spiceJet

flying for everyone

25th Annual Report

2008 - 2009

SpiceJet Limited

Board of Directors

Mr. Ajay Singh

Mr. Atul Sharma

Mr. B. S. Kansagra

Mr. Kishore Gupta

Mr. Mukkaram Jan

Mr. Ranjeet Nabha (w.e.f. 17.02.2009)

Mr. Tom Ronell (w.e.f. 29.08.2008)

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

Corporate Office

319, Udyog Vihar

Phase-IV, Gurgaon, Haryana

Bankers

Allahabad Bank

Citibank N.A.

HDFC Bank Ltd.

HSBC

ICICI Bank Ltd.

Registrar & Share Transfer Agents

Karvy Computershare Private Limited

Karvy House, 46, Avenue 4,

Street no. 1, Banjara HIlls

Hyderabad-500034

CONTENTS

flying for everyone

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 FIFTH ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF SPICEJET LIMITED WILL BE HELD ON WEDNESDAY, THE 23RD DAY OF DECEMBER, 2009 AT 11 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 March 31, 2009, 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. Vijay Kumar, 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 Walker, Chandiok & Company, 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 the next Annual General Meeting and to fix their remuneration.

Special Business

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

   "Resolved that Mr. Ranjeet Nabha, 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 retire by rotation."

6. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:

   "Resolved that pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or enactments thereof for the time being in force), the provisions of the Articles of Association of the Company, the Listing Agreement(s) entered into by the Company with Stock Exchange(s), where the shares of the Company are listed and in accordance with the applicable guidelines issued by Securities and Exchange Board of India ("**SEBI**"), Reserve Bank of India ("**RBI**"), Government of India ("**GOI**") or any other authority and clarifications thereon issued from time to time, if any, and subject to all such statutory, regulatory and government approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company and/ or duly authorised Committee of the Board of Directors of the Company (hereinafter referred to as the "**Board**"), the consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot up to 230,000 equity shares of the face value of Rs.10 each of an aggregate nominal amount of up to Rs.2,300,000 at such price (including premium) as may be determined in accordance with Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 to Sanjay Aggarwal, on preferential basis, in one or more tranches and on such terms and conditions as the Board may deem fit.

Resolved further that the relevant date for calculating the issue price of the equity shares in terms of the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 shall be November 23, 2009.

Resolved further that the Board be and is hereby authorized to apply for and get the equity listed on the Stock Exchange(s), where the equity shares of the Company are listed and the equity shares so allotted shall rank pari-passu in all respect with the existing equity shares of the Company.

Resolved further that for the purpose of giving effect to the above resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer, issue, allotment, listing and utilisation of the proceeds and to finalise and execute all deeds, documents and writings as may be necessary, proper, desirable or expedient as it may deem fit without being required to seek any further consent or approval of the shareholders of the Company to the intent that the shareholders shall be deemed to have given their approval thereto by the authority of this resolution.

Resolved further that the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any person as it may deem fit to give effect to this resolution."

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

"Resolved that pursuant to the provisions of Section 81(1A), and all other applicable provisions, if any, of the Companies Act, 1956, (the Act), the Memorandum and Articles of Association of the Company, Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (hereinafter referred to as "SEBI Guidelines") or any statutory modification(s) or re-enactment of the Act or the SEBI Guidelines, provisions of any other applicable laws or regulations and listing agreement(s) entered into by the Company with the stock exchanges where the securities of the Company are listed and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions and which may be agreed to and accepted by the Board of Directors of the Company (hereinafter referred to as the Board, which term shall be deemed to include any

Committee, including the Compensation Committee which the Board has constituted to exercise its powers, including the powers, conferred by this resolution), the consent of the Company be and is hereby accorded to the Board to create, grant, offer, issue and allot at any time to or to the benefit of person(s) who are in permanent employment of the Company, whether in India or outside (hereinafter referred to as "the Employees") additional options under the existing **"Employee Stock Option Scheme - 2007"** (hereinafter referred to as the **"ESOS - 2007"** or the **"Scheme")** of the Company, exercisable into not more than 13,983,750 equity shares of Rs.10 each of the Company, in one or more tranches, and on such terms and conditions as may be decided from time to time by the Board in accordance with the provisions of the law or guidelines issued by relevant authorities thereby increasing the aggregate number of options from existing 6,016,250 to 20,000,000.

Resolved further that in case of any corporate action(s) such as rights issues, bonus issues, merger, demerger, amalgamation, sale of division and any other form of corporate restructuring, if any additional equity shares are issued by the Company to the option grantees for the purpose of making a fair and reasonable adjustment to the options granted earlier, the above ceiling of 20,000,000 equity shares of Rs.10 each shall be deemed to be increased to the extent of such additional equity shares issued in a manner that total value of the shares under the Scheme remains the same after the corporate action(s).

Resolved further that the Board be and is hereby authorised to issue and allot Equity shares upon exercise of options from time to time in accordance with the Scheme and such Equity Shares shall rank pari passu in all respects with the existing equity shares of the Company.

Resolved further that in case the equity shares of the Company are either sub-divided or consolidated, then the number of shares to be allotted and the price of acquisition payable by the option grantees under the Scheme shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of Rs.10 per equity share bears to the revised face value of the equity shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said allottees.

Resolved further that the Board be and is hereby authorised to take necessary steps for listing of the securities allotted under the Scheme on the stock exchanges where the securities of the Company are listed as per the provisions of the listing agreement(s) with the concerned stock exchanges, the guidelines and other applicable laws and regulations.

Resolved further that the Board be and is hereby authorized to make modifications, changes, variations, alterations or revisions in the Scheme as it may deem fit, from time to time in conformity with the provisions of the Companies Act, 1956, the Memorandum and Articles of Association of the Company, SEBI Guidelines and any other applicable laws unless such variation, amendment, modification or alteration is detrimental to the interests of the present and future employees of the Company.

Resolved further that for the purpose of giving effect to the above resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things (including delegation of authority to officers of the Company) as it may, in its absolute discretion, deem necessary, expedient or proper and to settle any questions, difficulties or doubts that may arise in this regard at any stage including at the time of listing of the Securities without requiring further consent or approval of the shareholders of the Company."

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 the provisions of Section 81(1A), and all other applicable provisions, if any, of the Companies Act, 1956, (the Act), the Memorandum and Articles of Association of the Company, Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (hereinafter referred to as "SEBI Guidelines") or any statutory modification(s) or re-enactment of the Act or the SEBI Guidelines, provisions of any other applicable laws or regulations and listing agreement(s) entered into by the Company with the stock exchanges where the securities of the Company are listed and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions and which may be agreed to and accepted by the Board of Directors of the Company (hereinafter referred to as the Board, which term shall be deemed to include any Committee, including the Compensation Committee which the Board has constituted to exercise its powers, including the powers, conferred by this resolution), the consent of the Company be and is hereby accorded to extend the benefits of **"Employee Stock Option Scheme - 2007"** (hereinafter referred to as the **"ESOS - 2007"** or the **"Scheme")** proposed in the resolution under items no.7 of this Notice to and for the benefit of Mr. Sanjay Aggarwal, Chief Executive Officer of the Company on such terms and conditions as may be decided by the Board including grant of such number of options as to exceed 1%, but not exceeding 3%, of the present issued equity share capital (excluding outstanding convertible instruments) of the Company as of the date hereof.

   Resolved further that for the purpose of giving effect to the above resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things (including delegation of authority to officers of the Company) as it may, in its absolute discretion, deem necessary, expedient or proper and to settle any questions, difficulties or doubts that may arise in this regard at any stage including at the time of listing of the Securities without requiring further consent or approval of the shareholders of the Company."

By order of the Board of Director

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

Place: Gurgaon, Haryana
Date: November 13, 2009

Notes:

1. **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.**

2. The Register of Shareholder and Transfer Books of the Company will remain closed from December 18, 2009 to December 25, 2009 (both days inclusive).
3. 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.
4. 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.
5. 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.
6. 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.
7. 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.
8. 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.

9. Re-appointment of Directors:

At the ensuing Annual General Meeting, Mr. Vijay Kumar and Mr. Kishore Gupta retire by rotation and are eligible for re-appointment. Information pertaining to these directors in terms of Clause 49 of the Listing Agreement with Bombay Stock Exchange Limited is as follows:

a) **Mr. Vijay Kumar,** aged about 61 years is an Electrical Engineer and presently runs his own business and has vast experience in general business management. Mr. Kumar was appointed as director on the Board of the Company with effect from June 1, 2001. Mr. Kumar is also the Managing Director of Sidh Master Batches Private Limited. Mr. Kumar is also a member of Investor Relations Committee of SpiceJet Limited. He does not hold any equity shares of the Company.

b) **Mr. Kishore Gupta,** aged about 50 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 November 27, 2000. Mr. Gupta is a member of Company's Audit Committee. Mr. Gupta is also a director on the board of Royal Holdings Services Limited. Mr. Gupta does not hold any equity shares of SpiceJet Limited.

The Explanatory Statement for item nos. 5-8 to the accompanying Notice set out hereinabove is as under.

ITEM NO. 5

WL Ross & Co. LLC has nominated Mr. Ranjeet Nabha as director on the Board, subject to provisions of Section 260 of the Companies Act, 1956 and Articles of Association of the Company, who shall be liable to retire by rotation and further subject to removal by WL Ross & Co. LLC. Mr. Ranjeet Nabha holds office only upto the date of forthcoming Annual General Meeting of the Company and is eligible for appointment as director. The Company has received notice under Section 257 of the Companies Act, 1956, in respect of Mr. Ranjeet Nabha, proposing his appointment as directors of the Company, alongwith the requisite deposit.

(a) **Mr. Ranjeet Nabha** aged about 44 years has a background in Management from The Tuck School of Business at Dartmouth. He is the Managing Director and Chief Executive Officer of WL Ross India at WL Ross & Co. LLC and manages the Indian investment arm of WL Ross & Co. LLC. He has held the position of Chairman and CEO at Voicemate and has previously worked with J.P. Morgan & Co. Inc as Vice President and has also worked at S. G. Warburg & Co. and Deloitte & Touche.

Mr. Nabha was appointed on the Board of the Company with effect from February 17, 2009. Mr. Ranjeet does not hold any equity shares of SpiceJet Limited.

The Directors recommend the resolution for your approval.

None of the Directors of the Company, except Mr. Ranjeet Nabha is in any way concerned or interested in the resolution.

ITEM NO.6

Section 81 of the Companies Act, 1956 provides, inter-alia, that when it is proposed to increase the issued capital of a company by allotment of further shares, such further shares shall first be offered to the existing shareholders of the company in the manner laid down in Section 81 unless the shareholders in general meeting decide otherwise by passing a special resolution. Hence, consent of the shareholders by way of Special Resolution is being sought pursuant to the provisions of Section 81(1A) and all other applicable provisions of the Companies Act, 1956 and in terms of the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2009 ("**SEBI Guidelines**") and the listing agreement(s) executed by the Company with the Stock Exchange(s) where the Company's shares are listed.

Certain information in relation to the issue of equity shares including the information as required under Chapter VII of the SEBI Guidelines and the terms and conditions of the issue of the equity shares are as under:

Objects of the Issue

It is proposed to offer, issue and allot to Mr. Sanjay Aggarwal, Chief Executive Officer upto 230,000 equity shares of Rs.10 each on preferential/ private placement basis in terms of his employment. In compliance with Regulation 72(1)(d) of SEBI Guidelines, prior to the allotment of equity shares, the Company shall obtain permanent account number (PAN) of the allottee.

The promoter and directors do not intend to subscribe to this offer.

Pricing of the Issue

The issue of equity shares on preferential / private placement basis shall be made at a price not less than higher of the following:

(i) The average of the weekly high and low of the closing prices of the related equity shares quoted on the stock exchange during the six months preceding the relevant date; or

(ii) The average of the weekly high and low of the closing prices of the related equity shares quoted on a stock exchange during the two weeks preceding the relevant date.

Explanation

"Relevant date" for this purpose means the date thirty days prior to the date on which the meeting of general body of shareholders is held to consider the proposed preferential issue.

"Stock Exchange" for this purpose shall mean any of the recognised stock exchanges in which the equity shares are listed and in which the highest trading volume in respect of the equity shares of the Company has been recorded during the preceding six months prior to the relevant date.

Accordingly, the Relevant Date for this preferential issue is November 23, 2009.

Regulatory Approval(s)
The Company will comply with relevant FEMA guidelines for the issue of equity shares of the Company.

Proposed time within which allotment will be completed
The proposed allotment of equity shares shall be completed within fifteen days from the date of passing of resolution by the shareholders approving the preferential issue provided that where allotment is pending on account of any approval by any regulatory authority or the Central Government, the proposed allotment of equity shares will be completed within fifteen days from the date of receipt of such approval(s) from the regulatory authority or the Central Government.

Lock-in
As per Regulation 78(2) of the SEBI Guidelines, the equity shares so allotted shall be under lock-in of one year from the date of allotment. The entire pre-preferential holding of allottee(s), if any shall also be under lock-in from the relevant date upto a period of six months from the date of preferential allotment.

Shareholding pattern before and after the allotment as on November 13, 2009.

S. No.	Category	Pre-allotment (as on 13/11/2009)		Post Allotment *	
		No. of shares	% to total	No. of shares	% to total
1	Resident Individuals	50,346,847	20.89%	50,346,847	20.87%
2	Bodies Corporate	54,610,355	22.66%	54,610,355	22.64%
3	Foreign Companies	32,665,836	13.55%	32,665,836	13.54%
4	Promoters	31,077,500	12.89%	31,077,500	12.88%
5	Foreign Institutional Investors	18,798,296	7.80%	18,798,296	7.79%
6	Mutual Funds	25,953,086	10.77%	25,953,086	10.76%
7	Non Resident Indians	10,859,653	4.51%	10,859,653	4.50%
8	Directors	10,000,000	4.15%	10,000,000	4.15%
9	Overseas Corporate Bodies	3,168,500	1.31%	3,168,500	1.31%
10	Others	3,537,087	1.47%	3,537,087	1.47%
11	Foreign Nationals	3,000	0.00%	3,000	0.00%
12	Proposed allottee (Mentioned Hereinafter)	-	0.00%	230,000	0.10%
	Total	**241,020,160**	**100.00%**	**241,250,160**	**100.00%**

* The post issue shareholding pattern excludes allotment, if any, of equity shares on conversion of Foreign Currency Convertible Bond holders, outstanding Warrants and employee stock options of the Company.

It is confirmed that Foreign Direct Investment is within sectoral limits as on the date of this notice based upon informed status of prospective allottee.

No change in management control over the Company is contemplated as a result of or consequent to allotment of shares as envisaged in the resolution. Proportionate change in voting rights would result consequent to the change in shareholding pattern.

Identity of Proposed Allottee(s)

S. No.	Name of Proposed Allottee	Status	Fresh Allotment of Shares	Post Allotment Holding	
				No. of shares	%age to total
1	Sanjay Aggarwal	Foreign Direct Investment	230,000	230,000	0.10%

Auditor's Certificate

A copy of the Certificate from Company's Statutory Auditors, M/s Walker, Chandiok & Co., Chartered Accountants, New Delhi, certifying that the issue of equity shares being made is in accordance with the requirements contained in Chapter VII of the SEBI Guidelines shall be placed before the shareholders at the general meeting.

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.

ITEM NO.7 & 8

Your Company recognizes the critical role human capital plays in growth of the Company and earlier introduced the "Employee Stock Option Scheme-2007" (hereinafter referred to as the "ESOS-2007" or the "Scheme") which was approved by the shareholders in the 23rd Annual General Meeting held on September 11, 2007. With a view to extend the Scheme to new and existing employees, including Mr. Sanjay Aggarwal, the approval of the shareholders is being sought for issue of additional stock options to the employees of your Company under ESOS-2007 in accordance with the SEBI Guidelines and other applicable regulations.

The main features of the ESOS-2007 are as under:

a) **Total number of options to be granted**

A total of additional 13,983,750 options and in aggregate 20,000,000 options shall be available for being granted to eligible employees of the Company under the Scheme. The detailed terms of grant shall be formulated by the Board of Directors of the Company (the **"Board"** which expression includes any Committee thereof, including the Compensation Committee) and shall be subject to broad parameters of the Scheme to be approved by the shareholders. Each option when exercised will be converted into one equity share of Rs.10 each fully paid-up of your Company.

Lapsed vested options due to non-exercise or cancelled unvested options due to resignation of the employees or otherwise, will be available for re-grant at a future date. SEBI Guidelines require that in case of any corporate action(s) such as rights issues, bonus issues, merger, demerger, amalgamation, sale of division and any other form of corporate restructuring, a fair and reasonable adjustment needs to be made to the options granted. Accordingly, if any additional equity shares are issued by the Company to the option grantees for making such fair and reasonable adjustment, the ceiling of 20,000,000 equity shares of Rs.10 each shall be deemed to be increased to the extent of such additional equity shares issued in a manner that total value of the shares under the Scheme remains the same after the corporate action(s).

b) Identification of classes of employees entitled to participate in the Employee Stock Option Scheme.

All permanent employees of the Company, as may be decided by the Compensation Committee from time to time, would be entitled to be granted stock options under the Scheme. However the promoters or persons belonging to the promoter group of the Company shall not be eligible under the Scheme.

c) Requirements of vesting and period of vesting

There shall be a minimum period of one year between the grant of options and vesting of options. The Options granted shall vest so long as the employee continues to be in the employment of the Company. The Compensation Committee may, at its discretion, lay down certain criteria including, but not limited to, performance metrics on the achievement of which the granted options would vest, the detailed terms and conditions relating to such criteria for vesting and the proportion in which options granted would vest subject to the minimum vesting period as specified above.

