rising incomes and supportive policy environment, the growth story is likely to continue.
3. Company Background
3. | Company Background

- JET AIRWAYS (INDIA) LIMITED ("JET") is a Public Limited Company listed on both BSE and NSE.
- The company “Jet Airways (India) Limited” has its registered office at Siroya Centre, Sahar Airport Road, Andheri (E), Mumbai - 400 099.
- Shareholding as on March 31, 2019

<table>
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<tr>
<th>Particulars</th>
<th>Current Stake</th>
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</thead>
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<tr>
<td>Promoter</td>
<td>51.00%</td>
</tr>
<tr>
<td>Etihad Airways</td>
<td>24.00%</td>
</tr>
<tr>
<td>Public</td>
<td>25.00%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>

- JET AIRWAYS (INDIA) LIMITED ("JET") was facing liquidity crunch & on 17 April 2019 temporarily suspended all its international & domestic operations.
- The cash-strapped company went into bankruptcy after the Mumbai bench of the National Company Law Tribunal (NCLT) admitted an insolvency petition filed by SBI on behalf of lenders on June 20.
- Pursuant to an order dated June 20, 2019 of NCLT Mumbai Bench, Corporate Insolvency Resolution Process (CIRP) has been initiated for Jet Airways (India) as per the provisions of Insolvency and Bankruptcy Code, 2016.
- Upon initiation of CIRP, the powers of the Board of Directors of the company have been suspended and shall be exercised by the Resolution Professional. Mr. Ashish Chhawchharia has been appointed as the Resolution Professional to take forward the CIRP process for Jet Airways.
4. Company History
4. | Company History (1/2)

• **Inception: 1992 – 2005**
  - 1992: Incorporated by Mr. Naresh Goyal (promoter)
  - May-1993: Commenced operations as an air taxi operator with a fleet of four leased Boeing 737-300 a/c
  - Jan-1995: Granted scheduled airline status
  - Mar-2004: First international flight commenced (Chennai – Colombo)
  - Feb-2005: IPO (Indian exchanges)

• **2006 - 2012: Expansion**
  - Commenced operations to the UK (2005) and the US (2007) and started the use of wide bodied a/c
  - 2006: Maintenance hangar opened in Mumbai
  - Apr-2007: Acquired Air Sahara and rebranded as Jet Lite
  - 2007: Opened Brussels gateway with flights from India – US
  - 2008: Focus on high-value regional international expansion (mainly Gulf)
3.0 | Claims from Financial Creditors and other Creditors

• 2013 - Ongoing: Strategic growth
  • Nov-2013: Etihad Airways acquired a 24% stake for a total consideration of Rs. 2,058 crores. ($380m). It further invested Rs 859 crores towards 50.1% equity investment in Jets Frequent Flyer Programme, (Jet Privilege)
  • Dec-2014: Repositioned as a single brand and uniform full-service operator
  • 2016: Strategic commercial agreement with Delta and Air France-KLM, shifted European hub to Amsterdam
  • 2017: Entered an ECA with Air France-KLM

4. | Company History (2/2)
5. Company Information
3.0 | Claims from Financial Creditors and other Creditors

• **Fleet Size**
  - The Company had a fleet size of 112 aircrafts as on 31.03.2019 (Out of which, 3 were owned by the Company, 96 were taken on Operational lease & balance 13 were taken on Financial lease).
  - As on 15.07.2019, the fleet size reduced to 12 aircrafts i.e. 6 Boeing 777, 3 Airbus 330 and 3 Boeing 737.
  - 6 Boeing 777: On Financial Lease. Out of the 6 Boeing 777, 1 aircraft is arrested at Amsterdam Airport.
  - 3 Airbus 330: On Financial Lease. 1 out of the 3 Airbus 330 is leased to International Airline.
  - 3 Boeing 737: Owned by the Company.

