spicejet

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27th Annual Report 2010-2011

SpiceJet Limited

SUN GROUP

BOARD OF DIRECTORS

Kalanithi Maran - Chairman

Kavery Kalanithi

Nicholas Martin Paul

M. K. Harinarayanan

J. Ravindran

S. Sridharan (upto 12.08.2011)

COMPLIANCE OFFICER

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

MANAGEMENT

Neil Raymond Mills
Chief Executive Officer

R. Neelakantan
Chief Financial Officer

S. Natrajhen
Chief Operating Officer

Samyukth Sridharan
Chief Commercial Officer

REGISTERED OFFICE

Murasoli Maran Towers,
73, MRC Nagar Main Road,
MRC Nagar, Chennai- 600 028
Tamil Nadu

BANKERS

Allahabad Bank
Yes Bank Ltd.
ICICI Bank Ltd.
HDFC Bank Ltd.
City Union Bank Ltd.
Citibank N.A.

CORPORATE OFFICE

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

REGISTRAR & TRANSFER AGENTS

Karvy Computershare Private Limited
Plot No.17-24, Vittal Rao Nagar, Madhapur,
Hyderabad - 500081
Andhra Pradesh

CONTENTS

Particulars	Page No.
Notice	1
Directors' Report	11
Management Discussion and Analysis	16
Corporate Governance Report	27
Auditors' Report	37
Balance Sheet	42
Profit & Loss Account	43
Cash flow Statement	44
Schedules to Financial Statements	46
Note to Accounts	53
Balance Sheet Abstract	68

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SpiceJet Limited

Registered Office: Murasoli Maran Towers, 73, MRC Nagar Main Road, MRC Nagar, Chennai- 600 028

NOTICE

NOTICE IS HEREBY GIVEN THAT THE TWENTY SEVENTH ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF SPICEJET LIMITED WILL BE HELD ON THURSDAY, THE 29TH DAY OF SEPTEMBER, 2011 AT 10.00 A.M. AT THE KALAIGNAR ARANGAM, ANNA ARIVALAYAM, 367/369, ANNA SALAI, TEYNAMPET, CHENNAI – 600 018 TO TRANSACT THE FOLLOWING BUSINESS:

Ordinary Business

1. To consider and adopt the Balance Sheet as at March 31, 2011, 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 M/s S. R. Batliboi & Associates, 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 on such remuneration as may be fixed by the Board.

Special Business

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

   "Resolved that Mr. Kalanithi Maran, 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."

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

   "Resolved that Mrs. Kavery Kalanithi, in respect of whom the Company has received a notice pursuant to the provisions of Section 257 of the Companies Act, 1956 proposing her candidature to the office of director, be and is hereby appointed as director of the Company liable to retire by rotation."

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

   "Resolved that Mr. J. Ravindran, 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 an Ordinary Resolution:

   "Resolved that Mr. Nicholas Martin Paul, 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.

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

   "Resolved that Mr. M. K. Harinarayanan, 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."

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

   "Resolved that in accordance with the provisions of Section 94 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or enactments thereof for the time being in force) read with Clause 48 of the Articles of Association of the Company, the authorised share capital of the Company be increased from Rs.5,000,000,000 (Rupees Five Thousand Million) divided into 500,000,000 (Five Hundred Million) equity shares of Rs.10 each to Rs.5,650,000,000 (Rupees Five Thousand Six Hundred Fifty Million) divided into 565,000,000 (Five Hundred Sixty Five Million) equity shares of Rs.10 (Rupees Ten) each ranking pari-passu with the existing shares of the Company and that in Clause V of the Memorandum of Association of the Company, for the words and figures:

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

   The following shall be substituted:

   "The Authorised Share Capital of the Company is Rs.5,650,000,000 (Rupees Five Thousand Six Hundred Fifty Million) divided into 565,000,000 (Five Hundred Sixty Five Million) equity shares of Rs.10 each."

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

9. To consider and if thought fit, to pass 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 or sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals and permissions, 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 35,977,619 equity shares of the face value of Rs.10 each of an aggregate nominal amount of up to Rs. 359,776,190 at a issue price to be determined in accordance with Regulation 76 of SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009 to Mr. Kalanithi Maran 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 minimum issue price of the equity shares, in terms of the provisions of SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009 shall be August 30, 2011.

Resolved further that the Board be and is hereby authorized to apply for and get the equity shares 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 of the Company be and is hereby authorized to delegate such powers to executives of the Company and/or others as it may deem fit and proper to give effect to the above said resolution."

By order of the Board of Directors

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

Place: Gurgaon, Haryana
Date: August 26, 2011

Notes:

1. Explanatory statement, pursuant to section 173(2) of the Companies Act, 1956, in respect of business under item no. 3 to 9 is annexed hereto.

2. **A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. However, the instrument appointing proxy should be deposited at the Registered Office of the Company not less than forty-eight (48) hours before the commencement of the Annual General Meeting.**

3. The Register of Shareholder and Transfer Books of the Company will remain closed from September 23, 2011 to September 29, 2011 (both days inclusive).

4. Shareholders who hold shares in dematerialised form are requested to bring their client ID and DP ID numbers for easy identification of attendance at the meeting.

5. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company during office hours on all working days, except Saturday/ Sunday and other holidays, between 1:00 p.m. and 3:00 p.m. upto the date of Annual General Meeting.

6. Corporate shareholders/ Trusts/ Societies are requested to send a duly certified copy of the Board/ Managing Committee Resolution authorising their representative to attend and vote at the Meeting.

7. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.

8. Shareholders desiring any information as regards the Accounts are requested to write to the Company in advance so as to enable the Management to keep the information ready at the Annual General Meeting.

9. Shareholders are requested to carry their copy of Annual Report in the Meeting as the Annual Report will not be distributed at the venue of AGM.

10. Resumes of directors proposed to be appointed at the ensuing Annual General Meeting are provided separately under the explanatory statement.

11. As part of the Green Initiative in Corporate Governance, the Ministry of Corporate Affairs (MCA), Government of India, through its Circular Nos. 17/2011 and 18/2011, dated April 21 and 29, 2011 respectively, has allowed companies to send official documents to their shareholders electronically.

    It is a welcome move for the society at large, as this will reduce paper consumption to a great extent and will allow shareholders to contribute towards a Greener Environment. Further, it will ensure instant and definite receipt of the all notices/documents by you.

    Recognizing the spirit of the circular issued by MCA, we propose to send documents like the Notice convening the general meetings, Financial Statements, Directors' Report, Auditors' Report etc. in electronic form, to the email address provided by you and made available to us by the Depositories.

    Following the government directive, the full text of these reports will also be made available in an easily navigable format on the website of the Company, www.spicejet.com. We will notify the date of the AGM and the availability of documents on the website in the prominent newspaper both English and vernacular. As before, physical copies of the Annual Report will be available at our registered office for inspection during office hours.

    All Shareholders are requested to be a part of this green initiative of Government of India by registering their e-mail address for enabling the Company to send the communication including Annual Report to shareholders by e-mail.

    Shareholders holding shares in physical form are requested to provide the requisite information as per format given below by post or e-mail to:

    Karvy Computershare Private Limited (Unit: Spicejet Ltd)
    Plot No.17-24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081,
    Email: spicejet.cs@karvy.com

E-COMMUNICATION REGISTRATION FORM

(Pursuant to Circular nos. 17/2011 dated 21.04.11 and. 18/2011 dated 29.04.11 issued by the Ministry of Corporate Affairs)

Folio No./ DP ID & Client ID :

Name of First Registered Shareholder :

Name(s) of Joint Shareholder(s) :

Registered Address :

E-mail address (to be registered) :

I/we, shareholders(s) of Spicejet Limited agree to receive all communication from the Company in electronic mode. Please register the above mentioned e-mail address in your records for sending communication through electronic mode.

Dated: Signature of First Holder

Notes:

a. The format given above is also available at the website of the Company at www.spicejet.com

b. Shareholders holding shares in dematerialized form are requested to register their e-mail addresses with their Depository Participant, if not done so far.

c. Please note that as a member of the Company you are entitled to receive all communications in physical form upon making specific request in this regard.

d. Shareholder(s) are requested to keep the Company/Depository Participants informed as and when there is any change in their registered e-mail address.

THE EXPLANATORY STATEMENT FOR ITEM NOS. 3 TO 9 SET OUT IN THE ACCOMPANYING NOTICE HEREINABOVE IS AS UNDER.

ITEM NO. 3

Mr. Kalanithi Maran aged about 46 years holds a Bachelor of Commerce from the University of Madras, Chennai and MBA from Scranton University, Pennsylvania, USA. He was awarded the "Entrepreneur of the Year 2009" by the TiE Con and awarded the Entrepreneurship Award instituted by CNBC Television and received the same from Dr. Man Mohan Singh, Hon'ble Prime Minister of India in the year 2005 and "Outstanding Businessman Award' in the Entertainment and Information Sector instituted by the International Audit Firm Ernst & Young in the year 2004. He represented India for the World Young Business Achiever Award, 1999 held in Portugal and was awarded with the coveted title of World Young Business Achiever Award 1999 for Creativity.

Mr. Maran who saw a business opportunity in regional language television much before any one else realized the true potential of this space, gave shape to his vision on April 14, 1993 with the launch of the network's flagship channel Sun TV in Tamil. What began as a single channel with three hours of programming a day has since grown to a network of 20 channels in south four Indian languages. In the process, Sun TV Network has emerged as India's largest television networks and one of Asia's most respected media companies.

Mr. Maran was appointed as director on the Board of the Company with effect from November 15, 2010. Mr. Maran is also a director on the Board of Sun TV Network Limited, Kal Radio Limited, South Asia FM Limited, Sun TV Network Europe Limited, Udaya FM Pvt. Ltd, Kungumam Publications Pvt. Ltd, Kungumam Nithiyagam Pvt. Ltd, Kal Investments (Madras) Pvt. Ltd, Kal Comm Pvt. Ltd, Sun Direct TV Pvt. Ltd, Kal Publications Pvt. Ltd, Kal Media Services Private Limited, Kal Airways Private Limited, Kal Holdings Private Limited, Sun Business Solutions Private Limited. He also holds committee Chairmanships in Sun TV Network Limited (Share Transfer and Transmission Committee) and Kal Radio Limited (Remuneration Committee).