The stock options granted to an employee will not be transferable to any person and shall not be renounced, pledged, hypothecated, mortgaged or otherwise alienated in any manner. However, in the event of the death of an employee while in employment, all the options granted to him till such date shall vest in legal heirs or nominees of the deceased employee.

d) Maximum period within which the options shall be vested

The options would vest not later than five years from the date of grant of options. The exact proportion in which and the exact period over which the options would vest would be determined by the Compensation Committee, subject to the minimum vesting period of one year from the date of grant of options.

e) Exercise Price

The exercise price shall be the fair market value or at a discount on the fair value at the time of grant. The Board shall determine the fair market value in accordance with SEBI Guidelines and any other applicable guidelines.

f) Exercise Period and the process of Exercise

The Exercise period would commence from the date of vesting and will expire on completion of five years from the date of vesting of options.

The options will be exercisable by the Employees by a written application accompanied by payment of the exercise price to the Company to exercise the options in such manner, and on execution of such documents, as may be prescribed by the Compensation Committee from time to time. The options will lapse if not exercised within the specified exercise period.

g) Appraisal Process for determining the eligibility of the employees to ESOS-2007

The appraisal process for determining the eligibility of the employees will be specified by the Compensation Committee, and will be based on criteria such as role/ level of the employee, past performance record, future potential of the employees, balance number of years of service until normal retirement age and/or such other criteria that may be determined by the Compensation Committee at its sole discretion.

h) Maximum number of options to be issued per employee and in aggregate

Except Mr. Sanjay Aggarwal, Chief Executive Officer of the Company, the number of options that may be granted to an employee under the Scheme shall not exceed 1% of the issued equity capital (excluding outstanding convertible instruments) of the Company as on the date hereof. Further allotment of shares under the Scheme to to the Chief Executive Officer of the Company will also comply with and subject to FDI rules/regulations of the Government of India as applicable to the Company from time to time.

i) Disclosure and Accounting Policies

The Company shall comply with the accounting policies prescribed under Clause 13.1 of the SEBI Guidelines and all other disclosure requirements and accounting policies prescribed as per the SEBI Guidelines and other applicable laws and regulations.

j) Method of option valuation

To calculate the employee compensation cost, the Company shall use the Intrinsic Value Method for valuation of the options granted.

The difference between the employee compensation cost so computed using Intrinsic Value and the cost that shall have been recognized if it had used the Fair Value of the options, shall be disclosed in the Directors' Report and also the impact of this difference on profits and on EPS of the Company shall also be disclosed in the Directors' Report.

As the Scheme provides for issue of shares to be offered to persons other than existing shareholders of the Company, consent of the shareholders is being sought pursuant to Section 81 (1A) and all other applicable provisions, if any, of the Act and as per Clause 6 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

The Options to be granted under the ESOS-2007 shall not be treated as an offer or invitation made to the public for subscription in the securities of your Company.

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.

By order of the Board of Director

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

Place: Gurgaon, Haryana
Date: November 13, 2009

DIRECTORS' REPORT

Dear Shareholders,

The Directors hereby present the Twenty Fifth Annual Report and the Audited Accounts for the year ended March 31, 2009.

1. Financial Results

(Amount in Rs. Million)

Particulars	March 31, 2009	March 31, 2008
Gross Income	**18,135.38**	14,385.79
Operating Expenses	**16,965.03**	12,420.17
Employee Remuneration and Benefits	**1,550.78**	1,431.92
Selling Expenses	**1,095.53**	914.09
Administrative Expenses	**1,474.71**	703.81
Finance Charges	**160.22**	137.23
Depreciation and Amortisation	**72.54**	78.18
Loss on settlement of litigations	**187.82**	-
Profit/ (Loss) before taxation	**(3,371.25)**	(1,299.61)
Fringe Benefit Tax	**33.19**	24.24
Prior Period Adjustments	**121.23**	11.22
Profit/ (Loss) after taxation	**(3,525.67)**	(1,335.07)

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, 2009.

2. Business

The Company completed its fourth year of operations on May 23, 2009. During its fourth year of operations, the Company focussed on consolidating its operations on key routes and maintained its fleet size to nineteen aircraft covering 18 destinations and operating 115 flights daily. During the year ended March 2009, the Company carried 4.59 million passengers. The average load factor of 67% was recorded by the airline during the year under review with a market share of over 12.05% for the month of March 2009.

During the year under review, the Company improved its average deployed fleet to 17.02 aircraft versus 13.78 aircraft for previous year.

Your company also focussed 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.2.34 from Rs.2.16 in previous year.

3. Share Capital

During the year under review, the paid-up share capital of the Company was increased by 368,960 equity share consequent upon conversion of FCCBs aggregating to US$ 200,000 at FCCB Conversion Price of Rs.25 per equity share.

Further in terms of the authority given by the shareholders at the extra-ordinary general meeting held on September 12, 2008 and pursuant to the approval of FIPB for foreign investment, the Company issued and allotted 15,360,715 warrants, having option to apply for and be allotted equivalent number of equity shares of the face value of Rs.10 each at Rs.39.46 per equity share (including a premium of Rs.29.46 per equity share) aggregating to Rs.606,133,813.90 on preferential basis to GS Investment Partners (Mauritius) I Limited.

The Company has received 10% of the abovesaid aggregate amount for conversion of warrants and these can be converted into equity shares within eighteen months from the date of allotment (i.e. upto June 11, 2010. Incase of non exercise of conversion right, the amount of 10% received by the Company shall stand forfeited.

4. Dividend

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

5. Directors

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

During the year Mr. Siddhanta Sharma, Executive Chairman ceased to be director on the Board of the Company.

Mr. Osman Qureshi and Mr. Khaled Mohammed Ali Alkamda have also ceased to be directors on the Board of the Company with effect from August 29, 2008 and Mr. Tom Ronell was appointed as new nominee of Istithmar.

With regard to the comment of the Auditors in Para 6(d) of their report dated June 26, 2009 for the year ended March 31, 2009, we submit that nomination of Mr. Tom Ronell was withdrawn by Istithmar and a new nomination was made in his place subject to receiving necessary security clearance for such new nominaton. As Mr. Tom Ronell was not to be re-appointed declaration under section 274 (1)(g) of the Companies Act, 1956 was not received from him.

Further, Mr. Ranjeet Nabha was appointed as an additional director on the Board of the Company and shall hold office upto the date of ensuing annual general meeting. The Company has received notice under section 257 of the Companies Act, 1956 proposing his candidature.

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 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.

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 year ended March 31, 2009, 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, 2009 on a going concern basis.

8. 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, 2009 is as under:

<table>
<tr><th>S.N.</th><th>Description</th><th colspan="4">Remark</th></tr>
<tr><td>a)</td><td>Options granted</td><td colspan="4">5,200,000 during the year 2007</td></tr>
<tr><td>b)</td><td>Pricing formula</td><td colspan="4">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 is Rs.27.85.</td></tr>
<tr><td>c)</td><td>Options vested</td><td colspan="4">1,372,000</td></tr>
<tr><td>d)</td><td>Options exercised</td><td colspan="4">Nil</td></tr>
<tr><td>e)</td><td>Total number of shares arising as a result of exercise of options</td><td colspan="4">Nil</td></tr>
<tr><td>f)</td><td>Total options lapsed
FY 2007-08: 389,000
FY 2008-09: 891,000</td><td colspan="4">1,280,000</td></tr>
<tr><td>g)</td><td>Variations of terms of options</td><td colspan="4">Nil</td></tr>
<tr><td>h)</td><td>Money realised by exercise of options</td><td colspan="4">Nil</td></tr>
<tr><td>i)</td><td>Total number of options in force</td><td colspan="4">3,920,000</td></tr>
<tr><td>j)</td><td>Employee wise details of options granted to:</td><td colspan="4"></td></tr>
<tr><td rowspan="5"></td><td rowspan="5">i. senior management personnel</td><td>SN</td><td>Name</td><td>Designation</td><td>Options Granted</td></tr>
<tr><td>1</td><td>Samyukth Sridharan</td><td>CCO</td><td>100,000</td></tr>
<tr><td>2</td><td>O P Ahuja</td><td>AVP - Coordination</td><td>50,000</td></tr>
<tr><td>3</td><td>Virender Pal</td><td>CTO</td><td>50,000</td></tr>
<tr><td>4</td><td>Kamal Hingorani</td><td>VP - Marketing & Planning</td><td>50,000</td></tr>
</table>

	ii. any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	None
	iii. identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	None
k)	Diluted earnings per share pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20 “Earning Per Share”	(Rs.14.64), previous year (Rs.5.55)
l)	Method of calculation of employee compensation cost	The employee compensation cost would be calculated based on intrinsic value of the options offered. The value of an option using this method is Rs.27.85. However, the fair value per option (as per Black Scholes Model) is Rs.32.50. the difference in the value of an option using both methods is Rs.4.65.
m)	Exercise price and fair value of option	The exercise price of all the options granted under the above mentioned Scheme is Rs. 30. Also, the fair value of the options, as calculated using the Black Scholes Option Valuation Model is Rs. 32.50 only.
n)	Option valuation methodology	Black Scholes Option Valuation Model has been used to estimate the fair value of the options granted under the above mentioned Scheme
	i. Risk-free interest rate	9 year zero coupon treasury rate
	ii. Expected life	2.5 years from the date of vesting based on various schemes launched by various organizations in the country
	iii. Expected volatility	Volatility is calculated on the movement of company’s share price on BSE in the past one year which comes out to be 55%. The same volatility is applicable to the Black Scholes Model.
	iv. Expected dividend	Nil
	v. Price of underlying share at the time of option grant	Rs.57.85

The Company proposes to increase the total number of stock options from existing 6,016,250 to 20,000,000 exercisable into not more than 20,000,000 equity shares of Rs.10 each under the existing Employee Stock Option Scheme-2007 (the Scheme) with a view of extend the Scheme to new and existing employees, including CEO.

9. 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.

10. Foreign Exchange Earnings & Outgo

The Company had foreign exchange earnings of Rs.1,491.31 million while the outgoings were Rs.5,730.81 million during the year under review.

11. Deposits/ Borrowings

The Company has not accepted any deposit under provisions of Section 58A of the Companies Act, 1956 during the year under review.

12. Auditors

M/s Walker Chandiok & Co., 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 June 26, 2009 proposed their name for re-appointment. You are requested to consider their appointment.

13. Corporate Governance

Pursuant to Clause 49 of the Listing Agreement with the Bombay Stock Exchange Ltd., Management Discussion and Analysis, Corporate Governance Report and Practicing Company Secretary's Certificate regarding Compliance with the Code of Corporate Governance are made part of the Annual Report.

14. 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, 2010 in respect of above stock exchange.

15. Acknowledgement

The Directors thank all government, regulatory bodies and shareholders for their consistent support in the smooth airline operations of the Company. We also place on record our appreciation to the contribution made by company's staff at all levels, without whom the Company would not have attained such great heights in such a short period of its operations.

For and on behalf of the Board

Sd/-	Sd/-
Ajay Singh	**B. S. Kansagra**
Director	Director

Place: Gurgaon, Haryana
Date: October 27, 2009

MANAGEMENT DISCUSSION AND ANALYSIS

1. INDUSTRY STRUCTURE AND DEVELOPMENTS

Global and Indian Economy

The fiscal year 2008-09 started with the Indian economy on a higher growth path and the macro-economic fundamentals inspiring confidence and a general optimism about the medium to long term prospects of the economy. The economy was expected to slowdown marginally from the three years of 9 per cent plus growth in real Gross Domestic Product (GDP), reflecting a cyclical downturn in the global economy and expectations were that growth would be 7.5 to 8 per cent.

However, the impact of the worldwide global recession resulted in most emerging market countries slowing down significantly with India also being affected. While the slowdown in economy was primarily driven by the effects of the global economic crisis, it also reflected to some extent the slowdown associated with cyclical factors. Industrial growth experienced a significant downturn and the loss of growth momentum was evident in basic, capital, intermediate and consumer goods high oil prices and domestic inflation were definite areas of concern, as was the possibility of a worsening of the international financial crisis.

Indian Aviation Industry

a. General

India’s airlines operate in a relatively high cost environment, primarily due to the punitive taxation structure. The greatest impact is felt in the area of sales taxation on fuel, which can increase the cost to 60% above the international benchmark. The limitations of airport infrastructure also increase costs due to the fact that carriers are unable to schedule fast turnarounds, resulting in reduced aircraft utilization. In addition, the fact that high quality ancillary services such as MRO and training are not currently available in India means that aircraft and personnel have to be sent overseas.

The rapid growth in air traffic over the last few years exposed the deficiencies of airport infrastructure across the country. After decades of neglect, many of India’s airports were forced to operate well above design capacity. The resulting congestion in the terminals and on the runways delivered a poor experience for the passenger and a costly, inefficient operating environment for the airlines. However, although a weakness today, it is also fair to say that it is becoming less so, as the airport modernization program starts to deliver results, with new airports in Bangalore and Hyderabad, and improving facilities at Delhi and Mumbai. The upgrade of non-metro airports remains behind schedule so it may be another three to four years before we see good quality facilities across the country, but there are tangible signs of improvement.

Although congestion on the ground is relatively visible, another current area of weakness is the limited investment that has taken place in improving infrastructure for air traffic management. This too results in expensive aircraft holding patterns, indirect flight paths and sub-optimal use of runways.

Domestic air traffic in India tripled in the five years to 2008, while international passengers doubled *(Source: DGCA Traffic data).* This rate of growth far outstripped the capacity to develop skilled technical and management personnel. The gap was partly addressed by employing expatriates, particularly as pilots, and by learning on the fly indicative of the lack of in-depth experience and knowledge at all levels. Furthermore, there is an absence of high quality training infrastructure to deliver the resources to support future growth.

b. Key factors affecting domestic aviation industry in 2008-09:

Aviation Turbine Fuel

Typically, ATF accounts for 40–50 percent of airline operating expenses and this percentage varies with the volatility in global crude oil prices. ATF reached a historic high of $149/barrel in July – August 2009. To compound matters, ATF taxation is the highest in India with a peak rate of 28%. High fuel prices also increased the tax burden that the airlines had to pay.

USD exchange rate

FOREX payments are another category which forms a significant component of an airline's expenses. Typically these include aircraft lease rentals, maintenance expenses, expat pilot salaries, pilot simulator training expenses, reservation charges. USD exchange rate rose from Rs. 42 to Rs. 50 during this year.

Fares

To offset the rising cost of fuel, airlines were compelled to increase fares which led to a sharp decline in load factor.

Economic slowdown

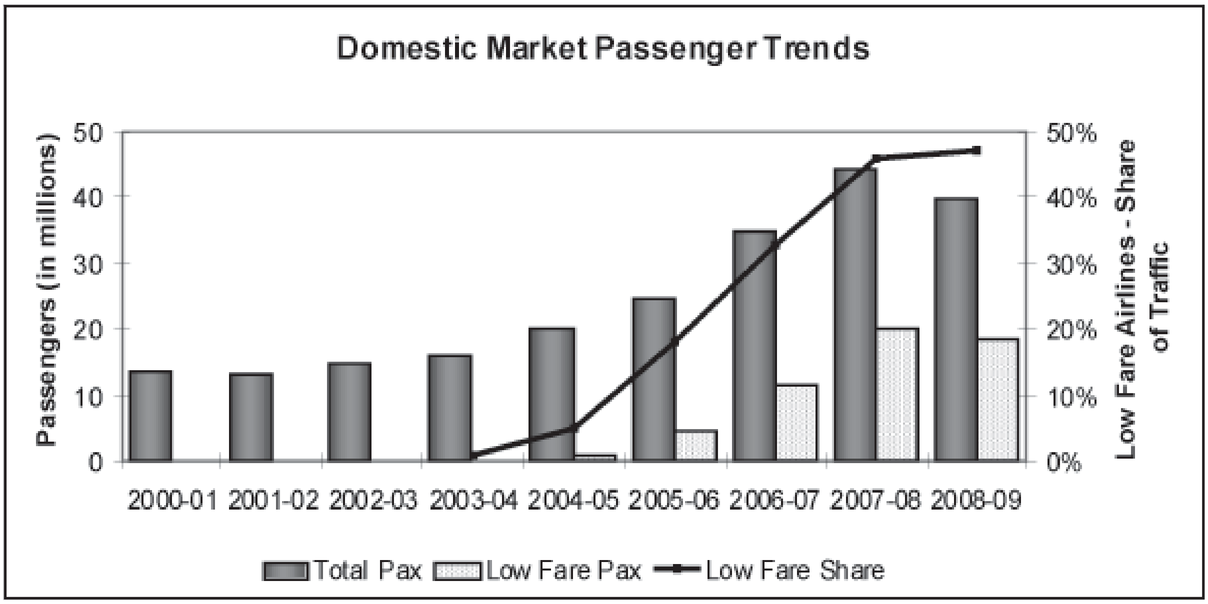
The global recession did impact India and the domestic corporate approach to business. Corporates focused heavily on cost-cutting, with travel and entertainment budgets being the most affected. This resulted in huge negative impact on domestic aviation traffic.

2. DOMESTIC TRAFFIC AND SPICEJET'S PERFORMANCE

The first two quarters of 2008-09 were particularly challenging for the industry. Driven by four months of unabated fuel price increase (Mar-June '08), July '08 had seen a significant cut-back in seat capacity by the industry. The industry-wide seat capacity reduced by 10% in July 2008 over the first quarter of 2008-09 *(Source: DGCA Traffic data)*.

The domestic winter schedule operated by all airlines showed a 14% drop in capacity (in comparison to the summer schedule) on the airports that Spicejet operated from. This indicated that capacity reduction was a more strategic move by all airlines rather than a short term outlook. A drop in fuel prices towards the end of 2008 and a modest improvement in traffic helped the business in a meaningful way.

