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Jet Airways (India) Limited | Annual Report 2010

JET AIRWAYS 



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Codeshare Partners

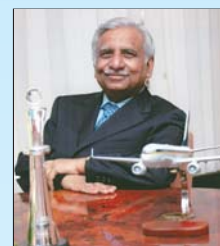


Frequent Flier Partners



Letter from the Chairman

The year 2009 was yet another difficult year for the global aviation industry, with losses for the year being estimated at US\$ 9.9 billion. Since January 2010, however, the industry has begun recovering from last year's downturn, much more rapidly than previously expected. According to the forecasts announced at the Annual General Meeting of the International Air Transport Association (IATA) held in Berlin in June 2010, the global aviation industry is estimated to make a net profit of US\$ 2.5 billion during the calendar year 2010 (vs. a net loss of US\$ 2.8 billion forecast earlier this year).



In line with the robust growth recorded in passenger and cargo traffic in Asian countries, there was a significant growth in domestic and international travel in India in the latter part of the financial year 2009-10. This is reflective of the good performance of the Indian economy, despite a disappointing monsoon.

Steps initiated by us in the previous financial year such as rationalising the route and fleet, introducing product offerings in line with the market needs and continuing with cost control measures resulted in your Company being able to achieve profitability in the last two quarters of the financial year 2009-10.

The Company's decision to discontinue certain long haul routes and to serve some others with the Airbus 330 aircraft instead of the higher capacity Boeing 777 aircraft, led to a decrease in the overall capacity offered in comparison with the previous year. Despite this, the number of revenue passengers carried grew by 8.7% over last year: 20.1% in the international segment and 4.2% in the domestic segment. Our passenger load factors for the year were satisfactory with 71.4% on the domestic routes and 80.4% on the international routes. However, the market remained intensely competitive during most of the financial year under review and, as a consequence, yields remained under pressure. Till such time the global economy fully recovers, we expect that the customer's choice of the air carrier will primarily be driven by price rather than the product.

Our international operations continued to remain strong and popular, despite increased competition from Indian and foreign carriers. We continue to leverage our wide network within India, the SAARC region and South East Asian countries, as well as our growing marketing alliances and code share partnerships. Our service standards and product offerings have continued to meet the highest global standards.

During the financial year under review, the growth in the domestic market has essentially been at the lower end of the price spectrum. Our all-economy limited service product, *Jet Airways Konnect* has been very successful and accounts for a majority of our flights. The Company, along with its subsidiary, Jet Lite (India) Limited, was the leader in the domestic market with an estimated market share of 25.8%.



Letter from the Chairman (contd.)

The results of the measures implemented to reduce and rationalize costs are reflected in the all round reduction in various heads of expenditure including maintenance and engineering, staff and payroll and general administration costs. During the financial year under review, though price of crude oil remained high, it was less volatile than in the previous year and the average cost per litre of aviation turbine fuel (ATF) was lower than the previous year. Overall, the cost per available seat kilometre (ASKM) reduced by 16.6% year-on-year and operating margins (earnings before interest, depreciation and aircraft lease rentals) improved from 3.5% in 2008-09 to 19.2% in 2009-10.

The Company's wholly-owned subsidiary, Jet Lite (India) Limited, achieved profitability during the financial year under review, recording a passenger load factor of 75%. This is the outcome of the steps taken to improve the levels of service and product offerings, integration of most of the operations of Jet Lite (India) Limited with the Company and synergies in routes and schedules. Product improvements will continue during the financial year 2010-11 with the introduction of new uniforms, overhaul of interiors and making the fleet an all-Boeing fleet.

There is an improvement in the demand for cargo in international sectors, which is another reflection of the positive trends in the Indian economy. This is similar to the trend we see in the Asian region as well. However, the domestic cargo market is extremely competitive.

We are cautiously optimistic about the prospects of 2010-11, in view of the forecasts of the continued growth of the Indian economy. We expect a recovery in demand for premium travel, which will have a positive impact on yields. To this end, we have recently introduced a full-service cabin on our *Jet Airways Konnect* flights, offering more leg space, meals and other amenities. This has been well received and once again demonstrates the Company's ability to react swiftly to changing market trends.

While we look forward to a better year ahead, we are concerned about the economic and financial difficulties being faced by some European economies, which could impact air travel. Another issue of concern is the continuing turbulence in certain neighbouring countries as well as insurgencies within India. It is, therefore, too early for us to be completely sanguine about the immediate future.

Nevertheless, I can assure the shareholders that we will continue with our efforts to innovate, control costs and improve loads and yields. It is essential that all the stakeholders in the aviation industry, including airports, suppliers and service providers, work together with the airline industry in India to nurse it back to health, profitability and growth. More importantly, I once again appeal to the Government of India to rationalize the taxation structure of aviation turbine fuel. I also urge the operators of the new and modernized airports in India



Letter from the Chairman (contd.)

