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Letter from the Chairman

Dear Shareholders,

The Financial Year 2008-09 has been one of the worst for the aviation industry in living memory. Global industry losses during the period have been estimated at around US\$10.4 billion or approximately Rs.52,000 crores. Of this, the share of the Indian aviation industry is estimated to be as high as about 19% - approximately Rs.10,000 crores or US\$2 billion - though it accounts for only about 2.5% of the estimated 1.7 billion passengers carried globally.



This situation has been caused by two main factors. First, the very high costs of aviation turbine fuel, owing to the unprecedented escalation in the prices of crude oil during the first half of the year. While there was some abatement in the latter part of the year, crude prices have lately been rising again.

The second has been the global economic downturn, which has led to a steep fall in the demand for air travel and intense pressure on yields. All major developed economies are now in recession. The effects of the "sub-prime" crisis in the United States triggered these adverse economic conditions. The aviation industry has always been one of the first victims of an economic slowdown and the present recessionary conditions have widely been described as the worst since the Great Depression of the 1930s. One of the key sectors affected by the economic meltdown has been the banking and financial services industries, which have hitherto been major generators of premium air travel.

Keeping in view the widespread adverse impact of the economic downturn, the recovery of the aviation industry can be expected to take some time and can happen only after a reversal of the current recessionary trend that is manifest in the world's major economies.

India has not been insulated from these global events. Domestic air travel in the country in terms of passengers flown by all carriers combined, fell by an estimated 10% during the year under review compared to the previous year. This has worsened the overcapacity situation in the domestic market and has led carriers to put in place unrealistically low fares - that do not cover costs - in order to attract additional traffic. Price has now emerged as the single most important factor in choosing an airline, even among corporate and business travellers, who have traditionally been a major component of our passenger traffic. Additionally, the downturn in the economy has led most corporates to shift from business class travel to economy, resulting in a decline in the premium segment of the market.

The Company's performance for the Financial Year 2008-09 must be viewed favourably considering the adverse and difficult conditions for the industry in India, and the estimated losses for the industry in the country. The Company's revenues for the Financial Year 2008-09 grew by 23.4% over the previous year and Revenue Passenger Kilometres increased by over 26%. These were mainly because of the growth of our international operations, which accounted for 53% of the Company's operating revenues. The number of passengers carried and passenger load factors were only marginally below the previous financial year, despite passenger traffic in the country falling significantly.

In response to the new market realities and market dynamics, we introduced in May 2009, a new product called "Jet Airways Konnect" to serve routes where the traffic is predominantly price sensitive and where there is very little demand for a product that offers a high level of service. These are for the most part, regional and non-metro routes. Boeing 737 and ATR aircraft, both with all-economy seating configuration, are deployed on Jet Airways Konnect routes. On these flights, we offer the same standards of reliability, safety and passenger care, but limited in-flight service. Passengers can, however, purchase meals on board. Jet Airways Konnect supplements the operations of our subsidiary, Jet Lite, and offers a comparable product on many additional routes, thus effectively competing with low-fare, no-frill carriers. The response has been very encouraging. The creation of this product has enabled us to respond quickly to the changing market conditions. We are already operating around 127 flights under the Jet Airways Konnect brand out of our 265 flights per day on the domestic



Letter from the Chairman (contd.)

sectors and we intend to progressively increase the number further, depending on market developments. The strategy of switching a select number of our full service flights to Jet Airways Konnect has enabled us to increase the amount of revenues per flight on the relevant flights by between 5% to 10%.

This new product works in tandem with our 100% subsidiary Jet Lite, a low-fare carrier. Revenues of Jet Lite (India) Limited for the Financial Year 2008-09 increased by 10.6% over the previous year. Despite difficult industry conditions, passenger yields improved by almost 4% and the number of passengers flown was only marginally lower than the previous year's levels. The re-branding of Jet Lite was completed during the year. The integration of most operational areas with Jet Airways has led to marked improvements in reliability, the quality of operations and services. It has also led to efficiencies and economies of scale for both companies. These synergies vindicate our acquisition of the airline.

We maintain our high standard full service Jet Airways product on major metro routes, where the demand supports the product.

