PROSPECTUS
Dated : February 28, 2005
Please read Section 60B of the Companies Act, 1956
100% Book Built Offer

JET AIRWAYS

JET AIRWAYS (INDIA) LIMITED

(The Company was incorporated on April 1, 1992, as a private limited company under the Companies Act, 1956. The Company became a deemed public limited company on July 1, 1996 and was converted into a private limited company on January 19, 2001.
The Company became a public limited company on December 28, 2004.)
(For changes in our registered office, see "History and Certain Corporate Matters" on page 61 of this Prospectus.)

Registered Office: SM Centre, Andheri Kurla Road, Andheri (East), Mumbai 400 059, India
Tel: 91 22 2850 5080; Fax: 91 22 2856 0622; Email: corporate@jetairways.com; Website: www.jetairways.com

Public offer of 17,266,801 Equity Shares of Rs.10 each for cash at a price of Rs. 1100 per Equity Share, aggregating Rs. 18,993 million, comprising a Fresh Issue of 14,245,111 Equity Shares by Jet Airways (India) Limited ("Jet Airways" or the "Company" or the "Issuer") and an Offer for Sale of 3,021,690 Equity Shares by Tail Winds Limited ("Tail Winds" or the "Selling Shareholder"). The Fresh Issue and the Offer for Sale are jointly referred to herein as the "Offer". 1,200,000 Equity Shares will be reserved in the Offer for subscription by Employees at the Offer Price (the "Employee Reservation Portion", and the Offer of Equity Shares other than the Employee Reservation Portion, the "Net Offer"). The face value of the Equity Shares is Rs.10 and the Offer Price is 110 times of the face value. The Offer will constitute 20% of the fully diluted post Offer paid-up equity capital of the Company.

OFFER PRICE OF Rs. 1100 PER EQUITY SHARE OF FACE VALUE Rs. 10 EACH.

The Offer is being made through the 100% Book Building Process wherein at least 60% of the Net Offer shall be offered on a discretionary basis to Qualified Institutional Buyers ("QIBs"). If at least 60% of the Net Offer cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, up to 15% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 25% of the Net Offer shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Offer Price. Further, 1,200,000 Equity Shares shall be available for allocation on a proportionate basis to the Employees, subject to valid Bids being received at or above the Offer Price.

RISKS IN RELATION TO FIRST OFFER

This being the first issue of Equity Shares of the Company, there has been no formal market for the Equity Shares of the Company. The face value of the Equity Shares is Rs.10 per Equity Share and the Offer Price is 110 times of the face value. The Offer Price (as determined by the Company, in consultation with the Book Running Lead Managers, on the basis of assessment of market demand for the Equity Shares offered by way of book building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of the Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Offer. For taking an investment decision, investors must rely on their own examination of the Company and the Offer including the risks involved. The Equity Shares offered in the Offer have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Prospectus. Specific attention of the investors is invited to the summarized and detailed statements in Risk Factors beginning on page xiv of this Prospectus.

COMPANY'S ABSOLUTE RESPONSIBILITY

Jet Airways, having made all reasonable inquiries, accepts responsibility for and confirms that this Prospectus contains all information with regard to Jet Airways and the Offer, which is material in the context of the Offer, that the information contained in this Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares offered through this Prospectus are proposed to be listed on the National Stock Exchange of India Limited ("NSE") and The Stock Exchange, Mumbai ("BSE"). We have received in-principle approvals from these Stock Exchanges for the listing of our Equity Shares pursuant to letters dated January 20, 2005 and January 20, 2005, respectively. For purposes of the Offer, the Designated Stock Exchange is NSE.

BOOK RUNNING LEAD MANAGERS ("BRLMs")

Deutsche Bank	HSBC	UBS Investment Bank	citigroup	DSP Merrill Lynch	kotak Investment Banking
Deutsche Equities India Private Limited DB House Hazarimal Somani Marg Fort, Mumbai 400 001 Tel : 91 22 5658 4600 Fax: 91 22 2200 6765 Email: jet.ipo@db.com	**HSBC Securities and Capital Markets (India) Private Limited** 52/60, Mahatma Gandhi Road, Fort, Mumbai 400 001 Tel : 91 22 2267 4921 Fax: 91 22 2263 1984 Email:jetipo@hsbc.co.in	**UBS Securities India Private Limited** 2nd Floor, Hoechst House Nariman Point Mumbai 400 021 Tel : 91 22 2286 2000 Fax : 91 22 2281 4676 Email:jet.ipo@ubs.com	**Citigroup Global Markets India Private Limited** 4th Floor, Bakhtawar 229 Nariman Point Mumbai 400 021 Tel : 91 22 5631 9982 Fax : 91 22 5631 9803 Email: jet.ipo@citigroup.com	**DSP Merrill Lynch Limited** Mafatlal Centre, 10th Floor, Nariman Point Mumbai 400 021 Tel : 91 22 2265 1702 Fax : 91 22 2262 1187 Email:jet_ipo@ml.com	**Kotak Mahindra Capital Company Limited** 3rd Floor, Bakhtawar 229 Nariman Point Mumbai 400 021 Tel : 91 22 5634 1100 Fax: 91 22 2282 6632 Email:jet.ipo@kotak.com

REGISTRAR TO THE OFFER

KARVY
Karvy Computershare Private Limited

Karvy Computershare Private Limited
Unit: Jet
Karvy House, 46, Avenue 4, Street No.1
Banjara Hills, Hyderabad 500 034
Tel.: 91 40 2331 2454
Fax: 91 40 2331 1968/2343 1551
Email: jet@karvy.com

OFFER PROGRAM

BID/OFFER OPENED ON	:	**FEBRUARY 18, 2005**
BID/OFFER CLOSED ON	:	**FEBRUARY 24, 2005**

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DEFINITIONS AND ABBREVIATIONS

Term	Description
Abacus	Abacus Distribution System Pte. Ltd., a GDS.
AGM	Annual general meeting.
Airbus	AIRBUS S.A.S.
Air Deccan	A unit of Deccan Aviation Private Limited.
Air India	Air India Limited.
Air Sahara	Sahara Airlines Limited.
Allocation Amount	The amount payable by a Bidder on or prior to the Pay-in Date after deducting any Bid Amounts that may already have been paid by such Bidder.
Allotment	Issue or transfer, as the context requires, of the Equity Shares pursuant to the Offer to the successful Bidders.
Allottee	The successful Bidder to whom the Equity Shares are/have been issued or transferred.
Amadeus	Amadeus Global Travel Distribution, a GDS and technology provider, serving travel and tourism industries.
Articles/ Articles of Association	The Articles of Association of the Company.
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India.
ASEAN	Association of Southeast Asian Nations.
ATR	Avions de Transport Régional.
Auditors	Deloitte Haskins & Sells, Chartered Accountants, and Chaturvedi & Shah, Chartered Accountants (member of Nexia International), the joint statutory auditors of the Company under Indian GAAP.
Banker(s) to the Offer	Citibank, N.A., Deutsche Bank AG, The Hong Kong and Shanghai Banking Corporation Limited, Kotak Mahindra Bank Limited, IDBI Bank Limited, ICICI Bank Limited, HDFC Bank Limited, Standard Chartered Bank and Abu Dhabi Commercial Bank Limited.
Bid	An indication to make an offer made during the Bidding Period by a prospective investor to subscribe to the Equity Shares of the Company at a price within the Price Band, including all revisions and modifications thereto.
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Offer.
Bid/Offer Closing Date	The date after which the Syndicate will not accept any Bids for the Offer, which shall be notified in a widely circulated English national newspaper, a Hindi national newspaper and a Marathi newspaper.
Bid cum Application Form	The form in terms of which the Bidder shall make an offer to subscribe to/ purchase Equity Shares and which will be considered as the application for allotment/transfer of the Equity Shares in terms of the Red Herring Prospectus.
Bid/Offer Opening Date	The date on which the Syndicate shall start accepting Bids for the Offer, which shall be the date notified in a widely circulated English national newspaper, a Hindi national newspaper and a Marathi newspaper.

Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus.
Bidding/Offer Period	The period between the Bid/ Offer Opening Date and the Bid/ Offer Closing Date inclusive of both days and during which prospective Bidders can submit their Bids.
Board of Directors/ Board	The Board of Directors of the Company or a committee thereof.
Boeing	The Boeing Company.
Book Building Process/Method	Book building route as provided in Chapter XI of the SEBI Guidelines, in terms of which this Offer is being made.
BPCL	Bharat Petroleum Corporation Limited.
BRLMs	Book Running Lead Managers to the Offer, comprising Deutsche Equities India Private Limited, HSBC Securities and Capital Markets (India) Private Limited, UBS Securities India Private Limited, Citigroup Global Markets India Private Limited, DSP Merrill Lynch Limited and Kotak Mahindra Capital Company Limited.
BSE	The Stock Exchange, Mumbai.
CAGR	Compounded annual growth rate.
CAN/Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Offer Price in accordance with the Book Building Process.
CBDT	Central Board of Direct Taxes.
CDSL	Central Depository Services (India) Limited.
CEGAT	Central Excise and Gold Appellate Tribunal, a tax appellate authority in India, now known as the Customs, Excise and Service Tax Appellate Tribunal or CESTAT.
CIAL	Cochin International Airport Limited.
Citigroup	Citigroup Global Markets India Private Limited.
CMIE	Centre for Monitoring Indian Economy.
Common Law Agreement	The Common Law Trade Marks User Agreement dated October 15, 2000 between the Company and Jet Enterprises, as amended.
Company or Jet Airways	Jet Airways (India) Limited, a public limited company incorporated under the Companies Act.
Companies Act	The Companies Act, 1956, as amended from time to time.
Cut-off Price	Any price within the Price Band finalized by the Company in consultation with the BRLMs. A Bid submitted at the Cut-off Price by a Retail Individual Bidder is a valid Bid at all price levels within the Price Band.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository	A depository registered with SEBI under the SEBI (Depositories and Participants) Regulations, 1996, as amended from time to time.
Depository Participant	A depository participant as defined under the Depositories Act.

Designated Date	The date on which funds are transferred from the Escrow Account to the Public Offer Account after the Prospectus is filed with the RoC, following which the Board of Directors shall allot and/or transfer Equity Shares to successful Bidders.
Designated Stock Exchange	NSE.
Deutsche Equities	Deutsche Equities India Private Limited.
Directors	The directors of the Company from time to time.
Draft Red Herring Prospectus	The Draft Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not contain complete particulars on the price at which the Equity Shares are offered and the size (in terms of value) of the Offer. It was filed as the Red Herring Prospectus with the RoC at least three days before the Bid/Offer Opening Date. It is the Prospectus upon filing with the RoC.
DSPML	DSP Merrill Lynch Limited.
EGM	Extraordinary general meeting.
Employee Reservation Portion	The portion of the Offer being 1,200,000 Equity Shares available for allocation to Employees who are Indian Nationals, are based in India and are physically present in India on the date of submission of the Bid cum Application Form.
Employee	A permanent employee or a director of the Company or Tail Winds who are Indian Nationals, are based in India and are physically present in India on the date of submission of the Bid cum Application Form.
Equity Shares	Equity Shares of the Company of face value of Rs.10 each, unless otherwise specified in the context thereof.
Escrow Account	Account opened with Escrow Collection Bank(s) and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid.
Escrow Agreement	Agreement dated February 17, 2005, entered into by the Company, the Registrar, the BRLMs, the Syndicate Members, the Company, the Selling Shareholder (acting through the Company, its duly constituted attorney) and the Escrow Collection Banks, for collection of the Bid Amounts and, where applicable, refunds of the amounts collected to the Bidders.
Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as Bankers to the Issue at which the Escrow Account for the Offer will be opened.
ESOP	Employee stock option plan.
ESPS	Employee stock purchase scheme.
FCNR Account	Foreign Currency Non Resident Account.
FDI	Foreign direct investment in India.
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed thereunder.
FERA	Foreign Exchange Regulation Act, 1973, now repealed.
FII/Foreign Institutional Investor	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995), registered with SEBI under applicable laws in India.

Financial Year/fiscal/Fiscal/FY	The 12 months ended March 31 of a particular year.
FIPB	Foreign Investment Promotion Board, Ministry of Finance and Company Affairs, Government of India.
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form.
Fresh Issue	Issue of 14,245,111 Equity Shares at the Offer Price by the Company under this Prospectus.
FVCI	Foreign Venture Capital Investor, as defined and registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000, as amended.
Galileo	Galileo International, Inc., a GDS.
GDP	Gross Domestic Product.
GIR Number	General Index Registry Number.
HAL	Hindustan Aeronautics Limited.
HPCL	Hindustan Petroleum Corporation Limited.
HSBC	HSBC Securities and Capital Markets (India) Private Limited.
HUF	Hindu Undivided Family.
IDBI	Industrial Development Bank of India Limited.
IDFC	Infrastructure Development Finance Company Limited.
IFC	International Finance Corporation.
IFRS	International Financial Reporting Standards.
Indian Airlines	Indian Airlines Limited.
Indian National	As used in the context of the Employee Reservation Portion, a citizen of India as defined under the Indian Citizenship Act, 1955, as amended, who is not an NRI.
Indian GAAP	Generally accepted accounting principles in India.
Industrial Policy	The industrial policy and guidelines issued thereunder by the Ministry of Industry, Government of India from time to time.
I.T. Act	Income Tax Act, 1961, as amended.
IOC	Indian Oil Corporation Limited.
Jetair	Jetair Private Limited.
Jet Enterprises	Jet Enterprises Private Limited.
KMCC	Kotak Mahindra Capital Company Limited.
Margin Amount	The amount paid by the Bidder at the time of submission of his/her Bid, which is between 0% to 100% of the Bid Amount.
MAT	Minimum Alternate Tax.
Memorandum/Memorandum of Association	The Memorandum of Association of the Company.
MoF	Ministry of Finance and Company Affairs, Government of India.
NAV	Net Asset Value.

Net Offer	The Offer of Equity Shares other than Equity Shares included in the Employee Reservation Portion.
NG Group	Mr. Naresh Goyal, Tail Winds Limited and their respective affiliates, as defined in our Articles.
N.I. Act	Negotiable Instruments Act, 1881, as amended.
Non Institutional Bidders	All Bidders that are not eligible Qualified Institutional Buyers or Retail Individual Bidders and who have bid for Equity Shares for an amount more than Rs.50,000.
Non Institutional Portion	The portion of the Net Offer being up to 2,410,020 Equity Shares available for allocation to Non Institutional Bidders.
Non Residents	All Bidders who are not NRIs or FIIs and are not persons resident in India.
NRE Account	Non Resident External Account.
NRI/ Non Resident Indian	A person resident outside India, as defined in FEMA and who is a citizen of India or a Person of Indian Origin, each term as defined under the Foreign Exchange Management (Transfer or Offer of Security by a Person Resident Outside India) Regulations, 2000.
NRO Account	Non-Resident Ordinary Account.
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited.
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs, including overseas trust(s) in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Deposit) Regulations, 2000, as amended. OCBs are not allowed to invest in this Offer.
OCB Regulations	Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs) Regulations, 2003.
Offer for Sale	The offer for sale by the Selling Shareholder of 3,021,690 Equity Shares of Rs.10 each at the Offer Price.
Offer	Collectively, the Fresh Issue and the Offer for Sale.
Offer Price	Rs.1100 per Equity Share.
PAN	Permanent Account Number.
Pay-in Date	Bid Closing Date or the last date specified in the CAN sent to Bidders, as applicable.
Pay-in-Period	This term means (i) with respect to Bidders whose payment has not been waived by the Syndicate and are therefore required to pay the maximum Bid Amount into the Escrow Account, the period commencing on the Bid/Offer Opening Date and extending until the Bid/Offer Closing Date, and (ii) with respect to Bidders whose payment has been initially waived by the Syndicate and are therefore not required to pay the Bid Amount into the Escrow Account on or prior to the Bid/Offer Closing Date, the period commencing on the Bid/ Offer Opening Date and extending until the Pay-in Date.

Price Band	Price band of a minimum price (floor of the price band) of Rs.950 and the maximum price (cap of the price band) of Rs.1,125 (both inclusive), including revisions thereof.
Pricing Date	The date on which Company in consultation with the BRLMs has finalized the Offer Price.
Promoters	Tail Winds Limited and Mr. Naresh Goyal.
Prospectus	The Prospectus to be filed with the RoC containing, *inter alia*, the Offer Price that is determined at the end of the Book Building Process, the size of the Offer and certain other information.
Public Offer Account	Account opened with the Bankers to the Offer to receive monies from the Escrow Account for the Offer on the Designated Date.
Qualified Institutional Buyers or QIBs	Public financial institutions as defined in Section 4A of the Companies Act, FIIs registered with SEBI, scheduled commercial banks, mutual funds registered with SEBI, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs.250 million and pension funds with minimum corpus of Rs.250 million. **(QIBs as defined herein for this Offer specifically exclude multilateral and bilateral development financial institutions).**
QIB Portion	The portion of the Offer being at least 9,640,081 Equity Shares of Rs.10 each available for allocation to QIBs.
RBI	The Reserve Bank of India.
Red Herring Prospectus	The Red Herring Prospectus dated February 8, 2005 issued in accordance with Section 60B of the Companies Act, which did not have complete particulars on the price at which the Equity Shares are offered and size of the Offer. The Red Herring Prospectus was filed with the RoC at least three days before the opening of the Offer and is the Prospectus after filing with RoC.
Registered Office of our Company	SM Centre, Andheri Kurla Road, Andheri (East), Mumbai 400 059, India.
Registered User Agreement	The Trade Marks Registered User Agreement dated October 15, 2000 between us and Jet Enterprises, as amended.
Registrar to the Offer	Registrar to the Offer, in this case being Karvy Computershare Private Limited.
Retail Individual Bidder(s)	Individual Bidders (including HUFs and NRIs) who Bid for Equity Shares for an amount not more than Rs.50,000, in any of the bidding options in the Offer.
Retail Portion	The portion of the Offer being up to 4,016,700 Equity Shares of Rs.10 each available for allocation to Retail Bidder(s).
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s).
RoC	Registrar of Companies at Mumbai, Maharashtra.
SAARC	South Asian Association for Regional Cooperation.

SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time.
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time.
SEBI	The Securities and Exchange Board of India, constituted under the SEBI Act.
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time.
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000, issued by SEBI effective from January 27, 2000, as amended from time to time, including instructions and clarifications issued by SEBI from time to time.
Selling Shareholder	Tail Winds Limited.
Stock Exchanges	NSE and BSE.
Syndicate	The BRLMs and the Syndicate Members.
Syndicate Agreement	Agreement dated February 17, 2005, entered into among the BRLMs, Syndicate Member(s), the Selling Shareholder (acting through the Company, its duly constituted attorney) and the Company in relation to the collection of Bids in the Offer.
Syndicate Member(s)	Kotak Securities Limited and Karvy Stock Broking Limited.
Tail Winds	Tail Winds Limited, a company incorporated in the Isle of Man.
TRS/ Transaction Registration Slip	The slip or document issued by the Syndicate to the Bidder as proof of registration of the Bid.
UBS	UBS Securities India Private Limited.
Underwriters	The BRLMs and the Syndicate Member(s).
Underwriting Agreement	Agreement dated February 27, 2005 entered into among the BRLMs, the Syndicate Member(s), the Company and the Selling Shareholder (acting through the Company, its duly constituted attorney).
U.S. Exim	Export Import Bank of the United States.
U.S. GAAP	Generally accepted accounting principles in the United States.
VCF	Venture Capital Fund as defined and registered with SEBI under the SEBI (Venture Capital Fund) Regulations, 1996, as amended from time to time.

GLOSSARY OF CERTAIN INDUSTRY, TECHNICAL AND FINANCIAL TERMS

Term	**Description**
AAI	Airports Authority of India.
AIC	Represents any or all aeronautical information circular(s) issued by the DGCA from time to time.
AIC No. 4	Aeronautical Information Circular No. 4/2004 dated March 1, 2004, issued by the DGCA, as amended, modified, replaced or supplemented from time to time.
AME	Aircraft maintenance engineer.
Aircraft utilization	Represents the average number of block hours operated per day per aircraft for the total aircraft fleet.
Air Taxi Operator	A domestic airline, permitted by DGCA to operate non-scheduled flights
APEX	Advance Purchase Excursion Fare, a scheme offering lower fares than our normal published fares.
APU	Auxiliary power unit that is used to provide power to the aircraft on the ground.
ASA	Air services agreement between countries.
ATC	Air Traffic Control.
ATF	Aviation Turbine Fuel.
Available Seat Kilometers, or ASKM	Represents the aircraft seating capacity multiplied by the number of kilometres the seats are flown.
Average stage length	Represents the average number of kilometres flown per flight.
BCAS	Bureau of Civil Aviation Security of India.
Block hours	Refers to the elapsed time between an aircraft leaving an airport gate and arriving at an airport gate.
Boeing 737	A series of aircraft manufactured by Boeing and comprising the Boeing 737 Classic and Boeing 737 NG variants.
Boeing 737 Classic	The series of aircraft comprising the Boeing 737-300, Boeing 737-400 and Boeing 737-500 aircraft
Boeing 737 NG	The series of aircraft comprising the Boeing 737-600, Boeing 737-700, Boeing 737-800 and the Boeing 737-900 aircraft
Breakeven load factor	Represents the Passenger Load Factor that will result in Net Passenger Revenues being equal to Total Expenses less cargo and Non-operating Revenues.
BSP	Billing Settlement Plan provided by IATA as a part of its passenger agency programme.
CAR	The civil aviation requirements issued by the DGCA from time to time.
C Check	A block “C” check in accordance with the MPD and includes all inspections up to and including those required every 4,800 Flight Hours, 4,000 cycles (defined as one take-off and landing) and 18 months.

Cargo tonnage	The total cargo carried on an aircraft expressed in metric tons.
Cash EPS	Net profit after tax and annualized return on preference capital before depreciation, provision for obsolescence divided by total number of Equity Shares.
CFM International	CFM International SA.
CFM56 Engines	A type of engine manufactured by CFM International which are fitted on our Boeing 737 aircraft.
Club Premiere/CP	The business class section on our Boeing 737 aircraft.
CRS	Computerised Reservation System.
CRS costs	Cost paid to CRS service provider.
Chicago Convention	Convention on Civil Aviation signed in Chicago on December 7, 1944, as amended from time to time.
D Check	The maintenance shop visit which shall include but not be limited to accomplishment of a block C6/8 year check in accordance with the applicable appendix of the MPD, all lesser checks, passenger cabin refurbishment (including lavatories and galleys) and strip and repainting of the complete fuselage, empennage, wings and pylons.
DGCA	Directorate General of Civil Aviation of India.
EBIT	Profit before interest and taxation excluding Non-operating Revenues and excluding any adjustments to profit as required under SEBI Guidelines.
EBITDA	Profit before interest, taxation, depreciation and amortization excluding Non-operating Revenues and excluding any adjustments to profit as required under SEBI Guidelines.
EBITDAR	Profit before interest, taxation, depreciation, amortization and aircraft rentals (fixed), excluding Non-operating Revenues and excluding any adjustments to profit as required under SEBI Guidelines.
EPS	Earnings per Equity Share.
EBITDAR margin	Calculated by dividing EBITDAR for the relevant period by Operating Revenues for such period.
Flight hours	Refers to the time elapsed from the moment the wheels of an aircraft leave the ground on a take-off until the wheels of an aircraft next touch the ground.
FAA	Federal Aviation Administration of the United States.
FTT	Foreign travel tax.
GDS	A global distribution system.
General and Administrative Expenses	Consists of expenses related to inflight and other passenger amenities, communication costs, travelling and subsistence, rent, rates and taxes, repairs and maintenance, electricity, provision for bad and doubtful debts, directors' sitting fees, loss on scrapping of fixed assets, loss on sale of fixed assets, loss on exchange rate difference and other miscellaneous expenses.
GSA	General sales agent.
IATA	International Air Transport Association.

IATT	Inland Air Travel Tax.
ICAO	International Civil Aviation Organization.
LIBOR	The London Interbank Offer Rate, as applicable to the U.S. Dollar.
MoCA	Ministry of Civil Aviation, Government of India.
MPD	The DGCA approved maintenance planning document.
MTOW	Maximum take-off weight as certified by DGCA.
Net Passenger Revenues	Represents the Passenger Revenues net of commisions paid to travel agents and GSAs.
Non-operating Revenue	Represents revenue from interest income, profit from sale of assets such as aircraft and engines and foreign exchange gains.
Operating Revenues	Represents Passenger Revenues, revenues from excess baggage and cargo and Other Income.
Other Income	Represents revenue from ticket cancellation and handling charges paid by the Government of India for PSF (being collected from passengers) and for IATT (collected from passengers until January 9, 2004).
Other Operating Expenses	Represents the aggregate of variable rent, aircraft maintenance, landing and navigation charges and other airport charges, insurance costs and General and Adminstrative Expenses.
PSF	Passenger service fee, a tax levied by the Government of India on passengers.
Passenger Load Factor	Revenue Passenger Kilometres expressed as a percentage of Available Seat Kilometres.
Passenger Revenues	Represents the revenue recognized when transportation is provided to a passenger or when no claim for refund has been made by a passenger on an unused ticket for a period of two years.
Revenue Passenger Kilometers, or RPKM	Represents the number of kilometres flown by revenue passengers.
Revenue passengers	Represents the total number of fare paying passengers flown on all flight segments (excluding passengers redeeming their frequent flyer miles).
RONW	Return on Net Worth.
SABRE	Sabre Inc.
Sabre GDS	Sabre Travel Information Network, a GDS.
Scheduled Airline	An airline permitted by DGCA to operate scheduled flights
SITA	Societe International de Telecommunications Aeronautiques.
Total Expenses	Represents the aggregate of employee remuneration and benefit, aircraft fuel expenses, selling and distribution expenses, aircraft lease rentals, depreciation, interest and Other Operating Expenses.
Total Revenues	Represents the aggregate of Operating Revenues and Non-operating Revenues.
Turnaround time	The time between two continuous flights with the same aircraft.
Y Class / Y	The economy class section on our aircraft.
Yield	Net Passenger Revenue earned per kilometer flown.

CERTAIN CONVENTIONS; FINANCIAL AND MARKET DATA

All references to "we", "our", "us", "the Company" or "our Company" or words of similar import in this Prospectus are to Jet Airways.

Unless stated otherwise, the financial data in this Prospectus is derived from our financial statements prepared and restated in accordance with Indian GAAP, the Companies Act and SEBI Guidelines beginning on page 214 of this Prospectus. We have no subsidiaries. Accordingly, financial information relating to us is presented on a non-consolidated basis. Our fiscal year commences on April 1 and ends on March 31. In this Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding.

There are significant differences between Indian GAAP, IFRS and U.S. GAAP; accordingly, the degree to which the Indian GAAP financial statements included in this Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Prospectus should accordingly be limited. We and the Selling Shareholder have not attempted to quantify the impact of these differences on the financial data included herein, and we and the Selling Shareholder urge you to consult your own advisors regarding such differences and their impact on our financial data.

All reference to "fiscal", "Fiscal" "FY" or "Financial Year" in this Prospectus refers to the 12 months ending on March 31.

All references to "India" in this Prospectus are to the Republic of India together with its territories and possessions, and all references to the "US" or the "U.S." or the "U.S.A.", or the "United States" are to the United States of America together with its territories and possessions. All references to the "Government" are to the Government of India, unless otherwise indicated.

All references to "Rupees" or "Rs." are to Indian Rupees, the official currency of India. All references to "U.S.$", "U.S. Dollar" or "US Dollars" are to United States Dollars, the official currency of the United States of America.

For additional definitions, please see the section entitled "Definitions and Abbreviations" and "Glossary of Certain Industry, Technical and Financial Terms" beginning on pages i and viii, respectively, of this Prospectus.

Industry and market data used throughout this Prospectus has been obtained from industry publications, Government of India sources and internal company reports. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe industry, market and government data used in this Prospectus is reliable, it has not been independently verified. Similarly, internal company reports, while believed by us to be reliable, have not been verified by any independent sources.

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain “forward-looking statements”. These forward looking statements can generally be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “may”, “objective”, “plan”, “project”, “shall”, “will”, “will continue”, “will pursue” or other words or phrases of similar import. Similarly, statements that describe our objectives, strategy, plans or goals are also forward-looking statements.

All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others:

- general economic and business conditions;
- our ability to successfully implement our strategy and our growth and expansion plans;
- factors affecting travel, including business travel;
- increasing competition in the airline industry;
- increases in fuel, maintenance and repair costs and insurance premia;
- increases in employee costs, including wage levels of pilots, flight crew and engineers;
- manufacturers’ defects or mechanical problems with our aircraft or incidents caused by human error;
- changes in the value of the Indian rupee and other currencies, in particular, the U.S. Dollar;
- cyclical or seasonal fluctuations in our operating results;
- fares that we are able to obtain from different sectors;
- changes in laws and regulations that apply to the aviation industry;
- changes in fiscal, economic or political conditions in India;
- social or civil unrest or hostilities with neighboring countries or acts of international terrorism;
- epidemics or infectious outbreaks affecting travel; and
- changes in the foreign exchange control regulations, interest rates and tax laws in India.

For further discussion of factors that could cause our actual results to differ, please see the sections entitled “Risk Factors”, “Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages xiv, 41 and 67, respectively, of this Prospectus. In the light of inherent risks and uncertainties, the forward-looking statements, events and circumstances discussed in this Prospectus might not occur and are not guarantees of future performance. Neither our Company, the Selling Shareholder, their respective directors and officers, any Underwriter nor any of their respective affiliates has any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, for purposes of the Offer, our Company and the BRLMs will ensure that investors in India are informed of material developments relating to our business until such time as the grant of listing and trading permission by the Stock Exchanges.

CURRENCY OF PRESENTATION

This Prospectus contains translations of certain U.S. Dollar amounts into Rupees (and certain Rupee amounts into U.S. Dollars) that have been presented solely to comply with the requirements of Clause 6.8.4 of the SEBI (Disclosure and Investor Protection) Guidelines, as amended ("SEBI Gudelines"). Investors should not rely on such translated amounts. These convenience translations should not be construed as a representation that those Rupee or U.S. Dollar amounts could have been, or could be, converted into U.S. Dollars or Rupees, as the case may be, at any particular rate, the rates stated below, or at all. Except as otherwise stated in this Prospectus, all translations from Rupees to U.S. Dollars (and all translations from U.S. Dollars to Rupees) contained in this Prospectus have been based on the Interbank market mid rates as taken from Bloomberg as on September 29, 2004, which was Rs.46.01 = U.S.$1.00.

The following table sets forth, for each period indicated, information concerning the number of Rupees for which one U.S. Dollar could be exchanged at the Interbank market mid rates on the last business day of the particular period. The column titled average in the table below is the average of the Interbank market mid rates for each day in the period.

Period	**Period End Rs.**	**Average Rs.**	**High Rs.**	**Low Rs.**
Fiscal 2000	43.62	43.34	43.66	42.42
Fiscal 2001	46.62	45.69	46.88	43.63
Fiscal 2002	48.82	47.68	48.83	46.56
Fiscal 2003	47.47	48.40	49.05	47.47
Fiscal 2004	43.60	45.94	47.47	43.60
Six months ended September 30, 2004	45.95	45.53	46.47	43.54

Source: Bloomberg

The Interbank market mid rate as on February 25, 2005 was Rs.43.70 = U.S.$ 1.00.

RISK FACTORS

An investment in our Equity Shares involves a high degree of risk. You should carefully consider all of the information in this Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. If any of the following risks actually occur, our business, financial condition and results of operations could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment.

Internal Risk Factors

We operate in a very competitive industry.

There is substantial competition in the airline industry. As the Indian airline industry is further liberalized, we expect competition to intensify as new entrants begin to compete against us, our existing competitors further expand their operations and we enter new markets where we compete with well established competitors.

Competition with existing competitors in the market has been, and we believe will continue to be, intense. Currently, our principal competitors in the domestic sector include Indian Airlines, a Government-owned company, together with its subsidiary, Alliance Air, and Air Sahara and Air Deccan, two privately owned companies. We may face competition from other new competitors in the near future. According to published reports, other enterprises are contemplating entering the domestic aviation market.

Certain of our competitors, including Government-owned companies, may have significantly greater resources than those available to us. Our existing and future competitors or new entrants into the market may undercut our fares in the future, increase capacity on their routes in an effort to increase their market share or attempt to conduct low-fare or “no frills” airline operations. For example, according to published reports, Indian Airlines is planning to undertake an expansion of its aircraft fleet and is awaiting Government approval for such expansion. In such an event, we cannot assure you that our level of market share, yields and volume of passenger traffic, and revenues would not be adversely affected.

Our market position will depend upon effective marketing initiatives and our ability to anticipate and respond to various competitive factors affecting the industry, including pricing strategies by competitors. Any failure by us to compete effectively, including in terms of pricing or providing high-quality innovative services, could have a material adverse effect on our results of operations.

We also compete with other airlines for labour in skilled positions such as pilots, aircraft maintenance engineers (“AMEs”), technicians and in-flight crew. Our competitors may offer wage and benefit packages that are more attractive than our wage and benefit packages. If we are unable to attract and retain qualified employees, particularly skilled personnel such as pilots that have been trained by us, our business and expansion plans may be adversely affected.

We also compete with other airlines for access to airport facilities, parking bays for aircraft and prime time departure slots. An inability to lease, acquire or access airport infrastructure, facilities or services on reasonable terms or at preferred times may have an adverse impact on our operations.

We have only a limited number of suppliers for our aircraft and engines. Any problem with these aircraft, whether real or perceived, could significantly harm our business.

One of the key elements of our business strategy is to operate limited types of aircraft, with each type having similar equipment. Operating a fleet of similar aircraft with similar equipment leads to cost savings because maintenance issues are simplified, spare parts and inventory requirements are reduced, scheduling is more efficient and training costs are lowered. Operating limited types of aircraft also allows our employees to become knowledgeable about the airframe and engine, thereby increasing their efficiency and productivity.

As of the date of this Prospectus, 34 aircraft in our total fleet of 42 aircraft are Boeing 737s, while eight aircraft are ATR 72-500s. We chose the Boeing 737 because of its reliability, advanced technology, and fuel efficiency. We use the ATR 72-500s primarily for short haul flights. We have entered into lease agreements for seven additional Boeing 737-800 aircraft expected to be delivered in 2005 for lease terms ranging between approximately six and seven years. One such aircraft has recenlty been delivered to us and will be inducted into service after it is refurbished for international operations and upon receipt by us of final DGCA approval to operate the aircraft. In December 2004, we paid Boeing a refundable security deposit aggregating U.S.$900,000 to acquire ten additional Boeing 737-800 aircraft with CFM56-7B24 engines. The expected date of delivery of such aircraft is between January 2006 and October 2007. Definitive purchase agreements have been executed. As per the terms of the purchase agreements, we are required to make pre-delivery payments to Boeing progressively. Closer to the delivery dates of each aircraft, we will finalize definitive financing arrangements for these aircraft. The entry into financial arrangements in connection with these purchase agreements is also subject to the Company obtaining corporate approvals and such necessary regulatory approvals as may be required.

All of our Boeing 737 aircraft are equipped with engines manufactured by CFM International, S.A. (“CFM International”), with the Boeing 737 Classic series (Boeing 737-300, 737-400 and 737-500) using one type of CFM engine and the Boeing 737 NG series (Boeing 737-600, 737-700, 737-800 and 737-900) using another type of CFM engine. Our ATR 72-500s are equipped with engines manufactured by Pratt & Whitney Canada Corp.

Our dependence on these limited types of aircraft and engines makes us particularly vulnerable to any problems that might be associated with such aircraft or the engines. Our business would be significantly harmed if a design defect or mechanical problem with such aircraft or engines were discovered, causing our aircraft to be grounded while any such defect or problem is being corrected, assuming it could be corrected at all. The DGCA could also suspend or restrict the use of our aircraft in the event of any actual or perceived mechanical or design problems while it conducts its own investigation. Our business would also be significantly harmed if the public avoids flying our aircraft due to an adverse perception of the Boeing 737 or the ATR 72-500 aircraft because of safety concerns or other problems, whether real or perceived, or in the event of an accident involving a Boeing 737 or an ATR 72-500 aircraft.

A number of factors could adversely affect our ability to obtain additional Boeing 737 or the ATR 72-500 aircraft, including any accidents, industrial unrest or natural calamity or other event affecting the manufacturing facilities of The Boeing Company (“Boeing”) or Avions de Transport Régional (“ATR”) and thereby affecting their ability to fulfill their contractual obligations or to do so in a timely manner. We could experience similar problems in the procurement of engines manufactured by CFM International and by Pratt & Whitney Canada Corp.

If these or other parties are unable to perform their contractual obligations to deliver aircraft or engines to us, we would have to approach another supplier for aircraft or engines of a similar seat configuration and mission capability. Airbus is currently the only other manufacturer from which we could acquire alternate aircraft to our Boeing 737 fleet. If we were to purchase aircraft from Airbus, we would lose the fleet commonality benefits described above. We cannot also assure you that any such aircraft would have the same operating advantages as the Boeing 737. In addition, we cannot assure you that we could acquire such aircraft in the same time frame as currently expected or at comparable prices. We would incur substantial transition costs, including costs associated with retraining our employees and replacing our manuals. Our operations could also be harmed by the failure or inability of Boeing, CFM International, ATR or Pratt & Whitney Canada Corp. to provide sufficient parts or related support services on a timely basis.

We rely on maintaining high daily aircraft utilization for our revenues. High aircraft utilization also makes us vulnerable to delays. If an aircraft becomes unavailable, we may suffer greater damage to our service, reputation and profitability than airlines with larger fleets.

One of the key elements of our business strategy is to maintain high daily aircraft utilization, which represents the average number of Block hours operated per day per aircraft for the total aircraft fleet. High daily aircraft utilization allows us to enhance the efficiency of our operations and generate more revenue from our aircraft and is achieved in part by reducing turnaround time at airports so that we can fly more hours on an average in a day. Aircraft utilization is reduced by delays resulting from the following factors, most of which are beyond our control:

- security requirements;
- air traffic and airport congestion;
- adverse weather conditions, especially in North India during winter months;
- defects or mechanical problems with our aircraft;
- unavailability of cockpit and in-flight crew;
- strikes or work stoppages; and

- acts of third parties upon which we rely for requirements such as fueling and maintenance.

In addition, the expansion of our business to include new destinations and more frequent flights on existing routes could increase the risk of delays, to the extent the expansion increases our exposure to congested airports, longer flight durations or air traffic congestion. Delays could reduce our daily aircraft utilization and, in turn, limit our ability to achieve and maintain profitability as well as damage our reputation. Further, high aircraft utilization increases the risk that once an aircraft falls behind schedule during the day, it could remain behind schedule during the remainder of that day, which could result in disruption in operating performance leading to passenger dissatisfaction as a result of delayed or cancelled flights or missed connecting flights.

Our business is dependent on the Mumbai airline market and a reduction in demand in this market could harm our business. Also, any interruptions or disruptions at the Mumbai airport or at any of our other hubs could harm our business.

Currently, 1,008 of our 1,924 weekly flights have Mumbai as either their destination or origin. In addition, we park 19 of our fleet of 42 aircraft at the Mumbai airport overnight. Mumbai is the primary base of our operations. As a result, we remain dependent on the Mumbai airport and airline market. A small part of our workforce at Mumbai is unionized. Our business could be harmed by any circumstances causing a reduction in traffic to and from the Mumbai area, such as adverse changes in economic conditions, work stoppages or slowdowns by our workforce in Mumbai, negative public perception of the city, significant price increases in airport access costs and fees imposed on passengers or the impact of terrorist attacks, strikes or other disturbances in the city or in the State of Maharashtra or neighboring States.

In addition to Mumbai, the other hubs of our operations are Delhi, Bangalore, Chennai and Kolkata. Our operations at each of these hubs include flights that gather and distribute traffic from markets in the geographic region surrounding the hub to other major cities. Any interruptions or disruptions at these airports could also harm our business.

If we commence services to additional international destinations, we will face different risks than those associated with our domestic operations.

We commenced operation of regular scheduled services to destinations in neighbouring countries, such as Colombo, Sri Lanka, and Kathmandu, Nepal, in March 2004 and May 2004, respectively, pursuant to the Government's permission allowing private sector domestic carriers to fly to certain SAARC countries. On January 21, 2005 the DGCA issued AIC No. 2/2005 entitled "Guidelines for Operation of Indian Scheduled Carriers on International Routes" and invited scheduled Indian carriers to apply for the allocation of traffic rights on international routes. Accordingly, we have applied for traffic rights on certain international routes to operate daily air services for the IATA Summer Season 2005 and the IATA Winter Season 2005/2006 commencing March 28, 2005 and October 30, 2005, respectively.

We have been allocated seven weekly frequencies between India and Heathrow, England. We have also been recently allocated certain traffic rights on the India-Malaysia and India-Singapore routes with effect from the IATA Summer Schedule 2005. We have been permitted to operate seven Boeing 737-800 flights per week or 980 seats per week to Malaysia. We have also been permitted to operate seven Boeing 737-800 flights per week on the Mumbai-Singapore sector or 980 seats per week. We have also been permitted to operate three services per week on the India (Mumbai) – Belgium (Brussels) – USA (New York) sector with effect from IATA Summer Schedule 2005. With respect to increased entitlements for some of the aforementioned routes and entitlements for other international routes, the Government is expected to shortly notify its decisions on the allocation of entitlements among the four scheduled carriers (that is, Air India, Indian Airlines, Air Sahara and us). We will thereafter be able to finalize our plans relating to the actual deployment of our aircraft, the number of frequencies that we will operate on various routes as well as conclude associated arrangements.

In our international operations, we will face different risks than those associated with our domestic operations. We have only limited experience in operating flights to international destinations. In particular, for long haul destinations, we would be required to operate bigger, wide-body aircraft than the types that we currently operate. We also would need to procure flight slots from local airport authorities or carriers. These expanded activities could require us to make significant expenditures and/or incur substantial indebtedness. In addition, the operation of such larger aircraft over long routes would involve additional complexities, including securing the services of qualified pilots, flight staff and engineers with international experience.

Factors that may have an impact on our international growth strategy include:

- delay or inability to obtain permissions and approvals from regulatory authorities;
- delay or inability to procure flight slots on terms that are financially viable;

- changes to our cost structure;
- factors affecting demand in international travel to and from India, including the general condition of the global economy;
- operational, financial, marketing and legal challenges (including compliance with foreign laws) that are different from those that we currently encounter;
- our ability to operate and manage in a cost effective manner, a larger operation;
- greater exposure to exchange rate volatility;
- our ability to secure a sufficient number of additional aircraft on favorable lease or purchase terms; and
- our ability to hire, train and retain sufficient numbers of pilots, flight crew and engineers with international experience.

Many of these factors are beyond our control. There can be no assurance that we will be able to successfully expand our international operations, and our failure to do so may have a material adverse effect on our prospects and future results of operations. See “Business – International Operations” on page 59 of this Prospectus.

Our failure to successfully implement our growth strategy would harm the market value of our Equity Shares.

Our growth strategy involves expanding the number of markets we serve, including international markets, and increasing the frequency of flights to the markets we currently serve. Achieving these goals is essential for us to benefit from cost efficiencies resulting from economies of scale and to increase our operating revenues and profits. Increasing the number of markets we serve and our flight frequencies depend on our ability to identify the appropriate Indian and international markets upon which to focus and to gain suitable airport access and route approval in these markets. Any condition that would prevent or delay our access to airports or routes that will be vital to our growth strategy, including the ability to process more passengers, the imposition of flight capacity restrictions, or our ability to maintain existing slots or obtain additional slots could constrain the expansion of our operations.

Expansion of our markets and flight frequencies may also strain our existing management resources and operational, financial and management information systems to the point that they may no longer be adequate to support our operations, requiring us to make significant expenditures in these areas.

In the light of these factors, we cannot assure you that we will be able to successfully establish new markets or expand our existing markets, and failure to do so would harm our strategy, business and the value of our Equity Shares.

We rely heavily on automated systems to operate our business, and any failure of these systems could harm our business.

We depend on automated systems to operate our business, including our computerized airline reservation system, SABRE, global distribution systems (“GDSs”) such as Abacus, Amadeus, Galileo, Sabre GDS and Worldspan, telecommunications systems, websites and other automated systems. Our reservation and website systems must be able to accommodate a high volume of traffic and deliver important flight information. Substantial or repeated reservation, website or telecommunications systems failures could reduce the attractiveness of our services and could cause our customers to purchase tickets from another airline. Any disruption in these systems could result in the loss of important data, increase our expenses and generally harm our business.

Our maintenance costs will increase as our fleet ages.

The average age of our aircraft is currently approximately 4.5 years and our aircraft require less maintenance currently than they will in the future. We also currently incur lower maintenance expenses because some of the parts on our aircraft are under multi-year warranties. As our fleet ages and the warranties on our aircraft expire, our maintenance costs will increase, both on an absolute basis and as a percentage of our operating expenses. For example, in fiscal 2006 and 2007, D Checks are scheduled for nine and eight Boeing 737 aircraft, respectively, which will result in the unavailability of such aircraft for a period of approximately 45 days during each such D Check. Although we cannot reasonably predict how much our maintenance costs will increase in the future, we expect that they will increase.

We may be unable to maintain our company culture as our business grows. If we are unable to attract and retain qualified personnel at reasonable costs, our business may be harmed.

We believe that our growth potential and maintenance of our service-oriented company culture are directly linked to our capacity to attract and maintain the best professionals available in the Indian airline industry. We are dedicated to providing professional, high-quality service in a positive work environment and being innovative in finding ways to improve our business. We place high emphasis on the selection and training of employees with the potential to add value to our business and who we believe fit in with and contribute to our company culture. As we grow, we may be unable to identify, hire or retain enough people who meet the above criteria, or we may have trouble maintaining this company culture as we become a larger company. Our company culture is crucial to our business plan, and failure to maintain that culture could adversely affect our business and results of operations.

Although our labour costs are lower than airlines in developed countries, we expect salaries, wages and benefits to increase on a gross basis and these costs may increase as a percentage of our overall expenses, which could harm our business. Our expansion plans will require us to hire, train and retain a significant number of new employees in the future. From time to time, the airline industry has experienced a shortage of personnel, especially pilots, AMEs and technicians. We have also experienced a high level of attrition of our in-flight crew. Attrition rates for employees (based on the average number of personnel at the beginning of such period and at the end of such period) in fiscal 2002, 2003 and 2004 were 8.9%, 13.2% and 14.1%, respectively, and 5.5% in the six months ended September 30, 2004. In-flight crew attrition rates for such periods were 15.4%, 18.3%, 26.9% and 10.6%, respectively. In addition, attrition rates for airport services staff in fiscal 2002, 2003 and 2004 and for the six months ended September 30, 2004 were 10.6%, 18.3%, 15.9% and 6.8%, respectively. We compete with other airlines for labour in highly skilled positions. For certain of our non-unionized staff such as pilots, cabin attendants and engineers, we have in consultation with such staff agreed to certain annual compensation levels until 2007. These contemplate annual increases in fiscal years 2006 and 2007. Our competitors may offer wage and benefit packages that are more attractive than our wage and benefit packages. We may be adversely affected if highly skilled employees such as pilots, who have been trained by us, leave our employment and join our competitors. If we are unable to attract and retain qualified and skilled employees at a reasonable cost, our business and expansion plans may be adversely affected.

Our success depends in large part upon our senior management, directors and key personnel and our ability to attract and retain them.

We are highly dependent on our senior management, our directors and our other key personnel. Our future performance will depend upon the continued services of these persons. We do not maintain key man life insurance for any of the senior members of our management team, our directors or our other key personnel. Competition for senior management in our industry is intense, and we may not be able to retain our senior management personnel or attract and retain new senior management personnel in the future. The loss of any of the members of our senior management, our directors or other key personnel may adversely affect our business and results of operations.

Mr. Naresh Goyal and Tail Winds have significant control over us, including as a result of the terms of our Articles of Association, and have the ability to direct our business and affairs; their interests may conflict with your interests as a shareholder.

Our promoters, Tail Winds and Mr. Naresh Goyal, will control approximately 80% of our outstanding Equity Shares upon completion of the Offer.

Our Articles of Association confer certain rights on Mr. Naresh Goyal, the NG Group and certain companies controlled by Mr. Naresh Goyal relating to the governance of the Company. Mr. Goyal is the permanent Chairman of the Company and Chairman of our Board, and is entitled to chair all meetings of shareholders or directors, respectively, for so long as he is willing to do so irrespective of the shareholding of Mr. Goyal or the NG Group. In Mr. Goyal's absence at any shareholders' or directors' meeting, one of the directors nominated by the NG Group shall preside. The Chairman shall have the casting vote at any shareholders' or directors' meeting and has the power to direct the convening of any Board meeting. For so long as the NG Group holds 35% or more of the Equity Shares of the Company:

- The NG Group shall be entitled to appoint one third of the Company's directors, which directors may be removed or replaced only by the NG Group;
- The quorum for any meeting of the board of directors shall require the presence of at least one third of its total strength, which must include at least an equal number of directors who are NG Group nominees, unless the absent NG Group nominee directors consent in writing to a quorum requirement being satisfied. However, in the event of a quorum not being available at an adjourned meeting, the directors present shall constitute the quorum and may transact business at such an adjourned meeting;
- The NG Group shall be entitled to designate one or more of its appointed directors as the Managing Director(s), Manager or Executive Director(s) of the Company, and the NG Group shall be entitled to specify the terms of appointment of, or remove, any Managing Director, Manager or Executive Director;
- The quorum for any meeting of shareholders shall require the presence of a representative of the NG Group (although actions may be taken at an adjourned meeting even if an NG Group representative is not present);
- If Mr. Goyal is unable to continue as the Chairman of the Company, then the Chairman of the Board shall act as Chairman of the Company; and
- If Mr. Goyal is unable to continue as the Chairman of the Board, then one of the NG Group Directors shall act as Chairman of the Board.

Accordingly, our promoters and the NG Group have the ability to exercise significant influence over matters requiring shareholders' or directors' approval, even if their ownership interest in our equity capital should be reduced significantly. This control could delay, defer or prevent a change of control of us, impede a merger, consolidation, take-over or other business combination involving us, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us. For further details, see "Main Provisions of the Articles of Association."

We have entered into certain transactions with certain promoter group companies, including with respect to our licenses to use the "Jet Airways" mark and our principal GSA agreement. These transactions may potentially involve conflicts of interest. See "Risk Factors - We do not currently own the 'Jet Airways' mark" and "Related Party Transactions" as set out on pages xix and 124, respectively, of this Prospectus.

We rely on third parties to provide us with facilities and services that are integral to our business.

We have entered into agreements with third-party contractors to provide certain facilities and services required for our operations, such as aircraft maintenance. We expect to enter into similar agreements in any new markets we enter. The loss or expiration of these contracts or any inability to renew them or negotiate contracts with other providers at comparable rates could harm our business. Our reliance on others to provide essential services for us also gives us less control over costs, and the efficiency, timeliness and quality of contract services.

We may be subject to unionization, work stoppages, slowdowns or increased labour costs.

Approximately 11% of our aggregate workforce as of September 30, 2004 was unionized, comprising certain categories of our employees at Mumbai, Delhi and Kolkata. We have entered into memoranda of settlements with the respective unions at Mumbai, Delhi and Kolkata, which are valid from periods between 2005 and 2008. Industrial action or work stoppages by our employees could be disruptive to our operations and could harm our business and results of operations.

We also rely on the services of approximately 2,100 travel agents in India who sell our tickets and who receive commission for the sale of such tickets. Any concerted action by these travel agents against us could adversely affect our results of operations.

We do not currently own the "Jet Airways" mark.

There is significant goodwill in the "Jet Airways" name and trademark, which is a registered trademark in India. The use of the "Jet Airways" trademark (together with certain variations thereof) has been licensed to us for use in India on an exclusive, non-assignable basis by Jet Enterprises Private Limited (a company substantially owned by Mr. Naresh Goyal) ("Jet Enterprises") pursuant to a Trade Marks Registered User Agreement dated October 15, 2000, as amended (the

"Registered User Agreement"). Certain other variations of the "Jet Airways" trademark and certain other related trademarks (for which Jet Enterprises has applied, or proposes to apply for, registration) have also been licensed to us by Jet Enterprises on an exclusive non-assignable basis for use in India pursuant to a Common Law Trade Marks User Agreement dated October 15, 2000, as amended (the "Common Law Agreement"). Once a trademark is registered, such trademark should be licensed to us under a registered user agreement.

Under the Registered User Agreement, we are required to pay Jet Enterprises license fees that vary between 0.10% and 0.20% of our gross revenues (as defined in the Registered User Agreement), while under the Common Law Agreement, we are required to pay a fixed annual license fee of Rs.0.1 million for each trademark licensed under the Common Law Agreement. The Registered User Agreement and the Common Law Agreement are valid for a period of fifteen years, commencing October 2000, and are renewable at the option of Jet Enterprises for a further period of ten years.

Jet Enterprises has taken steps to register the "Jet Airways" mark and related trademarks outside India. The "Jet Airways" trademark is currently registered in Hong Kong, Singapore, U.A.E., the U.K. and Mauritius and Jet Enterprises is seeking to register this trademark in certain other jurisdictions outside India.

Certain parties have raised objections to the registration of the "Jet Airways" trademark in the U.K. and in the United States. For further particulars, see litigation of promoter group companies beginning on page 144 of this Prospectus.

Pursuant to a letter dated December 15, 2004, Jet Enterprises confirmed to us that as long as we are not in default under any registered user agreements or common law agreements pursuant to which Jet Enterprises had licensed trademarks to us, Jet Enterprises will license the use of the "Jet Airways" and related trademarks to us for use in the other countries where Jet Enterprises has registered or applied for registration of the "Jet Airways" trademark and where we seek to operate in the future. Subsequently, however, pursuant to a letter agreement dated January 31, 2005, Jet Enterprises agreed to transfer and assign all its right, title and interest in the "Jet Airways" trademark, other variations thereof and certain other related trademarks to us that are currently owned by Jet Enterprises and are licensed to us. Pursuant to such letter agreement, we and Jet Enterprises have agreed to endeavor to conclude such transfer and assignment by July 31, 2005, subject to applicable laws and regulations and the execution of mutually satisfactory documentation. We had also agreed that the consideration for such transfer and assignment shall be determined by independent certified public accountants of repute to be jointly appointed by us and Jet Enterprises. Subsequently, pursuant to a letter agreement dated February 12, 2005, we and Jet Enterprises have agreed that the consideration payable to Jet Enterprises for the transfer and assignment of all trademark and other intellectual properties owned by Jet Enterprises and licensed to us will not exceed the Rupee equivalent of U.S. $7.5 million. Such consideration amount has been mutually agreed by us and Jet Enterprises based on a valuation by Chaturvedi & Shah, chartered accountants. We have also agreed that the consideration amount will be paid by us on the completion of the transfer and assignment of all such trademarks and other intellectual property, which will be undertaken after consultation with legal counsel and ensuring compliance with applicable laws and regulations and execution of mutually satisfactory documentation. We will also seek to have the copyright in the artistic work relating to the "Jet Airways" mark and variations thereto assigned to us by Jet Enterprises on mutually agreed terms.

We have high levels of indebtedness. If we fail to comply with our financing covenants, some of our financing agreements may be terminated.

As of September 30, 2004, our long-term indebtedness and subordinated debt obligations was Rs.31,481 million, of which approximately 32.2% is on a floating rate basis and linked to LIBOR.

Under certain of our financing agreements, we are required to comply with specified covenants. In addition, certain of our lease agreements require that Tail Winds should continue as the majority shareholder of the Company and Mr. Naresh Goyal should hold not less than 51% of the shares of Tail Winds, and a failure to comply with either condition will result in an event of default. The terms of our financing agreements may limit our ability to obtain additional financing for working capital and other purposes and could result in the diversion of substantial cash flow from our operations to service our financing obligations, thereby limiting our ability to plan for or react to changes in our business and the airline industry and to general economic conditions.

Our general sales agents for India and certain other countries are controlled by our promoter, Mr. Naresh Goyal.

Our general sales agent ("GSA") for India is Jetair Private Limited ("Jetair"), which is controlled by Mr. Naresh Goyal. We have a GSA agreement with Jetair for a period of four years commencing April 1, 2004. Such agreement with Jetair requires Government approval under the Companies Act, and we currently have received approval for such agreement for a period of three years commencing April 1, 2004. Pursuant to such GSA agreement, we pay Jetair an overriding commission of 3% on all passenger sales and 2.5% on all cargo sales. This commission is payable in addition to the sales commissions that is payable to sales and travel agents of 5% on Rupee fares and cargo and 7% on foreign exchange fares. Our agreement with Jetair provides for charge back of certain expenses, including remuneration of certain employees (sales, reservation and service staff) who are rendering services which should be rendered by Jetair as our GSA, computer reservation system ("CRS") costs (up to a maximum of 25% of such CRS costs) and Societe International de Telecommunications Aeronautiques ("SITA") communication charges, in amounts as determined by us. In fiscal 2004 and the six months ended September 30, 2004, commissions to Jetair constituted 2.5% and 3.1%, respectively, of our Total Expenses for such periods. We propose to join the Billing Settlement Plan ("BSP") system in India, an IATA sponsored standardized ticketing and collection system. If we migrate sales to the BSP system, we expect that our GSA agreement with Jetair may require modification.

While we are already a part of the BSP systems in certain countries outside India, there can be no assurance when we will join the BSP system in India or amend the terms of the GSA agreement with Jetair.

In addition, we have GSA agreements with Jet Airways LLC, Dubai, UAE and its two subsidiaries Jet Airways of India Inc., U.S.A. (for U.S.A. and Canada) and India Jet Airways (Pty) Ltd., South Africa (for South Africa). These companies are all promoter group companies. In fiscal 2004 and the six months ended September 30, 2004, commissions to these companies constituted 0.5% and 0.4% respectively, of our Total Expenses for such periods.

Our transactions with these promoter group companies may potentially involve conflicts of interest. There can be no assurance that in such circumstances, our promoter will not favour the interests of Jetair or other promoter group companies over our interests.

Any further issuance of Equity Shares by us or sales of our Equity Shares by Tail Winds or any other major shareholder may adversely affect the trading price of the Equity Shares.

Any future issuance of our Equity Shares by us could dilute your shareholding. Any such future issuance of our Equity Shares or sales of our Equity Shares by Tail Winds or any other major shareholder may also adversely affect the trading price of our Equity Shares, and could impact our ability to raise capital through an offering of our securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares. Upon completion of the Offer, 20% of our post-Offer paid-up equity capital on a fully diluted basis held by Tail Winds will be locked up for a period of three years from the date of allotment of Equity Shares in the Offer. All other remaining Equity Shares that are outstanding prior to the Offer will be locked up for a period of one year from the date of allotment of Equity Shares in the Offer.

The trading price of our Equity Shares may be affected by variations in our results of operations.

We expect our quarterly operating results to fluctuate in the future based on a variety of factors, including:

- the timing and success of our growth plans as we lease or purchase additional aircraft, increase flights in existing markets and enter new markets;
- changes in passenger fares, fuel, aircraft rentals, interest component of hire purchase rentals and maintenance costs; and
- increases in personnel, marketing and other operating expenses to support our anticipated growth.

In addition, seasonal variations in traffic, weather conditions such as fog and poor visibility, and certain expenditures affect our operating results from quarter to quarter. The highest levels of traffic and revenue on our routes are generally realized from October to February. Given our high proportion of fixed costs, this seasonality affects our profitability from quarter to quarter. Many of our areas of operations in North India experience bad weather conditions in the winter, causing increased costs associated with delayed and cancelled flights and accommodating passengers who have been unable to travel.

Due to the factors described above, our operating results may vary from quarter to quarter. In addition, it is possible that in any future quarter our operating results could be below the expectations of investors and any published reports or analyses regarding the Company. In that event, the price of our Equity Shares could decline, perhaps substantially.

The issue of Equity Shares pursuant to our proposed Employee Stock Purchase Scheme or any grant of stock options under our proposed Employee Stock Option Scheme will result in a charge to our profit and loss account and will adversely impact our profits.

After the listing of our Equity Shares in this Offer, we intend to adopt either an Employee Stock Purchase Scheme (the “ESPS”) or an Employee Stock Option Scheme (the “ESOP”) in which eligible employees and directors of the Company and any other person permitted under applicable law or regulation can participate, subject to such approvals as may be necessary. The criterion for selection will be determined by our Board and approved by our shareholders. The ESPS or ESOP will comply with the SEBI (Employee Stock Option and Employee Stock Purchase Scheme) Guidelines, 1999 and the issuance of Equity Shares pursuant thereto will be subject to compliance with all applicable laws and regulations. We propose to issue a maximum of 0.5% of our post-Offer paid-up equity capital for the ESPS or ESOP schemes.

The issue of Equity Shares pursuant to the ESPS or the issue of options under ESOP is likely to occur in fiscal 2006, although there can be no assurance as to the timing of adoption of any such scheme, which may occur in fiscal 2006 or thereafter.

Any issuance of Equity Shares pursuant to the ESPS will result in a charge to our profit and loss account equal to the product of such number of Equity Shares issued and the difference between the applicable market price of our Equity Shares and the price at which our employees and directors will purchase the Equity Shares. We have not as yet determined the issue price at which Equity Shares will be sold, the number of Equity Shares proposed to be issued, the identity of such eligible persons and the timing of adoption of the ESPS scheme or the date of issue of Equity Shares thereunder.

The ESOP scheme will also result in a charge to our profit and loss account equal to the product of the number of Equity Shares proposed to be issued in accordance with the accounting principles used for determining such charge using the fair value method or applicable market price of our Equity Shares. Such charge will be amortized over the vesting period of the stock option. We have not as yet determined the number of stock options to be granted, the exercise price or the number of Equity Shares to be issued, the identity of the eligible persons and the timing of the ESOP scheme.

There are a number of legal proceedings against us, our directors, our promoters and promoter group companies.

We, our directors, our promoters and promoter group companies are parties to certain legal proceedings initiated by or against us that are incidental to our business and operations. These legal proceedings are pending at different stages of adjudication before various courts and tribunals. Should any new developments arise, such as a change in Indian law or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements, which could increase our expenses and our current liabilities. Furthermore, if significant claims are determined against us and we are required to pay all or a portion of the disputed amounts, this may have a material adverse effect on our business and profitability.

We have challenged the grant by the Cochin International Airport Limited (“CIAL”) of an exclusive ground handling services contract to Air India at the Monopolies and Restrictive Trade Practices Commission. As a result of this contract, we are prevented from arranging our own ground handling services (which we are entitled to provide at all other airports in India) and instead are required to use the services of Air India. Under such arrangements, we are required to pay Air India ground handling charges that are significantly greater than the costs we would otherwise have incurred in arranging our own ground handling services. We are currently making payments of a part of such charges to Air India under protest. In the event that we are required to pay Air India the entire outstanding amounts, including any interest payable thereon, our financial condition and results of operations could be adversely affected.

We have filed a writ petition in the High Court, Mumbai (being Writ Petition No.208 of 2001), challenging the order of the Municipal Corporation of Greater Mumbai levying octroi duty (an entry tax) of approximately Rs. 290 million on certain of the Company’s fleet of aircraft. If the imposition of the octroi duty is upheld, our results of operations could be adversely affected.

In addition, there are certain outstanding civil litigation initiated by and against us. We are also subject to certain consumer claims, claims by our employees and certain claims against us by the income tax and sales tax authorities in India. We believe that these claims, even if finally determined against us, will not result in a material adverse effect to our results of operations.

Mr. Naresh Goyal and certain of our promoter group companies are parties to certain legal proceedings by and against them that are incidental to their business and operations. They are subject to certain civil and criminal cases filed against them and certain claims made by the income tax authorities. We believe these claims, even if finally determined against them, will not result in a material adverse effect to our Company's business.

For more information regarding legal proceedings by or against us, our directors, our promoters and our promoter group companies, please see the section entitled "Outstanding Litigation" beginning on page 131 of this Prospectus.

Certain of our promoter group companies are loss making.

Certain of our promoter group companies have incurred losses in the financial years ended March 31, 2002, March 31, 2003 and/or March 31, 2004. For more information, please see the section entitled "Our Promoters and Group Companies" beginning on page 109 of this Prospectus.

We have entered into certain transactions with related parties.

We have entered into various transactions with related parties, including the several promoter group companies, directors and employees. These transactions include the following:

- payments made under GSA agreements with Jetair Private Limited, Jet Airways LLC, Jet Airways of India Inc. and India Jet Airways (Pty) Limited;
- payments for premises leased;
- payment of license fees to Jet Enterprises Private Limited pursuant to trade mark licensing agreements; and
- payments for ground transportation services.

These transactions may potentially involve conflicts of interest. For more detailed information on our related party transactions, see note 14 to our Interim Audited Financial Statements under Indian GAAP. As of September 30, 2004, loans and advances to related parties included a sum of Rs.164.8 million advanced to a private company in which our director is a director/member. The advances were primarily in relation to premises leased by our Company.

As at September 30, 2004, we had contingent liabilities as disclosed in our Statement of Assets and Liabilities under Indian GAAP, and our results of operations could be adversely affected if any of these contingent liabilities materializes.

Our contingent liabilities, as of September 30, 2004, were Rs.4,039 million. These comprised the following:

	(Rs. in millions)
Unprovided income tax demands which are disputed in appeals	37
Unprovided claims against the Company, pending civil and consumer suits	79
Unprovided claims for Octroi duty on aircraft by the Municipal Corporation of Greater Mumbai not accepted by the Company	290
Disputed claims against the Company towards landing and navigation charges made by the AAI	197
Disputed claims against the Company towards ground handling charges levied at Cochin International Airport.	235
Letters of credit outstanding	1,629
Bank guarantees outstanding	1,572
Total	**Rs. 4,039**

Note: In addition to the aforesaid contingent liabilities, we will be required to pay arrears of cumulative dividends aggregating Rs.88 million in respect of the cumulative convertible redeemable preference shares issued to International Finance Corporation ("IFC").

If any of these contingent liabilities materializes, our results of operations could be adversely affected.

We have not entered into any definitive agreements to utilize a substantial portion of the net proceeds of the Fresh Issue.

We intend to use the net proceeds of the Fresh Issue for repayment of debt, capital expenditure and general corporate purposes. See "Objects of the Offer" on page 33 of this Prospectus. We have not entered into any definitive agreements to utilize the net proceeds for capital expenditures relating to investments in equipment, engines and spares, including a flight simulator, or for the purchase of any land in connection with an investment in an integrated training center, or for general corporate purposes. There can be no assurance that we will be able to conclude definitive agreements for such capital expenditures on terms anticipated by us. Pending any use of the net proceeds of the Fresh Issue, we intend to invest the funds in high quality, interest bearing liquid instruments including deposits with banks. These investments will be authorized by our Board or a duly authorized committee thereof. These proposed expenditures have not been appraised by any bank or financial institution.

We will require RBI approval for the redemption of CCRPS issued to IFC.

We intend to use a portion of the net proceeds of the Fresh Issue to redeem the CCRPS issued to IFC. However, we will require RBI approval prior to such redemption. We intend to apply to the RBI for its approval. However there is no certainty that such approval will be obtained in time or on acceptable terms.

External Risk Factors

Substantial increases in fuel costs or the unavailability of sufficient quantities of fuel would harm our business.

Fuel expenditure constitutes a significant portion of our Total Expenses. In fiscal 2002, fiscal 2003, fiscal 2004 and the six months ended September 30, 2004, aircraft fuel expenditure constituted 19.9%, 20.4%, 21.9% and 26.1%, respectively, of our Total Expenses for such periods. Significant increases in fuel costs would harm our financial condition and results of operations.

Historically, our fuel expenditure has been subject to wide price fluctuations in the price of aviation turbine fuel ("ATF"), which is based primarily on the international price of crude oil. The price of crude oil is influenced by geopolitical issues, government regulation and various supply and demand factors, including periods of market surplus and shortage. The price of ATF in India is also dependent on other factors including the following:

- limited competition in India because ATF is currently available at airports from only three Government-controlled companies (Indian Oil Corporation Limited ("IOC"), Bharat Petroleum Corporation Limited ("BPCL") and Hindustan Petroleum Corporation Limited ("HPCL");
- periodic variations in the ex-refinery price charged for ATF by IOC, BPCL and HPCL; the price is fixed every month based on the Arab Persian Gulf Platt ATF prices and the cost of crude oil;
- fluctuations in the exchange rate between the U.S. Dollar and the Rupee, since a substantial percentage of crude oil is imported;
- excise duty on ATF, which is currently 8% (in addition, applicable education cess is also required to be paid);
- sales tax on ATF is levied at all the stations we currently service in India (except for Diu, Leh and Port Blair), and is currently between 4% and 30.55%, with a weighted average of approximately 22.1% for the six months period ended September 30, 2004; and
- inability to enter into price hedging arrangements for fuel supply due to Government regulations, which do not permit domestic airlines such as us to hedge the price of ATF on the basis that we do not import ATF.

Because of the effect of these events on the price and availability of fuel, the cost and future availability of fuel cannot be predicted with any degree of certainty. In the event of a fuel supply shortage or higher fuel prices, we may be required to curtail some of our scheduled services. Also, some of our competitors may have more leverage than us in obtaining fuel. We cannot assure you that future increases in prices of fuel can be offset, in part or at all, by increases in passenger fares.

Lack of airport infrastructure and facilities in India could adversely affect our business.

We, like other airlines, are dependent on the quality of airport infrastructure for our future expansion and the availability and cost of terminal space, slots and aircraft parking are critical to our operations. Two of the key airport facilities from which we operate, Mumbai and Delhi, are highly congested and passenger processing is currently at or near maximum capacity. An increase in the number of airlines operating from Mumbai and Delhi may result in an increase in congestion and delays at these airport facilities, which could have a material adverse effect on our operations. All parking bays for aircraft and prime time departure slots in Mumbai and Delhi are already fully utilized. There is limited availability of parking bays in other major airports we connect. We are expanding our fleet and require additional ground and maintenance facilities, including gates and hangars, and support equipment. These and other required facilities and equipment may be unavailable in a timely or economic manner. Our inability to lease, acquire or access airport facilities on reasonable terms or at preferred times to support our growth could have a material adverse effect on our operations.

In February, 2004, the Government invited expressions of interest in connection with the proposed restructuring and modernization of the airports at Mumbai and Delhi. Work has commenced on green-field airport projects at Bangalore and Hyderabad which are being constructed by private parties. These developments may lead to increases in the cost of using airport infrastructure and facilities and may also result in an increase in related costs such as landing charges. Such increases may adversely affect our operating results.

There are various restrictions under Indian laws and regulations applicable to foreign investment in a domestic airline. The Industrial Policy prohibits foreign airlines from having any direct or indirect equity participation in a domestic airline. In addition, a foreign financial institution or other entity that proposes to hold equity in the domestic air transport sector must not have foreign airlines as its shareholder. Investors, particularly FIIs, should carefully review such foreign investment restrictions prior to making any investment in our Equity Shares.

Pursuant to the industrial policy of the Government of India (the “Industrial Policy”) and the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, as amended (the “FEMA Regulations”), any investment in an Indian domestic airline by persons resident outside India requires the prior approval of the Foreign Investment Promotion Board, the Government of India (“FIPB”). However, the Ministry of Civil Aviation, Government of India (“MoCA”), pursuant to Notification No. AV-13011/10/96-DT (Vol. II) dated November 10, 2004 (published in the Gazette of India on November 13, 2004) has permitted foreign direct investment in the “Air Transport Services (Domestic Airlines)” sector up to 49% through the “automatic route” (i.e. without the prior approval of the FIPB). The November 10, 2004 notification also permits investment by an NRI up to 100% in an Indian domestic airline company under the “automatic route”. The notification also clarifies that no direct or indirect equity participation by foreign airlines is permitted in a domestic airline. Amendments to the FEMA Regulations to reflect the policy changes notified in the November 10, 2004 notification are awaited.

The Reserve Bank of India (the “RBI”), by its A.P. (DIR Series) Circular No. 14 dated September 16, 2003, derecognised Overseas Corporate Bodies (“OCBs”), such as Tail Winds, as an eligible class of investors under the various investment routes/schemes under the rules and regulations promulgated under the Foreign Exchange Management Act, 1999, as amended (“FEMA”). Subsequently, the RBI by its Notification No. FEMA 101/2003-RB dated October 3, 2003, issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003 (the “OCB Regulations”) to this effect. Further, by its A.P. (DIR Series) Circular No.44 dated December 8, 2003, the RBI clarified, among other matters, the following:

- An erstwhile OCB may transfer its shares in an Indian company by way of sale (i) to NRIs in terms of the OCB Regulations (without any prior regulatory approval) and (ii) to residents in terms of the FEMA Regulations (i.e., with the prior approval of the RBI).
- In connection with the transfer of its shares in an Indian company to a non-resident entity (other than an NRI), an erstwhile OCB may seek the prior permission of the FIPB and the RBI.

Subsequently, the RBI by its A.P. (DIR Series) Circular No. 16 dated October 4, 2004 granted general permission for the transfer of shares of an Indian company by Non-Residents (including erstwhile OCBs, such as Tail Winds), to residents, subject to the terms and conditions, including pricing guidelines stipulated in such Circular.

Chaturvedi and Shah, Chartered Accountants, by their letter dated November 2, 2004 addressed to the FIPB, requested the FIPB to confirm/clarify certain regulatory issues. The FIPB was requested, on a no names basis, for certain clarifications on behalf of an Indian company in the domestic airlines sector which was contemplating an initial public offering. The FIPB was informed that the company was promoted by a Non Resident Indian ("NRI") who held the shares of such company through an OCB in which such NRI had a 100% shareholding. The FIPB was further informed that the initial public offering by the company would be made to persons within the definition of Indian residents (including Foreign Institutional Investors ("FIIs") and Qualified Institutional Buyers ("QIBs") registered with SEBI), and would comprise of a fresh issue of shares by the company and an offer for sale of shares in the company by the OCB to such Indian residents.

The FIPB by its letter dated November 5, 2004 bearing No. 9(24)/2004-FIPB clarified that:

- in an initial public offering in Indian capital markets, SEBI registered FIIs and QIBs registered with SEBI are eligible, and no prior approval of the FIPB is required in this regard; and
- a transfer of the shares by an erstwhile OCB in favor of residents, as long as such erstwhile OCB is not on the "adverse list" of the RBI, is permissible, and no prior approval of the FIPB is required in this regard.

Accordingly, investors should note that:

- Equity Shares offered in the Fresh Issue will be allotted only to Indian residents, SEBI registered FIIs and QIBs registered with SEBI, and will not be allotted to multilateral and bilateral developmental financial institutions or other non-resident persons or entities; and
- Equity Shares offered by Tail Winds in the Offer for Sale will be allotted only to Indian residents and NRIs.

No further approvals of the FIPB or the RBI are required for the Allotment of Equity Shares under this Offer. We will be required to make certain filings with the RBI after the completion of the Offer.

The Industrial Policy further prohibits foreign airlines from having any direct or indirect equity participation in a domestic airline. The Industrial Policy does not clearly define the scope of the terms "direct or indirect equity participation". In addition, our permission to operate scheduled services granted by the Director General of Civil Aviation ("DGCA") and the guidelines issued by the DGCA from time to time, including the Aeronautical Information Circular No.4/2004 dated March 1, 2004 issued by the DGCA (the "AIC No. 4") specifies the following restrictions:

- a foreign investing institution or other entity that proposes to hold equity in the domestic air transport sector must not be a subsidiary of a foreign airline;
- a foreign financial institution or other entity that proposes to hold equity in the domestic air transport sector must not have foreign airlines as its shareholder;
- the substantial ownership and effective control of companies operating scheduled services must be vested in Indian nationals; and
- a foreign investing institution or other entity that proposes to hold equity in the domestic air transport sector may have representation on the board of directors of a domestic airline company, but such representation shall not exceed one-third of the total strength of such board.

No person shall make a Bid in pursuance of this Offer unless such person is eligible to acquire Equity Shares of the Company in accordance with AIC No. 4, read with the MoCA Notification No. AV.13011/10/96 DT (Vol II) dated November 10, 2004, and other applicable laws, rules, regulations, guidelines and approvals.

The foreign investment restrictions described above may prevent us from raising funds by the issue of shares or convertible securities to persons resident outside India, reduce our operational flexibility or prevent us from entering into a transaction, such as a takeover, that is in the best interest of our shareholders.

Investors that bid in the Offer will be required to confirm and will be deemed to have represented to the Company, the Selling Shareholder, the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the

Company and will not offer, sell, pledge or transfer the Equity Shares of the Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company. The Company, the Selling Shareholder, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of the Company.

The airline industry in India is subject to extensive regulation. Changes in government regulation imposing additional restrictions on our operations could increase our operating costs and result in service delays and disruptions.

The MoCA is the approving authority for the lease or acquisition of additional aircraft by private airlines. We are also required to operate on certain routes to economically less developed parts of India as specified by the DGCA under its Route Dispersal Guidelines. The DGCA regulates the Route Dispersal Guidelines, and any changes in these guidelines may affect our ability to generate revenues and profits. The DGCA is also the authority that issues and regulates the operating permit of airlines, certifies and registers aircraft, permits increases in route frequencies and administers all related aviation regulations.

In addition, the guidelines issued by the DGCA (including AIC No. 4) stipulate the following restrictions and conditions that affect our business and operations:

- we must be registered and have our principal place of business within India;
- the Chairman of our Board and at least two thirds of our Directors must be citizens of India;
- we must not enter into any shareholders agreement or similar arrangements with a foreign airline or an entity acting on behalf of a foreign airline, which allows such foreign airline to have effective control in our management.
- we are not permitted to enter into an agreement with a foreign airline which may give such foreign airline the right to interfere in the management of our business;
- we are not permitted to enter into financial or commercial tie-ups with a foreign airline;
- no foreign airline is permitted to have management or ownership interest in us;
- we are not permitted to enter into any financial arrangements with a foreign airline for the purpose of lease-finance, hire-purchase or other loan arrangements;
- we are not permitted to enter into management contracts with foreign airlines; and
- we require specific approvals from the DGCA for certain arrangements, such as employing foreign pilots and engineers.

Any adverse change in these regulations or the imposition of additional restrictions and conditions that affect our business and operations could impact our ability to grow.

The Airports Authority of India (“AAI”) determines landing charges, route navigation facility charges, terminal navigation landing charges, allocation of parking bays and allocation of slot timings at 41 of the 42 airports to which we fly in India. For Cochin, a privately owned airport, the CIAL determines landing charges. Our performance can be affected by any adverse increase in such charges, unavailability of parking bays and departure slots required by us.

The Government of India is currently considering permitting private domestic air carriers to fly to additional international destinations. Any delay or inability to obtain permissions and approvals from relevant regulatory authorities could have a material adverse effect on our international expansion strategy and results of operations.

The Indian aviation regulatory framework is undergoing changes. Indian regulatory authorities may re-evaluate foreign investment restrictions and other regulations currently applicable to the Indian airline industry. We cannot yet assess how the evolving regulatory framework will affect our business and results of operations. No assurance can be given that these or other changes in the Indian airline industry regulations will not have a material adverse effect on our business and results of operations.

Exchange rate instability may adversely affect our financial condition and results of operations.

Our revenues are denominated substantially in Rupees and a significant part of our operating expenses, such as fuel, aircraft and engine maintenance services, interest and principal obligations under the terms of our foreign debt and aircraft lease payments are denominated in, or linked to, U.S. Dollars. We face exchange rate risks to the extent that our expenses and debt repayments are denominated in currencies other than Indian rupees. In fiscal 2004, approximately 15% of our Total Revenues were derived from tickets sold in foreign currencies and 25% of our Total Expenses, such as aircraft and engine maintenance services, aircraft lease payments, computer reservation systems costs and aircraft insurance, were in currencies other than Indian Rupees, predominantly U.S. Dollars. In addition, as of September 30, 2004, our long-term indebtedness and subordinated debt obligations aggregated Rs.31,481 million, of which approximately 32.2% was foreign currency denominated.

Since we derive certain revenues in U.S. Dollars, we have a natural hedge to mitigate a part of our exchange rate risk.

While in the past we have entered into derivative contracts with various counterparties to protect ourselves against a depreciation of the Rupee in relation to the U.S. Dollar, there can be no assurance that we will be able to continue to do so. As of September 30, 2004, there were no foreign currency forward contracts outstanding.

Any exchange rate fluctuations that we are unable to effectively hedge against, may lead to a decrease in our profit margins, or to operating losses caused by increases in U.S. Dollar denominated costs, increases in interest expense or exchange losses on unhedged fixed obligations and indebtedness denominated in foreign currency.

The airline industry is characterized by low profit margins and high fixed cost obligations, and we may be unable to compete effectively with other airlines with greater financial resources or lower operating costs.

The airline industry is characterized generally by low profit margins and high fixed cost obligations, primarily for hire purchase charges, engineering and maintenance charges, aircraft fuel, debt service and rent. The expenses of an aircraft flight do not vary significantly with the number of passengers and tonnage of cargo carried and, as a result, a relatively small change in the number of passengers or in pricing could have a disproportionate effect on an airline's operating and financial results. Accordingly, a minor shortfall in expected revenue levels could harm our business.

In addition, the airline industry is highly competitive and is particularly susceptible to price discounting because airlines incur only nominal costs to provide service to passengers occupying otherwise unsold seats. We currently compete with other airlines on all of our routes. We may be unable to compete effectively with other airlines that introduce service or discounted fares in the markets that we serve.

Our reputation and financial results could be harmed in the event of an accident or incident involving our aircraft.

An accident or incident involving one of our aircraft could involve repair or replacement of a damaged aircraft and its consequential temporary or permanent loss from service, and significant potential claims of injured passengers and others. Although we believe we currently maintain liability insurance in amounts and of the type generally consistent with industry practice, the amount of such coverage may not be adequate and we may be forced to bear substantial losses resulting from an accident or incident. Substantial claims resulting from an accident in excess of our related insurance coverage would harm our business and operating results. Moreover, any aircraft accident or incident, even if fully insured, could cause a public perception that we are less safe or reliable than other airlines, which would harm our business.

Airlines are often affected by factors beyond their control, including traffic congestion at airports, weather conditions, bird hits, increased security measures, natural disasters and epidemics, any of which could harm our operating results and financial condition.

We, like other airlines, are subject to delays caused by factors beyond our control, including air traffic congestion at airports, adverse weather conditions, natural disasters, bird hits and increased security measures. Delays frustrate passengers, reduce aircraft utilization and increase costs, all of which in turn affect profitability. During periods of fog, rain, storms or other adverse weather conditions, flights may be cancelled or significantly delayed. Cancellations or delays due to weather conditions, traffic control problems, bird hits and breaches in security could harm our financial condition and results of operations. In addition, any epidemics or infectious outbreaks or other health related concerns that impact customers' willingness to travel could adversely affect our business and results of operations.

The airline industry tends to experience adverse financial results during general economic downturns.

Since a substantial portion of airline travel, for both business and leisure, is discretionary, the airline industry tends to experience adverse financial results during general economic downturns. Soft economic conditions would continue to put pressure on the profitability of the industry and us. Any general reduction in airline passenger traffic will harm our business and results of operations.

Insurance cover is unavailable for certain risks or may be inadequate.

The availability of insurance is fundamental to airline operations. However, insurance cover is generally not available for certain risks such as mechanical breakdowns. We believe our insurance coverage is consistent with industry practice. To the extent that any uninsured risks materialize, our operating results and financial performance could be detrimentally affected.

Insurance costs for airlines increased substantially as a result of the September 11, 2001 terrorist attacks in the United States, and further increases would harm our business.

Following the September 11, 2001 terrorist attacks, aviation insurers dramatically increased airline insurance premiums and significantly reduced the maximum amount of insurance coverage liability available to airlines.

Aviation insurers could further increase their premiums in the event of additional terrorist attacks, hijackings, airline crashes or other events adversely affecting the airline industry. Significant increases in insurance premia would harm our financial condition and results of operations.

Our performance is linked to the stability of policies and the political situation in India.

The role of the Indian central and state governments in the Indian economy as producers, consumers and regulators has remained significant over the years. Since 1991, the Government of India has pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector. Since 1996, the Government of India has changed six times. There can be no assurance that these liberalization policies will continue in the future. The rate of economic liberalization could change, and specific laws and policies affecting airlines, foreign investment, currency exchange rates and other matters affecting investments in Indian companies could change as well. A significant change in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India, thus affecting our business.

The current Indian central government is a coalition of several parties. The withdrawal of one or more of these parties could result in political instability. Any political instability could delay the reform of the Indian economy and could have a material adverse effect on the market for our services.

Terrorist attacks or war or conflicts involving India or other countries could adversely affect business sentiment and the financial markets and adversely affect our business.

Incidents such as the September 11, 2001, terrorist attacks on New York and Washington D.C., and other recent incidents such as those in Bali, Indonesia, and Madrid, Spain, may adversely affect global equity markets and economic growth as well as the Indian economy and stock markets. Such acts negatively impact business and economic sentiment, which could adversely affect our business and profitability.

Also, India has from time to time experienced, and continues to experience, social and civil unrest and hostilities with neighbouring countries. Armed conflicts, particularly between India and Pakistan, could disrupt communications and adversely affect the Indian economy. Such events could also create a perception that investments in Indian companies involve a high degree of risk. This, in turn, could have a material adverse effect on the market for securities of Indian companies, including our Equity Shares. The consequences of any armed conflicts are unpredictable, and we may not be able to foresee events that could have an adverse effect on our business.

After this Offer, the price of our Equity Shares may be volatile, or an active trading market for our Equity Shares may not develop.

Prior to this Offer, there has been no public market for our Equity Shares. The trading price of our Equity Shares may fluctuate after this Offer due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, volatility in the Indian and global securities markets, trends in business and leisure travel, the performance of the Indian and global economy and significant developments in India's fiscal regime. There can be no assurance that an active trading market for our Equity Shares will develop or be sustained after this Offer, or that the price at which our Equity Shares are initially offered will correspond to the prices at which they will trade in the market subsequent to this Offer.

Note to Risk Factors

- Public offer of 17,266,801 Equity Shares for cash at a price of Rs.1100 per Equity Share, aggregating Rs.18,993 million, comprising a Fresh Issue of 14,245,111 Equity Shares by the Company and an Offer for Sale of 3,021,690 Equity Shares by the Selling Shareholder. The Offer comprises a Net Offer to the public of 16,066,801 Equity Shares and an Employee Reservation Portion of 1,200,000 Equity Shares. The face value of the Equity Shares is Rs.10 and the Offer Price is 110 times of the face value. The Offer will constitute 20% of the fully diluted post Offer paid-up equity capital of the Company.
- The book value per Equity Share was Rs.17.81 and Rs.26.46 as of March 31, 2004 and as of September 30, 2004, respectively, as per our restated financial statements under Indian GAAP.
- The net worth of the Company was Rs.2,164 million and Rs.2,848 million as of March 31, 2004 and as of September 30, 2004, respectively, as per our restated financial statements under Indian GAAP.
- The average cost of acquisition of our Equity Shares by our promoters is Rs.8.70 per Equity Share.
- Investors may note that in case of over-subscription in the Offer, allotment to Non Institutional Bidders, and Retail Individual Bidders shall be on a proportionate basis. For more information, see "Method of Proportionate Basis of Allotment" on page 183 of this Prospectus.
- For any clarification or information relating to the Offer, investors are free to contact the BRLMs, who will be obliged to provide such clarification or information to the investors.
- Investors may contact the BRLMs and the Syndicate Members for any complaints pertaining to the Offer.
- Investors are advised to see "Basis for Offer Price" on page 179 of this Prospectus.
- For information on changes in the name of the Company, see "History and Certain Corporate Matters" on page 61 of this Prospectus.

SUMMARY

You should read the following summary together with the Risk Factors and the more detailed information about us and our financial statements included in this Prospectus.

Overview

We are a leading airline in India, providing regular scheduled services on routes between all of India's major cities. We are the largest domestic airline in India in terms of revenue passengers carried in fiscal 2004 and the six months ended September 30, 2004. We believe that our focus on providing high-quality, reliable service has enabled us to become the preferred airline for travellers in India.

We have flown over 48 million revenue passengers (defined as fare paying passengers flown on all flight segments) since commencing operations on May 5, 1993 until November 30, 2004. We flew approximately 5.82 million revenue passengers in fiscal 2002, 6.41 million revenue passengers in fiscal 2003, 6.91 million revenue passengers in fiscal 2004 and 3.78 million revenue passengers in the six months ended September 30, 2004. Our share of the domestic market based on revenue passengers was 11.2% in fiscal 1995, 45.3% in fiscal 2002, 45.9% in fiscal 2003, 45.3% in fiscal 2004 and 42.3% in the six months ended September 30, 2004. Source: DGCA

Our aircraft fleet currently comprises 42 aircraft, of which 34 are Boeing 737 aircraft and eight are ATR 72 aircraft. We currently provide regular scheduled services to 42 destinations in India and two destinations outside India and currently operate 1,924 flights weekly.

We intend to maintain a disciplined growth strategy by increasing frequency on our existing routes and entering attractive new markets. Our aircraft fleet has grown from four aircraft in 1993 to 42 aircraft today. Operating a fleet consisting of limited types of aircraft lowers our operating costs as maintenance issues are simplified, spare parts inventory requirements are reduced, scheduling is more efficient and training costs are lower, ground time is reduced and reliability is enhanced. The current average age of our aircraft is approximately 4.5 years. We believe our average fleet age compares favourably with airlines of our size in India and overseas.

We commenced operation of regular scheduled services to destinations in neighbouring countries, such as Colombo, Sri Lanka, and Kathmandu, Nepal, in March 2004 and May 2004, respectively. Following the decision of the Union Cabinet to change the aviation policy on December 29, 2004 and permit Indian scheduled carriers with a minimum of five years of continuous operations and with a minimum of 20 aircraft in its fleet, to operate scheduled services to other international destinations, the MoCA has, on January 11, 2005, designated us as an Indian carrier permitted to operate international services to and from Singapore, Malaysia, Thailand, Hong Kong, the United Kingdom and the United States of America. Following such designation by MoCA, on January 21, 2005, the DGCA issued AIC No. 2/2005 entitled "Guidelines for Operation of Indian Scheduled Carriers on International Routes" and invited scheduled Indian carriers to apply for the allocation of traffic rights on international routes. We have been allocated seven weekly frequencies between India and Heathrow, London. We have also been recently permitted to operate in the India-Malaysia and India-Singapore routes with effect from the IATA Summer Schedule 2005. We have been permitted to operate seven Boeing 737-800 flights per week or 980 seats per week to Malaysia. We have also been permitted to operate seven Boeing 737-800 flights per week on the Mumbai-Singapore sector or 980 seats per week. We have also been permitted to operate three services per week on the India (Mumbai) – Belgium (Brussels) – USA (New York) sector with effect from IATA Summer Schedule 2005. With respect to increased entitlements for some of the aforementioned routes and entitlements for other international routes, the Government is expected to shortly notify its decisions on the allocation of entitlements among the four scheduled carriers (that is, Air India, Indian Airlines, Air Sahara and us). We will thereafter be able to finalize our plans relating to the actual deployment of our aircraft, the number of frequencies that we will operate on various routes as well as conclude associated arrangements.

Our Operating Revenues have increased from Rs.25,263 million in fiscal 2002 to Rs.28,757 million in fiscal 2003 and Rs.34,474 million in fiscal 2004. In the six months ended September 30, 2004, our operating revenues were Rs.19,264 million, an increase of 17.9% from our operating revenues of Rs.16,345 million in the six months ended September 30, 2003. Market growth, increase in our fleet size, our pricing strategy and our entry into new markets have been primarily accountable for increases in our revenues.

Tail Winds Limited, an Isle of Man company, holds over 99.99% of our Equity Shares. Tail Winds Limited is wholly-owned by Mr. Naresh Goyal. Mr. Naresh Goyal, our Chairman, has more than three decades of management and operational experience in the travel and airline industry and brings the benefit of this expertise to our business strategy.

Competitive Strengths

We believe the following are our principal competitive strengths, which differentiate us from other airlines:

Focus on business travel: We offer several services directed towards the convenience of the business traveller, including telephone check-in facilities, through and "in-city" check-in facilities, priority baggage service, high frequency services on major routes, same-day return flights on major routes at convenient timings, point to point connections, providing flight information on cellular phones of customers, our customer loyalty program, e-ticketing, business class section on almost all flights and airport lounges for business class passengers at most airports. These facilities and our focus on providing high-quality reliable service have contributed to us becoming the preferred airline for business travellers in India.

Young fleet comprising limited types of aircraft: Our young fleet has enabled us to enjoy a high degree of performance reliability and to develop a reputation for being an airline that delivers a safe, on-time, modern and comfortable travel experience. Our aircraft types provide us with state-of-the-art technology and simplified maintenance procedures that allows us to make adjustments to effectively manage our response to market developments. 34 of our fleet of 42 aircraft are Boeing 737 variants and the remaining eight are ATR 72-500 aircraft. We were the first airline to introduce the Boeing 737 NG aircraft in India. Operating a fleet of limited types of aircraft leads to increased cost savings in terms of maintenance and spare parts, scheduling is more efficient and employee efficiency and productivity are increased.

Utilizing our aircraft efficiently: In fiscal 2004 and the six months ended September 30, 2004, our aircraft operated an average of 9.46 and 9.84 hours per day, respectively. By achieving high utilization, we are able to optimize crew movement, spread our fixed costs over a greater number of flights and available seat kilometers. We achieve high aircraft utilization because:

- newer aircraft can be scheduled to fly more hours per day as they are more reliable and require less maintenance than older aircraft; and
- our staff are able to achieve quick, efficient, airport turnarounds which enable us to increase the number of daily flights per aircraft.

Strong brand and customer loyalty: We believe that we have established a strong brand that helps to distinguish us from our competitors by identifying us as a safe and reliable airline that is highly focused on customer service and that provides an enjoyable flying experience. We believe that our focus on every aspect of customer service, such as our choice of aircraft, aircraft interiors, our care of passengers in-flight and on the ground, our attention to detail, the convenient connections which we offer and our high reliability, has enhanced brand awareness and our reputation for quality. We believe that our strong brand has enabled us to establish alliances with other leading brands for our unique frequent flyer programs, including with international airlines, domestic and international hotels, a car rental company and for a co-branded credit card.

Some of the key areas of our customer focus are:

- our fleet of modern generation aircraft with custom designed aircraft interiors;
- our friendly and efficient in-flight service, with meals or heavy snacks being served on nearly all flights;
- high on-time performance;
- tele check-in facilities for business class travellers and Jet Privilege members;
- city check-in facilities in Mumbai, Delhi, Kolkata, Chennai and Bangalore;
- same day return check-in facilities;
- our Jet Privilege frequent flyer program; and
- e-ticketing in accordance with IATA standards and on-line reservations.

We also offer through check-in facilities to passengers of 11 leading international airlines to and from our connecting destinations. We also believe that our five-tier "Jet Privilege" loyalty program is an innovative program among those offered by other domestic airlines in India.

We believe we are meeting and exceeding our customer service expectations. We have received numerous awards that recognize the quality of our service, including the Business World award for the most respected company in the travel and hospitality sector in 2003 and 2004, the Best Domestic Airline of Asia by the Asian readers of Travel Trade Gazette for the years 2003 and 2004 and the Financial Express Business Traveller Award (Domestic Airline Category) for Business Class, Economy Class and Best Service (Airport and In flight) in 2003 and 2004.

Motivated workforce and proven management team: We benefit from a highly motivated workforce that brings high enthusiasm to air travel and a commitment to superior standards of friendly and reliable quality service that we believe distinguishes us in our markets. We believe that the positive feedback we have received from our customers is directly a result of the priority our employees place on delivering top quality customer service. We invest a significant amount of time and resources into carefully developing the best training practices and selecting individuals to join our team who share our focus on quality and improvement. We conduct ongoing training programs that incorporate industry best practices and encourage strong and open communication channels among members of our team so that we can continue to improve the services we provide. We are led by a management team with significant airline industry experience.

Access to facilities at major airports in India: The major hub of our operations is Mumbai where 19 of our fleet of 42 aircraft are parked (of which 18 have been allotted overnight parking bays and one aircraft is parked for a few hours at night), followed by 12 in Delhi, six at Chennai, three in Kolkata and two at Bangalore. Our access to overnight parking bays and landing slots at these five hubs helps us to originate flights from these cities. It also enhances our aircraft utilization and efficiency of our maintenance activities.

Extensive sales and distribution network: We have access to the sales and distribution network of Jetair, which is a leading GSA in India with offices in approximately 69 locations. Jetair represents, in addition to us, 15 international airlines in India. In addition, we are represented by general sales agents in 74 countries outside India that sell and/or distribute our tickets to international in-bound passengers. Our airline reservation system is hosted on SABRE. We offer 24-hour reservations services at Mumbai, Delhi, Kolkata and Chennai. We also have agreements with major GDSs, including Abacus, Amadeus, Galileo, Sabre GDS and Worldspan. We have entered into interline agreements with major international airlines and marketing cooperation agreements with three international airlines. We have joined billing settlement plan programs in North America, U.K., France, Germany, Switzerland and other key countries. We introduced e-ticketing and direct internet booking in July 2004. We intend to encourage the use of direct internet bookings by our customers because we believe it is an efficient distribution channel.

Business Strategy

The key elements of our business strategy include:

Differentiate our product and service: We believe a key to our long-term success is that we offer customers a better alternative in airline travel. We offer our passengers a unique flying experience by providing new aircraft, pre-assigned seating, reliable performance, meals on nearly all flights, city check-in facilities in Mumbai, Delhi, Kolkata, Chennai and Bangalore, tele check-in facilities for business class travellers and Jet Privilege members, same day return check-in facilities and a well developed frequent flyer program. We place high emphasis on customer service and quality. We intend to continue to communicate openly with our customers regarding their needs and areas which require continued improvement. Based on customer feedback, we believe that passengers prefer our customer service to that of our competitors and that this preference is an important factor in their decision to fly with us over other airlines.

Continue to maintain a young fleet comprising a minimal number of different aircraft types: We intend to continue our strategy of maintaining a young fleet and a minimal number of different aircraft types to preserve the simplicity of our operations and control our operating costs.

Maximize revenues through efficient use of technology, focused marketing and optimization of resources: We intend to continue to maximize our revenues through efficient use of technology, focused marketing and optimization of resources. For this purpose, we use a state-of-the-art yield management system developed by SABRE. We also intend to continue to focus on improving productivity and unit costs through reduction of recurring maintenance costs and more efficient utilization of our crew.

Further strengthen the brand name under which we operate: We intend to continue to enhance the "Jet Airways" brand recognition in the marketplace through brand building efforts, communication and promotional initiatives such as participation in industry events, public relations and investor relations efforts. We believe that these initiatives, as well as the listing of our Equity Shares, will enhance the visibility of our brand name and strengthen our recognition as a leader in the Indian aviation industry.

Focus on domestic aviation sector: We intend to further penetrate our key markets in India by increasing the number of flights per day on our key routes and commencing flights to new destinations in India. We believe that this is important to passengers who choose airlines based on depth of schedule. We intend to continue our focus on providing high-quality services and facilities to our customers to consolidate our position as a preferred airline for business travellers in India.

Operate flights to select international destinations, subject to obtaining necessary Governmental approvals and other conditions. The Government has recently designated us as an Indian carrier permitted to operate international services to and from Singapore, Malaysia, Thailand, Hong Kong, the United Kingdom and the United States of America. We have been allocated seven weekly frequencies between India and Heathrow, London. We have also been recently permitted to operate seven Boeing 737-800 flights per week or 980 seats per week in the India-Malaysia and India-Singapore routes as well as operate three services per week on the India (Mumbai)-Belgium (Brussels) – USA (New York) sector with effect from IATA Summer Schedule 2005. We expect to hear shortly on the allocation of increased entitlements for some of the aforementioned routes and for certain other international routes that we plan to fly.

With our reputation for high-quality performance and service and customer awareness of our brand in India and overseas, we believe that we are well placed to take advantage of these new opportunities, which are attractive due to prevailing market conditions, the traffic and revenue growth potential and the present levels of operations and quality and standards of service to international destinations.

We believe that our existing worldwide GSA representations, agreements with GDSs and our global marketing initiatives will provide strong support to such international operations. Our market assessment indicates that there is a significant demand from international passengers who use our airline for travel on domestic routes, particularly from persons of Indian origin, NRIs and business travellers who visit the country and travel within India. There is also potential demand from resident Indians who travel overseas and who are familiar with our airline.