Domestic traffic during 2008-09 dropped from 44.01 million in 2007-08 to reach 39.39 million – a drop of nearly 11%. The drop in demand was the most severe during the 7 month period starting July'08 with the traffic drop in Nov'08 and Dec'08 exceeding 20%. The share of the LCC's in this traffic increased from 45.61% during 2007-08 to 46.59% during 2008-09. In fact, for the last 4 months of the year, Low Fare Carriers carried as much traffic as the Full Service Carriers. This trend is very significant for SpiceJet as it clearly indicates that our product and service is being increasingly accepted by the consumers. This also shows an increasing acceptance of the Low Cost Airlines by business and corporate travelers.



(Source: DGCA Traffic data)

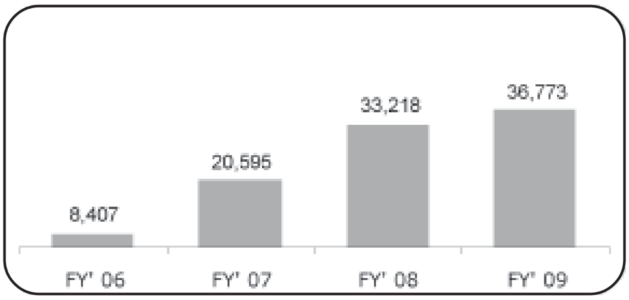
While the overall aviation demand in India dropped 12% during last quarter of 2008-09, SpiceJet experienced an increase in demand of 10.3%. SpiceJet's market share was 12.05%, our highest quarterly market share since inception. This growth continues to reinforce the success of SpiceJet's business model of providing affordable and high quality air travel. On the unit cost front, our cost was 4% lower versus last year, excluding the volatility in fuel prices and currency.

During 2008-09, SpiceJet gained market share from 10.1% in Apr'08 to close the year at 12.05% in Mar'09.

3. SPICEJET'S ANNUAL PERFORMANCE

Capacity deployed (Flights)

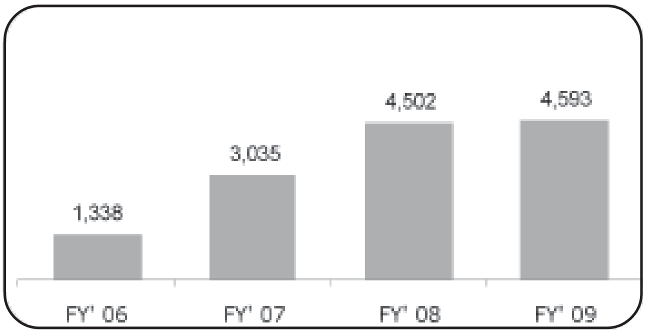
During the year FY09, capacity deployment increased by 10%. This is due to increase in the average aircraft availability from 13.78 to 17.02 and increase in aircraft utilization.



Passengers carried

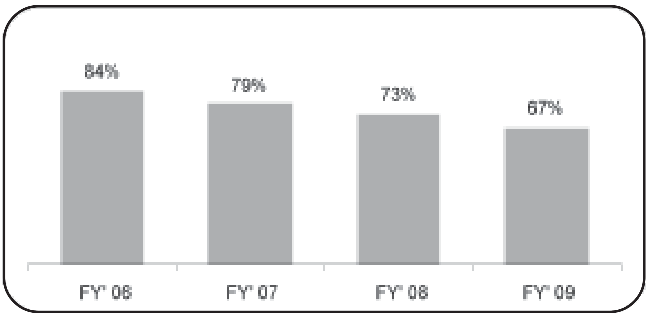
Passengers carried increased by 2%. This however was not in proportion to the capacity deployed since industry as a whole witnessed a negative growth during this year.

** passenger in thousands*



Load factor

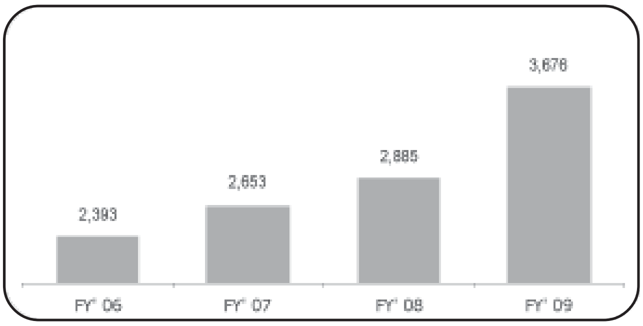
This year witnessed a decline in industry demand and an increase in air fares and this resulted in a drop in SpiceJet's load factor from 73% in FY '08 to 67% in FY '09



Pax yield

However, there was an increase in the passenger yields by 27%, predominantly effected through a raise in fuel surcharge.

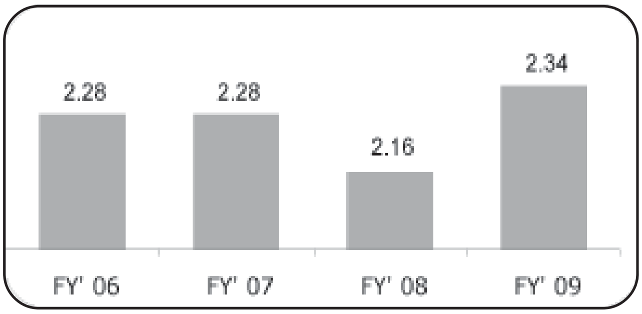
**pax yield in Rupees*



Revenue per ASKM

The combined effect of higher yields, and increased ancillary revenue resulted in an increase in unit revenue per ASKM by 8% to Rs. 2.34.

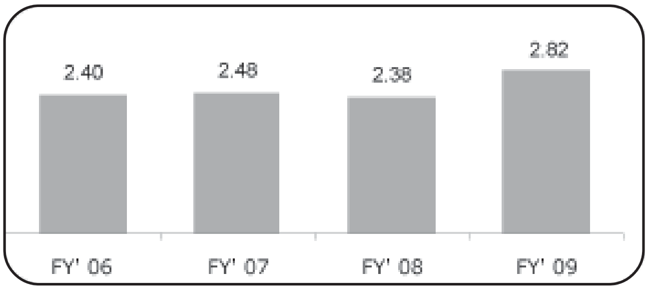
** revenue per ASKM in Rupees*



Costs per ASKM

High fuel prices and increase in USD exchange rate resulted in an increase in unit costs per ASKM by 18% to Rs.2.82.

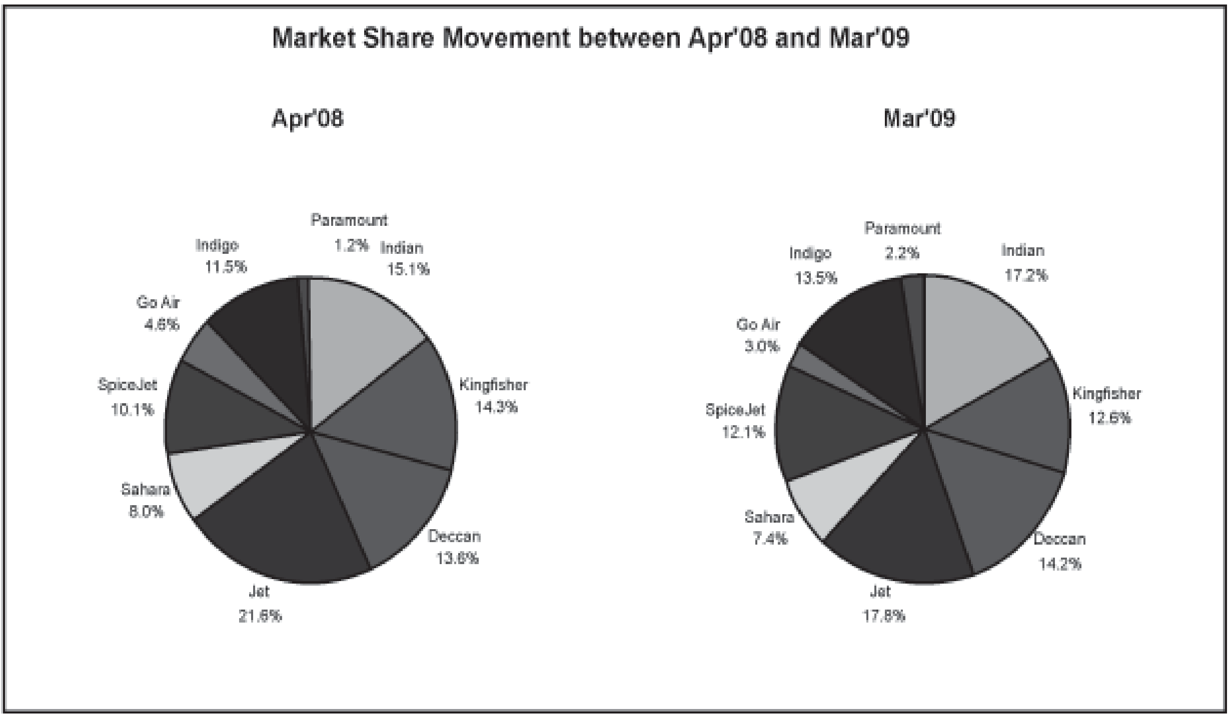
** costs per ASKM in Rupees*



FY 2009 Analysis

a. Market share:

Our market share has grown from 8.29% during the Jul-Sept '08 quarter to 12.06% in the Jan-Mar'09 quarter.



(Source: DGCA Traffic data)

b. Revenues:

Our total revenues increased by 26% to Rs.18, 135 million in Fiscal 2009 from Rs.14,385 million in Fiscal 2008.

Passenger revenues increased by 30.46% to Rs.16,894 million in Fiscal 2009 from Rs.12,949 million in Fiscal 2008. This increase was primarily due to increase in capacity deployed and an increase in average revenue to Rs.3,341 per passenger from Rs.2,605 per passenger last year.

Cargo operations were introduced during the year 2009 which resulted in revenue of Rs.611 million during the year.

Other revenues during Fiscal 2009 decreased to Rs.1,240 million from Rs.1,435 million in the previous year.

c. Expenses:

Total expenses for Fiscal 2009 increased by 37.11% to Rs.21,506 million from Rs.15,685 million in Fiscal 2008.

Operating Expense	FY2009 (in mn)	FY2008 (in mn)	Variance
Aircraft Fuel & Oil	9,451.94	7,025.51	35%
Lease rental-aircraft and engines	3,589.31	2,525.96	42%
Aircraft maintenance cost	1,968.97	1,187.10	66%
Aviation insurance	139.38	153.38	-9%
Landing, navigation and other airport charges	1,114.23	1,066.24	5%
In flight and other passenger amenities	136.52	95.43	43%
Operating software charges	141.54	78.17	81%
Other operating expenses	423.14	288.38	47%

Aircraft Fuel & Oil

Expenditure on aircraft fuel increased by 34.5% to Rs.9,451 million. In Fiscal 2009 from Rs.7,025 million in Fiscal 2008. This increase is mainly due to increase in average price of aviation turbine fuel and increase in block hours.

Lease Rental Aircraft

Expenditure on aircraft lease rental increased by 42% to Rs.3589 million in Fiscal 2009 from Rs.2,525 million in Fiscal 2008, the increase in rentals is primarily due to an effective induction of four new aircraft during the year and an increase in USD exchange rate.

Aircraft Maintenance Cost

Expenditure on aircraft maintenance cost increased by 66%. The increase in maintenance and repair costs in Fiscal 2009 was essentially due to increase in capacity deployed and increase in USD exchange rate.

Other Operating Expenses

The increase in landing, navigation, other airport charges, in flight and other passenger amenities and other operating costs was primarily due to the increase in the number of flights operated as well as increase in number in passengers compared to the previous year.

Employee Remuneration and Benefits

Expenses with regard to employee remuneration and benefits increased by 10.4% to Rs.1,557 million in Fiscal 2009 from Rs.1,404 million in Fiscal 2008 due to increase in the average number of personnel employed from 2073 to 2271 as well as annual increments.

Selling and Distribution Costs

Selling and distribution costs increased by 19.8% to Rs.1,096 million for Fiscal 2009 from Rs.914 million for Fiscal 2008 on account of increase in total commission expense.

Administrative Expenses

The increase in general and administrative costs in Fiscal 2009 over Fiscal 2008 is attributable to:

- a loss of Rs.270 million due to exchange rate fluctuation in Fiscal 2009;
- the increase in legal and professional charges to Rs.251 million from Rs.76 million.
- the increase in rent to Rs.325 million
- the increase in provision for bad debts to Rs.68 million

Finance Charges

Finance Charges have increased during the Fiscal year 2009 by 17% from Rs.137 million to Rs.160 million.

Depreciation

Depreciation decreased by 5.64% to Rs.73 million in Fiscal 2009 from Rs.78 million in Fiscal 2008 mainly on account of charging of tyres from rotables to consumables.

Loss on Settlement of litigation

During the fiscal year 2009 the Company entered into a MoU with its erstwhile promoter S. K. Modi Group to settle various ongoing litigations with them. This settlement has resulted in one time non operational loss of Rs.188 million.

4. STEPS TAKEN BY SPICEJET TO OVERCOME THE CHALLENGES

a. Cost Containment

Effective cost management is an integral part of the SpiceJet business model. We have one of the lowest costs of operations in the industry and this is often considered an industry benchmark. Our efforts towards better resource management, efficient utilization of capacity and working capital, quality augmentation program, ongoing innovation, use of technology and R&D efforts and precise information on performance have enabled us to keep our operating cost approximately 30% below that of competing full service airlines. We were the only airline in India to be awarded the coveted ICWAI award for excellence in Cost Management in 2008-09.

Some of the reasons for our cost advantage are:-

i. Our young fleet, with an average age of 2 years and a single aircraft type allows us to maximize efficiency and reduce cost.

ii. Single fleet type ensures lower pilot training and maintenance costs, and our simple logistics along with focus on on-time performance has ensured that we turn around our aircrafts quicker – this allows us to fly more hours in a day.

iii. Staying current on our payments with various oil companies and airport authorities have helped us to get discounts from them.

iv. To keep our distribution costs down we focus on web-based marketing and sales initiatives.

v. We carefully designed flight profiles to reduce fuel burn and follow a fuel tankering programme to take advantage of low sales-tax states for uplifting our fuel requirements.

b. New sources of revenue

Cargo

We started our cargo operations in May 2008. Our cargo operations currently cover 13 stations that include major cities like Delhi, Hyderabad, Mumbai, Chennai, Bangalore, Kolkata and Goa. Cargo operations has been a great source of ancillary revenue during 2008-09.

Corporate Sales

While businesses were cutting down on non-essential travel, they were also mandating all-economy travel on low-fare carriers. This trend worked to our advantage and many corporates chose to partner with us. We introduced a corporate product to address the specific travel needs of this market – the need for flexibility and for pre-purchased on-board snacks. We are happy to announce that these initiatives have started paying dividends, with corporate traffic contributing to more than 8% of our business by the end of 2008-09.

c. Improved aircraft utilization

We increased our daily flights from 98 in Oct 2008 to 115 by Jan 2009. We further enhanced our aircraft utilization by increasing our daily flights to 119 by end-Mar 2009 and to 125 from May 2009. Kochi was reintroduced as a station in December 2008.

d. Service improvement

The customer continues to be the core of our business and all attempts are made to ensure the highest level of customer satisfaction. Based on customer feedback we implemented the following initiatives during the 2nd half of 2008-09:-

- Introduction of tea / coffee service on board (served with cookies) available for the passengers to purchase
- Unaccompanied minors now travel without any special handling charge
- No excess baggage is charged for Golf bags/ Sports kits
- Free web check-in on www.spicejet.com
- Travelers can now collect boarding pass for day return flight at time of check- in
- Two bag waiver for international passengers when they travel with us within 24 hours of their international leg
- New menu comprising of sandwiches, kathi rolls and healthy breakfast
- Pre-ordering refreshment at the time of booking at a discount
- Home delivery of tickets in 49 cities for Rs.110 per passenger.
- Home away insurance policy with a one lakh cover in conjunction with TATA-AIG for free
- Domestic travel insurance in conjunction with TATA-AIG for only Rs.129
- Roving check-in facility at the airport
- In-flight music while boarding and deplaning composed in-house
- Gift bags for kids on board

e. Strengthening our Management Team

In October 2008, Mr. Sanjay Aggarwal joined SpiceJet as Chief Executive Officer. His last assignment was with Flight Options as its Chief Operating Officer and Chief Strategy Officer. Prior to joining SpiceJet, he has worked in the aviation and hospitality industries.

The Company has been strengthening its core team and over the last few months have filled key positions with talent from the industry and outside. Some of the recent senior appointments are:

- Ms. Seema Chandra as Chief Financial Officer. Her earlier assignments were with Mascon Global, HT Media, Nestle India and Ranbaxy.
- Mr. Anish Srikrishna as Senior Vice President and Head of Marketing. His earlier assignments were with The Oberoi Group, Samsung India, Coca-Cola India and Unilever.
- Ms. Sarabjeet Kaur as Vice President and Head of Customer Care. She moved to Spicejet from Bharti Airtel.
- Ms. Shilpa Bhatia as Vice President, Sales Strategy and Sales, moving from The Bird Group.
- Mr. G. P Gupta as Chief Administrative Officer who is responsible for administration and procurement functions. He came back to Spicejet after spending two years as CFO at another carrier.

f. Branding

SpiceJet was conceptualized as an airline that provides safe, value-for-money, comfortable and hassle-free air travel. The brand's rapid progress over its first four years was built on excellent customer experiences and positive word of mouth. We realize that as we grow, we need to expand our brand's reach and appeal to an audience who will want to travel more than before and for reasons other than price; with a wider range of expectations from the airline. The challenge will always be to connect with this audience and position SpiceJet as a brand that offers more than others in its competitive set.