Our international operations also faced receding demand and price sensitivity during the year. This was particularly severe in our long-haul routes to North America, Europe and the UK. As a consequence, we have replaced the Boeing 777-300ER aircraft on most of these routes with our smaller Airbus 330-200 aircraft. We have been successful in leasing out our Boeing 777 aircraft that have been rendered surplus, to other airlines. Our shorter haul routes to the SAARC and ASEAN countries performed satisfactorily under the circumstances that prevailed and the traffic on some of these routes support our west-bound routes, particularly to the Gulf countries and the UK. Our operations to the Gulf have also been very promising and we have commenced flights to Jeddah and will shortly commence flights to Riyadh in Saudi Arabia. These will mark our seventh and eighth destinations in the Middle East after Kuwait, Oman (Muscat), Abu Dhabi, Dubai, Bahrain and Qatar (Doha).

The management team and staff are working ceaselessly to meet today's challenges:

- In our domestic operations, we have been reacting rapidly to trends and market shifts almost on a daily basis. These involve adjustments to capacity and schedules, incentive programmes, dynamic pricing and the sale of group travel and tour packages.
- We monitor the profitability of every route that we fly and take immediate remedial measures, where necessary. For example, we have suspended our flights to San Francisco (via Shanghai). We continue to support traffic for our international operations by ensuring connectivity with our domestic network and shorter haul network. We also continue to work closely with our code-share and alliance partners. Many of our Boeing 737 aircraft are deployed both on the domestic routes and on flights to the Gulf countries and South East Asia, thereby achieving higher utilization of the fleet.
- We have put together dedicated teams to design and implement programmes to reduce, rationalize and monitor every element of cost and improve efficiencies and productivity.
- We have re-negotiated major technical and non-technical contracts, and continue to do so.
- We are re-structuring our aircraft lease agreements and have re-scheduled future deliveries with manufacturers and lessors.
- We are rationalizing manpower as painlessly as possible. Wherever feasible, vacancies are not being filled and fresh recruitment has been frozen. We have implemented salary cuts and put increments on hold.
- We have instituted an organization-wide scheme to encourage ideas and innovation at all levels.

The volatility of crude oil prices continues to remain a major area of concern. Should aviation turbine fuel prices move to last year's levels again, it would be a serious blow to the recovery of the aviation industry in India. I urge the Central and State Governments to rationalize the taxation on aviation turbine fuel.



Letter from the Chairman (contd.)

I also urge the Government of India and all stakeholders in the aviation industry to join hands to nurse the Indian aviation industry back to health. The Central Government, in particular, should take the lead in ensuring that major elements of cost including aviation turbine fuel, landing and navigation charges and airport charges are within affordable levels. We believe that the commencement of the Airport Economic Regulatory Authority (AERA) is a welcome step in this regard.

For the industry to recover from its current ills and achieve long-term, self-sustaining growth, the airlines themselves and all stakeholders must together address the problems created by excess passenger capacity in the market, high input costs and the unsustainable, uneconomic fares regime. I strongly urge airlines and stakeholders to work together and take steps towards this end, without delay.

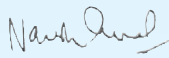
While we expect difficult conditions to continue in the aviation industry worldwide for sometime, we believe that the overall economic outlook in India is more positive than in many other large economies. If the forecasted economic growth in India is achieved, it should have a positive long-term impact on air travel.

I would, in particular, like to thank our banks and lenders for their support at this very critical time, together with all our stakeholders, including suppliers and service providers as also our airline partners for their continued support. I thank the Government and aviation regulatory bodies for their continuous support and for their efforts to modernize infrastructure.

My gratitude goes out to our passengers for flying with us - most particularly, our loyal 1.5 million Jet Privilege members. I thank shareholders for their continued support, patience and understanding. Shareholders will join me in thanking our management and staff for their relentless efforts during these difficult and challenging times.

