

# 25 years of the Joy of Flying.

Jet Airways (India) Limited | Annual Report 2018



LOOKING BACK SOARING AHEAD



- → 21 Codeshare Partners
- → 24 Frequent Flier Partners
- **102** Interline Partners
- → 61 Through Check-in Partners

# Codeshare Partners













































## Frequent Flier Partners

















































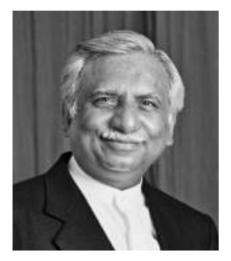


### Contents

Letter from the Chairman	02
Corporate Information	05
Operating Highlights	06
Financial Highlights	07
Notice of the 26 <sup>th</sup> Annual General Meeting	08
Board's Report	21
Management Discussion and Analysis	49
Report on Corporate Governance	53
Business Responsibility Report	71
Auditors' Report	81
Balance Sheet	88
Statement of Profit and Loss	89
Cash Flow Statement	90
Notes to the Financial Statements	93
Auditors' Report and Consolidated Financial Statements	157



### Letter from the Chairman



#### MY DEAR FELLOW SHAREHOLDERS.

On behalf of our Board members, my Management team and the entire Jet Airways family, I would like to share with you our pride and gratitude at having attained your Company's landmark Silver Anniversary this year, coinciding with the occasion of which, I am delighted to present to you the latest Annual Report of your Company.

Our 25<sup>th</sup> Anniversary in our exciting journey so far, is also an occasion to recall milestones achieved and celebrate each and every one of those path-breaking events of the past 25 years that have set Jet Airways on the road to success.

It has been our constant endeavour to infuse our Indian ethos of warm hospitality into every aspect of our operations and it has been this tireless effort that has set Jet Airways apart and enabled us to become and remain the carrier of choice for our guests globally.

I would like to take this opportunity to thank each and every one of you for standing by your airline for all these years and enabling us to grow from strength to strength as we look forward to our journey ahead.

As you know, not too long ago we had laid out a three-year roadmap to return your company to profitability. We hit that target a year early and followed it up with another profitable year in FY 2016-17.

In fiscal 2018, although our overall revenue increased from  $\ref{24,175}$  Crores in FY 17 to  $\ref{25,177}$  Crores in FY 18, your company reported a consolidated loss of  $\ref{636.45}$  Crores due to increase in costs beyond our control, which has impacted our results.

Key external factors that slowed down our momentum were, weakening of the Indian rupee, around 16% increase in Brent rates with consequent rise in fuel costs, industry's inability to pass on increased costs to the consumer and no corresponding increase in ticket fares. In addition, there was a considerable increase in Maintenance, Landing & Navigation costs during the year.

Operationally we took every step possible to maintain a sharp focus on costs and worked to reduce our net debt. Our non-fuel Cost per Available Seat-Kilometer (CASK) fell by 1.8%. Fleet utilisation went up. Our Boeing 737s especially, logged 13.52 hours in service every day. This ranks among the highest utilisation rates for any 737 aircraft fleet in the world.

Our available seat kilometres (ASKMs) – which is a measure of a flight's passenger carrying capacity increased by 8.9% to 58,228 million in FY 18 compared with 53,476 million in FY 17, which led to a rise in passenger numbers from 27.15 million in FY 17 to 29.95 million in FY 18. Load factors too grew by 2.3% points to 83.6%.

We have completed 12 successful months of operations from our new Gateway at Amsterdam. Amsterdam has witnessed strong growth within a year of its operation enabling us to deploy B777-300ER services on the route between India and Amsterdam, offering first class service as well as facilitating record cargo uplift.

To gain out of our partnership with Air France, KLM, Delta we have launched two new services into Europe Bangalore-Amsterdam & Chennai–Paris. Most crucially, though, this agreement complements Air France-KLM and Delta Air Lines' transatlantic partnership between Europe and North America. This allows us to offer guests multiple options and seamless access to 106 destinations in Europe and over 200 in North America alone. Your airline also expanded codeshare with Virgin Atlantic to 9 points in the US via London Heathrow and with Delta, 30 additional domestic US codeshare destinations were added.

We have also introduced a third daily frequency to London from Mumbai. Introduction of 4 weekly non-stop flights between Mumbai-Manchester in the near future is also on the anvil. With this addition of our 5th non-stop service to/from the UK, Jet Airways will also become the largest non-stop carrier between Mumbai and the UK.



During the year, as part of our network expansion plan, we have increased our capacity between our metros and emerging cities such as Indore, Jaipur, Dehradun, Silchar, Bagdogra, Madurai, Mangaluru, adding 30 new flights a week. We now operate 184 flights every week, enabling our guests from the emerging cities to connect conveniently with the rest of India and with our international network. We have also announced the commencement of operations on three of the four routes your airline has been awarded as part of the Government's landmark 'UDAN' Regional Connectivity Scheme.