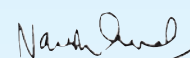
not to levy additional charges, which the airlines will necessarily have to pass on to the passengers, thereby dampening growth in the air travel market.

I would like to express our deepest gratitude to the 12 million passengers who flew with us in the financial year 2009-10. I am particularly grateful to the 1.8 million members of the Jet Privilege Loyalty Programme, which is by far India's largest, most successful and innovative airline loyalty programme and has received international awards and recognition for the same.

I thank our lenders and aircraft lessors for their unstinting support in these challenging times. I am grateful to our bankers in India for their steadfast support and confidence in us during the past two years. I would also like to express our gratitude to the suppliers of aviation turbine fuel for their continuous support and understanding.

In conclusion, shareholders join me in thanking each and every member of the management and staff of the Company and of Jet Lite (India) Limited for their exemplary dedication, commitment and hard work in these demanding and challenging times.

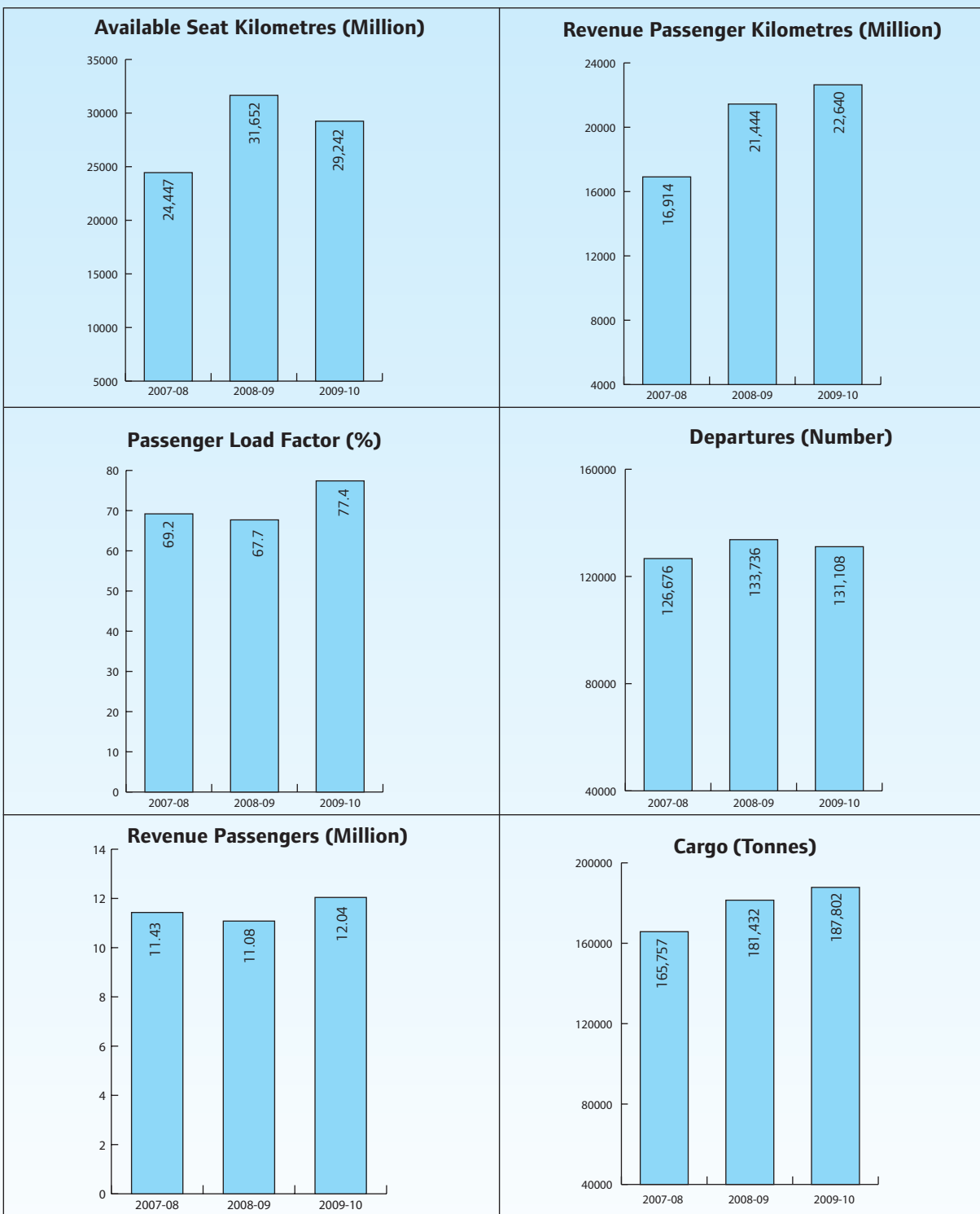
London
20th May, 2010



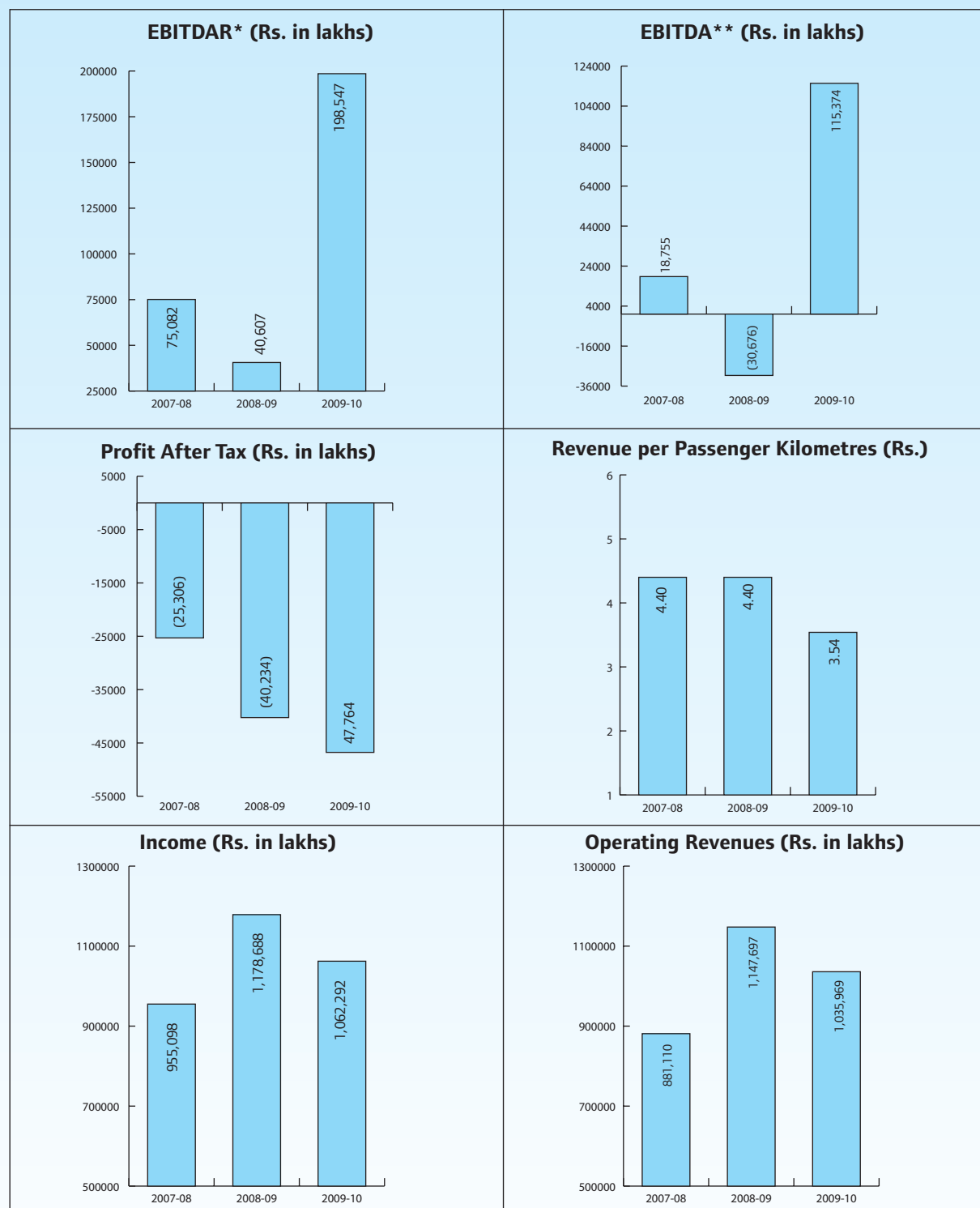
Naresh Goyal
Chairman



Operating Highlights



Financial Highlights



* Earnings Before Interest Taxation Depreciation Amortisation and Rentals

** Earnings Before Interest Taxation Depreciation and Amortisation



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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	

Company Secretary

Ms. Monica Chopra	Company Secretary & Sr. General Manager-Legal
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Senior Management

Mr. Nikos Kardassis	Chief Executive Officer
Mr. Saroj K. Datta	Executive Director
Capt. Hameed Ali	Chief Operating Officer
Mr. Sudheer Raghavan	Chief Commercial Officer
Mrs. Anita Goyal	Executive Vice President-Revenue Management & Network Planning
Mr. M. Shivkumar	Sr. Vice President-Finance

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Andheri-Kurla Road
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