In keeping with our objective of establishing top of mind recall, SpiceJet has recently launched a campaign moving away from pure market driven 'price point' announcement to communicating unique brand offerings, crystallized into clear brand message **"Get more when you fly SpiceJet**". The unique value propositions that SpiceJet brings to each consumer, forms the essence of this national campaign.

The communication highlights the unique value offerings including complementary supervision of unaccompanied minors; free of charge web check-in; introduction of hot tea and coffee service; waiver for sports kits etc. The brand emerges as a product of customer's voice - as one that listens, understands and acts to deliver a superior service experience.

This campaign positions the brand as one beyond price as one that offers experiences that consumers value. This positioning cuts through the clutter in a market driven by price-based competition and distribution channels which commoditize our services.

g. Promotions to stimulate the market

We have consistently led the industry in running innovative consumer promotions to stimulate the market. Details of a prominent promotion are as follows:

The Happy Hours promotion: In January 2009, SpiceJet launched an exciting series of promotions under the **Spicejet Happy Hours** theme. These were limited seat, limited period offers that were designed to encourage purchase and travel.

- The first was the 'Two for One' offer open only on www.spicejet.com. Under this promotion, SpiceJet offered to fly every second passenger free should two or more people book their ticket in a single transaction. This promotion created an all-time record in the Company for a single day booking.

- The series was launched in February where passengers had to book a return ticket and would pay for one way only. This was open on select sectors.
- The third in the series on Happy Hours was the return of the “Book for two pay for one” offer which was extended in March, 2009 for limited seats and limited period.

Since then, SpiceJet has launched various promotions to stimulate demand.

h. Expansion of distribution network

In January 2009, SpiceJet appointed its first overseas General Sales Agency based out of Doha wherein the GSA shall promote, advertise and sell SpiceJet tickets to people residing in Qatar. Going forward, we shall pursue aggressive plans to expand our overseas sales network.

5. WL ROSS INVESTMENT

In August 2008, SpiceJet secured investment of $100 million from WL Ross & Co. LLC (“WL Ross”), a global private equity investor, and others. As part of the transaction, Goldman Sachs agreed to subscribe to FCCB in the Company under the preferential issue guidelines of SEBI.

It was an endorsement of SpiceJet’s inherent strengths that such a large amount of international funding was made available to SpiceJet, particularly during these challenging times. The investment validated the confidence of the investors and gave SpiceJet the staying power to get through the turbulent times during 2008-09.

6. COMPETITION AND THREATS

a. Full Service Carrier vs. Low Fare Carriers

Observing SpiceJet results, all full service airlines have started deploying significant capacity to the economy model. While this adds to the capacity in the low fare sector, their cost of operation continues to be that of a Full Service Carrier. This latest trend in the industry, however, seems to validate the low fare model that we believe in.

b. Competitive scenario

As per industry reports, Kingfisher Airlines, Jet Airways and Air India have reportedly started the new Indian fiscal year (2009-10) with accumulated outstanding dues of nearly USD 800 million owed to oil companies and airports.

Available industry figures also show that just these three airlines alone are collectively projected to show operating losses of up USD 2 billion in the past financial year.

Air India:

NACIL (National Aviation Company of India Ltd.) was incorporated in March 2007 following the merger of Indian Airlines with Air India with merged operations commencing in August 07.

NACIL’s domestic market share had dropped from 20.43% during 2006-07 to 17.91% during 2007-08 and then further to 17.04% during 2008-09. In terms of passengers carried the corresponding nos. are 7.09 million increasing to 7.87 million and then dropping to 6.63 million during 2008-09.

(Source: DGCA Traffic data)

Jet Airways:

Jet Airways passenger traffic continued to decline – with domestic passenger traffic going down from 9.93 million in 2006-07 to 9.79 million in 2007-08 and subsequently to 7.97 million during 2008-09 (a drop of nearly 19% over the previous year). This drop in passenger nos is reflected in a similar drop in market share from 28.75% in 2006-07 to 22.22% in 2007-08 and to 20.30% during 2008-09. Infact, during the second half of the fiscal year their market share had dropped below 20% and stood at a 10-year low of 17.75% for Mar'09. As a reaction to the growing market share of the low fare airlines, Jet Airways decided to introduce Jet Airways Konnect as an all economy service starting from FY10.

(Source: DGCA Traffic data

JetLite:

JetLite is a wholly owned subsidiary of Jet Airways India Ltd. and was acquired by Jet Airways in April 2007.

After a fall in their market share from 8.37% in 2006-07 to 7.19% in 2007-08 during the merger period, JetLite increased it's market share to 8.08% during 2008-09. It's passenger numbers have increased during this three year period from 2.92 million in 2006-07 to 3.18 million in 2007-08 and they maintained this traffic during 2008-09 carrying 3.18 million passengers.

(Source: DGCA Traffic data)

Kingfisher and Kingfisher Red:

Kingfisher and Deccan Aviation officially merged in June 2008 with the combined entity being called Kingfisher Airlines. Air Deccan was rebranded as Kingfisher Red which was the low fare offering from the group.

The combined entity has seen an 18% annual decline in domestic traffic during 2008-09 and has seen a decline in market share from an average of 29.24% during 2007-08 to 26.99% during 2008-09.

(Source: DGCA Traffic data)

Indigo:

This low fare airline, commenced in Aug '06, has seen a big jump from 8.8% in 2007-08 to 12.46% in 2008-09, ending the year with a share of 13.45% in March '09 backed by an aggressive aircraft induction during 2008-09

(Source: DGCA Traffic data)

Go Air:

During FY 2008-09, GoAir has seen a sharp drop in their market share to 2.78% from 4.01% in 2007-08. This drop in market share had been driven by a reduction in deployed capacity from 2.40 million seats to 1.69 million seats annually due to return of some of their earlier leased aircraft in their fleet. They have been inducting aircrafts since Mar'09 with induction of 3 new aircraft between Mar'09 and Jun'09.

(Source: DGCA Traffic data)

7. OPPORTUNITY AND OUTLOOK

India has jumped to 9th position in world's aviation market from 12th in 2006. The scheduled domestic air services are now available from 82 airports as against 75 in 2006.

Post the results of the general election; India has witnessed an increase in business confidence. The stock market has risen 25% in the last couple of months and the outlook for growth and consumption has improved, which is a positive for the aviation industry. With the election of a stable government, it is expected that the new administration will push ahead with further economic reforms. The prospect of a government which has the ability to last its full term and pursue its agenda is extremely encouraging. It is anticipated that fresh initiatives will be announced by the ministry of civil aviation to address the genuine concerns of the airline industry.

Potential for Growth

The Indian Civil Aviation market grew at a compound annual growth rate (CAGR) of 18 per cent during the last 3 years, and was worth US$ 5.6 billion in 2009.

Significant measures to propel growth in the civil aviation sector are on the anvil. The government plans to invest US$ 9 billion to modernize existing airports by 2010. The government is also planning to develop around 300 unused airstrips.

The Indian aviation sector is likely to see clear skies ahead in the years to come.

- Passenger traffic is projected to grow at a CAGR of over 9-10 per cent in the next 5 years.
- The Vision 2020 statement announced by the Ministry of Civil Aviation, envisages creating infrastructure to handle 280 million passengers by 2020.
- Investment opportunities of US$ 110 billion envisaged up to 2020 with US$ 80 billion in new aircraft and US$ 30 billion in development of airport infrastructure.
- Associated areas such as maintenance repair and overhaul (MRO) and training offer high investment potential. A report by Ernst & Young says the MRO category in the aviation sector can absorb up to US$ 120 billion worth of investments by 2020.

Despite the rapid expansion of recent years, India has only just scratched the surface of the potential for the aviation sector. Trips per capita remain low even by the standards of other developing countries. China's domestic market is more than four times the size of India's 40 million passengers. Even, Australia, a country with a population of just 21 million, compared with India's 1.1 billion, has a market 25% larger. Similarly on the international front, less than 1% of Indians travel overseas each year. Inbound visitor numbers at 5.4 million in 2008 for the entire country, was less than for Dubai or Singapore *(Source: IATA study)*. It is not difficult to see the expansion potential from such a low base as economic growth continues apace.

India is ideally positioned as a major aviation hub at the crossroads between Europe, the Middle East and Asia Pacific. The fact that aviation was a neglected sector for so long has allowed airports such as Dubai and Singapore to effectively establish themselves as offshore hubs for Indian passengers, and they now have a significant head start. However, as India's airports improve, and its airlines receive international awards for their service levels, there may be an opportunity to leverage its huge home market to compete with these longer established hubs.

India has already managed to develop a dynamic aviation sector despite legacy infrastructural and constrained policy environment. The improvements in airport and airspace infrastructure, the development of indigenous training and maintenance facilities and the potential for fiscal reform, all point to the potential for Indian aviation to increasingly operate in a lower cost, higher quality and more efficient manner. This could in due course lead to an opportunity for India to develop as a global outsourcing hub in areas such as aerospace manufacturing, MRO and training.

Crude oil prices and demand will determine the financial situation of the industry. Other key challenges include the weakness of the Rupee versus the US dollar (30% of airline costing is incurred in US dollars), the outsourcing policies in India, airport fees and airport/airspace congestion.

8. ROLE OF THE GOVERNMENT

The airline industry has been looking for support from the government to revive air traffic and create a conducive environment for profitable operations of airlines. Some of the specific thoughts being discussed and proposed are:

i. To extend support to the industry by classifying ATF as 'declared goods' which will bring about a reduction in Sales Tax rates to 4%.
ii. Tax exemptions (even if as a temporary relief measure) from service tax on input/ output services, customs/excise duty on ATF/ other spares is desirable.
iii. Infrastructure development is key to the growth of the industry. However, this should lead to lowering of costs for the airlines. There should be a possible freeze on airport costs for a fixed period at April 1, 2008 levels.
iv. A favorable outsourcing policy is critical. Airlines should not be bound to pay royalties to the Airports.
v. The proposed Ground Handling Policy should be recalled as it will result in loss of jobs, add to the cost for the airlines and create inefficiencies.
vi. Increase in FDI limits for the sector**:** This will be a welcome step for the industry – it will allow fund and expertise to come into India and allow the aviation industry to mature and be more competitive.

9. FUTURE OUTLOOK FOR SPICEJET

Historically, economic growth has been the primary driver of air traffic and this relationship has been even more evident in developing countries. It has been observed that aviation grows at the rate of 1.2 to 1.8 times the GDP – 1.2 times in developed nations and 1.8 times in developing countries with pent up demand. Assuming a 6% GDP growth and a 1.5 times multiple, it is estimated that domestic aviation traffic alone will grow 2.5 times from the current 40 million passengers to 100 million passengers by 2020.

Our financial performance continues to get healthier. The key drivers remain better cost management and higher aircraft utilization. SpiceJet operates one of the youngest fleet in the industry (average aircraft age of 2 years) and that helps keep the technical reliability high and operating costs low. Our top priority remains our customers and we continue to introduce new services and promotions to keep them coming back to SpiceJet.

SpiceJet has a very talented and motivated team of individuals who are always eager to go the extra mile to take care of the customer."

We are optimistic about FY 2009-10. The year has started off well for us: our market share is up and in February 2009, we have flown the highest number of air passengers in and out of Delhi, more than any other low cost or full service airline.

Our national sales force continues to work diligently with corporate and trade customers alike to strengthen our reach and increase our penetration. Through a structured, effective marketing programme we will aim to have higher salience and preference resulting in more consumers preferring to book on www.spicejet.com.

We are confident that we will make a difference to our customers, excite our employees to do more with less, turn our vendors into our partners and create value for our investors.

There is no denying that India is one of the fastest growing aviation markets in the world and will present the greatest prospect when economy recovers. The industry expects robust passenger growth and capacity growth over the next ten years. Low fare airlines will have a considerable part of the market. Looking at the current aviation market, we expect consolidation to take place in the industry.

We thank you for all your interest and support in the Company and look forward to welcoming you on board.

CORPORATE GOVERNANCE

1. BRIEF STATEMENT ON COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Company believes in adopting best corporate practices for ethical conduct of business. In stride for achieving the best corporate governance, the Company has in place the mandatory committees as required under Companies Act, 1956/ listing agreement.

2. BOARD OF DIRECTORS

(a) Composition

The policy of the company is to have an appropriate mix of independent and non-independent directors to maintain the independence of the board. During the financial year 2008-09, the board consisted of all non-executive directors except Mr. Siddhanta Sharma. The Board of Directors of the Company consisted of following directors as on March 31, 2009, categorised as indicated:

Category	Name of Director
Executive Chairman	Mr. Siddhanta Sharma[1]
Promoter Nominee	Mr. B. S. Kansagra
Independent	▪ Mr. Kishore Gupta ▪ Mr. Mukkaram Jan ▪ Mr. Vijay Kumar
Investor Nominee	▪ Mr. Osman Qureshi [2] (representative of Istithmar PJSC) ▪ Mr. Khaled Mohammed Ali Alkamda[2] (representative of Istithmar PJSC) ▪ Mr. Tom Ronell [2] (representative of Istithmar PJSC) ▪ Mr. Ranjeet Nabha [3] (representative of WL Ross & Co. LLC
Non-Independent	▪ Mr. Ajay Singh ▪ Mr. Atul Sharma

Note 1: Mr. Siddhanta Sharma ceased to be director on the Board of the Company with effect from July 31, 2008

Note 2: Mr. Osman Qureshi and Mr. Khaled Mohammed Ali Al Kamda ceased to be director on the Board of the Company with effect from August 29, 2008. Mr. Tom Ronell was appointed as nominee director of Istithmar PJSC with effect from August 29, 2008.

Note 3: Mr. Ranjeet Nabha was appointed as nominee director of WL Ross & Co. LLC with effect from February 17, 2009.

(b) Number of Board Meetings

The Board meets at least once a quarter to review the quarterly results and other items on the agenda and also on the occasion of the annual general meeting. During the period under review, nine (9) board meeting were held on June 30, 2008, July 14, 2008, August 11, 2008, August 29, 2008, October 14, 2008, October 31, 2008, November 28, 2008, January 31, 2009 and February 17, 2009.

The table below sets out details of attendance, other directorships, committee memberships/ chairmanships of directors:

Name of Director	Attendance		No. of directorships and committee memberships/ chairmanships		
	Board Meetings	Last AGM	Other directorships[1]	Committee memberships	Committee Chairmanships
Mr. Ajay Singh	8	Absent	14	-	-
Mr. Atul Sharma	8	Present	-	2	-
Mr. B. S. Kansagra	5	Present	28	1	1
Mr. Khaled Mohd. Ali Alkamda	1	NA	-	-	-
Mr. Kishore Gupta	9	Present	1	2	-
Mr. Mukkaram Jan	-	Absent	21	-	2
Mr. Osman Qureshi	-	NA	-	-	-
Mr. Ranjeet Nabha	1	NA	2	1	-
Mr. Siddhanta Sharma	2	NA	-	-	-
Mr. Tom Ronell	-	Present	2	3	-
Mr. Vijay Kumar	1	Absent	2	1	-

Note 1: Includes directorship in foreign / private companies other than SpiceJet Limited.

(c) Board Procedure

The Agenda for the Board Meeting is circulated in advance to the Board members. The items in the Agenda are supported by comprehensive background information to enable the members take appropriate decisions. In addition to information required under Annexure 1A to Clause 49 of the listing agreement, the Board is also kept informed of major events/ items and approvals are taken wherever necessary. The Chairman at the Board keeps the Board apprised of overall performance of the Company.

(d) Code of Conduct

The Company has formulated and implemented the Code of Conduct (the Code) for board members and senior management persons. The Code has been posted on the website of the Company. All the Board members and senior management persons have affirmed compliance with the Code. A declaration to this effect signed by CEO/ CFO with regard to the Code forms part of CEO/ CFO certification which is provided elsewhere in the Annual Report.

(e) Transactions with non-executive Directors

The Company made a payment of Rs.8.02 million to Link Legal, Advocates towards legal and professional charges during the year under review in which Mr. Atul Sharma is a partner.

The table below sets out the details of remuneration of directors for the year ended March 31, 2009. No remuneration committee has been constituted being a non mandatory requirement.

Name of Director	Salary [1]	Perquisites & other allowances	Retiral Benefits	Performance linked payment	Severance Fees	Notice Period
Mr. Siddhanta Sharma	1,440,000	-	-	-	-	-

Note 1: Mr. Siddhanta Sharma ceased to be director on the Board of the Company with effect from July 31, 2008

(f) Shares held by Non-Executive Directors

The table below sets out list of directors holding shares in the Company as on March 31, 2009:

Name of Director	Shareholding	Percentage
Mr. Ajay Singh	10,000,000	4.15%

3. AUDIT COMMITTEE

(a) Terms of Reference

The Audit Committee was originally constituted on June 1, 2001, and has been re-constituted effective April 24, 2007. The Committee monitors the integrity of the financial statements of the Company, including its annual reports, preliminary results announcements and any other formal announcements relating to its financial performance, reviewing significant financial reporting issues in order to achieve credible disclosures and transparency. The envisaged role of the Committee includes, inter-alia, monitoring financial reporting process, reviewing company's financial and risk management policies and review of accounting policies and systems.

(b) Number of Audit Committee meetings

During the period under review, four (4) meetings were held on June 27, 2008, August 29, 2008, October 31, 2008 and January 31, 2009.

c) Composition

The Audit Committee comprises of three directors. The table below sets out the composition and attendance at the Audit Committee meetings as on March 31, 2009:

Name of Member	Number of Committee Meetings attended
Mr. Atul Sharma	4
Mr. Kishore Gupta	4
Mr. Mukkaram Jan	Nil

4. INVESTOR RELATIONS COMMITTEE

The Committee was originally constituted on June 1, 2001 with the name of Share Transfer and Investors' Grievance Committee and has been re-constituted effective April 24, 2007. The Committee focuses on investors' relation and the envisaged role of include, inter-alia, transfer of shares, redressal of complaints and other investors' related matters.