On the international side of the business, our highly successful and renowned Jet-Etihad alliance once again carried more passengers on the key Indo-Gulf route than any other airline in the world.

Your airline has also added frequencies between India and Nepal, providing guests with greater choice while doubling its capacity on the sector. New international flights from Bengaluru to Singapore and Colombo were also launched during the year, enhancing connectivity as well as capacity to ASEAN and SAARC regions including deployment of B777 from Mumbai to Singapore. Additionally, your airline enabled guests to connect to Shanghai & Kunming in China through codeshare with China Eastern Airlines.

Complementing our efforts to deliver exceptional value to our guests, your airline has attempted to redefine its classic inflight duty free offering 'Jet Boutique' by taking it online and introducing a unique, pre-order facility. We were also the first Indian airline to forge an industry-first partnership with Airbnb - the world's leading community-driven hospitality company. Through our partnership, we can now offer our guests a wide spectrum of rapidly growing, global hospitality choices from India, thereby establishing a deeper connect with the new-age Indian traveller.

Also, in line with our Guest First philosophy, we continue to work towards enhancing customer satisfaction through continued focus on OTP on which we continue to lay great emphasis and importance and accord highest priority to safety.

We have always taken pride on being at the forefront of technological innovation. To that end we have placed an order for cutting-edge, super-efficient Boeing 737 MAX aircraft, which will not only replace older aircraft but also expand the size of your company's fleet. The new aircraft will further drive cost and operational efficiencies, while offering guests an enhanced travel experience, allowing your Company to take great strides down the path laid out in our turnaround plan.

"Jet Screen", our pioneering wireless streaming service now covers 80% of your airlines' Boeing 737 fleet, which provides our guests with 300+ hours of entertainment through this system ranging from Hollywood, Bollywood and Regional movies in various genres. Meanwhile, initiatives like #JetAdvance, Fare Choices, Baggage Drop, the unique Global Pass, Seat Select, Priority Advantage, Fare Lock and the recently launched JetUpgrade are initiatives that offer both convenience and add an additional stream of ancillary revenue for your Company.

Our award-winning JetPrivilege loyalty program continues to grow. Last year, we surpassed the landmark 5 million-member milestone. This year, membership grew 30% to 8 million as we added new digital platforms, and introduced new benefits for our valued Jet Privilege members by welcoming 2 airline partners and 41 non-airline partners into the programme. Little wonder then that Jet Privilege has also won as many as 9 awards across different categories at "Customer Loyalty Awards and Customer Experience Awards" These awards are part of "The Customer Fest Show 2018."

For the second consecutive year, your airline was the official Airline Travel Sponsor for one of India's leading sports events - the Tata Mumbai Marathon 2018, which saw attendance swell to over 40,000 runners from across the country, including 162 members from our Jet Airways family. Your airline was also the official Airline Partner of the Airtel Delhi Half Marathon 2017

At Jet Airways, we take our commitment to society very seriously. We continue to work with several NGOs in an effort to drive positive societal change and do our part to support community initiatives related to education and the development of children and women. Our 'Magic Box' in-flight donation programme in association with Save the Children turned 21 this past year. The popular 'Flight of Fantasy' initiative supported by various NGOs celebrated its 20<sup>th</sup> anniversary. For yet another year, the programme gave over 100 underprivileged children who have never flown before the thrill and the joy of their first-ever flight.

Despite the headwinds posed by the high Brent crude prices, and the longer term challenges of escalating airport levies, surcharges and taxation, I am quite optimistic about the prospect of aviation in India.



The outlook remains bright. More and more Indians are taking to the skies each year. In fact, IATA has predicted that by 2025, India will overtake the UK as the world's third largest aviation market, behind only China and the USA.

With unparalleled 25 years' worth of experience navigating the aviation space, your Company has become adept at turning challenges into opportunities: opportunities to innovate, to push boundaries, to reflect on what we do well continuously and then improve upon it. Your Company is absolutely focused on executing many key initiatives that will allow us to build a healthy and sustainable enterprise.

Before I end, I must express my sincere thanks to the various ministries of the Government of India including the Ministry of Civil Aviation, Ministry of Finance and Ministry of Commerce & Industry and also the Director General of Civil Aviation, the Bureau of Civil Aviation Security, the Airports Authority of India, Delhi International Airport Limited, Mumbai International Airport Limited, GMR Hyderabad International Airport Limited, Bangalore International Airport Limited and Cochin International Airport Limited & other airports companies for their continued support.

I would also like to express my gratefulness to all lenders, aircraft and engine lessors, the US EXIM Bank, the European ECAs, various national and international banks, fuel supplies, spare parts suppliers, who have been there to support us in difficult times.