Our strategy in respect of operations on international routes will continue to be determined by:

- our ability to leverage our brand, our network, service standards and our relationships with other international airlines;
- our estimates of demand and traffic flows as established through market studies;
- the estimated financial results on each route;
- maintaining our operating efficiencies and our existing cost structure; and
- optimizing our existing human resources.

Reduce existing high interest debt: We have significant financing obligations, relating to debt incurred in connection with financing the purchase of our aircraft and engines as well as operating leases for our aircrafts and engines. We believe that reducing significant financing obligations will improve our ability to meet our strategic goals. We intend to reduce our existing high interest debt, including through utilization of the proceeds of the Fresh Issue.

Continue to focus on personnel training and on motivating our workforce: We intend to continue to focus on personnel training to improve employee productivity and to ensure that our employees understand our core strategies. We believe in open communication, which creates a dynamic working environment and in setting out clear well defined policies and goals. We intend to continue providing competitive wages and incentives to motivate our workforce.

THE OFFER	
Equity Shares offered by:	
Fresh Issue by the Company	14,245,111 Equity Shares
Offer for Sale by the Selling Shareholder	3,021,690 Equity Shares
Total	17,266,801 Equity Shares
Of which:	
Employee Reservation Portion	1,200,000 Equity Shares
Therefore:	
Net Offer to the Public	16,066,801 Equity Shares
QIB Portion	At least 9,640,081 Equity Shares (Allocation on a discretionary basis)
Non Institutional Portion	Up to 2,410,020 Equity Shares (Allocation on a proportionate basis)
Retail Portion	Up to 4,016,700 Equity Shares (Allocation on a proportionate basis)
Equity Shares outstanding prior to the Offer	72,088,900 Equity Shares
Equity Shares outstanding after the Offer	86,334,011 Equity Shares
Objects of the Offer	Please see the section entitled “Objects of the Offer” on page 33 of this Prospectus.

SUMMARY FINANCIAL INFORMATION

SEBI Guidelines require us to include summary financial statements information as restated to reflect the retrospective effect of the accounting policies adopted by the Company as of September 30, 2004 ("Summary Restated Statements"). The following summary financial information, other than for the six months ended September 30, 2003, has been extracted from the Summary Restated Statements prepared in accordance with Indian GAAP, the Companies Act and SEBI Guidelines, included in the section entitled "Financial Information". The Summary Restated Statements have been examined as described in the joint Auditors Report of Deloitte Haskins & Sells and Chaturvedi & Shah dated December 20, 2004, in the section entitled "Financial Information". The Auditors' Report refers to the auditors' reliance on the financial statements audited by C.C. Chokshi & Company for the years ended March 31, 2000, March 31, 2001, March 31, 2002, March 31, 2003 and March 31, 2004.

This Prospectus also includes audited financial statements for the six months ended September 30, 2004, prepared in accordance with Indian GAAP and which have not been restated in accordance with SEBI Guidelines (the "Interim Audited Financial Statements"). The Interim Audited Financial Statements have been audited by Deloitte Haskins & Sells and Chaturvedi & Shah as described in their audit report dated December 20, 2004 included in the section entitled "Financial Information". The summary financial statements given below for the six months ended September 30, 2003 have not been restated in accordance with SEBI Guidelines, and have been extracted from the audit report for such period prepared by Deloitte Haskins & Sells and Chaturvedi & Shah, which audit report is not included in this Prospectus.

You should read this summary information in conjunction with our Summary Restated Statements and Interim Audited Financial Statements including the significant accounting policies and notes thereto and the reports thereon and also the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in this Prospectus. Financial statements prepared in accordance with Indian GAAP differ in certain significant respects from financial statements prepared under IFRS or U.S. GAAP. See the section entitled "Summary of Significant Differences between Indian GAAP, IAS/IFRS and U.S. GAAP" on page 271 of this Prospectus for more information.

Summary of Statement of Profits and Losses

	Year ended March 31,					Six months ended September 30,	Six months ended September 30,
	2000	2001	2002	2003	2004	2003	2004
				(Rs. thousands)			
Income							
Operating revenues	19,817,591	25,000,523	25,262,865	28,756,808	34,474,211	16,344,486	19,264,181
Non-operating revenues	226,076	275,606	1,234,156	664,184	1,183,183	457,026	402,545
Total Revenues	**20,043,667**	**25,276,129**	**26,497,021**	**29,420,992**	**35,657,394**	**16,801,512**	**19,666,726**
Expenditure							
Employees Remuneration and Benefits	1,659,879	2,215,435	2,299,294	2,634,482	2,822,436	1,399,394	1,738,827
Aircraft Fuel	3,961,878	5,640,711	5,289,985	6,504,024	7,417,838	3,554,376	4,713,116
Selling & Distribution Expenses	2,923,772	3,653,776	3,727,195	4,150,324	4,263,982	1,983,440	2,527,210
Other Operating Expenses (including maintenance & airport charges etc)	6,016,374	7,344,013	7,152,294	8,514,217	9,062,341	4,700,001	4,575,707
Aircraft rentals	2,400,732	2,476,122	2,965,100	2,780,264	2,266,428	1,205,254	1,006,666
Depreciation	2,086,104	2,600,276	3,488,334	4,732,715	5,151,543	2,545,562	2,290,861
Interest	868,432	1,208,982	1,708,712	2,561,344	2,891,401	1,568,238	1,232,231
Total Expenses	**19,917,171**	**25,139,316**	**26,630,914**	**31,877,370**	**33,875,969**	**16,956,265**	**18,084,618**
EBITDAR(1) (4)	5,255,688	6,146,587	6,794,097	6,953,761	10,907,614	4,707,275	5,709,321
EBITDA(2) (4)	2,854,956	3,670,465	3,828,997	4,173,497	8,641,186	3,502,021	4,702,655
EBIT(3) (4)	768,852	1,070,189	340,663	(559,218)	3,489,643	956,459	2,411,794
Profit (Loss) before taxation	**126,496**	**136,813**	**(133,893)**	**(2,456,378)**	**1,781,425**	**(154,753)**	**1,582,108**
Profit (Loss) after taxation as per audited accounts	**101,750**	**124,813**	**(134,313)**	**(2,444,501)**	**1,631,095**	**(155,023)**	**1,293,597**

(1) EBITDAR is defined as profit before interest, taxation, depreciation, amortization and aircraft rentals (fixed), excluding Non-operating Revenues and excluding any adjustments to profit as required under SEBI Guidelines.

(2) EBITDA is defined as profit before interest, taxation, depreciation and amortization, excluding Non-operating Revenues and excluding any adjustments to profit as required under SEBI Guidelines.

(3) EBIT is defined as profit before interest and taxation, excluding Non-operating Revenues and excluding any adjustments to profit as required under SEBI Guidelines.

(4) The Company believes that EBITDAR, EBITDA and EBIT provide useful information but should not be considered as an indication of, or as an alternative to, profit attributable to shareholders or as an alternative to cash flow as a measure of liquidity. Other companies may calculate EBITDAR, EBITDA and EBIT in a different manner than the Company.

Summary of Statement of Profits and Losses, as Restated

	Year ended March 31,					Six months ended September 30, 2004
	2000	**2001**	**2002**	**2003**	**2004**	
				(Rs. thousands)		
Profit (Loss) after taxation as per audited accounts (A)	101,750	124,813	(134,313)	(2,444,501)	1,631,095	1,293,597
Add (Less):						
Total of adjustments after tax impact	90,048	193,480	(176,735)	1,249,038	(139,230)	(609,682)
Net Profit (Loss), as restated	**191,798**	**318,293**	**(311,048)**	**(1,195,463)**	**1,491,865**	**683,915**

Summary of Statement of Assets and Liabilities, as Restated

	As of March 31,					As of September 30, 2004
	2000	**2001**	**2002**	**2003**	**2004**	
				(Rs. thousands)		
Net fixed assets (including capital work in progress)	15,345,883	17,116,102	33,650,288	32,442,917	27,431,100	25,881,118
Investments	-	-	-	597,000	2,334,164	5,008,292
Current assets, loans and advances	7,094,010	8,334,750	10,738,007	12,071,587	11,321,551	11,929,708
Of which:						
Cash and bank balances	2,466,836	2,577,452	4,286,178	4,719,502	3,699,412	3,886,425
Current liabilities and provisions	3,823,755	4,351,581	6,988,045	6,582,603	6,209,711	7,113,230
Deferred tax (Asset)/Liability	709,477	983,804	897,467	32,087	612,818	1,376,662
Loans	16,556,083	17,833,194	31,996,450	34,983,525	29,019,090	28,139,790
Of which:						
Secured loans	1,684,000	2,131,753	732,000	2,005,361	603,433	600,000
Unsecured loans	14,872,083	15,701,441	31,264,450	32,978,164	28,415,657	27,539,790
Subordinated debt	-	-	2,640,000	2,840,733	3,080,775	3,341,100
Net worth	1,350,578	2,282,273	1,866,333	672,556	2,164,421	2,848,336
Of which:						
Share capital	720,889	1,419,177	1,419,177	1,419,177	1,419,177	1,419,177

Summary of Key Financial Ratios

	As of March 31,					As of September 30, 2004
	2000	**2001**	**2002**	**2003**	**2004**	
EPS(1) (Basic) (Rs.)	2.66	4.25	(5.34)	(17.84)	19.44	8.70(4)
Cash EPS(2) (Basic) (Rs.)	32.50	41.75	45.05	50.03	90.65	41.96(4)
Net asset value per Equity Share (Rs.)	18.73	21.97	16.20	(1.64)	17.81	26.46
Return on Net Worth	14.20%	13.95%	(16.67%)	(177.75%)	68.93%	24.01%
EBITDAR margin(3)	26.52%	24.59%	26.89%	24.18%	31.64%	29.64%

(1) Earnings per Equity Share.

(2) Net profit after tax and annualized return on preference capital before depreciation and provision for obsolesence divided by total number of Equity Shares.

(3) EBITDAR margin is calculated by dividing EBITDAR for the relevant period by Operating Revenues for such period.

(4) The EPS for September 30, 2004 is not comparable with that of other periods as it is not annualized.

Summary of Operating Data

	As of and for the year ended March 31,			As of and for the six months ended September 30,	
	2002	**2003**	**2004**	**2003**	**2004**
Passengers carried (millions)	5.82	6.41	6.91	3.27	3.78
ASKMs(1) (millions)	7,780	8,496	9,162	4,542	4,796
RPKMs(2) (millions)	4,777	5,291	5,852	2,771	3,245
Passenger Load Factor(3) (%)	61.4%	62.3%	63.9%	61.0%	67.7%
Number of aircraft at period end	38.0	41.0	41.0	39.0	41.0
Average number of aircraft during period	34.9	38.9	40.8	40.6	41.0
Number of domestic stations served (+ international stations served)	44	40	41 (+1)	40	42 (+2)
Aircraft utilization(4) (hours/day per aircraft)	9.66	9.41	9.46	9.48	9.84
Average stage length (kilometres) (5)	792	805	816	821	818

(1) Available Seat Kilometers; represents the aircraft seating capacity multiplied by the number of kilometres the seats are flown.

(2) Revenue Passenger Kilometers; represents the number of kilometres flown by revenue passengers.

(3) Passenger Load Factor represents Revenue Passenger Kilometres expressed as a percentage of Available Seat Kilometres.

(4) The average number of Block hours operated per day per aircraft for the total aircraft fleet.

(5) The average number of kilometres flown per flight.

RECENT DEVELOPMENTS

The unaudited Balance Sheet as of December 31, 2004, the Statement of Profit and Loss and the Statement of Cash Flows for the nine months ended December 31, 2004 and 2003, together with the review report prepared by Deloitte Haskins & Sells and Chaturvedi & Shah, dated February 2, 2005 relating to such financial statements of the Company are included on page 258 of this Prospectus. These unaudited financial statements have not been restated in accordance with SEBI Guidelines.

The unaudited Balance Sheet of the Company as at December 31, 2004, and the related Statement of Profit and Loss for the nine months ended December 31, 2004 are as follows:

CONDENSED BALANCE SHEET AS AT DECEMBER 31, 2004

1. Sources of Funds	**(Rs. thousands)**	**As at December 31, 2004 (Rs. thousands)**
1. Shareholders' Funds :		
a) Share Capital		
Equity		
Preference		720,889
		698,288
		1,419,177
b) Reserves and Surplus		**4,237,100**
((including Revaluation Reserve Rs. 2,768,069 (previous year Rs. 3,875,685))		
		5,656,277
2. Subordinated Debt		3,341,100
3. Loan Funds :		
a) Secured Loans		600,000
b) Unsecured Loans		26,393,389
		26,993,389
4. Deferred Tax Liability		
		1,304,458
Total		**37,295,224**
II. Application of Funds		
1. Fixed Assets;		
a) Gross Block		
Tangible assets	51,510,224	
Intangible assets	114,877	51,625,101
b) Less : Depreciation/ Amortisation		24,613,366
c) Net Block		27,011,735
d) Capital Work-in-progress		221,332
		27,233,067
2. Investments		4,546,364
3. Current Assets, Loans and Advances:		
a) Inventories		3,242,887
b) Sundry Debtors		3,021,356
c) Cash and Bank Balances		6,917,659
d) Loans and Advances		1,909,039
		15,090,941

Less : Current Liabilities and Provisions	
a) Current Liabilities	6,622,396
b) Provisions	2,952,752
	9,575,148
Net Current Assets	**5,515,793**
4. Profit & Loss Account	_
Total	**37,295,224**

CONDENSED PROFIT AND LOSS ACCOUNT FOR THE NINE MONTHS PERIOD ENDED DECEMBER 31, 2004

	(Rs. thousands)	**For the nine months period ended December 31, 2004 (Rs. thousands)**
INCOME :		
Operating Revenues		31,346,550
Non-Operating Revenues		629,093
Total		31,975,643
EXPENDITURE :		
Employees Remuneration and Benefits		2,677,551
Aircraft Fuel Expenses		7,847,695
Selling & Distribution Expenses		3,979,951
Other Operating Expenses` (including Maintenance, Airport Charges, etc)		7,025,475
Aircraft Lease Rentals		1,495,125
Depreciation	4,146,218	
Less : Depreciation on amount added on Revaluation charged to Revaluation Reserve	726,766	
		3,419,452
Interest		1,853,126
Total		28,298,375
		3,677,268
PROFIT BEFORE TAXATION		
Provision for Taxation		
Current Tax (including provision for Wealth Tax Rs. 410, Previous Period Rs. 300)		290,410
Deferred Tax		797,007
PROFIT AFTER TAXATION		**2,589,851**

GENERAL INFORMATION

Authority for the Offer

Jet Airways

The Fresh Issue by the Company has been authorized by a resolution of its Board of Directors passed at their meeting held on November 4, 2004, subject to the approval of the shareholders through a special resolution to be passed pursuant to Section 81(1A) of the Companies Act. The shareholders approved the Fresh Issue of Equity Shares at an EGM of the shareholders of the Company held on December 28, 2004. Pursuant to the authority granted by the Board of Directors of the Company at its meeting held on November 4, 2004, a Committee of the Board approved the Fresh Issue by the Company on January 4, 2005.

Selling Shareholder

The Offer for Sale has been authorized by a resolution of the board of directors of Tail Winds Limited dated December 28, 2004, which has also (i) authorized the Company to take decisions on its behalf in relation to the Offer and (ii) appointed the Company to act as its attorney with respect to any matter in connection with the Offer. The Selling Shareholder assumes no responsibility for any of the statements made by the Company in this Prospectus relating to the Company, its business and related disclosures, except statements relating to the Selling Shareholder.

Prohibition by SEBI

Our Company, our Directors, our promoters, the directors and persons in control of our promoters, our group companies, other companies promoted by our promoters and companies with which our Company's Directors are associated as directors, have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

Eligibility for the Offer

Our Company is eligible for the Offer in accordance with Clause 2.2.2 of the SEBI Guidelines as described below:

- The Offer is made through the 100% Book Building Process wherein a minimum of 50% of the Net Offer will be allotted to QIBs; and
- The post-Offer capital of the Company shall be more than Rs.100 million.

  Further, the Offer is subject to the fulfillment of the following conditions as required under Clause 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended ("SCRR"):

- A minimum of 2,000,000 Equity Shares (excluding reservations, firm allotments and promoters contribution) are offered to the public;
- The Net Offer size, which is the Offer Price multiplied by the number of Equity Shares offered to the public, is a minimum of Rs.1,000 million; and
- The Net Offer is made through the Book Building Process with allocation of 60% of the Offer size to QIBs as defined under the SEBI Guidelines.

The Company undertakes that the number of transferees and allottees in the Offer shall be at least 1,000. Otherwise, the entire application money shall be refunded forthwith. Further, if at least 60% of the Net Offer cannot be allotted to QIBs, then the entire application money shall be refunded forthwith. In case of delay, if any, in refund, the Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

The promoters, the Company, group companies and associate companies are not defined as willful defaulters by the RBI/ Government of India authorities and there are no violations of securities laws committed by them in the past or pending against them. No penalty has been imposed by SEBI and other regulatory bodies against us, our Directors, our promoters and other companies promoted by our promoters.

Disclaimer Clause

AS REQUIRED, A COPY OF THE PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, DEUTSCHE EQUITIES INDIA PRIVATE LIMITED, HSBC SECURITIES AND CAPITAL MARKETS (INDIA) PRIVATE LIMITED, UBS SECURITIES INDIA PRIVATE LIMITED, CITIGROUP GLOBAL MARKETS INDIA PRIVATE LIMITED, DSP MERRILL LYNCH LIMITED AND KOTAK MAHINDRA CAPITAL COMPANY LIMITED, HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS, DEUTSCHE EQUITIES INDIA PRIVATE LIMITED, HSBC SECURITIES AND CAPITAL MARKETS (INDIA) PRIVATE LIMITED, UBS SECURITIES INDIA PRIVATE LIMITED, CITIGROUP GLOBAL MARKETS INDIA PRIVATE LIMITED, DSP MERRILL LYNCH LIMITED AND KOTAK MAHINDRA CAPITAL COMPANY LIMITED HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED JANUARY 7, 2005 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

“WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATIONS LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABOURATORS, ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE PROSPECTUS PERTAINING TO THE SAID OFFER.

ON THE BASIS OF SUCH EXAMINATION AND DISCUSSIONS WITH THE COMPANY, IT’S DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE OFFER, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:

(A) THE PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE OFFER;

(B) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID OFFER AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

(C) THE DISCLOSURES MADE IN THE PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED OFFER.

WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID.

WHEN UNDERWRITTEN WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL ANY UNDERWRITING COMMITMENTS.

WE CERTIFY THAT WRITTEN CONSENT FROM SHAREHOLDERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES

PROPOSED TO FORM PART OF THE PROMOTERS CONTRIBUTION SUBJECT TO LOCK-IN HAVE NOT BEEN DISPOSED/SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE PROSPECTUS.

ALL LEGAL REQUIREMENTS PERTAINING TO THE OFFER WILL BE COMPLIED WITH AT THE TIME OF FILING OF THE PROSPECTUS WITH THE REGISTRAR OF COMPANIES, MUMBAI, MAHARASHTRA, IN TERMS OF SECTION 56, SECTION 60 AND SECTION 60B OF THE COMPANIES ACT.

THE FILING OF THE PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED OFFER. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGERS, ANY IRREGULARITIES OR LAPSES IN THE PROSPECTUS."

Caution

The Industrial Policy prohibits foreign airlines from having any direct or indirect equity participation in a domestic airline. The Industrial Policy does not clearly define the scope of the terms "direct or indirect equity participation". In addition, our permission to operate scheduled services granted by the DGCA and the guidelines issued by the DGCA from time to time, including AIC No. 4 specifies the following restrictions:

- a foreign investing institution or other entity that proposes to hold equity in the domestic air transport sector must not be a subsidiary of a foreign airline;
- a foreign financial institution or other entity that proposes to hold equity in the domestic air transport sector must not have foreign airlines as its shareholder;
- the substantial ownership and effective control of companies operating scheduled services must be vested in Indian nationals; and
- a foreign investing institution or other entity that proposes to hold equity in the domestic air transport sector may have representation on the board of directors of a domestic airline company, but such representation shall not exceed one-third of the total strength of such board.

In addition, there are various restrictions under Indian laws and regulations applicable to foreign investment in a domestic airline. For more information relating to foreign investment restrictions in our Company, see the section entitled "Regulations and Policies – Foreign Ownership Restrictions" on page 126 of this Prospectus.

No person shall make a Bid in pursuance of this Offer unless such person is eligible to acquire Equity Shares in compliance with all applicable laws, rules, regulations, guidelines and approvals, including, without limitation, AIC No. 4.

Investors should note that:

- **Equity Shares offered in the Fresh Issue will be allotted only to Indian residents, SEBI registered FIIs and QIBs registered with SEBI, and will not be allotted to multilateral and bilateral developmental financial institutions or other non-resident persons or entities; and**
- **Equity Shares offered by Tail Winds in the Offer for Sale will be allotted only to Indian residents and NRIs.**

Investors should note that this Offer is not being made to any multilateral or bilateral development financial institution or to any OCB.

Investors that bid in the Offer will be required to confirm and will be deemed to have represented to the Company, the Selling Shareholder, the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company and will not offer, sell, pledge or transfer the Equity Shares of the Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company. The Company, the Selling Shareholder, the Underwriters and their respective directors, officers, agents, affiliates and

representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of the Company.

The Company, its Directors, the Selling Shareholder and the BRLMs accept no responsibility for statements made otherwise than in this Prospectus or in the advertisements or any other material issued by or at our instance and anyone placing reliance on any other source of information, including our website, www.jetairways.com, would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into among the BRLMs, the Company and the Selling Shareholder (acting through the Company, its duly constituted attorney), and the Underwriting Agreement to be entered into among the Underwriters, the Company and the Selling Shareholder (acting through the Company, its duly constituted attorney).

All information shall be made available by the BRLMs and the Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at bidding centers or elsewhere.

Disclaimer in Respect of Jurisdiction

The Offer is being made in India to persons resident in India including Indian nationals resident in India who are majors, Hindu Undivided Families (HUFs), companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, scheduled commercial banks, regional rural banks, co-operative banks (subject to RBI permission), trusts registered under the Societies Registration Act, 1860, as amended, or any other law relating to trusts, and who are authorized under their constitution to hold and invest in equity shares, venture capital funds (“VCFs”) registered with SEBI, State Industrial Development Corporations, permitted insurance companies, provident funds with a minimum corpus of Rs. 250 million and pension funds with a minimum corpus of Rs. 250 million and to permitted non-residents including NRIs, FIIs registered with SEBI and foreign venture capital investors (“FVCIs”) registered with SEBI, provided that they are eligible under all applicable laws and regulations to hold Equity Shares of the Company.

This Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to Equity Shares offered hereby in any jurisdiction other than India or to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Prospectus comes is required to inform himself or herself about, and to observe, any relevant restrictions. Any dispute arising out of this Offer will be subject to the exclusive jurisdiction of appropriate court(s) in Mumbai only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus has been submitted to SEBI for observations and the SEBI has given its observations. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction, and this Prospectus may not be distributed in any jurisdiction other than India. Neither the delivery of this Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Disclaimer Clause of the NSE

As required, a copy of the Draft Red Herring Prospectus was submitted to NSE. NSE has, pursuant to its letter dated January 20, 2005, given permission to the Company to use the NSE’s name in this Prospectus as one of the stock exchanges on which this Company’s securities are proposed to be listed subject to the Company fulfilling criteria for listing including the criteria related to the paid-up capital and market capitalization (i.e., the paid-up capital shall be not less than Rs.100 million and the market capitalization shall be not less than Rs.250 million at the time of listing). The NSE has scrutinized the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed to mean that this Prospectus has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this

Prospectus; nor does it warrant that this Company's securities will be listed or will continue to be listed on the NSE; nor does it take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company.

Every person who desires to apply for or otherwise acquires any securities of the Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Disclaimer Clause of the BSE

As required, a copy of the Draft Red Herring Prospectus was submitted to BSE. BSE has pursuant to its letter dated January 20, 2005, given permission to this Company to use BSE's name in this Prospectus as one of the stock exchanges on which this Company's securities are proposed to be listed. BSE has scrutinized the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company.

BSE does not in any manner:

- warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; or
- warrant that this Company's securities will be listed or will continue to be listed on BSE; or
- take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed to mean that this Prospectus has been cleared or approved by BSE. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Filing

A copy of the Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, has been delivered for registration to the RoC and a copy of the Prospectus to be filed under Section 60 of the Companies Act has been delivered for registration with the RoC. A copy of this Prospectus has been filed with the Corporation Finance Department of SEBI at Ground Floor, Mittal Court, "A" Wing, Nariman Point, Mumbai 400 021.

Listing

Applications have been made to the NSE and BSE for permission to deal in and for an official quotation of our Equity Shares. NSE will be the Designated Stock Exchange.

If the permissions to deal in and for an official quotation of our Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Prospectus. If such money is not repaid within eight days after our Company becomes liable to repay it, i.e., from the date of refusal or within 70 days from the Bid/Offer Closing Date, whichever is earlier, then the Company, and every Director of the Company who is an officer in default shall, on and from such expiry of eight days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

Our Company, with the assistance of the BRLMs, shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above are taken within seven working days of finalization and adoption of the basis of allotment for the Offer.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

"Any person who:

(a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or

(b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,

shall be punishable with imprisonment for a term which may extend to five years."

Minimum Subscription

If we do not receive the minimum subscription of 90% of the Fresh Issue amount, including devolvement of Underwriters, if any, within 60 days from the Bid/Offer Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after our Company becomes liable to pay the amount, our Company shall pay interest prescribed under Section 73 of the Companies Act.

Withdrawal of the Offer

Our Company, in consultation with the BRLMs, reserves the right not to proceed with the Offer any time after the Bid/Offer Opening Date without assigning any reason therefor.

Letters of Allotment or Refund Orders

We shall give credit to the beneficiary account with depository participants within two working days of finalization of the basis of allotment of Equity Shares. We shall dispatch refund orders, if any, of value up to Rs.1,500, by "Under Certificate of Posting", and will dispatch refund orders above Rs.1,500, if any, by registered post or speed post at the sole or first Bidder's sole risk within 15 days of the Bid/Offer Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines, we further undertake that:

- Allotment and transfer of Equity Shares will be made only in dematerialized form within 15 days from the Bid/Offer Closing Date;
- Dispatch of refund orders will be done within 15 days from the Bid/Offer Closing Date; and
- We shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment or transfer is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15-day time period prescribed above.

We will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Offer.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by us, as an Escrow Collection Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Offer Program

BID/OFFER OPENED ON	:	FEBRUARY 18, 2005
BID/OFFER CLOSED ON	:	FEBRUARY 24, 2005

Bids and any revision in Bids shall be accepted **only between 10 a.m. and 3 p.m.** (Indian Standard Time) during the Bid/Offer Period as mentioned above at the bidding centers mentioned on the Bid cum Application Form except that on the Bid/Offer Closing Date, the Bids shall be accepted only between **10 a.m. and 1 p.m.** (Indian Standard Time) and uploaded until such time as may be permitted by the NSE and BSE on the Bid/Offer Closing Date.

In case of revision in the Price Band, the Bid/Offer Period will be extended for three additional days after revision of Price Band subject to the Bidding/Offer Period not exceeding 13 days. Any revision in the Price Band and the revised Bid/Offer Period, if applicable, will be widely disseminated by notification to the NSE and BSE, by issuing a press release, and also by indicating the change on the web site of the BRLMs and at the terminals of the Syndicate.

Book Running Lead Managers to the Offer

Deutsche Equities India Private Limited DB House Hazarimal Somani Marg Fort, Mumbai 400 001 Tel : 91 22 5658 4600 Fax: 91 22 2200 6765 Email: jet.ipo@db.com	**HSBC Securities and Capital Markets (India) Private Limited** 52/60, Mahatma Gandhi Road, Fort, Mumbai 400 001 Tel : 91 22 2267 4921 Fax: 91 22 2263 1984 Email:jetipo@hsbc.co.in	**UBS Securities India Private Limited** 2nd Floor, Hoechst House Nariman Point Mumbai 400 021 Tel : 91 22 2286 2000 Fax : 91 22 2281 4676 Email:jet.ipo@ubs.com	**Citigroup Global Markets India Private Limited** 4th Floor, Bakhtawar 229 Nariman Point Mumbai 400 021 Tel : 91 22 5631 9982 Fax : 91 22 5631 9803 Email: jet.ipo@citigroup.com	**DSP Merrill Lynch Limited** Mafatlal Centre, 10th Floor, Nariman Point Mumbai 400 021 Tel : 91 22 2265 1702 Fax : 91 22 2262 1187 Email: jet_ipo@ml.com	**Kotak Mahindra Capital Company Limited** 3rd Floor, Bakhtawar 229 Nariman Point Mumbai 400 021 Tel : 91 22 5634 1100 Fax: 91 22 2282 6632 Email: jet.ipo@kotak.com

Statement of Inter-Se Allocation of Responsibility

The responsibilities and co-ordination for various activities in this Offer have been distributed among the BRLMs as under:

Sr. No.	Activities	Responsibility	Co-ordinator
1.	Capital structuring with the relative components and formalities such as type of instruments etc.	Deutsche Equities, HSBC, UBS, Citigroup, DSPML, KMCC	UBS
2.	Due diligence of our Company's operations/ management/ business plans/ legal etc. Drafting and design of the Red Herring Prospectus and of statutory advertisement including memorandum containing salient features of the Prospectus. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalization of Prospectus and RoC filing of the same.	Deutsche Equities, HSBC, UBS, Citigroup, DSPML, KMCC	HSBC
3.	Drafting and approval of all publicity material other than statutory advertisement as mentioned in (2) above including corporate advertisement, brochure, roadshow presentations, FAQs, corporate films etc.	Deutsche Equities, HSBC, UBS, Citigroup, DSPML, KMCC	Citigroup
4.	Appointment of other intermediaries viz. Registrar(s), Printers, Advertising Agency and Bankers to the Offer	Deutsche Equities, HSBC, UBS, Citigroup, DSPML, KMCC	KMCC
5.	International Institutional Marketing of the Offer, which will cover, *inter alia,* Finalizing the list and division of investors for one to one meetings; and Finalizing roadshow schedule and investor meeting schedules	Deutsche Equities, HSBC, UBS, Citigroup, DSPML, KMCC	Deutsche Equities
6.	Domestic Institutional Marketing of the Offer, which will cover, *inter alia,* Finalizing the list and division of investors for one to one meetings; and Finalizing roadshow schedule and investor meeting schedules	Deutsche Equities, HSBC, UBS, Citigroup, DSPML, KMCC	DSPML

Sr. No.	Activities	Responsibility	Co-ordinator
7	Non-Institutional and Retail Marketing of the Offer, which will cover, *inter alia,* Formulating marketing strategies, preparation of publicity budget; Finalizing Media and PR strategy; Finalizing centres for holding conferences for brokers etc.; Finalizing collection centres; and Follow-up on distribution of publicity and Offer material including form, prospectus and deciding on the quantum of the Offer material	Deutsche Equities, HSBC, UBS, Citigroup, DSPML, KMCC	KMCC
8	Appointment of Syndicate members	Deutsche Equities, HSBC, UBS, Citigroup, DSPML, KMCC	KMCC
9	Managing the Book, co-ordination with Stock Exchanges for book building software, bidding terminals and mock trading and finalization of pricing and institutional allocation in consultation with the Company	Deutsche Equities, HSBC, UBS, Citigroup, DSPML, KMCC	UBS
10.	The post bidding activities including management of escrow accounts, coordination non-institutional allocation, intimation of allocation and dispatch of refunds to Bidders etc. The post Offer activities will involve essential follow up steps, which include the finalization of listing of instruments and dispatch of certificates and demat delivery of shares, with the various agencies connected with the work such as the Registrar to the Offer and Bankers to the Offer and the bank handling refund business. The merchant banker shall be responsible for ensuring that these agencies fulfil their functions and enable it to discharge this responsibility through suitable agreements with the Company	Deutsche Equities, HSBC, UBS, Citigroup, DSPML, KMCC	DSPML

Syndicate Member(s)

Kotak Securities Limited
Bakhtawar, 1st Floor
229 Nariman Point
Mumbai 400 021
India
Tel: (91) 22 5634 1100
Fax: (91) 22 5630 3927

Karvy Stock Broking Limited
529, Road No. 4, Banjara Hills,
Hyderabad-500 034
Tel: (91) 40 2335 1988 / 2335 1380
Fax: (91) 40 2335 1989

Registered Office of the Company

Jet Airways (India) Limited
SM Centre, Andheri Kurla Road,
Andheri (East)
Mumbai 400 059, India
Tel: 91 22 2850 5080
Fax: 91 22 2856 0622
Email: corporate@jetairways.com

Company Secretary and Compliance Officer

Mr. A.R. Rajaram
Jet Airways (India) Limited
SM Centre, Andheri Kurla Road
Andheri (East)
Mumbai 400 059, India
Tel: (91) 22 28527744
Fax: (91) 22 28527745
Email: companysecretary@jetairways.com

Advisor to the Offer

Infrastructure Development Finance Company Limited
Ramon House
169, Backbay Reclamation
Mumbai – 400 020
Tel: 91 22 5633 9100
Fax: 91 22 2283 8156

Monitoring Agency

Infrastructure Development Finance Company Limited
Ramon House
169, Backbay Reclamation
Mumbai – 400 020
Tel: 91 22 5633 9100
Fax: 91 22 2283 8156

Registrar to the Offer

Karvy Computershare Private Limited
Karvy House, 46, Avenue 4, Street No.1
Banjara Hills, Hyderabad 500 034
Tel : (91) 402 331 2451
Fax: (91) 402 331 1968
Email: jet@karvy.com

Investors can contact the Compliance Officer or the Registrar to the Offer in case of any Pre-Offer or Post-Offer related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, refund orders etc.

Legal Advisors to the Company

As to Indian law:
Gagrat & Co.
Plaza Cinema Building
Connaught Circus
New Delhi 110 001, India
Tel: (91) 11 2332 2311

As to the federal laws of the United States of America:
Hogan & Hartson LLP
Columbia Square
555 Thirteenth Street NW
Washington DC 20004, U.S.A.
Tel: (1 202) 637 5600

Legal Advisors to the Underwriters

As to Indian law:
P&A Law Offices
1st Floor, Dr. Gopal Das Bhavan
28, Barakhamba Road
New Delhi 110 001, India
Tel: (91) 11 2373 8793

As to the federal laws of the United States of America:
Jones Day
31/F Edinburgh Tower, The Landmark
15 Queen’s Road Central
Hong Kong
Tel: (852) 2526 6895

Auditors to the Company

Deloitte Haskins & Sells
12, Dr. Annie Besant Road
Opposite Shiv Sagar Estate
Worli, Mumbai 400 018, India
Tel: 91 22 5667 9000

Chaturvedi & Shah
(member of Nexia International)
Laxmi Towers
‘A’ Wing, Bandra Kurla Complex
Mumbai 400 051, India
Tel: 91 22 5642 8400

Bankers to the Offer and Escrow Collection Banks

Citibank N.A.
Bombay Mutual Building
293 D.N. Road
Fort, Mumbai 400 001
India
Tel: 91 22 2269 1713
Fax: 91 22 2269 1715

Deutsche Bank AG
DB House
Hazarimal Somani Marg
Fort, Mumbai 400 001
Tel: 91 22 5658 4600
Fax: 91 22 2207 6553

The Hong Kong and Shanghai Banking Corporation
52/60, Mahatma Gandhi Road,
Mumbai 400 001
Tel: 91 22 2267 4921
Fax: 91 22 2262 3890

Kotak Mahindra Bank Limited
Mittal Court, 'C' Wing,
Nariman Point, Mumbai 400 021
Tel: 91 22 2265 5285
Fax: 91 22 2281 7527

Abu Dhabi Commercial Bank Ltd.
Rehmat Manzil
75-B Veer Nariman Road
Mumbai 400 038
Tel: 91 22 2283 9509
Fax: 91 22 2287 0686

HDFC Bank Limited
Ground Floor, Maneckji Wadia Bldg.
(Kalpataru Heritage)
Nanik Motwani Marg
Fort, Mumbai 400 023
Tel: 91 22 2490 2961
Fax: 91 22 2496 3994

ICICI Bank Limited
Free Press House
215, Nariman Point
Mumbai 400 021
Tel: 91 22 2281 8077/2653 6457/35
Fax: 91 22 2653 1233

IDBI Bank Limited
Mittal Tower, 'A' Wing
Nariman Point, Mumbai 400 021
Tel: 91 22 2282 4057/65
Fax: 91 22 2282 4071

Standard Chartered Bank
90 Mahatma Gandhi Road
Mumbai 400 001
Tel: 91 22 2268 3575
Fax: 91 22 2262 4912

Bankers to the Company

Abu Dhabi Commercial Bank Ltd.
Rehmat Manzil
75-B Veer Nariman Road
Mumbai 400 038
Tel: 91 22 2283 9509
Fax: 91 22 2287 0686

Barclays Bank Plc
21/23 Maker Chambers VI
Nariman Point, Mumbai 400 021
Tel: 91 22 5638 7114
Fax: 91 22 5638 7184

Calyon Bank
Hoechst House, 11th Floor
Nariman Point, Mumbai 400 021
Tel: 91 22 5631 9000
Fax: 91 22 5635 1813

Citibank N.A.
7th Floor, Plot C-61
Bandra Kurla Complex
G-Block, Bandra, Mumbai 400 051
Tel: 91 22 2653 5029/5030
Fax: 91 22 2653 5861/5862

Corporation Bank
Veena Chambers
21 Dalal Street, Mumbai 400 023
Tel: 91 22 2267 1715
Fax: 91 22 2267 2101

Deutsche Bank AG
Kodak House
222, Dr. D.N. Road
Fort, Mumbai 400 001
Tel: 91 22 2206 1050/2207 0692
Fax: 91 22 2207 2966/2206 7322

HDFC Bank Limited
Ground Floor, Maneckji Wadia Bldg.
(Kalpataru Heritage)
Nanik Motwani Marg
Fort, Mumbai 400 023
Tel: 91 22 2490 2961
Fax: 91 22 2496 3994

The Hong Kong and Shanghai Banking Corporation
52/60 Mahatma Gandhi Road
Mumbai 400 001
Tel: 91 22 2268 1020
Fax: 91 22 2265 3812

ICICI Bank Limited
Free Press House
215, Nariman Point
Mumbai 400 021
Tel: 91 22 2281 8077/2653 6457/35
Fax: 91 22 2653 1233

IDBI Bank Limited
Mittal Tower, ‘A’ Wing
Nariman Point
Mumbai 400 021
Tel: 91 22 2282 4057/65
Fax: 91 22 2282 4071

ING Vysya Bank Limited
Mittal Towers, A Wing, Ground Floor
210, Nariman Point, Mumbai 400 021
Tel: 91 22 2288 2616/5666 6419
Fax: 91 22 2281 8558

Standard Chartered Bank
90 Mahatma Gandhi Road
Mumbai 400 001
Tel: 91 22 2268 3575
Fax: 91 22 2262 4912

State Bank of India
Overseas Branch
World Trade Centre
Cuffe Parade
Mumbai 400 005
Tel: 91 22 2218 1518/2218 9161
Fax: 91 22 2218 8343/8741

UTI Bank Limited
1st Floor, Janmabhoomi Bhavan
Janmabhoomi Marg
Fort, Mumbai 400 005
Tel: 91 22 2283 5782/84/86/87/88
Fax: 91 22 2284 4113

Credit Rating

Since the Offer is of equity shares, credit rating is not required.

Trustees

Since the Offer is of equity shares, the appointment of Trustees is not required.

Book Building Process

Book building refers to the collection of Bids from investors, which is based on the Price Band, with the Offer Price being finalized after the Bid/Offer Closing Date. The principal parties involved in the Book Building Process are:

- The Company;
- Book Running Lead Managers; and
- Syndicate Member(s) who are intermediaries registered with SEBI or registered as brokers with the Stock Exchange(s) and eligible to act as underwriters.

The SEBI Guidelines have permitted an issue of securities to the public through the 100% Book Building Process, wherein at least 60% of the Net Offer shall be allocated on a discretionary basis to QIBs. Further, up to 15% of the Net Offer shall be available for allotment on a proportionate basis to Non Institutional Bidders and up to 25% of Net Offer shall be available for allotment on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Offer Price. We will comply with the SEBI Guidelines for this Offer. In this regard, we have appointed the BRLMs to procure subscriptions to the Offer.

The Book Building Process under the SEBI Guidelines is relatively new and investors are advised to make their own judgment about investment through this process prior to making a Bid in the Offer. Pursuant to amendments to the SEBI Guidelines, QIBs are not allowed to withdraw their Bid after the Bid/Offer Closing Date. See “Terms of the Offer” on page 156 of this Prospectus for more details.

Steps to be taken by the Bidders for Bidding:

- Check whether he/she is eligible for Bidding including having regard to all applicable Indian laws, rules, regulations, guidelines and approvals;
- A Bidder must necessarily have a demat account; and
- Ensure that the Bid cum Application Form is duly completed as per instructions given in the Red Herring Prospectus, Prospectus and in the Bid-cum-Application Form.

Investors should note that:

- Equity Shares offered in the Fresh Issue will be allotted only to Indian residents, SEBI registered FIIs and QIBs registered with SEBI, and will not be allotted to multilateral and bilateral developmental financial institutions or other non-resident persons or entities; and
- Equity Shares offered by Tail Winds in the Offer for Sale will be allotted only to Indian residents and NRIs.

Illustration of Book Building and Price Discovery Process *(Investors should note that this illustration is solely for the purpose of illustration and is not specific to the Offer)*

Bidders can bid at any price within the Price Band. For instance, assume a Price Band of Rs.20 to Rs.24 per Equity Share, offer size of 1,800 Equity Shares and receipt of five Bids from Bidders. A graphical representation of the consolidated demand and price would be made available at the bidding centers during the Bidding/Offer Period. The illustrative book as set forth below shows the demand for the Equity Shares of the Company at various prices and is collated from Bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	24	500	27.78%
1,000	23	1,500	83.33%
1,500	22	3,000	166.67%
2,000	21	5,000	277.78%
2,500	20	7,500	416.67%

The price discovery is a function of demand at various prices. The highest price at which the Company is able to offer the desired quantity of Equity Shares is the price at which the book cuts off, i.e., Rs.22 in the above example. The Company, in consultation with the BRLMs, will finalize the Offer Price at or below such cut off price, i.e., at or below Rs.22. All Bids at or above this Offer Price and cut-off Bids are valid Bids and are considered for allocation in the respective category.

Underwriting Agreement

The Company, the Selling Shareholder (acting through the Company, its duly constituted attorney) and the Underwriters have entered into an Underwriting Agreement for the Equity Shares proposed to be offered through the Offer. Pursuant to the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that the members of the Syndicate do not fulfill their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are subject to certain conditions to closing, as specified therein.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. in million)
Deutsche Equities India Private Limited DB House Hazarimal Somani Marg Fort, Mumbai 400 001 India	2,877,767	3,165.5
HSBC Securities and Capital Markets (India) Private Limited 52/60 Mahatma Gandhi Road Fort, Mumbai 400 001 India	2,877,767	3,165.5
UBS Securities India Private Limited 2nd Floor, Hoechst House Nariman Point, Mumbai 400 021 India	2,877,767	3,165.5
Citigroup Global Markets India Private Limited 4th Floor, Bakhtawar 229 Nariman Point Mumbai 400 021 India	2,877,767	3,165.5
DSP Merrill Lynch Limited Mafatlal Centre, 10th Floor Nariman Point, Mumbai 400 021 India	2,877,767	3,165.5
Kotak Mahindra Capital Company Limited 3rd Floor, Bakhtawar 229 Nariman Point Mumbai 400 021 India	2,877,767	3,165.5
Kotak Securities Limited 1st Floor, Bakhtawar 229 Nariman Point Mumbai 400 021 India	100	0.1
Karvy Stock Broking Limited 529, Road No. 4, Banjara Hills, Hyderabad-500 034 Tel: (91) 40 2335 1988 / 2335 1380 Fax: (91) 40 2335 1989	99	0.1

The above Underwriting Agreement is dated February 27, 2005.

In the opinion of our Board of Directors and the BRLMs (based on a certificate given by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s).

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the BRLMs and the Syndicate Members shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure/subscribe to the extent of the defaulted amount as specified in the Underwriting Agreement. Allotment to QIBs is discretionary as per the terms of this Prospectus and may not be proportionate in any way and the patterns of allotment to the QIBs could be different for the various Underwriters.

CAPITAL STRUCTURE

Our share capital as of the date of filing of the Prospectus with the RoC is set forth below:

		Aggregate nominal value	Aggregate value at Offer Price
		(Rs. million)	
A. Authorized Capital			
130,000,000	Equity Shares of Rs.10 each	1,300	
70,000,000	Preference Shares of Rs.10 each	700	
B. Issued, Subscribed and Paid-up Capital			
72,088,900	Equity Shares of Rs.10 each	720.9	
69,828,750	Cumulative Convertible Redeemable Preference Shares (“CCRPS”) of Rs.10 each	698.2	
C. Offer to the public pursuant to this Prospectus			
17,266,801	Equity Shares of Rs.10 each		
Out of the above:			
a) Fresh Issue			
14,245,111	Equity Shares of Rs.10 each	142.5	15,669.6
b) Offer for Sale			
3,021,690	Equity Shares of Rs.10 each	30.2	3,323.9
D. Employee Reservation Portion			
1,200,000	Equity Shares of Rs.10 each	12.0	1,320.0
E. Net Offer to the Public			
16,066,801	Equity Shares of Rs.10 each	160.7	17,673.5
F. Equity Capital after the Offer			
86,334,011	Equity Shares of Rs.10 each	863.3	
G. Share Premium Account			
	Before the Offer	0	
	After the Offer	15,527.1	

(a) The authorized share capital was increased from Rs.1 million to Rs.300 million pursuant to a resolution passed by our shareholders at an EGM held on January 6, 1993.

(b) The authorized share capital was increased from Rs.300 million to Rs.330 million pursuant to a resolution passed by our shareholders at an EGM held on December 16, 1993.

(c) The authorized share capital was increased from Rs.330 million to Rs.950 million pursuant to a resolution passed by our shareholders at an EGM held on December 19, 1994.

(d) The authorized share capital was increased from Rs.950 million to Rs.2,000 million, which was divided into equity share capital of Rs.1,000 million and preference share capital of Rs.1,000 million, pursuant to a resolution passed by our shareholders at an EGM held on December 1, 2000.

(e) The authorized share capital of Rs.2,000 million was reclassified into equity share capital of Rs.1,300 million and preference share capital of Rs.700 million pursuant to a resolution passed by our shareholders at an EGM held on December 28, 2004.

The details of the Equity Shares being offered in the Offer for Sale by the Selling Shareholder is as under:

Name of the Shareholder	Number of equity shares offered	% of pre-Offer equity capital
Tail Winds Limited	3,021,690	4.2%

Equity Shares, being offered by the Selling Shareholder as a part of the Offer for Sale, have been held by such Selling Shareholder for a minimum period of one year at the time of filing the Draft Red Herring Prospectus with SEBI.

Notes to the Capital Structure

1. Share Capital History

Equity Share Capital

Date on which Equity Shares were allotted and made fully paid-up	Number of Equity Shares	Face value (Rs.)	Offer Price (Rs.)	Nature of payment of consideration	Reasons for allotment	Cumulative paid-up equity capital (Rs. millions)	Cumulative share premium	Name of Person/ Entity to which Equity Shares Allotted
April 1, 1992	2	10	10	Cash	Signatories to Memorandum of Association	*	Nil	Mr. P.V. Venkata Chalam; Mrs. Anita Naresh Goyal
April 1, 1992	9,998	10	10	Cash	Further allotment	0.10	Nil	Mr. P.V. Venkata Chalam; Mrs. Anita Naresh Goyal
June 11, 1993	2,585,000	10	10	Cash	Further allotment	25.95	Nil	Tail Winds Limited
July 6, 1993	6,262,000	10	10	Cash	Further allotment	88.57	Nil	Tail Winds Limited
July 30, 1993	1,143,000	10	10	Cash	Further allotment	100.00	Nil	Tail Winds Limited
February 23, 1994	8,796,000	10	10	Cash	Further allotment	187.96	Nil	Tail Winds Limited
November 17, 1994	12,547,000	10	10	Cash	Further allotment	313.43	Nil	Tail Winds Limited
June 19, 1996	31,343,000	10	10	Cash	Further allotment	626.86	Nil	Tail Winds Limited
November 21, 1996	9,402,900	10	Nil	Not applicable	Bonus shares	720.88	Nil	Tail Winds Limited
Total	**72,088,900**							

* Rs. 20 only

Preference Share Capital

Date on which preference shares were allotted and made fully paid-up	Number of preference shares	Face value (Rs.)	Offer Price (Rs.)	Nature of payment of consideration	Reasons for allotment	Cumulative Paid-up equity capital (Rs. millions)	Cumulative Share Premium	Name of person/ entity to which preference shares allotted
February 15, 2001	69,828,750	10	10	Cash	Issue of preference shares	698.29	Nil	International Finance Corporation

2. Promoters Contribution and Lock-in

Name	Date on which equity shares were allotted/ acquired and made fully paid-up	Nature of payment of consideration	Number of Equity Shares	Percentage of pre-Offer paid-up equity capital (%)	Percentage of post-Offer paid-up equity capital (%)	Lock-in period
Tail Winds	June 19, 1996	Cash	7,863,903	10.91%	9.11%	Three years
Tail Winds	November 21, 1996	Bonus Shares	9,402,900	13.04%	10.89%	Three years
Total			**17,266,803**	**23.95%**	**20.00%**	

In addition to the lock-in periods specified above, the entire pre-Offer issued equity share capital of the Company less the number of Equity Shares for which transfer is made under the Offer for Sale will be locked in for a period of one year from the date of Allotment of Equity Shares in this Offer. The total number of Equity Shares which are locked in for one year is 51,800,407.

Locked-in Equity Shares held by the promoters can be pledged with banks or financial institutions as collateral security for loans granted by such banks or financial institutions. Further, in terms of clause 4.16(b) of the SEBI Guidelines, Equity Shares held by the promoters may be transferred to and among the promoter group or to a new promoter or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as applicable.

In addition, the Equity Shares subject to lock-in will be transferable subject to compliance with the SEBI Guidelines as amended from time to time.

On December 28, 2004, Mr. Naresh Goyal transferred by way of sale one Equity Share each (held by Mr. Goyal as a nominee of Tail Winds) to Mr. Saroj K. Datta, Mr. Carl Saldanha, Mr. Prasun Sengupta, Mr. Mahiyar Sadri and Ms. Jennifer D'Silva, respectively, at a consideration of Rs.800 per Equity Share. Other than such transaction, no Equity Shares have been acquired, purchased or sold by our promoters or any director of Tail Winds during a period of six months preceding the date on which this Prospectus is filed with the the RoC.

Mr. Naresh Goyal, one of the directors of Tail Winds, holds Equity Shares of our Company:

Name of director	**Number of Equity Shares held**
Mr. Naresh Goyal as nominee of Tail Winds	9,995

3. Equity Shares held by the top ten shareholders

Our top seven shareholders and the Equity Shares held by them on the date of filing this Prospectus with the RoC and ten days prior to the date of filing this Prospectus with the RoC are as follows:

	Number of Equity Shares held	
Name	**On the date of filing this Prospectus with the RoC**	**Ten days prior to the date of filing this Prospectus with the RoC**
Tail Winds	72,078,900	72,078,900
Mr. Naresh Goyal as nominee of Tail Winds	9,995	9,995
Mr. Saroj K. Datta	1	1
Mr. Carl Saldanha	1	1
Mr. Prasun Sengupta	1	1
Mr. Mahiyar Sadri	1	1
Ms. Jennifer D'Silva	1	1

Our top two shareholders and the Equity Shares held by them two years prior to the date of filing the Red Herring Prospectus with the RoC are as follows:

Name	**Number of Equity Shares held two years prior to the date of filing this Prospectus with the RoC**
Tail Winds	72,078,900
Mr. Naresh Goyal as nominee of Tail Winds	10,000

4. IDFC is not an existing promoter or shareholder of our Company. As of the date of this Prospectus, there are no outstanding warrants, options or rights to convert debentures, loans or other financial instruments into our Equity Shares save and except for the conversion right accorded to IDFC pursuant to the Subordinated Rupee Debt Agreement dated August 20, 2001 which IDFC has conditionally waived pursuant to its letter dated December 17, 2004.

5. Shareholding Pattern

The table below presents our shareholding pattern before the proposed Offer and as adjusted for the Offer.

	Equity Shares owned prior to the Offer		**Equity Shares owned after the Offer**	
Shareholder Category	**Number**	**%**	**Number**	**%**
Promoters	72,088,895	100.00%	69,067,205	80.00%
Mr. Saroj K. Datta	1	*	1	*
Mr. Carl Saldanha	1	*	1	*
Mr. Prasun Sengupta	1	*	1	*
Mr. Mahiyar Sadri	1	*	1	*
Ms. Jennifer D'Silva	1	*	1	*
Public (pursuant to the Offer)	Nil	0%	17,266,801	20.00%
Total	**72,088,900**	**100.00%**	**86,334,011**	**100.00%**

* less than 0.000001%

6. **Buyback and Standby Arrangements**

None of Tail Winds, the Company, their respective director(s) or the BRLMs has entered into any buyback and/or standby arrangements for the purchase of our Equity Shares from any person.

7. We have not raised any bridge loan against the proceeds of the Offer.

8. Pursuant to the Industrial Policy and the FEMA Regulations, any investment in an Indian domestic airline by persons resident outside India requires the prior approval of the FIPB. However, the MoCA, pursuant to a Notification No. AV-13011/10/96-DT (Vol. II) dated November 10, 2004 (published in the Gazette of India on November 13, 2004) has permitted foreign direct investment in the "Air Transport Services (Domestic Airlines)" sector up to 49% through the "automatic route" (i.e. without the prior approval of the FIPB). The November 10, 2004 notification also permits investment by an NRI up to 100% in an Indian domestic airline company under the "automatic route". The notification also clarifies that no direct or indirect equity participation by foreign airlines is permitted in a domestic airline. Amendments to the FEMA Regulations to reflect the policy changes notified in the November 10, 2004 notification are awaited.

The RBI, by its A.P. (DIR Series) Circular No. 14 dated September 16, 2003, derecognized OCBs, such as Tail Winds, as an eligible class of investors under the various investment routes/schemes under the rules and regulations promulgated under the FEMA. Subsequently, the RBI by its Notification No. FEMA 101/2003-RB dated October 3, 2003, issued the OCB Regulations to this effect. Further, by its A.P. (DIR Series) Circular No.44 dated December 8, 2003, the RBI clarified, among other matters, the following:

- An erstwhile OCB may transfer its shares in an Indian company by way of sale (i) to NRIs in terms of the OCB Regulations (without any prior regulatory approval) and (ii) to residents in terms of the FEMA Regulations (i.e., with the prior approval of the RBI).
- In connection with the transfer of its shares in an Indian company to a non-resident entity (other than an NRI), an erstwhile OCB may seek the prior permission of the FIPB and the RBI.

Subsequently, the RBI by its A.P. (DIR Series) Circular No. 16 dated October 4, 2004 granted general permission for the transfer of shares of an Indian company by Non-Residents (including erstwhile OCBs, such as Tail Winds), to residents, subject to the terms and conditions, including pricing guidelines stipulated in such Circular.

Chaturvedi & Shah, Chartered Accountants, by their letter dated November 2, 2004 addressed to the FIPB, requested the FIPB to confirm/clarify certain regulatory issues. The FIPB was requested, on a no names basis, for certain clarifications on behalf of an Indian company in the domestic airlines sector which was contemplating an initial public offering. The FIPB was informed that the company was promoted by an NRI who held the shares of such company through an OCB in which such NRI had a 100% shareholding. The FIPB was further informed that the initial public offering by the company would be made to persons within the definition of Indian residents (including FIIs and QIBs registered with SEBI), and would comprise of a fresh issue of shares by the company and an offer for sale of shares in the company by the OCB to such Indian residents.

The FIPB by its letter dated November 5, 2004 bearing No. 9(24)/2004-FIPB clarified that:

- in an initial public offering in Indian capital markets, SEBI registered FIIs and QIBs registered with SEBI are eligible, and no prior approval of the FIPB is required in this regard; and
- a transfer of the shares by an erstwhile OCB in favour of residents, as long as such erstwhile OCB is not on the “adverse list” of the RBI, is permissible, and no prior approval of the FIPB is required in this regard.

Accordingly, investors should note that:

- Equity Shares offered in the Fresh Issue will be allotted only to Indian residents, SEBI registered FIIs and QIBs registered with SEBI, and will not be allotted to multilateral and bilateral developmental financial institutions or other non-resident persons or entities; and
- Equity Shares offered by Tail Winds in the Offer for Sale will be allotted only to Indian residents and NRIs.

No further approvals of the FIPB or the RBI are required for the Allotment of Equity Shares under this Offer. We will be required to make certain filings with the RBI after the completion of the Offer.

The Industrial Policy further prohibits foreign airlines from having any direct or indirect equity participation in a domestic airline. The Industrial Policy does not clearly define the scope of the terms “direct or indirect equity participation”. In addition, our permission to operate scheduled services granted by the DGCA and the guidelines issued by the DGCA from time to time, including AIC No. 4 specifies the following restrictions:

- a foreign investing institution or other entity that proposes to hold equity in the domestic air transport sector must not be a subsidiary of a foreign airline;
- a foreign financial institution or other entity that proposes to hold equity in the domestic air transport sector must not have foreign airlines as its shareholder;
- the substantial ownership and effective control of companies operating scheduled services must be vested in Indian nationals; and
- a foreign investing institution or other entity that proposes to hold equity in the domestic air transport sector may have representation on the board of directors of a domestic airline company, but such representation shall not exceed one-third of the total strength of such board.

No person shall make a Bid in pursuance of this Offer unless such person is eligible to acquire Equity Shares of the Company in accordance with AIC No. 4, read with the MoCA notification No. AV.13011/10/96 DT (Vol II) dated November 10, 2004, and other applicable laws, rules, regulations, guidelines and approvals.

Investors that Bid in the Offer will be required to confirm and will be deemed to have represented to the Company, the Selling Shareholder, the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company and will not offer, sell, pledge or transfer the Equity Shares of the Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the

Company. The Company, the Selling Shareholder, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor whether such investor is eligible to acquire Equity Shares of the Company.

9. At least 60% of the Net Offer shall be allocated to QIBs on a discretionary basis. Further, up to 15% of the Net Offer will be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 25% of the Net Offer will be available for allocation to Retail Individual Bidders, subject to valid Bids being received from them at or above the Offer Price. Under-subscription, if any, in the Non-Institutional and Retail Individual categories would be allowed to be met with spill over from any other category at the sole discretion of the Company and the BRLMs.
10. Only permanent employees and directors of the Company and Tail Winds who are Indian Nationals based in India and are physically present in India on the date of submission of the Bid-cum-Application Form ("Employees") would be eligible to apply in this Offer under the Employee Reservation Portion on competitive basis. Employees other than as mentioned hereinabove are not eligible to participate under the Employee Reservation Portion. Bids by Employees can be made also in the "Net Offer" to the public and such Bids shall not be treated as multiple Bids. If the aggregate demand in the Employee Reservation Portion is greater than 1,200,000 Equity Shares at or above the Offer Price, allocation shall be made on a proportionate basis subject to a maximum Allotment to any Employee of Rs.2.5 million. The unsubscribed portion, if any, from the Equity Shares in the Employee Reservation Portion will be treated as part of the Net Offer and Allotment shall be made in accordance with the description in "Statutory and Other Information" beginning on page 182 of this Prospectus.
11. A Bidder cannot make a Bid for more than the number of Equity Shares offered in this Offer, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
12. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of the Draft Red Herring Prospectus with SEBI until the Equity Shares offered hereby have been listed.
13. We presently do not have any intention or proposal to alter our Company's capital structure for a period of six months commencing from the date of opening of this Offer, by way of split/ consolidation of the denomination of Equity Shares or further issue of Equity Shares or securities convertible into Equity Shares, whether on a preferential basis or otherwise except for issue of Equity Shares pursuant to either an ESPS or an ESOP scheme, for which we will seek the approval of our shareholders after the completion of the Offer if we decide to proceed with an ESPS or ESOP scheme. However, during such period or at a later date, we may issue Equity Shares or securities linked to Equity Shares to finance an acquisition, merger or joint venture or as consideration for such acquisition, merger or joint venture, if an opportunity of such nature is determined by our Board to be in the interest of our Company.
14. We have not issued any Equity Shares out of revaluation reserves or for consideration other than cash except the issue of bonus shares described in "Notes to Capital Structure – Share Capital History" beginning on page 28 of this Prospectus.
15. There will be only one denomination of the Equity Shares of our Company unless otherwise permitted by law and our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
16. We have seven members as of the date of this Prospectus.
17. The Equity Shares held by our promoters are not subject to any pledge.

OBJECTS OF THE OFFER

The objectives of the Offer are to achieve the benefits of listing, raise capital and retire certain outstanding debt. We believe that listing of our Equity Shares will enhance our visibility and brand name.

The net proceeds of the Fresh Issue after deducting all Offer related expenses are approximately Rs. 15,005.5 million. We will not receive any proceeds of the Offer for Sale by the Selling Shareholder. For details of the Offer expenses, see the section "Statutory and Other Information – Expenses of the Offer" on page 184 of this Prospectus.

The main objects clause and objects incidental or ancillary to the main objects clause of our Memorandum enable us to undertake our existing activities and the activities for which funds are being raised by us through the Fresh Issue.

The details of the proceeds of the Fresh Issue are summarized in the table below:

	(in millions)
Gross proceeds of the Fresh Issue	Rs. 15,669.6
Offer related expenses	Rs. 664.1
Net proceeds of the Fresh Issue	Rs. 15005.5

The following table summarizes the use of proceeds:

	Estimated Cost (in millions)
Repayment of debt and redemption of CCRPS	Up to Rs. 7,921
Capital expenditures	Rs. 4,601
General corporate purposes	Rs. 2,483.5
Total estimated cost	Rs. 15,005.5

Details of Use of Proceeds

Repayment of Debt and Redemption of CCRPS

We intend to use the net proceeds of the Fresh Issue to prepay existing high cost debt of Infrastructure Development Finance Company Limited ("IDFC") in August 2005 and to redeem the CCRPS issued to IFC, within 3 months from the date of the Offer. We will require RBI approval prior to the redemption of the CCRPS; we intend to apply for such RBI approval. In addition, the net proceeds will be used to pay all or a portion of the scheduled principal amounts (excluding interest) of our existing long-term debt due through March 2006 of an amount of up to Rs.3,016 million.

The details of debt and CCRPS that we propose to repay or redeem with the net proceeds of the Fresh Issue are as follows:

	Amount (Rs. millions)	**Payment Date**	**Interest Rate / Yield**
IFC	1,305(1)(2)	Within 90 days of completion of Offer	18.00% (2)
IDFC	3,601	August 2005	12.45%
Current portion of existing long-term debt	Up to 3,016(3)	Periodically through March 2006	Upto 10.78%
Total	Up to 7,921(3)		

(1) These amounts are U.S. Dollar liabilities translated into Rupees, for convenience purposes only, at an exchange rate of Rs.46.01= U.S.$1.00; exact Rupee equivalent amount of such U.S. Dollar liabilities will be determined at the time of repayment/prepayment.

(2) Amount paid is mandatory redemption amount of our CCRPS issued to IFC.

(3) This is currently an estimate only. This amount is an aggregate of several Rupee and U.S. Dollar liabilities, where U.S. Dollar liabilities have been translated into Rupees, for convenience purposes only, at an exchange rate of Rs.46.01= U.S.$1.00; exact Rupee equivalent amount of such U.S. Dollar liabilities will be determined at the time of repayment/prepayment.

Capital Expenditures

We also intend to use the net proceeds for the following capital expenditures relating to our operations:

	Estimated Cost (U.S.$ million)	Estimated Cost (Rs. million)
Investment in second flight simulator	15.0	690(1)
Investment in maintenance hangar and related workshop	15.0	690(1)
Investment in additional spare engines	25.0	1,150(1)
Investment in additional spares and ground handling equipment	35.0	1,610(1)
Investment in a new integrated training center	10.0(2)	460
Total	100.0	4,601

(1) These are estimated U.S. Dollar liabilities, translated into Rupees for convenience purposes only, at an exchange rate of Rs.46.01 = U.S.$1.00.

(2) These are estimated Rupee liabilities, translated into U.S. Dollars, for convenience purposes only, at an exchange rate of Rs.46.01= U.S.$1.00.

We have not entered into any definitive agreements for the purchase of any equipment or spares, including any flight simulator, or purchase of any land in connection with our investment in a new integrated training center.

Investment in Flight Simulator

We need an additional simulator for training our pilots to fly Boeing NG aircraft. We purchased one simulator in June 2001. Based on existing usage and our expansion plans, we believe we require an additional simulator within the next 12 months. We believe the expected cost will be U.S.$15 million (Rs.690 million), including octroi and installation costs, which we expect to finance from the net proceeds of the Fresh Issue.

Investment in maintenance hangar and related workshop

We are currently constructing a hangar with related workshops and training facilities at Mumbai airport. This hangar will enable us to carry out scheduled and unscheduled maintenance tasks, including C and, in due course, D Checks. Our new hangar would result in maintenance cost savings by reducing usage of third party hangar and support facilities. The hangar is expected to be operational by March 2005. We expect to use approximately U.S.$15 million (Rs.690 million) of the net proceeds of the Fresh Issue to build support facilities (including tools, equipment and related workshops) for the hangar and engineering training facilities in the complex.

Investment in additional spare engines

Currently, we have six spare aircraft engines. Based on spare engine calculations specified by CFM International and our plans to lease additional aircraft, we require up to four additional spare engines by March 2006. We expect to use approximately U.S.$25 million (Rs.1,150 million) of the net proceeds of the Fresh Issue to purchase such engines.

Investment in additional spares and ground handling equipment

In view of the expansion of our fleet, we will require additional spare parts and ground handling equipment. We expect to use approximately U.S.$35 million (Rs.1,610 million) of the net proceeds of the Fresh Issue to purchase spare parts and ground handling equipment.

Investment in a new integrated training center

We plan to build a new integrated training center in Mumbai to provide training facilities to our pilots, inflight crew and ground staff. We estimate that we will require approximately 80,000 sq. feet of built up area for our training facilities. We expect to use approximately Rs.460 million of the net proceeds of the Fresh Issue for the land required, the construction of and the facilities for the training centre and the acquisition of teaching aids required at our training centre.

General corporate purposes

We intend to use the remaining net proceeds of approximately Rs. 2,483.5 million for general corporate purposes, including expansion of our operations domestically and/or internationally.

Offer Related Expenses

The Offer related expenses include, among others, underwriting and selling commissions, printing and distribution expenses, legal fees, advertisement expenses and registrar and depository fees. The estimated Offer expenses are as follows:

Activity	Expense (in millions)
Lead management, underwriting and selling commissions	Rs. 580
Advertising and marketing expenses	Rs. 100
Printing and stationery	Rs. 25
Other (registrars fees, legal fees, etc.)	Rs. 100
Total estimated Offer expenses	Rs. 805

Other than listing fees which will be paid by our Company, all expenses with respect to the Offer will be shared between the Company and the Selling Shareholder on a pro-rata basis, in the ratio of the Equity Shares issued by the Company in the Fresh Issue and the Equity Shares sold by the Selling Shareholder in the Offer for Sale.

Interim Use of Proceeds

Pending use of net proceeds for the prepayment of the debt of IDFC in August 2005 and the redemption of the CCRPS issued to IFC within 3 months from the date of the Offer, such proceeds will be deposited in a separate escrow account with a bank.

Pending use of net proceeds for general corporate purposes, we intend to invest the net proceeds from the Fresh Issue in high quality, interest bearing liquid instruments including deposits with banks. These investments will be authorized by our Board or a duly authorized committee thereof.

INDUSTRY

The Indian economy

India, the world's largest democracy in terms of population (1,064 million people), had a real GNP on purchasing power parity basis of approximately U.S.$3,068 billion in 2003, making it the fourth largest economy in the world, after the United States of America, China and Japan, as per the World Development Report 2005.

In 1991, the Government of India initiated a series of comprehensive macroeconomic and structural reforms to promote economic stability and growth. The key policy reforms that were initiated by the Government were focused on implementing fundamental economic reforms, deregulation of industry, accelerating foreign investment and pushing forward a privatization program for disinvestment in public sector units. Consequent to the reform's program, India's economy registered robust growth with an average real GDP growth of 5.8% over the period fiscal 1999 to fiscal 2004.

The following table sets forth the annual percentage change in certain key indicators of the Indian economy.

	As of and for the year ended March 31,				
	(annual percentage change, except for foreign exchange reserves)				
	2000	**2001**	**2002**	**2003**	**2004**
	(%)	(%)	(%)	(%)	(%)
Real GDP growth	6.1	4.4	5.8	4.0	8.2
Industrial Production	6.6	5.1	2.6	5.8	7.0
Inflation Rate based on Wholesale Price Index (average)	3.3	7.1	3.7	3.4	5.4
Imports (% to GDP)	12.4	11.8	11.7	13.0	n.a.
Exports (% to GDP)	9.1	10.4	10.0	11.2	n.a.
Foreign Exchange Assets (in U.S.$ billions)	35.1	39.6	51.1	71.9	107.5

Source: Data released by Centre for Monitoring Indian Economy ("CMIE").

The following table sets forth, for the periods indicated, the inflow into India of foreign direct investment and portfolio investment.

	Year ended March 31,			
	2000	**2001**	**2002**	**2003**
	(U.S.$ millions)			
Foreign direct investment	2,167	4,029	6,131	4,660
Portfolio investment	3,024	2,760	2,020	979

Source: Data released by CMIE.

Evolution of the Indian Aviation Industry

During the last two-and-a-half decades, world-wide, the air transport industry has substantially moved away from government control and ownership towards deregulation and private ownership. The origins of this trend are generally attributed to the deregulation of the U.S. airline industry in the late 1970s, which led to lower fares and higher improved productivity of assets and capital. Spurred by these benefits, several countries have pursued the path of liberalization and privatization. This transformation also subsumed another trend of privatization of government owned airlines designated by a country's government to operate international air services to and from that country as evidenced in Australia (Qantas Airways), U.K. (British Airways), Germany (Lufthansa) and Japan (Japan Airlines).

The Indian aviation sector was also characterized by a high degree of Government control prior to 1990. The Government of India nationalized the airline industry in 1953 through enactment of the Air Corporations Act. Pursuant to this Act, there were only two players left in the Indian aviation sector, both of which were owned and controlled by the Government: (a) Indian Airlines, primarily serving domestic sector with operations to select international destinations and (b) Air India, serving the international sectors.

The liberalization in the Indian civil aviation industry began in 1990 with private sector players being allowed to operate as air taxi operators, but not permitted to operate scheduled services. A number of private players commenced domestic operations as air taxi operators including Jet Airways, Air Sahara, Modiluft, Damania Airways, NEPC Airlines and East West Airlines.

In 1994, with the repeal of the Air Corporations Act, private carriers were permitted to operate scheduled services. Private air taxi operators were granted scheduled carrier status upon fulfillment of certain applicable criteria. However, some of these operators could not continue with their business and closed operations by 1997. Among the many private airlines which started operations with the deregulation of the Indian civil aviation sector, only two continue to have operations in the country – Jet Airways and Air Sahara. In August 2003, Air Deccan, another private carrier commenced operations taking the total number of private carriers providing scheduled services to three. According to published reports, other enterprises are contemplating entering the Indian domestic aviation market.

Competitive Landscape

The Indian aviation sector can be broadly divided into following four main categories:

- Domestic airlines, which provide scheduled flights within India and to select international destinations;
- International airlines, which operate scheduled international air services to and from India;
- Non-scheduled operators, which includes charter operators and air taxi operators; and
- Air cargo services, which includes air transportation of cargo and mail.

The table below provides certain information regarding airlines operating scheduled domestic flights as of, unless otherwise indicated, December 15, 2004:

	Jet Airways	**Air Sahara**(1)	**Indian Airlines and its subsidiary Alliance Air**(2)	**Air Deccan**(3)
Description	Private full service carrier, operates on domestic and select international routes.	Private full service carrier, operates on domestic and select international routes.	Government owned, operates both on domestic and international routes	Private no frills airline, operates on domestic routes.
Incorporation year	1992	1993	1953 (Indian Airlines)	1995(4)
Fleet size	42	20	62	11
Fleet type	Boeing 737 and ATR	Boeing 737 and CRJ-200	Airbus, Boeing 737, ATR and Dornier	ATR and Airbus
No. of domestic destinations served (+ international)	42 + 2	22 + 2	58 + 20	23
No. of domestic flights per day	271	110	288	76
No. of seats per day	33,500	11,300	38,000	6,200

(1) Derived from information provided at www.airsahara.net, current as of November 1, 2004.

(2) Derived from information provided at www.indian-airlines.com, current as of December 15, 2004.

(3) Derived from information provided at www.airdeccan.net, current as of December 15, 2004.

(4) Originally incorporated as Deccan Aviation Private Limited, a non-scheduled and helicopter operator.

In addition to these four players, Air India also carries domestic passengers on domestic legs of its international flights, offering both full and discounted fares.

Recent developments in the aviation industry

Naresh Chandra Committee Report – Road map for the civil aviation sector

In July 2003, the Ministry of Civil Aviation set up a five-member committee under the chairmanship of Mr. Naresh Chandra, an eminent former bureaucrat, to prepare a comprehensive roadmap for the promotion of Indian civil aviation sector that will provide the basis for a new National Civil Aviation Policy.

The Committee held detailed consultations with airlines, chambers of commerce, the travel and tourism industries and the public, and studied representations received from them. The Committee submitted the first part of its report in December 2003, which recommended certain structural changes to strengthen the aviation sector and make air travel more affordable. The Committee's recommendations included the following:

- Allow domestic private airlines to provide international air transport services to and from India.
- Reduce excise duty and sales tax on ATF.
- Rationalize IATT (Indian Air Travel Tax), FTT (Foreign Travel Tax) and PSF (Passenger Service Fee).
- Enable private sector oil companies to sell ATF at airports.
- Removal of minimum fleet size (five aircraft) and capital requirements (Rs.100 million) for setting up operations.
- Privatization of Indian Airlines and Air India.
- Increase the limit of foreign investment in an airline from 40% to 49% and permitting foreign airlines to invest in Indian air carriers.
- Allow foreign investment up to 100% in non-scheduled services such as chartered aircraft and helicopter services.
- Airport charges to be reduced in line with international levels and reduction in route navigation and landing charges.
- Corporatization of Air Traffic Control.
- Setting up of an Aviation Economic Regulatory Authority ("AERA").

The second part of the Naresh Chandra Committee Report which deals with the implementation of the proposed roadmap has been presented to the Government in October 2004. This part deals with training, aviation security, safety regulations and steps required to be taken with respect to airport management and infrastructure.

Subsequent to the submission of the Naresh Chandra Committee Report, the following developments have taken place in the Indian aviation sector:

- The Government permitted private domestic airlines to fly certain international destinations in the SAARC region with effect from December 2003.
- The Government has abolished IATT and FTT from January 9, 2004.
- The Government has reduced excise duty on ATF from 16% to 8% from January 9, 2004.
- Landing charges for aircraft with less than 80 seats have been abolished and reduced by 15% for larger aircraft with effect from February 11, 2004. Navigation charges for aircraft weighing less than 20 tonnes have been substantially reduced with effect from February 11, 2004. For other aircraft, the method of calculating the charges had already been rationalized to reflect both the weight of the aircraft and the distance flown.
- The Government issued a notification dated November 10, 2004 increasing the foreign investment limit from 40% to 49%, while maintaining its earlier position of not allowing foreign airlines to invest in domestic airlines.
- The Government permitted domestic airlines to fly to certain additional international destinations.

Domestic airlines being allowed to fly overseas

Following the decision of the Union Cabinet to change the aviation policy on December 29, 2004 and permit Indian scheduled carriers with a minimum of five years of continuous operations and with a minimum of 20 aircraft in its fleet, to operate scheduled services to other international destinations, the MoCA has, on January 11, 2005, designated scheduled Indian carriers, including us, to operate international services to and from Singapore, Malaysia, Thailand, Hong Kong, the United Kingdom and the United States of America. Following such designation by MoCA, on January 21, 2005, the DGCA issued AIC No. 2/2005 entitled “Guidelines for Operation of Indian Scheduled Carriers on International Routes” and invited scheduled Indian carriers to apply for the allocation of traffic rights on international routes. The Government has communicated its decision to us on the allocation of entitlements for operations for certain routes between India and the United Kingdom, Singapore, Malaysia and the United States. With respect to increased entitlements for some of the aforementioned routes and entitlements for other international routes, the Government is expected to shortly notify its decisions on the allocation of entitlements among the four scheduled carriers (that is, Air India, Indian Airlines, Air Sahara and us).

Emergence of no frills airlines

With the emergence of no frills airlines in the United States and Europe and the resultant revolution witnessed by the aviation sector, the concept of no frills airlines started generating interest in Asia and a number of no frills airlines have emerged in the Asian continent. India saw its first no frills airline, Air Deccan, commencing operations in August 2003. It has been reported that other business houses are considering the commencement of no frills airline operations in India.

Industry Growth

The domestic aviation sector growth fuelled by a fast growing economy and rising consumerism, has been relatively resilient, as compared to other countries, to international events like September 11 and SARS and has maintained a compounded annual growth rate (“CAGR”), of 8.9% over fiscal 2002 to fiscal 2004. This has been approximately the same as growth in the international sector, which grew at a CAGR of 10.5% over fiscal 2002 to fiscal 2003. The table below gives the growth in the number of passengers:

Fiscal	Domestic Sector Passengers (millions)[1]	Year on Year Growth	International Sector Passengers (millions)[2]	Year on Year Growth
1995	11.06	-		
1996	12.19	10.3%		
1997	11.70	-4.0%		
1998	11.55	-1.3%	10.66	
1999	12.02	4.2%	11.02	3.4%
2000	12.71	5.7%	11.45	3.9%
2001	13.71	7.9%	12.28	7.2%
2002	12.85	-6.3%	11.91	-3.05
2003	13.95	8.5%	13.16	10.5%
2004	15.25	9.3%	-	-

Source: DGCA

(1) Information does not include air taxi operators.

(2) Scheduled passenger traffic to and from India.

According to the DGCA, the total number of passengers carried by scheduled domestic airlines in India was 15.25 million in fiscal 2004 and 8.80 million in the six months ended September 30, 2004.

The growth in demand has been matched by the growth in domestic capacity. The Indian aviation sector grew at a rate of 7.7% over fiscal 2001 to fiscal 2003 in terms of Available Seat Kilometers.

Fiscal	1996	1997	1998	1999	2000	2001	2002	2003
ASKMs	12,334	14,645	16,436	17,928	19,089	19,897	20,849	22,833

Source: DGCA

Key Industry characteristics

Highly underpenetrated markets

Despite recent growth in air passenger traffic, India continues to have gross under penetration of air services with an average air travel of 0.014 trips per person per year as compared to an average of 2.02 trips per person per year in the United States. This signals the level of potential demand which may be generated as the economy grows and air travel becomes more affordable for a larger population, which otherwise uses road or rail transports.*

* Source: derived from data released by the World Development Report 2005, the Bureau of Transportation Statistics, Department of Transportation, U.S.A. and the DGCA.

High fixed cost operating environment

The domestic aviation sector in India experiences higher input costs in terms of fuel charges and airport related charges. Domestic airlines generally have to pay higher charges than those paid by international airlines procuring fuel within India since such international airlines are exempt from paying excise duty and sales tax*. Also, landing and navigation charges at Indian airports are higher than similar charges at airports in neighboring countries such as Bangladesh, Sri Lanka and Nepal.

* Source: Naresh Chandra Committee Report - I

Regulatory and infrastructure constraints

The domestic aviation sector in India continues to be highly regulated. The Route Dispersal Guidelines require all scheduled airlines to provide a certain number of ASKMs on routes classified as Category II and Category IIA, which results in lower average passenger load factor and yield for airlines. See “Regulations and Policies” at page 125 of this Prospectus. However, the Government is considering replacing these guidelines by a “subsidy structure” although it is uncertain if or when such guidelines will be amended. The domestic aviation sector is also characterized by entry barriers in terms of limited availability of parking bays and slots. The future growth of the domestic aviation sector in India will depend to a large extent on the availability of quality infrastructure, particularly airport infrastructure.

Demand Drivers

High economic growth

Growth in air transport (both passengers and cargo) is closely associated with growth in GDP, both internationally and nationally. For a 1% increase in Indian GDP, domestic passengers are expected to increase by 1.1%. For international passengers, this sensitivity is about 1.3%, indicating that past growth in this sector has been negatively impacted by factors like high regulation, infrastructure constraints and capacity availability. The policies and program of economic liberalization followed since the early 1990s, which have stimulated GDP growth and foreign investment, may be considered as major factors contributing to the growth in domestic air travel between 1993 and 2004. The outlook for the Indian economy remains favourable with the Reserve Bank of India projecting a 6% to 6.50% growth rate in fiscal 2005.

Increasing consumerism and affordability

The aviation market in India consists of two principal groups: leisure travellers and business travellers. Leisure traffic tends to be more price-elastic. While historically, business travellers have formed the majority of the domestic air travel in India, with increasing income levels and the emergence of flexible fare schemes, a shift is likely in the travel habit of the middle to high income groups from premium class travel in trains to air traffic. In contrast to 15.25 million airline passengers in fiscal 2004, the Indian railways carried approximately 52 million* passengers in its premium class products, i.e., air conditioned and first class coaches.

* Source: CMIE

Growth in tourism

The Indian tourism market has been growing at a significant pace over the last few years, with the government giving impetus to the industry through various schemes and organized events. Inbound tourist traffic into India increased by 13% from 2.4 million* in fiscal 2002 to 2.8 million* in fiscal 2003. Travel and tourism expenditure in India is expected to achieve an annualized real growth of 8.8%* over the 10-year period from fiscal 2004 to fiscal 2014.

*Source: Tourism of India 2003 Statistics, World Travel & Tourism Council India 2004 Report.

BUSINESS

Overview

We are a leading airline in India, providing regular scheduled services on routes between all of India’s major cities. We are the largest domestic airline in India in terms of revenue passengers carried in fiscal 2004 and the six months ended September 30, 2004. We believe that our focus on providing high-quality, reliable service has enabled us to become the preferred airline for travellers in India.

We have flown over 48 million revenue passengers (defined as fare paying passengers flown on all flight segments) since commencing operations on May 5, 1993 until November 30, 2004. We flew approximately 5.82 million revenue passengers in fiscal 2002, 6.41 million revenue passengers in fiscal 2003, 6.91 million revenue passengers in fiscal 2004 and 3.78 million revenue passengers in the six months ended September 30, 2004. Our share of the domestic market based on revenue passengers was 11.2% in fiscal 1995, 45.3% in fiscal 2002, 45.9% in fiscal 2003, 45.3% in fiscal 2004 and 42.3% in the six months ended September 30, 2004. Source: DGCA

Our fleet currently comprises 42 aircraft, of which 34 are Boeing 737 aircraft and eight are ATR 72-500 aircraft. We currently provide regular scheduled services to 42 destinations in India and two destinations outside India and operate 1,924 flights weekly.

We intend to maintain a disciplined growth strategy by increasing frequency on our existing routes and entering attractive new markets. Our aircraft fleet has grown from four aircraft in 1993 to 42 aircraft today. Operating a fleet consisting of limited types of aircraft lowers our operating costs as maintenance issues are simplified, spare parts inventory requirements are reduced, scheduling is more efficient and training costs are lower, ground time is reduced and reliability is enhanced. The current average age of our aircraft is approximately 4.5 years. We believe our average fleet age compares favourably with airlines of our size in India and overseas.

We commenced operation of regular scheduled services to destinations in neighbouring countries, such as Colombo, Sri Lanka, and Kathmandu, Nepal, in March 2004 and May 2004, respectively. Following the decision of the Union Cabinet to change the aviation policy on December 29, 2004 and permit Indian scheduled carriers with a minimum of five years of continuous operations and with a minimum of 20 aircraft in its fleet, to operate scheduled services to other international destinations, the MoCA has, on January 11, 2005, designated us as an Indian carrier permitted to operate international services to and from Singapore, Malaysia, Thailand, Hong Kong, the United Kingdom and the United States of America. Following such designation by MoCA, on January 21, 2005, the DGCA issued AIC No. 2/2005 entitled “Guidelines for Operation of Indian Scheduled Carriers on International Routes” and invited scheduled Indian carriers to apply for the allocation of traffic rights on international routes. We have been allocated seven weekly frequencies between India and Heathrow, London. Pursuant to its letter no. 5/101/2005-IR dated February 8, 2005, the DGCA has allocated certain traffic rights in our favour on the India-Malaysia and India-Singapore routes with effect from the IATA Summer Schedule 2005. We have been permitted to operate seven Boeing 737-800 flights per week or 980 seats per week to Malaysia. We have also been permitted to operate seven Boeing 737-800 flights per week on the Mumbai-Singapore sector or 980 seats per week. We have also been permitted to operate three services per week on the India (Mumbai) – Belgium (Brussels) – USA (New York) sector with effect from IATA Summer Schedule 2005. With respect to increased entitlements for some of the aforementioned routes and entitlements for other international routes, the Government is expected to shortly notify its decisions on the allocation of entitlements among the four scheduled carriers (that is, Air India, Indian Airlines, Air Sahara and us). We will thereafter be able to finalize our plans relating to the actual deployment of our aircraft, the number of frequencies that we will operate on various routes as well as conclude associated arrangements.

Our Operating Revenues have increased from Rs.25,263 million in fiscal 2002 to Rs.28,757 million in fiscal 2003 and Rs.34,474 million in fiscal 2004. In the six months ended September 30, 2004, our operating revenues were Rs.19,264 million, an increase of 17.9% from our operating revenues of Rs.16,345 million in the six months ended September 30, 2003. Market growth, increase in our fleet size, our pricing strategy and our entry into new markets have been primarily accountable for increases in our revenues.

Tail Winds Limited, an Isle of Man company, holds over 99.99% of our Equity Shares. Tail Winds Limited is wholly-owned by Mr. Naresh Goyal. Mr. Naresh Goyal, our Chairman, has more than three decades of management and operational experience in the travel and airline industry and brings the benefit of this expertise to our business strategy.

Competitive Strengths

We believe the following are our principal competitive strengths, which differentiate us from other airlines:

Focus on business travel: We offer several services directed towards the convenience of the business traveller, including telephone check-in facilities, through and "in-city" check-in facilities, priority baggage service, high frequency services on major routes, same-day return flights on major routes at convenient timings, point to point connections, providing flight information on cellular phones of customers, our customer loyalty program, e-ticketing, business class section on almost all flights and airport lounges for business class passengers at most airports. These facilities and our focus on providing high-quality reliable service have contributed to us becoming the preferred airline for business travellers in India.

Young fleet comprising limited types of aircraft: Our young fleet has enabled us to enjoy a high degree of performance reliability and to develop a reputation for being an airline that delivers a safe, on-time, modern and comfortable travel experience. Our aircraft types provide us with state-of-the-art technology and simplified maintenance procedures that allows us to make adjustments to effectively manage our response to market developments. 34 of our fleet of 42 aircraft are Boeing 737 variants and the remaining eight are ATR 72-500 aircraft. We were the first airline to introduce the Boeing 737 NG aircraft in India. Operating a fleet of limited types of aircraft leads to increased cost savings in terms of maintenance and spare parts, more efficient scheduling and better employee efficiency and productivity.

Utilizing our aircraft efficiently: In fiscal 2004 and the six months ended September 30, 2004, our aircraft operated an average of 9.46 and 9.84 hours per day, respectively. By achieving high utilization, we are able to optimize crew movement, spread our fixed costs over a greater number of flights and available seat kilometers. We achieve high aircraft utilization because:

- newer aircraft can be scheduled to fly more hours per day as they are more reliable and require less maintenance than older aircraft; and
- our staff are able to achieve quick, efficient, airport turnarounds which enable us to increase the number of daily flights per aircraft.

Strong brand and customer loyalty: We believe that we have established a strong brand that helps to distinguish us from our competitors by identifying us as a safe and reliable airline that is highly focused on customer service and that provides an enjoyable flying experience. We believe that our focus on every aspect of customer service, such as our choice of aircraft, aircraft interiors, our care of passengers in-flight and on the ground, our attention to detail, the convenient connections which we offer and our high reliability, has enhanced brand awareness and our reputation for quality. We believe that our strong brand has enabled us to establish alliances with other leading brands for our unique frequent flyer programs, including with international airlines, domestic and international hotels, a car rental company and for a co-branded credit card.

Some of the key areas of our customer focus are:

- our fleet of modern generation aircraft with custom designed aircraft interiors;
- our friendly and efficient in-flight service, with meals or heavy snacks being served on nearly all flights;
- high on-time performance;
- tele check-in facilities for business class travellers and Jet Privilege members;
- city check-in facilities in Mumbai, Delhi, Kolkata, Chennai and Bangalore;
- same day return check-in facilities;
- our Jet Privilege frequent flyer program; and
- e-ticketing in accordance with IATA standards and on-line reservations.

We also offer through check-in facilities to passengers of 11 leading international airlines to and from our connecting destinations. We also believe that our five-tier "Jet Privilege" loyalty program is an innovative program among those offered by other domestic airlines in India.

We believe we are meeting and exceeding our customer service expectations. We have received numerous awards that recognize the quality of our service, including the Business World award for the most respected company in the travel and hospitality sector in 2003 and 2004, the Best Domestic Airline of Asia by the Asian readers of Travel Trade Gazette for the years 2003 and 2004 and the Financial Express Business Traveller Award (Domestic Airline Category) for Business Class, Economy Class and Best Service (Airport and In flight) in 2003 and 2004.

Motivated workforce and proven management team: We benefit from a highly motivated workforce that brings high enthusiasm to air travel and a commitment to superior standards of friendly and reliable quality service that we believe distinguishes us in our markets. We believe that the positive feedback we have received from our customers is directly a result of the priority our employees place on delivering top quality customer service. We invest a significant amount of time and resources into carefully developing the best training practices and selecting individuals to join our team who share our focus on quality and improvement. We conduct ongoing training programs that incorporate industry best practices and encourage strong and open communication channels among members of our team so that we can continue to improve the services we provide. We are led by a management team with significant airline industry experience.

Access to facilities at major airports in India: The major hub of our operations is Mumbai where 19 of our fleet of 42 aircraft are parked (of which 18 have been allotted overnight parking bays and one aircraft is parked for a few hours at night), followed by 12 in Delhi, six at Chennai, three in Kolkata and two at Bangalore. Our access to overnight parking bays and landing slots at these five hubs helps us to originate flights from these cities. It also enhances our aircraft utilization and efficiency of our maintenance activities.

Extensive sales and distribution network: We have access to the sales and distribution network of Jetair, which is a leading GSA in India with offices in approximately 69 locations. Jetair represents, in addition to us, 15 international airlines in India. In addition, we are represented by general sales agents in 74 countries outside India that sell and/or distribute our tickets to international in-bound passengers. Our airline reservation system is hosted on SABRE. We offer 24-hour reservations services at Mumbai, Delhi, Kolkata and Chennai. We also have agreements with major GDSs, including Abacus, Amadeus, Galileo, Sabre GDS and Worldspan. We have entered into interline agreements with major international airlines and marketing cooperation agreements with three international airlines. We have joined billing settlement plan programs in North America, U.K., France, Germany, Switzerland and other key countries. We introduced e-ticketing and direct internet booking in July 2004. We intend to encourage the use of direct internet bookings by our customers because we believe it is an efficient distribution channel.

Business Strategy

The key elements of our business strategy include:

Differentiate our product and service: We believe a key to our long-term success is that we offer customers a better alternative in airline travel. We offer our passengers a unique flying experience by providing new aircraft, pre-assigned seating, reliable performance, meals on nearly all flights, city check-in facilities in Mumbai, Delhi, Kolkata, Chennai and Bangalore, tele check-in facilities for business class travellers and Jet Privilege members, same day return check-in facilities and a well developed frequent flyer program. We place high emphasis on customer service and quality. We intend to continue to communicate openly with our customers regarding their needs and areas which require continued improvement. Based on customer feedback, we believe that passengers prefer our customer service to that of our competitors and that this preference is an important factor in their decision to fly with us over other airlines.

Continue to maintain a young fleet comprising a minimal number of different aircraft types: We intend to continue our strategy of maintaining a young fleet and a minimal number of different aircraft types to preserve the simplicity of our operations and control our operating costs.

Maximize revenues through efficient use of technology, focused marketing and optimization of resources: We intend to continue to maximize our revenues through efficient use of technology, focused marketing and optimization of resources. For this purpose, we use a state-of-the-art yield management system developed by SABRE. We also intend to continue to focus on improving productivity and unit costs through reduction of recurring maintenance costs and more efficient utilization of our crew.

Further strengthen the brand name under which we operate: We intend to continue to enhance the "Jet Airways" brand recognition in the marketplace through brand building efforts, communication and promotional initiatives such as participation in industry events, public relations and investor relations efforts. We believe that these initiatives, as well as the listing of our Equity Shares, will enhance the visibility of our brand name and strengthen our recognition as a leader in the Indian aviation industry.

Focus on domestic aviation sector: We intend to further penetrate our key markets in India by increasing the number of flights per day on our key routes and commencing flights to new destinations in India. We believe that this is important to passengers who choose airlines based on depth of schedule. We intend to continue our focus on providing high-quality services and facilities to our customers to consolidate our position as a preferred airline for business travellers in India.

Operate flights to select international destinations, subject to obtaining necessary Governmental approvals and other conditions. The Government has recently designated us as an Indian carrier permitted to operate international services to and from Singapore, Malaysia, Thailand, Hong Kong, the United Kingdom and the United States of America. We have been allocated seven weekly frequencies between India and Heathrow, London. We have also been recently permitted to operate seven Boeing 737-800 flights per week or 980 seats per week in the India-Malaysia and India-Singapore routes as well as operate three services per week on the India (Mumbai)-Belgium (Brussels) – USA (New York) sector with effect from IATA Summer Schedule 2005. We expect to hear shortly on the allocation of increased entitlements for some of the aforementioned routes and for certain other international routes that we plan to fly.

With our reputation for high-quality performance and service and customer awareness of our brand in India and overseas, we believe that we are well placed to take advantage of these new opportunities, which are attractive due to prevailing market conditions, the traffic and revenue growth potential and the present levels of operations and quality and standards of service to international destinations.

We believe that our existing worldwide GSA representations, agreements with GDSs and our global marketing initiatives will provide strong support to such international operations. Our market assessment indicates that there is a significant demand from international passengers who use our airline for travel on domestic routes, particularly from persons of Indian origin, NRIs and business travellers who visit the country and travel within India. There is also potential demand from resident Indians who travel overseas and who are familiar with our airline.

Our strategy in respect of operations on international routes will continue to be determined by:

- our ability to leverage our brand, our network, service standards and our relationships with other international airlines;
- our estimates of demand and traffic flows as established through market studies;
- the estimated financial results on each route;
- maintaining our operating efficiencies and our existing cost structure; and
- optimizing our existing human resources.

Reduce existing high interest debt: We have significant financing obligations, relating to debt incurred in connection with financing the purchase of our aircraft and engines as well as operating leases for our aircrafts and engines. We believe that reducing significant financing obligations will improve our ability to meet our strategic goals. We intend to reduce our existing high interest debt, including through utilization of the proceeds of the Fresh Issue.

Continue to focus on personnel training and on motivating our workforce: We intend to continue to focus on personnel training to improve employee productivity and to ensure that our employees understand our core strategies. We believe in open communication, which creates a dynamic working environment and in setting out clear well defined policies and goals. We intend to continue providing competitive wages and incentives to motivate our workforce.

Aircraft

We currently operate a fleet of 42 aircraft comprising 34 Boeing 737 aircraft and eight ATR 72-500 aircraft. In addition, two Boeing 737-400 aircraft leased by us have been sub-leased to an airline in Japan. We have recently taken delivery of one additional Boeing 737-800 aircraft, which will be inducted into service after refurbishment and upon receipt of final DGCA approval to operate the aircraft. We expect to take delivery of six additional Boeing 737-800 aircraft in 2005.

Currently, 33 of our Boeing aircraft are configured with two classes, Economy, or Y class, and Club Premiere, or CP, and one Boeing 737-800 aircraft is temporarily on a 175 Y configuration. The ATR 72-500 aircraft have a single Economy class configuration.

We use Boeing aircraft on metropolitan routes where there is high demand. We use ATR aircraft primarily on lower density regional routes and on certain low-demand flight timings on certain routes where we normally use Boeing 737 aircraft.

The composition of our fleet as of November 30, 2004 is more fully described below:

Aircraft Type	**Configuration**	**Average Age (Years)**	**Number**	**Hire Purchase/ Finance Lease**	**Hire Purchase/ Finance Lease Remaining (Years)**	**Operating Lease**	**Average Term of Operating Lease Remaining (Years)**
Boeing 737-400	112 Y and 24 CP	6.95	6	3	4.88	3	2.26
Boeing 737-700	102 Y and 20 CP	4.36	12	8	7.30	4	3.10
Boeing 737-800*	126 Y and 28 CP	4.15	14	11	7.81	3	4.83
Boeing 737-900	138 Y and 32 CP	1.47	2	2	10.50	0	-
ATR 72-500	64 Y	4.26	8	0	-	8	1.71
Total		4.5	42	24	7.50	18	2.63

* One existing Boeing 737-800 aircraft is temporarily on a 175 Y configuration.

The Boeing 737-400 aircraft are fitted with CFM56-3C engines, and the Boeing 737-700 and 737-800 aircraft are fitted with CFM56-7B engines. The ATR72-500 aircraft are fitted with Pratt & Whitney-127 engines. 40 of our 42 aircraft were new when we inducted them into our fleet. This allowed us to configure the aircraft, choose the seats and interiors and design the galleys to meet our requirements.

Our simplified fleet structure allows us to maintain cost-efficient operations by reducing maintenance and training costs, reducing spare parts inventory requirements and supporting high reliability and aircraft utilization. The average daily utilization rate of our aircraft in fiscal 2002, 2003 and 2004 and for the six month period ended September 30, 2004 was approximately 9.66, 9.41, 9.46 and 9.84 Block hours, respectively.

Our Boeing 737 aircraft have common maintenance routines, require standardized training for our crews and have a seat configuration that helps balance yield and optimize load factor on our routes.

We have hire purchase agreements for 23 Boeing 737 aircraft and a finance lease agreement for one aircraft. We have operating leases for our remaining 18 aircraft. We have entered into lease agreements for seven Boeing 737-800 aircraft, one of which has been delivered to us and the remaining six are expected to be delivered in the remainder of 2005, for periods ranging between six and seven years approximately.

In December 2004, we paid Boeing a refundable security deposit aggregating U.S.$900,000 to acquire ten additional Boeing 737-800 aircraft with CFM56-7B24 engines. The expected date of delivery of such aircraft is between January 2006 and October 2007. Definitive purchase agreements have been executed. As per the terms of the purchase agreements, we are required to make pre-delivery payments to Boeing progressively. Closer to the delivery dates of each aircraft, we will finalize definitive financing arrangements for these aircraft. The entry into financial arrangements in connection with these purchase agreements is also subject to the Company obtaining corporate approvals and such necessary regulatory approvals as may be required.

We have entered into a general terms agreement with CFM International in connection with certain warranties provided for the CFM engines we use in our Boeing aircraft. In case of aircraft leased by us, we can acquire these warranties only through an assignment of such warranties from the leasing company.

Under the terms of our hire purchase financing and finance lease arrangements, we are responsible for maintaining, repairing and insuring the aircraft (including third party liability insurance) and paying various taxes. We have the option to purchase the aircraft either during the term of hire purchase and finance lease on payment of outstanding amounts or at the end of the term for a nominal option price.

Under the terms of our existing operating and finance lease agreements for Boeing 737 and ATR 72-500 aircraft, we are responsible for repair, maintenance and overhaul, and insurance, although our lessors may be responsible for making certain contributions towards maintenance. The Company is required to return the aircraft in an agreed condition after expiry of the lease period.

