

Banks may infuse funds into Jet Airways

Banks are likely to infuse fresh funds into cash-strapped Jet Airways if.....there is a big IF.

It is whether major shareholders of the airline – Etihad and Founder Chairman Naresh Goyal- would like to pledge their shares as collateral security.

With Jet Airways unable to get fresh funds, the options are becoming limited now.

The Company is struggling with acute financial woes that has resulted in grounding of a significant number of planes, defaulting on debt and lease repayments and delay in payment of salaries to pilots and other senior officials.

Founder Chairman Naresh Goyal and his family owns around 52 per cent stake in Jet Airways while Etihad, a strategic partner, has 24 per cent shareholding.

A consortium of lenders, led by the State Bank of India (SBI), is working on a resolution plan for Jet Airways, which has a debt burden of more than Rs 8,200 crore.

Earlier, sources said that Goyal had agreed to pare down his holding to 22 per cent as part of securing a deal to bailout the airline.

Last week, a senior SBI official expressed hope that resolution should be finalised in a week or so.

On February 14, Jet Airways board approved a bank-led resolution plan whereby lenders would become the largest shareholders in the airline. Following approval from the shareholders, part of debt would be converted into 11.4 crore

shares at a consideration of Re 1 apiece as per the RBI norms.

Since January, Jet Airways has defaulted thrice on payments to its debenture holders.

So far, the finance ministry has maintained arm's length in the matter due to its commercial nature and creditors and debtors are working on the resolution plan, according to sources.

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Jet Airways pilots look to join SpiceJet, IndiGo pilots see injustice

The harried pilots of crisis-ridden Jet Airways, which is on the brink of closing operations, have now approached SpiceJet as job seekers.

Jet Airways pilots had earlier been welcomed by IndiGo with compensation for their pending salaries and other advantages. IndiGo's original pilots remained mute spectators. Eventually, they voiced their protest. In IndiGo, this led to murmurs of uneasiness within IndiGo's pilots. IndiGo did purchase a number of additional airplanes, but it forgot to enhance its manpower especially in the critical areas, ie., operations and engineering where highly skilled personnel are needed. IndiGo became the largest airline in India but it faced acute shortage of labour because it had not done its homework well. As a thumb rule, at least two cadets could have been trained and groomed under one senior pro. Given the number of planes

at its disposal, given the hours of flight it undertakes, IndiGo could have produced a battery of young pilots during the last ten years or so. Such a rich pool of talent could have served not only IndiGo but other airlines of the world too.

Although, shortage of manpower in non-critical areas can be somehow managed, shortage of cockpit crew is the one which can not be tolerated. This finally leads to cancellation of hundreds of flights. This has been IndiGo's experience last month.

According to IndiGo, all job offers are in line with its current terms and conditions.

But IndiGo pilots differ. They have called the move as "injustice" and "unacceptable":

- IndiGo Management takes us lightly.
- Offer to Jet Airways pilots is sheer injustice to us
- Jet Airways pilots are being offered a two-month bonus along with same designation-salary
- They have also been allowed to choose their operational base.

"The management is saying it is not bonus but it is compensation for their (Jet pilots) delayed salaries. Are we also not entitled to similar bonuses?" IndiGo pilots ask.



Also, Jet pilots are joining with designation protection. So,

basically if a non-type-rated examiner is joining us, she/he will be joining with a pay protection of the IndiGo examiner, pointed out the IndiGo pilots.

Alleging that the IndiGo pilots have not been given a hike since the last three-four years, the pilots say that after joining, the Jet pilots will again get a hike when Indigo revises the salaries of its existing pilots.

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Jet pilots along with engineers and senior management have not been paid for more than three months now as the airline is facing its worst existential crisis since its inception a quarter of a century ago. It can be noted that pilots at Jet, being a full-service carrier, get higher pay and other benefits.

The Gurugram-based SpiceJet, which has all its 12 Boeing Max planes grounded following the crash of an Ethiopian Airline plane early this month, is looking to hire pilots for its expansion plans, and has also conducted walk-in interviews here.

Unlike IndiGo, which flies majorly Airbus 320s, SpiceJet has Boeing 737s in the fleet. On the other hand it can be noted that majority Jet Airways pilots are trained and type-rated for Boeing planes.