My sincere thanks also go out warmly to the Boeing Company, Airbus Industries, ATR, General Electric, Rolls Royce and Pratt & Whitney for their contribution and partnership through these past 25 years.

The vote of thanks would be incomplete if I do not thank our esteemed Board Members who have continued to provide us with their guidance and strategic advice.

It would be remiss of me not to convey my deep appreciation and thanks to all our Shareholders for their unstinted support and encouragement. I look forward to working with you to ensure that your airline retains pride of place amongst the top international airlines of the world.

My immense gratitude to our staff and each and every member of our Management team for all their efforts to sustain your Company's recognised gold standard in service excellence, on ground and in the air, and the support they have consistently extended to the Company with their diligence, dedication, hard work and loyalty.

And finally special thanks to our valued guests who have supported us at every step of the way. Thank you for believing in us as we continue to strive to bring you the highest level of service excellence in the skies and on the ground.

With kind regards,

Naresh Goyal Chairman



### Corporate Information (As on 31st March, 2018)

#### **Board of Directors**

Mr. Naresh Goyal Chairman

Mr. Harsh Mohan (Appointed on 12<sup>th</sup> September, 2017)
Mr. Kevin knight (Appointed on 7<sup>th</sup> December, 2017)

Mr. Vikram Mehta Ms. Rajshree Pathy Mr. Ranian Mathai

Mr. Srinivasan Vishvanathan

Mrs. Anita Goyal

Mr. Gaurang Shetty Whole Time Director

**Company Secretary** 

Mr. Kuldeep Sharma Vice President – Global Compliance & Company Secretary

**Senior Management** 

Capt. Hameed Ali Group Executive Officer
Mr. Vinay Dube Chief Executive Officer

Mr. Amit Agarwal Dy. Chief Executive Officer & Chief Financial Officer

Mr. Rahul Taneja Chief People Officer
Mr. Shrimanikandan Ananthvaidyanathan Chief Information Officer

**Statutory Auditors** 

**Legal Advisors** 

Gagrats

Bankers

BSR & Co, LLP Allahabad Bank
DTS & Associates AXIS Bank Limited
Bank of America N.A.

Debenture TrusteesBank of IndiaVistra ITCL (India) LimitedBarclays Bank Plc(formerly IL&FS Trust Company Limited)Canara Bank<br/>Citibank N.A.

Citibank N.A. DBS Bank Limited DVB Bank SE

First National Bank
CIN No.: L99999MH1992PLC066213 HDFC Bank Limited

Registered OfficeICICI Bank LimitedSiroya CentreIDBI Bank LimitedSahar Airport RoadIndian Overseas BankAndheri (East)ING AmsterdamMumbai 400 099JP Morgan Chase, N.A.Tel: +91 22 6121 1000Kotak Mahindra Bank Limited

Lloyds Bank (formerly known as Bank of Scotland Plc)

Strar & Share Transfer Agents

Mashreg Bank PSC

Registrar & Share Transfer Agents

Karvy Computershare Private Limited Punjab National Bank
Karvy Selenium Tower B, Standard Chartered Bank Plc

Plot 31-32, Gachibowli, State Bank of India

Financial District, Nanakramguda, The Hong Kong & Shanghai Banking Corporation Limited

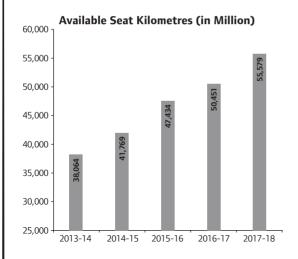
Hyderabad - 500 032 The Royal Bank Of Scotland N.V. (formerly known as ABN AMRO Bank)

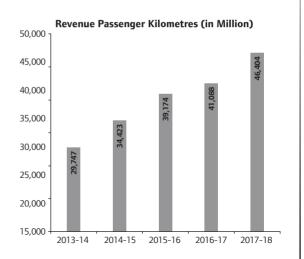
Tel: +91 40 6716 1500 Yes Bank Email: einward.ris@karvy.com Syndicate Bank

Contact Person: Mr. S. V. Raju

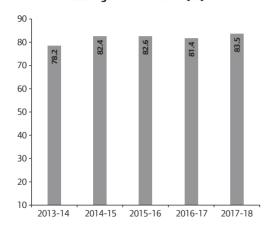


### **Operating Highlights**

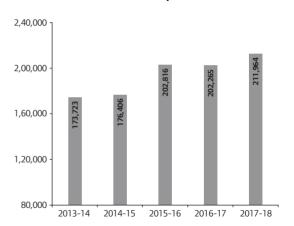




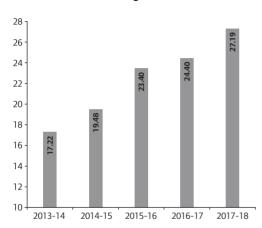
### Passenger Load Factor (%)