Performance

The following table presents certain information relating to our operations for the fiscal periods indicated:

	As of and for the year ended March 31,					As of and for the six months ended September 30,	
	2000	2001	2002	2003	2004	2003	2004
Period end fleet size[1]	29	30	38	41	41	39	41
Average fleet size during period	27.5	29.6	34.9	38.9	40.8	40.6	41
ASKMs[2] (millions)	6,328	6,818	7,780	8,496	9,162	4,542	4,796
RPKMs[3] (millions)	4,093	4,810	4,777	5,291	5,852	2,771	3,245
Passenger Load Factor[4] (%)	64.7%	70.5%	61.4%	62.3%	63.9%	61.0%	67.7%
Average revenue per passenger [5] (Rs.)	3,385	3,502	3,517	3,506	4,031	4,046	4,145

(1) Fleet size represents aircraft which have a valid certificate of registration and certificate of airworthiness issued by the DGCA.

(2) Available Seat Kilometers, defined as the aircraft seating capacity multiplied by the number of kilometers the seats are flown.

(3) Revenue Passenger Kilometers represents the number of kilometres flown by revenue passengers.

(4) Revenue Passenger Kilometres expressed as a percentage of Available Seat Kilometres.

(5) Net Passenger Revenues divided by number of revenue passengers.

Routes and Schedules

We currently provide regular scheduled services to 42 destinations in India and two destinations outside India, and operate 1,924 flights weekly.

We use five hubs – Mumbai, Delhi, Chennai, Kolkata and Bangalore. We maintain engineering and maintenance facilities at each of these hubs. The major hub of our operations is Mumbai followed by Delhi, Chennai, Kolkata and Bangalore. The use of five hubs helps us originate flights from these cities.

The following table sets forth the cities we currently serve, the number of scheduled flights we operate per week originating out of those cities and the date we commenced services from each city.

City	Frequency per week out of each city	Month of introduction
Mumbai	504	May 1993
Delhi	290	May 1993
Bangalore	179	May 1993
Chennai	168	May 1993
Kolkata	108	June 1994
Hyderabad	84	May 1993
Cochin	42	May 1993
Goa	41	May 1993

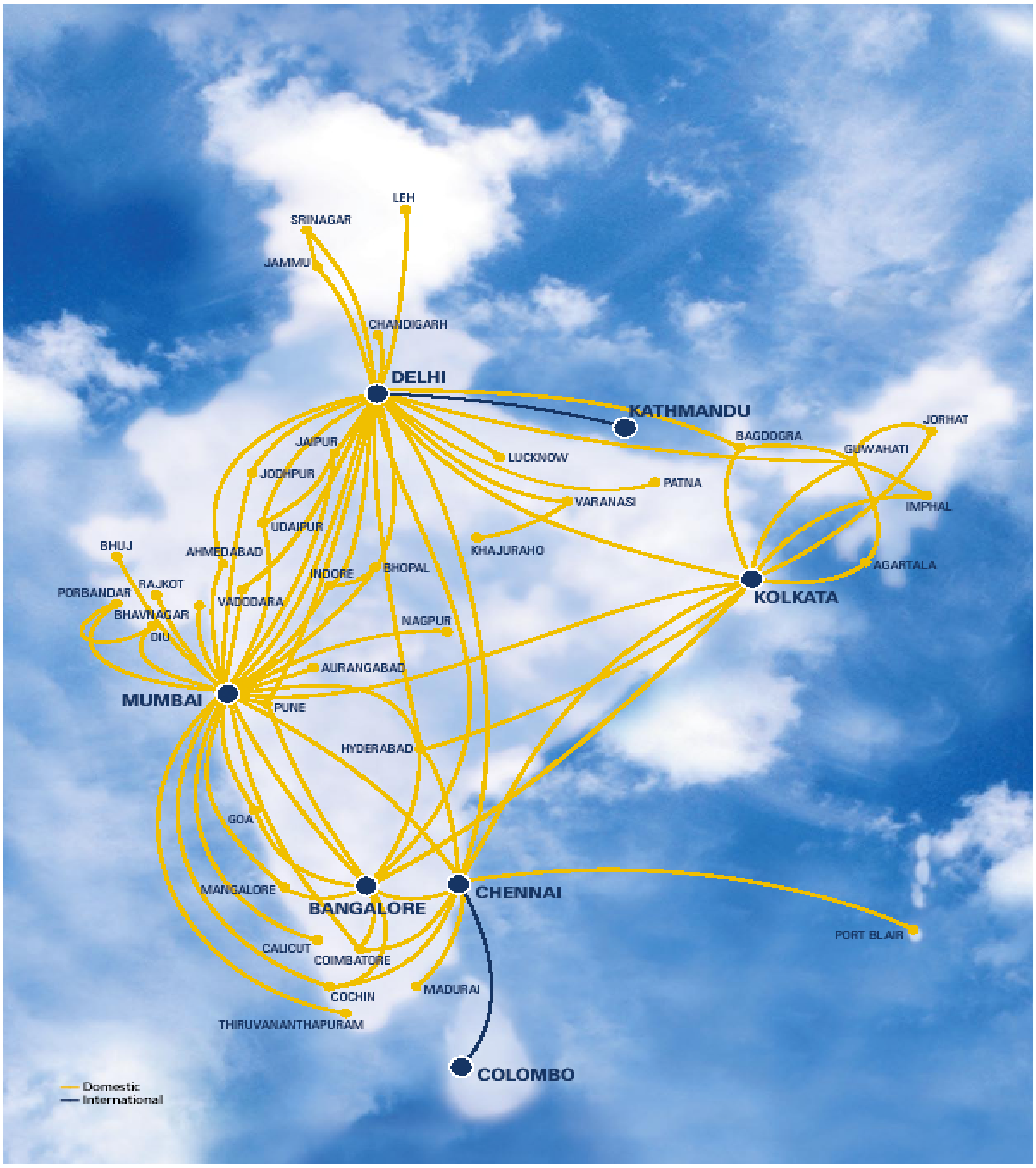
City	Frequency per week out of each city	Month of introduction
Ahmedabad	39	May 1993
Guwahati	32	January 1995
Vadodara	29	July 1996
Pune	28	January 1997
Indore	27	December 1996
Udaipur	27	October 1999
Coimbatore	21	May 1993
Mangalore	21	May 1993
Jaipur	21	July 1996
Bhopal	20	August 2001
Bagdogra	14	January 1995
Jammu	14	August 1996
Madurai	14	December 2001
Aurangabad	14	January 1997
Jodhpur	14	August 2001
Nagpur	14	September 2001
Rajkot	14	April 1998
Srinagar	14	August 1996
Varanasi	14	December 1998
Agartala	11	January 2004
Bhuj	7	April 1998
Bhavnagar	7	December 1999
Calicut	7	May 1993
Colombo	7	March 2004
Khajuraho	7	December 1998
Chandigarh	7	October 1999
Leh	7	June 2001
Port Blair	7	January 1999
Kathmandu	7	May 2004
Lucknow	7	November 1997
Patna	7	August 2004
Trivandrum	7	July 1996
Diu	6	December 1999
Imphal	6	December 1998
Porbandar	6	October 1999
Jorhat	4	September 1996
Total	**1,924**	

We plan our flight timings based on customer convenience and optimal rotation of each aircraft. In this regard, we offer direct flights between 32 city pairs. We also plan our schedules so that passengers can conveniently connect from regional flights to major domestic and international routes.

We are required to comply with the Route Dispersal Guidelines, 1994 issued by the Government. For further details regarding these guidelines, see the "Regulations and Policies" section at page 125 of this Prospectus.

We commenced operation of regular scheduled services to Colombo, Sri Lanka, and Kathmandu, Nepal, in March 2004 and May 2004, respectively, pursuant to the Government of India permitting private sector domestic carriers to fly to certain SAARC countries.

The map below sets forth our current route structure:



In-flight Service

We have established a strong reputation for delivering quality in-flight service. We spend time and attention in hiring our in-flight crew. Recruits go through a rigorous and carefully designed training program encompassing service procedure, customer care, safety and grooming and are required to satisfactorily complete their training program to qualify for permanent positions. Cabin crew are also required to go through refresher training courses each year.

We serve meals or heavy snacks on nearly all our flights depending on the length of the flight. We pay considerable attention to the selection of our menu, which we regularly change. As a part of our continued efforts at product enhancement, we periodically change the cutlery, crockery and other supplies as well as service procedure on our flights. We have catering contracts with various catering services, including Oberoi Flight Services and Taj SATS Air Caterers.

We pay particular attention to the maintenance and upkeep of our cabin interiors. We seek to ensure the immediate repair or replacement of all fittings and fixtures when required, and we have a program to regularly replace upholstery and carpeting.

Ground Handling Services

We endeavor to ensure that customer service on the ground, at embarkation and at disembarkation, is of a high standard. We maintain sufficient counters at all airports and seek to ensure that the waiting time for check-in, particularly at peak hours, is minimal. We offer special services to our club premier passengers and frequent flyers. We carefully monitor the quality of ground handling services.

Our check-in system at nearly all airports is automated. We continually upgrade our systems, procedures, equipment and facilities at all airports.

We have an in-house training program for all our ground staff. We conduct courses for the handling of dangerous goods and for weight and balance of the aircraft which have been approved by the DGCA.

We provide our own ground handling services at all airports except Cochin airport and the airports at Colombo, Sri Lanka and Kathmandu, Nepal.

Service Quality

We have developed systems to track various aspects of our services. On time performance and the reasons for delays are analyzed every day. We receive and analyze over 57,000 service tracker questionnaires every month, where passengers are asked to evaluate all our services on a four-point scale. We undertake quality audits of in-flight and ground services by a dedicated services and product quality team. We endeavor to promptly respond to any customer complaint.

We believe we are meeting and exceeding our customer service expectations. During the six months ended September 30, 2004, based on feedback from our customers:

- We were rated either “good” or “excellent” for overall services by approximately 95% of our passengers who completed our questionnaires.
- Ratings for in-flight services and efficiency of our stations were 97% and 95%, respectively.

We have received numerous awards that recognize the quality of our service, including the following:

- Citibank Diners Club Blue Moon Award for Service Excellence in 1995.
- H&FS Best Domestic Airline of the year Award for Excellence in Hospitality for the years 1996, 1998, 1999 and 2001.
- Air Transport World Market Development Award for the year 2000.
- Financial Express Business Traveller Award (Domestic Airline Category) for Business Class, Economy Class and Best Service (Airport and In flight) in 2003 and 2004.
- Best Domestic Airline of Asia by the Asian readers of Travel Trade Gazette for the years 2003 and 2004.
- The Businessworld award for the most respected company in the travel and hospitality sector in 2003 and 2004.

We were also ranked by the Businessworld magazine publication in 2004 as one of the ten most respected companies in India.

As part of our continued emphasis on the quality of our service, in August 2004 we launched a new program called “Seamless Customer Care”, which involves the participation of employees at the 42 domestic airports we connect. The objective of this program is to focus on customer care and enhance the overall passenger experience by seeking input from our employees at the airports we connect. A committee of the heads of each operational department chaired by our Chief Operating Officer oversees this program.

Marketing, Sales and Distribution

Our primary marketing strategy is to attract new customers and retain existing customers by widely communicating our high-quality value proposition. We market our services through advertising and promotions in newspapers, magazines, outdoor advertising such as bill boards, radio, and through targeted public relations and promotional efforts. We believe that our brand is widely recognized in India as representing high value service. Our brand has been selected as a “superbrand” by the Indian Superbrands Council in August 2003.

We estimate that in fiscal 2004 and the six months ended September 30, 2004 approximately 80% of our passengers were business travellers. The remaining passengers were largely leisure travellers and travellers visiting friends and relatives. We believe we have a leading loyalty program among those offered by domestic airlines in India. Our five-tier frequent flyer program had 413,970 members as of November 30, 2004. We have a dedicated service centre in Mumbai which manages this program and communicates with members. Members can also accumulate miles by using the services of our partners such as airlines, domestic and international hotels and our co-branded credit card and car rental companies. The miles earned and accumulated by our customers under this program can be redeemed for upgrades and free tickets.

Our GSA for India is Jetair. Jetair was promoted by Mr. Naresh Goyal in 1974 and is a promoter group company. Jetair has offices in approximately 69 locations and represent 15 international airlines in India. Our GSA agreement with Jetair is valid for a period of four years commencing April 1, 2004. Such agreement with Jetair requires Government approval under the Companies Act and we currently have received approval for such agreement for a period of three years commencing April 1, 2004. We pay Jetair an overriding commission of 3% on all passenger sales and 2.5% on all cargo sales. This commission is over and above sales commissions payable to sales and travel agents of 5% on Rupee fares and cargo and 7% on foreign exchange fares. Our agreement with Jetair also provides for charge back of certain expenses, including remuneration of certain employees (sales, reservation and service staff) who are rendering services which should be rendered by Jetair as our GSA, CRS costs (up to a maximum of 25% of such CRS costs) and SITA communication charges, in amounts as determined by us. In fiscal 2004 and the six months ended September 30, 2004, commissions to Jetair constituted 2.5% and 3.1%, respectively, of our Total Expenses for such periods.

We are considering joining the Billing Settlement Plan system, or BSP system, an IATA sponsored standardized ticketing and collection system. Under the BSP, neutral standard traffic documentation common to all airlines on the BSP system is issued and there is centralized reporting, billing and analysis of sales for our domestic operations. The credit risk for default in payment by a travel agent that is accredited by IATA is reduced significantly under the BSP system. If we migrate sales to the BSP, we expect that our GSA agreement with Jetair may require modifications, which will require Government approval under the Companies Act.

Our GSA agreements include agreements with the following overseas promoter group companies: Jet Airways LLC, Dubai, UAE and its two subsidiaries Jet Airways of India Inc., U.S.A. (for U.S.A. and Canada) and India Jet Airways (Pty) Ltd., South Africa (for South Africa). In fiscal 2004 and the six months ended September 30, 2004, commissions to such GSAs constituted 0.5% and 0.4%, of our Total Expenses for such periods.

We currently have GSA representation in 74 countries to promote the sale and distribution of our tickets to international in-bound passengers.

Our airline reservation system is hosted on SABRE. We offer 24-hour reservations services at Mumbai, Delhi, Kolkata and Chennai. We also have agreements with major global distribution systems, or GDSs, including Abacus, Amadeus, Galileo, Sabre GDS and Worldspan. These agreements require us to pay a fixed commission per booking made. The average cost per reservation in fiscal 2004 was U.S.$2.80 (Rs.129.08).

We introduced e-ticketing and direct internet booking in April 2004. We intend to encourage the use of direct bookings by our customers because it is an efficient distribution channel. No sales commission is payable on direct e-ticketing and therefore increased use of direct e-ticketing will reduce distribution costs. We pay an overriding commission of 3% to Jetair for all internet passenger bookings and 2.5% on all internet cargo bookings.

We are already a part of BSP systems in North America, UK, France, Germany, Switzerland and other key locations.

Pricing and Revenue Management

We offer several fare options as set forth below:

- Economy and club premier fares;
- Discounted fares for senior citizens and defense personnel;
- Advance Passenger Excursion, or APEX fares;
- “One Fare” scheme that allows passengers to buy four or six coupons for a fixed fare and use them on any sector;
- “Night saver” fares for night flights which we operate on certain routes;
- “Check fares” on certain flights with no requirement for advance booking; and
- U.S. Dollar fares and “Visit India” fares for overseas travellers.

Our APEX fares are subject to certain advance purchase and cancellation conditions.

Yield management and pricing form the backbone of our revenue generation strategy and are also strongly linked to our route and schedule planning and our sales and distribution activities. Yield management involves the use of historical data and statistical forecasting models to produce knowledge about our markets and maximize our operating revenues. Our yield management practices enable us to respond to changes in the market and also to anticipate such market changes.

The number of seats we offer at each fare level in each market results from a continual process of analysis and forecasting. Past booking history, seasonality, the effects of competition and current booking trends are used to forecast demand. Current fares and knowledge of upcoming events at destinations that will affect traffic volumes are included in our forecasting model to arrive at optimal seat allocations for our fares on specific routes. We use a combination of approaches, taking into account yields and flight load factors, depending on the characteristics of the markets served, to arrive at a strategy for achieving the best possible revenue per available seat kilometer, balancing the average fare charged against the corresponding effect on our load factors. For this purpose, we use a state-of-the-art yield management system developed by SABRE.

Engineering and Maintenance

Our maintenance procedures are regulated by the DGCA. Regulations framed by the DGCA are based on ICAO requirements. Our maintenance programs are based on manufacturers’ maintenance planning documents, or MPDs, that are approved and certified by the DGCA.

The maintenance performed on our aircraft can be divided into three general categories: line maintenance, “C” or phase 10 checks (“C Checks”) and heavy maintenance or “D” checks (“D Checks”). Line maintenance consists of routine, scheduled maintenance checks on our aircraft, including pre-flight, daily and overnight checks and any diagnostic and routine repairs. For instance, C Checks for our Boeing aircraft are carried out after a maximum of 4,800 flight hours. These checks take an average of eight days for our Boeing 737 aircraft, and may result in the loss of service of such aircraft for a period of up to 10 days. Heavy maintenance or D Checks consist of more complex inspections and servicing of aircraft that require a longer maintenance period. Heavy maintenance checks are performed following a pre-scheduled agenda of major overhauls defined in an aircraft’s manual, which is based on the number of flights flown by the aircraft or the age of the aircraft. A typical D Check would result in the loss of service of a Boeing 737 aircraft for approximately 45 days.

Typically, all our line maintenance and C Checks are performed by our own experienced technicians. We have our own maintenance hangar facility in New Delhi. In addition, we have leased a maintenance facility at Bangalore from Hindustan

Aeronautics Limited ("HAL"), for C Checks on our Boeing aircraft. We also utilize the workshops and hangar facilities of Air India at Mumbai on an "as-needed" basis. D Checks of Boeing aircraft are presently carried out at facilities approved by the U.S. Federal Aviation Administration ("FAA"), and the DGCA.

We have not as yet been required to conduct a D Check on our existing fleet. However, in fiscal 2006 and 2007, nine and eight Boeing aircraft, respectively, are scheduled to undergo D Checks, resulting in approximately one aircraft being unavailable for the entire duration of such fiscal years.

We are in the process of establishing a maintenance hangar complex with workshop and allied facilities at Mumbai that is scheduled to be completed by March 31, 2005. The hangar is being constructed on land leased from the AAI and will provide maintenance and overhaul facilities at Mumbai airport, which is the main base of our operations. The estimated cost of construction of the maintenance hangar and related workshops and engineering training facilities is U.S.$15 million (Rs.690 million). The hangar will be used for C checks, line checks, storage and minor rectification of engines and workshops for composite structural repair and, in due course, D Checks. We expect that the construction of the hangar will reduce our maintenance costs and improve our operational efficiency.

We have also entered into various contracts in connection with maintenance support for our Boeing 737 fleet, including the following:

- "Power by the hour" ("PBTH") contract with Lufthansa Technik for the repair and maintenance of spares for our Boeing fleet.
- PBTH contract with Israel Aircraft Industries Limited- Bedek Aviation Group, Israel, for the maintenance of auxiliary power units ("APUs") in our Boeing 737-400 Classic aircraft.
- Contract with Honeywell International Inc., U.S.A., for the repair and overhaul of the APUs in our Boeing 737 NG aircraft.
- PBTH contract and technical services contract with MTU Maintenance Hanover GmbH, Germany, for engineering services and engine condition monitoring services in connection with our CFM 56-7 engines in our Boeing 737 NG aircraft.

We have a global maintenance agreement and an equipment lease agreement with ATR, the manufacturer of the ATR aircraft, to provide technical support for our ATR 72-500 aircraft.

Our technical personnel have the capability and required approvals and licenses from the DGCA to carry out C Checks. All technical personnel are trained by our in-house training programs (type courses and refresher courses) and also by programs offered by aircraft and engine manufacturers. These programs have been approved by the DGCA.

We have a quality control division that oversees the compliance of all airworthiness requirements and coordinates with the DGCA for various engineering activities. Our engineering technical services division implements modifications, determines the work scope of repairs and maintenance and plans shop visits for engines and APUs. This division is also responsible for the engine trend monitoring program. We have a reliability section that monitors components and analyses defects of systems and components. We also have an engineering planning division to forecast long and short-term maintenance activities. The division is also engaged in optimization of resources and the minimization of aircraft on ground for maintenance.

Our technical dispatch reliability, which is the percentage of flights not being delayed for more than 15 minutes for technical reasons, for the period January 1, 2004 through November 30, 2004, was over 99%.

Flight Operations

Procedures and policies regarding our flight operations are regulated by DGCA and are based on ICAO requirements.

We have over 400 experienced pilots. We have a ground training school at Mumbai for flying crew. This training school is approved by the DGCA. We have a full flight simulator for a Boeing NG aircraft and a B737-Classic flight training device. This equipment has also been approved by the DGCA. We can therefore meet all training requirements to enable pilots to obtain endorsements to fly Boeing 737 NG aircraft.

Our pilots that are qualified to fly ATR 72-500 aircraft are sent to the manufacturers' training centers at Toulouse or Bangkok for both initial and refresher training.

We have an operations control centre, or OCC, that is responsible for flight operations from various airports in India. This department comprises dispatchers and flight controllers. A dispatcher ensures that each flight complies with applicable rules and regulations (such as, for example, load restrictions). A flight controller is responsible for the departure, deployment and relocation of aircraft.

Air Safety

We are dedicated to ensuring the safety of our passengers and employees. We have taken numerous measures, voluntarily and as required by regulatory authorities, to increase the safety of our operations. Our air safety department is staffed by experienced pilots and other aviation professionals. As required by the DGCA, this department reports to our Chief Executive Officer.

We comply with safety standards of the DGCA. We also maintain our aircraft in accordance with manufacturers' specifications and all applicable safety regulations, and perform routine line maintenance every day. Our pilots have extensive experience, with flight captains having an average of more than 4,000 hours of career flight time. We also conduct ongoing courses, addressing the latest developments in safety issues.

We download and analyze the entire data from the digital flight data records of each aircraft. The results are discussed with our flight operations department.

In addition to in-house audits, safety audits are carried out periodically by the DGCA, the Boeing Company and ATR.

Security

We pay particular attention to the security of our passengers and our aircraft.

We comply with the regulations and instructions issued by the (Indian) Bureau of Civil Aviation Security (the "BCAS"), which is the regulatory authority responsible for airline security in India. These regulations and instructions are in accordance with the standards and recommended practices specified by the ICAO.

We have developed an in-house training facility for security training. The training is structured on a self-enabling, interactive computer based program with the ability to simulate live situations in the classroom. Our training program has been recognized by BCAS.

We provide extensive training to ensure that our staff have appropriate skills to carry out responsibilities as specified in our security training manuals. All crew and ground handling staff are required to undergo security awareness and dangerous goods training to identify potentially dangerous goods and items that threaten the safety of the flight, including inflammable liquids and containers that may explode under pressure.

We ensure compliance with international standard security measures, including the following:

- Installation of reinforced doors and review of policies and procedures on cockpit visits and occupying of jump seats;
- Review of items allowed as cabin baggage;
- X-ray screening of registered baggage, cargo, courier, postal mail;
- Passenger/baggage reconciliation entailing removal of checked-in luggage from the aircraft when passenger fails to board the aircraft; and
- Appropriate security controls on catering services.

Cargo Services

While we are primarily a passenger airline, we also carry cargo on our Boeing flights. We generated approximately 4.9% of our Operating Revenues from the carriage of cargo in fiscal 2004.

We carry all types of cargo except cargo classified as dangerous goods by IATA. We have cargo warehouses for the receipt and delivery of goods at all major stations. These are operated by our GSA, Jetair. For the carriage of bonded international cargo on domestic routes, we have set up bonded warehouses at major locations in the country. We have also entered into 39 cargo interline agreements with international airlines.

Our carriage of cargo has increased by 32.6% over the last three fiscal years, from 65,385 tons in fiscal 2002 to 86,749 tons in fiscal 2004.

We intend to introduce the automation of our cargo operations throughout our network by December 2005. We also intend to maximize our revenues from carriage of cargo by focusing on high yield cargo.

Fuel

Costs of Aviation Turbine Fuel, or ATF, are a significant portion of our operating expenses. Significant increases in fuel costs would have a material adverse effect on our operating results. The following chart summarizes our fuel consumption and costs:

	Year ended March 31			Six months ended September 30	
	2002	**2003**	**2004**	**2003**	**2004**
Liters consumed	311,630,964	336,697,650	363,936,616	180,668,509	192,299,410
Total cost (in Rupees, thousands)	5,289,985	6,504,024	7,417,838	3,554,376	4,713,116
Average cost per liter (in Rupees)	16.98	19.32	20.38	19.67	24.51
Percentage of Total Expenses	19.9%	20.4%	21.9%	21.0%	26.1%

We are required to purchase ATF from three Government-controlled companies – IOC, BPCL and HPCL as they are the only companies which have been permitted to have such facilities within airports. For the supply of ATF in India, we have entered into contracts with these three companies. The price charged by these companies is uniform and is revised every month based on the international price of crude oil. The components of the cost of ATF include central excise duty (currently 8%) and applicable education cess, and sales tax that is levied by each state in India. Sales tax on ATF is levied at all stations we currently service in India (except for Diu, Leh and Port Blair) and is currently between 4% and 30.55%, with a weighted average of approximately 22.1% for the six month period ended September 30, 2004.

With regard to our operations in Kathmandu, Nepal and Colombo, Sri Lanka, we have entered into fuel supply agreements with Nepal Oil Corporation Limited, a state run company, and AIR BP Limited, a UK company, respectively.

Fuel prices have increased significantly in recent periods. Although we have been successful in increasing the price of our fares, we experience significant price pressure as a result of increased competition in India. We cannot assure you that we can continue to increase our fares in response to increases in fuel price.

Competition

We compete for our revenue passengers primarily on the basis of routes, fare levels, frequency of flights, reliability of services, brand recognition, passenger amenities, such as frequent flyer programs, and customer service. We believe our motivated workforce and proven management team, our focus on business travel, our young fleet comprising of limited types of aircraft, our efficient aircraft utilization and our strong brand enable us to compete favourably in many of these areas. We compete in the cargo services primarily on price and service capabilities.

Our market position will depend upon effective marketing initiatives and our ability to anticipate and respond to various competitive factors affecting the industry, including pricing strategies by competitors. Any failure by us to compete effectively, including in terms of pricing or providing innovative and high-quality services, could have a material adverse effect on our results of operations.

Our principal competitors are currently Indian Airlines, including its subsidiary Alliance Air, and Air Sahara. Both airlines are full-service carriers offering flights on domestic routes and certain international routes. Other competitors include Air India, which carries domestic passengers on the domestic legs of its international flights and Air Deccan, a “no frills” airline that commenced operations in August 2003. Certain of our competitors, including Government-owned companies, may have significantly greater resources than those available to us.

According to published reports, additional new private carriers are contemplating entering the domestic aviation market.

The airline industry is very competitive and we expect competition to continue in the future. We expect our maintenance costs to increase as our fleet ages, and we may incur increased labour costs in the future.

The following table sets forth the historical market shares on domestic routes (in terms of passengers divided by seats), based on revenue passenger kilometers, of the significant airlines in India for each of the periods indicated:

Market Share – Domestic	**Year ended March 31**	
	2002	**2003**
Jet Airways	45.3%	45.9%
Indian Airlines (including Alliance Air)	44.3%	39.6%
Air Sahara	4.8%	9.3%
Others(1)	5.6%	5.2%

(1) Consists of Air India and other air taxi operators, and since September 2003, also includes Air Deccan.

Source: DGCA

Our market share in fiscal 2004 and in the six months ended September 30, 2004, was 45.3% and 42.3%, respectively.

The Indian Railways is the largest transporter in India and in fiscal 2004, carried approximately 52 million premium passengers, consisting of passengers travelling first class and air conditioned second class. We believe that the discounted fares offered by us and other airlines will attract rail travellers to use air transportation services on certain routes.

As we increase our international operations, the number of our competitors will increase and we will face competition from airlines that are already established in these international markets and that participate in strategic alliances and code sharing arrangements. These competitors may have longer operating histories, bigger fleets with experienced pilots, crew and engineers and significantly greater resources than those available to us and may provide significant competition to us.

People

We believe that our growth potential and the achievement of our strategy is directly linked to our ability to attract and maintain the best professionals available in the airline business. We place great emphasis on the selection and training of enthusiastic employees with the potential to add value to our business and who we believe fit in and contribute to our business culture.

Employees in various departments and categories are as set out below:

	As of March 31,		**As of September 30,**
	2003	**2004**	**2004**
Pilots	402	411	424
Cabin Attendants	735	769	980
Engineers	1,132	1,140	1,187
Customer service agents	1,974	1,866	1,902
Security	721	665	679
Marketing, sales and reservations	687	1,008	1,038
Others	891	844	849
Total	**6,542**	**6,703**	**7,059**
Less: Jetair Services(1)	(1,075)	(1,396)	(1,464)
Total	**5,467**	**5,307**	**5,595**

(1) These comprise employees whose salaries and related costs are charged back to Jetair under the terms of our GSA agreement with Jetair.

We provide extensive training for our pilots, AMEs and technicians, flight attendants and customer service representatives. In addition to technical training, we offer in-house training in communication skills. We have an in-house program to identify talented employees and train them to take positions of responsibility on a fast track.

Attrition rates (based on the average number of personnel at the beginning of such period and at the end of such period) for our employees in fiscal 2002, 2003 and 2004 was 8.9%, 13.2% and 14.1% respectively and 5.5% in the six months ended September 30, 2004. In-flight crew attrition rates for such periods were 15.4%, 18.3%, 26.9% and 10.6%, respectively. In addition, attrition rates for airport services staff for such periods were 10.6%, 18.3%, 15.9% and 6.8%, respectively. We continuously recruit and train young candidates and train them in anticipation of such attrition. We also promote meritorious crew to supervisory positions, positions in base management and as trainers in order to retain talent. In fiscal 2005 we have implemented salary and wage revisions throughout the organization. We believe that this may reduce our attrition rates.

Employees are entitled to free or subsidized air transportation which is subject to space availability. The number of such free tickets depends on the years of service with the Company.

We intend to reward our employees for their contributions to us and create employee ownership in us by granting Equity Shares in which eligible employees and directors of the Company and any other person permitted under applicable law or regulation can participate, subject to such approvals as may be necessary. The criterion for selection will be determined by our Board and approved by our shareholders. The ESPS or ESOP will comply with the SEBI (Employee Stock Option and Employee Stock Purchase Scheme) Guidelines, 1999 and the issuance of Equity Shares pursuant thereto will be subject to compliance with all applicable laws and regulations. We propose to issue a maximum of 0.5% of our post-Offer paid-up equity capital for the ESPS or ESOP schemes.

The issue of Equity Shares pursuant to the ESPS or the issue of options under ESOP is likely to occur in fiscal 2006, although there can be no assurance as to the timing of adoption of any such scheme, which may occur in fiscal 2006 or thereafter.

Any issuance of Equity Shares pursuant to the ESPS will result in a charge to our profit and loss account equal to the product of such number of Equity Shares issued and the difference between the applicable market price of our Equity Shares and the price at which our employees and directors will purchase the Equity Shares. We have not as yet determined the issue price at which Equity Shares will be sold, the number of Equity Shares proposed to be issued, the identity of such eligible persons and the timing of adoption of the ESPS scheme or the date of issue of Equity Shares thereunder.

The ESOP scheme will also result in a charge to our profit and loss account equal to the product of the number of Equity Shares proposed to be issued in accordance with the accounting principles used for determining such charge using the fair value method or applicable market price of our Equity Shares. Such charge will be amortized over the vesting period of the stock option. We have not as yet determined the number of stock options to be granted, the exercise price or the number of Equity Shares to be issued, the identity of the eligible persons and the timing of the ESOP scheme.

Approximately 11% of our workforce as of September 30, 2004 was unionized, consisting of certain categories of our employees at Mumbai, Delhi and Kolkata. We have entered into memoranda of settlements with the respective unions at Mumbai, Delhi and Kolkata, which are valid from periods between 2005 and 2008. For certain of our non-unionized staff such as pilots, cabin attendants and engineers, we have in consultation with such staff agreed to certain annual compensation levels until 2007. These contemplate annual increases in fiscal years 2006 and 2007. Industrial action or work stoppages by our employees could be disruptive to our operations and could harm our business and results of operations. We have not experienced any material disruptions in our business and operations as a result of any work stoppage, strike or employee unrest.

Insurance

We maintain passenger liability insurance in an amount consistent with airline industry practice and we insure our aircraft against losses and damages on an "all risks" basis. We have obtained all insurance coverage required by the terms of our aircraft lease and hire purchase agreements. We believe our insurance coverage is consistent with airline industry standards and appropriate to protect us from material loss in light of the activities we conduct. No assurance can be given, however, that the amount of insurance we carry will fully cover all material loss. See Risk Factors titled "Insurance cover is unavailable for certain risks or may be inadequate" and "Insurance costs for airlines increased substantially as a result of the September 11, 2001 terrorist attacks in the United States, and further increases would harm our business" at page xxix of this Prospectus.

Intellectual Property

There is significant goodwill in the "Jet Airways" name and trademark, which is a registered trademark in India. The use of the "Jet Airways" trademark (together with certain variations thereof) has been licensed to us for use in India on an exclusive, non-assignable basis by Jet Enterprises (a company substantially owned by Mr. Naresh Goyal) pursuant to the Registered User Agreement with Jet Enterprises. Certain other variations of the "Jet Airways" trademark and certain other related trademarks (for which Jet Enterprises has applied, or proposes to apply for, registration) have also been licensed to us by Jet Enterprises on an exclusive, non-assignable basis for use in India pursuant to the Common Law Agreement with Jet Enterprises.

Under the Registered User Agreement, we are required to pay Jet Enterprises license fees on a quarterly basis calculated in the following manner:

- 0.20% of our revenue up to Rs.11,500 million;
- 0.15% of our revenue in excess of Rs.11,500 million up to Rs.23,000 million; and
- 0.10% of our revenue in excess of Rs.23,000 million.

For purposes of calculation of this license fee, revenues include passenger revenues, cargo revenues and other operating revenues but exclude interest income and PSF handling fees. Under the Common Law Agreement, we are required to pay a fixed annual license fee of Rs.0.1 million for each trademark licensed under the Common Law Agreement. The Registered User Agreement and the Common Law Agreement are valid for a period of fifteen years, commencing October 2000, and are renewable at the option of Jet Enterprises for a further period of ten years.

Jet Enterprises has taken steps to register the "Jet Airways" mark and related trademarks outside India. The "Jet Airways" trademark is currently registered in Hong Kong, Singapore, U.A.E., the U.K. and Mauritius and Jet Enterprises is seeking to register this trademark in certain other jurisdictions outside India. Certain parties have raised objections to the registration of the "Jet Airways" trademark in the U.K. and in the United States. For further particulars, see litigation of promoter group companies beginning on page 144 of this Prospectus.

Pursuant to a letter dated December 15, 2004, Jet Enterprises confirmed to us that as long as we are not in default under any registered user agreements or common law agreements pursuant to which Jet Enterprises had licensed trademarks to us, Jet Enterprises will license the use of the "Jet Airways" and related trademarks to us for use in the other countries where Jet Enterprises has registered or applied for registration of the "Jet Airways" trademark and where we seek to operate in the future.

Subsequently, however, pursuant to a letter agreement dated January 31, 2005, Jet Enterprises agreed to transfer and assign all its right, title and interest in the "Jet Airways" trademark, other variations thereof and certain other related trademarks to us that are currently owned by Jet Enterprises and are licensed to us. Pursuant to such letter agreement, we and Jet Enterprises have agreed to endeavor to conclude such transfer and assignment by July 31, 2005, subject to applicable laws and regulations and the execution of mutually satisfactory documentation. We had also agreed that the consideration for such transfer and assignment shall be determined by independent certified public accountants of repute to be jointly appointed by us and Jet Enterprises. Subsequently, pursuant to a letter agreement dated February 12, 2005, we and Jet Enterprises have agreed that the consideration payable to Jet Enterprises for the transfer and assignment of all trademark and other intellectual properties owned by Jet Enterprises and licensed to us will not exceed the Rupee equivalent of U.S. $7.5 million. Such consideration amount has been mutually agreed by us and Jet Enterprises based on a valuation by Chaturvedi & Shah, chartered accountants. We have also agreed that the consideration amount will be paid by us on the completion of the transfer and assignment of all such trademarks and other intellectual property, which will be undertaken after consultation with legal counsel and ensuring compliance with applicable laws and regulations and execution of mutually satisfactory documentation.

We will also seek to have the copyright in the artistic work relating to the "Jet Airways" mark and variations thereto assigned to us by Jet Enterprises on mutually agreed terms.

Property

We have taken various premises in India on rent, lease or leave and licence basis that can be classified as:

- airport premises;
- commercial premises; and
- employee residential premises.

Airport Premises

We have leased premises and work spaces from the Airports Authority of India, or AAI, in 41 of the 42 airports where we operate, except at the Cochin airport. These premises and work spaces include:

- check-in counters;
- ticketing counters;
- back-up offices; and
- areas on the ramp for equipment storage and related purposes.

In stations where we have more frequent operations, we also lease space for engineering and cargo operations. The extent of space that we lease at each airport is determined by the current size and expected growth of our operations and the extent of space that the airport can offer.

We have also leased a hangar at the New Delhi airport. We have leased land from AAI at the Mumbai airport where we are constructing our own hangar complex.

The lease rentals payable are specified by AAI and vary according to the usage, the location of the airport and amenities available at such premises. We are responsible for the renovation, furnishing and maintenance of such premises, and for the payment of utilities. Agreements with AAI for such premises are typically for a period of one year and, in certain cases, for three years. The agreement for the hangar at the New Delhi airport is for three years and that for the land at the Mumbai airport is for 10 years. These agreements are typically renewed at the expiry of such lease periods.

At Bangalore airport, charges for the use of open spaces on the ramp are paid to Hindustan Aeronautics Limited. The Cochin airport is operated by Cochin International Airport Limited, or CIAL, and we have leased certain premises at the Cochin airport from CIAL for back office operations and for ticketing offices.

Commercial Premises

Our registered offices and major departments are located at SM Centre, Andheri (East), Mumbai. Certain of our departments are located near to our corporate offices. These premises have been taken by us on leave and licence basis and such agreements are valid for periods ranging between three and five years. We have offices for sales and ticketing in all cities in India where we operate except Madurai, Patna and Agartala. We also have regional management located in our offices at New Delhi, Kolkata, Hyderabad, Bangalore and Chennai. All such premises are taken on rent, lease or leave and licence basis for terms ranging between three and five years.

We have also taken premises on leave and licence basis in Mumbai that house our simulator and our pilot training and safety training schools. Our central stores, where we store items required by in-flight, catering and airport services, are located in Mumbai. We have leased a store in Delhi, to service the northern region.

We have cargo warehouses in Mumbai, Chennai, Bangalore, Coimbatore, Imphal, Indore, Pune, Rajkot, Agartala and Guwahati where our customers can deposit and collect cargo. The warehouses are located in the vicinity of the respective airports and are operated by Jetair Private Limited, our GSA in India. All these premises are either on lease or leave and licence agreements.

Employee Residential Premises

We provide accommodation for certain of our personnel, and have taken on leave and licence or lease 48 residential premises, most of which are located in Mumbai. The agreements for these residential premises vary between 22 and 33 months.

As at November 30, 2004, we paid aggregate monthly rentals of Rs. 23.75 million for all our premises.

International Operations

We commenced operation of regular scheduled services to destinations in neighbouring countries, such as Colombo, Sri Lanka, and Kathmandu, Nepal, in March 2004 and May 2004, respectively, pursuant to the Government of India permitting private sector domestic carriers to fly to certain SAARC countries. Following the decision of the Union Cabinet to change the aviation policy on December 29, 2004 and permit Indian scheduled carriers with a minimum of five years of continous operations and with a minimum of 20 aircraft in its fleet, to operate scheduled services to other international destinations, the MoCA has, on January 11, 2005, designated us as an Indian carrier permitted to operate international services to and from Singapore, Malaysia, Thailand, Hong Kong, the United Kingdom and the United States of America.

Following such designation by MoCA, on January 21, 2005, the DGCA issued AIC No. 2/2005 entitled "Guidelines for Operation of Indian Scheduled Carriers on International Routes" and invited scheduled Indian carriers to apply for the allocation of traffic rights on international routes. Our application includes the expansion plans that we propose to implement in the IATA Summer Season 2005 and the IATA Winter Season 2005/2006, subject to availability of aircraft and the allocation of additional entitlements by the Government.

We have been allocated seven weekly frequencies between India and Heathrow, London. We have also been recently allocated certain traffic rights on the India-Malaysia and India-Singapore routes with effect from the IATA Summer Schedule 2005. We have been permitted to operate seven Boeing 737-800 flights per week or 980 seats per week to Malaysia. We have also been permitted to operate seven Boeing 737-800 flights per week on the Mumbai-Singapore sector or 980 seats per week. We have also been permitted to operate three services per week on the India (Mumbai) – Belgium (Brussels) – USA (New York) sector with effect from IATA Summer Schedule 2005. With respect to increased entitlements for some of the aforementioned routes and entitlements for other international routes, the Government is expected to shortly notify its decisions on the allocation of entitlements among the four scheduled carriers (that is, Air India, Indian Airlines, Air Sahara and us). We will thereafter be able to finalize our plans relating to the actual deployment of our aircraft, the number of frequencies that we will operate on various routes as well as conclude associated arrangements.

We have, based on our internal feasibility studies, commenced the filing of our proposed schedules with the respective aeronautical/airport authorities where we plan to operate and have initiated necessary action to obtain requisite slots at such airports and identify suitable available aircraft. We have also commenced recruitment of qualified expatriate operational crew who meet the qualification and other requirements specified by the DGCA and necessary airport and flight dispatch personnel and are in the process of making arrangements for the training of our own personnel, including our pilots, AMEs, technicians etc. for our proposed operations on international routes.

In this connection, we have executed an agreement with Societe Air France for the transfer of one pair of slots at Heathrow, London. We have also been allotted a second pair of slots at Heathrow, London by Airport Coordination Limited, the slot co-ordination agency of the airport.

In respect of other cities, such as Singapore, Kuala Lumpur and Bangkok that we propose to operate to in IATA Summer Season 2005, we have also obtained in-principle approvals for appropriate slots subject to actual designation by the Government. As mentioned above, the diplomatic process in this regard has already been initiated by the Government and the responses from the concerned foreign governments are expected shortly.

We are also in an advanced stage of discussions with other parties including maintenance service providers, ground-handling agencies and catering contractors to conclude appropriate agreements to be in readiness to launch these international operations in IATA Summer Season 2005.

For certain of these international operations, we initially propose to deploy the three new B737-800 aircraft in respect of which we have already concluded lease agreements, as disclosed on page 45 of this Prospectus. These aircraft will be inducted in an international configuration with improved technical capabilities such as winglets, higher gross weight and higher engine thrust. In respect of wide body aircraft, we are in an advanced stage of negotiations with aircraft manufacturers, lessors and other parties to finalize arrangements for the induction of these aircraft.

Our strategy in respect of operations on international routes will continue to be determined by:

- our ability to leverage our brand, our network, service standards and our relationships with other international airlines;
- our estimates of demand and traffic flows as established through market studies;
- the estimated financial results on each route;
- maintaining our operating efficiencies and our existing cost structure; and
- optimizing our existing human resources.

With our reputation for high-quality performance and service and customer awareness of our brand in India and overseas, we believe that we are well placed to take advantage of these new opportunities, which are attractive due to prevailing market conditions, the traffic and revenue growth potential and the present levels of operations and quality and standards of service to international destinations.

We believe that our existing worldwide GSA representations, agreements with GDSs and our global marketing initiatives will provide strong support to such international operations. Our market assessment indicates that there is a significant demand from international passengers who use our airline for travel on domestic routes, particularly from persons of Indian origin, NRIs and business travellers who visit the country and travel within India. There is also potential demand from resident Indians who travel overseas and who are familiar with our airline.

We have made a preliminary assessment of the expenditures that we may need to incur for creating the required operational capabilities and supporting infrastructure such as the conclusion of contracts for aircraft leases, acquisition of slot positions at foreign airports, hiring of additional and suitably qualified personnel for the new aircraft types, handling and catering agreements and the acquisition of communication and other equipment, before we can commence operations on the routes finally allocated to us by the Government of India. Based on our preliminary assessment, we anticipate an outlay of Rs.3,000 million for such purposes.

Litigation

In the ordinary course of our business, we are party to various legal actions that we believe are incidental to the operation of our business. Except as disclosed in this Prospectus, as of the date hereof, we are not a party to any proceeding that, if finally determined against us, would result in a material adverse effect on our business and operating results. See also “Risk Factors – There are a number of legal proceedings against us, our directors, our promoters and promoter group companies.” and the section “Outstanding Litigation” beginning at page 131 of this Prospectus for a summary of litigation to which we are a party.

HISTORY AND CERTAIN CORPORATE MATTERS

Our History

Jet Airways was incorporated on April 1, 1992 as a private company with limited liability under the Companies Act. We commenced operations as an Air Taxi Operator on May 5, 1993 with a fleet of four leased Boeing 737 aircraft. We were granted scheduled airline status on January 14, 1995. Jet Airways became a deemed public company on July 1, 1996. On January 19, 2001, Jet Airways was reconverted into a private company. Jet Airways became a public company on December 28, 2004.

At the time of incorporation of the Company, our shareholders were Mr. P.V.V. Chalam and Mrs. Anita Goyal. These shares were transferred to Tail Winds on May 12, 1994, and Mr. Naresh Goyal holds them on behalf of Tail Winds in terms of an RBI approval letter No. EC.BY.CO (S) 250/2251/TS/93/94 dated December 30, 1993.

Pursuant to an application dated March 12, 1993 made by our Company, the FIPB by its letter No. 267/FC/93/NRI dated June 28, 1993 granted its approval to the foreign collabouration proposal for investment in Tail Winds in the proportion of 60% by Mr. Naresh Goyal, 20% by Gulf Air and 20% by Kuwait Airways. Tail Winds in turn held 100% of the Equity Share capital of our Company.

The MoCA by its letter dated April 17, 1997 directed the Company to take steps for disinvestment of Equity Shares held, directly or indirectly, by foreign airlines pursuant to the Government of India’s policy on foreign equity and NRI/OCB equity participation in the domestic air transport services sector. Consequently, with effect from October 15, 1997, Mr. Naresh Goyal acquired the 20% Equity Shares from each of Gulf Air and Kuwait Airways, respectively, and became the 100% owner of Tail Winds which is an NRI/OCB and currently owns over 99.99% of our Equity Share capital.

We currently provide regular scheduled services to 42 destinations in India and two destinations outside India, operating 1,924 flights weekly. Our aircraft fleet has grown from four aircraft in 1993 to currently 42 aircraft comprising 34 Boeing 737 aircraft and eight ATR 72-500 aircraft. We have also accepted delivery of one additional Boeing 737-800 aircraft, which will be inducted into service after it is refurbished and upon receipt by us of final DGCA approval to operate the aircraft.

Main Objects of the Company

Our main objects as contained in our Memorandum of Association are:

- To establish, maintain, operate and provide safe, efficient, adequate, economical and properly coordinated air transport services and lines of aerial conveyance (including scheduled and chartered domestic and international services) for the carriage of passengers, baggage, mail and freight.
- To purchase, take on lease and/or hire or otherwise acquire, own, employ, maintain, work, manage, control, let on hire, charter, lease, demise all forms of aerial conveyance for the purpose of transporting or carrying passengers, baggage, mail and freight, and merchandise of all and every kind and description, whether as principals, agents or otherwise on national and international routes.

The main objects clause and the objects incidental or ancillary to the main objects of the Memorandum of Association of our Company enable us to undertake our existing activities and the activities for which the funds are being raised through this Offer.

Changes in Memorandum of Association

Since our incorporation, the following changes have been made to our Memorandum of Association:

Date of shareholder approval	Changes
January 6, 1993	Increase in authorized share capital from Rs.1 million to Rs.300 million.
December 16, 1993	Increase in authorized share capital from Rs.300 million to Rs.330 million.
December 19, 1994	Increase in authorized share capital from Rs.330 million to Rs.950 million.
July 1, 1996	Change in name to Jet Airways (India) Limited to reflect deemed public company status.

December 1, 2000	Increase in authorized share capital from Rs.950 million to Rs.2,000 million, which was divided into equity share capital of Rs.1,000 million and preference share capital of Rs.1,000 million.
January 19, 2001	Change in name to Jet Airways (India) Private Limited to reflect reconversion to private company status.
December 20, 2004	Change of registered office of our Company.
December 28, 2004	Change in name to Jet Airways (India) Limited to reflect public company status and to alter the Memorandum and Articles of Association.
December 28, 2004	Change to reflect reclassification of the authorized share capital of Rs.2,000 million into equity share capital of Rs.1,300 million and preference share capital of Rs.700 million.
February 7, 2005	Amendment to the Articles of Association

Change in Registered Office

With effect from December 20, 2004, our registered office was changed from 41/42, Maker Chambers III, Nariman Point, Mumbai 400 021, India to SM Centre, Andheri Kurla Road, Andheri (East), Mumbai 400 059, India.

Some Key Events

The chronology of some key events since our Company was incorporated on April 1, 1992 is as follows:

Year	Events
April 1, 1992	Incorporated as a private limited company.
May 5, 1993	Commenced operations as an air taxi operator.
April 4, 1994	First airline in India to operate the Boeing 737-400 aircraft.
January 14, 1995	Granted scheduled airline status.
December 30, 1996	First private airline in India to execute purchase agreement for Boeing aircraft.
November 12, 1997	First private airline in India to acquire its own aircraft using US EXIM guarantee.
September 26, 1998	First private airline in India to fly Boeing 737 NG aircraft.
October 6, 1998	First private airline in India to fly ATR 72-500 aircraft.
July 1, 2000	Introduced “Jet Mobile”, an online system that provides flight schedule updates to passengers on their mobile phones.
February 5, 2001	Won the prestigious Air Transport World’s Market Development Award.
April 22, 2002	30 million passengers flown since commencement of operations.
May 14, 2003	First airline in India to operate the Boeing 737-900 aircraft
March 23, 2004	Commenced operations to Colombo, Sri Lanka.
May 14, 2004	Commenced operations to Kathmandu, Nepal.

SELECTED FINANCIAL INFORMATION

SEBI Guidelines require us to include summary financial statements information as restated to reflect the retrospective effect of the accounting policies adopted by the Company as of September 30, 2004. The following selected financial information, other than for the six months ended September 30, 2003, has been extracted from the Summary Restated Statements prepared in accordance with Indian GAAP, the Companies Act and SEBI Guidelines, included in the section entitled "Financial Information". The Summary Restated Statements have been examined as described in the joint Auditors Report of Deloitte Haskins & Sells and Chaturvedi & Shah dated December 20, 2004, in the section entitled "Financial Information". The Auditors' Report refers to the auditors' reliance on the financial statements audited by C.C. Chokshi & Company for the years ended March 31, 2000, March 31, 2001, March 31, 2002, March 31, 2003 and March 31, 2004.

This Prospectus also includes audited financial statements for the six months ended September 30, 2004, prepared in accordance with Indian GAAP and which have not been restated in accordance with SEBI Guidelines (the "Interim Audited Financial Statements"). The Interim Audited Financial Statements have been audited by Deloitte Haskins & Sells and Chaturvedi & Shah as described in their audit report dated December 20, 2004 included in the section entitled "Financial Information". The selected financial statements given below for the six months ended September 30, 2003 have not been restated in accordance with SEBI Guidelines, and have been extracted from the audit report for such period prepared by Deloitte Haskins & Sells and Chaturvedi & Shah, which audit report is not included in this Prospectus.

You should read this summary information in conjunction with our Summary Restated Statements and Interim Audited Financial Statements including the significant accounting policies and notes thereto and the reports thereon and also the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in this Prospectus. Financial statements prepared in accordance with Indian GAAP differ in certain significant respects from financial statements prepared under IFRS or U.S. GAAP. See the section entitled "Summary of Significant Differences between Indian GAAP, IAS/IFRS and U.S. GAAP" on page 271 of this Prospectus for more information.

Statement of Profits and Losses

	Year ended March 31,					Six months ended September 30,	
	2000	2001	2002	2003	2004	2003	2004
				(Rs. thousands)			
Income							
Operating Revenues							
Passenger	18,650,561	23,606,633	23,622,474	26,748,979	32,155,701	15,208,634	18,068,701
Excess Baggage	192,995	231,544	251,116	292,736	286,674	118,534	173,753
Cargo	819,755	970,668	1,190,326	1,454,345	1,720,288	849,374	886,128
Other	154,280	191,678	198,949	260,748	311,548	167,944	135,599
Operating Revenues	**19,817,591**	**25,000,523**	**25,262,865**	**28,756,808**	**34,474,211**	**16,344,486**	**19,264,181**
Non-operating Revenues	**226,076**	**275,606**	**1,234,156**	**664,184**	**1,183,183**	**457,026**	**402,545**
Total Revenues	**20,043,667**	**25,276,129**	**26,497,021**	**29,420,992**	**35,657,394**	**16,801,512**	**19,666,726**
Expenditure							
Employees Remuneration and Benefits	1,659,879	2,215,435	2,299,294	2,634,482	2,822,436	1,399,394	1,738,827
Aircraft Fuel	3,961,878	5,640,711	5,289,985	6,504,024	7,417,838	3,554,376	4,713,116
Selling & Distribution Expenses	2,923,772	3,653,776	3,727,195	4,150,324	4,263,982	1,983,440	2,527,210
Other Operating Expenses (including maintenance & airport charges etc.)	6,016,374	7,344,013	7,152,294	8,514,217	9,062,341	4,700,001	4,575,707
Aircraft rentals	2,400,732	2,476,122	2,965,100	2,780,264	2,266,428	1,205,254	1,006,666
Depreciation	2,086,104	2,600,276	3,488,334	4,732,715	5,151,543	2,545,562	2,290,861
Interest	868,432	1,208,982	1,708,712	2,561,344	2,891,401	1,568,238	1,232,231
Total Expenditure	**19,917,171**	**25,139,316**	**26,630,914**	**31,877,370**	**33,875,969**	**16,956,265**	**18,084,618**
Profit /(Loss) before taxation	**126,496**	**136,813**	**(133,893)**	**(2,456,378)**	**1,781,425**	**(154,753)**	**1,582,108**
Provision for Taxation :							
Current Tax	24,746	12,000	420	500	150,330	270	122,410
Deferred Tax	-	-	-	(12,377)	-	-	166,101
Profit /(Loss) after taxation as per audited accounts (A)	**101,750**	**124,813**	**(134,313)**	**(2,444,501)**	**1,631,095**	**(155,023)**	**1,293,597**

Statement of Profit and Losses, as Restated

	Year ended March 31,				Six months ended September 30,	
	2000	2001	2002	2003	2004	2004
				(Rs. thousands)		
Profit (Loss) after taxation as per audited accounts	**101,750**	**124,813**	**(134,313)**	**(2,444,501)**	**1,631,095**	**1,293,597**
Adjustment on account of changes in accounting policies						
Capitalization of Software Purchased	30,369	2,648	1,081	2,285	-	-
Depreciation	(16,257)	(21,341)	(14,764)	(7,371)	(2,181)	(577)
Frequent flyer expenses	7,147	42,001	(19,815)	(58,896)		
Reversal of Provisions as per AS-29 (Net)	313,976	318,273	27,489	393,512	511,631	-
Deferred Tax	(249,223)	(274,327)	86,337	853,003	(580,731)	(597,742)
Adjustment on account of Prior Period Items	**(69,858)**	**(4,762)**	**61,100**	**70,147**	**(60,201)**	**(9,179)**
Other adjustments	**115,495**	**174,263**	**(318,163)**	**(3,642)**	**13,509**	**-**
Total of adjustments	**131,649**	**236,755**	**(176,735)**	**1,249,038**	**(117,973)**	**(607,498)**
Tax impact of adjustments	41,601	43,275	-	-	21,257	2,184
Net Profit/ (Loss), as restated	191,798	318,293	(311,048)	(1,195,463)	1,491,865	683,915

Statement of Assets and Liabilities, as Restated

	As of March 31,					As of September 30, 2004
	2000	2001	2002	2003	2004	
			(Rs. thousands)			
A. Fixed Assets						
Gross Block	18,734,789	21,949,941	36,641,155	50,169,299	51,689,718	52,084,594
Less: Accumulated Depreciation	4,179,443	6,823,320	8,706,665	15,325,550	20,534,834	23,316,800
Net Block	**14,555,346**	**15,126,621**	**27,934,490**	**34,843,749**	**31,154,884**	**28,767,794**
Less: Revaluation Reserve	-	-	7,299,666	5,408,697	3,875,685	3,011,580
Net Block after adjustment for Revaluation Reserve	14,555,346	15,126,621	20,634,824	29,435,052	27,279,199	25,756,214
Add: Capital Work in Progress	790,537	1,989,481	13,015,464	3,007,865	151,901	124,904
Total	**15,345,883**	**17,116,102**	**33,650,288**	**32,442,917**	**27,431,100**	**25,881,118**
B. Investments	-	-	-	597,000	2,334,164	5,008,292
C. Current Assets, Loans and Advances						
a) Inventories	1,363,980	2,329,059	3,021,375	3,409,999	3,474,355	3,420,493
b) Sundry Debtors	1,565,440	1,398,364	1,965,841	2,230,583	2,344,375	2,675,785
c) Cash and Bank Balances	2,466,836	2,577,452	4,286,178	4,719,502	3,699,412	3,886,425
d) Loans and Advances	1,697,754	2,029,875	1,464,613	1,711,503	1,803,409	1,947,005
Total	**7,094,010**	**8,334,750**	**10,738,007**	**12,071,587**	**11,321,551**	**11,929,708**

	As of March 31,					As of September 30, 2004
	2000	2001	2002	2003	2004	
			(Rs. thousands)			
D. Liabilities & Provisions						
a) Current Liabilities & Provisions	3,823,755	4,351,581	6,988,045	6,582,603	6,209,711	7,113,230
b) Deferred Tax (Asset)/Liability	709,477	983,804	897,467	32,087	612,818	1,376,662
c) Secured Loans	1,684,000	2,131,753	732,000	2,005,361	603,433	600,000
d) Unsecured Loans	14,872,083	15,701,441	31,264,450	32,978,164	28,415,657	27,539,790
Total	**21,089,315**	**23,168,579**	**39,881,962**	**41,598,215**	**35,841,619**	**36,629,682**
E. Subordinated Debt	**-**	**-**	**2,640,000**	**2,840,733**	**3,080,775**	**3,341,100**
F. Net Worth (A + B + C – D - E)	**1,350,578**	**2,282,273**	**1,866,333**	**672,556**	**2,164,421**	**2,848,336**
Net Worth Represented by						
G. Share Capital	**720,889**	**1,419,177**	**1,419,177**	**1,419,177**	**1,419,177**	**1,419,177**
H. Reserves and Surplus						
Revaluation Reserve	-	-	7,299,666	5,408,697	3,875,685	3,011,580
Contingency Reserve	-	7,200	59,308	59,308	59,308	59,308
General Reserve	54,670	54,670	54,670	54,670	54,670	54,670
Profit & Loss Account	575,019	801,226	333,178	(860,599)	631,266	1,315,181
Total	**629,689**	**863,096**	**7,746,822**	**4,662,076**	**4,620,929**	**4,440,739**
Less: Revaluation Reserve	-	-	7,299,666	5,408,697	3,875,685	3,011,580
Total (Net of Revaluation Reserves)	**629,689**	**863,096**	**447,156**	**(746,621)**	**745,244**	**1,429,159**
I. Net Worth (G + H)	**1,350,578**	**2,282,273**	**1,866,333**	**672,556**	**2,164,421**	**2,848,336**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our restated Indian GAAP financial statements for the fiscal years ended March 31, 2002, 2003 and 2004, and for the six months ended September 30, 2004, including the significant accounting policies and notes thereto and reports thereon which begin on page 214 of this Prospectus. Indian GAAP differs in certain significant respects from IFRS and U.S. GAAP. For more information on these differences, see "Summary of Significant Differences between Indian GAAP, IFRS and U.S. GAAP on page 271 of this Prospectus.

Our fiscal year ends on March 31 of each year, so all references to a particular fiscal year are to the twelve-month period ended March 31 of that year.

Certain industry, technical and financial terms with initial capitals used in this discussion shall have the meanings ascribed to such terms in the section titled "Glossary of Certain Industry, Technical and Financial Terms" beginning on page viii of this Prospectus.

Overview

We are the largest domestic airline in India in terms of revenue passengers carried in fiscal 2004 and the six months ended September 30, 2004. We began transporting passengers in May 1993 with a fleet of four Boeing 737-300 aircraft and are currently operating 42 aircraft (comprising 34 Boeing 737 aircraft and eight ATR72-500 aircraft), serving 42 cities in India and two destinations outside India. In addition, we have also leased two Boeing 737-400 aircraft, which have been subleased by us to Skynet Asia Airways, an airline in Japan, for a period of five years ending 2008. We have entered into agreements to lease seven more Boeing 737-800 aircraft with CFM engines, one of which has been delivered to us and the remaining six are expected to be delivered to us in the remainder of 2005, for lease terms varying between approximately six years and seven years. In December 2004, we paid Boeing a refundable security deposit aggregating U.S.$900,000 to acquire ten additional Boeing 737-800 aircraft with CFM56-7B24 engines. The expected date of delivery of such aircraft is between January 2006 and October 2007. Definitive purchase agreements have been executed. As per the terms of the purchase agreements, we are required to make pre-delivery payments to Boeing progressively. Closer to the delivery dates of each aircraft, we will finalize definitive financing arrangements for these aircraft. The entry into financial arrangements in connection with these purchase agreements is also subject to the Company obtaining corporate approvals and such necessary regulatory approvals as may be required.

As of November 30, 2004 we have flown over 48 million revenue passengers (defined as fare paying passengers flown on all flight segments) since beginning operations in 1993. We flew approximately 5.82 million revenue passengers in fiscal 2002, 6.41 million revenue passengers in fiscal 2003, 6.91 million revenue passengers in fiscal 2004 and 3.78 million revenue passengers in the six months ended September 30, 2004.

We have steadily increased our fleet size and flight frequencies and the following table demonstrates the growth of our operations since fiscal 2002:

As of and for period ended	**Cities Served** (3)	**Number of Departures**(4)	**Operating Aircraft** (3)
March 31, 2002	44	80,031	38
March 31, 2003	40	87,114	41
March 31, 2004	41 + 1(1)	90,649	41
September 30, 2004	42 + 2(1)	47,326	41(2)

(1) International destinations.

(2) We have taken delivery of one Boeing 737-800 aircraft subsequent to September 30, 2004.

(3) As of March 31, 2002, 2003 and 2004 and September 30, 2004, respectively.

(4) For the year ended March 31, 2002, 2003 and 2004 and for the six months ended September 30, 2004.

We believe that our focus on providing high-quality reliable air transport services has enabled us to become a preferred airline for travellers in India which is demonstrated by the growth in the number of our revenue passengers and our leading market share in India.

The following table sets forth certain information relating to the number of revenue passengers and our domestic market share for the periods indicated:

Year ended	Revenue Passengers (in millions)	Percentage Growth over Prior Period in Revenue Passengers (%)	Domestic Market Share (%)
March 31, 2002	5.82	-	45.3%
March 31, 2003	6.41	10.1%	45.9%
March 31, 2004	6.91	7.8%	45.3%
Six months ended			
September 30, 2003	3.27	-	-
September 30, 2004	3.78	15.6%	42.3%

Source: Derived from DGCA data, based on revenue passengers carried by scheduled airlines on domestic routes in India.

It is our strategy to assess and exploit growth opportunities by increasing the frequency of flights to our existing high-demand markets and adding new routes. We also intend to pursue opportunities to operate additional international services, once there is a change in the existing policy of the Government of India and necessary Government approvals are received.

Factors Affecting Our Results of Operations

Our financial condition and results of operations are affected by numerous factors and the following are of particular importance:

- *General economic and business conditions :* As a company with its principal operations in India, we are affected by general economic conditions in the country and in particular economic factors that affect business travel and travel of international passengers to India. India's gross domestic product, or GDP, has been and will continue to be of importance in determining our operating results and future growth.
- *Ability to sustain Passenger Load Factors and maximize revenues :* Our business depends on passenger traffic and the fares we charge our passengers. Through our Yield Management System, we endeavor to maximize seat occupancy and revenue per flight. However, trends in passenger fares and demand for air travel will affect the results of our operations.

  The airline industry is characterized generally by low profit margins and high fixed cost obligations, primarily for hire purchase charges, engineering and maintenance charges, aircraft fuel, interest and debt service and rent. The expenses of an aircraft flight do not vary significantly with the number of passengers and tonnage of cargo carried and, as a result, a relatively small change in the number of passengers or in pricing could have a disproportionate effect on an airline's operating and financial results. Accordingly, a minor shortfall in expected revenue levels could harm our business.
- *Price of Aviation Turbine Fuel :* Our operating results are affected by changes in the price of ATF, which constitutes a significant portion of our expenses.

  Historically, our fuel expenditure has been subject to wide price fluctuations in ATF, which is based primarily on the international price of crude oil, which in turn is influenced by geopolitical issues, government regulation and various supply and demand factors. The price of ATF in India is also dependent on other factors which include the following:

  - *Limited competition in India :* ATF is currently available at airports from only three Government-controlled companies, IOC, BPCL and HPCL;
  - *Periodic variations in the ex-refinery price of ATF :* ATF prices are fixed every month and are based on the Arab Persian Gulf Platt ATF prices and the cost of crude oil;
  - *Fluctuations in the exchange rate :* Since India imports a major part of its crude oil, which is paid for in foreign currency, the U.S. Dollar to Rupee exchange parity will influence these prices;
  - *Indirect taxes :* Sales tax on ATF is levied at all stations we currently operate to in India (except for Diu, Leh and Port Blair), and is currently between 4% and 30.55%; during the six months ended September 30, 2004, the average sales tax paid by us was 22.1%. Excise duty payable on ATF is currently 8% (in addition, applicable education cess is also required to be paid).
  - *Inability to enter into hedging arrangements relating to fuel price :* Government regulations do not permit domestic airlines such as us to enter into hedging arrangements relating to the price of ATF.

- *Competition.* Our results of operations are affected by competition in the airline industry in India. We expect competition to intensify due to possible new entrants in the market, existing competitors further expanding their operations and our entry into new markets where we may compete with well established airlines. Increased competition could affect our market share and/or the Yield (which is defined as Net Passenger Revenues earned per kilometer flown).

  At present, our principal competitors are Indian Airlines (including its wholly-owned subsidiary, Alliance Air), a Government-owned company, and Air Sahara, a privately owned company. Air Deccan, a privately-owned company which started operations in August 2003 as a “no frills” airline, and other potential new entrants, could become increasingly significant competitors in the future. There is significant price competition with these airlines and we expect this to continue, especially as new competitors enter the market. According to published reports, additional new private carriers are contemplating entering the domestic aviation market.

- *Composition of our fleet.* The size, age and composition of our fleet have a significant impact on our financial condition and results of operations. We currently have 42 aircraft, and have recently taken delivery of one Boeing 737-800 aircraft and expect to take delivery of an additional six Boeing 737 aircraft in 2005. We believe that these additions to our fleet are required to meet the estimated growth in passenger traffic and to service additional routes where we propose to operate. An increase in the size of our fleet without commensurate increase in passenger traffic can adversely affect our results of operations. We have a relatively young fleet with a current average age of 4.5 years, and have therefore experienced lower maintenance costs and higher reliability in our operations. We rely on limited types of aircraft and equipment, and the availability of these aircraft and equipment is important to our business operations.

  In fiscal 2006 and 2007, nine and eight Boeing 737 aircraft of our existing fleet, respectively, are scheduled for D Checks. These are heavy maintenance checks that result in non-availability of aircraft for a period of approximately 45 days. One of the Boeing 737-800 aircraft that will be delivered to us in the first half of calendar 2005 will be utilized primarily as a replacement aircraft in fiscal 2006 and 2007. Each D Check is currently estimated to cost approximately U.S.$1.2 million (Rs.55.2 million). However, a substantial portion of such maintenance cost has already been provided for in our financial statements.

  As we expand our international operations, we will be required to lease or acquire wide-bodied aircraft or refit existing aircraft, depending upon the destinations we are permitted to operate in.

- *Airport infrastructure.* There are currently 127 airports in India, comprising 12 international airports, 89 domestic airports and 26 civil enclaves. Most of the airports are under the administration of the Airports Authority of India, or AAI. The international airport at Cochin has been privatized, and two other international airports, at Bangalore and Hyderabad, are currently being developed with private sector participation. The Government has also announced plans in February 2004 to restructure and modernize the New Delhi and Mumbai airports.

  We are dependent on airport infrastructure to meet expected growth in the number of passengers and to continue to provide high-quality reliable service. Although the Government is taking steps to improve the condition of airports in

India, there may be constraints relating to availability and cost of terminal space, slots and aircraft parking, and adequacy of ground and maintenance facilities.

- *Fluctuations in currency exchange rates.* The results of our operations are affected by currency fluctuations, since expenses such as aircraft and engine maintenance services, aircraft lease payments, CRS costs and aircraft insurance are paid for or based on U.S. Dollars. As discussed earlier, the price of ATF is linked to fluctuations in global crude prices and is also affected by fluctuations in currency exchange rates. As of September 30, 2004, our long-term indebtedness and subordinated debt obligations aggregated Rs.31,481 million, of which approximately 32.2% was foreign currency denominated.

  Since we derive certain revenues in U.S. Dollars, we have a natural hedge to mitigate a part of our exchange rate risks. In fiscal 2004 and the six months ended September 30, 2004, we derived 13.4% and 11.7%, respectively, of our revenues in U.S. Dollars. Additionally, we enter into forward contracts from time to time to protect against adverse fluctuations in currency exchange rates.

- *Seasonality.* Seasonal variations in traffic affect our results of operations. We generally experience lower Passenger Load Factors (defined as the percentage of Revenue Passenger Kilometers to Available Seat Kilometers) during the first half of each fiscal in comparison to that experienced during the remainder of the year. In addition, some of our areas of operations in North and East India experience bad weather conditions in winter, resulting in additional expenditure caused by delayed and cancelled flights and providing accommodation to passengers. Given our high proportion of fixed cost obligations, these seasonal factors are likely to cause our results of operations to vary from quarter to quarter during a particular financial year.

- *Extensive laws and regulations.* We are extensively regulated by the Government through the MoCA, the DGCA and the AAI as well as through the Ministry of Finance ("MoF"), the RBI and the Central Board of Direct Taxes ("CBDT"). The MoCA is the approving authority for the lease or acquisition of additional aircraft by private airlines in India. The DGCA also requires domestic airlines in India to compulsorily fly on certain designated routes, typically to remote regions in India, pursuant to its Route Dispersal Guidelines. We are required to fly certain designated capacity on these routes. The AICs, CARs and other guidelines issued by the DGCA stipulate various restrictions and conditions that are applicable to our business operations. See "Risk Factors – External Risk Factors – The airline industry in India is subject to extensive regulation" on page xxvii of this Prospectus.

  We are required to obtain approvals from Indian regulatory and fiscal authorities to incur certain foreign currency indebtedness and for the remittance outside India of aircraft lease rentals and hire purchase payments.

  In addition, the industrial policy of the Government of India limits foreign direct investment in domestic airlines to 49% and prohibits foreign airlines from having any direct or indirect equity participation in a domestic airline. Also, foreign financial institutions and other entities that invest in us are not permitted to have any foreign airline as a shareholder. This limits our access to foreign equity capital.

- *International Operations.* We commenced operation of regular scheduled services to destinations in neighbouring countries, such as Colombo, Sri Lanka, and Kathmandu, Nepal, in March 2004 and May 2004, respectively, pursuant to the Government's permission allowing private sector domestic carriers to fly to certain SAARC countries. On January 21, 2005 the DGCA issued AIC No. 2/2005 entitled "Guidelines for Operation of Indian Scheduled Carriers on International Routes" and invited scheduled Indian carriers to apply for the allocation of traffic rights on international routes. Accordingly, we have applied for traffic rights on certain international routes to operate daily air services for the IATA Summer Season 2005 and the IATA Winter Season 2005/2006 commencing March 28, 2005 and October 30, 2005, respectively.

  The Government has communicated its decision to us on the allocation of entitlements for operations on certain routes between India and the United Kingdom, Singapore, Malaysia and the United States. With respect to increased entitlements for some of the aforementioned routes and entitlements for other international routes, the Government is expected to shortly notify its decisions on the allocation of entitlements among the four scheduled carriers (that is, Air India, Indian Airlines, Air Sahara and us). We will thereafter be able to finalize our plans relating to the actual deployment of our aircraft, the number of frequencies that we will operate on various routes as well as conclude associated arrangements.

In our international operations, we will face different risks than those associated with our domestic operations. We have only limited experience in operating flights to international destinations. In particular, for long haul destinations, we would be required to operate bigger, wide-body aircraft than the types that we currently operate. We also would need to procure flight slots from local airport authorities or carriers. These expanded activities could require us to make significant expenditures and/or incur substantial indebtedness. In addition, the operation of such larger aircraft over long routes would involve additional complexities, including securing the services of qualified pilots, flight staff and engineers with international experience.

We have made a preliminary assessment of the expenditures that we may need to incur for creating the required operational capabilities and supporting infrastructure such as the conclusion of contracts for aircraft leases, acquisition of slot positions at foreign airports, hiring of additional and suitably qualified personnel for the new aircraft types, handling and catering agreements and the acquisition of communication and other equipment, before we can commence operations on the routes finally allocated to us by the Government of India. Based on our preliminary assessment, we anticipate an outlay of Rs.3,000 million for such purposes.

- *Others.* We believe that the following developments may also impact our financial condition and results of operations:

(i) *Billing Settlement Plan for ticketing.* We are considering joining the Billing Settlement Plan System, or BSP, an IATA sponsored standardized ticketing and collection system for airlines and agents that provide standard traffic documentation common to all airlines on the BSP system and centralized reporting, billing and analysis of sales for our domestic operations. Under the BSP system, the credit risk for default in payment by a travel agent that is accredited by IATA is reduced significantly. While we are a part of BSP systems in certain countries outside India, there cannot be any assurance when we will join the BSP system in India.

(ii) *Employee Costs.*

Approximately 11% of our workforce as of September 30, 2004 was unionized, consisting of certain categories of our employees at Mumbai, Delhi and Kolkata. We have entered into memoranda of settlements with the respective unions at Mumbai, Delhi and Kolkata, which are valid from periods between 2005 and 2008. For certain of our non-unionized staff such as pilots, cabin attendants and engineers, we have in consultation with such staff agreed to certain annual compensation levels until 2007. These contemplate annual increases in fiscal years 2006 and 2007.

After the listing of our Equity Shares in this Offer, we intend to adopt either an ESPS scheme or an ESOP scheme in which eligible employees and directors of the Company and any other person permitted under applicable law or regulation can participate, subject to such approvals as may be necessary. The criterion for selection will be determined by our Board and approved by our shareholders. The ESPS or ESOP will comply with the SEBI (Employee Stock Option and Employee Stock Purchase Scheme) Guidelines, 1999 and the issuance of Equity Shares pursuant thereto will be subject to compliance with all applicable laws and regulations. We propose to issue a maximum of 0.5% of our post-Offer paid-up equity capital for the ESPS or ESOP schemes.

The issue of Equity Shares pursuant to the ESPS or the issue of options under ESOP is likely to occur in fiscal 2006, although there can be no assurance as to the timing of adoption of any such scheme, which may occur in fiscal 2006 or thereafter.

Any issuance of Equity Shares pursuant to the ESPS will result in a charge to our profit and loss account equal to the product of such number of Equity Shares issued and the difference between the applicable market price of our Equity Shares and the price at which our employees and directors will purchase the Equity Shares. We have not as yet determined the issue price at which Equity Shares will be sold, the number of Equity Shares proposed to be issued, the identity of such eligible persons and the timing of adoption of the ESPS scheme or the date of issue of Equity Shares thereunder.

The ESOP scheme will also result in a charge to our profit and loss account equal to the product of the number of Equity Shares proposed to be issued in accordance with the accounting principles used for determining such charge using the fair value method or applicable market price of our Equity Shares. Such charge will be amortized over the vesting period of the stock option. We have not as yet determined the number of stock options to be granted, the exercise price or the number of Equity Shares to be issued, the identity of the eligible persons and the timing of the ESOP scheme.

Our Significant Accounting Policies

Our financial statements prepared in accordance with Indian GAAP and the accompanying notes thereto included in this Prospectus include information that is relevant to this discussion and analysis of our financial condition and results of operations. The preparation of our financial statements in conformity with Indian GAAP requires our management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenditures, and the related disclosure of cash flows and contingent liabilities, among others. Certain key accounting policies relevant to our business and operations have been described below. For a detailed description of our significant accounting policies, see Annexure IV of the restated financial statements under Indian GAAP included in this Prospectus.

(i) *Passenger Revenue.* Passenger ticket sales (net of refunds) are initially credited to a forward sales account. Revenue is recognized when transportation is provided or when no claim for refund has been made on an unused ticket for a period of two years from the date of issuance of such ticket. Such revenue recognition reduces the balance in the forward sales account and the remaining amount is shown in our balance sheet under current liabilities at the end of each accounting period.

(ii) *Commission.* The basic commission on sales is normally directly deducted by a travel agent when a ticket is sold. However the commission is recognized in our financial statements only when the transportation is provided to a passenger or when no claim for refund has been made by a passenger on an unused ticket for a period of two years from the date of issuance of such ticket. Commission payable to a general sales agent, or GSA, is recognized on a similar basis.

(iii) *Fixed Assets.* Fixed assets are stated at cost, and include amounts added on revaluation, less accumulated depreciation and impairment loss, if any. All costs relating to acquisition and installation of fixed assets up to the time the assets are ready for their intended use, costs of improvements to leased properties and customs duties and modifications costs incurred on aircraft taken on lease are capitalized.

(iv) *Hire Purchase and Finance Lease Agreements.* We currently have 23 hire purchase agreements and one finance lease agreement relating to our existing fleet of aircraft. The remaining aircraft are under operating leases. The lower of the fair value of the assets and the present value of the principal repayments under our hire purchase and finance lease arrangements is capitalized as fixed assets with corresponding amount shown as lease liability under “Outstanding Hire Purchase Installments”. The principal amounts of the hire purchase and finance lease payments are adjusted against this lease liability and interest payable thereon is charged to the profit and loss account.

(v) *Operating Lease Rentals.* These are expensed with reference to the lease term and other considerations.

(vi) *Depreciation.* Depreciation is provided on fixed assets using the written down value method at the rates and in the manner prescribed under Schedule XIV to the Companies Act. In the case of improvements to and expenditure incurred on assets acquired on operating lease, depreciation is written off evenly over the balance period of the lease.

(vii) *Inventories.* Inventories include tickets and airway bills stock, unutilized in flight service amenities, expendable aircraft spares, aircraft fuel in the aircraft and rotables, galley equipment and tooling. Inventories are valued at cost or net realizable value, whichever is lower. Cost of inventories includes customs duties, taxes, freight and other charges as applicable and is determined using the weighted average formula. With respect to reusable items such as rotables, galley equipment and tooling, net realizable value takes into consideration provision for obsolescence and wear and tear based on the estimated useful life of aircraft derived from Schedule XIV to the Companies Act, and also includes provisioning for non-moving or slow moving items.

(viii) *Redelivery Expenses.* Aircraft redelivery expenses under our operating leases are provided for in proportion to the expired lease period.

(ix) *Aircraft Maintenance Costs.* 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 agreements and accounted in accordance therewith. Commencing fiscal 2005, we have been required to follow Accounting Standard 29 ("AS-29") for the treatment of contingent liabilities and estimates, which specifies standards for Provisions, Contingent Liabilities and Contingent Assets. Under AS-29:

- a "provision" is a liability which can be measured only by using a substantial degree of estimation; and
- a "liability" is a present obligation of the enterprise arising from past events, the settlement of which is expected to result in an outflow from the enterprise of resources embodying economic benefits.

As a result, all the costs associated with aircraft heavy maintenance checks, for example, D Checks, and engines not covered by any third party maintenance contracts which prior to April 1, 2004 were provided for in our financial statements at a predetermined rate are being expensed when incurred.

(x) *Frequent Flyer Expenses.* The cost of allowing free travel to members of our frequent flyer program is accounted on the basis of the members' accumulated mileage.

(xi) *Foreign Exchange Transactions.*

- Sales and other transactions in foreign currency are recorded at the current rate of exchange in force at the time the transaction is effected. Accruals are recorded at the year-end rate. Exchange difference on settlement, other than that relating to fixed assets, is adjusted in the profit and loss account.
- Monetary assets and liabilities relating to foreign exchange transactions not settled as at the year end are translated at the rates prevalent on that date, and profits or losses, if any, on such transactions are recognized in the profit and loss account.
- Exchange difference on settlement or translation of long term liabilities incurred for acquisition of fixed assets is adjusted in the carrying amount of fixed assets.
- Difference between the forward exchange rates and the exchange rates prevalent at the inception of the forward exchange contract in respect of liabilities incurred for acquisition of fixed assets is adjusted in the carrying amount of fixed assets over the life of the contract.

(xii) *Derivatives Transactions.* Gain or loss on derivative contracts entered into to hedge exposures to interest rate and currency fluctuations are recognized when the underlying transactions are settled. Accordingly, proportionate amounts are accrued or provided for the period between the last settlement date and the year end.

(xiii) *Taxation:* Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961 ("I.T. Act").

Deferred tax arises from timing differences between accounting profits and taxable profits that originates in one period and is capable of reversal in one or more subsequent periods, and is measured using tax rates and laws that have been enacted or substantively enacted as on the date of the balance sheet. The deferred tax is recognized and carried forward only to the extent that there is a reasonable/virtual certainty that the asset will be realized in the future.

Contingent Liabilities

Our contingent liabilities, as of September 30, 2004, were Rs.4,039 million. These comprised the following:

	(Rs. millions)
Unprovided income tax demands which are disputed in appeals	37
Unprovided claims against the Company, pending civil and consumer suits	79
Unprovided claims for octroi duty on aircraft by the Municipal Corporation of Greater Mumbai not accepted by the Company	290
Disputed claims against the Company towards landing and navigation charges made by the AAI	197

Disputed claims against the Company towards ground handling charges levied at Cochin International Airport	235
Letters of credit outstanding	1,629
Bank guarantees outstanding	1,572
Total	**4,039**

Note: In addition to the aforesaid contingent liabilities, we will be required to pay arrears of cumulative dividends aggregating Rs.88 million in respect of the CCRPS issued to IFC.

Revenues

We derive our revenues primarily from transportation of passengers on our aircraft. In addition we also earn revenues from carriage of cargo which consists of courier, postal mail and commercial cargo. Passenger Revenues are dependant on Passenger Load Factors and fare levels and are measured by the following:

- Capacity measured in terms of Available Seat Kilometers, or ASKMs (defined as the aircraft seating capacity multiplied by the number of kilometers the seats are flown);
- Utilization measured in terms of Revenue Passenger Kilometers, or RPKMs (defined as the number of kilometers flown by revenue passengers);
- Passenger Load Factor, or the percentage of our capacity that is actually used by revenue customers, (defined as Revenue Passenger Kilometers expressed as a percentage of Available Seat Kilometers).
- Net Passenger Revenues, representing Passenger Revenues less commissions paid to GSAs and travel agents;
- Yield, derived by dividing Net Passenger Revenues by Revenue Passenger Kilometers; and
- Break Even Load Factor (defined as the Passenger Load Factor that will result in Net Passenger Revenues being equal to Total Expenses less cargo and Non-operating Revenues).

The following table sets forth certain information relating to our Passenger Revenues:

	Year ended March 31,			**Six months ended September 30,**	
	2002	**2003**	**2004**	**2003**	**2004**
Capacity ASKMs (millions)	7,780	8,496	9,162	4,542	4,796
Utilization RPKMs (millions)	4,777	5,291	5,852	2,771	3,245
Passenger Load Factor (%)	61.4%	62.3%	63.9%	61.0%	67.7%
No. of passengers (Millions)	5.82	6.41	6.91	3.27	3.78
Gross average revenue per passenger (Rs.)	4,057	4,173	4,655	4,650	4,785
Growth in average revenue per passenger (%)	-	2.8%	11.5%	-	2.9%
Yield (Rs.)	4.36	4.52	5.01	5.02	5.05
Growth in yield (%)	-	3.7%	10.8%	-	0.6%

The following table sets forth certain information relating to our Operating Revenues and Non-operating Revenues for the periods indicated:

	Year ended March 31,			Six months ended September 30,	
	2002	**2003**	**2004**	**2003**	**2004**
			(Rs. thousands)		
Income					
Operating Revenues					
Passenger	23,622,474	26,748,979	32,155,701	15,208,634	18,068,701
Excess Baggage	251,116	292,736	286,674	118,534	173,753
Cargo	1,190,326	1,454,345	1,720,288	849,374	886,128
Other	198,949	260,748	311,548	167,944	135,599
Operating Revenues	**25,262,865**	**28,756,808**	**34,474,211**	**16,344,486**	**19,264,181**
Non-operating Revenues	1,234,156	664,184	1,183,183	457,026	402,545
Total Revenues	**26,497,021**	**29,420,992**	**35,657,394**	**16,801,512**	**19,666,726**

Our Passenger Revenues have increased as a result of increases in our capacity (in terms of fleet size and number of flights), our high aircraft utilization, as well as higher Passenger Load Factors and Yield.

We also derive revenue from carriage of cargo by optimizing the use of available cargo space on our passenger flights. Other revenues consist of handling charges on account of collection of passenger service fees and cancellation charges on tickets. We also derive Non-operating Revenue from interest income gains due to currency exchange fluctuations and the sale of assets.

The following table sets forth our revenue composition (as a percentage of Total Revenues) for the periods indicated:

	Year ended March 31,			Six months ended September 30,	
	2002 (%)	**2003** (%)	**2004** (%)	**2003** (%)	**2004** (%)
Income					
Operating Revenues					
Passenger	89.2	90.9	90.2	90.5	91.9
Excess Baggage	0.9	1.0	0.8	0.7	0.9
Cargo	4.5	4.9	4.8	5.1	4.5
Other	0.8	0.9	0.9	1.0	0.7
Operating Revenues	**95.3**	**97.7**	**96.7**	**97.3**	**98.0**
Non-operating Revenues	4.7	2.3	3.3	2.7	2.0
Total Revenues	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Expenses

The main components of our expenses include employee remuneration and benefits, aircraft fuel, maintenance and repair, landing, navigation and other airport charges, insurance and general and administrative expenses, selling and distribution costs (which include commissions), aircraft rentals, depreciation and interest.

	Year ended March 31,			Six months ended September 30,	
	2002	**2003**	**2004**	**2003**	**2004**
			(Rs. thousands)		
Expenses					
Aircraft fuel	5,289,985	6,504,024	7,417,838	3,554,376	4,713,116
Other Operating Expenses (including maintenance and airport charges)	7,152,294	8,514,217	9,062,341	4,700,001	4,575,707
Employees remuneration and benefits	2,299,294	2,634,482	2,822,436	1,399,394	1,738,827
Selling and Distribution Expenses	3,727,195	4,150,324	4,263,982	1,983,440	2,527,210
Aircraft rentals	2,965,100	2,780,264	2,266,428	1,205,254	1,006,666
Depreciation	3,488,334	4,732,715	5,151,543	2,545,562	2,290,861
Interest	1,708,712	2,561,344	2,891,401	1,568,238	1,232,231
Total Expenses	**26,630,914**	**31,877,370**	**33,875,969**	**16,956,265**	**18,084,618**

The following table sets forth our expenses (as a percentage of our Total Revenues) for the periods indicated:

	Year ended March 31,			Six months ended September 30,	
	2002	**2003**	**2004**	**2003**	**2004**
	(%)	(%)	(%)	(%)	(%)
Expenses (as a percentage of our Total Revenues) :					
Aircraft fuel	20.0	22.1	20.8	21.2	24.0
Other Operating Expenses (including maintenance and airport charges etc)	27.0	28.9	25.4	28.0	23.3
Employees remuneration and benefits	8.7	9.0	7.9	8.3	8.8
Selling and Distribution Expenses	14.1	14.1	12.0	11.8	12.9
Aircraft rentals	11.2	9.4	6.4	7.2	5.1
Depreciation	13.2	16.1	14.4	15.2	11.6
Interest	6.4	8.7	8.1	9.3	6.3
Total Expenses (as a percentage of our Total Revenues)	**100.5**	**108.3**	**95.0**	**100.9**	**92.0**

Aircraft fuel

Aircraft fuel is the single largest component of our expenditure. Aircraft fuel costs are derived on the basis of consumption and fuel prices. As discussed earlier, fluctuations in aircraft fuel prices are beyond our control. The historical relationship of aircraft fuel costs to revenues has, however, remained relatively consistent, demonstrating that fare revisions have largely succeeded in offsetting increases in aircraft fuel prices.

Other Operating Expenses

Other Operating Expenses include the following:

- *Maintenance and repairs*

  As an operator of aircraft we are required to and are responsible for maintaining and repairing the aircraft. Our maintenance and repair expenses consist of scheduled and unscheduled maintenance for our aircraft, engines and other parts. In order to optimize and control maintenance costs, we have entered into long-term and medium-term maintenance contracts, including "PBTH" contracts for components, APUs and engines for our Boeing aircraft and a global maintenance contract with ATR for components for our ATR72-500 aircraft.

  Our aircraft currently require a lower level of maintenance relative to airlines with older fleets of aircraft because the average age of the aircraft in our fleet is currently approximately 4.5 years, and many of the parts on our aircraft are under multi-year warranties. If the age of our fleet increases and our warranties expire, our maintenance expenses will increase.

- *Variable rentals*

  As of December 31, 2004 we had 18 aircraft on operating lease arrangements, and are required to pay certain fixed and variable lease rentals under such arrangements. The variable operating lease rentals are required to be paid at a pre-determined rate on the basis of actual hours flown by the relevant aircraft. In certain cases such pre-determined rates are subject to annual escalation.

  The fixed operating lease rentals payable under our operating lease arrangements are separately reflected in our financial statements as "Aircraft rentals".

- *Landing, navigation and other airport charges*

  These costs include landing charges, route navigation facility charges, terminal navigation landing charges, parking charges and X-ray charges. These are generally payable to the AAI. At certain civil enclaves that are operated by the defense services, we pay certain of these charges to the defense services. At Cochin International Airport, we pay certain of these charges to CIAL the private sector operator of the airport. Landing charges vary depending upon the aircraft weight and the type of airport (international, domestic or civil enclave); navigation charges vary depending upon the distance travelled to the landing destination and the maximum take off weight, or MTOW, of the aircraft; terminal navigation landing charges vary depending upon the MTOW and the type of the airport; parking charges vary depending upon the type of airport and whether or not the aircraft is parked overnight or beyond three hours; and X-ray charges are currently fixed at approximately Rs.700 per flight for our Boeing 737 aircraft and Rs.450 per flight for our ATR aircraft.

- *Insurance*

  We insure our aircraft against various risks and exigencies. In addition, we also procure various third party liability covers and related insurance covers for our operations. This insurance cover is provided by various Indian insurance companies with reinsurance placements outside India.

- *General and administrative*

  These expenses include communication costs, including payments to SITA, travel, rent, repair and maintenance of office premises, utilities and other miscellaneous expenses.

Employees Remuneration and Benefits

The employee remuneration and benefits consists of salaries, statutory contributions, retirement benefits and the cost of training provided to employees.

Increase in employee costs are due to additions in manpower and revisions in salaries made from time to time. We have wage settlement agreements in force with the unions that represent certain of our employees.

Our employee remuneration and benefits are presented net of applicable charge back to Jetair pursuant to our GSA agreement. For more information, see “Business – Marketing, Sales and Distribution” on page 50 of this Prospectus.

Selling and Distribution Expenses

Our selling and distribution expenses include commissions paid to travel agents and GSAs, payments to our GDS and CRS service providers, fees paid to credit card companies and expenses relating to advertising and sales promotion activities.

We operate substantially through our GSA network in India. Jetair, a Promoter group company, is our exclusive GSA in India.

Our commission structure is as follows:

- A sales commission of 5% on Rupee fares and cargo and 7% on foreign exchange fares is payable either to the travel agents or to Jetair for tickets issued by them;
- Jetair receives an overriding commission of 3% for all passenger sales in India (irrespective of whether the tickets have been sold through a travel agent, the internet or by Jetair itself) and 2.5% for all cargo sales in India.

In fiscal 2004 and the six months ended September 30, 2004, commissions to Jetair constituted 2.5% and 3.1%, respectively, of our Total Expenses for such periods, and commissions to the other GSAs that are Promoter group companies constituted 0.5% and 0.4% of the Total Expenses for such periods.

Jetair provides us with GSA services including ticketing, reconciliation of billing statements and issuance of tickets at the airport and at various city locations. In this connection, pursuant to the terms of our GSA agreement with Jetair, we are entitled to charge back certain expenses, including remuneration of certain employees, CRS costs (up to a maximum of 25% of such CRS costs) and SITA communication charges, in amounts as determined by us.

We have various GSAs in other countries. These include Jet Airways LLC, Dubai, UAE and its two subsidiaries Jet Airways of India Inc., for U.S.A. and Canada, and India Jet Airways (Pty) Ltd. for South Africa, all of which are Promoter group companies.

Aircraft rentals

As of December 31, 2004 we had 18 aircraft in our fleet on operating lease arrangements. The key features of which are:

- Monthly rent is paid in the form of fixed rent and variable rents;
- Variable lease rents are paid on a pre-determined rate payable on the basis of actual flying hours. In certain cases such pre-determined rate is subject to annual escalation;
- We do not have an option to buy back nor do we generally have an option to renew the lease;
- The leases are not cancellable; if we terminate the lease prior to the expiry of the lease term, we may be liable to pay the rental amounts for the unexpired period of the lease;
- In the event of a default, the lessor is entitled to repossession of the aircraft, and we may be liable for damages, including liquidated damages.
- We are responsible for maintaining and insuring the aircraft; and
- In the event of delayed payment, we may be liable to pay penal charges.

The fixed operating lease rentals payable under our operating lease arrangements are reflected in our financial statements as aircraft rentals, while the variable operating lease rentals payable under these arrangements is included in our “Other Operating Expenses”.

In addition to the above 18 aircraft, we have leased two aircraft which have been further sub-leased to Skynet Asia Airways. The lease rentals paid by us in respect of these two aircraft are reflected in our financial statements as net of the lease rentals received from Skynet Asia Airways. The lease agreements that we have entered into for seven additional Boeing 737-800 aircraft have terms similar to those described above.

Depreciation

We have a policy of providing for depreciation on the basis of the written down value of assets. The rates of depreciation are as per Schedule XIV of the Companies Act.

Interest

Interest includes the rentals we pay under our hire purchase and finance lease. We have in our fleet 23 aircraft on hire purchase agreements and one on a finance lease. Certain key features of our hire purchase arrangements and finance lease are:

- We have an 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 a default, we are liable for payment of all costs of the owner including financing cost and other associated costs. Further, the owner/ lessor has a right of repossession; and
- We are responsible for maintaining and insuring the aircraft.

Our other interest bearing liabilities include, among others, certain subordinated debt, a fixed term loan with regard to our flight simulator and certain bank overdrafts.

Our aircraft rent expenses and hire purchase finance charges with regard to part of our fleet are incurred in U.S. Dollars. Our exposure to the U.S. Dollar has increased as we have expanded our operations. We enter into forward contracts to hedge against currency rate risks relating to our lease and hire purchase finance payment obligations. In addition, payment obligations under nine of our aircraft on hire purchase agreements and one aircraft under a finance lease are based on floating rates (LIBOR). We use derivative contracts to hedge against adverse variations in LIBOR.

Taxes

Corporate Tax

In fiscal 2004, we were liable to pay taxes under the Minimum Alternate Tax (“MAT”) provisions (as defined under Section 115JB of the I.T. Act) primarily because of certain unabsorbed depreciation. MAT is a tax on book profits that was introduced by the Government starting in fiscal 1997. MAT is applicable only if the tax payable under the MAT provisions is greater than the tax on taxable income calculated at the normal rates. The provision for tax is therefore calculated at the rate of 7.5% plus applicable surcharge on our book profits.

Deferred Tax

Deferred tax arises from timing differences between book profits and taxable (accounting) profits that originates in one period and is capable of reversal in one or more subsequent periods, and is measured using tax rates and laws that have been enacted or substantively enacted as on the date of the balance sheet.

We provide for deferred tax liability on such timing differences, subject to prudent considerations in respect of deferred tax assets. The significant timing differences include the difference in depreciation charged to the profit and loss account and the depreciation claimed under the I.T. Act, and the items of expenditure covered under section 43B of the I.T. Act.

Results of Operations

The following tables set forth certain information with respect to our results of operations for the periods indicated:

	Year ended March 31,			Six months ended September 30,	
	2002	2003	2004	2003	2004
			(Rs. thousands)		
Income					
Operating revenue:					
Passenger	23,622,474	26,748,979	32,155,701	15,208,634	18,068,701
Excess baggage	251,116	292,736	286,674	118,534	173,753
Cargo	1,190,326	1,454,345	1,720,288	849,374	886,128
Other revenue	198,949	260,748	311,548	167,944	135,599
Total operating revenue	**25,262,865**	**28,756,808**	**34,474,211**	**16,344,486**	**19,264,181**
Non-operating Revenue	1,234,156	664,184	1,183,183	457,026	402,545
Total revenue	**26,497,021**	**29,420,992**	**35,657,394**	**16,801,512**	**19,666,726**
Expenditure					
Aircraft fuel	5,289,985	6,504,024	7,417,838	3,554,376	4,713,116
Maintenance and repairs	1,400,143	2,414,530	3,063,626	1,668,434	1,391,828
Variable rentals	1,093,185	1,060,108	1,023,475	550,799	334,924
Landing, navigation and other airport charges	2,185,779	2,226,292	2,084,838	1,036,243	1,091,812
Insurance	242,159	371,373	352,133	179,129	199,409
General and administrative	2,231,028	2,441,914	2,538,269	1,265,396	1,557,734
Employees remuneration and benefits	2,299,294	2,634,482	2,822,436	1,399,394	1,738,827
Selling & Distribution Expenses	3,727,195	4,150,324	4,263,982	1,983,440	2,527,210
Aircraft rentals	2,965,100	2,780,264	2,266,428	1,205,254	1,006,666
Depreciation	3,488,334	4,732,715	5,151,543	2,545,562	2,290,861
Interest	1,708,712	2,561,344	2,891,401	1,568,238	1,232,231
Total expenses	**26,630,914**	**31,877,370**	**33,875,969**	**16,956,265**	**18,084,618**
Profit / (loss) before taxation	**(133,893)**	**(2,456,378)**	**1,781,425**	**(154,753)**	**1,582,108**
Provision for Taxation:					
Current tax	420	500	150,330	270	122,410
Deferred tax	-	12,377	-	-	166,101
Profit/(loss) after taxation as per statutory accounts	**(134,313)**	**(2,444,501)**	**1,631,095**	**(155,023)**	**1,293,597**

	Year ended March 31,			Six months ended September 30,
	2002	2003	2004	2004
			(Rs. thousands)	
Profit / (Loss) after taxation as per audited accounts	**(134,313)**	**(2,444,501)**	**1,631,095**	**1,293,597**
Adjustment on account of changes in accounting policies				
Capitalization of Software Purchased	1,081	2,285	-	-
Depreciation	(14,764)	(7,371)	(2,181)	(577)
Frequent flyer expenses	(19,815)	(58,896)	-	-
Reversal of Provisions as per AS-29 (Net)	27,489	393,512	511,631	-
Deferred Tax	86,337	853,003	(580,731)	(597,742)
Adjustment on account of Prior Period Items	61,100	70,147	(60,201)	(9,179)
Other adjustments	(318,163)	(3,642)	13,509	-
Total of adjustments	**(176,735)**	**1,249,038**	**(117,973)**	**(607,498)**
Tax impact of adjustments	-	-	21,257	2,184
Net Profit/ (Loss), as restated	**(311,048)**	**(1,195,463)**	**1,491,865**	**683,915**

Adjustments

The financial information for fiscal 2002, 2003 and 2004 and the six months ended September 30, 2004 has been restated in compliance with SEBI Guidelines. In accordance with Indian GAAP, the effects of restatement are shown as a cumulative effect on our adjusted profit after tax rather than as restatements of individual line items in our income statement. Consistent with this presentation, in the comparison of our results of operations from fiscal period to fiscal period, we have provided a discussion of the effects of the restatement on our adjusted profit at the end of each such fiscal period to fiscal period comparison. The financial information for the six months ended September 30, 2003 has not been restated.

