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# 21<sup>st</sup> Annual Report

## 2004-2005

# SpiceJet Limited

### **Board of Directors**

Mr. Ajay Singh (w.e.f. 04.11.2004)

Mr. Atul Sharma

Mr. B. S. Kansagra

Mr. Baljit Sobti  
(alternate to Mr. R. S. Kansagra)

Mr. Hamed Ahmed Kazim (w.e.f. 14.10.2005)

Mr. Kishore Gupta

Mr. Mukkaram Jan (w.e.f. 04.11.2004)

Mr. Osman Qureshi  
(alternate to Mr. Hamed Ahmed Kazim)

Mr. R. S. Kansagra

Mr. Siddhanta Sharma (Chairman)

Mr. Vijay Kumar

### **Company Secretary & Compliance Officer**

Mr. A. K. Maheshwary

### **Auditors**

Khanna & Annadhanam

### **Registrars & Share Transfer Agents**

Karvy Computershare Private Limited  
Karvy House, 46, Avenue 4,  
Street no. 1, Banjara Hills  
Hyderabad-500034

### **Bankers**

CITI Bank N.A.  
HDFC Bank Ltd.  
HSBC  
ICICI Bank Ltd.  
J&K Bank Ltd.

### **Registered Office**

Cargo Complex  
Indira Gandhi International Airport  
Terminal-I  
New Delhi-110037

### **Corporate Office**

319, Udyog Vihar  
Phase-IV, Gurgaon, Haryana

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## SpiceJet Limited

Regd. Office: Cargo Complex, Terminal-1, Indira Gandhi International Airport, New-Delhi-110037

### NOTICE

**NOTICE IS HEREBY GIVEN THAT THE TWENTY-FIRST ANNUAL GENERAL MEETING OF THE SHAREHOLDER OF SPICEJET LIMITED WILL BE HELD ON NOVEMBER 29, 2005 AT 11.30 A.M. AT THE AIR FORCE AUDITORIUM, SUBROTO PARK, NEW DELHI TO TRANSACT THE FOLLOWING BUSINESS :**

#### **Ordinary Business**

1. To consider and adopt the Balance Sheet as at 31st May 2005, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Atul Sharma, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Kishore Gupta, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint M/s Khanna & Annadham, Chartered Accountants, retiring auditors, as the Auditors of the Company, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

#### **Special Business**

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"Resolved that Mr. Ajay Singh, in respect of whom the Company has received a notice pursuant to the provisions of Section 257 of the Companies Act, 1956 proposing his candidature to the office of Director, be and is hereby appointed as Director of the company liable to retirement by rotation."

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"Resolved that Mr. Mukkaram Jan, in respect of whom the Company has received a notice pursuant to the provisions of Section 257 of the Companies Act, 1956 proposing his candidature to the office of Director, be and is hereby appointed as Director of the Company liable to retirement by rotation."

7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"Resolved that Mr. Hamed Ahmed Kazim, nominated by Istithmar PJSC, Dubai with effect from October 14, 2005 be and is hereby confirmed as Director of the Company not liable to retirement by rotation."

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

"Resolved that pursuant to Section 31 and other applicable provisions of the Companies Act, 1956 the Articles of Association of the Company be and are hereby altered, amended, changed and modified as per the draft placed before this meeting.

Resolved further that the Board be and is hereby authorized to take all steps for giving effect to this resolution including filing a copy of these Articles of resolution along with a copy of the amended Articles of Association with the Registrar of Companies."

9. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :

"Resolved that in supresession of the resolution passed by the Company in the general meeting held on August 27, 1999, in relation to the exercise of borrowing powers, the consent of the Company be and is hereby accorded to the Board under Section 293 (1) (d) of the Companies Act, 1956 to borrow money from time to time up to a limit not exceeding in aggregate Rs. 5,000 Crores (Rupees five thousand crores) notwithstanding that the money to be borrowed, together with money already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say reserves not set part for any specific purpose."