Mr. Maran holds 10,300 equity shares of SpiceJet Limited.

Mr. Kalanithi Maran is husband of Mrs. Kavery Kalanithi, who is a director on the Board of the Company.

The Directors recommend the resolution for your approval.

None of the Directors of the Company, except Mr. Kalanithi Maran and Mrs. Kavery Kalanithi is in any way concerned or interested in the resolution.

ITEM NO. 4

Mrs. Kavery Kalanithi aged about 42 years holds a Bachelor's Degree in Arts from University of Madras, Chennai. She is actively involved in the business and operations of M/s. Sun TV Network Limited including monitoring the viewer feedback with regard to the programming and deciding the content mix on various channels. She is also actively involved in philanthropic activities and is on the board of trustees of Sun Foundation, a public charitable organization, supervising day to day functioning of the Sun Foundation.

Mrs. Kalanithi was appointed as director on the Board of the Company with effect from November 15, 2010. Mrs. Kalanithi is also a director on the Board of Sun TV Network Limited, Kal Radio Limited, South Asia FM Limited, Udaya FM Pvt. Ltd, Kungumam Publications Pvt. Ltd, Kungumam Nithiyagam Pvt. Ltd, Kal Investments (Madras) Pvt. Ltd, Kal Comm Pvt. Ltd, Sun Direct TV Pvt. Ltd, Kal Publications Pvt. Ltd, Kal Media Services Private Limited, Kal Airways Private Limited, Kal Holdings Private Limited, Sun Business Solutions Private Limited. She also holds committee memberships in Sun TV Network Limited (Share Transfer and Transmission Committee), South Asia FM Limited (Audit Committee) and Kal Radio Limited (Audit Committee and Remuneration Committee).

Mrs. Kavery Kalanithi does not hold any shares in SpiceJet Limited.

Mrs. Kavery Kalanithi is wife of Mr. Kalanithi Maran, who is a director on the Board of the Company.

The Directors recommend the resolution for your approval.

None of the Directors of the Company, except Mrs. Kavery Kalanithi and Mr. Kalanithi Maran is in any way concerned or interested in the resolution.

ITEM NO. 5

Mr. J. Ravindran aged about 36 years holds a bachelor's degree in Arts and law degree from the University of Madras. An advocate by profession, Mr. J. Ravindran is practicing in Madras High Court. He is Assistant Solicitor General of India, Madras High Court.

Mr. Ravindran was appointed as a non-executive independent director on the Board of the Company witheffect from November 15, 2010. He is a Director in Sun TV Network Limited, Kal Radio Limited and South Asia FM Limited. He also holds committee chairmanships/ memberships as per following details:

Company Name	Committee	Chairmanship/ Membership
Sun TV Network Limited	Remuneration Committee	Chairman
Sun TV Network Limited	Audit Committee	Member
Sun TV Network Limited	Investors Grievance Committee	Member
South Asia FM Limited	Audit Committee	Chairman
Kal Radio Limited	Audit Committee	Chairman
Kal Radio Limited	Remuneration Committee	Member
SpiceJet Limited	Audit Committee	Chairman
SpiceJet Limited	Investors Relations Committee	Chairman
SpiceJet Limited	Compensation Committee	Member

Mr. Ravindran does not hold any share in SpiceJet Limited

The Directors recommend the resolution for your approval.

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

ITEM NO. 6

Mr. Nicholas Martin Paul aged about 44 years holds a Bachelor's Degree in History from University of Madras. Mr. Paul was appointed as a non-executive independent director on the Board of the Company with effect from November 15, 2010. He is a Director in Sun TV Network Limited, Splendid Fine Foods Private Limited, Tan Business Ventures Private Limited and Tan Retail Ventures Private Limited. He also holds committee chairmanships/ memberships as per following details:

Company Name	Committee	Chairmanship/ Membership
Sun TV Network Limited	Audit Committee	Member
Sun TV Network Limited	Remuneration Committee	Member
Sun TV Network Limited	Investors Grievance Committee	Member
SpiceJet Limited	Audit Committee	Member
SpiceJet Limited	Investors Relations Committee	Member
SpiceJet Limited	Compensation Committee	Member

Mr. Paul does not hold any share in SpiceJet Limited.

The Directors recommend the resolution for your approval.

None of the Directors of the Company, except Mr. Nicholas Martin Paul is in any way concerned or interested in the resolution.

ITEM NO. 7

Mr. M. K. Harinarayanan, aged about 48 years hails from a traditional family who pioneered the brick industry in 1941. He is a developer of residential layouts in the western part of Chennai and owns and operates Service Apartments to cater to the present influx of entertainment, communication and IT industries.

Mr. Harinarayanan was appointed as a non-executive independent director on the Board of the Company with effect from November 15, 2010. He is a Director in Sun TV Network and also holds committee chairmanships/ memberships as per following details:

Company Name	Committee	Chairmanship/ Membership
Sun TV Network Limited	Audit Committee	Member
Sun TV Network Limited	Remuneration Committee	Member
Sun TV Network Limited	Investors Grievance Committee	Chairman
SpiceJet Limited	Audit Committee	Member
SpiceJet Limited	Investors Relation Committee	Member
SpiceJet Limited	Compensation Committee	Chairman

Mr. Harinarayanan does not hold any share in SpiceJet Limited.