The principal adjustments to our financial statements, including on account of changes in accounting policies and estimates, are described below:

- Accounting Standard 26 (AS-26) on Intangible Assets issued by the Institute of Chartered Accountants of India (“ICAI”) to capitalize software, which results in future benefits to be amortized over a 36-month period on a straight line basis. We have accordingly followed AS-26 with effect from April 1, 2003, and our restated financial statements have given effect to AS-26 for financial years prior to fiscal 2004, where such expenditure was treated as revenue expenditure.
- We have computed frequent flyer expenses on the basis of incremental cost as set out in the Airline Accounting Guidelines issued by IATA with effect from April 1, 2002. In prior fiscal years, the cost was computed on the basis of the average cost for a free seat. Our restated financial statements have given effect to these guidelines followed from fiscal 2003 for the previous financial years.
- AS-29 on “Provisions, Contingent Liabilities and Contingent Assets” issued by ICAI came into effect from April 1, 2004. Under AS-29:
  - a “provision” is a liability which can be measured only by using a substantial degree of estimation; and
  - a “liability” is a present obligation of the enterprise arising from past events, the settlement of which is expected as a result of an outflow from the enterprise of resources embodying economic benefits.

We have followed AS-29 with effect from April 1, 2004 and accordingly certain aircraft maintenance expenditure (not covered by any third party maintenance contract) are being accounted for an "as incurred basis". In prior years such expenditure was being provided for on pre-determined rates, and in the case of engines, on the basis of hours flown. Our restated (adjusted) financial statements give effect to AS-29 for financial years prior to fiscal 2004.

- We adopted Accounting Standard 22 (AS-22) on "Accounting for Taxes and Income" issued by the ICAI in preparing financial statements for fiscal 2003 onwards. Accordingly, the deferred tax/asset liability has been recognized in the respective years of origination, considering the adjustment on account of changes in accounting policy and other changes with the corresponding effect to the statement of profit, as restated.
- In our financial statements for fiscal 2004 and for the six months ended September 30, 2004, we had recognized / charged off certain amounts of our income and expenditure for prior periods. In our restated financial statements, such income and expenditure amounts have been appropriately adjusted in the years that these relate to.
  - During fiscal 2004, we have revised the estimated useful life of our galley equipment, which form a part of our engineering inventory. In our related financial statements, provision for obsolescence on such inventory has been adjusted on the straight line method basis over its balance useful life as estimated by our management. Accordingly, the provision for obsolescence on such inventory has been adjusted against the profits in our restated financial statements for fiscal years up to fiscal 2003.
  - Following the terrorist attacks in New York on September 11, 2001, we renegotiated certain aircraft maintenance contracts in fiscal 2002 with retrospective effect. In our restated financials, the impact has been adjusted against profits for fiscal years up to fiscal 2001.

Six Months Ended September 30, 2004 Compared to Six Months Ended September 30, 2003

An overview of trends and developments and a comparison of significant items of income and expenditure for the six months ended September 30, 2003 and the six months ended September 30, 2004 are provided as follows:

- In the six months ended September 30, 2004, while revenues were significantly higher than the period ending September 30, 2003 we incurred a substantial increase in fuel costs as compared to the previous period;
- In May 2004, we commenced scheduled operations to Kathmandu, Nepal;
- The first six months of each fiscal is generally lower in terms of traffic volumes as compared to the second six months and this trend continued in fiscal 2004; and
- In August 2003, Air Deccan, a no frills airline, commenced operations, thereby increasing competition in the domestic market.

Revenues

Our total revenues increased by 17.1% from Rs.16,802 million in the six months ended September 30, 2003 to Rs.19,667 million in six months ended September 30, 2004. This increase was primarily due to an increase in Passenger Revenues.

Passenger Revenues

Passenger revenues increased by 18.8% from Rs.15,209 million in the six months ended September 30, 2003 to Rs.18,069 million in the six months ended September 30, 2004. This increase was due to a 15.6% increase in revenue passengers as well as increased yield due to a fare revision effective June 21, 2004.

Revenues from Excess Baggage

Revenues from excess baggage increased by 46.2% from Rs.119 million in the six months ended September 30, 2003 to Rs.174 million in the six months ended September 30, 2004, primarily due to an increase in the number of revenue passengers.

Revenues from Cargo

Revenues from carriage of cargo increased by 4.4% from Rs.849 million in the six months ended September 30, 2003 to Rs.886 million in the six months ended September 30, 2004. This increase was primarily due to increased tonnage carried in the six months ended September 30, 2004 compared to the prior period. During the six months ended September 30, 2004, we improved infrastructure including the addition of bonded cargo warehouses that enabled us to carry more cargo for imports and exports on domestic routes.

Other Revenues

Other revenues decreased by 19.0% from Rs.168 million in the six months ended September 30, 2003 to Rs.136 million in the six months ended September 30, 2004. This decrease was primarily on account of the discontinuation of the Inland Air Travel Tax with effect from January 2004, resulting in our losing revenues from the 5% handling charges that we were entitled to retain as compensation for the collection of tax on behalf of the Government.

Non-Operating Revenues

Non-operating Revenues decreased by 11.8% from Rs.457 million in the six months ended September 30, 2003 to Rs.403 million in the six months ended September 30, 2004. The variation in Non-operating Revenues for the two periods is primarily due to the following:

- Gain from foreign exchange of Rs.157 million in the six months ended September 30, 2003;
- Profit on sale and hire purchase of engines of Rs.85 million in the six months ended September 30, 2003; and
- Write back of certain provisions in an amount of Rs.182 million in the six months ended September 30, 2004.

Expenses

Aircraft Fuel

Fuel costs increased by 32.6% from Rs.3,554 million in the six months ended September 30, 2003 to Rs.4,713 million in the six months ended September 30, 2004. This increase was due to a 4.8% increase in block hours from 70,429 hours to 73,814 hours and an increase in the weighted average cost of fuel from Rs.19.67 per liter in the six months ended September 30, 2003 to Rs.24.51 per liter in the six months ended September 30, 2004, an increase of 24.6%.

Other Operating Expenses

Variations in Other Operating Expenses for the six months ended September 30, 2003 and 2004 were:

	Six months ended September 30, 2003 (Rs. thousands)	**Six months ended September 30, 2004 (Rs. thousands)**	**Increase/ (Decrease) (%)**
Maintenance and repairs	1,668,434	1,391,828	(16.6)
Variable rentals	550,799	334,924	(39.2)
Landing, navigation and other airport charges	1,036,243	1,091,812	5.4
Insurance	179,129	199,409	11.3
General and administrative	1,265,396	1,557,734	23.1
Total	**4,700,001**	**4,575,707**	**(2.6)**

Other Operating Expenses decreased by 2.6% from Rs.4,700 million in the six months ended September 30, 2003 to Rs.4,576 million in the six months ended September 30, 2004 due to various factors as discussed below:

- Maintenance and repair costs decreased by 16.6% from Rs.1,668 million in the six months ended September 30, 2003 to Rs.1,391 million in the six months ended September 30, 2004. This decrease in maintenance and repair costs was primarily due to the introduction of the new accounting standard, AS-29 and the discontinuation of the accrual of certain provisions effective April 1, 2004. Under AS-29, certain maintenance costs which were previously accrued on the basis of hours flown are now accounted for on an as incurred basis. For more information on AS-29, please see paragraph (ix) of “Our Significant Accounting Policies” on page 72 of this Prospectus.

- Variable rentals decreased by 39.2% from Rs.551 million in the six months ended September 30, 2003 to Rs.335 million in the six months ended September 30, 2004. This reduction was principally because of the discontinuation of the accrual of certain provisions in accordance with AS-29, effective April 1, 2004.
- Landing, navigation and other airport charges increased by 5.4% from Rs.1,036 million in the six months ended September 30, 2003 to Rs.1,092 million in the six months ended September 30, 2004. This increase was primarily due to an increase in the number of flights operated during the six months ended September 30, 2004 as compared to the number of flights operated during the six months ended September 30, 2003.
- Insurance costs increased by 11.3% from Rs.179 million in the six months ended September 30, 2003 to Rs.199 million in the six months ended September 30, 2004. This increase was due to an increase in the fleet value because of the induction of two new Boeing 737-900 aircraft and one Boeing 737-400 aircraft as replacement for two Boeing 737-400 aircraft in fiscal 2004 (resulting in an increase in fleet size by one aircraft).
- General and administrative costs increased by 23.1% from Rs.1,265 million in the six months ended September 30, 2003 to Rs.1,558 million in the six months ended September 30, 2004. This increase was primarily due to exchange rate differences as a result of weakening of the Rupee compared to the U.S. Dollar amounting to Rs.149 million and a loss on scrapping of fixed assets amounting to Rs.31 million in the six months ended September 30, 2004.

Employee Remuneration and Benefits

Employee remuneration and benefits expenses increased by 24.3% from Rs.1,399 million in the six months ended September 30, 2003 to Rs.1,739 million in the six months ended September 30, 2004 due to a significant increase in salaries with effect from April 1, 2004 and due to an increase in the net number of employees (excluding employees whose remuneration and benefits are charged back to Jetair pursuant to our GSA agreement with Jetair) from 5,307 as of September 30, 2003 to 5,595 as of September 30, 2004.

Selling and Distribution Costs

Selling and distribution costs increased by 27.4% from Rs.1,983 million for the six months ended September 30, 2003 to Rs. 2,527 million for the six months ended September 30, 2004. This increase in selling and distribution costs resulted from:

- An increase of 17.2% in CRS and GDS costs from Rs.438 million in the six months ended September 30, 2003 to Rs.513 million in the six months ended September 30, 2004 due to an increase in number of passengers;
- An increase of 28.7% in commission costs payable to our GSAs and travel agents from Rs.1,426 million in the six months ended September 30, 2003 to Rs.1,835 million in the six months ended September 30, 2004 due to an increase in Passenger Revenues; and
- An increase in advertisement expenses incurred in the six months ended September 30, 2004, which was in part due to the launch of our international operations to Kathmandu, Nepal.

Aircraft Rentals

Aircraft rentals decreased by 16.4% from Rs.1,205 million in the six months ended September 30, 2003 to Rs.1,007 million in the six months ended September 30, 2004, primarily due to a reduction in aircraft lease rentals that we negotiated with the lessors of two of our Boeing 737 aircraft and five of our ATR72-500 aircraft which were effective from the second half of fiscal 2003.

Depreciation

We recorded a decrease in depreciation costs of 10% from Rs.2,546 million in the six months ended September 30, 2003 to Rs.2,291 million in the six months ended September 30, 2004 due to a reduction in the written down value of aircraft and other assets being depreciated.

Interest Expense

Interest expenses decreased by 21.4% from Rs.1,568 million in the six months ended September 30, 2003 to Rs.1,232 million in the six months ended September 30, 2004 due to a reduction in effective interest rates and a decrease in our indebtedness.

Profit/(Loss) before Taxation

We incurred loss before taxation of Rs.155 million in the six months ended September 30, 2003 as compared to profit before taxation of Rs.1,582 million in the six months ended September 30, 2004 primarily. due to a 17.1% increase in Total Revenues in comparison to a 6.7% increase in our Total Expenses.

Profit/(Loss) after Taxation

For the reasons stated above, we had a loss of Rs.155 million in the six months ended September 30, 2003 as compared to a profit of Rs.1,294 million in the six months ended September 30, 2004.

Management discussion on losses incurred in the six months ended September 30, 2003

In the six months ended September 30, 2003, we incurred losses primarily due to the following:

- The traffic volumes in the first six months of each fiscal is generally lower in comparison to the latter half of each fiscal and this trend continued during the six months ended September 30, 2003. The Passenger Load Factor for the six months ended September 30, 2003 was 61.0% as compared to 66.7% for the six months ended March 31, 2004.
- The Indian economy was recovering from the downturn of fiscal 2003.

Net Profit/(Loss), as Restated

Our profit after tax has been restated on account of, among other things, changes in accounting policies as well as certain items attributable to prior periods. As a result of these adjustments, our restated profit for the six months ended September 30, 2004 was Rs.684 million. The main adjustment for the six months ended September 30, 2004 was due to an additional charge of Rs.598 million for deferred taxation, arising as a result of adoption of AS-22 for the prior fiscal year periods.

We have not restated the profit after tax for the six months ended September 30, 2003 for purposes of comparison.

For further discussion on the adjustments to our financial statements, please see the section entitled “Results of Operations – Adjustments” on page 81 of this Prospectus.

Fiscal 2004 Compared to Fiscal 2003

An overview of trends and developments and a comparison of significant items of income and expenditure for fiscal 2004 compared to fiscal 2003 are provided as follows:

- Buoyant economic trends resulted in significant traffic growth in fiscal 2004 over fiscal 2003;
- The extension of the APEX fare schemes, first introduced in fiscal 2003, and the introduction of other pricing schemes in fiscal 2004 also contributed to increased passenger traffic in fiscal 2004 compared to 2003;
- In August 2003, Air Deccan, a no frills airline, commenced operations, thereby increasing competition in the domestic market;
- In November 2003, the first part of the Naresh Chandra Committee Report was presented to the Government of India. The report made recommendations for development of the Indian civil aviation sector. Certain of these recommendations have been implemented by the Government of India.
- During fiscal 2004, we increased our seat capacity by adding two Boeing 737-900 aircraft (each with a 170 seat capacity) to our fleet on hire purchase arrangements and one Boeing 737-400 on an operating lease. However, there were no net additions to our fleet as we subleased two Boeing 737-400 aircraft (each with a 136 seat capacity) to Skynet Asia Airways and we sold one Boeing 737-400.

Revenues

Our total revenues increased by 21.2% from Rs.29,421 million in fiscal 2003 to Rs.35,657 million in fiscal 2004. This increase was primarily due to increased Passenger Revenues.

Passenger Revenues

Passenger Revenues increased by 20.2% from Rs.26,749 million in fiscal 2003 to Rs. 32,156 million in fiscal 2004 primarily due to:

- An increase in ASKMs from 8,496 million in fiscal 2003 to 9,162 in fiscal 2004 and;
- An increase of 7.8% in the total number of revenue passengers in fiscal 2004 as compared to fiscal 2003, resulting in an improvement in Passenger Load Factors from 62.3% in fiscal 2003 to 63.9% in fiscal 2004; and
- An increase in Rupee passenger fares of 10% in November 2002 and 15% in March 2003, the full impact of which was reflected in fiscal 2004.

We experienced a significant increase in passenger revenue earnings in foreign currency and from passengers traveling on APEX fares. We also experienced an overall improvement in Yield in spite of a marginal decline in the number of full fare paying passengers.

Revenues from Excess Baggage

Revenues from excess baggage decreased by 2% from Rs.293 million in fiscal 2003 to Rs.287 million in fiscal 2004.

Revenues from Cargo

Revenues from carriage of cargo increased by 18.3% from Rs.1,454 million in fiscal 2003 to Rs.1,720 million in fiscal 2004. Increased revenue from carriage of cargo resulted from a 16.2% increase in cargo volumes from 74,657 tons in fiscal 2003 to 86,749 tons in fiscal 2004.

Other Revenues

Other revenues increased by 19.5% from Rs.261 million in fiscal 2003 to Rs.312 million in fiscal 2004, primarily due to an increase in the number of passengers.

Non-Operating Revenues

Non-operating revenues increased by 78.2% from Rs.664 million in fiscal 2003 to Rs.1,183 million in fiscal 2004, primarily due to:

- Gains on foreign exchange because of the appreciation of the Rupee against the U.S. Dollar in fiscal 2004, amounting to Rs.335 million;
- Profit on the sale of one Boeing 737-400 aircraft in October 2003, amounting to Rs.266 million.

Expenses

Aircraft Fuel

Expenditure on fuel increased by 14.1% from Rs.6,504 million in fiscal 2003 to Rs.7,418 million in fiscal 2004. This increase was primarily due to a 5.4% increase in block hours from 133,686 hours in fiscal 2003 to 140,908 hours in fiscal 2004, and an increase of 5.5% in the weighted average cost per liter of ATF from Rs.19.32 per liter in fiscal 2003 to Rs.20.38 per liter in fiscal 2004.

Other Operating Expenses

Variations in Other Operating Expenses for such periods are indicated below:

	Year Ended March 31,		**Increase / (Decrease)**
	2003	**2004**	**%**
		(Rs. thousands)	
Maintenance and repairs	2,414,530	3,063,626	26.9%
Variable rentals	1,060,108	1,023,475	(3.5%)
Landing, navigation and other airport charges	2,226,292	2,084,838	(6.4%)
Insurance	371,373	352,133	(5.2%)
General and administrative	2,441,914	2,538,269	3.9%
Total	**8,514,217**	**9,062,341**	**6.4%**

- Maintenance and repairs costs increased by 26.9% from Rs.2,415 million in fiscal 2003 to Rs.3,064 million in fiscal 2004 primarily due to a 5.4% increase in Block hours and an increase in the age of certain aircraft in our fleet, which resulted in increased maintenance costs relating to certain of our older aircraft and an increased frequency of higher maintenance checks for such aircraft to meet contractual redelivery obligations. In fiscal 2004, we conducted three C Checks at facilities outside India (which are substantially more expensive than C Checks that we typically conduct in India on our own) to meet redelivery conditions, which contributed to increased maintenance costs. Changes to the rates of obsolescence of certain rotables also contributed to an increase in maintenance costs.
- Variable rentals decreased by 3.5% from Rs.1,060 million in fiscal 2003 to Rs.1,023 million in fiscal 2004 because the full impact of the reduction in the number of leased aircraft.
- Landing, navigation and other airport charges decreased by 6.4% from Rs.2,226 million in fiscal 2003 to Rs.2,085 million in fiscal 2004 primarily due to the following:
  - a 25% reduction in landing and terminal navigation landing charges for the Northeastern region;
  - the application of domestic airport rates to Goa, Hyderabad, Ahmedabad and Guwahati (which are international airports and where international airport charges earlier applied);
  - a 15% reduction in landing charges at all airports (excluding civil enclaves, and Cochin airport) effective February 12, 2004 ; and
  - Exemption on landing charges applicable for aircraft with less than 80 seats, except at civil enclaves and at the Cochin airport, which resulted in reduced costs for our ATR operations.
- Insurance costs decreased by 5.2% from Rs.371 million in fiscal 2003 to Rs.352 million in fiscal 2004, because of lower insurance premium rates negotiated by us.
- General and administrative costs increased by 3.9% from Rs.2,442 million in fiscal 2003 to Rs.2,538 million in fiscal 2004 primarily due to a high level of operations viz. an increase in the number of flights flown, increase in block hours and an increase in the number of passengers.

Employee Remuneration and Benefits

Employee remuneration and benefits increased by 7.1% from Rs.2,634 million in fiscal 2003 to Rs.2,822 million in fiscal 2004 primarily due to salary increases given to our employees in fiscal 2004. The total number of net employees as of March 31, 2003 was 5,467, as compared to 5,307 employees as of March 31, 2004.

Selling and Distribution Costs

Selling and distribution costs increased by 2.7% from Rs.4,150 million in fiscal 2003 to Rs.4,264 million in fiscal 2004. This increase resulted from:

- An increase in CRS and GDS costs of 3.8% from Rs.859 million in fiscal 2003 to Rs.892 million in fiscal 2004 primarily due to an increase in number of passengers;
- This was partly offset by a decrease in commissions of 1.3% from Rs.3,104 million in fiscal 2003 to Rs.3,063 million in fiscal 2004 due to a reduction in the commission rates paid to travel agents for Rupee fares, which decreased from 6% on the gross fare to 5% on the basic fare (excluding taxes and insurance charges) effective July 15, 2002. This reduction was achieved in spite of an increase in Passenger Revenues and revenues from carriage of cargo.

Aircraft Rentals

Aircraft lease rentals decreased by 18.5% from Rs.2,780 million in fiscal 2003 to Rs.2,266 million in fiscal 2004 primarily due to:

- Reduction in net charge of lease rentals on two Boeing 737-400 aircraft since these aircraft were subleased to Skynet Asia Airways; and
- Reduction in aircraft lease rentals that we negotiated with the lessors of two of our Boeing 737 aircraft and five of our ATR72-500 aircraft.

Depreciation

Depreciation increased by 8.9% from Rs.4,733 million in fiscal 2003 to Rs.5,152 million in fiscal 2004 primarily due to the increased proportion of owned aircraft in our fleet. The increase in depreciation was also due to the full year impact of the four and two Boeing 737 aircraft acquired in fiscal 2003 and fiscal 2004, respectively, under hire purchase agreements.

Interest Expense

Interest expense increased by 12.9% from Rs.2,561 million in fiscal 2003 to Rs.2,891 million in fiscal 2004 primarily due to the increased indebtedness to finance the new aircraft acquired in fiscal 2004 under hire purchase agreements.

Profit/(Loss) before Taxation

We recorded profit before taxation of Rs.1,781 million in fiscal 2004 compared to a loss before taxation of Rs.2,456 million in fiscal 2003.

Profit/(Loss) after Taxation

Profit after taxation was Rs.1,631 million in fiscal 2004 compared to a loss of Rs.2,445 million in fiscal 2003.

Net Profit/(Loss), as Restated

Our profit after tax has been restated on account of, among other things, changes in accounting policies as well as certain items attributable to prior periods. As a result of these adjustments, our restated loss for fiscal 2003 was Rs.1,195 million, as compared to our restated profit for fiscal 2004 of Rs.1,492 million. The main adjustments for fiscal 2004 are described below:

- Reversal of maintenance provisions as per AS-29 in an amount of Rs.512 million;
- Deferred tax charge as a result of application of AS-22 in an amount of Rs.581 million; and
- Charge on account of prior period items in an amount of Rs.60 million.

For further discussion on the adjustments to our financial statements, please see the section entitled “Adjustments” on page 81 of this Prospectus.

Fiscal 2003 Compared to Fiscal 2002

An overview of trends and developments and a comparison of significant items of income and expenditure for fiscal 2003 in comparison to fiscal 2002 are provided as follows:

- Our revenues in fiscal 2002 and fiscal 2003 were affected by general economic and other conditions affecting travel in India, including a slowdown following the terrorist strikes in the United States on September 11, 2001, the sectarian violence in Gujarat in fiscal 2003 and an economic slowdown affecting India and other countries during such periods;
- There were significant capacity additions in fiscal 2002 and fiscal 2003:
  - In fiscal 2002, we leased three ATR 72-500s and entered into hire purchase arrangements for four Boeing-737 NG aircraft; we also returned one Boeing 737-400 upon expiry of the lease.
  - In fiscal 2003, we added four Boeing 737-NG on hire purchase and returned one Boeing 737-400 upon the expiry of the lease;
  - In fiscal 2003, we entered into hire purchase agreements for four Boeing 737-700 aircraft which were earlier on leases from another party;
- In June 2002, we introduced the advance purchase excursion fares, or APEX fares, on select routes in India in order to encourage increases in passenger traffic on these routes.

Revenues

Our revenues increased by 11.0% from Rs.26,497 million in fiscal 2002 to Rs.29,421 million in fiscal 2003. This increase was primarily due to increased Passenger Revenues.

Passenger Revenues

Passenger Revenues increased by 13.2% from Rs.23,622 million in fiscal 2002 to Rs.26,749 million in fiscal 2003 due to:

- An increase in ASKMs by 9.2% from 7,780 million in fiscal 2002 to 8,496 million in fiscal 2003;
- An increase in RPKMs by 10.8% from 4,777 million in fiscal 2002 to 5,291 million in fiscal 2003 and an increase in Passenger Load Factors from 61.4% to 62.3%;
- An increase in the number of revenue passengers by 10.1% in fiscal 2003 as compared to fiscal 2002;
- An increase in passenger fares by 10.0% effective November 2002, the full year impact of which was reflected in a 2.9% increase in the average revenue per passenger in fiscal 2003 compared to that in fiscal 2002;
- An increase in the number of passengers, which was partly due to the introduction of APEX fares on certain routes;
- Following the terrorist attacks in the United States on September 11, 2001, insurance costs increased significantly. To meet this increase, we and other airlines in India introduced a surcharge of U.S.$5.00 and Rs.250 for foreign exchange fare passengers and Rupee fare passengers, respectively.

Revenues from Excess Baggage

Revenues from excess baggage increased by 16.7% from Rs.251 million in fiscal 2002 to Rs.293 million in fiscal 2003. This increase resulted from an increase in the number of revenue passengers flown.

Revenues from Cargo

Revenues from carriage of cargo increased by 22.2% from Rs.1,190 million in fiscal 2002 to Rs.1,454 million in fiscal 2003. This increased resulted from a 14.2% increase in cargo tonnage from 65,385 tons in fiscal 2002 to 74,657 tons in fiscal 2003 due to the aggressive marketing of our cargo services.

Other Revenues

Other revenues increased by 31.1% from Rs.199 million in fiscal 2002 to Rs.261 million in fiscal 2003. This increase was primarily due to an increase in the amount of handling fees retained by us for collection of IATT, due to an increase in Passenger Revenue and from the corresponding amount of PSF collected, due to an increase in the number of passengers. In addition, we introduced cancellation charges on tickets purchased on APEX fares (which are significantly higher than cancellation charges on normal fare tickets).

Non-operating Revenues

Non-operating Revenues decreased by 46.2% from Rs.1,235 million in fiscal 2002 to Rs.664 million in fiscal 2003. This decrease was primarily due to a Rs.846 million profit on the sale of two aircraft in fiscal 2002 and there being no comparable profit in fiscal 2003. These aircraft were simultaneously leased back by us.

Expenses

Aircraft Fuel

Fuel expenditure increased by 23% from Rs.5,290 million in fiscal 2002 to Rs.6,504 million in fiscal 2003 due to an increase of 8.4% in block hours from 123,340 to 133,686 and an increase of 14.3% in the weighted average cost of fuel from Rs.16.98 per liter in fiscal 2002 to Rs.19.32 per liter in fiscal 2003. After September 2001, the price of ATF increased significantly and we experienced the full year effect of such increase in fiscal 2003. This was offset in part by the introduction of new aircraft in our fleet which were more fuel-efficient than the aircraft they replaced.

Other Operating Expenses

Other Operating Expenses increased by 19% from Rs.7,152 million in fiscal 2002 to Rs.8,514 million in fiscal 2003. The variations in our Other Operating Expenses for such periods were as follows:

	Year Ended March 31,		Increase / (Decrease)
	2002	**2003**	**%**
Maintenance and repairs	1,400,143	2,414,530	72.4%
Variable rentals	1,093,185	1,060,108	(3.0%)
Landing, navigation and other airport charges	2,185,779	2,226,292	1.9%
Insurance	242,159	371,373	53.4%
General and administrative	2,231,028	2,441,914	9.5%
Total	**7,152,294**	**8,514,217**	**19.0%**

- Maintenance and repairs costs increased by 72.4% from Rs.1,400 million in fiscal 2002 to Rs.2,415 million in fiscal 2003 primarily due to an increase of 8.4% in block hours. A negotiated credit of Rs.759 million given to us by an engine maintenance service provider also lowered our maintenance costs for fiscal 2002.
- Variable rentals under our operating leases decreased by 3% from Rs.1,093 million in fiscal 2002 to Rs.1,060 million in fiscal 2003. This decrease was because of the lower number of leased aircraft in our fleet in fiscal 2003 compared to that in fiscal 2002.
- Landing, navigation and other airport charges increased marginally by 1.9% from Rs.2,186 million in fiscal 2002 to Rs.2,226 million in fiscal 2003. Although there was an increase of 8.9% in the number of flights from 80,031 in fiscal 2002 to 87,114 in fiscal 2003, this was substantially offset by significant reductions in the route navigation charges with effect from October 2002, as a result of which such charges were levied on the basis of the MTOW of the aircraft as well as the distance flown, as compared to the earlier method of determining such charges based only on the MTOW of the aircraft.
- Insurance costs increased significantly by 53.4% from Rs.242 million in fiscal 2002 to Rs.371 million in fiscal 2003 as a result of the increase in insurance premiums following the terrorist attacks in the United States in September 2001 as well as an increase in the fleet value because of the induction of four new Boeing 737 aircraft in fiscal 2003. In addition, in fiscal 2003 we experienced the full year impact of the induction of seven new aircraft in fiscal 2002.
- General and administrative costs increased by 9.5% from Rs.2,231 million in fiscal 2002 to Rs.2,442 million in fiscal 2003 due to the increased scale of our operations.

Employee Remuneration and Benefits

Employee remuneration and benefits increased by 14.6% from Rs.2,299 million in fiscal 2002 to Rs.2,634 million in fiscal 2003 mainly due to an increase in the average number of employees during fiscal 2003 as compared to that in fiscal 2002; however, the net number of employees (viz. excluding employees whose salaries are charged back to Jetair pursuant to our GSA agreement with Jetair) as of March 31, 2003 of 5,467 was lower than the net number of employees as of March 31, 2002 of 5,537. In addition, due to the increase in our fleet size, we were required to recruit more pilots and in-flight crew, which resulted in an increase in the mix of employees with higher remuneration packages. Further, marginal salary increases were given to employees in fiscal 2003.

Selling and Distribution Costs

Selling and distribution costs increased by 11.4% from Rs.3,727 million in fiscal 2002 to Rs.4,150 million in fiscal 2003. The increase in costs can be attributed to:

- An increase in CRS and GDS costs by 20.1% from Rs.715 million to Rs.859 million due to an increase in passenger numbers and an increase in GDS rates levied by certain of our GDS service providers; and
- An increase in commission payments to GSAs and travel agents by 8.8% from Rs.2,852 million to Rs.3,104 million due to increased Passenger Revenues and revenues from carriage of cargo.

Aircraft Rentals

Aircraft lease rentals decreased by 6.2% from Rs.2,965 million in fiscal 2002 to Rs.2,780 million in fiscal 2003 primarily due to the reduction in the number of leased aircraft in our fleet as compared to fiscal 2003. During fiscal 2003, we reduced the number of aircraft under lease arrangements in our fleet by five.

Depreciation

Depreciation increased by 35.7% from Rs.3,488 million in fiscal 2002 to Rs.4,733 million in fiscal 2003 primarily due to the addition of eight aircraft under hire purchase agreements in fiscal 2003.

Interest Expense

Interest expense increased by 49.8% from Rs.1,709 million in fiscal 2002 to 2,561 million in fiscal 2003 primarily due to the addition of eight aircraft under hire purchase agreements in fiscal 2003.

Profit/(Loss) before Taxation

We had a loss before taxation of Rs.2,456 million in fiscal 2003 compared to a loss before taxation of Rs.134 million in fiscal 2002.

Profit/(Loss) after Taxation

Loss after taxation in fiscal 2003 was Rs.2,445 million compared to a loss after taxation of Rs.134 million in fiscal 2002. As discussed above, our revenues in fiscal 2002 and fiscal 2003 were affected by general economic and other conditions affecting travel in India, including a slowdown following the terrorist strikes in the United States on September 11, 2001, the sectarian violence in Gujarat in fiscal 2003 and an economic slowdown affecting India and other countries during such periods. Consistent with the aviation industry worldwide, we also incurred losses during these two years. While we responded with promotional fare schemes to create a new market and attract passengers using other modes of travel to air travel, the overall reduction in market size and the consequent reduction in yields led to lower than anticipated revenues. In fiscal 2002 and 2003, we also had high depreciation charges (calculated on the basis of the written down value (“WDV”) method at an average rate of 16.2% per annum) and high interest charges because of an increase in the fleet size. In addition, we also had high fuel costs and operating expenses in fiscal 2003. These factors primarily resulted in losses in fiscal 2002 and 2003.

Net Profit/(Loss), as Restated

Our profit after tax has been restated on account of, among other things, changes in accounting policies as well as certain items attributable to prior periods. As a result of these adjustments, our restated loss for fiscal 2002 was Rs.311 million, as compared to our restated loss for fiscal 2003 of Rs.1,195 million.

The main adjustments for fiscal 2003 are described below:

- Charge to our frequent flyer expenses due to computation on incremental cost basis pursuant to the Airline Accounting Guidelines issued by IATA with effect from April 1, 2002 in an amount of Rs.58.90 million;
- Reversal of provisions as per AS 29 in an amount of Rs. 393.51 million;
- Deferred tax credit as a result of application of AS-22 in an amount of Rs. 853 million; and
- Credit on account of prior period items in an amount of Rs.70.15 million.

The main adjustments for fiscal 2002 are described below:

- Charge to our frequent flyer expenses due to computation on incremental cost basis pursuant to the Airline Accounting Guidelines issued by IATA with effect from April 1, 2002 in an amount of Rs.19.81 million;
- Reversal of provisions as per AS-29 in an amount of Rs. 27.49 million;
- Deferred tax credit as a result of application of AS-22 in an amount of Rs.86.34 million;
- Credit on account of prior period items in an amount of Rs.61.10 million; and
- Other adjustments (debits) in an amount of Rs.318.16 million relating to:

- revision of the estimated useful life of certain equipment and related provisions for obsolescence; and
- the retrospective effect of renegotiation of a maintenance contract in fiscal 2002.

For further discussion on the adjustments to our financial statements, please see the section entitled "Results of Operations – Adjustments" on page 81 of this Prospectus.

Liquidity and Capital Resources

Liquidity

Historically, our primary liquidity requirements have been to finance our working capital requirements for our operations and our capital expenditures. We have met these requirements from cash flows from operations as well as from borrowings. We seek to maintain at least two months of operating expenses as cash and cash equivalents, and we also have working capital facilities extended by various banks.

Cash flows

The table below summarizes our cash flows, as restated, for the periods indicated:

	Fiscal 2002	Fiscal 2003	Fiscal 2004	Six months ended September 30, 2004
		(Rs. thousands)		
Net cash from operating activities	2,572,665	4,294,029	10,371,166	6,220,385
Net cash from (used) investing activities	(6,917,206)	(12,920,421)	(3,973,465)	(3,472,207)
Net cash from (used) financing activities	5,132,445	8,096,688	(6,709,517)	(2,033,874)
Net increase (decrease) in cash and cash equivalents	787,904	(529,704)	(311,816)	714,303

Operating Activities

Our cash flow from operating activities depends essentially on our net profits. We have in fiscal 2002, 2003, 2004 and the six months ended September 30, 2004, generated sufficient cash flow from our operations to meet employee remuneration and benefits, aircraft fuel, aircraft rentals, interest and Other Operating Expenses.

Our net cash flow from operating activities increased by 141.5% from Rs.4,294 million in fiscal 2003 to Rs.10,371 million in fiscal 2004, primarily due to robust growth in Operating Revenues and net profit.

Investing Activities

Our net cash flow used in investing activities is determined by our aircraft and other capital asset acquisition program.

Beginning fiscal 2001, we had scheduled deliveries of ten Boeing 737 aircraft through May 2003. Of these ten aircraft, four each were delivered in fiscal 2002 and fiscal 2003 and one aircraft was delivered in fiscal 2004. All of these aircraft have been acquired on a hire purchase basis and have been financed to the extent of 85% of the aircraft value through term loans guaranteed by the Export Import Bank of the United States (the "US Exim"). In each case, we were required to arrange financing for the remaining 15% of the aircraft value.

In fiscal 2003, the Company also took 4 aircraft on hire purchase from GE Capital Services India Limited. These aircraft were previously available to us on an operating lease from another lessor. In such cases, we were required to arrange financing for 10% of the aircraft value.

In addition, we took delivery of two Boeing 737-900s in fiscal 2004 – one in May 2003 (on hire purchase) and one in October 2003 (on finance lease). These were also supported by US Exim Bank guarantees and we were required to arrange financing for 15% of the aircraft value. We also sold one of our Boeing 737-400 aircraft in fiscal 2004, after terminating the hire purchase agreement for this aircraft.

Our net cash used in investing activities decreased from Rs.12,920 million in fiscal 2003 to Rs.3,973 million in fiscal 2004, primarily due to a higher number of aircraft that we acquired in fiscal 2003 as compared to fiscal 2004 and because of the termination of the hire purchase agreement relating to one Boeing 737 aircraft.

Financing Activities

Our net cash flow from financing activities is determined by the level of principal and interest payments on our outstanding debt, the incurrence of new indebtedness and the issuance of new capital stock, interest and dividend payments thereon and currency exchange rates. There has been no issuance of any class of shares since February 2001, when we issued 69,828,750 cumulative convertible redeemable preference shares to International Finance Corporation, or IFC.

Our net cash from financing activities in fiscal 2003 was Rs.8,097 million, our net cash used in financing activities was Rs.6,710 million in fiscal 2004.

Historical and Planned Capital Expenditures

The following table sets forth, for the periods indicated, certain information related to our capital expenditures:

	Year ended March 31,			**Six months ended September 30,**	
	2002	**2003**	**2004**	**2003**	**2004**
	(Rs. thousands)	(Rs. thousands)	(Rs. thousands)	(Rs. thousands)	(Rs. thousands)
Ground support equipment and vehicles	146,390	38,060	15,724	6,627	28,920
Aircraft and engines	16,419,488(1)	13,423,697	3,501,909	1,868,299	688,561
Simulator	513,755	-	-	-	-
IT and office equipment(including software)	116,185	35,192	110,426	30,172	106,256
Others	149,267	35,026	21,673	13,166	19,875
Total	**17,345,085**	**13,531,975**	**3,649,732**	**1,918,264**	**843,612**

Note: Work in progress for fiscal 2002, 2003 and 2004 was Rs.13,015.46 million, Rs.3,007.87 million and Rs.151.90 million, respectively.

(1) In fiscal 2002 aircraft owned by us were revalued and the revaluation reserve on 31st March, 2002 was Rs.7,299.67 million.

We procure our aircraft under operating leases, hire purchase agreements and finance leases. Although we believe that operating lease financings and/or hire purchase finance will be available for our future aircraft deliveries, we cannot assure you that we will be able to secure financings on terms attractive to us, if at all. To the extent we cannot secure financing, we may be required to modify our aircraft acquisition plans or incur higher than anticipated financing costs. However, we expect to meet our operating obligations as they become due through available cash and internally generated funds, supplemented as necessary by short-term credit lines.

We currently operate 42 aircraft. We have entered into agreements to lease seven additional Boeing 737-800 aircraft, one of which has been delivered and will be inducted into service after refurbishment and obtaining final DGCA approval and the remaining six are expected to be delivered in the remainder of 2005. In December 2004, we paid Boeing a refundable security deposit aggregating U.S.$900,000 to acquire ten additional Boeing 737-800 aircraft with CFM56-7B24 engines. The expected date of delivery of such aircraft is between January 2006 and October 2007. Definitive purchase agreements have been executed. As per the terms of the purchase agreements, we are required to make pre-delivery payments to Boeing progressively. Closer to the delivery dates of each aircraft, we will finalize definitive financing arrangements for these aircraft. The entry into financial arrangements in connection with these purchase agreements is also subject to the Company obtaining corporate approvals and such necessary regulatory approvals as may be required.

Our expected capital expenditures for fiscal 2005 and for fiscal 2006 are as follows:

	Fiscal 2005 (Rs. thousands)	**Fiscal 2006** (Rs. thousands)
Aircraft Engines		1,150,000*
Simulator		690,000*
Ground Support Equipment & Vehicles	198,797	690,000*
IT & Office Equipment	227,522	200,000
Maintenance Hangar related workshops		690,000*
Training Centre		460,000*
Others (including furniture, fixtures and electrical fittings)	541,181	300,000
Total	**967,500**	**4,180,000**

* from the proceeds of the Fresh Issue.

We commenced operation of regular scheduled services to destinations in neighbouring countries, such as Colombo, Sri Lanka, and Kathmandu, Nepal, in March 2004 and May 2004, respectively. On January 21, 2005 the DGCA issued AIC No. 2/2005 entitled "Guidelines for Operation of Indian Scheduled Carriers on International Routes" and invited scheduled Indian carriers to apply for the allocation of traffic rights on international routes. The Government has communicated its decision to us on the allocation of entitlements for operations for certain routes between India and the United Kingdom, Singapore, Malaysia and the United States. With respect to increased entitlements for some of the aforementioned routes and entitlements for other international routes, the Government is expected to shortly notify its decisions on the allocation of entitlements among the four scheduled carriers (that is, Air India, Indian Airlines, Air Sahara and us). We will thereafter be able to finalize our plans relating to the actual deployment of our aircraft, the number of frequencies that we will operate on various routes as well as conclude associated arrangements.

We believe that our existing worldwide GSA representations, agreements with GDSs and our global marketing initiatives will provide strong support to such international operations. Our market assessment indicates that there is a significant demand from international passengers who use our airline for travel on domestic routes, particularly from persons of Indian origin, NRIs and business travellers who visit the country and travel within India. There is also potential demand from resident Indians who travel overseas and who are familiar with our airline.

These expanded activities could require us to make significant expenditures and/or incur substantial indebtedness. We have made a preliminary assessment of the expenditures that we may need to incur for creating the required operational capabilities and supporting infrastructure such as the conclusion of contracts for aircraft leases, acquisition of slot positions at foreign airports, hiring of additional and suitably qualified personnel for the new aircraft types, handling and catering agreements and the acquisition of communication and other equipment, before we can commence operations on the routes finally allocated to us by the Government of India. Based on our preliminary assessment, we anticipate an outlay of Rs.3,000 million for such purposes.

We expect to meet the above capital expenditures through a combination of means, including the net proceeds of the Fresh Issue, funds generated from operations, bank financing and credit arrangements with export credit agencies, debt or other securities offerings and/or vendor financings.

Contractual Obligations

The following table summarizes our significant contractual obligations as of September 30, 2004:

	As of September 30, 2004	Less than One Year	One to Five Years	More than Five Years
	(Rs. thousands)	(Rs. thousands)	(Rs. thousands)	(Rs. thousands)
Aircraft and engine operating leases	5,562,277	1,968,518	3,593,759	-
Hire purchase and finance obligations :				
Aircraft	27,523,603	2,781,812	11,960,993	12,780,798
Vehicles	16,187	7,740	8,447	-
Secured Loans	600,000	200,000	400,000	-

Indebtedness

The following table summarizes our secured and unsecured long-term indebtedness and subordinated debt obligations as of September 30, 2004. We had no short-term indebtedness as of September 30, 2004.

	As of September 30, 2004
	(Rs. million)
Secured	
HDFC Limited (Secured by hypothecation of simulator and other accessories thereto)	600
Unsecured	
Hire Purchase/Finance Lease instalments for aircraft	27,524
Hire Purchase/Finance Lease instalments for vehicles	16
Subordinated Debt from IDFC	
(collateral in the form of a bank guarantee to the extent of 35% of the outstanding loan)	3,341
Total	**31,481**

The hire purchase/finance lease arrangements relating to our aircraft constitutes the major portion of our unsecured indebtedness. Our aircraft related hire purchase/finance lease arrangements have been provided by the following:

Aircraft details	U.S. Exim guarantee provided to	U.S. Exim guarantee amounts	U.S. Exim guarantee amounts
		(U.S.$ million)	(Rupees million) (4)
Aircraft 1 – 10(1)	Barclays Bank Plc., New York(3)	295.5	13,595.0
Aircraft 11 – 20(2)	Standard Chartered Bank, New York	339.7	15,628.7
Aircraft 21	Barclays Bank Plc. New York	36.9	1,696.4

(1) One of these aircraft was subsequently sold.

(2) The loan outstanding against these aircraft have been converted into a Rupee denominated loan.

(3) The non-U.S. Exim guaranteed portion of these financings was arranged from a consortium of banks and financial institutions.

(4) Solely for convenience translation, at an exchange rate of Rs.46.01 = U.S.$1.00 (the Interbank market mid rates as taken from Bloomberg rate as of September 29, 2004).

These financing arrangements have been guaranteed by the U.S. Exim in an aggregate amount of U.S.$672 million. For the first batch of 10 aircraft, the U.S. Exim guarantees were provided in 1997 and 1998, while for the second batch of 10 aircraft, the U.S. Exim guarantees were provided in February 2001. Subsequently, in connection with the acquisition of a B737-900 aircraft under a finance lease, a separate U.S. Exim guarantee was provided in 2003. The U.S. Exim guarantees are valid for a period of 12 years. The significant terms of the U.S. Exim guarantees include:

- The aircraft are required to be owned by special purpose companies established for such purpose incorporated in a jurisdiction acceptable to US Exim;

- The aircraft are required to be mortgaged in favour of US Exim;
- The aircraft are required to be registered in India with the special purpose company registered as the owner of the aircraft;
- We are responsible for the operation, maintenance and insurance of the aircraft;
- Cross default in all the hire purchase/finance lease arrangements for aircraft guaranteed by US Exim;
- Under the U.S. Exim-guaranteed hire purchase finance agreements relating to 19 of our aircraft, we are required to comply with certain financial covenants. Pursuant to agreements relating to nine of the aircraft, at the end of each fiscal year our ratio of EBITDAR to fixed charges must be at least 1.1:1 and we may not pay cash dividends in excess of U.S.$1.70 million. The covenants relating to the other 10 aircraft require that, at the end of each fiscal year, we have a fixed charge ratio of at least 1.1:1 and a ratio of total liabilities to tangible net worth of not more than 3:1. We are also required to comply with certain financial covenants relating to our debt to equity ratio and dividend payments. In all cases, financial ratios are calculated on the basis of particular terms defined in the agreements, and not on the basis of Indian GAAP or IFRS.

These special purpose companies own the aircraft and have further provided the aircraft to us under hire purchase/finance lease arrangements, as the case may be. The shares of these special purpose companies are pledged with U.S. Exim.

The subordinated debt facility has been availed from IDFC and is subordinated to all present and future indebtedness of our Company whether secured or unsecured. Under our IDFC subordinated debt agreement, we are required to maintain a certain EBITDA to debt ratio, debt to equity ratio, net profit margin and closing cash balance for each fiscal year. Our inability to comply with any of the required financial covenants could result in default under our hire purchase or debt agreements. As of December 31, 2004, we were in compliance with the covenants of all of our hire purchase and debt agreements.

Off-Balance Sheet Arrangements

None of our operating lease obligations are reflected on our balance sheet. We are responsible for all maintenance, insurance and other costs associated with operating these aircraft; however, we have not made any residual value or other guarantees to our lessors.

Quantitative and Qualitative Disclosures about Market Risk

Aircraft Fuel

Under existing policies of the Government, domestic airlines such as us are not permitted to enter into hedging transactions to mitigate increases in the price of ATF. Accordingly, we are dependent upon three Government-controlled companies for our fuel requirements and are subject to variations in the price of ATF at rates fixed by such companies. For a discussion on various factors that may affect the price of ATF, see “Factors affecting our Results of Operations - Price of Aviation Turbine Fuel” on page 68 of this Prospectus.

Exchange Rate Risk

We face exchange rate risk to the extent that our expenses and debt repayments are denominated in currencies other than Indian rupees. Since we derive certain revenues in U.S. Dollars, we have a natural hedge to mitigate a part of our exchange rate risk.

In fiscal 2004, approximately 15% of our Total Revenues, which are derived from tickets sold in foreign currencies and 25% of our Total Expenses, such as aircraft and engine maintenance services, aircraft lease payments, computer reservation systems costs and aircraft insurance, were in currencies other than Indian Rupees, predominantly U.S. Dollars. In addition, as of September 30, 2004, our long-term indebtedness and subordinated debt obligations aggregated Rs.31,481 million, of which approximately 32.2% was foreign currency denominated.

To manage exchange rate risk, we enter into derivative contracts with various counterparties to protect ourselves against a depreciation of the Rupee in relation to the U.S. Dollar. As of September 30, 2004, there were no foreign currency forward contracts outstanding.

While we believe that our forward contracts, together with our U.S. dollar denominated revenue, protect us against certain short-term swings in the Rupee and U.S. Dollar exchange rate, there can be no assurance that they will fully mitigate any adverse changes in exchange rates.

Interest Rate Risk

Our financial results are subject to changes in interest rates, which may affect our debt service obligations and our access to funds. As of September 30, 2004, our long-term indebtedness and subordinated debt obligations aggregated Rs.31,481 million, of which approximately 32.2% is on a floating rate basis and linked to LIBOR.

Our floating rate loans are linked to three month and six month LIBOR. Any increase in LIBOR could increase our interest costs on these loans. For example, a 1% increase in LIBOR will result in an additional interest cost of approximately Rs.100 million in fiscal 2005, based on our existing debt as of September 30, 2004, not considering our derivative contracts. We use derivative instruments to hedge against adverse movements in interest rates with the objective of reducing the cost of debt. The underlying notional amounts covered as of September 30, 2004 was Rs.21,267 million, which represents approximately 75% of the total exposure (excluding subordinated debt). The value of these derivative instruments are subject to movements in the interest rates and may result in a negative carry from time to time.

Inflation

In recent years, India has not experienced significant inflation, and accordingly inflation has not had any material impact on our business and results of operations. According to CMIE inflation in India was approximately 3.7%, 3.4%, 5.4% in fiscal 2002, 2003 and 2004, respectively. However, over the past few months, inflation rates have increased significantly. According to the Office of the Economic Advisor, Department of Industrial Policy and Promotion, the annual rate of inflation, calculated on a point to point basis, was provisionally 6.73% for the week ended December 11, 2004 compared to an inflation rate of 5.80% for the corresponding week in 2003. Although the Government has initiated several economic measures to curb the rise in inflation rates, it is unclear at this stage whether these measures will have the desired effect. This sharp rise in inflation rates in recent months may adversely affect growth in the Indian economy and our results of operations.

Unusual or Infrequent Events or Transactions

Except as described in this Prospectus, there have been no events or transactions to our knowledge which may be described as “unusual” or “infrequent”.

Significant economic/regulatory changes

Pursuant to the Industrial Policy and the FEMA Regulations, any investment in an Indian domestic airline by persons resident outside India requires the prior approval of the FIPB. However, the Ministry of Civil Aviation, Government of India, pursuant to a Notification No. AV-13011/10/96-DT (Vol. II) dated November 10, 2004 (published in the Gazette of India on November 13, 2004) has permitted foreign direct investment in the “Air Transport Services (Domestic Airlines)” sector up to 49% through the “automatic route” (i.e. without the prior approval of the FIPB). The November 10, 2004 notification also permits investment by an NRI up to 100% in an Indian domestic airline company under the “automatic route”. The notification also clarifies that no direct or indirect equity participation by foreign airlines is permitted in a domestic airline. Amendments to the FEMA Regulations to reflect the policy changes notified in the November 10, 2004 notification are awaited.

Following the decision of the Union Cabinet to change the aviation policy on December 29, 2004 and permit Indian scheduled carriers with a minimum of five years of continuous operations and with a minimum of 20 aircraft in its fleet, to operate scheduled services to other international destinations, the MoCA has, on January 11, 2005, designated scheduled Indian carriers permitted to operate international services to and from Singapore, Malaysia, Thailand, Hong Kong, the United Kingdom and the United States of America.

Following such designation by MoCA, on January 21, 2005, the DGCA issued AIC No. 2/2005 entitled “Guidelines for Operation of Indian Scheduled Carriers on International Routes” and invited scheduled Indian carriers to apply for the allocation of traffic rights on international routes. The Government has communicated its decision to us on the allocation of entitlements for operations for certain routes between India and the United Kingdom, Singapore, Malaysia and the United States. With respect to increased entitlements for some of the aforementioned routes and entitlements for other international routes, the Government is expected to shortly notify its decisions on the allocation of entitlements among the four scheduled carriers (that is, Air India, Indian Airlines, Air Sahara and us).

The Indian aviation regulatory framework is undergoing changes. We cannot yet assess how the evolving regulatory framework will affect our business and results of operations. No assurance can be given that these or other changes in the Indian airline industry regulations will not have a material adverse effect on our business and results of operations.

Known trends or uncertainties

Other than as described in the sections entitled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and elsewhere in this Prospectus, to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our Company from continuing operations.

Future relationship between costs and income

Other than as described in the sections entitled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and elsewhere in this Prospectus, to our knowledge there are no known factors which will have a material adverse impact on the operation and finances of our Company.

New product or business segment

Other than as described in this Prospectus, to our knowledge, there are no new products or business segments.

Seasonality of business

Seasonal variations in traffic affect our results of operations. We generally experience lower Passenger Load Factors (defined as the percentage of aircraft seating capacity that is actually utilized) during the first half of each fiscal in comparison to that experienced during the remainder of the year. In addition, some of our areas of operations in North and East India experience bad weather conditions in winter, resulting in additional expenditure caused by delayed and cancelled flights and providing accommodation to passengers. Given our high proportion of fixed cost obligations, these seasonal factors are likely to cause our results of operations to vary from quarter to quarter during a particular financial year.

Competitive conditions

The Company expects competition to intensify from existing and potential airlines in India. For further details, please refer to the discussions of our competition in the sections entitled “Risk Factors” and “Business” beginning on pages xiv and 41 in this Prospectus.

Significant developments after September 30, 2004 that may affect our future results of operations

The unaudited Balance Sheet as of December 31, 2004, the Statement of Profit and Loss and the Statement of Cash Flows for the nine months ended December 31, 2004 and 2003, together with the review report prepared by Deloitte Haskins & Sells and Chaturvedi & Shah, dated February 2, 2005, relating to such financial statements of the Company are included on page 258 of this Prospectus. These unaudited financial statements have not been restated in accordance with SEBI Guidelines.

Except as disclosed in this Prospectus, to our knowledge no circumstances have arisen since the date of the last financial statements as disclosed in this Prospectus which materially and adversely affects or is likely to affect, the operations or profitability of our Company, or the value of our assets or our ability to pay our material liabilities within the next twelve months.

Except as disclosed in this Prospectus, there is no subsequent development after the date of the Auditor’s Report which we believe is expected to have a material impact on the reserves, profits, earnings per share and book value of our Company.

New Accounting Standards

Other than the impact of AS-29, as discussed in page 81 of this Prospectus, our management does not believe that there will be a material impact on our financial statements on account of changes in accounting policies under Indian Accounting Standards as announced by Institute of Chartered Accountants of India.

MANAGEMENT

Board of Directors

As per our Articles of Association, we cannot have less than 3 nor more than 15 Directors. We currently have 12 Directors.

The following table sets forth details regarding our Board of Directors as of the date of this Prospectus:

Name, Designation, Father's Name, Address, Occupation and Term	**National of**	**Age (years)**	**Other Directorships**
Mr. Naresh Goyal Chairman (S/o Mr. Jagdish Rai Goyal) 72, Jupiter Apartment, Anstey Road Off Altamount Road Mumbai 400 026, India Term: Non-retiring Director	India	55	Jetair Private Limited *(Chairman)* Tail Winds Limited International Cargo Carriers Private Limited Jet Enterprises Private Limited Vimpal Holdings Private Limited Jetair Tours Private Limited Jet Aviation Private Limited UPS Jetair Express Private Limited Jet Airways LLC Jetair Worldwide AG
Mr. Ali Ismail Ghandour Director (S/o Mr. Ismail Ghandour) PO Box 3371, Amman 11181, Jordan Term: Until next Annual General Meeting	Jordan	73	Aram International Investments *(Chairman)* Jordan Tourism Investments *(Chairman)* Tail Winds Limited Annhar Media New TV
Mr. J.R. Gagrat Director (S/o Mr. Rustam Ardeshir Gagrat) Buena Vista, Pochkhanwala Road New Worli Mumbai 400 025, India Term: Until next Annual General Meeting	India	72	Phil Corporation Limited Hindustan Thompson Associates Private Limited Tail Winds Limited Indo-Aden Salt Manufacturing and Trading Company Private Limited Potash Fertilisers (India) Private Limited Bombay Incorporated Law Society The Cricket Club of India Limited
Mr. Victoriano P. Dungca Director (S/o Placido P. Dungca) 27675 Vista Bahia Way Hayward, California 94542, U.S.A. Term: Until next Annual General Meeting	U.S.A.	68	Aviorealco LLC UPS Jetair Express Private Limited Tail Winds Limited Jet Airways of India, Inc. Jetair Business Solutions Private Limited
Mr. Javed Akhtar Independent Director (S/o Mr. Jannisar Akhtar) 702, Sagar Samrat, Green Field, Near Juhu Post Office, Mumbai 400 049, India Term: Until next Annual General Meeting	India	59	
Mr. I.M. Kadri Director (S/o Mr. Mustafa Hasan B. Kadri) 4A, Shiv Sagar Estates, Dr. AB Road, Worli Mumbai 400 018, India Term: Until next Annual General Meeting	India	74	Indian Resort Hotels Limited Kadri Consultants Private Limited Kadri Consultants LLC The Cricket Club of India Limited
Mr. Charles A. Adams Director (S/o Mr. Charles Harold Adams) 115, Nayatt Road, Barrington, Rhode Island 02806, U.S.A. Term: Until next Annual General Meeting	U.S.A.	64	Jetair Business Solutions Private Limited

Mr. P.R.S. Oberoi Director (S/o Rai Bahadur M.S. Oberoi) Villa Ashiana, Kapashera, Bijwasan New Delhi – 110 037 Term: Until next Annual General Meeting	India	75	EIH Limited *(Chairman)* Oberoi Hotels Private Limited *(Chairman)* EIH Associated Hotels Limited *(Chairman)* Island Resort Limited Indus Hotels Corporation Limited Nandi Hills Hotels & Resorts Limited Mashobra Resort Limited Mercury Car Rentals Limited Mercury Travels Limited Mumtaz Hotels Limited Island Hotel Maharaj Limited Oberoi Camarco Limited Oberoi Kerala Hotels & Resorts Limited Rajgarh Palace Hotels & Resorts Limited Aravali Polymers Private Limited Balamurie Island Resorts Private Limited Bombay Plaza Private Limited ETA Engineering Private Limited Oberoi Buildings & Investments Private Limited Oberoi Holdings Private Limited Oberoi Investments Private Limited Oberoi Properties Private Limited Oberoi Plaza Private Limited Oberoi Leasing & Finance Company Private Limited CCA Leisure Services Private Limited Mercury Himalayan Explorations Private Limited EIH Holdings Limited EIH International Limited Hungaria Oberoi Rt. Oberoi Corporation Limited Oberoi Holdings Hong Kong Limited Oberoi Investment Limited Oberoi Mauritius Limited Oberoi Services Pte. Ltd. Saudi Oberoi Company Limited EIH Marrakesh Limited
Mr. Aman Mehta Independent Director (S/o Mr. Som Raj Mehta) 4/7, Shanti Niketan, New Delhi 110 021, India Term: Until next Annual General Meeting	India	58	PCCW Limited Raffles Holdings Limited Wockhardt Limited Tata Consultancy Services Limited Vedanta Resources Plc.
Dr. Vijay Laxman Kelkar Independent Director (S/o Mr. Laxman Vishnu Kelkar) CI/11, South End Road, Lodhi Gardens New Delhi 110 003 Term: Until next Annual General Meeting	India	62	IDFC Asset Management Company Limited Tata Chemicals Limited
Mr. Satyan G. Pitroda Independent Director (S/o Mr. Gangaram T. Pitroda) 301, Trinity Lane, Oak Brook Illinois 60523, U.S.A. Term: Until next Annual General Meeting	India	62	WorldTel Limited *(Chairman)* M.T.I. International C- Sam Inc.
Mr. Saroj K. Datta Executive Director (S/o Mr. Sailendra Prasad Datta) 2102, A/B/C, Odyssey Hiranandani Gardens, Powai Mumbai 400 076, India Term: Until next Annual General Meeting	India	68	Jetair Private Limited International Cargo Carriers Private Limited Jetair Tours Private Limited Jet Hotels Private Limited Jet Aviation Private Limited France Air Private Limited World Air Private Limited India Capitol Resource Services Private Limited Jet Enterprises Private Limited Vimpal Holdings Private Limited

Brief Biographies

Mr. Naresh Goyal, 55, a non-resident Indian national, is the chairman of the Company. He is also the chairman of the Board of Directors. Mr. Goyal holds a Bachelors of Commerce degree and after completing his education in 1967, Mr. Goyal joined the travel business and underwent extensive practical training with several foreign airlines.

Mr. Naresh Goyal has more than 35 years of experience in the civil aviation industry. Immediately after graduation in Commerce in 1967, Mr. Goyal joined the travel business with the General Sales Agents for Lebanese International Airlines. Subsequently, Mr. Goyal was appointed the Public Relations Manager of Iraqi Airways in 1969 and from 1971 to 1974 was the Regional Manager for ALIA, Royal Jordanian Airlines. During this period, Mr. Goyal also worked with the Indian offices of Middle Eastern Airline (MEA) where he gained experience in various areas including ticketing, reservations and sales. During this period, he underwent extensive training in all facets of the travel business and undertook considerable international travel on business. He was thereafter appointed Regional Manager of Philippine Airlines where he handled the commercial operations of the airline in India. With the wide experience, expertise and technical know-how Mr. Goyal acquired, he founded Jetair Private Limited (then known as Jetair Transportation Private Limited) in 1974 with the objective of providing sales and marketing representation to foreign airlines in India. Shortly thereafter in 1975, he was appointed Regional Manager of Philippine Airlines in India.

In Jetair, Mr. Goyal was directly involved in marketing studies and traffic development in the Far East, Middle East, and Europe, the U.K. and the U.S.A. Mr. Goyal has also been involved in developing studies of traffic patterns, route structures, operational economies and flight scheduling, all of which have made him an authority in the world of aviation and travel.

As Chairman of the GSA company, Jetair Private Limited and the other promoter group companies such as International Cargo Carriers Limited, National Travel Service and France Air Ltd. he has imparted expertise to these companies and further refined his knowledge of the operation of passenger and cargo services and promotion and development of tourism.

In 1992, as part of the ongoing diversification of his business interests, Mr. Goyal caused to be promoted our Company for operating scheduled air services in India.

In recognition of his achievements, Mr. Goyal has been the recipient of several national and international awards. In 2000, he received the ‘Entrepreneur of the Year Award’ for Services from Ernst & Young and the ‘Distinguished Alumni Award’ for distinguished performance as an entrepreneur. Other awards conferred on Mr. Goyal include the ‘Outstanding Asian Indian’ award for leadership and contribution to the global community given by the Indian American Centre for Political Awareness in 2003, the Qimpro Gold Standard Award in 2002 and the Aerospace Laurels Award for outstanding achievement in the field of commercial air transport, which has been awarded to him twice, in April 2000 and February 2004. Mr. Goyal has also been recently elected to the Board of Governors of IATA in June 2004.

Mr. Ali Ghandour, 73, a Jordanian national, has been a Director of the Company since February 1998. Mr. Ghandour is a qualified aeronautical engineer from New York University, U.S.A. Mr. Ghandour has over 50 years of experience in the civil aviation industry. He was an advisor to 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 the Middle East.

Mr. Jehangir R. Gagrat, 72, an Indian national, has been a Director of the Company since March 1994. Mr. Gagrat holds a law degree from Bombay University and has also qualified as a Solicitor of the Bombay High Court and as a Solicitor of the Supreme Court of England. He is also an Advocate of the Supreme Court of India and a Notary of the Union of India. Mr. Gagrat is a Partner in the law firms of Gagrat & Co. in India, and Gagrat & Gardi in Dubai. A former President of the Bombay Incorporated Law Society, he has also served as a director of various financial institutions, banks, public and private limited companies and he is also a trustee of various public and private trusts. Between 1995 and 2002, Mr. Gagrat was a member of the committee constituted to review the SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1994. Mr. Gagrat has also been a member of the Rules Committee of the Bombay High Court, an Honorary Secretary of the International Law Association (India Branch), Bombay Centre and the Chairman of the Indirect Taxation Committee of the Indian Merchants Chambers.

Mr. Victoriano P. Dungca, 68, an American national, has been a Director of the Company since January 1999. Mr. Dungca holds an MBA from Cornell University, U.S.A. and is a Certified Public Accountant from the U.S.A. Mr. Dungca has had a long and distinguished career with Philippine Airlines and retired as its Executive Vice President. He is currently a financial advisor based in California, U.S.A.

Mr. Javed Akhtar, 59, an Indian national has been a Director of the Company since March 1993. Mr. Akhtar holds a Bachelor of Arts degree. Mr. Akhtar is a well-known poet, lyricist, screenplay and scriptwriter and is a famous media personality. Mr. Akhtar has won the Filmfare Award thirteen times, and is a five-time National Award winner for the best lyricist.

Mr. Iftikar M. Kadri, 74, an Indian national, has been a Director of the Company since February 2000. Mr. Kadri holds a Bachelors degree in Engineering from Pune University. He is a member of the Council of Architecture, New Delhi and a Fellow of the Indian Institute of Architects and a fellow of the Indian Institute of Interior Design. Mr. Kadri set up his practice as an architect in 1960 and is actively involved with the problems relating to rebuilding of dilapidated buildings in Mumbai and exploring technological solutions for mass housing schemes. He was also a member of the Steering Committee appointed by the Government of Maharashtra to suggest strategies for solving the housing problems of Mumbai. Mr. Kadri was awarded a citation in 1993 as an Outstanding Architectural Engineer by the Institution of Engineers in India. He is also the general secretary of the prestigious Nehru Centre in Mumbai.

Mr. Charles Arthur Adams, 64, an American national, has been a Director of the Company since September 2003. Mr. Adams hold a Bachelors of Science degree in Marketing from the University of Hartford, U.S.A. and has 40 years of experience in the aviation industry. After a distinguished career in the United States Army, Mr. Adams joined Trans World Airlines, or TWA, in 1965 and held numerous management positions with TWA in the U.S.A., Europe and Asia. He retired from TWA in 1991 and subsequently then joined United Parcel Service, or UPS, as the Executive Vice President for UPS Yamato Japan. He retired from UPS in 2003 as President, Asia Pacific.

Mr. P.R.S. Oberoi, 75, an Indian national, has been a Director of the Company since March 2004. He is a graduate in Hotel Management from Lausanne, Switzerland. He is the Chairman and Chief Executive Officer of EIH Limited and he is also the Chairman of Oberoi Hotels Private Limited and the major shareholder of EIH Limited. Besides providing leadership for the management of Oberoi hotels across six countries, Mr. Oberoi has been instrumental in pioneering the development of new Oberoi hotels and resorts. Mr. Oberoi is credited with placing India on the international luxury traveller’s map and redefining architectural and design standards in luxury hospitality.

Mr. Aman Mehta, 58, an Indian national, has been a Director of the Company since September 2004. Mr. Mehta holds a Bachelors degree in Economics from Delhi University. He joined the HSBC group in 1968. He subsequently held several senior positions with the HongKong Shanghai Banking Corporation and was appointed Chief Executive Officer of HSBC Asia Pacific in January 1999, a position he held until his retirement in December 2003. Mr. Mehta is also a member of the governing board of the Indian School of Business, Hyderabad, and of the Indian Council for Research and International Economic Relations, New Delhi. Mr. Mehta serves as an independent director on the boards of several companies in India as well as in the UK, Hong Kong and Singapore.

Dr. Vijay Kelkar, 62, an Indian national, was appointed as a Director of the Company in November 2004. Mr. Kelkar holds a Ph.D. from the University of California, Berkeley, U.S.A. He was a senior faculty member of the Administrative Staff College of India at Hyderabad. Dr. Kelkar joined the Planning Commission in 1973 and was Economic Advisor in the Ministry of Commerce in 1977. He was Secretary to the Economic Advisory Council to the Prime Minister between 1985 to 1988 and Director-International Trade, UNCTAD, Geneva between 1991 to 1994. He was subsequently Petroleum Secretary between 1994 to 1997 and Finance Secretary between 1998 to 1999.

Dr. Kelkar has been an Executive Director of the International Monetary Fund, overseeing its operations in India and South Asia between 1999 to 2002. He was also the Chairman of the Tariff Commission and an Advisor to the Finance Minister, holding the rank of a Minister of State in the Government of India.

Mr. Satyan G. Pitroda, 62, an Indian national, was appointed a Director of the Company on December 21,2004. Mr. Pitroda holds a Masters degree in Physics from India and a Masters degree in Electrical Engineering from the Illinois Institute of Technology, Chicago, U.S.A. Mr. Pitroda began his illustrious career at GTE and formed Wescom Switching Inc. In 1980

Wescom was acquired by Rockwell International where Mr. Pitroda became Vice President, overseeing Rockwell's telecom business worldwide. He held this position until 1983.

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 relating to drinking water, literacy, immunization, oil seeds, milk and telecom. Mr. Pitroda was the founding Chairman of the Telecom Commission in India, responsible for national and international telecommunication operations, policies and administration, with over 500,000 employees. As the Chairman of the Commission, Mr. Pitroda revolutionized telecommunications in India and was successful in getting it accepted as a fundamental component of modernization of India.

In 2000, Mr. Pitroda was invited by the UN Secretary General to join a special Advisory Committee on Information and Communications Technology. Mr. Pitroda has recently 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. He is also the Chairman and Founder of several high-technology start-up companies in the US, Europe and India. Mr. Pitroda is also the founding Chairman of a non-profit Foundation for "Revitalization of Local Health Traditions in India." Mr. Pitroda holds over 50 worldwide patents.

Mr. Saroj K. Datta, 68, an Indian national, has been a Director of the Company since March 1993. Mr. Datta holds a Masters degree in Economics from Delhi University. 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 only Executive Director of the Company. His gross compensation during fiscal 2004 was Rs.3,713,371.

Shareholding of Our Directors in our Company

Mr. Naresh Goyal holds 9,995 Equity Shares as a nominee of Tail Winds. Mr. Saroj K. Datta holds one (1) Equity Share of our Company. Our Articles of Association do not require our Directors to hold any qualification shares in our Company.

Term of Office

Mr. Naresh Goyal is currently the only non-retiring Director of the Company and, in accordance with our Articles, Mr. Goyal is entitled to continue as the non-retiring chairman of the Board for as long as he is willing to continue as a director and the Chairman of the Company.

All the other Directors currently hold office until the next Annual General Meeting of the Company. Mr. Saroj K. Datta is an Executive Director of the Company and his appointment is subject to the Articles of Association of the Company and also governed by a contract between him and the Company.

Mr. Naresh Goyal has the right to appoint one third of our Directors who will be non-retiring Directors under our Articles. See "Main Provisions of Articles of Association" on page 188 of this Prospectus.

Compensation of Our Directors

For details of the compensation of Mr. Saroj K. Datta, our Executive Director, please refer to the section "Statutory and Other Information" on page 185 of this Prospectus. Our other Directors on the Board are entitled to sitting fees as is permissible under the Companies Act, and actual travel, boarding and lodging expenses for attending the Board/ Committee meetings. Our other directors may also be paid commission and any other amounts as may be decided by the Board in accordance with the provisions of our Articles, the Companies Act and any other applicable Indian laws and regulations.

Interest of Directors

All our directors, including independent directors, may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a Committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under our Articles of Association. The Executive Director will be interested to the extent of remuneration paid to him for services rendered as an officer or employee of the Company. All our directors, including independent directors, may also be deemed to be interested to the extent of Equity Shares, if any, already held by them or that may be subscribed for and allotted to them, out of the present Offer in terms of the

Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Our directors, including independent directors, may also be regarded as interested in the Equity Shares, if any, held by or that may be subscribed by and allotted to the companies, firms and trust, in which they are interested as directors, members, partners or trustees.

Changes in Our Board of Directors during the Last Three Years

Name	Date of Appointment	Date of Cessation	Reason
Sir Harry Tirvengadum		December 9, 2001	Resigned
Mr. Shatrughan Sinha		June 28, 2002	Did not seek reappointment
HH Maharaja Gaj Singh II of Jodhpur		July 22, 2002	Resigned
Mr. Gert van der Veer		September 20, 2003	Did not seek reappointment
Mr. Dipankar Basu		September 29, 2004	Did not seek reappointment
Mr. T.N.V. Ayyar		September 29, 2004	Did not seek reappointment
Mr. Charles A. Adams	September 20, 2003		Appointed Director until next Annual General Meeting
Mr. P.R.S. Oberoi	March 29, 2004		Appointed Director until next Annual General Meeting
Mr. Aman Mehta	September 29, 2004		Appointed Director until next Annual General Meeting
Dr. Vijay Kelkar	November 18, 2004		Appointed Director until next Annual General Meeting
Mr. Satyan G. Pitroda	December 24, 2004		Appointed Director until next Annual General Meeting

Corporate Governance

The provisions of the listing agreements to be entered into with the Stock Exchanges with respect to corporate governance become applicable to us at the time of seeking in-principle approval of the Stock Exchanges. We have complied with such provisions, including with respect to the appointment of independent Directors to our Board and the constitution of the following committees of the Board: the Audit Committee, the Remuneration Committee and the Investors' Grievances Committee. We undertake to take all necessary steps to comply with all the requirements of the guidelines on corporate governance and adopt the Corporate Governance Code as per Clause 49 of the listing agreement to be entered into with the Stock Exchanges, as would be applicable to the Company upon listing of its Equity Shares.

Committees of the Board

Audit Committee

The terms of reference of Audit Committee comply with the requirements of Clause 49 of the listing agreement to be entered into with the Stock Exchanges. The Committee consists of all non-executive directors, with the majority being independent directors. The Audit Committee currently comprises of Mr. Aman Mehta as Chairman, Dr. Vijay Kelkar and Mr. Victoriano P. Dungca.

The Audit Committee provides directions to and reviews functions of the Company's audit department. The Committee evaluates internal audit policies, plans, procedures and performance and reviews the other functions through various internal audit reports and other year-end certificates issued by the statutory auditors. Quarterly and annual accounts will be placed before the Audit Committee, prior to being presented to the Board along with the recommendations of the Audit Committee.

Remuneration Committee

The Remuneration Committee consists of non-executive directors, with the Chairman being an independent director. This committee currently comprises of Dr. Vijay Kelkar as the Chairman, Mr Victoriano P. Dungca and Mr. Charles A. Adams. The Remuneration Committee performs the functions of a remuneration committee as recommended in the listing agreement to be entered into with the Stock Exchanges. It will determine the Company's compensation policy and other benefits for executive directors.

Investors' Grievances Committee

The Investors' Grievances Committee looks into redressal of shareholder and investor complaints, issue of duplicate/split/ consolidated share certificates, allotment and listing of shares and review of cases for refusal of transfer/transmission of shares and debentures and reference to statutory and regulatory authorities. The Investors' Grievances Committee currently comprises of Mr. I.M. Kadri as the Chairman, Mr. Charles A. Adams and Mr. Saroj K. Datta.

Key Managerial Personnel

Mr. Saroj K. Datta, 68, is an Executive Director; please refer to page 103 of this Prospectus under the Section "Brief Biographies" of the Directors.

Mr. Wolfgang Prock-Schauer, 48, an Austrian national, joined the Company as Chief Executive Officer in June 2003, and is responsible for the operations of the airline. He has Masters Degree in Economics and Business Administration from the University of Vienna. Mr. Prock-Schauer has been associated with the airline industry for over 23 years. Prior to joining the Company, he was Executive Vice President, Alliance and Long Term Planning with Austrian Airlines. He has also served as Chairman of the Star Alliance Management Board. Within the Company, air safety, finance, financial controls, planning, network and alliances and all staff functions report to him. His gross compensation after his appointment during fiscal 2004 was Rs.13,888,207.

Mr. Peter Luethi, 60, a Swiss national, joined the Company as its Chief Operating Officer in May 2003. He has a Diploma in Commerce and has completed a Senior Management program at Harvard University. He has also participated in various international aviation courses and seminars. Mr. Luethi has over 35 years experience in the airline industry. His last position as Chief Operating Officer was with Swissair, Zurich, Switzerland. During these years, he has held senior positions in marketing, sales, operations, external relations and general administration, both in and outside Switzerland. He is directly responsible for all the operating departments of the Company, including engineering and maintenance, in-flight, airport services, support services, service and product quality, information technology, sales, marketing and customer care. His gross compensation after his appointment during fiscal 2004 was Rs.13,063,259.

Lt. Gen. (Retd.) Inder Kumar Varma, 63, an Indian national, joined the Company in March 2002 as Executive Vice President. Lt. Gen. Varma has served in the Indian Army for 40 years. He has completed his Masters in Science in Defense Studies from Madras University. He held various positions in the Indian Army, including Military Secretary - Army Headquarters, General Officer – Commanding, Director - General Military Operations and Commandant, Indian Military Academy. He has headed delegations on matters relating to national security and provided support in key areas such as training, human resource development and relief management in the Indian Army. Lt. Gen. Varma has been presented with the country's highest military awards in recognition of his services, including the PVSM. Within the Company, he is directly responsible for the functions of human resources, flight operations, security and corporate affairs. His gross compensation in fiscal 2004 was Rs.3,456,149.

Mr. Carl Saldanha, 53, an Indian national, joined the Company in January 2004 as Executive Vice President in charge of Finance, Treasury and Strategy. Mr. Saldanha holds a Bachelor of Technology degree from the Indian Institute of Technology in Mumbai and a Master's degree in Business Administration from the Asian Institute of Management in the Philippines. Mr. Saldanha worked for 15 years with the Chase Manhattan Bank in Hong Kong and Mumbai, and was the Country Head for South Asia. Before joining the Company, Mr. Saldanha was the Director in charge of corporate banking for Deutsche Bank in India for five years. His gross compensation after his appointment during fiscal 2004 was Rs. 1,069,358.

Mr. Purushotham Baliga, Vice President - Support Services, 71, an Indian national, is a qualified aircraft maintenance engineer from the Civil Aviation Training Centre, Allahabad and was associated with Air India for 37 years. At the time of his retirement from Air India, he held the position of Director, Engineering. As a member of the start up team, Mr. Baliga has been with Jet Airways since 1992 and carries with him over 50 years of experience in aviation. He is responsible for the Property and Facilities Department and also for providing support services to various departments in obtaining regulatory clearances. He is also a fellow of the Aeronautical Society of India. His gross compensation in fiscal 2004 was Rs.3,256,800.

Mr. Sitham Nadarajah, Vice President - Technical, 58, a Malaysian national, has over 35 years experience in the aviation industry. Mr. Nadarajah completed his mechanical engineering from Singapore Polytechnic and had undergone various executive management programs and has attended a large number of aviation courses overseas. He also holds UK and Malaysian aircraft maintenance engineer's licenses. He started his career as a Line Engineer with Malaysia Singapore Airlines in 1969 and was with Malaysia Airlines from 1972. His last position with Malaysian Airline Systems was as Vice President, Aerospace Division. He joined Jet Airways in January 2001 and is responsible for the overall engineering and maintenance activities of the Company. His gross compensation in fiscal 2004 was Rs. 11,064,595.

Capt. K. Mohan, Vice President - Flight Operations, 63, an Indian national, joined the Company in September 2002, after a long and distinguished period of service with the Indian Air Force and with Air India. He is responsible for the overall co-ordination of Pilots activities and the Flight Despatch Department. He retired from Air India as Director Operations. He is a qualified examiner on B747-400/B747-200 and B707 airplanes with 18,000 hours of flying experience. He has been a member of the IATA regional coordinating group, Asia-Pacific region. He has graduated from the Air Force Academy, Hyderabad. His gross compensation in fiscal 2004 was Rs.1,865,000.

Mr. P. K. Sinha, Vice President - Passenger & Cargo Sales, 57, an Indian national, joined the Company in January 2004. He has an Honors Degree from Patna University. He comes to Jet Airways from Air India with a wealth of experience of nearly 34 years. He has worked both in India and abroad in various capacities with Air India. His last position with Air India was as its resident director - Delhi. His areas of expertise are sales and marketing. He is currently in charge of passenger and cargo sales. His gross compensation after his appointment during the fiscal 2004 was Rs.696,260.

Dato K. Jeyakanthan, Vice President - Engineering and Maintenance, 57, a Malaysian national, is an Honors graduate in Aeronautical Engineering from Hatfield University, London. He joined Malaysian Airline Systems in 1971 in the Technical Services department. In a career spanning over 27 years, he has had wide ranging experience in quality assurance and sales and marketing with Malaysian Airlines. He is a Fellow of the Royal Aeronautical Society of the U.K. and a chartered engineer of U.K. His last position with Malaysian Airlines System before joining the Company in March 1998 was Manager - Engineering Marketing and Sales. He is in charge of the aircraft projects and engineering support services department. He was bestowed the title of Dato by his Royal Highness Sultan of Pahang, Malaysia in 2001. His gross compensation in fiscal 2004 was Rs.12,525,034.

Capt. N. Malkani, Vice President - Flight Operations, Training & Line Support Services, 56, an Indian national, has been with the Company since its inception. He has a general certificate of education "A" level from Cambridge University, England. He joined Jet Airways as a Senior Commander for the Boeing 737s. Prior to joining Jet Airways, he was with Indian Airlines as a flight instructor. He has been promoted in the Company to the position of an examiner and to the post of Vice President. He is responsible for the training and development of pilots. His gross compensation in fiscal 2004 was Rs.5,802,428.

Mr. Prasun Sengupta, Vice President - Corporate Administration, 52, an Indian national, started his career with the Tata Administrative Service in 1972 after finishing his MBA from The Indian Institute of Management, Kolkata. He was seconded to the Indian Hotels Co. Ltd. in 1973. His areas of work included corporate strategy, acquisitions, international administration and structured finance. Mr. Sengupta was closely associated with the growth of the Taj Group into one of the largest hotel and hospitality chains in Asia (outside Japan) and he has served on the board of directors of Taj Group companies in India and abroad. He joined Jet Airways in May 1998 and is incharge of Corporate Administration besides providing assistance and support to the Chairman's office. His gross compensation in fiscal 2004 was Rs.2,472,228.

Ms. Nandini Verma, Vice President - Corporate Communications and Public Relations, 50, an Indian national, has 30 years of work experience of which 15 years have been in the hotel industry with international hotel chains such as Hyatt and Intercontinental. She has received her Bachelor of Honors degree in Arts from Delhi University. She has specialization in the areas of marketing and sales, marketing communications including advertising, corporate communications and public relations and corporate affairs. She joined Jetair Limited to start its tourism and travel division and after

11 years she joined Jet Airways in her present capacity. She is in charge of corporate communication and public relations function of the organization. She represents Jet Airways on the tourism and aviation committees of various chambers of commerce and industry and also the World Travel and Tourism Council. Her gross compensation in fiscal 2004 was Rs.2,145,379.

Mr. Rajesh Verma, Vice President - Customer Services & Inflight, 46, an Indian national, was with the ITC Welcome Group for 13 years where the last position he held was Resident Manager - Windsor Manor, Bangalore. He joined the Company in March 1996 and is in charge of the airport services, inflight functions of the Company. He has a graduate degree in Economics and a Diploma in Business Management. His gross compensation in fiscal 2004 was Rs.3,548,634.

Mr. Rajesh Sharma, Vice President - Controller, 42, an Indian national, is a qualified Chartered Accountant and joined the company in August 1995 as Head of Internal Audit. During his association he has also been in charge of purchase and financial control functions of the Company. In May 2004, he has been appointed as the Vice President – Controller and is directly responsible for commercial and revenue accounting, MIS and budgeting as well as financial control functions and administration. Mr. Sharma has wide experience in various functional areas and is more focused on cost controls and cost reduction measures in the Company. Prior to joining the Company, he worked with M/s. Bayer (India) Ltd., a German multinational company for a period of 8 years as head of its internal audit. He has also been associated as a qualified examiner with the Indian Merchant of Chambers for the Ramkrishna Bajaj National Quality Awards. His gross compensation in fiscal 2004 was Rs.2,398,816.

Mr. Ashok Barimar, General Counsel & Vice President - Legal, 53, an Indian national, joined the Company in June 1999. He is totally responsible for all legal matters and litigation cases involving the Company. He holds a LLB Degree as also a Diploma in Business Management. He has been a practicing advocate and has worked with several reputed business houses such as the Birlas and the Hindujas. His last assignment was with Satyam Computers. His gross compensation in fiscal 2004 was Rs.2,753,133.

Ms. Ragini Chopra, Vice President - North India, 51, an Indian national, is a management graduate from the Oberoi School of Hotel Management. Ms. Chopra has spent 28 years with the Oberoi Hotels and Resorts in various functions ranging from operations, sales and marketing, business development and corporate communications. She has wide exposure in the fields of travel hospitality and tourism. She joined the Company in June 2004 as its Vice President – North India. In her current assignment she oversees all major activities of the Company in North India and is part of the senior management team involved with the organizations constant quest to services and revenues. Her remuneration after her appointment upto November 2004 is Rs.1,140,333.

Mr. Gaurang Shetty, Vice President - Marketing, 48, an Indian national, has been with the Company since 1996. He is a Science Graduate from Bombay University. Prior to joining the Company, he was with British Airways, as its Marketing Manager-South Asia. He has had over 16 years experience with British Airways in the areas of customer service, cargo and marketing. In the Company, he is responsible for marketing including the Yield Management Systems, and Jet Privilege program, distribution, advertising and product/web initiatives. His gross compensation in fiscal 2004 was Rs.1,475,198.

Ms. Sonu Kripalani, Vice President - Passenger Sales, India, 45, a graduate in Psychology from Elphinstone College in Mumbai. She completed a Diploma in Travel and Tourism Management from KC College of Management Studies, Mumbai. She has over 23 years experience in the travel field in domestic and international sales, reservation and ticketing gained through reputed travel agencies. She gathered wide experience in airline sales with Jetair. She joined the Company in February 1993 and currently heads the Passenger Sales department in the capacity of Vice President – Passenger Sales, India. The position entails monitoring and delivering passenger, yield and revenue performance, initiating pricing policies, setting up procedures for the sales department. Her role involves close co-ordination with service delivery departments like airport services, in-flight, catering in order to ensure maintenance of standards of customer service. She is also actively involved in the development of the strategic vision of the company, ensuring growth and profitability of the organisation. Her gross compensation in fiscal 2004 was Rs.979,535.

Mr. Sarat Chandran, Vice President - Human Resources, 37, an Indian national, joined Jet Airways in October 2003. He has a Post Graduate Diploma in Management from National Institute of Personnel Management, Kolkata. He comes to Jet Airways from the Oberoi group of hotels with whom he worked for a span of 10 years. His areas of expertise are in setting up progressive Human Resources processes and systems, compensation management, performance management systems, recruitment and selection, training and development, oversee legal compliances and facilitate the building of a work culture which enhances employee engagement to deliver business results. He is responsible for human resources functions in the organization. His gross compensation after his appointment during fiscal 2004 was Rs.1,291,871.

Mr. A. R. Rajaram, Company Secretary, 46, an Indian national, joined the Company in July 2004. He is a Fellow of the Institute of Company Secretaries of India, received his LLB degree from Bangalore University and has over 25 years of experience in the legal and corporate secretarial field. Prior to joining Jet Airways he was Corporate Legal Counsel and Company Secretary of BPL Ltd. His remuneration after his appointment up to November 30, 2004 is Rs.825,602.

All our key management personnel are permanent employees of our Company.

Shareholding of Key Managerial Personnel

As of the date of this Prospectus, Mr. Saroj K. Datta, Mr. Carl Saldanha and Mr. Prasun Sengupta each holds one Equity Share. None of our other key managerial personnel hold any Equity Shares as of the date of this Prospectus.

Bonus or Profit Sharing Plan for Key Managerial Personnel

There is no bonus or profit sharing plan for Key Managerial Personnel as of date of this Prospectus.

We intend to reward our employees for their contributions to us and create employee ownership in us. After the listing of our Equity Shares in this Offer, we intend to adopt either an ESPS scheme or an ESOP scheme in which employees and directors of the Company and Tail Winds can participate, subject to such approvals as may be necessary. The criterion for selection will be determined by our Board and approved by our shareholders. The ESPS or ESOP scheme will comply with the SEBI (Employee Stock Option and Employee Stock Purchase Scheme) Guidelines, 1999 and the issuance of Equity Shares pursuant thereto will be subject to compliance with all applicable laws and regulations. We propose to issue a maximum of 0.5% of our post-Offer paid-up equity capital for the ESPS or ESOP schemes. The issue of Equity Shares pursuant to the ESPS or the adoption of the ESOP is likely to occur in fiscal 2006, although there can be no assurance as to the timing of adoption of any such scheme which may occur in fiscal 2006 or thereafter.

Changes in our Key Managerial Personnel during the Last Three Years

Changes in our key managerial personnel in the last three years have been given below:

Name of Employee	Designation	Date of Appointment	Date of Cessation	Reason
Mrs. Anita Goyal	Vice President – Sales and Marketing	May 4, 1998	October 31, 2004	Resigned
Mr. Raman Kaicker	Vice President – Finance	December 1, 2003	April 30, 2004	Resigned
Mr. Bram Steller	Executive Vice President – Commercial	January 28, 2002	October 9, 2003	Resigned
Mr. Ananth Iyer	Vice President – Finance	April 1, 1995	August 31, 2003	Resigned
Capt. Roland Thomas	Vice President – Operations	January 1, 1998	June 30, 2003	Resigned
Mr. Vijay Wadagbalkar	Company Secretary	March 16, 1998	June 30, 2003	Resigned
Mr. N. Hariharan	Vice President – Resource Management & Development	April 1, 1999	January 2, 2003	Resigned
Mr. Stefano Forte	Chief Executive Officer	February 1, 2000	November 30, 2002	Resigned
Mr. Stephen Jaganathan	Vice President – Technical Services	September 16, 1999	October 31, 2001	Resigned
Mr. A.R. Rajaram	Company Secretary	July 5, 2004		Appointed
Ms. Ragini Chopra	Vice President – North India	June 15, 2004		Appointed
Mr. P.K. Sinha	Vice President – Passenger & Cargo Sales	January 15, 2004		Appointed
Mr. Carl Saldanha	Executive Vice President – Finance	January 12, 2004		Appointed
Mr. Sarat Chandran	Vice President – Human Resources	October 22, 2003		Appointed
Mr. Wolfgang Prock-Schauer	Chief Executive Officer	June 5, 2003		Appointed
Mr. Peter Luethi	Chief Operating Officer	May 1, 2003		Appointed
Capt. Krishna Mohan	Vice President – Flight Operations	September 25, 2002		Appointed
Lt. Gen. (Retd.) Inder K Varma	Executive Vice President	March 19, 2002		Appointed

OUR PROMOTERS AND GROUP COMPANIES

The Company was incorporated in 1992, by Mr. P.V. Venkatachalam and Mrs. Anita Goyal. The present promoters of the Company are Tail Winds Limited and Mr. Naresh Goyal.

Mr. Naresh Goyal, 55 years, (Voter I.D. No.: Not available; Driving License No.: Not applicable) a non-resident Indian national, is the chairman of the Company.

He is the chairman of our Board of Directors. Mr. Goyal holds a Bachelors of Commerce degree and after completing his education in 1967, Mr. Goyal joined the travel business and underwent extensive practical training with several foreign airlines.

Mr. Naresh Goyal has more than 35 years of experience in the civil aviation industry. Immediately after graduation in Commerce in 1967, Mr. Goyal joined the travel business with the General Sales Agents for Lebanese International Airlines. Subsequently, Mr. Goyal was appointed the Public Relations Manager of Iraqi Airways in 1969 and from 1971 to 1974 was the Regional Manager for ALIA, Royal Jordanian Airlines. During this period, Mr. Goyal also worked with the Indian offices of Middle Eastern Airline (MEA) where he gained experience in various areas including ticketing, reservations and sales. During this period, he underwent extensive training in all facets of the travel business and undertook considerable international travel on business.

He was thereafter appointed Regional Manager of Philippine Airlines where he handled the commercial operations of the airline in India.

With the wide experience, expertise and technical know-how Mr. Goyal acquired, he founded Jetair Private Limited (then known as Jetair Transportation Private Limited) in 1974 with the objective of providing sales and marketing representation to foreign airlines in India. Shortly thereafter in 1975, he was appointed Regional Manager of Philippine Airlines in India.

In Jetair, Mr. Goyal was directly involved in marketing studies and traffic development in the Far East, Middle East, and Europe, the U.K. and the U.S.A. Mr. Goyal has also been involved in developing studies of traffic patterns, route structures, operational economies and flight scheduling, all of which have made him an authority in the world of aviation and travel.

As Chairman of the GSA company, Jetair Private Limited and the other promoter group companies such as International Cargo Carriers Limited, National Travel Service and France Air Ltd. he has imparted expertise to these companies and further refined his knowledge of the operation of passenger and cargo services and promotion and development of tourism.

In 1992, as part of the ongoing diversification of his business interests, Mr. Goyal caused to be promoted our Company for operating scheduled air services in India.

In recognition of his achievements, Mr. Goyal has been the recipient of several national and international awards. In 2000, he received the ‘Entrepreneur of the Year Award’ for Services from Ernst & Young and the ‘Distinguished Alumni Award’ for distinguished performance as an entrepreneur. Other awards conferred on Mr. Goyal include the ‘Outstanding Asian Indian’ award for leadership and contribution to the global community given by the Indian American Centre for Political Awareness in 2003, the Qimpro Gold Standard Award in 2002 and the Aerospace Laurels Award for outstanding achievement in the field of commercial air transport, which has been awarded to him twice, in April 2000 and February 2004. Mr. Goyal has also been recently elected to the Board of Governors of IATA in June 2004.

Mr. Goyal became a Non Resident Indian in January 1991.

We confirm that the Permanent Account Number, Bank Account Number and Passport Number of Mr. Naresh Goyal has been submitted to the NSE and the BSE at the time of filing of the Draft Red Herring Prospectus with them.

Tail Winds Limited

Tail Winds Limited is a private company limited by shares, incorporated in the Isle of Man on November 13, 1991 under the Companies Act 1931 to 1986 of the Isle of Man with registered number 56352C.

Tail Winds owns more than 99.99% of our Company. Tail Winds has its registered office at 1st Floor, 28 Victoria Street, Douglas, Isle of Man, IM1 2LE. The total authorized share capital of Tail Winds is U.S.$30 million and British Pounds 100 (£100), comprising of 300,000 ordinary shares of U.S.$100 each and 100 "A" shares of British Pounds one (£1.00) each. The total issued and paid-up capital of Tail Winds is U.S.$20 million, consisting of 200,000 ordinary shares of U.S.$100 each and 100 non-voting deferred shares of British Pounds one (£1.00) each. The principal business of Tail Winds is that of investment in our Company.

Tail Winds was capitalized in 1993 after the FIPB approved the proposed investment by Tail Winds in the equity of Jet Airways (India) Private Limited (which was then a private limited company under the Companies Act). Tail Winds' paid up equity was U.S.$10.0 million in 1993 and increased to U.S.$20.0 million in 1994. The funds were invested in equity shares of Jet Airways (India) Private Limited.

The proportion of equity shareholding of Tail Winds was Mr. Naresh Goyal (60%), Gulf Air (20%) and Kuwait Airways (20%). The contribution towards equity was in the same proportion and Mr. Naresh Goyal brought in U.S.$12.0 million and Gulf Air and Kuwait Airways U.S.$4.0 million each, in accordance with the FIPB approval dated June 28, 1993. In 1997, the Government prohibited the participation of foreign airlines, directly or indirectly, in the equity of domestic airlines in India. Therefore, Mr. Naresh Goyal bought out the shareholding of Gulf Air and Kuwait Airways in Tail Winds and became the 100% shareholder of Tail Winds.

Mr. Naresh Goyal has paid off the loans for acquiring Gulf Air's and Kuwait Airways' (20% each) shareholding in Tail Winds from the dividend paid to Tail Winds by the Company and by refinancing the borrowings at more attractive terms.

The promoters have complied with all applicable Indian laws in connection with their investment in, and ownership of, the Company.

Shareholding Pattern

Mr. Naresh Goyal owns 100% of the share capital of Tail Winds Limited.

Board of Directors

The Board of Directors of Tail Winds Limited as of November 30, 2004 consists of Mr. Naresh Goyal, Mr. Peter Lai, Mr. Ali Ghandour, Mr. J.R. Gagrat and Mr. Victoriano P. Dungca.

Financial Performance

The unconsolidated financial results of Tail Winds Limited for the years ended March 31, 2002, 2003 and 2004 are set forth below:

(in thousands, except share data)

	Year ended March 31,					
	2002	**2002(1)**	**2003**	**2003(1)**	**2004**	**2004(1)**
	U.S.$	Rs.	U.S.$	Rs.	U.S.$	Rs.
Total income	1,393.18	64,100.40	50.84	2,339.29	1.34	61.61
Profit/ (Loss) after tax	480.67	22,115.40	(615.86)	(28,335.90)	(984.42)	(45,293.16)
Equity capital	20,000.15	920,207.04	20,000.15	920,207.04	20,000.15	920,207.04
Reserves and Surplus(2)	896.82	41,262.60	(719.05)	(33,083.31)	(1,703.47)	(78,376.47)
Earnings per share (3)	2.40	110.58	(3.08)	(141.68)	(4.92)	(226.47)
Book value per share (3)	108.57	4,995.01	102.99	4,738.51	100.57	4,627.13

(1) Solely for convenience translation, at an exchange rate of Rs.46.01 = U.S.$1.00 (the Interbank market mid rates as taken from Bloomberg rate as of September 29, 2004). These financial statements of Tail Winds Limited have been translated into Rupees for each period presented solely to comply with the requirements of Clause 6.8.4 of the SEBI Guidelines. Investors should not rely on such translated amounts. The translation should not be considered as a representation that such U.S.$ amounts have been, could have been or could be converted into Rupees at any particular rate, the rate stated, or at all.

(2) Net of miscellaneous expenditure not written off

(3) Face value of each equity share is U.S.$ 100.00, except for 100 'A' shares of £1 each.

The principal business of Tail Winds is its investment in the Company and its income is primarily dependent on dividends paid by the Company. The Company did not declare or pay dividends in fiscal 2003 and 2004. Accordingly, Tail Winds was unable to fully meet its expenses during such periods, resulting in losses during such periods.

Promoter Group Companies and other Entities in India

- Jetair Private Limited
- International Cargo Carriers Private Limited
- France Air Private Limited
- Jet Hotels Private Limited
- Jetair Tours Private Limited
- Jet Enterprises Private Limited
- India Capitol Resource Services Private Limited
- Vimpal Holdings Private Limited
- Jet Aviation Private Limited
- Transmodal Services Private Limited
- SILO Trading Company Private Limited
- UPS Jetair Express Private Limited
- National Travel Service (partnership firm)

Jetair Private Limited

Jetair Private Limited was incorporated on July 19, 1974. The registered office is at Jetair House, 13, Community Centre, Yusuf Sarai, New Delhi 110 049. The company is a GSA for 15 international airlines in India and for Jet Airways.

Shareholding

Names of Shareholders	No. of Shares	% holding
Mrs. Kumkum Singh	20	0.01
Mr. Naresh Goyal	18,000	6.02
Mr. Surinder Goyal	10,200	3.41
Mrs. Nirmala Goyal	200	0.07
International Cargo Carriers Private Limited	50,200	16.80
France Air Private Limited	50,000	16.73
Jet Enterprises Private Limited	26,200	8.77
Mr. Naresh Goyal as partner of National Travel Service	133,180	44.58
Mr. Surinder Goyal as partner of National Travel Service	10,800	3.61

Board of Directors

The board of directors of Jetair Private Limited consists of Mr. Naresh Goyal, Mr. Surinder Goyal and Mr. Saroj K. Datta.

Financial Performance

The financial results of Jetair Private Limited as at and for the years ended March 31, 2002, 2003 and 2004 are set forth below:

(Rs. million, except share data)

	Year ended March 31,		
	2002	**2003**	**2004**
Total income	1,032.24	977.81	1,128.70
Profit after tax	18.34	38.49	33.20
Equity capital	29.88	29.88	29.88
Reserves and Surplus(1)	175.43	196.85	246.22
Earnings per share (Rs.)(2)	59.57	125.04	110.27
Book value per share (Rs.)(2)	687.12	758.82	924.04

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is Rs.100.00.

International Cargo Carriers Private Limited

International Cargo Carriers Private Limited was incorporated on August 22, 1974. It is a GSA for Kuwait Airways with regard to cargo services for Mumbai. The registered office is at Jetair House 13, Community Centre, Yusuf Sarai, New Delhi 110 049.

Shareholding

Names of Shareholders	**No. of Shares**	**% holding**
Mrs. Kumkum Singh	1	0.01
Mr. Naresh Goyal	350	35.0
Mr. Surinder Goyal	150	15.0
Jetair Private Limited	399	40.0
Jet Enterprises Private Limited	100	10.0

Board of Directors

The board of directors of International Cargo Carriers Private Limited consists of Mr. Naresh Goyal, Mr. Surinder Goyal and Mr. Saroj K. Datta.