By Order of the Board of Directors

**A K Maheshwary**  
Company Secretary

Place : Gurgaon, Haryana  
Dated : October 14, 2005

## NOTES :

1. Explanatory Statement, pursuant to section 173(2) of the Companies Act, 1956, in respect of business under item nos. 5 to 9 is annexed hereto.
2. **A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. However, the instrument appointing proxy should be deposited at the Registered Office of the Company not less than forty-eight (48) hours before the commencement of the Annual General Meeting.**
3. The Register of Shareholder and Transfer Books of the Company will remain closed from 28.11.2005 to 29.11.2005 (both days inclusive).
4. Shareholders who hold shares in dematerialised form are requested to bring their client ID and DP ID numbers for easy identification of attendance at the meeting.
5. All documents referred to in the accompanying Notice and Explanatory Statement including the proposed amendments in the Articles of Association of the Company are open for inspection at the Registered Office of the Company during office hours on all working days, except Saturday/ Sunday and other holidays, between 1:00 p.m. and 3:00 p.m. upto the date of Annual General Meeting. A copy of proposed amendments in the Articles of Association can be obtained through post by writing to the Company Secretary at 319, Udyog Vihar, Phase-IV, Gurgaon-122016, Haryana.
6. Corporate shareholders/Trusts/ Societies are requested to send a duly certified copy of the Board/ Managing Committee Resolution authorising their representative to attend and vote at the Meeting.

7. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
8. Shareholders desiring any information as regards the Accounts are requested to write to the Company in advance so as to enable the Management to keep the information ready at the Annual General Meeting.
9. Shareholders are requested to carry their copy of Annual Report in the Meeting as the Annual Report will not be distributed at the venue of AGM.
10. Re-appointment of Directors:

At the ensuing Annual General Meeting, Mr. Atul Sharma and Mr. Kishore Gupta retire by rotation and are eligible for reappointment.

Information pertaining to these directors in terms of Clause 49 of the Listing Agreement with Bombay Stock Exchange Limited is as follows:

- a) **Mr. Atul Sharma**, aged about 49 years is a graduate in economics and law from Delhi University. He is a highly respected member of the legal profession in Delhi, specialising in corporate matters. He has acted as consultant and advisor to various large Indian and multinational companies. Mr. Sharma was appointed as director on the Board of the Company with effect from 27.11.2000. He is the Chairman of the Company's Share Transfer and Investors' Grievance Committee and a member of its Audit Committee. Mr. Sharma is also a director on the board of IT & T Limited and a member of its Audit Committee.
- b) **Mr. Kishore Gupta**, aged about 45 years is a Science Graduate and Fellow of the Institute of Cost and Works Accountants of India. He has practiced in the field of business and corporate advice by profession and has extensive experience in business management. Mr. Gupta was appointed as director on the Board of the Company with effect from 27.11.2000. He is the Chairman of Audit Committee and a member of its Share Transfer and Investors' Grievance Committee. Mr. Gupta is also a director on the board of Royal Holdings Services Limited.

The Explanatory Statement for item nos. 5 to 9 of the accompanying Notice set out hereinabove is as under.

#### ITEM NO. 5

Mr. Ajay Singh, aged about 39 years is a Bachelor of Technology from the Indian Institute of Technology, Delhi having a Master's degree in Business Administration from Cornell University and a bachelor's degree in law from the University of Delhi. He has extensive experience in the information technology. Mr. Singh is also a director on the board of Cranes Software International Limited, Crosslinks Finlease Pvt. Ltd and Intel Construction and the Chairman of Audit Committee of Cranes Software International Limited.

Mr. Ajay Singh was appointed as an Additional Directors of the Company in terms of provisions of the Companies Act, 1956 and Article 100 of the Articles of Association of the Company with effect from 04.11.2004. The Company has received a notice from Mr. Ajay Singh signifying his candidature for the office of the Director of the Company as per the provisions of Section 257 of the Companies Act, 1956.

The Directors recommend the resolution for your approval.

None of the Directors of the Company, except Mr. Ajay Singh are in any way concerned or interested in the resolution.

#### ITEM NO. 6

Mr. Mukkaram Jan, aged about 38 years is a commerce graduate and with extensive business experience and belongs to a leading business family in Bangalore. He is a Director on the Board Jansons Telecom Pvt. Limited, Cranes Software International Limited, Pennar Hotel & Resorts Private Limited, Jansons Investments Private Limited, K&J Holdings Private Limited, SPSS South Asia Private Limited, Orca Infotech Private Limited,

Systat Software Inc., Systat Software Asia Pacific Limited, Systat Software UK Limited, Keysoft Solutions Private Limited, Cranes Software International Pte Ltd., Spice Capital Fund Private Limited and EMRC Engineering Mechanics Research (India) Limited. Mr. Jan is also a member of Shareholder Grievance Committee of Cranes Software International Limited.