The Directors recommend the resolution for your approval.

None of the Directors of the Company, except Mr. M. K. Harinarayanan is in any way concerned or interested in the resolution.

ITEM NO. 8

The present authorised share capital of the Company is Rs.5,000,000,000 (Rupees Five Thousand Million) divided into 500,000,000 (Five Hundred Million) equity shares of Rs.10 each. With a view to facilitate infusion of fresh share capital in the Company, it is necessary to increase the authorised share capital to Rs.5,650,000,000 (Rupees Five Thousand Six Hundred and Fifty Million) divided into 565,000,000 (Five Hundred Sixty Five Million) equity shares of Rs.10 each. It is therefore proposed to increase the authorised shares capital of the Company from Rs.5,000,000,000 (Rupees Five Thousand Million) divided into 500,000,000 (Five Hundred Million) equity shares of Rs.10 each to Rs.5,650,000,000 (Rupees Five Thousand Six Hundred Fifty Million) divided into 565,000,000 (Five Hundred Sixty Five Million) equity shares of Rs.10 each.

The Directors recommend the resolution for your approval.

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

ITEM NO.9

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 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 SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009 ("SEBI ICDR Regulations") 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:

a) Objects of the Issue

It is proposed to offer, issue and allot to Mr. Kalanithi Maran upto 35,977,619 equity shares of Rs.10 each on preferential/ private placement basis to fund the expansion program of the Company and its working capital requirements. In compliance with Regulation 72 of SEBI ICDR Regulations, prior to the allotment of equity shares, Mr. Kalanithi Maran shall submit to the Company his permanent account number.

The proposed issue of shares shall be acquired by the promoter and director of the Company.

b) Pricing and Relevant Date

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 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 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, in terms of Section 81(1A) of the Companies Act, 1956 to consider the proposed issue.

"Stock Exchange" for this purpose shall mean any of the recognised stock exchanges in which the shares are listed and in which the highest trading volume in respect of the 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 August 30, 2011.

The Company undertakes to re-compute the price of the specified securities in terms of the provision of the SEBI ICDR Regulations, where it is required to do so. If the amount payable on account of the re-computation of price is not paid within the time stipulated in the SEBI ICDR Regulations, the specified securities shall continue to be locked-in till the time such amount is paid by the allottees.

c) Proposed time within which allotment will be completed

The allotment of Equity Shares in Preferential Issue will be made within a period of 15 days from the date of passing of the aforesaid Special Resolution in the present AGM excluding the time taken in obtaining the necessary approvals, if any, or within such further period as may be prescribed or allowed by the SEBI, Stock Exchange(s) or other concerned authorities

d) 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	Mr. Kalanithi Maran	Promoter Director	35,977,619	192,505,924	43.60

Note: The above post allotment holding includes 156,518,005 equity share held by Kal Airways Private Limited, person acting in concert with the abovesaid proposed allottee.

e) Pre-issue & Post-issue Shareholding Pattern of the Company

The shareholding pattern of Company Pre and Post Preferential Issue is as mentioned below:

Category of shareholder	Pre - Issue as on August 19, 2011		Post - Issue	
	Total number of shares	Percentage of total number of shares*	Total number of shares	percentage of total number of shares**
Shareholding of Promoter and Promoter Group				
Indian promoters	156,528,305	38.60%	192,505,924	43.60%
Foreign Promoters	-	-	-	-
Total Indian Promoter and Foreign Promoter	156,528,305	38.60%	192,505,924	43.60%
Public shareholding	95,747,567	23.61%	95,747,567	21.69%
Institutions	89,375,667	22.04%	89,375,667	20.24%
Non institutions	63,898,191	15.76%	63,898,191	14.47%
Total Public Shareholding	249,021,425	61.40%	249,021,425	56.40%
GRAND TOTAL	**405,549,730**	**100.00%**	**441,527,349**	**100.00%**

* The aforesaid percentages are based on capital as on August 19, 2011 without taking into consideration any potential dilutions by way of issuance of shares under the ESOP schemes.

f) Non transferability of proposed financial instruments:

The Equity Shares proposed to be offered and allotted in the Preferential Issue shall be locked in for a period of three years from the date of allotment in accordance with Regulation 78 of Chapter VII of SEBI ICDR Regulations.

g) Lock -In

The entire pre Preferential Issue shareholding of the Investor shall be under lock-in from the Relevant Date up to a period of six months from the date of Preferential Issue.

h) Auditors' Certificate

A copy of the Certificate from Company's statutory auditors, M/s S. R. Batliboi, Chartered Accountants certifying that the Preferential Issue, is being made in accordance with the requirements contained in Chapter VII of the SEBI ICDR Regulations shall be placed before the general meeting .

The proposed allotment on preferential basis, if made, will not result in change in management or control of the Company as per the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and amendments thereof.

