

New destinations. New challenges.





16th Annual Report 2007-08

Contents

| | |
|--|-----|
| Corporate Information | 2 |
| Notice of the 16th Annual General Meeting | 4 |
| Directors' Report | 10 |
| Management Discussion and Analysis | 19 |
| Corporate Governance Report and Shareholder Information | 28 |
| Auditors' Certificate on Corporate Governance Report | 44 |
| Auditors' Report | 45 |
| Balance Sheet | 50 |
| Profit and Loss Account | 51 |
| Cash Flow Statement | 52 |
| Notes and Schedules forming part of Balance Sheet and Profit and Loss Account | 54 |
| Balance Sheet Abstract and Company's General Business Profile | 86 |
| Statement Pursuant to Section 212(1) of the Companies Act, 1956 relating to Subsidiary Company..... | 88 |
| Audited Consolidated Statement of Accounts | 89 |
| Directors' Report and Audited Statement of Accounts of Subsidiary Company ... | 121 |



**Board of Directors
(as on 1st September,2008)**

| | |
|--------------------------|--------------------|
| Mr. Naresh Goyal | Chairman |
| Mr. Ali Ghandour | |
| Mr. Victoriano P. Dungca | |
| Mr. Charles A. Adams | |
| Mr. Javed Akhtar | |
| Mr. I. M. Kadri | |
| Mr. P. R. S. Oberoi | |
| Mr. Aman Mehta | |
| Mr. S. G. Pitroda | |
| Mr. Yash Raj Chopra | |
| Mr. Shah Rukh Khan | |
| Mr. Pierre Jean Jeannot | |
| Mr. Saroj K. Datta | Executive Director |

Senior Management

| | |
|----------------------------|---|
| Mr. Wolfgang Prock-Schauer | Chief Executive Officer |
| Mr. Saroj K. Datta | Executive Director |
| Mr. Abdulrahman Albusaidy | Group Executive Officer |
| Capt. Hameed Ali | Chief Operating Officer |
| Mr. Sudheer Raghavan | Chief Commercial Officer |
| Mrs. Anita Goyal | Executive Vice President - Network Planning & Revenue Management |

Company Secretary

Mr. Shirish Limaye

Statutory Auditors

Deloitte Haskins & Sells
Chartered Accountants
12, Dr. Annie Besant Road
Opp. Shiv Sagar Estate
Worli, Mumbai - 400 018

Chaturvedi & Shah

Chartered Accountants
714-715, Tulsiani Chambers
Nariman Point
Mumbai - 400 021

Legal Advisors

Gagrats

Nirmal, 12th Floor
Nariman Point
Mumbai 400 021



Registered Office

S. M. Centre
Andheri-Kurla Road
Andheri (East)
Mumbai – 400 059

Registrar & Share Transfer Agents

Karvy Computershare Private Limited
Plot No. 17-24
Vittalrao Nagar, Madhapur
Hyderabad 500 081

Bankers to the Company

ABN AMRO BANK
AXIS Bank Ltd.
(formerly known as UTI Bank Ltd.)
Abhu Dhabi Commercial Bank
Bank Of America
Banque Nationale de Paris
Barclays Bank
Calyon Bank
Citibank N.A.
Corporation Bank
DBS Bank Ltd
Dena Bank

Deutsche Bank AG
HDFC Bank Ltd.
ICICI Bank Ltd
Industrial Development Bank Of India Ltd.
ING Belgium SA
ING Vysya Bank Ltd.
JP Morgan Chase, N.A.
National Bank Of Kuwait
Standered Chartered Bank
State Bank Of India
The Hong Kong & Shanghai Banking
Corporation Ltd
YES Bank



Notice is hereby given that the **Sixteenth Annual General Meeting** of the Members of Jet Airways (India) Limited will be held on Monday, 29th September, 2008 at 3:30 p.m. at Nehru Centre Auditorium, Discovery of India Building, Dr. Annie Besant Road, Worli, Mumbai 400 018 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2008 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. S. G. Pitroda, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Javed Akhtar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Saroj K. Datta, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Ali Ghandour, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors to hold office from the conclusion of the 16th Annual General Meeting until the conclusion of the 17th Annual General Meeting, and to fix their remuneration.

SPECIAL BUSINESS

7. Re-appointment and remuneration of Executive Director

To consider and, if thought fit, to pass, with or without modification(s), if any, the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 198, 269 read with Schedule XIII, Sections 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956, approval of the Members of the Company be and is hereby accorded to the re-appointment of Mr. Saroj K. Datta as Executive Director of the Company, for the period of three years, with effect from 30th September, 2008, upon the terms and conditions as set out in the Explanatory Statement annexed hereto and as may be approved by the Central Government, with authority to the Board of Directors to alter and vary the terms and conditions of the said re-appointment in such manner as may be agreed to between the Board of Directors and Mr. Saroj K. Datta.”

8. Payment of Commission to Non-executive Directors for the Financial Year 2008-09

To consider and, if thought fit, to pass, with or without modification(s), if any, the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 198, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 and subject to such statutory approvals as may be necessary, the Non-executive Directors of the Company be paid, as Commission for the



Financial Year 2008-09 a sum not exceeding 1% of the net profits of the Company calculated in accordance with provisions of Sections 198, 349, 350 and other provisions, if any, of the Companies Act, 1956, subject to a ceiling of Rs. 600,000/- (Rupees Six Hundred Thousand only) per Non-executive Director, in addition to the sitting fees for attending the Meetings of the Board of Directors and any Committee thereof."

By Order of the Board of Directors

SHIRISH LIMAYE
Company Secretary

Dated: 1st September, 2008

Registered Office:

S. M. Centre,
Andheri-Kurla Road,
Andheri (East),
Mumbai 400 059

Notes

1. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item Nos. 7 and 8 of the Notice is annexed hereto. The relevant details of persons seeking re-appointment as Directors under Item Nos. 2 to 5 above, as required by Clause 49 of Listing Agreement entered into with the Stock Exchanges, are also annexed.
2. **A Member entitled to attend and vote, is entitled to appoint a Proxy to attend and vote, instead of himself and the Proxy need not be a Member of the Company.** Proxies, in order to be effective, must be duly filled, stamped, signed and deposited at the Registered Office of the Company not later than 48 hours before the commencement of the Meeting. Proxies submitted on behalf of limited companies, societies, partnership firms, etc. must be supported by appropriate resolution / authority as applicable, issued on behalf of the appointing organisation(s).
3. The Register of Members and Share Transfer Books of the Company will remain closed from 17th September, 2008 to 29th September, 2008, both days inclusive.
4. Members holding Equity Shares in physical form are requested to advise any change of address immediately to the Company's Registrar and Share Transfer Agent, Karvy Computershare Private Limited [UNIT: Jet Airways (India) Limited], Plot No. 17 - 24, Vittal Rao Nagar, Madhapur, Hyderabad 500 081. Members holding Equity Shares in dematerialised form must send advice about change in address / any other details to their respective Depository Participants and not to the Company or its Registrar and Share Transfer Agent.



5. All correspondence regarding Equity Shares of the Company should be addressed to the Company's Registrar and Share Transfer Agent, Karvy Computershare Private Limited at the address mentioned under paragraph 4.
6. As per the provisions of the Companies Act, 1956, nomination facility is available to the Members, in respect of the Equity Shares held by them. Nomination forms can be obtained from the Company's Registrar and Share Transfer Agent, Karvy Computershare Private Limited.
7. As a measure of austerity, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies of the Annual Report to the Meeting.
8. Members who wish to obtain information concerning the Accounts or Operations of the Company may send their queries at least 7 days before the Annual General Meeting, to the Company Secretary, at the Registered Office of the Company.
9. Copies of all documents referred to in the Notice and Explanatory Statement annexed thereto are available for inspection at the Registered Office of the Company between 11:00 a.m. to 1:00 p.m. on all working days till the date of the Annual General Meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

The following Explanatory Statements set out all material facts relating to Item Nos. 7 and 8 of the accompanying Notice:

Item No. 7

Mr. Saroj K. Datta has been a Director of the Company since March, 1993 and has been re-appointed as Executive Director from time to time. His present term as Executive Director of the Company expires on the conclusion of the 16th Annual General Meeting.

Subject to the approval of the Members at the 16th Annual General Meeting, and any other statutory approvals, that may be required, the Board of Directors approved the re-appointment of Mr. Saroj K. Datta as Executive Director of the Company for the period of three years with effect from 30th September, 2008.

Mr. Saroj K. Datta holds a Masters degree in Economics from Delhi University and has over 40 years of experience in Civil Aviation in India and abroad. Mr. Saroj K. Datta has been involved with the Company since its inception. Keeping in view the qualification and experience of Mr. Saroj K. Datta, the Board of Directors is of the view that his re-appointment as Executive Director will be beneficial to the Company.



The remuneration payable to Mr. Saroj K. Datta on his re-appointment, as approved by the Remuneration and Compensation Committee of the Board of Directors and subject to the approval of the Central Government, is as follows:

(i) Salary and Allowances:

The proposed Salary and Allowances is Rs. 1,100,000 /- (Rupees One Million One Hundred Thousand only) per month with authority to the Board of Directors based on the recommendation of the Remuneration and Compensation Committee to give annual increment not exceeding 20% of the immediately previously drawn Salary and Allowances.

(ii) Perquisites:

In addition to the Salary and Allowances aforesaid, Mr. Saroj K. Datta shall be entitled to Perquisites (at actual cost to the Company) such as free furnished accommodation, use of Company's car, telephone at residence, medical reimbursement and medical coverage, ex gratia, leave and travel benefits, provident fund, gratuity and all other benefits, in accordance with the Rules of the Company.

(iii) Minimum Remuneration:

Notwithstanding anything to the contrary herein contained, if in any or all of the financial years during the tenure of the Executive Director, the Company has no profits or its profits are inadequate, the Company will pay minimum remuneration by way of salary, allowances and perquisites as specified above in paragraph (i) and (ii).

In compliance with the provisions of Section 309 of the Companies Act, 1956, the terms and conditions of re-appointment of Mr. Saroj K. Datta, as specified above, are now being placed before the Members for approval.

This statement may be treated as an abstract of the terms and conditions governing the re-appointment of and payment of remuneration to the Executive Director pursuant to Section 302 of the Companies Act, 1956.

No Director, except Mr. Saroj K. Datta, is, in any way, concerned or interested in the Resolution.

The Board of Directors recommends the Resolution for the approval of the Members.

Item No. 8

In order to remunerate the Non-executive Directors of the Company for the responsibilities entrusted upon them under law and commensurate with the time devoted and the contribution made by them, the Board of Directors of the Company, at their Meeting held on 29th July, 2008 has approved, subject to such statutory approvals as may be necessary, payment as commission, to be paid to the Non-executive Directors of the Company, for the Financial Year 2008-09, a sum not exceeding 1% of the net profits of the Company, calculated in accordance with provisions



of Section 198, 349 and 350 of the Companies Act, 1956, subject to a ceiling of Rs. 600,000/- (Rupees Six Hundred Thousand only) per Non-executive Director, in addition to the sitting fees for attending the Meetings of the Board of Directors and any Committee thereof.

Section 309(4) of the Companies Act, 1956 also requires a Special Resolution to be passed by the Members of the Company in General Meeting for payment of remuneration by way of commission to Non-executive Directors of the Company.

All Non-executive Directors of the Company are concerned or interested in the Resolution to the extent of the remuneration that may be received by them and their respective shareholding, if any.

The Board of Directors recommends the Resolution for the approval of the Members.

By Order of the Board of Directors

SHIRISH LIMAYE
Company Secretary

Dated: 1st September, 2008

Registered Office:

S. M. Centre,
Andheri-Kurla Road,
Andheri (East),
Mumbai 400 059



Annexure to Notice

Details of the Directors seeking re-appointment at the 16th Annual General Meeting

| Particulars | Mr. S. G. Pitroda | Mr. Javed Akhtar | Mr. Saroj K. Datta | Mr. Ali Ghandour |
|--|--|--|---|--|
| Date of Birth | 4th May, 1942 | 17th January, 1945 | 3rd May, 1936 | 28th May, 1931 |
| Date of Appointment | 24th December, 2004 | 1st March, 1993 | 1st March, 1993 | 19th February, 1998 |
| Qualifications | Masters Degree in Physics from India and Masters Degree in Electrical Engineering from the Illinois Institute of Technology, Chicago, U.S.A. | Bachelor of Arts | Master degree in Economics from Delhi University | Aeronautical Engineer from New York University, U. S. A. |
| Expertise in specific functional area | Mr. Pitroda worked with Rockwell International as Vice President of its telecom business worldwide. In 1984, Mr. Pitroda returned to India and founded the Centre for Development of Telematics. In 1987 he became an advisor to the Prime Minister of India, with the rank of a Minister, on national technology missions in various fields. Mr. Pitroda was the founding Chairman of the Telecom Commission in India. Mr. Pitroda has been appointed a member of the National Advisory Council, in the Prime Minister's Office in India under the Chairmanship of Ms. Sonia Gandhi. Currently, Mr. Pitroda is the Chairman of WorldTel Limited. Mr. Pitroda holds over 50 worldwide patents. | Mr. Akhtar is a well-known poet, lyricist, screenplay and scriptwriter and is a famous media personality. Mr. Akhtar has won fourteen times Filmfare Award, five times National Award for the Best Lyricist / Best Script. He has also won Padma Bhushan Award in 2007, Padmashri Award in 1999 by the Government of India, besides many other awards. | Mr. Datta has over 40 years of experience in civil aviation in India and abroad. He joined Air India in 1962 and rose to the position of Deputy Director, Planning and International Relations in 1977. In 1987, he left Air India to join in a senior position in Kuwait Airways. He has been involved with the Company since its inception and is currently the Executive Director of the Company | Mr. Ghandour has over 50 years of experience in the civil aviation industry. He was an advisor of the late King Hussein of Jordan and was earlier the Chairman of the Royal Jordanian Airlines. He has also been associated with the development of a number of airlines in Middle East. |
| Directorships held in other Public Companies (excluding foreign and private companies) | None | Jet Lite (India) Limited | Jet Lite (India) Limited | None |
| Memberships/ Chairmanships of Committees in Public Companies | None | Audit Committee – Jet Lite (India) Limited | None | None |
| Shareholding, if any, in the Company | Nil | 5,990 | 553 | Nil |



To the Members,

1. Your Directors have pleasure in presenting their Sixteenth Annual Report together with the Audited Statement of Accounts for the Financial Year ended 31st March, 2008.

HIGHLIGHTS

2. The Financial and Operational highlights for the year under review compared to the previous financial year are given below:

Financial Highlights

| Particulars | Year ended 31st March, 2008 Rs. in lac | Year ended 31st March, 2007 Rs. in lac |
|--|---|---|
| GROSS REVENUE | 948,151 | 740,131 |
| Profit before Interest, Depreciation and Tax | 85,796 | 70,561 |
| Interest and Finance Charges | 49,275 | 24,015 |
| Profit before Depreciation and Tax | 36,521 | 46,546 |
| Depreciation / Amortisation | 77,780 | 41,410 |
| (Loss) / Profit before Taxation and Adjustments | (41,259) | 5,136 |
| Provision for Tax | 1010 | 973 |
| Deferred Tax | (17,083) | 1,369 |
| (Loss) / Profit after Taxation | (25,306) | 2,794 |
| Profit brought forward | 46,197 | 49,743 |
| Profit available for Appropriation | 20,891 | 52,537 |
| APPROPRIATIONS | | |
| Transfer to General Reserve | - | 280 |
| Proposed Dividend | - | 5,180 |
| Income Tax on Proposed Dividend | - | 880 |
| Transfer to Balance Sheet | 20,891 | 46,197 |

Note: 1 lac = 100,000



Operational Highlights

| Operating Parameters | Year ended 31st March, 2008 Rs. in lac | Year ended 31st March, 2007 Rs. in lac |
|--|---|---|
| Number of Departures | 126,676 | 119,369 |
| Available Seat Kilometers (ASKMs) Million | 24,447 | 17,698 |
| Revenue Passenger Kilometers (RPKMs) Million | 16,914 | 12,307 |
| Passenger Load Factor % | 69.2% | 69.5% |
| Revenue Passenger (Numbers) | 11,428,910 | 10,726,874 |
| Average fleet size during period | 66.3 | 56.1 |
| Average Head Count | | |
| Gross | 11,750 | 9,614 |
| Net | 11,475 | 8,351 |

DIVIDEND

- The Board of Directors has not recommended any dividend on the Equity Shares of the Company in view of the performance during the Financial Year ended 31st March, 2008 (Previous year: Rs. 6 per Equity Share).

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

- The Management Discussion and Analysis Report for the year under review, as required by Clause 49 of the Listing Agreement with Stock Exchanges in India, is presented in a separate section forming part of the Annual Report.

SUBSIDIARIES

- During the year, Jet Lite (India) Limited (formerly known as Sahara Airlines Limited) became a wholly owned Subsidiary of your Company.
- A statement pursuant to Section 212 of the Companies Act, 1956, relating to the said Subsidiary Company has been attached in the Annual Report.
- Documents in respect of the said Subsidiary Company as set out in sub-section (1) of Section 212 of the Companies Act, 1956, has been attached in the Annual Report.



CONSOLIDATED FINANCIAL STATEMENTS

8. In accordance with the Accounting Standard AS-21, the audited Consolidated Financial Statements are provided in the Annual Report. These Consolidated Financial Statements have consolidated the financial results of the Subsidiary Company.

REVIEW OF OPERATIONS

9. The growth in the Company's revenue was primarily due to the increased level of its international operations. Revenues from international operations during the year were Rs. 304,756 lac (Previous Year Rs. 135,701 lac) i.e. a growth of 124.5%, and accounted for 34.5% of total revenues during the year compared to 19.23% in the previous year.

10. The Company commenced operations on the following routes during the year

| International | |
|--|---------------------|
| Routes | Commenced on |
| Mumbai – Newark – Mumbai via Brussels | 5th August, 2007 |
| Delhi – Toronto – Delhi via Brussels (Changed to Delhi-New York (JFK) – Delhi – w.e.f. 28th October, 2007) | 5th September, 2007 |
| Chennai – Toronto – Chennai via Brussels | 28th October, 2007 |
| Delhi – Kathmandu – Delhi (2nd frequency) | 10th November, 2007 |
| Delhi – Dhaka – Delhi | 16th December, 2007 |
| Kolkata – Dhaka – Kolkata | 16th December, 2007 |
| Delhi – Kuwait – Delhi | 5th January, 2008 |
| Kochi – Kuwait – Kochi | 5th January, 2008 |
| Kochi – Bahrain – Kochi | 5th January, 2008 |
| Mumbai – Bahrain – Mumbai | 5th January, 2008 |
| Kochi – Muscat – Kochi | 23rd January, 2008 |
| Kozhikode – Muscat – Kozhikode | 23rd January, 2008 |
| Mumbai – Doha – Mumbai | 23rd January, 2008 |
| Kozhikode – Doha – Kozhikode | 23rd January, 2008 |

| Domestic | |
|---|---------------------|
| Routes | Commenced on |
| Mumbai – Chandigarh – Mumbai | 17th October, 2007 |
| Kolkata – Ahmedabad – Kolkata (Discontinued in June 2008) | 17th December, 2007 |
| Ahmedabad-Indore-Bhopal-Raipur-Hyderabad and return | 30th March, 2008 |



11. The response to these new routes has been encouraging and passenger feedback with regard to the Company's services and product offerings on these routes has been extremely positive. The Company competes with established, larger international carriers on nearly all the international routes it flies and has established significant market shares in most international route it operates.
12. The Company maintained its leadership in the domestic market through its superior network and high standards of service. The Company is synergizing its network and a number of areas of operations with those of its Subsidiary Company, Jet Lite (India) Limited, and this is expected to benefit both the Company and the Subsidiary Company.
13. There was significant over capacity in the domestic market. In the competitive environment that emerged the entry of several new operators in the domestic market during the last 2/3 years, many airlines resorted to low pricing, often below operating costs, in order to stimulate the market. As a result, yields of all domestic carriers declined during the year, despite increases, from time to time, of fares and of fuel surcharge. In this difficult environment, the Company's performance in the domestic market must be viewed as satisfactory.
14. The cost of Aviation Turbine Fuel (ATF) increased continuously throughout the year due to the rising cost of crude oil. As on March 2008, the cost of ATF in India was 37% higher than the cost a year ago. Additionally, because of the taxes and duties applicable, the ATF prices for domestic operations in India continue to be more than 60% higher than the international prices. The high cost of ATF has adversely impacted the performance of the Company during the year under review, as was the case with all the other Indian carriers and most airlines worldwide.
15. As on 31st March, 2008, the Company had 81 aircraft in its fleet compared to 62 as on 31st March, 2007. The Company added ten Boeing 777 and six Airbus 330, three Boeing 737-700, seven Boeing 737-800 and two ATR – 72-500 aircraft to its fleet during the year. The Company also redelivered two Boeing 737-400, three Airbus 340 and three Boeing 737-700 to the respective Lessors, at the end of respective lease periods. One ATR 72-500 aircraft was declared as a "Constructive Total Loss".

SALE AND LEASEBACK OF AIRCRAFT

16. During the year, the Company sold and leased back four Boeing 737-700 aircraft. The Company's profit attributable to this was Rs. 31,484 lac.

REVALUATION OF ASSETS

17. The Company revalued, as on 31st March, 2008, the Leasehold Land based on a valuation report obtained from a registered valuer and revalued Narrow Body Aircraft based on valuation reports prepared by International Aircraft Valuers. The resultant appreciation in respect of land is Rs. 148,119 lac and on account of Narrow Body Aircraft is Rs. 118,133 lac. An aggregate amount of Rs. 266,252 lac has been credited to Revaluation Reserve.



INFORMATION UNDER CLAUSE 49 OF THE LISTING AGREEMENT: CHANGE IN ACCOUNTING POLICIES.

18. Exchange Gain (net) of Rs. 23,293 lac for the Year ended 31st March, 2008, has been included in Other Income in accordance with the revised Accounting Standard AS 11 "The Effects of Changes in Foreign Exchange Rates". Such gain would have, prior to the onset of the Accounting Standard, been adjusted to the carrying amount of fixed assets.
19. The Company's wide body aircraft are depreciated at the rates prescribed as per Schedule XIV of the Companies Act, 1956 on Straight Line method as against Written Down Value method followed for Narrow Body aircraft held by the Company. The Wide Body aircraft are different from the Narrow Body aircraft in terms of technology and other efficiency parameters based on long haul operations and are being used primarily on International routes as compared to Narrow Body aircraft which are mostly deployed on Domestic routes.

RESPONSES TO COMMENTS IN THE ANNEXURE TO THE AUDITORS' REPORT

20. Reference is drawn to point no. 4 and 7 of the Annexure to the Auditors' Report. The comments in italics read along with the respective further comments in the said Annexure to the Auditors' Report are self-explanatory.

DIRECTORS' RESPONSIBILITY STATEMENT

21. As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:
 - i. in the preparation of the Annual Accounts, the applicable accounting standards have been followed;
 - ii. the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the loss of the Company for that year;
 - iii. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the said Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
 - iv. the Directors have prepared the Annual Accounts on a going concern basis.



CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

22. Particulars as prescribed pursuant to Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 in respect of these items are given below:

a. Conservation of Energy:

The Company has during the year under review continued to rigorously monitor fuel consumption of all aircraft on an on-going basis, and taken various measures to optimize consumption. The average age of the Company's fleet as on 31st March, 2008 was 4.24 years, a factor that contributes to fuel efficiency. The Company also maintains fuel-efficient operations with regard to its ground equipment and vehicles.

b. Technology Absorption

• Training of Pilots:

During the year under review, the Company installed and commissioned at its Simulator Centre in Mumbai two full flight simulators and related equipment to train Pilots on the Boeing 777 and Airbus 330 aircraft respectively.. The Company continued to give Pilots endorsement and refresher training for Boeing-737 aircraft at the Simulator Training Centre. The training was conducted by the Company's own Instructors. The Company's Pilots were given endorsement and refresher training for ATR aircraft at ATR's simulator facility at Bangkok. This training was also conducted by the Company's own instructors.

• IT initiatives:

The Company continued to upgrade all applications in use, both in its operations and in Management Information Systems.

DIRECTORS

23. Dr. Vijay L. Kelkar resigned from the Board pursuant to his appointment as Chairman of the Finance Commission. The Directors place on record his invaluable contribution and guidance to the Board and to the Management during his tenure as Director and as a member of the Audit Committee.
24. Mr. S. G. Pitroda, Mr. Javed Akhtar, Mr. Saroj K. Datta and Mr. Ali Ghandour retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.
25. The Directors recommend the re-appointment of Mr. Saroj K. Datta as Executive Director of the Company, subject to the approval of the Central Government, of the Terms and Conditions of his appointment.



AUDITORS

26. The Statutory Auditors, Messieurs Deloitte Haskins & Sells, Chartered Accountants, and Messieurs Chaturvedi & Shah, Chartered Accountants, retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept the office, if re-appointed. At the said Meeting, Members will be requested to appoint Statutory Auditors for the Financial Year 2008-09 and to fix their respective remuneration.

PARTICULARS OF EMPLOYEES

27. Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended from time to time, forms part of this Report. However, as per the provisions of Section 219(1) (b) (iv) of the Companies Act, 1956, the Report and Accounts are being sent to all Members excluding the Statement containing the particulars of employees to be provided under Section 217 (2A) of the Act. A Member may inspect the particulars at the Registered Office of the Company between 11:00 A.M. to 1:00 P.M. on all working days till the date of the 16th Annual General Meeting.

CORPORATE GOVERNANCE

28. Your Company has complied with the mandatory provisions of Clause 49 of the Listing Agreement relating to Corporate Governance, as amended from time to time. A separate section on Corporate Governance forms part of the Annual Report and the Certificate from the Company's Statutory Auditors on compliance with the provisions of Corporate Governance is annexed to the Corporate Governance Report.

CORPORATE SOCIAL RESPONSIBILITY

29. In January 1997, the Company launched its in-flight collection programme the 'Magic Box' in association with the NGO "Save the Children India (STCI)". This fund-raising programme has been extended to all flights in the domestic network. The funds collected are utilized towards projects covering areas such as disaster relief, education and health care for the poor, and programmes to prevent the exploitation of women.
30. The Company organizes "Flights of Fantasy", where underprivileged children and children with special needs are taken on specially organized flights and introduced to the world of aviation. On the occasion of Children's Day in November 2007, the Company operated Flights of Fantasy in partnership with Tata Consultancy Services in Hyderabad, for the Parents Association for Welfare of the Mentally Handicapped. In Mumbai, the Company in association with GE Volunteers operated a Flight of Fantasy for the children cared for by three NGOs viz. Magic Bus, Assema and VISA (Vision in Social Arena).
31. This year, as in past years, Jet Airways employees participated in the Standard Chartered Mumbai Marathon that raises funds for various NGOs. The number of employees participating has been increasing each year.



POST BALANCE SHEET EVENTS

Resolution by Postal Ballot

32. The Shareholders passed a Special Resolution by Postal Ballot authorizing the Board of Directors to issue Securities such as ADRs/GDRs/FCCBs etc. to eligible investors, QIBs/FIIs etc. up to US \$ 400,000,000 (United States Dollars Four Hundred Millions).

Fleet

33. The Company inducted one ATR 72-500 and one Airbus 330 in May 2008 and one ATR 72-500 and one Airbus 330 aircraft in June 2008.
34. Depreciation on Narrow Body Aircraft was hitherto provided on Written Down Value Method. Based on the usage of such Aircraft, the industry practice followed in domestic and international markets, the Company, in order to reflect a more appropriate preparation / presentation of financial statements, has with effect from 1st April, 2008, changed the method of depreciation on such Aircraft to Straight Line Method and the surplus arising from retrospective computation aggregating Rs. 92,377 lac (excluding adjustment to revaluation reserve) will be accounted and disclosed under Exceptional Item.
35. The Company, based on legal advice has, with effect from 1st April, 2008, adjusted the foreign currency differences on amounts borrowed for acquisition of fixed assets acquired from outside India aggregating Rs. 62,429 to the carrying cost of the fixed assets, in compliance with Schedule VI of the Companies Act, 1956 which is in variance with the treatment prescribed in Accounting Standard (AS -11) on 'Effects of Changes in Foreign Exchange Rates' notified in the Companies (Accounting Standards) Rules.

Network

36. The Company has introduced the following new routes and changes to existing routes after 1st April, 2008:

| International | |
|--|-------------------|
| Routes | Commenced on |
| Mumbai - Hongkong - Mumbai | 14th April, 2008 |
| Kochi - Doha - Kochi | 18th April, 2008 |
| Mumbai - Muscat - Mumbai | 21st April, 2008 |
| Mumbai - Abu Dhabi - Mumbai | 23rd April, 2008 |
| Delhi - Abu Dhabi - Delhi | 23rd April, 2008 |
| Mumbai - Bangkok - Mumbai | 7th May, 2008 |
| Mumbai - San Francisco - Mumbai (via Shanghai) | 14th June, 2008 |
| Delhi - Toronto - Delhi via Brussels (Operated as Delhi - New York (JFK)-Delhi until 31st July, 2008) | 1st August, 2008 |
| Chennai - New York (JFK) - Chennai via Brussels (Operated as Chennai - Toronto - Chennai until 31st July, 2008) | 1st August, 2008 |
| Mumbai - Dubai - Mumbai | 23rd August, 2008 |
| Delhi - Dubai - Delhi | 23rd August, 2008 |



| Domestic | |
|--|-----------------|
| Routes | Commenced on |
| Chennai-Pune-Chennai (This route is now operated by Jet Lite) | 15th May, 2008 |
| Hyderabad-Rajahmundry-Hyderabad | 15th June, 2008 |
| Hyderabad-Tirupathi-Hyderabad | 15th June, 2008 |

ACKNOWLEDGEMENT

37. Your Directors place on record their appreciation for the contributions of the members of the Management Team and all employees for their continued hard work, dedication and commitment to maintaining the Company's service standards, during the year under review.
38. Your Directors place on record their appreciation for the support rendered by the Company's General Sales Agents and their associates, Travel Agents and other members of the travel trade for their continued efforts in promoting the Company.
39. Your Directors also take this opportunity to thank the Ministry of Civil Aviation, Government of India, the Director General of Civil Aviation (DGCA), the Airports Authority of India (AAI), the Mumbai International Airport (Private) Limited, Delhi International Airport (Private) Limited, Hyderabad International Airport (Private) Limited, Bangalore International Airport (Private) Limited and other airport companies for their support and guidance. Your Directors are also grateful to the Reserve Bank of India, the Ministry of Finance, the Ministry of Corporate Affairs, Government of India, National Stock Exchange of India Limited, Bombay Stock Exchange Limited, the US Exim Bank, Financial Institutions and Banks, the Boeing Company, Avion de Transport Regionale, Airbus Industrie, engine manufacturers and the lessors of our aircraft for their support, and look forward to their continued support.

For and on behalf of the Board of Directors

NARESH GOYAL
Chairman

Date : 1st September, 2008

Place : Mumbai



Management's Discussion and Analysis of Financial Condition and Results of Operations

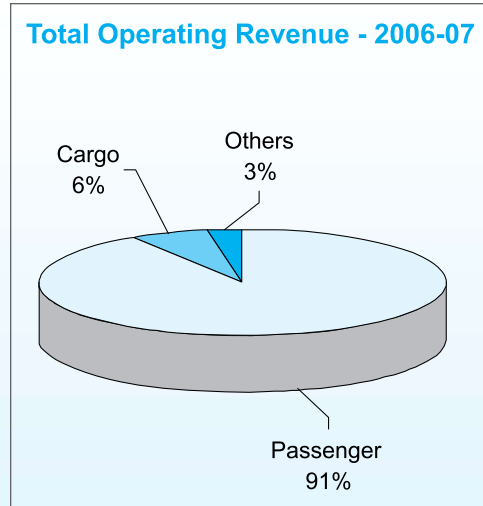
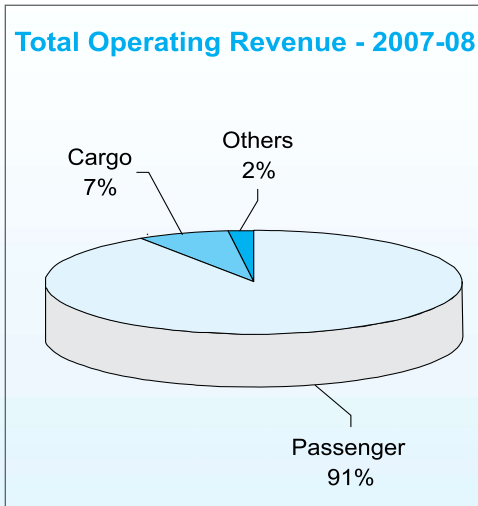
1. INDUSTRY STRUCTURE AND DEVELOPMENT

- 1.1 The Indian aviation industry continued to grow, though at a slower rate, during the year under review. Economic growth, the emergence of India as a global economic power and other factors, that have had a positive impact on air travel in to and from India, were sustained all through the year under review. However, the aviation industry worldwide was adversely affected by the spiraling cost of Aviation Turbine Fuel (ATF), caused by the continuing increase in crude oil prices. The resultant increases in fares and fuel surcharges that the airlines had to implement, resulted in a slowdown in air travel, both in India and worldwide.
- 1.2 Domestic carriers continued to add capacity during the year under review and, as in the previous year, the growth in capacity was far in excess of the growth in traffic in the domestic market. This continued overcapacity situation led some airlines to resort to extremely low pricing, well below break-even levels. As a consequence of this, combined with high ATF prices, the domestic aviation industry is estimated to have incurred a loss of close to Rs 40,000 million (USD 1.0 billion) during the year under review.
- 1.3 With the liberalization of Air Services Agreements with various countries by the Government of India, international airlines continued to expand their operations into India during the year under review. A feature has been the increased frequencies to other interior destinations such as Bangalore and Hyderabad relieving the concentration of international flights to and from Mumbai and Delhi. This is likely to continue with the progressive modernization of other airports and also the Government's policy of making interior airports available for direct operations by foreign airlines, particularly from countries in South East Asia and the Gulf. However, with the slowdown in air travel that is being witnessed, an overcapacity situation may emerge on the international routes to and from India.
- 1.4 The Central Government's policies with regard to the civil aviation industry remained positive. The Government of India has signed a number of new bilateral agreements with major countries, and this has encouraged the growth of international air traffic to and from India. The Government has also been proactive with regard to issues concerning the industry especially those relating to infrastructure.

2. ANALYSIS OF OPERATIONAL PERFORMANCE FISCAL 2008 COMPARED TO FISCAL 2007

Revenues

- 2.1 Our total revenues increased by 28.1 % from Rs.74,013 million Fiscal 2007 to Rs.94,815 million Fiscal 2008. This increase was primarily due to increase in Passenger and Cargo Revenues.



Passenger Revenues

2.2 Passenger revenues increased by 24.3% from Rs. 64,378 million in Fiscal 2007 to Rs.80,030 million in Fiscal 2008. This increase was primarily due to the significant increase in international flights which led to higher revenue earnings per passenger as also a 6.5% increase in revenue passengers in Fiscal 2008 as compared to Fiscal 2007. The airline commenced operations on a number of new international routes, particularly long-haul routes, including flights to Toronto, Newark and New York via Brussels. The Available Seat Kilometers (ASKMs) offered in Fiscal 2008 increased by 38.1% vs. Fiscal 2007. We generated revenues of Rs. 17,418 million from fuel surcharge (as compared to Rs. 7,507 Million in FY 2007) largely due to increases in fuel surcharge rates in Fiscal 2008 on domestic routes to offset the continuous increases in ATF prices.

Revenues from Excess Baggage and Courier

2.3 Excess Baggage and Courier revenues when taken together, declined by 33.4% from Rs.334 million in Fiscal 2007 to Rs.223 million in Fiscal 2008. Whilst excess baggage revenues showed a marginal increase of 1% from Rs.221 million in Fiscal 2007 to Rs. 223 million in Fiscal 2008, The Company did not earn any revenues from carriage of on-board courier traffic, because the airline has progressively discontinued such traffic on domestic routes with effect from August 2006. However, such courier traffic has instead been carried as cargo, and accounted for as cargo revenue.

Revenues from Cargo

2.4 Revenues from carriage of cargo increased by 52.5% from Rs.4,111 million in Fiscal 2007 to Rs.6,441 million in Fiscal 2008, primarily because tonnage carried increased from 141,791 tonnes in Fiscal 2007 to 165,757 tonnes in Fiscal 2008. A significant part of this revenue was generated on international routes.



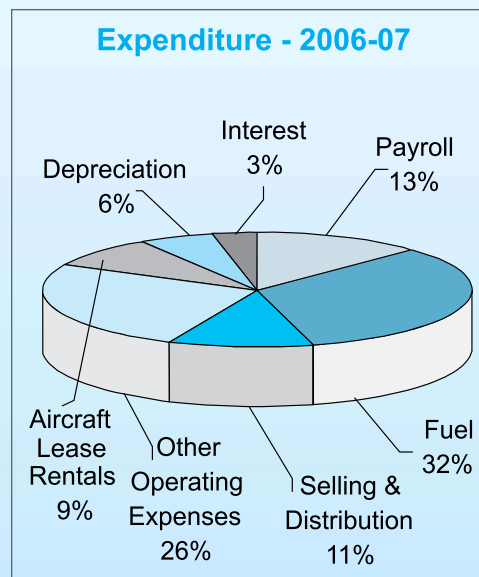
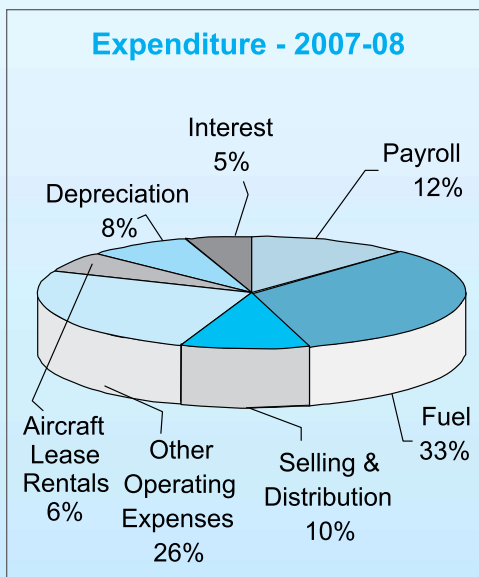
Other Revenues

2.5 Other revenues decreased by 19.1% from Rs.1,754 million in Fiscal 2007 to Rs.1,418 million in Fiscal 2008. The decrease was primarily on account of lower realization of export credit incentive under the Government’s Served From India Scheme (SFIS). Under this Scheme, exporters are allowed to set- off input taxes (such as customs duty, excise) to the extent of 10% of the export earnings brought into India.

Non-Operating Revenues

2.6 Non-operating Revenues increased by 95.1% from Rs.3,435 million in Fiscal 2007 to Rs.6,704 million in Fiscal 2008. The variation is primarily due to the higher revenues realized from the sale and lease back of aircraft in Fiscal 2008 compared with the revenues realized through similar transactions in Fiscal 2007.