The Investor Relations Committee comprises of two directors viz., Mr. B. S. Kansagra and Mr. Vijay Kumar. Mr. B. S. Kansagra, non-executive director is the Chairman of the Committee.

Mr. A K Maheshwary, Vice President (Legal) & Company Secretary, is the Compliance Officer.

In all 538 letters/ complaints were received and replied/ redressed to the satisfaction of shareholder during the period April 2008-March 2009.

There were no dematerialisation requests pending for approval as on March 31, 2009.

5. COMPENSATION COMMITTEE

a) Terms of Reference
The Compensation Committee was constituted on May 24, 2007, comprising majority of independent directors to formulate, administer and implement the Employee Stock Option Scheme in accordance with the SEBI Guidelines.

b) Number of Compensation Committee meetings
During the year under review, no meeting was held.

c) Composition
The Compensation Committee comprises of three directors viz. Mr. Atul Sharma, Mr. Mukkaram Jan and Mr. Kishore Gupta. Mr. Mukkaram Jan is the Chairman of the Committee.

6. Risk Management

The Company has laid down procedures to inform Board members about risk assessment and minimization procedures. These procedures are periodically reviewed to ensure that executive management is controlling risks through properly defined framework.

The System of risk assessment and follow-up procedure is in place. However, considering the future expansion plan and recommendation of the Audit Committee, the same is currently being enhanced with external professional assistance.

7. Management Discussion and Analysis

The Management Discussion and Analysis (MD&A) is provided elsewhere in the Annual Report.

8. Disclosures regarding appointment or re-appointment of directors

Resumes of directors are provided in the Notice of the 25th Annual General Meeting.

9. General Body Meetings

Details of last three general body meetings are as follows:

General Body Meeting	Date	Time	Venue	Special Resolution Passed
22nd AGM	November 30, 2006	3.30 p.m.	Air Force Auditorium, Subroto Park, New Delhi-110010	• Investment by FIIs as per FEMA/ RBI regulations
23rd AGM	September 11, 2007	12 Noon	Sri Satya Sai International Centre, Pragati Vihar, Lodi Road, New Delhi – 110003	• Amendments to Articles of Association • Issue and allotment of 6,016,250 under ESOP-2007 • Appointment of Whole time director
24th AGM	November 27, 2008	11.00 a.m.	Air Force Auditorium, Subroto Park, New Delhi-110010	NA

During the year April 2008 – March 2009 no resolution was put to vote through postal ballot. Further no resolution is proposed to be passed through postal ballot.

10. Disclosures

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

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

(b) Details of non-compliance by the company, penalties, and strictures imposed on the company by stock exchanges or SEBI or any statutory authority, on any matters related to capital markets, during the last three years:

No such penalties imposed by any authority.

(c) Subject to comments hereinafter, the Company fully complies with the mandatory requirements under Clause 49 of the listing agreement. Adoption of other non-mandatory requirements as per Clause 49 is under consideration of the Board.

(i) In the absence of Chief Financial Officer, the Board has specifically authorised Mr. Sanjay Aggarwal for required CEO/CFO certification under Clause 49 of the listing agreement.

(ii) Mr. Siddhanta Sharma was appointed the Executive Chairman of the Company with effect from October 1, 2007, and ceased to be director/ executive chairman with effect from July 31, 2008. During the abovesaid period the Company was having one-third of the Board comprising of independent directors instead of half pursuant to Clause 49 of the listing agreement.

11. Means of Communication

(a) Quarterly Results

Quarterly un-audited results are sent to the exchange for the information of the shareholder. The results are normally published in Business Standard (English and Hindi both). The results of the Company are also displayed on the official website of BSE (www.bseindia.com)

(b) News Releases

All the press releases of the Company are sent to BSE for dissemination to shareholders and are subsequently displayed on the website of the Company at www.spicejet.com.

12. Certificate on Corporate Governance by Practicing Company Secretary

As required under Clause 49 of the Listing Agreement, certificate by Practicing Company Secretary is given as an annexure to the Directors' Report.

13. CEO/ CFO Certification

In the absence of CFO, the Board has specially authorised Mr. Sanjay Aggarwal, CEO for required certification. Accordingly, the CEO and CFO Certification are provided elsewhere in the Annual Report.

14. General Shareholder Information

Venue, date and time of the 25th Annual General Meeting	The Air Force Auditorium, Subroto Park, New Delhi on December 23, 2009 at 11.00 a.m.		
Book Closure date	December 18, 2009 to December 25, 2009 (both days inclusive)		
Dividend payment date	Not Applicable		
Financial Calendar (tentative)			
Results for quarter ending Dec 2009	Last week of Jan 2010		
Results for quarter ending Mar 2010	Last week of Apr 2010		
Listing on Stock Exchanges and codes		BSE (shares)	LuxSE (Bonds)
	Exchange Code	500285	023415275
	Reuters Code	SPJT.BO	
	Bloomberg Code	SJET	
ISIN in NSDL and CDSL for shares	INE285B01017		
ISIN in Euroclear and Clearstream for Bonds	XS0234152758		
Listing fee for 2009-10	Paid for all the above stock exchanges		

15. Market Price Data*

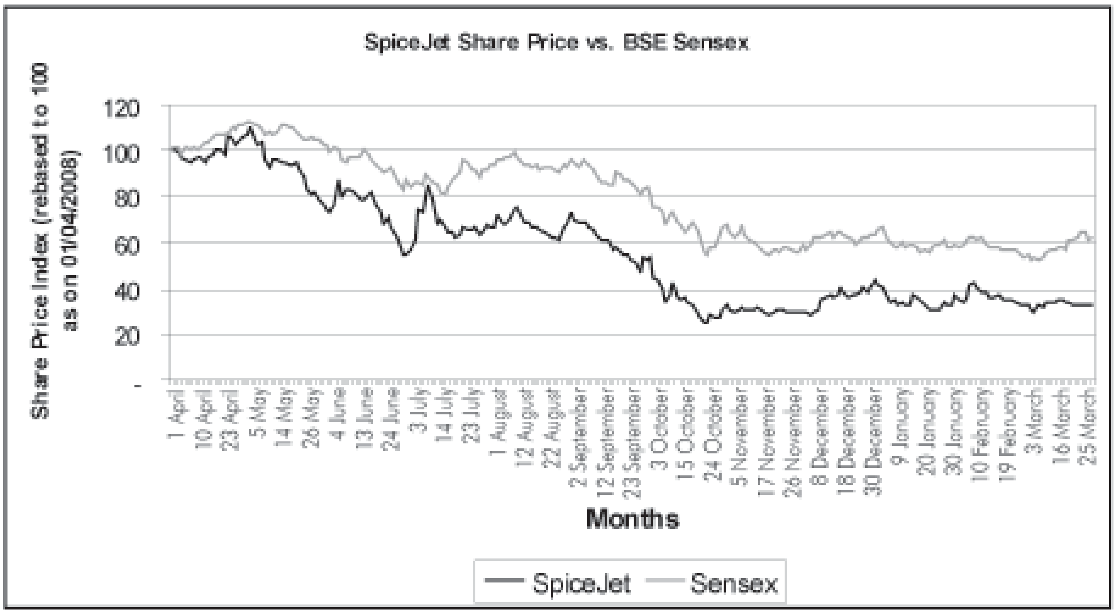
The market capitalisation of the Company is included in the computation of BSE 500 and BSE SMALLCAP Index. The table below sets out the monthly high and low quotations of the shares traded at Bombay Stock Exchange Limited during the period under review:

Date	High Price (Rs.)	Low Price (Rs.)
April 2008	45.35	37.70
May 2008	46.45	31.65
June 2008	38.75	24.75
July 2008	35.90	20.50
August 2008	31.70	25.00
September 2008	30.20	18.10
October 2008	23.50	9.00
November 2008	14.00	11.40
December 2008	17.10	11.50
January 2009	18.70	11.90
February 2009	18.29	13.03
March 2009	14.99	12.10

* Source: www.bseindia.com

16. Performance in comparison to broad-based indices - BSE Sensex

Chart below sets out SpiceJet price performance relative to BSE Sensex based on daily closing values during April 1, 2008 to March 31, 2009.



The stock price performance shown in the graph above should not be considered indicative of potential future stock price performance.

17. Registrar and Transfer Agents - Shares

Karvy Computershare Private Limited
'Karvy House',
Plot No.17-24, Bittal Rao Nagar, Madhapur
Hyderabad - 500 081
www.karvy.com

18. Principal Paying and Conversion Agent and Transfer Agent - USD 80 million Zero Coupon Convertible Bonds

The Bank of New York Mellon
48th Floor, One Canada Square
London E14 5AL
United Kingdom

19. Share Transfer System

The shares of the Company are traded in compulsory demat segment. However share transfers which are received in physical form are processed and the share certificate are returned within 15 days from the date of receipt, provided the documents submitted are valid and complete in all respect.

20. Shareholding pattern as on March 31, 2009

S. No.	Category	Total Shares	% To Equity
1	Bodies Corporates	52,819,347	21.91%
2	Directors	10,000,000	4.15%
3	Foreign Companies	32,665,836	13.55%
4	Foreign Institutional Investors	22,280,970	9.24%
5	Foreign Nationals	3,000	0.00%
6	Mutual Funds	18,431,292	7.65%
7	Non Resident Indians	17,726,980	7.35%
8	Overseas Corporate Bodies	3,169,500	1.32%
9	Promoters	31,077,500	12.89%
10	Resident Individuals	52,417,500	21.75%
11	Others	428,235	0.18%
	Total	**241,020,160**	**100.00%**

21. Dematerialisation of shares and liquidity

Over 93% of the outstanding shares have been dematerialized upto March 31, 2009. The Shares of the Company are listed at BSE only; where they are actively traded.

22. Outstanding GDR/ Warrants and Convertible Bond

Foreign Currency Convertible Bonds (FCCB)

Brief terms of the FCCBs issued in 2005-06 are as under:

Total Issue Size	US$ 80 million
Face Value	US$ 100,000 each
Conversion Price	Rs.25 per equity share
Conversion Period	Between December 7, 2005 and November 11, 2010
Conversion during April 2008 – March 2009	FCCB aggregating to US$ 200,000 were converted into 368,960 equity shares of Rs.10 each and shares were allotted in favour of India Asset Recovery Fund Limited.
Outstanding FCCB as on March 31, 2009	US$ 79.8 million
Utilisation of FCCB proceeds	The proceeds received by the Company has been utilised to make non-refundable pre-delivery payments to the Boeing Company to acquire 10 new aircraft

23. Plant Locations

The Company does not have plant location. The Company has offices at Ahmedabad, Bagdogra, Bangalore, Chennai, Cochin, Coimbatore, Delhi, Goa, Guwahati, Hyderabad, Jaipur, Jammu, Kolkata, Mumbai, Pune, Srinagar, Varanasi and Vishakhapatnam airports for its airline operations:

24. Address for correspondence

(a) For shares in physical/ demat mode

Karvy Computershare Private Limited
‘Karvy House’,
Plot No.17-24, Bittal Rao Nagar, Madhapur
Hyderabad - 500 081
www.karvy.com

(b) Any query on Annual Report

Deputy General Manager (Legal and Company Affairs)
SpiceJet Limited
319, Udyog Vihar, Phase-IV,
Gurgaon - 122016 Haryana
www.spicejet.com

CHIEF EXECUTIVE OFFICER CERTIFICATION

I, Sanjay Aggarwal, Chief Executive Officer of the Company, to the best of my knowledge and belief certify that:

1. I have reviewed financial statements and the cash flow statement for the period ended March 31, 2009 and that to the best of my knowledge and belief :

   (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

2. There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the company's code of conduct.

3. We are responsible for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting.

4. We have indicated to the Auditors and the Audit committee :

   (i) significant changes in internal control over financial reporting during the year;

   (ii) significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and

   (iii) any fraud, which we have become aware and that involves the Management or other employee who have significant role in the Company's internal control systems.

5. It is further declared that all the board members and senior management have affirmed compliance with the Company's Code of Conduct for the year April 2008 - March 2009.

Sd/-
Sanjay Aggarwal
Chief Executive Officer

Place: Gurgaon
Date: October 27, 2009

COMPLIANCE CERTIFICATE FROM PRACTICING COMPANY SECRETARY

To the Members of SpiceJet Limited

(i) We have examined the compliance of conditions of Corporate Governance by SpiceJet Limited, for the year ended on March 31, 2009, as stipulated in relevant clauses of the Listing Agreement of the said Company with the Stock Exchanges in India.

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

(iii) Based on the records and documents maintained by the Company and the information and explanations given to us in our opinion, except as detailed hereunder the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement:

- In the absence of CFO, the Company could not comply with CFO Certification prescribed under Clause 49 of the listing agreement. However, the Board has authorised Mr. Sanjay Aggarwal, CEO to certify certain documents required for compliance.

- Mr. Siddhanta Sharma was appointed the Executive Chairman of the Company with effect from October 1, 2007, and ceased to be director/ executive chairman with effect from July 31, 2008. During the abovesaid period the Company was having one-third of the Board comprising of independent directors instead of half pursuant to Clause 49.

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

For Mahesh Gupta & Company
Company Secretaries

Sd/-
Mahesh Gupta
Proprietor

Membership No. FCS-2870
Place: New Delhi
Date: October 27, 2009

AUDITORS' REPORT

To,

The Members of Spicejet Limited

1. We have audited the attached Balance Sheet of **Spicejet Limited**, (the 'Company') as at March 31, 2009*,* and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto (collectively referred as the 'financial statements'). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (the 'Order') (as amended), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 (the 'Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

4. Without qualifying our opinion, we draw attention to the Note 5 in the Schedule XVIII to the financial statements which indicate that the Company has suffered recurring losses from operations with net loss for the year ended March 31, 2009, without considering the impact of the matters mentioned in paragraph 5 below, amounting to Rs. 74.71 million, and as of that date, the Company's accumulated losses amounted to Rs 8,838.24 million, as against the Company's share capital and reserves of Rs 4,543.75 million. These conditions raise significant doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 5. The accompanying financial statements do not include any adjustments that might result from the outcome of these uncertainties and also do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

5. *As more fully explained in the note* 2 *of Schedule* XVIII *to the financial statements, the Company has not accrued interest in respect of outstanding inter corporate deposits of Rs 50 million which as at March 31, 2009 amounts to Rs.* 74.71 *million. Had this interest been accrued the net loss for the year would have been Rs* 3,600.38 *million (as against the reported net loss of Rs* 3,525.67 *million), accumulated losses as at March 31, 2009 would have been Rs* 8,912.95 *million (as against the reported figure of Rs* 8,838.24 *million) and current liabilities as at March 31, 2009 would have been Rs* 5,731.94 *million (as against the reported figure of Rs* 5,657.23 *million).*

6. Further to our comments in the Annexure referred to above, we report that:

   a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   c. The financial statements dealt with by this report are in agreement with the books of account;

   d. We have not received written representations from a director of the company as on March 31, 2009. *In respect of the aforesaid director, in the absence of written representation received, we* *are unable to comment whether the director is disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.* For the remaining directors, on the basis of the written representations received from such directors as on March 31, 2009, and taken on record by the Board of Directors, we report that none of them is disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act;

e. *Subject to our comments in paragraph 5 above*, in our opinion and to the best of our information and according to the explanations given to us, the financial statements dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act and the Rules framed there under and give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, in the case of:

i) the Balance Sheet, of the state of affairs of the Company as at March 31, 2009;

ii) the Profit and Loss Account, of the loss for the year ended on that date; and

iii) The Cash Flow Statement, of the cash flows for the year ended on that date.

for **Walker, Chandiok & Co**

Chartered Accountants

by **B.P. Singh**

Partner

Membership No. 70116

Place: New Delhi

Date: June 26, 2009

Annexure to the Auditors' Report of even date to the members of Spicejet Limited, on the financial statements for the year ended March 31, 2009

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified over a period of two years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) In our opinion, a substantial part of fixed assets has not been disposed off during the year.

(ii) (a) the inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

(iii) (a) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clauses 4(iii) (b) to (d) of the Order are not applicable.

(b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clauses 4(iii) (f) and 4(iii) (g) of the Order are not applicable.

(iv) In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services.

(v) The Company has not entered into contracts or arrangements referred to in section 301 of the Act. Accordingly, the provisions of clause 4(v) of the Order are not applicable.

(vi) The Company has not accepted any deposits from the public within the meaning of sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975. Accordingly, the provisions of clause 4(vi) of the Order are not applicable.

(vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.

(viii) To the best of our knowledge and belief, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act, in respect of the services rendered by the Company. Accordingly, the provisions of clause 4(viii) of the Order are not applicable.

(ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service-tax, custom duty, excise duty, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities, though there has been a slight delay in a few cases. No undisputed amounts payable in respect thereof were outstanding at the year end for a period of more than six months from the date they became payable.

(b) The dues outstanding in respect of sales-tax, income-tax, custom duty, wealth-tax, excise duty, service tax, cess on account of any dispute, are as follows:

Name of the statute	**Nature of dues**	**Amount (Rs. in million)**	**Period to which the amount relates**	**Forum where dispute is pending**
Indian Customs Act, 1962	Penalty upon delay in payment of custom duty	82.69	March 1996 to August 1996	Delhi High Court

(x) *In our opinion, the Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth. The Company has incurred cash losses during the year and in the immediately preceding financial year.*

(xi) In our opinion, the Company has not defaulted in repayment of dues to a financial institution or a bank or debenture holders during the year.

(xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Order are not applicable.

(xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.

(xv) The Company has not given any guarantees for loans taken by others from banks or financial institutions. Accordingly, the provisions of clause 4(xv) of the Order are not applicable.

(xvi) In our opinion, the Company has applied the term loans for the purpose for which the loans were obtained.