As per Section 81 (1A) of the Companies Act, 1956, approval of the members in the General Meeting is required for allotment of Equity Shares on preferential basis.

Accordingly, the consent of the members is being sought, pursuant to the provisions of Section 81 (1A) and other applicable provisions of the Companies Act, 1956, and SEBI ICDR Regulations, and in terms of the provisions of the Listing Agreements, to issue and allot Equity Shares under the Preferential Issue as stated in the Special Resolution.

Except Mr. Kalanithi Maran and Mrs. Kavery Kalanithi, none of the Directors, is, in any way, concerned or interested in the resolution.

The Board recommends the resolution for your approval.

By order of the Board of Directors

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

Place: Gurgaon, Haryana
Date: August 26, 2011

DIRECTORS' REPORT

Dear Shareholders,

The Directors hereby present the Twenty Seventh Annual Report and the Audited Accounts for the year ended March 31, 2011.

1. Financial Results

(Amount in Rs. Million)

Particulars	March 31, 2011	March 31, 2010
Gross Income	**29,606.04**	**22,420.91**
Operating Expenses	22,535.94	16,939.56
Employee Remuneration and Benefits	2,406.15	1,814.11
Selling Expenses	2,237.19	1,921.52
Administrative Expenses	943.93	821.56
Finance Charges	112.04	113.82
Depreciation and Amortisation	89.10	76.43
Profit/ (Loss) before taxation	1,281.69	733.91
Minimum alternative tax	247.37	63.66
Prior Period Adjustments	22.77	55.76
Profit/ (Loss) after taxation	**1,011.55**	**614.49**

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, 2011.

2. Business

The Company completed its sixth year of operations on May 23, 2011. In its Sixth year of operations, the Company focused on consolidating its operations on key routes and maintained its fleet size to twenty three aircraft covering 22 destinations and operating 170 flights daily.

During the year ended March 2011, the Company carried 8.61 million passengers. Further, the average load factor of 82.5% was recorded, with a market share of over 13% for the month of March 2011. The Company also improved its average deployed fleet to 22.50 aircraft versus 18.82 aircraft for previous year.

Your Company also focused on processes to generate ancillary revenues which effectively offset cost of operations. The Company has managed to improve the Operating revenue per ASKM to Rs.2.75 from Rs.2.49 in previous year.

3. Share Capital

During the year under review, the paid-up share capital of the Company was increased by allotment of

- 15,360,715 equity shares of Rs.10 each at a price of Rs.39.46 per equity share consequent upon conversion of 15,360,715 warrants in terms of approvals accorded by the shareholders and FIPB;
- 147,215,040 equity shares of Rs.10 each at a price of Rs.25 per equity share consequent upon conversion of 798 Foreign Currency Convertible Bonds of US$ 100,000 each aggregating to US$ 79,800,000; and

- 919,600 equity share consequent upon conversion of exercise of stock options under the Employee Stock Option Scheme 2007.

In view of above capitalization the net worth of the Company has become positive and stands at Rs.3,211.05 million as on March 31, 2011.

4. Other Material Developments

During the year under review, in terms of the Open Offer made by KAL Airways Private Limited and Mr. Kalanithi Maran (collectively referred to as the "Acquirers") through Public Announcement on June 14, 2010 and Corrigendum Public Announcements on October 16, 2010 under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, have acquired, in aggregate, 156,528,305 equity shares of the Company, including 31,077,500 equity shares acquired from Royal Holdings Services Limited (the "Erstwhile Promoter"). On account of the above acquisition, the Acquirers have become Promoters of the Company holding 38.60% of the current paid-up capital of the Company.

5. Dividend

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

6. Directors

Subsequent to the change of control of the Company on November 15, 2010, Mr. B. S. Kansagra, Mr. Kishore Gupta, Mr. Mukkaram Jan and Mr. Vijay Kumar resigned from the directorship of the Company with effect from November 15, 2010.

Further, Mr. Kalanithi Maran, Mrs. Kavery Kalanithi, Mr. S. Sridharan (since then resigned on August 12, 2011), Mr. J. Ravindran, Mr. Nicholas Martin Paul and Mr. M. K. Harinarayanan were appointed as additional directors on the Board of the Company on November 15, 2010 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 their candidature and you are requested to consider the same.

7. Personnel

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

8. Directors' Responsibility Statement

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

i. that in the preparation of the accounts for the year ended March 31, 2011, 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, 2011 on a going concern basis.