• **Slots**
  - Slots are allotted to airlines in two groups: Winter schedule and summer schedule. The winter schedule starts on the last Sunday of October and the summer schedule starts on the last Sunday of March.
  - Slots are governed by the IATA WSG (International Ops) and MoCA Slot allocation guidelines (Domestic Ops).
  - Prior to halting operations, the Company had various prime slots at Domestic (Mumbai, Delhi, Chennai, etc) & International Airports (Heathrow, Amsterdam, Singapore, HongKong, etc).
  - Since the Company’s operations have been temporarily suspended, the slots have been temporarily reallocated to other airlines.
  - The Company needs to provide Winter 2019 schedule by 30th September 2019 in order to revisit allocation of slots by MOCA/DGCA.
5. | Company Information (2/2)

• **Bilateral Rights**
  • Rights are allocated in terms of only frequencies or only seats or in both frequencies & seats. This is based on the way entitlements are specified under India's bilateral with that country.
  • Prior to halting operations, the Company had Bilateral rights from various countries i.e. Amsterdam to Mumbai, Heathrow to Mumbai, etc.
  • Since the Company’s operations have been temporarily suspended, Bilateral rights are temporarily withdrawn by UAE, Hong Kong, Qatar, Singapore & UK.
  • Given the dynamic situation of the company, MOCA may reassess the position in this regard at the end of S19 to ensure connectivity to/from India is not adversely impacted.

• **Codeshare Agreements**
  • Codeshare agreements are the agreements that are signed between two airlines to publish and market a flight under their own designator. The airline under codeshare arrangements puts a code on the other airline of this arrangement to sell seats in order to provide a wider network to their own passengers.
  • The Company had Code share agreements with various interline partners, 21 codeshare partners i.e. Air Canada, Air France, etc. In view of current situation of the company, as of today all the existing partner agreements are suspended until further notice.
6. Key Financials & Operational Metrics
6. | Key Financials & Operational Metrics

**Key Financials of Jet Airways**

- Provisional Unaudited Revenue from operations for the nine months ended 31st December 2018 stood at INR 183,196 Mn as compared to INR 232,865 Mn for the year ended 31.03.2018 (Audited).
- Provisional Unaudited Profit/(Loss) after tax & extraordinary items for the nine months ended 31st December 2018 stood at INR (32,082) Mn as compared to INR (7,676) Mn for the year ended 31.03.2018 (Audited).
- The Financial Borrowings as on 31st Dec 18 stood at INR 38,852 Mn as compared to INR 50,856 Mn as on 31st March 2018.
- The Short Term Borrowings as on 31st Dec 18 stood at INR 3,910 Mn as compared to INR 2,096 Mn as on 31st March 2018.

**Operational Metrics**

<table>
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<th>S. No.</th>
<th>Indicator</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019*</th>
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<tr>
<td>1</td>
<td>Fleet Size (No.)</td>
<td>112</td>
<td>120</td>
<td>112</td>
</tr>
<tr>
<td>2</td>
<td>Number of Departures</td>
<td>225,938</td>
<td>234,069</td>
<td>206,168</td>
</tr>
<tr>
<td>3</td>
<td>RASK (INR)</td>
<td>4.24</td>
<td>4.21</td>
<td>4.24</td>
</tr>
<tr>
<td>4</td>
<td>CASK (INR)</td>
<td>4.33</td>
<td>4.39</td>
<td>4.91</td>
</tr>
<tr>
<td>5</td>
<td>CASK – Ex Fuel (INR)</td>
<td>3.22</td>
<td>3.12</td>
<td>3.30</td>
</tr>
<tr>
<td>6</td>
<td>Yield (INR)</td>
<td>4.42</td>
<td>4.36</td>
<td>4.37</td>
</tr>
<tr>
<td>7</td>
<td>Pax Carried (Mn)</td>
<td>27.1</td>
<td>29.9</td>
<td>27.4</td>
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<tr>
<td>8</td>
<td>Load factor (%)</td>
<td>81.3%</td>
<td>83.6%</td>
<td>83.4%</td>
</tr>
</tbody>
</table>

* FY19 figures are based on unaudited numbers. Subsequent to the temporarily suspension of operations from 18 April 2019, substantial number of Aircrafts have been deregistered.
7. Current Status of the Aircrafts
7. | Current status of the Aircrafts

**Past Data (Dec 2018) – Owned & Leased**

- **Owned Aircrafts**: 3
- **Financial Leased Aircrafts**: 13
- **Operational Leased Aircrafts**: 101