Expenses



Aircraft Fuel

2.7 Fuel costs increased by 35.6% from Rs. 24,276 million in Fiscal 2007 to Rs.32,930 million in Fiscal 2008. This increase was due, firstly, to a 17.8% increase in block hours operated from 227,149 hours in Fiscal 2007 to 267,513 hours in Fiscal 2008; secondly, increases in average cost of fuel from Rs. 35.83 per litre in Fiscal 2007 to Rs. 36.14 per litre in Fiscal 2008; and, thirdly, in Fiscal 2008, the higher fuel consumption per block hour because of the higher proportion of total flights operated with wide-body aircraft on international routes: the higher capacity wide-body aircraft that we use for our international operations consume more fuel per block hour than the smaller capacity aircraft we use for our domestic operations.



Other Operating Expenses

2.8 Other Operating Expenses for Fiscal 2008 compared to Fiscal 2007 were:

| | Year Ended March 31, | | Increase/ (Decrease) (%) |
|---|------------------------|------------------------|------------------------------------|
| | 2008 (Rs. Millions) | 2007 (Rs. Millions) | |
| Maintenance and repairs | 6,289 | 4,659 | 35.0 |
| Variable rentals | 1,862 | 2,041 | -8.8 |
| Landing, navigation and other airport charges | 6,960 | 4,787 | 45.4 |
| Insurance | 596 | 722 | -17.5 |
| General and administrative | 10,086 | 6,623 | 52.3 |
| Total | 25,792 | 18,833 | 37.0 |

2.9 Other Operating Expenses increased by 37.0% from Rs.18,833 million in Fiscal 2007 to Rs.25,792 million in Fiscal 2008 due to the following:

- The increase in maintenance and repair costs in 2007 was essentially due to
 - more block hours flown during Fiscal 2008, due to the larger fleet compared to Fiscal 2007, and
 - the impact, during Fiscal 2008, of more wide body aircraft in the fleet, where maintenance costs are higher than that of narrow body aircraft.
- The decrease in variable rentals is on account of the fact that the majority of the additions to the fleet were largely owned aircraft on which we do not pay rentals. During the year, we also returned 3 leased A340 aircraft which led to a reduction in variable lease rentals.
- The increase in landing, navigation and other airport charges was primarily due to an increase in the number of flights operated [126,676 in Fiscal 2008 compared to 119,369 in Fiscal 2007]. Further there were more international flights during Fiscal 2008, where charges paid in India and overseas are higher than those paid for domestic flights and also entail costs such as over-flying etc.
- The decrease in insurance costs was due to the decrease in the premium rates paid for the fleet



- The increase in general and administrative costs is attributable to:
 - increased costs of in-flight and passenger amenities due to more passengers flown during Fiscal 2008, and
 - increase in travelling costs by 81.9% mainly because of expenses incurred with regard to international routes that started in Fiscal 2008. Travelling costs also include cost of crew transportation and crew hotel accommodation, which increased significantly because of the increase in international operations.

Employee Remuneration and Benefits

2.10 Expenses with regard to employee remuneration and benefits increased by 28.5% from Rs. 9,381 million in Fiscal 2007 to Rs.12,052 million in Fiscal 2008 due to annual increments and due to increase in the number of employees from 11,088 as on 31st March, 2007 to 13,163 on 31st March 2008. A large part of this increase was due to the recruitment, during Fiscal 2008, of pilots, engineers and cabin crew to meet the Company's expansion, that included a significant number of foreign and expatriate personnel in these categories.

Selling and Distribution Costs

2.11 Selling and distribution costs increased by 22.73% from Rs.8,008 million in Fiscal 2007 to Rs. 9,829 million in Fiscal 2008. This increase in selling and distribution costs was caused by:

- an increase of 23.4% in Central Reservation System (CRS) expenses and Global Distribution System (GDS) expenses from Rs. 1,779 million in Fiscal 2007 to Rs. 2,196 million in Fiscal 2008; this was mainly due to the increase in the number of passengers flown and a larger mix of passenger bookings emanating from outside India (which are more expensive); and
- an increase of 15.7% in commissions to our travel agents and General Sales Agents (GSAs) from Rs. 5,589 million in Fiscal 2007 to Rs. 6,467 million in Fiscal 2008. This was essentially due to increased Passenger Revenues and productivity-based incentives given to agents.

Aircraft Rentals

2.12 Aircraft rentals decreased by 12.8% from Rs. 6,458 million in Fiscal 2007 to Rs. 5,633 million in Fiscal 2008 due to reduction in lease rentals of some aircraft and the return of certain aircraft to respective lessors after the expiry of the lease periods. Part of the decrease in lease rentals was offset due to the sale and lease back of aircraft during Fiscal 2007 and Fiscal 2008.



Depreciation

- 2.13 We recorded an increase in depreciation costs of 87.8% from Rs. 4,141 million in Fiscal 2007 to Rs. 7,778 million in Fiscal 2008, essentially due to the addition of owned aircraft to the fleet as well as two new full flight simulators which were commissioned in FY 2008.

Interest Expense

- 2.14 Interest expenses increased by 105.2% from Rs. 2,402 million in Fiscal 2007 to Rs. 4,927 million in Fiscal 2008, largely due to the increase in loans to fund new aircraft.

Profit/ (Loss) before Taxation

- 2.15 Loss before taxation was Rs. 4,126 million in Fiscal 2008 compared to a profit of Rs. 514 million in Fiscal 2007.

Profit/ (Loss) after Taxation

- 2.16 Loss after taxation was Rs. 2,531 million in Fiscal 2008 compared to a profit of Rs. 280 million in Fiscal 2007.

3. Initiatives

- 3.1 The Company has put in place a major programme to reduce costs in all areas of operations. Under this programme, every element of cost and of senior expenditure is being reviewed. The programme involves the active participation of members of the management.
- 3.2 The Company is integrating the operations of its subsidiary Jet Lite (India) Limited, particularly with regard to optimizing engineering and maintenance, revenue management, information technology and other areas. This will bring synergies to both companies.
- 3.3 The Company installed and commissioned two more full flight simulators at its Simulator Centre in Mumbai – to train pilots on the Boeing 777 and the Airbus 330 aircraft respectively. These simulators are in addition to the existing two Boeing 737 simulators. The Company therefore has simulator training facilities for all major aircraft types in its fleet

4. Outlook

- 4.1 It is expected that with the slowdown in capacity addition in the domestic market, pricing in the domestic market will restore to rational levels.
- 4.2 The Company continues to improve its performance in most of its international routes. It is expected that, over time, these routes will become profitable.



5. Awards

5.1 The Company continued to win awards in recognition of its services and products. During the year under review, the Company received the following awards:

- In May 2007 for the third year in succession the Company has been conferred a Freddie Award, this time in the highly coveted category of “Programme of the Year” for Japan, Australia, Asia and Pacific regions. In April 2008, the Company won this award for the second year in succession.
- In August 2007, the Company won the SAP ACE 2007 – Awards for Customer Excellence, in the Best Travel & Transportation Sector Implementation Category.
- In September 2007, the Company was awarded TravelBiz Monitor’s - Most Innovative Product Launch Award for its ‘First Class’ product on its long-haul flights
- In September 2007, the Company was awarded by The World Airline Entertainment Association as the Best Overall in In-flight Entertainment (IFE) for small airlines ranked highest by passengers in opinion polls administered worldwide
- In October 2007, the Company website, www.jetairways.com, was awarded the prestigious Genius of the Web Awards 2007 for the Best Airlines website.
- In January 2008, the Company won the Award for Customer & Brand Loyalty in the “Commercial Airlines Sector (Domestic)”, at the Indiatimes Mindscape and Saville Row (A Forbes Group Venture) Awards ceremony.

6. Internal Control Systems

6.1 The Company has a proper and adequate system of internal controls commensurate with its size and nature of operations to provide reasonable assurance that all assets are safeguarded, transactions are authorized, recorded and reported properly, and applicable statutes, codes of conduct and corporate policies are duly complied with.

6.2 The Company’s Internal Audit Department reviews the adequacy and efficacy of the key internal controls. The scope of the audit activity is guided by the internal annual audit plan and, approved by the Audit Committee of the Board.



- 6.3 The Company's Audit Committee comprises six non-executive Directors; Mr. Aman Mehta (Chairman), Mr. Victoriano P. Dungca, Mr. Ali Ghandour, Mr. Charles Adams, Mr. Javed Akhtar and Mr. Yash Chopra. The Audit Committee reviews reports submitted by the Internal Audit Department and monitors follow-up and corrective action taken. Dr V. Kelkar was a member of the Audit Committee till his resignation from the Board on 31st December, 2007
- 6.4 The Company has a corporate compliance procedure to ensure that all laws, rules and regulations applicable to it are complied with. Based on confirmation from departmental heads, the Chief Executive Officer places before the Board a Corporate Compliance Certificate at every Board Meeting.
- 6.5 The Company Secretary is the designated Compliance Officer to ensure compliance with SEBI regulations and with our Listing Agreement with National Stock Exchange of India Limited and Bombay Stock Exchange Limited.
- 6.6 The Executive Director is the Compliance Officer with regard to the 'Jet Airways Code of Conduct for Prevention of Insider Trading' and Public Spokesman for the 'Jet Airways Code of Corporate Disclosure Practices for Prevention of Insider Trading'.
- 6.7 The Company has a process of both external and internal safety audits for each area of operation. The Company is in full compliance with all laws, rules and regulations relating to airworthiness, air safety and other statutory operational requirements.
- 6.8 The Company, as part of its Risk Management strategy, reviews on a continuous basis, its strategies, processes, procedures and guidelines to effectively identify and mitigate risks. Key risk areas in all areas of the Company's operations and management have been identified and are maintained.

7. Opportunities, Risks, Concerns and Threats

- 7.1 The Company will continue its programme of expansion and continue to evaluate opportunities for new routes, particularly opportunities arising out of new bilateral agreements. The Company also intends to extend its alliances with other airlines.
- 7.2 The prices of aviation fuel, which are largely determined by global prices of crude oil, continue to be a major cause for concern. High aviation fuel prices have impacted the financial performance of airlines worldwide, and may continue to do so unless prices of crude oil stabilize. It is expected in certain quarters that crude oil prices will be lower in fiscal 2009.



- 7.3 Pricing policies followed by certain airlines due to the overcapacity in the domestic market may be reversed in fiscal 2010 with the slowdown of capacity growth
- 7.4 The growth of air travel within, to and from India may be impacted by a possible slowdown in the Indian economy, and the slowdown in certain global economies. Factors such as political instability, internal violence or any external threat could also adversely impact the aviation industry.
- 7.5 The air traffic congestion at Bangalore and Hyderabad experienced in fiscal 2008 will ease with the commissioning of the new airports at these cities. The Director General of Civil Aviation continues its initiatives to modernize Air Traffic Control (ATC) systems in order to ameliorate the congestion.

Certain statements in this Management Discussion and Analysis describing the Company may be 'forward-looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's future operations include economic conditions affecting air travel in India and overseas, change in Government Regulations, changes in Central and State taxation, fuel prices and other factors.



(Information given in this Report relates to the Financial Year ended 31st March, 2008)

Company's philosophy on Code of Governance

The Company recognizes that good Corporate Governance is essential to build and retain the confidence of its stakeholders. To this end, the Company's philosophy on Corporate Governance is to endeavour to ensure:

- that systems and procedures which monitor compliance with laws, rules and regulations in place in each area of its business,
- that relevant information regarding the Company and its operations is disclosed, disseminated and easily available to its stakeholders, and
- that the Board of Directors is kept fully informed of
 - all material developments in the Company,
 - the risks in its business and its operations,
 - the rationale for management's decisions and recommendations

so that the Board of Directors can effectively discharge its responsibilities to our stakeholders.

1. BOARD OF DIRECTORS

i. Other Directorships / Memberships

The Company has a Non-executive Chairman and the number of Independent Directors is more than one third of the total strength of the Board. The Company is in compliance with the requirements of Clause 49 of the Listing Agreement as regards composition of the Board.

| Name of Director | Position/ Category | As at 31st March 2008 | | | |
|------------------|-----------------------------------|--|--------------------|------------------|---|
| | | Other Directorships / *Mandatory Committee Memberships | | | Number of Shares held |
| | | Directorships in other Companies** | Committee Chairman | Committee Member | |
| Mr. Naresh Goyal | Promoter & Non-Executive Chairman | 1 | None | None | 9,995 (as a Nominee of Tail Winds Limited) |



| Name of Director | Position/ Category | As at 31st March 2008 | | | |
|--------------------------|------------------------------------|--|--------------------|------------------|-----------------------|
| | | Other Directorships / *Mandatory Committee Memberships | | | Number of Shares held |
| | | Directorships in other Companies** | Committee Chairman | Committee Member | |
| Mr. Ali Ghandour | Non-executive Director | None | None | None | Nil |
| Mr. Victoriano P. Dungca | Non-executive Director | 1 | None | 1 | Nil |
| Mr. Charles A. Adams | Non-executive Director | None | None | None | Nil |
| Mr. Javed Akhtar | Non-executive Independent Director | 1 | None | 1 | 5,990 |
| Mr. I. M. Kadri | Non-executive Director | None | None | None | Nil |
| Mr. P.R.S. Oberoi | Non-executive Director | 10 | 1 | 1 | Nil |
| Mr. Aman Mehta | Non-executive Independent Director | 6 | 2 | 5 | Nil |
| Dr. Vijay L. Kelkar# | Non-executive Independent Director | 12 | 1 | 3 | Nil |
| Mr. S. G. Pitroda @ | Non-executive Director | None | None | None | Nil |
| Mr. Yash Raj Chopra | Non-executive Independent Director | None | None | None | 355 |
| Mr. Shah Rukh Khan | Non-executive Director | None | None | None | Nil |
| Dr. Pierre J. Jeannot | Non-executive Independent Director | None | None | None | Nil |
| Mr. Saroj K. Datta | Executive Director | 1 | None | None | 553 |

Resigned w.e.f 31st December, 2007

* Represents Memberships/Chairmanship of Audit Committee and Shareholders'/Investors' Grievances Committee

** The Directorships held by Directors as mentioned above, do not include Alternate Directorships and Directorships of Foreign Companies, Section 25 Companies and Private Limited Companies.

@ Based on the information available as per the representation submitted by him as on 31st March, 2007

ii. Composition

The Board of Directors of the Company consists of 13 Directors including 4 Independent Directors. Mr. Naresh Goyal is the Chairman and Mr. Saroj K. Datta is the Executive Director of the Company. The Board of Directors including the Independent Directors comprise of senior, competent and highly respected persons from their respective fields.



iii. Attendance at the Board Meetings during the Financial Year 2007-08 and the last Annual General Meeting

Six Board Meetings were held during the Financial Year 2007-08. The gap between any two Board Meetings did not exceed four months. The dates on which the Board Meetings were held are as follows:

16th April, 2007, 26th June, 2007, 30th July, 2007, 27th September, 2007, 29th October, 2007 and 28th January, 2008.

| Name of Director | No of Meetings attended | Attendance at Annual General Meeting held on 27th September, 2007 |
|----------------------------------|-------------------------|---|
| Mr. Naresh Goyal | 4 | Yes |
| Mr. Ali Ghandour | 5 | Yes |
| Mr. Victoriano P. Dungca | 5 | Yes |
| Mr. Charles A. Adams | 5 | Yes |
| Mr. Javed Akhtar | 4 | No |
| Mr. I. M. Kadri | 4 | Yes |
| Mr. P. R.S. Oberoi | Nil | No |
| Mr. Aman Mehta | 4 | Yes |
| Dr. Vijay L. Kelkar [#] | 5 | Yes |
| Mr. S. G. Pitroda | Nil | No |
| Mr. Yash Raj Chopra | 5 | No |
| Mr. Shah Rukh Khan | Nil | No |
| Dr. Pierre J. Jeannot | 1 | Yes |
| Mr. Saroj K. Datta | 5 | Yes |

[#] Resigned w.e.f. 31st December, 2007

2. AUDIT COMMITTEE

In terms of the Listing Agreements executed by the Company with Stock Exchanges, and pursuant to Section 292A of the Companies Act, 1956, the Company has complied with the requirements of Clause 49 of the Listing Agreement as regards composition of the Audit Committee.



The terms of reference of the Audit Committee are comprehensive and cover the matters specified for the Audit Committees under the Listing Agreement with the Stock Exchanges.

i. Composition, names of Members, Chairman and attendance at Meetings during the Financial Year 2007-08

The Company has a qualified and an Independent Audit Committee as required under Clause 49 of the Listing Agreement. Currently its constitution is as under:

| Name of the Member | Designation | Category/Position |
|--------------------------|-------------|------------------------|
| Mr. Aman Mehta | Chairman | Independent Director |
| Dr. Vijay L. Kelkar# | Member | Independent Director |
| Mr. Victoriano P. Dungca | Member | Non-executive Director |
| Mr. Javed Akhtar | Member | Independent Director |
| Mr. Yash Raj Chopra | Member | Independent Director |

Resigned w.e.f. 31st December, 2007

Mr. Shirish Limaye, Company Secretary is the Secretary of the Audit Committee. Executives from Finance, Secretarial and Internal Audit Departments and representatives of the Statutory Auditors are invited to attend the Audit Committee Meetings.

ii. Meetings and attendance during the Financial Year 2007-08

Four Meetings of the Audit Committee were held during the Financial Year 2007-08. The dates on which the Audit Committee Meetings were held are as follows:

26th June, 2007, 30th July, 2007, 29th October, 2007 and 28th January, 2008.

| Name of the Member | No. of Meetings attended |
|--------------------------|--------------------------|
| Mr. Aman Mehta | 2 |
| Dr. Vijay L. Kelkar# | 3 |
| Mr. Victoriano P. Dungca | 3 |
| Mr. Javed Akhtar | 3 |
| Mr. Yash Raj Chopra | 4 |

Resigned w.e.f. 31st December, 2007

3. REMUNERATION AND COMPENSATION COMMITTEE

i. Terms of Reference

The Remuneration and Compensation Committee shall determine the Compensation Policy and other benefits for Executive Directors and the Senior Management.



ii. Composition, names of Members and Chairman

The Members of the Remuneration and Compensation Committee are as under:

| Name of the Member | Designation | Category/Position |
|--------------------------|-------------|------------------------|
| Dr. Vijay L. Kelkar# | Chairman | Independent Director |
| Mr. Victoriano P. Dungca | Member | Non-executive Director |
| Mr. Charles A. Adams | Member | Non-executive Director |
| Mr. Javed Akhtar | Member | Independent Director |
| Mr. Aman Mehta | Member | Independent Director |

Resigned w.e.f 31st December, 2007

iii. Meetings and attendance during the Financial Year 2007-08

During the Financial Year 2007-08, only one Meeting of the Remuneration and Compensation Committee was held on 30th July, 2007. Dr. Vijay L. Kelkar, Mr. Victoriano P. Dungca, Mr. Charles A. Adams and Mr. Javed Akhtar were present at the meeting.

iv. Remuneration Policy

At present, the Non-executive Directors of the Company are entitled only to sitting fees and commission, which is decided by the Board of Directors and approved by the Shareholders as remuneration towards the increased responsibility entrusted upon them, current trends and commensurate with the time devoted and the contributions made by them. The Remuneration payable to the Executive Director is determined by the Remuneration and Compensation Committee. However due to the loss in the current financial year, no commission is payable to any Director.

v. Details of remuneration of Directors for the Financial Year 2007-08

| Name of the Director | Basic Salary (Rs.) | Allowances (Rs.) | Perquisites (Rs.) | Retirement Benefits (Rs.) | Sitting Fees (Rs.) | Commission Payable (Rs.) | Total (Rs.) |
|--------------------------|--------------------|------------------|-------------------|---------------------------|--------------------|--------------------------|-------------|
| Mr. Naresh Goyal | Nil | Nil | Nil | Nil | 80,000 | Nil | 80,000 |
| Mr. Ali Ghandour | Nil | Nil | Nil | Nil | 120,000 | Nil | 120,000 |
| Mr. Victoriano P. Dungca | Nil | Nil | Nil | Nil | 220,000 | Nil | 220,000 |
| Mr. Charles A. Adams | Nil | Nil | Nil | Nil | 180,000 | Nil | 180,000 |
| Mr. Javed Akhtar | Nil | Nil | Nil | Nil | 160,000 | Nil | 160,000 |
| Mr. I. M. Kadri | Nil | Nil | Nil | Nil | 120,000 | Nil | 120,000 |



| Name of the Director | Basic Salary (Rs.) | Allowances (Rs.) | Perquisites (Rs.) | Retirement Benefits (Rs.) | Sitting Fees (Rs.) | Commission Payable (Rs.) | Total (Rs.) |
|-----------------------|--------------------|------------------|-------------------|---------------------------|--------------------|--------------------------|-------------|
| Mr. P. R. S. Oberoi | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Mr. Aman Mehta | Nil | Nil | Nil | Nil | 160,000 | Nil | 160,000 |
| Dr. Vijay L. Kelkar | Nil | Nil | Nil | Nil | 200,000 | Nil | 200,000 |
| Mr. S. G. Pitroda | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Mr. Yash Raj Chopra | Nil | Nil | Nil | Nil | 180,000 | Nil | 180,000 |
| Mr. Shah Rukh Khan | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Dr. Pierre J. Jeannot | Nil | Nil | Nil | Nil | 20,000 | Nil | 20,000 |
| Mr. Saroj K. Datta | 3,061,000 | 1,692,000 | Nil | 511,551 | Nil | Nil | 5,264,551 |

The tenure of office of the Executive Director is for a period of one year from the date of his appointment and can be terminated by either party by giving three months notice in writing. There is no separate provision for payment of severance fees.

The Company has paid Rs. 16,362,560/- as an advance against consideration payable to a Company in which Mr. Shah Rukh Khan is a Director / Member towards Master Production cost of Television Commercial Advertisements and for which the necessary Central Government approval has been obtained.

4. INVESTORS' GRIEVANCES COMMITTEE

i. Composition, names of Members and Chairman

The Company has an Investors' Grievances Committee to specifically look into the redressal of the Shareholders'/Investors' complaints. The Members of the Investors' Grievances Committee are as under:

| Name of the Member | Designation | Category/Position |
|----------------------|-------------|------------------------|
| Mr. I. M. Kadri | Chairman | Non-executive Director |
| Mr. Charles A. Adams | Member | Non-executive Director |
| Mr. Saroj K. Datta | Member | Executive Director |

ii. Meetings and attendance during the Financial Year 2007-08

Three Meetings of the Investors' Grievances Committee were held during the Financial Year 2007-08. The dates on which the said Meetings were held are as follows:

26th June, 2007, 30th July, 2007, and 28th January, 2008.



| Name of the Member | No. of Meetings attended |
|----------------------|--------------------------|
| Mr. I. M. Kadri | 2 |
| Mr. Charles A. Adams | 3 |
| Mr. Saroj K. Datta | 3 |

iii. Name and designation of Compliance Officer

Mr. Shirish Limaye, Company Secretary is the Compliance Officer under Clause 47 of the Listing Agreement after taking over the charge from Ms. Sheetal S. Tamhane, who resigned from the services of the Company on 15th February, 2008.

iv. Details of Shareholders' complaint/queries

| Opening Balance | Received | Attended To | Pending |
|-----------------|----------|-------------|---------|
| Nil | 124 | 124 | Nil |

The Company has designated exclusively the following email ID for the purpose of registering complaints by the Shareholders. The same has been displayed prominently on the Company's website.

investors@jetairways.com

5. GENERAL BODY MEETINGS

i. Location and time for the last three Annual General Meetings:

| Date | Venue | Time |
|----------------------|--|-----------|
| 27th September, 2005 | Nehru Centre Auditorium, Discovery of India Building, Dr. Annie Besant Road, Worli, Mumbai 400 018 | 3:30 P.M. |
| 20th September, 2006 | Nehru Centre Auditorium, Discovery of India Building, Dr. Annie Besant Road, Worli, Mumbai 400 018 | 3:30 P.M. |
| 27th September, 2007 | Nehru Centre Auditorium, Discovery of India Building, Dr. Annie Besant Road, Worli, Mumbai 400 018 | 3:30 P.M. |



ii. Whether any special resolutions passed in the previous three Annual General Meetings:

| Year | Subject |
|----------------------|---|
| 27th September, 2005 | <ul style="list-style-type: none"> • Reappointment and remuneration of Executive Director • Payment of sitting fees to Directors and compensation to Non-executive Directors • Appointment of Mrs. Anita Goyal as Executive Vice-President – Marketing & Sales |
| 20th September, 2006 | <ul style="list-style-type: none"> • Re-appointment and remuneration of Executive Director • Payment of Commission to Non-executive Directors for the Financial Year 2006-07 • Alteration of Articles of Association of the Company |
| 27th September, 2007 | <ul style="list-style-type: none"> • Re-appointment and remuneration of Executive Director • Payment of Commission to Non-executive Directors for the Financial Year 2007-08 |

iii. Whether special resolutions were put through postal ballot last year, details of voting pattern, person who conducted the postal ballot exercise, proposed to be conducted through postal ballot and procedures for postal ballot.

There was no such Resolution which was required to be passed by Postal Ballot.

6. DISCLOSURES

i. Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.

None of the transactions with any of the related parties were in conflict with the interest of the Company.

ii. Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets, during the last three years.

No penalties and strictures have been imposed on the Company. It has been regular in complying with the requirements specified by the Stock Exchanges, Securities and Exchange Board of India and other Statutory Authorities.



iii. Code of Conduct

The Board of Directors has laid down a Code of Business Conduct and Ethics for all Members of the Board and the Senior Management of the Company. The same has been posted on the Company's website. All Members of the Board and the Senior Management personnel have affirmed their compliance with the said Code. A declaration to this effect signed by the Executive Director is given below:

I hereby confirm that:

The Company has obtained from all the Members of the Board and the Senior Management of the Company, affirmation that they have complied with the Code of Business Conduct and Ethics for all Members of the Board and the Senior Management in respect of the Financial Year 2007-08.

Saroj K. Datta
Executive Director

iv. ED / CFO Certification

A Certificate from the Executive Director and the Chief Executive Officer (In-charge Finance), on the Financial Statements and other matters of the Company for the Financial Year ended 31st March, 2008, was placed before the Board.

v. Risk Management

The Company has laid down procedures to inform Board Members about the Risk Assessment and Minimization procedures, which are periodically reviewed by the Board.

SHAREHOLDER INFORMATION

| | |
|--|---|
| Date and time of Annual General Meeting | Monday, 29th September, 2008 at 3.30 p.m. |
| Venue | Nehru Centre Auditorium, Discovery of India Building, Dr. Annie Besant Road, Worli, Mumbai 400 018 |
| Financial Year | 1st April, 2007 to 31st March, 2008 |
| Book Closure Date | Wednesday, 17th September, 2008 to Monday, 29th September, 2008 (both days inclusive) for Annual General Meeting. |
| Dividend Payment Date | Directors have not recommended any dividend. |
| Registered Office | S. M. Centre, Andheri-Kurla Road, Andheri (East), Mumbai 400 059 |
| Compliance Officer | Mr. Shirish Limaye, Company Secretary |
| Website Address | www.jetairways.com |



1. FINANCIAL CALENDAR

The Company has announced/expects to announce the unaudited Quarterly Results for the Financial Year 2008-09, as per the following schedule:

| | |
|-----------------------|-----------------------------------|
| First Quarter | : Announced on 29th July, 2008 |
| Second Quarter | : On or before 31st October, 2008 |
| Third Quarter | : On or before 31st January, 2009 |

The Audited Financial Results of the Company for the Financial Year 2008-09 will be announced before 30th June, 2009, which will include the Financial Results for the Fourth Quarter of the Financial Year 2008-09.

2. MEANS OF COMMUNICATION

i. Half-yearly / Yearly Report posted on the Company's website etc.

The Company publishes financial results (quarterly / half-yearly / annual) in major newspapers after the same are approved by the Board. The financial results are also simultaneously posted on the Company's website. Hence, no separate quarterly or half-yearly report is mailed to the Shareholders.

ii. Quarterly results - which newspapers normally published in

The Quarterly Financial Results are normally, published by the Company, in Hindustan Times / DNA and in the Navbharat and / or Navshakti.

iii. Any website, where quarterly results are displayed; whether it also displays official news releases

The Quarterly Financial Results and official news are posted on the Company's website at www.jetairways.com.

iv. The presentations made to institutional investors or to the analysts

The Company selectively makes presentations to the Institutional Investors / Banks / Analysts after announcement of financial results.

v. Whether the Management Discussion and Analysis is a part of the annual report or not

Yes. This is provided elsewhere in the Annual Report.



3. LISTING ON STOCK EXCHANGES

The Company's Equity Shares are listed on the following Stock Exchanges:

National Stock Exchange of India Limited (NSE)

"Exchange Plaza"
 Bandra-Kurla Complex,
 Bandra (East)
 Mumbai – 400 051

Bombay Stock Exchange Limited (BSE)

P. J. Towers
 Dalal Street, Fort,
 Mumbai – 400 001

Listing Fees for the Financial Year 2008-09 have been paid to both the above Stock Exchanges.

4. STOCK CODE

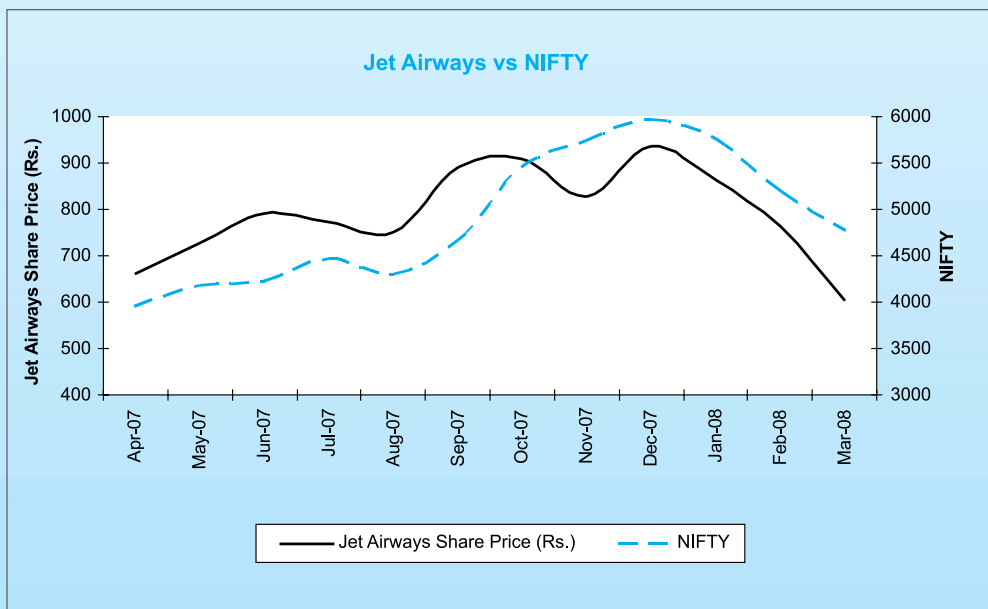
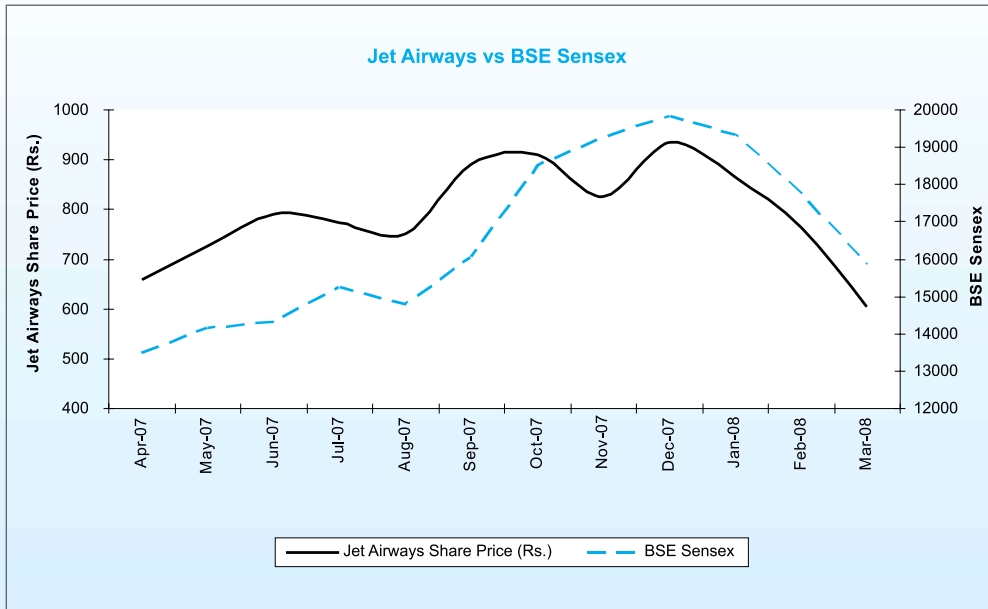
| | |
|--|----------------|
| National Stock Exchange of India Limited | : JETAIRWAYS |
| Bombay Stock Exchange Limited | : 532617 |
| ISIN Nos. in NSDL and CDSL | : INE802G01018 |

5. MARKET PRICE DATA (HIGH, LOW DURING EACH MONTH IN LAST FINANCIAL YEAR)

| Month | JETAIRWAYS on BSE | | | JETAIRWAYS on NSE | | |
|----------------|-------------------|--------------|------------------|-------------------|--------------|------------------|
| | High (Rs.) | Low (Rs.) | Volume (Nos.) | High (Rs.) | Low (Rs.) | Volume (Nos.) |
| April 2007 | 756.00 | 585.00 | 5323917 | 756.80 | 556.00 | 14831230 |
| May 2007 | 776.00 | 700.00 | 2449774 | 777.20 | 655.55 | 6413939 |
| June 2007 | 837.00 | 705.00 | 1486210 | 970.00 | 722.00 | 4294640 |
| July 2007 | 900.00 | 691.50 | 850539 | 829.65 | 682.10 | 2577972 |
| August 2007 | 812.00 | 698.00 | 567763 | 812.90 | 696.05 | 1881018 |
| September 2007 | 980.00 | 809.00 | 1410991 | 997.60 | 805.00 | 5684563 |
| October 2007 | 967.90 | 800.00 | 1058836 | 968.00 | 820.00 | 2632838 |
| November 2007 | 898.55 | 740.00 | 337766 | 892.00 | 781.00 | 1326866 |
| December 2007 | 1049.80 | 828.00 | 642563 | 1048.80 | 825.00 | 3096735 |
| January 2008 | 1023.00 | 627.05 | 848222 | 1028.00 | 600.00 | 2689781 |
| February 2008 | 839.00 | 667.00 | 752540 | 840.00 | 706.50 | 970524 |
| March 2008 | 764.00 | 504.00 | 1148173 | 759.90 | 506.00 | 2773405 |



6. PERFORMANCE OF SHARE PRICE OF THE COMPANY IN COMPARISON TO THE BSE AND NSE INDICES





7. REGISTRAR AND SHARE TRANSFER AGENT

Karvy Computershare Private Limited

17 to 24, Vithal Rao Nagar,

Beside Image Hospital

Madhapur, Hyderabad 500 081

Tel : +91 40 2342 0818

Fax : +91 40 2342 0814

Email : einward.ris@karvy.com; mailmanager@karvy.com

Contact Person : Mr. S. V. Raju, Assistant General Manager

8. SHARE TRANSFER SYSTEM

99.99% of the issued Equity Shares of the Company are in the dematerialized form. Transfers of these shares are done through the depositories with no involvement of the Company or its Registrars.

As regards transfer of shares held in physical form, the transfer documents can be lodged with the Company's Registrar and Share Transfer Agent -Karvy Computershare Private Limited at the above mentioned address or at the Registered Office of the Company.

There was one transfer of shares in physical form during the Financial Year 2007-08.

9. DEMATERIALIZATION OF SHARES AND SECRETARIAL AUDIT

The Company has arrangements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), to facilitate holding and trading of Company's Equity Shares in electronic form. 99.99% of Company's Equity Shares are held in electronic form. The Company's Equity Shares are regularly traded on NSE and BSE.

For the Financial Year ended 31st March 2008, M/s. T. M. Khumri & Co., Company Secretaries, carried out a Secretarial Audit to reconcile the total admitted capital with NSDL and CDSL and total issued and listed capital. The Secretarial Audit Reports for all the quarters of the said Financial Year confirm that the total Issued/Paid-up Capital is in agreement with the total number of Equity Shares in physical form and the total number of dematerialized Shares held with NSDL and CDSL.



10. DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2008

| Sl. No. | Category | | Number of Shareholders | % of Shareholders | Amount (Rs) | % of Amount |
|---------|----------------|---------|------------------------|-------------------|------------------|---------------|
| | From | To | | | | |
| 1 | 1 | 500 | 104950 | 95.0789 | 13573270 | 1.5722 |
| 2 | 501 | 1000 | 3228 | 2.9244 | 2607730 | 0.3021 |
| 3 | 1001 | 1500 | 710 | 0.6432 | 903110 | 0.1046 |
| 4 | 1501 | 2000 | 466 | 0.4222 | 880570 | 0.1020 |
| 5 | 2001 | 2500 | 172 | 0.1558 | 394960 | 0.0457 |
| 6 | 2501 | 3000 | 134 | 0.1214 | 387650 | 0.0449 |
| 7 | 3001 | 3500 | 57 | 0.0516 | 189800 | 0.0220 |
| 8 | 3501 | 4000 | 111 | 0.1006 | 428480 | 0.0496 |
| 9 | 4001 | 4500 | 36 | 0.0326 | 153570 | 0.0178 |
| 10 | 4501 | 5000 | 89 | 0.0806 | 440630 | 0.0510 |
| 11 | 5001 | 10000 | 194 | 0.1758 | 1466790 | 0.1699 |
| 12 | 10001 | 20000 | 77 | 0.0698 | 1158330 | 0.1342 |
| 13 | 20001 | 30000 | 28 | 0.0254 | 693820 | 0.0804 |
| 14 | 30001 | 40000 | 17 | 0.0154 | 586700 | 0.0680 |
| 15 | 40001 | 50000 | 8 | 0.0072 | 369250 | 0.0428 |
| 16 | 50001 | 100000 | 26 | 0.0236 | 1925460 | 0.2230 |
| 17 | 100001 | & above | 79 | 0.0716 | 837179990 | 96.9699 |
| | Total : | | 110382 | 100.00 | 863340110 | 100.00 |

11. SHAREHOLDING PATTERN AS PER CLAUSE 35 OF THE LISTING AGREEMENT, AS ON 31ST MARCH, 2008

| Sl. No. | Category | No of Shares held | % of Shares |
|-----------|--|-------------------|--------------|
| A. | SHAREHOLDING OF PROMOTER AND PROMOTERS GROUP | | |
| 1. | Indian | | |
| | Individuals / Hindu Undivided Family | 11,548 | 0.01 |
| | Sub Total | 11,548 | 0.01 |
| 2. | Foreign | | |
| | Bodies Corporate | 69,057,210 | 79.99 |
| | Sub Total | 69,057,210 | 79.99 |
| | Total shareholding of Promoter and Promoter Group (A) | 69,068,758 | 80.00 |



| Sl. No. | Category | No of Shares held | % of Shares |
|-----------|---|-------------------|--------------|
| B. | PUBLIC SHAREHOLDING | | |
| 1. | Institutions | | |
| | Mutual Funds / UTI | 2,351,355 | 2.72 |
| | Financial Institutions / Banks | 414,084 | 0.48 |
| | Insurance Companies | 2,731,230 | 3.16 |
| | Foreign Institutional Investors | 8,727,544 | 10.11 |
| | Sub Total | 14,224,213 | 16.48 |
| 2. | Non-Institutional | | |
| | Bodies Corporate | 748,015 | 0.87 |
| | Individuals : | | |
| | Individual shareholders holding nominal share capital up to Rs. 1 lakh | 2,111,844 | 2.45 |
| | Individual shareholder holding nominal share capital in excess of Rs. 1 lakh | 63,762 | 0.07 |
| | Others : | | |
| | Non Resident Indians | 77,273 | 0.09 |
| | Trusts | 597 | |
| | Clearing Members | 39,549 | 0.05 |
| | Sub Total | 3,041,040 | 3.52 |
| | Total Public Shareholding (B) | 17,265,253 | 20 |
| | Total (A) + (B) | 86,334,011 | 100 |
| C. | SHARES HELD BY CUSTODIANS AND AGAINST WHICH DEPOSITORY RECEIPTS HAVE BEEN ISSUED | - | - |
| | Total (A) + (B) + (C) | 86,334,011 | 100 |

12. OUTSTANDING GDRs/ADRs/WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY:

As on 31st March 2008, the Company did not have any outstanding GDRs/ADRs/Warrants or any Convertible Instruments.