Financial Performance

The financial results of International Cargo Carriers Private Limited as at and for the years ended March 31, 2002, 2003 and 2004 are set forth below:

(Rs. millions, except share data)

	Year ended March 31,		
	2002	**2003**	**2004**
Total income	6.04	7.02	6.45
Profit/ (Loss) after tax	(3.52)	(1.37)	0.43
Equity capital	0.1	0.1	0.1
Reserves and Surplus(1)	(5.38)	(6.75)	(6.32)
Earnings/ (Loss) per share (Rs.)(2)	(3,521.0)	(1,365.0)	428.0
Book value per share (Rs.)(2)	(5,280.0)	(6,645.0)	(6,217.0)

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is Rs.100.00.

France Air Private Limited

France Air Private Limited was incorporated on February 2, 1985. It is the GSA for Air France for passenger services. The registered office is at Jetair House 13, Community Centre, Yusuf Sarai, New Delhi 110 049.

Shareholding

Names of Shareholders	**No. of Shares**	**% holding**
Mr. Surinder Goyal	150	15.00
Jetair Private Limited	400	40.00
International Cargo Carriers Private Limited	450	45.00

Board of Directors

The board of directors of France Air Private Limited consists of Mr. Surinder Goyal, Mr. Mahiyar Sadri and Mr. Saroj K. Datta.

Financial Performance

The financial results of France Air Private Limited as at and for the years ended March 31, 2002, 2003 and 2004 are set forth below:

(Rs. millions, except share data)

	Year ended March 31,		
	2002	**2003**	**2004**
Total income	24.73	22.43	20.33
Profit after tax	0.94	0.20	0.26
Equity capital	0.1	0.1	0.1
Reserves and Surplus(1)	4.36	5.46	5.73
Earnings per share (Rs.)(2)	790.36	(140.00)	271.00
Book value per share (Rs.)(2)	4,457.93	5,557.76	5,828.63

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is Rs.100.00.

Jet Hotels Private Limited

Jet Hotels Private Limited was incorporated on September 29, 1981 as Ras Hotels Private Limited. Subsequently, the name of the company was changed to Jet Hotels Private Limited. The principal activity of Jet Hotels Private Limited is to own immovable property located at Mumbai. The registered office is at 26, Telli Galli, Andheri (East), Mumbai 400 069.

Shareholding

Names of Shareholders	**No. of Shares**	**% holding**
Jetair Private Limited	9,900	99.00
Mrs. Anita Goyal	100	1.00

Board of Directors

The board of directors of Jet Hotels Private Limited consists of Mrs. Anita Goyal and Mr. Saroj K. Datta.

Financial Performance

The financial results of Jet Hotels Private Limited as at and for the years ended March 31, 2002, 2003 and 2004 are set forth below:

(Rs. millions, except share data)

	Year ended March 31,		
	2002	**2003**	**2004**
Total income	0.00	0.12	0.11
Profit after tax	(0.15)	0.01	0.003
Equity capital	1.00	1.00	1.00
Reserves and Surplus(1)	(2.16)	(2.15)	(2.15)
Earnings per share (Rs.) (2)	(15.00)	0.98	0.30
Book value per share (Rs.) (2)	(116.11)	(115.22)	(114.91)

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is Rs.100.00.

Jetair Tours Private Limited

Jetair Tours Private Limited was incorporated on December 17, 1990 and is an inbound and outbound tour operator. The registered office is at 41/42 Maker Chambers III, Nariman Point, Mumbai 400 021.

Shareholding

Names of Shareholders	**No. of Shares**	**% holding**
Jetair Private Limited	9,999	99.99
Mr. Surinder Goyal jointly with Jetair Private Limited	1	0.01

Board of Directors

The board of directors of Jetair Tours Private Limited consists of Mr. Surinder Goyal, Mr. Naresh Goyal, Mr. Saroj K. Datta, Mr. Anupam Kher and Mr. Shekhar Kapoor.

Financial Performance

The financial results of Jetair Tours Private Limited as at and for the years ended March 31, 2002, 2003 and 2004 are set forth below:

(Rs. millions, except share data)

	Year ended March 31,		
	2002	**2003**	**2004**
Total income	113.75	99.76	139.19
Profit/ (Loss) after tax	(8.43)	(7.80)	3.26
Equity capital	0.1	0.1	0.1
Reserves and Surplus(1)	(14.42)	(22.22)	(18.96)
Earnings/ (Loss) per share (Rs.)(2)	(864.33)	(780.06)	325.81
Book value per share (Rs.)(2)	(1,431.79)	(2,211.84)	(1,886.04)

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is Rs.10.00.

Jet Enterprises Private Limited

Jet Enterprises Private Limited was incorporated on December 4, 1990 as Jetair Investments Private Limited. Subsequently, on December 8, 2000, the name of the Company was changed to Jet Enterprises Private Limited. Jet Enterprises Private Limited currently owns trademarks and trade names which are licensed to our Company and other group companies. The registered office is at 41/42 Maker Chambers III, Nariman Point, Mumbai 400 021.

Shareholding

Names of Shareholders	**No. of Shares**	**% holding**
Mr. Naresh Goyal	4,90,000	49.00
Mr. Hasmukh D. Gardi jointly with Mr. Naresh Goyal	5,10,000	51.00

Board of Directors

The board of directors of Jet Enterprises Private Limited consists of Mr. Naresh Goyal, Mr. Saroj K. Datta and Mr. Hasmukh D. Gardi.

Financial Performance

The financial results of Jet Enterprises Private Limited as at and for the years ended March 31, 2002, 2003 and 2004 are set forth below:

(Rs. millions, except share data)

	Year ended March 31,		
	2002	**2003**	**2004**
Total income	43.63	82.89	70.89
Profit after tax	14.66	20.35	23.85
Equity capital	10.00	10.00	10.00
Reserves and Surplus(1)	19.67	51.40	74.11
Earnings per share (Rs.)(2)	174.06	20.30	23.85
Book value per share (Rs.)(2)	29.67	61.39	84.11

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is Rs.10.00.

India Capitol Resource Services Private Limited

India Capitol Resource Services Private Limited was incorporated on March 6, 1992 for export and import trading activities. At present, its only source of income is interest from bank deposits. The registered office is at 41/42 Maker Chambers III, Nariman Point, Mumbai 400 021.

Shareholding

Names of Shareholders	**No. of Shares**	**% holding**
Silo Trading Company Private Limited	4999	49.99
Mrs. Anita Goyal	1	0.01
Mr. J. R. Gagrat jointly with Mr. Naresh Goyal	5000	50.00

Board of Directors

The board of directors of India Capitol Resource Services Private Limited consists of Mr. Saroj K. Datta, Mr. S. N. Sardeshpande and Mr. F. S. Nasarwanji.

Financial Performance

The financial results of India Capitol Resource Services Private Limited as at and for the years ended March 31, 2002, 2003 and 2004 are set forth below:

(Rs. millions, except share data)

	Year ended March 31,		
	2002	**2003**	**2004**
Total income	0.08	0.01	0.35
Profit/ (Loss) after tax	0.03	(0.07)	0.30
Equity capital	0.1	0.1	0.1
Reserves and Surplus(1)	(12.22)	(12.29)	(11.99)
Earnings/ (Loss) per share (Rs.)(2)	2.62	(7.15)	30.48
Book value per share (Rs.)(2)	(1,212.27)	(1,219.41)	(1,188.93)

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is Rs.10.00.

Vimpal Holdings Private Limited

Vimpal Holdings Private Limited was incorporated on July 3, 1986. It is a holding and an investment company. It earns income as rent from a commercial property it has taken on lease in New Delhi. Its registered office is C-28 Prem House, Connaught Place, New Delhi 110 001.

Shareholding

Names of Shareholders	No. of Shares	% holding
Mr. Naresh Goyal	354	35.00
Mr. Surinder Goyal	152	15.00
Jet Enterprises Private Limited	508	50.00

Board of Directors

The board of directors of Vimpal Holdings Private Limited consists of Mr. Naresh Goyal, Mr. Surinder Goyal and Mr. Saroj K. Datta.

Financial Performance

The financial results of Vimpal Holdings Private Limited as at and for the years ended March 31, 2002, 2003 and 2004 are set forth below:

(Rs. millions, except share data)

	Year ended March 31,		
	2002	**2003**	**2004**
Total income	0.03	0.03	0.03
Profit after tax	(0.01)	(0.01)	(0.002)
Equity capital	0.05	0.10	0.10
Reserves and Surplus(1)	(0.27)	(0.27)	(0.27)
Earnings per share (Rs.)(2)	(18.72)	(6.08)	(2.35)
Book value per share (Rs.)(2)	(423.39)	(167.79)	(170.14)

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is Rs.100.00.

Jet Aviation Private Limited

Jet Aviation Private Limited was incorporated on April 9, 1992. Currently the company has not commenced any commercial activity. The registered office is at 41/42 Maker Chambers III, Nariman Point, Mumbai 400 021.

Shareholding

Names of Shareholders	**No. of Shares**	**% holding**
India Capitol Resource Services Private Limited	1,990	19.90
Transmodal Services Private Limited	1,990	19.90
Silo Trading Company Private Limited	1,990	19.90
Vimpal Holdings Pvt. Ltd.	1,990	19.90
Mr. Naresh Goyal	950	9.50
Mrs. Anita Goyal	950	9.50
Mr. Mahiyar Sadri	140	1.40

Board of Directors

The board of directors of Jet Aviation Private Limited consists of Mr. Naresh Goyal, Mrs. Anita Goyal and Mr. Saroj K. Datta.

Financial Performance

The financial results of Jet Aviation Private Limited as at and for the years ended March 31, 2002, 2003 and 2004 are set forth below:

(Rs. millions, except share data)

	Year ended March 31,		
	2002	**2003**	**2004**
Total income	-	0.02	0.02
Profit/ (Loss) after tax	(0.001)	0.004	0.005
Equity capital	*	0.1	0.1
Reserves and Surplus(1)	(0.04)	(0.03)	(0.02)
Earnings/ (Loss) per share (Rs.)(2)	(4,042)	0.49	0.57
Book value per share (Rs.)(2)	(21,230)	6.40	7.16

* Rs. 20 only.

(1) Net of miscellaneous expenditure not written off

(2) Face value of each equity share is Rs.10.00

Transmodal Services Private Limited

Transmodal Services Private Limited was incorporated on December 20, 2000. The company provides ground transportation services, including to our Company. The registered office is located at 2A Stadium House, 82, Veer Nariman Road, Churchgate, Mumbai 400 020.

Shareholding

Names of Shareholders	**No. of Shares**	**% holding**
France Air Private Limited	19,810	19.81
International Cargo Carriers Private Limited	19,810	19.81
Silo Trading Company Private Limited	19,810	19.81
India Capitol Resource Services Private Limited	19,810	19.81
Vimpal Holdings Pvt. Ltd.	9,980	9.98
Jet Aviation Private Limited	9,980	9.98
Mr. S. Narayan	400	0.40
Dr. Suresh C. Nerkar	400	0.40

Board of Directors

The board of directors of Transmodal Services Private Limited consists of Mr. S. Narayan, Dr. Suresh C. Nerkar and Mr. F. S. Nasarwanji.

Financial Performance

The financial results of Transmodal Services Private Limited as at and for the years ended March 31, 2002, 2003 and 2004 are set forth below:

(Rs. millions, except share data)

	Year ended March 31,		
	2002	**2003**	**2004**
Total income	21.47	52.34	91.51
Profit/ (Loss) after tax	(0.83)	1.27	0.29
Equity Capital	*	0.40	1.00
Reserves and Surplus[(1)]	(1.19)	1.09	1.56
Earnings/(Loss) per share (Rs.)[(2)]	(398,281.00)	88.31	5.07
Book value per share (Rs.)[(2)]	(593,210.00)	37.21	25.64

* - Rs. 20 only

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is Rs.10.00.

Silo Trading Company Private Limited

Silo Trading Company Private Limited was incorporated on April 19, 1994 for the business of trading. The registered office is at 41/42 Maker Chambers III, Nariman Point, Mumbai 400 021.

Shareholding

Names of Shareholders	No. of Shares	% holding
Vimpal Holdings Pvt. Ltd.	1,995	19.95
India Capitol Resource Services Private Limited	1,996	19.96
Transmodal Services Private Limited	1,995	19.95
Jet Aviation Private Limited	1,900	19.00
International Cargo Carriers Private Limited	997	9.97
France Air Private Limited	997	9.97
Mrs. Anita Goyal	110	1.1
Mr. Mahiyar Sadri	10	0.1

Board of Directors

The board of directors of Silo Trading Company Private Limited consists of Mrs. Anita Goyal and Mr. F.S. Nasarwanji.

Financial Performance

The financial results of Silo Trading Company Private Limited as at and for the years ended March 31, 2002, 2003 and 2004 are set forth below:

(Rs. millions, except share data)

	Year ended March 31,		
	2002	2003	2004
Total income	-	0.03	0.53
Profit/ (Loss) after tax	(0.01)	0.01	0.32
Equity capital in Rupees	*	0.1	0.1
Reserves and Surplus(1)	(0.04)	(0.03)	0.29
Earnings / (Loss) per share (Rs.)(2)	(5,261.00)	0.62	32.55
Book value per share (Rs.)(2)	(23,250.00)	7.27	39.97

* - Rs. 20 only

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is Rs.10.00.

UPS Jetair Express Private Limited

The company was incorporated on September 4, 2000. The company is engaged in the business of courier services and uses the services of our Company for its operation. The registered office is at Lot 4-P, Nirlon Complex, off Western Express Highway, Goregaon (E), Mumbai 400 063.

Shareholding

Names of Shareholders	No. of Shares	% holding
UPS International Forwarding Inc.	12,60,000	60%
Jetair Private Limited	8,40,000	40%

Board of Directors

The board of directors of UPS Jetair Express Private Limited consists of Mr. Naresh Goyal, Mr. Victoriano P. Dungca, Mr. Mahiyar Sadri, Lt. Gen. (Retd) I. K. Varma, Mr. Thomas Mathew, Mr. Joseph Paul Wilkins, Mr. Kenneth A. Torok, Mr. Matt McGee, Mr. K. M. Liu and Mr. P. Sarkari.

Financial Performance

The financial results of UPS Jetair Express (Private) Limited as at and for the years ended March 31, 2002, 2003 and 2004 are set forth below:

(Rs. millions, except share data)

	Year ended March 31,		
	2002	**2003**	**2004**
Total income	431.90	810.31	1,315.92
Profit/(Loss) after tax	(4.00)	(20.80)	(35.56)
Equity capital	210.00	210.00	210.00
Reserves and Surplus (1)	(12.38)	(33.11)	(68.68)
Earnings per share (Rs.)(2)	(1.91)	(9.91)	(16.94)
Book value per share (Rs).(2)	94.10	84.23	67.30

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is Rs.100.00.

UPS Jetair Express Private Limited is a joint venture between UPS International Forwarding Inc. and Jetair Private Limited, which own 60% and 40% of its equity share capital, respectively. The courier services business is very competitive and involves a high level of fixed costs, including, for example, personnel costs, vehicle costs, office and maintenance costs. UPS Jetair Express Private Limited operates across 13 cities in India. Although its income has increased over the last three fiscal years, due to intense competition and high fixed costs, it incurred losses during such periods.

National Travel Service (Partnership Firm)

National Travel Service is a partnership firm, which was set up on October 1, 1974 and reconstituted on January 1, 1991. The firm is a GSA for American Airlines and Kuwait Airways (for passenger services). Its principal office is at 41/42 Maker Chambers III, Nariman Point, Mumbai 400 021.

The partners are as follows:

Names of Partners	**Interest**
Mr. Naresh Goyal	35%
Mr. Surinder Goyal	15%
Jet Enterprises Private Limited	50%

Financial Performance

The financial results of National Travel Service as at and for the years ended March 31, 2002, 2003 and 2004 are set forth below:

(Rs. Millions)

	Year ended March 31,		
	2002	**2003**	**2004**
Total income	59.05	64.98	63.92
Profit after tax	0.01	0.33	1.02
Partners capital	0.005	0.005	0.005
Partners Current Account	(7.58)	17.70	18.62

Promoter Group Companies outside India

- Jet Airways LLC
- Jet Airways of India Inc.
- India Jet Airways (Pty) Ltd.
- Jetair Worldwide AG

Jet Airways LLC

Jet Airways LLC was incorporated as a limited liability company on September 19, 1995 under UAE Federal Law No. 8 of 1984. The registered office of the company is located at 1901, 19th Floor, Arbift Towers, Beniyas Road, Deira, Dubai, P.O. Box 7218, United Arab Emirates. The company has two wholly owned subsidiaries: Jet Airways of India Inc., incorporated in the State of California, United States of America and India Jet Airways (Pty) Ltd. incorporated in the Republic of South Africa, and all three companies provide airline marketing services. Our Company has entered into agreements with Jet Airways LLC for global marketing co-ordination services, and with Jet Airways of India Inc. and India Jet Airways (Pty) Ltd. for GSA services in North America and in the Republic of South Africa, respectively.

Shareholding

Names of Shareholders	Number of Shares held	% Holding
Mr. Abdul Rehman Hussain Hassan Tahlak	153	51
Mr. Naresh Goyal	147	49

Board of Directors

The board of directors of Jet Airways LLC comprises of Mr. Naresh Goyal and Mr. Abdul Rehman Hussain Hassan Tahlak.

Financial Performance

The financial results of Jet Airways LLC for the years ended March 31, 2001, 2002 and 2003 are set forth below (Rupee translations have been done for convenience purposes only, at a single exchange rate for all periods):

(in thousands, except share data)

	Year ended March 31,					
	2002	2002(1)	2003	2003(1)	2004	2004(1)
	AED	Rs.	AED	Rs.	AED	Rs.
Total income	7,826	97,894	8,071	100,954	12,794	160,034
Profit after tax	3,596	44,979	5,484	68,599	9,827	122,918
Equity capital	300	3,752	300	3,752	300	3,752
Reserves and Surplus (2)	7,677	96,025	13,161	164,624	3,545	44,337
Earnings per share(3)	11,987	149,931	18,281	228,662	32,756	409,727
Book value per share (3)	26,590	332,592	44,871	561,254	12,815	160,299

(1) Solely for convenience translation, at an exchange rate of Rs.12.51 = AED$1.00 (the Interbank market mid rates as taken from Bloomberg as of September 30, 2004). These financial statements of Jet Airways LLC have been translated into Rupees for each period presented solely to comply with the requirements of Clause 6.8.4 of the SEBI Guidelines. Investors should not rely on such translated amounts. The translation should not be considered as a representation that such AED amounts have been, could have been or could be converted into Rupees at any particular rate, the rate stated, or at all.

(2) Net of miscellaneous expenditure not written off.

(3) Face value of each equity share is AED1,000.00.

Jet Airways of India Inc.

It was incorporated as a domestic corporation on October 25, 1999 under the laws of the state of California, U.S.A. Its business is to provide airline marketing services. The organised office of the company is located at 27675 Vista Bahia Wing, Hayward, California 94542.

Shareholding

This company is a wholly owned subsidiary of Jet Airways LLC.

Board of Directors

The board of directors of Jet Airways of India Inc., comprises of Mr. Victoriano P. Dungca and Ms. Gloria Y. Dungca.

Financial Performance

The financial results of Jet Airways of India Inc. for the years ended March 31, 2002, 2003 and 2004 are set forth below:

(in thousands, except share data)

	Year ended March 31,					
	2002	**2002(1)**	**2003**	**2003(1)**	**2004**	**2004(1)**
	U.S.$	Rs.	U.S.$	Rs.	U.S.$	Rs.
Total income	286.42	13,178.28	639.51	29,423.76	897.98	41,316.24
Profit after tax	(463.82)	(21,340.45)	(258.00)	(11,870.76)	(29.44)	(1,354.58)
Equity capital	300.00	13,803.00	300.00	13,803.00	300.00	13,803.00
Reserves and Surplus(2)	(720.21)	(33,136.82)	(978.21)	(45,007.58)	(1,007.65)	(46,362.16)
Earnings per share(3)	(1.55)	(71.13)	(0.86)	(39.57)	0.10	4.52
Book value per share(3)	(1.40)	(64.65)	(2.26)	(104.02)	(2.36)	(108.53)

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(1) Solely for convenience translation, at an exchange rate of Rs.46.01 = U.S.$1.00 (the Interbank market mid rates as taken from Bloomberg as of September 29, 2004). These financial statements of Jet Airways of India Inc.have been translated into Rupees for each period presented solely to comply with the requirements of Clause 6.8.4 of the SEBI Guidelines. Investors should not rely on such translated amounts. The translation should not be considered as a representation that such U.S.$ amounts have been, could have been or could be converted into Rupees at any particular rate, the rate stated, or at all.

(2) Net of miscellaneous expenditure not written off.

(3) Face value of each equity share is U.S.$1.00.

India Jet Airways (Pty) Ltd.

The company was incorporated on September 3, 2003 as Rodene Trading (Pty) Ltd. and subsequently changed its name to India Jet Airways (Pty) Ltd. on September 12, 2003. It is in the business of servicing of passengers, including customers of our Company. The registered office is at Ground Floor, C.I.B House, Eastwood Office Park, 11B Riley Road, Bedford View 2008, S. Africa.

Shareholding

This company is a wholly owned subsidiary of Jet Airways LLC.

Board of Directors

The board of directors of India Jet Airways (Pty) Ltd., comprises of Mr. Gerrit Diric Van der Veer , Mr. H.D. Gardi, Mr. Abdul Rahman Tahlak and Mr. Anantha Narayanan.

Financial Performance

The financial results of India Jet Airways (Pty) Ltd. for the seven months ended March 31, 2004 are set forth below:

(in thousands, except share data)

	Year ended March 31,	
	2004 (Rand)	**2004(1) (Rs.)**
Total income	264.46	1,883.63
Profit from operations tax	(8.92)	(63.54)
Equity capital	1.00	7.12
Reserves and Surplus (2)	(8.92)	(63.54)
Earnings per share (3)	(8.92)	(63.54)
Book value per share (3)	(7.92)	(56.42)

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(1) Solely for convenience translation, at an exchange rate of Rs.7.12 = S.A. Rand 1.00 (the Interbank market mid rates as taken from Bloomberg as of September 30, 2004). These financial statements of Jet Airways (Pty) Ltd. have been translated into Rupees for each

period presented solely to comply with the requirements of Clause 6.8.4 of the SEBI Guidelines. Investors should not rely on such translated amounts. The translation should not be considered as a representation that such S.A. Rand amounts have been, could have been or could be converted into Rupees at any particular rate, the rate stated, or at all.

(2) Net of miscellaneous expenditure not written off.

(3) Face value of each equity share is 1.00 S.A. Rand.

India Jet Airways (Pty) Ltd. was incorporated on September 2003 and the financial results of India Jet Airways (Pty) Ltd. described above relate to only the seven months of its operations during fiscal 2004. It incurred a minor loss of 8,920 Rands during such period, primarily due to certain costs associated with the establishment and incorporation of the company.

Jetair Worldwide AG

Jetair Worldwide AG was incorporated in July 20, 2004. The registered office address is Hinterberg Str – 22, 6330 Cham, Zug, Switzerland. The company has been incorporated to provide services in the tourism sector, in particular, the purchase and sale of airline tickets.

Shareholding

Jetair Worldwide AG is a privately held company and the shareholders are:

Names of Shareholders	**% holding**
Mr. Naresh Goyal	98
Mr. Ali Ghandour	1
Mr. H.D. Gardi	1

Board of Directors

The directors of Jetair Worldwide AG are Mr. Andries B. van Luijk., Mr. Walter H. Boss and Mr. Zsolt Zsigray.

Financial Performance

The total paid-up equity is CHF 100,000 (Rs.3,690,000 calculated for convenience purposes only, at an exchange rate of Rs.36.90 = CHF 1.00, the Interbank market mid rates as taken from Bloomberg as on September 30, 2004. As the company has only been incorporated in July 2004, no annual accounts are available as yet.

Companies from which the promoters have disassociated themselves in the past three years

Other than UPS Jetair Logistics Private Limited, there are no companies from which the promoters have disassociated themselves in the past three years.

UPS Jetair Logistics Private Limited was incorporated on October 6, 2000 as a joint venture between UPS International Forwarding Inc. and Jetair Private Limited, which owned 60% and 40% of its equity share capital, respectively. The company is engaged in the logistics business. The registered office is at Lot 4-P Nirlon Complex, off Western Express Highway, Goregaon (E), Mumbai 400 063.

Pursuant to, *inter alia*, a share purchase agreement, Jetair Private Limited sold its equity stake in this company to UPS Logistics Group Investments Inc. on January 25, 2005 for an aggregate consideration of Rs.12.7 million.

RELATED PARTY TRANSACTIONS

Our Company has various transactions with related parties, including the following:

- Several promoter group companies, namely Jetair Private Limited, Jet Enterprises Private Limited, Transmodal Services Private Limited, UPS Jetair Express Private Limited, Jet Airways LLC, Jet Airways of India Inc., and India Jet Airways (Pty) Limited; and
- our directors and employees.

These transactions include the following:

- payments made under GSA agreements with Jetair Private Limited, Jet Airways LLC, Jet Airways of India Inc. and India Jet Airways (Pty) Limited;
- payments for premises leased;
- payment of license fees to Jet Enterprises Private Limited pursuant to trade mark licensing agreements; and
- payments for ground transportation services.

For more detailed information on our related party transactions, see note 14 to our Interim Audited Financial Statements under Indian GAAP. See also "Risk Factors – Mr. Naresh Goyal and his affiliates have significant control over us including as a result of provisions in our Articles of Association, and have the ability to direct our business and affairs; their interests could conflict with yours" and "Risk Factors – we currently do not own the "Jet Airways" mark". See also disclosure relating to interests of promoters and directors in the section "Statutory and Other Information – Interest of Promoters and Directors" on page 186 of this Prospectus.

REGULATIONS AND POLICIES

DGCA

The principal regulatory authority that regulates the civil aviation sector in India is the Director General of Civil Aviation, or DGCA. The DGCA operates in accordance with the Aircraft Act, 1934, as amended, and the Aircraft Rules, 1937, as amended.

To operate scheduled services in India, an airline requires an operating permit from the DGCA. The operating permit can only be granted to:

- A citizen of India; or
- A company or a body corporate that is registered and has its principal place of business within India, its chairman and at least two-third of its directors are citizens of India, and its substantial ownership and effective control is vested in Indian nationals.

The eligibility requirements for such operating permit also include certain requirements relating to a minimum subscribed equity capital, a minimum number of aircraft, adequate number of aircraft maintenance engineers, adequate maintenance and repair facilities, adequate number of flight crew and cabin crew, and adequate ground handling facilities and staff.

This permit is required to be renewed on a year-to-year basis. An airline incorporated in India and operating scheduled services is also required to register all its aircraft with the DGCA, save and except aircraft which are wet leased.

In addition, such an airline is required to comply with Civil Aviation Regulations (“CARs”), and Aeronautical Information Circulars as issued by the DGCA from time to time. CARs and AICs cover various areas of airline operations including air safety, airworthiness, engineering and technical aspects, air transport operations, flight crew standards and training, and licensing of flight crew and aircraft maintenance engineers.

Route Dispersal Guidelines

An airline providing scheduled services on domestic sectors in India is required to comply with Route Dispersal Guidelines as set forth by the Government in March 1994. These guidelines classify city pairs into the following categories:

- Category I, which covers 12 city pairs connecting metropolitan cities (Mumbai – Bangalore, Mumbai – Kolkata, Mumbai – Delhi, Mumbai – Hyderabad, Mumbai – Chennai, Mumbai – Thiruvananthapuram, Kolkata – Delhi, Kolkata – Bangalore, Kolkata – Chennai, Delhi – Bangalore, Delhi – Hyderabad, Delhi – Chennai);
- Category II, which covers routes connecting the North East, Jammu and Kashmir, Andaman and Nicobar Islands and Lakshadweep with cities in Category I and Category III routes;
- Category IIA, which covers city pairs within the North east, Jammu and Kashmir, Andaman and Nicobar Islands and Lakshadweep; and
- Category III, which covers any city pair that does not fall in Categories I, II and IIA.

The Route Dispersal Guidelines require airlines providing scheduled services on domestic sectors in India to operate in the following manner:

- On Category II routes, 10% of the capacity deployed on Category I routes;
- On Category IIA, 10% of the capacity deployed on Category II routes; and
- On Category III, 50% of the capacity deployed on Category I routes.

The DGCA monitors compliance with the Route Dispersal Guidelines on a monthly basis. Compliance with these guidelines is a condition for the renewal of our operating permit. Even for occasional non-compliance, the DGCA requires the airline to make up any shortfall during the subsequent period. Failure to comply with these guidelines on a consistent basis can lead to cancellation of the scheduled airline status of an airline or the non-approval of its schedules.

Increase in Fleet Size

An airline requires the permission of the Ministry of Civil Aviation, Government of India, to increase its fleet size. Once such permission is granted, the import of aircraft requires a “no-objection” certificate from the DGCA. Permissions from the Ministry of Finance, Government of India, and the Reserve Bank of India are required for foreign currency financing arrangements with regard to acquisition of aircraft.

Airports

There are three categories of airports in India:

- International airports from where international flights can operate;
- Domestic airports from where only domestic flights can operate; and
- Civil enclaves located in military airports from where civilian aircraft are permitted to operate.

The Airports Authority of India, or the AAI, manages 127 airports in India, of which 101 are civil airports (including 12 international airports) and 26 are civil enclaves at defence airfields. A few of the smaller civil airports are managed by the State Governments. AAI also administers the use of terminal building facilities at military airports by civilian aircraft, while Air Traffic Control, or ATC, and scheduled clearances at these airports are the responsibility of the defense authorities. The only privately owned airport is located at Cochin. Two privately owned international airports are currently under construction at Bangalore and Hyderabad. In addition, the Government is seeking to modernize and restructure Mumbai and Delhi airports.

Airlines are required to pay the AAI terminal, landing and navigation charges, and route navigation facility charges. Airlines are dependent on AAI to lease space for passenger services, parking facilities, engineering and dispatch facilities and administrative offices.

Foreign Ownership Restrictions

Pursuant to the Industrial Policy and the FEMA Regulations, any investment in an Indian domestic airline by persons resident outside India requires the prior approval of the FIPB. However, the MoCA, pursuant to a Notification No. AV-13011/10/96-DT (Vol. II) dated November 10, 2004 (published in the Gazette of India on November 13, 2004) has permitted foreign direct investment in the “Air Transport Services (Domestic Airlines)” sector up to 49% through the “automatic route” (i.e. without the prior approval of the FIPB). The November 10, 2004 notification also permits investment by an NRI up to 100% in an Indian domestic airline company under the “automatic route”. The notification also clarifies that no direct or indirect equity participation by foreign airlines is permitted in a domestic airline. Amendments to the FEMA Regulations to reflect the policy changes notified in the November 10, 2004 notification are awaited.

The RBI, by its A.P. (DIR Series) Circular No. 14 dated September 16, 2003, derecognized OCBs, such as Tail Winds, as an eligible class of investors under the various investment routes/schemes under the rules and regulations promulgated under the FEMA. Subsequently, the RBI by its Notification No. FEMA 101/2003-RB dated October 3, 2003, issued the OCB Regulations to this effect. Further, by its A.P. (DIR Series) Circular No.44 dated December 8, 2003, the RBI clarified, among other matters, the following:

- An erstwhile OCB may transfer its shares in an Indian company by way of sale (i) to NRIs in terms of the OCB Regulations (without any prior regulatory approval) and (ii) to residents in terms of the FEMA Regulations (i.e., with the prior approval of the RBI).
- In connection with the transfer of its shares in an Indian company to a non-resident entity (other than an NRI), an erstwhile OCB may seek the prior permission of the FIPB and the RBI.

Subsequently, the RBI by its A.P. (DIR Series) Circular No. 16 dated October 4, 2004 granted general permission for the transfer of shares of an Indian company by Non-Residents (including erstwhile OCBs, such as Tail Winds), to residents, subject to the terms and conditions, including pricing guidelines stipulated in such Circular.

Chaturvedi and Shah, Chartered Accountants, by their letter dated November 2, 2004 addressed to the FIPB, requested the FIPB to confirm/clarify certain regulatory issues. The FIPB was requested, on a no names basis, for certain clarifications on behalf of an Indian company in the domestic airlines sector which was contemplating an initial public offering. The FIPB was informed that the company was promoted by an NRI who held the shares of such company through an OCB in which such NRI had a 100% shareholding. The FIPB was further informed that the initial public offering by the company would be made to persons within the definition of Indian residents (including FIIs and QIBs registered with SEBI), and would comprise of a fresh issue of shares by the company and an offer for sale of shares in the company by the OCB to such Indian residents.

The FIPB by its letter dated November 5, 2004 bearing No. 9(24)/2004-FIPB clarified that:

- in an initial public offering in Indian capital markets, SEBI registered FIIs and QIBs registered with SEBI are eligible, and no prior approval of the FIPB is required in this regard; and
- a transfer of the shares by an erstwhile OCB in favor of residents, as long as such erstwhile OCB is not on the "adverse list" of the RBI, is permissible, and no prior approval of the FIPB is required in this regard.

Accordingly, investors should note that:

- Equity Shares offered in the Fresh Issue will be allotted only to Indian residents, SEBI registered FIIs and QIBs registered with SEBI, and will not be allotted to multilateral and bilateral developmental financial institutions or other non-resident persons or entities; and
- Equity Shares offered by Tail Winds in the Offer for Sale will be allotted only to Indian residents and NRIs.

No further approvals of the FIPB or the RBI are required for such Allotment of Equity Shares under this Offer. We will be required to make certain filings with the RBI after the completion of the Offer.

The Industrial Policy further prohibits foreign airlines from having any direct or indirect equity participation in a domestic airline. The Industrial Policy does not clearly define the scope of the terms "direct or indirect equity participation". In addition, our permission to operate scheduled services granted by the DGCA and the guidelines issued by the DGCA from time to time, including the AIC No. 4 specifies the following restrictions:

- a foreign investing institution or other entity that proposes to hold equity in the domestic air transport sector must not be a subsidiary of a foreign airline;
- a foreign financial institution or other entity that proposes to hold equity in the domestic air transport sector must not have foreign airlines as its shareholder;
- the substantial ownership and effective control of companies operating scheduled services must be vested in Indian nationals; and
- a foreign investing institution or other entity that proposes to hold equity in the domestic air transport sector may have representation on the board of directors of a domestic airline company, but such representation shall not exceed one-third of the total strength of such board.

No person shall make a Bid in pursuance of this Offer unless such person is eligible to acquire Equity Shares of the Company in accordance with the AIC No. 4, read with the MoCA notification No. AV.13011/10/96 DT (Vol II) dated November 10, 2004, and other applicable laws, rules, regulations, guidelines and approvals.

Investors that bid in the Offer will be required to confirm and will be deemed to have represented to the Company, the Selling Shareholder, the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company and will not offer, sell, pledge or transfer the Equity Shares of the Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company. The Company, the Selling Shareholder, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor whether such investor is eligible to acquire Equity Shares of the Company.

We have obtained an approval dated June 28, 1993 from the FIPB for investment by Tail Winds in the Company. We have further obtained an approval dated June 14, 2000 from the FIPB for issue of non-voting convertible preference shares to the International Finance Corporation, or IFC.

International Traffic Rights

The operation of international passenger services depends on traffic rights negotiated between the Government of India and the government of the other country. These rights are contained in the Air Services Agreement, or ASA, (as between the two governments) which deals with the capacity deployment of carriers of either country.

As ASAs are negotiated and agreed on a government-to-government basis, the relevant traffic rights contained in these agreements belong to the Government of India. Depending upon the provisions of an ASA, each state may grant rights to one or more airlines.

The Chicago Convention and the contemporaneously drafted treaties (the International Air Services Transit Agreement and the International Transport Agreement) are, however, silent as to the criteria for determining substantial ownership and effective control of an airline. In these respects, certain countries and airlines have adopted mechanisms (including specific legislation) aimed at controlling foreign investment in the airlines. In India, there is as yet no legislation to that effect, other than what is contained in AIC No. 4.

Following the decision of the Union Cabinet to change the aviation policy on December 29, 2004 and permit Indian scheduled carriers with a minimum of five years of continuous operations and with a minimum of 20 aircraft in its fleet, to operate scheduled services to other international destinations, the MoCA has, on January 11, 2005, designated scheduled Indian carriers permitted to operate international services to and from Singapore, Malaysia, Thailand, Hong Kong, the United Kingdom and the United States of America.

Following such designation by MoCA, on January 21, 2005, the DGCA issued AIC No. 2/2005 entitled “Guidelines for Operation of Indian Scheduled Carriers on International Routes” and invited scheduled Indian carriers to apply for the allocation of traffic rights on international routes. The Government has communicated its decision on the allocation of entitlements for operations for certain routes between India and the United Kingdom, Singapore, Malaysia and the United States. With respect to increased entitlements for some of the aforementioned routes and entitlements for other international routes, the Government is expected to shortly notify its decisions on the allocation of entitlements among the four scheduled carriers (that is, Air India, Indian Airlines, Air Sahara and us).

GOVERNMENT APPROVALS

In view of the approvals listed below, we can undertake this Offer and our current business activities and no further material approvals from any government or regulatory authority are required to continue such activities.

Approvals for the Offer

The following are the Government approvals and clarifications relating to the Offer:

The FIPB by its letter dated November 5, 2004 bearing No. 9(24)/2004-FIPB clarified that:

- in an initial public offering in Indian capital markets, SEBI registered FIIs and QIBs registered with SEBI are eligible, and no prior approval of the FIPB is required in this regard.
- a transfer of the shares by an erstwhile OCB in favour of residents, as long as such erstwhile OCB is not on the "adverse list" of the RBI, is permissible, and no prior approval of the FIPB is required in this regard.

Investors should note that:

- Equity Shares offered in the Fresh Issue will be allotted only to Indian residents, SEBI registered FIIs and QIBs registered with SEBI, and will not be allotted to multilateral and bilateral developmental financial institutions or other non-resident persons or entities; and
- Equity Shares offered by Tail Winds in the Offer for Sale will be allotted only to Indian residents and NRIs.

No further approvals of the FIPB or the RBI are required for such allotment of Equity Shares under this Offer.

Approvals for the Business

We require various approvals for us to carry on our business in India and overseas. The approvals that we require include the following:

Approvals from the Director General of Civil Aviation

- Permission from the DGCA to operate passenger air transport services (Permit S-6).
- Approval from the DGCA to carry by air goods listed in Part II of the Technical Instructions for the Safe Transport of Dangerous Goods by Air (ICAO doc. 9284-AN/ 905) from/to/across India (Permit No. 461-06/2003).
- Approval from the DGCA for the method of determination of the Aerodrome Operating Minima (DGCA Approval No. AV 22029/13/99/FID).
- Certificates of Registration from the DGCA in connection with each of our aircraft.
- Certificates of Airworthiness from the DGCA in connection with each of our aircraft.
- No objection certificates for import of each of our aircraft.

Approvals from tax authorities

- Permanent Account Number and Tax Deduction Account Number under the I.T. Act.
- Registration under the Central Sales Tax Act, 1956 and the Bombay Sales Tax Act, 1959.
- Registration under the Sales Tax Acts of various states in India for local sales tax.
- CBDT approvals under Section 10(15A) of the I.T. Act.
- CBDT approvals under Section 10(15)(iv)(c) of the I.T. Act.
- Service tax registrations.

Labour related approvals

- Principal employer registration under the Contract Labor (Regulation and Abolition) Act, 1970
- Registration under the Factories Act, 1948.
- Registration under the Payment of Wages Act, 1936.
- Registration under the Payment of Bonus Act, 1965.
- Registration under the Employees' State Insurance Act, 1948.
- Registration under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952.
- Registration under the Payment of Gratuity Act, 1972.
- Registrations under the Shops and Commercial Establishments Acts, where applicable.

Department of Company Affairs approvals

- Approval dated April 10, 2003 of the Government of India under Section 314(1B) of the Companies Act.
- Approval dated August 11, 2004 under the proviso to sub-section (1) to Section 297 of the Companies Act.

Others

- Approvals from the Reserve Bank of India for issue of preference shares and equity shares (on repatriation and non-repatriation basis), foreign inward remittances and payment of dividends on both equity and preference shares.
- RBI approvals to remit payments for lease and hire purchase payments for our aircraft.
- AIC No.2/2005 titled Guidelines for Operation of Indian Scheduled Carriers on International Routes dated January 21, 2005 issued by the DGCA.

We have obtained the above approvals and the same are valid as of the date of this Prospectus.

We will be required to make the following applications for approvals that are material to our business or this Offer:

An application will have to be made to the RBI in connection with the redemption of the CCRPS issued to IFC.

A No Objection Certificate from the DGCA for the import of one aircraft currently undergoing modifications.

OUTSTANDING LITIGATION

Except as described below and in the notes to the Summary Restated Statements and the Interim Audited Financial Statements, there are no contingent liabilities not provided for, outstanding litigation, disputes, non payment of statutory dues, overdues to banks/ financial institutions, defaults against banks/ financial institutions, defaults in dues towards instrument holders like debenture holders, fixed deposits and arrears on cumulative preference shares issued by the Company, defaults in creation of full security as per terms of issue/ other liabilities, proceedings initiated for economic/ civil/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of Part 1 of Schedule XIII of the Companies Act, 1956) against our Company as on the date of this Prospectus.

Cases/Proceedings against Jet Airways

Statutory Defaults

An inspection was carried between December 2001 and May 2002 under Section 209A of the Companies Act. The Company filed applications under Section 621A of the Companies Act for compounding of certain statutory defaults relating to the period between fiscal 1996 and fiscal 2002. Compounding orders were passed by the Department of Company Affairs relating to Section 211, Section 205, Section 224(8) and Section 292 of the Companies Act, and compounding fees of Rs.0.22 million have been paid by the Company in May 2002 pursuant to such orders.

Civil Cases

The Company granted exclusive rights to Press Communication Pte. Limited, a Singapore company (“Press Communication”) in 1995 to publish an in-flight magazine pursuant to an agreement valid for three years. Press Communication failed to supply the requisite number of copies for each issue of such magazine and also consistently delayed delivery, thereby breaching the terms of the agreement. In July 1996 the Company terminated the agreement with Press Communication in accordance with the terms of such agreement. In August 1996, Press Communication filed a civil suit against the Company in the High Court at Mumbai for a decree of Rs. 39.0 million. Ad-interim relief has been refused and the main suit not yet been taken up for final hearing.

Three pilots, Captain M. M. Singh, Captain Dadyalla and Captain Puneet Bhalla, left the services of the Company with effect from July 1, 2002. These pilots have filed Suit Nos. 244/2003, 245/2003 and 246/2003 against the Company before the Court of the Additional District and Sessions Judge, Tis Hazari Courts at Delhi for recovery of an amount aggregating to approximately Rs.3.3 million, allegedly towards leave encashment, medical claim, alleged financial loss due to delay in the start of follow-up training, difference in posting allowance, deductions from salary of certain amounts and damages for mental harassment. These suits are pending before the Additional District and Sessions Judge, Tis Hazari Courts, Delhi.

Captain M. M. Singh, Captain Dadyalla and Captain Puneet Bhalla have also filed suits against the Company before the Court of District Judge at Delhi seeking permanent injunction restraining the Company from invoking the bank guarantees furnished by them at the time of joining the Company. Interim orders have been passed in these proceedings. While in two suits the bank guarantees had already been encashed, the third bank guarantee was not encashed in view of the interim orders of the Court. The Company has filed its written statement and the cases are currently pending. These pilots have also filed petitions no. CM(M) No. 308/2002, CM(M) No. 309/2002 and CM(M) No. 310/2002 in the High Court of Delhi against an order of the Additional District Judge refusing the grant of an ex-parte injunction order. The petition of Captain Dadyalla has been dismissed by the High Court of Delhi, and a review petition filed by Captain Dadyalla has also been dismissed. The petitions filed by Captain Bhalla and Captain Singh are currently pending in the High Court of Delhi.

Captain Bhalla and Captain Singh also filed contempt petitions in Suit No.308 of 2002 and Suit No.310 of 2002 against, among others, Captain N.T. Malkani, Vice-President, Flight Operations and Mr. Naresh Goyal, the Chairman of the Company, alleging contempt of the orders of the High Court of Delhi dated July 5, 2002 and July 8, 2002. In this case, before such orders were communicated to the Company, two bank guarantees furnished by these former employees to the Company had been encashed. These contempt petitions are currently pending.

Mr. Mahavir Prasad Kakrania, the proprietor of M/s. Takeshwary International, New Delhi, has filed a suit for recovery of Rs.0.36 million before the Additional District and Sessions Judge, Tis Hazari Courts, Delhi. The suit has been filed against the Company for a claim for short landing of cargo booked from Chennai to Delhi. The Company has filed its written statement and the case is currently pending before the Additional District and Sessions Judge.

Carewell Securities Pvt. Ltd., Indore (“Carewell”) has filed a suit for recovery of Rs.0.14 million against the Company. The Company entered into a contract of service with Carewell in 1996 for availing the services of loaders, drivers, etc. from them at Indore Airport. The agreement was renewed from time to time and ultimately terminated in 1999. Carewell has claimed that under the terms of such agreement, the Company is liable to pay Rs.139,000 which it had not paid even after termination of such agreement. The case is currently pending before the XXIst Additional District Judge, Indore.

Kwick Travels (P) Ltd., Delhi (“Kwick Travels”) has filed a suit for recovery of approximately Rs.1.9 million against the Company in the High Court at Delhi. In May 1993, Kwick Travels was appointed as an authorized travel agent to hold, stock and sell air tickets against commission in New Delhi. Kwick Travels has alleged that it was assured of an increase in its incentive inclusive of the special incentive being received by Kwick Travels from other airlines against a target sale of Rs.4 million per month or Rs.48 million of annual business. Kwick Travels has further alleged that there was non-cooperation from the Company and that with effect from October, 1996, the Company withheld supply of tickets under the pretext of short supply of tickets. The case is pending before the Local Commissioner appointed by the High Court of Delhi for recording of evidence.

Mr. Pawan Kumar Agarwala and Mr. Ashok Kumar Agarwala have filed civil defamation suits against the Company for an amount of Rs. 0.5 million each before the Civil Judge, Senior Division, Siliguri. One of the plaintiffs was offloaded from a flight at Kolkata Airport as he was found to be unfit for travel and the other plaintiff consequently did not take the flight. The suits are currently pending before the Civil Judge, Senior Division, Siliguri.

United India Insurance has filed a suit against the Company for recovery of Rs.0.18 million before the Sub-Court at Ernakulam. The suit has been filed against the Company for a claim for damaged cargo consignment booked from Mumbai to Cochin. The Company has filed its written statement and the case is currently pending before the Sub-Court.

Dr. Mala Sur Mitra has filed a suit for recovery of Rs.9,190 before the Small Causes Court at Kolkata against the Company. The plaintiff was wrongly booked by a travel agent in the Club Premiere class, and the Company’s staff at Port Blair collected the difference in air fare from the plaintiff. The suit is currently pending before the Small Causes Court.

Captain Cedric D’silva, a former employee of the Company, has filed a declaratory suit against the Company in the Bombay City Civil Court for an order and declaration that the Company’s action of reverting him from the position of Operation Manager–Western Region to the position of Senior Commander in 2002 was arbitrary and illegal. The suit is currently pending in the Bombay City Civil Court.

Mr. N.K. Chawla, a car-parking contractor, has filed a suit in the Civil Court, Bhopal for recovery of approximately Rs.30,000 towards certain car parking charges that the Company has allegedly failed to pay for the use of the car parking area at Bhopal Airport. The suit is currently pending before the Civil Court.

Capt. Jagbir Singh, a pilot formerly employed by the Company, has filed a suit before the Court of the Civil Judge at Delhi, to restrain the Company from invoking the bank guarantee furnished by him at the time of joining the Company. Capt. Jagbir Singh left the Company’s employment in December 1999. Immediately upon his resignation, Capt. Jagbir Singh filed such suit and obtained a stay order against the Company from invoking the bank guarantee amounting to Rs.0.75 million. The stay order has since been vacated by the Court, and the suit has been dismissed by the Court for non-appearance by the plaintiff.

Captain Puneet Mehta, a pilot formerly employed by the Company, left the Company’s employment in 2001. He filed a suit against the Company before the Senior Civil Judge, New Delhi, to restrain the Company from invoking the bank guarantee furnished by him at the time of his joining the Company. The Company has filed its written statement. Subsequently, the Court dismissed Captain Mehta’s application for interim stay restraining the Company from invoking the bank guarantee. Captain Mehta has filed an appeal against this order before the High Court, Delhi. The High Court has directed the bank to deposit the bank guarantee amount in the Court and this has been complied with. The proceeding has not yet been posted for hearing.

Captain Deven Kanani, a pilot formerly employed by the Company, left the Company's employment in 2003. He filed a suit against the Company in the High Court at Mumbai, to restrain the Company from invoking the bank guarantee furnished by him at the time of his joining the Company. As an interim measure, he also obtained an order from the Court directing the Company to issue to him a 'no objection certificate' to join Air India, whose employment he had already joined. This order was challenged by the Company before the Division Bench of the High Court of Mumbai, and such interim order was set aside. The suit is currently pending.

Mr. Miraj Alam, the proprietor of M/s. Gemex Travel & Cargo Services has filed a suit before the City Civil Court at Kolkata, seeking to restrain the Company from invoking/encashing the bank guarantee of Rs.0.5 million furnished by him. However, the bank guarantee had already been encashed by the Company before the Company had received the summons from the Court. The suit is currently pending before the City Civil Court.

M/s. Porter Service has filed a suit against the Company before the Civil Court, Varanasi, for the recovery of Rs.0.35 million. The case has been referred to the District Court, Varanasi and is currently pending.

Suit No. 623/1996 has been filed by Mr. Rajeshkumar R. Thekedar, the proprietor of M/s. Speedways Travels, claiming an amount of approximately Rs.23 million, has been dismissed by the High Court of Mumbai in favor of the Company. The suit was dismissed for default/want of prosecution by the plaintiff.

Mr. T.G.N. Kumar has filed a Suit No. C.S.25/2005 against the Company claiming an amount of Rs.90,000 as exemplary damages before the Munsiff Court at Aluva. The suit is currently pending before the Munsiff Court.

Malayalam Industries Limited has filed Suit No. O.S.1817/2004 against the Company claiming an amount of Rs.55,162 as outstanding before the Munsiff Court at Ernakulam. The suit is currently pending before the Munsiff Court.

Writ Proceedings

The Consumer Education and Research Society Suraksha Sankool and others have filed Special Civil Application No. 11105/2004 against the Secretary, Government of India, Ministry of Civil Aviation and others, including the Company, before the High Court of Gujarat at Ahmedabad. The writ petition challenges the terms of the concession scheme in airfare for senior citizens that has been adopted by the main airlines in India, as being in violation of Article 41 of the Constitution of India. The writ petition is pending hearing and disposal in the High Court.

Writ Petition No. 7162/2004 has been filed before the High Court of Judicature for Rajasthan at Jaipur. The petition is against the Union of India and the Company is one of the respondents. The writ petition challenges the terms of the concession scheme in airfare for senior citizens that has been adopted by the main airlines in India, as being in violation of Article 41 of the Constitution of India. A specific complaint has also been made against the Company in connection with refund against cancellation of an air ticket. The petition is currently pending.

Ansham Travels and seven other travel agencies have filed Writ Petition No.14771/2001 against the Union of India and 43 airlines, including the Company, before the High Court of Madras, in connection with deduction of tax at source under section 194H of the I.T. Act. The writ petition is currently pending.

Gay Travels has filed Writ Petition No. 19569/2003 before the Madras High Court, in connection with deduction of tax at source. An interim order was vacated in the Company's favor on December 12, 2003. The writ petition is currently pending.

Around the World Travel and Tours Private Limited and 13 other travel agencies have filed Writ Petition No. 20722/2003 against the Union of India and 21 airlines, including our Company, before the High Court of Madras, in connection with deduction of tax at source under section 194H of the I.T. Act. The writ petition is currently pending.

The AFT Trust – Sub-1 of U.S.A. had filed a writ petition before the High Court of Delhi challenging the orders of the CBDT dated November 15, 2000 and March 4, 2002, refusing to accord approval under section 10(15A) of the I.T. Act in connection with aircraft lease agreements for two aircrafts leased to the Company. The Company has been impleaded as one of the respondents. The Court was pleased to set aside the orders of the CBDT and directed AFT Trust-Sub-1 of U.S.A. to approach the Government of India for approval by way of a fresh application.

Mr. S. N. Sharma has filed a writ petition in the High Court of Delhi against The Secretary, Government of India, Ministry of Civil Aviation and others. The Company and certain of its current and former Directors have been impleaded as respondents in the proceedings. The writ petition has been filed in relation to the hazardous conditions under which the Company allegedly allowed flight 9W 312 to take off on December 28, 2001 from New Delhi to Mumbai. The writ petition is currently pending before the High Court.

K.K. Travels has filed a writ petition in the High Court of Jammu & Kashmir at Jammu against four respondents, including the Company as respondent no. 2. The petition has been filed to set aside the orders of the Divisional Forum and State Commission, Jammu directing K.K. Travels to pay certain amounts to a passenger, Mr. Saroop Singh Pathania. The petition is pending before the High Court.

Tax related Cases/Proceedings

As a marketing promotional measure, Satyam Infoway Ltd., Chennai ("Satyam") supplied free compact discs to be distributed among the Company's Jet Privilege members. The distribution was effected through GE Capital Business Process Management Services Pvt. Ltd., Gurgaon ("GE Capital"). One of the consignments despatched by Satyam, valued at Rs.724,600 was detained by the Excise and Taxation Officer, Gurgaon, in connection with the payment of sales tax. The Excise and Taxation officer served a show cause notice on Satyam, GE Capital and the Company, on the ground that sales tax was required to be paid on such consignment. The Company has contended before the Assessing Authority that there had been no incidence of sale and therefore such consignment did not attract sales tax. The Assessing Authority's order is currently awaited.

A cargo consignment of cordless handsets was confiscated by the Uttar Pradesh Trade Tax Department, Lucknow for non-submission of Form No. 31. The owner of the consignment never claimed the goods. The Company was charged as a dealer/trader of the cordless phones and notices were issued by the authorities. However, these notices were not received due to a change in address. Two ex-parte orders for assessment and penalty under the Uttar Pradesh Trade Tax Act, 1948, were passed against the Company for a total amount of Rs.148,800. The Company filed two applications before the Assistant Commissioner (Assessment)-9, Trade Tax, Lucknow for setting aside the orders and reopening the case. The authority heard the Company's arguments and set aside the Company's applications and upheld the ex-parte orders. The Company has appealed against these orders before the Joint Commissioner (Appeals), Trade Tax, Lucknow who has stayed the tax assessed in an amount of Rs.36,000 against a bank guarantee of the said amount. The appeal is pending.

Corporate Income Tax Assessments

Assessment year 2003-2004

Income tax returns were filed by the Company claiming a refund of Rs.67 million. An order under section 154 of the Income Tax Act, 1961 was issued by the Deputy Commissioner of Income Tax (DCIT) – 5(1) allowing a refund only for Rs.66 million. The disallowance was made on account of short credit granted against defective T.D.S. certificates filed. The Company is in the process of filing the rectified TDS certificates for claiming the balance refund amounts.

Assessment year 2001-2002

The Company has preferred an appeal before the Income Tax Appellate Tribunal ("ITAT") against the disallowances of provision for obsolescence, repairs to furniture and fixtures, treatment of interest income as "income from other sources" and provision for doubtful debts. The tax effect of the disputed amounts involved in such appeal proceeding is Rs.4.45 million.

Assessment year 2000-2001

The Company has preferred an appeal before the ITAT against the order passed under section 143(3) of the I.T. Act disallowing provision for obsolescence and repairs to furniture and fixtures. The Income Tax department has also preferred an appeal before the ITAT against the deductions of depreciation on hire purchased aircraft and aircraft heavy maintenance expenses allowed in favour of the Company. The tax effect of the disputed amounts is Rs.14.61 million.

The Company has also preferred an appeal before the Commissioner of Income Tax (Appeals) ("CIT(A)") against the order passed under section 154 of the I.T. Act for recomputation of the book profits under section 115JA of the I.T. Act, after including therein provision for obsolescence, provision for doubtful debts and provision for gratuity. The tax effect of the disputed amounts is Rs.7 million.

Assessment year 1999-2000

The Company has preferred an appeal before the ITAT against the order passed under section 143(3) of the I.T. Act disallowing provision for obsolescence and repairs to furniture and fixtures.

The Income Tax Department has also preferred an appeal before the ITAT against the deductions of depreciation on hire purchased aircraft and aircraft heavy maintenance expenses allowed in favour of the Company. The tax effect of the disputed amounts is Rs.824.54 million.

The Company has also preferred an appeal before the ITAT against the order passed under section 154 of the I.T. Act for recomputation of the Book Profits under section 115JA after including therein provision for obsolescence to book profits which is pending before the ITAT. The tax effect of the disputed amounts cannot be presently quantified.

Assessment year 1998-1999

The Company has preferred an appeal before the ITAT against the order passed under section 143 (3) of the I.T. Act disallowing provision for obsolescence, repairs to furniture and fixtures, consultancy charges and depreciation claimed on computers. The Income Tax department has also preferred an appeal before the ITAT against the deductions of depreciation on hire purchased aircraft and aircraft heavy maintenance expenses allowed in favour of the Company. The tax effect of the disputed amounts is Rs.786.78 million.

The Company has also preferred an appeal before the ITAT against the order passed under section 154 of the I.T. Act for recomputation of the book profits under section 115JA after including therein provision for obsolescence to book profits which is pending before the ITAT. The tax effect of the disputed amounts is Rs.3.44 million.

Assessment year 1997-1998

The Company has preferred an appeal before the ITAT against the order passed under section 143(3) of the I.T. Act disallowing provision for leave encashment and repairs to furniture and fixtures. The Income Tax department has also preferred an appeal before the ITAT against the deductions of depreciation on hire purchased aircraft and aircraft heavy maintenance expenses allowed in favour of the Company. The tax effect of the disputed amounts is Rs.353.02 million.

The Company has preferred an appeal before the ITAT against the order passed under section 148 of the I.T. Act confirming the disallowance of provision for obsolescence. The tax effect of the disputed amounts is Rs.12.579 million.

Assessment years 1994-1995 and 1995-1996

The Company has preferred an appeal before the ITAT against the order passed under section 148 confirming the disallowance of provision for obsolescence. The tax effect of the disputed amounts cannot be presently quantified.

Tax Deducted at Source on Salaries

Assessment years 1998-1999, 1997–1998, 1996-1997, 1995-1996

The Income Tax department has filed an appeal before the ITAT against the order passed by the CIT(A) allowing deduction of conveyance allowance in favour of the Company.

Assessment year 1994-1995

The Income Tax department has filed an appeal before the Bombay High Court, against the order passed by the CIT(A) allowing deduction of conveyance allowance in favour of the Company.

Tax Deducted at Source on other Payments

Assessment year 2002-2003

The Company has preferred an appeal before the ITAT against the order passed by the CIT(A) regarding applicability of TDS on route navigation facility charges (RNFC), terminal navigation facility charges (TNLC) and X-ray charges paid to the AAI. The amount involved in such appeal is Rs.14.19 million.

Sales Tax

Fiscal 2000

The Company has preferred an appeal before the Assistant Commissioner of Sales Tax–(Appeal) V (ACST(A)) against the assessment order wherein the purchases from unregistered dealers has been taxed. The amount involved is Rs.0.58 million.

Fiscal 1999

The Company has preferred an appeal before the Assistant Commissioner of Sales Tax–(Appeal) V (ACST (A)) against the assessment order wherein the purchases from unregistered dealers has been taxed. The amount involved is Rs.0.38 million.

Service Tax

Ahmedabad Region

The Company has received a show cause notice from the Deputy Commissioner, Division – V, Ahmedabad I, raising a demand of Rs.9.6 million on freight and other incidental charges collected from August 16, 2002 to September 9, 2004. The Company has already made a representation before such authority.

Coimbatore Region

The Company has received a show cause notice from the Assistant Commissioner, Division – II, Coimbatore, raising a demand of Rs.2.6 million on freight and other incidental charges collected from August 16, 2002 to September 9, 2004. The Company has already made a representation before such authority.

Consumer Cases

Jet Airways is a service sector company and various consumer cases have been filed and are pending against the Company. As on date of this Prospectus, there are 93 consumer complaints filed and pending against the Company in various Consumer Forums and State Commissions across the country and in the National Commission. These consumer complaints have been filed on account of the following reasons:

Denied Boarding: These are complaints where overbooking by the Company resulted in passengers holding confirmed bookings and valid tickets being denied boarding. There are 15 cases of denied boarding pending in different forums across India and names of the complainants, place of litigation and amounts involved are as follows:

Sr. No.	Complainant's Name	Place of Litigation	Claim Amount (Rs.)
1.	Mr. Vishnu Vardan Reddy	Hyderabad	105,000
2.	Mr. Vinod K. Agarwal	Hyderabad	304,000
3.	Mr. Ravi Soni	Guwahati	1,025,850
4.	Mr. Navratan S. Jain	New Delhi	500,000
5.	Mr. Ajay Jajodia	New Delhi	1,500,000
6.	Dr. Bhavinbhai Kothari	Rajkot	112,815
7.	Mr. Karan Nanda	Jammu	205,000
8.	Mr. Ravinder Saini	Jammu	205,000
9.	Mr. Muzamil M. Dar	Srinagar	3,706,790
10.	Mr. Vinay Dwivedi	Indore	125,000
11.	Mr. Ramesh B. Rander	Nagpur	1,658,000
12.	Mr. Umesh P. Naik	Mumbai	171,453
13.	Mr. Dhiren Sheth	Mumbai	200,000
14.	Mr. Navin K. Dargar	Udaipur	450,000
15.	Mr. A. M. S. G. Ashokan	Virudhunagar	450,000

Refused Boarding: These are complaints of passengers who could not board the aircraft for various reasons such as a mistake on the part of the travel agent, resulting in non-issuance of a valid ticket and other lapses in the booking of tickets, passengers refusing to buy a fresh ticket against cancellation of a ticket bought by a credit card that has been blacklisted by the concerned bank, passengers seeking to carry a weapon on our aircraft without obtaining prior security clearance or flight coupons being misplaced by passengers etc. There are 19 cases of refused boarding pending in different forums across India and the names of the complainants, place of litigation and the amounts involved are as follows:

Sr. No.	Complainant's Name	Place of Litigation	Claim Amount (Rs.)
1.	Mr. P. Chandrasekaran	Chennai	1,006,670
2.	Mr. S. K. Agarwal	New Delhi	450,000
3.	Mr. Surya Buragohain	Sivsagar	100,000
4.	Mr. Sushil Kumar Jain	New Delhi	114,460
5.	Mr. Narottam Mittal & Four Ors.	New Delhi	68,540
6.	Mr. T. R. Mittal	New Delhi	500,000
7.	Ms. Sonal S. Mehta	Surat	495,000
8.	Ms. Poojaben V. Mali	Surat	495,000
9.	Ms. Champaben G. Rathod	Surat	495,000
10.	Ms. Beroz N. Daruwala	Surat	495,000
11.	Mrs. Neelam Gupta	Jammu	137,960
12.	Mr. T. K. Dilip Sukumar & Ors.	Kannur	205,030
13.	Mrs. Shahida Razak	Trivandrum	153,941
14.	Mr. Nitin Arora	Bhopal	60,980
15.	Dr. Mahendra N. Kabra	Mumbai	120,000
16.	Mr. Roop Kumarji Paliwal	Udaipur	422,000
17.	Mr. Madanlal Paliwal	Udaipur	422,000
18.	Mr. Madhusudan Vaishnav & Anr	Udaipur	100,082
19.	Mr. M. K. Singhal	New Delhi	111,811

Off Loading: These are complaints where passengers have been off loaded for various reasons such as Company staff issuing a boarding card to the passenger although there was no seat, passengers refusing to board the aircraft because their accompanying relative could not be accommodated on the same flight or a passenger being accommodated after the economy class counter was closed, and later being off loaded because one of the Company's AMEs had to travel on the flight. There are three such cases of off loading pending in different forums across India and the names of the complainants, place of litigation and amounts involved are as follows:

1.	Mr. G. R. Vyas	Ahmedabad	110,000
2.	Mr. Chandulal Gariba & Ors.	Mumbai	410,000
3.	Mr. Perumal	Chennai	300,000

Gate No Show by Passengers: These are complaints by passengers in connection with a gate no show, which occurs when a checked in, security cleared passenger does not report at the departure gate for boarding the aircraft. There are three cases in connection with gate no show pending in different forums across India and the names of the complainants, place of litigation and amounts involved are as follows:

Sr. No.	Complainant's Name	Place of Litigation	Claim Amount (Rs.)
1.	Mr. Rajesh Verma	Guwahati	86,227
2.	Mr. Suben Roy	Papumpare	500,000
3.	Mr. S. Sukumar	Bangalore	16,994

Delay in Departure/Cancellation/Diversion of Flights: There are eight cases pending in different forums across India and the names of the complainants, place of litigation and amounts involved are as follows:

1.	Dr. M.N. Gupta	Jammu	110,000
2.	CERS and others	Ahmedabad	43,000
3.	CERS and others	Ahmedabad	58,000
4.	Mr. Prakash I. Patel	Baroda	113,030
5.	Major Yogesh S. Dani	Mumbai	509,794
6.	Mrs. Priti Y. Dani	Mumbai	509,794
7.	Mr. Manmohan Singh and Ors.	Mumbai	90,000
8.	Mr. S. Visweswara	Vizianagaram	18,376

Pilferage/Damage/Loss of Baggage and Cargo: There are 20 cases in connection with pilferage/damage/loss of baggage and cargo pending in different forums across India and the names of the complainants, place of litigation and amounts involved are as follows:

1.	Mr. Lakshmikar Reddy	Hyderabad	341,021
2.	Mr. Sankar Patgiri	Goalpara	306,500
3.	Mr. Asraf Shawl	New Delhi	111,500
4.	Jagrut Nagrik and Solarson Inds.	Baroda	181,836
5.	Jagrut Nagrik and Solarson Inds.	Baroda	259,170
6.	Mr. N. C. Rana	Baroda	23,250
7.	Ms. Padmaben Patel	Baroda	144,882
8.	Ms. Lata A. Shah	Baroda	512,000
9.	Ms. Kirti Patel	Baroda	83,900
10.	Mrs. Harpal Kaur	Srinagar	114,400
11.	High Tech Computers	Srinagar	450,000
12.	Ms. Ramadasini (the Company has been impleaded as a formal party)	Mangalore	150,500
13.	Mr. Thayyil Aboobacker	Malappuram	457,000
14.	Mr. Jojo Jameson	Ernakulam	50,000
15.	Ms. Hiba Fathima	Calicut	98,000
16.	Mr. Ashok Chatterjee	Indore	34,250
17.	Transworld Compressor	Pune	185,183
18.	M/s. Metro Fabrics	Chennai	1,959,403
19.	Mr. Sadhan Das	Agartala	103,280
20.	XPS Cargo Services	New Delhi	55,500

Miscellaneous Complaints: These include passenger complaints about in-flight meals, air conditioning systems, claims for senior citizen fares and delay in delivery of baggage, etc. There are 25 such cases pending in different forums across India and the names of the complainants, place of litigation and amounts involved are as follows:

Sr. No.	Complainant's Name	Place of Litigation	Claim Amount (Rs.)
1.	Ms. Anita Hegde and another	Port Blair	78,636
2.	Mr. S. N. Ghatia	Ahmedabad	1,500,000
3.	CERS and another	Ahmedabad	205,080
4.	CERS and another	Ahmedabad	534,608
5.	Mr. Pradeep Jain	Jammu	460,000
6.	Mr. Ashvini Ranjan	Bangalore	490,000
7.	Mr. Mohammad Maqbool Shah and others	Srinagar	73,079.25
8.	Mr. Arvindrao Hukkeri	Mumbai	376,284
9.	Consumer Unity and Trust Society	Jaipur	420,294
10.	Mr. A. A. Mohan	Chennai	107,795
11.	Mr. S. S. Radhakrishnan and others	Chennai	1,500,000
12.	Mr. C. P. M. Rathnam	Coimbatore	105,790
13.	Ms. N. Indumathi	Chennai	100,000
14.	Mr. G. P. Singh	Dehradun	91,500
15.	Mr. Abdul Moiz Khan	Lucknow	1,002,365
16.	Mr. Debashis Dutta and others	Kolkata	500,000
17.	Godfrey Philips India Ltd.	Bangalore	32,360
18.	Mr. Arora and Ors.	Baroda	300,000
19.	Mr. K. Elango	Chennai	1,003,500
20.	Mr. Ashok Kumar Singh	Nashik	57,205
21.	Mr. Ashok Sharma	Bangalore	9,000,000
22.	Mr. Ishwar Singh	Delhi	2,500
23.	Mr. Abdul Mazid Bhat	Jammu	Copy of compliant awaited
24.	Ms. Sarita Takru	Kolkata	500,000
25.	Mr. Yadesh Shukla	Hyderabad	1,125,601

Employee Related Cases/Proceedings

As on the date of this Prospectus, there are 32 labor and employee related cases and proceedings filed and pending against the Company in various Labor Courts/Central Government Industrial Tribunals/ Civil Courts across the country.

Sr. No.	Name of the Employee	Matter Before	Grounds
1.	Vishnu Rewale	ID 28/2001 CGIT–II/MUMBAI	Termination for theft
2.	Ravindra Thombre	ID 59/2001 CGIT – II/Mumbai	Termination for theft
3.	Pradeep Bhatkar	ID 60/2001 CGIT - II/ Mumbai	Termination for theft
4.	Mohd. R. S. Pathan	ID 1/30/03/1208/2003 CGIT - II/ Mumbai	Absenteeism
5.	Amrit Melant	ID 2 2/14/2000 CGIT-II/ Mumbai	Absenteeism

Sr. No.	Name of the Employee	Matter Before	Grounds
6.	Rajendra Wagmare	ID 75/03/48/2004 CGIT – II/ Mumbai	Absenteeism
7.	Sanjay Jassoria	ID 23/2000 CGIT – II Delhi	Absenteeism
8.	Ramakrishna	ID 195/99 CGIT – II Delhi	Absenteeism
9.	Naresh Kumar	ID 84/2001 CGIT – II Delhi	Absenteeism
10.	K. N. Suresh Kumar	ID 4/02 Calicut Labour Court, Calicut	Riotous behavior
11.	Digant Hathi	Civil Court-Rajkot	Fraud
12.	Abhimanyu Rathore	ID 23/03 Tribunal Court – Jodhpur	Fraud
13.	Chandrashekar Pattan	ID 75/03/28/2004 CGIT- Mumbai	Fraud
14.	Anil Chaugule	ID 2/28 of 2004 CGIT – Mumbai	Fraud
15.	Prakash Gore	ULP 271/2001 Labour Court - Mumbai	Ramp accident
16.	Prashant Shetye	ID22/2003 CGIT – Mumbai	Riotous behavior
17.	Santosh B Takke	ID 13/1999 CGIT – Mumbai	Termination for theft
18.	Rajeev Sharma	ID 11012/45 of 2002 ID 60/2004 CGIT I Delhi – Tis Hazari	Not reporting on duty
19.	G. Victor David	1/8(94)/03 ALC (C) Mumbai	Termination of service
20.	Mukesh Parmar	ITC 35/ 2002 CGIT – Ahmedabad	Termination of service
21.	Babubhai P. Solanki	7(9)/ 2004 RLC(C)- Ahmedabad	Termination of service
22.	Bijender Pal	ID 11012/49 of 2002 CGIT – II Delhi	Not confirmed after probation
23.	Shamin Y. Sheikh	ID/2/28/2004 CGIT - Mumbai	Termination of Service

Certain industrial disputes have been raised by terminated workmen who were working for contractors engaged by the Company. These workmen have sought reliefs such as reinstatement and back wages. These cases are set forth below:

24.	10 workmen, working for a contractor T.K. Hassan Koya	ID 29/1997 CGIT-Calicut	Termination by the contractor
25.	Six workmen, working for a contractor Take Off Services	ID CR 50/02, CR 68/01, CR 69/01, CR 70/01, CR 71/01, CR 72/01 CGIT-Bangalore	Termination by the contractor

Certain cases, as set forth below, have been filed by workers who had fixed term contracts, which were not renewed:

26.	169 workmen belonging to the BKKM Union	CGIT –I BOM	Termination of fixed term employment contracts. An industrial dispute has been raised.
27.	24 workmen belonging to the BKKM Union	CGIT –I BOM	Termination of fixed term employment contracts. An industrial dispute has been raised.
28.	24 workmen belonging to the BKKM Union	Labour Court, Pune	Claim of permanency

In addition to the matters listed above, the Company is a party in certain prosecutions against the Company under the Contract Labour (Regulation and Abolition) Act, 1970 ("Contract Labour Act") which are as under:

In Bangalore, prosecution proceedings (C.C. No. 14558/02) under the Contract Labour (Regulation and Abolition) Rules (the "Contract Labour Rules") for procedural irregularities has been challenged by the Company before the 6th Additional Court, Bangalore. The proceedings have been stayed by the Karnataka High Court.

Prosecution proceedings (ST-1757/04) have been initiated by the Labor Enforcement Officer (Central) for alleged contravention of the Contract Labour Act before the First Class Magistrate, Kunnamangalam, Calicut.

Prosecution proceedings against the Company under the Payment of Wages Act have been initiated by the Enforcement Officer before the Civil Court (Senior Division) at Vadodara.

Miscellaneous Proceedings/Notices

There are eight applications pending under the Motor Vehicles Act at different stages before the Motor Vehicles Accident Tribunals across India. The details of these applications are as follows:

Sr. No.	**Complainant's Name**	**Place of Litigation**	**Claim Amount (Rs.)**
1.	Mr. Nandkumar T. Kadam	Baroda	300,000
2.	Mrs. Janaki Devi and others	New Delhi	4,072,000
3.	Mr. Sunil G. Saxena	Mumbai	150,000
4.	Ms. Seema D. Shinde	Mumbai	150,000
5.	Mr. A. Ganesan	Madurai	100,000
6.	Mr. Nilesh J. Shinge	Mumbai	125,000
7.	Kumari Rambali Prajapati	Mumbai	125,000
8.	Mr. Prabhakar C. Naik	Goa	857,000

The Deputy Commissioner of Customs at Hyderabad has issued a show cause notice (C.No.S/26/Appg/R&I/146/2004-ACC) levying a penalty of approximately Rs.0.35 million due to short receipt of cargo under a shipment on the Bombay-Hyderabad sector. The Company has submitted its reply, after which a hearing has been held and the matter is pending for orders.

Criminal case C.C. No. 884/ P/ 2002 under section 304(A) of the Indian Penal Code has been filed by the State of Maharashtra against a ramp manager employed by the Company at Mumbai airport for criminal negligence that allegedly resulted in the death of a passenger, Mr. Manubhai Patel as he was climbing up an aircraft step ladder to board the aircraft. The trial is currently pending.

Canara Bank has filed four recovery suits in the court of the Senior Civil Judge at Delhi against Ranvir Singh, Puneet Anand, Parul Sihag and Sube Singh, our employees, for an aggregate amount of Rs.218,962. The Company has been made a party in the suits to effect such recovery.

A first information report no. 46/04 has been filed against Mr. Sanjay Bhatnagar, a driver employed by our Company for an accident that occurred on October 21, 2004 at the Delhi airport while such driver was engaged in the services of the Company.

Litigations/Proceedings by Jet Airways

Criminal Cases

The Company has filed six complaints under section 138 of the Negotiable Instruments Act, 1881 ("N.I. Act") against two travel agents, Green Channel and Piercy Exim, before the Court of the Chief Metropolitan Magistrate at Kolkata and another four complaints against D.S.P. Tours at Bangalore, in connection with the dishonor of cheques issued by such travel agents of an aggregate amount of approximately Rs.1.9 million towards payment of their dues to the Company.

The Company has filed Criminal Complaint No. 27708/2000 against Mr. Satish Athmanathan, a former employee, in the Court of the XX Additional Chief Metropolitan Magistrate at Bangalore for criminal misappropriation, criminal breach of trust and cheating. Due to non-appearance of the accused on a number of occasions before the Court, a non-bailable arrest warrant has been issued against him.

Restrictive Trade Practices Proceedings

In June 1999 the Company filed a complaint against the Cochin International Airport Limited, or CIAL, before the Monopolies and Restrictive Trade Practices Commission ("MRTP Commission") in connection with an exclusive ground handling services contract entered into between CIAL and Air India. As a result of this contract, the Company is prevented from providing its own ground handling services for its flights at Cochin International Airport and is compulsorily required to use Air India's services. At present, the Company is permitted to provide ground handling services for its flights at all other airports in India where it operates. Pending the disposal of the proceedings, the Company has entered into an interim arrangement with Air India for ground handling of its flights at Cochin International Airport. We are currently making payments of a part of the charges claimed by Air India under protest.

The MRTP Commission by its order dated October 23, 2000, granted interim reliefs in favour of the Company. This order was challenged before the Supreme Court of India which passed an order of status quo as of November 2, 2000. However, this would not prevent the MRTP Commission to proceed with the final hearing of the complaint. The complaint is pending before the MRTP Commission for final disposal.

Winding-up Petitions

The Company has filed two winding-up petitions under the Companies Act against NEPC–MICON Limited and Quality-Inn Resort and Travels Pvt. Ltd; in the High Courts of Chennai and Kolkata, respectively, for recovery of outstanding dues amounting to approximately Rs.2.7 million. The petitions are currently pending before the respective High Courts.

Civil Suits/Arbitration

The Company has filed suits in the High Court, Mumbai, against nine pilots who left the employment of the Company in 1999, seeking recovery of training costs and for injunctive reliefs. The Court refused to grant such injunctions. The Company had filed appeals before the Division Bench of the High Court and these have not yet been taken up for hearing.

The Company has filed summary suits in the High Court, Mumbai against four pilots, Captain M.M. Singh, Captain Dadyalla, Captain Puneet Bhalla and Captain B. K. Chaudhary who left the Company's employment between 2002 and 2003. The suits have been filed against these pilots and their sureties for recovery of a portion of their training costs. The suits are currently pending before the High Court.

The Company has filed suits against 10 defaulting travel agents for recovery of outstanding dues amounting to approximately Rs.11.6 million, which includes a counter claim of Rs. 2.3 million against Kwick Travels (Private) Limited. All these suits, except one suit where an ex-parte decree has been passed in favor of the Company, are currently pending before various courts across India.

M/s. Destination Tours and Travels ("DTT") and the Company had entered into three contracts for DTT to handle ground handling at Jammu, ground handling at Srinagar and to act as principal sales agent for the territory of Jammu & Kashmir. Pursuant to the termination of these contracts, DTT filed a case against the Company before the Munsif's Court to restrain invocation of bank guarantees furnished by DTT. The Company got an ex-parte order vacated and encashed the guarantees of Rs.5 million. In order to recover the balance amounts, the Company approached the High Court at Mumbai to initiate arbitration proceedings. Although arbitration proceedings were initiated, DTT failed to participate in such proceedings, and an award was passed on January 23, 2004 in favor of the Company granting the balance amount of Rs.4.7 million and Rs.0.18 million as costs of the arbitration. The Company is in the process of enforcing the award.

Taxation related Cases/Proceedings

The Municipal Corporation of Greater Mumbai levied Rs.158 million and Rs.1.8 million as octroi duty (an entry tax) on the full flight simulator and flight training device of the Company. The Company paid the amount that was levied and subsequently filed Municipal Appeal Nos. 12/2001 and 350/2002 in the Small Causes Court at Mumbai for refund of the excess duty paid. Both the appeals were allowed, although the order was stayed until October 31, 2004. By its order dated October 1, 2004, the Court has rectified the rate of duty imposed from 4% to 4.5%.

We have filed a writ petition in the High Court, Mumbai (Writ Petition No.208 of 2001) challenging the order of the Municipal Corporation of Greater Mumbai demanding octroi duty (an entry tax) of approximately Rs. 290 million on certain of the Company's fleet of aircraft. The matter has not yet been listed for hearing.

The Company had filed an appeal before the CEGAT, Mumbai against an order dated February 11, 2000 issued on February 15, 2000 by the Commissioner of Customs imposing a penalty of Rs.2.5 million on the Company under Section 112(a) of the Customs Act, 1962 with regard to reconditioned / second hand spares imported by our Company. The appeal has been heard in August, 2004 and the CEGAT has reserved its order.

Consumer related Cases

The Company has filed two consumer appeals before the National Commission against orders of the State Commissions across India for an aggregate amount of Rs.105,500 and eight consumer appeals before State Commissions against orders of various District Forums across India for an aggregate amount of Rs.291,598. The details of these cases are set forth below:

Sr. No.	**Complainant's Name**	**Region**	**Claim Amount (Rs.)**
1..	Mr. Anil Kumar Sanyal	New Delhi	50,000.00
2.	Capt. K. S. Bajwa	Jammu	90,000.00
3.	Mr. Ravi B. Wattamwar	Mumbai	50,000.00
4.	Mr. Sandeep Arora	New Delhi	55,500.00
5.	Ms. Ayshabi	Trivandrum	11,000.00
6.	Ms. Khadeejabi	Trivandrum	11,000.00
7.	Ms. Soudabi	Trivandrum	11,000.00
8.	Mr. Hassan Abdulla	Trivandrum	11,000.00
9.	Mr. P. R. Bharech	Kolkata	83,353.00
10.	Mr. Swapan Gupta	Kolkata	24,245.00

Litigations against our Directors

Except as described below, there are no outstanding litigations, suits or criminal or civil prosecutions or proceedings, and there are no defaults, non-payment of statutory dues, overdues to banks/ financial institutions or defaults against banks/ financial institutions by our Directors (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of part 1 of Schedule XIII of the Companies Act, 1956).

The Executive Director and certain other Directors have been impleaded as a party in two writ petitions filed against the Company, one pending before the Gujarat High Court at Ahmedabad (SCA No. 11105 of 2004) and the other before the High Court of Delhi (Writ Petition No. 1491 of 2004) and in 15 consumer forum complaints filed against the Company.

Litigations/Proceedings against our Promoters

Except as described below, there are no outstanding litigation, suits or criminal or civil prosecutions or proceedings or disputes against our promoters and there are no defaults, non-payment of statutory dues, overdues to banks/ financial institutions or defaults against banks/ financial institutions by our promoters (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of part 1 of Schedule XIII of the Companies Act, 1956).

Cases pending against Mr. Naresh Goyal

Two contempt petitions have been filed by Captain Puneet Bhalla and Captain M.M. Singh against Mr. Naresh Goyal before the High Court of Delhi, alleging contempt of the orders of the High Court of Delhi dated July 5, 2002 and July 8, 2002 in the suits filed against the Company before the Court of the District Judge at Delhi seeking permanent injunction restraining the Company from invoking the bank guarantees furnished by the petitioners at the time of joining the employment of the Company. Mr. Goyal has not yet been served with summons.

In addition to these petitions, Mr. Goyal has been named as a party in one writ petition, pending before the Delhi High Court at Delhi being W.P. No. 1491 of 2004 and in 18 consumer forum complaints filed against the Company, in a criminal prosecution under the Contract Labour Act, pending before 6th Additional Court, Bangalore filed against the Company, in a criminal prosecution under the Payment of Wages Act, 1936 pending before the Court of Civil Judge (Senior Division), Vadodara and in a civil suit claiming damages of Rs.90,000 pending before the Munsiff's Court at Aluva.

Cases pending against our Directors in their capacity as Directors of companies other than our Company

There are no cases pending against any of our Directors, in their capacity as directors of companies other than our Company.

Litigations/Proceedings against our group companies

Except as described below, there are no outstanding litigation, suits or criminal or civil prosecutions or proceedings or tax liabilities against our promoter group companies, and there are no defaults, non-payment of statutory dues, overdues to banks/ financial institutions, defaults in dues payable to holders of any debentures, bond or fixed deposits and arrears on preference shares issued by our group companies (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of part 1 of Schedule XIII of the Companies Act, 1956).

Jetair Private Limited

Cases/Proceedings against Jetair Private Limited

Criminal Cases

Eastman Travels has filed an appeal, R.C. No. 89/2002 before the VIth Additional Sessions Judge at Chennai against the order of the XIIIth M.M. Court, directing Eastman to pay an amount of Rs.0.4 million to Jetair. The appeal is currently pending.

Criminal Complaint No.308/1993 has been filed by the State of West Bengal against Mr. David Mark Paul, who was working as counter staff at the Singapore Airlines counter of Jetair at the Kolkata Airport. The case is pending trial before the court.

Civil Cases

Mr. Ganesh Das Bhatter has filed Suit No.743/1993 before the City Civil Court, Kolkata against Jetair for deficiency in services and claiming approximately Rs.0.1 million with interest.

Suit No. O.S. 170/1998 before the Principal Civil Judge (Senior Division), Civil Court, Mangalore has been filed by Mr. Rego, claiming approximately Rs.0.18 million from Jetair.

Asianet Communications has filed Suit No.286/2001 against T. Sukumari Amma in the Principal Sub Court in Trivandrum for the attachment of certain property at Saran Chambers, where Jetair has offices. Jetair has, in view of the order, filed a petition before the Court for excluding that portion of the property which it occupies from the scope of attachment.

Jetair has been impleaded as a respondent in a Contempt Petition No.39/2001 filed by Mrs. Madhuri Dalal against Mr. Amit Agarwal before the High Court, Mumbai. Jetair is a party to a business service agreement with Mr. Amit Agarwal. Pursuant to the court’s order, Jetair is paying service charges to the court receiver.

Mr. Rangaswamy has filed a suit against Jetair in the City Civil Court, Madras, which Court has ordered compensation of Rs.11,400. An appeal has been preferred by Jetair against the said order.

Mr. Rominder Juneja had filed a suit for recovery of Rs.1.5 million before the High Court of Delhi against Royal Jordanian Airlines and Jetair (as the GSA for Royal Jordanian Airlines). The suit has been transferred to the Tis Hazari courts at Delhi and is currently pending.

Writ Proceedings

Ansham Travels and others have filed Writ Petition No.14771/2001 before the Madras High Court against the Government of India, Ministry of Finance and various airlines, restraining them from deducting tax at source on the discounts given by them to customers. Jetair is a party in this matter. The petition is pending.

Viagai Wings Pvt. Ltd. has filed Writ Petition No.11284/2001 before the High Court of Madras against the Government of India, Ministry of Finance and various airlines, restraining them from deducting tax at source on the discounts given by them to customers. Jetair is a party in this matter. The petition is pending.

Gay Travels Pvt. Ltd. and others have filed Writ Petition No.19569/2003 before the High Court of Madras against the Government of India, Ministry of Finance and various airlines, restraining them from deducting tax at source on the discounts given by them to customers. Jetair is a party in this matter. The petition is pending.

Taxation related Cases/Proceedings

For assessment years 2004-2005, 2003-2004, 2002-2003, 2001-2002 and 2000-2001, Jetair had proceedings pending at various stages in connection with corporate income tax assessments. The aggregate of the amounts involved in these matters is approximately Rs.1.2 million.

Restrictive Trade Practices Cases

A complaint has been filed against Gulf Air and others by Mr. M. B. Kalia before the MRTP Commission for deficiency in services, claiming compensation/damages of Rs.1.0 million. Jetair being the GSA of Gulf Air in India, has been made a party to these proceedings.

Consumer Cases

Consumer Complaint No.206/1999 has been filed by Mrs. A.M.V. Batista in the District Consumer Redressal Forum, Goa against Gulf Air and others, seeking compensation of approximately Rs.0.2 million. The passenger was offloaded at Mumbai by Gulf Air en route to Abu Dhabi. Jetair, being the GSA of Gulf Air in India has been impleaded as a party to the proceedings. The complaint is currently pending before the Forum.

Consumer Complaint No.610/1998, has been filed by Father Arokiaswamy before the District Consumer Redressal Forum, Chennai against the Royal Jordanian Airlines and others, seeking compensation of approximately Rs.0.2 million towards loss of baggage. Jetair, being the GSA of Royal Jordanian Airlines in India, has been impleaded as a party to the proceedings. The complaint is pending before the Forum.

Consumer Complaint No.60/2004 has been filed by Mr. Maheshbhai Chimanbhai and others before the District Consumer Redressal Forum, Surat against Cathay Pacific Airlines for compensation of Rs.0.05 million with interest towards refund on unutilized air tickets. Jetair, being the GSA of Cathay Pacific Airlines in India, has been made a party to the proceedings. The complaint is pending before the Forum.

Consumer Complaint No.980/2002 has been filed by Kalyani P. Vyas before the District Consumer Redressal Forum, Ahmedabad against Royal Jordanian Airlines and others seeking compensation of approximately Rs.0.1 million for being offloaded at the airport. Jetair, being the GSA of Royal Jordanian Airlines in India, has been made a party to the proceedings. The complaint is pending before the Forum.

Consumer Complaint No.520/2001, has been filed by Santosh Kumar Mehrotra before the District Consumer Redressal Forum at Kanpur for an amount of Rs.4,500. The basis of the complaint is that he was not provided with a visa by Jetair, in spite of having paid consideration for the same to Jetair. The complaint is pending before the Forum.

Consumer Complaint No.77 of 1994 was filed by Hira Lall & Sons (Exports) Pvt. Ltd. before the State Consumer Disputes Redressal Commission, Delhi against Royal Jordanian Airlines claiming compensation of Rs. 1.8 million towards loss and damages for wrong delivery of goods. Jetair, being the GSA of Royal Jordanian Airlines in India, has been made a party to the proceedings. In the same matter, against an order of the State Commission, in which the State Commission declined to permit impleadment of Czechoslovakian Airlines (trans-shipper) as a party, Royal Jordanian has filed a Revision Petition No.1868/2004 before the National Commission. Jetair has also been made a party to the proceedings. The complaint and appeal are both pending before the respective Commissions.

Jetair has been impleaded as a party to certain appellate proceedings in the National Commission (Appeal No.573 of 1996) initated by Makers and Sellers Union alleging deficiency of service in delivery of cargo without collection of the original airway bill. The claim amount is Rs.0.7 million and the matter is currently pending before the said Commission.

Consumer Complaint No.1435/2004 has been filed by Godfrey Philips India Limited before the District Consumer Redressal Forum at Bangalore against Jetair as the second respondent for an amount of Rs.32,360 towards refund of demurrage charges due to delay of delivery of a consignment. Jetair being our GSA has been made a party. The complaint is pending before the Forum.

Consumer Complaint No.260/99 has been filed by Mr. and Mrs. K.C. Upadhyay before the District Consumer Disputes Redressal Forum at Vadodara against Royal Jordanian Airlines and others for a compensation of Rs.99,760 together with interest for being off-loaded at the airport. Jetair being the GSA of Royal Jordanian Airlines has been made a party. The complaint is pending before the Forum.

Employee related Cases

Mr. Ramesh Kumar has filed Case No.86/2001 before Central Government Industrial Tribunal, Delhi against Jetair for dismissal of service. The case is pending before the Tribunal.

Archana Srivastava has filed Case No.128/2001 before the Labour Court (First) Uttar Pradesh Sarvod, Kanpur against Jetair relating to her resignation from the services of Jetair. The case is pending before the Court.

Cases/Proceedings by Jetair Private Limited

Criminal Cases

Jetair has filed Criminal Complaint No.96/1997 before the Chief Metropolitan Magistrate, Ahmedabad against Mr. Shailesh Shah, an ex-employee who had misappropriated funds amounting to Rs.10.0 million. Jetair has recovered approximately Rs.5.3 million till date. The complaint is pending.

Jetair has filed Criminal Complaint No.76/2000 before the Judicial Magistrate First Class, II Court, Mangalore, against an ex-employee, Mr. K.V. Nayak for criminal misappropriation of Jetair funds amounting to approximately Rs.1.7 million plus interest. The complaint is pending.

Jetair has filed ten complaints under Section 138 of the N.I. Act against the following travel agents/ex-employee as set forth below:

Sr. No.	Party	No. of cases	Court
1.	Shivam Airways Pvt. Ltd.	3	Chief Metropolitan Magistrate's Court, Delhi
2.	M/s. Multipal Tours & Travels	1	Chief Metropolitan Magistrate's Court, Delhi
3.	SRK Travels	2	Metropolitan Magistrate's Court, Indore
4.	M/s. Jee World Travels	1	Metropolitan Magistrate's Court, Baroda
5.	Mr. Shailesh Shah (Ex-employee)	2	Metropolitan Magistrate's Court, Ahmedabad
6.	M/s. Transworld Tours & Travels	1	Additional Chief Metropolitan Magistrate's Court, Bangalore

All the above complaints have been filed against these travel agents for issuance of dishonoured cheques for an aggregate amount of Rs.10,442,903 towards payment of their dues to Jetair.

Civil Cases

Jetair has filed two recovery suits, Suit No.1044/1998 and Suit No.1160/1998 for approximately Rs.3.7 million and Rs.4.4 million, respectively, before the City Civil Court at Ahmedabad against Mr. Sailesh Shah, an ex-employee. These suits are pending.

Jetair has filed two recovery Suits No.2248/2004 and 2249/2004 for approximately Rs.0.15 and Rs.0.42 million respectively, before the High Court at Lucknow against Avadh Travels and Tourism Bureau Pvt. Ltd. The suits are pending before the court.

Jetair has filed Suit No.206/2002 at Tis Hazari Court, New Delhi against Skymates India Private Limited, a travel agent, for the recovery of approximately Rs.0.04 million. The suit is pending.

Jetair has filed Suit No.44/2001 against Classic Courier, a defaulting cargo agent, before the 27th Court, Tis Hazari Court at New Delhi, for the recovery of approximately Rs.0.78 million. The suit is pending.

Jetair has filed Summary Suit No.366/2003 against M/s. Jee World Travels of Baroda for the recovery of approximately Rs.0.86 million. The suit is pending.

Jetair has filed recovery Suit No.O.S 194/1996 before the Principal Civil Judge, Mangalore against Mr. Rego, an interior decorator, for approximately Rs.0.14 million. The suit is pending.

Jetair has filed Suit No.171/2000 before the Delhi High Court against the Jetair Employees Union, North India seeking a permanent injunction restraining the union from holding demonstrations and shouting slogans in front of the Jetair offices in New Delhi. The injunction order has been granted in favor of Jetair and the matter has been transferred to Tis Hazari Court, New Delhi as Case No.184/2004. This suit is pending.

The Madras High Court has in Appeal No.346/1995 filed by Jetair, stayed the operation of an order passed by the City Civil Court, Madras ordering compensation of Rs.11,400 in favour of a certain Mr. P. N. Rangaswamy. The original suit is pending.

Jetair has filed a suit, O.S. No.16653/2004, as the second plaintiff, before the court of the City Civil Judge, Bangalore against Mer-India Travels Pvt. Ltd. for the recovery of approximately Rs.0.47 million. The suit is pending.

Winding-up Petitions

The Madras High Court has appointed an official liquidator to take charge of all the assets of Eastman Travels Pvt. Ltd. in Application No.557/2001 under CP No.110/2001, filed by Jetair in relation to an outstanding amount of approximately Rs.0.8 million.

Writ Proceedings

Jetair has filed Writ Petition No.33879/1990 before the Calcutta High Court against the Employees State Insurance Corporation ("ESIC") restraining them from demanding Rs. 0.1 million as per their Certificate of Demand dated November 7, 1990.

However, Jetair has subsequently paid the amount under protest in 1999 to ESIC and the matter is pending before the court.

Amarchand Mansion Co-operative Housing Society, of which Jetair is a member, filed Writ Petition No.2332/2000 before the Bombay High Court against the Municipal Corporation of Greater Mumbai, restraining them from taking any action on a certain property as per a notice of attachment dated March 12, 1999. The action of the Municipal Corporation of Greater Mumbai against the property arises out of arrears towards property tax and repair cess amounting to approximately Rs.4.0 million. The High Court has stayed the notice of attachment and the petition is pending hearing.

Jetair has filed Writ Petition No.46610/2003 before the High Court of Karnataka at Bangalore against the award passed by the Presiding Officer, Labour Court, Mangalore, in Ref. No.9/2000, in relation to one Mr. K.V. Nayak. The award was stayed by the Karnataka High Court. The Writ Petition is pending.

Jet Enterprises Private Limited

Cases/ Oppositions against Jet Enterprises

There is an opposition case pertaining to Jet Enterprises' application for registration of the mark 'JET AIRWAYS THE JOY OF FLYING (and the device of the rising sun)' bearing Application No.2307368 in the United Kingdom. The opposition has been filed by ConocoPhillips on the ground that the Jet Entreprises' trademark application is similar to their "JET" trademark and the goods sought to be protected by Jet Enterprises' application are similar to their goods. Jet Enterprises has engaged English counsel to represent it against such opposition.

Jet Enterprises has received a notice of "Office Actions" issued by the U.S. Patent and Trademark Office (the Trademark Examining Authority in the U.S.A.) against its application for registration of the trademark "Jet Airways –The Joy of Flying" (and the device of the rising sun) on technical issues and on the ground of likelihood of confusion with an existing service mark registration by Jet Airways Inc., a Delaware corporation.

In addition to such "Office Action", Jet Enterprises has received a notice from the president of Jet Airways Inc., demanding that the Company abandon its application for registration in the United States. No formal litigation or opposition has, however, been filed against Jet Enterprises until date. Jet Enterprises believes that the existing service mark registration of Jet Airways Inc. was improperly issued and obtained and that Jet Airways Inc. is not entitled to such registration. Therefore, Jet Enterprises has initiated proceedings in the U.S. Patent and Trademark Office to cancel the registration of Jet Airways, Inc. Upon conclusion of such proceedings, Jet Enterprises shall continue its application for registration of "Jet Airways – The Joy of Flying (and the device of the rising sun)".

There are currently two oppositions to the application made by Jet Enterprises for the registration of the trademark "Jet Kids" (with a device of a toy aeroplane), being Application No.1068705 in Class 28 in India:

- Opposition No.166183 by Godrej Sara Lee Ltd.; and
- Opposition No.165450 by Hero Cycles Ltd.

Jet Enterprises has provided formal responses to such oppositions, which are pending before the Registrar of Trade Marks, Mumbai.

Jet Enterprises has received a notice from the New Delhi Municipal Council ("NDMC") relating to property tax payable for the periods 2002-2003 and 2003-2004 for an amount of approximately Rs.20 million in connection with certain premises owned by Jet Enterprises in New Delhi. Jet Enterprises has filed the necessary documents/letters with NDMC disputing this liability. The matter is pending consideration with the NDMC.

France Air Private Limited ("FAPL")

Cases/Proceedings against FAPL

Appeal No.1/2004 has been filed by Mr. A.L. Barreto before the State Commission, Goa against the order of the District Forum awarding Rs.10,000 as compensation against a claim of Rs.0.1 million.

For Assessment Years 2003-2004, 2002-2003, 2001-2002, 2000-2001, 1998-99, 1997-98 and 1996-97, FAPL has refund claims pending at various stages relating to its corporate income tax assessments. The aggregate of the refund amounts claimed is approximately Rs.1,145,716.

Cases/Proceedings by FAPL

FAPL has filed recovery cases against Mr. Shailesh Shah, an ex-employee being Suit No.813/1999 and Suit No. 812/1999, for approximately Rs.0.46 million and Rs.1.2 million respectively, before the City Civil Court at Ahmedabad

Vimpal Holdings Private Limited ("Vimpal")

Vimpal has filed Suit No.425/2003 in the High Court of Delhi seeking to restrain the New Delhi Municipal Corporation from demolishing the mezzanine floor of certain premises at G-11/12, Connaught Circus, New Delhi.The suit is pending.

International Cargo Carriers Private Limited ("ICCPL")

Cases/Proceedings against ICCPL

Consumer Cases

Surendra Engineering Corporation has filed Consumer Complaint No.34/1999 in the Maharashtra State Commission against ICCPL claiming damages of approximately Rs.1.3 million as compensation towards deficiency in services.