(xvii) In our opinion, no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4(xviii) of the Order are not applicable.

(xix) In respect of the Zero Coupon Foreign Currency Convertible Bonds ("Bonds") issued by the Company and outstanding during the year, the securities created in the previous year were released in the current year subsequent to changes in the terms of the Bonds.

(xx) The Company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable.

(xxi) *The Company has not been able to recover Rs. 9.23 million of sales wherein travel tickets were purchased by passengers through unauthorized usage of credit card. This amount has been recorded as an expense during the period. Except for such unauthorized transactions*, no fraud on or by the Company has been noticed or reported during the period covered by our audit.

for **Walker, Chandiok & Co**

Chartered Accountants

by **B.P. Singh**

Partner

Membership No. 70116

Place: New Delhi

Date: June 26, 2009

BALANCE SHEET AS AT MARCH 31, 2009

	Schedules	As At March 31, 2009 (Rs. Millions)	As At March 31, 2008 (Rs. Millions)
SOURCES OF FUNDS			
SHAREHOLDER'S FUNDS			
Share capital	I	**2,410.20**	2,406.51
Share warrant (Refer note 7 in Schedule XVIII)		**60.61**	
Reserve and surplus	II	**2,072.94**	2,947.82
		4,543.75	5,354.33
LOAN FUNDS			
Secured loans	III	**332.70**	1,666.66
Unsecured loans	IV	**4,555.39**	3,649.45
		9,431.84	10,670.44
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross block	V	**957.62**	864.70
Less: Accumulated depreciation and amortisation		**281.96**	213.98
Net block		**675.66**	650.72
Capital work in progress (including capital advances)		**1,852.76**	4,989.13
INVESTMENTS	VI	-	3.63
CURRENT ASSETS, LOANS AND ADVANCES	VII		
Inventories		**124.72**	110.72
Sundry debtors		**123.93**	16.38
Cash and bank balances		**3,079.96**	5,995.08
Other current assets (refer note 4 of Schedule XVIII)		**108.00**	-
Loans and advances		**1,542.87**	1,741.67
		4,979.48	7,863.85
LESS : CURRENT LIABILITIES AND PROVISIONS	VIII		
Current liabilities		**5,657.23**	7,216.65
Provisions		**1,257.07**	694.72
		6,914.30	7,911.37
NET CURRENT ASSETS		**(1,934.82)**	(47.52)
PROFIT AND LOSS ACCOUNT		**8,838.24**	5,074.48
		9,431.84	10,670.44
Significant accounting policies	XVII		
Notes to the financial statements	XVIII		

The schedules referred to above form an integral part of the financial statements

This is the Balance sheet referred to in our report of even date

for Walker, Chandiok & Co
Chartered Accountants

by **B.P. Singh**
Partner
Membership No. 70116

Place : New Delhi
Date: 26 June, 2009

For and on behalf of the Board of Directors

Ajay Singh Director	**Atul Sharma** Director
B. S. Kansagra Director	**Ranjeet Nabha** Director
Sanjay Aggarwal Chief Executive Officer	**A. K. Maheshwary** Vice President (Legal) & Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

	Schedules	For the Year Ended March 31,2009 (Rs. Millions)	For the Year Ended March 31,2008 (Rs. Millions)
INCOME			
Operating revenue	IX	**16,894.48**	12,949.91
Other income	X	**1,240.90**	1,435.88
		18,135.38	14,385.79
EXPENDITURE			
Operating expenses	XI	**16,965.03**	12,420.09
Employees remuneration and benefits	XII	**1,550.78**	1,403.71
Selling expenses	XIII	**1,095.53**	914.04
Administrative expenses	XIV	**1,474.71**	732.08
Finance charges	XV	**160.22**	137.21
Depreciation and amortisation	V	**72.54**	78.17
Loss on settlement of litigations		**187.82**	
(Refer note 4 to of Schedule XVIII)		**21,506.63**	15,685.30
LOSS BEFORE TAX AND PRIOR PERIOD ITEMS		**3,371.25**	1,299.51
Tax expense - fringe benefit tax		**33.19**	24.24
LOSS BEFORE TAX		**3,404.44**	1,323.75
Prior period adjustments	XVI	**121.23**	11.22
NET LOSS FOR THE PERIOD		**3,525.67**	1,334.97
Add : loss brought forward		**5,074.48**	3,739.51
Add: Foreign currency monetary item translation difference account as at April 1, 2008 (Refer Note 6 in the Schedule XVIII)		**238.09**	
BALANCE CARRIED TO THE BALANCE SHEET		**8,838.24**	5,074.48
Loss per share			
Basic & diluted		**14.64**	5.55
Significant accounting policies	XVII		
Notes to the financial statements	XVIII		

The schedules referred to above form an integral part of the financial statements

This is the Profit & Loss Account referred to in our report of even date

for Walker, Chandiok & Co
Chartered Accountants

by **B.P. Singh**
Partner
Membership No. 70116

Place : New Delhi
Date: 26 June, 2009

For and on behalf of the Board of Directors

Ajay Singh
Director

Atul Sharma
Director

B. S. Kansagra
Director

Ranjeet Nabha
Director

Sanjay Aggarwal
Chief Executive Officer

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

SCHEDULES TO THE BALANCE SHEET

	As at March 31,2009 (Rs. Millions)	As at March 31,2008 (Rs. Millions)
SCHEDULE I - SHARE CAPITAL		
AUTHORISED		
415,000,000 (previous year 350,000,000) equity shares of Rs. 10 each	**4,150.00**	3,500.00
ISSUED		
241,020,160 equity shares (previous year 240,651,200) of Rs. 10 each	**2,410.20**	2,406.51
SUBSCRIBED		
241,020,160 equity shares (previous year 240,651,200) of Rs. 10 each	**2,410.20**	2,406.51
PAID UP		
241,020,160 equity shares (previous year 240,651,200) of Rs. 10 each fully paid Up	**2,410.20**	2,406.51
	2,410.20	2,406.51
SCHEDULE II - RESERVES AND SURPLUS		
Share premium		
Balance at the beginning of the year	**2,921.81**	3,178.71
Add: premium received on issue of shares during the year	**5.53**	-
Less: premium payable on redemption of FCCB's (Refer note no 9(b) in Schedule XVIII)	**(542.25)**	(242.56)
Less: expenses relating to further equity raised during the year	**-**	(14.34)
a) Sub - total	**2,385.09**	2,921.81
Employee stock options (Refer note 13 in Schedule XVIII)		
Balance at the beginning of the year		
Employees stock options outstanding 3,920,000 options @ 27.85 / option (previous year 4,811,000)	**109.17**	133.99
Less: deferred employee compensation	**(55.86)**	(107.98)
b) Sub - total	**53.31**	26.01
Add: Foreign currency monetary item translation difference account (Refer note 6 in Schedule XVIII)		
Balance at the beginning of the year	**238.09**	-
Add : reserve created during the year	**(835.31)**	-
Less: amortised during the year	**231.76**	-
c) Sub - total	**(365.46)**	
	2,072.94	2,947.82

SCHEDULES TO THE BALANCE SHEET

	As at March 31,2009 (Rs. Millions)	As at March 31,2008 (Rs. Millions)
SCHEDULE III - SECURED LOANS		
Secured term loan - Allahabad bank #	**300.00**	300.00
Secured term loan - SREI	**-**	320.00
Secured term loan - Others	**-**	0.10
Secured overdraft from banks #	**32.70**	1,046.56
# (Refer note no 8 in Schedule XVIII)		
Amount due within one year Rs.332.7 million (Previous year Rs.1,366.66 million)		
	332.70	1,666.66

SCHEDULE IV - UNSECURED LOANS

Inter corporate deposits (Refer note no 2.1 in Schedule XVIII)	**50.00**	100.00
Advances from bodies corporate	**-**	14.09
External commercial borrowings	**439.58**	344.16
798 (previous year 800) Zero Coupon Secured Foreign Currency Convertible Bonds (FCCB's) of face value of US $100,000 each (Refer note no 9 in Schedule XVIII)	**4,065.81**	3,191.20
	4,555.39	3,649.45

SCHEDULES TO THE BALANCE SHEET

SCHEDULE V - FIXED ASSETS

S. No.	PARTICULARS	GROSS BLOCK				ACCUMULATED DEPRECIATION AND AMORTISATION				NET BLOCK	
		AS ON April 1, 2008	ADDITIONS	DELETIONS/ ADJUSTMENTS	AS ON March 31, 2009	AS ON April 1, 2008	ADDITIONS	DELETIONS/ ADJUSTMENTS	AS ON March 31, 2009	AS ON March 31, 2009	AS ON April 1, 2008
	Tangible Assets										
1	Office equipment	142.99	8.00	-	150.99	13.09	7.71	-	20.80	130.19	129.90
2	Computers	83.94	12.77	0.07	96.64	27.65	13.59	0.04	41.20	55.44	56.29
3	Furniture and fixture	10.09	0.17	-	10.26	5.74	0.71	-	6.45	3.81	4.35
4	Motor vehicles	66.06	8.63	1.07	73.62	18.47	6.26	0.52	24.21	49.41	47.59
5	Plant and machinery	32.39	11.42	-	43.81	18.10	1.87	-	19.97	23.84	14.29
6	Rotable and tools	410.59	93.00	62.73	440.86	41.51	23.25	4.00	60.76	380.10	369.08
7	Capital expenditure on leased property	17.26	-	-	17.26	17.26	-	-	17.26	-	-
	Sub total	763.32	133.99	63.87	833.44	141.82	53.39	4.56	190.65	642.79	621.50
	Intangible Assets										
8	Application software	101.38	22.80	-	124.18	72.16	19.15	-	91.31	32.87	29.22
	Sub Total	101.38	22.80	-	124.18	72.16	19.15	-	91.31	32.87	29.22
	Total	**864.70**	**156.79**	**63.87**	**957.62**	**213.98**	**72.54**	**4.56**	**281.96**	**675.66**	**650.72**
	Previous Year	**621.12**	**249.58**	**6.00**	**864.70**	**138.92**	**78.17**	**3.12**	**213.98**	**650.72**	

SCHEDULES TO THE BALANCE SHEET

	As at March 31,2009 (Rs. Millions)	As at March 31,2008 (Rs. Millions)
SCHEDULE VI - INVESTMENTS		
LONG TERM, UNQUOTED (NON TRADE)		
1,250,000 equity shares of Rs 10 each fully paid up of Modi Hoover International Limited	**-**	12.50
Less :		
Provision for diminution in the value of investment	**-**	12.50
	-	-
	-	**-**
CURRENT, UNQUOTED (NON TRADE)		
51,000 equity shares of Rs. 10 each fully paid up of Spice Enterprises Pvt Limited	**0.51**	-
LIC floating rate ST growth- G (Previous year 142,961 units at NAV of 13.0515)	**-**	1.87
Reliance Floating Rate Fund - G (Previous year 10,701,000 units at NAV of 10)	**-**	1.76
Less:		
Provision for diminution in the value of investment (Refer note no. 17 of Schedule XVIII)	**(0.51)**	-
	-	3.63

Aggregate values of investment purchased and sold during the year:

Purchases	**1,769.29**	3,355.63
Sales	**1,772.39**	3,359.24

SCHEDULES TO THE BALANCE SHEET

	As at March 31,2009 (Rs. Millions)	As at March 31,2008 (Rs. Millions)
SCHEDULE VII - CURRENT ASSETS, LOANS AND ADVANCES		
INVENTORIES		
(AS TAKEN, VALUED AND CERTIFIED BY THE MANAGEMENT)		
Engineering stores (including consumables)	**113.79**	95.19
Other stores	**22.72**	27.96
	136.51	123.15
Less: provision for obsolescence	**11.79**	12.43
Total (A)	**124.72**	110.72
SUNDRY DEBTORS (UNSECURED, CONSIDERED GOOD)		
Amount outstanding for a period		
Exceeding six months	**15.02**	4.05
Less than six months	**108.91**	12.33
	123.93	16.38
Total (B)	**123.93**	16.38
CASH AND BANK BALANCES		
Cash in hand	**4.77**	8.62
Bank balance with scheduled banks		
- In current account	**270.38**	57.05
- In fixed deposits #	**1,866.09**	5,240.55
- In margin money as security	**938.11**	688.35
Bank balance with non-scheduled banks		
- In current account		
In HSBC (USA) (Maximum balance at any time during the year Rs.0.52 million (previous year Rs.0.44 million))	**0.52**	0.44
In HSBC (UK) (Maximum balance at any time during the year Rs.0.09 million (previous year Rs.0.7 million))	**0.09**	0.07
Total (C)	**3,079.96**	5,995.08
# Includes Rs. 23.06 million in escrow for FCCB trustees (previous year includes Rs.3,703.64 million on which charge was created in favour of FCCB holders) (Refer note 9 (a) of Schedule XVIII)		
OTHER CURRENT ASSETS		
Own shares held in trust for Company's benefit (Refer note 4 of Schedule XVIII)	**108.00**	-
Total (D)	**108.00**	-

SCHEDULES TO THE BALANCE SHEET

	As at March 31,2009 (Rs. Millions)	As at March 31,2008 (Rs. Millions)
LOANS AND ADVANCES (UNSECURED)		
Advances recoverable in cash or in kind or for value to be received #	**97.99**	139.90
Deposit for long term lease of property	**-**	360.00
Deposit with mumbai high courts	**50.00**	50.00
Security deposits	**965.10**	755.52
Income tax deducted at source	**45.52**	24.78
Other taxes paid in advance	**230.30**	107.20
Prepaid expenses	**237.55**	206.01
Advance to subsidiary	**29.49**	-
Advance to supplier	**144.82**	205.46
	1,800.77	1,848.87
Less:provision for doubtful advances @#	**257.90**	107.20
Total (E)	**1,542.87**	1,741.67
Classification of loans and advances :		
1. Considered good	**1,542.87**	1,741.67
2. Considered doubtful and provided for	**257.90**	107.20
	1,800.77	1,848.87

@ Includes provision for doubtful cenvat of Rs. 190 million (Previous Year Rs. 107 million)

Includes recoverable from subsidiary fully provided for amounting to Rs.5.2 million (Previous Year Nil)

Total (A)+(B)+(C)+(D)+(E)	**4,979.48**	7,863.85
SCHEDULE VIII - CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Sundry creditors	**1,563.65**	877.06
Expenses payable	**547.44**	377.49
Unearned revenue	**1,552.74**	1,130.87
Deposits	**2.82**	2.82
Advance received against agreement to sell aircraft	**1,785.16**	4,589.86
Interest accrued but not due	**62.96**	44.17
Other liabilities	**142.46**	194.38
Total (A)	**5,657.23**	7,216.65
PROVISIONS		
Gratuity	**29.47**	20.00
Compensated absences	**66.91**	51.37
Fringe benefit tax	**10.72**	15.64
Premium on redemption of FCCBs	**1,149.97**	607.71
(See note no. 9(b) in Schedule XVIII)		
Total (B)	**1,257.07**	694.72
Total (A)+(B)	**6,914.30**	7,911.37

SCHEDULES TO PROFIT AND LOSS ACCOUNT

SCHEDULE IX - OPERATING REVENUE

	For the Year Ended March 31,2009 (Rs. Millions)	For the Year Ended March 31,2008 (Rs. Millions)
Passenger revenue	**15,680.24**	12,059.20
Other operating revenues	**1,214.24**	890.71
	16,894.48	12,949.91

SCHEDULE X - OTHER INCOME

Profit on sale of aircraft	**617.87**	438.41
Income from investment	**11.98**	39.25
Interest income #	**313.51**	434.32
Incentives received	**270.25**	208.91
Exchange fluctuation gain (Net)	**-**	170.38
Other income	**27.29**	144.61
	1,240.90	1,435.88

Taxes deducted at source- Rs 5.16 million (previous year Rs 5.76 million)

SCHEDULE XI - OPERATING EXPENSES

Aircraft fuel and oil	**9,451.94**	7,025.44
Lease rental-aircraft and engines	**3,589.31**	2,525.96
Aircraft maintenance cost	**1,968.97**	1,187.10
Aviation insurance	**139.38**	153.38
Landing, navigation and other airport charges	**1,114.23**	1,066.23
Inflight and other passenger amenities	**136.52**	95.43
Operating software charges	**141.54**	78.17
Other operating expenses	**423.14**	288.38
	16,965.03	12,420.09

SCHEDULE XII - EMPLOYEE REMUNERATION AND BENEFITS

Salaries, wages, bonus and allowances	**1,348.74**	1,222.30
Contribution to provident and other funds	**58.96**	55.94
Recruitment	**4.61**	7.57
Training cost	**56.10**	49.67
Staff welfare	**55.07**	42.22
Employee stock option cost	**27.30**	26.01
	1,550.78	1,403.71

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	For the Year Ended March 31,2009 (Rs. Millions)	For the Year Ended March 31,2008 (Rs. Millions)
SCHEDULE XIII - SELLING EXPENSES		
Agents commission and discounts	**840.15**	583.52
Credit card expenses	**110.10**	95.32
Credit card chargebacks	**9.24**	12.19
Business promotion and advertisement	**136.04**	223.01
	1,095.53	914.04
SCHEDULE XIV - ADMINISTRATIVE EXPENSES		
Rent	**324.64**	254.54
Rates and taxes	**0.46**	0.89
Repairs and maintenance		
- buildings	**17.76**	30.23
- plant and machinery	**3.76**	9.06
- others	**18.62**	15.50
Vehicle running and maintenance	**47.82**	24.44
Freight and cartage	**27.43**	5.72
Communications	**42.80**	40.11
Printing and stationery	**42.91**	26.87
Travelling and conveyance	**154.52**	136.86
Legal, professional and consultancy charges	**250.60**	76.34
Auditor remuneration :		
- audit fees	**3.06**	2.64
- certification and other services	**1.51**	0.67
Electricity and water	**20.38**	16.92
Provision for doubtful debts	**67.61**	0.05
Insurance	**19.10**	19.28
Provision for diminution in value of Investment	**0.51**	
Provision for doubtful cenvat recoverable	**83.10**	69.50
Provision for statutory liabilities	**36.13**	-
Provision for pending legal cases	**24.21**	-
Exchange fluctuation loss (Net)	**270.03**	-
Miscellaneous expenses	**17.75**	2.46
	1,474.71	732.08
SCHEDULE XV - FINANCIAL CHARGES		
Interest	**118.49**	90.12
Bank charges	**41.73**	47.09
	160.22	137.21