13. PLANT LOCATIONS:

In view of the nature of the Company's business viz. provision of scheduled air services, the Company operates from various offices in India and abroad and has a Hangar at Chhatrapati Shivaji International Airport, Mumbai to provide repairs and maintenance services for Aircraft and Components. The Company also has Ground Support Department at various airports.



14. ADOPTION OF NON-MANDATORY REQUIREMENTS UNDER THE LISTING AGREEMENT

The Company has adopted the Non-mandatory requirement relating to the Remuneration Committee. Adoption of other non-mandatory requirements will be considered by the Company.

15. INVESTOR COMPLAINTS

Investor complaints are given top priority by the Company and are replied to promptly by the Secretarial Department and also by the Registrar and Share Transfer Agent of the Company. It is the endeavour of the Company that Investor Complaints are attended to within 48 hours of receipt. The Company has attended to all investors' grievances/correspondences. The Company has a separate email ID investors@jetairways.com for addressing investors' grievances.

16. ADDRESS FOR CORRESPONDENCE

Company Secretary
Jet Airways (India) Limited
S. M. Centre, Andheri-Kurla Road,
Andheri (East), Mumbai 400 059
Telephone : (022) 2920 1744
Fax : (022) 2852 7745
Email : companysecretary@jetairways.com
Website : www.jetairways.com



Auditors' Certificate on Corporate Governance

To The Members of
Jet Airways (India) Limited

We have examined the compliance of conditions of Corporate Governance by **Jet Airways (India) Limited**, for the year ended on March 31, 2008, as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

FOR DELOITTE HASKINS & SELLS
Chartered Accountants

P. R. Barpande
Partner
M. No. 15291

Mumbai
Dated : 29th July, 2008

FOR CHATURVEDI & SHAH
Chartered Accountants

C. D. Lala
Partner
M. No. 35671



To, The Members of Jet Airways (India) Limited

1. We have audited the attached Balance Sheet of **Jet Airways (India) Limited** ("the Company") as at March 31, 2008, and the Profit and Loss Account and Cash Flow Statement for the year ended on that date both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further, to our comments in the Annexure referred to above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section anies Act 1956;
 - (e) On the basis of written representations received from Directors, except for Mr. S. G. Pitroda, as on 31st March, 2008 and taken on record by the Board of Directors, we report that all other Directors are not disqualified as on 31st March, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956. In respect of Mr. S. G. Pitroda, we are unable to comment whether he is disqualified from being appointed as a director under clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 in the absence of such a representation;



- (f) We invite attention to note no. 14 of Schedule "S" regarding investments in subsidiary and advances due outstanding from such subsidiary aggregating to Rs. 170,965 lac, whose net worth has been eroded and the accounts have been prepared on going concern basis, considered good for the reasons stated therein;
- (g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with note no. 8 (A) regarding the confirmations of the counter parties and other notes thereto, gives the information required by the Companies Act, 1956, in the manner so required, and present a true and fair view in conformity with the accounting principles generally accepted in India;
- i) in so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008;
- ii) in so far as it relates to the Profit and Loss Account, of the loss for the year ended on that date; and
- iii) in so far as it relates to the Cash Flow Statement, of the cash flows for the year ended on that date.

FOR DELOITTE HASKINS & SELLS
Chartered Accountants

P. R. Barpande
Partner
M. No. 15291

Mumbai
Dated : 24th June, 2008

FOR CHATURVEDI & SHAH
Chartered Accountants

C.D. Lala
Partner
M. No. 35671



Annexure to the Auditors' Report

(Referred to in paragraph 3 of our report of even date)

- 1) In respect of its fixed assets;
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) As explained to us, the fixed assets have been physically verified by the management during the year in a phased manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. The fixed assets physically verified have been reconciled with the book records except in respect of few items which as represented to us that the Company does not expect any material discrepancies on completion of such reconciliation with book records for remaining assets.
 - c) In our opinion, the company has not disposed off a substantial part of the fixed assets during the year and the going concern status of the Company is not affected.
- 2) In respect of its inventories;
 - a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- 3) According to the information and explanations given to us the Company has not granted/taken loans, secured or unsecured, to / from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956. Therefore, the provisions of clause 4(iii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- 4) In our opinion and according to the information and explanations given to us, there are internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and with regard to rendering of services *except in respect of timely reconciliation of debtors' balance*, which is being strengthened by the Company. There is no sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- 5) In respect of contracts or arrangements referred to in section 301 of the Companies Act 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
 - (a) The particulars of contracts or arrangements have been entered in the register maintained under that section.
 - (b) Transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.



- 6) According to information and explanations given to us, the Company has not accepted deposits from the public. Therefore the provisions of clause 4(vi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- 7) In our opinion, the Company has an internal audit system commensurate with the size and the nature of its business, which in our opinion *further needs to be strengthened in the areas of purchase of fixed assets* in respect of which we are informed that the management has initiated the steps. We are further informed that as regards purchase of aircraft the same are authorised / approved with the involvement of the top management team.
- 8) Maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub section (1) of section 209 of the Companies Act, 1956. Therefore the provisions of clause 4(viii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company
- 9) In respect of Statutory dues:
- a) According to the records of the Company, undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and other material statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanation given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2008 for a period of more than six months from the date they become payable.
- b) According to the information and explanations given to us, there are no dues of sales tax, income tax, service tax, custom duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute other than the following:

| Name of the Statute | Nature of the Dues | Amount (Rs in lac) | Period to which the amount relates | Forum where dispute is pending |
|-------------------------------|-------------------------|--------------------|------------------------------------|--|
| IATT Rules, 1989 | IATT Interest & Penalty | 321 | 2003-04 | Commissioner of Customs (Appeals), New Delhi |
| IATT Rules, 1989 | IATT Interest & Penalty | 35 | 2001-02 | Commissioner of Customs (Appeals), New Delhi |
| B.M.C. Act, 1988 | Octroi Dues | 2,899 | 2000-01 | Mumbai High Court |
| Central Excise and Custom Act | Service Tax | 33 | 2001-2002 to 2004-2005 | Commissioner of Central Excise (Appeals) |

- 10) The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by the audit and the immediately preceding financial year.
- 11) Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in the repayment of dues to financial institutions and banks. There were no debentures issued during the year or outstanding at the beginning of the year.
- 12) We are of the opinion that the company has maintained adequate records where the company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.



- 13) In our opinion the company and according to the information and explanation given to us, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- 14) The Company has not dealt, other than in units, or traded in shares, securities, debentures or other investments during the year. In our opinion and according to information and explanations given to us the Company has dealt in units of Mutual Funds for which the Company has maintained proper records of transactions and contracts. All the investments have been held by the Company in its own name.
- 15) The Company has given guarantees for loans taken by subsidiary Company from bank and financial institution. According to the information and explanations given to us, we are of the opinion that the terms and conditions thereof are not prima facie prejudicial to the interest of the Company.
- 16) In our opinion, and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were raised.
- 17) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that funds raised on short-term basis have, prima facie, not been used for long-term investment except Rs. 60,937 lac utilized towards purchase of fixed assets and we are represented that this position is temporary in view of expansion of fleet.
- 18) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act 1956. Therefore, the provisions of clause 4(xviii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- 19) According to the information and explanations given to us, during the period covered by our audit report, the Company has not issued any debentures and no debentures were outstanding at the beginning of the year. Therefore, the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- 20) The Company has not raised any money by way of public issue during the year.
- 21) According to the information and explanations given to us and on the basis of the examination of the records, no fraud on or by the Company noticed or reported during the year except fraudulent use of credit cards for booking of tickets amounting to Rs. 187 lac, which we are informed are being pursued.

FOR DELOITTE HASKINS & SELLS
Chartered Accountants

P. R. Barpande
Partner
M. No. 15291

Mumbai
Dated : 24th June, 2008

FOR CHATURVEDI & SHAH
Chartered Accountants

C. D. Lala
Partner
M. No. 35671



Balance Sheet as at 31st March, 2008

| | Schedule No. | As at 31st March, 2008 Rs. in lac | As at 31st March, 2007 Rs. in lac |
|---|--------------|--------------------------------------|--------------------------------------|
| I. SOURCES OF FUNDS | | | |
| 1 Shareholders' Funds : | | | |
| a) Share Capital: Equity | A | <u>8,633</u> | <u>8,633</u> |
| | | <u>8,633</u> | <u>8,633</u> |
| b) Reserves and Surplus | B | <u>446,532</u> | <u>215,092</u> |
| | | <u>455,165</u> | <u>223,725</u> |
| 2 Loan Funds : | | | |
| a) Secured Loans | C | <u>120,025</u> | <u>74,246</u> |
| b) Unsecured Loans | D | <u>1,040,229</u> | <u>531,384</u> |
| | | <u>1,160,254</u> | <u>605,630</u> |
| 3 Deferred payment liability towards Investment in a wholly owned subsidiary company [Due within one year Rs. 13,750 lac (Previous Year N.A.), Refer Note 10 (b) of Schedule S] | | <u>41,250</u> | <u>-</u> |
| 4 Deferred Tax Liability (Refer Note 20 of Schedule S) | | <u>16,023</u> | <u>33,106</u> |
| Total | | <u><u>1,672,692</u></u> | <u><u>862,461</u></u> |
| II. APPLICATION OF FUNDS | | | |
| 1 Fixed Assets : | E | | |
| a) Gross Block | | <u>1,659,109</u> | <u>571,383</u> |
| b) Less : Depreciation | | <u>250,692</u> | <u>241,634</u> |
| c) Net Block | | <u>1,408,417</u> | <u>329,749</u> |
| d) Capital Work-in-progress | | <u>122,328</u> | <u>399,452</u> |
| | | <u>1,530,745</u> | <u>729,201</u> |
| 2 Investments | F | <u>147,535</u> | <u>6,893</u> |
| 3 Current Assets, Loans and Advances : | | | |
| a) Inventories | G | <u>54,503</u> | <u>43,899</u> |
| b) Sundry Debtors | H | <u>131,373</u> | <u>60,390</u> |
| c) Cash and Bank Balances | I | <u>85,514</u> | <u>109,664</u> |
| d) Loans and Advances | J | <u>120,854</u> | <u>122,494</u> |
| | | <u>392,244</u> | <u>336,447</u> |
| Less : Current Liabilities and Provisions | | | |
| a) Current Liabilities | K | <u>378,908</u> | <u>185,264</u> |
| b) Provisions | L | <u>18,924</u> | <u>24,816</u> |
| | | <u>397,832</u> | <u>210,080</u> |
| Net Current Assets | | <u>(5,588)</u> | <u>126,367</u> |
| Total | | <u><u>1,672,692</u></u> | <u><u>862,461</u></u> |
| Significant Accounting Policies and Notes to Accounts | S | | |

As per our attached report of even date
For **DELOITTE HASKINS & SELLS**
Chartered Accountants

For **CHATURVEDI & SHAH**
Chartered Accountants

For and on behalf of the Board

Victoriano P. Dungca
Director

P. R. Barpande
Partner

C. D. Lala
Partner

Saroj K. Datta
Executive Director

Shirish M. Limaye
Company Secretary

Place : Mumbai
Dated : 24th June, 2008



Profit and Loss Account for the year ended 31st March, 2008

| | Schedule No. | Rs. in lac | For the Year ended 31st March, 2008 Rs. in lac | For the Year ended 31st March, 2007 Rs. in lac |
|--|--------------|--------------|---|---|
| INCOME : | | | | |
| Operating Revenue | M | | 881,110 | 705,778 |
| Non - Operating Revenue | N | | 67,041 | 34,353 |
| Total | | | 948,151 | 740,131 |
| EXPENDITURE : | | | | |
| Employees Remuneration and Benefits | O | | 120,518 | 93,812 |
| Aircraft Fuel Expenses | | | 329,303 | 242,764 |
| Selling and Distribution Expenses | P | | 98,286 | 80,085 |
| Other Operating Expenses (including Maintenance, Airport Charges, etc.) | Q | | 257,920 | 188,329 |
| Aircraft Lease Rentals (Refer Note 3 of Schedule S) | | | 56,328 | 64,580 |
| Depreciation / Amortisation | | 79,343 | | 44,368 |
| Less : Depreciation on amount added on Revaluation charged to Revaluation Reserve | | <u>1,563</u> | | <u>2,958</u> |
| Interest and Finance Charges | R | | 77,780 | 41,410 |
| Total | | | 989,410 | 734,995 |
| (LOSS) / PROFIT BEFORE TAXATION | | | (41,259) | 5,136 |
| Tax Expenses | | | | |
| Current Tax (including provision for Wealth Tax Rs. 8 lac, Previous Year Rs. 7 lac) | | | 8 | 475 |
| Deferred Tax | | | (17,083) | 1,369 |
| Fringe Benefit Tax | | | 1,002 | 966 |
| MAT Credit Entitlement | | | - | (468) |
| Provision of Income Tax (Net) for Earlier Years | | | 120 | - |
| (LOSS) / PROFIT AFTER TAXATION | | | (25,306) | 2,794 |
| Balance Brought Forward | | | 46,197 | 49,743 |
| PROFIT AVAILABLE FOR APPROPRIATION | | | 20,891 | 52,537 |
| Less : Appropriations | | | | |
| Transferred to General Reserve | | | - | 280 |
| PROFIT AVAILABLE FOR DISTRIBUTION | | | 20,891 | 52,257 |
| Proposed Dividend | | | - | 5,180 |
| Income Tax on Dividend | | | - | 880 |
| BALANCE CARRIED TO BALANCE SHEET | | | 20,891 | 46,197 |
| Earnings per share of Rs. 10 each (Refer Note 19 of Schedule S) | | | | |
| Basic and Diluted (in Rupees) | | | (29.31) | 3.24 |
| Significant Accounting Policies and Notes to Accounts | S | | | |

As per our attached report of even date
For **DELOITTE HASKINS & SELLS**
Chartered Accountants

For **CHATURVEDI & SHAH**
Chartered Accountants

For and on behalf of the Board

Victoriano P. Dungca
Director

P. R. Barpande
Partner

C. D. Lala
Partner

Saroj K. Datta
Executive Director

Shirish M. Limaye
Company Secretary

Place : Mumbai
Dated : 24th June, 2008



Statement of Cash Flow for the year ended 31st March, 2008

| | Rs. in lac | For the Year ended 31st March, 2008 Rs. in lac | For the Year ended 31st March, 2007 Rs. in lac |
|---|------------|--|--|
| A. Cash Flow from Operating Activities | | | |
| (Loss) / Profit before tax | | (41,259) | 5,136 |
| Adjustments for : | | | |
| Depreciation / Amortisation | | 77,780 | 41,302 |
| Provision for Stock Obsolescence | | 2,785 | 2,450 |
| Profit on sale of Fixed Assets (Net) | | (31,306) | (20,775) |
| (Profit) on sale of Investments / Dividend on Current Investments | | (929) | (1,049) |
| Interest and Finance Charges | | 49,275 | 24,015 |
| Interest on Bank and Other Deposits | | (2,762) | (5,355) |
| Excess Provision no longer required | | (3,010) | (2,449) |
| Provision for doubtful debts no longer required written back | | (129) | (11) |
| Provision for Leave Encashment and Gratuity | | 3,458 | 2,253 |
| Exchange difference on translation (Net) | | (28,347) | (1,907) |
| Provision for doubtful debts | | 913 | 121 |
| Bad Debts written off | | 1,380 | 645 |
| Inventory scrapped during the year | | 3,367 | 1,845 |
| Operating profit before working capital changes | | 31,216 | 46,221 |
| Changes in Inventories | | (16,756) | (7,561) |
| Changes in Sundry Debtors | | (71,572) | (17,912) |
| Changes in Loans and Advances | | (44,990) | (25,686) |
| Changes in Current Liabilities and Provisions | | 190,328 | 79,225 |
| Cash generated from operations | | 88,226 | 74,287 |
| Direct Taxes paid | | (1,960) | (5,541) |
| Net cash from operating activities | | 86,266 | 68,746 |
| B. Cash Flow from Investing Activities | | | |
| Purchase of Fixed Assets and Capital work-in-progress | | (631,663) | (307,637) |
| Proceeds from sale of Fixed Assets | | 54,626 | 46,663 |
| Purchase of Current Investments | | (618,900) | (208,475) |
| Sale of Current Investments | | 625,220 | 221,354 |
| Dividend on Current Investment | | 467 | - |
| Long Term Investment in wholly owned subsidiary company: | | | |
| Cost of Acquisition | (146,500) | | - |
| Adjustment of Advance paid as per Share Purchase Agreement | 50,000 | | - |
| Deferred payment liability towards Investment | 41,250 | | - |
| | | (55,250) | - |
| Changes in Fixed Deposits with Banks (Refer Note 2 below) | | 5,333 | 13,613 |
| Interest Received on Bank and Other Deposits | | 2,487 | 5,874 |
| Refund of Deposit in Escrow Account | | - | 150,000 |
| Net cash used for investing activities | | (617,680) | (78,608) |



| | Rs. in lac | For the Year ended 31st March, 2008 Rs. in lac | For the Year ended 31st March, 2007 Rs. in lac |
|---|------------|--|--|
| C. Cash flows from Financing Activities | | | |
| Net Increase in Short Term Loans | | 51,301 | 31,025 |
| Proceeds from Long Term Loans during the year | | 1,029,774 | 250,210 |
| Repayment of Long Term Loans during the year | | (502,425) | (153,663) |
| Interest and Finance Charges | | (60,272) | (48,438) |
| Dividend paid (including Tax on Dividend) | | (6,056) | (5,901) |
| Net cash from financing activities | | 512,322 | 73,233 |
| Net change in cash (A+B+C) | | (19,092) | 63,371 |
| Cash and cash equivalents at beginning of the year | | 86,147 | 22,776 |
| Cash and cash equivalents at end of the year (Refer Notes below) | | 67,055 | 86,147 |

Note :

- 1) Cash and Cash equivalents for the period ended 31st March, 2008 includes unrealised Gain (Net) of Rs. 677 lac [Previous Year unrealised Gain (Net) of Rs. 3 lac] on account of translation of foreign currency bank balances.
- 2) Fixed Deposits with banks with maturity period of more than three months including interest accrued thereon and Fixed Deposits under lien amounting to Rs. 14,327 lac (Previous Year Rs. 23,517 lac) are not included in Cash and Cash equivalents.

As per our attached report of even date
For DELOITTE HASKINS & SELLS
 Chartered Accountants

P. R. Barpande
 Partner

For CHATURVEDI & SHAH
 Chartered Accountants

C. D. Lala
 Partner

For and on behalf of the Board

Victoriano P. Dungca
 Director

Saroj K. Datta
 Executive Director

Shirish M. Limaye
 Company Secretary

Place : Mumbai
 Dated : 24th June, 2008



Schedules to the Balance Sheet as at 31st March, 2008

| | As at 31st March, 2008 Rs. in lac | As at 31st March, 2007 Rs. in lac |
|--|--|--|
| SCHEDULE A : | | |
| SHARE CAPITAL | | |
| Authorized | | |
| 180,000,000 (Previous Year 180,000,000) Equity Shares of Rupees 10/- each | 18,000 | 18,000 |
| 20,000,000 (Previous Year 20,000,000) Preference Shares of Rupees 10/- each | 2,000 | 2,000 |
| | <hr/> | <hr/> |
| | 20,000 | 20,000 |
| Issued, Subscribed and Paid up | | |
| Equity: | | |
| 86,334,011 Equity Shares (Previous Year 86,334,011) of Rs.10/- each fully paid up | 8,633 | 8,633 |
| Of the above Equity Shares: | | |
| - 69,067,205 Equity Shares held by the holding company, Tail Winds Limited & its nominee (Previous Year 69,067,205 Shares) | | |
| - 9,402,900 shares are allotted as fully paid bonus shares by Capitalization of Profit (Previous Year 9,402,900 Shares) | | |
| Total | <hr/> 8,633 <hr/> | <hr/> 8,633 <hr/> |



Schedules to the Balance Sheet as at 31st March, 2008

| | Rs. in lac | As at 31st March, 2008 Rs. in lac | As at 31st March, 2007 Rs. in lac |
|---|------------|--|--|
| SCHEDULE B : | | | |
| RESERVES AND SURPLUS | | | |
| Capital Reserve | | | |
| Balance as per Last Balance Sheet | * | | * |
| Nominal Value of investments in SITA received free of cost (See Note I.1.(a) of Schedule 'F' - Investments) *Rupees 2/- (Previous Year Rupees 2/-) | - | | - |
| | | * | * |
| Capital Redemption Reserve | | | |
| Balance as per Last Balance Sheet | | 5,558 | 5,558 |
| Share Premium | | | |
| Balance as per Last Balance Sheet | | 141,418 | 141,418 |
| Revaluation Reserve | | | |
| Balance as per Last Balance Sheet | 13,244 | | 16,202 |
| Add : Created during the year (Refer Note 5 of Schedule S) | 266,252 | | - |
| Less: Adjustment / Reversal during the year on Sale and Lease Back | 7,943 | | - |
| Less: Depreciation for the year on amount added on Revaluation transferred to Profit and Loss Account | 1,563 | | 2,958 |
| | | 269,990 | 13,244 |
| General Reserve | | | |
| Balance as per Last Balance Sheet | 8,675 | | 9,034 |
| Less: Difference in opening liability upon implementation of AS 15 (Revised 2005) "Employee Benefits" [net of deferred tax Nil (Previous Year Rs. 329 lac)] | - | | 639 |
| Add: Transferred from Profit & Loss Account | - | | 280 |
| | | 8,675 | 8,675 |
| Surplus Balance in Profit and Loss Account | | 20,891 | 46,197 |
| Total | | 446,532 | 215,092 |



Schedules to the Balance Sheet as at 31st March, 2008

| | Rs. in lac | As at 31st March, 2008 Rs. in lac | As at 31st March, 2007 Rs. in lac |
|---|------------|--------------------------------------|--------------------------------------|
| SCHEDULE C : | | | |
| SECURED LOANS | | | |
| From Banks - Rupee Loans | | 87,475 | 36,978 |
| (Loans from Banks are secured by hypothecation of Stocks, Debtors and Movable Fixed Assets other than Aircraft and / or by lien on Bank Deposits) | | | |
| From Financial Institutions | | | |
| Rupee Loan | | - | 2,000 |
| Foreign Currency Loan | | 32,550 | 35,268 |
| | | <u>32,550</u> | <u>37,268</u> |
| [Rs. Nil (Previous Year Rs. 2,000 lac) Secured by hypothecation of Simulator and Other accessories thereto] | | | |
| [Rs. 32,550 lac (Previous Year Rs. 35,268 lac) Secured by Mortgage on Leasehold Land situated at Bandra-Kurla Complex] | | | |
| Total | | <u>120,025</u> | <u>74,246</u> |
| SCHEDULE D : | | | |
| UNSECURED LOANS | | | |
| Short Term Loans: | | | |
| From Banks | | 70,931 | 70,127 |
| Other Loans: | | | |
| From Banks | 47,081 | | 174,532 |
| [Repayable within one year Rs. 47,081 lac (Previous Year - Rs. 164,752 lac)] | | | |
| From Financial Institutions | | - | 43,500 |
| [Repayable within one year Nil (Previous Year - Rs. 43,500 lac)] | | | |
| From Others | | | |
| Outstanding Hire Purchase / Finance Lease Installments | 922,217 | | 243,225 |
| [Installments due within one year Rs. 69,438 lac (Previous Year - Rs. 25,481 lac)] | | | |
| | | <u>969,298</u> | <u>461,257</u> |
| Total | | <u>1,040,229</u> | <u>531,384</u> |



Schedules to the Balance Sheet as at 31st March, 2008

SCHEDULE - E
FIXED ASSETS

| NATURE OF ASSETS | GROSS BLOCK (At Cost / Valuation) | | DEPRECIATION / AMORTISATION | | NET BLOCK | |
|---|-----------------------------------|------------------|-----------------------------|-------------------------------|-----------------|------------------|
| | As at 01.04.2007 | As at 31.03.2008 | Upto 31.03.2007 | For the Year Ended 31.03.2008 | Upto 31.03.2008 | As at 31.03.2007 |
| LEASEHOLD LAND | 37,134 | 185,253 | 289 | 464 | 753 | 36,845 |
| PLANT AND MACHINERY | 754 | 765 | 72 | 96 | 168 | 682 |
| FURNITURE AND FIXTURES | 2,403 | 3,218 | 1,510 | 303 | 1,806 | 893 |
| ELECTRICAL FITTINGS | 2,113 | 2,677 | 952 | 217 | 1,121 | 1,161 |
| DATA PROCESSING EQUIPMENT | 6,817 | 7,624 | 5,290 | 828 | 5,847 | 1,527 |
| OFFICE EQUIPMENT | 3,809 | 4,707 | 1,691 | 384 | 2,060 | 2,118 |
| GROUND SUPPORT EQUIPMENT | 5,207 | 6,131 | 2,799 | 409 | 3,202 | 2,408 |
| VEHICLES | 865 | 953 | 444 | 141 | 492 | 421 |
| GROUND SUPPORT VEHICLES | 4,894 | 6,929 | 3,399 | 823 | 3,921 | 1,495 |
| AIRCRAFT AND SPARE ENGINE (Narrow Body) | 464,675 | 533,704 | 212,381 | 43,248 | 186,085 | 252,294 |
| AIRCRAFT AND SPARE ENGINE (Wide Body) | - | 844,196 | - | 24,649 | 24,649 | - |
| IMPROVEMENT ON LEASED AIRCRAFT | 8,026 | 15,535 | 3,640 | 1,913 | 5,553 | 4,386 |
| IMPROVEMENT ON LEASED PROPERTY | 4,293 | 4,468 | 1,354 | 694 | 2,048 | 2,939 |
| SIMULATORS | 10,600 | 21,620 | 3,634 | 2,158 | 5,792 | 6,966 |
| INTANGIBLE ASSETS (Other than internally generated) | 2,236 | 3,772 | 1,455 | 846 | 2,301 | 781 |
| SOFTWARE | 14,411 | 14,411 | 2,197 | 1,855 | 4,052 | 12,214 |
| LANDING RIGHTS | 3,146 | 3,146 | 527 | 315 | 842 | 2,619 |
| TRADEMARKS | - | - | - | - | - | - |
| TOTAL | 571,383 | 1,659,109 | 241,634 | 79,343 | 250,692 | 1,408,417 |
| PREVIOUS YEAR | 437,206 | 571,383 | 224,958 | 44,368 | 241,634 | 329,749 |
| CAPITAL WORK IN PROGRESS INCLUDING CAPITAL ADVANCES | - | - | - | - | - | - |
| | | | | | | 122,328 |

Rs. in lac

* Deductions of accumulated depreciation Rupees 45,938/- amount substituted for historical cost on 31st March, 2008 (Refer Note 5 of Schedule 5); amount added on revaluation is Rs. 148,119 lac; the revalued amount substituted for book value on 31st March, 2008 (Refer Note 5 of Schedule 5); amount added on revaluation shown under additions during the year is Rs. 118,133 lac; the revalued amount substituted for book value on 31st March, 2008 is Rs. 346,396 lac.

2) Additions to Aircraft / Simulator during the year include Rs. 15 lac (Previous Year net of Rs. (-) 3,314 lac) on account of Exchange Loss / (-) Gain during the year. Capital Work in Progress includes Rs. Nil (Previous Year Rs. (-) 8,485 lac) on account of Exchange Gain during the year.

3) Additions include as under:
(a) Leasehold Land is revalued as on 31st March, 2008 (Refer Note 5 of Schedule 5); amount added on revaluation is Rs. 148,119 lac; the revalued amount substituted for historical cost on 31st March, 2008 is Rs. 184,500 lac.

(b) Narrow Body Aircraft are revalued on 31st March, 2008 (Refer Note 5 of Schedule 5); amount added on revaluation shown under additions during the year is Rs. 118,133 lac; the revalued amount substituted for book value on 31st March, 2008 is Rs. 346,396 lac.

(c) Deduction from Gross Block during the year includes Rs. 7,943 lac (Previous Year Rs. Nil) being reversal of amount added on revaluation in respect of aircraft sold and leased back. Landing Rights - Upto 3 years

4) Useful life of Intangible Assets : Software - Upto 3 years
Landing Rights - Upto 20 years
Trademarks - 10 years



Schedules to the Balance Sheet as at 31st March, 2008

| | | | | As at 31st March, 2008 Rs. in lac | As at 31st March, 2007 Rs. in lac |
|--|--|--|----------------------------|--|--|
| SCHEDULE F : | | | | | |
| INVESTMENTS | | | | | |
| Unquoted | | | | | |
| I. Long Term Investments - (At Cost) | | | | | |
| 1 Trade Investments | | | | | |
| 18 Shares (Previous Year -18 Shares) held with Societe Internationale de Telecommunications Aeronautiques (S.I.T.A S.C) * [Rupees 2/- (Previous Year Rupees 2/-)] | | | | | |
| NOTES : | | | | | |
| (a) These investments have been received free of cost from SITA SC for participation in their Computer Reservation System and have been accounted at a nominal value of Rupees 2/- (Previous Year Rupees 2/-) by crediting equivalent amount to Capital Reserve. | | | | | |
| (b) The transfer of this investment is restricted to other Depository Certificate holders for e.g. Air Transport members, etc. | | | | | |
| 2 Others | | | | | |
| Investment in Subsidiary Company | | | | | |
| (a) Fully Paid Equity Shares of Rs. 10 each : | | | | | |
| 276,115,409 (Previous Year Nil) Shares of Jet Lite (India) Limited (Erstwhile Sahara Airlines Limited) | | | | 112,500 | - |
| [Out of above, 276,115,403 shares have been pledged with IDFC Ltd as security for Term Loan of Rs. 40,120 lac granted by them to Jet Lite (India) Ltd] | | | | | |
| (b) Fully Paid Preference Shares of Rs. 10/- each - Non-cumulative fully convertible: | | | | | |
| 340,000,000 (Previous Year Nil) Shares of Jet Lite (India) Limited (Erstwhile Sahara Airlines Limited) | | | | 34,000 | - |
| | | | | 146,500 | - |
| Unquoted | | | | | |
| II. Current Investments - Others # (At Cost or Market Value, whichever is less) | | | | | |
| Investments in Mutual Funds - (Debt Schemes) | | | | | |
| Schemes | As at 31st March, 2008 No. of Units | As at 31st March, 2007 No. of Units | Face Value/Unit | | |
| Growth Plan | | | | | |
| Prudential ICICI Mutual Fund **(Rupees 6,842/-) | 535 | 3,877,722 | Rs. 10.00 | ** | 493 |
| Barclays Global Investors Mutual Fund - Euro **** (Rupees 1,134/-) | 1,134 | - | € 1.00 | **** | - |
| GBP | 1,295,961 | - | £ 1.00 | 1,035 | - |
| Standard Chartered Mutual Fund | - | 46,615,184 | Rs. 10.00 | - | 6,400 |
| Market Value | As at 31st March, 2008 Rs. in lac | As at 31st March, 2007 Rs. in lac | | 1,035 | 6,893 |
| Growth Plan | | | | | |
| Prudential ICICI Mutual Fund (***) Rupees 7,070/-) | *** | 494 | | | |
| Barclays Global Investors Mutual Fund | 1,035 | - | | | |
| Standard Chartered Mutual Fund | - | 6,407 | | | |
| | 1,035 | 6,901 | | | |
| Note : The market price is based on the repurchase price declared by the respective funds. | | | | | |
| # Refer Note 6 of Schedule S for Investments purchased and sold during the year. | | | | | |
| Total | | | | 147,535 | 6,893 |



Schedules to the Balance Sheet as at 31st March, 2008

| | | As at 31st March, 2008 Rs. in lac | As at 31st March, 2007 Rs. in lac |
|--|-----------------|--|--|
| SCHEDULE G : | | | |
| INVENTORIES (At Lower of Cost or Net Realisable Value) | | | |
| i) Rotables, Consumable stores and tools | 60,703 | | 50,007 |
| Less :Provision for Obsolescence / Slow and Non-Moving items (Refer Note I (M) of Schedule S) | 10,926 | | 9,974 |
| | | 49,777 | 40,033 |
| ii) Fuel | | 411 | 126 |
| iii) Other Stores Items | 4,348 | | 3,740 |
| Less :Provision for Slow and Non-Moving items | 33 | | - |
| | | 4,315 | 3,740 |
| Total | | 54,503 | 43,899 |
| SCHEDULE H : | | | |
| SUNDRY DEBTORS | | | |
| (Unsecured) | | | |
| a) Debts (Outstanding for a period exceeding six months) | 2,091 | | 997 |
| b) Other Debts | 130,845 | | 60,277 |
| | 132,936 | | 61,274 |
| Less : Provision for Doubtful Debts | 1,563 | | 884 |
| | | 131,373 | 60,390 |
| NOTES : | | | |
| 1) Considered good | 131,373 | As At 31st March, 2008 | As At 31st March, 2007 60,390 |
| Considered doubtful | 1,563 | | 884 |
| | 1,32,936 | | 61,274 |
| 2) Debtors include Rs. 88 lac (Previous Year Rs. 122 lac) due from private company in which the Company's director is a director / member. | | | |
| Total | | 131,373 | 60,390 |



Schedules to the Balance Sheet as at 31st March, 2008

| | Rs. in lac | As at 31st March, 2008 Rs. in lac | As at 31st March, 2007 Rs. in lac |
|--|------------|--|--|
| SCHEDULE I : | | | |
| CASH AND BANK BALANCES | | | |
| Cash on hand [includes cheques on hand Rs. 60 lac (Previous Year Rs. 5 lac) and Traveller Cheques Rs. 4 lac (Previous Year Rs. Nil)] | | 98 | 26 |
| Balance with Scheduled banks : | | | |
| a) In Current Account | | 1,572 | 1,333 |
| b) In Fixed Deposit Account [(Including interest accrued of Rs. 449 lac (Previous Year Rs. 1,403 lac) and margin deposit Rs. 7,080 lac (Previous Year Rs. 66,434 lac)] | | 79,176 | 106,265 |
| | | 80,846 | 107,624 |
| Balance with other banks : | | | |
| In Current Account | | | |
| a) Citibank N.A, Johannesburg South Africa Maximum balance outstanding during the year Rs. 77 lac (Previous Year Rs. 62 lac) | 18 | | - |
| b) National Bank of Kuwait Nil (*Previous Year Rupees 45,241) Maximum balance outstanding during the year Rs. 421 lac (Previous Year Rs. 28 lac) | - | | * |
| c) Barclays Business Premium GBP Account, UK Maximum balance outstanding during the year Rs. 4,947 lac (Previous Year Rs. 3,128 lac) | 37 | | 337 |
| d) Barclays Bank - PLC - USD Maximum balance outstanding during the year Rs. 103,934 lac (Previous Year Rs. 1 lac) | 446 | | 1 |
| e) HSBC CCF - Paris - Euro Maximum balance outstanding during the year Rs. 582 lac (Previous Year Rs. 220 lac) | 6 | | 156 |
| f) Deutsche Bank AG - Frankfurt - Euro Maximum balance outstanding during the year Rs. 616 lac (Previous Year Rs. 325 lac) | 510 | | 325 |
| g) Barclays Bank - PLC - GBP Maximum balance outstanding during the year Rs. 802 lac (Previous Year Rs. 35 lac) | 19 | | - |
| h) DBS Bank Ltd - Singapore - SGD Maximum balance outstanding during the year Rs. 1,004 lac (Previous Year Rs. 899 lac) | 1,004 | | 449 |
| i) DBS Bank Ltd - Disbursement, Singapore - SGD Maximum balance outstanding during the year Rs. 12 lac (Previous Year Rs. 24 lac) | - | | - |



Schedules to the Balance Sheet as at 31st March, 2008

| | Rs. in lac | As at 31st March, 2008 Rs. in lac | As at 31st March, 2007 Rs. in lac |
|---|------------|--|---|
| j) HSBC Bank - Brussels Maximum balance outstanding during the year Rs. 955 lac (Previous Year Rs. 70 lac) | 307 | | 60 |
| k) Barclays GBP Interest Account, UK Maximum balance outstanding during the year Rs. 274 lac (Previous Year Rs. 14 lac) | 274 | | - |
| l) Barclays Bank - PLC - Euro Account Maximum balance outstanding during the year Rs. 771 lac (Previous Year Rs. 117 lac) | 208 | | 74 |
| m) JP Morgan Chase Bank-EWR-USD Maximum balance outstanding during the year Rs. 1,594 lac (Previous Year N.A.) | 8 | | - |
| n) JP Morgan Chase Bank-EWR-Disbursement Maximum balance outstanding during the year Rs. 241 lac (Previous Year N.A.) | - | | - |
| o) ICICI Bank UK Ltd., UK Maximum balance outstanding during the year Rs. 2,990 lac (Previous Year Rs. 2,092 lac) | 37 | | 291 |
| p) JP Morgan Chase Bank-YYZ-Collection Maximum balance outstanding during the year Rs. 1,614 lac (Previous Year N.A.) | 483 | | - |
| q) HSBC Bank Ltd. Dhaka Maximum balance outstanding during the year Rs. 256 lac (Previous Year N.A.) | 256 | | - |
| r) HSBC Bank Ltd. Bangkok Maximum balance outstanding during the year Rs. 658 lac (Previous Year N.A.) | 615 | | - |
| s) HSBC Bank Ltd. Hongkong-Collection Maximum balance outstanding during the year Rs. 50 lac (Previous Year N.A.) | 28 | | - |
| t) HSBC Bank Ltd - Hongkong-Disbursement Maximum balance outstanding during the year Rs. 8 lac (Previous Year N.A.) | 8 | | - |
| u) Bank of America - USD A/c, USA Maximum balance outstanding during the year Rs. 244 lac (Previous Year Rs. 162 lac) | 136 | | 162 |
| v) ING Brussels Maximum balance outstanding during the year Rs. 811 lac (Previous Year Rs. 214 lac) | 268 | | 185 |
| | | 4,668 | 2,040 |
| Total | | 85,514 | 109,664 |



