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 25th 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 ₹ 24,175 Crores in FY 17 to ₹ 25,177 Crores in FY 18, your company reported a consolidated loss of ₹ 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 737’s 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 in-flight 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 20th 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