Mumbai
16th July, 2009

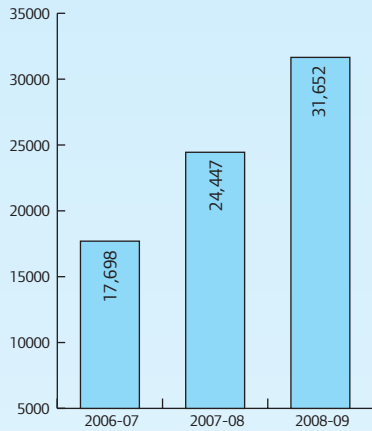



Naresh Goyal
Chairman

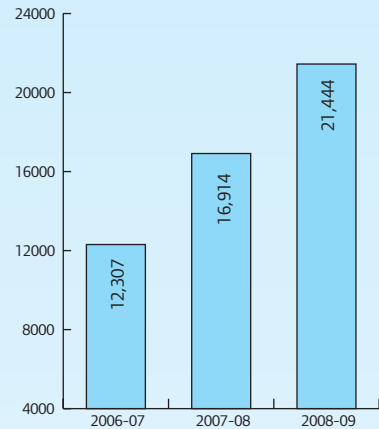


Operating Highlights

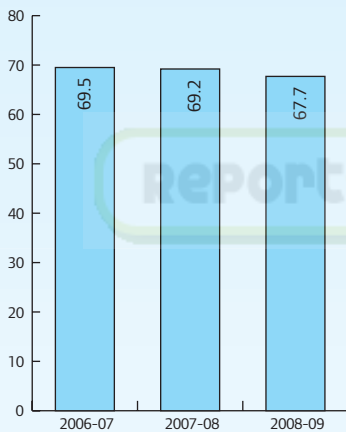
Available Seat Kilometres (in Million)



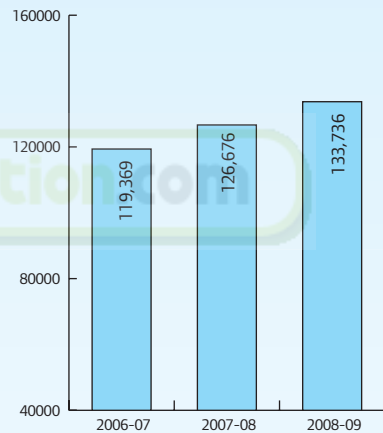
Revenue Passenger Kilometres (in Million)



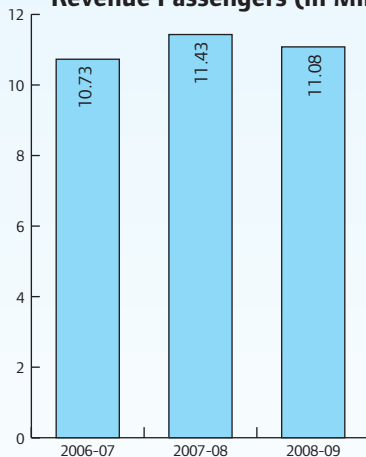
Passenger Load Factor %



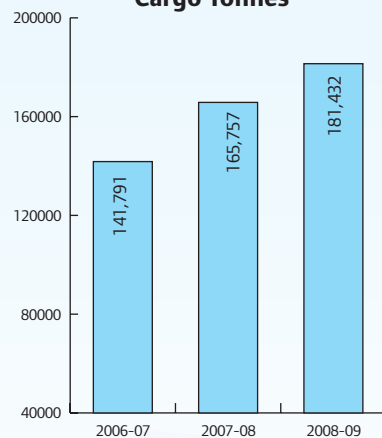
Number of Departures



Revenue Passengers (in Million)

