



26th Annual Report
2009-2010

SpiceJet Limited

Board of Directors

Mr. Ajay Singh

Mr. Atul Sharma

Mr. B. S. Kansagra

Mr. Kishore Gupta

Mr. Mukkaram Jan

Mr. Ranjeet Nabha

Mr. Tom Ronell (upto 05.02.2010)

Mr. Vijay Kumar

Compliance Officer

Mr. A. K. Maheshwary
Vice President (Legal) & Company Secretary

Registered Office

Near Steel Gate Bus Stop,
Terminal-I
Indira Gandhi International Airport,
New Delhi-110037

Bankers

Allahabad Bank
Citibank N.A.
HDFC Bank Ltd.
HSBC
ICICI Bank Ltd.
Yes Bank Ltd.

Corporate Office

319, Udyog Vihar
Phase-IV
Gurgaon-122016
Haryana

Registrar & Share Transfer Agents

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

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SpiceJet Limited

Registered Office: Near Steel Gate Bus Stop, Terminal-I, Indira Gandhi International Airport, New Delhi-110037

NOTICE

NOTICE IS HEREBY GIVEN THAT THE TWENTY SIXTH ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF SPICEJET LIMITED WILL BE HELD ON FRIDAY, THE 27TH DAY OF AUGUST, 2010 AT 3 P.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 March 31, 2010, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To resolve not to fill the vacancy, for the time being, caused by the retirement of Mr. Atul Sharma who retires by rotation in terms of Article 109 of the Articles of Association of the Company and does not seek reappointment.
3. To resolve not to fill the vacancy, for the time being, caused by the retirement of Mr. Ajay Singh who retires by rotation in terms of Article 109 of the Articles of Association of the Company and does not seek reappointment.

With Special Notice

4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

The Company has received a Special Notice in writing under Section 225 of the Companies Act, 1956 from a shareholder signifying its intention to move the following resolution:

"Resolved that subject to the provisions of Section 224 and 225 and other applicable provisions, if any, of the Companies Act, 1956, M/s S. R. Batliboi & Associates, Chartered Accountants, New Delhi having registration no. 101049W be and are hereby appointed as Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company in place of M/s Walker, Chandiok & Company, Chartered Accountants, New Delhi, on such remuneration as may be fixed by the Board."

Special Business

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

"Resolved that in accordance with the provisions of Section 94 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or enactments thereof for the time being in force) read with Clause 48 of the Articles of Association of the Company, the authorised share capital of the Company be increased from Rs.4,150,000,000 (Rupees Four Thousand One Hundred

Fifty Million) divided into 415,000,000 (Four Hundred Fifteen Million) equity shares of Rs.10 each to Rs.5,000,000,000 (Rupees Five Thousand Million) divided into 500,000,000 (Five Hundred Million) equity shares of Rs.10 (Rupees Ten) each ranking pari-passu with the existing shares of the Company and that in Clause V of the Memorandum of Association of the Company, for the words and figures:

“The Authorised Share Capital of the Company is Rs.4,150,000,000 (Rupees Four Thousand One Hundred Fifty Million) divided into 415,000,000 (Four Hundred Fifteen Million) equity shares of Rs.10 each.” the following shall be substituted:

“The Authorised Share Capital of the Company is Rs.5,000,000,000 (Rupees Five Thousand Million) divided into 500,000,000 (Five Hundred Million) equity shares of Rs.10 each.”

Resolved further that the Board of Directors of the Company be and is hereby authorised to take necessary steps and do all such acts, deeds and things as may be deemed expedient and necessary to give effect to the aforesaid Ordinary Resolution.”

By order of the Board of Director

A. K. Maheshwary
Vice President
(Legal) & Company Secretary

Place: Gurgaon, Haryana

Date: July 27, 2010

Notes:

1. Explanatory statement, pursuant to section 173(2) of the Companies Act, 1956, in respect of business under item no. 1 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 August 20, 2010 to August 27, 2010 (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 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.
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.