Taxation

For the Assessment Year 2003-2004, a refund of Rs. 17,95,923 was claimed, against which a refund of Rs. 15,56,360 was accorded. A refund is being sought for the balance amount. For the Assessment Years 1996-1997, 1997-1998 and 1998-1999, a refund of an aggregate amount of Rs.0.17 million has been sought and which is pending.

Cases/Proceedings by ICCPL

ICCPL has filed Winding Up Petition No.1225/1999 against M/s. Image before the Bombay High Court for recovery of approximately Rs.0.17 million towards demurrage charges for a shipment at Kuwait that was not claimed by the consignee, M/s. Aziz & Akram General Trading Company at Kuwait, in spite of various reminders. The petition has not been listed as yet.

UPS Jetair Express Private Limited ("UPS Jetair Express")

Cases/Proceedings against UPS Jetair Express

Criminal Cases

A prosecution has been filed by the octroi duty inspector of Pimpri Chinchwad Municipal Corporation, Pimpri before the Judicial Magistrate First Class, Municipal Corporation Court bearing Criminal Case No.158/2003 for evasion of octroi duty against, among others, UPS Jetair Express. The matter is currently pending.

Civil Cases

UPS Jetair Express has been named as the second respondent in a case filed by KRAVAG before the German Court, Landgericht Hamburg, Az.: 425 O 121/01, Reference: R/IN 1099/01. The parties to this proceeding are considering settlement of the dispute.

Consumer Cases

A Consumer case being O.P. No.610/2003 filed by one Jyotsna Ravi before the Consumer Dispute Redressal Forum at Ernakulam claiming Rs.0.1 million as compensation against UPS Express for delay in delivery of consignment. The matter is currently pending.

UPS Jetair Express has been made a party in a consumer case being CD No. 116/2002 filed by Dr. Aswini Kumar Rath before District Consumer Redressal Forum Khurdha, Bhubaneshwar claiming Rs.1,38,264/- as compensation for deficiency in service. The matter is currently pending.

Miscellaneous Cases/Show Cause Notices

UPS Jetair Express has been impleaded as a party in a complaint bearing O.S. No. 16237/2003 filed by the United Cottage Industry before the City Civil and Sessions Judge, Mayo Hall, Bangalore for recovery of money.

A show cause notice under section 124 of the Customs Act, 1962 has been issued by the Office of the Commissioner of Customs (Export), Air Cargo Complex, Sahar, Mumbai on July 1, 2003 with regard to the seizure of bone toggles made out of stag horns. UPS Jetair Express is in the process of responding to the show cause notice.

Cases/Proceedings by UPS Jetair Express

Criminal Cases

UPS Jetair Express has filed following complaints under Section 138 of the N.I. Act for dishonour of cheques issued to UPS Jetair Express:

Sr. No.	Claim against	Location	Amount	Case No.
1.	Consolidated Traders & Exporters	Mumbai	221,746	1773/S/2002 1774/S/2002 1775/S/2002
2.	Vaishali Petrochemicals & Consultants	Mumbai	9,972	1235/S/2002
3.	International Impex	Mumbai	20,543	1877/S/2002
4.	Shree Krishna Enterprises	Mumbai	5,180	1873/S/2002
5.	Royal Trading Company	Delhi	56,000	172/S/2003
6.	Grand Rio Exports/Mendoza	Delhi	11,456	1241/S/2002
7.	S. A. Exim	Delhi	48,582	1878/S/2002
8.	Emego Collection India Pvt. Ltd.	Delhi	24,724	1378/S/2002
9.	Skylark Garments	Chennai	23,755	173/S/2003
10.	S. S. Buying Services	Delhi	91,600	179/S/2003
11.	Ramco Super Leather	Chennai	99,326	219/S/2003
12.	Western Express	Chennai	425,000	254/S/2003 255/S/2003 28/S/2004
13.	House of Seassons	Delhi	57,528	29/S/2004
14.	Somko Overseas Pvt. Ltd.	Mumbai	120,818	296/S/2004
15.	Yogesh Mordani (Pro - Solomio)	Mumbai	409,233	427/M/2004
16.	Aalishan Creation	Mumbai	17,622	297/S/2004
17.	Baron Incorporated	Mumbai	25,000	1379/S/2002
18.	Deepak Parekh (Trade Centre)	Mumbai	17,865	428/M/2004
19.	Corporate Identity	Tirupur	170,275	

Civil Cases

The following recovery suits/summary suits have been filed by UPS Jetair Express before the High Court of Bombay and are currently pending:

Sr. No.	Suit filed against	Claim Amount (Rs.)
1.	Solanki Western Express Pvt. Ltd.	Rs. 766,422 (including interest payable)
2.	Punit Babu Gemor Impex	Rs.1,346,672 (including interest payable)
3.	Jagdish Dewan Dee Cee Design	Rs. 260,313 (including interest payable)

Tax related Cases/Proceedings

Corporate income tax assessments for fiscal 2003 and 2004 are pending.

Third party summons have been issued by sales tax authorities for submission of particulars relating to a specific shipment. UPS Jetair Express is in the process of filing a response with the sales tax authorities.

Certain queries have been raised by service tax authorities for September 2003 and UPS Jetair Express has furnished the requisite details to the authorities.

Miscellaneous Cases

Summons have been issued by the Enforcement Directorate against a director of UPS Jetair Express in connection with advertising and marketing campaigns done for UPS Group in India and the import of diamond powder by one consignee belonging to the UPS Jetair Express courier network. Submissions have been made to the Office of Enforcement Directorate and no further notice in this regard has been received until date.

National Travel Service ("NTS")

Cases/Proceedings against NTS

The following cases have been filed against Kuwait Airways and NTS in the Consumer Forum at Hyderabad for mishandling of baggage:

Sr. No.	Complaint No.	Complainant	Claim Amount (Rs.)
1.	CD/O/P No.1283/ 2004	Khatija Banu	78,500
2.	CD/O/P No.290/ 2003	Rakala Arjun	1,250,000
3.	CD/O/P No.833/ 2003	Farhan Shrath	850,000

Cases/Proceedings by NTS

Criminal Cases

NTS has filed a complaint under section 138 of the N.I. Act in the Metropolitan Magistrate's Court, Baroda against M/s. Jee World Travels, a travel agent for issuance of dishonoured cheques amounting to approximately Rs.0.18 million towards payment of the agent's dues to NTS.

Civil Cases

NTS has filed Summary Suit No.1620/2003 before the Magistrate's Court at Baroda against M/s. Jee World Travels of Baroda for the recovery of approximately Rs.0.18 million.

NTS has filed Execution Petition No.122/2003 before the Subordinate Judge at Tirupur against Freelook International for the execution of a decree of approximately Rs.0.19 million passed by the Additional Civil Judge, Bangalore in Suit No. 15603/1999 in favour of NTS.

An ex parte decree was passed by the High Court of Bombay against M/s. K.R.V. Exporters, in summons for Judgement No.122/1997 in Summary Suit No.1385/1995. The decree for approximately Rs.1.1 million is being executed.

Consumer Cases

NTS has filed Appeal No.848/2004 before the Andhra Pradesh State Commission against the order of the District Forum directing, *inter alia*, NTS as being jointly and severally responsible for refunding approximately Rs.32,137 to M/s. Alla Sambrajyam and others. An interim stay has been granted in favour of NTS and the appeal is pending.

MATERIAL DEVELOPMENTS

In the opinion of the Board of Directors of the Company, there have not arisen, since the date of the last audited financial statements disclosed in this Prospectus, any circumstances that materially or adversely affect or are likely to affect the profitability of the Company taken as a whole or the value of their consolidated assets or their ability to pay their material liabilities within the next twelve months.

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by our Board of Directors and approved by our shareholders, in their discretion, and will depend on a number of factors, including but not limited to our earnings, capital requirements and overall financial condition. The dividends declared by our Company during the last five fiscal years are presented below.

Class of shares	Face Value Rs.	Year ended March 31, 2000	2001	2002	2003	2004	Six months ended September 30, 2004
		(Rs. in million)					
Equity Shares	10						
- Interim		72.09	72.09	Nil	Nil	Nil	Nil
- Final		Nil	Nil	82.90	Nil	Nil	Nil
Total		**72.09**	**72.09**	**82.90**	**Nil**	**Nil**	**Nil**
CCRPS		-	4.37	36.60	-	-	-
Dividend per share							
Equity Shares	10	1.00	1.00	1.15	Nil	Nil	Nil
CCRPS	10	-	0.06	0.52	Nil	Nil	Nil

The amounts paid as dividend or bonus in the past are not indicative of our dividend policy in the future.

OTHER REGULATORY DISCLOSURES

Stock Market Data for our Equity Shares

This being an initial public issue of Jet Airways, the Equity Shares of Jet Airways are not listed on any stock exchange.

Particulars Regarding Public Issues during the Last Five Years

We have not made any public issues during the last five years.

Companies under the Same Management

There are no companies under the same management within the meaning of Section 370(1B) of the Companies Act, other than the promoter group companies in India (excluding National Travel Services, which is a partnership firm) and the promoter group companies outside India, details of which companies are provided in the section entitled "Our Promoters and Group Companies" on page 109 of this Prospectus.

Mechanism for Redressal of Investor Grievances

The agreement between the Registrar to the Offer, and us will provide for retention of records with the Registrar to the Offer for a period of at least one year from the last date of dispatch of the letters of allotment advice or refund orders to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

All grievances relating to the Offer may be addressed to the Registrar to the Offer, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

We estimate that the average time required by us or the Registrar to the Offer for the redressal of routine investor grievances will be seven business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

We have an Investors Grievance Committee, comprising of Mr. I.M. Kadri as the Chairman, Mr. Charles A. Adams and Mr. Saroj K. Datta. We have also appointed Mr. A.R. Rajaram as the Compliance Officer for this Offer.

Certain Indebtedness

Please refer to page 220 of this Prospectus for details of borrowings in our Company as specified in our financial statements under Indian GAAP.

The following table summarizes our secured and unsecured long-term indebtedness and subordinated debt obligations as of September 30, 2004. We had no short-term indebtedness as of September 30, 2004.

	As of September 30, 2004 (Rupees million)
Secured	
HDFC Limited	
(Secured by hypothecation of simulator and other accessories thereto)	600
Unsecured	
Hire Purchase/Finance Lease instalments for aircraft	27,524
Hire Purchase/Finance Lease instalments for vehicles	16
Subordinated Debt from IDFC	
(collateral in the form of a bank guarantee to the extent of 35% of the outstanding loan)	3,341
Total	**31,481**

The hire purchase/finance lease arrangements relating to our aircraft constitutes the major portion of our unsecured indebtedness. Our aircraft related hire purchase/finance lease arrangements have been provided by the following:

Aircraft details	**U.S. Exim guarantee provided to**	**U.S. Exim guarantee amounts** (U.S.$ million)	**U.S. Exim guarantee amounts** (Rupees million) [4]
Aircraft 1 – 10[1]	Barclays Bank Plc., New York[3]	295.5	13,595.0
Aircraft 11 – 20[2]	Standard Chartered Bank, New York	339.7	15,628.7
Aircraft 21	Barclays Bank Plc. New York	36.9	1,696.4

(1) One of these aircraft was subsequently sold.

(2) The loan outstanding against these aircraft have been converted into a Rupee denominated loan.

(3) The non-U.S. Exim guaranteed portion of these financings was arranged from a consortium of banks and financial institutions.

(4) Solely for convenience translation, at an exchange rate of Rs.46.01 = U.S.$1.00 (the Interbank market mid rates as taken from Bloomberg rate as of September 29, 2004).

These financing arrangements have been guaranteed by the U.S. Exim in an aggregate amount of U.S.$672 million. For the first batch of 10 aircraft, the U.S. Exim guarantees were provided in 1997 and 1998, while for the second batch of 10 aircraft, the U.S. Exim guarantees were provided in February 2001. Subsequently, in connection with the acquisition of a B737-900 aircraft under a finance lease, a separate U.S. Exim guarantee was provided in 2003. The U.S. Exim guarantees are valid for a period of 12 years. The significant terms of the U.S. Exim guarantees include:

- The aircraft are required to be owned by special purpose companies established for such purpose incorporated in a jurisdiction acceptable to US Exim;
- The aircraft are required to be mortgaged in favour of US Exim;
- The aircraft are required to be registered in India with the special purpose company registered as the owner of the aircraft;
- We are responsible for the operation, maintenance and insurance of the aircraft;
- Cross default in all the hire purchase/finance lease arrangements for aircraft guaranteed by US Exim;
- Under the U.S. Exim-guaranteed hire purchase finance agreements relating to 19 of our aircraft, we are required to comply with certain financial covenants. Pursuant to agreements relating to nine of the aircraft, at the end of each fiscal year our ratio of EBITDAR to fixed charges must be at least 1.1:1 and we may not pay cash dividends in excess of U.S.$1.70 million. The covenants relating to the other 10 aircraft require that, at the end of each fiscal year, we have a fixed charge ratio of at least 1.1:1 and a ratio of total liabilities to tangible net worth of not more than 3:1. We are also required to comply with certain financial covenants relating to our debt to equity ratio and dividend payments. In all cases, financial ratios are calculated on the basis of particular terms defined in the agreements, and not on the basis of Indian GAAP or IFRS.

These special purpose companies own the aircraft and have further provided the aircraft to us under hire purchase/finance lease arrangements, as the case may be. The shares of these special purpose companies are pledged with U.S. Exim.

The subordinated debt facility has been availed from IDFC and is subordinated to all present and future indebtedness of our Company whether secured or unsecured. Under our IDFC subordinated debt agreement, we are required to maintain a certain EBITDA to debt ratio, debt to equity ratio, net profit margin and closing cash balance for each fiscal year. Our inability to comply with any of the required financial covenants could result in default under our hire purchase or debt agreements. As of December 31, 2004, we were in compliance with the covenants of all of our hire purchase and debt agreements.

TERMS OF THE OFFER

The Equity Shares being offered are subject to the provisions of the Companies Act, the Memorandum and Articles, the terms and conditions of the FIPB letter dated November 5, 2004, the terms of the Red Herring Prospectus, the Prospectus, the Bid cum Application Form, the Revision Form and other terms and conditions as may be incorporated in the CAN, allotment advice and any other document/certificates that may be executed in respect of the Offer. In addition, the Equity Shares shall also be subject to all applicable laws, guidelines, notifications, rules and regulations relating to the issue of capital and listing of securities issued from time to time by SEBI, Government of India, Stock Exchanges, RBI, Registrar of Companies and/or other authorities, as in force on the date of the Offer and to the extent applicable.

Authority for the Offer

The Fresh Issue of Equity Shares in this Offer by the Company has been authorized by a resolution of its Board of Directors passed at their meeting held on November 4, 2004, subject to the approval of the shareholders through a special resolution dated December 28, 2004 pursuant to Section 81(1A) of the Companies Act. The shareholders approved the Fresh Issue of Equity Shares at an EGM of the shareholders of the Company held on December 28, 2004. Pursuant to the authority granted by the Board of Directors of the Company at its meeting held on November 4, 2004, a Committee of the Board approved the Fresh Issue by the Company on January 4, 2005.

The Offer for Sale has been authorized by a resolution of the board of directors of Tail Winds Limited dated December 28, 2004, which has also (i) authorized the Company to take decisions on its behalf in relation to the Offer and (ii) appointed the Company to act as its attorney with respect to any matter or thing required to be done in connection with the Offer.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Companies Act, the Memorandum and Articles of Association of Jet Airways and shall rank *pari passu* in all respects with the existing Equity Shares of the Company including in respect of the rights to receive dividends. See “Main Provisions of the Articles of Association” beginning on page 188 of this Prospectus for a description of the Articles of Association of our Company. The persons in receipt of Allotment will be entitled to dividends or any other corporate benefits (including dividends), if any, declared by our Company after the date of Allotment.

Face Value and Offer Price

The Equity Shares having a face value of Rs.10 each are being offered in terms of this Prospectus at a price of Rs. 1100 per Equity Share. At any given point of time, there shall be only one denomination for the Equity Shares.

Rights of the Equity Shareholder

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and the Memorandum and Articles of Association of our Company.

For a detailed description of the main provisions of the Articles of Association of the Company relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, see “Main Provisions of the Articles of Association” beginning on page 188 of this Prospectus.

Market Lot and Trading Lot

As trading in the Equity Shares is compulsorily in dematerialized form, the tradable lot is one Equity Share. Allotment of Equity Shares will be done in electronic form, in multiples of one Equity Share, subject to a minimum allotment of 6 Equity Shares.

Jurisdiction

Exclusive jurisdiction for purposes of this Offer is with the competent courts in Mumbai, India.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Shares. Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Shares in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of the Equity Shares by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or to the Registrar and transfer agents of our Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as holder of Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment/transfer of Equity Shares in the Offer will be made only in dematerialized form, there is no need to make a separate nomination with our Company. Nominations registered with respective depository participant of the applicant would prevail. If the investors require a change in the nomination, they are requested to inform their respective depository participant.

Application by NRIs/FIIs registered with SEBI and FVCIs registered with SEBI

There are various restrictions under Indian laws and regulations applicable to foreign investment in a domestic airline. No person shall make a Bid in pursuance of this Offer, unless such person is eligible to acquire Equity Shares of the Company in accordance with AIC No. 4 and the November 10, 2004 notification of the MoCA, and all other applicable laws, rules, regulations, guidelines and approvals.

For more information on such restrictions, see the section entitled “Regulations and Policies – Foreign Ownership Restrictions” on page 126 of this Prospectus.

Investors that Bid in the Offer will be required to confirm and will be deemed to have represented to the Company, the Selling Shareholder, the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company and will not offer, sell, pledge or transfer the Equity Shares of the Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company. The Company, the Selling Shareholder, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of the Company.

It is to be distinctly understood that there is no reservation for NRIs or FIIs registered with SEBI or FVCIs registered with SEBI. Such NRIs, FIIs registered with SEBI or FVCIs registered with SEBI, applicants will be treated on the same basis as other categories for the purpose of allocation.

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S of the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold only (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, and (ii) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

Offer Structure

The present Offer of 17,266,801 Equity Shares comprises a Fresh Issue of 14,245,111 Equity Shares of Rs.10 each and an Offer for Sale of 3,021,690 Equity Shares of Rs.10 each for cash issued at a price of Rs. 1100 per Equity Share, aggregating Rs. 18,993 million, and is being made through the 100% Book Building Process. 1,200,000 Equity Shares will be reserved in the Offer for subscription by Employees at the Offer Price.

If at least 60% of the Net Offer cannot be allocated to QIBs, then the entire application money shall be refunded forthwith.

	Employees	**QIBs**	**Non-Institutional Bidders**	**Retail Individual Bidders**
Number of Equity Shares available for allocation	1,200,000 Equity Shares	At least 9,640,081 Equity Shares	Up to 2,410,020 Equity Shares(1)	Up to 4,016,700 Equity Shares(1)
Percentage of Offer Size	Upto 7%	At least 60% of the Net Offer(2)	Up to 15% of the Net Offer to public or Net Offer size less allocation to QIBs and Retail Portion(2)	Up to 25% of the Net Offer to public or Net Offer size less allocation to QIBs and Retail Portion (2)
Basis of Allocation or Allotment	Proportionate	Discretionary	Proportionate	Proportionate
Minimum Bid	6 Equity Shares and in multiples of 6 Equity Shares thereafter	Such number of Equity Shares that the Bid Amount exceeds Rs.50,000 and in multiples of 6 Equity Shares	Such number of Equity Shares that the Bid Amount exceeds Rs.50,000 and in multiples of 6 Equity Shares	6 Equity Shares and thereafter in multiples of 6 Equity Shares
Maximum Bid	Not exceeding the Employee Reservation Portion	Not exceeding the size of the Offer subject to regulations as applicable to the Bidders	Not exceeding the size of the Offer subject to regulations applicable to the Bidders	Such number of Equity Shares so as to ensure that the Bid Amount does not exceed Rs.50,000
Allotment Mode	Compulsorily in dematerialized mode	Compulsorily in dematerialized mode	Compulsorily in dematerialized mode	Compulsorily in dematerialized mode
Trading Lot	One Equity Share	One Equity Share	One Equity Share	One Equity Share
Who can Apply(3)	Indian Nationals who are permanent employees and directors of the Company and Tail Winds who are based in India and are present in India on the date of submission of the Bid cum Application Form.	Public financial institutions, as defined in section 4A of the Companies Act, scheduled commercial banks, mutual funds, foreign institutional investors registered with SEBI, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, Provident Funds with minimum corpus of Rs.250 million and Pension Funds with minimum corpus of Rs.250 million.	Resident Indian individuals, HUF (in the name of *Karta*), companies, corporate bodies, NRIs, societies and trusts	Individuals including NRIs and HUFs (in the name of *Karta*) applying for such number of Equity Shares such that the Bid Amount does not exceed Rs.50,000
Terms of Payment	Margin Amount applicable to Employees at the time of submission of Bid cum Application Form to the Syndicate	Margin Amount applicable to QIB Bidders at the time of submission of Bid cum Application Form to the Syndicate	Margin Amount applicable to Non Institutional Bidders at the time of submission of Bid cum Application Form to the Syndicate	Margin Amount applicable to Retail Individual Bidders at the time of submission of Bid cum Application Form to the Syndicate
Margin Amount	Full Bid Amount on Bidding	Nil	Full Bid Amount on Bidding	Full Bid Amount on Bidding

(1) The unsubscribed portion, if any, out of the Equity Shares under Employee Reservation Portion will be added back to the categories of Non Institutional Bidders and Retail Individual Bidders in the ratio 50:50.

(2) Subject to valid bids being received at or above the Offer Price. Undersubscription, if any, in the Non-Institutional Bidder and Retail Individual Bidder categories, would be allowed to be met with spill over from other categories, at the discretion of the Company in consultation with the BRLMs.

(3) In the event that the Bid cum Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.

Unique Identification Number – MAPIN

Under the SEBI (Central Database of Market Participants) Regulations, 2003 as amended from time to time ("MAPIN Regulations") and SEBI Notification dated November 25, 2003 and July 30, 2004, no specified intermediaries and its related persons as mentioned in Regulation 4 of the MAPIN Regulations shall subscribe to securities which are proposed to be listed on any recognized stock exchange unless such specified intermediaries and its related persons have been allotted unique identification numbers.

However, SEBI by its Notification dated August 17, 2004 has specified June 30, 2005 as the extended date within which such promoters or directors of specified intermediaries, as are resident outside India, shall obtain Unique Identification Number.

Under the MAPIN Regulations and the SEBI Notification dated July 30, 2004, no specified investor being a body corporate shall subscribe to securities which are proposed to be listed on any recognized stock exchange unless such specified investor, its promoters and directors, have been allotted unique identification numbers.

In case of a specified investor being a body corporate, the above paragraph shall not apply to such specified investor who has applied for allotment of unique identification number before December 31, 2004, until the disposal of its application or, where it has filed an appeal, until the disposal of the appeal, as the case may be.

SEBI has by press release dated December 31, 2004 bearing PR No. 344/2004 extended the notified date for the purposes of obtaining unique identification numbers for specified investors being bodies corporate whose promoters or directors are persons resident outside India to December 31, 2005.

Further, SEBI by its Circular No. MAPIN-1/2005 dated January 4, 2005 has stated that:

- "The SEBI (Central Database of Market Participants) Regulations, 2003 were notified on November 20, 2003. Pursuant to the notification dated July 30, 2004 issued under the captioned Regulations, SEBI has, *inter alia*, specified in terms of sub-regulation (2) of regulation 6 that "All investors being bodies corporate as 'specified investors', along with their promoters and directors are required to obtain a UIP before December 31, 2004."
- "However, it is clarified that "wherever the President of India / Central Government / State Government is a promoter, it is exempted from the requirement of obtaining a UIN under regulation 6(2) of SEBI (Central Database of Market Participants) Regulations, 2003".

In terms of the above it shall be compulsory for specified intermediaries and specified investors being bodies corporate making an application in this Offer to provide their unique identification number.

OFFER PROCEDURE

Book Building Procedure

The Offer is being made through the 100% Book Building Process wherein at least 60% of the Net Offer shall be allocated on a discretionary basis to Qualified Institutional Buyers. Further, up to 15% of the Net Offer shall be available for allocation on a proportionate basis to Non Institutional Bidders and up to 25% of the Net Offer shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Offer Price.

Bidders are required to submit their Bids through the Syndicate. Our Company, in consultation with the BRLMs, reserves the right to reject any Bid procured by any or all members of the Syndicate without assigning any reasons therefore in case of QIBs. In case of Non Institutional Bidders, Retail Individual Bidders and bids under Employee Reservation Portion, our Company would have a right to reject the Bids only on technical grounds.

Investors should note that Equity Shares would be allotted to all successful Bidders only in dematerialized form. Bidders will not have the option of getting Allotment of the Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialized segment of the Stock Exchanges.

Bid cum Application Form

Bidders shall only use the Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of the Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorized our Company to make the necessary changes in the Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories is as follows:

Category	Colour of Bid cum Application Form
Indian Public or NRIs applying on a non-repatriation basis	White
Non-residents including NRIs or FIIs applying on a repatriation basis	Blue
Employees under the Employee Reservation Portion	Pink

Who Cannot Bid?

- Foreign airlines, either directly or indirectly;
- Foreign financial institutions and other entities that are subsidiaries of foreign airlines;
- Foreign financial institutions and other entities that have foreign airlines as shareholders;
- OCBs; and
- Multilateral and bilateral developmental financial institutions.

Who Can Bid?

- Persons eligible to invest in an Indian domestic air transport service company under the AIC No. 4 and all applicable laws, rules, regulations and guidelines;
- Indian Nationals resident in India who are majors, in single or joint names (not more than three);
- Hindu undivided families or HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;

- Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in Equity Shares;
- Indian mutual funds registered with SEBI;
- Indian financial institutions, scheduled commercial banks, regional rural banks, co-operative banks (subject to RBI permission, as applicable);
- Venture capital funds registered with SEBI;
- Foreign venture capital investors registered with SEBI, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Fresh Issue;
- State Industrial Development Corporations;
- Insurance companies registered with Insurance Regulatory and Development Authority;
- Provident funds with minimum corpus of Rs.250 million and who are authorized under their constitution to invest in Equity Shares;
- Pension funds with minimum corpus of Rs.250 million and who are authorized under their constitution to invest in Equity Shares;
- Trusts registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts and who are authorized under their constitution to hold and invest in the Equity Shares;
- Eligible NRIs subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Offer for Sale;
- Eligible FIIs and QIBs registered with SEBI, subject to compliance with all applicable laws, rules, regulations, guidelines and approvals in the Fresh Issue; and
- Scientific and/or industrial research organizations in India authorized under their constitution to invest in Equity Shares.

Note:

The BRLMs and the Syndicate Members and any associates of the BRLMs and the Syndicate Members (except asset management companies on behalf of mutual funds, Indian financial institutions and public sector banks) cannot participate in that portion of the Offer where allocation is discretionary and are not eligible QIBs for this Offer. Further, the BRLMs and the Syndicate Members shall not be entitled to subscribe to this Offer in any manner except towards fulfilling their underwriting obligation.

There are various restrictions under Indian laws and regulations applicable to foreign investment in a domestic airline. No person shall make a Bid in pursuance of this Offer, unless such person is eligible to acquire Equity Shares of the Company in accordance with AIC No. 4 and the November 10, 2004 notification of the MoCA, and all other applicable laws, rules, regulations, guidelines and approvals.

For more information on such restrictions, see the section entitled “Regulations and Policies – Foreign Ownership Restrictions” on page 126 of this Prospectus.

Bidders should note that:

- **Equity Shares offered in the Fresh Issue will be allotted only to Indian residents, SEBI registered FIIs and QIBs registered with SEBI, and will not be allotted to multilateral and bilateral developmental financial institutions or any other non-resident persons or entities; and**
- **Equity Shares offered by Tail Winds in the Offer for Sale will be allotted only to Indian residents and NRIs.**

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law, rules, regulations, guidelines and approvals.

In accordance with the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments by index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights.

In accordance with the current regulations, the following restrictions are applicable for investments by FIIs:

No single FII can hold more than 10% of the post-Offer paid up capital of our Company (i.e. 10% of 86,334,011 Equity Shares). In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total paid up capital or 5% of our total paid up capital in case such sub-account is a foreign corporate or an individual. As of now, the aggregate FII holding in the Company cannot exceed 24% of our total paid up capital.

Subject to compliance with the terms of AIC No. 4 and all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995 an FII or its sub account may issue, deal or hold, off shore derivative instruments such as Participatory Notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of “know your client” requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

There are certain additional restrictions on investments by foreign financial institutions and other entities seeking to invest in domestic air transport providers, including the following restrictions specified by AIC No. 4:

- a foreign investing institution or other entity that proposes to hold equity in the domestic air transport sector must not be a subsidiary of a foreign airline;
- a foreign financial institution or other entity that proposes to hold equity in the domestic air transport sector must not have foreign airlines as its shareholder;
- the substantial ownership and effective control of our Company must be vested in Indian nationals; and
- a foreign investing institution or other entity that proposes to hold equity in the domestic air transport sector may have representation on the board of directors of a domestic airline company, but such representation shall not exceed one-third of the total strength of such board.

In accordance with the current regulations, the following restrictions are applicable for investments by SEBI registered VCFs and FVCIs:

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any venture capital fund or foreign venture capital investor should not exceed 25% of the corpus of the venture capital fund or of the foreign venture capital investor.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholder and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

Maximum and Minimum Bid Size

For Retail Individual Bidders

The Bid must be for a minimum of 6 Equity Shares and in multiples of 6 Equity Shares thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed Rs.50,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs.50,000. In case the Bid Amount is over Rs.50,000 due to revision or on exercise of Cut-off option, the Bid would be considered for allocation under the Non Institutional Bidders category. The Cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to bid and purchase at the final Offer Price as determined at the end of the Book Building Process.

For Non Institutional Bidders and QIB Bidders

The Bid must be for a minimum of such number of Equity Shares and in multiples of 6 Equity Shares thereafter, so as to ensure that the Bid Amount exceeds Rs.50,000. A Bid cannot be submitted for more than the size of the Offer. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them under applicable laws, regulations and guidelines. **Under existing SEBI Guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Offer Closing Date.** In case of revision in Bids, the Non-Institutional Bidders who are individuals will have to ensure that the Bid amount is greater than Rs.50,000 for being considered for allocation in the Non-Institutional Bidders category. In case the Bid amount reduces to Rs.50,000 or less due to a revision in Bids or revision of the Price Band. Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Individual Bidder category would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIB Bidders are not allowed to bid at “cut off”.

For Bidders in the Employee Reservation Portion

The Bid must be for a minimum of 6 Equity Shares and in multiples of 6 Equity Shares thereafter. Bidders under the Employee Reservation Portion applying for a maximum Bid in any of the bidding options not exceeding Rs.50,000 may bid at Cut off Price. The allotment in the Employee Reservation Portion will be on a proportionate basis. However, in case of an oversubscription in the Employee Reservation Portion, the maximum allotment to any Employee will be capped at Rs.2.5 million.

Information for the Bidders

1. Our Company will file the Red Herring Prospectus with the RoC at least 3 days before the Bid/Offer Opening Date.
2. The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid cum Application Form to potential investors.
3. Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus along with the Bid cum Application Form can obtain the same from our registered office or from any of the members of the Syndicate.
4. Eligible investors who are interested in subscribing for our Equity Shares should approach any of the BRLMs or Syndicate Members or their authorized agent(s) to register their Bids.
5. The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the members of the Syndicate. Bid cum Application Forms that do not bear the stamp of the members of the Syndicate will be rejected.

Method and Process of Bidding

1. Our Company and the BRLMs shall declare the Bid/Offer Opening Date, Bid/Offer Closing Date and Price Band in the Red Herring Prospectus filed with RoC and publish the same in two national newspapers (one each in English and Hindi) and a regional newspaper (Marathi). This advertisement shall contain the salient features of the Red Herring Prospectus as specified under Form 2A of the Companies Act, the method and process of bidding and the names and addresses of the members of the Syndicate and their Bidding centers. The members of the Syndicate shall accept Bids from the Bidders during the Bidding/Offer Period (in accordance with the terms of the Syndicate Agreement).
2. The Bidding Period shall be open for at least five days and not more than 10 days. In case the Price Band is revised, the revised Price Band and the Bidding/Offer Period will be published in two national newspapers (one each in English and Hindi) and one regional newspaper (Marathi) and the Bidding/Offer Period shall be extended for a further period of three days, subject to the total Bidding/Offer Period not exceeding 13 days.
3. During the Bidding/Offer Period, the Bidders may approach the members of Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from investors who place orders through them and shall have the right to vet the Bids.

4. Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph entitled "Bids at Different Price Levels" on page 164 of the Red Herring Prospectus) within the Price Band and specify the demand (i.e., the number of Equity Shares bid for). The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Offer Price, the maximum number of Equity Shares bid for by a Bidder at or above the Offer Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid price, will become automatically invalid.
5. The Bidder cannot bid on another Bid cum Application Form after Bid(s) on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple bidding and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the Allotment of Equity Shares in this Offer. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed in the paragraph "Build up of the Book and Revision of Bids" on page 167 of the Red Herring Prospectus.
6. The members of the Syndicate will enter each option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip (TRS), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.
7. Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph "Terms of Payment and Payment into Escrow Account" on page 165 of the Red Herring Prospectus.

Bids at Different Price Levels

1. The Price Band has been fixed at Rs.950 to Rs.1,125 per Equity Share, Rs.950 being the floor of the Price Band and Rs.1,125 being the cap of the Price Band. The Bidders can bid at any price within the Price Band, in multiples of Rs.1.
2. Our Company, in consultation with the BRLMs, can revise the Price Band during the Bidding/Offer Period, in which case the Bidding/Offer Period shall be extended further for a period of three days, subject to the total Bidding/Offer Period not exceeding 13 days. The cap on the Price Band will not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the floor of the price band disclosed in the Red Herring Prospectus.
3. Any revision in the Price Band will be widely disseminated by informing the stock exchanges, by issuing a public notice in two national newspapers (one each in English and Hindi), and one regional newspaper (Marathi) and also indicating the change on the web site of the BRLMs and at the terminals of the members of the Syndicate.
4. Our Company, in consultation with the BRLMs, can finalize the Offer Price within the Price Band without the prior approval of, or intimation, to the Bidders.
5. The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders and Employees applying for a maximum Bid in any of the bidding options not exceeding up to Rs.50,000 may bid at "Cut-off". However, bidding at "Cut-off" is prohibited for QIB or Non Institutional Bidders and Employees who bid for an amount exceeding Rs.50,000, and such Bids shall be rejected.
6. Retail Individual Bidders/Employees who bid at the Cut-Off agree that they shall purchase the Equity Shares at the Offer Price, as finally determined which will be any price within the Price Band. Retail Individual Bidders/Employees bidding at Cut-Off shall deposit in the Escrow Account the Bid Amount based on cap of the Price Band. In the event the Bid Amount is higher than the Allocation Amount payable by the Retail Individual Bidders/Employees (i.e., the total number of Equity Shares allocated in the Offer multiplied by the Offer Price), Retail Individual Bidders/Employees shall receive the refund of the excess amounts from the Escrow Account.
7. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders / Employees who had bid at Cut-Off could either (i) revise their Bid or (ii) make additional payment based on the Cap of the Revised Price Band, with the member of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs.50,000, the Bid will be considered for allocation under the

Non Institutional category in terms of the Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Offer Price is higher than the Cap of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the Bidder.

8. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders or Employees who have bid at Cut-off could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account.
9. In the event of any revision in the Price Band whether upwards or downwards the minimum application size shall remain 6 Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of Rs.5,000 to Rs.7,000.

Escrow Mechanism

Our Company and the members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks in whose favor the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders in a certain category would be deposited in the Escrow Account. The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement. The monies in the Escrow Account shall be maintained by the Escrow Collection Banks for and on behalf of the Bidders. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Public Offer Account as per the terms of the Escrow Agreement with our Company. Payments of refund to the Bidders shall also be made from the Escrow Accounts as per the terms of the Escrow Agreement and the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Syndicate, the Escrow Collection Banks and the Registrar to the Offer to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Account

Each Bidder shall, with the submission of the Bid cum Application Form draw a cheque or demand draft for the maximum amount of the Bid in favor of the Escrow Account of the Escrow Collection Bank (for details refer to the paragraph "Payment Instructions" on page 172 of the Red Herring Prospectus) and submit the same to the member of the Syndicate with whom the Bid is being deposited. Bid cum Application Forms accompanied by cash/stock invest/money order shall not be accepted. The maximum Bid Amount has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Banks. The Escrow Collection Banks will hold all monies collected for the benefit of the Bidders until the Designated Date. On the Designated Date, the Escrow Collection Banks shall transfer the funds in respect of those Bidders whose Bids have been accepted from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Offer Account. The balance amounts after the transfer to the Public Offer Account, lying credited with the Escrow Collection Banks shall be held for the benefit of the Bidders who are entitled to a refund. On the Designated Date and no later than 15 days from the Bid/ Offer Closing Date, the Escrow Collection Banks shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allocation, to the Bidders.

Each category of Bidders (i.e., QIBs, Non Institutional Bidders and Retail Individual Bidders and Employees would be required to pay their applicable Margin Amount at the time of the submission of the Bid-cum-Application Form. The details of the Margin Amount payable is mentioned under the section entitled "Offer Structure" on page 158 of the Red Herring Prospectus and will be available with the Syndicate and will be as per the Syndicate Agreement. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Offer Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs. If the payment is not made favoring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the applicable Margin Rate for Bidders is 100%, the full Bid Amount has to be paid at the time of submission of the Bid cum Application Form.

Where the Bidder has been allocated lesser number of equity shares than such bidder had bid for the excess amount paid on bidding, if any, after adjustment for allocation will be refunded to such bidder within 15 days from the Bid/Offer Closing Date, failing which we shall pay interest at 15% per annum for any delay beyond the period mentioned above.

Electronic Registration of Bids

1. The members of the Syndicate will register the Bids using the on-line facilities of NSE and BSE. There will be at least one on-line connectivity in each city where a stock exchange centre is located in India, and where Bids are accepted.
2. NSE and BSE will offer a screen-based facility for registering Bids for the Offer. This facility will be available on the terminals of the members of the Syndicate and their authorized agents during the Bidding/Offer Period. Members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently download the off-line data file into the on-line facilities for book building in accordance with market practice. On the Bid/Offer Closing Date, members of the Syndicate will upload the Bids until such time as permitted by the Stock Exchanges.
3. The aggregate demand and price for Bids registered on each of the electronic facilities of NSE and BSE will be consolidated in accordance with market practice. A graphical representation of consolidated demand and price would be made available at the bidding centers during the Bidding/Offer Period.
4. At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
    - Name of the investor;
    - Investor Category — Employee, Individual, Corporate, NRI, FII, or QIBs, etc.;
    - Numbers of Equity Shares bid for;
    - Bid price;
    - Bid cum Application Form number;
    - Whether payment is made upon submission of Bid cum Application Form; and
    - Depository participant Identification number and Client Identification number of the demat account of the Bidder.
5. A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder’s responsibility to obtain the TRS from the members of the Syndicate.** The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or our Company.
6. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
7. The members of the Syndicate have the right to review the Bid. Consequently, a member of the Syndicate also has the right to accept or reject a Bid without assigning any reasons in case of QIBs. In case of Non Institutional Bidders and Retail Individual Bidders and Bids under the Employee Reservation Portion, their Bids shall not be rejected except on the technical grounds listed elsewhere in the Red Herring Prospectus.
8. It is to be distinctly understood that the permission given by NSE and BSE to use their network and software of the online IPO system should not in any way be deemed or construed that the compliance with various statutory and other requirements by our Company or the BRLMs are cleared or approved by NSE or BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our promoters, our management or any scheme or project of our Company.

9. It is also to be distinctly understood that the approval given by NSE and BSE should not in any way be deemed or construed that the Red Herring Prospectus or Prospectus has been cleared or approved by NSE or BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Red Herring Prospectus or Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the NSE and BSE.

Build Up of the Book and Revision of Bids

1. Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the NSE or BSE mainframe in accordance with market practice.
2. During the Bidding/Offer Period, any Bidder who has registered an interest in the Equity Shares at a particular price level is free to revise the Bid within the Price Band using the printed Revision Form that is a part of the Bid cum Application Form.
3. Revisions can be made in both the desired number of Equity Shares and the Bid price by using the Revision Form. The Bidder must complete the details of all the options in the Bid cum Application Form or earlier Revision Form and revisions for all the options as per the Bid cum Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid cum Application Form or the earlier Revision Form and is changing only one of the options in the Revision Form, the Bidder must still complete the details of the other two options that are not being revised in the Revision Form. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.
4. The Bidder can make this revision any number of times during the Bidding Period. However, for any revisions in the earlier Bid, the Bidders will have to use the services of the same member of the Syndicate through whom the original Bid was placed. **Bidders are advised to retain copies of the blank Revision Form and the revised Bid must only be made on that Revision Form (or copies thereof).**
5. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Red Herring Prospectus. In case of QIB Bidders, the members of the Syndicate may at their sole discretion waive the payment requirement at the time of one or more revisions by the QIB Bidders.
6. When a Bidder revises a Bid, the Bidder shall surrender the earlier TRS and get a revised TRS from the member of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of having revised the Bid.**
7. In case of discrepancy of data between the electronic book and the physical book, the decision of the BRLMs, based on the physical records of the Bid cum Application Forms, shall be final and binding on all concerned.

Price Discovery and Allocation

1. After the Bid/Offer Closing Date, the BRLMs shall analyze the demand generated at various price levels and discuss pricing strategy with our Company.
2. Our Company, in consultation with the BRLMs, shall finalize the “Offer Price” and the number of Equity Shares to be allotted and the allotment to successful QIB Bidders. The allocation to QIBs will be decided based on the quality of the QIB Bidder determined broadly by the size, price and time of the Bid.
3. The allocation to QIBs of at least 60% of the Net Offer would be discretionary. The allocation to Non Institutional Bidders and Retail Individual Bidders of up to 15% and up to 25% of the Net Offer, respectively, would be on a proportionate basis, in consultation with the Designated Stock Exchange and subject to valid Bids being received at or above the Offer Price.
4. Under subscription, if any, in any category, would be allowed to be met with spill over of demand from any of the other categories, at the sole discretion of our Company, in consultation with the BRLMs. Any under subscription in the Equity Shares reserved for allocation to Employees would be treated as part of the Net Offer to the public and

allocation in accordance with the Basis of Allocation described in the section "Statutory and Other Information" beginning on page 182 of the Red Herring Prospectus.

5. Allocation to eligible NRIs, FIIs registered with SEBI or FVCIs registered with SEBI will be subject to applicable laws, rules, regulations, guidelines and approvals.
6. The BRLMs and our Company shall notify the members of the Syndicate of the Offer Price and allocations to their respective Bidders where the full Bid Amount has not been collected from the Bidders.
7. Our Company and the Selling Shareholder reserves the right to cancel the Offer any time after the Bid/Offer Opening Date without assigning any reason therefore, but before allotment.
8. QIB Bidders shall not be allowed to withdraw their Bid after Bid/Offer Closing Date.

Signing of Underwriting Agreement and RoC Filing

1. Our Company, the Selling Shareholder (acting through the Company, its duly constituted attorney), the BRLMs, and the Syndicate Members have entered into an Underwriting Agreement dated February 27, 2005.
2. We have filed the Red Herring Prospectus with the RoC, which is now termed 'Prospectus'.

Advertisement regarding Offer Price and Prospectus

A statutory advertisement will be issued by us after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Offer Price. Any material updates between the Red Herring Prospectus and the Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note

1. The BRLMs or Registrar to the Offer shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Offer.
2. The Members of the Syndicate would then send the CAN to their Bidders who have been allocated Equity Shares in the Offer. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Offer Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the full Bid Amount into the Escrow Account at the time of submitting the Bid cum Application Form shall pay the full amount into the Escrow Account on or prior to the Pay-in Date specified in the CAN.
3. Bidders who have been allocated Equity Shares and who have already paid the full Bid Amount into the Escrow Account at the time of submitting the Bid cum Application Form shall directly receive the CAN from the Registrar to the Offer subject, however, to realization of their cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed to be a valid, binding and irrevocable contract for the Bidder to pay the entire Offer Price for all the Equity Shares allotted to such Bidder.

Designated Date and Transfer of Funds to Public Offer Account

After the funds are transferred from the Escrow Account to the Public Offer Account on the Designated Date our Company would allot/transfer the Equity Shares to the allottees. Successful Bidders will receive credit for the Equity Shares directly in their Depository Accounts. Equity Shares will be allotted only in the dematerialized form to the allottees. Successful Bidders will have the option to rematerialize the Equity Shares so allotted/transferred if they so desire as per the provisions of the Companies Act and the Depositories Act.

Our Company will ensure the Allotment of Equity Shares within 15 days of the Bid/Offer Closing Date. After the funds are transferred from the Escrow Account to the Public Offer Account on the Designated Date, our Company would ensure that credit is given to the successful Bidders' depository accounts within two working days from the date of Allotment.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to this Offer.

General Instructions

Dos:

- Check if you are eligible to apply in particular having regard to the AIC No. 4, and applicable laws, rules, regulations, guidelines and approvals;
- Read all the instructions carefully and complete the Resident Bid cum Application Form (white in color) or Non-Resident Bid cum Application Form (blue in color) or Employee Bid Application Form (pink in color), as the case may be;
- Ensure that you Bid only within the Price Band;
- Ensure that the details about Depository Participant and beneficiary account are correct as Allotment of Equity Shares will be in dematerialized form only;
- Ensure that the Bids are submitted at the bidding centers only on forms bearing the stamp of a member of the Syndicate;
- Ensure that you have collected a TRS for all your Bid options;
- Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- **Investors should ensure that the name given in the Bid cum Application Form is exactly the same as the name in which the depository account is held. In case the Bid cum Application Form is submitted in joint names, investors should ensure that the depository account is also held in the same joint names and such joint names are in the same sequence in which they appear in the Bid cum Application Form.**
- Ensure that you mention your Permanent Account Number (PAN) allotted under the I.T. Act where the maximum bid for Equity Shares by a Bidder is of a total value of Rs.50,000 or more. In case neither the PAN nor the GIR number has been allotted mention “Not allotted” in the appropriate place.

Don’ts:

- Do not Bid for lower than the minimum Bid size;
- Do not Bid/ revise the Bid to a price that is less than the floor of the Price Band or higher than the cap of the Price Band;
- Do not Bid on another Bid cum Application Form after you have submitted the Bid to the members of the Syndicate;
- Do not pay the Bid Amount in cash;
- Do not send Bid cum Application Forms by post; instead hand them over to a member of the Syndicate only;
- Do not Bid at Cut-off price (for Non Institutional, QIB Bidders and Employees for whom the Bid Amount exceeds Rs.50,000);
- Do not fill up the Bid cum Application Form for an amount that exceeds the investment limit or maximum number of Equity Shares that can be held by a Bidder under applicable laws or regulations;
- Do not submit Bids accompanied by stockinvest/cash/money order.

INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM

Bidders can obtain Bid cum Application Forms and/or Revision Forms from the members of the Syndicate.

Bids and Revision of Bids

Bids and revision of Bids must be:

1. Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white color for Resident Indians and NRIs applying on non-repatriation basis and blue color for eligible NRIs, FIIs registered with SEBI, foreign venture capital investors registered with SEBI applying on repatriation basis and pink color for Employees).
2. Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.
3. For Retail Individual Bidders, the Bids must be for a minimum of 6 Equity Shares and in multiples of 6 thereafter subject to a maximum Bid Amount of Rs.50,000.
4. For Non Institutional and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds Rs.50,000 and in multiples of 6 Equity Shares thereafter. Bids cannot be made for more than the size of the Offer. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws and regulations.
5. For Employees the bid must be for a minimum of 6 Equity Shares and shall be in multiples of 6 Equity Shares thereafter. The Allotment in the Employee Reservation Portion will be on a proportionate basis. However, in case of an oversubscription in the Employee Reservation Portion, the maximum Allotment to any Employee will be capped at Rs.2.5 million.
6. In single name or in joint names (not more than three) and in the same order as their Depository Participant details.
7. Thumb impressions and signatures other than in the languages specified in the Eight Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bid by Employees

For the sake of clarity, the term “Employees” shall mean all or any of the following :

(i) a permanent employee of the Company or of Tail Winds, working in India; and

(ii) a director of the Company or of Tail Winds, whether a whole time director, part time director or otherwise,

all of whom are Indian Nationals, are based in India and are physically present in India on the date of submission of the Bid cum Application Form.

1. Bids by Employees shall be made only in the prescribed Bid cum Application Form or Revision Form (i.e. pink colour form).
2. Employees should mention their Employee Number at the relevant place in the Bid cum Application Form.
3. The sole/First Bidder should be an Employee as defined above. In case the Bid cum Application Form is submitted in joint names, it should be ensured that the Depository Account is also held in the same joint names and in the same sequence in which they appear in the Bid cum Application Form.
4. Only Employees on the rolls of our Company as on the cut-off date i.e. January 31, 2005 would be eligible to apply in this Offer under reservation for Employees on a competitive basis.
5. Employees will have to Bid like any other Bidder. Only those Bids, which are received at or above the Offer Price, would be considered for allotment under this category.
6. If the aggregate demand in this category is less than or equal to 1,200,000 Equity Shares at or above the Offer Price, full allocation shall be made to the Employees to the extent of their demand. Any under subscription in Equity Shares reserved for Employees would be treated as part of the Net Offer and Allotment in accordance with the description in Basis of Allocation in the section “Statutory and Other Information” beginning on page 182 of the Red Herring Prospectus.
7. If the aggregate demand in this category is greater than 1,200,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis subject to maximum Allotment to any Employee of Rs.2.5 million.
8. Bidding at Cut-off is allowed only for Employees whose Bid Amount is less than or equal to Rs. 50,000.

Bidder's Bank Account Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant identification number and beneficiary account number provided by them in the Bid cum Application Form, the Registrar to the Offer will obtain from the Depository the Bidder's bank account details. **These bank account details would be printed on the refund order, if any, to be sent to Bidders. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant.** Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidder's sole risk.

Bidder's Depository Account Details

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND SUCH JOINT NAMES ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant Identification number and beneficiary account number provided by them in the Bid cum Application Form, the Registrar to the Offer will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders and occupation (hereinafter referred to as Demographic Details). Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

These demographic details would be used for all correspondence with the Bidders including mailing of the refund orders/ CANs/allocation advice and printing of bank particulars on the refund order and the demographic details given by Bidders in the Bid cum Application Form would not be used for these purposes by the Registrar. Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the Bid cum Application Form, each Bidder will be deemed to have authorized the Depositories to provide, upon request, to the Registrar to the Offer, the required Demographic Details as available on its records.

Refund orders/allocation advice/CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of CANs/refund orders. Please note that any such delay shall be at the Bidder's sole risk.

In case no corresponding record is available with the Depositories that match three parameters, i.e., name of the Bidder (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

Bids under Power of Attorney

In case of Bids made pursuant to a Power of Attorney or by limited companies, eligible corporate bodies, registered societies, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum and Articles of Association and/or bye laws must be submitted with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made pursuant to a Power of Attorney by FIIs, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made by Insurance Companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason therefore.

In case of Bids made by provident funds with minimum corpus of Rs.250 million and pension funds with minimum corpus of Rs.250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

We, in our absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the Power of Attorney along with the Bid cum Application Form, subject to such terms and conditions as we may deem fit.

Bids by NRIs

NRI Bidders to comply with the following:

1. Individual NRI Bidders can obtain the Bid cum Application Forms from our registered office at SM Centre, Andheri Kurla Road, Andheri (East), Mumbai 400 059, India, the BRLMs, members of the Syndicate or the Registrar to the Offer.
2. NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment. NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application Form meant for resident Indians (white in color).

Bids by NRIs, FIIs registered with SEBI and Foreign Venture Capital Investors registered with SEBI on a repatriation basis.

Bids and revision to Bids must be made:

1. On the Bid cum Application Form or the Revision Form, as applicable (blue in color), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
2. In a single name or joint names (not more than three).
3. By NRIs — Bids for a Bid Amount of up to Rs.50,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than Rs.50,000 would be considered under Non Institutional Bidder Portion for the purposes of allocation; By FIIs — for a minimum of such number of Equity Shares and in multiples of 6 thereafter that the Bid Amount exceeds Rs.50,000. For further details see “Offer Procedure - Maximum and Minimum Bid Size”.
4. In the names of individuals, or in the names of FIIs or in the name of FVCIs but not in the names of multilateral and bilateral development institutions, minors, OCBs, firms or partnerships, foreign nationals excluding NRIs or their nominees.
5. Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. We will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Payment Instructions

Our Company shall open Escrow Accounts with the Escrow Collection Banks for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation in the Offer.

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

Payment into Escrow Account:

1. The Bidders for whom the applicable margin is equal to 100%, shall, with the submission of the Bid-cum-Application form, draw a payment instrument for the Bid Amount in favor of the Escrow Account and submit the same to the members of the Syndicate along with the Bid cum Application Form.
2. In case the Margin Amount paid by the Bidders during the Bidding/Offer Period is less than the Offer Price multiplied by the Equity Shares allotted to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account within the period specified in the CAN, which shall be subjected to a minimum period of two days from the date of communication of the allotment list to the Syndicate Member(s) by the BRLMs.
3. In case the payment of the Bid Amount has been waived by a member of the Syndicate during the Bidding Period, on receipt of the CAN, an amount equal to the Offer Price multiplied by the Equity Shares allocated to the Bidder, shall be paid by the Bidders into the Escrow Account within the period specified in the CAN which shall be a minimum period of two days from the date of communications of the allocation list to the members of the Syndicate by the BRLMs.
4. The payment instruments for payment into the Escrow Account should be drawn in favor of:
    (a) In case of Resident Bidders: “Escrow Account — Jet Airways Public Offer”

    (b) In case of Non Resident Bidders: “Escrow Account — Jet Airways Public Offer -NR”

    (c) In case of Employees, “Escrow Account – Jet Airways Public Offer – Employees”

    - In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of a Non-Resident Ordinary (NRO) Account of a Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR Account.
    - In case of Bids by NRIs applying on non-repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of a Non-Resident Ordinary (NRO) Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or NRO Account.
    - In case of Bids by FIIs, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.
5. Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Escrow Account.
6. The monies deposited in the Escrow Account will be held for the benefit of the Bidders till the Designated Date.
7. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Offer Account with the Bankers to the Offer.
8. No later than 15 days from the Bid/Offer Closing Date, the Escrow Collection Bank shall refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.

Payments should be made by cheque or demand draft drawn on any bank (including a Co-operative bank) which is situated at and is a member of, or sub-member of the bankers clearing house, located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques/bank drafts are liable to be rejected. Cash/money orders/ postal orders will not be accepted.

Payment by Stockinvest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.001/2003-04 dated November 5, 2003, the Stockinvest Scheme was withdrawn with immediate effect. Hence, payment through Stockinvest will not be accepted in this Offer.

Submission of Bid cum Application Form

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid cum Application Forms. A member of the Syndicate may, at its discretion, waive the requirement of payment at the time of submission of the Bid cum Application Form and the Revision Form in the case of QIB Bidders.

The collection centre of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder. No separate receipts shall be issued for the money paid on the submission of Bid cum Application Form or Revision Form.

Other Instructions

Joint Bids in the case of Individuals

Individuals may make bids in single or joint names (not more than three). In the case of joint Bids, all refund amounts will be made only in favor of the Bidder whose name appears first in the Bid cum Application Form or Revision Form (“First Bidder”). All communications will be addressed to the First Bidder and will be dispatched to his or her address.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

Bids made by Employees both under Employee Reservation Portion as well as in the Net Offer shall not be treated as multiple bids.

We reserve the right to reject, in our absolute discretion, all or any multiple Bids in all or any categories.

‘PAN’ or ‘GIR’ Number

Where the maximum Bid for Equity Shares by a Bidder is for a total value of Rs.50,000 or more, i.e., the actual numbers of Equity Shares Bid for multiplied by the Bid Amount is Rs.50,000 or more, the Bidder or, in the case of a Bid in joint names, each of the Bidders should mention his or her Permanent Account Number (PAN) allotted under the I.T. Act, as amended or where the same has not been allotted, the General Index Register (GIR) Number and the Income-Tax Circle, Ward or District. In case neither the PAN nor the GIR number has been allotted, the Bidders must mention “Not allotted” in the appropriate place. Bid cum Application Forms without this information will be considered incomplete and are liable to be rejected.

Our Right to Reject Bids

Our Company and the BRLMs reserve the right to reject any Bid without assigning any reason therefore in case of QIB Bidders. In case of Non Institutional Bidders and Retail Individual Bidders and Employees, our Company would have the right to reject Bids only on technical grounds. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the Bidder’s address at the Bidder’s risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on technical grounds, including the following:

1. Amount paid does not tally with the amount payable for the highest value of Equity Shares bid for;
2. Age of First Bidder not given;
3. Bids by minors;
4. PAN or GIR Number not given if Bid is for Rs.50,000 or more;
5. Bids for lower number of Equity Shares than specified for that category of investor;
6. Bids at a price less than the floor of the Price Band and higher than the cap of the Price Band;
7. Bids at Cut-off price by a QIB or a Non Institutional Bidder and Employees under the Employee Reservation Portion where Bid Amount exceeds Rs.50,000;
8. Bids for number of Equity Shares, which are not multiples of 6;
9. Category not ticked;
10. Multiple Bids;
11. In case of Bid under power of attorney or by limited companies, corporate, trust, etc., relevant documents are not submitted;
12. Bid cum Application Form does not have the stamp of a member of the Syndicate;
13. Bid cum Application Form does not have the Bidder's depository account details, including as specified below;
14. Bid cum Application Forms are not submitted by the Bidders within the time prescribed as per the Bid cum Application Form, Bid/Offer Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Form;
15. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations – for details see page 162 of the Red Herring Prospectus;
16. Bids not duly signed by the sole/joint Bidders;
17. Bids by OCBs or multilateral and bilateral development financial institutions;
18. Bids accompanied by stockinvest/cash/money order;
19. Bids by U.S. residents or U.S. persons other than "qualified institutional buyers" as defined in Rule 144A of the U.S. Securities Act of 1933;
20. In case no corresponding record is available with the Depositories that matches three parameters, i.e., name of the Bidder (including the sequence of names of joint holders), the depository participant's ID (DP ID) and the beneficiary's identity;
21. Bids by persons who are not eligible to acquire Equity Shares of our Company, in terms of the AIC No. 4, and other applicable laws, rules, regulations, guidelines and approvals.

Equity Shares in Dematerialized Form with NSDL or CDSL

In terms of Section 68B of the Companies Act, the Equity Shares in this Offer shall be allotted only in dematerialized form (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode).

In this context, two tripartite agreements have been signed between the Registrar to the Offer, the Depositories and the Company:

1. An agreement dated January 20, 2004 among NSDL, the Company and the Registrar to the Offer for offering the Depository option to the investors; and.
2. An agreement dated January 21, 2004 between CDSL, the Company and the Registrar to the Offer for offering the Depository option to the investors.

Bidders will be allotted Equity Shares only in the demateralized mode.

Bids from any Bidder without the following details of his or her depository account are liable to be rejected.

1. A Bidder applying for Equity Shares must have at least one beneficiary account with either of the depository participants of NSDL or CDSL prior to making the Bid.
2. The Bidder must necessarily fill in the details (including the beneficiary account number and depository participant's identification number) appearing in the Bid cum Application Form or Revision Form.
3. Equity Shares allotted to a Bidder will be credited in electronic form directly to the beneficiary account (with the depository participant) of the Bidder.
4. Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the depository account of the Bidder(s).
5. If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.
6. The Bidder is responsible for the correctness of his or her demographic details given in the Bid cum Application Form vis-à-vis those with his or her depository participant.
7. It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the stock exchanges where our Equity Shares are proposed to be listed are connected to NSDL and CDSL.
8. The trading of our Equity Shares would be in dematerialized form only and for all investors in the demat segment of the respective stock exchange.
9. Non-transferable allotment advise or refund orders will be directly sent to the Bidder by the Registrar to the Offer.

Communications

All future communications in connection with Bids made in the Offer should be addressed to the Registrar to the Offer quoting the full name of the sole or First Bidder, Bid cum Application Form number, number of Equity Shares applied for, date of Bid form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

Undertakings by our Company

The Company undertakes as follows:

- that the complaints received in respect of this Offer shall be attended to by us expeditiously and satisfactorily;
- that we shall take all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are to be listed within seven working days of finalization of the basis of allotment;
- that the funds required for dispatch of refund orders or allotment advice by registered post or speed post shall be made available to the Registrar to the Offer by us;
- that the refund orders or allotment advice to the Bidders shall be dispatched within specified time; and
- that no further offer of Equity Shares shall be made until the Equity Shares offered through this Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription, etc.

Undertakings by the Selling Shareholder

The Selling Shareholder undertakes as follows:

- the Equity Shares being sold pursuant to the Offer for Sale are free and clear of any liens or encumbrances, and shall be transferred to the successful Bidders within the specified time; and
- that no further offer of Equity Shares shall be made till the Equity Shares offered through this Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.

Utilization of Offer Proceeds

The Board of Directors of the Company certify that:

- all monies received out of the Fresh Issue shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- details of all monies utilized out of Fresh Issue referred above shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies have been utilized; and
- details of all unutilized monies out of the Fresh Issue, if any, shall be disclosed under the appropriate separate head in the balance sheet of the Company indicating the form in which such unutilized monies have been invested.

Disposal of Applications and Application Money

We shall ensure dispatch of allotment advice or refund orders and giving of benefit to the beneficiary account with depository participants and submission of the allotment and listing documents to the Stock Exchanges within two working days of finalization of the basis of allotment of Equity Shares. We shall ensure the dispatch of refund orders, if any, of value up to Rs.1,500, “Under Certificate of Posting”, and dispatch of refund orders above Rs.1,500, if any, by Registered Post or Speed Post at the sole or First Bidder’s sole risk.

We shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within seven working days of finalization of the basis of allotment.

In accordance with the Companies Act, the requirements of the stock exchanges and SEBI Guidelines, the Company further undertakes that:

- Allotment/transfer of Equity Shares shall be made only in dematerialized form within 15 days of the Bid/Offer Closing Date;
- The Company would ensure dispatch of refund orders within 15 days of the Bid/Offer Closing Date; and
- The Company shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if Allotment is not made, refund orders are not dispatched and/or demat credits are not made to investors within 15 days from the Bid/Offer Closing Date as per the Guidelines issued by the Ministry of Finance, Government of India, pursuant to their letter no. F-8/6/SE/79 dated July 31, 1983, as amended by their letter no. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI’s Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

Our Company will provide adequate funds required to the Registrar to the Offer for dispatch of refund orders or allotment advice.

Refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

The Company and the Selling Shareholder shall not have recourse to the Offer proceeds until the approvals for trading of the Equity Shares has been received from the Stock Exchanges.

The Company shall transfer to the Selling Shareholder, the proceeds from the Offer for Sale, on the same being permitted to be released in accordance with applicable laws.

Restrictions on Foreign Ownership of Indian Securities

There are various restrictions under Indian laws and regulations applicable to foreign investment in a domestic airline. For more information on such restrictions, see the section entitled “Regulations and Policies – Foreign Ownership Restrictions” on page 126 of this Prospectus.

No person shall make a Bid in pursuance of this Offer, unless such person is eligible to acquire Equity Shares of the Company in accordance with AIC No. 4 and the November 10, 2004 notification of the MoCA and all other applicable laws, rules, regulations, guidelines and approvals.

Investors that Bid in the Offer will be required to confirm and will be deemed to have represented to the Company, the Selling Shareholder, the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company and will not offer, sell, pledge or transfer the Equity Shares of the Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company. The Company, the Selling Shareholder, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of the Company.

BASIS FOR OFFER PRICE

We have determined the Offer Price in consultation with the BRLMs on the basis of assessment of market demand for the offered Equity Shares by way of Book Building Process.

You should read the following summary with the section entitled "Risk Factors" beginning on page xiv of this Prospectus and the details about us and our financial statements included in this Prospectus. The trading price of our Equity Shares could decline due to these risks and you may lose all or part of your investments.

QUALITATIVE FACTORS

Factors external to the Company

- **Healthy Market Growth Rate**

  The Indian aviation industry has been growing at a healthy rate when compared to certain other countries in the world. The domestic air traffic in India has grown at a CAGR of 8.6% over fiscal 2002 to fiscal 2004 while the international traffic has grown at a CAGR of 8.5% during the same period.

- **Under-penetrated Indian Market**

  Indian aviation market is still highly under-penetrated when compared to other developed economies. The average air travel in India is estimated at 0.014 trips per person per year, which is low when compared to an average of 2.02 trips per person per year in the United States.

Factors internal to the Company

- **Largest domestic airline in the country**

  We are the largest domestic airline in India in terms of passengers carried in fiscal 2004 and the six months ended September 30, 2004, and enjoyed a market share of 42.3% for the six months ended September 30, 2004. Our market share (in terms of revenue passengers) has grown from 6.4% in fiscal 1994 to 42.3% in the six months ended September 30, 2004.

- **Strong brand and customer service**

  We have established a strong brand that helps to distinguish us from our competitors by identifying us as a safe and reliable airline that is focused on customer service. We have received numerous awards in recognition of our service, including the Business World award for the most respected company in the travel and hospitality sector in 2003 as well as 2004, the Best Domestic Airline of Asia by Asian readers of Travel Trade Gazette for the year 2003 and 2004 and the Financial Express Business Traveler Award (Domestic Airline Category) for Business Class, Economy Class and Best Service (Airport and In flight) in 2003 and 2004. We were also rated as one of the ten most respected companies in India by Business World. Our brand has been selected as a "superbrand" by the Indian Superbrands Council in August 2003.

  During the six month ended September 30, 2004, we have been rated either "good" or "excellent" by approximately 95% of our customers who have completed our service tracker questionnaire.

- **Focus on business travellers**

  We offer several services directed towards the convenience of the business traveller, including telephone check-in facilities, through and "in-city" check-in facilities, priority baggage service, providing flight information on cellular phones of customers, frequent flyer programs, customer loyalty programs, business class section on almost all flights and business class airport lounges. In addition to these facilities, our ability to deliver high levels of "on-time" departures and our focus on providing high quality service have enabled us to become the preferred airline for business travellers.

  We estimate that in fiscal 2004 and the six months ended September 30, 2004, approximately 80% to 85% of our passengers were business travellers in India.

- **Management team**

  Our Board of Directors and the management team comprises people who have extensive knowledge and experience in the airline industry, in India as well as abroad.

- **Strong marketing, sales and distribution network**

  We have an extensive marketing and distribution network, both in India and abroad. We currently have general sales agent representation in 69 locations in India and 74 countries overseas. Besides, we have a popular frequent flyer programme with approximately 413,970 members as of November 30, 2004.

- **Young fleet of aircraft and high utilization rate**

  We have a young fleet of aircraft with a current average age of approximately 4.5 years. In fiscal 2004 and the six months ended September 30, 2004, our aircraft operated an average of 9.46 and 9.84 hours per day, respectively. By achieving high utilization, we are able to optimize crew movement, spread our fixed costs over a greater number of flights and available seat kilometers.

- **Infrastructural facilities**

  Our main hubs of operations are Mumbai, Delhi, Chennai, Kolkata and Bangalore, which are key markets for us. Our presence in these cities in terms of parking bays and landing slots provide us with a strong competitive advantage over our competitors. We own a hangar facility in Delhi and have leased one in Bangalore, which provides us the capability of undertaking up to C checks in-house.

QUANTITATIVE FACTORS

1. Adjusted earning per share (EPS)

Year	EPS (Rs.)	Weight
Fiscal 2002	(5.34)	1
Fiscal 2003	(17.84)	2
Fiscal 2004	19.44	3
Weighted Average	**2.88**	

(i) EPS has been calculated as per the following formula:

(Net Profit attributable to equity shareholders) / (Total No. of equity shares outstanding during the year/period)

(ii) Net Profit, as restated and appearing in the statement of profits and losses has been considered for the purpose of computing the above ratio. The net profit is based on the restated financial statements of the Company.

(iii) EPS calculations have been done in accordance with Accounting Standard 20 – “Earnings per share” issued by the Institute of Chartered Accountants of India”.

2. Price/Earning Ratio (P/E) in relation to Offer Price of Rs. 1100.

(i) Based on the year ended March 31, 2004 EPS of Rs. 19.44 is 56.58.

(ii) There are no listed comparables in the Indian airline industry, hence there is no industry P/E.

3. Average Return on Net Worth (RONW)

Year	Average RONW	Weight
Fiscal 2002	-15.00%	1
Fiscal 2003	-94.17%	2
Fiscal 2004	105.17%	3
Weighted Average	**18.70%**	

(i) Average RONW has been calculated as per the following formula:
(Net Profit after tax)/ (Average Net Worth excluding revaluation reserve during the year/period)

(ii) Net worth computations in the above workings include ‘Cumulative Convertible Redeemable Preference Shares’.

For discussion on the factors behind our improved performance and the increased average RONW in fiscal 2004 and earnings per share, please refer to the section “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on page 67 of this Prospectus.

4. **Minimum Return on total Net Worth** after the Offer required to maintain pre-Offer EPS of Rs. 19.44 is 9.55%.

5. **Net Asset Value (NAV) per Equity Share**

    (a) As of September 30, 2004: Rs. 26.46; After the Offer: Rs. 203.59.

    (b) Offer Price - Rs. 1100.

(i) NAV has been calculated as per the following formula:

(Net worth excluding revaluation reserve, preference share capital including annualized return in arrears thereon at the end of the year/period) / (Total no. of Equity Shares outstanding during the year/period)

6. **Comparison with Industry Peers**

There are no listed comparables in the Indian airline industry, hence this comparison is not possible.

STATUTORY AND OTHER INFORMATION

Consents

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the Auditors, Legal Advisors to the Company, Bankers to the Company and Bankers to the Offer; and (b) Book Running Lead Managers to the Offer, Syndicate Members, Escrow Collection Bankers, Registrar to the Offer and Legal Advisors to the Underwriters, to act in their respective capacities, have been obtained and filed along with a copy of the Prospectus with the Registrar of Companies, Maharashtra located at Mumbai, as required under Sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of this Prospectus for registration with the RoC.

Deloitte, Haskins & Sells, Chartered Accountants, and Chaturvedi & Shah, Chartered Accountants, our statutory auditors have given their written consent to the inclusion of their report in the form and context in which it appears in this Prospectus and such consent and report has not been withdrawn up to the time of delivery of the Prospectus for registration with the RoC.

Chaturvedi & Shah, Chartered Accountants, have given their written consent to the inclusion of their certificate on the tax benefits accruing to the Company and its members in the form and context in which it appears in this Prospectus and such consent has not been withdrawn up to the time of delivery of this Prospectus for registration with the RoC.

Minimum Subscription

If the Company does not receive the minimum subscription of 90% of the Fresh Issue less the Employee Reservation Portion to the extent of the amount including devolvement of the members of the Syndicate, if any, within 60 days from the Bid/Offer Closing Date, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the Company becomes liable to pay the amount, the Company shall pay interest as per Section 73 of the Companies Act. The requirement for minimum subscription is not applicable to the Offer for Sale.

Expert Opinion

Except as stated elsewhere in this Prospectus, we have not obtained any expert opinions.

Changes in Auditors

There have been no changes of the auditors in the last three years except as detailed below:

Name of Auditor	Date of Appointment	Date of resignation	Reasons for change
C.C. Chokshi & Co.		September 29, 2004	Did not seek re-appointment
Deloitte Haskins & Sells	September 29, 2004		Appointed
Chaturvedi & Shah	September 29, 2004		Appointed

Basis of Allotment or Allocation

A. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Offer Price shall be grouped together to determine the total demand under this category. The allotment to all the successful Retail Individual Bidders will be made at the Offer Price.
- The Net Offer size less allotment to Non Institutional and QIB Bidders shall be available for allotment to Retail Individual Bidders who have bid in the Offer at a price that is equal to or greater than the Offer Price.
- If the aggregate demand in this category is less than or equal to 4,016,700 Equity Shares at or above the Offer Price, full allotment shall be made to the Retail Individual Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than 4,016,700 Equity Shares at or above the Offer Price, the allotment shall be made on a proportionate basis up to a minimum of 6 Equity Shares. For the method of proportionate basis of allotment, refer below and in multiples of 1 Equity Shares thereafter.

B. For Non Institutional Bidders

- Bids received from Non institutional Bidders at or above the Offer Price shall be grouped together to determine the total demand under this category. The allotment to all successful Non Institutional Bidders will be made at the Offer Price.
- The Net Offer size less allotment to QIBs and Retail Portion shall be available for allotment to Non Institutional Bidders who have bid in the Offer at a price that is equal to or greater than the Offer Price.
- If the aggregate demand in this category is less than or equal to 2,410,020 Equity Shares at or above the Offer Price, full allotment shall be made to Non Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 2,410,020 Equity Shares at or above the Offer Price, allotment shall be made on a proportionate basis up to a minimum of 6 Equity Shares. For the method of proportionate basis of allotment refer below and in multiples of 1 equity share thereafter.

The aggregate allotment to Retail and Non Institutional Bidders shall not exceed 6,426,720 Equity Shares.

C. For QIB Bidders

- Bids received from the QIB Bidders at or above the Offer Price shall be grouped together to determine the total demand under this category. The allotment to all the QIBs will be made at the Offer Price.
- The Net Offer size less allotment to Non Institutional Portion and Retail Portion shall be available for allotment to QIBs who have bid in the Offer at a price that is equal to or greater than the Offer Price.
- The allotment would be decided by the Company in consultation with the BRLMs and would be at our sole discretion, based on various factors, such as quality of the Bidder, size, price and date of the Bid.

The aggregate allotment to QIB Bidders shall not be less than 9,640,081 Equity Shares.

D. For Employee Reservation Portion

(the “Employees” for purposes of this paragraph)

- Bids received from the Employees at or above the Offer Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Employees will be made at the Offer Price.
- If the aggregate demand in this category is less than or equal to 1,200,000 Equity Shares at or above the Offer Price, full allocation shall be made to the Employees to the extent of their demand.
- If the aggregate demand in this category is greater than 1,200,000 Equity Shares at or above the Offer Price, the allocation shall be made on a proportionate basis subject to a maximum allotment of any employee of Rs.2.5 million. For the method of proportionate basis of allocation, refer below.

The unsubscribed portion, if any, out of the Equity Shares in the Employee Reservation Portion will be added back to the categories of Non Institutional Bidders and Retail Individual Bidders in the ratio 50:50. Undersubscription, if any, in the Non-Institutional Bidder and Retail Individual Bidder categories, would be allowed to be met with spill over from other categories, at the discretion of the Company in consultation with the BRLMs.

Method of Proportionate Basis of Allotment

In the event of the Offer being over-subscribed, the basis of allotment to Retail and Non Institutional Bidders shall be finalized by us in consultation with the Designated Stock Exchange. The Executive Director or Managing Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMs and the Registrar to the Offer shall be responsible for ensuring that the basis of allotment is finalized in a fair and proper manner.

The allotment shall be made in marketable lots, on a proportionate basis as explained below:

a) Bidders will be categorized according to the number of Equity Shares applied for.

b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.

c) Number of Equity Shares to be Allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio, in that category subject to a minimum allotment of 6 Equity Shares. The allotment lot shall be the same as the minimum application lot irrespective of any revisions to the price band.

d) In all Bids where the proportionate allotment is less than 6 Equity Shares per Bidder, the Allotment shall be made as follows:

   - Each successful Bidder shall be allotted a minimum of 6 Equity Shares; and
   - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above.

e) In case the proportionate allotment to any Bidder is in fractions, then the same would be rounded to the nearest integer.

f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the allotted Equity Shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

Expenses of the Offer

The expenses of this Offer include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The total expenses of the Offer are estimated to be approximately Rs. 805 million.

Other than listing fees which will be paid by us, all expenses with respect to the Offer will be shared between the Company and the Selling Shareholder on a pro-rata basis, in the ratio of the Equity Shares issued by the Company in the Fresh Issue and the Equity Shares sold by the Selling Shareholder in the Offer for Sale.

Fees Payable to the Book Running Lead Managers, Syndicate Member(s) and Advisor

The total fees payable to the BRLMs and Syndicate Member(s) (including underwriting commission and selling commission) will be as per the Engagement Letter executed with the Company and the Selling Shareholder dated January 3, 2005, a copy of which is available for inspection at our registered office. The fees payable to the Advisor will be as per an engagement letter to be entered into with the Company, a copy of which will be available for inspection at our registered office.

Fees Payable to the Registrar to the Offer

The fees payable to the Registrar to the Offer for processing fee per application, data entry charges, processing of application(s) opted for Demat, over printing of CAN/Refund order, preparation of refund data on magnetic tape, hosting investor allotment/non allotment information on website, printing of bulk mailing register will be as per the Memorandum of Understanding to be signed with the Company, copies of which will be available for inspection at our registered office.

The Registrar will be reimbursed for all relevant out-of-pocket expenses including such as cost of stationery, postage, stamp duty, communication expenses. Adequate funds will be provided to the Registrar to the Offering to enable them to send fund orders or allotment advice by registered post/speed post/under certificate of posting.

Commission and Brokerage on Previous Issues

Since this is an initial public offer, no sum has been paid or is payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares since our inception.

Previous Rights and Public Issues

We have not made any previous rights and public issues except as stated in the section entitled "Capital Structure" on page 27 of this Prospectus.

Outstanding Debentures or Bond Issues or Preference Shares

We have no outstanding debentures or bond issues or any preference shares, save and except for 69,828,750 CCRPS of Rs.10 each issued to IFC. IFC has by its letter dated December 6, 2004, advised our Company that it has decided not to exercise its conversion rights, but that it will instead opt for mandatory redemption in terms of Section 4.02(f)(i) of its Subscription, Conversion and Redemption Agreement dated February 8, 2001 with our Company.

Capitalization of Reserves or Profits

We have not capitalized our reserves or profits at any time, except as stated in the section entitled "Capital Structure" on page 27 of this Prospectus.

Issues otherwise than for Cash

Except as stated in "Capital Structure" on page 27 of this Prospectus, we have not issued any Equity Shares for consideration otherwise than for cash.

Application in Offer

Equity Shares being issued through this Prospectus can be applied for in the dematerialized form only.

Option to Subscribe in the Offer

IDFC is not our existing promoter or shareholder of our Company. As of the date of this Prospectus, there are no outstanding warrants, options or rights to subscribe to our Equity Shares save and except for the conversion right accorded to IDFC pursuant to the Subordinated Rupee Debt Agreement dated August 20, 2001 which IDFC has conditionally waived pursuant to its letter dated December 17, 2004.

Purchase of Property

Except as disclosed in this Prospectus, there is no property which we have purchased or acquired or propose to purchase or acquire which is to be paid for wholly, or in part, from the net proceeds of the present Offer or the purchase or acquisition of which has not been completed on the date of this Prospectus, other than property in respect of which:

- the contracts for the purchase or acquisition were entered into in the ordinary course of business, and the contracts were not entered into in contemplation of the Offer nor is the Offer contemplated in consequence of the contracts; or
- the amount of the purchase money is not material.

Remuneration of Executive Director

The salient features of the remuneration terms for Mr. Saroj Datta, Executive Director are detailed as under:

- Basic salary: Rs.1,92,500 per month;
- Other allowances not exceeding Rs.88,000 per month; and
- The Company to provide a suitable fully furnished four-bedroom residential accommodation.

In addition to the above, other entitlements for our Executive Director includes a car with all expenses paid for, telephone and telefax facilities, leave, medical and travel benefits in accordance with the Company's rules and regulations and provident fund, gratuity and such other retirement benefits.

The employment can be terminated either by our Executive Director or our Company by giving three months' notice, provided that the Company has the option of paying three months' salary in lieu of notice.

Remuneration of other Directors

There is no remuneration except sitting fees that is payable to the other Directors of our Company.

Interest of Promoters and Directors

Promoters

Tail Winds and Mr. Naresh Goyal are our promoters.

Mr. Goyal is an interested party in the currently subsisting contracts between the Company and the following promoter group companies:

- Jetair Private Limited – GSA in India for the Company;
- Jet Enterprises Private Limited – licensor of trademarks to the Company;
- Jet Airways LLC, UAE – global GSA for the Company;
- Jet Airways of India Inc. – GSA in U.S.A. and Canada for the Company;
- India Jet Airways (Pty) Limited – GSA in South Africa for the Company; and
- Transmodal Service Private Limited – ground transport provider for the Company.

Tail Winds is an interested party in:

- the proceeds of the secondary sale; and
- any dividend and distributions made by the Company.

Tail Winds and/or Mr. Goyal will be interested parties to the extent of future contracts that we may enter into with any promoter group companies.

Directors

All the Directors of the Company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or committee thereof. With regard to Mr. Saroj K. Datta, Executive Director, please see "Statutory and Other Information - Remuneration of Executive Director" on page 185 of this Prospectus.

The Directors may also be regarded as interested in the Equity Shares, if any, held by or that may be subscribed by and allotted to the companies, firms and trusts, in which they are interested as directors, members, partners and/or trustees.

The following Directors are the interested to the extent of the contracts / relationship with the Company

- Mr. J.R. Gagrat is:
  - a partner of the law firms of M/s. Gagrat & Co., in India and M/s. Gagrat and Gardi in Dubai who are legal advisors to the Company; and
  - Director on the board of Tail Winds.
- Mr. P.R.S. Oberoi as the Chairman of EIH Hotels Ltd., whose flight services division (Oberoi Flight Services) is a catering supplier to the Company.
- Mr. Ali Ghandour, as a director on the board of Tail Winds.
- Mr. Victoriano P. Dungca, as a director on the board of Tail Winds and of Jet Airways of India, Inc.
- Mr. Saroj K. Datta, as a director on the board of Jetair Private Limited and Jet Enterprises Private Limited.

Revaluation of Assets

We have revalued our aircraft as on March 31, 2002, with reference to the then existing prices, in order to relate these aircraft more closely to existing replacement values. The resulting appreciation aggregating to Rs.7,299.67 million has been added to the gross block and the corresponding credit taken to the revaluation reserves. As of September 30, 2004, the balance in the revaluation reserve was Rs.3,011.58 million.

Revaluation of assets is typically undertaken to calculate the net worth of a company under circumstances where the market value of any asset is significantly different from the book value of such asset.

In fiscal 2002, the book value of our aircraft was significantly lower than the realizable market value of such aircraft, primarily because we calculate depreciation on the written down value method, at high rate of 16.2% per annum, as compared to the straight line method of calculation of depreciation at the rate of 5.6% per annum. Accordingly, on the basis of independent valuation reports, we have revalued our aircraft as of March 31, 2002. A revaluation reserve of Rs.7,299 million was created to meet certain financial covenants.

Classes of Shares

Our authorized capital is Rs.2,000 million, which is divided into 130 million Equity Shares of Rs.10 each and 70 million preference shares of Rs.10 each.

Payment or Benefit to Promoters or Officers of our Company

Except as stated otherwise in this Prospectus, no amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to our promoters or officers except the normal remuneration for services rendered as Directors, officers or employees.

None of the beneficiaries of loans and advances, and sundry debtors are related to the Directors of the Company.

MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF JET AIRWAYS (INDIA) LIMITED

Capitalized terms used in the section have the meaning given to such terms in the Articles of Association of our Company. Note that capitalized terms used elsewhere in this Prospectus may be defined differently than in this section.

Pursuant to Schedule II to the Companies Act, 1956, and the SEBI Guidelines, the main provisions of the Articles of Association of Jet Airways (India) Limited are set forth below:

The regulations contained in Table "A" of Schedule I to the Companies Act (Act 1 of 1956) shall apply only in so far as the same are not provided for or are inconsistent with these Articles and the regulations for the management of the Company and for observance of the members thereof and their representatives shall, subject to any exercise of the statutory powers of the Company with reference to repeal or alteration of or addition to, its regulations by Special Resolution, as prescribed by the Companies Act, 1956, be such as are contained in these Articles.

NG means Mr. Naresh Goyal. The "NG Group" means NG, Tail Winds Limited and their respective affiliates (as defined in our Articles), as the case may be.

Our Articles provide that, where the articles require that a decision is to be made or a right exercised by a member of the NG Group, it is sufficient if that decision is taken by: (a) NG if he has capacity to act; or (b) any person who is authorised to take such decisions on behalf of the NG Group and which person has been notified in writing to our Company; or (c) failing (a) and (b) above, such members of the NG Group, who hold the majority of Shares of our Company.

SHARE CAPITAL

Article 4 provides that:

(a) The Authorised Share Capital of the Company is Rs. 2000,000,000 (Rupees Two Thousand Million only) divided into 130,000,000 (One Hundred and Thirty Million) Equity Shares of Rs.10 (Rupees Ten only) each and 70,000,000 (Seventy Million) Preference Shares of Rs.10 (Rupees Ten only) each.

(b) The Paid-up Share Capital shall be at all times a minimum of Rs.500,000 (Rupees Five Hundred Thousand only) as required under the Act.

(c) Deleted.

(d) In the event it is permitted by law, the Share Capital of the Company may be classified into Shares with differential rights as to dividend, voting or otherwise in accordance with such rules and subject to such conditions as may be prescribed.

(e) Subject to Article 4(d) all Shares shall be of the same class and shall be alike in all respects and the holders thereof shall be entitled to identical rights and privileges including without limitation to identical rights and privileges with respect to dividends, voting rights, and distribution of assets in the event of voluntary or involuntary liquidation, dissolution or winding up of the Company.

(f) The Company in General Meeting may from time to time by an Ordinary Resolution, increase the Capital by the creation of new Shares, such increase to be of such aggregate amount and to be divided into Shares of such respective amounts as the resolution shall prescribe. The new Shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as by the General Meeting creating the same shall be directed and if no direction be given by the General Meeting, as the Board shall determine; and, in particular, such Shares may be issued with a preferential or qualified right to Dividends and in the distribution of the assets of the Company and with a right of voting at General Meetings of the Company in conformity with Sections 87 of the Act. Whenever the Capital of the Company has been increased under the provisions of this Article, the Directors shall comply with the provisions of Section 97 of the Act.

(g) Except so far as otherwise provided by the conditions of issue or by these presents, any Capital raised by the creation of new Shares, shall be considered as part of the existing Capital and shall be subject to the provisions herein contained with reference to the payment of calls and instalments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

(h) All of the provisions of these Articles shall apply to all of the Members of the Company.

ADRs/GDRs

Article 8 provides that:

The Company shall, subject to the provisions of the Act, compliance with all applicable laws, rules and regulations and the consent of the Board, have power to issue ADRs or GDRs on such terms and in such manner as the Board deems fit including their conversion and repayment. Such terms may include, at the discretion of the Board, limitations on voting by holders of ADRs or GDRs, including without limitation, exercise of voting rights in accordance with the directions of the Board.

ALTERATION OF SHARE CAPITAL

Article 9 provides that:

The Company may, by Ordinary Resolution in General Meeting from time to time alter the conditions of its Memorandum as follows, that is to say, it may:

(a) increase its Share Capital by such amount as it thinks fit and expedient by issuing new Shares of such amount as may be deemed expedient and the new Shares shall be issued on such terms and conditions and with such rights and privileges annexed thereto, as the General Meeting resolving upon the creation thereof, shall direct and if no direction be given, as the Board of Directors shall determine, and in particular such Shares maybe issued with a preferential right to Dividends and in the distribution of the assets of the Company;

(b) consolidate and divide all or any of its Share Capital into Shares of larger amount than its existing Shares;

(c) convert all or any of its fully Paid up Shares into stock and reconvert that stock into fully Paid up Shares of any denomination;

(d) sub-divide its Shares, or any of them, into Shares of smaller amount than is fixed by the Memorandum, so however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced Share shall be the same as it was in the case of the Share from which the reduced Share is derived;

(e) cancel Shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person, and diminish the amount of its Share Capital by the amount of the Shares so cancelled. A cancellation of Shares in pursuance of this Article shall not be deemed to be a reduction of Share Capital within the meaning of the Act.

REDUCTION OF SHARE CAPITAL

Article 10 provides that:

The Company may (subject to the provisions of Sections 78, 80 and 100 to 105 [both inclusive] of the Act), from time to time by Special Resolution, reduce its Capital, any Capital Redemption Reserve Account and the Securities Premium Account in any manner for the time being authorised by law, and in particular, Capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate any power the Company would have, if it were omitted.

POWER OF COMPANY TO PURCHASE ITS OWN SHARES

Article 11 provides that:

Pursuant to a resolution of the Board of Directors, the Company may purchase its own Shares by way of a buy-back arrangement, in accordance with Section 77A of the Act and the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 1998, subject to compliance with all applicable Requirements of Law.

POWER TO MODIFY RIGHTS

Article 12 provides that:

Where, the Capital, by reason of the issue of Preference Shares or otherwise, is divided into different classes of Shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Sections 106 and 107 of the Act, be modified, commuted, affected or abrogated or dealt with by agreement between the Company and any Person purporting to contract on behalf of that class, provided the same is affected with the sanction of a Special Resolution passed at a separate meeting of the holders of the issued Shares of that class and all the provisions hereafter contained as to General Meetings (including the provisions relating to quorum at such meetings) shall *mutatis mutandis* apply to every such meeting.

FURTHER ISSUE OF SHARES

Article 14 provides that:

(a) The Share Capital of the Company shall be in accordance with Requirements of Law, as in force from time to time.

(b) Where it is proposed to increase the subscribed Capital of the Company by allotment of further Shares, whether out of un-issued Share Capital or out of increased Share Capital, then such further Shares shall be offered to the Persons who at the date of the offer are holders of the Shares of the Company, in proportion as nearly as circumstances admit, to the Capital Paid up on those Shares at that date. Such offer shall be made by a notice specifying the number of Shares offered and limiting a time not being less than thirty days from the date of the offer within which the offer if not accepted will be deemed to have been declined. After the expiry of the time specified in the notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given that he declined to accept the Shares offered, the Board may dispose of them in such manner as they think most beneficial to the Company.

(c) The offer aforesaid shall be deemed to include a right exercisable by the Person concerned to renounce the Shares offered to them in favour of any other Person and the notice issued in relation thereto shall contain a statement of this right. PROVIDED THAT the Board may decline, without assigning any reason to allot any Shares to any Person in whose favour any Member may renounce the Shares offered to him.

(d) Notwithstanding anything contained in the preceding sub-article, the Company may offer further shares to any person or persons and such person or persons may or may not include the persons who at the date of the offer, are the holders of the equity shares of the Company:

   (i) by a special resolution to that effect is passed by the Company in General Meeting, or

   (ii) where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll, as the case may be) in favour of the proposal contained in the resolution moved in the General Meeting (including the casting vote, if any, of the Chairman) by Members who, being entitled so to do vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by Members so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company.

(e) Notwithstanding anything contained in sub-Article (b) above, but subject however, to Section 81(3) of the Act, if applicable, the Company may increase its subscribed capital on exercise of an option attached to the Debentures issued or loans raised by the Company to convert such Debentures or loans into Shares or to subscribe for Shares in the Company.

(f) Notwithstanding anything contained in Section 79 of the Act, the Company may issue sweat equity shares in accordance with the provisions of Section 79A of the Act.

(g) Nothing in sub-article (c) above shall be deemed:

   (a) To extend the time within which the offer should be accepted; or

   (b) To authorise any Person to exercise the right of renunciation for a second time, on the ground that the Person in whose favour the renunciation was first made has declined to take the Shares comprised in the renunciation.

(h) Nothing in this Article shall apply to the increase of the subscribed Capital of the Company caused by the exercise of an option attached to the Debentures issued or loans raised by the Company:

(i) To convert such Debentures or loans into Shares in the Company; or

(ii) To subscribe for Shares in the Company (whether such option is conferred in these Articles or otherwise).

PROVIDED THAT the terms of issue of such Debentures or the terms of such loans include a term providing for such option and such term:

(a) Either has been approved by the Central Government before the issue of the Debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and

(b) In the case of Debentures or loans or other than Debentures issued to or loans obtained from the Government or any institution specified by the Central Government in this behalf, has also been approved by a Special Resolution passed by the Company in General Meeting before the issue of the Debentures or raising of the loans.

(i) Any issue of Shares or other Securities shall be in compliance with any applicable laws, regulations or guidelines or any Requirements of Law to Persons who can acquire Securities of a company incorporated in India and engaged in the air transport sector.

ISSUE OF NEW CERTIFICATE IN PLACE OF ONE DEFACED, LOST OR DESTROYED

Article 16 provides that:

(a) If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, being given, a new Certificate in lieu thereof shall be given to the Member entitled to such lost or destroyed Certificate. Every Certificate under this Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rupees two for each certificate) as the Directors shall prescribe, provided that no fee shall be charged for issue of a new certificate in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that, notwithstanding what is stated above, the Directors shall comply with such rules or regulations or requirements of any stock exchange or the rules made under the Act or the rules made under the Securities Contracts (Regulation) Act, 1956 or any other act or rules applicable in this behalf.

(b) The provisions of this Article shall mutatis mutandis apply to Debentures and other Securities of the Company.

(c) When a new share certificate has been issued in pursuance of sub-article (a) of this Article, it shall state on the face of it and against the stub or counterfoil to the effect that it is “Duplicate issued in lieu of Shares Certificate No. …….. ” or “Issued in lieu of Share Certificate No. …… Sub-divided/replaced/on consolidation of Shares” as the case may be. The word “Duplicate” shall be stamped or punched in bold letters across the face of the Share Certificate.

(d) Where a new share certificate has been issued in pursuance of sub-articles (a) or (b) of this Article, particulars of every such share certificate shall be entered in a Register of Renewed and Duplicate Certificates indicating against the name of the Member to whom the certificate is issued, the number and date of issue of the share certificate in lieu of which the new certificate is issued and the necessary charges indicated in the Register of Members by suitable cross reference in the “Remarks” column.

(e) All blank forms to be used for issue of share certificates shall be printed and the printing shall be done only on the authority of a Resolution of the Board. The blank forms shall be consecutively machine–numbered and the forms and the blocks, engravings, facsimiles and hues relating to the printing of such forms shall be kept in the custody of the Secretary or of such other person as the Board may appoint for the purpose; and the Secretary or the other person aforesaid shall be responsible for rendering an account of these forms to the Board.

(f) The Managing Director or the Executive Director of the Company for the time being or if the Company has no Managing Director or the Executive Director, every Director of the Company shall be responsible for the maintenance, preservation and safe custody of all books and documents relating to the issue of share certificates except the blank forms of the Share certificate referred to in sub-article (e) of this Article.

(g) All books referred to in sub-article (f) of this Article, shall be preserved in good order permanently.

(h) If any Share stands in the names of two or more Members, the Member first named in the Register of Members shall as regards receipt of Dividends or bonus, or service of notices and all or any other matters connected with the Company except voting at Meetings and the transfer of Shares, be deemed the sole holder thereof, but the joint holders of a Share shall be severally as well as jointly liable for the payment of all instalments and calls due in respect of such Shares, and for all incidents thereof according to these Articles.

(i) Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall be entitled to treat the Member whose name appears on the Register of Members as the holder of any Share or whose name appears as the Beneficial Owner of Shares in the records of the Depository, as the absolute owner thereof and accordingly shall not be bound to recognise any benami, trust or equity or equitable, contingent or other claim to or interest in such Share on the part of any other Person whether or not he shall have express or implied notice thereof. The Board shall be entitled at their sole discretion to register any Shares in the joint names of any two or more Persons or the survivor or survivors of them.

CALLS

Article 19 provides that:

(a) Subject to the provisions of Section 91 of the Act, the Board may, from time to time, subject to the terms on which any Shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board, (and not by circular resolution), make such call as it thinks fit upon the Members in respect of all moneys unpaid on the Shares held by them respectively and each Member shall pay the amount of every call so made on him to the Person or Persons and at the times and places appointed by the Board. A call may be made payable by instalments.

(b) Thirty days notice in writing at the least of every call (otherwise than on allotment) shall be given by the Company specifying the time and place of payment and if payable to any Person other than the Company, the name of the person to whom the call shall be paid, provided that before the time for payment of such call the Board may by notice in writing to the Members revoke the same.

(c) A call shall be deemed to have been made at the time when the resolution of the Board authorising such call was passed and may be made payable by the Members whose names appear on the Register of Members on such date or at the discretion of the Board on such subsequent date as shall be fixed by the Board.

(d) A call may be revoked or postponed at the discretion of the Board.

(e) The joint holder of a Share shall be jointly and severally liable to pay all instalments and calls due in respect thereof.

(f) The Board may, from time to time at its discretion, extend the time fixed for the payment of any call and may extend such time as to all or any of the Members who, from residence at a distance or other cause the Board may deem fairly entitled to such extension; but no Members shall be entitled to such extension save as a matter of grace and favour.

(g) If any Member or allottee fails to pay the whole or any part of any call or instalment, due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such Member.

(h) Any sum, which by the terms of issue of a Share or otherwise, becomes payable on allotment or at any fixed date or by instalments at a fixed time whether on account of the nominal value of the Share or by way of premium shall for the purposes of these Articles be deemed to be a call duly made and payable on the date on which by the terms of issue or otherwise the same became payable, and in case of non-payment, all the relevant provisions of these Articles as to payment of call, interest, expenses, forfeiture or otherwise shall apply as if such sum became payable by virtue of a call duly made and notified.

(i) On the trial or hearing of any action or suit brought by the Company against any Member or his Legal Representatives for the recovery of any money claimed to be due to the Company in respect of his Shares, it shall be sufficient to prove that the name of the Member in respect of whose Shares the money is sought to be recovered appears entered on the Register of Members as the holder, or one of the holders at or subsequently to the date at which the money sought to be recovered is alleged to have become due on the Shares in respect of which such money is sought to be recovered; that the resolution making the call is duly recorded in the minute book; and that notice of such call was duly given to the Member or his representatives so sued in pursuance of these Articles; and it shall not be necessary to prove the appointment of the Directors who made such call nor that a quorum of Directors was present at the Board at which any call was made, nor that the meeting at which any call was made was duly convened or constituted nor any other matters whatsoever; but the proof of the matters aforesaid shall be conclusive evidence of the debt.

(j) Neither a judgment or decree in favour of the Company for calls, nor the receipt by the Company of a portion of any money which shall from time to time be due from any Member to the Company in respect of his Shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money shall preclude the Company from thereafter proceeding to enforce a forfeiture of such Shares as hereinafter provided.

(k) The Board may, if it thinks fit (subject to the provisions of Section 92 of the Act) agree to and receive from any Member willing to advance the same, the whole or any part of the amounts due upon the Shares held by him beyond the sums actually called up, and upon the amount so paid or satisfied in advance or upon so much thereof as from time to time and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of the Shares in respect of which such advance has been made, the Board may pay interest, as the Member paying such sum in advance and the Board agree upon. The Board may agree to repay at any time any amount so advanced or may at any time repay the same upon giving to the Member three (3) months notice in writing. Provided that the money paid in advance of calls on any Shares may carry interest but shall not in respect thereof confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.

(l) No Member paying any such sum in advance shall be entitled to voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

(m) The provisions of these Articles shall *mutatis mutandis* apply to the calls on Debentures of the Company.

COMPANY’S LIEN ON SHARES:

Article 20 provides that:

(a) The Company shall have a first and paramount lien upon all the Shares/Debentures (other than fully paid-up Shares/ Debentures) registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such Shares/Debentures and no equitable interest in any Share shall be created except upon the condition that this Article will have full effect, and such lien shall extend to all Dividends and bonuses from time to time declared in respect of such Shares and interest in respect of Debentures. Unless otherwise agreed, the registration of a transfer of Shares/ Debentures shall operate as a waiver of the Company’s lien, if any, on such Shares/Debentures. The Directors may at any time declare any Shares/Debentures wholly or in part to be exempt from the provisions of this Article.

(b) For the purpose of enforcing such lien the Board may sell the Shares subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such Shares and may authorise one of their number to execute a transfer thereof on behalf of and in the name of such Member. No sale shall be made until such period as aforesaid shall have elapsed and until notice in writing of the intention to sell shall have been served on such Member or his Legal Representative, and default shall have been made by him or them in payment, fulfillment, or discharge of such debts, liabilities or engagements for fourteen days after such notice.

(c) The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue if any shall (subject to a like lien for sums not presently payable as existed upon the Shares before the sale) be paid to the Person entitled to the Shares at the date of the sale.