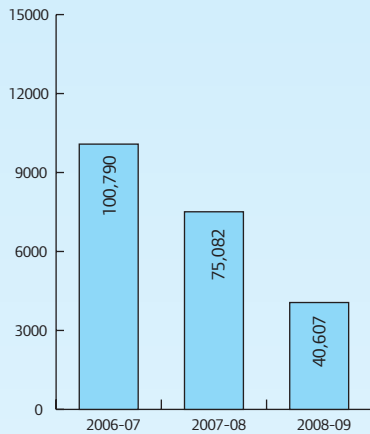


Cargo Tonnes

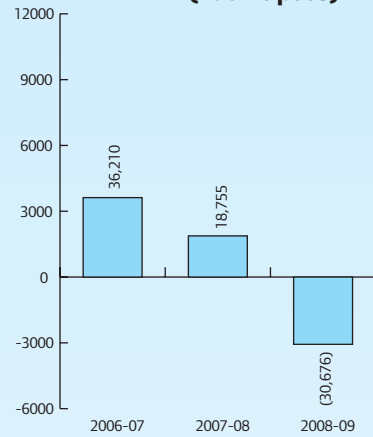


Financial Highlights

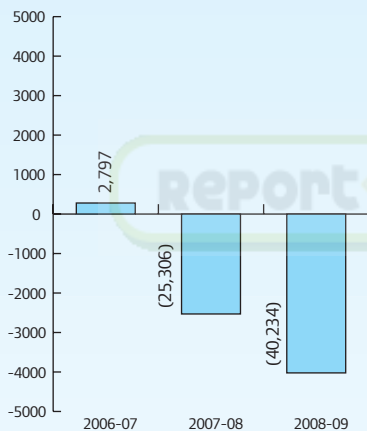
EBITDAR (Lac Rupees)



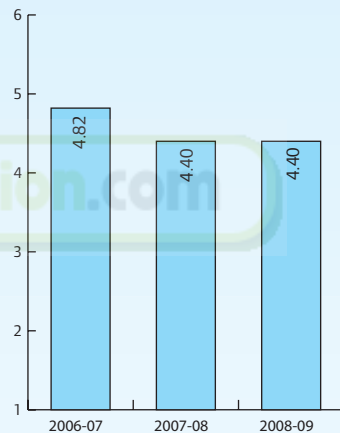
EBITDA (Lac Rupees)



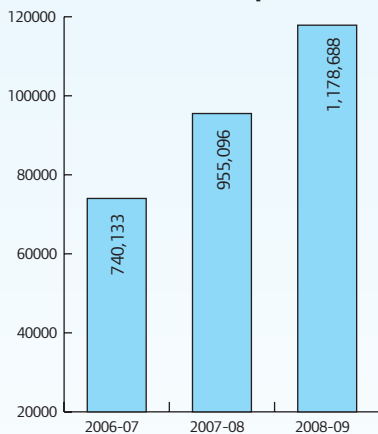
Profit After Tax (Lac Rupees)



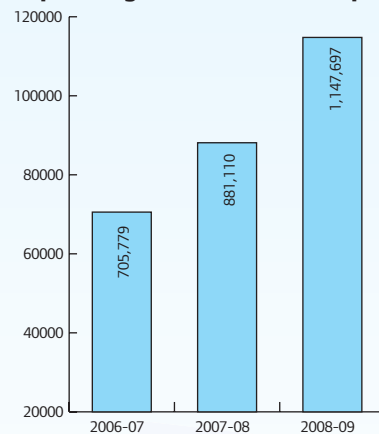
Revenue per Passenger Kilometres (Rupees)



Income (Lac Rupees)



Operating Revenues (Lac Rupees)



Contents

Corporate Information	2
Notice of the 17 th Annual General Meeting	4
Directors' Report	8
Management's Discussion and Analysis	15
Corporate Governance Report	22
Auditors' Report	36
Balance Sheet	40
Profit and Loss Account	41
Cash Flow Statement	42
Notes and Schedules to the Balance Sheet and Profit and Loss Account	44
Balance Sheet Abstract and General Business Profile	78
Statement relating to Subsidiary Company	79
Consolidated Statement of Accounts	80
Attendance Slip and Proxy	115
City Facts	117



Corporate Information*

Board of Directors

Mr. Naresh Goyal	Chairman
Mr. Saroj K. Datta	Executive Director
Mr. Ali Ghandour	
Mr. Victoriano P. Dungca	
Mr. Javed Akhtar	
Mr. I. M. Kadri	
Mr. Aman Mehta	
Mr. Yash Raj Chopra	
Mr. Shah Rukh Khan	
Dr. Pierre J. Jeannot	

Company Secretary

Ms. Monica Chopra

Senior Management

Mr. Wolfgang Prock-Schauer	Chief Executive Officer
Capt. Hameed Ali	Chief Operating Officer
Mr. Sudheer Raghavan	Chief Commercial Officer
Ms. Anita Goyal	Executive Vice President-Revenue Management & Network Planning

Registered Office

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Website: www.karvy.com
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* as on 16th July, 2009