The Explanatory Statement for item no. 1 set out in the accompanying Notice hereinabove is as under.

ITEM NO. 1

The present authorised share capital of the Company is Rs.4,150,000,000 (Rupees Four Thousand One Hundred Fifty Million) divided into 415,000,000 (Four Hundred Fifteen Million) equity shares of Rs.10 each. With a view to facilitate infusion of fresh share capital in the Company, it is necessary to increase the authorised share capital to Rs.5,000,000,000 (Rupees Five Thousand Million) divided into 500,000,000 (Five Hundred Million) equity shares of Rs.10 each. It is therefore proposed to increase the authorised shares capital of the Company from Rs.4,150,000,000 (Rupees Four Thousand One Hundred Fifty Million) divided into 415,000,000 (Four Hundred Fifteen Million) equity shares of Rs.10 each to 5,000,000,000 (Rupees Five Thousand Million) divided into 500,000,000 (Five Hundred Million) divided into 415,000,000 (Four Hundred Fifteen Million) equity shares of Rs.10 each.

The Directors recommend the resolution for your approval.

None of the Directors of the Company is in any way concerned or interested in the resolution except to the extent that new equity shares may be allotted to them as per terms of offer for allotment of these shares.

By order of the Board of Director

A. K. Maheshwary
Vice President
(Legal) & Company Secretary

Place: Gurgaon, Haryana

Date: July 27, 2010

DIRECTORS' REPORT

Dear Shareholders,

The Directors hereby present the Twenty Sixth Annual Report and the Audited Accounts for the year ended March 31, 2010.

1. Financial Results

(Amount in Rs. Million)

| Particulars | March 31, 2010 | March 31, 2009 |
|---|------------------|-------------------|
| Gross Income | 22,420.91 | 18,135.38 |
| Operating Expenses | 16,939.56 | 17,034.31 |
| Employee Remuneration and Benefits | 1,814.11 | 1,548.21 |
| Selling Expenses | 1,921.52 | 1,095.53 |
| Administrative Expenses | 821.56 | 1,408.00 |
| Finance Charges | 113.82 | 160.22 |
| Depreciation and Amortisation | 76.43 | 72.54 |
| Loss on settlement of litigations | - | 187.82 |
| Profit/ (Loss) before taxation | 733.91 | (3,371.25) |
| Minimum Alternate Tax/ Fringe Benefit Tax | 63.66 | 33.19 |
| Prior Period Adjustments | 55.76 | 121.23 |
| Profit/ (Loss) after taxation | 614.49 | (3,525.67) |

Explanations to various comments made by the Auditors in their Report to the shareholders are mentioned in the Notes to the Accounts, which forms part of the Balance Sheet for the year ended March 31, 2010.

2. Business

The Company completed its fifth year of operations on May 23, 2010. In fifth year of operations, the Company focused on consolidating its operations on key routes and maintained its fleet size to twenty aircraft covering 19 destinations and operating 122 flights daily.

During the year ended March 2010, the Company carried 6.63 million passengers. Further, the average load factor of 77.6% was recorded, with a market share of over 12% for the month of March 2010. The Company also improved its average deployed fleet to 18.82 aircraft versus 17.02 aircraft for previous year.

Your Company also focused on processes to generate ancillary revenues which effectively offset cost of operations. The Company has managed to improve the operating revenue per ASKM to Rs.2.49 from Rs.2.34 in previous year.

3. Share Capital

During the year under review, the paid-up share capital of the Company was increased by 862,550 equity share consequent upon exercise of stock options under the Employee Stock Option Scheme 2007.

Post closure of the year under review, the Company allotted 15,360,715 equity shares of Rs.10 each at a price of Rs.39.46 per equity share consequent upon conversion of 15,360,715 warrants in terms of approvals accorded by the shareholders and FIPB.