Schedules to the Balance Sheet as at 31st March, 2008

| | Rs. in lac | As at 31st March, 2008 Rs. in lac | As at 31st March, 2007 Rs. in lac |
|---|------------|--------------------------------------|--------------------------------------|
| SCHEDULE J : | | | |
| LOANS AND ADVANCES | | | |
| (Unsecured unless otherwise stated and Considered Good) | | | |
| Loan to Subsidiary Company (Refer Note 10 (a) of Schedule S) | | 24,465 | - |
| (Maximum balance outstanding during the year Rs. 34,010 lac) | | | |
| Loan - Other Company | | - | 18,000 |
| Advances Recoverable in Cash or in kind or for value to be Received | | 80,793 | 87,716 |
| [Includes Secured to the extent of Nil (Previous Year Rs. 50,000 lac)] | | | |
| Deposits with Airport Authorities and others | | 10,880 | 12,798 |
| Balances with Customs Authorities | | 1 | 4 |
| Advance Tax and Tax deducted at Source (Net of Provisions) | | 4,247 | 3,508 |
| MAT Credit Entitlement | | 468 | 468 |
| Total | | 120,854 | 122,494 |
| Note : Deposits and Advances include Rs. 3,302 lac (Previous Year Rs. 2,299 lac) amount placed with private limited companies in which the company's director is a director / member. | | | |
| SCHEDULE K : | | | |
| CURRENT LIABILITIES | | | |
| Sundry Creditors | | | |
| Outstanding dues to Micro and Small Enterprises (Refer Note 23 of Schedule S) | 32 | | - |
| Others | 173,945 | | 74,977 |
| | | 173,977 | 74,977 |
| Other Current Liabilities | | 93,616 | 42,608 |
| Interest Accrued but not due on loans | | 4,299 | 1,045 |
| Forward Sales (net) (Passenger / Cargo) | | 98,661 | 51,161 |
| Balance with Banks - overdrawn as per books | | 8,339 | 15,461 |
| Unclaimed Dividend * | | 13 | 9 |
| Unclaimed Share Application Money * | | 3 | 3 |
| *Note : These figures do not include any amounts due and outstanding to be credited to the Investor Education and Protection Fund | | | |
| Total | | 378,908 | 185,264 |
| SCHEDULE L : | | | |
| PROVISIONS | | | |
| Wealth Tax | | 13 | 12 |
| Income Tax (Net of Taxes paid) | | - | 92 |
| Proposed Dividend | | - | 5,180 |
| Income Tax on Dividend | | - | 880 |
| Gratuity | | 4,723 | 3,603 |
| Leave Encashment | | 4,250 | 2,405 |
| Others (Refer Note 21 of Schedule S) | | 9,938 | 12,644 |
| Total | | 18,924 | 24,816 |



Schedules to the Profit and Loss Account for the year ended 31st March, 2008

| | Rs. In lac | For the Year ended 31st March, 2008 Rs. in lac | For the Year ended 31st March, 2007 Rs. in lac |
|--|------------|---|---|
| SCHEDULE M : | | | |
| OPERATING REVENUE | | | |
| Passenger | 804,874 | | 645,405 |
| Less: Service Tax | 4,578 | | 1,621 |
| | | 800,296 | 643,784 |
| Excess Baggage | | 2,226 | 3,344 |
| Cargo | 67,933 | | 44,124 |
| Less: Service Tax | 3,527 | | 3,010 |
| | | 64,406 | 41,114 |
| Export Incentives (Net) | | 4,000 | 9,896 |
| Other Revenue | | 10,182 | 7,640 |
| Total | | 881,110 | 705,778 |
| SCHEDULE N : | | | |
| NON-OPERATING REVENUE | | | |
| Interest on Bank and Other Deposits [Tax Deducted at Source Rs. 418 lac (Previous Year Rs. 1,567 lac)] | | 2,762 | 5,355 |
| Exchange difference (Net) [Refer Note 9 of Schedule S] | | 20,433 | 701 |
| Profit on Sale and Lease back of Aircraft and Spare Engine (Net) | | 31,484 | 21,107 |
| Profit on Sale of Current Investments (Net) | | 462 | 1,049 |
| Dividend on Current Investments | | 467 | - |
| Provision for aircraft maintenance no longer required written back | | 2,905 | 2,281 |
| Provision for Doubtful Debts no longer required written back | | 129 | 11 |
| Other excess provision written back | | 105 | 168 |
| Other Income [including Interest on Income Tax Refund of Rs. 246 lac (Previous Year Nil)] | | 8,294 | 3,681 |
| Total | | 67,041 | 34,353 |
| SCHEDULE O : | | | |
| EMPLOYEES REMUNERATION AND BENEFITS (Net) | | | |
| (Includes Managerial Remuneration - Refer Note 13 of Schedule S) | | | |
| Salaries, Wages, Bonus and Allowances | | 107,786 | 82,349 |
| Contribution to Provident Fund and ESIC | | 2,898 | 1,916 |
| Provision for Gratuity | | 1,314 | 1,088 |
| Provision for Leave Encashment | | 2,144 | 1,165 |
| Staff Welfare Expenses | | 6,376 | 7,294 |
| Total | | 120,518 | 93,812 |



Schedules to the Profit and Loss Account for the year ended 31st March, 2008

| | Rs. In lac | For the Year ended 31st March, 2008 Rs. in lac | For the Year ended 31st March, 2007 Rs. in lac |
|--|------------|---|---|
| SCHEDULE P : | | | |
| SELLING AND DISTRIBUTION EXPENSES | | | |
| Computerised Reservation System Cost (Net) | | 21,956 | 17,788 |
| Commission | | 64,668 | 55,890 |
| Others | | 11,662 | 6,407 |
| Total | | 98,286 | 80,085 |
| SCHEDULE Q : | | | |
| OTHER OPERATING EXPENSES | | | |
| Aircraft Variable Rentals | | 18,616 | 20,412 |
| Aircraft Insurance and Other Insurance (Net) | | 5,956 | 7,221 |
| Landing, Navigation and Other Airport Charges | | 69,595 | 47,871 |
| Aircraft Maintenance (including Customs Duty and Freight, where applicable) | | | |
| Component Repairs, Recertification, Exchange, Consignment Fees and Aircraft Overhaul | 43,670 | | 35,000 |
| Lease of Aircraft Spares including Engine | 6,934 | | 2,375 |
| Consumption of Stores and Spares (Net) [including items scrapped / written off Rs. 3,367 lac (Previous Year Rs. 1,845 lac)] | 9,500 | | 6,875 |
| Provision for Spares Obsolescence | 2,785 | | 2,342 |
| | | 62,889 | 46,592 |
| Inflight and Other Pax Amenities [including provision for Slow and Non-Moving inventory amounting to Rs. 33 lac (Previous Year Nil)] | | 48,074 | 31,868 |
| Communication Cost (Net) | | 3,131 | 2,133 |
| Travelling and Subsistence | | 20,309 | 11,164 |
| Rent | | 5,047 | 3,816 |
| Rates and Taxes | | 100 | 94 |
| Repairs and Maintenance | | | |
| - Leased Premises | 269 | | 177 |
| - Others | 3,117 | | 3,703 |
| | | 3,386 | 3,880 |
| Electricity | | 1,453 | 938 |
| Commission to Directors (Refer Note 13 (ii) of Schedule S) | | - | 43 |
| Director's Sitting Fees | | 15 | 14 |
| Bad Debts Written off | | 1,380 | 645 |
| Provision for Bad and Doubtful Debts (Net) | | 913 | 121 |
| Loss on scrapping of Aircraft parts | | 120 | 206 |
| Loss on sale of Fixed Assets other than Aircraft parts (Net) | | 58 | 126 |
| Miscellaneous Expenses (Including Professional Fees, Audit Fees, Printing and Stationery, Cargo Handling and Bank Charges etc.) | | 16,878 | 11,185 |
| Total | | 257,920 | 188,329 |
| SCHEDULE R : | | | |
| INTEREST AND FINANCE CHARGES | | | |
| - On Fixed Loan | 48,850 | | 40,892 |
| - Others | 14,676 | | 7,629 |
| | 63,526 | | 48,521 |
| Less : Capitalised during the Year | 14,251 | | 24,506 |
| | | 49,275 | 24,015 |
| Total | | 49,275 | 24,015 |



SCHEDULE 'S'

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

I. SIGNIFICANT ACCOUNTING POLICIES :

A. BASIS OF PREPARATION OF FINANCIAL STATEMENTS :

The financial statements are prepared under the historical cost convention, except certain Fixed Assets which are revalued, in accordance with the generally accepted accounting principles in India, the provisions of the Companies Act, 1956 and the applicable accounting standards.

B. USE OF ESTIMATES :

The presentation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Differences between the actual results and estimates are recognised in the period in which the results are known / materialised.

C. REVENUE RECOGNITION :

Passenger and Cargo income is recognised on flown basis, i.e. when the service is rendered.

The sale of tickets / airway bills (sales net of refunds) are initially credited to the "Forward Sales Account". Income recognised as indicated above is reduced from the Forward Sales Account and the balance net of commission thereon is shown under Current Liabilities.

The unutilized balances in Forward Sales Account are recognized as income based on historical statistics, data and management estimates and considering Company's refund policy.

D. EXPORT INCENTIVE :

Export incentive available under prevalent scheme is accrued in the year when the right to receive credit as per the terms of the scheme is established in respect of exports made and are accounted to the extent there is no significant uncertainty about the measurability and ultimate utilization of such duty credit.

E. COMMISSION :

As in the case of revenue, the commission paid / payable on sales including any over-riding commission is recognised only on flown basis.

F. EMPLOYEE BENEFITS :

a) Defined Contribution plan : Company's contribution paid / payable for the year to defined contribution retirement benefit schemes are charged to Profit and Loss Account.

b) Defined Benefit and Other Long Term Benefit plan : Company's liabilities towards defined benefit plans and other long term benefit plans are determined using the Projected Unit Credit Method. Actuarial valuations under the Projected Unit Credit Method are carried out at the balance sheet date. Actuarial gains and losses are recognised in the Profit and Loss account in the period of occurrence of such gains and losses. Past service cost is recognised immediately to the extent of benefits are vested, otherwise it is amortised on straight-line basis over the remaining average period until the benefits become vested.

The employee benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost.

c) Short Term Employee Benefits : Short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised undiscounted during the period employee renders services.



G. FIXED ASSETS :

a) TANGIBLE ASSETS :

Owned tangible fixed assets are stated at cost and includes amount added on revaluation less accumulated depreciation and impairment loss, if any. All costs relating to acquisition and installation of fixed assets upto the time the assets get ready for their intended use are capitalised.

The cost of improvements to Leased Properties as well as customs duty / modification cost incurred on aircraft taken on operating lease have been capitalised and disclosed appropriately.

b) INTANGIBLE ASSETS :

Intangible assets are recognized only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of assets can be measured reliably. The intangible assets are recorded at cost and are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

c) ASSETS TAKEN ON LEASE :

1. **Operating Lease** : Rentals are expensed with reference to the Lease Term and other considerations.
2. **Finance Lease / Hire Purchase** : The lower of the fair value of the assets and the present value of the minimum lease rentals is capitalised as Fixed Assets with corresponding amount shown as Lease Liability (Outstanding Hire Purchase / Finance Lease Instalments). The principal component of the lease rentals is adjusted against the leased liability and interest component is charged to the Profit and Loss Account.

H. IMPAIRMENT OF ASSETS :

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss, if any, is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

I. DEPRECIATION / AMORTISATION :

- a) Depreciation on tangible fixed assets has been provided at the rates and in the manner prescribed under the Schedule XIV to the Companies Act, 1956 on Written Down Value method, other than Wide Body aircraft which are depreciated on Straight Line method and expenditure incurred on improvements of assets acquired on operating lease are written off evenly over the balance period of the lease. Premium on leasehold land is amortised over the period of lease.
- b) On revalued assets, depreciation is charged over the residual life and the additional charge of depreciation is withdrawn from the Revaluation Reserve.
- c) Intangible assets are amortised on straight line basis as follows.
 1. Landing Rights acquired are amortised over a period not exceeding 20 years. Amortization period exceeding 10 years is applied considering industry experience and expected asset usage.
 2. Trademarks are amortised over 10 years.
 3. Computer Software is amortised over a period not exceeding 36 months.

J. INVESTMENTS :

Current Investments are carried at lower of cost and quoted / fair value. Long Term Investments are stated at cost. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary in the opinion of the management.



K. BORROWING COSTS :

Borrowing costs attributable to the acquisition or construction of a qualifying asset are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred.

L. FOREIGN CURRENCY TRANSACTIONS / TRANSLATION :

- a) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.
- b) Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of forward exchange contracts entered into to hedge the foreign currency exposure in respect of monetary items, the difference between the exchange rate on the date of such contracts and the year end rate is recognized in the Profit and Loss Account. Any profit / loss arising on cancellation of forward exchange contract is recognized as income or expense of the year. Premium / discount arising on such forward exchange contracts is amortised as income / expense over the life of contract.
- c) Any exchange gain or loss on account of exchange differences either on settlement or on translation is recognized in the Profit and Loss Account.

M. INVENTORIES :

Inventories are valued at cost or Net Realisable Value (NRV) whichever is lower. Cost of inventories comprises of all costs of purchase and other incidental cost incurred in bringing them to present location and condition. Cost is determined using the Weighted Average formula. In respect of reusable items such as rotables, galley equipment and tooling etc., NRV takes into consideration provision for obsolescence and wear and tear based on the estimated useful life of the aircraft derived from Schedule XIV of the Companies Act, 1956 and also provisioning for non-moving / slow moving items.

N. AIRCRAFT MAINTENANCE AND REPAIRS COST :

Aircraft Maintenance, Auxiliary Power Unit (APU) and Engine maintenance and repair costs are expensed as incurred except where such overhaul cost in respect of Engines / APU are covered by third party maintenance agreement and these are accounted in accordance therewith.

O. TAXES :

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961.

Deferred tax resulting from "timing differences" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable / virtual certainty, as the case may be, that the asset will be realised in future.

Fringe Benefit Tax is recognized in accordance with the relevant provisions of the Income Tax Act, 1961 and the Guidance note on Fringe Benefit Tax issued by the Institute of Chartered Accountants of India (ICAI).

P. SHARE ISSUE EXPENSES :

Issue Expenses are adjusted against the Share Premium Account.

Q. SALE AND LEASE BACK TRANSACTION :

Profit or loss on sale and lease back arrangements resulting in operating leases are recognized, in case the transaction is established at fair value, else the excess over the fair value is deferred and amortized over the period for which the asset is expected to be used.



R. ACCOUNTING FOR DERIVATIVE INSTRUMENTS :

Interest Rate Swaps, Currency Option, Currency Swaps and other products, in the nature of firm commitment and highly probable forecast transactions, entered into by the Company for hedging the risks of foreign currency exposure (including interest rate risk) are accounted based on the principles of prudence as enunciated in Accounting Standard 1(AS 1) "Disclosure of Accounting Policies".

S. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS :

Provisions involving a substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

II. NOTES TO ACCOUNTS :

1. Estimated amount of Contracts remaining to be executed on capital account net of advances, not provided for:

| | |
|-----------------|---|
| Tangible Assets | Rs. 1,360,679 lac (Previous Year - Rs. 648,508 lac) |
|-----------------|---|

2. **CONTINGENT LIABILITY :**

- a) Unprovided Income Tax demands which are under appeals Nil [Previous Year Nil (Rupees 5,387/-)].
- b) Unprovided Service Tax demands which are under appeals Rs. 109 lac (Previous Year Rs. 310 lac).
- c) Unprovided Sales Tax demands which are under appeals Rs. 6 lac (Previous Year Rs. 7 lac).
- d) Unprovided claims against the Company, pending Civil and Consumer suits of Rs. 1,056 lac (Previous Year Rs. 1,140 lac).
- e) Unprovided Inland Air Travel Tax demands which are under appeal Rs. 473 lac (Previous Year Rs. 473 lac) against which the amount of Rs. 117 lac (Previous Year Rs. 117 lac) is deposited with the Authorities.
- f) Unprovided claims for Octroi amounts to Rs. 2,899 lac (Previous Year Rs. 2,899 lac).
- g) Disputed claims against the company towards Ground Handling charges amount to Rs. 4,564 lac (Previous Year Rs. 3,836 lac).
- h) Letters of Credit outstanding are Rs. 57,181 lac (Previous Year Rs. 37,920 lac) and Bank Guarantees outstanding are Rs. 49,555 lac (Previous Year Rs. 182,432 lac).
- i) Rs. 55,120 lac Corporate Guarantee given to Bank and Financial Institution against credit facilities extended to Subsidiary Company.

The Company is a party to various legal proceedings in the normal course of business and does not expect the outcome of these proceedings to have any adverse effect on its financial conditions, results of operations or cash flows.

3. Aircraft Lease Rentals are stated net of sub-lease rentals of Rs. 1,229 lac (Previous Year Rs. 1,740 lac).
4. During the Year ended 31st March, 2008, the Company has taken delivery of Nineteen aircraft, which includes sixteen Wide Body aircraft. These aircraft are different from the Narrow Body aircraft in terms of technology and other efficiency parameters based on long haul operations and are being used primarily on International routes as compared to Narrow Body aircraft which are mostly deployed on Domestic routes. In view of this, such Wide Body aircraft are depreciated at the rates prescribed as per Schedule XIV of the Companies Act, 1956 on Straight Line method as against Written Down Value method followed for Narrow Body aircraft held by the Company.
5. During the year, in order to reflect the current reinstatement cost / market value, the Company revalued the Leasehold Land and Narrow Body aircraft (including aircraft revalued in the year ended 31st March, 2002) owned by the Company as at 31st March, 2008. Such revaluation for aircraft has been carried out by International Aircraft valuers and for Leasehold Land by a registered valuer considering the present



market / reinstatement value and considering the book value of such assets as at 31st March, 2008. Accordingly, the resultant appreciation in respect of land of Rs. 148,119 lac and in respect of aircraft of Rs. 118,133 lac has been added to respective assets and the aggregating amount of Rs. 266,252 lac has been credited to Revaluation Reserves. Since the valuation of the aforesaid assets has been carried out as on 31st March, 2008, there is no additional charge on account of depreciation on the assets so revalued.

Depreciation includes Rs. 1,563 lac (Previous Year Rs. 2,958 lac) on the aircraft revalued in the earlier year, which has been withdrawn from the Revaluation Reserve as per the accounting policy followed.

6. During the year the Company purchased and sold Current Investments in Debt Schemes of various Mutual Funds as detailed below :

| Mutual Fund | NO. OF UNITS (in lac) | FACE VALUE Rupees | COST OF UNITS (in lac) |
|---------------------------------------|--------------------------|----------------------|---------------------------|
| SBI Mutual Fund | 2,014 | 10 | 29,720 |
| Birla Mutual Fund | 1,511 | 10 | 20,002 |
| ING Vysya Mutual Fund | 1,849 | 10 | 20,002 |
| Principal Mutual Fund | 1,663 | 10 | 20,001 |
| Prudential Mutual Fund | 331 | 10 | 4,224 |
| Tata Mutual Fund | 800 | 10 | 18,002 |
| Standard Chartered Mutual Fund | 89 | 1,000 | 102,401 |
| Barclays Global Investors Mutual Fund | | | |
| - EURO | 53 | 1 Euro | 3,048 |
| - USD | 9,214 | 1 USD | 367,886 |
| - GBP | 365 | 1 GBP | 33,614 |

7. Prior Period credits included in the determination of the net profit are towards Other Revenue Rs. Nil (Previous Year Rs. 65 lac).

8. **Disclosure on Derivatives**

- a) The Company has entered into various derivative contracts viz. interest rate swaps (IRS), currency options, currency swaps, etc in order to hedge and manage its foreign currency exposures towards future export receivables and foreign currency borrowings. Such derivative contracts which are in the nature of firm commitments and highly probable forecast transactions are entered into by the Company for hedging purposes only and does not use the same for trading or speculation purposes.

Nominal amounts of derivatives contracts entered into by the Company and outstanding as on 31st March, 2008 amount of Rs. 247,453 lac (Previous Year Rs. 319,686 lac). The category-wise break-up thereof is as under:

Amount (Rs. in lac)

| Particulars | 2007-08 | | 2006-07 | |
|--------------------------|------------------|---------|------------------|---------|
| | No. of Contracts | Amount | No. of Contracts | Amount |
| Interest Rate Swaps | 5 | 73,801 | 9 | 172,279 |
| Currency Options | 9 | 107,993 | - | - |
| IRS cum Currency Options | 1 | 41,031 | - | - |
| Currency Swaps | 1 | 9,628 | - | - |
| IRS cum Currency Swaps | 2 | 15,000 | 14 | 147,407 |



Jet Airways (India) Limited - 16th Annual Report 2007-08

70

The Company, during the year based on the announcement of The Institute of Chartered Accountants of India "Accounting for Derivatives" along with the principles of prudence as enunciated in Accounting Standard (AS-1) "Disclosure of Accounting Policies" has accounted for outstanding derivative contracts at fair values as at the balance sheet date.

On that basis, the fair value of the derivative instruments as at 31st March, 2008 aggregating to Rs. 6,945 lac has been debited to the Profit and Loss Account. The charge on account of derivative losses has been computed on the basis of MTM values based on the report of independent valuer and the confirmations from the counter parties are still awaited. However, the Company doesn't expect any material variation in this respect on receipt of such confirmations.

- b) The foreign currency exposures that have not been hedged by any derivative instrument or otherwise as on 31st March, 2008 are as follows:

| Particulars | INR Equivalent (Rs. in lac) | USD Equivalent (USD in lac) |
|---|--------------------------------|--------------------------------|
| Current Assets | 87,858 (39,393) | 2,190 (906) |
| Current Liabilities | 118,724 (53,541) | 2,959 (1,232) |
| Interest accrued but not due on Loans | 3,521 (870) | 88 (20) |
| Long Term Loans for purchase of Aircraft* | 827,763 (135,829) | 2,063,218 (3,125) |
| Loans for Pre Delivery Payment** | 47,081 (174,532) | 1,174 (4,015) |
| Other Loans payable | 44,981 (41,267) | 1,121 (949) |

(Figures in brackets indicate 31st March, 2007 figures)

*Includes Loans payable after 5 years Rs. 506,863 lac (Previous Year Rs. 68,749 lac)

* * Loans to be returned on delivery of aircraft in Foreign Currency.

9. Hitherto any gain or loss on account of exchange difference either on settlement or on translation of foreign currency loans in respect of Fixed Assets acquired from outside India was adjusted to the carrying cost of such assets. During the current year, in accordance with the revised Accounting Standard (AS-11) on "Effects of Changes in Foreign Exchange Rates" notified in the Companies (Accounting Standards) Rules 2006, net exchange gain of Rs. 23,293 lac has been credited to the Profit and Loss Account.
10. a) On 20th April, 2007, the Company acquired 100% shares (276,115,409 Equity Shares of Rs. 10/- each and 340,000,000 Non-Cumulative fully convertible Preference Shares of Rs. 10/- each) of Sahara Airlines Limited (SAL) from selling shareholders of SAL towards its Assets and Liabilities (excluding certain assets and liabilities not taken over) as per Share Purchase agreement for a lump-sum price of Rs. 146,500 lac, out of which, Rs. 91,500 lac had been already paid on or before the acquisition date. Out of the balance of Rs. 55,000 lac which are payable in four interest free annual equal installments commencing on or before 30th March, 2008, the first annual installment of Rs. 13,750 lac has been paid. Consequently, SAL (now known as Jet Lite (India) Limited) is 100% subsidiary of the Company effective from 20th April, 2007.

In earlier year, the Company had provided an interest free loan of Rs. 18,000 lac and during the year further provided Rs. 6,465 lacs (Net) to Jet Lite (India) Limited (erstwhile SAL) for the smooth running of its operations and the total aggregated amount outstanding as on 31st March, 2008 is Rs. 24,465 lac.

- b) During the year, the Company to enable Jet Lite (India) Limited to pay installments of demand of income tax in respect of earlier years paid Rs. 3,708 lac on behalf of the selling shareholders of SAL since the liability in respect of income tax for the earlier years belongs to selling shareholders of SAL. The Company also communicated this fact to selling shareholders vide its communication letter



dated 26th March, 2008 and in the absence of reimbursement has adjusted the same towards the first installment due. Accordingly, the balance of first installment of Rs. 10,042 lac was paid on 30th March, 2008 and remaining installments payable subsequently in accordance with the consent terms of Rs. 41,250 lac has been disclosed under the separate head "Deferred payment liability towards Investments in wholly owned Subsidiary Company".

11. EMPLOYEE BENEFITS

a) Defined contribution plan

The Company makes contributions at a specified percentage of payroll cost towards Employees Provident Fund (EPF) for qualifying employees.

The Company recognised Rs. 2,738 lac (Previous year Rs. 1,818 lac) for provident fund contributions in the profit and loss account.

b) Defined benefit plans

The Company provides the annual contributions as a non-funded defined benefit plan for qualifying employees.

The gratuity scheme provides for payment to vested employees as under:

- i) On Normal retirement / early retirement / withdrawal / resignation:
As per the provisions of Payment of Gratuity Act, 1972 with vesting period of 5 years of service.
- ii) On death while in service:
As per the provisions of Payment of Gratuity Act, 1972 without any vesting period.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out at 31st March, 2008 by an actuary. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at 31st March, 2008:

Amount (Rs. in lac)

| Sr. No | Particulars | Gratuity (Non-Funded) | |
|--------|--|-----------------------|------------------|
| | | As on 31.03.2008 | As on 31.03.2007 |
| I) | Reconciliation of projected benefit obligations (PBO) – defined benefit obligation : | | |
| | PBO at the beginning of the year | 3,603 | 2,690 |
| | Current Service Cost | 544 | 495 |
| | Interest Cost | 288 | 202 |
| | Actuarial (gain) / losses | 482 | 391 |
| | Benefits paid | (194) | (175) |
| | PBO at end of the year | 4,723 | 3,603 |
| II) | Net cost for the year ended 31st March, 2008 : | | |
| | Current Service cost | 544 | 495 |
| | Interest cost | 288 | 202 |
| | Actuarial (gain) / losses | 482 | 391 |
| | Net cost | 1,314 | 1,088 |
| III) | Assumption used in accounting for the gratuity plan: | | |
| | Discount rate (%) | 8.00 % | 8.00 % |
| | Salary escalation rate (%) | 7.50 % | 7.50 % |



c) **Other Long Term Employee Benefit**

The Leave Encashment charge for the year ended 31st March, 2008, based on actuarial valuation carried out using the Projected Accrued Benefit Method, amounting to Rs. 2,144 lac (Previous Year Rs. 1,165 lac) has been recognized in the Profit and Loss Account.

12. **PAYMENT TO AUDITORS (Including Service Tax) :**

Amount (Rs. in lac)

| Particulars | | 2007-08 | 2006-07 |
|--|---|------------|------------|
| (a) | As Audit Fees | | |
| | - Statutory Audit | 112 | 126 |
| | - Tax Audit | 6 | 11 |
| (b) | As Advisor or in any other capacity in respect of: | | |
| | Tax Matters | 56 | 57 |
| (c) | In any other manner | | |
| | For other services such as quarterly limited reviews, certificates, etc | 59 | 15 |
| (d) | For reimbursement of expenses | 1 | 1 |
| | Total | 234 | 210 |
| Payments for other services include Rupees 34,870/- (Previous Year Rs. 3 lac) to a firm where partners of one of the Statutory Auditors are partners | | | |

13. **MANAGERIAL REMUNERATION :**

(i) Details of Managerial Remuneration :

Amount (Rs. in lac)

| Particulars | | 2007-08 | 2006-07 |
|--|--|-----------|------------|
| (i) | Salary and Allowances* | 48 | 42 |
| (ii) | Contribution to Provident Fund and Provision for Gratuity* | 5 | 7 |
| (iii) | Perquisites* | Nil | 12 |
| (iv) | Commission to Non-Executive Directors # | Nil | 43 |
| (v) | Sitting Fees # | 15 | 14 |
| | Total | 68 | 118 |
| * Included under the head "Employees Remuneration and Benefits" (Refer Schedule - O) | | | |
| # Disclosed under the head "Other Operating Expense" (Refer Schedule - Q) | | | |



(ii) Computation of Profit under Section 349 of the Companies Act, 1956

Amount (Rs. in lac)

| Particulars | | 2007-08 | 2006-07 |
|---|-----|-----------------|---------|
| (Loss) / Profit before taxation as per Profit and Loss Account | | (41,259) | 5,136 |
| Add : | | | |
| Managerial Remuneration | 68 | | 118 |
| Provision for Doubtful Debts | 913 | 981 | 121 |
| | | (40,278) | 5,375 |
| Less : | | | |
| Profit on sale of Investments | 462 | | 1,049 |
| Provision for Doubtful Debts no longer required | 129 | | 11 |
| Other excess provision written back | 105 | 696 | - |
| Profit for the purpose of Directors' Commission | | (40,974) | 4,315 |
| Commission to Non-Executive Directors subject to a ceiling of 1% of Profits as computed above | | Nil | 43 |
| Commission payable as per Shareholders' approval | | Nil | 43 |

14. The Company has equity and preference investments aggregating to Rs. 146,500 lac in Jet Lite (India) Limited, a wholly owned Subsidiary, and an amount of Rs. 24,465 lac advanced on account of interest free loans as on 31st March, 2008. The said Subsidiary during the year ended 31st March, 2008, suffered losses which resulted in increase in accumulated losses exceeding the net worth of the Subsidiary Company. The said Subsidiary Company was acquired by the Company during the year and the Company has plans to support growth plans of the Subsidiary Company resulting into increase in its revenue and consequently profitability and net worth. Moreover, a reputed valuer have recently valued the equity interest in the Subsidiary based on its assets and growth model, etc., which has disclosed the equity values of the Company's investment far in excess of the total amount invested and other dues to the Company. Accordingly its financial statements have been prepared on "Going Concern" basis. The said Subsidiary Company is confident of achieving the target and in the opinion of the Company, no provision is considered necessary at this stage in respect of its investments and loans outstanding from the said Subsidiary Company at the year end.

15. Additional information pursuant to paragraphs 3, 4C and 4D of Part II of Schedule VI of the Companies Act, 1956. (As applicable)

15.1 Value of imports calculated on CIF Basis:

Amount (Rs. in lac)

| Particulars | 2007-08 | 2006-07 |
|-----------------------|---------|---------|
| Components and Spares | 24,528 | 12,628 |
| Capital Goods | 861,123 | 140,871 |



15.2 Earnings in Foreign Exchange:

Amount (Rs. in lac)

| Particulars | 2007-08 | 2006-07 |
|-----------------------------|---------|---------|
| Passenger and Cargo Revenue | 204,207 | 139,428 |
| Sale of Aircraft / Engine | 54,449 | 46,616 |
| Interest on Bank Account | 538 | 94 |
| Other Income | 474 | 161 |

15.3 Expenditure in Foreign Currency:

Amount (Rs. in lac)

| Particulars | 2007-08 | 2006-07 |
|------------------------------------|---------|---------|
| Employee Remuneration and Benefits | 4,279 | 8,356 |
| Aircraft Fuel Expenses | 79,751 | 25,212 |
| Selling and Distribution Expenses | 14,849 | 14,919 |
| Other Operating Expenses | 142,379 | 86,930 |
| Aircraft Lease Rentals | 72,287 | 84,516 |
| Interest and Finance Charges | 30,941 | 10,000 |
| Software / Landing Rights | 823 | 2,681 |

15.4 Remittance in foreign currency on account of dividend:

The Company has paid dividend in respect of shares held by Non Residents on repatriation basis. This *inter-alia* includes portfolio investment and direct investment, where the amount is also credited to Non Resident External Account (NRE A/c). The exact amount of dividend remitted in foreign currency cannot be ascertained. The total amount remittable in this respect is given herein below:

Amount (Rs. in lac)

| Particulars | 2007-08 | 2006-07 |
|---|------------|------------|
| Number of Non Resident Shareholders to whom remittance was made | 1 | 1 |
| Number of Equity Shares held by them | 69,057,210 | 69,057,210 |
| Amount of Dividend paid (Rs. In Lac) | 4,144 | 4,144 |
| Year to which dividend relates | 2006-07 | 2005-06 |



15.5 Value of Components and Spare Parts Consumed :

| Amount (Rs. in lac) | | | | |
|---------------------|---------|-----|---------|-----|
| | 2007-08 | % | 2006-07 | % |
| Imported | 8,818 | 93 | 6,287 | 91 |
| Indigenous | 682 | 7 | 588 | 9 |
| Total | 9,500 | 100 | 6,875 | 100 |

16. SEGMENT REPORTING :

a) Primary Segment: Geographical Segment

The Company, considering its higher level of international operations and present internal financial reporting based on geographic segment, has identified geographic segment as primary segment.

The geographic segment consists of:

- i) Domestic (air transportation within India)
- ii) International (air transportation outside India)

Revenue and expenses directly attributable to segments are reported based on items that are individually identifiable to that segment, while the remainder of the expenses are categorized as unallocated which are mainly employee remuneration and benefits, other selling and distribution expenses, other operating expenses, aircraft lease rentals, depreciation / amortization and interest, since these are not specifically allocable to specific segments as the underlying assets / services are used interchangeably. The Company believes that it is not practical to provide segment disclosures relating to these revenue and expenses, and accordingly these expenses are separately disclosed as "unallocated" and directly charged against total revenues.

The Company believes that it is not practical to identify fixed assets used in the Company's business or liabilities contracted, to any of the reportable segments, as the fixed assets are used interchangeably between segments. Accordingly, no disclosure relating to total segment assets and liabilities are made.

| Amount (Rs. in lac) | | | |
|---|----------------------|----------------------|-----------------------------|
| Particulars | Domestic | International | Total |
| Passenger and Cargo Revenue (Including Excess Baggage) | 562,172 (552,541) | 304,756 (135,701) | 866,928 (688,242) |
| Segment result | 297,426 (293,191) | 114,497 (56,024) | 411,923 (349,215) |
| Less: Unallocable expenses | | | 485,130 (371,953) |
| Add: Unallocable revenue | | | 81,223 (51,889) |
| (-)Loss / Profit before Interest and tax | | | 8,016 (29,151) |
| Less: Interest and Finance Charges | | | 49,275 (24,015) |
| (-)Loss / Profit before tax | | | (-)41,259 (5,136) |
| Less : Tax (-) Benefits / Expenses | | | (-)15,953 (2,342) |
| (-)Loss / Profit after tax | | | (-)25,306 (2,794) |
| (Figures in brackets indicate 31st March, 2007 figures) | | | |



b) **Secondary Segment: Business Segment**

The Company is operating into a single business i.e. Air Transportation and as such all business activities revolve around this segment. Hence, there is no separate secondary segment to be reported considering the requirement of AS 17 on "Segment Reporting" issued by the Institute of Chartered Accountants of India.