**Present Data - Owned & Leased (Jet Airways)**

- **Financial Leased Aircrafts**: 9
- **Owned Aircrafts**: 3

**Aircraft type – Registered**

- **B777**: 6 (3 FL, 3 Owned)
- **B737**: 3
- **A330**: 3

**Location of the registered aircrafts**

- **Mumbai**: 3
- **Delhi**: 2
- **Hyderabad**: 2
- **Amsterdam**: 1
- **Etihad/Air Serbia**: 1

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8. Employee Strength
8. | Employee Strength

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<th>Particulars</th>
<th>March-19</th>
<th>June-19</th>
</tr>
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<tbody>
<tr>
<td>Number of Employees</td>
<td>13,318</td>
<td>8,845</td>
</tr>
</tbody>
</table>

Function wise Employees Data (20th June 2019) – 8,845

- Ground Services: 3,725
- Inflight Services: 1,978
- Engineering: 1,456
- Flight Operations: 992
- Corporate Services: 483
- Commercial: 211
9. Frequent Flyer Programme
9. | Frequent Flyer Programme

- Jet Privilege Private Limited (JPPL) is an independent, loyalty and rewards Management Company formed in 2014 with the aim to manage, market, operate and further develop JetPrivilege – an internationally acclaimed award winning loyalty and rewards programme.

- Jet Airways (India) Limited holds 49.9% of the JPPL programme and the rest is owned by Etihad Airways.

Jet Privilege Private Limited

<table>
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<th>Financial Year (INR Mn)</th>
<th>CY2018*</th>
<th>CY2017*</th>
<th>CY2016*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue**</td>
<td>5,731.09</td>
<td>5,408.29</td>
<td>4,877.23</td>
</tr>
<tr>
<td>EBITDA</td>
<td>1,798.51</td>
<td>2,260.74</td>
<td>1,984.39</td>
</tr>
<tr>
<td>PAT</td>
<td>1,298.16</td>
<td>1,216.43</td>
<td>928.36</td>
</tr>
<tr>
<td>Cash ***</td>
<td>8,389.37</td>
<td>8,957.69</td>
<td>5,827.87</td>
</tr>
<tr>
<td>Loans &amp; Advances from Parent Co. (if any)****</td>
<td>NIL</td>
<td>NIL</td>
<td>NIL</td>
</tr>
<tr>
<td>Loans &amp; Advances to Parent Co. (if any)****</td>
<td>NIL</td>
<td>NIL</td>
<td>NIL</td>
</tr>
<tr>
<td>External Debt</td>
<td>NIL</td>
<td>NIL</td>
<td>NIL</td>
</tr>
<tr>
<td>Outstanding's from Jet Airways India Ltd.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade receivables</td>
<td>1,135.43</td>
<td>229.93</td>
<td>425.87</td>
</tr>
<tr>
<td>Prepaid Ticket purchase agreement</td>
<td>2,824.21</td>
<td>634.80</td>
<td>853.64</td>
</tr>
</tbody>
</table>

* CY means 12 month calendar period of Jan-Dec.
** Revenue excludes interest income from fixed deposit with bank.
*** Cash include bank balance and fixed deposit with bank.
**** Parent Co. means Etihad Airways PJSC
10. Investment Rationale
10. | Investment Rationale

• Jet Airways has been a strong brand & was the preferred airlines for business travellers.

• Premium Airline - Jet Airways is known for its globally acclaimed premium service.

• Experienced Employee Pool – Jet Airways has an experienced pool of Pilots, Engineers, Technicians, etc.

• Differentiated product: Full-service carrier, 2 / 3 class product, global distribution.

• Frequent Flyer Programme: Large airline loyalty programme with 8.7m members, 5 co-branded cards, 150+ program partners, 2.5K+ award tickets redeemed daily.

• Had Strong partnerships: 20 code shares, 14+ interline relationships that bring in 16% of total revenue. Only airline in India with an ECA with AF-KL. Abu Dhabi, Amsterdam, Paris, Singapore schedules are built around partner connections. The same can be reinitiated once the airline is operational.

• When the airlines were fully operational, it used to have one third of Mumbai flying slots and one fifth of Delhi flying slots. Basis the discussions with the regulator, these slots will be considered favorably depending upon the level of operations upon recommencement.
Thank You!