Further, the Company allotted 127,843,840 equity shares of Rs.10 each at a price of Rs.25 per equity share consequent upon conversion of 693 Foreign Currency Convertible Bonds of US\$ 100,000 each aggregating to US\$ 69,300,000.

In view of above capitalization the net worth of the Company has now become positive.

4. Other Material Developments

- (a) Royal Holdings Services Limited, the Promoter of the Company and certain other shareholders of the Company executed Share Purchase Agreements dated June 12, 2010 (SPA) with Mr. Kalanithi Maran and KAL Airways Private Limited (the "Acquirers") whereby the Acquirers have agreed to acquire 37.73% of the fully diluted equity share capital of the Company and consequently acquire management and control of the Company.

Consequently, the Acquirers have also made an open offer under Regulation 10 and 12 of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 to the public shareholders of the Company to acquire up to an additional 82,980,161 equity shares, representing 20% of the fully diluted equity share capital of the Company. Post completion of open offer, the Acquirers may hold upto 57.73% of the fully diluted equity capital of the Company.

Mr. Kalanithi Maran, the promoter of Sun Network is also the Chairman and Managing Director of the Sun TV Network Limited (Sun TV). Sun TV is a public Limited Company listed at the Mumbai and National Stock Exchanges and has a market cap of about Rs.16,750 crores (USD 3.6 billion). Mr. Maran has also other interests in the Media and Entertainment world and owns majority stake in Sun Direct TV Private Limited that has emerged as the fastest growing DTH player in the country with a subscriber base of about 5.5 million subscribers in a short span of 2 ½ years. He also runs the No.1 Tamil Daily, Dinakaran selling over 1.2 million copies every day. Mr. Maran is also the promoter of Kal Airways Private Limited.

- (b) Reference note no.2.2 of the Notes to the Accounts (Schedule XVIII) forming part of the financial statement for the year under review. The Review Petition filed by Hindustan Development Corporation Limited ("HDCL") (now renamed as Mallanpur Steels Limited) against the Scheme of Settlement of the Company, has been dismissed by the Delhi High Court on July 16, 2010

5. Dividend

In view of accumulated losses brought forward, your Directors do not recommend any dividend.

6. Directors

Mr. Atul Sharma and Mr. Ajay Singh retire by rotation in the forthcoming Annual General Meeting and they do not seek reappointment. The Company has decided not to fill the vacancy, for the time being, caused by their retirement.

Mr. Tom Ronell ceased to be nominee director on the Board of the Company with effect from February 5, 2010 consequent upon sale of entire equity stake by Istithmar PJSC.

7. 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 part 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 at its registered office.

8. 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 year ended March 31, 2010, 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 review period 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 accounts for the year ended March 31, 2010 on a going concern basis.

9. Employee Stock Option Scheme

The applicable disclosure as required under Clause 12 of SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 as on March 31, 2010 is as under:

| S.No. | Description | Remark |
|-------|---|---|
| a) | Options granted | 5,200,000 options granted on September 11, 2007 ('Grant 1'), 1,804,884 options granted on October 05, 2009 ('Grant 2'), and 5,422,954 options granted on December 23, 2009 ('Grant 3'). |
| b) | Pricing formula | Intrinsic value method for valuation has been used for determining the fair value of option granted under the Scheme. The value per option as per this method for Grant 1, Grant 2 and Grant 3 is Rs.32.50, Rs 24.85 and Rs.46.25 respectively. |
| c) | Options vested | 1,544,800 |
| d) | Options exercised during the year | 641,600 |
| e) | Total number of shares arising as a result of exercise of options | 641,600 |
| f) | Total Options lapsed FY 2007-08: 389,000 FY 2008-09: 891,000 FY 2009-10: 300,800 | 1,580,800 |
| g) | Variations of terms of options | Nil |
| h) | Money realised by exercise of options | Rs.19,248,000 |
| i) | Total number of options in force | 10,205,438 |
| j) | Employee wise details of options granted to: | |