Mr. Mukkaram Jan was appointed as an Additional Directors of the Company in terms of provisions of the Companies Act, 1956 and Article 100 of the Articles of Association of the Company with effect from 04.11.2004. The Company has received a notice from Mr. Mukkaram Jan signifying his candidature for the office of the Director of the Company as per the provisions of Section 257 of the Companies Act, 1956.

The Directors recommend the resolution for your approval.

None of the Directors of the Company, except Mr. Mukkaram Jan are in any way concerned or interested in the resolution.

#### **ITEM NO. 7**

In terms of the authority given by the shareholder at the extra-ordinary general meeting held on September 30, 2005 and pursuant to the Subscription and Shareholders Agreement; the Company made allotment of 6,152,016 equity shares of Rs.10 each at a price of Rs.89.30 per equity share to Istithmar PJSC, Dubai (Istithmar). As per the said agreement certain minority protection rights, including board representation were provided to Istithmar. Subsequently, Mr. Hamed Ahmed Kazim was nominated as director on the Board by Istithmar who shall be a non-rotational director subject to removal by Istithmar.

The Directors recommend the resolution for your approval.

None of the Directors of the Company, except Mr. Hamed Ahmed Kazim are in any way concerned or interested in the resolution.

#### **ITEM NO. 8**

In terms of shareholders approval dated February 28, 2005, the Company has entered into arrangement for issue and allotment of 15.30 lac 10% Fully Convertible Debentures of the face value of Rs.100 each to ILFS Trust Company Limited (ILFS). Consequently certain minority rights were provided to ILFS. Accordingly, the Articles of Association of the Company require amendments to incorporate such minority rights.

The Directors recommend the resolution for your approval.

None of the Directors of the Company are in any way concerned or interested in the resolution.

#### **ITEM NO. 9**

At the fourteenth annual general meeting held on August 27, 1999, the shareholder approved the borrowing limit of Rs.1000 Crores under Section 293 (1) (d) of the Companies Act, 1956. In view of scaled up operations, the Company may require further funds for its business in excess of paid-up capital and free reserves.

As per the provisions of Section 293 (1) (d) of the Companies Act, 1956 a company, except with the consent of shareholder in general meeting, cannot borrow money (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) in excess of the aggregate of the paid-up capital and free reserves, that is to say reserves not set apart for any specific purpose.

The Directors recommend the resolution for your approval.

None of the Directors of the Company are in any way concerned or interested in the resolution.

By Order of the Board of Directors

**A K Maheshwary**  
Company Secretary

Place : Gurgaon, Haryana

Dated : October 14, 2005



## DIRECTORS' REPORT

Dear Shareholders,

The Directors hereby present the Twenty first Annual Report and the Audited Accounts for the financial year ended May 31, 2005.

### 1. Financial Results

(in Rs. Lacs)

Particulars	May 31, 2005	May 31, 2004
Gross Income	386.96	414.63
Operating Expenses	722.97	—
Employees Remuneration and Benefits	662.78	75.99
Administrative & Other Expenses	1,693.81	585.75
Finance Charges	111.29	29.48
Depreciation	52.06	33.73
Profit/ (Loss) before taxation	(2,855.95)	(310.32)
Fringe Benefits Tax	14.52	—
Profit/ (Loss) after taxation	(2,870.46)	(310.32)

Explanations to various comments made by the Auditors in their Report to the shareholder are contained in the Notes to the Accounts, which form part of the Balance Sheet for the financial year ended on May 31, 2005.

### 2. Operations

We have pleasure in informing you that the Company commenced its commercial operations with its maiden flight on May 23, 2005 and currently operates with a fleet of three leased Boeing aircraft connecting Ahmedabad, Bangalore, Delhi, Goa, Mumbai and Pune. To kick start its operations, the Company offered promotional fare of Rs.99 for the first 99 days on all routes, which was a huge success in building the brand "SpiceJet". The Company has positioned itself as a national low cost carrier with no frills.