17. **RELATED PARTY TRANSACTIONS :**

As per Accounting Standard - 18 on "Related Party Disclosures", the disclosure of transactions with the related party as defined in the Accounting Standard are given below:

(i) List of Related Parties with whom transactions have taken place and Relationships :

| No. | Name of the related party | Nature of relationship |
|------|--|---|
| (1) | Tail Winds Limited | Holding Company |
| (2) | Jet Lite (India) Limited | Subsidiary Company (Control exists) |
| (3) | Naresh Goyal | Controlling Shareholder of Holding Company |
| (4) | Anita Goyal | Relative of controlling shareholder of Holding Company |
| (5) | Saroj K Datta | Key Managerial Personnel |
| (6) | Jetair Private Limited | Enterprises over which controlling shareholder of Holding Company and his relatives are able to exercise significant influence directly or indirectly |
| (7) | Jet Enterprises Private Limited | |
| (8) | Jet Airways LLC | |
| (9) | Jet Airways of India Inc. | |
| (10) | India Jetairways Pty Limited | |
| (11) | Trans Continental e Services Private Limited | |
| (12) | Jet Airways Europe Services N.V. | |

(ii) Transactions during the year ended 31st March, 2008 and balances with related parties :

Amount (Rs. in lac)

| Sr. No. | Nature of Transactions | Holding Co. | Subsidiary Company* | Controlling Shareholder of Holding Company | Relative of controlling shareholder of Holding Company | Key Managerial Personnel | Enterprises over which controlling shareholder is able to exercise significant influence | Total |
|---------|------------------------------|-------------|---------------------|--|--|--------------------------|--|--------------------|
| (A) | Remuneration | | | | 146 (127) | 53 (60) | | 199 (187) |
| (B) | Sitting Fees | | | 1 (1) | | Nil (1) | | 1 (2) |
| (C) | Commission paid to Directors | | | Nil (3) | | | | Nil (3) |
| (D) | Agency Commission | | | | | | 12,723 (14,413) | 12,723 (14,413) |



Amount (Rs. in lac)

| Sr. No. | Nature of Transactions | Holding Co. | Subsidiary Company* | Controlling Shareholder of Holding Company | Relative of controlling shareholder of Holding Company | Key Managerial Personnel | Enterprises over which controlling shareholder is able to exercise significant influence | Total |
|---------|---|------------------|---------------------|--|--|--------------------------|--|-------------------|
| (E) | Rent paid | | | | | | 217 (106) | 217 (106) |
| (F) | Expenses Reimbursed (net) (Staff Costs / Communication Costs, Rent) | | 421 | | | | 3,780 (-5,525) | 4,201 (-5,525) |
| (G) | Other Selling & Distribution Cost | | | | | | 1,852 (1,431) | 1,852 (1,431) |
| (H) | Excess Provision written back | | | | | | Nil (168) | Nil (168) |
| (I) | Service Charges | | | | | | 24 (Nil) | 24 (Nil) |
| (J) | Investments in Equity and Preference Shares | | 146,500 | | | | | 146,500 |
| (K) | Deposits & Advance | | | | | | | |
| | -Deposit for Leased Premises | | | | | | 2,543 (2,299) | 2,543 (2,299) |
| | -Other Deposits | | | | | | 225 (Nil) | 225 (Nil) |
| (L) | Loans | | 24,465 | | | | | 24,465 |
| (M) | Equipment Hire (net) | | (-)1,027 | | | | | (-)1,027 |
| (N) | Sundry Creditors | | | | | | 3,450 (1,135) | 3,450 (1,135) |
| (O) | Sundry Debtors | | | | | | 88 (122) | 88 (122) |
| (P) | Share Capital | 6,907 (6,907) | | 1 (1) | 0.1 (Nil) | 0.06 (0.06) | | 6,908 (6,908) |
| (Q) | Dividend Paid | 4,144 (4,144) | | 0.60 (0.60) | 0.06 (Nil) | 0.04 (0.04) | | 4,145 (4,145) |
| (R) | Corporate Guarantee given | | 55,120 | | | | | 55,120 |

(Figures in brackets indicate 31st March, 2007 figures)
*Figures for the previous year not applicable as it became subsidiary during the year



(iii) Statement of Material Transactions during the year and balances with related parties:

a) Subsidiary Company

Amount (Rs. in lac)

| Jet Lite (India) Limited | |
|---|---------|
| - Equipment Hire Charges | (-)771 |
| - Other Hire Charges received | (-)256 |
| - Interest free Loan | 24,465 |
| - Reimbursement of Expenses | 421 |
| - Investments in Equity and Preference Shares | 146,500 |
| - Corporate Guarantee given | 55,120 |

(Figures for the previous year not given as it became subsidiary during the year)

- b) Remuneration include remuneration to Mrs. Anita Goyal, relative of controlling shareholder of Holding Company, Rs. 146 lac (Previous Year Rs. 127 lac) and to Mr. Saroj K. Datta, Key Managerial Personnel Rs. 53 lac (Previous Year Rs. 60 lac)
- c) Enterprises over which controlling shareholder of Holding Company and his relatives are able to exercise significant influence:

Amount (Rs. in lac)

| Jetair Private Limited | |
|--|-------------------|
| - Agency Commission | 5,328 (10,403) |
| - Rent Paid | 157 (46) |
| - Expenses Reimbursed (net) (Staff Costs / Communication Costs, Rent) | 1,509 (-5,617) |
| - Deposits for Leased Premises- | 343 (299) |
| - Sundry Creditors | 944 (507) |
| - Sundry Debtors | 88 (122) |

(Figures in brackets indicate 31st March, 2007 figures)

Amount (Rs. in lac)

| Jet Airways LLC | |
|--|------------------|
| - Agency Commission | 5,675 (3,309) |
| - Reimbursement of Expenses (Staff Costs / Communication Costs, Rent) | 76 (55) |
| - Sundry Creditors | 1,406 (332) |

(Figures in brackets indicate 31st March, 2007 figures)



Amount (Rs. in lac)

| Trans Continental e Services Private Limited | |
|---|-------------------------|
| - Other Selling and Distribution Cost | 1,852 (1,431) |
| - Other Deposit | 225 (Nil) |
| - Sundry Creditors | 30 (101) |
| (Figures in brackets indicate 31st March, 2007 figures) | |

Amount (Rs. in lac)

| Jet Enterprises Private Limited | |
|---|-------------------------|
| - Rent Paid | 60 (60) |
| - Deposits for Leased Premises | 2,200 (2,000) |
| - Sundry Creditors | Nil (Nil) |
| (Figures in brackets indicate 31st March, 2007 figures) | |

Amount (Rs. in lac)

| Jet Airways of India Inc. | |
|--|-----------------------|
| - Agency Commission | 1,683 (658) |
| - Reimbursement of Expenses (Staff Costs / Communication Costs, Rent) | 814 (37) |
| - Excess Provision written back | Nil (148) |
| - Sundry Creditors | 488 (97) |
| (Figures in brackets indicate 31st March, 2007 figures) | |

Amount (Rs. in lac)

| India Jetairways Pty Limited | |
|---|--------------------|
| - Agency Commission | 37 (43) |
| - Excess Provision written back | Nil (20) |
| - Sundry Creditors | 5 (6) |
| (Figures in brackets indicate 31st March, 2007 figures) | |



Amount (Rs. in lac)

| Jet Airways Europe Services N.V. | | |
|--|--|-------|
| - Reimbursement of Expenses (Staff Costs / Communication Costs, Rent) | | 1,381 |
| - Service Charges | | 24 |
| - Sundry Creditors | | 577 |
| (Previous Year's figures are not given as incorporated during the year) | | |

18. The Company has entered into Finance and Operating Lease agreements. As required under the Accounting Standard 19 on 'Leases', the future minimum lease payments on account of each type of lease are as follows: -

a) Finance Leases / Hire Purchase

Amount (Rs. in lac)

| Particulars | Future Minimum Lease Payments | Present Value of Future Minimum Lease Payments | Finance Charges |
|--|-------------------------------|--|----------------------------|
| | As at 31st March '08 | As at 31st March '08 | |
| Aircraft | | | |
| Less than 1 year | 103,362 (41,995) | 69,438 (25,481) | 33,924 (16,514) |
| Between 1 and 5 years | 438,913 (160,072) | 326,992 (113,394) | 111,921 (46,678) |
| More than 5 years | 591,856 (120,945) | 525,787 (104,350) | 66,069 (16,596) |
| Grand Total | 1,134,131 (323,012) | 922,217 (243,225) | 211,914 (79,788) |
| (Figures in brackets indicates 31st March, 2007 figures) | | | |

The salient features of a Hire Purchase / Finance Lease Agreement are :

- Option to purchase the aircraft either during the term of the Hire Purchase on payment of the outstanding Principal amount or at the end of the Hire Purchase term on payment of a nominal option price.
- In the event of default, the Hirer / Lessee is responsible for payment of all costs of the Owner including the financing cost, and other associated costs. Further a right of repossession is available to the Owner / Lessor.
- The Hirer / Lessee is responsible for maintaining the aircraft as well as insuring the same.
- In the case of Finance Lease the property passes to the Lessee, on the payment of a nominal option price at the end of the term.

b) Operating Leases

- i) The Company has taken various residential / commercial premises and amenities under cancelable and non-cancelable operating leases. These lease agreements are normally renewed on expiry.



The future minimum lease payments in respect of non-cancelable period which, as at 31st March, 2008 are as follows:

Amount (Rs. in lac)

| Particulars | Total Lease Payments |
|--|-----------------------|
| Commercial Premises and Amenities | |
| Less than 1 year | 1,576 (Nil) |
| Between 1 and 5 years | 1,180 (Nil) |
| Grand Total | 2,756 (Nil) |
| (Figures in brackets indicates 31st March, 2007 figures) | |

- ii) The Company has taken on operating lease aircraft & spare engines the future minimum lease payments in respect of which, as at 31st March, 2008 are as follows :

Amount (Rs. in lac)

| Particulars | Total Lease Payments |
|-----------------------------------|-----------------------------|
| Aircraft and Spare Engines | |
| Less than 1 year | 60,666 (55,601) |
| Between 1 and 5 years | 172,689 (138,062) |
| More than 5 years | 42,650 (11,183) |
| Grand Total | 276,005 (204,846) |

| | |
|--|---------------------------|
| Aircraft given on sub – lease | |
| Less than 1 year | (-)250 (-1,674) |
| Between 1 and 5 years | NIL (-549) |
| More than 5 years | NIL (NIL) |
| Grand Total | (-)250 (-2,223) |
| (Figures in brackets indicates 31st March, 2007 figures) | |

The Salient features of an Operating Lease agreement are :

- Monthly rentals paid in form of fixed and variable rental. Variable Lease Rentals are payable on a pre determined rate payable on the basis of actual flying hours. Additionally, the predetermined rates of Variable Rentals are subject to the annual escalation as stipulated in the respective leases.
- The Company does not have an option to buyback nor does it generally have an option to renew the leases.
- In case of delayed payments, penal charges are payable as stipulated.



- In case of default, in addition to repossession of the aircraft, damages including liquidated damages as stipulated are payable.
 - The Lessee is responsible for maintaining the aircraft as well as insuring the same. The Lessee is eligible to claim reimbursement of costs as per the terms of the lease agreement.
 - The leases are non-cancellable.
- iii) The lease rental expense recognised: Rs. 87,420 lac (Previous Year Rs. 91,667 lac), it includes Rs. 3,597 lac (Previous Year Rs. 3,840 lac) recognized as lease rental expenses on account of sale and lease back of aircraft.

19. EARNINGS PER SHARE (EPS) :

The earnings per equity share, computed as per the requirements of Accounting Standard-20 "Earnings Per Share" is as under:

| Amount (Rs. in lac) | | |
|---|-------------------|------------|
| Particulars | 2007-08 | 2006-07 |
| Net (Loss) / Profit after tax | (25,306) | 2,794 |
| (Loss) / Profit attributable to Equity Shareholders (A) | (25,306) | 2,794 |
| No. of Equity Shares outstanding during the year (B) | 86,334,011 | 86,334,011 |
| Nominal Value of Equity Shares (Rupees) | 10 | 10 |
| Basic and Diluted EPS (Rupees) (C= A/B) | (29.31) | 3.24 |

20. The Deferred Tax Liability as at 31st March 2008 comprises of the following:

| Amount (Rs. in lac) | | |
|---|---------------|---------|
| Particulars | 2007-08 | 2006-07 |
| Deferred Tax Liability | | |
| Related to Fixed Assets | 38,346 | 36,891 |
| Deferred Tax Asset | | |
| Unabsorbed Depreciation | 17,658 | 1,182 |
| Other Disallowances under Income Tax Act, 1961 | 4,665 | 2,603 |
| Provision for Deferred Tax Liability (Net) | 16,023 | 33,106 |

Deferred Tax Asset on account of unabsorbed tax depreciation has been recognized as it can be realised against the reversal of Deferred Tax Liability on account of Depreciation.

21. As per (AS) 29, Provisions, Contingent Liabilities and Contingent Assets, given below are movements in provision for Frequent Flyer Programme, Redelivery of Aircraft, Aircraft Maintenance Costs and Engine Repairs Costs.

a) Frequent Flyer Programme :

The Company has a Frequent Flyer Programme named 'Jet Privilege', wherein the passengers who frequently use the services of the Airline become members of 'Jet Privilege' and accumulate miles to their credit. Subject to certain terms and conditions of 'Jet Privilege', the passenger is eligible to redeem such miles lying to their credit in the form of free tickets.



The cost of allowing free travel to members as contractually agreed under the Frequent Flyer Programme is accounted considering the members' accumulated mileage on an incremental cost basis. The movement in the provision during the year is as under:

Amount (Rs. in lac)

| Particulars | 2007-08 | 2006-07 |
|--|--------------|---------|
| Opening Balance | 1,651 | 1,635 |
| Add: - Additional Provisions during the year | 1,803 | 359 |
| Less: - Amounts used during the year | 505 | 343 |
| Less: - Unused Amounts reversed during the year | - | - |
| Closing Balance | 2,949 | 1,651 |

b) Redelivery of Aircraft :

The Company has in its fleet aircraft on operating lease. As contractually agreed under the lease agreements, the aircraft have to be redelivered to the lessors at the end of the lease term in the stipulated technical condition. Such redelivery conditions would entail costs for technical inspection, maintenance checks, repainting costs prior to its redelivery and the cost of ferrying the aircraft to the location as stipulated under the lease agreement.

The Company, therefore, provides for such redelivery expenses, as contractually agreed, in proportion to the expired lease period.

Amount (Rs. in lac)

| Particulars | 2007-08 | 2006-07 |
|--|--------------|---------|
| Opening Balance | 2,651 | 1,934 |
| Add: - Additional Provisions during the year* | 610 | 717 |
| Less: - Amounts used during the year | 1,146 | - |
| Less: - Unused Amounts reversed during the year | - | - |
| Closing Balance | 2,115 | 2,651 |

* Additions include adjustment of Rs. 230 lac (Previous Year Rs.168 lac) on account of exchange fluctuation consequent to restatement of liabilities denominated in foreign currency.

The cash outflow out of the above provisions as per the current terms under the lease agreements are as under:

| Year | Aircraft | Amount (Rs. in lac) |
|--------------|----------|---------------------|
| 2008-09 | 6 | 579 |
| 2009-10 | 5 | 291 |
| 2010-11 | 4 | 278 |
| 2011-12 | 1 | 50 |
| 2012-13 | 17 | 793 |
| 2014-15 | 3 | 52 |
| 2015-16 | 8 | 72 |
| Total | | 2,115 |



c) Aircraft Maintenance Costs :

Certain heavy maintenance checks including overhaul of Auxiliary Power Units need to be performed at specified intervals as enforced by the Director General of Civil Aviation in accordance with the Maintenance Program Document laid down by the manufacturers. The movements in the provisions for such costs are as under:

Amount (Rs. in lac)

| Particulars | 2007-08 | 2006-07 |
|--|--------------|---------|
| Opening Balance | 7,398 | 9,994 |
| Add: - Adjustments during the year* | (122) | 26 |
| Less: - Amounts used during the year | 1,031 | 2,026 |
| Less: - Unused Amounts reversed during the year | 2,028 | 596 |
| Closing Balance | 4,217 | 7,398 |
| * Adjustments during the year represents exchange fluctuation impact consequent to restatement of liabilities denominated in foreign currency. | | |

d) Engine Repairs Cost :

The aircraft engines have to undergo shop visits for overhaul and maintenance at specified intervals as per the Maintenance Program Document. The same was provided for on the basis of hours flown at a pre-determined rate.

Amount (Rs. in lac)

| Particulars | 2007-08 | 2006-07 |
|--|-------------|---------|
| Opening Balance | 943 | 2,421 |
| Add: - Adjustments during the year* | (21) | 142 |
| Less: - Amounts used during the year | - | 412 |
| Less: - Unused Amounts reversed during the year | 265 | 1,208 |
| Closing Balance | 657 | 943 |
| * Adjustments during the year represents exchange fluctuation impact consequent to restatement of liabilities denominated in foreign currency. | | |

22. Pending resolution of representation made by the Board of Airline Representatives in India "BAR (I)" to the statutory authorities regarding non levy of Fringe Benefit Tax on free / concessional tickets issued by the airline companies, no provision for the same is made cumulatively in the books of accounts amounting to Rs 1,134 lac (Previous Year Rs. 596 lac).
23. Disclosures relating to amounts payable as at the year end together with interest paid / payable to Micro, Small and Medium Enterprises have been made in the accounts, as required under the Micro, Small and Medium Enterprises Development Act, 2006 to the extent of information available with the Company



determined on the basis of intimation received from suppliers regarding their status and the required disclosures are given below:

Amount (Rs. in lac)

| Particulars | | 2007-08 | 2006-07 |
|-------------|--|---------|---------|
| a | Principal amount remaining unpaid as on 31st March, 2008 | 32 | - |
| b | Interest due thereon as on 31st March, 2008 | - | - |
| c | Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year. | - | - |
| d | Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006 | - | - |
| e | Interest accrued and remaining unpaid as at 31st March, 2008 | - | - |
| f | Further Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise. | - | - |

24. Comparative financial information (i.e. amounts and other disclosures for the previous year presented above as corresponding figures), is included as an integral part of the current year's financial statements, and is to be read in relation to the amounts and other disclosures relating to the current year. Figures of the previous year have been regrouped / reclassified wherever necessary to correspond to figures of the current year.

Signatures to Schedules 'A' to 'S'

As per our attached report of even date
For DELOITTE HASKINS & SELLS
 Chartered Accountants

P. R. Barpande
 Partner

Place : Mumbai
 Dated : 24th June, 2008

For CHATURVEDI & SHAH
 Chartered Accountants

C. D. Lala
 Partner

For and on behalf of the Board

Victoriano P. Dungca
 Director

Saroj K. Datta
 Executive Director

Shirish M. Limaye
 Company Secretary



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I) Registration Details

Registration No.- State Code -

Balance-sheet Date
Date Month Year

II) Capital Raised during the year (Amount in Rs. Thousands)

| | | | | | | | | | | | | | | |
|----------------|----------------------|---|---|---|-------------------|----------------------|---|----------------------|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Public Issue - | <input type="text"/> | N | I | L | Rights Issue - | <input type="text"/> | N | I | L | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | |
| | <input type="text"/> | (| N | I | L |) | | <input type="text"/> | (| N | I | L |) | <input type="text"/> |
| Bonus Issue - | <input type="text"/> | N | I | L | Private Placement | <input type="text"/> | N | I | L | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | |
| | <input type="text"/> | (| N | I | L |) | | <input type="text"/> | (| N | I | L |) | <input type="text"/> |

III) Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

| | | | | | | | | | | | | | | | | | |
|------------------------|--|----------------------|--|---|---|---|---|---|------------------|----------------------|---|---|---|---|---|---|---|
| Total Liabilities | <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="7"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="8"/> | Total Assets | <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="7"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="8"/> | | | | | | | | | | | | | | |
| | (<input type="text" value="8"/> <input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="9"/>) | | (<input type="text" value="8"/> <input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="9"/>) | | | | | | | | | | | | | | |
| Sources of Funds - | | Reserves and Surplus | <input type="text" value="4"/> <input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="5"/> <input type="text" value="3"/> <input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="1"/> | | | | | | | | | | | | | | |
| Paid-up Capital | <input type="text"/> | 8 | 6 | 3 | 3 | 4 | 0 | (<input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="5"/>) | | | | | | | | | |
| | <input type="text"/> | (| 8 | 6 | 3 | 3 | 4 | 0 |) | | | | | | | | |
| Subordinated Debt | <input type="text"/> | N | I | L | | | | | | | | | | | | | |
| | <input type="text"/> | (| N | I | L |) | | | | | | | | | | | |
| Secured Loans | <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="7"/> <input type="text" value="9"/> | Unsecured Loan | <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="8"/> <input type="text" value="6"/> | | | | | | | | | | | | | | |
| | (<input type="text" value="7"/> <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="5"/> <input type="text" value="3"/>) | | (<input type="text" value="5"/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="5"/>) | | | | | | | | | | | | | | |
| Deferred Tax Liability | <input type="text"/> | 1 | 6 | 0 | 2 | 3 | 1 | 2 | Deferred Payment | <input type="text"/> | 4 | 1 | 2 | 5 | 0 | 0 | 0 |
| | (<input type="text" value="3"/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="5"/> <input type="text" value="7"/> <input type="text" value="6"/>) | | (<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>) | | | | | | | | | | | | | | |
| Application of Funds - | | Investment | <input type="text"/> | 1 | 4 | 7 | 5 | 3 | 5 | 2 | 2 | | | | | | |
| Net Fixed Assets | <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="7"/> <input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="1"/> <input type="text" value="1"/> | | (<input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="9"/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="6"/>) | | | | | | | | | | | | | | |
| | (<input type="text" value="7"/> <input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="9"/> <input type="text" value="5"/>) | | | | | | | | | | | | | | | | |



| | | | |
|--------------------|---|-------------------|--|
| Net Current Assets | <input type="text" value=""/> <input type="text" value="(-)"/> <input type="text" value="5"/> <input type="text" value="5"/> <input type="text" value="8"/> <input type="text" value="5"/> <input type="text" value="6"/> <input type="text" value="5"/> | Misc. Expenditure | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/> |
| | <input)"="" type="text" value="("/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="3"/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="7"/> <input type="text" value="8"/> <input type="text" value=")"/> | | <input)"="" type="text" value="("/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=")"/> |
| Accumulated Losses | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/> | | |
| | <input)"="" type="text" value="("/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=")"/> | | |

IV. Performanc of Company (Amount in Rs. Thousands)

| | | | |
|-----------------------------|---|--------------------------|---|
| Turnover | <input type="text" value=""/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="8"/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="6"/> <input type="text" value="3"/> | Total Expenditure | <input type="text" value=""/> <input type="text" value="9"/> <input type="text" value="8"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="8"/> <input type="text" value="3"/> <input type="text" value="0"/> |
| | <input)"="" type="text" value="("/> <input type="text" value="7"/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value=")"/> | | <input)"="" type="text" value="("/> <input type="text" value="7"/> <input type="text" value="3"/> <input type="text" value="4"/> <input type="text" value="9"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value=")"/> |
| Profit /Loss Before Tax | <input)"="" type="text" value="("/> <input type="text" value="-"/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="7"/> <input type="text" value="6"/> <input type="text" value="7"/> | Profit / Loss After Tax | <input)"="" type="text" value="("/> <input type="text" value="-"/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="1"/> |
| | <input)"="" type="text" value="("/> <input type="text" value="5"/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="5"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value=")"/> | | <input)"="" type="text" value="("/> <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value=")"/> |
| Earning per share in Rupees | <input)"="" type="text" value="("/> <input type="text" value="-"/> <input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="."/> <input type="text" value="3"/> <input type="text" value="1"/> | Dividend Rate @ % Equity | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/> |
| | <input)"="" type="text" value="("/> <input type="text" value="3"/> <input type="text" value="."/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value=")"/> | | <input)"="" type="text" value="("/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value=")"/> |
| | | Preference | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/> |
| | | | <input)"="" type="text" value="("/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=")"/> |

(Fugures in brackets indiates 31st March, 2007 figures)

V. Generic Name of Three Princal Products of Compaauy (as per moneretary temrs)

Item Code No. (ITC Code)

For and on behalf of the Board

Victoriano P. Dungca
Director

Saroj K. Datta
Executive Director

Shirish M. Limaye
Company Secretary



Jet Airways (India) Limited - 16th Annual Report 2007-08

Statement pursuant to Section 212 of the Companies Act, 1956
relating to Subsidiary Companies for the year ended 31st March, 2008

88

| Name of the Subsidiary Company | | Jet Lite (India) Ltd |
|--------------------------------|---|----------------------------|
| 1 | Financial year of the Subsidiary Company ended on | 31st March, 2008 |
| 2 | Holding Company's Interest | |
| | a) Number of Equity Shares Rs.10/- each fully paid | 276,115,409 |
| | b) Extent of holding | 100% |
| | c) Number of Preference Shares | 340,000,000 |
| 3 | Net aggregate amount of Loss of the Subsidiary, so far as they concern members of Jet Airways (India) Ltd. | Amount (Rs. in Lac) |
| | i) for the financial year of the Subsidiary | |
| | a) Dealt with in the account of the Holding Company | (38,211) |
| | b) Not dealt with in accounts of the Holding Company | - |
| | ii) for the previous financial years of the Subsidiary since it became the Holding Company's Subsidiary | |
| | a) Dealt with in the account of the Holding Company | - |
| | b) Not dealt with in accounts of the Holding Company | - |
| 4 | As the financial year of the Subsidiary Company coincide with the financial year of the Holding Company, section 212(5) of the Companies Act, 1956 is not applicable. | |

For and on behalf of the Board

Victoriano P. Dungca
Director

Saroj K. Datta
Executive Director

Shirish M. Limaye
Company Secretary

Place : Mumbai
Dated : 24th June, 2008



Auditors' Report on Consolidated Financial Statements

To The Board of Directors of Jet Airways (India) Limited

1. We have audited the attached Consolidated Balance Sheet of **Jet Airways (India) Limited** ("the Company") and its subsidiary (the Company and its subsidiary constitute "the Group") as at 31st March, 2008 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto.
2. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating overall the financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of subsidiary company. As stated in note no. 1 (b) of Schedule 'S', the financial statements of subsidiary, whose financial statements reflect total assets of Rs. 65,133 lacs, total revenues of Rs. 144,960 lacs and net cash inflows of Rs. 7,895 lacs for period 20th April, 2007 to 31st March, 2008 are unaudited and we have relied upon the unaudited financial statements as provided by the Company's Management for the purpose of our examination of consolidated financial statements of the Group.
4. Attention is invited to note no. 13 of Schedule 'S' regarding the preparation of subsidiary accounts on going concern basis based on the reasons stated therein by the management of the Company.
5. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard 21 'Consolidated Financial Statements' (AS-21) as notified under the Companies (Accounting Standards) Rules, 2006 and on the basis of separate audited financial statements of the Company and management prepared financial statements of its subsidiary included in the consolidated financial statements.
6. Based on our audit and on consideration of financial statements of the subsidiary company prepared by the management as explained in para 3 above and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2008;
 - b) in the case of Consolidated Profit and Loss Account, of the Loss of the Group for the year then ended; and
 - c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year then ended.

FOR DELOITTE HASKINS & SELLS
Chartered Accountants

P. R. Barpande
Partner
M. No. 15291

Mumbai
Dated : 24th June, 2008

FOR CHATURVEDI & SHAH
Chartered Accountants

C. D. Lala
Partner
M. No. 35671



Consolidated Balance Sheet as at 31st March, 2008

| | Schedule No. | Rs. in lac | As at 31st March, 2008 Rs. in lac |
|--|--------------|------------|--------------------------------------|
| I. SOURCES OF FUNDS | | | |
| 1 Shareholders' Funds : | | | |
| a) Share Capital Equity | A | | 8,633 |
| | | | 8,633 |
| b) Reserves and Surplus | B | | 416,966 |
| | | | 425,599 |
| 2 Loan Funds : | | | |
| a) Secured Loans | C | | 175,301 |
| b) Unsecured Loans | D | | 1,045,229 |
| | | | 1,220,530 |
| 3 Deferred payment liability towards Investment in a wholly owned subsidiary company [Due within one year Rs. 13,750 lac, Refer Note 10 (b) of Schedule S] | | | 41,250 |
| 4 Deferred Tax Liability (Refer Note 18 of Schedule S) | | | 16,023 |
| Total | | | 1,703,402 |
| II. APPLICATION OF FUNDS | | | |
| 1 Fixed Assets : | E | | |
| a) Gross Block | | | 1,854,104 |
| b) Less : Depreciation | | | 255,595 |
| c) Net Block | | | 1,598,509 |
| d) Capital Work-in-progress | | | 130,259 |
| | | | 1,728,768 |
| 2 Investments | F | | 1,035 |
| 3 Current Assets, Loans and Advances : | | | |
| a) Inventories | G | | 60,440 |
| b) Sundry Debtors | H | | 139,896 |
| c) Cash and Bank Balances | I | | 95,837 |
| d) Loans and Advances | J | | 119,211 |
| | | | 415,384 |
| Less : Current Liabilities and Provisions | | | |
| a) Current Liabilities | K | | 430,051 |
| b) Provisions | L | | 22,249 |
| | | | 452,300 |
| Net Current Assets | | | (36,916) |
| 4 Profit & Loss Account - Debit Balance | | 19,190 | |
| Less: Adjusted against balance in General Reserve as per contra | | 8,675 | |
| Total | | | 1,703,402 |
| Significant Accounting Policies and Notes to Accounts | S | | |

As per our attached report of even date
For DELOITTE HASKINS & SELLS
 Chartered Accountants

For CHATURVEDI & SHAH
 Chartered Accountants

For and on behalf of the Board

Victoriano P. Dungca
 Director

P. R. Barpande
 Partner

C. D. Lala
 Partner

Saroj K. Datta
 Executive Director

Shirish M. Limaye
 Company Secretary

Place : Mumbai
 Dated : 24th June, 2008



Consolidated Profit and Loss Account for the year ended 31st March, 2008

| | Schedule No. | Rs. in lac | For the Year ended 31st March, 2008 Rs. in lac |
|---|--------------|--------------|---|
| INCOME : | | | |
| Operating Revenue | M | | 1,024,555 |
| Non - Operating Revenue | N | | 67,572 |
| Total | | | <u>1,092,127</u> |
| EXPENDITURE : | | | |
| Employees Remuneration and Benefits | O | | 138,882 |
| Aircraft Fuel Expenses | | | 406,998 |
| Selling and Distribution Expenses | P | | 111,372 |
| Other Operating Expenses (including Maintenance, Airport Charges, etc.) | Q | | 301,443 |
| Aircraft Lease Rentals (Refer Note 4 of Schedule S) | | | 82,157 |
| Depreciation / Amortisation | | 81,743 | |
| Less : Depreciation on amount added on Revaluation charged to Revaluation Reserve | | <u>1,563</u> | |
| | | | 80,180 |
| Interest and Finance Charges | R | | 52,247 |
| Total | | | <u>1,173,279</u> |
| (LOSS) BEFORE TAXATION | | | <u>(81,152)</u> |
| Tax Expenses | | | |
| Current Tax (including provision for Wealth Tax Rs. 10 lac) | | | 10 |
| Deferred Tax | | | (17,083) |
| Fringe Benefit Tax | | | 1,188 |
| Provision of Income Tax (Net) for Earlier Years | | | 120 |
| (LOSS) AFTER TAXATION | | | <u>(65,387)</u> |
| Balance Brought Forward | | | 46,197 |
| BALANCE CARRIED TO BALANCE SHEET | | | <u>(19,190)</u> |
| Earnings per share of Rs. 10 each (Refer Note 17 of Schedule S) | | | |
| Basic and Diluted (in Rupees) | | | (75.74) |
| Significant Accounting Policies and Notes to Accounts | S | | |

As per our attached report of even date
For **DELOITTE HASKINS & SELLS**
Chartered Accountants

P. R. Barpande
Partner

Place : Mumbai
Dated : 24th June, 2008

For **CHATURVEDI & SHAH**
Chartered Accountants

C. D. Lala
Partner

For and on behalf of the Board

Victoriano P. Dungca
Director

Saroj K. Datta
Executive Director

Shirish M. Limaye
Company Secretary



Consolidated Cash Flow Statement for the year ended 31st March, 2008

| | Rs. in lac | For the Year ended 31st March, 2008 Rs. in lac |
|---|------------|--|
| A. Cash Flow from Operating Activities | | |
| (Loss) before tax | | (81,152) |
| Adjustments for : | | |
| Depreciation / Amortisation | | 80,180 |
| Provision for Stock Obsolescence | | 3,011 |
| Profit on sale of Fixed Assets (Net) | | (31,234) |
| (Profit) on sale of Investments / Dividend on Current Investments | | (929) |
| Interest and Finance Charges | | 52,247 |
| Interest on Bank and Other Deposits | | (3,729) |
| Excess Provision no longer required | | (3,010) |
| Provision for doubtful debts no longer required written back | | (129) |
| Provision for Leave Encashment and Gratuity | | 3,764 |
| Exchange difference on translation (Net) | | (29,584) |
| Provision for doubtful debts | | 913 |
| Bad Debts written off | | 1,556 |
| Inventory scrapped during the year | | 3,367 |
| Operating profit before working capital changes | | (4,729) |
| Changes in Inventories | | (15,694) |
| Changes in Sundry Debtors | | (71,992) |
| Changes in Loans and Advances | | (48,321) |
| Changes in Current Liabilities and Provisions | | 192,145 |
| Cash generated from operations | | 51,409 |
| Direct Taxes paid | | (6,139) |
| Net cash from operating activities | | 45,270 |
| B. Cash Flow from Investing Activities | | |
| Purchase of Fixed Assets and Capital work-in-progress | | (635,822) |
| Proceeds from sale of Fixed Assets | | 54,680 |
| Purchase of Current Investments | | (618,900) |
| Sale of Current Investments | | 625,221 |
| Dividend on Current Investment | | 467 |
| Long Term Investment in wholly owned Subsidiary Company: | | |
| Cost of Acquisition | (146,500) | |
| Adjustment of Advance paid as per Share Purchase Agreement | 50,000 | |
| Deferred Payment towards Investment | 41,250 | |
| | | (55,250) |
| Changes in Fixed Deposits with Banks (Refer Note 2 below) | | 10,400 |
| Interest Received on Bank and Other Deposits | | 3,597 |
| Net cash used for investing activities | | (615,607) |



| | Rs. in lac | For the Year ended 31st March, 2008 Rs. in lac |
|---|------------|---|
| C. Cash flows from Financing Activities | | |
| Net Increase in Short Term Loans | | 102,388 |
| Proceeds from Long Term Loans during the year | | 1,029,774 |
| Repayment of Long Term Loans during the year | | (502,425) |
| Interest and Finance Charges | | (64,541) |
| Dividend paid (including Tax on Dividend) | | (6,056) |
| Net cash from financing activities | | 559,140 |
| Net change in cash (A+B+C) | | (11,197) |
| Cash and cash equivalents at beginning of the year | | 80,502 |
| Cash and cash equivalents at end of the year (Refer Notes below) | | 69,305 |

Note :

- 1) Cash and Cash equivalents for the period ended 31st March, 2008 includes unrealised Gain (Net) of Rs. 677 lac on account of translation of foreign currency bank balances.
- 2) Fixed Deposits with banks with maturity period of more than three months including interest accrued thereon and Fixed Deposits under lien amounting to Rs. 14,327 lac are not included in Cash and Cash equivalents.

As per our attached report of even date
For DELOITTE HASKINS & SELLS
 Chartered Accountants

For CHATURVEDI & SHAH
 Chartered Accountants

For and on behalf of the Board

Victoriano P. Dungca
 Director

P. R. Barpande
 Partner

C. D. Lala
 Partner

Saroj K. Datta
 Executive Director

Shirish M. Limaye
 Company Secretary

Place : Mumbai
 Dated : 24th June, 2008



Schedules to the Consolidated Balance Sheet as at 31st March, 2008

| | As at 31st March, 2008 Rs. in lac |
|--|--|
| SCHEDULE A : | |
| SHARE CAPITAL | |
| Authorized | |
| 180,000,000 Equity Shares of Rupees 10/- each | 18,000 |
| 20,000,000 Preference Shares of Rupees 10/- each | 2,000 |
| | <u>20,000</u> |
| Issued, Subscribed and Paid up | |
| Equity: | |
| 86,334,011 Equity Shares of Rs.10/- each fully paid up | 8,633 |
| Of the above Equity Shares: | |
| - 69,067,205 Equity Shares held by the holding company, Tail Winds Limited & its nominee | |
| - 9,402,900 shares are allotted as fully paid bonus shares by Capitalization of Profit | |
| Total | <u><u>8,633</u></u> |



Schedules to the Consolidated Balance Sheet as at 31st March, 2008

| | Rs. in lac | As at 31st March, 2008 Rs. in lac |
|--|------------|--|
| SCHEDULE B : | | |
| RESERVES AND SURPLUS | | |
| Capital Reserve | | |
| Balance created in the earlier years | * | |
| Nominal Value of investments in SITA received free of cost (See Note I.1.(a) of Schedule 'F' - Investments) *Rupees 2/- | - | |
| | | * |
| Capital Redemption Reserve | | |
| Balance created in the earlier years | | 5,558 |
| Share Premium | | |
| Balance created in the earlier years | | 141,418 |
| Revaluation Reserve | | |
| Balance created in the earlier years | 13,244 | |
| Add : Created during the year (Refer Note 6 of Schedule S) | 266,252 | |
| Less: Adjustment / Reversal during the year on Sale and Lease Back | 7,943 | |
| Less: Depreciation for the year on amount added on Revaluation transferred to Profit and Loss Account | 1,563 | |
| | | 269,990 |
| General Reserve | | |
| Balance created in the earlier years | 8,675 | |
| Less: Debit Balance in Profit and Loss Account to the extent of General Reserve | 8,675 | |
| | | - |
| Total | | 416,966 |



Schedules to the Consolidated Balance Sheet as at 31st March, 2008

| | Rs. in lac | As at 31st March, 2008 Rs. in lac |
|--|------------|--|
| SCHEDULE C : | | |
| SECURED LOANS | | |
| From Banks | | |
| Rupee Loans | | 102,475 |
| (Loans from Banks are secured by hypothecation of Stocks, Debtors, other movable Current Assets, movable Fixed Assets other than Aircraft and / or by lien on Bank Deposits and corporate guarantee of the holding company) | | |
| From Financial Institutions | | |
| Rupee Loan | 156 | |
| (Secured by Vehicle and Engine financed by them) | | |
| Foreign Currency Loan | 72,670 | |
| | | 72,826 |
| (Foreign Currency Loan to the extent of Rs. 32,550 lac of Holding Company is Secured by Mortgage on Leasehold Land situated at Bandra-Kurla Complex and Rs. 40,120 lac of Subsidiary Company is secured by Corporate Guarantee of Holding Company and pledge of 100% Equity Shares of the Subsidiary Company held by Jet Airways (India) Limited, the Holding Company) | | |
| Total | | 175,301 |
| SCHEDULE D : | | |
| UNSECURED LOANS | | |
| Short Term Loans: | | |
| From Banks | | 75,931 |
| Other Loans: | | |
| From Banks (Repayable within one year Rs. 47,081 lac) | 47,081 | |
| From Others | | |
| Outstanding Hire Purchase / Finance Lease Installments [Installments due within one year Rs. 69,438 lac] | 922,217 | |
| | | 969,298 |
| Total | | 1,045,229 |



Schedules to the Consolidated Balance Sheet as at 31st March, 2008

SCHEDULE - E FIXED ASSETS

| NATURE OF ASSETS | GROSS BLOCK (At Cost / Valuation) | | DEPRECIATION / AMORTISATION | | NET BLOCK As at 31.03.2008 |
|--|-----------------------------------|---------------------------------|-----------------------------|---------------------|----------------------------------|
| | As at 01.04.2007 | Additions during the Year | Deductions/ Adjustments | As at 31.03.2008 | |
| GOODWILL ON CONSOLIDATION (Refer Note 10 (d) of Schedule S) | - | 187,239 | - | - | 187,239 |
| LEASEHOLD LAND | 37,134 | 148,119 | - | 464 | 184,500 |
| PLANT AND MACHINERY | 756 | 13 | 2 | 96 | 599 |
| FURNITURE AND FIXTURES | 4,188 | 826 | 32 | 4,983 | 2,177 |
| ELECTRICAL FITTINGS | 2,360 | 628 | 68 | 2,920 | 1,667 |
| DATA PROCESSING EQUIPMENT | 7,727 | 1,083 | 276 | 8,534 | 1,912 |
| OFFICE EQUIPMENT | 4,585 | 918 | 17 | 5,486 | 2,999 |
| GROUND SUPPORT EQUIPMENT | 6,046 | 930 | 19 | 6,957 | 3,324 |
| VEHICLES | 1,273 | 193 | 228 | 1,237 | 671 |
| GROUND SUPPORT VEHICLES | 6,681 | 2,401 | 410 | 8,672 | 3,381 |
| AIRCRAFT AND SPARE ENGINE (Narrow Body) | 465,872 | 169,730 | 100,701 | 534,901 | 348,234 |
| AIRCRAFT AND SPARE ENGINE (Wide Body) | - | 844,196 | - | 844,196 | 819,547 |
| IMPROVEMENT ON LEASED AIRCRAFT | 8,026 | 7,509 | - | 15,535 | 9,982 |
| IMPROVEMENT ON LEASED PROPERTY | 4,293 | 175 | - | 4,468 | 2,420 |
| SIMULATORS | 10,600 | 11,020 | - | 21,620 | 15,828 |
| INTANGIBLE ASSETS (Other than internally generated) | | | | | |
| SOFTWARE | 2,243 | 1,536 | - | 3,779 | 1,471 |
| LANDING RIGHTS | 14,411 | - | - | 14,411 | 10,359 |
| TRADEMARKS | 3,146 | - | - | 3,146 | 2,304 |
| TOTAL | 579,341 | 1,376,516 | 1,17,53 | 1,854,104 | 1,598,509 |
| CAPITAL WORK IN PROGRESS INCLUDING CAPITAL ADVANCES | | | | 70,363 | 130,259 |

* Deductions of accumulated depreciation Rupees 45,938/-
NOTE : 1) All the Aircraft of Holding Company are acquired on Hire-purchase / Finance Lease basis and do not include Aircraft taken on Operating lease. Such Aircraft are charged by the Hirers / Lessors against the financing arrangements obtained by them.
2) Additions to Simulator during the year include Rs. 15 lac on account of Exchange Loss during the year.
3) Additions include as under:

- Leasehold Land is revalued as on 31st March, 2008 (Refer Note 6 of Schedule S); amount added on revaluation is Rs. 148,119 lac; the revalued amount substituted for historical cost on 31st March, 2008 is Rs. 184,500 lac
- Narrow Body Aircraft are revalued on 31st March, 2008 (Refer Note 6 of Schedule S); amount added on revaluation shown under additions during the year is Rs.118,133 lac; the revalued amount substituted for book value on 31st March, 2008 is Rs.346,396 lac.
- Deduction from Gross Block during the year includes Rs.7,943 lac being reversal of amount added on revaluation in respect of aircraft sold and leased back.