9. Employee Stock Option Scheme

<table>
<tr><th>S. No.</th><th>Description</th><th colspan="4">Remark</th></tr>
<tr><td>a)</td><td>Options granted</td><td colspan="4">5,200,000 options granted on September 11, 2007 (‘Grant 1’), 1,804,884 options granted on October 05, 2009 (‘Grant 2’), 5,422,954 options granted on December 23, 2009 (‘Grant 3’); and 100,000 options granted on April 1, 2010 (‘Grant 4)</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 for Grant 1, Grant 2, Grant 3 and Grant 4 is Rs.32.50, Rs.24.85, Rs.46.25 and Rs.27.90 respectively.</td></tr>
<tr><td>c)</td><td>Options vested</td><td colspan="4">1,377,750</td></tr>
<tr><td>d)</td><td>Options exercised during the year</td><td colspan="4">919,600</td></tr>
<tr><td>e)</td><td>Total number of shares arising as a result of exercise of options</td><td colspan="4">919,600</td></tr>
<tr><td>f)</td><td>Total Options lapsed
FY 2007-08: 389,000
FY 2008-09: 891,000
FY 2009-10: 300,800
FY 2010-11: 7,416,638</td><td colspan="4">8,997,438</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">Rs.27,588,000</td></tr>
<tr><td>i)</td><td>Total number of options in force</td><td colspan="4">1,969,200</td></tr>
<tr><td>j)</td><td>Employee wise details of options granted to:</td><td colspan="4"></td></tr>
<tr><td rowspan="4"></td><td rowspan="4">i) senior management personnel</td><th>SN</th><th>Name</th><th>Designation</th><th>Options Granted</th></tr>
<tr><td>1</td><td>Samyukth Sridharan</td><td>CCO</td><td>200,000</td></tr>
<tr><td>2</td><td>Virender Pal</td><td>CTO</td><td>50,000</td></tr>
<tr><td>3</td><td>Kamal Hingorani</td><td>Sr. VP & Head Ground Services</td><td>50,000</td></tr>
<tr><td></td><td>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</td><td colspan="4">None</td></tr>
</table>

	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	Mr. Sanjay Aggarwal (since resigned and the options have lapsed)			
k)	Diluted earnings per share pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20 "Earning Per	2.49			
l)	Method of calculation of employee compensation cost	The employee compensation is calculated based on intrinsic value of the options and the difference between the employee compensation cost so computed and the employee compensation cost as per fair value (as per Black Scholes Model) of options is as under:			
		No. of options granted	**Intrinsic value**	**Fair value**	**Difference**
		100,000	27.90	34.84	6.94
		Had the compensation cost been determined in a manner consistent with the fair value method as above, the employee compensation cost would have been higher by Rs.0.9 million, profit after tax would have been lower by Rs.0.44 million and the diluted EPS would have been Rs.2.80.			
m)	Exercise price and fair value of options	**Stock option (number)**	**Weighted average fair value per option**	**Weighted average exercise price per option**	
	- granted on April 1, 2010	100,000	34.84	30.00	
n)	Option valuation methodology	Black Scholes Option Valuation Model has been used to estimate the fair value of the options granted			
	Assumptions	**Grant 1**	**Grant 2**	**Grant 3**	**Grant 4**
	Dividend yield (%)	0	0	0	0
	Expected life (no of years)	2.5	1.0	2.7	2.00
	Risk free interest rate (%)	7.9	8.0	8.0	8.00
	Volatility (%)	55.00	67.86	67.86	94.17
	Price of the underlying share in the market at the time of the grant (Rs)	57.85	34.85	56.25	57.90

10. 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.

11. Foreign Exchange Earnings & Outgo

The Company had foreign exchange earnings of Rs.695.00 million while the outgoings were Rs.12,412.48 million during the year under review.

12. Deposits/ Borrowings

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

13. Auditors

M/s S. R. Batliboi & Associates, 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 May 27, 2011 proposes their name for re-appointment. You are requested to consider their appointment.

14. 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.

15. 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, 2012 in respect of above stock exchange.

16. 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/-
Kalanithi Maran
Chairman

Date: August 26, 2011

MANAGEMENT DISCUSSION AND ANALYSIS

1 INDUSTRY STRUCTURE AND DEVELOPMENTS

1.1 Global and Indian Economy

The economy grew at 8.5% in 2010-11 buoyed by a 6.6% growth in the agricultural output. However, the inflation challenge that India has been facing over the last 12-18 months continues to be an area of concern. While food inflation trended down from last year's highs, rising crude prices and a more generalized inflation pose threats to the government's plan of achieving about 9 percent growth in the next financial year.

The Deloitte Global Economic Outlook Q2 2011 report notes - After slowing to a 20-month low in December 2010, industrial production grew 3.7 percent in January 2011. The production of capital goods weighed heavily on the sluggish performance as the sector logged an 18.6% decline during the month. Interestingly, consumer durables and consumer non-durables recorded growth rates of 23.3% and 6.9% respectively, indicating that domestic demand is still quite robust and that the fiscal stimulus program has indeed succeeded in encouraging spending. On the face of it, the positive movement in industries bodes well for economic growth. However, growth despite aggressive interest rate hikes by monetary authorities suggests that consumer demand is still very strong and could very well fuel demand-side inflation.