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With no assurance on the payment of their pending salaries, Jet pilots had Tuesday warned that they would stop flying from April 1 if the management failed to provide clarity on the revival plan along with a deadline to clear their salary dues by March 31.

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Banks get ready to put in extra money in debt-laden Jet Airways

A day after Etihad walked out of the prolonged bank-led resolution plan for Jet Airways, lenders got into action to chalk out a plan B. Senior bank executives worked the phones and logged on to video-conferencing in a move to rescue Jet, which has a debt pile of about Rs 8,000 crore and is left with just half of its original fleet due to non-payment of dues to lessors.

Switching to a damage-control mode, bankers and government officials claimed that Jet Airways wouldn't fall even if Etihad refuses to back the resolution plan and exits. Instead, lenders would infuse additional funds to keep Jet flying, they said. An option that was discussed was that Etihad and Jet Chairman Naresh Goyal, who owns 51 per cent in the airline, could pledge their shares and, in return, lenders would put in more funds.

The move comes after Etihad told SBI, which leads the consortium of lenders proposing a resolution plan for Jet, that it would like to exit the airline and sell its 24 per cent stake in Jet and 50.1 per cent in Jet Privilege to them.

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[recover](#)

Etihad is also learnt to have asked the SBI to take over the guarantee on the \$140-million ECB loan, which Jet had taken from HSBC. Etihad had stood guarantee for the loan, which is coming up for repayment on March 27. Etihad CEO Tony Douglas is also believed to have indicated that the company was willing to sell its stake in Jet to the banks at a discounted price of Rs 150 a share or at Rs 400 crore. It has also valued its equity holding in JPPL at around \$600 million. An e mail query to Etihad did not elicit any response.

Despite the brave front put up by bankers and government officials trying to prevent an airline collapse so close to the Lok Sabha elections, the lenders' meeting called at a short notice on Tuesday evening remained inconclusive. The discussion was all about who will pitch in with what in the suddenly changed scenario. With no consensus yet on how the additional burden would be shared by the lenders, another round of talks has been planned with the top management of banks. "It's a wait and watch situation and the picture would become clear in two days," a source tracking the developments said.

ALSO READ: [Jet Airways Nosedives Further, No Respite in Sight, 41 Planes Remain](#)

A top government representative pointed out that while lenders would ideally want Jet and Etihad to put in more money, the largest state-owned lenders like SBI and Punjab National Bank could also infuse more. "The lenders have the option of pumping in money on behalf of the stakeholders if the latter pledge their shares," he said. He added that the government was in favour of an Indian entity holding majority stake in Jet Airways. "Ideally, nobody would like Jet Airways to go into insolvency proceedings," he said.

Banks, another source said, had held a meeting late evening on

Monday too, to discuss ways to salvage the resolution plan. The lenders had earlier agreed that they would provide Rs 750 crore as interim financing and Rs 1,000 crore for fresh equity to revive Jet.

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As per the resolution plan, Goyal's stake was to go down to 17.1 per cent from 51 per cent now. At present, only 1.5 per cent of Goyal's shares are pledged and Jet has an agreement with PNB under which it has to take a no-objection certificate to sell its shares.

On its part, Etihad has been unwilling to pledge its shares from the very beginning. That's the reason why Etihad's draft memorandum of understanding with Goyal had put in a clause that the Abu Dhabi airline would not give any corporate guarantee or pledge its shares in Jet or JPPL. Also, it was again Jet which would pledge its remaining shares in JPPL to secure the \$140 million loan from HSBC.

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SBI not able to finalise resolution plan for Jet Airways after 75 days

Since 31st December 2018, Jet Airways has not paid its debt. Its lenders are trying the debt-equity turnaround plan for the last 75 days or so. Interest, as usual, kept on increasing every day, Jet could not earn adequately as lessors

repossessed their planes. The situation has moved from bad to worse.

Amidst increasing differences between Jet Airways and Etihad Airways, the only party that can bailout the beleaguered airline, over the equity cap that its founder chairman Naresh Goyal can hold after his forced exit, bankers on Friday exuded confidence of reaching a resolution plan as early as next week.