4) Useful life of Intangible Assets : Software - Upto 3 years

Landing Rights - Upto 20 years

Trademarks - 10 years



Schedules to the Consolidated Balance Sheet as at 31st March, 2008

| | | | As at 31st March, 2008 Rs. in lac |
|--|--|--|--|
| SCHEDULE F : | | | |
| INVESTMENTS | | | |
| Unquoted | | | |
| I. Long Term Investments - (At Cost) | | | |
| 1 | Trade Investments | | * |
| | 18 Shares held with Societe Internationale de Telecommunications Aeronautiques (S.I.T.A S.C) * (Rupees 2/-) | | |
| NOTES : | | | |
| (a) | These investments have been received free of cost from SITASC for participation in their Computer Reservation System and have been accounted at a nominal value of Rupees 2/- by crediting equivalent amount to Capital Reserve. | | |
| (b) | The transfer of this investment is restricted to other Depository Certificate holders for e.g. Air Transport members, etc. | | |
| Unquoted | | | |
| II. Current Investments - Others (At Cost or Market Value, whichever is less) | | | |
| Investments in Mutual Funds - (Debt Schemes) | | | |
| | Schemes | As at 31st March, 2008 No. of Units | Face Value/Unit |
| | Growth Plan | | |
| | Prudential ICICI Mutual Fund ** (Rupees 6,482/-) | 535 | Rs. 10.00 |
| | Barclays Global Investors Mutual Fund - Euro **** (Rupees 1134/-) | 1,134 | € 1.00 |
| | GBP | 1,295,961 | £ 1.00 |
| | | | 1,035 |
| | Market Value | As at 31st March, 2008 Rs. in lac | |
| | Growth Plan | | |
| | Prudential ICICI Mutual Fund (***) Rupees 7,070/-) | *** | |
| | Barclays Global Investors Mutual Fund | 1,035 | |
| | | 1,035 | |
| Note : The market price is based on the repurchase price declared by the respective funds. | | | |
| Total | | | 1,035 |



Schedules to the Consolidated Balance Sheet as at 31st March, 2008

| | Rs. in lac | As at 31st March, 2008 Rs. in lac |
|--|---------------------------------------|--|
| SCHEDULE G : | | |
| INVENTORIES (At Lower of Cost or Net Realisable Value) | | |
| i) Rotables, Consumable stores and tools | 68,071 | |
| Less : Provision for Obsolescence / Slow and Non-Moving items (Refer Note I (N) of Schedule S) | 12,662 | |
| | <hr/> | 55,409 |
| ii) Fuel | | 454 |
| iii) Other Stores Items | 4,610 | |
| Less : Provision for Slow and Non-Moving items | 33 | |
| | <hr/> | 4,577 |
| Total | | <hr/> 60,440 <hr/> |
| SCHEDULE H : | | |
| SUNDRY DEBTORS | | |
| (Unsecured) | | |
| a) Debts (Outstanding for a period exceeding six months) | 5,269 | |
| b) Other Debts | 139,802 | |
| | <hr/> | |
| | 145,071 | |
| Less : Provision for Doubtful Debts | 5,175 | |
| | <hr/> | 139,896 |
| | <hr/> | |
| | <hr/> | |
| NOTES : | As At 31st March, 2008 | |
| 1) Considered good | 139,896 | |
| Considered doubtful | 5,175 | |
| | <hr/> | |
| | 1,45,071 | |
| | <hr/> | |
| 2) Debtors include Rs. 88 lac due from private company in which the Holding Company's director is a director / member. | | |
| Total | | <hr/> 139,896 <hr/> |



Schedules to the Consolidated Balance Sheet as at 31st March, 2008

| | Rs. in lac | As at 31st March, 2008 Rs. in lac |
|--|------------|--|
| SCHEDULE I : | | |
| CASH AND BANK BALANCES | | |
| Cash on hand [includes cheques on hand Rs. 60 lac and Traveller Cheques Rs. 4 lac] | | 195 |
| Balance with Scheduled banks : | | |
| a) In Current Account | | 3,867 |
| b) In Fixed Deposit Account (Including interest accrued of Rs. 734 lac, margin deposit Rs. 7,080 lac and Rs. 7,646 lac under the lien of Bankers and Government Authorities) | | 87,107 |
| | | 91,169 |
| Balance with other banks : | | |
| In Current Account | | |
| a) Citibank N.A, Johannesburg South Africa Maximum balance outstanding during the year Rs. 77 lac | 18 | |
| b) National Bank of Kuwait Nil Maximum balance outstanding during the year Rs. 421 lac | - | |
| c) Barclays Business Premium GBP Account, UK Maximum balance outstanding during the year Rs. 4, 947 lac | 37 | |
| d) Barclays Bank - PLC - USD Maximum balance outstanding during the year Rs. 103,934 lac | 446 | |
| e) HSBC CCF - Paris - Euro Maximum balance outstanding during the year Rs. 582 lac | 6 | |
| f) Deutsche Bank AG - Frankfurt - Euro Maximum balance outstanding during the year Rs. 616 lac | 510 | |
| g) Barclays Bank - PLC - GBP Maximum balance outstanding during the year Rs. 802 lac | 19 | |
| h) DBS Bank Ltd - Singapore - SGD Maximum balance outstanding during the year Rs. 1,004 lac | 1,004 | |
| i) DBS Bank Ltd - Disbursement, Singapore - SGD Maximum balance outstanding during the year Rs. 12 lac | - | |



Schedules to the Consolidated Balance Sheet as at 31st March, 2008

| | | Rs. in lac | As at 31st March, 2008 Rs. in lac |
|--------------|--|------------|--|
| j) | HSBC Bank - Brussels Maximum balance outstanding during the year Rs. 955 lac | 307 | |
| k) | Barclays GBP Interest Account, UK Maximum balance outstanding during the year Rs. 274 lac | 274 | |
| l) | Barclays Bank - PLC - Euro Account Maximum balance outstanding during the year Rs. 771 lac | 208 | |
| m) | JP Morgan Chase Bank-EWR-USD Maximum balance outstanding during the year Rs. 1,594 lac | 8 | |
| n) | JP Morgan Chase Bank-EWR-Disbursement Maximum balance outstanding during the year Rs. 241 lac | - | |
| o) | ICICI Bank UK Ltd., UK Maximum balance outstanding during the year Rs. 2,990 lac | 37 | |
| p) | JP Morgan Chase Bank-YYZ-Collection Maximum balance outstanding during the year Rs. 1,614 lac | 483 | |
| q) | HSBC Bank Ltd. Dhaka Maximum balance outstanding during the year Rs. 256 lac | 256 | |
| r) | HSBC Bank Ltd. Bangkok Maximum balance outstanding during the year Rs. 658 lac | 615 | |
| s) | HSBC Bank Ltd. Hongkong-Collection Maximum balance outstanding during the year Rs. 50 lac | 28 | |
| t) | HSBC Bank Ltd - Hongkong-Disbursement Maximum balance outstanding during the year Rs. 8 lac | 8 | |
| u) | Bank of America - USD A/c, USA Maximum balance outstanding during the year Rs. 244 lac | 136 | |
| v) | ING Brussels Maximum balance outstanding during the year Rs. 811 lac | 268 | |
| | | | 4,668 |
| Total | | | 95,837 |



Schedules to the Consolidated Balance Sheet as at 31st March, 2008

| | Rs. in lac | As at 31st March, 2008 Rs. in lac |
|---|----------------|--|
| SCHEDULE J : | | |
| LOANS AND ADVANCES | | |
| (Unsecured unless otherwise stated and Considered Good) | | |
| Advances Recoverable in Cash or in kind or for value to be Received | | |
| - Considered Good | 85,899 | |
| - Considered Doubtful | 705 | |
| | <u>86,604</u> | |
| Less: Provision for Doubtful Advances | 705 | |
| | <u>85,899</u> | 85,899 |
| Deposits with Airport Authorities & others | | |
| - Considered Good | 14,482 | |
| - Considered Doubtful | 92 | |
| | <u>14,574</u> | |
| Less: Provision for Doubtful Deposits | 92 | |
| | <u>14,482</u> | 14,482 |
| Balances with Customs Authorities | | 1 |
| Advance Tax and Tax deducted at Source (Net of Provisions) | | 18,361 |
| MAT Credit Entitlement | | 468 |
| Total | | <u><u>119,211</u></u> |
| Note : Deposits and Advances include Rs. 3,302 lac amount placed with private limited companies in which the Holding Company's director is a director / member. | | |
| SCHEDULE K : | | |
| CURRENT LIABILITIES | | |
| Sundry Creditors | | |
| Outstanding dues to Micro and Small Enterprises (Refer Note 21 of Schedule S) | 32 | |
| Others | 203,512 | |
| | <u>203,544</u> | 203,544 |
| Other Current Liabilities | | 108,664 |
| Interest Accrued but not due on loans | | 4,483 |
| Forward Sales (net) (Passenger / Cargo) | | 103,594 |
| Balance with Banks - overdrawn as per books | | 9,750 |
| Unclaimed Dividend * | | 13 |
| Unclaimed Share Application Money * | | 3 |
| *Note : These figures do not include any amounts due and outstanding to be credited to the Investor Education and Protection Fund | | |
| Total | | <u><u>430,051</u></u> |
| SCHEDULE L : | | |
| PROVISIONS | | |
| Wealth Tax | | 13 |
| Gratuity | | 5,200 |
| Leave Encashment | | 4,511 |
| Others (Refer Note 19 of Schedule S) | | 12,525 |
| Total | | <u><u>22,249</u></u> |



Schedules to the Consolidated Profit and Loss Account for the year ended 31st March, 2008

| | Rs. In lac | For the Year ended 31st March, 2008 Rs. in lac |
|---|------------|--|
| SCHEDULE M : | | |
| OPERATING REVENUE | | |
| Passenger | 942,747 | |
| Less: Service Tax | 4,716 | |
| | | 938,031 |
| Excess Baggage | | 2,868 |
| Cargo | 70,536 | |
| Less: Service Tax | 3,584 | |
| | | 66,952 |
| Export Incentives (Net) | | 4,000 |
| Other Revenue | | 12,704 |
| Total | | 1,024,555 |
| SCHEDULE N : | | |
| NON-OPERATING REVENUE | | |
| Interest on Bank and Other Deposits [Tax Deducted at Source Rs. 645 lac] | | 3,729 |
| Exchange difference (Net) [Refer Note 9 of Schedule S] | | 20,820 |
| Profit on Sale and Lease back of Aircraft and Spare Engine (Net) | | 31,484 |
| Profit on Sale of Current Investments (Net) | | 462 |
| Dividend on Current Investments | | 467 |
| Provision for aircraft maintenance no longer required written back | | 2,905 |
| Provision for Doubtful Debts no longer required written back | | 129 |
| Other excess Provision written back | | 105 |
| Other Income [including Interest on Income Tax Refund of Rs. 246 lac] | | 7,471 |
| Total | | 67,572 |
| SCHEDULE O : | | |
| EMPLOYEES REMUNERATION AND BENEFITS (Net) | | |
| (Includes Managerial Remuneration - Refer Note 12 of Schedule S) | | |
| Salaries, Wages, Bonus and Allowances | | 124,471 |
| Contribution to Provident Fund and ESIC | | 3,094 |
| Provision for Gratuity | | 1,407 |
| Provision for Leave Encashment | | 2,357 |
| Staff Welfare Expenses | | 7,553 |
| Total | | 138,882 |



Schedules to the Consolidated Profit and Loss Account for the year ended 31st March, 2008

| | | For the Year ended 31st March, 2008 |
|---|------------|--|
| | Rs. In lac | Rs. in lac |
| SCHEDULE P : | | |
| SELLING and DISTRIBUTION EXPENSES | | |
| Computerised Reservation System Cost (Net) | | 27,099 |
| Commission | | 72,209 |
| Others | | 12,064 |
| Total | | <u>111,372</u> |
| SCHEDULE Q : | | |
| OTHER OPERATING EXPENSES | | |
| Aircraft Variable Rentals | | 27,284 |
| Aircraft Insurance and Other Insurance (Net) | | 7,998 |
| Landing, Navigation and Other Airport Charges | | 81,458 |
| Aircraft Maintenance (including Customs Duty and Freight, where applicable) | | |
| Component Repairs, Recertification, Exchange, Consignment Fees and Aircraft Overhaul | 50,175 | |
| Lease of Aircraft Spares including Engine | 8,002 | |
| Consumption of Stores and Spares (Net) [including items scrapped / written off Rs. 3,367 lac] | 9,500 | |
| Provision for Spares Obsolescence | 3,011 | |
| | | 70,688 |
| Inflight and Other Pax Amenities [including provision for Slow and Non-Moving inventory amounting to Rs. 33 lac] | | 52,226 |
| Communication Cost (Net) | | 5,771 |
| Travelling and Subsistence | | 23,517 |
| Rent | | 6,567 |
| Rates and Taxes | | 111 |
| Repairs and Maintenance | | |
| - Leased Premises | 279 | |
| - Others | 3,422 | |
| | | 3,701 |
| Electricity | | 1,656 |
| Director's Sitting Fees | | 15 |
| Bad Debts Written off | | 1,556 |
| Provision for Bad & Doubtful Debts (Net) | | 913 |
| Loss on scrapping of Aircraft parts | | 120 |
| Loss on sale of Fixed Assets other than Aircraft parts (Net) | | 130 |
| Miscellaneous Expenses (Including Professional Fees, Audit Fees, Printing and Stationery, Cargo Handling and Bank Charges etc.) | | 17,732 |
| Total | | <u>301,443</u> |
| SCHEDULE R : | | |
| INTEREST AND FINANCE CHARGES | | |
| - On Fixed Loan | 51,783 | |
| - Others | 14,715 | |
| | 66,498 | |
| Less : Capitalised during the Year | 14,251 | |
| | | 52,247 |
| Total | | <u>52,247</u> |



SCHEDULE 'S'

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF CONSOLIDATED ACCOUNTS

I. SIGNIFICANT ACCOUNTING POLICIES:

A. BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

The accompanying consolidated financial statements of Jet Airways (India) Limited ("the Holding Company") and its wholly owned subsidiary viz. Jet Lite (India) Limited (together "the Company / Group") are prepared under the historical cost convention, except certain Fixed Assets which are revalued, in accordance with the generally accepted accounting principles applicable in India, the provisions of the Companies Act, 1956 and the applicable accounting standards, to the extent possible in the same format as that adopted by the Holding Company for its separate financial statements.

The financial statements of Subsidiary used in the consolidation are drawn upto the same reporting date as that of the Holding Company, viz. 31st March, 2008.

B. PRINCIPLES OF CONSOLIDATION:

- (i) The financial statements of the Holding Company and its Subsidiary Company have been consolidated on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions and the unrealised profits / losses.
- (ii) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Holding Company's separate financial statements.
- (iii) The excess of cost of investment in the Subsidiary Company over the Holding Company's portion of the equity of the Subsidiary Company at the date of investment made is recognized in the financial statements as Goodwill.

C. USE OF ESTIMATES:

The presentation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Differences between the actual results and estimates are recognised in the period in which the results are known / materialised.

D. REVENUE RECOGNITION:

Passenger and Cargo income is recognised on flown basis, i.e. when the service is rendered.

The sale of tickets / airway bills (sales net of refunds) are initially credited to the "Forward Sales Account". Income recognised as indicated above is reduced from the Forward Sales Account and the balance net of commission thereon is shown under Current Liabilities.

The unutilized balances in Forward Sales Account are recognized as income based on historical statistics, data and management estimates and considering Company's refund policy.

E. EXPORT INCENTIVE:

Export incentive available under prevalent scheme is accrued in the year when the right to receive credit as per the terms of the scheme is established in respect of exports made and are accounted to the extent there is no significant uncertainty about the measurability and ultimate utilization of such duty credit.

F. COMMISSION:

As in the case of revenue, the commission paid / payable on sales including any over-riding commission is recognised only on flown basis.



G. EMPLOYEE BENEFITS:

- a) **Defined Contribution plan:** Company's contribution paid / payable for the year to defined contribution retirement benefit schemes are charged to Profit and Loss Account.
- b) **Defined Benefit and Other Long Term Benefit plan:** Company's liabilities towards defined benefit plans and other long term benefit plans are determined using the Projected Unit Credit Method. Actuarial valuations under the Projected Unit Credit Method are carried out at the balance sheet date. Actuarial gains and losses are recognised in the Profit and Loss account in the period of occurrence of such gains and losses. Past service cost is recognised immediately to the extent of benefits are vested, otherwise it is amortised on straight-line basis over the remaining average period until the benefits become vested.
- The employee benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost.
- c) **Short Term Employee Benefits:** Short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised undiscounted during the period employee renders services.

H. FIXED ASSETS:

a) TANGIBLE ASSETS:

Owned tangible fixed assets are stated at cost and includes amount added on revaluation less accumulated depreciation and impairment loss, if any. All costs relating to acquisition and installation of fixed assets upto the time the assets get ready for their intended use are capitalised.

The cost of improvements to Leased Properties as well as customs duty / modification cost incurred on aircraft taken on operating lease have been capitalised and disclosed appropriately.

b) INTANGIBLE ASSETS:

Intangible assets are recognized only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of assets can be measured reliably. The intangible assets are recorded at cost and are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

c) ASSETS TAKEN ON LEASE:

1. **Operating Lease:** Rentals are expensed with reference to the Lease Term and other considerations.
2. **Finance Lease / Hire Purchase:** The lower of the fair value of the assets and the present value of the minimum lease rentals is capitalised as Fixed Assets with corresponding amount shown as Lease Liability (Outstanding Hire Purchase / Finance Lease Instalments). The principal component of the lease rentals is adjusted against the leased liability and interest component is charged to the Profit and Loss Account.

I. IMPAIRMENT OF ASSETS:

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss, if any, is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

J. DEPRECIATION / AMORTISATION:

- a) Depreciation on tangible fixed assets has been provided at the rates and in the manner prescribed under the schedule XIV to the Companies Act, 1956 on Written Down Value method, other than Wide Body aircraft which are depreciated on Straight Line method and expenditure incurred on improvements of assets acquired on operating lease are written off evenly over the balance period of the lease. Premium on leasehold land is amortised over the period of lease.



- b) On revalued assets, depreciation is charged over the residual life and the additional charge of depreciation is withdrawn from the Revaluation Reserve.
- c) Intangible assets are amortised on straight line basis as follows.
 - 1. Landing Rights acquired are amortised over a period not exceeding 20 years. Amortization period exceeding 10 years is applied considering industry experience and expected asset usage.
 - 2. Trademarks are amortised over 10 years.
 - 3. Computer Software is amortised over a period not exceeding 36 months.

K. INVESTMENTS:

Current Investments are carried at lower of cost and quoted / fair value. Long Term Investments are stated at cost. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary in the opinion of the management.

L. BORROWING COSTS:

Borrowing costs attributable to the acquisition or construction of a qualifying asset are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred.

M. FOREIGN CURRENCY TRANSACTIONS / TRANSLATION:

- a) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.
- b) Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of forward exchange contracts entered into to hedge the foreign currency exposure in respect of monetary items, the difference between the exchange rate on the date of such contracts and the year end rate is recognized in the Profit and Loss Account. Any profit / loss arising on cancellation of forward exchange contract is recognized as income or expense of the year. Premium / discount arising on such forward exchange contracts is amortised as income / expense over the life of contract.
- c) Any exchange gain or loss on account of exchange differences either on settlement or on translation is recognized in the Profit and Loss Account.

N. INVENTORIES:

Inventories are valued at cost or Net Realisable Value (NRV) whichever is lower. Cost of inventories comprises of all costs of purchase and other incidental cost incurred in bringing them to present location and condition. Cost is determined using the Weighted Average formula. In respect of reusable items such as rotables, galley equipment and tooling etc., NRV takes into consideration provision for obsolescence and wear and tear based on the estimated useful life of the aircraft derived from Schedule XIV of the Companies Act, 1956 and also provisioning for non – moving / slow moving items.

O. AIRCRAFT MAINTENANCE AND REPAIRS COST:

Aircraft Maintenance, Auxiliary Power Unit (APU) and Engine maintenance and repair costs are expensed as incurred except where such overhaul cost in respect of Engines / APU are covered by third party maintenance agreement and these are accounted in accordance therewith.

P. TAXES:

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961.



Deferred tax resulting from “timing differences” between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable / virtual certainty, as the case may be, that the asset will be realised in future.

Fringe Benefit Tax is recognized in accordance with the relevant provisions of the Income Tax Act, 1961 and the Guidance note on Fringe Benefit Tax issued by the Institute of Chartered Accountants of India (ICAI).

Q. SHARE ISSUE EXPENSES:

Issue Expenses are adjusted against the Share Premium Account.

R. SALE AND LEASE BACK TRANSACTION:

Profit or loss on sale and lease back arrangements resulting in operating leases are recognized, in case the transaction is established at fair value, else the excess over the fair value is deferred and amortized over the period for which the asset is expected to be used.

S. ACCOUNTING FOR DERIVATIVE INSTRUMENTS:

Interest Rate Swaps, Currency Option, Currency Swaps and other products, in the nature of firm commitment and highly probable forecast transactions, entered into by the Company for hedging the risks of foreign currency exposure (including interest rate risk) are accounted based on the principles of prudence as enunciated in Accounting Standard 1(AS 1) “Disclosure of Accounting Policies”.

T. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

Provisions involving a substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

II. NOTES TO ACCOUNTS:

1. a) The consolidated financial statements present the consolidated accounts of Jet Airways (India) Limited with the following subsidiary:

| Name of the Subsidiary Company | Country of Incorporation | Extent of Holding as on 31st March, 2008 |
|---|--------------------------|--|
| Jet Lite (India) Limited (w.e.f. 20th April, 2007) | India | 100% |

- b) The said company became the Subsidiary Company with effect from 20th April, 2007 and the accounts from 1st April, 2007 till the date of acquisition and thereafter up to 31st March, 2008 have been prepared by the management for the purpose of computation of Goodwill and consolidation, respectively, which are unaudited. However, the financial statements of Subsidiary Company for the complete Financial Year viz. 1st April, 2007 to 31st March, 2008 are audited by its statutory auditors by considering the carved out assets / liabilities in the accounts of the Subsidiary Company. Accordingly, the unaudited accounts from the date of acquisition, after adjusting carved out assets and liabilities on net basis as detailed in note no. 10 (c), have been considered for the purpose of consolidation.
 - c) The Subsidiary Company has investment in a Joint Venture viz. “Sahara States – Bhopal”, for joint development of housing projects. Since the said investment in joint venture as per the Share Purchase Agreement (SPA) is a part of assets held in trust, the Company has not made any adjustment in respect of its share of assets, liabilities and income and expenses of the said joint venture.
2. Estimated amount of Contracts remaining to be executed on capital account net of advances, not provided for :

| | |
|-----------------|-------------------|
| Tangible Assets | Rs. 1,524,624 lac |
|-----------------|-------------------|



3. CONTINGENT LIABILITY:

- a) Unprovided Income Tax demands which are under appeals Rs. 49,838 lac
- b) Unprovided Service Tax demands which are under appeals Rs. 109 lac.

In case of Subsidiary Company, the Service Tax department has summoned various officials of the Company with regard to the advertisement income, received by the Subsidiary Company in the earlier years upto 31st March, 2007 (amount unascertained). The matter is still being investigated by the said department and the Management does not expect a materially adverse impact on financial conditions of the Subsidiary Company as the said liability, if in any case arises, will be on account of selling shareholders of Sahara Airlines Limited (SAL) and the Holding Company may adjust the same against its deferred payment liability towards investment installments.

- c) Unprovided Sales Tax demands which are under appeals Rs. 6 lac.
- d) Unprovided claims against the Company, pending Civil and Consumer suits of Rs. 3,187 lac.
- e) Unprovided Inland Air Travel Tax demands which are under appeal Rs. 473 lac against which the amount of Rs. 117 lac is deposited with the Authorities.
- f) Unprovided claims for Octroi amounts to Rs. 2,899 lac.
- g) Disputed claims against the company towards Ground Handling charges amount to Rs. 4,564 lac.
- h) Letters of Credit outstanding are Rs. 63,191 lac and Bank Guarantees outstanding are Rs. 51,892 lac.

The Company is a party to various legal proceedings in the normal course of business and does not expect the outcome of these proceedings to have any adverse effect on its financial conditions, results of operations or cash flows.

- 4. Aircraft Lease Rentals are stated net of sub-lease rentals of Rs. 1,229 lac.
- 5. During the Year ended 31st March, 2008, the Holding Company has taken delivery of Nineteen aircraft, which includes sixteen Wide Body aircraft. These aircraft are different from the Narrow Body aircraft in terms of technology and other efficiency parameters based on long haul operations and are being used primarily on International routes as compared to Narrow Body aircraft which are mostly deployed on Domestic routes. In view of this, such Wide Body aircraft are depreciated at the rates prescribed as per Schedule XIV of the Companies Act, 1956 on Straight Line method as against Written Down Value method followed for Narrow Body aircraft held by the Holding Company.
- 6. During the year, in order to reflect the current reinstatement cost / market value, the Holding Company revalued the Leasehold Land and Narrow Body aircraft (including aircraft revalued in the year ended 31st March, 2002) owned by it as at 31st March, 2008. Such revaluation for aircraft has been carried out by International Aircraft valuers and for Leasehold Land by a registered valuer considering the present market / reinstatement value and considering the book value of such assets as at 31st March, 2008. Accordingly, the resultant appreciation in respect of land of Rs. 148,119 lac and in respect of aircraft of Rs. 118,133 lac has been added to respective assets and the aggregating amount of Rs. 266,252 lac has been credited to Revaluation Reserves. Since the valuation of the aforesaid assets has been carried out as on 31st March, 2008, there is no additional charge on account of depreciation on the assets so revalued.

Depreciation includes Rs. 1,563 lac on the aircraft revalued in the earlier year, which has been withdrawn from the Revaluation Reserve as per the accounting policy followed.
- 7. Prior Period Expenses included in the determination of the net profit are towards Employee Remuneration and Benefits and Other Operating Expenses Rs. 33 lac (net of Prior Period Income Rs. 1 lac).
- 8. **Disclosure on Derivatives**

- a) The Holding Company has entered into various derivative contracts viz. interest rate swaps (IRS), currency options, currency swaps, etc in order to hedge and manage its foreign currency exposures towards future export receivables and foreign currency borrowings. Such derivative contracts which are in the nature of firm commitments and highly probable forecast transactions are entered into by the Company for hedging purposes only and does not use the same for trading or speculation purposes.



Nominal amounts of derivatives contracts entered into by the Holding Company and outstanding as on 31st March, 2008 amount of Rs. 247,453 lac. The category-wise break-up thereof is as under:

| Particulars | 2007-08 | |
|--------------------------|------------------|---------------------|
| | No. of Contracts | Amount (Rs. in lac) |
| Interest Rate Swaps | 5 | 73,801 |
| Currency Options | 9 | 107,993 |
| IRS cum Currency Options | 1 | 41,031 |
| Currency Swaps | 1 | 9,628 |
| IRS cum Currency Swaps | 2 | 15,000 |

The Holding Company, during the year based on the announcement of The Institute of Chartered Accountants of India "Accounting for Derivatives" along with the principles of prudence as enunciated in Accounting Standard (AS-1) "Disclosure of Accounting Policies" has accounted for outstanding derivative contracts at fair values as at the balance sheet date.

On that basis, the fair value of the derivative instruments as at 31st March, 2008 aggregating to Rs. 6,945 lac has been debited to the Profit and Loss Account. The charge on account of derivative losses has been computed on the basis of MTM values based on the report of independent valuer and the confirmations from the counter parties are still awaited. However, the Company doesn't expect any material variation in this respect on receipt of such confirmations.

- b) The foreign currency exposures that have not been hedged by any derivative instrument or otherwise as on 31st March, 2008 are as follows:

| Particulars | INR Equivalent (Rs. in lac) | USD Equivalent (USD in lac) |
|---|-----------------------------|-----------------------------|
| Current Assets | 87,858 | 2,190 |
| Current Liabilities | 118,724 | 2,959 |
| Interest accrued but not due on Loans | 3,521 | 88 |
| Long Term Loans for purchase of Aircraft* | 827,763 | 2,063,218 |
| Loans for Pre Delivery Payment** | 47,081 | 1,174 |
| Other Loans payable | 44,981 | 1,121 |

* Includes Loans payable after 5 years Rs. 506,863 lac

** Loans to be returned on delivery of aircraft in Foreign Currency.

9. Hitherto any gain or loss on account of exchange difference either on settlement or on translation of foreign currency loans in respect of Fixed Assets acquired from outside India was adjusted to the carrying cost of such assets. During the Current Year, in accordance with the revised Accounting Standard (AS-11) on "Effects of Changes in Foreign Exchange Rates" notified in the Companies (Accounting Standards) Rules 2006 net exchange gain of Rs. 23,293 lac has been credited to the Profit and Loss account
10. a) On 20th April, 2007, the Holding Company acquired 100% shares (276,115,409 Equity Shares of Rs. 10/- each and 340,000,000 Non-Cummulative fully convertible Preference Shares of Rs. 10/- each) of Sahara Airlines Limited (SAL) from selling shareholders of SAL towards its Assets and Liabilities (excluding certain assets and liabilities not taken over) as per Share Purchase agreement (SPA) for a lump-sum price of Rs. 146,500 lac, out of which, Rs. 91,500 lac had been paid on or before the acquisition date.. Out of the balance of Rs. 55,000 lac which are payable in four interest free annual equal installments commencing on or before 30th March, 2008, the first annual installment of Rs.13,750 lac has been paid. Accordingly, SAL (now known as Jet Lite (India) Limited) is 100% subsidiary of the Holding Company effective from 20th April, 2007.



- b) During the year, the Holding Company to enable Jet Lite (India) Limited to pay installments of demand of income tax in respect of earlier years paid Rs. 3,708 lac on behalf of the selling shareholders of SAL since the liability in respect of income tax for the earlier years belongs to selling shareholders of SAL. The Holding Company also communicated this fact to selling shareholders vide its communication letter dated 26th March, 2008 and in the absence of reimbursement has adjusted the same towards the first installment due. Accordingly, the balance of first installment of Rs. 10,042 lac was paid on 30th March, 2008 and remaining installments payable subsequently in accordance with the consent terms of Rs. 41,250 lac has been disclosed under the separate head "Deferred payment liability towards Investments in wholly owned Subsidiary Company".
- c) As per terms of SPA, the Holding Company has taken over all assets and liabilities of SAL except certain assets which the Company (termed as "Carved out assets and liabilities") is obliged to sell or dispose off at no cost to the selling shareholders of SAL or transferee as per the terms of SPA at book values as on the date of acquisition. On that basis in the accounts of the Subsidiary Company such carved out assets and liabilities have been disclosed and no depreciation has been charged on fixed assets held in trust. However, considering that such assets / liabilities are held by the Company in trust pending transfer, the Holding Company has included the same on net basis and the difference of Rs. 345 lacs, being existing on the date of acquisition, have been adjusted to the amount of Goodwill on consolidation. The management envisages no significant profit / loss on transfer of these assets / liabilities as aforesaid. The details of carved out assets and liabilities held in trust are as under:

| Amount (Rs. in lac) | |
|---|------------|
| Particulars of carved out assets / liabilities | |
| Assets | |
| Buildings | 292 |
| Helicopters including helicopter inventory | 3,542 |
| Investment in Joint Venture | 77 |
| Land held as inventory | 47 |
| Loan to Prakash Industries Limited | 857 |
| Advances to suppliers against Helicopter inventory | 59 |
| Liabilities | |
| Loan from Others (erstwhile Holding Company - Sahara Industrial and Commercial Corporation Limited) | 4,429 |
| Sundry Creditors | 100 |
| Net difference adjusted to Goodwill | 345 |

- d) The details of assets and liabilities taken over based on the accounts of the Subsidiary Company as on the date of acquisition and the resultant Goodwill are as under:

| Amount (Rs. in lac) | |
|--|----------------|
| Particulars | |
| Fixed Assets | 11,501 |
| Investment | 78 |
| Current Assets | 24,473 |
| Loans and Advances | 17,043 |
| Total Assets | 53,095 |
| Less: Liabilities | (93,489) |
| Net Liabilities | (40,394) |
| Add: Purchase consideration as stated in para a) above | 146,500 |
| Add: Arising out of carved out assets and liabilities (net) (Refer para c) above) | 345 |
| Goodwill on Consolidation | 187,239 |



In the opinion of the Company for the reasons stated in note no. 13 below there is no impairment in the value of Goodwill.

11. Employee Benefits

a) Defined contribution plan

The Company makes contributions at a specified percentage of payroll cost towards Employees Provident Fund (EPF) for qualifying employees.

The Company recognised Rs. 2,925 lac for provident fund contributions in the Profit and Loss Account.

b) Defined benefit plans

The Company provides the annual contributions as a non-funded defined benefit plan for qualifying employees.

The gratuity scheme provides for payment to vested employees as under:

i) On Normal retirement / early retirement / withdrawal / resignation:

As per the provisions of Payment of Gratuity Act, 1972 with vesting period of 5 years of service.

ii) On death while in service:

As per the provisions of Payment of Gratuity Act, 1972 without any vesting period.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out at 31st March, 2008 by an actuary. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at 31st March, 2008.

Amount (Rs. in lac)

| Sr. No | Particulars | Gratuity (Non-Funded) As on 31.03.2008 |
|--------|--|--|
| I) | Reconciliation of projected benefit obligations (PBO) – defined benefit obligation : | |
| | PBO at the beginning of the year | 3,987 |
| | Current Service Cost | 636 |
| | Interest Cost | 319 |
| | Actuarial (gain) / losses | 452 |
| | Benefits paid | (194) |
| | PBO at end of the year | 5,200 |
| II) | Net cost for the year ended 31st March, 2008 : | |
| | Current Service cost | 636 |
| | Interest cost | 319 |
| | Actuarial (gain) / losses | 452 |
| | Net cost | 1,407 |
| III) | Assumption used in accounting for the gratuity plan: | |
| | Discount rate (%) | 8.00 % |
| | Salary escalation rate (%) | 7.50 % |



The Subsidiary Company has adopted the Accounting Standard -15 (AS-15) (Revised 2005) with effect from 1st April, 2007. Up to 31st March, 2007, the Subsidiary Company had been contributing into a Gratuity Fund Trust administered by the erstwhile management. Liability aggregating to Rs. 384 lac up to 31st March, 2007 is recoverable from the Gratuity Fund Trust handled by "Sahara India Karyakarta Gratuity Fund Trust". Management believes that the Company need not provide for any gratuity liability relating to period prior to 31st March, 2007.

c) Other Long Term Employee Benefits

The Leave Encashment charge for the year ended 31st March, 2008, based on actuarial valuation carried out using the Projected Accrued Benefit Method, amounting to Rs. 2,357 lac has been recognized in the Profit and Loss Account.

12. MANAGERIAL REMUNERATION:

Amount (Rs. in lac)

| Particulars | 2007-08 |
|--|-----------|
| (i) Salary and Allowances* | 48 |
| (ii) Contribution to Provident Fund and Provision for Gratuity* | 5 |
| (iii) Perquisites* | Nil |
| (iv) Commission to Non-Executive Directors # | Nil |
| (v) Sitting Fees # | 15 |
| Total | 68 |
| * Included under the head "Employees Remuneration and Benefits" (Refer Schedule - O) | |
| # Disclosed under the head "Other Operating Expense" (Refer Schedule - Q) | |

13. The Subsidiary Company, acquired during the year, suffered losses which resulted in increase in accumulated losses exceeding the net worth of the Subsidiary Company as at the balance sheet date. The Holding Company has plans to support growth plans of the Subsidiary Company which will result into increase in its revenue and consequently profitability and net worth. Moreover, a reputed valuer have recently valued the equity interest in the subsidiary based on its assets and growth model, etc., which has disclosed the equity values of the Holding Company's investment in excess of the carrying value of Goodwill. Accordingly, the financial statements of Subsidiary Company, which have been prepared on "Going Concern" basis, are considered for consolidation. The said Subsidiary Company is confident of achieving the target and in the opinion of the Company, the carrying value of Goodwill represents its recoverable amount and no provision for impairment is considered necessary at this stage for the reasons stated above.

14. SEGMENT REPORTING:

a) Primary Segment: Geographical Segment

The Company, considering its higher level of international operations and present internal financial reporting based on geographic segment, has identified geographic segment as primary segment.

The geographic segment consists of:

- i) Domestic (air transportation within India)
- ii) International (air transportation outside India)

Revenue and expenses directly attributable to segments are reported based on items that are individually identifiable to that segment, while the remainder of the expenses are categorized as unallocated which are mainly employee remuneration and benefits, other selling and distribution expenses, other operating expenses, aircraft lease rentals, depreciation / amortization and interest, since these are not specifically allocable to specific segments as the underlying assets / services are



used interchangeably. The Company believes that it is not practical to provide segment disclosures relating to these revenue and expenses, and accordingly these expenses are separately disclosed as “unallocated” and directly charged against total revenues.

The Company believes that it is not practical to identify fixed assets used in the Company’s business or liabilities contracted, to any of the reportable segments, as the fixed assets are used interchangeably between segments. Accordingly, no disclosure relating to total segment assets and liabilities are made.

Amount (Rs. in lac)

| Particulars | Domestic | International | Total |
|---|----------|---------------|------------------|
| Passenger and Cargo Revenue (Including Excess Baggage) | 693,795 | 314,056 | 1,007,851 |
| Segment result | 337,570 | 118,877 | 456,447 |
| Less: Un-allocable expenses | | | 569,628 |
| Add: Un-allocable revenue | | | 84,276 |
| (-)Loss before Interest and tax | | | (-) 28,905 |
| Less: Interest and Finance Charges | | | 52,247 |
| (-)Loss before tax | | | (-)81,152 |
| Less: (-) Tax Benefit | | | (-)15,765 |
| (-)Loss after tax | | | (-)65,387 |

b) **Secondary Segment: Business Segment**

The Company is operating into a single business i.e. Air Transportation and as such all business activities revolve around this segment. Hence, there is no separate secondary segment to be reported considering the requirement of AS 17 on “Segment Reporting” issued by the Institute of Chartered Accountants of India.