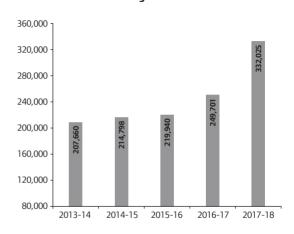




### Revenue Passenger (in Million)

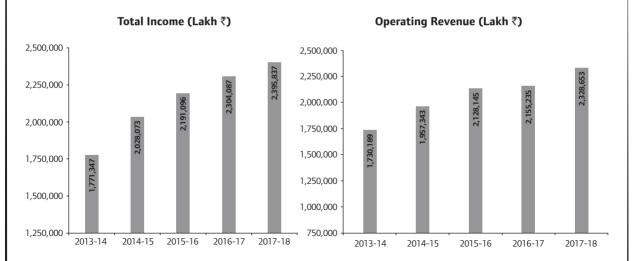


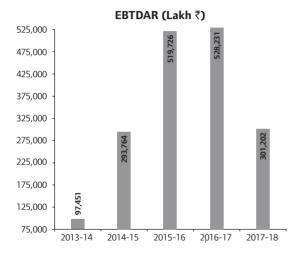
### Cargo Tonnes

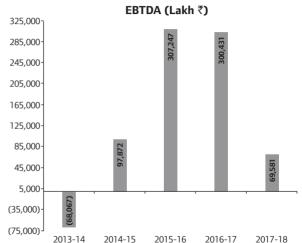




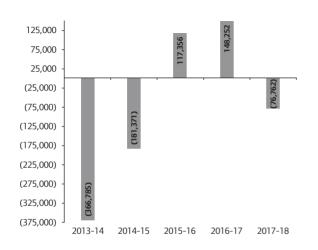
### **Financial Highlights**



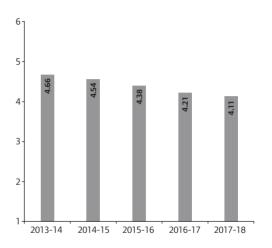








### Net Revenue per Passenger Kilometres (₹)





### Notice

**Notice** is hereby given that the Twenty Sixth Annual General Meeting of the Members of Jet Airways (India) Limited will be held at Y. B. Chavan Auditorium, General Jagannath Bhosale Marg, Nariman Point, Mumbai 400021 on Thursday, 9<sup>th</sup> August, 2018 at 2.30 p.m. to transact the following business:-

#### **ORDINARY BUSINESS:**

### Adoption of Audited Financial Statements and Reports of the Directors and the Auditors

- a. To receive, consider and adopt the Audited Financial Statements for the financial year ended 31<sup>st</sup> March, 2018, together with the Reports of the Board of Directors and Auditors thereon.
- b. To receive, consider and adopt the Audited Consolidated Financial Statements for the financial year ended 31<sup>st</sup> March, 2018, together with the Reports of the Auditors thereon.

### 2. Re-appointment of a Director

To appoint a Director in place of Mrs. Anita Goyal (DIN: 01992051), who retires by rotation, and being eligible, offers herself for re-appointment.

### 3. To fix the remuneration of the Joint Statutory Auditors, M/s. B S R & Co. LLP

To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 142 and other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) for the time being in force), the Members of the Company do hereby authorize the Board of Directors of the Company to fix the remuneration payable to M/s. BSR & Co. LLP, Chartered Accountants (Registration Number 101248W/W-100022), the Joint Statutory Auditors of the Company upto the financial year ending 31st March, 2020 as may be recommended by the Audit Committee in consultation with the Auditors, and as may be agreed upon between the Auditors and the Board of Directors."

### 4. To fix the remuneration of the Joint Statutory Auditors, M/s. D T S & Associates

To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution

"RESOLVED THAT pursuant to the provisions of Section 142 and other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) for the time being in force), the Members of the Company do hereby authorize the Board of Directors of the Company to fix the remuneration payable to M/s. D T S & Associates, Chartered Accountants (Registration Number 142412W), the Joint Statutory Auditors of the Company upto the financial year ending 31st March, 2022, as may be recommended by the Audit Committee in consultation with the Auditors, and as may be agreed upon between the Auditors and the Board of Directors."

### **SPECIAL BUSINESS:**

### 5. Appointment of Mr. Ashok Chawla as an Independent Director

To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) for the time being in force) and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) Mr. Ashok Chawla (DIN: 00056133), who was appointed as an Additional Director (Independent) on the recommendation of the Nomination and Remuneration Committee and who holds office up to the conclusion of this Annual General Meeting and who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a Member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company for a term commencing from 11<sup>th</sup> April, 2018 till the conclusion of the Twenty Ninth Annual General Meeting of the Company to be held in the year 2021 and he shall not be liable to retire by rotation.