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	For the Year Ended March 31,2009 (Rs. Millions)	For the Year Ended March 31,2008 (Rs. Millions)
SCHEDULE XVI - PRIOR PERIOD ITEMS		
Tyres wrongly capitalised in previous years	**52.69**	-
Salaries, wages, bonus and allowances	**6.60**	-
Training cost	**8.50**	-
Legal, professional and consultancy charges	**5.90**	-
Aircraft fuel and oil	**7.37**	-
Repairs and maintenance	**4.88**	-
Other income written back	**19.98**	-
Other income recorded	**(7.08)**	-
Reversal of interest income	**-**	2.25
Aircraft maintenance cost	**11.42**	2.10
Travelling and conveyance	**-**	6.17
Other expenses	**10.97**	0.70
	121.23	11.22

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

	PARTICULARS	Year Ended March 31,2009 (Rs. Millions)	Year Ended March 31,2008 (Rs. Millions)
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Loss before tax	**(3,371.25)**	**(1,299.51)**
	Adjustment for :		
	Depreciation	72.54	78.17
	ESOP cost	27.30	26.01
	Legal settlement	187.82	-
	Provision for doubtful debts	67.61	0.05
	Provision for diminution in value of investment	0.51	-
	Provision for cenvat receivable	83.10	69.50
	Provision for statutory liabilities	36.13	-
	Provision for pending legal cases	24.21	-
	Interest income	(313.51)	(434.32)
	Interest expense	118.49	90.12
	Income from free of charge material received	(20.94)	-
	Income from sale of investment	(11.98)	(39.25)
	Income from sale of assets	(0.47)	-
	Exchange fluctuation	231.76	(327.91)
	Profit from sale of aircrafts	(617.87)	(438.41)
	Operating loss before working capital changes	**(3,486.55)**	**(2,275.55)**
	Adjustment for :		
	Trade and other receivables	(107.55)	40.69
	Inventories	(14.00)	(31.32)
	Loan and advances	(227.64)	(370.12)
	Margin money deposit	(249.76)	(411.74)
	Current liabilities and provisions	1,105.29	946.16
	Cash used in operations	**(2,980.21)**	**(2,101.88)**
	Income taxes paid (Fringe benefit tax)	(58.85)	(23.78)
	Cash (used) in operating activites (A)	**(3,039.06)**	**(2,125.66)**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets	(124.01)	(254.25)
	Net proceeds on purchase and sale of aircrafts	937.71	2,243.76
	Sale of fixed assets	7.08	-
	Interest income	410.86	124.18
	Net proceeds from investment in securities	15.61	851.45
	Net proceeds/ investment in fixed deposits	5,240.55	(2,136.13)
	Utilisation in escrow for FCCB trustees	(23.06)	-
	Cash generated from in investing activities (B)	**6,464.74**	**829.01**

	Year Ended March 31,2009 (Rs. Millions)	Year Ended March 31,2008 (Rs. Millions)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of share warrants	60.60	-
Share issue expenses	-	(14.34)
Proceeds from fresh secured loans	32.70	1,666.56
Repayment of secured loans	(1,366.66)	(87.22)
Repayment of external commercial borrowings	-	(12.30)
Net decrease in temporary working capital limits	-	(159.47)
Interest paid	(99.71)	(73.86)
Cash generated from financing activities (C)	**(1,373.07)**	**1,319.37**
D. NET INCREASE IN CASH AND CASH EQUIVALENT (A+B+C)	**2,052.61**	**22.72**
Opening balance of cash and cash equivalent	66.18	43.46
Closing balance of cash and cash equivalent	2,118.79	66.18
Cash and cash equivalent comprises of		
Cash in hand	4.77	8.62
Balance with scheduled banks		
in current account	247.32	57.05
in fixed deposits	1,866.09	-
Balance with non scheduled banks	0.61	0.51
Total	**2,118.79**	**66.18**

This is the Cash Flow Statement referred to in our report of even date

for Walker, Chandiok & Co
Chartered Accountants

by **B.P. Singh**
Partner
Membership No. 70116

Place : New Delhi
Date: 26 June, 2009

For and on behalf of the Board of Directors

Ajay Singh
Director

Atul Sharma
Director

B. S. Kansagra
Director

Ranjeet Nabha
Director

Sanjay Aggarwal
Chief Executive Officer

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

SCHEDULE XVII – SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING

The financial statements have been prepared to comply with the Accounting Standards referred to in the Companies (Accounting standards) Rules 2006 issued by the Central Government in exercise of the power conferred under sub-section (1) (a) of section 642 and the relevant provisions of the Companies Act, 1956 (the ‘Act’). The financial statements have been prepared on a going concern basis under the historical cost convention on accrual basis. The accounting policies have been consistently applied by the Company unless otherwise stated.

2. USE OF ESTIMATES

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities on the date of the financial statements and the results of operations during the reporting periods. Although these estimates are based upon management’s best knowledge of current events and actions, actual results could differ from those estimates and revisions, if any, are recognised in the current and future periods.

3. FIXED ASSETS

Tangible assets

Fixed Assets are carried at cost less depreciation and impairment loss, if any. The cost of fixed assets are inclusive of duties, taxes, interest on borrowings attributable to acquisition of fixed asset and other incidental costs incurred upto the time the assets are ready for their intended use. Spares which can be used only in connection with aircrafts and whose use is expected to be irregular are included in fixed assets at cost.

Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date and the cost of fixed assets not ready for intended use before such date are disclosed under capital work-in-progress.

Intangible assets

Intangible assets comprises of Software which is not an integral part of the related hardware. The cost of software comprises of acquisition charges and/or implementation fee and is being amortised over a period of 3 years, being the estimated useful life.

4. DEPRECIATION AND AMORTISATION

Depreciation on fixed assets, other than on Software classified as Intangible, is provided pro-rata on the straight line method, at the rates and in the manner prescribed under Schedule XIV of the Companies Act, 1956 or useful life of the asset whichever is lower.

Intangible assets comprising of software is amortised over a period of 3 years based on estimated useful life as determined by the management.

5. IMPAIRMENT OF ASSETS

The Company reviews the carrying amounts of assets at each balance sheet date to ascertain if there is any indication of impairment. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. The impairment loss recognised in the prior accounting period is reversed if there is change in the estimate of the recoverable amount. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

6. INVESTMENTS

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. Current investments are carried at lower of cost or fair value. Cost for computation of profit or loss on sale of investment is computed on the basis of weighted average method.

7. INVENTORIES

Inventories include:

a) Expendable Aircraft Spares

b) Fuel in the Aircraft

c) Miscellaneous stores

Inventories have been valued at cost or net realizable value (NRV) whichever is lower after providing for obsolescence and other losses, where considered necessary. Cost includes customs duty, taxes, freight and other charges, as applicable and is determined using weighted average method.

8. REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue recognition policies in respect of some of the specific transactions are as under:

Passenger revenue

Passenger income is recognised when transportation is provided i.e. when the service is rendered. Amounts received pursuant to travel bookings/ reservations (net of cancellations) but not recognized as income is shown under current liabilities as unearned revenue.

Other operating revenues

Other operating revenues comprise of revenues from Cargo operations and other miscellaneous fee charged from passengers.

Cargo revenues is recognized on completion services i.e. when goods are transported.

Miscellaneous fees charged from passengers for reservation / changes in itinerary / cancellation of flight tickets, etc. are recognised as revenues on accrual basis.

Hiring of equipments

Income in respect of leasing/ renting out of equipments and spare parts is due on time proportion basis at rates agreed with the lessee. Due to significant uncertainties involved in realization, the income is recorded on settlement with the lessee or actual realization, whichever is earlier.

Interest

Interest income is recognised using time proportion method, based on the rate implicit in the transaction.

Dividend

Dividend income is recognised when Company's right to receive dividend is established.

9. LEASES

Operating lease payments are recognised as an expense in the Profit and Loss account on a straight line basis over the lease term.

Sale and lease back transaction

Profit or loss on sale and lease back arrangements resulting in operating leases are recognised, in case the transaction is established at fair value, else the excess over the fair value is deferred and amortized over the period for which the asset is expected to be used. Free of cost spare parts received in respect of purchase of air crafts are recorded at their fair value. This fair value is recorded as other income upon sale of air crafts.

10. FOREIGN EXCHANGE TRANSACTIONS

Transactions in foreign currency are accounted for at the exchange rate prevailing on the date of the transaction. All monetary items denominated in foreign currency are converted at the year-end rate.

The exchange differences arising on such conversion, except for conversion of long term monetary items, and exchange differences arising on the settlement of the transactions are dealt within the profit and loss account.

As per the amendment of the Companies (Accounting Standard) Rules, 2006-'AS 11' relating to 'The Effects of Changes in Foreign Exchange Rates' exchange difference arising on conversion of conversion of long term foreign currency monetary items is recorded under the head 'Foreign Currency Monetary Item Translation Difference Account' and is amortised over period not extending beyond, earlier of March 31, 2011 or maturity date of underlying long term foreign currency monetary items.

11. EMPLOYEE BENEFITS

Wages, salaries, bonuses, paid annual leave and sick leave are accrued in the year in which the associated services are rendered by employees of the Company. The un-availed leaves are allowed to be accumulated to be availed in next financial year and therefore, are considered as a short term benefit. Such accumulated leaves are provided in full on the basis of last drawn salary.

The Company provides Provident fund and Gratuity to its employees as post retirement benefits.

Provident fund benefit is a defined contribution plan under which the Company pays fixed contributions into a fund established under Employees Provident Fund and Miscellaneous Provision Act, 1953. The Company has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognised in respect of defined contribution plans are expensed as they fall due. Liabilities and assets may be recognised if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short term nature.

The Company provides for gratuity, a defined benefit plan, which defines an amount of benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and remuneration. The legal obligation for any benefits from this kind of plan remains with the Company, even if plan assets for funding the defined benefit plan have been acquired. The liability recognised in the balance sheet for defined benefit plans is the present value of the defined benefit obligation ('DBO') at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The DBO is calculated annually by independent actuaries using the projected unit credit method.

12. EMPLOYEE STOCK OPTION PLAN

The Company values stock options granted to employees at excess of market price on the date of grant over the exercise price of the shares granted. The value of stock options granted is amortised on a straight line basis over the vesting period as employee compensation and the unamortized portion carried as deferred employee compensation grouped under Reserves and Surplus.

13. AIRCRAFT MAINTENANCE COSTS AND ENGINE REPAIRS

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

14. PROVISIONS AND CONTINGENCIES

Provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions are not discounted to present value and are determined based on best estimate required to settle the obligation on the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. A disclosure for a contingent liability is made when there is a present obligation that may, but probably will not, require an outflow of resources. Disclosure is also made in respect of a present obligation as a result of past event that probably requires an outflow of resource, where it is not possible to make a reliable estimate of the outflow. Where there is a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

15. TAXATION

Provision for Tax comprises current, deferred and fringe benefit tax. Current tax is provided for on the taxable profits of the year at applicable tax rates. Fringe Benefit Tax is provided for the amount expected to be paid to the Income tax authorities. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty that such deferred tax assets can be realised against future taxable profits.

16. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period.

For the purpose of calculating diluted earnings per share, net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

17. ACCOUNTING FOR DERIVATIVE CONTRACTS

The Company enters into derivatives contract to hedge its risk arising from the fluctuation in commodity market. Gain or loss on settlement of such contracts is recorded as Operating cost. At every period end all outstanding derivative contracts are fair valued on a marked-to market basis and any loss on valuation is recognised in the profit and loss account, on each contract basis. Any gain on marked-to-market valuation on respective contracts is not recognized by the Company, keeping in view the principle of prudence as enunciated in AS 1, ‘Disclosure of Accounting Policies’. Any subsequent changes in fair values, occurring after the balance sheet date, is accounted in the subsequent period.

SCHEDULE XVIII – NOTES TO THE FINANCIAL STATEMENTS

1. Contingent Liabilities not provided for in the accounts exist in respect of:

S.N.	Particulars	Rupees in Million	
		March 31, 2009	March 31, 2008
i)	Demand raised under the provisions of Employee State Insurance Act, 1948 for the period November 1996 to September 1997 inclusive of interest and penalty. (The Company has obtained stay against recovery of said demand from the Honorable High Court of Delhi).	4.12	4.12
ii)	Liability arising out of legal cases filed against the Company in various Courts / Consumer Redressal Forums, Consumer Courts, disputed by the Company.	11.59	8.15
iii)	Liability towards labour cases filed against the Company in various Courts, disputed by the Company.	0.70	-
iv)	Liability towards Penalty levied by customs department on late payments which is disputed and is pending in the Honorable High Court of Delhi	82.69	82.69
v)	Liability towards additional claim received from a vendor who was already covered in the settlement scheme approved by the Honorable High Court of Delhi.	17.50	17.50
vi)	Unaccrued interest as explained in Note 2.1 below	74.71	74.71
vii)	The Company has legal proceeding initiated by and against the Company that has been settled during the year. (Refer note 4 below)	-	234.29

2. **Legal proceeding by and/ or against the Company**

2.1 Under a suit filed by Leela Capital (petitioner) for recovery of the Inter Corporate Deposit ("ICD") aggregating to Rs. 50 million, the Company had deposited the amount of Rs. 50 million on November 30, 2001 with the Bombay High Court and the Hon'ble Bombay High Court later allowed the petitioner to withdraw the said amount, upon furnishing an undertaking that the petitioner will restitute the said sum or such part thereof, with 9% interest, to the Company, if and as directed by the Court at the time of the final decision of the suit filed by the petitioner. Accordingly, pending finality of the matter, both the ICD and deposit with High Court have been disclosed under the Unsecured Loans and Loans and Advances, respectively. The company has not accrued interest payable of Rs. 74.71 million upto the date of deposit of the amount with the court on account of its defence in the court proceedings.

2.2 In another case, M/s Hindustan Development Corporation Limited ("HDCL") (now renamed as Mallanpur Steels Limited) who had lent Rs. 50 million ICD to the Company, has filed a Review Petition against the Scheme of Settlement passed by the Delhi High Court wherein its liability was settled at Rs. 35 million. The Company had made a deposit of Rs. 35 million in accordance with approved Scheme to the Official Administrator of the Scheme. The review petition is yet to be decided.

3. Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (net of advances) Rs. 36,635.18 million (Previous year Rs. 45,660.56 million).

4. **Settlement of litigation with S. K. Modi Group**

The Company entered into a Memorandum of Settlement (MoS) on November 26, 2008 with its erstwhile promoter S K Modi Group to settle various ongoing litigations with them. This settlement was approved by the Hon'ble High Court of Delhi on January 16, 2009. Payables and receivables which were earlier under litigation and stand settled under the MoS are summarized below:

	Rs. Million
Receivables	
Security deposits	360.00
Investment-Quoted	12.50
Provision for Investment Diminution – Quoted	(-) 12.50
Account Receivable	40.20
Sub-total	**400.20**
Payables	
Sundry Creditors	56.30
Inter-corporate Deposit (ICD)- Agache	50.00
Unsecured Term Loan (S K Modi)	14.10
Sub-total	**120.40**
Net assets	**279.80**

In consideration to above settlement of receivables and payables, the Company agreed to pay Rs. 16 million to Modi Global Enterprises to settle a liability of S. K. Modi group on which guarantee was issued by the Company and S. K. Modi group agreed to surrender 8 million shares of the Company, held in their name, for the benefit of the Company. As per MoS such shares are to be kept under a trust for the benefit of the Company whereby the Company has been given the right to authorise sale of shares at the most opportune time and receive sale proceeds. The appointment of trustee has been completed on June 9, 2009 and application for transfer of shares to the trustee has been made which is now pending only for administrative matters.

The above mentioned right in the 8 million shares is recorded in the books under the head "Other current assets" at the rate of Rs. 13.50 per share which is the market rate applicable on the date of approval of MoS by the Hon'ble High Court of Delhi. Difference between the net assets settled as per the table above, payment of Rs. 16 million and shares of Rs. 108.00 million, amounts to a one time charge Rs. 187.80 million and is shown separately in the Profit and Loss Account under the heading “Loss on settlement of litigations”.

5. The Company has incurred losses in the previous years and the loss incurred during the year ended March 31, 2009 amounted to Rs. 3,526 million, as result of which accumulated losses of Rs 8,838 million have completely eroded the net worth of the Company as on that date. These losses are the result of a variety of factors, steep rise in oil prices being amongst the most notable.

   The management expects improvement in the business results in the foreseeable future primarily due to improvement in the general economic environment, stabilization of fuel prices and rationalization of capacity in the airline industry.

   During the year, the Company renegotiated the terms of its FCCBs as a result of which a sum of Rs. 3,893 million which was earlier kept as security in the form of fixed deposits was released for utilization by the Company. In view of the above, the management is of the opinion that the likelihood of the FCCB holders seeking conversion into equity shares instead of redemption has improved.

   The financial statements have, therefore, been prepared on going concern basis.