15. **RELATED PARTY TRANSACTIONS:**

As per Accounting Standard - 18 on “Related Party Disclosures”, the disclosure of transactions with the related party as defined in the Accounting Standard are given below:

(i) **List of Related Parties with whom transactions have taken place and Relationships :**

| No. | Name of the related party | Nature of relationship |
|------|--|---|
| (1) | Tail Winds Limited | Holding Company |
| (2) | Naresh Goyal | Controlling Shareholder of Holding Company |
| (3) | Anita Goyal | Relative of controlling shareholder of Holding Company |
| (4) | Saroj K Datta | Key Managerial Personnel |
| (5) | Jetair Private Limited | Enterprises over which controlling shareholder of Holding Company and his relatives are able to exercise significant influence directly or indirectly |
| (6) | Jet Enterprises Private Limited | |
| (7) | Jet Airways LLC | |
| (8) | Jet Airways of India Inc. | |
| (9) | India Jetairways Pty Limited | |
| (10) | Trans Continental e Services Private Limited | |
| (11) | Jet Airways Europe Services N.V. | |



(ii) Transactions during the year ended 31st March, 2008 and balances with related parties :

- a) Remuneration includes remuneration to Mrs. Anita Goyal, relative of controlling shareholder of Holding Company Rs. 146 lac and to Mr. Saroj K. Datta, Key Managerial Personnel Rs. 53 lac.
- b) Enterprises over which controlling shareholder of Holding Company and his relatives are able to exercise significant influence:

Amount (Rs. in lac)

| Jetair Private Limited | |
|--|-------|
| – Agency Commission | 5,328 |
| – Rent Paid | 157 |
| – Expenses Reimbursed (net) (Staff Costs / Communication Costs, Rent) | 1,509 |
| – Deposits for Leased Premises | 343 |
| – Sundry Creditors | 944 |
| – Sundry Debtors | 88 |

Amount (Rs. in lac)

| Jet Airways LLC | |
|--|-------|
| – Agency Commission | 5,675 |
| – Reimbursement of Expenses (Staff Costs / Communication Costs, Rent) | 76 |
| – Sundry Creditors | 1,406 |

Amount (Rs. in lac)

| Trans Continental e Services Private Limited | |
|---|-------|
| – Other Selling and Distribution Cost | 1,852 |
| – Other Deposit | 225 |
| – Sundry Creditors | 30 |

Amount (Rs. in lac)

| Jet Enterprises Private Limited | |
|--|-------|
| – Rent Paid | 60 |
| – Deposits for Leased Premises | 2,200 |
| – Sundry Creditors | Nil |

Amount (Rs. in lac)

| Jet Airways of India Inc. | |
|--|-------|
| – Agency Commission | 1,683 |
| – Reimbursement of Expenses (Staff Costs / Communication Costs, Rent) | 814 |
| – Sundry Creditors | 488 |

Amount (Rs. in lac)

| India Jetairways Pty Limited | |
|-------------------------------------|----|
| – Agency Commission | 37 |
| – Sundry Creditors | 5 |

Amount (Rs. in lac)

| Jet Airways Europe Services N.V. | |
|--|-------|
| – Reimbursement of Expenses (Staff Costs / Communication Costs, Rent) | 1,381 |
| – Service Charges | 24 |
| – Sundry Creditors | 577 |



16. The Company has entered into Finance and Operating Lease agreements. As required under the Accounting Standard 19 on 'Leases', the future minimum lease payments on account of each type of lease are as follows: -

a) **Finance Leases / Hire Purchase**

Amount (Rs. in lac)

| Particulars | Future Minimum Lease Payments As at 31st March '08 | Present Value of Future Minimum Lease Payments As at 31st March '08 | Finance Charges |
|-----------------------|--|---|-----------------|
| Aircraft | | | |
| Less than 1 year | 103,362 | 69,438 | 33,924 |
| Between 1 and 5 years | 438,913 | 326,992 | 111,921 |
| More than 5 years | 591,856 | 525,787 | 66,069 |
| Grand Total | 1,134,131 | 922,217 | 211,914 |

The salient features of a Hire Purchase / Finance Lease Agreement are :

- Option to purchase the aircraft either during the term of the Hire Purchase on payment of the outstanding Principal amount or at the end of the Hire Purchase term on payment of a nominal option price.
- In the event of default, the Hirer / Lessee is responsible for payment of all costs of the Owner including the financing cost, and other associated costs. Further a right of repossession is available to the Owner / Lessor.
- The Hirer / Lessee is responsible for maintaining the aircraft as well as insuring the same.
- In the case of Finance Lease the property passes to the Lessee, on the payment of a nominal option price at the end of the term.

b) **Operating Leases**

- i) The Company has taken various residential / commercial premises and amenities under cancelable and non-cancelable operating leases. These lease agreements are normally renewed on expiry.

The future minimum lease payments in respect of non-cancelable period which, as at 31st March, 2008 are as follows:

Amount (Rs. in lac)

| Particulars | Total Lease Payments |
|--|----------------------|
| Commercial Premises and Amenities | |
| Less than 1 year | 1,576 |
| Between 1 and 5 years | 1,180 |
| Grand Total | 2,756 |



- ii) The Company has taken on operating lease aircraft and spare engines the future minimum lease payments in respect of which, as at 31st March, 2008 are as follows :

Amount (Rs. in lac)

| Particulars | Total Lease Payments |
|-----------------------------------|----------------------|
| Aircraft and Spare Engines | |
| Less than 1 year | 101,926 |
| Between 1 and 5 years | 281,255 |
| More than 5 years | 66,775 |
| Grand Total | 449,956 |

Amount (Rs. in lac)

| | |
|--------------------------------------|---------------|
| Aircraft given on sub – lease | |
| Less than 1 year | (-)250 |
| Between 1 and 5 years | NIL |
| More than 5 years | NIL |
| Grand Total | (-)250 |

The Salient features of an Operating Lease agreement are :

- Monthly rentals paid in form of fixed and variable rental. Variable Lease Rentals are payable on a pre determined rate payable on the basis of actual flying hours. Additionally, the predetermined rates of Variable Rentals are subject to the annual escalation as stipulated in the respective leases.
 - The Company does not have an option to buyback nor does it generally have an option to renew the leases.
 - In case of delayed payments, penal charges are payable as stipulated.
 - In case of default, in addition to repossession of the aircraft, damages including liquidated damages as stipulated are payable.
 - The Lessee is responsible for maintaining the aircraft as well as insuring the same. The Lessee is eligible to claim reimbursement of costs as per the terms of the lease agreement.
 - The leases are non-cancelable.
- iii) The lease rental expense recognised: Rs. 87,420 lac, it includes Rs. 3,597 lac recognised as lease rental expenses on account of sale and lease back of aircraft.

17. EARNINGS PER SHARE (EPS) :

The earnings per equity share, computed as per the requirements of Accounting Standard–20 “Earnings Per Share”, is as under:

Amount (Rs. in lac)

| Particulars | 2007-08 |
|---|-------------------|
| (Loss) after tax | (65,387) |
| (Loss) attributable to Equity Shareholders (A) | (65,387) |
| No. of Equity Shares outstanding during the year (B) | 86,334,011 |
| Nominal Value of Equity Shares (Rupees) | 10 |
| Basic and Diluted EPS (Rupees) (C = A/B) | (75.74) |



18. The Deferred Tax Liability as at 31st March 2008 comprises of the following:

Amount (Rs. in lac)

| Particulars | 2007-08 |
|---|---------------|
| Deferred Tax Liability | |
| Related to Fixed Assets | 38,346 |
| Deferred Tax Asset | |
| Unabsorbed Depreciation | 17,658 |
| Other Disallowances under Income Tax Act, 1961 | 4,665 |
| Provision for Deferred Tax Liability (Net) | 16,023 |

Deferred Tax Asset on account of unabsorbed tax depreciation has been recognized as it can be realised against the reversal of Deferred Tax Liability on account of Depreciation.

19. As per (AS) 29, Provisions, Contingent Liabilities and Contingent Assets, given below are movements in provision for Frequent Flyer Programme, Redelivery of Aircraft, Aircraft Maintenance Costs and Engine Repairs Costs.

a) **Frequent Flyer Programme :**

The Company has a Frequent Flyer Programme named 'Jet Privilege', wherein the passengers who frequently use the services of the Airline become members of 'Jet Privilege' and accumulate miles to their credit. Subject to certain terms and conditions of 'Jet Privilege', the passenger is eligible to redeem such miles lying to their credit in the form of free tickets.

The cost of allowing free travel to members as contractually agreed under the Frequent Flyer Programme is accounted considering the members' accumulated mileage on an incremental cost basis. The movement in the provision during the year is as under:

Amount (Rs. in lac)

| Particulars | 2007-08 |
|--|--------------|
| Created in the earlier years | 1,651 |
| Add: - Additional Provisions during the year | 1,803 |
| Less: - Amounts used during the year | 505 |
| Less: - Unused Amounts reversed during the year | - |
| Closing Balance | 2,949 |

b) **Redelivery of Aircraft :**

The Company has in its fleet aircraft on operating lease. As contractually agreed under the lease agreements, the aircraft have to be redelivered to the lessors at the end of the lease term in the stipulated technical condition. Such redelivery conditions would entail costs for technical inspection, maintenance checks, repainting costs prior to its redelivery and the cost of ferrying the aircraft to the location as stipulated under the lease agreement.

The Company therefore provides for such redelivery expenses, as contractually agreed, in proportion to the expired lease period.

Amount (Rs. in lac)

| Particulars | 2007-08 |
|--|--------------|
| Created in the earlier years | 4,717 |
| Add: - Additional Provisions during the year* | 1,131 |
| Less: - Amounts used during the year | 1,146 |
| Less: - Unused Amounts reversed during the year | - |
| Closing Balance | 4,702 |
| * Additions include adjustment of Rs. 392 lac on account of exchange fluctuation consequent to restatement of liabilities denominated in foreign currency. | |



The cash outflow out of the above provisions as per the current terms under the lease agreements are as under:

| Year | Aircraft | Amount (Rs. in lac) |
|---------|--------------|---------------------|
| 2008-09 | 8 | 906 |
| 2009-10 | 6 | 421 |
| 2010-11 | 17 | 1,860 |
| 2011-12 | 2 | 132 |
| 2012-13 | 20 | 1,085 |
| 2013-14 | 2 | 101 |
| 2014-15 | 6 | 125 |
| 2015-16 | 8 | 72 |
| | Total | 4,702 |

c) Aircraft Maintenance Costs :

Certain heavy maintenance checks including overhaul of Auxiliary Power Units need to be performed at specified intervals as enforced by the Director General of Civil Aviation in accordance with the Maintenance Program Document laid down by the manufacturers. The movements in the provisions for such costs are as under:

Amount (Rs. in lac)

| Particulars | 2007-08 |
|--|--------------|
| Created in the earlier years | 7,398 |
| Add: - Adjustments during the year* | (122) |
| Less: - Amounts used during the year | 1,031 |
| Less: - Unused Amounts reversed during the year | 2,028 |
| Closing Balance | 4,217 |
| * Adjustments during the year represents exchange fluctuation impact consequent to restatement of liabilities denominated in foreign currency. | |

d) Engine Repairs Cost :

The aircraft engines have to undergo shop visits for overhaul and maintenance at specified intervals as per the Maintenance Program Document. The same was provided for on the basis of hours flown at a pre-determined rate.

Amount (Rs. in lac)

| Particulars | 2007-08 |
|--|-------------|
| Created in the earlier years | 943 |
| Add: - Adjustments during the year* | (21) |
| Less: - Amounts used during the year | - |
| Less: - Unused Amounts reversed during the year | 265 |
| Closing Balance | 657 |
| * Adjustments during the year represents exchange fluctuation impact consequent to restatement of liabilities denominated in foreign currency. | |



20. Pending resolution of representation made by the Board of Airline Representatives in India "BAR (I)" to the statutory authorities regarding non levy of Fringe Benefit Tax on free / concessional tickets issued by the airline companies, no provision for the same is made cumulatively in the books of accounts amounting to Rs.1,600 lac.
21. Disclosures relating to amounts payable as at the year end together with interest paid / payable to Micro, Small and Medium Enterprises have been made in the accounts, as required under the Micro, Small and Medium Enterprises Development Act, 2006 to the extent of information available with the Holding Company determined on the basis of intimation received from suppliers regarding their status. The Subsidiary Company has not received any information from vendors regarding their status under the said Act. The required

Amount (Rs. in lac)

| | Particulars | 2007-08 |
|---|--|---------|
| a | Principal amount remaining unpaid as on 31st March, 2008 | 32 |
| b | Interest due thereon as on 31st March, 2008 | - |
| c | Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year. | - |
| d | Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006 | - |
| e | Interest accrued and remaining unpaid as at 31st March, 2008 | - |
| f | Further Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise. | - |

22. The disclosure regarding the corresponding Previous Year ended 31st March, 2007 in the Consolidated Financial statements is not made, being the first year of consolidation.

Signatures to Schedules 'A' to 'S'

As per our attached report of even date
For DELOITTE HASKINS & SELLS
 Chartered Accountants

P. R. Barpande
 Partner

For CHATURVEDI & SHAH
 Chartered Accountants

C. D. Lala
 Partner

For and on behalf of the Board

Victoriano P. Dungca
 Director

Saroj K. Datta
 Executive Director

Shirish M. Limaye
 Company Secretary

Place : Mumbai
 Dated : 24th June, 2008

Board of Directors

(as on 29th July, 2008)

Mr. Naresh Goyal Chairman
Mr. Victoriano P. Dungca
Mr. Javed Akhtar
Mr. Saroj K. Datta

Company Secretary

Shairill Malik

Statutory Auditors

D. S. Shukla & Co.

Chartered Accountants
GF-2, Ikta Apartments
125, Chandralok, Aliganj
Lucknow - 226 024

Chaturvedi & Partners

Chartered Accountants
212A, Chiranjiv Tower
43, Nehru Place
New Delhi - 110- 019

Registered Office

S. M. Centre
Andheri-Kurla Road
Andheri (East)
Mumbai - 400 059

Bankers to the Company

Andhra Bank
Bank of Rajasthan
Canara Bank
Central Bank of India
Indian Overseas Bank
ING Vysya Bank Ltd.
Punjab National Bank
State Bank of India
State Bank of Patiala
Bank of Baroda
Centurion Bank of Punjab

To the Members,

1. Your Directors have pleasure in presenting their Seventeenth Annual Report together with the Audited Statement of Accounts for the Financial Year ended 31st March, 2008.

2. FINANCIAL / OPERATIONAL RESULTS:

| Particulars | Year ended 31 st March, 2008 Rs. in lac | Year ended 31st March, 2007 Rs. in lac |
|---|--|---|
| GROSS REVENUE | 150,552 | 201,473 |
| (Loss) before Interest, Depreciation and Tax | (40,343) | (63,557) |
| Interest | 3,044 | 4,129 |
| (Loss) before Depreciation and Tax | (43,387) | (67,686) |
| Depreciation | 575 | 1,086 |
| (Loss) before Taxation and Adjustments | (43,962) | (68,772) |
| Provision for Tax | 188 | 195 |
| Deferred Tax | - | - |
| (Loss) after Taxation | (44,150) | (68,967) |
| (Loss) brought forward | (94,290) | (25,323) |
| Profit available for Appropriation | (138,440) | (94,290) |
| APPROPRIATIONS | NIL | NIL |
| Transfer to Balance Sheet | (138,440) | (94,290) |
| Note: 1 lac = 100,000 | | |

3. DIVIDEND:

The Directors do not recommend any dividend on Equity Shares and Preference Shares of the Company for the Financial Year 2007-08 as the Company has incurred loss to the tune of Rs. 44,150 lac during the financial year under review.

4. FLEET:

During the year under review, the Company inducted 1 aircraft in its fleet on lease basis and returned 1 aircraft to the lessor due to expiry of their lease period. Thus, the total fleet size of the Company as on 31st March 2008 consists of 17 Boeing, 7 CRJ Aircraft.

5. BOARD OF DIRECTORS:

During the year under review, Dr. Vijay L. Kelkar resigned as a Director of the Company with effect from 31st December, 2007. Mr. Victoriano P. Dungca, retires by rotation at the ensuing Annual General Meeting, and being eligible offers himself for re-appointment.

6. RECONSTITUTION OF AUDIT COMMITTEE:

Consequent to the resignation of Dr. Vijay L. Kelkar, the Audit Committee was reconstituted as under: -

- | | |
|------------------------------|----------------------|
| (a) Mr. Javed Akhtar | Independent Director |
| (b) Mr. Victoriano P. Dungca | |

7. STATUTORY AUDITORS:

D. S. Shukla & Co. and Chaturvedi & Partners, present auditors of the Company retire at the conclusion of the forthcoming Annual General Meeting and do not seek re-appointment. Notice has been received from a Shareholder proposing the appointment of M/s Chaturvedi & Shah, Chartered Accountants, Mumbai as Auditors of the Company.

8. PERSONNEL:

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended from time to time, forms part of this Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to all Members excluding the Statement containing the particulars of Employees to be provided under Section 217(2A) of the Act. Any Member interested in obtaining such particulars may write to the Secretary at the Registered Office of the Company to inspect the same between 11:00 a.m. to 1:00 p.m. on all working days till the date of the Annual General Meeting.

9. CONSERVATION OF ENERGY:

The Company is maintaining its aircraft and other equipments as per International Standards and ensure overhauling the engine, Air – Frame and other components regularly according to the requirements laid down by the Director General of Civil Aviation and Generally follows International Aviation Standards.

The Company uses latest technology aircraft in order to keep fuel consumption at the minimum level.

Disclosure of particulars with respect to Conservation of energy in Form 'A' pursuant to the Companies (Disclosure of Particulars in the Board of Directors' Report) Rules 1988 are not applicable to the Company.

10. TECHNOLOGY ABSORPTION:

The disclosure of particulars in respect to technology absorption in Form 'B' pursuant to the Companies (Disclosure of Particulars in the Board of Directors' Report) Rules 1988 are not applicable to the Company.

11. FOREIGN EXCHANGE EARNING & OUTGO:

The particulars in respect to Foreign Exchange earning and outgo during the reporting period are as given in the Note no. 8.2 and 8.3 of Schedule S respectively.

12. POST BALANCE SHEET EVENT

FURTHER ISSUE OF CAPITAL

The Company has issued 18 Crore (Eighteen Crore) Equity Shares for cash at par to the Holding Company, Jet Airways (India) Limited.

13. DIRECTOR'S RESPONSIBILITY STATEMENT:

The Board of Directors of Company, pursuant to requirement of section 217(2AA) of the Companies Act, 1956 hereby state and confirm that:

- i. The financial statements are prepared in conformance with the accounting standards issued by the Institute of Chartered Accountants of India and the requirements of the Companies Act, 1956, to the extent applicable
- ii. There are no material departures from prescribed accounting standards in the adoption of the accounting standards. The accounting policies used in the preparation of the financial statements have been consistently applied except as otherwise stated in the Notes to Accounts.
- iii. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. The Directors have prepared the Annual Accounts on a going concern basis.

14. ACKNOWLEDGEMENTS:

- i. Your Directors place on record their appreciation for the contributions of the members of the Management Team and all employees for their continued hard work, dedication and commitment to maintaining the Company's service standards, during the year under review.
- i. Your Directors place on record their appreciation for the support rendered by the Company's General Sales Agents and their associates, Travel Agents and other members of the travel trade for their continued efforts in promoting the Company.
- iii. Your Directors also take this opportunity to thank the Ministry of Civil Aviation, Government of India, the Director General of Civil Aviation (DGCA), and the Airports Authority of India (AAI) for their support and guidance. Your Directors are also grateful to the Reserve Bank of India, the Ministry of Finance, Ministry of Company Affairs, the US Exim Bank, Financial Institutions and Banks, the Boeing Company, engine manufacturers and the lessors of our aircraft for their support, and look forward to their continued support.

For and on behalf of the Board of Directors

NARESH GOYAL
Chairman

Date : 29th July, 2008
Place : Mumbai

To The Members of

JET LITE (INDIA) LIMITED

1. We have audited the attached Balance Sheet of JET LITE (INDIA) LIMITED, as at March 31, 2008, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Attention is drawn to Note 5 of Schedule S. As indicated in the note, accumulated losses of the Company have resulted in to erosion of its net worth. However for the reasons explained in the said note, Company is confident of being able to continue and operate the business on a going concern and accordingly these financial statements have been prepared on a going concern basis.
5. Further to our comments in the Annexure referred to above, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

- e. On the basis of written representations received from the directors, as on March 31,2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31,2008,
 - ii. in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
 - iii. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For D S SHUKLA & CO.
Chartered Accountants

For CHATURVEDI & PARTNERS
Chartered Accountants

ABHINAV PANT
Partner
Membership No. 401630

R N CHATURVEDI
Partner
Membership No. 92087

Mumbai
Dated : 24th June, 2008

Annexure Referred to in Paragraph 3 of our report of even date

- i.
 - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b. During the year under review, fixed assets has been physically verified by the management and there is a regular programme of verification at reasonable intervals, which, in our opinion, is reasonable having regard to the size of the Company and the nature of business. Discrepancies noticed on such verification have been properly dealt with in the books of accounts.
 - c. Fixed assets disposed off during the year were not substantial and therefore do not affect the going concern status of the Company.
- ii.
 - a. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. The Company is maintaining proper records of inventory. However system of recording inventories needs to be strengthened. The reconciliation process between the physical stocks and the book records is in progress. The Company does not expect any material discrepancies on completion of such reconciliation.
- iii. According to the information and explanations given to us during the year company has neither granted nor taken any loans, secured or unsecured to/from companies firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly provisions of clause 4 (iii) (a) to (g) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- iv. In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the rendering of services. During the course of our audit, we have neither observed nor have been informed of any continuing failure to correct major weaknesses in internal control system of the Company.
- v. According to the information and explanations given to us, there were no contracts/ agreements that needed to be entered into the register required to be maintained under Section 301 of the Companies Act, 1956.
- vi. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits as defined under the provisions of section 58 and 58 AA or any other relevant provisions of the Companies Act, 1956 and the rules made there under.
- vii. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956. Accordingly, provisions of clause 4 (viii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.

- ix. a. The Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, custom duty, service tax and cess and other material statutory dues applicable to. According to the information and explanation given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2008 for a period of more than six months from the date they become payable except the following:

| S. No | Name of the Statute | Nature of Dues | Amount (Rs in lacs) | Period to which the amount relates | Due date | Date of Payment |
|-------|--------------------------|----------------|---------------------|------------------------------------|-------------------|-----------------|
| 1. | The Income Tax Act, 1961 | ITDS | 43 | April to June 2007 | 7th of next month | 23rd June, 2008 |

- b. According to the information and explanations given to us, there are no dues of income-tax, custom duty, service tax or cess which have not been deposited on account of any dispute except the following:

| S. No | Name of the Statute | Nature of Dues | Amount (Rs in lacs) | Assessment Year | Forum where dispute is pending |
|-------|---------------------|------------------------------|---------------------|------------------------|--------------------------------|
| 1 | Income Tax Act | Income Tax Assessment Demand | 9,914 | 2001-2002 | CIT (A), New Delhi |
| 2 | Income Tax Act | Income Tax Assessment Demand | 6,727 | 2002-03 | CIT (A), New Delhi |
| 3 | Income Tax Act | Income Tax Assessment Demand | 33,196 | 2004-05 | CCIT, New Delhi |
| 4 | Wealth Tax Act | Wealth Tax Assessment | 11 | 1999-2000 to 2005-2006 | CIT (A), New Delhi |
| | Total | | 49,848 | | |

- x. The accumulated losses at the end of the financial year are more than its net worth. The Company has incurred cash losses in the financial year covered by our audit and in the immediately preceding financial year.
- xi. In our opinion and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to any financial institution or bank.
- xii. In our opinion and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/ society. Therefore the provisions of clause 4 (xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.

- xiv. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- xv. In our opinion, the terms and conditions on which the Company has given guarantees for the obligations of the Holding Company are not prejudicial to the interest of the Company.
- xvi. In our opinion, the term loans have been applied for the purpose for which they were raised.
- xvii. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- xviii. The Company has made allotment of preference shares to the holding Company. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the Company.
- xix. The Company has not issued any debentures during the year.
- xx. The Company has not raised money through public issue of shares. Accordingly, the provisions of clause 4 (xx) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- xxi. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For D S SHUKLA & CO.
Chartered Accountants

For CHATURVEDI & PARTNERS
Chartered Accountants

ABHINAV PANT
Partner
Membership No. 401630

R N CHATURVEDI
Partner
Membership No. 92087

Mumbai
Dated : 24th June, 2008

Balance Sheet as at 31st March, 2008

| | Schedule No. | As at 31st March, 2008 Rs. in lac | As at 31st March, 2007 Rs. in lac |
|---|--------------|--------------------------------------|--------------------------------------|
| I. SOURCES OF FUNDS | | | |
| 1. Shareholders' Funds : | | | |
| a) Share Capital | A | 12 | 27,612 |
| Equity Preference | | 34,000 | 5,000 |
| b) Preference Share Application Money Pending Allotment | | - | 29,000 |
| | | <u>61,612</u> | <u>61,612</u> |
| c) Reserves and Surplus | B | 4,466 | 4,466 |
| | | <u>66,078</u> | <u>66,078</u> |
| 2. Loan Funds : | | | |
| a) Secured Loans | C | 55,276 | 12,455 |
| b) Unsecured Loans | D | 27,429 | 25,870 |
| | | <u>82,705</u> | <u>38,325</u> |
| Total | | <u>148,783</u> | <u>104,403</u> |
| II. APPLICATION OF FUNDS | | | |
| 1. Fixed Assets : | E | | |
| a) Gross Block | | 12,465 | 12,664 |
| b) Less : Depreciation | | 5,392 | 4,896 |
| c) Net Block | | 7,073 | 7,768 |
| d) Capital Work-in-progress | | 7,931 | 3,775 |
| | | <u>15,004</u> | <u>11,543</u> |
| 2. Investments | F | 77 | 78 |
| 3. Deferred Tax Assets (Refer Note 13 of Schedule 5) | | 6,243 | 6,243 |
| 4. Current Assets, Loans and Advances : | | | |
| a) Inventories | G | 7,468 | 8,876 |
| b) Sundry Debtors | H | 8,523 | 10,946 |
| c) Cash and Bank Balances | I | 10,323 | 15,165 |
| d) Loans and Advances | J | 23,738 | 15,819 |
| | | <u>50,052</u> | <u>50,806</u> |
| Less : Current Liabilities and Provisions | | | |
| a) Current Liabilities | K | 57,708 | 56,403 |
| b) Provisions | L | 3,325 | 2,154 |
| | | <u>61,033</u> | <u>58,557</u> |
| Net Current Assets | | (10,981) | (7,751) |
| 5. Profit & Loss Account | | 138,440 | 94,290 |
| Total | | <u>148,783</u> | <u>104,403</u> |
| Significant Accounting Policies and Notes to Accounts | S | | |

As per our attached report of even date
For **D. S. SHUKLA & CO.**
Chartered Accountants

For **CHATURVEDI & PARTNERS**
Chartered Accountants

For and on behalf of the Board

Victoriano P. Dungca
Director

Abhinav Pant
Partner (Mem. No. 401630)

R. N. Chaturvedi
Partner (Mem. No. 092087)

Saroj K. Datta
Director

Shairill Malik
Company Secretary

Place : Mumbai
Dated : 24th June, 2008

Profit and Loss Account for the year ended 31st March, 2008

| | Schedule No. | For the Year ended 31st March, 2008 Rs. in lac | For the Year ended 31st March, 2007 Rs. in lac |
|---|--------------|---|---|
| INCOME : | | | |
| Operating Revenue | M | 148,905 | 199,661 |
| Non - Operating Revenue | N | 1,647 | 1,812 |
| Total | | 150,552 | 201,473 |
| EXPENDITURE : | | | |
| Employees Remuneration and Benefits | O | 19,693 | 25,196 |
| Aircraft Fuel Expenses | | 81,697 | 82,906 |
| Selling and Distribution Expenses | P | 13,859 | 22,504 |
| Other Operating Expenses (including Maintenance, Airport Charges, etc) | Q | 48,229 | 92,796 |
| Aircraft Lease Rentals | | 27,417 | 37,283 |
| Depreciation / Amortisation | | 575 | 1,086 |
| Interest and Finance Charges | R | 3,044 | 4,129 |
| Miscellaneous Expenditure written off | | - | 4,345 |
| Total | | 194,514 | 270,245 |
| (LOSS) BEFORE TAXATION | | (43,962) | (68,772) |
| Tax Expenses | | | |
| Wealth Tax | | 2 | 2 |
| Fringe Benefit Tax | | 186 | 193 |
| (LOSS) AFTER TAXATION | | (44,150) | (68,967) |
| Balance Brought Forward | | (94,290) | (25,323) |
| BALANCE CARRIED TO BALANCE SHEET | | (138,440) | (94,290) |
| Earnings per share of Rs 10 each (Refer Note 12 of Schedule S) | | | |
| Basic (in Rupees) | | (16.00) | (24.98) |
| Diluted (in Rupees) | | (16.00) | (24.98) |
| Significant Accounting Policies and Notes to Accounts | S | | |

As per our attached report of even date
For **D. S. SHUKLA & CO.**
Chartered Accountants

For **CHATURVEDI & PARTNERS**
Chartered Accountants

For and on behalf of the Board

Victoriano P. Dungca
Director

Abhinav Pant
Partner (Mem. No. 401630)

R. N. Chaturvedi
Partner (Mem. No. 092087)

Saroj K. Datta
Director

Shairill Malik
Company Secretary

Place : Mumbai
Dated : 24th June, 2008

Statement of Cash Flow for the year ended 31st March, 2008

132

| | For the Year Ended 31st March, 2008 Rs. in lac | For the Year Ended 31st March, 2007 Rs. in lac |
|--|--|--|
| A. Cash Flow from Operating Activities | | |
| (Loss) before taxation | (43,962) | (68,772) |
| Adjustments for : | | |
| Depreciation /Amortisation and Stock Obsolescence | 814 | 2,928 |
| Provision for Impairment of assets | - | 879 |
| Loss on sale of Fixed assets (Net) | 72 | 882 |
| (Profit) on sale of Investments | - | (16) |
| Provision for Staff advances | - | 297 |
| Provision for bad-debts | - | 3,612 |
| Provision for doubtful advances and loans | - | 1,041 |
| Interest and Finance Charges | 3,044 | 4,010 |
| Interest on Bank and Other Deposits | (967) | (745) |
| Excess Provision no longer required | - | (42) |
| Provision for Leave Encashment and Gratuity | 306 | - |
| Exchange difference on translation (Net) | (1,236) | 588 |
| Bad Debts written off | 176 | - |
| Sundry balances written off | - | 99 |
| Miscellaneous Expenditure written off | - | 4,819 |
| Operating (Loss) before working capital changes | (41,753) | (50,420) |
| Changes in Inventories | 1,169 | 4,715 |
| Changes in Sundry Debtors | 2,447 | (5,041) |
| Changes in Loans and Advances | (3,118) | 5,024 |
| Changes in Current Liabilities and Provisions | 2,214 | 29,051 |
| Cash generated from operations | (39,041) | (16,671) |
| Direct Taxes paid | (4,179) | (559) |
| Net cash used for operating activities | (43,220) | (17,230) |
| B. Cash Flow from Investing Activities | | |
| Purchase of Fixed Assets | (4,162) | (3,830) |
| Proceeds from sale of fixed assets | 54 | 9 |
| Changes in Fixed Deposits with Banks (Refer Note below) | 13,036 | (13,036) |
| Interest Received on Bank and Other Deposits | 967 | 745 |
| Sale of Investments | 1 | 2,304 |
| Net cash generated from / (used for) investing activities | 9,896 | (13,808) |

| | For the Year Ended 31st March, 2008 Rs. in lac | For the Year Ended 31st March, 2007 Rs. in lac |
|---|--|--|
| C. Cash flows from Financing Activities | | |
| Net Increase / (Decrease) in Short Term Loans | 4,574 | (604) |
| Proceeds from Long Term Loans during the year | 40,120 | - |
| Repayment of Long Term Loans during the year | (314) | (23,354) |
| Loan from Jet Airways (India) Limited | - | 8,000 |
| Interest paid | (2,862) | (4,010) |
| Preference Shares application money | - | 29,000 |
| Net cash from financing activities | 41,518 | 9,032 |
| Net change in cash (A + B + C) | 8,194 | (22,006) |
| Cash and cash equivalents at beginning of the year | 1,328 | 23,334 |
| Cash and cash equivalents at end of the year (Refer Note below) | 9,522 | 1,328 |
| <p>Note :</p> <p>Fixed Deposits with banks with maturity period of more than three months including interest accrued thereon and Fixed Deposits under lien are not included in Cash and Cash equivalents.</p> | | |

As per our attached report of even date
For D. S. SHUKLA & CO.
 Chartered Accountants

For CHATURVEDI & PARTNERS
 Chartered Accountants

For and on behalf of the Board

Victoriano P. Dungca
 Director

Abhinav Pant
 Partner (Mem. No. 401630)

R. N. Chaturvedi
 Partner (Mem. No. 092087)

Saroj K. Datta
 Director

Place : Mumbai
 Dated : 24th June, 2008

Shairill Malik
 Company Secretary

Schedules to the Balance Sheet as at 31st March, 2008

| | As at 31st March, 2008 Rs. in lac | As at 31st March, 2007 Rs. in lac |
|--|--|--|
| SCHEDULE A : | | |
| SHARE CAPITAL | | |
| Authorised | | |
| 400,000,000 (Previous Year 400,000,000) Equity Shares of Rupees 10/- each | 40,000 | 40,000 |
| 340,000,000 (Previous Year 340,000,000) Non-Cummulative Redeemable Convertible Preference Shares of Rupees 10/- each | 34,000 | 34,000 |
| | <u>74,000</u> | <u>74,000</u> |
| Issued, Subscribed and Paid up | | |
| Equity: | | |
| 276,115,409 Equity Shares (Previous Year 276,115,409) of Rs. 10/- each fully paid up [276,115,409 Equity shares are held by the Holding Company, Jet Airways (India) Limited and its nominee (Previous Year 217,685,658 equity shares held by Sahara India Commercial Corporation Limited, the erstwhile Holding Company)] | 27,612 | 27,612 |
| Preference: | | |
| 340,000,000 (Previous Year 5,000,000) Non-Cummulative Redeemable Convertible Preference Shares of Rs. 10/- each fully paid up [340,000,000 Preference Shares are held by the Holding Company, Jet Airways (India) Limited (Previous Year 5,000,000 Preference Shares held by Sahara India Commercial Corporation Limited, the erstwhile Holding Company)] | 34,000 | 5,000 |
| Total | <u>61,612</u> | <u>32,612</u> |
| SCHEDULE B : | | |
| RESERVES AND SURPLUS | | |
| Securities Premium | | |
| Balance as per Last Balance Sheet | 4,466 | 4,466 |
| Total | <u>4,466</u> | <u>4,466</u> |
| SCHEDULE C : | | |
| SECURED LOANS | | |
| From Banks: | | |
| Rupee Loan (Secured by hypothecation of Inventory, Book Debts and Other movable Current Assets and Corporate Guarantee of Jet Airways (India) Limited, the Holding Company) | 15,000 | 11,984 |
| From Others: | | |
| Rupee Loan (Secured by Specific assets financed by them) | 156 | 471 |
| Foreign Currency Loan (Secured by Corporate Guarantee and pledge of 100% Equity Shares of the Company held by Jet Airways (India) Limited, the Holding Company) | 40,120 | - |
| Total | <u>55,276</u> | <u>12,455</u> |
| SCHEDULE D : | | |
| UNSECURED LOANS | | |
| Short Term Loans: | | |
| From Banks | 5,000 | - |
| From Holding Company | 18,000 | - |
| From Others [Rs. 4,429 lac (Previous Year N.A.) being Liability held in Trust as per Share Purchase Agreement, Refer Note 4 (ii) of Schedule 5] | 4,429 | 25,870 |
| Total | <u>27,429</u> | <u>25,870</u> |

Schedules to the Balance Sheet as at 31st March, 2008

**SCHEDULE - E
FIXED ASSETS**

Rs. in lac

| NATURE OF ASSETS | GROSS BLOCK (At Cost / Valuation) | | | DEPRECIATION/ AMORTISATION | | | NET BLOCK | | |
|--|-----------------------------------|---------------------------|-------------------------|----------------------------|-----------------|--------------|----------------------------|------------------|------------------|
| | As at 01.04.2007 | Additions during the Year | Deductions/ Adjustments | As at 31.03.2008 | Upto 31.03.2007 | For the Year | Deductions Upto 31.03.2008 | As at 31.03.2008 | As at 31.03.2007 |
| TANGIBLE ASSETS | | | | | | | | | |
| Plant and Machinery | 2 | - | - | 2 | - | - | - | 2 | 2 |
| Furniture and Fixtures | 1,785 | 4 | 24 | 1,765 | 476 | 105 | 11 | 1,195 | 1,309 |
| Electrical Fittings | 247 | - | 4 | 243 | 83 | 8 | (2) | 150 | 164 |
| Data Processing Equipments | 910 | - | - | 910 | 410 | 115 | - | 385 | 500 |
| Office Equipments | 775 | 1 | (3) | 779 | 213 | 31 | (3) | 532 | 562 |
| Ground Support Equipments | 838 | 1 | 13 | 826 | 233 | 31 | 1 | 563 | 605 |
| Vehicles | 407 | - | 123 | 284 | 105 | 32 | 37 | 184 | 302 |
| Ground Support Vehicles | 1,787 | - | 44 | 1,743 | 832 | 171 | 35 | 775 | 955 |
| Aircraft Airframes and Engines | 1,197 | - | - | 1,197 | 195 | 67 | - | 935 | 1,002 |
| INTANGIBLE ASSETS (Other than internally generated) | | | | | | | | | |
| Software | 7 | - | - | 7 | 3 | 2 | - | 2 | 4 |
| ASSETS HELD IN TRUST [Refer Note 4 (ii) of Schedule 5] | | | | | | | | | |
| Building | 329 | - | - | 329 | 37 | - | - | 292 | 292 |
| Helicopter | 4,380 | - | - | 4,380 | 2,309 | 13 | - | 2,058 | 2,071 |
| TOTAL | 12,664 | 6 | 205 | 12,465 | 4,896 | 575 | 79 | 7,073 | 7,768 |
| PREVIOUS YEAR | 15,676 | 339 | 3,351 | 12,664 | 5,433 | 1,086 | 1,623 | 7,768 | 10,243 |
| Capital Work in Progress including Capital Advances Rs.7,392 Lac (Previous Year Rs.3,441 Lac) | | | | | | | | 7,931 | 3,775 |

Schedules to the Balance Sheet as at 31st March, 2008

| | Rs. in lac | As at 31st March, 2008 Rs. in lac | As at 31st March, 2007 Rs. in lac |
|---|------------|--|--|
| SCHEDULE F : | | | |
| INVESTMENTS (Non-Trade, At Cost) | | | |
| Long Term | | | |
| - Unquoted | | | |
| Share Application Money in Sahara T.V. Ltd. Mauritius | | - | 1 |
| Investment in Joint Venture | | 77 | 77 |
| [Rs. 77 lac (Previous Year N.A.) being Asset held in Trust as per Share Purchase Agreement, Refer Note 4 (ii) of Schedule S] | | | |
| Total | | <u>77</u> | <u>78</u> |
| SCHEDULE G : | | | |
| INVENTORIES (At Lower of Cost or Net Realisable Value) | | | |
| i) Rotables, Consumable stores and tools | 8,852 | | 9,926 |
| Less : Provision for Obsolescence / Slow & Non-Moving items (Refer Note I (L) of Schedule S) | 1,736 | | 1,497 |
| [Includes Rs. 1,484 lac (Previous Year N.A.) value of Helicopter Inventories as Asset held in Trust as per Share Purchase Agreement, Refer Note 4 (ii) of Schedule S] | | | |
| | | <u>7,116</u> | <u>8,429</u> |
| ii) Fuel | | 43 | 44 |
| iii) Other Stores Items & Land | | 309 | 403 |
| [Includes Rs. 46.84 lac (Previous Year N.A.) value of Land as Asset held in Trust as per Share Purchase Agreement, Refer Note 4 (ii) of Schedule S] | | | |
| Total | | <u>7,468</u> | <u>8,876</u> |