FORFEITURE OF SHARES

Article 21 provides that:

(a) If any Member fails to pay any call or instalment or any part thereof or any money due in respect of any Shares either by way of principal or interest on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board may, at any time thereafter, during such time as the call or instalment or any part thereof or other moneys remain unpaid or a judgment or decree in respect thereof remain unsatisfied, give notice to him or his Legal Representatives requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

(b) The notice shall name a day, (not being less than fourteen days from the date of the notice), and a place or places on or before which such call or instalment or such part or other moneys as aforesaid and interest thereon, (at such rate as the Board shall determine and payable from the date on which such call or instalment ought to have been paid), and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time and at the place appointed, the Shares in respect of which the call was made or instalment is payable, will be liable to be forfeited.

(c) If the requirements of any such notice as aforesaid shall not be complied with, any Share in respect of which such notice has been given, may at any time thereafter before payment of all calls, installments, other moneys due in respect thereof, interest and expenses as aforesaid, be forfeited by a Resolution of the Board to that effect. Such forfeiture shall include all Dividends declared or any other moneys payable in respect of the forfeited Share and not actually paid before the forfeiture.

(d) When any Share shall have been so forfeited, notice of the forfeiture shall be given to the Member in whose name it stood immediately prior to the forfeiture or if any of his Legal Representatives or to any of the Persons entitled to the Shares by transmission, and an entry of the forfeiture with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.

(e) Any Share so forfeited shall be deemed to be the property of the Company and may be sold, re-allotted, or otherwise disposed of either to the original holder thereof or to any other Person upon such terms and in such manner as the Board shall think fit.

(f) Any Member whose shares have been forfeited shall, not withstanding the forfeiture, be liable to pay and shall forthwith pay to the Company on demand all calls, amounts, installments, interest and expenses and other moneys owing upon or in respect of such Shares at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment at such rate. as the Board may determine and the Board may enforce, (if it thinks fit), payment thereof as if it were a new call made at the date of forfeiture.

(g) The forfeiture of a Share shall involve extinction at the time of the forfeiture of all interest in all claims and demands against the Company, in respect of the Share and all other rights incidental to the Share, except only such of these rights as by these Articles are expressly saved.

(h) A declaration in writing that the declarant is a Director or Secretary of the Company and that a Share in the Company has been duly forfeited in accordance with these Articles on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all Persons claiming to be entitled to the Shares.

(i) Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some Person to execute an instrument of transfer of the Shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the Shares sold and the purchaser shall not be bound to see to the regularity of the proceedings, or to the application of the purchase money, and after his name has been entered in the Register of Members in respect of such Shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

(j) Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of the related Shares shall, (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting Member), stand cancelled and become null and void and of no effect and the Board shall be entitled to issue a new certificate or certificates in respect of the said Shares to the person or persons entitled thereto.

(k) The Board may at any time before any Share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.

TRANSFER AND TRANSMISSION OF SHARES

Article 22 provides that:

(a) The Company shall keep a "Register of Transfers" and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any Share, Debenture or other Security held in a material form.

(b) Every instrument of transfer of Shares shall be in writing in the usual common form or in such form as may be prescribed under Section 108 of the Act and shall be delivered to the Company within such time as may be prescribed under the Act.

(c) (1) An application for the registration of a transfer of the Shares in the Company may be made either by the transferor or the transferee.

(2) Where the application is made by the transferor and relates to partly paid Shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.

(d) Every such instrument of transfer shall be executed both by the transferor and the transferee and attested and the transferor shall be deemed to remain the holder of such Share until the name of the transferee shall have been entered in the Register of Members in respect thereof.

(e) The Board shall have power on giving not less than seven days previous notice by advertisement in a newspaper circulating in the city, town or village in which the Office of the Company is situated to close the transfer books, the Register of Members and/or Register of Debenture-holders at such time or times and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty-five days (45) in each year, as it may deem expedient.

(f) Subject to the provisions of Sections 111 and 111A of the Act, or any statutory modification of the said provisions for the time being in force and any other Requirements of Law, the Board may, at its own absolute and uncontrolled discretion and without assigning any reason, decline to register or acknowledge any transfer of Shares and in particular may so decline in any case in which (i) the proposed transferee is a Person who is not permitted by any applicable law, regulation or guideline or any Requirements of Law, to acquire securities of a company incorporated in India and engaged in the air transport sector or (ii) if the Company has a lien upon the Shares or any of them or (iii) whilst any moneys in respect of the Shares desired to be transferred or any of them has remained unpaid or not or unless the transferee is approved by the Board and such refusal shall not be affected by the fact that the proposed transferee is already a Member. But in such cases it shall, within one (1) month from the date on which the instrument of transfer was lodged with the Company send to the transferee and the transferor notice of refusal to register such transfer. The registration of a transfer shall be conclusive evidence of the approval of the Board of the transferee.

Provided that registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other Person or Persons indebted to the Company on any account whatsoever except where the Company has a lien on Shares.

(g) Subject to the provisions of the Act and these Articles, the Directors shall have the absolute and uncontrolled discretion to refuse to register a Person entitled by transmission to any Shares or his nominee as if he were the transferee named in any ordinary transfer presented for registration, and shall not be bound to give any reason for such refusal and in particular may also decline in respect of Shares upon which the Company has a lien.

(h) Transfer of Shares in whatever lot should not be refused, though there would be no objection to the Company refusing to split a share certificate into several scrips of any small denominations or to consider a proposal for transfer of Shares comprised in a share certificate to several Members, involving such splitting, if on the face of it such splitting/transfer appears to be unreasonable or without a genuine need. The Company should not, therefore, refuse transfer of Shares in violation of the stock exchange listing requirements on the ground that the number of Shares to be transferred is less than any specified number.

(i) In the case of the death of any one or more of the Members named in the Register of Members as the joint-holders of any Share, the survivors shall be the only Member or Members recognized by the Company as having any title to or interest in such Share, but nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on Shares held by him jointly with any other Person.

(j) The Executors or Administrators or holder of the Succession Certificate or the Legal Representatives of a deceased Member, (not being one of two or more joint-holders), shall be the only Members recognized by the Company as having any title to the Shares registered in the name of such Member, and the Company shall not be bound to recognize such Executors or Administrators or holders of Succession Certificate or the Legal Representatives unless such Executors or Administrators or Legal Representatives shall have first obtained Probate or Letters of Administration or Succession Certificate, as the case may be, from a duly constituted court in the Union of India, provided that the Board may in its absolute discretion dispense with production of Probate or Letters of Administration or Succession Certificate, upon such terms as to indemnity or otherwise as the Board may in its absolute discretion deem fit and may under these Articles register the name of any Person who claims to be absolutely entitled to the Shares standing in the name of a deceased Member, as a Member.

(k) The Board shall not knowingly issue or register a transfer of any share to a minor or insolvent or Person of unsound mind.

(l) Subject to the provisions of Articles, any Person becoming entitled to Shares in consequence of the death, lunacy, bankruptcy of any Member or Member, or by any lawful means other than by a transfer in accordance with these Articles, may with the consent of the Board, (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article, or of his title, as the Board thinks sufficient, either be registered himself as the holder of the Shares or elect to have some Person nominated by him and approved by the Board, registered as such holder; provided nevertheless, that if such Person shall elect to have his nominee registered, he shall testify the election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained and until he does so, he shall not be freed from any liability in respect of the Shares.

(m) A Person becoming entitled to a Share by reason of the death or insolvency of a Member shall be entitled to the same Dividends and other advantages to which he would be entitled if he were the registered holder of the Shares, except that he shall not, before being registered as a Member in respect of the Shares, be entitled to exercise any right conferred by membership in relation to meetings of the Company; PROVIDED THAT the Directors shall, at any time, give notice requiring any such Person to elect either to be registered himself or to transfer the Shares, and if the notice is not complied with within ninety days, the Directors may thereafter withhold payment of all Dividends, bonuses or other moneys payable in respect of the Shares until the requirements of the notice have been complied with.

(n) Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by such evidence as the Board may require to prove the title of the transferor, his right to transfer the Shares and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board.

(o) In case of transfer and transmission of Shares or other marketable securities where the Company has not issued any certificates and where such Shares or Securities are being held in any electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.

(p) Before the registration of a transfer, the certificate or certificates of the Share or Shares to be transferred must be delivered to the Company along with (save as provided in Section 108 of the Act) a properly stamped and executed instrument of transfer.

(q) No fee shall be payable to the Company, in respect of the transfer or transmission of Shares, or for registration of any power of attorney, probate, letters of administration and succession certificate, certificate of death or marriage or other similar documents.

(r) The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of Shares made or purporting to be made by any apparent legal owner thereof, (as shown or appearing in the Register of Members), to the prejudice of a Person or Persons having or claiming any equitable right, title or interest to or in the said Shares, notwithstanding that the Company may have had any notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice or referred thereto, in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice, and give effect thereto if the Board shall so think fit.

(s) The provision of these Articles shall subject to the provisions of the Act and any requirements of law *mutatis mutandis* apply to the transfer or transmission by operation of law to other Securities of the Company.

DEMATERIALISATION OF SECURITIES

Article 23 provides that:

(a) Dematerialisation: Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its existing Securities, rematerialise its Securities held in the Depositories and/or to offer its fresh Securities in a dematerialised form pursuant to the Depositories Act, and the rules framed thereunder, if any.

(b) Options for Investors: Subject to Section 68B of the Act, every Person subscribing to Securities offered by the Company shall have the option to receive security certificates or to hold the Securities with a Depository. Such a Person who is the Beneficial Owner of the Securities can at any time opt out of a Depository, if permitted by law, in respect of any Securities in a manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the Beneficial Owner the required Certificate of Securities.

If a Person opts to hold his Securities with a Depository, the Company shall intimate such Depository the details of allotment of the Securities and on receipt of the information, the Depository shall enter in its record the name of the allottee as the Beneficial Owner of the Securities.

(c) Securities in Depositories to be in fungible form: All Securities held by a Depository shall be dematerialized and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial Owners.

(d) Rights of Depositories & Beneficial Owners:

(i) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the Registered Owner for the purposes of effecting transfer of ownership of Securities on behalf of the Beneficial Owner.

(ii) Save as otherwise provided in (i) above, the Depository as the Registered Owner of the Securities shall not have any voting rights or any other rights in respect of the Securities held by it.

(iii) Every person holding Shares of the Company and whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a Member of the Company.

(iv) The Beneficial Owner of Securities shall, in accordance with the provisions of these Articles and the Act, be entitled to all the rights and subject to all the liabilities in respect of his Securities, which are held by a Depository.

(e) Service of Documents: Notwithstanding anything contained in the Act or these Articles to the contrary, where Securities are held in a Depository, the records of the Beneficial Ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.

(f) Transfer of Securities:

(i) Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of Securities effected by transferor and transferee both of whom are entered as Beneficial Owners in the records of a Depository.

(ii) In the case of transfer or transmission of Shares or other marketable Securities where the Company has not issued any certificates and where such Shares or Securities are being held in any electronic or fungible form in a Depository, the provisions of the Depositories Act shall apply.

(g) Allotment of Securities dealt with in a Depository: Notwithstanding anything in the Act or these Articles, where Securities are dealt with by a Depository, the Company shall intimate the details of allotment of relevant Securities thereof to the Depository immediately on allotment of such Securities.

(h) Certificate No. Etc. of Securities in Depository: Nothing contained in the Act or these Articles regarding the necessity of having certificate number/distinctive numbers for Securities issued by the Company shall apply to Securities held with a Depository.

(i) Register and Index of Beneficial Owners: The Register and Index of Beneficial Owners maintained by a Depository under the Depositories Act, shall be deemed to be the Register and Index (if applicable) of Members and Security-holders for the purposes of these Articles.

NOMINATION OF SHARES

Article 24 provides that:

(1) Every holder of Shares in, or holder of Debentures of, the Company may, at any time, nominate, in the manner prescribed under the Act, a Person to whom his Shares in, or Debentures of, the Company shall vest in the event of his death.

(2) Where the Shares in, or Debentures of, the Company are held by more than one Person jointly, the joint holders may together nominate, in the manner prescribed under the Act, a Person to whom all the rights in the Shares or Debentures of the Company shall vest in the event of death of all the joint holders.

(3) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such Shares in or Debentures of, the Company, where a nomination made in the manner prescribed under the Act, purports to confer on any Person the right to vest the Shares in, or Debentures of, the Company, the nominee shall, on the death of the Member or debenture holder of the Company or, as the case may be, on the death of the joint holders become entitled to all the rights in the Shares or Debentures of the Company or, as the case may be, all the joint holders, in relation to such Shares or Debentures of the Company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner under the Act.

(4) Where the nominee is a minor, the holder of the Shares or Debentures concerned, can make the nomination to appoint in prescribed manner under the Act, any Person to become entitled to the Shares or Debentures of the Company in the event of his death, during the minority.

TRANSMISSION IN CASE OF NOMINATION

Article 25 provides that:

(1) Notwithstanding anything contained in other Articles, any Person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, 1956, upon the production of such evidence as may be required by the Board and subject as hereinafter provided, elect either:-

  (a) to be registered himself as holder of the Share or Debenture, as the case may be, or

  (b) to make such transfer of the Share or Debenture, as the case may be, as the deceased shareholder or debenture holder, as the case may be, could have made.

(2) If the person being a nominee, so becoming entitled, elects to be registered as holder of the Share or Debenture, himself, as the case may be, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased Member or debentureholder, as the case may be.

(3) All the limitations, restrictions and provisions of the Act relating to the right to transfer and the registration or transfer of Shares or Debentures shall be applicable to any such notice or transfer as aforesaid as if the death of the Member had not occurred and the notice or transfer where a transfer signed by that Member or debentureholder, as the case may be.

(4) A Person, being a nominee, becoming entitled to a Share or Debenture by reason of the death of the holder shall be entitled to the same Dividends and other advantages to which he would be entitled if he were the registered holder of the Share or Debenture except that he shall not, before being registered a Member in respect of his Share or Debenture, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided that the Board may, at any time, give notice requiring any such Person to elect either to be registered himself or to transfer the Share or Debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all Dividends, bonuses or other moneys payable in respect of the Share or Debenture until the requirements of the notice have been complied with.

NOMINATION FOR FIXED DEPOSITS

Article 26 provides that:

A depositor may, at any time, make a nomination and the provisions of Sections 109A and 109B shall, as far as may be, apply to the nominations made pursuant to the provisions of Sections 58A(11) of the Act.

NOMINATION IN CERTAIN OTHER CASES

Article 27 provides that:

Subject to the provisions of the Act and these Articles, any person becoming entitled to Shares in consequence of the death, lunacy, bankruptcy or insolvency of any Member, or by any lawful means other than by a transfer in accordance with these Articles, may, with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of such title as the Board thinks sufficient, either be registered himself as the holder of the Shares or elect to have some Person nominated by him and approved by the Board registered as such holder; provided nevertheless that, if such Person shall elect to have his nominee registered, he shall testify the election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained and until he does so, he shall not be freed from any liability in respect of the Shares.

RESTRICTED RIGHT OF TRANSFER

Article 28 provides that:

No Person shall exercise any rights or privileges of Members until he shall have paid all sums (whether in respect of call or otherwise) for the time being due in respect of the Shares held by him or due in any manner whatsoever to the Company.

MANAGEMENT OF COMPANY'S AFFAIRS

Article 33 provides that:

Subject to the provisions of the Act and these Articles, the entire management of the Company's affairs including all decisions and resolutions shall be entrusted by the Members of the Company to its Board of Directors. All matters arising at a meeting of the Board of Directors, other than those otherwise specified in these Articles if any shall be decided by a majority vote, subject to any casting vote of the Chairman in the event of a tie.

REQUISITION OF EXTRAORDINARY GENERAL MEETING

Article 38 provides that:

(a) The Board may, whenever it thinks fit, call an Extraordinary General Meeting and it shall do so upon a requisition in writing by any two Directors or by any Member or Members holding in the aggregate not less than one-tenth of such of the Paid-up Share Capital as at that date carries the right of voting in regard to the matter in respect of which the requisition has been made, and such meeting shall be held at the Office of the Company or at such place and at such time as the Board thinks fit.

(b) Any valid requisition so made by Members must state the object or objects of the meeting proposed to be called, and must be signed by the requisitionists and be deposited at the Office; provided that such requisition may consist of several documents in like form each signed by one or more requisitionists.

(c) Upon the receipt of any such requisition, the Board shall forthwith call an Extraordinary General Meeting and if they do not proceed within twenty-one days from the date of the requisition being deposited at the Office to cause a meeting to be called on a day not later than forty-five days from the date of deposit of the requisition, the requisitionists or such of their number as represent either a majority in value of the Paid-Up Share Capital held by all of them or not less than one-tenth of such of the Paid-up Share Capital of the Company as is referred to in Section 169(4) of the Act, whichever is less, may themselves call the Meeting, but in either case any Meeting so called shall be held within three months from the date of the delivery of the requisition as aforesaid.

(d) Any Meeting called under the foregoing sub-Articles by the requisitionists, shall be called in the same manner, as nearly as possible, as that in which a Meeting is to be called by the Board.

(e) The accidental omission to give any such notice as aforesaid to any of the Members, or the non-receipt thereof, shall not invalidate any resolution passed at any such Meeting.

(f) No General Meeting, Annual or Extraordinary, shall be competent to enter into, discuss or transact any business which has not been mentioned in the notice or notices by which it was convened.

NO BUSINESS TO BE TRANSACTED IN GENERAL MEETING IF QUORUM IS NOT PRESENT

Article 39 provides that:

(a) Five Members present in person (who shall include the authorized representatives of the NG Group) shall be the quorum.

(b) Notwithstanding what is stated in Article 39(a) above, the NG Group may by notice in writing waive the requirement of the presence of its representative for the purpose of constituting a valid quorum in respect of a General Meeting.

CHAIRMAN OF THE GENERAL MEETING

Article 41 provides that:

(a) NG shall be the Chairman of every General Meeting so long as he is willing to be a Director and the Chairman of the Company. In the absence of NG at any General Meeting, one of the NG Group Nominees shall preside at such Meeting as the Chairman of such General Meeting.

(b) If for any reason NG is unable to continue as the Chairman of the Company, then the Chairman of the Board shall be the Chairman of every General Meeting. In the absence of the Chairman of the Board at any General Meeting, one of the NG Group Nominees shall preside at such Meeting as the Chairman of that General Meeting. No business shall be discussed at any General Meeting except the election of a Chairman while the chair is vacant.

CHAIRMAN CAN ADJOURN THE GENERAL MEETING

Article 42 provides that:

The Chairman may adjourn the General Meeting from time to time and from place to place within the city, town or village in which the Office of the Company is situate but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

QUESTIONS AT GENERAL MEETING HOW DECIDED

Article 43 provides that:

(a) At any General Meeting, a resolution put to the vote of the Meeting shall, unless a poll is demanded, be decided on a show of hands. Before or on the declaration of the result of the voting on any resolution on a show of hands, a poll may be ordered to be taken by the Chairman of the Meeting of his own motion and shall be ordered to be taken by him on a demand made in that behalf by any Member or Members present in person or by proxy and holding shares in the Company which confer a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution, or in which an aggregate sum of not less than fifty thousand rupees has been Paid-up. Unless a poll is demanded, a declaration by the Chairman that a resolution has, on a show of hands, been carried or carried unanimously, or by a particular majority, or lost and an entry to that effect in the Minute Book of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against that resolution.

(b) In the case of an equality of votes, the Chairman shall both on a show of hands and at a poll, (if any), have a casting vote in addition to the vote or votes to which he may be entitled as a Member.

(c) If a poll is demanded as aforesaid, the same shall subject to anything stated in these Articles be taken at such time, (not later than forty-eight hours from the time when the demand was made), and place within the City, Town or Village in which the Office of the Company is situate and either by a show of hands or by ballot or by postal ballot, as the Chairman shall direct and either at once or after an interval or adjournment, or otherwise and the result of the poll shall be deemed to be the decision of the Meeting at which the poll was demanded. Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll. The demand for a poll may be withdrawn at any time by the Person or Persons who made the demand.

(d) Where a poll is to be taken, the Chairman of the Meeting shall appoint two scrutineers to scrutinise the votes given on the poll and to report thereon to him. One of the scrutineers so appointed shall always be a Member, (not being an officer or employee of the Company), present at the Meeting provided such a Member is available and willing to be appointed. The Chairman shall have power at any time before the result of the poll is declared, to remove a scrutineer from office and fill vacancies in the office of scrutineer arising from such removal or from any other cause.

(e) Any poll duly demanded on the election of a Chairman of a Meeting or any question of adjournment, shall be taken at the Meeting forthwith.

(f) The demand for a poll except on the question of the election of the Chairman and of an adjournment shall not prevent the continuance of a Meeting for the transaction of any business other than the question on which the poll has been demanded.

(g) No report of the proceedings of any General Meeting of the Company shall be circulated or advertised at the expense of the Company unless it includes the matters required by these Articles or Section 193 of the Act to be contained in the Minutes of the proceedings of such Meeting.

(h) The Members will do nothing to prevent the taking of any action by the Company or act contrary to or with the intent to evade or defeat the terms as contained in these Articles.

VOTES OF MEMBERS

Article 44 provides that:

(a) No Member shall be entitled to vote either personally or by proxy at any General Meeting or Meeting of a class of Members either upon a show of hands or upon a poll in respect of any Shares registered in his name on which calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right of lien.

(b) Subject to the provisions of these Articles, without prejudice to any special privilege or restrictions as to voting for the time being attached to any class of shares for the time being forming a part of the Capital of the Company, every Member not disqualified by the last preceding Article, shall be entitled to be present, and to speak and vote at such Meeting, and on a show of hands, every Member present in person shall have one vote and upon a poll, the voting right of such Member present, either in person or by proxy, shall be in proportion to his share of the Paid Up Share Capital of the Company held alone or jointly with any other Person or Persons.

Provided however, if any Member holding Preference Shares be present at any Meeting of the Company, save as provided in Clause (b) of Sub-Section (2) of Section 87 of the Act, he shall have a right to vote only on resolutions placed before the Meeting, which directly affect the rights attached to his Preference Shares.

(c) On a poll taken at a Meeting of the Company, a Member entitled to more than one vote, or his proxy, or any other Person entitled to vote for him (as the case may be), need not, if he votes, use or cast all his votes in the same way.

(d) A Member of unsound mind or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, through a committee or through his legal guardian; and any such committee or guardian may, on a poll vote by proxy. If any Member be a minor his vote in respect of his Share(s) shall be exercised by his guardian(s), who may be selected (in case of dispute) by the Chairman of the meeting.

(e) If there be joint registered holders of any shares, any one of such Persons may vote at any Meeting or may appoint another Person, (whether a Member or not) as his proxy in respect of such Shares, as if he were solely entitled thereto; but the proxy so appointed shall not have any right to speak at the Meeting and if more than one of such joint-holders be present at any Meeting, then one of the said Persons so present whose name stands higher in the Register of Members shall alone be entitled to speak and to vote in respect of such Shares, but the other joint-holders shall be entitled to be present at the Meeting. Several Executors or Administrators of a deceased Member in whose name Shares stand shall for the purpose of these Articles be deemed joint-holders thereof.

(f) Subject to the provision of these Articles, votes may be given personally or by an attorney or by proxy. A body corporate, whether or not a Company within the meaning of the Act, being a Member may vote either by a proxy or by a representative duly authorised in accordance with Section 187 of the Act and such representative shall be entitled to exercise the same rights and powers, (including the right to vote by proxy), on behalf of the body corporate which he represents as that body could have exercised if it were an individual Member.

(g) Any Person entitled to transfer any Shares of the Company may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such Shares, provided that forty-eight hours at least before the time of holding the Meeting or adjourned Meeting as the case may be at which he proposes to vote, he shall satisfy the Board of his right to such Shares and give such indemnity (if any) as the Board may require unless the Board shall have previously admitted his right to vote at such Meeting in respect thereof.

(h) Every proxy, (whether a Member or not), shall be appointed in writing under the hand of the appointer or his attorney, or if such appointer is a corporation under the Common Seal of such corporation or be signed by an officer or an attorney duly authorised by it, and any committee or guardian may appoint proxy. The proxy so appointed shall not have any right to speak at a Meeting.

(i) An instrument of proxy may appoint a proxy either for (i) the purposes of a particular Meeting (as specified in the instrument) or (ii) for any adjournment thereof or (iii) it may appoint a proxy for the purposes of every Meeting of the

Company, or (iv) of every Meeting to be held before a date specified in the instrument for every adjournment of any such Meeting.

(j) A Member present by proxy shall be entitled to vote only on a poll.

(k) An instrument appointing a proxy and a power of attorney or other authority (including by way of a Board Resolution, (if any),) under which it is signed or a notarially certified copy of that power or authority or resolution as the case may be, shall be deposited at the Office not later than forty-eight hours before the time for holding the Meeting at which the Person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date of its execution. An attorney shall not be entitled to vote unless the power of attorney or other instrument or resolution as the case may be appointing him or a notarially certified copy thereof has either been registered in the records of the Company at any time not less than forty-eight hours before the time for holding the Meeting at which the attorney proposes to vote, or is deposited at the Office of the Company not less than forty-eight hours before the time fixed for such Meeting as aforesaid. Notwithstanding that a power of attorney or other authority has been registered in the records of the Company, the Company may, by notice in writing addressed to the Member or the attorney, given at least 48 hours before the Meeting, require him to produce the original power of attorney or authority or resolution as the case may be and unless the same is deposited with the Company not less than forty-eight hours before the time fixed for the Meeting, the attorney shall not be entitled to vote at such Meeting unless the Board in their absolute discretion excuse such non-production and deposit.

(l) Every instrument of proxy whether for a specified Meeting or otherwise should, as far as circumstances admit, be in any of the forms set out in Schedule IX of the Act or a form as near thereto as circumstance admit.

(m) If any such instrument of appointment be confined to the object of appointing an attorney or proxy for voting at Meetings of the Company it shall remain permanently or for such time as the Directors may determine in the custody of the Company; if embracing other objects a copy thereof, examined with the original, shall be delivered to the Company to remain in the custody of the Company.

(n) A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal, or revocation of the proxy or of any power of attorney under which such proxy was signed, or the transfer of the Share in respect of which the vote is given, provided that no intimation in writing of the death, revocation or transfer shall have been received at the Office before the Meeting.

(o) No objection shall be made to the validity of any vote, except at the Meeting or poll at which such vote shall be tendered, and every vote whether given personally or by proxy, not disallowed at such Meeting or poll shall be deemed valid for all purposes of such Meeting or poll whatsoever.

(p) The Chairman of any Meeting shall be the sole judge of the validity of every vote tendered at such Meeting. The Chairman present at the taking of a poll shall be in the sole judge of the validity of every vote tendered at such poll.

  (1) The Company shall cause minutes of all proceedings of every General Meeting to be kept by making within thirty days of the conclusion of every such Meeting concerned, entries thereof in books kept for that purpose with their pages consecutively numbered.

  (2) Each page of every such book shall be initialed or signed and the last page of the record of proceedings of each Meeting in such book shall be dated and signed by the Chairman of the same Meeting within the aforesaid period of thirty days or in the event of the death or inability of that Chairman within that period, by a Director duly authorised by the Board for that purpose.

  (3) In no case the minutes of proceedings of a Meeting shall be attached to any such book as aforesaid by pasting or otherwise.

  (4) The Minutes of each Meeting shall contain a fair and correct summary of the proceedings thereat.

  (5) All appointments of Directors of the Company made at any Meeting aforesaid shall be included in the minutes of the Meeting.

(6) Nothing herein contained shall require or be deemed to require the inclusion in any such Minutes of any matter which in the opinion of the Chairman of the Meeting (i) is or could reasonably be regarded as, defamatory of any person, or (ii) is irrelevant or immaterial to the proceedings, or (iii) is detrimental to the interests of the Company. The Chairman of the Meeting shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the Minutes on the aforesaid grounds.

(7) Any such Minutes shall be evidence of the proceedings recorded therein.

(8) The book containing the Minutes of proceedings of General Meetings shall be kept at the Registered Office of the Company and shall be open, during business hours, for such periods not being less in the aggregate than two hours in each day as the Board determines, for the inspection of any Member without charge.

(9) The Company shall cause minutes to be duly entered in books provided for the purpose of: -

a) the names of the Directors and Alternate Directors present at each General Meeting;

b) all Resolutions and proceedings of General Meeting;

(q) The Members shall vote (whether in person or by proxy) all of the Shares owned or held of record by them at any Annual or Extraordinary General Meeting of the Company called for the purpose of filling positions to the Board of Directors, appointed as a Director of the Company under Section 274(1) of the Act in accordance with these Articles.

(r) The Members will do nothing to prevent the taking of any action by the Company or act contrary to or with the intent to evade or defeat the terms as contained in these Articles.

(s) All matters arising at a General Meeting of the Company, other than as specified in the Act or these Articles if any, shall be decided by a majority vote.

(t) The Members shall exercise their voting rights as shareholders of the Company to ensure that the Act and/or these Articles are implemented and acted upon by the Members, and by the Company and to prevent the taking of any action by the Company or by any Member , which is contrary to or with a view or intention to evade or defeat the terms as contained in these Articles.

DIRECTORS

Article 45 provides that:

(a) Until otherwise determined by the Company in a General Meeting and subject to Sections 252 and 259 of the Act, the number of Directors (excluding Alternate Directors) shall not be less than three and not more than fifteen. The composition of the Board (including the number of Directors who are Indian Nationals) will be in accordance with all applicable Requirements of Law.

(b) The NG Group shall be entitled to appoint one third of the members of the Board (NG Group Nominees) who shall be Non-Retiring Directors.

(c) If a NG Group Nominee retires, resigns, is removed or otherwise vacates office at any time then, subject to Article 48 the NG Group shall be entitled to nominate one replacement Director upon the retirement, removal or resignation of their nominee Director.

(d) The NG Group Nominees shall hold office at the pleasure of the NG Group, and be subject to removal by the NG Group. Their appointment and removal shall be effective by a notice in writing addressed to the Board, under the hand of one of the authorized representatives of the NG Group and the same shall take effect forthwith upon being delivered to the Company. As and when there is a vacancy on the Board of the Company for any cause or reason out of the Directors nominated by the NG Group, such vacancy shall be filled by the NG Group.

CHAIRMAN OF THE BOARD OF DIRECTORS

Article 46 provides that:

(a) NG shall be and shall continue as the non-retiring Chairman of the Board so long as he is willing to be a Director and Chairman of the Company and shall not be liable to retire by rotation. The Chairman shall preside at all meetings of the Board and the General Meeting of the Company. In the absence of NG at any meeting of the Board, one of the NG Group Nominees shall preside at such meeting as the Chairman. The Chairman shall have a casting vote in the event of a tie.

(b) If for any reason NG is unable to continue as the Chairman, the members of the Board of Directors shall appoint one of the NG Group Nominees as the Chairman.

(c) All the Directors shall exercise their voting rights to ensure that these Articles are implemented and acted upon by them to prevent the taking of any action by the Company or by any Member, which is contrary to or with a view or intention to evade or defeat the terms as contained in these Articles.

APPOINTMENT OF ALTERNATE DIRECTORS

Article 47 provides that:

Subject to Section 313 of the Act, any Director shall be entitled to nominate an alternate director to act for him during his absence for a period of not less than 3 months. The Board may appoint such a person as an Alternate Director to act for a Director (hereinafter called “the Original Director”) (subject to such person being acceptable to the Chairman) during the Original Director’s absence for a period of not less than three months from the State in which the meetings of the Board are ordinarily held. An Alternate Director appointed under this Article shall not hold office for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to the State. If the term of the office of the Original Director is determined before he so returns to the State, any provisions in the Act or in these Articles for automatic re-appointment shall apply to the Original Director and not to the Alternate Director.

CASUAL VACANCY AND ADDITIONAL DIRECTORS

Article 48 provides that:

(a) Subject to the provisions of the Act and these Articles, the Board shall have the power at any time and from time to time to appoint any qualified Person to be a Director either as an addition to the Board or to fill a casual vacancy but so that the total number of Directors shall not at any time exceed the maximum number fixed under Article 45. Any Person so appointed as an addition shall hold office only up to the date of the next Annual General Meeting. Any person appointed to fill a casual vacancy shall hold office only up to the date to which the Original Director in whose place he is appointed would have held office if it had not been vacated but shall be eligible for election.

(b) As and when there is a vacancy on the Board of the Company for any cause or reason out of the Directors nominated by the NG Group (i.e. NG Group Nominees) such a vacancy shall be filled by the NG Group.

DEBENTURE DIRECTORS

Article 49 provides that:

If it is provided by a Trust Deed, securing or otherwise, in connection with any issue of Debentures of the Company, that any Person/ Lender or Persons/ Lenders shall have power to nominate a Director of the Company, then in the case of any and every such issue of Debentures, the Person/ Lender or Persons/ Lenders having such power may exercise such power from time to time and appoint a Director accordingly. Any Director so appointed is herein referred to a Debenture Director. A Debenture Director may be removed from office at any time by the Person/ Lender or Persons/ Lenders in whom for the time being is vested the power under which he was appointed and another Director may be appointed in his place. A Debenture Director shall not be bound to hold any qualification shares.

NO QUALIFICATION SHARES FOR DIRECTORS

Article 50 provides that:

A Director shall not be required to hold any qualification Shares of the Company.

REMUNERATION OF DIRECTORS

Article 51 provides that:

(a) Subject to the provisions of the Act, a Managing Director or Managing Directors, and any other Director/s who is/ are in the whole time employment of the Company may be paid remuneration either by a way of monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other, subject to the limits prescribed under the Act.

(b) Subject to the provisions of the Act, a Director (other than a Managing Director or an Executing Director) may be paid remuneration either:

 (i) by way of monthly, quarterly or annual payment, or

 (ii) by way of commission.

(c) The remuneration payable to each Director for every Meeting of the Board or Committee of the Board attended by them shall be such sum as may be determined by the Board from time to time within the maximum limits prescribed from time to time by the Central Government pursuant to the first proviso to Section 310 of the Act.

SPECIAL REMUNERATION FOR EXTRA SERVICES RENDERED BY A DIRECTOR

Article 52 provides that:

If any Director be called upon to perform extra services or special exertions or efforts (which expression shall include work done by a Director as a member of any Committee formed by the Directors), the Board may arrange with such Director for such special remuneration for such extra services or special exertions or efforts either by a fixed sum or otherwise as may be determined by the Board and such remuneration may be either in addition to or in substitution for his remuneration otherwise provided.

TRAVEL EXPENSES OF DIRECTORS

Article 53 provides that:

The Board may allow and pay to any Director who is not a bonafide resident of the place where the meetings of the Board/committee meetings are ordinarily held and who shall come to such place for the purpose of attending any meeting, such sum as the Board may consider fair compensation for travelling, lodging and/ or other expenses, in addition to his fee for attending such Board Meetings/committee meetings as above specified; and if any Director be called upon to go or reside out of his ordinary place of his residence on the Company's business, he shall be entitled to be repaid and reimbursed travelling and other expenses incurred in connection with the business of the Company.

CONTINUING DIRECTORS

Article 54 provides that:

The continuing Directors may act notwithstanding any vacancy in their body; but, if and so long as their number is reduced below the minimum number fixed by Article 45 hereof, the continuing Directors not being less than two may act for the purpose of increasing the number of Directors to that number, or of summoning a General Meeting, but for no other purpose.

VACATION OF OFFICE BY DIRECTOR

Article 55 provides that:

(1) Subject to Sections 283 and 314 of the Act, the office of a Director, including NG or any NG Group Nominee shall *ipso facto* be vacated if:

 (a) he is found to be of unsound mind by a Court of competent jurisdiction; or

 (b) he applies to be adjudicated an insolvent; or

 (c) he is adjudged an insolvent; or

 (d) he is convicted by a Court of any offence involving moral turpitude and is sentenced in respect thereof to imprisonment for not less than six months; or

(e) he fails to pay any calls made on him in respect of Shares of the Company held by him whether alone or jointly with others, within six months from the date fixed for the payment of such call, unless the Central Government has by notification in the Official Gazette removed the disqualification incurred by such failure; or

(f) he absents himself from three consecutive Meetings of the Board or from all Meetings of the Board for a continuous period of three months, whichever is longer, without obtaining leave of absence from the Board; or

(g) he, (whether by himself or by any Person for his benefit or on his account), or any firm in which he is a partner, or any private company of which he is a director, accepts a loan, or any guarantee or security for a loan, from the Company, in contravention of Section 295 of the Act; or

(h) having been appointed a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company; or

(i) he acts in contravention of Section 299 of the Act; or

(j) he becomes disqualified by an order of the Court under Section 203 of the Act; or

(k) he is removed in pursuance of Section 284 of the Act; or

(l) if he is a NG Group Nominee, upon receipt of notice by the Board from the NG Group, informing the Board of the withdrawal of his nomination; or

(m) he is disqualified under Section 274 (1)(g) of the Act.

(2) Subject to the provisions of the Act, a Director may resign his office at any time by notice in writing addressed to the Board of Directors and such resignation shall become effective upon its acceptance by the Board.

REMOVAL OF DIRECTORS

Article 56 provides that:

The NG Group Nominees shall hold office at the pleasure of NG Group and be subject to removal by the Members of the NG Group.

MANAGING DIRECTOR (S)/ EXECUTIVE DIRECTOR (S)/ MANAGER

Article 63 provides that:

(a) Subject to the provisions of Article 45 and Sections 267, 268, 269, 309, 310, 311, 316 and 317 and other applicable provisions and Schedule XIII of the Act and of these Articles, the NG Group shall have the right by a notice in writing signed by NG or a NG Group Nominee addressed to the Board, the right to designate one or more of the NG Group Nominees as the Managing Director(s) or Manager or Executive Director(s) of the Company and the Board shall within one week of the date of receipt of such letter, appoint such designate or designates as the Managing Director(s) or Manager or Executive Director(s) of the Company. The NG Group shall have the right by a similar notice to require the Board to remove any Managing Director(s) or Manager or Executive Director(s) of the Company and the Board shall within one week of the date of receipt of such notice take steps to remove such person from such office with the Company. On a vacancy being caused in the office of the Managing Director(s) or Manager or Executive Director(s), whether by resignation, death, removal or otherwise, the NG Group shall have the right to designate another NG Group Nominee for such appointment and the Board shall proceed to appoint such NG Group Nominee in the same manner as prescribed above. The terms of appointment of Managing Director(s) or Manager or Executive Director(s) shall be as are specified, (with the power to vary such terms) by the NG Group from time to time and these shall be the terms on which such persons shall be appointed by the Board. The Managing Director(s) or Manager or Executive Director(s), as the case may be, so appointed, shall be responsible for and in charge of the day to day management and affairs of the Company and subject to the provisions of the Act and these Articles, the Board shall vest in such Managing Director/s or Manager or Executive Director(s), as the case may be, all the powers vested in the Board generally.

(b) The Managing Director(s) or Manager or Executive Director(s), as the case may be, of the Company in office on the date of adoption of this Article by the Company shall be deemed to be the Managing Director or Manager or

Executive Director, as the case may be designated by the NG Group for appointment and appointed by the Board, as provided in sub-Article (a) above and the remaining provisions of sub-Article (a) above shall apply to such Managing Director or Executive Director or Manager (as the case may be).

PROCEEDINGS OF THE BOARD OF DIRECTORS

Article 68 provides that:

(a) The Board may meet for the dispatch of the business, adjourn and otherwise regulate its meetings on a date, time and venue as indicated by the Chairman, provided however, the Board shall meet once in every three calendar months and at least four times in a year in accordance with Section 285 of the Act or any statutory modifications thereof.

(b) The Company Secretary shall as and when, directed by the Chairman convene a meeting of the Board by giving a notice in writing to every Director.

(c) The Board of Directors may meet either at the Office of the Company, or at any other location in India or outside India as the Chairman may determine.

(d) At least 7 days notice of every meeting of the Board shall be given in writing to every Director for the time being at his usual address in India and in the case of a Director resident outside India, at his address outside India and to his alternate, if any in India at his usual address in India. A meeting of the Board may be convened in accordance with these Articles by a shorter notice in case of any emergency as directed by the Chairman or the Managing Director or the Executive Director, as the case may be. Such notice or shorter notice may be sent by post or by fax or email depending upon the circumstances.

(e) If permissible under applicable Requirements of Law, a Director may attend Board Meetings by any video or audio conferencing facility that permits simultaneous communication between participants.

QUORUM FOR BOARD MEETING

Article 69 provides that:

Subject to Section 287 of the Act, the quorum for a Meeting of the Board shall be presence of at least one-third of its total strength which must include at least an equal number of Directors who are NG Group Nominees (or his or their alternate) unless such absent NG Group Nominee Director(s) consent in writing to a quorum requirement being satisfied despite his or their absence. Provided that where at any time the number of interested Directors exceeds or is equal to two-thirds of the total strength of the number of remaining Directors, that is to say, the number of Directors who are not interested, present at the Meeting being not less than two (of whom atleast one should be an NG Group Nominee), they shall be the quorum during such time.

ADJOURNED BOARD MEETING FOR WANT OF QUORUM

Article 70 provides that:

(a) If any duly convened Board Meeting cannot be held for want of a quorum, in terms of Article 69 above then such a meeting shall automatically stand adjourned for 7 days after the original Meeting at the same time and place, or if that day is a public holiday, on the next succeeding day which is not a public holiday to the same time and place, Provided however, the adjourned meeting may be held on such other date and such other place as may be unanimously agreed by all the Directors.

(b) If in the event of a quorum once again not being available at such an adjourned meeting, the Directors present shall constitute the quorum and may transact business for which the meeting has been called.

QUESTIONS AT BOARD MEETINGS HOW DECIDED

Article 71 provides that:

(a) Questions arising at any meeting of the Board, other than as specified in these Articles, if any, shall be decided by a majority vote. In the case of an equality of votes, the Chairman shall have a second or casting vote.

(b) No regulation made by the Company in General Meeting, shall invalidate any prior act of the Board, which would have been valid if that regulation had not been made.

COMMITTEES AND DELEGATION BY THE BOARD

Article 73 provides that:

(a) Without prejudice to the powers conferred by the other Articles and so as not to in any way to limit or restrict those powers, the Board may, subject to the provisions of Section 292 of the Act, delegate any of their powers to the Managing Director(s), the Executive Director(s) or Manager or the Chief Executive Officer of the Company. The Managing Director(s), the Executive Director(s) or the Manager or the Chief Executive Officer(s) as aforesaid shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed on them by the Board and all acts done by them in exercise of the powers so delegated and in conformity with such regulations shall have the like force and effect as if done by the Board.

(b) Subject to the provisions of the Act, any Requirements of Law and anything stated in these Articles the Board may delegate any of their powers to Committees of the Board consisting of such member or members of the Board as it thinks fit, and it may from time to time revoke and discharge any such committee of the Board either wholly or in part and either as to persons or purposes, but every Committee of the Board so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Board. All acts done by any such Committee of the Board in conformity with such regulations and in fulfillment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board.

(c) Deleted.

(d) The Meetings and proceedings of any such Committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors, so far as the same are applicable thereto and are not superseded by any regulation made by the Directors under the last preceding Article.

OFFICERS

Article 77 provides that:

(a) The Company shall have its own professional management and such officers shall be appointed from time to time as designated by its Board. The officers of the Company shall serve at the discretion of the Board.

(b) The officers of the Company shall be responsible for the implementation of the decisions of the Board, subject to the authority and directions of the Board and shall conduct the day to day business of the Company.

(c) The officers of the Company shall be the Persons in charge of and responsible to the Company for the conduct of the business of the Company and shall be concerned and responsible to ensure full and due compliance with all statutory laws, rules and regulations as are required to be complied with by the Company and/or by the Board of Directors of the Company.

(d) Qualified experienced managerial, and marketing executives and other officers shall be appointed for the operation and conduct of the business of the Company.

(e) The Board shall appoint with the approval of the Chairman, the President and/or Chief Executive Officer and/or Chief Operating Officer of the Company, as well as persons who will be appointed to the posts of senior executive management.

DIVIDEND POLICY

Article 84 provides that:

(a) The profits of the Company, subject to any special rights relating thereto being created or authorised to be created by the Memorandum or these Articles and subject to the provisions of these Articles shall be divisible among the Members in proportion to the amount of Capital Paid-up or credited as Paid-up and to the period during the year for which the Capital is Paid-up on the Shares held by them respectively. Provided always that, (subject as aforesaid), any Capital Paid-up on a Share during the period in respect of which a Dividend is declared, shall unless the Directors otherwise determine, only entitle the holder of such Share to an apportioned amount of such Dividend as from the date of payment.

(b) Subject to the provisions of Section 205 of the Companies Act, 1956 the Company in General Meeting may declare Dividends, to be paid to Members according to their respective rights and interests in the profits but no Dividends shall exceed the amount recommended by the Board, but the Company in General Meeting may declare a smaller Dividend, and may fix the time for payments not exceeding 30 days from the declaration thereof.

(c) (i) No Dividend shall be declared or paid otherwise than out of profits of the Financial Year arrived at after providing for depreciation in accordance with the provisions of Section 205 of the Act or out of the profits of the Company for any previous Financial Year or years arrived at after providing for depreciation in accordance with those provisions and remaining undistributed or out of both provided that: -

(I) if the Company has not provided for depreciation for any previous Financial Year or years it shall, before declaring or paying a Dividend for any Financial Year provide for such depreciation out of the profits of that Financial Year or out of the profits of any other previous Financial Year or years,

(II) if the Company has incurred any loss in any previous Financial Year or years the amount of the loss or an amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the Company for the year for which the Dividend is proposed to be declared or paid or against the profits of the Company for any previous Financial Year or years arrived at in both cases after providing for depreciation in accordance with the provisions of sub-section (2) of Section 205 of the Act or against both.

(ii) The declaration of the Board as to the amount of the net profits shall be conclusive.

(d) The Board may from time to time, pay to the Members such Interim Dividend as in their judgment the position of the Company justifies.

(e) Where Capital is paid in advance of calls upon the footing that the same shall carry interest, such Capital shall not whilst carrying interest, confer a right to participate in profits or Dividend.

(f) (i) Subject to the rights of Persons, if any, entitled to Shares with special rights as to Dividend, all Dividends shall be declared and paid according to the amounts paid or credited as paid on the Shares in respect whereof Dividend is paid but if and so long as nothing is Paid upon any Shares in the Company, Dividends may be declared and paid according to the amount of the Shares.

(ii) No amount paid or credited as paid on Shares in advance of calls shall be treated for the purpose of this regulation as paid on Shares.

(iii) All Dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the Shares during any portion or portions of the period in respect of which the Dividend is paid, but if any Shares are issued on terms providing that it shall rank for Dividend as from a particular date such Shares shall rank for Dividend accordingly.

(g) Subject to the provisions of the Act and these Articles, the Board may retain the Dividends payable upon Shares in respect of any Person, until such Person shall have become a Member, in respect of such Shares or until such Shares shall have been duly transferred to him.

(h) Any one of several Persons who are registered as the joint-holders of any Share may give effectual receipts for all Dividends or bonus and payments on account of Dividends or bonus or sale proceeds of fractional certificates or other moneys payable in respect of such Shares.

(i) Subject to the provisions of the Act, no Member shall be entitled to receive payment of any interest or Dividends in respect of his Share(s), whilst any money may be due or owing from him to the Company in respect of such Share(s); either alone or jointly with any other Person or Persons; and the Board may deduct from the interest or Dividend payable to any such Member all sums of money so due from him to the Company.

(j) A transfer of Shares shall not pass the right to any Dividend declared thereon before the registration of the transfer.

(k) Unless otherwise directed any Dividend may be paid by cheque or warrant or by a pay slip or receipt (having the force of a cheque or warrant) and sent by post or courier or by any other legally permissible means to the registered address of the Member or Person entitled or in case of joint-holders to that one of them first named in the Register of Members in respect of the joint-holding. Every such cheque or warrant shall be made payable to the order of the Person to whom it is sent and in case of joint-holders to that one of them first named in the Register of Members in respect of the joint-holding. The Company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost in transmission, or for any Dividend lost to a Member or Person entitled thereto, by a forged endorsement of any cheque or warrant or a forged signature on any pay slip or receipt of a fraudulent recovery of Dividend. If two or more Persons are registered as joint-holders of any Share(s) any one of them can give effectual receipts for any moneys payable in respect thereof. Several Executors or Administrators of a deceased Member in whose sole name any Share stands shall for the purposes of this Article be deemed to be joint-holders thereof.

(l) No unpaid Dividend shall bear interest as against the Company.

(m) Any General Meeting declaring a Dividend may on the recommendation of the Board, make a call on the Members of such amount as the Meeting fixes, but so that the call on each Member shall not exceed the Dividend payable to him, and so that the call will be made payable at the same time as the Dividend; and the Dividend may, if so arranged as between the Company and the Members, be set-off against such calls.

UNPAID OR UNCLAIMED DIVIDEND

Article 85 provides that:

(i) If the Company has declared a Dividend but which has not been paid or the Dividend warrant in respect thereof has not been posted or sent within 30 days from the date of declaration to any Member entitled to the payment of such dividends, the Company shall within 7 days from the date of expiry of the said period of 30 days, open a special account in that regard with any scheduled bank called the “Unpaid Dividend of JET AIRWAYS (INDIA) LIMITED” and transfer to the said account the total amount of Dividend which remains unpaid or in relation to which no Dividend warrant has been posted.

(ii) Any money so transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of 7 years from the date of such transfer, shall be transferred by the Company to the Fund established under sub-section (1) of Section 205C of the Act, viz. “Investors Education and Protection Fund”.

(iii) No unpaid or unclaimed Dividend shall be forfeited by the Board.

CAPITALISATION OF PROFITS

Article 86 provides that:

The Company in General Meeting may, upon the recommendation of the Board, resolve:

i) that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company’s reserve accounts or to the credit of the Company’s profit and loss account or otherwise, as available for distribution, and

ii) that such sum be accordingly set free from distribution in the manner specified herein below in sub-article (iii) as amongst the Members who would have been entitled thereto, if distributed by way of Dividends and in the same proportions.

iii) The sum aforesaid shall not be paid in cash but shall be applied either in or towards:

  (a) paying up any amounts for the time being unpaid on any Shares held by such Members respectively;

  (b) paying up in full, un-issued Shares of the Company to be allotted, distributed and credited as fully Paid up, to and amongst such Members in the proportions aforesaid; or

  (c) partly in the way specified in sub-article (a) and partly in the way specified in sub-article (b).

AMENDMENT TO MEMORANDUM AND ARTICLES OF ASSOCIATION

Article 91 provides that:

(a) The Members shall vote all the Shares owned or held of record by such Members at any Annual or Extraordinary General Meeting of the Company in accordance with these Articles.

(b) The Members shall not pass any resolution or take any decision which is contrary to any of the terms of these Articles.

(c) Deleted.

(d) Notwithstanding anything stated in these Articles, if the NG Group holds less than 35% of the shares of the Company, then neither NG nor the NG Group will be entitled to the rights as stipulated in Articles 39, 41(b), 45, 46(b), 56, 63 and 69 of these Articles.

(e) Deleted.

FINANCIAL INFORMATION

1. Summary Statements of Assets and Liabilities and Profits and Losses, as restated, under Indian GAAP as of and for the years ended March 31, 2000, 2001, 2002, 2003 and 2004 and for the six months ended September 30, 2004; and related audit report.
2. Balance Sheet, Statement of Profit and Loss and Statement of Cash Flows, as audited under Indian GAAP, as of and for the six months ended September 30, 2004 and 2003 and related audit report.
3. Unaudited Balance Sheet as of December 31, 2004, the Statement of Profit and Loss and the Statement of Cash Flows for the nine months ended December 31, 2004 and 2003 and related review report.
4. Statement of Differences between Indian GAAP, IAS/IFRS and U.S. GAAP.

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

Chaturvedi & Shah
Chartered Accountants
A-3 Laxmi Towers, 1st Floor
Bandra Kurla Complex,
Bandra (East)
Mumbai 400 051

AUDITORS' REPORT

To

The Board of Directors,
Jet Airways (India) Private Limited,
41/42 Maker Chambers III,
Nariman Point,
Mumbai 400 021

Dear Sirs,

We have examined the financial information of Jet Airways (India) Private Limited ('Jet Airways' or 'the Company') described below in A and B and annexed to this report and initialed by us for identification. The said financial information has been prepared in accordance with the requirements of paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ('the Act'), the Securities and Exchange Board of India ("SEBI") - Disclosure and Investor Protection Guidelines, 2000 (as amended vide Circular No. 11 on August 14, 2003 and Circular no. SEBI/CFD/DIL/DIP/13/2004/28/5 dated May 28, 2004) ('the Guidelines') issued by the Securities and Exchange Board of India on January 19, 2000 in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992; and related clarifications. The financial information has been prepared by the Company and approved by the Board of Directors of the Company.

A. Financial Information As Per Audited Financial Statements:

We have examined the attached summary statement of profits and losses as restated to reflect the retrospective effect of the accounting policies adopted by the Company as at September 30, 2004, of the Company for the years ended March 31, 2000, March 31, 2001, March 31, 2002, March 31, 2003, March 31, 2004 and for the half year ended September 30, 2004 (Annexure I), the attached summary statement of assets and liabilities as at those period end dates as restated to reflect the retrospective effect of the accounting policies adopted by the Company as at September 30, 2004 (Annexure II), and the related financial statement schedules as restated to reflect the retrospective effect of the accounting policies adopted by the Company as at September 30, 2004 (Annexure III) together referred to as the 'Summary Statements'.

Our examination consisted of:

i. Auditing the financial statements of the Company for the half year ended September 30, 2004 and comparing the information therein to the information in the 'Summary Statements',

ii. Comparing the information in the 'Summary Statements', for the years ended March 31, 2000, 2001, 2002, 2003 and 2004 with the annual financial statements for those years audited by C.C. Chokshi & Co. We have relied upon these audited financial statements,

iii. Auditing the adjustments made to aforesaid financial information to arrive at the as restated amounts in the 'Summary Statements'.

The aforesaid financial statements have been adopted by the Board of Directors and the Members for those respective years and by the Board of Directors for the half-year ended September 30, 2004.

Based on our examination of these Summary Statements, we state that:

- ☐ The restated profits and losses have been arrived at after charging all expenses including depreciation and after making such adjustments and regroupings as in our opinion are appropriate in the respective years / period.
- ☐ The Summary Statements of the Company have been restated with retrospective effect (wherever possible) to reflect the accounting policies adopted by the Company as at September 30, 2004. These and other adjustments are explained in Annexure IV.
- ☐ There are no qualifications in the auditors' reports that require any adjustment to the Summary Statements.
- ☐ There are no extra-ordinary items that need to be disclosed separately in the Summary Statements.

B. Other financial Information

We have examined the following financial information relating to the Company proposed to be included in the Prospectus, approved by the Board of Directors and annexed to this report:

i. Summary of accounting ratios based on the restated profits relating to earnings per share, net asset value and return on net worth (Annexure V)

ii. Tax Shelter statement (Annexure VI)

iii. Capitalisation statement of the Company (Annexure VII)

In our opinion, the financial information of the Company attached to this report as mentioned in paragraphs (A) and (B) above, read with respective significant accounting policies and notes as annexed to this report and after making adjustments and re-groupings as considered appropriate; has been prepared in accordance with Part II of Schedule II of the Act and the Guidelines issued by SEBI.

This report is intended solely for your information and for inclusion in the Prospectus in connection with the specific Initial Public Offer of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For Deloitte Haskins & Sells
Chartered Accountants

R. Salivati
Partner
Membership No: 34004

Place: Mumbai
Date : December 20, 2004

For Chaturvedi & Shah
Chartered Accountants

C.D. Lala
Partner
Membership No: 35671

Place: Mumbai
Date : December 20, 2004

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Annexure VI	:	Tax Shelter statement	
Annexure VII	:	Capitalisation statement of the Company.	

ANNEXURE I A - SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED

INR 000s

	Year ended Mar 31, 2000	Year ended Mar 31, 2001	Year ended Mar 31, 2002	Year ended Mar 31, 2003	Year ended Mar 31, 2004	Six months ended Sep 30, 2004
Income						
Operating Revenues	19,817,591	25,000,523	25,262,865	28,756,808	34,474,211	19,264,181
Non-operating Revenues	226,076	275,606	1,234,156	664,184	1,183,183	402,545
Total Revenues	**20,043,667**	**25,276,129**	**26,497,021**	**29,420,992**	**35,657,394**	**19,666,726**
Expenditure						
Employees Remuneration and Benefits	1,659,879	2,215,435	2,299,294	2,634,482	2,822,436	1,738,827
Aircraft Fuel	3,961,878	5,640,711	5,289,985	6,504,024	7,417,838	4,713,116
Selling & Distribution Expenses	2,923,772	3,653,776	3,727,195	4,150,324	4,263,982	2,527,210
Other Operating Expenses (including Maintenance & Airport Charges etc)	6,016,374	7,344,013	7,152,294	8,514,217	9,062,341	4,575,707
Aircraft rentals	2,400,732	2,476,122	2,965,100	2,780,264	2,266,428	1,006,666
Depreciation	2,086,104	2,600,276	3,488,334	4,732,715	5,151,543	2,290,861
Interest	868,432	1,208,982	1,708,712	2,561,344	2,891,401	1,232,231
Total Expenditure	**19,917,171**	**25,139,316**	**26,630,914**	**31,877,370**	**33,875,969**	**18,084,618**
Profit /(Loss) before taxation	**126,496**	**136,813**	**(133,893)**	**(2,456,378)**	**1,781,425**	**1,582,108**
Provision for Taxation						
Current Tax	24,746	12,000	420	500	150,330	122,410
Deferred Tax	-	-	-	(12,377)	-	166,101
Profit /(Loss) after taxation as per audited accounts (A)	**101,750**	**124,813**	**(134,313)**	**(2,444,501)**	**1,631,095**	**1,293,597**
Adjustment on account of changes in accounting policies						
Capitalisation of Software Purchased						
(Refer Note No 1 (a) in Annexure IV)	30,369	2,648	1,081	2,285	-	-
Depreciation						
(Refer Note No 1 (a) in Annexure IV)	(16,257)	(21,341)	(14,764)	(7,371)	(2,181)	(577)
Frequent flyer expenses						
(Refer Note No. 1 (b) in Annexure IV)	7,147	42,001	(19,815)	(58,896)	-	-
Reversal of Provisions as per AS 29						
(Net) (Refer Note No 1 (c) in Annexure IV)	313,976	318,273	27,489	393,512	511,631	-
Deferred Tax						
(Refer Note No. 1 (d) in Annexure IV)	(249,223)	(274,327)	86,337	853,003	(580,731)	(597,742)
Adjustment on account of Prior Period Items						
(Refer Note No 2 in Annexure IV)	(69,858)	(4,762)	61,100	70,147	(60,201)	(9,179)
Other adjustments						
Refer Note No. 3 in Annexure IV)	115,495	174,263	(318,163)	(3,642)	13,509	-
Total of adjustments	**131,649**	**236,755**	**(176,735)**	**1,249,038**	**(117,973)**	**(607,498)**
Tax impact of adjustments (Refer Note No. 4 in Annexure IV)	41,601	43,275	-	-	21,257	2,184
Total of adjustments after tax impact (B)	**90,048**	**193,480**	**(176,735)**	**1,249,038**	**(139,230)**	**(609,682)**
Net Profit/(Loss), as restated (A+B)	**191,798**	**318,293**	**(311,048)**	**(1,195,463)**	**1,491,865**	**683,915**
Profit and Loss Account at the beginning of the period	**463,240**	**575,019**	**801,226**	**333,178**	**(860,599)**	**631,266**
Profit /(Loss) available for appropriation as restated	**655,038**	**893,312**	**490,178**	**(862,285)**	**631,266**	**1,315,181**
Excess provision for Tax written back	-	-	14,544	-	-	-
Provision for Dividend on preference shares no longer required	-	-	66	1,686	-	-
Transfer to Contingency Reserve	-	7,200	52,108	-	-	-
Dividend						
Proposed on Preference Share Capital	-	4,371	36,600	-	-	-
Interim paid on Equity Share Capital	72,089	72,089		-	-	-
Proposed on Equity Share Capital	-	-	82,902	-	-	-
Income Tax on Dividend	7,930	8,426	-	-	-	-
BALANCE CARRIED FORWARD AS RESTATED	**575,019**	**801,226**	**333,178**	**(860,599)**	**631,266**	**1,315,181**

The above statement should be read with Notes to the Summary statement of Profits and Losses and Assets and Liabilities, as restated, together with the significant accounting policies appearing in Annexure IV.

ANNEXURE I B - PROFIT & LOSS ACCOUNT AS AT APRIL 1, 1999

		INR' 000s
Profit and Loss Account Balance as at April 1, 1999 as per Audited Financial Statements		**333,604**
Capitalisation of Software Purchased (Refer Note No. 1 (a) in Annexure IV)	35,268	
Depreciation (Refer Note No. 1 (a) in Annexure IV)	(8,504)	
Frequent flyer expenses (Refer Note No. 1 (b) in Annexure IV)	29,563	
Reversal of Provisions as per AS-29 (Refer Note No. 1 (c) in Annexure IV)	583,175	
Deferred Tax (Refer Note No. 1 (d) in Annexure IV)	(460,254)	
Adjustment on account of Prior Period Items (Refer Note No. 2 in Annexure IV)	12,752	
Other adjustments (Refer Note No. 3 in Annexure IV)	18,538	
Tax impact on adjustments (Refer Note No. 4 in Annexure IV)	(80,902)	
		129,636
Profit and Loss Account Balance as at April 1, 1999 as restated		**463,240**

ANNEXURE II - SUMMARY STATEMENT OF ASSETS AND LIABILITIES, RESTATED AS AT

INR 000s

		Mar 31, 2000	Mar 31, 2001	Mar 31, 2002	Mar 31, 2003	Mar 31, 2004	Sep 30, 2004
A.	**Fixed Assets**						
	Gross Block	18,734,789	21,949,941	36,641,155	50,169,299	51,689,718	52,084,594
	Less: Accumulated Depreciation	4,179,443	6,823,320	8,706,665	15,325,550	20,534,834	23,316,800
	Net Block	**14,555,346**	**15,126,621**	**27,934,490**	**34,843,749**	**31,154,884**	**28,767,794**
	Less: Revaluation Reserve	-	-	7,299,666	5,408,697	3,875,685	3,011,580
	Net Block after adjustment for Revaluation Reserve	**14,555,346**	**15,126,621**	**20,634,824**	**29,435,052**	**27,279,199**	**25,756,214**
	Add: Capital Work in Progress	790,537	1,989,481	13,015,464	3,007,865	151,901	124,904
	Total (A)	**15,345,883**	**17,116,102**	**33,650,288**	**32,442,917**	**27,431,100**	**25,881,118**
B.	**Investments (B)**	-	-	-	**597,000**	**2,334,164**	**5,008,292**
C.	**Current Assets, Loans and Advances**						
	a) Inventories	1,363,980	2,329,059	3,021,375	3,409,999	3,474,355	3,420,493
	b) Sundry Debtors	1,565,440	1,398,364	1,965,841	2,230,583	2,344,375	2,675,785
	c) Cash and Bank Balances	2,466,836	2,577,452	4,286,178	4,719,502	3,699,412	3,886,425
	d) Loans and Advances	1,697,754	2,029,875	1,464,613	1,711,503	1,803,409	1,947,005
	Total (C)	**7,094,010**	**8,334,750**	**10,738,007**	**12,071,587**	**11,321,551**	**11,929,708**
D.	**Liabilities and Provisions**						
	a) Current Liabilities & Provisions	3,823,755	4,351,581	6,988,045	6,582,603	6,209,711	7,113,230
	b) Deferred Tax Liability	709,477	983,804	897,467	32,087	612,818	1,376,662
	c) Secured Loans	1,684,000	2,131,753	732,000	2,005,361	603,433	600,000
	d) Unsecured Loans	14,872,083	15,701,441	31,264,450	32,978,164	28,415,657	27,539,790
	Total (D)	**21,089,315**	**23,168,579**	**39,881,962**	**41,598,215**	**35,841,619**	**36,629,682**
E.	**Subordinated Debt (E)**	-	-	**2,640,000**	**2,840,733**	**3,080,775**	**3,341,100**
F.	**Net Worth (A + B + C - D - E)**	**1,350,578**	**2,282,273**	**1,866,333**	**672,556**	**2,164,421**	**2,848,336**
	Net Worth Represented by						
G.	**Share Capital**						
	Equity Capital	720,889	720,889	720,889	720,889	720,889	720,889
	Preference Capital	-	698,288	698,288	698,288	698,288	698,288
	Total (G)	**720,889**	**1,419,177**	**1,419,177**	**1,419,177**	**1,419,177**	**1,419,177**
H.	**Reserves and Surplus**						
	Revaluation Reserve	-	-	7,299,666	5,408,697	3,875,685	3,011,580
	Contingency Reserve	-	7,200	59,308	59,308	59,308	59,308
	General Reserve	54,670	54,670	54,670	54,670	54,670	54,670
	Profit & Loss Account	575,019	801,226	333,178	(860,599)	631,266	1,315,181
	Total	**629,689**	**863,096**	**7,746,822**	**4,662,076**	**4,620,929**	**4,440,739**
	Less: Revaluation Reserve	-	-	7,299,666	5,408,697	3,875,685	3,011,580
	Total (Net of Revaluation Reserves) (H)	**629,689**	**863,096**	**447,156**	**(746,621)**	**745,244**	**1,429,159**
I.	**Net Worth (G + H)**	**1,350,578**	**2,282,273**	**1,866,333**	**672,556**	**2,164,421**	**2,848,336**

Note : The above statement should be read with the notes to the Summary Statement of Profits and Losses and Assets and Liabilities, as restated, together with Significant Accounting Policies appearing in Annexure IV.

Annexure III A - SCHEDULE OF LOANS

INR '000s

Secured Loans

As at	Year ended Mar 31, 2000	Year ended Mar 31, 2001	Year ended Mar 31, 2002	Year ended Mar 31, 2003	Year ended Mar 31, 2004	Six months ended Sep 30, 2004
State Bank of India	-	-	-	901,648	-	-
UTI Bank Ltd.	-	-	-	142,455	-	-
Citibank N.A.	-	-	-	12	-	-
Corporation Bank	-	-	-	248,971	3,433	-
IndusInd Bank Ltd.	-	-	732,000	712,275	-	-
Financial Institutions	150,000	930,000	-	-	-	-
12% Non Convertible Redeemable Debentures	1,534,000	-	-	-	-	-
Overdraft facilities from Banks	-	1,201,753	-	-	-	-
From Others (HDFC Ltd)	-	-	-	-	600,000	600,000
Total	**1,684,000**	**2,131,753**	**732,000**	**2,005,361**	**603,433**	**600,000**

1) Interest on loan was payable in the range of 12% to 14.5%, 6.5% to 14%, 3% to 5%, 6% to 8%, 9% to 10.5% and 9% for the period ended March 31, 2000, March 31, 2001, March 31, 2002, March 31, 2003, March 31, 2004 and September 30, 2004 respectively.

2) Loans outstanding as at September 30, 2004 except from HDFC Ltd. are secured by hypothecation of Stocks and Debtors and/ or pledge of Fixed Deposits. The loan from HDFC Ltd. is secured by hypothecation of the Simulator and other accessories thereto.

Unsecured Loans

(INR '000s)

As at	Year ended Mar 31, 2000	Year ended Mar 31, 2001	Year ended Mar 31, 2002	Year ended Mar 31, 2003	Year ended Mar 31, 2004	Six months ended Sep 30, 2004
Outstanding Hire Purchase/ Finance Lease	14,217,708	15,649,546	21,189,626	29,584,190	28,415,657	27,539,790
Instalments for aircraft and vehicles						
HDFC Ltd.	-	-	-	600,000	-	-
ICICI Bank Ltd.	-	-	-	250,000	-	-
GE Capital Services India	-	-	-	500,000	-	-
Banks	654,375	-	-	-	-	-
Others	-	51,895	10,074,824	2,043,974	-	-
Total	**14,872,083**	**15,701,441**	**31,264,450**	**32,978,164**	**28,415,657**	**27,539,790**

ANNEXURE III B - SCHEDULE OF QUOTED INVESTMENTS

The Book Value and Market Value of quoted investments of the company is as below:

(INR '000s)

Particulars`	Year ended Mar 31, 2000			Year ended Mar 31, 2001			Year ended Mar 31, 2002			Year ended Mar 31, 2003			Year ended Mar 31, 2004			Six months ended Sep 30, 2004		
	Number of Shares/ Units	Book Value	Market Value	Number of Shares/ Units	Book Value	Market Value	Number of Shares/ Units	Book Value	Market Value	Number of Shares Units	Book Value	Market Value	Number of Shares/ Units	Book Value	Market Value	Number of Shares/ Units	Book Value	Market Value
TRADE INVEST-MENTS																		
Units in Mutual Funds	-	-	-	-	-	-	-	-	-	50,032,345	597,000	597,000	216,229,616	2,334,164	2,334,674	439,708,484	5,008,292	5,038,181
TOTAL	-	-	-	-	-	-	-	-	-	**50,032,345**	**597,000**	**597,000**	**216,229,616**	**2,334,164**	**2,334,674**	**439,708,484**	**5,008,292**	**5,038,181**

ANNEXURE III C - SCHEDULE OF SUNDRY DEBTORS

(INR '000s)

Particulars	**Year ended Mar 31, 2000**	**Year ended Mar 31, 2001**	**Year ended Mar 31, 2002**	**Year ended Mar 31, 2003**	**Year ended Mar 31, 2004**	**Six months ended Sep 30, 2004**
A) Debts outstanding for a period exceeding six months	7,130	90,080	216,076	181,647	66,905	68,579
B) Other Debts	1,570,060	1,327,672	1,769,153	2,067,058	2,304,633	2,645,588
	1,577,190	1,417,752	1,985,229	2,248,705	2,371,538	2,714,167
Unsecured - Considered Good	1,565,440	1,398,364	1,965,841	2,230,583	2,344,375	2,675,785
- Considered Doubtful	11,750	19,388	19,388	18,122	27,163	38,382
	1,577,190	1,417,752	1,985,229	2,248,705	2,371,538	2,714,167
Less: Provision for Doubtful Debts	11,750	19,388	19,388	18,122	27,163	38,382
Total	**1,565,440**	**1,398,364**	**1,965,841**	**2,230,583**	**2,344,375**	**2,675,785**

ANNEXURE III D STATEMENT OF RESTATED CASH FLOWS

	April 1999 to March 2000	April 2000 to March 2001	April 2001 to March 2002	April 2002 to March 2003	April 2003 to March 2004	April 2004 to September 2004
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
A. Cash Flow from Operating Activities						
Net Profit / (Loss) before tax	507,368	647,895	(396,965)	(2,060,343)	2,244,183	1,572,352
Adjustments for :						
Depreciation & Stock Obsolescence	2,201,562	2,679,558	3,510,433	4,752,390	5,355,180	2,435,859
Loss / (Profit) on sale of Fixed assets	996	(259)	(895,978)	(180,244)	(385,928)	34,880
(Profit) on sale of Investments	-	-	-	(39,660)	(23,724)	(15,945)
Interest expense	868,432	1,208,982	1,708,712	2,561,344	2,891,401	1,232,231
Provision for doubtful debts	2,073	7,638	-	719	9,041	11,219
Operating profit before working capital changes	**3,580,431**	**4,543,814**	**3,926,202**	**5,034,206**	**10,090,153**	**5,270,596**
Changes in Inventories	(581,310)	(996,349)	(774,912)	(409,171)	(262,526)	(52,874)
Changes in Sundry Debtors	255,344	159,438	(567,477)	(265,461)	(122,833)	(342,629)
Changes in Fixed Deposits with Banks	(1,026,246)	(97,579)	(920,822)	(963,028)	708,274	527,295
Changes in Loans & Advances	(599,831)	(279,645)	531,689	(171,745)	(101,237)	(32,789)
Changes in Current Liabilities and Provisions	261,348	541,131	398,337	1,152,828	50,304	961,592
Cash generated from operations	**1,889,736**	**3,870,810**	**2,593,017**	**4,377,629**	**10,362,135**	**6,331,191**
Income tax (paid) / refunded	(19,342)	(52,476)	(19,630)	(83,291)	9,331	(110,806)
Wealth tax paid	(92)	(290)	(722)	(309)	(300)	-
Net cash from operating activities A	**1,870,302**	**3,818,044**	**2,572,665**	**4,294,029**	**10,371,166**	**6,220,385**
B. Cash Flow from Investing Activities						
Capital Expenditure - Aircraft & Others	(5,830,736)	(4,368,726)	(9,275,310)	(12,364,600)	(3,123,775)	(816,615)
Proceeds from sale of Fixed Assets	1,133	3,353	2,358,104	1,519	863,750	2,590
Purchase of Investments	-	-	-	(8,885,000)	(29,104,731)	(19,329,889)
Sale of Investments	-	-	-	8,327,660	27,391,291	16,671,706
Net cash from investing activities B	**(5,829,603)**	**(4,365,373)**	**(6,917,206)**	**(12,920,421)**	**(3,973,465)**	**(3,472,208)**
C. Cash Flows from Financing Activities						
Increase in Capital	-	698,288	-	-	-	-
Subordinated Debt	-	-	2,640,000	-	-	-
Increase (Decrease) in Term Loans	5,092,531	1,277,111	4,367,476	10,738,881	(3,920,461)	(879,300)
Interest paid	(1,100,857)	(1,254,945)	(1,870,280)	(2,524,377)	(2,789,056)	(1,154,574)
Dividend paid	-	(160,088)	(4,751)	(117,816)	-	-
Net cash used from financing activities C	**3,991,674**	**560,366**	**5,132,445**	**8,096,688**	**(6,709,517)**	**(2,033,874)**
Net change in cash (A+B+C)	**32,373**	**13,037**	**787,904**	**(529,704)**	**(311,816)**	**714,303**
Cash and cash equivalents at beginning of year	**133,481**	**165,854**	**178,891**	**966,795**	**437,091**	**125,275**
Cash and Bank equivalents at end of year	**165,854**	**178,891**	**966,795**	**437,091**	**125,275**	**839,578**

Note : Fixed Deposits with banks with maturity period of more than three months including interest accrued thereon and Fixed Deposit under lien are not included in Cash and Cash equivalents.

ANNEXURE III E : SCHEDULE OF NON OPERATING REVENUES

INR' 000s

	Year ended Mar 31, 2000	Year ended Mar 31, 2001	Year ended Mar 31, 2002	Year ended Mar 31, 2003	Year ended Mar 31, 2004	Six months ended Sep 30, 2004
Other Income	226,076	275,606	1,234,156	664,184	1,183,183	402,545
Net Profit / (Loss) before Tax as restated	507,368	647,895	(396,965)	(2,060,343)	2,244,183	1,572,352
Percentage	**45**	**43**	**-***	**-***	**53**	**26**

Source of Income	Year ended Mar 31, 2000	Year ended Mar 31, 2001	Year ended Mar 31, 2002	Year ended Mar 31, 2003	Year ended Mar 31, 2004	Six months ended Sep 30, 2004	Nature
Interest on Bank & Other Deposits	188,837	211,978	247,343	370,649	251,151	106,385	Recurring
Exchange Difference (Net)	32,045	59,032	21,696		334,756		Recurring
Profit on Sale of Other Fixed Assets (Net)	-	259					Recurring
Profit on Sale and Hire Purchase Back of Engines			49,780	180,914	170,753		Refer Note 1
Profit on Sale of Investments				39,660	23,724	15,945	Recurring
Profit on Sale of Aircraft			846,434		266,206		
Provision for Doubtful Debts no longer required			(Refer Note 2)	1,266		151	Recurring
Dividend on Investments					17,080	27,977	Recurring
Excess Provisions no longer required					5,358	182,199	Recurring
Other Income	5,194	4,337	68,903	71,695	114,155	69,888	Recurring
Total	**226,076**	**275,606**	**1,234,156**	**664,184**	**1,183,183**	**402,545**	

* Since there is a Net Loss, the percentages have not been shown.

Notes:

1) In the year 2001-02, the Company had sold two aircraft engines and acquired them back on hire purchase. The profit earned in this transaction has been deferred over the terms of the hire purchase, in accordance with the provision of Accounting Standards (AS 19 on leases).

2) The amount indicates the profit on sale of aircraft sold and acquired back on operating lease.

ANNEXURE III F : DETAILS OF RATES OF DIVIDEND

Class of SharesClass of Shares	Face Value	Year ended Mar 31, 2000	Year ended Mar 31, 2001	Year ended Mar 31, 2002	Year ended Mar 31, 2003	Year ended Mar 31, 2004	Six months ended Sep 30, 2004
Equity Shares	Rs. 10						
- Interim		10%	10%	-	-	-	-
- Final		-	-	11.50%	-	-	-
Total		**10%**	**10%**	**11.50%**	**-**	**-**	**-**
5% Cumulative Convertible Redeemable Preference Shares (Refer Note 1)	Rs. 10	-	5%	5%	-	-	-

Notes :

1) The Company issued 69,828,750 Cumulative Convertible Redeemable Preference Shares of Rs. 10/- each fully paid up for the first time in February 2001.

ANNEXURE III G - SCHEDULE OF CONTINGENT LIABILITIES

INR 000s

As at	Year ended Mar 31, 2000	Year ended Mar 31, 2001	Year ended Mar 31, 2002	Year ended Mar 31, 2003	Year ended Mar 31, 2004	Six months ended Sep 30, 2004
Bank Guarantees and Letters of Credit	-	-	-	1,724,513	3,109,681	3,201,797
Estimated amount of Contracts remaining to be executed on capital account and not provided for	18,056,264	15,250,234	15,029	7,928	433,628	234,863
Claims against the Company not acknowledged as debts	3,615	296,963	296,688	372,513	777,393	838,066
Arrears of Preference Dividend and annualised return thereon	-	-	-	92,429	182,393	242,374
Total	**18,059,879**	**15,547,197**	**311,717**	**2,197,383**	**4,503,095**	**4,517,100**

The above amounts have been compiled from the audited financial statements of the Company for the respective years/ period.

ANNEXURE III H - SEGMENT DISCLOSURES AND OTHER NOTES

SEGMENT REPORTING

The Company commenced international operations on March 23, 2004. The proportion of international operations revenue to the total revenue is insignificant, therefore has not been reported separately.

As such all other related activities revolve around the main business. Hence there are no such separate reportable segments, as required by the Accounting Standard - 17 on “Segment Reporting” issued by the Institute of Chartered Accountants of India.

OTHER NOTES

Aircraft Lease Rentals are stated net of sub-lease rental receipts of Rs. 105,496 (‘000s) and Rs. 79,011 (‘000s) for the year ended March 31, 2004 and six months period ended September 30, 2004.

ANNEXURE III I - SCHEDULE OF RELATED PARTY TRANSACTIONS

(a) Names of related parties and nature of relationship where control exists

Sr. No.	Category of related parties	Names
1	Holding Company	Tailwinds Ltd.
2	Associates	Jetair Private Limited Jet Enterprises Private Limited Jet Airways LLC Jet Airways of India Inc. Jetair Tours Private Limited Vimpal Holding Private Limited International Cargo Carriers Private Limited National Travel Services (Partnership Firm)
3	Key Management Personnel	Mr. S.K. Datta
4	Parties with Substantial Interest	Naresh Goyal
5	Others (relative of Naresh Goyal)	Anita Goyal

(b) Transactions & balances with related parties

(INR ‘000s)

Nature of Transaction	Holding Company/ Parties with Substantial Interest	Associates	Key Management Personnel	Others (relative of Naresh Goyal)
Transactions for the year ended March 31, 2002				
Dividend	82,902	-	-	-
Remuneration	-	-	4,425	3,436
Agency Commission	-	898,230	-	-
Expenses Reimbursed	-	(470,681)	-	-
(Staff Costs, communication costs, rent)				
Trademark Fees	-	43,262	-	-
Balance as at 31 March, 2002				
Deposits & Advances for Leased Premises	-	33,500	-	-
Sundry Creditors	-	20,126	-	-
Sundry Debtors	-	82,127	-	-
Share Capital	720,889	-	-	-
Transactions for the year ended March 31, 2003				
Remuneration	-	-	3,940	2,165
Agency Commission	-	842,116	-	-
Rent	-	39,744	-	-
Expenses Reimbursed	-	(364,976)	-	-
(Staff Costs, communication costs, rent)				
Trademark Fees	-	45,945	-	-
Balance as at 31 March, 2003				
Deposits & Advances for Leased Premises	-	160,337	-	-
Sundry Creditors	-	85,244	-	-
Sundry Debtors	-	38,330	-	-
Share Capital	720,889	-	-	-
Transactions for the year ended March 31, 2004				
Remuneration	-	-	3,900	2,109
Agency Commission	-	1,003,067	-	-
Rent	-	17,856	-	-
Expenses Reimbursed	-	(464,640)	-	-
(Staff Costs, communication costs, rent)				
Trademark Fees	-	55,892	-	-
Balance as at 31 March, 2004				
Deposits & Advances for Leased Premises	-	167,837	-	-
Sundry Creditors	-	13,014	-	-
Sundry Debtors	-	13,251	-	-
Share Capital	720,889	-	-	-
Transactions for the Six months ended September 30, 2004				
Remuneration	-	-	2,065	43
Agency Commission	-	628,489	-	-
Rent	-	5,178	-	-
Expenses Reimbursed	-	-	-	-
(Staff Costs, communication costs, rent)	-	(313,423)	-	-
Trademark Fees	-	36,588	-	-
Balance as at September 30, 2004				
Deposits & Advances for Leased Premises	-	164,837	-	-
Sundry Creditors	-	108,558	-	-
Sundry Debtors	-	-	-	-
Share Capital	720,889	-	-	-

The information has been provided from the financial year 2001-02, when the Accounting Standard 18 on ‘Related Party Disclosures’ issued by the Institute of Chartered Accountants of India became mandatory

ANNEXURE IV: NOTES ON ADJUSTMENTS AND SIGNIFICANT ACCOUNTING POLICIES FOR RESTATED FINANCIAL STATEMENTS.

(I) NOTES ON ADJUSTMENTS

1. Changes in accounting policies

a. Depreciation

Until the year ended March 31, 2003, the expense incurred on software was treated as revenue expenditure.

In order to comply with the Accounting Standard 26 on Intangible assets issued by the "Institute of Chartered Accountants of India", the company has capitalized the software which results in future economic benefits and has amortised it over 36 months on straight line method.

Accordingly, the fixed assets have been restated and depreciation has been recomputed for the years ended March 31, 2000, March 31, 2001, March 31, 2002 and March. 31, 2003. Further, reserves as at April 1, 1999 have been appropriately adjusted to reflect the impact of change pertaining to prior years.

b. Frequent Flyer Expenses

Until the year ended March 31, 2002 the cost of allowing free travel to members of frequent flyer program was computed on the basis of average cost per free seat.

Effective April 1, 2002 the frequent flyer expenses has been computed considering the incremental cost as per the IATA Airline Accounting Guideline.

Accordingly, the frequent flyer expenses has been restated for the years ended March 31, 2000, March 31, 2001 and March 31, 2002. Further, reserves as at April 1, 1999 have been appropriately adjusted to reflect the impact of change pertaining to prior years.

c. Provisions for Aircraft Maintenance and Repairs

Until the year ended March 31, 2004, aircraft maintenance costs were provided at a predetermined rate for each block hour flown except for Engines / Auxiliary Power Units covered by third party maintenance agreement.

In order to comply with the accounting standard 29 on "Provisions, Contingent Liabilities and Contingent Assets" issued by the Institute of Chartered Accountants of India, the Company has started charging, from the accounting period commencing on April 1, 2004, the above mentioned expenses on as incurred basis except where such overhaul costs are covered by third party maintenance contracts.

Accordingly, the expenses have been restated for the years ended March 31, 2000, March 31, 2001, March 31, 2002, March 31, 2003 and March 31, 2004. Further, Reserves as at March 31, 1999 have been appropriately adjusted to reflect the impact of the change pertaining to the prior years.

d. Deferred Tax

The Company adopted Accounting Standard 22, Accounting for taxes on Income issued by the "Institute of Chartered Accountants of India" for the first time in preparing the financial statements for the year ended March 31, 2003. Accordingly, for the purpose of this statement, the deferred tax asset/liability has been recognized in the respective years of origination, considering the adjustment on account of change in accounting policy and other changes with the corresponding effect to the statement of profits, as restated.

2. Prior Period Adjustments

In the financial statements for the year ended March 31, 2004 and the half year ended September 30, 2004, the Company had recognised / charged off certain amount of Income and Expense as prior period. For the purpose of this statement, the said income / expense have been appropriately adjusted in the years that it relates to.

3. Other Adjustments

a. Impact of Change in accounting estimates

During the year ended March 31, 2004 the Company has revised the estimated useful life of the Galley

Equipments, which forms a part of the Engineering Inventory. Accordingly provision for obsolescence on such inventory has been adjusted on the straight line method basis over its balance useful life as estimated by the management. The management's estimate of the useful life of such inventory is 10 years. In the earlier years the depreciation has been calculated on the straight-line method at the rates prescribed in Schedule XIV to the Companies Act, 1956.

Accordingly, provision for obsolescence has been adjusted against profits for the years ended March 31, 2000, March 31, 2001, March 31, 2002 and March 31, 2003, in line with the above-mentioned change in estimate. Further, reserves as at April 1, 1999 have been appropriately adjusted to reflect the impact of change pertaining to prior years.

b. Re-negotiation of aircraft maintenance contract

Post the events of September 11, 2001, the Company has re-negotiated the aircraft maintenance contract in the financial year 2001-2002 with retrospective effect.

Accordingly, the impact (net) has been adjusted against profits for the years ended March 31, 2000 and March 31, 2001. Further, reserves as at April 1, 1999 have been appropriately adjusted to reflect the impact of change pertaining to prior years.

4. Current Tax Impact of Adjustments

Current tax impact of adjustments pertains to tax effect on restatement adjustments provided at the tax rates applicable in the respective years.

5. Non-Adjustment Items:

a. Actuarial valuation of Gratuity for and upto the year ended March 31, 2001.

For and upto the year ended March 31, 2001 the Company was making provision for gratuity on the basis of assumption that all the employees who are in the service of the company as at the year-end are entitled for the same.

The Company changed the basis of provision for Gratuity on actuarial basis from the year ended March 31, 2002 as per the Accounting Standard – 15 on Accounting for Retirement Benefits in the Financial Statement of Employers issued by the "Institute of Chartered Accountants of India". No adjustment has been made for and upto the year ended March 31, 2001 in the absence of information.

b. Actuarial valuation of Leave Encashment for and upto the year ended March 31, 2002.

For and upto the year ended March 31, 2002 the Company was making provision for Leave Encashment on the basis of actual accumulated leave, in excess of 30 days, lying at the credit at the year end.

The Company changed the basis of provision for Leave Encashment on actuarial basis from the year ended March 31, 2003 as per the Accounting Standard – 15 on Accounting for Retirement Benefits in the Financial Statement of Employers issued by the "Institute of Chartered Accountants of India". No adjustment has been made for and upto the year ended March 31, 2002 in the absence of information.

c. Capitalisation of Borrowing Costs

For and upto the year ended March 31, 2000 the Company charged the borrowing costs incurred on acquisition of fixed assets to the Profit and Loss Account.

Pursuant to the introduction of Accounting Standard 16 on Borrowing Cost issued by the Institute of Chartered Accountants of India, the Company has changed its accounting policy to capitalise the interest on borrowings directly attributable to acquisition of aircraft. No adjustment has been made for and upto the years ended March 31, 2000 in the absence of information.

6. Material Re-groupings

"Hire Purchase – Finance charges" have been re-grouped from "Operating Expenses" and is included as a part of "Interest Expense" for the half year ended September 30, 2004 and the years ended March 31, 2000, March 31, 2001, March 31, 2002, March 31, 2003 and March 31, 2004.

(II) SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PREPARATION OF FINANCIAL STATEMENTS :

The financial statements have been prepared under the historical cost convention, except for certain aircraft, which have been revalued, in accordance with the generally accepted accounting principles in 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 result 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 net sales (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 is shown under Current Liabilities.

Balances in Forward Sales are recognised as income where a claim for refund has not been made for two years.

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 RETIREMENT BENEFITS :

The Company makes regular contribution to Provident Fund and this contribution is charged to Profit and Loss Account. Provisions for Gratuity and Leave Encashment Benefit are made on the basis of actuarial valuation and charged to Profit and Loss Account.

F. FIXED ASSETS :

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 & installation of fixed assets upto the time the assets get ready for their intended use are capitalised.

Impairment loss (if any) is provided to the extent the carrying amount of assets exceeds their Recoverable Amount. Recoverable Amount is higher of an asset’s selling price or its Value in Use. Value in Use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Net Selling Price is the amount obtainable from the sale of an asset in an arms length transaction between knowledgeable, willing parties, less the cost of disposal.

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.

G. ASSETS TAKEN ON LEASE :

(a) **Operating Lease:** Rentals are expensed with reference to the Lease Term and other considerations.

(b) **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. INTANGIBLE ASSETS :

Computer Software is amortised over 36 months on straight-line method.

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 the asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

K. DEPRECIATION :

Depreciation has been provided on Written Down Value method at the rates and in the manner prescribed under Schedule XIV to the Companies Act, 1956 on fixed assets, other than expenditure incurred on improvements of assets acquired on operating lease, which are written off evenly over the balance period of the lease.

On revalued assets, depreciation is charged over the residual life and the additional charge of depreciation is withdrawn from the Revaluation reserve.

L. FOREIGN EXCHANGE TRANSACTIONS:

Sales and other transactions in foreign currency are recorded at the Current rate of exchange in force at the time the transactions are effected. Accruals are recorded at the year-end rate. Exchange difference on settlement, other than that related to fixed assets, is adjusted in the Profit & Loss Account.

Monetary Assets and Liabilities relating to foreign exchange transactions not settled as at the year end, are translated at the rates prevalent on that date, and losses/profits, if any on such transactions are recognised in the Profit and Loss Account.

Exchange difference on settlement/ translation of long-term liabilities incurred for acquisition of fixed assets is adjusted in the carrying amount of fixed assets.

Difference between the forward exchange rates and the exchange rates prevalent at the inception of the forward exchange contract in respect of liabilities incurred for acquisition of fixed assets is adjusted in the carrying amount of fixed assets over the life of the contract.

M. DERIVATIVES TRANSACTIONS

Gain or Loss on derivative contracts entered into to hedge exposures to interest rate fluctuations are recognised as and when the underlying transactions are settled. Accordingly proportionate amounts are accrued/provided for the period between the last settlement date and the year-end.

N. INVENTORIES :

Inventories include:

a) Tickets & Airway Bills Stock

b) Unutilised Inflight Service Amenities

c) Expendable Aircraft Spares

d) Aircraft Fuel in the Aircraft

e) Rotables, Galley Equipment and Tooling

Inventories are valued at cost or Net Realisable Value (NRV) whichever is lower. Cost includes custom duty, freight and other charges as applicable and is determined using the Weighted Average formula. In respect of reusable items such as rotables, galley equipment & tooling under (e) above, NRV takes into consideration provision for obsolescence and wear & tear based on the estimated useful life of the aircraft derived from Schedule XIV of the Companies Act, 1956 & also includes provisioning for non-moving /slow moving items.

O. REDELIVERY EXPENSES :

Aircraft Redelivery Expenses have been provided in proportion to the expired lease period.

P. AIRCRAFT MAINTENANCE & 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 covered by third party maintenance agreement and accounted in accordance therewith.

Q. FREQUENT FLYER EXPENSES :

The cost of allowing free travel to members of the Frequent Flyer Programme is accounted considering the members' accumulated mileage.

R. TAXATION

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 that the asset will be realised in future.

S. CONTINGENT LIABILITY

These are disclosed by way of Notes to the Accounts. Provision is made in the accounts in respect of those contingencies which are likely to materialise into liabilities after the year end, till the finalisation of accounts and have material effect on the position stated in the Balance Sheet.

ANNEXURE V - SUMMARY OF ACCOUNTING RATIOS

	Year Ended Mar 31, 2000	Year Ended Mar 31, 2001	Year Ended Mar 31, 2002	Year Ended Mar 31, 2003	Year Ended Mar 31, 2004	Six months ended Sep 30, 2004
Cash Earnings per Share (Rs.)	32.50	41.75	45.05	50.03	90.65	41.96 (Refer Note 5)
Basic Earnings per Share (Rs.)	2.66	4.25	(5.34)	(17.84)	19.44	8.70 (Refer Note 5)
Diluted Earnings per Share (Rs.)	N. A.	2.23	(5.34)*	(17.84)*	4.06	1.78 (Refer Note 5)
Return on Net Worth %	14.20	13.95	(16.67)	(177.75)	68.93	24.01
Net Asset Value per Equity Share	18.73	21.97	16.20	(1.64)	17.81	26.46
Weighted Average Number of Diluted Equity Shares Outstanding during the year/period	-	142,738,899	284,646,095	430,948,542	452,447,245	484,897,504
Total Number of Equity Shares Outstanding during the year/period	72,088,900	72,088,900	72,088,900	72,088,900	72,088,900	72,088,900

* Being anti-dilutive in nature, the basic and diluted EPS for these years remain the same.

Notes :-

1) The ratios have been computed as per the following formulae :

Cash Earnings per Share (Rs.) = $\dfrac{\text{Net Profit after tax and annualised return on Preference Capital but before depreciation \& Provision for stock Obsolescence}}{\text{Total No. of Equity Shares outstanding during the year/ period}}$

Basic Earnings per Share (Rs.) = $\dfrac{\text{Net Profit attributable to Equity Shareholders}}{\text{Total No. of Equity Shares outstanding during the year/ period}}$

Diluted Earnings per Share (Rs.) = $\dfrac{\text{Net Profit attributable to Equity Shareholders}}{\text{Weighted Average No. of Equity Shares outstanding during the year/ period}}$

Return on Net Worth (%) = $\dfrac{\text{Net Profit after tax}}{\text{Net worth excluding Revaluation Reserve at the end of the year/ period}}$

Net Asset Value per Equity Share (Rs.) = $\dfrac{\text{Net worth excluding Revaluation Reserve, Preference Share Capital incl. annualised return in arrears thereon at the end of the year/ period}}{\text{Total No. of Equity Shares outstanding during the year/ period}}$

2) The weighted average number of diluted equity shares is derived after dividing the conversion amount of preference shares and subordinated debt as at end of each year/ period.
3) Net Profit, as restated and appearing in the statement of Profits and Losses has been considered for the purpose of computing the above ratios. These ratios are computed on the basis of the restated financial statements of the Company.
4) Earnings per share calculations have been done in accordance with Accounting Standard 20 - “Earnings per share” issued by the Institute of Chartered Accountants of India.
5) Earnings per share for the six months ended September 30, 2004 are not comparable with that of other financial years presented above as they are not annualised.
6) Net Worth computations in the above workings include ‘Cumulative Convertible Redeemable Preference Shares’.

ANNEXURE VI - TAX SHELTER STATEMENTS

INR 000s

		As on Mar 31, 2000	As on Mar 31, 2001	As on Mar 31, 2002	As on Mar 31, 2003	As on Mar 31, 2004	As on Sep 30, 2004
Tax rate (including surcharge)		38.50	39.55	35.70	36.75	35.88	36.59
Net profit/(loss) before tax as restated		507,368	647,895	(396,965)	(2,060,343)	2,244,183	1,572,352
Tax at notional rates	**(A)**	195,337	256,243	-	-	805,101	575,324
Book Depreciation		2,102,361	2,621,617	3,503,098	4,740,086	5,153,724	2,291,438
Tax Depreciation		3,593,729	3,615,867	4,198,500	6,846,802	5,877,042	2,201,308
Difference between tax and book depreciation	**(B)**	(1,491,368)	(994,250)	(695,401)	(2,106,716)	(723,319)	90,130
Other adjustments	**(C)**	22,470	61,071	(939,010)	(212,948)	(475,815)	(27,195)
Net adjustments	**(B + C)**	(1,468,898)	(933,179)	(1,634,411)	(2,319,664)	(1,199,134)	62,935
Tax Savings thereon		(565,526)	(369,072)	(583,485)	(852,476)	(430,189)	23,028
Profit/(Loss) as per Income tax return		(1,339,936)	(800,534)	(1,775,289)	(4,740,317)	605,210	1,660,688
Less : Set/off of B/f unabsorbed depreciation		-	-	-	-	(605,210)	(1,660,688)
Taxable Income as per Tax Return under MAT		37,948	136,414	-	-	1,764,977	1,553,722
Tax as per Income Tax Return (MAT) incl int		14,610	11,561	-	-	140,443	121,831
Tax on restated profits under MAT	**(D)**	58,601	54,875	-	-	171,257	124,184
Tax provision made in books	**(E)**	17,000	11,600	-	-	150,000	122,000
Current tax impact of adjustments	**(D - E)**	41,601	43,275	-	-	21,257	2,184

ANNEXURE VII - CAPITALISATION STATEMENT AS AT SEPTEMBER 30, 2004

INR '000s

	Pre Issue	Post Issue *
Short Term Debt	600,000	-
Long Term Debt	27,539,790	-
Subordinated Debt	3,341,100	-
Total Debt	**31,480,890**	**-**
Shareholders' Funds		
- Share Capital	1,419,177	-
- Reserves (excluding Revaluation Reserve	1,429,159	-
Total Shareholders' Funds	**2,848,336**	**-**
Long Term Debt/Equity	10.84	-

* Share Capital and Reserves post-issue can be ascertained only after the conclusion of the book building process

Notes:-

1) Long term debt represents outstanding hire purchase/ finance lease instalments for aircraft and other assets
2) Long term debt includes current portion of the long term debt payable over the next twelve months
3) The Long term debt/ Equity ratio has been calculated as per the following formula :-

$$\frac{\text{Long term Debt + Subordinated Debt}}{\text{Shareholders' Funds}}$$

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

Chaturvedi & Shah
Chartered Accountants
A-3 Laxmi Towers, 1st Floor
Bandra Kurla Complex,
Bandra (East)
Mumbai 400 051

AUDITORS' REPORT TO THE BOARD OF DIRECTORS

1. We have audited the attached Balance Sheet of Jet Airways (India) Private Limited, as at 30th September, 2004 and also the Profit and Loss Account and the Cash Flow Statement for the six months period 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 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. 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 the 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 accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
   e) in our opinion, and to the best of our information and according to the explanations given to us, the said accounts 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 30th September, 2004;
      (ii) in the case of the Profit and Loss Account, of the Profit of the Company for the six months period ended on that date; and
      (iii) in the case of Cash Flow statement, of the cash flows for the six months period ended on that date.