During the year under review, the Company also signed an agreement with the Boeing Company to purchase ten new aircraft for further expansion program.

Since the Company operated for only nine days during the year under review and incurred start-up expenditure, the financial results are not reflective of the operational potential of the Company.

### 3. Increase in Share Capital

The Company issued 1 crore equity shares of Rs.10 each at par and 2 crore warrants (having option to apply for and be allotted as many equity shares) of Rs.10 each on preferential basis during the period under review.

Out of the above 2 crore warrants, 1.5 crore warrants were converted into same number of equity shares after the close of year under review.



The Company also made a private placement of 15.30 lacs 10% Unsecured Fully Convertible Debentures (FCDs) of Rs.100 each to ILFS Trust Company Limited. These FCDs are convertible into equity shares of Rs.10 each at a price of Rs.41.18 per equity share within eighteen months from allotment.

#### **4. Dividend**

In view of losses during the year under review, your Directors do not recommend any dividend.

#### **5. Directors**

Mr. Atul Sharma and Mr. Kishore Gupta retire by rotation in the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment.

Mr. Ajay Singh and Mr. Mukkaram Jan were appointed as additional directors on the Board of the Company who all shall hold office upto the date of ensuing annual general meeting. The Company has received notices under Section 257 of the Companies Act, 1956 proposing their candidature. Further, Mr. Hamed Ahmed Kazim being nominee director of Istithmar PJSC, Dubai shall be confirmed as non-rotational director subject to removal by Istithmar PJSC.

#### **6. Personnel**

Information as required under the provisions of Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended, forms parts of this report. However, as per provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956, the Report and Accounts are being sent to all the shareholders excluding the statement of particulars under Section 217 (2A). The Statement is open for inspection at the registered office of the Company during working hours and a copy of the same may be obtained by writing to the Company Secretary at its corporate office.

#### **7. Directors' Responsibility Statement)**

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors, based on the representations received from the operating management, confirm :

- i. that in the preparation of the accounts for the financial year ended May 31, 2005, except otherwise disclosed, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. that except otherwise disclosed in the Notes to the Accounts, they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- iii. that, except otherwise disclosed in the Notes to the Accounts, they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. that they have prepared the annual accounts for the financial year ended May 31, 2005 on a going concern basis.

#### **8. Conservation of Energy & Technology Absorption**

Particulars as required under section 217(1) (e) of the Companies Act, 1956, relating to conservation of energy and technology absorption are not applicable for the year under review, and hence not furnished.

#### **9. Foreign Exchange Earnings & Outgo**

The Company had no foreign exchange earnings while the outgoings were Rs.1290.36 lacs during the year under review.

**10. Deposits/ Borrowings**

The Company has not accepted any deposit under provisions of Section 58A of the Companies Act, 1956 during the year under review. However, the Company has taken External Commercial Borrowings of USD 130.70 lacs from Royal Holdings Services Ltd.

**11. Auditors**

M/s Khanna & Annadhanam, Auditors of the Company, will retire at the forth-coming Annual General Meeting. The Company has received letter from them to the effect that their appointment, if made, would be within the prescribed limits under section 224(1-B) of the Companies Act, 1956. On recommendation of the Audit Committee, the Board in its meeting held on September 24, 2005 proposed their re-appointment. You are requested to consider their re-appointment.

**12. Corporate Governance**

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussion and Analysis, Corporate Governance Report and Auditors' Certificate regarding Compliance with the Code of Corporate Governance are made part of the Annual Report.

**13. Information as required under the listing agreement**

Shares of the Company are presently listed at Bombay Stock Exchange Limited, P. J. Towers, Dalal Street, Mumbai and the Company has paid listing fee upto March 31, 2005 to the exchange.

**14. Acknowledgement**

The Directors thank all government and regulatory bodies and shareholder for their consistent support in the process of revival of the airline operations of the Company.

The Directors also sincerely acknowledge the dedication and commitment of Company's staff at all levels in making the launch of SpiceJet a real success.

For and on behalf of the Board

**Siddhanta Sharma**

Place: Gurgaon, Haryana

Date: October 14, 2005

Chairman