Schedules to the Consolidated Balance Sheet as at 31st March, 2008

| | | | As at 31st March, 2008 Rs. in lac | |
|---|-------------------------------------|------------------------------------|--|---------------|
| SCHEDULE H : | | | | |
| SUNDRY DEBTORS | | | | |
| (Unsecured considered good unless otherwise stated) | | | | |
| a) Debts (Outstanding for a period exceeding six months) | | | 3,178 | 2,586 |
| b) Other Debts | | | 8,957 | 11,972 |
| | | | <u>12,135</u> | <u>14,558</u> |
| Less : Provision for Doubtful Debts | | | 3,612 | 3,612 |
| | | | <u>8,523</u> | <u>10,946</u> |
| | As At March 31, 2008 | As At March 31 2007 | | |
| NOTE : | | | | |
| 1) Considered good | 8,523 | 10,946 | | |
| Considered doubtful | 3,612 | 3,612 | | |
| | <u>12,135</u> | <u>14,558</u> | | |
| Total | | | <u>8,523</u> | <u>10,946</u> |
| SCHEDULE I : | | | | |
| CASH AND BANK BALANCES | | | | |
| Cash on hand [includes cheques on hand Rs. Nil (Previous Year Rs. 115 lac)] | | | 97 | 216 |
| Balance with Scheduled banks : | | | | |
| a) In Current Accounts | | | 2,295 | 1,913 |
| b) In Fixed Deposits Account | | | 7,646 | 12,894 |
| Add : Interest accrued | | | 285 | 142 |
| | | | <u>7,931</u> | <u>13,036</u> |
| Total | | | <u>10,323</u> | <u>15,165</u> |

Schedules to the Balance Sheet as at 31st March, 2008

| | Rs. in lac | As at 31st March, 2008 Rs. in lac | As at 31st March, 2007 Rs. in lac |
|---|--------------|--|--|
| SCHEDULE J : | | | |
| LOANS AND ADVANCES | | | |
| (Unsecured unless otherwise stated and Considered Good) | | | |
| Loans | | | |
| - Considered Good | 857 | | 857 |
| - Considered Doubtful | 244 | | 244 |
| | <u>1,101</u> | | <u>1,101</u> |
| Less: Provision for Doubtful Loan | 244 | | 244 |
| [Loan given to M/s. Prakash Industries Rs. 857 lac (Previous Year N.A.) being Asset held in Trust as per Share Purchase Agreement, Refer Note 4 (ii) of Schedule S] | | 857 | 857 |
| Advances Recoverable in Cash or in kind or for value to be Received | | | |
| - Considered Good | 5,165 | | 1,370 |
| - Considered Doubtful | 705 | | 1,002 |
| | <u>5,870</u> | | <u>2,372</u> |
| Less: Provision for Doubtful Advances | 705 | | 1,002 |
| [Includes Advance of Rs. 59.37 lac (Previous Year N.A.) for Inventory being Asset held in Trust as per Share Purchase Agreement. Refer Note 4 (ii) of Schedule S] | | | |
| | | 5,165 | 1,370 |
| Deposits with Airport Authorities and others | | | |
| - Considered Good | 3,602 | | 3,469 |
| - Considered Doubtful | 92 | | 92 |
| | <u>3,694</u> | | <u>3,561</u> |
| Less: Provision for Doubtful Deposit | 92 | | 92 |
| | | 3,602 | 3,469 |
| Advance Tax & Tax deducted at Source (Net of Provisions) | | 14,114 | 10,123 |
| Total | | <u>23,738</u> | <u>15,819</u> |
| SCHEDULE K : | | | |
| CURRENT LIABILITIES | | | |
| Sundry Creditors | | | |
| Outstanding dues to Micro, Small & Medium Enterprises (Refer Note 21 of Schedule S) | - | | - |
| Others [Includes Rs. 99.53 lac (Previous Year N.A.) being Liability held in Trust as per Share Purchase Agreement, Refer Note 4 (ii) of Schedule S] | 29,667 | | 33,375 |
| | | 29,667 | 33,375 |
| Payable to Holding Company [Maximum amount outstanding is Rs. 16,010 lac] | | 6,465 | - |
| Payable to erstwhile Holding Company | | - | 2,929 |
| Other Current Liabilities | | 15,048 | 14,489 |
| Interest Accrued but not due on loans | | 184 | 2 |
| Forward Sales (net) (Passenger / Cargo) | | 4,933 | 4,510 |
| Balance with Banks - overdrawn as per books | | 1,411 | 1,098 |
| Total | | <u>57,708</u> | <u>56,403</u> |
| SCHEDULE L : | | | |
| PROVISIONS | | | |
| Gratuity (Refer Note 6 of Schedule S) | | 477 | 6 |
| Leave Encashment | | 261 | 63 |
| Others | | 2,587 | 2,085 |
| Total | | <u>3,325</u> | <u>2,154</u> |

Schedules to the Profit and Loss Account for the year ended 31st March, 2008

| | Rs. in lac | For the Year Ended 31st March, 2008 Rs. in lac | For the Year Ended 31st March, 2007 Rs. in lac |
|--|------------|--|--|
| SCHEDULE M : | | | |
| OPERATING REVENUE | | | |
| Passenger | 143,255 | | 191,020 |
| Less: Service Tax | 138 | | 37 |
| | | 143,117 | 190,983 |
| Excess Baggage | | 642 | 2,023 |
| Cargo | 2,603 | | 4,383 |
| Less: Service Tax | 57 | | - |
| | | 2,546 | 4,383 |
| Other Revenue | | 2,600 | 2,272 |
| Total | | 148,905 | 199,661 |
| SCHEDULE N : | | | |
| NON-OPERATING REVENUE | | | |
| Interest on Bank and Other Deposits (Tax Deducted at Source Rs. 227 lac (Previous Year Rs. 155 lac) | | 967 | 747 |
| Exchange difference (Net) | | 387 | - |
| Profit on Sale of Current Investments (Net) | | - | 16 |
| Provision for aircraft maintenance no longer required | | - | 42 |
| Other Income | | 293 | 1,007 |
| Total | | 1,647 | 1,812 |
| SCHEDULE O : | | | |
| EMPLOYEES REMUNERATION AND BENEFITS (Net) | | | |
| Salaries, Wages, Bonus and Allowances | | 17,963 | 22,572 |
| Contribution to Provident Fund and ESIC | | 229 | 440 |
| Provision for Gratuity | | 93 | 66 |
| Provision for Leave Encashment | | 213 | 50 |
| Staff Welfare Expenses | | 1,195 | 2,068 |
| Total | | 19,693 | 25,196 |

Schedules to the Profit and Loss Account for the year ended 31st March, 2008

| | Rs. in lac | For the Year Ended 31st March, 2008 Rs. in lac | For the Year Ended 31st March, 2007 Rs. in lac |
|---|------------|--|--|
| SCHEDULE P : | | | |
| SELLING AND DISTRIBUTION EXPENSES | | | |
| Computerised Reservation System Cost (Net) | | 5,554 | 5,916 |
| Commission | | 7,850 | 13,756 |
| Others | | 455 | 2,832 |
| Total | | <u>13,859</u> | <u>22,504</u> |
| SCHEDULE Q : | | | |
| OTHER OPERATING EXPENSES | | | |
| Aircraft Variable Rentals | | 9,173 | 9,744 |
| Aircraft Insurance and Other Insurance | | 2,238 | 4,100 |
| Landing, Navigation and Other Airport Charges | | 12,658 | 13,374 |
| Aircraft Maintenance (including Customs Duty and Freight, where applicable) | | | |
| Component Repairs, Recertification, Exchange, Consignment Fees and Aircraft Overhaul | 7,653 | | 33,257 |
| Lease of Aircraft Spares including Engine | 1,118 | | 2,066 |
| Provision for Spares Obsolescence | 239 | | 1,497 |
| | | <u>9,010</u> | <u>36,820</u> |
| Inflight and Other Pax Amenities | | 4,470 | 6,576 |
| Communication Cost (Net) | | 2,648 | 3,363 |
| Travelling and Subsistence | | 3,384 | 5,544 |
| Rent | | 1,585 | 2,098 |
| Rates and Taxes | | 12 | 23 |
| Repairs and Maintenance | | | |
| - Leased Premises | 11 | | - |
| - Others | 323 | | 400 |
| | | <u>334</u> | <u>400</u> |
| Electricity | | 208 | 219 |
| Bad Debts Written off | | 176 | 4,950 |
| Exchange difference (Net) | | - | 681 |
| Loss on scrapping of Fixed Asset (Including Aircraft Parts) | | - | 33 |
| Loss on sale of Fixed Assets other than Aircraft (Net) | | 72 | 1,728 |
| Miscellaneous Expenses (Including Professional Fees, Audit Fees, Printing and Stationery, Cargo Handling and Bank Charges etc.) | | 2,261 | 3,143 |
| Total | | <u>48,229</u> | <u>92,796</u> |
| SCHEDULE R : | | | |
| INTEREST AND FINANCE CHARGES | | | |
| - On Fixed Loan | 3,003 | | 4,129 |
| - Others | 41 | | - |
| | | <u>3,044</u> | <u>4,129</u> |
| Total | | <u>3,044</u> | <u>4,129</u> |

SCHEDULE 'S'

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

I. SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

The financial statements have been prepared on an accrual basis under the historical cost convention and are in accordance with the generally accepted accounting principles in India, the applicable accounting standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

B. USE OF ESTIMATES:

The presentation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Differences between the actual results and estimates are recognised in the period in which the results are known / materialised.

C. REVENUE RECOGNITION:

Passenger and Cargo income is recognised on flown basis, i.e. when the service is rendered.

The sale of tickets / airway bills (sales net of refunds) are initially credited to the "Forward Sales Account". Income recognised as indicated above is reduced from the Forward Sales Account and the balance net of commission thereon is shown under Current Liabilities.

The unutilized balances in Forward Sales Account are recognized as income based on historical statistics, data and management estimates and considering Company's refund policy.

D. COMMISSION:

As in the case of revenue, the commission paid / payable on sales including any over-riding commission is recognised only on flown basis.

E. EMPLOYEE BENEFITS:

a) **Defined Contribution plan:** Company's contribution paid/payable for the year to defined contribution retirement benefit schemes are charged to Profit and Loss Account.

b) **Defined Benefit plan:** Company's liabilities towards defined benefit schemes are determined using the Projected Unit Credit Method. Actuarial valuations under the Projected Unit Credit Method are carried out at the balance sheet date. Actuarial gains and losses are recognised in the Profit and Loss account in the period of occurrence of such gains and losses. Past service cost is recognised immediately to the extent of benefits are vested, otherwise it is amortised on straight-line basis over the remaining average period until the benefits become vested.

The employee benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost.

c) **Short Term Employee Benefits:** Short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised undiscounted during the period employee renders services.

F. FIXED ASSETS:

a) TANGIBLE ASSETS:

Owned tangible fixed assets are stated at cost and includes amount added on revaluation less accumulated depreciation and impairment loss, if any. All costs relating to acquisition and installation of fixed assets upto the time the assets get ready for their intended use are capitalised.

Capital Work in progress comprises advances paid to acquire fixed assets and the cost of fixed assets not ready for their intended use as at the reporting date of the financial statements.

b) INTANGIBLE ASSETS :

Intangible assets are recognized only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of assets can be measured reliably. The intangible assets are recorded at cost and are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

c) ASSETS TAKEN ON LEASE :

Operating Lease: Rentals are expensed with reference to the Lease Term and other considerations.

G. IMPAIRMENT OF ASSETS :

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss, if any, is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

H. DEPRECIATION / AMORTISATION :

Depreciation on assets is being provided on the 'Straight Line Method' in accordance with the provisions of Section 205(2)(b) of the Companies Act, 1956 and in the manner and at the rates specified in Schedule XIV to the Companies Act, 1956.

I. INVESTMENTS :

Current Investments are carried at lower of cost and quoted / fair value. Long Term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management.

J. BORROWING COSTS :

Borrowing costs attributable to the acquisition or construction of a qualifying asset are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred.

K. FOREIGN CURRENCY TRANSACTIONS / TRANSLATION :

- (a) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.
- (b) Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of forward exchange contracts entered into to hedge the foreign currency exposure in respect of monetary items, the difference between the exchange rate on the date of such contracts and the year end rate is recognized in the Profit and Loss Account. Any profit/loss arising on cancellation of forward exchange contract is recognized as income or expense of the year. Premium/discount arising on such forward exchange contracts is amortised as income/expense over the life of contract.
- (c) Any exchange gain or loss on account of exchange differences either on settlement or on translation is recognized in the Profit and Loss Account.

L. INVENTORIES :

Inventories are valued at cost or Net Realisable Value (NRV) whichever is lower. Cost of inventories comprises of all costs of purchase and other incidental cost incurred in bringing them to present location and condition. Cost is determined using the Weighted Average formula. In respect of reusable items such as rotables, galley equipment and tooling etc., NRV takes into consideration provision for obsolescence and wear and tear based on the estimated useful life of the aircraft derived from Schedule XIV of the Companies Act, 1956 and also provisioning for non – moving / slow moving items.

M. AIRCRAFT MAINTENANCE and REPAIRS COST :

Aircraft Maintenance, Auxiliary Power Unit (APU) and Engine maintenance and repair costs are expensed as incurred except where such overhaul cost in respect of Engines/ APU are covered by third party maintenance agreement and these are accounted in accordance therewith.

N. TAXES :

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961.

Deferred tax resulting from “timing differences” between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable / virtual certainty, as the case may be, that the asset will be realised in future.

Fringe Benefit Tax is recognized in accordance with the relevant provisions of the Income Tax Act, 1961 and the Guidance note on Fringe Benefit Tax issued by the Institute of Chartered Accountants of India (ICAI).

O. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS :

Provisions involving a substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

II. NOTES TO ACCOUNTS

1. Estimated amount of Contracts remaining to be executed on capital account net of advances, not provided for :

| | |
|-----------------|---|
| Tangible Assets | Rs. 163,945 lac (Previous Year - Rs. 182,475 lac) |
|-----------------|---|

2. CONTINGENT LIABILITY :

- (a) Unprovided Income Tax demands which are under appeals Rs. 49,838 lac (Previous Year Rs. 21,458 lac).
- (b) Unprovided claims against the Company, pending Civil and Consumer suits of Rs. 2,131 lac (Previous Year Rs. 779 lac).
- (c) Letters of Credit outstanding are Rs. 6,010 lac (Previous Year Rs. 18,601 lac) and Bank Guarantees outstanding are Rs. 2,337 lac (Previous Year Rs. 4,585 lac).
- (d) The Service Tax Authorities have summoned various officials of the company with regard to the advertisement income, received by the Company for the years upto 31st March, 2007. The matter is still being investigated and the Management does not expect a materially adverse impact on financial conditions of the Company.
- (e) The Company is a party to various legal proceedings in the normal course of business and does not expect the outcome of these proceedings to have any adverse effect on its financial conditions, results of operations or cash flows.

3. Prior Period Expenses under their respective head of accounts (net of Income) included in the determination of the Net (Loss) are as under :

Amount (Rs. in lac)

| Particulars | 2007-08 | 2006-07 |
|------------------------------------|---------|---------|
| Expenditure | | |
| Employee Remuneration and Benefits | 11.42 | 56.65 |
| Other Operating Expenses | 23.37 | 451.32 |
| Selling and Distribution expenses | - | 7.95 |
| Total Expenditure | 34.79 | 515.92 |
| Incomes | | |
| Non Operating Revenue | 1.45 | 211.21 |
| Operating Revenue | - | 42.88 |
| Total Income | 1.45 | 254.09 |
| Net Expenses (net of Income) | 33.34 | 261.83 |

4. i) On 20th April, 2007, 100% shares of the Company formerly known as Sahara Airlines Limited has been acquired by the holding Company Jet Airways (India) Ltd. Consequently, Jet Lite (India) Limited (formerly known as Sahara Airlines Limited) is 100% subsidiary of Jet Airways (India) Limited.
- ii) As per the terms of the Share Purchase Agreement (SPA), the following assets are proposed to be transferred to the Selling shareholders and/or other entities of the Sahara Group at the consideration agreed upon in the SPA. The assets have not been transferred during the current year and no depreciation has been charged on the applicable assets after 20th April, 2007. The Management envisages no significant profit / loss on account of the proposed transfer of the following assets / liabilities not taken over:
- Buildings
 - Helicopters including helicopter inventory
 - Investment in Joint Venture
 - Land held as inventory
 - Loan to Prakash Industries Ltd.
 - Advances to suppliers against Helicopter inventory
 - Loan from Others (erstwhile Holding Company - Sahara India Commercial Corporation Limited)
 - Sundry Creditors

5. Going Concern

As at the year end, the accumulated losses of the Company aggregating to Rs. 138,440 lac have resulted in to erosion of the net worth of the Company. However in view of decrease in the cash losses, implementation of the business plan/ finance plan supported by the parent Company and expected cash inflows from future operations, the Company is confident of being able to continue and operate the business as a going concern and accordingly these financial statements have been prepared on a going concern basis.

6. Employee Benefits

(a) Defined contribution plans

The Company makes contributions at a specified percentage of payroll cost towards Employees Provident Fund (EPF) for qualifying employees.

The Company recognised Rs. 187 lac (Previous year Rs. 390 lac) for provident fund contributions in the Profit and Loss account.

(b) Defined benefit plan

The Company provides the annual contributions as a non-funded defined benefit plan for qualifying employees. The scheme provides for payment to vested employees as under:

i) On Normal retirement/ early retirement/ withdrawal/resignation:

As per the provisions of Payment of Gratuity Act, 1972 with vesting period of 5 years of service.

ii) On death while in service:

As per the provisions of Payment of Gratuity Act, 1972 without any vesting period.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity and leave encashment were carried out at March 31,2008 by an actuary. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The following table sets out the status of the gratuity plan and leave encashment and the amounts recognised in the Company's financial statements as at March 31, 2008.

Amount (Rs. in lac)

| Sr. No | Particulars | Gratuity (Non-Funded) As on 31.03.2008 |
|-------------|---|--|
| I) | Reconciliation of projected benefit obligations (PVO) – defined benefit obligation : | |
| | Current Service Cost | 92 |
| | Interest Cost | 31 |
| | Actuarial (gain) / losses | (30) |
| | Benefits paid | |
| | Past service cost | |
| | PVO at the beginning of the year | 384 |
| | PVO at the end of the year | 477 |
| II) | Net cost for the year ended March 31,2008 : | |
| | Current Service cost | 92 |
| | Interest cost | 31 |
| | Actuarial (gain) / losses | (30) |
| | Net cost | 93 |
| III) | Assumption used in accounting for the gratuity plan: | |
| | Discount rate (%) | 8 |
| | Salary escalation rate (%) | 7.50 |

Amount (Rs. in lac)

| Sr. No | Particulars | Leave Encashment As on 31.03.2008 |
|--------|---|-----------------------------------|
| | PVO at the beginning of the year | 63 |
| | PVO at end of the year | 261 |
| | Expenses for the year | 213 |
| | Assumption used in accounting for the gratuity plan: | |
| | Discount rate (%) | 8.00 |
| | Salary escalation rate (%) | 7.50 |

The company has adopted the Accounting Standard -15 (AS-15) (Revised 2005) with effect from April 1, 2007. Upto March 31, 2007, the Company had been contributing into a Gratuity Fund Trust administered by the erstwhile management. Liability aggregating to Rs. 384 lac upto March 31, 2007 is recoverable from the Gratuity Fund Trust. Management believes that the Company need not provide for any gratuity liability relating to period prior to March 31, 2007.

7. PAYMENT TO AUDITORS (Including Service Tax) :

Amount (Rs. in lac)

| Particulars | 2007-08 | 2006-07 |
|--|---------|---------|
| (a) As Audit Fees | 20.22 | 20.22 |
| (b) As Advisor or in any other capacity in respect of: | | |
| Tax Matters | Nil | Nil |
| (c) In any other manner | | |
| Other Certification, etc | 19.43 | 19.43 |
| Total | 39.66 | 39.66 |

8. Additional information pursuant to paragraphs 3, 4C and 4D of Part II of Schedule VI of the Companies Act, 1956.

8.1 Value of imports calculated on CIF Basis:

Amount (Rs. in lac)

| Particulars | 2007-08 | 2006-07 |
|-----------------------|---------|---------|
| Components and Spares | 15,500 | 3,288 |
| Capital Goods | Nil | Nil |

8.2 Earnings in Foreign Exchange:

Amount (Rs. in lac)

| Particulars | 2007-08 | 2006-07 |
|-----------------------------|---------|---------|
| Passenger and Cargo Revenue | 5,611 | 18,335 |
| Sale of Aircraft | Nil | Nil |
| Interest on Bank Account | Nil | Nil |
| Other Income | Nil | 515 |

8.3 Expenditure in Foreign Currency:

Amount (Rs. in lac)

| Particulars | 2007-08 | 2006-07 |
|---|---------|---------|
| Aircraft Lease Rentals (Net) | 35,462 | 47,140 |
| Communication (Gross) | 2,159 | 2,519 |
| Aircraft Overhaul, Maintenance and Component Support Services (Net of R | 4,196 | 12,217 |
| Commission | 187 | --- |
| Fuel Cost | 735 | 2,830 |
| Landing and Navigation Charges | 245 | 750 |
| Traveling | 80 | 1,038 |
| Advertisement and Sales Promotion | Nil | 1115 |
| Ground and Cargo Handling | 822 | 1,647 |
| Professional / Consultancy | 534 | 1,458 |
| Engine Lease Rentals | 2,239 | 1,726 |
| Computerised Reservation system | 5,554 | 5,768 |
| Training and Manpower Development | 392 | 475 |
| Others | 1,936 | 480 |

8.4 Value of Components and Spare Parts Consumed:

Amount (Rs. in lac)

| Particulars | 2007-08 | % | 2006-07 | % |
|--------------|-------------|------------|--------------|------------|
| Imported | 2703 | 99 | 1,556 | 77.18 |
| Indigenous | 19 | 1 | 460 | 22.82 |
| Total | 2722 | 100 | 2,016 | 100 |

9. SEGMENT REPORTING :

a) Primary Segment: Geographical Segment

The Company, considering its higher level of international operations and present internal financial reporting based on geographic segment, has identified geographic segment as primary segment.

The geographic segment consists of:

- i) Domestic (air transportation within India)
- ii) International (air transportation outside India)

Revenue and expenses directly attributable to segments are reported based on items that are individually identifiable to that segment, while the remainder of the expenses are categorized as unallocated which are mainly employee remuneration and benefits, other selling & distribution expenses, other operating expenses, aircraft lease rentals, depreciation / amortization and interest, since these are not specifically allocable to specific segments as the underlying assets / services are used interchangeably. The company believes that it is not practical to provide segment disclosures relating to these revenue and expenses, and accordingly these expenses are separately disclosed as "unallocated" and directly charged against total revenues.

The Company believes that it is not practical to identify fixed assets used in the company's business or liabilities contracted, to any of the reportable segments, as the fixed assets are used interchangeably between segments. Accordingly, no disclosure relating to total segment assets and liabilities are made.

Amount (Rs. in lac)

| Particulars | Domestic | International | Total |
|--|----------|---------------|------------------|
| Passenger and Cargo Revenue (Including Excess Baggage) | 131,623 | 9,300 | 140,923 |
| Segment result | 40,144 | 4,380 | 44,524 |
| Less: Un-allocable expenses | | | 95,071 |
| Add: Un-allocable revenue | | | 4,247 |
| (Loss) before Interest and tax | | | (-)40,918 |
| Less: Interest and Finance Charges | | | 3,044 |
| (Loss) before tax | | | (-)43,962 |
| Tax Expenses | | | 188 |
| (Loss) after tax | | | (-)44,150 |

b) Secondary Segment: Business Segment

The Company is operating into a single business i.e. Air Transportation and as such all business activities revolve around this segment. Hence, there is no separate secondary segment to be reported considering the requirement of AS 17 on "Segment Reporting" issued by the Institute of Chartered Accountants of India.

The proportion of International operations revenue to the total revenue was insignificant during the previous year and therefore has not been reported separately.

10. RELATED PARTY TRANSACTIONS :

As per Accounting Standard - 18 on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the disclosure of transactions with the related party as defined in the Accounting Standard are given below:

(i) List of Related Parties with whom transactions have taken place and Relationships :

| No. | Name of the related party | Nature of relationship |
|-----|-----------------------------|------------------------|
| | Jet Airways (India) Limited | Holding company |

(ii) List of Related Parties with whom no transactions have taken place and Relationships :

| No. | Name of the related party | Nature of relationship |
|-----|---------------------------|---|
| | Tail Winds Limited | Ultimate Holding company (Holding Company of Jet Airways (India) Limited) |
| | Naresh Goyal | Controlling Shareholders of Tail Winds Limited |

(iii) List of Key Managerial Personnel with whom no transactions have taken place and Relationship:

| No. | Name of the related party | Nature of relationship |
|-----|---------------------------|------------------------|
| | S.K.Datta | Director |

(iv) Transactions during the year ended 31st March, 2008 and balances with related parties :

Amount (Rs. in lac)

| Transactions during the year: | Holding Company |
|--|---------------------|
| Income / Expenses | |
| - Equipment Hire Charges | 771 (N.A.) |
| - Other Hire Charges | 256 (N.A.) |
| - Reimbursement of Expenses | (-)421 (N.A.) |
| Closing Balance | |
| - Unsecured Loan | (-)18,000 (N.A.) |
| - Advances | (-)6,465 (N.A.) |
| - Corporate Guarantee given by the Holding Company on behalf the Company | (-)55,120 |

11. The Company has entered into Operating Lease agreements. As required under the Accounting Standard 19 on 'Leases' issued by the Institute of Chartered Accountants of India, the future minimum lease payments of lease are as follows: -

Operating Leases

- (1) The Company has taken various residential / commercial premises under cancellable operating leases. These lease agreements are normally renewed on expiry.
- (2) The Company has taken Aircrafts and Spare engines on operating Lease against which Lease Rental expense (Fixed and Variable) recognized is Rs. 37,708 Lac (Previous Year Rs. 45,671 lac). The future minimum lease payments under these lease as at 31st March, 2008 are as under :

Amount (Rs. in lac)

| Particulars | Total Lease Payments |
|-----------------------------------|----------------------|
| Aircraft and Spare Engines | |
| Less than 1 year | 41,260 |
| Between 1 and 5 years | 108,566 |
| More than 5 years | 24,125 |
| | 173,951 |

The Salient features of an Operating Lease agreement are:

- Monthly rentals paid in form of fixed and variable rental. Variable Lease Rentals are payable on a pre determined rate payable on the basis of actual flying hours. Additionally, the predetermined rates of Variable Rentals are subject to the annual escalation as stipulated in the respective leases.

- The Company does not have an option to buyback nor does it generally have an option to renew the leases.
 - In case of delayed payments, penal charges are payable as stipulated by the agreements.
 - In case of default, in addition to repossession of the aircraft, damages including liquidated damages as stipulated are payable.
 - The Lessee is responsible for maintaining the aircraft as well as insuring the same. The Lessee is eligible to claim reimbursement of costs as per the terms of the lease agreement.
- (3) The Company has given assets on lease under operating lease on or after 01.04.2001 which is in the nature of 'Cancelable Lease'. The relevant information is as under:

Amount (Rs. in lac)

| Details of Leased Assets (Vehicles): | 2007-08 | 2006-07 |
|--------------------------------------|---------|---------|
| Cost of acquisition | 41 | 52 |
| Accumulated Depreciation | 11 | 10 |

Depreciation of Rs.4 lac (Previous Year Rs.4 lac) has been debited to Profit and Loss Account on the above leased assets.

12. EARNINGS PER SHARE (EPS) :

The earnings per equity share, computed as per the requirements of Accounting Standard-20 "Earnings Per Share" issued by the Institute of Chartered Accountants Of India, is as under:

Amount (Rs. in lac)

| | 2007-08 | 2006-07 |
|--|-------------|-------------|
| Net Loss after tax | (44,150) | (68,967) |
| Add : Preference Dividend | NIL | NIL |
| Loss attributable to Equity Shareholders ((A) | (44,150) | (68,967) |
| No. of Equity Shares outstanding during the year (B) | 276,115,409 | 276,115,409 |
| No of Equity Share Resulting from conversion of convertible Preference Share | NIL | 50,000,000 |
| Nominal Value of Equity Shares (Rs.) | 10 | 10 |
| Basic EPS (Rs.) (E = A/B) | (16.00) | (24.98) |
| Diluted EPS (Rs.) (F = A/B) | (16.00) | (24.98) |

13. The Deferred Tax Assets as at 31st March 2008 comprises of the following:

Amount (Rs. in lac)

| Particulars | 2007-08 | 2006-07 |
|--|--------------|--------------|
| Deferred Tax Liability | | |
| Related to Fixed Assets | 716 | 2,533 |
| Related to Other Expenses | - | 1,622 |
| Deferred Tax Asset | | |
| Unabsorbed Depreciation | 4,388 | 3,228 |
| Business Loss | - | 7,149 |
| Other Disallowances under Income Tax Act, 1961 | 2,571 | 21 |
| Deferred Tax Asset (Net) | 6,243 | 6,243 |

Deferred Tax Asset on account of unabsorbed tax depreciation has been recognized as it can be realised against the reversal of Deferred Tax Liability on account of Depreciation.

14. Other Liabilities include Rs. 3,708 lac, appropriated by the Holding company from the payment of installment to the Selling Shareholders of the company, towards Payment made to the Income Tax Department on account of Tax demands raised by it in respect of earlier years

15. **Frequent Flyer Programme :**

The Holding Company has a Frequent Flyer Programme named 'Jet Privilege', wherein the passengers who frequently use the services of the Airline become members of 'Jet Privilege' and accumulate miles to their credit. The passenger miles are accumulated in the said 'Jet Privilege' programme. Subject to certain terms and conditions of 'Jet Privilege', the passenger is eligible to redeem such miles lying to their credit in the form of free tickets.

The cost of allowing free travel to members as contractually agreed under the Frequent Flyer Programme is accounted considering the members' accumulated mileage on an incremental cost basis.

16. As per (AS) 29, Provisions, Contingent Liabilities and Contingent Assets, issued by the Institute of Chartered Accountants of India, given below are movement in provision for Redelivery of Aircraft.

Redelivery of Aircraft:

The company has in its fleet aircraft on operating lease. As contractually agreed under the lease agreements, the aircraft have to be redelivered to the lessors at the end of the lease term in the stipulated technical condition. Such redelivery conditions would entail costs for technical inspection, maintenance checks, repainting costs prior to its redelivery and the cost of ferrying the aircraft to the location as stipulated under the lease agreement.

The company therefore provides for such redelivery expenses, as contractually agreed, in proportion to the expired lease period.

Amount (Rs. in lac)

| Particulars | 2007-08 | 2006-07 |
|--|---------|---------|
| Opening Balance | 2,066 | - |
| Add:- Additional Provisions during the year | 683 | 2,066 |
| Less:- Adjustments on account of Exchange Fluctuations | (162) | - |
| Less:- Unused Amounts reversed during the year | | |
| Closing Balance | 2,587 | 2,066 |

The cash outflow out of the above provisions as per the current terms under the lease agreements are as under: -

| Year | Aircraft | Amount (Rs. in lac) |
|---------|--------------|---------------------|
| 2008-09 | 2 | 327 |
| 2009-10 | 1 | 130 |
| 2010-11 | 13 | 1,582 |
| 2011-12 | 1 | 82 |
| 2012-13 | 3 | 292 |
| 2013-14 | 2 | 101 |
| 2014-15 | 3 | 72 |
| | Total | 2,586 |

17. Balances in Sundry Debtors, Creditors and Loans and Advances are subject to confirmation.
18. Pending resolution of representation made by the Board of Airline Representatives in India "BAR (I)" to the statutory authorities regarding non levy of Fringe Benefit Tax on free/ concessional tickets issued by the airline companies, no provision for the same has been made upto 31.03.2008 in the books of accounts amounting to Rs 466 lac (Previous Year Rs. 225 lac).
19. Fixed Deposits of Rs. 7,646 lac (Previous Year Rs. 12,894 lac) as shown in the Balance Sheet includes Fixed Deposits of Rs.7,646 lac (Previous Year Rs.12,439 lac) which are under the lien of the Bankers and Government Authorities.
20. The company is a member in Joint Venture – Sahara States, Bhopal, for Joint Development of Housing Projects and being a part of carved out assets (as stated in point no. 4 (ii) above), and adjustment in respect of its share of assets, liabilities and Income and Expenses has not been considered necessary by the management.
21. The company has not received any information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures relating to amount unpaid as at the year end together with interest paid/payable under this Act have not been given as required by Part I of Schedule VI to the Companies Act, 1956.
22. Comparative financial information (i.e. amounts and other disclosures for the previous year presented above as corresponding figures), is included as an integral part of the current year's financial statements, and is to be read in relation to the amounts and other disclosures relating to the current year. Figures of the previous year have been regrouped / reclassified wherever necessary to correspond to figures of the current year.

Signatures to Schedules 'A' to 'S'

As per our attached report of even date
For D. S. SHUKLA & CO.
 Chartered Accountants

For CHATURVEDI & PARTNERS
 Chartered Accountants

For and on behalf of the Board

Victoriano P. Dungca
 Director

Abhinav Pant
 Partner (Mem. No. 401630)

R. N. Chaturvedi
 Partner (Mem. No. 092087)

Saroj K. Datta
 Director

Shairill Malik
 Company Secretary

Place : Mumbai
 Dated : 24th June, 2008

Balance Sheet Abstract and Company's General Business Profile

I) Registration Details

Registration No.- U 6 2 1 0 0 U P 1 9 9 I P L C O 1 3 5 2 7

Balance-sheet Date 3 1 0 3 2 0 0 8 State Code - 1 1
Date Month Year

II) Capital Raised during the year (Amount in Rs. Thousands)

Public Issue - N I L Rights Issue - N I L
(N I L) (N I L)
Bonus Issue - N I L Private Placement - N I L
(N I L) (N I L)

III) Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities 1 4 8 7 8 3 0 0 Total Assets 1 4 8 7 8 3 0 0
(1 0 4 4 0 3 0 0) (1 0 4 4 0 3 0 0)

Sources of Funds -

Paid-up Capital 6 1 6 1 2 0 0 Reserves & Surplus 4 4 6 6 0 0
(3 2 6 1 2 0 0) (4 4 6 6 0 0)
Secured Loans 5 5 2 7 6 0 0 Unsecured Loan 2 7 4 2 9 0 0
(1 2 4 5 5 0 0) (2 5 8 7 0 0 0)
Deferred Tax Assets 6 2 4 3 0 0
(6 2 4 3 0 0)

Application of Funds

Net Fixed Assets 7 0 7 3 0 0 Investment 7 7 0 0
(7 7 6 8 0 0) (7 8 0 0)
Net Current Assets (-) 1 0 9 8 1 0 0 Misc. Expenditure N A
(-) (7 7 5 1 0 0)
Accumulated Losses 1 3 8 4 4 0 0 0
(9 4 2 9 0 0 0)

IV. Performanc of Company (Amount in Rs. Thousands)

| | | | |
|------------------------------|--|-------------------------|--|
| Turnover | <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="5"/> <input type="text" value="5"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="0"/> | Total Expenditure | <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="0"/> |
| | <input type="text" value="("/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="7"/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value=")"/> | | <input type="text" value="("/> <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value=")"/> |
| Profit / (-) Loss Before Tax | <input type="text" value="("/> <input type="text" value="-"/> <input type="text" value=")"/> <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="0"/> | Profit / Loss After Tax | <input type="text" value="("/> <input type="text" value="-"/> <input type="text" value=")"/> <input type="text" value="4"/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/> |
| | <input type="text" value="("/> <input type="text" value="-"/> <input type="text" value=")"/> <input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="7"/> <input type="text" value="7"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value=")"/> | | <input type="text" value="("/> <input type="text" value="-"/> <input type="text" value=")"/> <input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="9"/> <input type="text" value="6"/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value=")"/> |
| Earning per share in Rupees | <input type="text" value="("/> <input type="text" value="-"/> <input type="text" value=")"/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="."/> <input type="text" value="0"/> <input type="text" value="0"/> | Dividend @ % Equity | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=")"/> |
| | <input type="text" value="("/> <input type="text" value="-"/> <input type="text" value=")"/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="."/> <input type="text" value="9"/> <input type="text" value="8"/> <input type="text" value=")"/> | | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="("/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=")"/> |
| | | Preference | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=")"/> |
| | | | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="("/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=")"/> |

(Figures in brackets indiates 31st March,2007 figures)

V. Generic Name of Three Princal Products of Compauby (as per moneretary temrs)

Item Code No. (ITC Code)

Place : Mumbai
Dated : 24th June, 2008

For and on behalf of the Board

Victoriano P. Dungca
Director

Saroj K. Datta
Director

Shairill Malik
Company Secretary



JET AIRWAYS (INDIA) LIMITED

Regd. Office: S.M. Centre, Andheri-Kurla Road, Andheri (East), Mumbai - 400 059.

ATTENDANCE SLIP
16th Annual General Meeting

PLEASE FILL THE ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.
Joint shareholders may obtain additional slip on request.

DP ID No. _____ Regd. Folio / Client ID No.: _____

I am / We are registered shareholder(s) / proxy for the registered shareholder(s) of the company and hereby record my / our presence at the Sixteenth Annual General Meeting of the Company held on Monday, 29th September, 2008 at 3:30 p.m. at Nehru Center Auditorium, Discovery of India Building, Dr. Annie Besant Road, Worli, Mumbai - 400 018.

NAME OF THE SHAREHOLDER / PROXY (IN BLOCK LETTERS)

SIGNATURE OF THE SHAREHOLDER / PROXY

Note: Shareholder / Proxy Holder wishing to attend the Meeting must bring the Attendance Slip to the Meeting and handover the same at the entrance, duly signed.



JET AIRWAYS (INDIA) LIMITED

Regd. Office: S.M. Centre, Andheri-Kurla Road, Andheri (East), Mumbai - 400 059.

PROXY
16th Annual General Meeting

I / We of
in the district of being a Member / Members of
Jet Airways (India) Limited, Mumbai, hereby appoint of in the district of
.....or failing him / her, of in the district of as
my/our proxy to attend and vote for me / us and on my / our behalf at the Sixteenth Annual General Meeting of the Company to be held
on Monday, 29th September, 2008 at 3:30 p.m. at Nehru Center Auditorium, Discovery of India Building, Dr. Annie Besant Road, Worli,
Mumbai - 400 018.

Signed this day of 2008

Regd. Folio / Client ID No. :

DP ID No. :

No. of Shares :

Signature :

Affix
Revenue
Stamp of
Rs. 1.00

Note : The Proxy completed in all respects must be deposited at the Registered Office of the Company not less than 48 hours before the time of holding of the Meeting.

JET AIRWAYS 

Jet Airways (India) Limited

S. M. Centre, Andheri-Kurla Road, Andheri (East), Mumbai 400 059.

Tel.: 022-4019 1000 www.jetairways.com