6. Pursuant to amendment of the Companies (Accounting Standard) Rules, 2006-‘AS 11’ relating to ‘The Effects of Changes in Foreign Exchange Rates’, the Company has decided to exercise the option, with effect from the year commencing April 1, 2007, to accumulate the exchange differences arising in respect of long term foreign currency monetary items in ‘Foreign Currency Monetary Item Translation Difference Account’ to be amortised over period not extending beyond earlier of March 31, 2011 or maturity date of underlying long term foreign currency monetary items. Difference on conversion originating in the year ended March 31, 2008 which was expensed off through Profit and Loss Account is recorded through an adjustment to the opening balance of Profit and Loss Account.

   Consequent to this change in accounting policy, the reported loss for the year ended March 31, 2009 is lower by Rs.603.55 million and accumulated loss as at that date are lower by Rs. 365.46 million.

7. **Share Warrants**

   The Company has on December 12, 2008 allotted 15,360,715 warrants, having option to apply for and be allotted equivalent number of equity shares of Rs.10 each at a price of Rs.39.46 per share to GS Investment Partners (Mauritius) I Limited. The Company has received Rs.60.61 million (i.e. 10% of the total investment value) towards subscription of warrants. The duration of above said warrants to be converted into equity shares is 18 months from the date of allotment (i.e. upto June 11, 2010). In case of non-exercise of conversion right, the warrants shall automatically get extinguished and money paid towards subscription of warrants shall stand forfeited.

8. **Secured loans**

The Company had taken secured term loans and overdrafts from Banks, as mentioned below:

(a) secured loan from Allahabad Bank, Industrial Finance Branch, Mumbai of which balance outstanding as at March 31, 2009 was Rs. 300 million (Previous Year Rs. 300 million) is secured by a pledge on fixed deposit of Rs. 300 million held with the same branch.

(b) secured overdraft facility from State Bank of Bikaner & Jaipur, Paschim Vihar, Delhi of which balance outstanding as at March 31, 2009 is Rs. 32.70 million (Previous Year Rs. 29.82 million), is secured by a pledge on fixed deposit of Rs. 30 million held with the same branch.

9. **Zero Coupon Secured Foreign Currency Convertible Bonds (FCCBs)**

(a) During the year ended May 31, 2006, the Company issued 80 FCCBs of the face value of USD 100,000 aggregating to USD 80 million. As per the original terms of the issue, the holders had an option to convert the FCCBs into equity shares at an initial conversion rate of Rs. 90 per equity share at a fixed exchange rate of Rs. 46.12 to USD 1 from December 7, 2005 to November 11, 2010. The conversion price of Rs. 90 per equity share was revised to Rs. 57 per equity share during the period ended March 31, 2007 and to Rs.25 per equity share during the year ended March 31, 2009 with certain modifications in the terms and conditions with regard to the Security. Post amendment to the terms and conditions of FCCB's, all the collaterals have been released in favour of the Company. However, USD 500,000 has been deposited with the Security Trustee for administrative purposes. The conversion price is subject to certain adjustments. Unless previously converted, redeemed or purchased and cancelled, the Company will redeem these bonds at 140.499 percent of the principal amount on December 13, 2010.

During the year ended March 31, 2009, 2 FCCBs of the face value of USD 100,000 aggregating to USD 200,000 have been converted into 368,960 equity shares at a conversion price of Rs.25 per equity shares. Presently the Company has USD 79.8 million worth of FCCBs outstanding.

(b) Premium on redemption of Zero Coupon Secured Foreign Currency Convertible Bonds (FCCBs)

		(Amount in Millions)
Opening Balance	:	Rs. 607.71
Less: Amount accrued on 2 FCCBs converted into equity shares during the year	:	Rs. 1.52
Add : Provision for the period	:	Rs. 543.77
Closing Balance	**:**	**Rs. 1,149.96**

Premium on redemption of FCCBs has been provided from date of issue of bonds till March 31, 2009.

(c) In view of the loss for the year ended March 31, 2009 and the accumulated losses, the Company could not give effect to any transfer to the 'Bond Redemption Reserve Account' as required under section 117C of the Companies Act 1956. Such transfers are proposed to be made when profits are available.

10. **Post employment benefits**

a. **Gratuity**

Actuarial valuation has been done with the following assumptions.

Particulars	Gratuity
Discount rate	8.0%
Rate of increase in Compensation levels	5.5%

- **Change in present value of obligation**

(Rupees in Millions)

		March 31, 2009	March 31, 2008
a)	Present value of obligation as at April 1, 2008	20.00	7.98
b)	Current service cost	10.32	8.92
c)	Interest cost	1.60	0.64
d)	Benefits paid	-	(0.26)
e)	Actuarial (gain)/ loss	(2.45)	2.72
f)	Present value of obligation as at March 31 2009	**29.47**	**20.00**

- **The amounts to be recognized in balance sheet**

(Rupees in Millions)

		March 31, 2009	March 31, 2008
a)	Present value of obligation as at the end of the period	29.47	20.00
b)	Fair Value of plan assets as at the end of the period	-	-
c)	Funded status	29.47	20.00
d)	Net asset/(liability) recognized in balance sheet	**(29.47)**	**(20.00)**

- **Expense recognized in the statement of profit and loss**

(Rupees in Millions)

		March 31, 2009	March 31, 2008
a)	Current service cost	10.32	8.92
b)	Interest cost	1.60	0.64
c)	Net actuarial (gain)/ loss recognized	(2.45)	2.72
d)	Expenses recognized in the statement of profit and loss	**9.47**	**12.28**

b. Provident fund

The Company makes contribution to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provision Act, 1952. This is post employment benefit and is in the nature of defined contribution plan. Contribution made by the Company during the year is Rs.45.95 million (For the year ended March 31, 2008 Rs.39.26).

11. In accordance with Accounting Standard 22 “Accounting for taxes on income” of the Companies (Accounting standards) Rules, 2006, in view of substantial loss incurred by the Company during the period ended March 31, 2009 and large amount of unexpired unabsorbed depreciation and carry forward losses under the Income Tax Act, 1961, deferred tax assets on carried-forward losses and unabsorbed depreciation have not been accounted for in the books, since it is not virtually certain whether the Company will be able to utilize such losses/ depreciation.

12. Accounting Standard 17 “Segment Reporting” of the Companies (Accounting standards) Rules, 2006 requires the Company to disclose certain information about operating segments. The Company is managed as a single operating unit that provides air transportation only and therefore, has only one reportable business segment. Further, the operations of the Company are limited within one geographical segment. Hence the disclosure required by this standard is presently not applicable to the Company.

13. **Employee Stock Option Scheme, 2007**

During the year ended March 31, 2008, the Company announced an Employee Stock option scheme (the “Scheme”) for all the eligible employees of the Company. Under the Scheme, 6,016,250 equity shares have been earmarked to be granted under the Scheme and the same will vest as follows:

Block I	**Block II**	**Block III**	**Block IV**
Year 1	Year 2	Year 3	Year 4
35% of the total grant	25% of the total grant	25% of the total grant	15% of the total grant

Pursuant to the above Scheme, the employee will have the option to exercise the right within five years from the date of vesting of shares at Rs. 30 per share, being its exercise price. As per the Scheme, the Remuneration Committee has granted 5,200,000 options on September 11, 2007.

Following is the movement in outstanding stock options during the year ended March 31, 2009:

Particulars	Stock options (numbers)	Weighted-average exercise prices (Rs.)	Weighted-average remaining contractual life (years)
Granted (Including committed to be granted in future) on September 11, 2007	5,200,000		
Forfeited during the year	-	-	
Exercised during the year	-	-	-
Lapsed during the year	(389,000)	-	-
Outstanding as on March 31, 2008	**4,811,000**	**30**	**6.8**
Granted during the year	-		-
Forfeited during the year FY 08-09	(891,000)	30	
Exercised during the year	-	-	-
Lapsed during the year	-	-	-
Outstanding as on March 31, 2009	**3,920,000**	**30**	**5.6**
Exercisable as on March 31, 2009	**1,372,000**	**30**	**4.4**
Exercisable as on March 31, 2008	-	-	-

In accordance with intrinsic value approach provided under the guidance note, the Company has calculated the employee compensation cost using the Share Price quoted on BSE on the date of grant i.e. September 11, 2007.

14. Disclosure of details pertaining to transactions with related party entered into during the year and balances as at March 31, 2009 in terms of Accounting Standard 18 Related Party Disclosures of the Companies (Accounting standards) Rules, 2006, as identified and certified by the Management:

A. Related Party Relationship

Subsidiary company
Spice Enterprises Private Limited

Entities exercising significant influence on the Company
Royal Holdings Services Limited, Nevada, USA

Key Management Personnel
Mr.Sanjay Aggarwal – Chief Executive Officer

B. Transactions with and outstanding balances of related parties were as under:

(Rs. in Millions)

	For the year ended	
	March 31, 2009	**March 31, 2008**
Subsidiary company		
Spice Enterprises Private Limited		
Transactions during the year		
Commission income earned	5.20	-
Issue of shares	0.51	-
Outstanding Balances		
Loan balance	29.49	-
Commission income due	5.20	-
Provision for doubtful debt	34.69	-
Provision for diminution in value of investment	0.51	-
Companies where significant influence exists		
Royal Holdings Services Limited		
Transactions during the year		
Interest paid/ Provided	22.19	19.4
ECBs repaid*	-	12.30
Outstanding balances		
External Commercial Borrowings (ECBs)	439.58	344.16
Interest Accrued on ECBs (not yet due)	62.96	44.17
Key Management Personnel		
Mr.Sanjay Aggarwal		
Transactions during the year		
Remuneration**	17.5	-
Reimbursement of expenses	5.7	-
Outstanding balances		
Employee Advance	3.38	-

* Inclusive of exchange fluctuation

** Exclusive of provision for gratuity, contribution to provident fund and perquisites provided during the year

C. Other transactions

a) Royal Holdings Services Limited has also pledged its shares in the Company as a security for Standby Letter of Credit limits availed by the Company from Allahabad Bank.

b) As per the terms of remuneration agreement, Sanjay Aggarwal is also entitled to receive certain stock options over a period of four years. However, the Company is yet to formalize stock option plan for him and accordingly, no expense for the same has been recorded during the year ended March 31, 2009.

15. **Accounting for Leases:**

(a) Operating Lease Obligations

The Company has taken on lease aircrafts, aircraft spares maintenance facilities and equipment from third parties. Rental expense for the year ended March 31, 2009 amounts to Rs 3,659.04 million (Previous Year Rs. 2,584.76 million).

Details of future lease obligation are as follows:-

(Rs. million)

	March 31, 2009	**March 31, 2008**
Aircraft		
Not later than 1 year	3,994.07	2,851.74
Between 1 to 5 year	14,559.80	10,544.03
Later than 5 years	5,756.89	6,142.14
Aircraft Spares		
Not later than 1 year	98.74	15.77
Between 1 to 5 year	509.30	63.11
Later than 5 years	540.48	73.67

(b) Operating Lease Income

The Company had given one aircraft (obtained on operating lease) to a party under an operating lease agreement for a period of 4 months (previous year two aircrafts leased for a period of 4 months each) Lease rental recognized in the Profit and Loss Account amounts to Rs. 77.17 million (previous year Rs. 123.73 million) which have been netted with lease rental under operating expenses.

16. **Earnings Per Share (EPS):**

Particulars	Year ended March 31, 2009	Year ended March 31, 2008
Number of equity shares outstanding at the beginning of the period (in million)	240.65	240.65
Number of equity shares issued (in million)	0.37	-
Number of equity shares outstanding at the end of the period (in million)	241.02	240.65
Weighted average number of shares (in million)	240.86	240.65
Loss after tax (Rs. In million)	3,525,67	1,334.97
Basic and diluted loss per share (in Rupees)	14.64	5.55

The effect of conversion of FCCBs and share warrants into equity shares is anti-dilutive and accordingly not considered for the computation of diluted loss per share.

17. The Company presently holds 51,000 shares of face value and paid up value of Rs. 10 each in Spice Enterprises Private Limited which is equivalent to 51% of the total outstanding share capital of Spice Enterprises Private Limited as at March 31, 2009. Accordingly, Spice Enterprises Private Limited is a subsidiary of the Company as at the balance sheet date. However, the Company intends to hold this investment only temporarily, with a view to its subsequent disposal in near future and a resolution to this effect has been passed by the Board on June 26, 2009 Accordingly, in accordance with the provisions of Accounting Standard 21 “Consolidated Financial Statements” as they relate to non-consolidation of subsidiaries, the management believes that it would not be appropriate to consolidate the financial results and position of Spice Enterprises Private Limited into the Financial Statements of the Company for the year ended March 31, 2009.

18. **Impairment of Assets**

As on the Balance Sheet date, the carrying amount of the assets net of accumulated depreciation is not less than the recoverable amount of those assets. Hence no impairment loss on the assets of the Company has been recognised.

19. Additional information pursuant to the provisions of Part II of Schedule VI to the Companies Act, 1956.

PARTICULARS		Year ended March 31, 2009 (Rs. Million)		Year ended March 31, 2008 (Rs. Million)	
i)	**Expenditure in Foreign Currency (on cash basis)**				
	Professional and consultation fees		117.45		35.97
	Traveling		15.75		46.03
	Operating expenses		5,228.25		3,877.46
	Interest		Nil		0.22
	Other administrative expenses		63.81		71.82
ii)	**Earnings in Foreign Currency**				
	Passenger revenue credit cards		444.08		799.48
	Lease rentals		77.17		123.73
	Aircraft maintenance charges		40.90		65.853
	Reimbursement / credit from supplies / others		311.30		19.39
	Profit on sale and lease back		617.86		438.41
ii)	**CIF Value of Imports**				
	Capital goods		8.08		11.36
	Components and spare parts		178.14		95.03
	Rotables / galley equipments / tools		119.33		119.62
iii)	**Value of Components & Spare Parts Consumed**	**%**	**Value**	**%**	**Value**
	Imported	92.53	178.14	84.93	97.46
	Indigenous	7.47	14.38	15.07	17.29
	Total	**100.00**	**192.52**	**100.00**	**114.75**

20. **Derivative Instruments**

The Company's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and fuel prices. The Company uses derivative financial instruments (option contracts) to manage its exposure to fuel price fluctuations.

The following table details the status of the Company's exposure as on March 31, 2009:

Type of contract	Notional Value (Rs. In Millions)	Marked-to-Market loss recognised in the Profit and loss account (Rs. In Millions)
Options	**34.37**	**6.31**

21. The Company does not use foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions.

Foreign currency exposures which are not hedged as at Balance Sheet are as follows:

Payables :

Currency	Amount in Foreign Currency (In Millions)	Amount in INR (In Millions)
USD	92.05	4,689.78
Euro	0.004	0.24
GBP	0.05	3.54

Receivables :

Currency	Amount in Foreign Currency (In Millions)	Amount in INR (In Millions)
USD	17.31	881.97

22. Based on the information available with the Company, there are no dues outstanding in respect of Micro, Small and Medium enterprises at the balance sheet date. The above disclosure has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

23. Previous year's figures have been regrouped or reclassified wherever necessary to conform to current year's classification.

Signatories to Schedules I to XVIII

For and on behalf of the Board of Directors

Ajay Singh
Director

Atul Sharma
Director

B. S. Kansagra
Director

Ranjeet Nabha
Director

Place : New Delhi
Date: 26 June, 2009

Sanjay Aggarwal
Chief Executive Officer

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

PART IV

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. **Registration Details** :

Registration No.	55-17509	State Code
Balance Sheet Date	March 31, 2009	55

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

Public issue	Preferential issue
—	—
Bonus	**Private Placement**
—	—

III. **Position of Mobilisation and Development of Funds (Amount in Rs. Million)**

	Total Liabilities	Total Assets
	9,431.84	9,431.84
Sources of Funds	Paid-up Capital	Reserves & Surplus
	2,410.20	2,072.94
	Secured Loans	Unsecured Loans
	332.70	4,555.39
Application of Funds	Net Fixed Assets	Investments
	2,528.38	—
	Net Current Assets	Miscellaneous Exp.
	(1,934.83)	—
	Accumulated Losses	
	8,838.29	

IV. **Performance of Company (Amount in Rs. Million)**

Total Turnover	Total Expenditure
18,135.38	21,627.86
Profit/(Loss) Before Tax	Profit//Loss(-) After Tax
(3,492.48)	(3,525.67)
Earning per Share in Rs.	Divident Rate %
(14.64)	—

V. **Generic names of principal products/service of the Company (As per monetary terms)**

Item Code No.	88024000
(ITC Code)	
Product Description	Domestic Airlines
	Passenger and Cargo Services

SpiceJet Limited

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

ATTENDANCE SLIP

Twenty Fifth Annual General Meeting

DP Id* Client Id*	Master Folio no.

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company. I hereby record my presence at the Twenty Fifth Annual General Meeting of the Company at 11.00 a.m. on December 23, 2009.

Shareholder's/Proxy's name in Block Letters ____________________

Father's Name ____________________

Shareholder's/Proxy's Signature ____________________

Note : Please fill in this attendance slip and hand over at the ENTRANCE of the venue.

Please Cut Here

SpiceJet Limited

Regd. Office : Neat Steel Gate Bus Stop, Terminal-I, Indira Gandhi International Airport, New Delhi-110037

PROXY FORM

DPID* ______________

Client ID* ___________

I/We ____________________ of ____________________

being registered shareholder(s) of SpiceJet Limited hereby appoint ____________________

of ____________________ of falling him ____________________

of ____________________ as my/our proxy to vote for me/us on my/our behalf at the Twenty Fifth Annual General Meeting of the Company to be held on December 23, 2009, and at any adjournment thereof.

Signed this ______ day of ________2009

Master Flio no.

No. of Shares

Signature ____ Affix Re.1 Revenue Stampe ____

Note : This form in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Annual General meeting.

*Applicable for investors holding shares in electronic (dematerialised) form.

U.P.C.

If undelivered please return to :

SpiceJet Limited

319, Udyog Vihar, Phase-IV
Gurgaon-122 016 Haryana