After agreeing to cap his shareholding at 22 per cent for perpetuity and completely exit the airline's management as a precondition for a bailout that Etihad and bankers demanded, Goyal had last Friday wrote to Etihad to remove the perpetuity clause from the resolution plan and also the Gulf carrier immediately offer a lifeline of Rs 750 crore failing which the airline may get grounded.

This, according to media reports, has put off the Gulf carrier which already owns 24 per cent in the airline which has grounded 42 per cent of its 119 aircraft, most of them due to non-payment lease rentals to the aircraft lessors.

According to the draft resolution plan submitted to the lenders led by the lead lender SBI, Etihad will bring in around Rs 1,800 crore as fresh equity and increases its stake to 24.9 per cent, while Goyal will chip in with Rs 750 crore and the rest of the Rs 3,800 crore come from other investors.

Founder chairman Goyal and his family own 52 per cent in the airline now which he had agreed to pare down to 22 per cent to secure a financial bailout.

"It is a work in progress. Very soon, say by next week, we will have a solution plan in place," a senior SBI official said here Friday.

The official said the resolution plans had started on November

1 last. "Any resolution plan for a corporate is a very complex process. Things don't happen in a day or two or in even 15 days.

"There are various stakeholders, who have to be aligned; there are promoters and joint venture partners, so when the situation is so complex, it takes time," SBI explained the reason for the delay.

"We are making every effort and SBI is leading that effort. We are clear on one thing: to ensure that the airline runs and not get grounded and not to stave off our accounts becoming NPAs. That's the fundamental difference between any other NPA and Jet Airways," he added.

Jet has a debt of over Rs 8,200 crore and needs to make repayments of up to Rs 1,700 crore by the end of March. It has already defaulted on an ECB payment earlier this week but is servicing its domestic debt.

The acute liquidity crunch has forced it to ground aircraft, shut down stations and delay salary payments to its pilots and engineers along with other senior staff. Since last July the airline has been trying to raise funds as cash crunch mounted leading to salary delays since then.

On March 8, Goyal wrote to Etihad chief executive Tony Douglas seeking an urgent funding of Rs 750 crore under an agreement signed between various stakeholders.

On 14 February, Jet Airways board approved a bank-led resolution plan whereby lenders would become the largest shareholders in the airline. Following approval from the shareholders, part of debt would be converted into 11.4 crore shares at a consideration of Re 1 apiece as per the RBI norms.

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Jet Airways pilots seek Centre's help to recover unpaid salaries

New Delhi: Cash-strapped carrier Jet Airways' pilots union has for the first time sought the government's help to recover pending salaries and dues from the airline after their pleas to the management have fallen on "deaf ears."



Help, I am not getting my wages

In a letter to Labour Minister Santosh Gangwar, National Aviators Guild, which represents the majority of Jet's pilots, has asked that the airline immediately pay their outstanding salaries and allowances till date with interest.

"This situation is leading to extreme tension and frustration amongst our members, hardly an ideal situation for pilots in cockpit," captain Karan Arora, president of the union, said in the letter dated March 6, seen by news agency Reuters.

Jet has delayed payments to its pilots, suppliers and lessors for months and defaulted on loans after racking up over USD 1 billion in debt. The airline is in talks with state-backed banks for a rescue deal and emergency funds.

The pilots in August were given a staggered schedule of payments for salaries but Jet has not kept up, the union said, adding the airline still owes the pilots most of the salary for December, and all of January and February.

Jet did not immediately respond to a request for comment.

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Jet Airways flight suffers bird hit before landing in Mumbai

A Jet Airways spokesperson told media that Jet Airways flight 9W 913 had reported a bird strike during a thorough inspection.

Passengers onboard a Jet Airways flight travelling from Ahmedabad on Friday had a narrow escape after the aircraft suffered a bird hit minutes before landing at Mumbai's Chhatrapati Shivaji International Airport. The aircraft was later changed for its onward journey to Dubai.

Confirming the incident, an airline spokesperson told media that Jet Airways flight 9W 913 had reported a bird strike during a thorough inspection.

"The aircraft was changed for its onward journey to Dubai,"

the airline official said. The plane is currently under maintenance, the official added.

“At Jet Airways, safety is of paramount importance to its guests and crew and the airline regrets any inconvenience caused,” the spokesperson said.

Last week, a GoAir flight from Patna to the national capital had made an emergency landing at Lucknow airport after a bird hit the plane before landing.

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