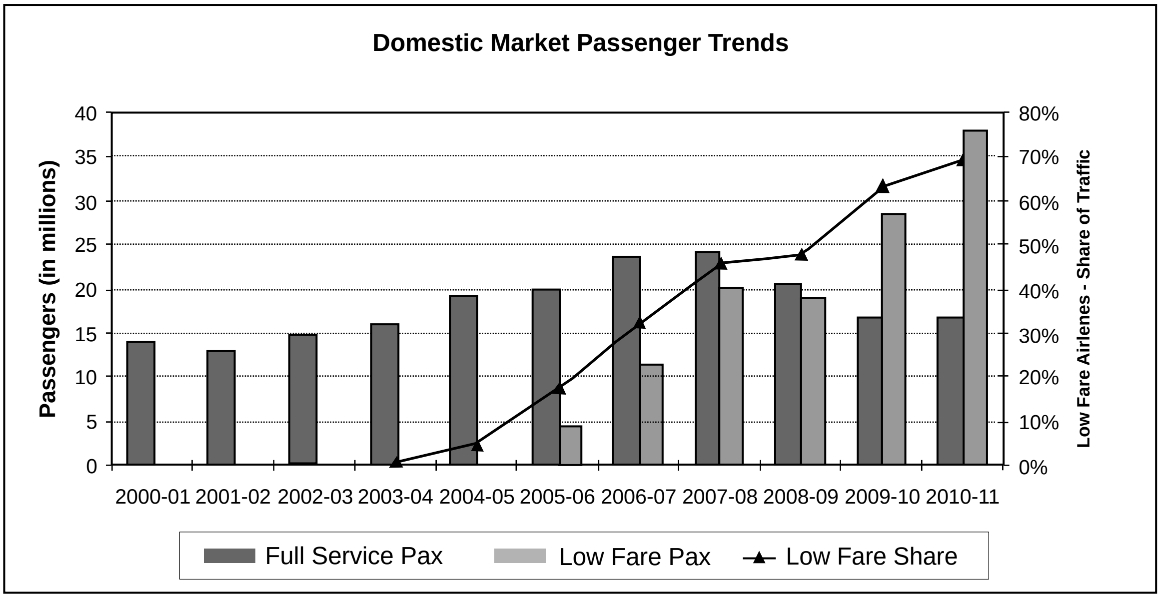
Most analysts have tempered India's growth forecast for the new fiscal from the Government's target of 9% to the 8.3-8.5% range. But, this growth, though moderated from earlier expectations, is still quite a robust one from a global view-point.

1.2 Indian Aviation Industry and Domestic Market Trends

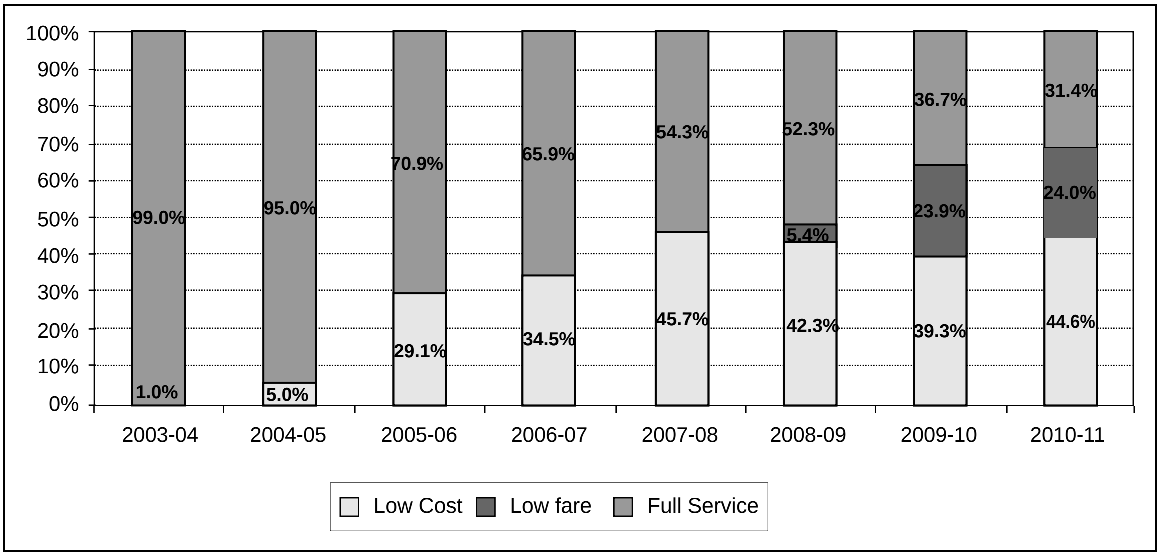
Domestic passenger traffic grew by 18.8% during FY 2010-11 over the previous year while cycling a heady 16.5% growth during the previous fiscal clearly indicating robustness in the demand side of the business. The supply-side was however a story of 2 contrasting periods – the first half of the fiscal saw a supply-side growth of only 8% while the second half saw a 14% growth in capacity which was concentrated towards the latter part of the year.

Domestic passenger traffic crossed the 50 Million mark for the first time in India's aviation history ending the year at 54.5 Million passengers. And, needless to say, this growth was driven largely by the low-cost carriers including SpiceJet (28%) growing ahead of the domestic market 18.8% rate. As a result of this, the share of low-cost carriers in the domestic traffic continued to increase during FY 2010-11 and by end of the financial year nearly 45% of all domestic traffic was carried by the low-cost carriers. And if the low-fare services of the full-service carriers is included in this mix the share of the low-fare products reached 70% during the fiscal.