FOR **DELOITTE HASKINS & SELLS**
CHARTERED ACCOUNTANTS

R. SALIVATI
PARTNER
M. No. 34004

FOR **CHATURVEDI & SHAH**
CHARTERED ACCOUNTANTS

C.D. LALA
PARTNER
M. No. 35671

Mumbai
Dated: December 20, 2004

BALANCE SHEET AS AT SEPTEMBER 30,2004

				Schedule No.	As at Sep 30,2004 Rs'000	As at Mar 31,2004 Rs'000
I	**SOURCES OF FUNDS**					
	1.	Shareholders' Funds :				
		a)	Share Capital	A		
			Equity		**720,889**	720,889
			Preference		**698,288**	698,288
			Capital		**1,419,177**	1,419,177
		b)	Reserves and Surplus	B	**3,184,357**	3,934,993
					4,603,534	5,354,170
	2.	Subordinated Debt (Ref. Note 10 of Schedule S)			**3,341,100**	3,080,775
	3.	Loan Funds :				
		a)	Secured Loans	C	**600,000**	603,433
		b)	Unsecured Loans	D	**27,539,790**	28,415,657
					28,139,790	29,019,090
			Deferred Tax Liability (Ref. Note 17 of Schedule S)		**673,552**	507,450
		Total			**36,757,976**	37,961,485
		Fixed Assets :		E		
		a)	Gross Block		**52,012,943**	51,618,067
		b)	Less : Depreciation		**23,245,805**	20,502,101
		c)	Net Block		**28,767,138**	31,115,966
		d)	Capital Work-in-progress		**124,904**	151,901
					28,892,042	31,267,867
		Investments		F	**5,008,292**	2,334,164
		Current Assets, Loans and Advances :				
		a)	Inventories	G	**3,420,493**	3,474,355
		b)	Sundry Debtors	H	**2,675,785**	2,344,375
		c)	Cash and Bank Balances	I	**3,886,425**	3,699,412
		d)	Loans and Advances	J	**1,947,005**	1,803,409
					11,929,708	11,321,551
		Less : Current Liabilities and Provisions				
		a)	Current Liabilities	K	**6,142,101**	5,356,847
		b)	Provisions	L	**2,929,965**	2,785,378
					9,072,066	8,142,225
		Net Current Assets			**2,857,642**	3,179,326
	4.	Profit & Loss Account			**-**	1,180,128
		Total			**36,757,976**	**37,961,485**

FOR **DELOITTE HASKINS & SELLS.**	FOR **CHATURVEDI & SHAH**	FOR AND ON BEHALF OF THE BOARD
R. SALIVATI	**C.D. LALA**	CHAIRMAN
PARTNER	PARTNER	DIRECTOR
		COMPANY SECRETARY

MUMBAI
DATED: December 20, 2004

PROFIT AND LOSS ACCOUNT FOR THE SIX MONTHS PERIOD ENDED SEPTEMBER 30, 2004

	Schedule No.	Rs.'000	For the Six months period ended Sep 30, 2004 Rs.'000	For the Six months period ended Sep 30, 2003 Rs.'000
INCOME :				
Operating Revenues	M		**19,264,181**	16,344,486
Non-Operating Revenues	N		**402,545**	457,026
Total			**19,666,726**	16,801,512
EXPENDITURE :				
Employees Remuneration and Benefits	O		**1,738,827**	1,399,394
Aircraft Fuel Expenses			**4,713,116**	3,554,376
Selling & Distribution Expenses	P		**2,527,210**	1,983,440
Other Operating Expenses (including Maintenance, Airport Charges, etc)	Q		**4,575,707**	4,700,001
Aircraft Lease Rentals (Refer Note 6 of Schedule S)			**1,006,666**	1,205,254
Depreciation		**2,774,117**		3,092,847
Less : Depreciation on amount added on Revaluation charged to Revaluation Reserve		**483,256**		547,285
			2,290,861	2,545,562
Interest	R		**1,232,231**	1,568,238
Total			**18,084,618**	16,956,265
PROFIT / (LOSS) BEFORE TAXATION			**1,582,108**	(154,753)
Provision for Taxation				
Current Tax (including provision for Wealth Tax Rs. 410, Previous Period Rs. 270)			**122,410**	270
Deferred Tax			**166,101**	-
PROFIT / (LOSS) AFTER TAXATION			**1,293,597**	(155,023)
Balance Brought Forward				
As on 01.04.2004			**(1,180,128)**	-
As on 01.04.2003			-	(2,811,223)
BALANCE CARRIED TO BALANCE SHEET			**113,469**	(2,966,246)
Earnings per share of Rs.10 each				
(Ref. Note 16 of Schedule S)				
Basic (in Rupees)			**17.15**	(2.86)
Diluted (in Rupees)			**3.04**	(2.86)
Significant Accounting Policies and Notes to Accounts	**S**			

As per our attached report of even date

FOR **DELOITTE HASKINS & SELLS.**	FOR **CHATURVEDI & SHAH**	FOR AND ON BEHALF OF THE BOARD
R. SALIVATI PARTNER	**C.D. LALA** PARTNER	CHAIRMAN DIRECTOR COMPANY SECRETARY

MUMBAI
DATED: December 20, 2004

	As at Sep 30, 2004 Rs'000	As at Mar 31, 2004 Rs'000
SCHEDULE A :		
CAPITAL		
AUTHORISED		
100,000,000 Equity Shares of Rs.10/- each	**1,000,000**	1,000,000
100,000,000 Preference Shares of Rs.10/- each	**1,000,000**	1,000,000
	2,000,000	2,000,000
ISSUED, SUBSCRIBED AND PAID-UP		
72,088,900 Equity Shares of Rs. 10/- each fully paid up (Entirely held by the Holding Company - Tail Winds Limited and its nominee) (Of the above, 9,402,900 shares are allotted as fully paid Bonus shares by Capitalization of Profit)	**720,889**	720,889
5%, 69,828,750 Cumulative Convertible Redeemable Preference Shares of Rs. 10/- each. Fully paid up (Refer Note No. 5 of Schedule S)	**698,288**	698,288
Total	**1,419,177**	1,419,177

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 1 of Schedule 'F' - Investments) (*Re. 2/-)	*	*
Revaluation Reserve		
Balance as per Last Balance Sheet	**3,875,685**	5,408,697
Less : Adjustment /Reversal during the period	**380,850**	359,832
Less : Depreciation for the period on amount added on Revaluation transferred to Profit & Loss Account	**483,256**	1,173,180
	3,011,580	3,875,685
Contingency Reserve		
Balance as per last Balance Sheet	**59,308**	59,308
Surplus Balance in Profit and Loss Account	**113,469**	-
Total	**3,184,357**	3,934,993

SCHEDULE C :

	As at Sep 30, 2004 Rs'000	As at Mar 31, 2004 Rs'000
SECURED LOANS		
From Banks		
Corporation Bank	-	3,433
(Loans from Banks are hypothecation of Stocks and Debtors and/or by pledge of Fixed Deposits)		
From Others		
HDFC Ltd. (Secured by hypothecation of Simulator & other accessories thereto)	600,000	600,000
Total	**600,000**	603,433

SCHEDULE D :

UNSECURED LOANS		
From Banks		
Outstanding Hire Purchase/Finance Lease Instalments	**16,187**	35,352
From Others		
Outstanding Hire Purchase/Finance Lease Instalments [Instalments due within one year Rs. 2,789,552 (Previous Year - Rs.2,704,985)]	**27,523,603**	28,380,305
Total	**27,539,790**	**28,415,657**

Schedule E: Fixed Assets

INR' 000s

NATURE OF ASSETS	GROSS BLOCK (At Cost /Valuation)				DEPRECIATION				NET BLOCK	
	As at 01.04.2004	Additions during the period	Deduction/ Adjustment	As at 30.09.2004	Upto 31.03.2004	For the Period	Deduction	Upto 30.09.2004	As on 30.09.2004	As on 31.03.04
Furniture and fixtures	142,637	3,444	337	**145,744**	89,888	5,853	187	**95,554**	**50,190**	52,749
Electrical fittings	120,052	6,808	1,541	**125,319**	57,035	5,253	1,037	**61,251**	**64,068**	63,017
Data processing equipment	443,123	47,427	-	**490,550**	339,965	25,815	-	**365,780**	**124,770**	103,158
Office equipment	231,822	7,248	611	**238,459**	114,870	8,761	344	**123,287**	**115,172**	116,952
Ground support equipment	392,387	23,181	10,836	**404,732**	194,445	13,832	5,631	**202,646**	**202,086**	197,942
Vehicles	65,251	1,540	3,618	**63,173**	38,446	3,572	2,977	**39,041**	**24,132**	26,805
Ground support vehicles	317,424	5,739	743	**322,420**	219,665	15,129	671	**234,123**	**88,297**	97,759
Aircraft & spare engine	49,043,802	630,697	431,050	**49,243,449**	19,089,493	2,630,267	19,569	**21,700,191**	**27,543,258**	29,954,309
Capital expenditure on leased aircraft	217,917	57,864	-	**275,781**	92,760	23,517	-	**116,277**	**159,504**	125,157
Capital expenditure on leased property	91,444	8,083	-	**99,527**	64,755	6,850	-	**71,605**	**27,922**	26,689
Simulator	513,755		-	**513,755**	199,731	25,506	-	**225,237**	**288,518**	314,024
Intangible asset										
Software	38,453	51,581	-	**90,034**	1,051	9,762	-	**10,813**	**79,221**	37,402
Total	**51,618,067**	**843,612**	**448,736**	**52,012,943**	**20,502,104**	**2,774,117**	**30,416**	**23,245,805**	**28,767,138**	**31,115,963**
Previous year	*50,097,648*	*3,649,732*	*2,129,313*	*51,618,067*	*15,298,284*	*6,324,723*	*1,120,906*	*20,502,101*	*31,115,966*	*34,799,364*
Capital work in progress including capital advance									**124,904**	151,901

Note:

1) All the Aircraft are acquired on Hire-purchase/Finance Lease basis and do not include Aircraft taken on Operating lease. Such Aircraft are charged against financing arrangements obtained by the Hirers/Lessor.
2) Additions to Aircraft is net of Rs. 495 million (Previous Year Rs. 757 million) on account of exchange difference during the period.
3) Net Block of Vehicles and Ground Support Vehicles include Rs.27 million (Previous Year Rs.78 million) on account of vehicles taken on Hire Purchase.
4) Aircraft were revalued on 31st March, 2002 with reference to the current prices; amount added on revaluation was Rs. 7,300 million; the revalued amount substituted for historical cost on 31st March, 2002 was Rs. 34,286 million.

	As at Sep 30, 2004 Rs'000	As at Mar 31, 2004 Rs'000
SCHEDULE F :		
INVESTMENTS		
Long Term		
18 Shares (Previous Year 15 Shares) held with Societe Internationale de Telecommunications Aeronautiques (S.I.T.A S.C) * (Re. 2/-)	*	*

Notes:

1) 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 Re. 1/- by crediting to Capital Reserve

2) The transfer of this investment is restricted to other Depository Certificate holders for e.g. Air Transport members, etc.

Current

Investments in Mutual Funds – Traded

Schemes	**No. of Units**	**Face Value Unit (Rs.)**	**As at Sep 30, 2004 Rs'000**	**As at Mar 31, 2004 Rs'000**
Growth Plan				
Kotak Mahindra Mutual Fund	83,866,379	10.00	1,013,051	-
Principal Mutual Fund	33,753,282	10.00	350,000	-
Deutsche Mutual Fund	24,742,237	10.00	250,000	-
HDFC Mutual Fund	32,479,754	10.00	398,505	-
JM Mutual Fund	58,202,121	10.00	585,000	-
Prudential ICICI Mutual Fund	55,882,454	10.00	651,563	-
Alliance Capital	219,444	10.00	173	-
Birla Sun Life Mutual Fund	20,000,000	10.00	200,000	-
HSBC Mutual Fund	11,824,641	10.00	120,000	-
Reliance Mutual Fund	61,393,579	10.00	615,000	-
Franklin Templeton Investments	197,956	1,000.00	200,000	-
Tata Mutual Fund	57,146,637	10.00	625,000	-
Dividend Plan				
Kotak Mahindra Mutual Fund	46,473,451	10.00		568,282
Principal Mutual Fund	20,000,000	10.00		200,000
Deutsche Mutual Fund	21,284,159	10.00		219,093
HDFC Mutual Fund	16,720,663	10.00		177,848
JM Mutual Fund	35,949,950	10.00		359,499
Prudential ICICI Mutual Fund	8,736,859	10.00		103,544
Alliance Capital	7,011,068	10.00		70,111
Birla Sun Life Mutual Fund	15,333,430	10.00		165,373
ING Vysya Mutual Fund	15,332,713	10.00		165,162
DSP Merrill Lynch Mutual Fund	9,996,004	10.00		100,060
Standard Chartered Mutual Fund	19,391,321	10.00		205,192

	As at Sep 30, 2004 Rs'000	As at Mar 31, 2004 Rs'000
	5,008,292	2,334,164

Schemes	No. of Units	Face Value Unit (Rs.)	As at Sep 30, 2004 Rs'000	As at Mar 31, 2004 Rs'000	
Market Value					
Growth Plan					
Kotak Mutual Fund		1,022,893			
Principal Mutual Fund		351,097			
Deutsche Mutual Fund		250,413			
HDFC Mutual Fund		401,944			
JM Mutual Fund		587,664			
Prudential Mutual Fund		657,126			
Alliance Mutual Fund		2,357			
Birla Mutual Fund		201,482			
HSBC Mutual Fund		120,031			
Reliance Mutual Fund		615,838			
Templeton Mutual Fund		200,460			
Tata Mutual Fund		626,876			
Dividend Plan					
Kotak Mutual Fund			568,282		
Principal Mutual Fund			200,380		
Deutsche Mutual Fund			219,093		
HDFC Mutual Fund			177,848		
JM Mutual Fund			359,629		
Prudential Mutual Fund			103,544		
Alliance Mutual Fund			70,111		
Birla Mutual Fund			165,373		
ING Vysya Mutual Fund			165,162		
DSP Mutual Fund			100,060		
Standard Chartered Mutual Fund			205,192		
		5,038,181	2,334,674	**5,008,292**	2,334,164

Note : The market price is based on the repurchase price declared by the respective funds

INR' 000s

			As at Sep 30, 2004 Rs'000	As at Mar 31, 2004 Rs'000
SCHEDULE G :				
INVENTORIES (At Lower of Cost or Net Realisable Value)				
i)	Spare Parts, Consumable stores and tools		**3,991,784**	4,016,327
	Less : Provision for Obsolescence /Slow & Non-Moving items (Refer Note 1 (N) of Schedule S)		**674,517**	639,836
			3,317,267	3,376,491
ii)	Fuel		**6,375**	4,458
iii)	Other Stores Items		**96,851**	93,406
		Total	**3,420,493**	3,474,355

INR' 000s

			As at Sep 30, 2004 Rs'000	As at Mar 31, 2004 Rs'000
SCHEDULE H :				
SUNDRY DEBTORS				
(Unsecured)			**68,579**	66,905
a) Debts (Outstanding for a period exceeding six months)			**2,645,588**	2,304,633
b) Other Debts			**2,714,167**	2,371,538
Less : Provision for Doubtful Debts			**38,382**	27,163
			2,675,785	2,344,375
NOTE :	As at 30.09.04	Previous Year		
1) Considered good	2,675,785	2,344,375		
Considered doubtful	38,382	27,163	**2,675,785**	2,344,375
2) Debtors include Rs.12,112 (Previous Year Rs. 5,720) due from private company in which the company's director is a director/member.	**2,714,167**	2,371,538		
SCHEDULE I :				
CASH AND BANK BALANCES				
Cash on hand (includes cheques on hand - Rs. 1,245 Previous Year Rs. 61,558)			**2,899**	63,431
Balance with Scheduled banks :				
a) In Current Account			**80,962**	54,650
b) In Fixed Deposit Account				
[including margin deposit Rs.995,217 and Rs.Nil given as collateral for overdraft and other loans (Previous Year Rs. 1,814,009 and Rs.641,915 respectively)]			**3,735,170**	3,539,733
Add : Interest accrued			**46,097**	34,404
			3,865,128	3,692,218
Balance with other banks :				
In Current Account :				
a) Citibank N.A. Johannesberg South Africa - Maximum balance outstanding during the year Rs. 6,018 (Previous Year Rs. 9,889)			**1,907**	5,562
b) National Bank of Kuwait Maximum balance outstanding during the year Rs. 3,029 (Previous Year Rs. 1,877)			**-**	-
c) Barclays Bank, London Maximum balance outstanding during the year Rs.13,518 (Previous Year Rs. 13,152)			**1,989**	1,632

d) Barclays Bank – PLC - USD Maximum balance outstanding during the year Rs.1,096 (Previous Year Nil)	**-**	-
e) HSBC CCF – Maximum balance outstanding during the year Rs.10,131 (Previous Year Nil)	**10,131**	-
f) Deutsche Bank AG - FRF Maximum balance outstanding during the year Rs.7,194 (Previous Year Nil)	**7,193**	-
g) Barclays Bank - PLC - Euro Maximum balance outstanding during the year Rs.79 (Previous Year Nil)	**77**	-
	21,297	7,194
Total	**3,886,425**	3,699,412

INR' 000s

	As at Sep 30, 2004 Rs'000	As at Mar 31, 2004 Rs'000
SCHEDULE J :		
LOANS and ADVANCES		
(Unsecured and Considered Good) Advances Recoverable in Cash or in Kind for value to be received	**719,602**	732,130
Deposits with Airport Authorities & others (Including margin deposit Rs.382,739 (Previous Year Rs. 288,377)	**849,693**	769,464
Balances with Customs Authorities	**342**	867
Advance Tax & Tax Deducted at Source	**369,230**	258,423
Other assets	**8,138**	42,525
Total	**1,947,005**	1,803,409

Note : Deposits & Advances include Rs.164,837 (Previous Year Rs. 167,837) placed with a private company in which the company's director is a director/member.

SCHEDULE K :		
CURRENT LIABILITIES		
Sundry Creditors		
Outstanding dues to small scale industries	**-**	-
Others	**1,872,313**	1,698,006
	1,872,313	1,698,006
Other Current Liabilities	**1,815,290**	1,285,270
Interest Accrued but not due on loans	**131,524**	314,192
Forward Sales (net) (Passenger/Cargo)	**2,068,603**	1,493,360
Balance with Scheduled Bank in Current Account overdrawn as per books	**254,371**	566,019
Total	**6,142,101**	5,356,847

Note : No amounts are due to the Investor Education & Protection Fund

INR' 000s

		As at Sep 30, 2004 Rs'000	As at Mar 31, 2004 Rs'000
SCHEDULE L :			
PROVISIONS			
Wealth Tax		**1,171**	761
Income Tax		**351,243**	229,243
Gratuity		**134,290**	109,713
Leave Encashment		**32,470**	25,732
Others		**2,410,791**	2,419,929
	Total	**2,929,965**	2,785,378

INR' 000s

		For the Six months period ended Sep 30, 2004	For the Six months period ended Sep 30, 2003
SCHEDULE M :			
OPERATING REVENUE			
Passenger		**18,068,701**	15,208,634
Excess Baggage		**173,753**	118,534
Cargo		**886,128**	849,374
Other Revenue		**135,599**	167,944
	Total	**19,264,181**	16,344,486

SCHEDULE N :			
NON-OPERATING REVENUE			
Interest on Bank & Other Deposits [Tax Deducted at Source Rs.48,631 (Previous Year Rs 58,368)]		**106,385**	136,971
Exchange difference (Net)		**-**	156,839
Profit on Sale and Hire Purchase of Engines carried forward		**-**	85,377
Profit on sale of Current Investments (Net)		**15,945**	13,389
Dividend on Investments		**-**	-
Long Term		**-**	962
Short Term		**27,977**	-
		27,977	962-
Excess Provision no longer required		**182,199**	5,358
Provision for Doubtful Debts no longer required		**151**	-
Other Income (including Interest on Income Tax Refund of Rs.5,005, Previous year Rs. Nil)		**69,888**	58,130
	Total	**402,545**	457,026

INR' 000s

SCHEDULE O :

EMPLOYEES REMUNERATION AND BENEFITS (Net)

		For the Six months period ended Sep 30, 2004	**For the Six months period ended Sep 30, 2003**
Salaries, Wages, Bonus & Allowances		**1,575,569**	1,252,923
Contribution to Provident Fund & ESIC		**49,820**	40,299
Provision for Gratuity		**30,958**	21,826
Provision for Leave Encashment		**10,266**	1,836
Staff Welfare Expenses		**67,906**	73,055
Staff training		**4,308**	9,455
	Total	**1,738,827**	1,399,394

SCHEDULE P :

CRS Cost (Net)		**512,900**	437,735
Commission		**1,834,992**	1,426,485
Others		**179,318**	119,220
	Total	**2,527,210**	1,983,440

SCHEDULE Q :

OPERATING EXPENSES

Aircraft Variable Rentals		**334,924**	550,799
Aircraft Insurance & Other Insurance		**199,409**	179,129
Landing, Navigation & Other Airport Charges		**1,091,812**	1,036,243
Aircraft Maintenance (including Customs Duty and Freight, where applicable)			
Component Repairs, Recertification, Exchange,	**911,365**		1,258,559
Consignment Fees and Aircraft Overhaul	**44,011**		48,229
Lease of Aircraft Spares incl. Engine	**329,716**		269,648
Consumption of Stores & Spares (net) (including items scrapped Rs. 131,974, Previous Period Rs. 117,102)	**106,736**		91,998
Provision for Spares Obsolescence		**1,391,828**	1,668,434
Inflight & Other Pax Amenities		**664,507**	544,085
Communication Cost		**66,272**	71,391
Travelling & Subsistence		**160,508**	138,589
Rent		**131,371**	138,288
Rates & Taxes		**9,956**	10,230
Repairs & Maintenance			
Leased Premises	**2,518**		2,946
Others	**91,450**		68,498
		93,968	71,444
Electricity		**40,248**	37,458
Director's Sitting Fees		**70**	115
Miscellaneous Expenses (Including Printing & Stationery, Bank Charges etc.)		**195,187**	244,270
Provision for Bad & Doubtful Debts		**11,370**	9,041
Loss on scrapping of Fixed Asset		**30,630**	
Loss on sale of Fixed Assets other than Aircraft (Net)		**4,250**	485
Exchange difference (Net)		**149,397**	
	Total	**4,575,707**	4,700,001

			INR '000s
		For the Six months period ended Sep 30, 2004	For the Six months period ended Sep 30, 2003
SCHEDULE R			
INTEREST	**1,005,528**		1,320,074
Hire Purchase - Finance Charges	**194,716**		180,513
Interest on Subordinated Debt	**27,074**		27,066
Interest on Fixed Loan	**712**		3,410
Interest on Bank Overdraft	**4,201**		72,118
Other Interest		**1,232,231**	1,603,181
Less : Capitalised during the period		**-**	34,943
Total		**1,232,231**	1,568,238

SCHEDULE 'S'

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention, except for certain aircraft which have been revalued, in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956.

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 result and estimates are recognised in the period in which the results are known / materialised.

REVENUE RECOGNITION

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

The net sales (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 is shown under Current Liabilities.

Balances in Forward Sales are recognised as income where a claim for refund has not been made for two years.

COMMISSION

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

EMPLOYEE RETIREMENT BENEFITS

The company makes regular contribution to Provident Fund and this contribution is charged to Profit and Loss Account. Provisions for Gratuity and Leave Encashment Benefit are made on the basis of actuarial valuation and charged to Profit and Loss Account.

FIXED ASSETS

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 & installation of fixed assets upto the time the assets get ready for their intended use are capitalised.

Impairment loss (if any) is provided to the extent the carrying amount of assets exceeds their Recoverable Amount. Recoverable Amount is higher of an asset's selling price or its Value in Use. Value in Use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Net Selling Price is the amount obtainable from the sale of an asset in an arms length transaction between knowledgeable, willing parties, less the cost of disposal.

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.

ASSETS TAKEN ON LEASE

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

b) **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.

INTANGIBLE ASSETS

Computer Software is amortised over 36 months on straight-line method.

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.

BORROWING COSTS

Borrowing costs attributable to the acquisition or construction of a qualifying asset are capitalised as part of the cost of the asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

DEPRECIATION

Depreciation has been provided on Written Down Value method at the rates and in the manner prescribed under the Schedule XIV to the Companies Act, 1956 on fixed assets, other than expenditure incurred on improvements of assets acquired on operating lease, which are written off evenly over the balance period of the lease.

On revalued assets, depreciation is charged over the residual life and the additional charge of depreciation is withdrawn from the Revaluation reserve.

FOREIGN EXCHANGE TRANSACTIONS

Sales and other transactions in foreign currency are recorded at the Current rate of exchange in force at the time the transactions are effected. Accruals are recorded at the year-end rate. Exchange difference on settlement, other than that related to fixed assets, is adjusted in the Profit & Loss Account.

Monetary Assets and Liabilities relating to foreign exchange transactions not settled as at the year end, are translated at the rates prevalent on that date, and losses/profits, if any on such transactions are recognised in the Profit and Loss Account.

Exchange difference on settlement/ translation of long-term liabilities incurred for acquisition of fixed assets is adjusted in the carrying amount of fixed assets.

Difference between the forward exchange rates and the exchange rates prevalent at the inception of the forward exchange contract in respect of liabilities incurred for acquisition of fixed assets is adjusted in the carrying amount of fixed assets over the life of the contract.

DERIVATIVES TRANSACTIONS

Gain or Loss on derivative contracts entered into to hedge exposures to interest rate fluctuations are recognised as and when the underlying transactions are settled. Accordingly proportionate amounts are accrued/provided for the period between the last settlement date and the year-end.

INVENTORIES

Inventories include:

a) Tickets & Airway Bills Stock
b) Unutilised Inflight Service Amenities
c) Expendable Aircraft Spares
d) Aircraft Fuel in the Aircraft
e) Rotables, Galley Equipment and Tooling

Inventories are valued at cost or Net Realisable Value (NRV) whichever is lower. Cost includes custom duty, freight and other charges as applicable and is determined using the Weighted Average formula. In respect of reusable items such as rotables, galley equipment & tooling under (e) above, NRV takes into consideration provision for obsolescence and wear & tear based on the estimated useful life of the aircraft derived from Schedule XIV of the Companies Act, 1956 & also includes provisioning for non-moving/ slow moving items.

REDELIVERY EXPENSES

Aircraft Redelivery Expenses have been provided in proportion to the expired lease period.

AIRCRAFT MAINTENANCE & 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 covered by third party maintenance agreement and accounted in accordance therewith. (Refer Note – 18)

FREQUENT FLYER EXPENSES

The cost of allowing free travel to members of the Frequent Flyer Programme is accounted considering the members' accumulated mileage.

TAXATION

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 that the asset will be realised in future.

CONTINGENT LIABILITY

These are disclosed by way of Notes to the Accounts. Provision is made in the accounts in respect of those contingencies which are likely to materialise into liabilities after the year end, till the finalisation of accounts and have material effect on the position stated in the Balance Sheet.

2. Estimated amount of Contracts remaining to be executed on capital account net of advances, not provided for Rs.234, 863 ('000s) (Previous Year - Rs.433, 628 ('000s)).

3. CONTINGENT LIABILITY :

A. Unprovided Income Tax demands which are disputed in appeals Rs.37, 499 ('000s) (Previous Year Rs.20,345 ('000s)).

B. Unprovided claims against the Company, pending Civil and Consumer suits of Rs. 78,765 ('000s) (Previous Year Rs.71,669 ('000s)).

C. Unprovided claims for Octroi duty on aircraft by Bombay Municipal Corporation (BMC) not accepted by the company amounts to Rs.289,892 ('000s) (Previous Year Rs. 289,892 ('000s)).

D. Disputed claims against the company towards Landing & Navigation Charges made by Airports Authority of India amounts to Rs. 196,835 (‘000s) (Previous year Rs.187,312).

E. Disputed claims against the company towards Ground Handling charges levied by Air India at Cochin International Airport amounting to Rs. 235,075 (‘000s) (Previous year Rs.208,175). Presently the matter is under sub-judice before the MRTP Commission.

F. Letters of Credit outstanding are Rs.1,629,323 (‘000s) (Previous Year Rs. 1,612,995 (‘000s)) and Bank Guarantees outstanding are Rs. 1,572,474 (‘000s) (Previous Year Rs. 1,496,686 (‘000s)).

4. ARREARS OF PREFERENCE DIVIDEND :

Dividend payable of Rs.87,577 (‘000s) (Previous Year Rs.69,829 (‘000s)) on the Cumulative Convertible Redeemable Preference Shares (CCRPS) from Financial Year 2002-03 to 30th September 2004.

5. The Company allotted 69,828,750 5% Cumulative Convertible Redeemable Preference Shares (CCRPS) of Rs. 10 each to International Finance Corporation (IFC), Washington in 2000-2001. IFC has an option to convert these CCRPS together with an annualised return of 12% (less dividend declared) into equity shares at the time of the initial public offering (IPO). In the event IFC does not exercise the option, the CCRPS would be redeemed within 3 months from the IPO date. IFC also has an option for an early redemption before March 31, 2008 if certain terms laid down in the Subscription Agreement are not complied with. The Company also has an option for early redemption after February 15, 2003 if the Company feels that it would not come out with an IPO due to market conditions or any other reasons. In the event of redemption, IFC would receive an annual return of 18% (less dividend declared). The exchange difference on repatriation/ at the time of conversion of the CCRPS together with the assured return (less dividend declared) is to the account of the Company.

The company has since intimated IFC about its desire to come out with an IPO; IFC in turn has exercised its option not to convert but to redeem. Accordingly the company proposes to redeem the CCRPS together with the annualised return of 18% less the dividend so far declared and paid out amounting to Rs. 455,904 (‘000s) out of the proceeds of the IPO. The annualised return less the dividend so far declared and paid out will be adjusted against ‘Share Premium Account’ expected to be raised in the IPO.

6. Aircraft Lease Rentals are stated net of sub-lease rentals of Rs. 79,011 (‘000s) (Previous Year Rs. 26,668 (‘000s)).

7. No credit was taken in the previous accounting year 2003-04 from Forward Sales where a claim for refund has not been made for two years (Refer accounting policy 1 (C)) pending reconciliation of the Forward Sales Account with the subsidiary register. During the current six months period, the Forward Sales balance has substantially been utilised and credit has been taken for expired tickets of Rs. 228,467 (‘000s) on the basis of estimation of pattern and trend of utilization.

From March 1, 2004 the company has shifted to a new accounting package for Passenger and Cargo Revenue.

8. During the period ended 30th September, 2004 the Company has purchased and sold Current Investments in liquid plans of various Mutual Funds detailed below:

MUTUAL FUND	NO. OF UNITS (in ‘000s)	COST (Rs. ‘000s)
Kotak Mahindra Mutual Fund	170,720	2,151,460
Deutsche Mutual Fund	93,957	956,036
HDFC Mutual Fund	62,903	780,500
JM Mutual Fund	66,206	665,220
Prudential ICICI Mutual Fund	78,673	1,189,298
ING Vysya Mutual Fund	53,339	553,500
SBI Mutual Fund	99,031	1,032,229
HSBC Mutual Fund	71,003	711,822

MUTUAL FUND	NO. OF UNITS (in '000s)	COST (Rs. '000s)
Principal Mutual Fund	129,329	1,296,172
Alliance Capital Mutual Fund	59,176	618,055
Birla Sun Life Mutual Fund	44,111	497,027
Standard Chartered Mutual Fund	159,245	1,598,818
Reliance Mutual Fund	68,760	855,129
Franklin Templeton Mutual Fund	401	400,548
Tata Mutual Fund	88,971	1,016,475
Chola Mutual Fund	8,747	100,000

9. A. Prior Period credits included in the determination of the net profit are towards Aircraft Maintenance Rs. Nil ('000s) (Previous Year Rs. 18,756 ('000s)).

B. Prior Period debits included in the determination of the net profit are Interest on Rupee loans of Rs. 4,120 ('000s) (Previous Year Rs. Nil), and provision for disputed damage charges levied by Airports Authority of India amounting to Rs. 24,386 ('000s) (Previous Year Rs. Nil).

10. The Company raised a Subordinated Rupee Debt of Rs.2,640,000 ('000s) equivalent to USD 55.6 Million from Infrastructure Development Finance Company Ltd. (IDFC) in 2001-2002. As per the terms of the borrowings, interest @ 4% p.a. is payable every year and a further interest @ 8.45% p.a. is to be cumulated and compounded every year payable at the end of 8 years i.e. August 23, 2009 or any prepayment date. The principal amount along with the accumulated interest is repayable in lump sum at the end of 8 years. Accordingly an amount of Rs. 701,100 ('000s) has been cumulated and compounded upto August 23, 2004 and included in the debt and the interest accrued from August 23, 2004 to the period ended 30th September, 2004 is provided for. The Company has an option to prepay the entire amount outstanding on the fourth anniversary of the debt drawdown i.e. August 23, 2005, failing which IDFC shall have the right to reset the interest rate for the balance term of the debt. The Company has maintained a Bank Guarantee of Rs.1,170,000 ('000s) (Previous year Rs. 1,120,000 ('000s)) equal to 35% of the debt.

As per the terms and conditions of the document, until all US Exim supported obligations are repaid or discharged in full, the subordinated debt, shall, in all respects, be subordinated to all the present and future indebtedness of the Company, whether secured or unsecured.

In the event of default by the Company in payment of the annual interest or the payment of the cumulative loan or maintaining adequate security deposit/ bank guarantee, IDFC has the right to seek conversion of the amounts due into equity shares of the Company. However, the Company has the option to buy back these shares subject to the prevailing law.

11. PAYMENTS TO AUDITORS FOR THE PERIOD ENDED :

		Amount (Rs.'000s)	
		30-Sep-04	**30-Sep-03**
a)	As Audit Fees	2,865	972
b)	As Advisor or in any other capacity in respect of :		
	Company Law Matters		
	Taxation	-	945
		2,250	1,570
c)	In any other manner (certification, etc.)	2,865	1,133
d)	For reimbursement of expenses	-	1
	Total	**7,980**	**4,621**

12. MANAGERIAL REMUNERATION :

Amount (Rs.'000s)

		30-Sep-04	**30-Sep-03**
i.	Salary	1,541	1,434
ii.	Contribution to Provident Fund and Provision for Gratuity	178	177
iii.	Perquisites	346	357
Total		**2,065**	**1,968**

13. SEGMENT REPORTING :

The proportion of international operations revenue to the total revenue is insignificant, therefore has not been reported separately.

As such all other related activities revolve around the main business. Hence there are no such separate reportable segments, as required by the Accounting Standard - 17 on "Segment Reporting" issued by the Institute of Chartered Accountants of India.

14. 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 :

Sr. No.	Name of the related party	Nature of relationship
1	Tailwinds Ltd.	Holding Company
2	Naresh Goyal	Controlling Shareholder of Holding Company
3	Anita Goyal	Relative of Naresh Goyal
4	Saroj K Datta	Executive Director
5	Jetair Pvt. Ltd.	Associate Companies
6	Jet Enterprises Pvt. Ltd.	
7	Jet Airways LLC	
8	Jet Airways of India Inc.	
9	Jetair Tours Pvt. Ltd.	
10	Vimpal Holding Pvt. Ltd.	
11	International Cargo Carriers Pvt. Ltd.	
12	National Travel Services	Associate Partnership firm

ii. Transactions during the period ended 30th September, 2004 and balances with related parties :

Amount (Rs. '000s)

Sr. No.	**Nature of Transactions**	**Holding Company**	**Relative of Naresh Goyal**	**Executive Director**	**Associated Companies**	
					Jetair Pvt. Ltd.	**Others**
A)	Remuneration		43 *(2,109)*	2,065 *(1,968)*		
B)	Agency Commission				551,914 *(376,782)*	76,575 *(72,995)*
C)	Rent paid				2,178 *(2,178)*	3,000 *(10,500)*
D)	Expenses Reimbursed (Staff Costs / Communication Costs, Rent)				-313,423 *(-218,104)*	
E)	Trademark Fees					36,588 **(29,704)*

(Figures in brackets indicates September 30, 2003 figures)
**with Jet Enterprise Pvt. Ltd.*

Amount (Rs. '000s)

Sr. No.	**Nature of Transactions**	**Holding Company**	**Relative of Naresh Goyal**	**Executive Director**	**Associated Companies**	
					Jetair Pvt. Ltd.	**Others**
A)	Deposits & Advance for Leased Premises				126,837 *(126,837)*	38,000 *(41,000)*
B)	Sundry Creditors				95,256 *(Nil)*	13,302 *(13,014)*
C)	Sundry Debtors				Nil *(122)*	Nil *(13,129)*
D)	Share Capital (Equity Contribution)	720,889 *(720,889)*				

(Figures in brackets indicates March 31, 2004 figures)

15. The Company has entered into Finance and 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 on account of each type of lease are as follows: -

A) Finance Leases/ Hire Purchase

Amount (Rs. '000s)

Particulars	**Future Minimum Lease Payments As at 30th Sep'04**	**Present Value of Future Minimum Lease Payments As at 30th Sep'04**	**Finance Charges**
Aircraft			
Less than 1 year	4,649,681 *(4,565,856)*	2,781,812 *(2,676,372)*	1,867,869 *(1,889,484)*
Between 1 and 5 years	17,709,378 *(17,488,765)*	11,960,993 *(11,546,832)*	5,748,385 *(5,941,933)*
More than 5 years	14,777,773 *(16,668,869)*	12,780,798 *(14,150,477)*	1,996,975 *(2,518,392)*
Total	**37,136,832** **(38,723,490)**	**27,523,603** **(28,373,681)**	**9,613,229** **(10,349,809)**
Vehicles			
Less than 1 year	9,013 *(31,202)*	7,740 *(28,613)*	1,273 *(2,589)*
Between 1 and 5 years	9,210 *(14,712)*	8,447 *(13,363)*	763 *(1,350)*
More than 5 years	(-) *(-)*	(-) *(-)*	(-) *(-)*
Total	**18,223** **(45,914)**	**16,187** **(41,976)**	**2,036** **(3,939)**
Grand Total	**37,155,055** **(38,769,404)**	**27,539,790** **(28,415,657)**	**9,615,265** **(10,353,748)**

(Figures in brackets indicates March 31, 2004 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 Hire Purchase/Finance Lease the property passes to the Hirer/Lessee, on the payment of a nominal option price at the end of the term.

B) Operating Leases

Particulars	Amount (Rs.' 000s) Total Lease Payments 30-Sep-04
Aircraft & Spare Engines	
Less than 1 year	**2,131,531** *(2,265,668)*
Between 1 and 5 years	**4,093,612** *(6,182,363)*
More than 5 years	**(-)** *(-)*
Grand Total	**6,225,143** *(8,448,031)*

Particulars	Amount (Rs.' 000s) Total Lease Payments 30-Sep-04
Aircraft given on sub-lease	
Less than 1 year	-163,013 *(-159,610)*
Between 1 and 5 years	-499,853 *(-661,022)*
More than 5 years	(-) *(-)*
Grand Total	**-662,866** *(-820,632)*

(Figures in brackets indicates September 30, 2003 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.

16. 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. ‘000s)

		30-Sep-04	**30-Sep-03**
Net Profit/ (Loss) after tax		1,293,597	(155,023)
Less: Annualised return on Cumulative Preference Shares		57,023	50,863
Balance Profit attributable to Equity Shareholders	**A**	1,236,574	(205,886)
Add : Return on Preference Shares (See above)		57,023	179,448
Add : Interest (net) on Institutional Loan with convertibility clause		*50,863*	*166,636*
Adjusted Net Profit for Diluted Earnings per Share	**B**	1,473,045	11,613
Weighted no. of Equity Shares outstanding during the period	**C**	72,088,900	72,088,900
No. of Equity Shares resulting from the conversion of Institutional Loan		313,625,375	289,188,912
No. of Equity Shares resulting from the conversion of CCRPS		99,183,229	88,468,128
Weighted no. of Diluted Equity Shares outstanding during the period (Nos.)	**D**	484,897,504	449,745,940
Nominal Value of Equity Shares (Rs.)		10	10
Basic EPS (INR) (not annualised)	**(E = A/C)**	17.15	(2.86)*
Diluted EPS (INR) (not annualised)	**(F = B/D)**	3.04	(2.86)*

* Being anti-dilutive the Basic & Diluted EPS are the same.

17. The Deferred Tax Liability as at 30th September, 2004 comprises of the following:

Amount (Rs. ‘000s)

Particulars	**30-Sep-04**	**2003-04**
Deferred Tax Liability		
Related to Fixed Assets	**3,436,098**	3,173,054
Deferred Tax Asset		
Unabsorbed Depreciation	**2,684,860**	2,581,722
Other Disallowances under Income Tax Act, 1961	**77,686**	83,882
Provision for Deferred Tax Liability (Net)	**673,552**	507,450

Deferred Tax Asset on account of unabsorbed tax depreciation has been recognised, as it can be realised against the reversal of deferred tax liability on account of depreciation.

18. Hitherto costs associated with heavy aircraft maintenance checks (C/D check) and Engine repairs not covered by third party maintenance agreement were provided for on the basis of a predetermined amount for each block hour flown. The costs of such maintenance were charged against these provisions. However, in view of mandatory Accounting Standard – 29 on “Provisions, Contingent Liabilities and Contingent Assets” issued by the Institute of Chartered Accountants of India, applicable for period commencing from 1-4-2004, the company has for the six months ended 30th September, 2004, accounted for said expenses on an incurred basis, applying the standard prospectively. Consequently, charge on account of said expenses for the six months ended 30th September 2004 is lower by Rs. 411,035 (‘000s) and profit for the period is higher by the like amount.

19. The company has provided for the following types of expenditure:-

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 period is as under: -

Particulars	Amount (Rs. ‘000s) 30-Sep-04
Opening Balance as at 01/04/2004	118,400
Add: - Additional Provisions during the period	63,136
	181,536
Less: - Amounts used during the period	26,401
	155,135
Less: - Unused Amounts reversed during the period	-
Closing Balance as at 30/09/2004	**155,135**

b) Redelivery of Aircraft: -

The company has in its fleet few 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.

Particulars	Amount (Rs. ‘000s) 30-Sep-04
Opening Balance as at 01/04/2004	153,472
Add:- Additional Provisions during the period (Net of Exchange Fluctuation of Rs. 5,016 (‘000s))	14,223
	167,695
Less:- Amounts used during the period	-
	167,695
Less:- Unused Amounts reversed during the period	27,199
Closing Balance as at 30/09/2004	**140,496**

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

Year	No. of Aircraft	Amount (Rs.‘ 000s)
2004-05	1	8,812
2005-06	4	31,709
2006-07	3	34,028
2007-08	7	42,773
2008-09	**2**	23,174
Total		**140,496**

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. '000s)
Particulars	**30-Sep-04**
Opening Balance as at 01/04/2004	1,725,308
Add: - Addition due to Exchange Fluctuation (Refer Note No.18)	93,560
	1,818,868
Less: - Amounts used during the period	49,110
	1,769,758
Less: - Unused Amounts reversed during the period	99,516
Closing Balance as at 30/09/2004	**1,670,242**

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 is provided for on the basis of hours flown at a pre-determined rate.

	Amount (Rs. '000s)
Particulars	**30-Sep-04**
Opening Balance as at 01/04/2004	422,748
Add: - Addition due to Exchange Fluctuation (Refer Note No.18)	22,168
	444,916
Less: - Amounts used during the period	-
	444,916
Less: - Unused Amounts reversed during the period	-
Closing Balance as at 30/09/2004	**444,916**

20. Previous Year's figures have been re-grouped, wherever necessary to correspond with figures of current year.

21. Comparative figures in the case of Balance Sheet items and related notes have been provided as at March 31, 2004, while in the case of Profit & Loss items and related notes they have been provided for corresponding six months of the last Financial Year.

Signatures to Schedules 'A' to 'S'

As per our attached report of even date

FOR **DELOITTE HASKINS & SELLS**	FOR **CHATURVEDI & SHAH**	FOR AND ON BEHALF OF THE BOARD
R. SALIVATI	**C.D. LALA**	CHAIRMAN
PARTNER	PARTNER	DIRECTOR
		COMPANY SECRETARY

MUMBAI
DATED: December 20, 2004

Statement of Cash Flow for the Six months period ended 30th September 2004

			April 04- Sept 04 Rs. '000s	Apr 03- Sep 03 Rs. '000s
A.	**Cash Flow from Operating Activities**			
	Net Profit / (Loss) before tax		**1,582,108**	(154,753)
	Adjustments for :			
	Depreciation & Stock Obsolescence		**2,397,597**	2,637,560
	Loss/(Profit) on sale of Fixed assets		**34,880**	(84,892)
	Profit on sale of Investments		**(15,945)**	(13,389)
	Interest expense		**1,232,231**	1,568,238
	Provision for doubtful debts		**11,370**	9,041
	Operating profit before working capital changes		**5,242,241**	3,961,805
	Changes in Inventories		**(52,874)**	(185,163)
	Changes in Sundry Debtors		**(342,780)**	156,632
	Changes in Fixed Deposits with Banks (Refer Foot note)		**517,006**	880,022
	Changes in Loans & Advances		**(32,789)**	(9,847)
	Changes in Current Liabilities and Provisions		**990,099**	(197,045)
	Cash generated from operations		**6,320,903**	4,606,404
	Income tax paid		**(110,807)**	56,178
	Net cash from operating activities	**A**	**6,210,096**	4,662,582
B.	**Cash Flow from Investing Activities**			
	Capital Expenditure - Aircraft & Others		**(816,614)**	(1,662,667)
	Proceeds from sale of fixed assets		**2,590**	1,793
	Purchase of Investments		**(19,329,889)**	(13,262,500)
	Sale of Investments		**16,671,706**	12,852,889
	Net cash from investing activities	**B**	**(3,472,207)**	(2,070,485)
C.	**Cash flows from Financing Activities**			
	Decrease in Term Loans		**(879,300)**	(1,487,704)
	Interest paid		**(1,154,574)**	(1,527,363)
	Net cash used from financing activities	**C**	**(2,033,874)**	(3,015,067)
	Net change in cash (A+B+C)		**704,015**	(422,970)
	Cash and cash equivalents at beginning of period		**135,563**	634,788
	Cash and Bank equivalents at end of period		**839,578**	211,818

Note: Fixed Deposits with banks with maturity period of more than 3 months including interest accrued thereon and Fixed Deposits under lien are not included in Cash and Cash equivalents

As per our attached report of even date

FOR **DELOITTE HASKINS & SELLS**	FOR **CHATURVEDI & SHAH**	FOR AND ON BEHALF OF THE BOARD
R. SALIVATI	**C.D. LALA**	CHAIRMAN
PARTNER	PARTNER	DIRECTOR
		COMPANY SECRETARY

MUMBAI
DATED: December 20, 2004

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

Chaturvedi & Shah
Chartered Accountants
A-3 Laxmi Towers, 1st Floor
Bandra Kurla Complex,
Bandra (East)
Mumbai 400 051

REVIEW REPORT

To

The Board of Directors,
Jet Airways (India) Limited

We have reviewed the accompanying condensed balance sheet of Jet Airways (India) Limited as at December 31, 2004, and the related condensed statements of profit and loss and cash flows for the nine months ended December 31, 2004. These condensed financial statements have been approved by the board of directors of the company and are the responsibility of the company's management. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the Guidance Note on "Engagements to review Financial Statements" issued by the Institute of Chartered Accountants of India. This Guidance Note requires that we plan and perform our review to obtain moderate assurance as to whether the financial statements are free of material misstatements. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review as aforesaid, nothing has come to our attention that causes us to believe that the accompanying condensed financial statements prepared in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India and other recognised accounting practices and policies contain any material mis-statement.

FOR **DELOITTE HASKINS & SELLS**
CHARTERED ACCOUNTANTS
R. SALIVATI
PARTNER
M. No. 34004
MUMBAI
DATED: February 2, 2005

FOR **CHATURVEDI & SHAH**
CHARTERED ACCOUNTANTS
C.D. LALA
PARTNER
M. No. 35671

JET AIRWAYS (INDIA) LIMITED

CONDENSED BALANCE SHEET AS AT DECEMBER 31, 2004

	Rs.'000	**As at Dec 31, 2004 Rs.'000**	As at Mar, 31 2004 Rs.'000
I. **SOURCES OF FUNDS**			
1. Shareholders' Funds :			
a) Share Capital:			
Equity		**720,889**	720,889
Preference		**698,288**	698,288
		1,419,177	1,419,177
b) Reserves and Surplus ((including Revaluation Reserve Rs. 2,768,069 (P.Y. 3,875,685)		**4,237,100**	3,934,993
		5,656,277	5,354,170
2. Subordinated Debt		**3,341,100**	3,080,775
3. Loan Funds :			
a) Secured Loans		**600,000**	603,433
b) Unsecured Loans		**26,393,389**	28,415,657
		26,993,389	29,019,090
4. Deferred Tax Liability		**1,304,458**	507,450
Total		**37,295,224**	37,961,485
II. **APPLICATION OF FUNDS**			
1. Fixed Assets :			
a) Gross Block:			
Tangible assets	**51,535,067**		51,579,614
Intangible assets	**114,487**	**51,625,101**	38,453
b) Less : Depreciation/Amortisation		**24,613,366**	20,502,101
c) Net Block		**27,011,735**	31,115,966
d) Capital Work-in-progress		**221,332**	151,901
		27,233,067	31,267,867
2. Investments		**4,546,364**	2,334,164
3. Current Assets, Loans and Advances :			
a) Inventories		**3,242,887**	3,474,355
b) Sundry Debtors		**3,021,356**	2,344,375
c) Cash and Bank Balances		**6,917,659**	3,699,412
d) Loans and Advances		**1,909,039**	1,803,409
		15,090,941	11,321,551
Less : Current Liabilities and Provisions			
a) Current Liabilities		**6,622,396**	5,356,847
b) Provisions		**2,952,752**	2,785,378
		9,575,148	8,142,225
Net Current Assets		**5,515,793**	3,179,326
4. Profit & Loss Account		**-**	1,180,128
Total		**37,295,224**	37,961,485

Select Explanatory Notes- (Annexure-1)

As per our attached review report of even date

FOR **DELOITTE HASKINS & SELLS**
CHARTERED ACCOUNTANTS

R. SALIVATI
PARTNER
MUMBAI
DATED : February 2, 2005

FOR **CHATURVEDI & SHAH**
CHARTERED ACCOUNTANTS

C.D. LALA
PARTNER

FOR AND ON BEHALF OF THE BOARD

DIRECTOR

DIRECTOR

COMPANY SECRETARY

MUMBAI
DATED : February 2, 2005

JET AIRWAYS (INDIA) LIMITED

CONDENSED PROFIT AND LOSS ACCOUNT FOR THE NINE MONTHS PERIOD ENDED DECEMBER 31, 2004

	Rs.'000	**For the Nine months period ended Dec 31, 2004 Rs.'000**	For the Nine months period ended Dec 31, 2003 Rs.'000
INCOME			
Operating revenues		**31,346,550**	25,118,138
Non-Operating Revenues		**629,093**	928,037
Total		**31,975,643**	26,046,175
EXPENDITURE :			
Employees Remuneration and Benefits		**2,677,551**	2,085,171
Aircraft Fuel Expenses		**7,847,695**	5,433,015
Selling & Distribution Expenses		**3,979,951**	3,042,581
Other Operating Expenses (including Maintenance, Airport Charges, etc.)		**7,025,475**	6,710,332
Aircraft Lease Rentals		**1,495,125**	1,741,018
Depreciation	**4,146,218**		4,763,163
Less : Depreciation on amount added on Revaluation charged to Revaluation Reserve	**726,766**		864,906
		3,419,452	3,898,257
Interest		**1,853,126**	2,263,159
Total		**28,298,375**	25,173,533
PROFIT BEFORE TAXATION		**3,677,268**	872,642
Provision for Taxation			
Current Tax (including provision for Wealth Tax Rs. 410, Previous Period Rs. 300 0)		**290,410**	70,300
Deferred Tax		**797,007**	-
PROFIT AFTER TAXATION		**2,589,851**	802,342
Balance Brought Forward			
As on 01.04.2004		**(1,180,128)**	-
As on 01.04.2003		-	(2,811,223)
BALANCE CARRIED TO BALANCE SHEET		**1,409,723**	(2,008,881)
Earnings per share of Rs. 10 each (not annualised)			
Basic (in Rupees)		**34.80**	**10.08**
Diluted (in Rupees)		**5.86**	**2.31**

Select Explanatory Notes- (Annexure-1)

As per our attached review report of even date

FOR **DELOITTE HASKINS & SELLS**
CHARTERED ACCOUNTANTS

R. SALIVATI
PARTNER
MUMBAI
DATED : February 2, 2005

FOR **CHATURVEDI & SHAH**
CHARTERED ACCOUNTANTS

C.D. LALA
PARTNER

FOR AND ON BEHALF OF THE BOARD

DIRECTOR

DIRECTOR

COMPANY SECRETARY

MUMBAI
DATED : February 2, 2005

JET AIRWAYS (INDIA) LIMITED
CONDENSED STATEMENT OF CASH FLOW FOR THE NINE MONTHS PERIOD ENDED DECEMBER 31, 2004

		Apr 04-Dec 04 Rs. '000	Apr 03-Dec 03 Rs. '000
A.	**Cash Flow from Operating Activities**	**6,486,668**	**6,673,866**
B.	**Cash Flow from Investing Activities**	**(2,661,821)**	**(981,023)**
C.	**Cash Flows from Financing Activities**	**(3,693,993)**	**(5,981,404)**
D.	**Net Increase / (Decrease) in cash (A+B+C)**	**130,854**	**(288,561)**
E.	**Cash and cash equivalents at beginning of the period**	**135,563**	**634,788**
F.	**Cash and Cash equivalents at end of the period**	**266,417**	**346,227**

Note: Fixed Deposits with banks with maturity period of more than three months including interest accrued thereon and Fixed Deposit under lien are not included in Cash and Cash equivalents.

As per our attached review report of even date

FOR **DELOITTE HASKINS & SELLS**
CHARTERED ACCOUNTANTS

R. SALIVATI
PARTNER
MUMBAI
DATED : February 2, 2005

FOR **CHATURVEDI & SHAH**
CHARTERED ACCOUNTANTS

C.D. LALA
PARTNER

FOR AND ON BEHALF OF THE BOARD

DIRECTOR

DIRECTOR

COMPANY SECRETARY

MUMBAI
DATED : February 2, 2005

JET AIRWAYS (INDIA) LIMITED

Annexure-1

Select Explanatory Notes to Condensed Financial Statements for nine months period ended December 2004

These Interim Condensed Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31st March, 2004 and the audited Interim Financial Statements for the half-year ended 30th September, 2004.

1. BASIS OF PRESENTATION

The accompanying unaudited interim condensed financial statements have been prepared in accordance with Accounting Standard 25 – Interim Financial Reporting issued by the Institute of Chartered Accountants of India.

2. ACCOUNTING POLICIES

The same accounting policies have been followed in these financial statements as are applied in the annual financial statements for the year ended 31st March, 2004 which are also disclosed in the financial statements for the half year ended 30th September, 2004, including new accounting pronouncements as under:

a. Hitherto costs associated with heavy aircraft maintenance checks (C/D check) and Engines repairs not covered by third party maintenance agreement were provided for on the basis of a predetermined amount for each block hour flown. The costs of such maintenance were charged against these provisions. However, in view of mandatory Accounting Standard –29 on “Provisions, Contingent Liabilities and Contingent Assets” issued by the Institute of Chartered Accountants of India, applicable for period commencing from 1-4-2004, the company has for the nine months ended 31st December, 2004, accounted for said expenses on an incurred basis, applying the standard prospectively. Consequently, charge on account of said expenses for the nine months ended 31st December, 2004 is lower by Rs. 604,426 (000’s) and profit for the period is higher by the like amount.

   Overhaul costs covered by third party maintenance agreement continue to be accounted in accordance therewith.

b. Impairment loss (if any) is provided to the extent the carrying amount of fixed assets exceeds their Recoverable Amount. Recoverable Amount is higher of a fixed asset’s Net Selling price or its Value in Use. Value in Use is the present value of estimated future cash flows expected to arise from the continuing use of a fixed asset and from its disposal at the end of its useful life. Net Selling Price is the amount obtainable from the sale of a fixed asset in an arms length transaction between knowledgeable, willing parties, less the cost of disposal.

3. Estimated amount of Contracts remaining to be executed on capital account net of advances, not provided for Rs.253,177 (‘000’s) (Previous year - Rs.433,628 (000’s)).

4. CONTINGENT LIABILITY:

A. Unprovided Income Tax demands which are disputed in appeals Rs.37,499 (000’s) (Previous Year Rs.20,345 (000’s)).

B. Unprovided claims against the Company, pending Civil and Consumer suits of Rs. 81,562 (000’s) (Previous Year Rs.71,669 (000’s)).

C. Unprovided claims for Octroi duty on aircraft by Bombay Municipal Corporation (BMC) not accepted by the company amounts to Rs.289,892 (000’s) (Previous Year Rs. 289,892 (000’s)).

D. Disputed claims against the company towards Landing & Navigation Charges made by Airports Authority of India amounts to Rs. 198,424 (000’s) (Previous Year Rs.187,312 (000’s)).

E. Disputed claims against the company towards Ground Landing charges levied by Air India at Cochin International Airport amounting to Rs.248,700 (‘000’s) (Previous Year Rs.208,175 (000’s)). Presently the matter is sub-judice before the MRTP Commission.

F. Letters of Credit outstanding are Rs.1,608,424 (000’s) (Previous Year Rs. 1,612,995 (000’s)) and Bank Guarantees outstanding are Rs.1,710,199 (000’s) (Previous Year Rs. 1,496,686 (000’s)).

5. **ARREARS OF PREFERENCE DIVIDEND**

   Dividend payable of Rs.96,499 (‘000’s) (Previous year Rs.69,829 (000’s)) on the Cumulative Convertible Redeemable Preference Shares (CCRPS) from F.Y. 2002-03 to 31st December, 2004.

6. The Company allotted 69,828,750 - 5% Cumulative Convertible Redeemable Preference Shares (CCRPS) of Rs. 10 each to International Finance Corporation (IFC), Washington in 2000-2001. IFC has an option to convert these CCRPS together with an annualised return of 12% (less dividend declared) into equity shares at the time of the initial public offering (IPO). In the event IFC does not exercise the option, the CCRPS would be redeemed within 3 months from the IPO date. IFC also has an option for an early redemption before March 31, 2008 if certain terms laid down in the Subscription Agreement are not complied with. The Company also has an option for early redemption after February 15, 2003 if the Company feels that it would not come out with an IPO due to market conditions or any other reasons. In the event of redemption, IFC would receive an annual return of 18% (less dividend declared). The exchange difference on repatriation at the time of conversion of the CCRPS together with the assured return (less dividend declared) is to the account of the Company.

   The company has since intimated IFC about its desire to come out with an IPO; IFC in turn has exercised its option not to convert but to redeem. Accordingly the company proposes to redeem the CCRPS together with the annualised return of 18% less the dividend so far declared and paid out amounting to Rs. 475,332 (000’s) out of the proceeds of the IPO. The annualised return less the dividend so far declared and paid out will be adjusted against ‘Share Premium Account’ expected to be raised in the IPO.

7. Provision for Gratuity and Leave Encashment for the nine month periods ended December, 2004 and December, 2003 respectively has been considered proportionately based on Actuarial valuation as at September 30, 2004 and March 31, 2004 respectively.

8. Aircraft Lease Rentals are stated net of sub-lease rentals of Rs. 118,609 (000’s) (Previous Period ended Rs. 67,486 (000’s)).

9. Net ticket sales are initially credited to Forward Sales and released to operating revenue on flown basis; the balance in forward sales is recognised as revenue when a claim for refund has not been made for two years. No credit was taken in the previous accounting year 2003-04 from Forward Sales pending reconciliation of the Forward Sales Account with the subsidiary register. During the current nine months period, the Forward Sales balance has substantially been utilized and credit has been taken for expired tickets of Rs. 265,279 (000’s) on the basis of estimation of pattern and trend of utilization. From March 1, 2004 the company has shifted to a new accounting package for Passenger and Cargo Revenue.

10. 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. '000's)	
		31-Dec-04	**31-Dec-03**
Net Profit/ (Loss) after tax		2,589,851	802,342
Less : Annualised return (including dividend in Arrears/paid) on Cumulative Preference Shares		80,942	75,828
Balance Profit attributable to Equity Shareholders	**A**	2,508,909	726,514
Add : Return on Preference Shares (See above)		80,942	75,828
Add : Interest (net) on Institutional Loan with Convertibility clause		276,073	255,882
Adjusted Net Profit for Diluted Earnings per Share	**B**	2,865,924	1,058,224
No. of Equity Shares outstanding during the period	**C**	72,088,900	72,088,900
No. of Equity Shares resulting from the conversion of Institutional Loan		320,478,413	295,507,988
No. of Equity Shares resulting from the conversion of CCRPS		96,394,088	90,304,106
Weighted no. of Diluted Equity Shares outstanding during the period (Nos.)	**D**	488,961,401	457,900,994
Nominal Value of Equity Shares (Rs.)		10	10
Basic EPS (INR) (not annualised)	**(E = A/C)**	34.80	10.08
Diluted EPS (INR) (not annualised)	**(F = B/D)**	5.86	2.31

11. SEGMENT REPORTING

The Company operates airline services; the proportion of revenue from international operations to total revenue is insignificant. Hence there are no separate reportable segments.

12. Previous Year/Period figures have been re-grouped, wherever necessary to correspond with figures of Current Year/ Period. Comparative figures in the case of Balance Sheet items and related notes have been provided as at March 31, 2004, while in the case of Profit & Loss items and related notes they have been provided for corresponding nine months of the last Financial Year.

As per our attached review report of even date		FOR AND ON BEHALF OF THE BOARD
FOR **DELOITTE HASKINS & SELLS** CHARTERED ACCOUNTANTS	FOR **CHATURVEDI & SHAH** CHARTERED ACCOUNTANTS	DIRECTOR
		DIRECTOR
R. SALIVATI PARTNER	**C.D. LALA** PARTNER	COMPANY SECRETARY
MUMBAI DATED : February 2, 2005		MUMBAI DATED : February 2, 2005

STATEMENT OF TAX BENEFITS

The Board of Directors
Jet Airways (India) Limited

Dear Sirs,

We hereby certify that the enclosed annexure states the tax benefits available to Jet Airways (India) Ltd. (the “Company”) and to the Shareholders of the Company under the provisions of the Income Tax Act, 1961 and other direct tax laws presently in force.

The contents of this annexure is based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

A shareholder is advised to consider in his/her/its own case, the tax implications of an investment in the equity shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

For Chaturvedi & Shah
Chartered Accountants

C.D. Lala
Membership No.: 35671

Place: Mumbai
Date : December 31, 2004

ANNEXURE TO THE CERTIFICATE DATED DECEMBER 31, 2004

(A) Benefits to the Company under Income-Tax Act, 1961:

1. In terms of section 10(34) of the Act, any income by way of dividends referred to in Section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003) received on the shares of any company is exempted from the tax.
2. In terms of section 10(38) of the Act, any long term capital gains arising to a shareholder from transfer of long term capital asset being an equity shares in a company would not be liable to tax in the hands of the shareholder if the following conditions are satisfied:
   a) The transaction of sale of such equity share is entered into on or after 10th September, 2004
   b) The transaction is chargeable to such securities transaction tax as explained below.
3. In terms of Securities Transaction Tax as enacted by Chapter VII of the Finance (No.2) Act, 2004, transactions for purchase and sale of the securities in the recognized stock exchange by the shareholder, shall be chargeable to securities transaction tax. As per the said provisions, any delivery based purchase and sale of equity share in a company through the recognized stock exchange is liable to securities transaction tax @ 0.075% of the value payable by both buyer and seller. The non-delivery based sale transactions are liable to tax @ 0.015% of the value payable by the seller.
4. Under section 48 of the Act, if the investments in shares are sold after being held for not less than twelve months, the gains (in cases not covered under section 10(38) of the Act), if any, will be treated as long term capital gains and the gains shall be calculated by deducting from the gross consideration, the indexed cost of acquisition.
5. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of investment in shares will be exempt from capital gains tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of at least 3 years in bonds issued by:
   a) National Bank for Agriculture and Rural Development established under section 3 of The National Bank for Agriculture and Rural Development Act, 1981;
   b) National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
   c) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956;
   d) National Housing Bank established under section 3(1) of the National Housing Bank Act, 1987; and
   e) Small Industries Development Bank of India established under section 3(1) of the Small Industries Development Bank of India Act, 1989;
6. Under section 54ED of the Act and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(38) of the Act) on the transfer of investment in shares will be exempt from capital gains tax if the capital gains are invested in shares of an Indian Company forming part of an eligible public issue, within a period of 6 months after the date of such transfer and held for a period of at least one year. Eligible public issue means issue of equity shares which satisfies the following conditions, namely -
   a) the issue is made by a public company formed and registered in India;
   b) the shares forming part of the issue are offered for subscription to the public
7. Under section 112 of the Act and other relevant provisions of the Act, Long term capital gains, (i.e. if shares are held for a period exceeding 12 months) (in cases not covered under section 10(38) of the Act), arising on transfer of investment in shares, shall be taxed at a rate of 20% (plus applicable surcharge) after indexation as provided in the second proviso to section 48. The amount of such tax should however be limited to 10% (plus applicable surcharge) without indexation, at the option of the shareholder.
8. Under section 111A of the Act and other relevant provisions of the Act, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months), arising on transfer of investment in shares on a recognized stock exchange, shall be taxed at a rate of 10% (plus applicable surcharge).

(B) Benefits to the Shareholders of the Company under the Income Tax Act, 1961:

Resident Shareholders

9. In terms of section 10(34) of the Act, any income by way of dividends referred to in Section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003) received on the shares of the company is exempted from the tax.

10. In terms of section 10(38) of the Act, any long term capital gains arising to a shareholder from transfer of long term capital asset being an equity shares in a company would not be liable to tax in the hands of the shareholder if the following conditions are satisfied:

    a) The transaction of sale of such equity share is entered into on or after 10th September, 2004

    b) The transaction is chargeable to such securities transaction tax as explained below.

11. In terms of Securities Transaction Tax as enacted by Chapter VII of the Finance (No.2) Act, 2004, transactions for purchase and sale of the securities in the recognized stock exchange by the shareholder, shall be chargeable to securities transaction tax. As per the said provisions, any delivery based purchase and sale of equity share in a company through the recognized stock exchange is liable to securities transaction tax @ 0.075% of the value payable by both buyer and seller. The non-delivery based sale transactions are liable to tax @ 0.015% of the value payable by the seller.

12. In terms of section 88E of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head “Profit and gains of business or profession” arising from taxable securities transactions. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of securities transaction tax.

13. In terms of section 10(23D) of the Act, all Mutual Funds set up by Public Sector Banks or Public Financial Institutions or Mutual Funds registered under the Securities and Exchange Board of India or authorized by the Reserve Bank of India, subject to the conditions specified therein are eligible for exemption from income tax on all their income, including income from investment in the shares of the company.

14. Under section 48 of the Act, if the company’s shares are sold after being held for not less than twelve months, the gains (in cases not covered under section 10(38) of the Act), if any, will be treated as long term capital gains and the gains shall be calculated by deducting from the gross consideration, the indexed cost of acquisition.

15. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of at least 3 years in bonds issued by:

    a) National Bank for Agriculture and Rural Development established under section 3 of The National Bank for Agriculture and Rural Development Act, 1981;

    b) National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;

    c) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956;

    d) National Housing Bank established under section 3(1) of the National Housing Bank Act, 1987; and

    e) Small Industries Development Bank of India established under section 3(1) of the Small Industries Development Bank of India Act, 1989

16. Under section 54ED of the Act and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(38) of the Act) on the transfer of shares of the Company, as and when it is listed, will be exempt from capital gains tax if the capital gains are invested in shares of an Indian Company forming part of an eligible public issue, within a period of 6 months after the date of such transfer and held for a period of at least one year. Eligible public issue means issue of equity shares which satisfies the following conditions, namely -

    a) the issue is made by a public company formed and registered in India;

    b) the shares forming part of the issue are offered for subscription to the public.

17. Under section 54F of the Act, long term capital gains (in cases not covered under section 10(38) of the Act) arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the company will be exempt from capital gain tax subject to other conditions, if the net consideration from such shares are used for purchase of residential house property within a period of one year before and two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.
18. Under section 112 of the Act and other relevant provisions of the Act, Long term capital gains, (i.e. if shares are held for a period exceeding 12 months) (in cases not covered under section 10(38) of the Act), arising on transfer of shares in the Company, shall be taxed at a rate of 20% (plus applicable surcharge) after indexation as provided in the second proviso to section 48. The amount of such tax should however be limited to 10% (plus applicable surcharge) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.
19. Under section 111A of the Act and other relevant provisions of the Act, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months), arising on transfer of shares in the Company on a recognized stock exchange, shall be taxed at a rate of 10% (plus applicable surcharge).

    Non-Resident Indians/Non Resident Shareholders (Other than FIIs and Foreign venture capital investors).
20. In terms of section 10(34) of the Act, any income by way of dividends referred to in section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003) received by a non-resident Indian shareholder (i.e. an individual being a citizen of India or person of Indian origin who is not a ‘resident’) on the shares of the company is exempted from the tax.
21. In terms of section 10(38) of the Act, any long term capital gains arising to a shareholder from transfer of long term capital asset being an equity shares in a company would not be liable to tax in the hands of the shareholder if the following conditions are satisfied:
    a) The transaction of sale of such equity share is entered into on or after 10th September, 2004
    b) The transaction is chargeable to such securities transaction tax.
22. In terms of section 88E of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head “Profit and gains of business or profession” arising from taxable securities transactions. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of securities transaction tax.
23. In terms of Securities Transaction Tax as enacted by Chapter VII of the Finance (No.2) Act, 2004, transactions for purchase and sale of the securities in the recognized stock exchange by the shareholder, shall be chargeable to securities transaction tax. As per the said provisions, any delivery based purchase and sale of equity share in a company through the recognized stock exchange is liable to securities transaction tax @ 0.075% of the value payable by both buyer and seller. The non-delivery based sale transactions are liable to tax @ 0.015% of the value payable by the seller.
24. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of shares of the company will be exempt from capital gains tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of at least 3 years in bonds issued by:
    a) National Bank for Agriculture and Rural Development established under section 3 of The National Bank for Agriculture and Rural Development Act, 1981;
    b) National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
    c) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956;
    d) National Housing Bank established under section 3(1) of the National Housing Bank Act, 1987; and
    e) Small Industries Development Bank of India established under section 3(1) of the Small Industries Development Bank of India Act, 1989
25. Under section 54ED of the Act and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(38) of the Act) on the transfer of shares of the company, as and when

it is listed, will be exempt from capital gains tax if the capital gain are invested in shares of an Indian company forming part of an eligible public issue, within a period of 6 months after the date of such transfer and held for a period of at least one year. Eligible public issue means issue of equity shares which satisfies the following conditions, namely-

a) the issue is made by a public company formed and registered in India;

b) the shares forming part of the issue are offered for subscription to the public

26. Under section 54F of the Act, long term capital gains (in cases not covered under section 10(38) of the Act) arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the company will be exempt from capital gain tax subject to other conditions, if the net consideration from such shares are used for purchase of residential house property within a period of one year before and two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.

27. Under Section 112 of the Act and other relevant provisions of the Act, long term capital gains (i.e. if shares are held for a period exceeding 12 months) (in cases not covered under section 10(38) of the Act), arising on transfer of shares in the company, shall be taxed at a rate of 20% (plus applicable surcharge) after indexation as provided in the second proviso to section 48. The amount of such tax should however, be limited to 10% (plus applicable surcharge) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.

28. Under section 115-I of the Act, the non-resident Indian shareholder has an option to be governed by the provisions of Chapter XII-A of the Income Tax Act, 1961 viz. “Special Provisions Relating to Certain Incomes of Non-Residents” which are as follows:-

a) Under section 115E of the Act, where shares in the company are acquired or subscribed for in convertible Foreign Exchange by a Non Resident Indian, capital gains arising to the non-resident on transfer of shares held for a period exceeding 12 months on a recognized stock exchange, shall (in cases not covered under section 10(38) of the Act) be concessionally taxed at the flat rate of 10% (plus applicable surcharge) (without indexation benefit but with protection against foreign exchange fluctuation).

b) Under provisions of section 115F of the Act, long term capital gains (in cases not covered under section 10(38) of the Act) arising to a non-resident Indian from the transfer of shares of the company subscribed to in convertible Foreign Exchange (in cases not covered under section 115E of the Act) shall be exempt from Income tax, if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.

Foreign Institutional Investors (FIIs)

29. In terms of section 10(34) of the Act, any income by way of dividends referred to in section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003) received on the shares of the company is exempted from the tax.

30. In terms of section 10(38) of the Act, any long term capital gains arising to an investor from transfer of long term capital asset being an equity shares in a company would not be liable to tax in the hands of the investor if the following conditions are satisfied:

a) The transaction of sale of such equity share is entered into on or after 10th September, 2004

b) The transaction is chargeable to such securities transaction tax as explained below.

31. In terms of Securities Transaction Tax as enacted by Chapter VII of the Finance (No.2) Act, 2004, transactions for purchase and sale of the securities in the recognized stock exchange by the investor, shall be chargeable to securities transaction tax. As per the said provisions, any delivery based purchase and sale of equity share in a company through the recognized stock exchange is liable to securities transaction tax @ 0.075% of the value payable by both buyer and seller. The non-delivery based sale transactions are liable to tax @ 0.015% of the value payable by the seller.

32. In terms of section 88E of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head “Profit and gains of business or profession” arising from taxable

securities transactions. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of securities transaction tax.

33. The income by way of short term capital gains or long term capital gains (in cases not covered under section 10(38) of the Act) realized by FIIs on sale of shares in the company would be taxed @ 10% as per section 115AD of the Act. However in case of such long term capital gains, the tax is levied on the capital gains computed without considering the cost indexation and protection against foreign exchange fluctuation).

34. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gain (in cases not covered under section 10(38) of the Act) arising on the transfer of share of the company will be exempt from capital gain tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of last 3 years in bond issued by:-
    a) National Bank for agriculture and Rural Development established under section 3 of The National Bank for Agriculture and Rural Development Act, 1981;
    b) National Highway Authority of India constituted under section 3 of the National Highway Authority of India Act, 1988;
    c) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956;
    d) National Housing Bank established under section 3(1) of the National Housing Bank Act, 1987; and
    e) Small Industries Development Bank of India established under section 3(1) of the Small Industries Development Bank of India Act, 1989.

35. Under section 54ED of the Act and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(38) of the Act) on the transfer of shares of the company, as and when it is listed, will be exempt from capital gains tax if the capital gain are invested in shares of an Indian company forming part of at least one year. Eligible public issue means issue of equity shares which satisfies the following conditions, namely -
    a) the issue is made by a public company formed and registered in India;
    b) the shares forming part of the issue are offered for subscription to the public

Venture Capital Companies/Funds

In terms of section 10(23FB) of the Act, all Venture capital companies/funds registered with Securities and Exchange of India, subject to the conditions specified, are eligible for exemption from income tax on all their income, including dividend from and income from sale of shares of the company.

(C) Benefits to Members of the Company under the Wealth Tax Act, 1957

Shares of company held by the shareholder will not be treated as an asset within the meaning of section 2(ea) of Wealth Tax Act, 1957, hence shares are not liable to Wealth Tax Act, 1957.

(D) Benefits to Members of the Company under the Gift Tax Act, 1958

Gift made after 1st October, 1998 is not liable for any gift tax and hence gift of shares of the company would not be liable for any gift tax.

Notes:

1. All the above benefits are as per the current tax law as amended by the Finance (No.2) Act, 2004.
2. The stated benefits will be available only to the sole/first named holder in case the shares are held by joint holders.
3. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreements, if any, between India and the country in which the non-resident has fiscal domicile.
4. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.

SUMMARY OF SIGNIFICANT DIFFERENCES AMONG INDIAN GAAP, IFRS AND U.S. GAAP

The Company's financial statements are prepared in conformity with the generally accepted accounting principles followed in India ("Indian GAAP"), which differ in certain significant respects from International Accounting Standards/International Financial Reporting Standards (IAS/IFRS) and generally accepted accounting standards in the United States of America (US GAAP). Such differences involve methods for measuring the amounts shown in the financial statements of the Issuer, as well as additional disclosures required by IAS/IFRS and US GAAP, which the Company has not made.

The following summarizes the areas in which differences between Indian GAAP, IAS/IFRS, and US GAAP could be significant to the financial position and results of operations of the Company. The summary below should not be construed to be exhaustive as no attempt has been made by management of the Company to quantify the effects of those differences, nor has a complete reconciliation of Indian GAAP to IAS/IFRS or US GAAP been undertaken by management. Had any such quantification or reconciliation been undertaken by the management of the Company, other potential significant accounting and disclosure differences may have come to its attention, which is not identified below.

Further, no attempt has been made to identify future differences between Indian GAAP and IAS/IFRS or US GAAP as a result of prescribed changes in accounting standards. Regulatory bodies that promulgate Indian GAAP, IAS/IFRS, and US GAAP have significant projects ongoing that could affect future comparisons such as this one. Finally, no attempt has been made to identify future differences between Indian GAAP and IAS/IFRS or US GAAP that may affect the financial information as result of transactions or events that may occur in the future.

Potential investors should consult their own professional advisors for an understanding of the principal differences between Indian GAAP, IAS/IFRS, and US GAAP and how these differences might affect the financial statements of the Company beginning on page 214 of this Prospectus.

Elements of the Company's accounting principles followed in the preparation of the Indian GAAP financial statements, which differ significantly from IAS/IFRS and U.S. GAAP are described below:

Indian GAAP	IAS/IFRS	US GAAP
Changes in Accounting Policy		
Any change in an accounting policy, which has a material effect, should be disclosed. The impact of, and the adjustments resulting from, such change, if material, should be shown in the financial statements of the period in which such change is made, to reflect the effect of such change. Where the effect of such change is not ascertainable, wholly or in part, the fact should be indicated. If a change is made in the accounting policies which has no material effect on the financial statements for the current period but which is reasonably expected to have a material effect in later periods, the fact of such change should be appropriately disclosed in the period in which the change is adopted. Policy changes made on the adoption of a new standard must be accounted for in accordance with that standard's transition provisions	Changes in accounting policy should be accounted for retrospectively, with comparative information restated and the amount of the adjustment relating to prior periods adjusted against the opening balance of retained earnings of the earliest year presented. An exemption applies when it is impracticable to change comparative information. Policy changes made on the adoption of a new standard must be accounted for in accordance with that standard's transition provisions. If transition provisions are not specified, the method described above must be used.	Requires recognition and disclosure of the cumulative amount of the change in the income statement for the period of the change. The entity discloses pro-forma comparatives as if the change had been applied to those periods. However, retrospective adjustments are required in certain cases. Unlike IFRS, US GAAP treats a change in the depreciation method for previously recorded assets as a change in accounting principle.

Indian GAAP	IAS/IFRS	US GAAP
Revenue / Expenditure — Frequent flyer		
Passenger and Cargo income is recognised on flown basis, i.e. when the service is rendered. The cost of allowing free travel to members of the Frequent Flyer Programme is accounted, considering the members' accumulated mileage. Net Liability for free miles under Frequent flyer programme determined based on the incremental cost basis.	Similar to Indian GAAP.	Similar to Indian GAAP, save for accounting for frequent flyer program as described below. Frequent flyer program obligations are accounted by recording a liability for the estimated incremental cost of flight awards expected to be redeemed. The Company would need to defer a portion of the revenue in respect of mileage credits that are likely to be redeemed through participating partners such as other airlines, hotels and car rental agencies and which would require settlement in cash with these parties. The revenue is recognized over the period in which the credits are expected to be redeemed.
Retirement benefits		
The liability for defined benefit plan is actuarially determined. Several alternative methodologies are considered acceptable for the purposes of valuation and the actuary has discretion over selection of the assumptions.	The liability for defined benefit plan is reported at the present value of future benefits using the projected unit cost method, with a stipulated method to determine assumptions. Actuarial gains and losses arising on periodic valuation of liability would need to be recognized based on certain criteria. As a minimum, amortization of an unrecognized net gain or loss shall be included as a component of employee cost for a year if, as of the beginning of the year, that unrecognized net gain or loss exceeds 10 percent of the projected benefit obligation. Actuarial gains or losses are amortized based on the expected average remaining working lives of the employees. Other systematic methods such as immediate recognition of all gains and losses is also permitted.	Similar to IFRS except that immediate recognition of actuarial gains or losses immediately is not permitted.
Compensated absences Leave encashment or vacation accrual is viewed as retirement benefit and is reported based on actuarial valuation.	Compensated absences outstanding at the balance sheet date are reported as liability and is priced at the salary rate prevalent on the balance sheet date.	Similar to IFRS.

Indian GAAP	IAS/IFRS	US GAAP
Revaluation of Fixed Assets		
Fixed assets are stated at historical cost or revalued amount less accumulated depreciation and accumulated impairment losses. If the carrying amount is increased as a result of revaluation, the increase is credited directly to equity under the heading Revaluation Reserve. However, the increase shall be credited in the income statement to the extent that it reverses a revaluation decrease of the same asset previously recognized in the income statement. If an asset's carrying amount is decreased as a result of revaluation, the decrease is recognized in the income statement. However, the decrease is directly debited to equity under the heading Revaluation Reserve to the extent of any credit balance existing in the revaluation reserve in respect of that asset.	An entity that elects to revalue an item of property, plant and equipment, the entire class of property, plant and equipment to which the asset belongs should be revalued. Revaluation shall be made at sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using the fair value at the balance sheet date. Recognition of an increase or decrease in revaluation is similar to Indian GAAP.	No upward revaluation of any class of fixed assets is permitted.
Purchase Incentives		
The assets that are received free of cost in connection with the purchase of other assets are carried at nil value.	Similar to Indian GAAP.	Credits issued by vendors for e.g. aircraft manufacturers, which can be used for purchase of spare parts, or other equipment can be applied as reduction of purchase price of the aircraft or amortised over the life of the related aircraft.
Foreign Exchange Differences		
Foreign exchange difference relating to acquisition of fixed assets is adjusted to the carrying cost of such assets. Other foreign exchange differences are recognized in the profit and loss account. Premium or discount on forward exchange contracts is amortized and recognized in the income statement over the period of such contract, except in respect of contracts relating to liabilities for purchase of fixed assets where the amortization is adjusted to the carrying value of the fixed assets.	All gains or losses arising out of foreign exchange differences are required to be included in the determination of net income, unless these differences are regarded as an adjustment to interest costs, which are eligible for capitalization as borrowing costs on fixed assets.	Exchange differences relating to monetary assets and liabilities are recorded through the income statement and those on all non-monetary assets are not recorded.

Indian GAAP	IAS/IFRS	US GAAP
Borrowing Costs		
Borrowing costs attributable to the acquisition or construction of a qualifying asset is capitalised as part of the cost of the asset. Other borrowing costs are recognised as an expense in the period in which they are incurred. Costs considered include interest, and other upfront fees paid in connection with the arrangement of funds.	Borrowing costs are recognized as an expense in the period in which they are incurred and should be calculated using an effective interest-rate method. Borrowing costs include the amortization of transaction costs included in the initial arrangement of borrowings. An acceptable alternative is to capitalize those borrowing costs attributable to the acquisition, construction or production of an asset.	Interest cost is capitalized as part of the cost of an asset that is constructed or produced for an entity's own use. The capitalization period begins when activities to ready the asset for its use commences and ends when the asset is ready for use.
Depreciation on fixed assets		
The Company generally provides for depreciation using the written down value method as per rates prescribed in schedule XIV of the Companies Act, 1956. These are the minimum rates and companies are permitted to charge depreciation at higher rates in order to write-off the cost of the assets over their useful lives, if shorter.	The depreciable amount of an item of property, plant and equipment are allocated on a systematic basis over its useful life.	Depreciation is provided on a systematic and rational manner over the estimated useful economic life of the asset.
Inventories		
Under Indian GAAP inventories are carried at the lower of cost or net realizable value ("NRV") and include aircraft rotables, galley equipment and tooling. In respect of reusable items such as rotables, galley equipment & tooling NRV takes into consideration provision for obsolescence and wear & tear based on the estimated useful life of the aircraft derived from Schedule XIV to the Companies Act, 1956	Similar to US GAAP.	Rotables and assemblies of significant values & other non-expendable parts are classified along with flight equipment as fixed assets & depreciated over the estimated useful life.
AIRCRAFT OVERHAUL/ MAINTENANCE COSTS		
Prior to April 1, 2004 heavy maintenance expenses on C/D checks on aircrafts were booked at a pre-determined rate. Consequent to introduction of Accounting Standard 29 "Provisions, Contingent Liabilities and Contingent Assets", 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 is covered by third party maintenance agreement and accounted in accordance therewith. The accounting standard has been applied prospectively.	Overhaul expenditure is recognized as an expense in the period when incurred. However, in accordance with IAS 16 on Property, Plant and Equipment, cost of major inspection (distinct from physical parts) is recognized in the carrying amount of property, plant and equipment as replacement if it meets the recognition criteria. Similarly cost of replacing a part of property, plant and equipment can be capitalized if the recognition criteria are met. In order to capitalize an item as property, plant and equipment it should be probable that the future economic benefits associated with that item will flow	Adopt an accounting method that recognizes overhaul expenses in the appropriate period. The following accounting methods are most often employed: ● Direct expensing method ● Built-in overhaul method ● Deferral method ● Accrual method *Direct Expensing Method.* Recognize the cost of overhauls as expenses as they are incurred. *Built-in Overhaul Method.* The built-in

Indian GAAP	IAS/IFRS	US GAAP
	to the entity and cost of the item can be reliably measured. The carrying amount of any previous inspection cost capitalized and the part replaced should be derecognized as property, plant and equipment and should be included in determination of profit or loss in the period of replacement.	overhaul method is based on segregation of the aircraft costs into those that should be depreciated over the useful life of the aircraft and those that require overhaul at periodic intervals. Thus, the estimated cost of the overhaul component included in the purchase price is set up separately from the cost of the airframe and engines and is amortized to the date of the initial overhaul. The cost of the initial overhaul is then capitalized and amortized to the next overhaul, at which time the process is repeated. *Deferral Method.* Under the deferral method, the actual cost of each overhaul is capitalized and amortized to the next overhaul. *Accrual Method.* The accrual method provides for estimating the cost of the initial overhaul and accruing the cost, based on an hourly rate, to the overhaul. At that time, the actual cost of overhaul is charged to the accrual, with any deficiency or excess charged or credited to expense. The cost of the next overhaul is then estimated, based on the new rate, and accrued to that overhaul, at which time the process is repeated.
Derivative Contracts		
Gain or Loss on derivative contracts entered into to hedge exposures to interest rate fluctuations are recognised as and when the underlying transactions are settled. Accordingly proportionate amounts are accrued/provided for the period between the last settlement date and the year-end	Similar to US GAAP.	The FASB issued SFAS No.137, “Accounting for Derivative Instruments and Hedging Activities-Deferral of the Effective Date of FASB Statement No.133, which amends SFAS No.133, “Accounting for Derivatives Instruments and Hedging Activites”, with effect from April 1, 2001. SFAS No.133 establishes accounting and reporting standards for derivative instruments and hedging activities, including certain derivative instruments embedded in other contracts, and requires that an entity recognizes all derivatives as assets or liabilities in the balance sheet and measure them at fair values, with changes in fair values being recognized in earnings, unless it qualifies the criterion of an effective hedge, as defined in SFAS No.133, in which case the changes in fair value is recognized as other comprehensive income in under shareholders’ equity.

Indian GAAP	IAS/IFRS	US GAAP
		The gain or loss on derivative financial instruments that is designated and effective as hedges are generally recognized in earnings in the same period as the corresponding gain or loss on the underlying transaction being hedged. In a fair value hedge, a derivative instrument is marked to its fair value currently through earnings with an offsetting partial mark-to-fair-value of the hedged item (for the risk being hedged) currently through earnings. In a cash flow hedge, a derivative instrument is first marked to its fair value with the effective portion of the gain or loss reported initially in comprehensive income (equity) and the ineffective portion reported currently in earnings. The gain or loss on the derivative instrument is reclassified from equity into earnings in the same period as the loss or gain on the hedged cash flow.
Investments		
Investments are classified as current or long term. Current Investments are carried at lower of cost and quoted/fair value. Long-term investments are stated at cost. Provision for diminishing in the value of long-term investments is made only if such decline is other than temporary in the opinion of the management.	Investments are classified as trading, held-to-maturity or available-for-sale. Investments acquired principally for the purposes of generating profits from short-term price fluctuations or dealers' margins are classified as trading. Held-to-maturity investments are investments with fixed or determinable payments and fixed maturity together with the entity's intent and ability to hold till maturity. Available-for-sale investments are those that do not qualify as either trading or held-to-maturity investments. Changes in fair values of trading investments are recognize as profit or loss in the income statement. Held-to-maturity investments are carried at amortized cost. Changes in fair values of available-for-sale investments can either be recognized in the income statement or in the statement of shareholders' equity.	Similar to IFRS except that changes in fair value of available-for-sale investments are recognized as other comprehensive income under shareholders' equity and other than temporary impairment of available-for-sale securities and held to maturity securities, cannot be reversed.

Indian GAAP	IAS/IFRS	US GAAP
Other comprehensive income		
All items of income are included in net income, unless specifically permitted to be adjusted to equity.	Certain foreign exchange differences, changes in fair values of available-for-sale investments and related amounts of taxes are recognized in the statements of changes in shareholders' equity.	Certain items of revenues, expenses, gains, and losses that under generally accepted accounting principles are included in comprehensive income but excluded from net income are classified as other comprehensive income. Items included in other comprehensive income shall be classified based on their nature. For example, under existing US accounting standards, other comprehensive income shall be classified separately into; ● foreign currency items, ● minimum pension liability adjustments, and unrealized gains and ● losses on certain investments in debt and equity securities
Deferred Income Taxes		
Deferred tax resulting from "timing differences" between accounting and taxable income is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. Deferred tax assets relating to carry forward losses and unabsorbed depreciation should be recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized. All other deferred tax assets should be recognized to the extent that there is reasonable certainty that future taxable income will be available for such deferred tax assets will be realized.	Deferred income taxes are recognised for the future tax effects of temporary differences between accounting and tax basis of assets at the enacted or substantively enacted tax rates. Deferred tax assets and liabilities must be recognized regardless of when the timing difference is likely to reverse. Deferred tax assets must be recognized when it is probable that sufficient taxable profits /reversible differences will be available against which the deferred tax assets can be utilized.	Deferred tax liabilities and assets are recorded for the tax effect of all temporary differences between the accounting and tax base of assets and liabilities, and operating loss carry-forwards, at enacted rates. Changes in tax rates are reported in the income statements in the period of enactment. A valuation allowance is made against deferred taxes if, based on the weight of available evidence, it is more likely than not the some portion or all of the deferred tax asset will not be realized.
Dividend on preference shares		
Dividend is recorded as an appropriation from earnings and reflected as a liability when declared.	Dividends relating to a financial instrument classified, as liability should be reported in the income statement as an expense. Such dividends may be shown in the income statement either as interest or as a separate item.	Similar to IFRS except that dividends should be presented separately in the income statement from interest payments to other creditors.
Premium on redemption of preference shares		
Premium on redemption of preference shares should be either provided for out of the profits of the Company or adjusted against the securities premium account.	These shares would be classified as a liability, and the return assured in the eventuality of redemption would be accrued as interest expense.	Similar to IFRS.

Indian GAAP	IAS/IFRS	US GAAP
Sale and leaseback transactions		
Gain on a sale and leaseback transaction where the leaseback is an operating lease is recognized immediately.	Similar to Indian GAAP.	If the sale-leaseback transaction results in an operating lease, the timing of the recognition of a gain on the sale depends on whether the seller has leased back a minor portion of the asset or more than a minor portion. If the present value of a reasonable amount of rentals for the leaseback period represents 10% or less of the fair value of the asset sold, the seller-lessee has leased back a minor portion. In such situations, the seller should recognize any gain on the sale of the asset at the time of the sale. If the seller-lessee retains more than a minor portion, but less than substantially all of the use of the property, any gain in excess of the present value of a reasonable amount of rent should be recognized currently. The remaining gain on the sale should be deferred and recognized as a reduction of rent expense over the term of the lease in proportion to the related gross rentals. A loss on the sale should be recognized immediately.
Finance Leases		
Requires recognition of an asset held under a finance lease with a corresponding obligation to pay future rentals, at an amount equal to the lower of the fair value of the asset and the present value of the minimum lease payments (MLPs) at the inception of the lease. The asset is depreciated over its useful life or the lease term if shorter. However, the latter is only permitted if there is no reasonable certainty of the lessee obtaining ownership of the asset. The interest rate implicit in the lease must normally be used to calculate the present value of the MLPs. If the implicit rate is unknown, the lessee's incremental borrowing rate may be used.	Similar to Indian GAAP.	Similar to Indian GAAP, except that the lessee's incremental borrowing rate must be used to calculate the present value of the MLPs, excluding the portion of payments representing executory costs unless it is practicable to determine the rate implicit in the lease and the implicit rate is lower than the incremental borrowing rate. If the incremental borrowing rate is used, the amount recorded as the asset and obligation is limited to the fair value of the leased asset. Asset amortisation is consistent with Indian GAAP.
Onerous contracts		
An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. Under Indian GAAP, the Company does not recognize any provision on account of onerous contracts.	If the Company has a contract that is onerous, the present obligation under the contract should be recognised and measured as a provision.	A liability for costs to terminate a contract before the end of its term should be recognised and measured at fair value when the entity terminates the contract in accordance with the contract terms. A liability for costs that will continue to be incurred under a contract for its remaining term without economic benefit to the entity should be recognized and measured at its fair value when the entity ceases to use the right conveyed by the contract.

Indian GAAP	IAS/IFRS	US GAAP
Provisions		
Discounting of liabilities is not permitted and all provisions are carried at their full values.	Where the effect of the time value of money is material, the amount of a provision may be the present value of the expenditures expected to be required to settle the obligation. The discount rate should be pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The discount rate should not reflect risks for which future cash-flow estimates have been adjusted and, any change in present value of Provision is recognized as Interest Cost.	Similar to IFRS. However, if a range of estimates is present and no amount in the range is more likely than any other amount in the range, the 'minimum' (rather than the mid-point) amount must be used to measure the liability. A provision must only be discounted when the timing of the cash flows is fixed.
Impairment of assets		
The standard requires the company to assess whether there is any indication that an asset is impaired at each balance sheet. Impairment loss (if any) is provided to the extent the carrying amount of assets exceeds their Recoverable Amount. Recoverable Amount is higher of an asset's selling price or its Value in Use. Value in Use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. An impairment loss for an asset in prior accounting periods should be reversed if there has been a change in estimates of cash inflows, cash outflows or discount rates used to determine the asset's recoverable amount since the last impairment loss was recognized. In this case, the carrying amount of the asset should be increased to its recoverable amount. The reversal of impairment loss should be recognized in the income statement.	Similar to Indian GAAP.	Long-lived assets should be tested for impairment whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. For assets to be held and used, impairment is first measured by reference to undiscounted cash flows. If impairment exists, the entity must measure impairment by comparing the asset's carrying value to its fair value. Assets classified as held for disposal must be measured at the lower of the carrying amount or fair value less selling costs. The impairment loss is measured as the excess of the carrying amount over the asset's fair value, being either market value (if an active market for the asset exists), the best information available in the circumstances including the price for similar assets, or the sum of discounted future cash flows or other valuation techniques, using market assumptions. For assets to be disposed of, the loss recognised is the excess of the asset's carrying amount over its fair value less cost to sell. Costs to sell include incremental direct costs to transact the sale that would not have been incurred except for the decision to sell. Such assets are not depreciated or amortised during the selling period. Impairment losses recognized cannot be reversed if there is a subsequent increase in the fair value of the asset.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which have been attached to the copy of this Prospectus, delivered to the Registrar of Companies, Maharashtra at Mumbai for registration and also the documents for inspection referred to hereunder, may be inspected at the registered office of our Company situated at S.M. Centre, Andheri-Kurla Road, Andheri (E), Mumbai – 400 059 from 10.00 am to 4.00 pm on working days from the date of the Red Herring Prospectus until the Bid/Offer Closing Date.

Material Contracts

1. Letter of appointment dated January 6, 2005 appointing BRLMs.
2. Letter of appointment dated December 30, 2004 appointing Registrars to the Offer.
3. Memorandum of Understanding among the Company, the Selling Shareholder and the BRLMs dated January 6, 2005.
4. Memorandum of Understanding/ Agreements executed by our Company with Bankers to the Offer, Registrar to the Offer, etc.
5. Escrow Agreement dated February 17, 2005 entered into by the Company, the Selling Shareholder, the Registrar, BRLMs, the Syndicate Member(s) and the Escrow Collection Bank(s) for collection of the Bid Amounts.
6. Syndicate Agreement dated February 17, 2005 among the BRLMs, Syndicate Member(s), the Selling Shareholder and the Company.
7. Underwriting Agreement dated February 27, 2005 among the Company, the Selling Shareholder, the BRLMs and the other Syndicate Member(s).
8. Engagement letter dated October 29, 2004 between the Company and the Advisor to the Offer.

Material Documents

1. Our Memorandum and Articles of Association as amended from time to time.
2. Our certification of incorporation dated April 1, 1992 and certificate of name change dated December 30, 2004.
3. Shareholders' resolutions in relation to this Offer and other related matters such as appointment of auditors, formation and reconstitution of Audit, Remuneration and other committees.
4. Board resolutions in relation to this Offer and other related matters.
5. Report of the Statutory Auditors dated December 20, 2004 prepared as per Indian GAAP and adjusted as per SEBI Guidelines for the years ended March 31, 2000, 2001, 2002, 2003 and 2004 and for the six months ended September 30, 2004 and as mentioned in the Prospectus.
6. Report of the Statutory Auditors dated December 20, 2004 prepared as per Indian GAAP for the six months ended September 30, 2004 as mentioned in the Prospectus and Report of the Statutory Auditors prepared as per Indian GAAP for the six months ended September 30, 2003.
7. Review Report of Statutory Auditors dated February 2, 2005 prepared as per Indian GAAP relating to the Balance Sheet of the Company as of December 31, 2004 and the Statement of Profit and Loss and the Statement of Cash Flows for the nine months ended December 31, 2004 and 2003.
8. Copies of annual reports of the Company for the years ended March 31, 2000, 2001, 2002, 2003 and 2004.
9. Copy of the tax benefit report dated December 31, 2004 prepared by Chaturvedi & Shah.
10. Consents of the Statutory Auditors for inclusion of their reports in the form and context in which they appear in the Prospectus.
11. General Powers of Attorney executed by the Directors of our Company in favor of certain person(s) for signing and making necessary changes to the Prospectus and other related documents.

12. General Power of Attorney executed by the Directors of the Selling Shareholder in favor of the Company for signing and making necessary changes to the Prospectus and other related documents.
13. Consents of Auditors, Bankers to the Company, BRLMs, Syndicate Member(s), Registrar to the Offer, Escrow Collection Bank(s), Banker to the Offer, domestic legal counsel to the Underwriters, U.S. legal counsel to the Underwriters, domestic legal counsel to the Company, U.S. legal counsel to the Company, Directors of the Company, Company Secretary and Compliance Officer, as referred to, in their respective capacities.
14. Initial listing applications dated January 7, 2005 and January 7, 2005 filed with NSE and BSE, respectively.
15. In-principle listing approvals from NSE dated January 20, 2005 and BSE dated January 20, 2005, respectively.
16. Approval letter No. 9(24)/2004-FIPB dated November 5, 2004 received from FIPB in connection with the Offer.
17. Letter from IFC to the Company dated December 6, 2004.
18. Letter from IDFC to the Company dated December 17, 2004.
19. Tripartite Agreement between NSDL, the Company and the Registrar to the Offer dated January 20, 2005.
20. Tripartite Agreement between CDSL, the Company and the Registrar to the Offer dated January 21, 2005.
21. Due diligence certificate dated January 7, 2005 to SEBI from the BRLMs.
22. SEBI observation letter No. CFD/DIL/PR/2005 dated January 27, 2005.
23. SEBI observation letter No. CFD/DIL/PR/32251/2005 dated January 31, 2005.
24. RBI approval letter No. EC.BY.CO (S) 250/2251/TS/93/94 dated December 30, 1993.
25. FIPB approval letter No. 267/FC/93/NRI dated June 28, 1993.
26. Ministry of Civil Aviation, Government of India letter dated April 17, 1997.

Any of the contracts or documents mentioned in this Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

All the relevant provisions of the Companies Act, 1956, as amended, and the guidelines issued by the Government of India or the guidelines issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 1956, as amended, the Securities and Exchange Board of India Act, 1992 or rules made thereunder or guidelines issued, as the case may be. We further certify that all the statements in this Prospectus are true and fair.

SIGNED BY ALL THE DIRECTORS OF JET AIRWAYS (INDIA) LIMITED THROUGH THEIR RESPECTIVE CONSTITUTED ATTORNEY

Mr. Naresh Goyal, Chairman

Mr. Ali Ismail Ghandour

Mr. J.R. Gagrat

Mr. Victoriano P. Dungca

Mr. Javed Akhtar

Mr. I.M. Kadri

Mr. Charles A. Adams

Mr. P.R.S. Oberoi

Mr. Aman Mehta

Dr. Vijay Laxman Kelkar

Mr. Satyan G. Pitroda

Mr. Saroj K. Datta

SIGNED BY CHIEF EXECUTIVE OFFICER OF JET AIRWAYS (INDIA) LIMITED

Mr. Wolfgang Prock-Schauer

SIGNED BY CHIEF FINANCIAL OFFICER OF JET AIRWAYS (INDIA) LIMITED

Mr. Carl Saldanha

SIGNED BY TAIL WINDS LIMITED THROUGH ITS CONSTITUTED ATTORNEY

Mr. Saroj K. Datta

(as representative of the constituted attorney, Jet Airways (India) Limited)

Date: February 28, 2005
Place: Mumbai, India