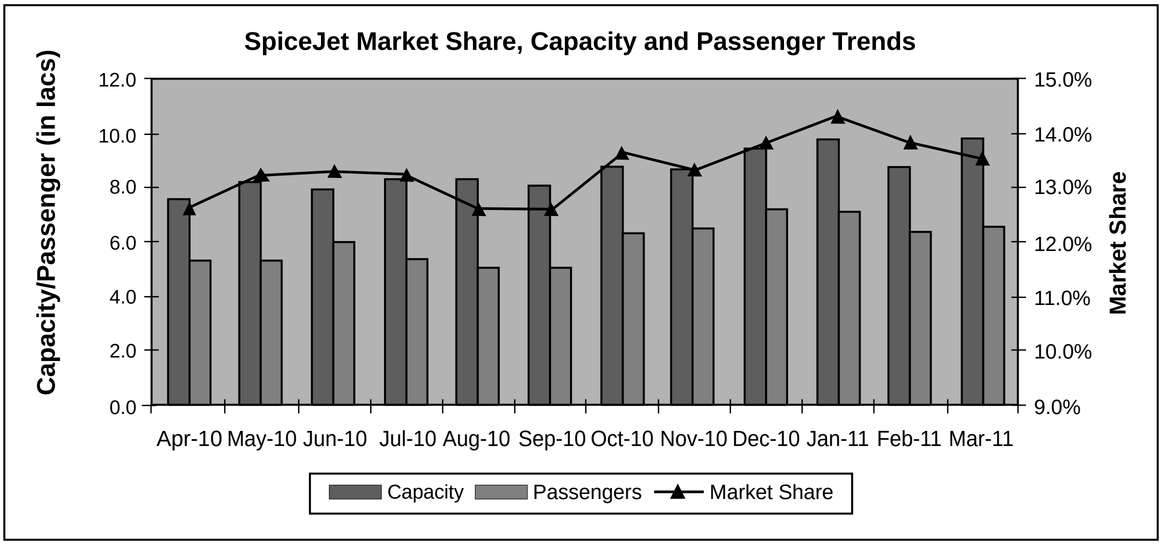
It is significant to note that despite such robust growth in the domestic aviation market, the share of Full Service Carriers continued to decline dropping to 31% of the total domestic travel from 37% during the previous fiscal. Clearly, Low Cost carriers is the preferred option for passengers on domestic travel.



With the robust demand growth, there was a perceptible slow-down in the capacity conversion of Premium Service aircraft to Low Fare service by two large competitors. Despite this, the Low Fare product maintained a 24% share of the market and combined with the growing share of the traffic on Low Cost Carriers nearly accounted for 70% of the domestic traffic.

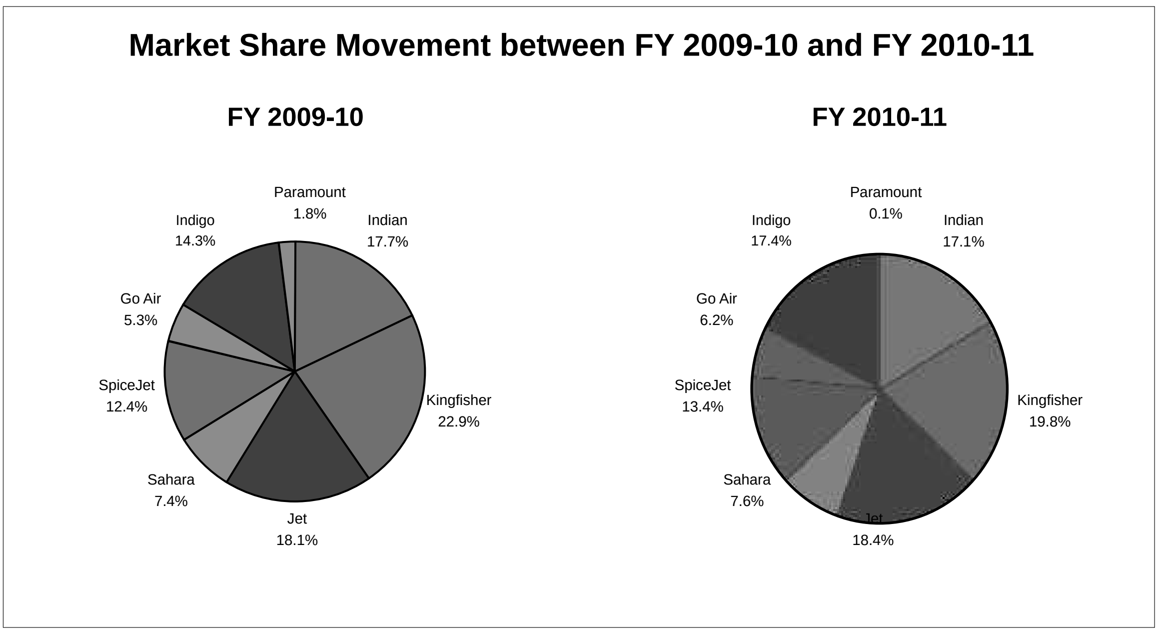


SpiceJet increased its market share during FY 2010-11 to 13.4% from 12.4% in the previous financial year and touched a historic high of 14.3% during January 2011.



(Source: DGCA Traffic Data)

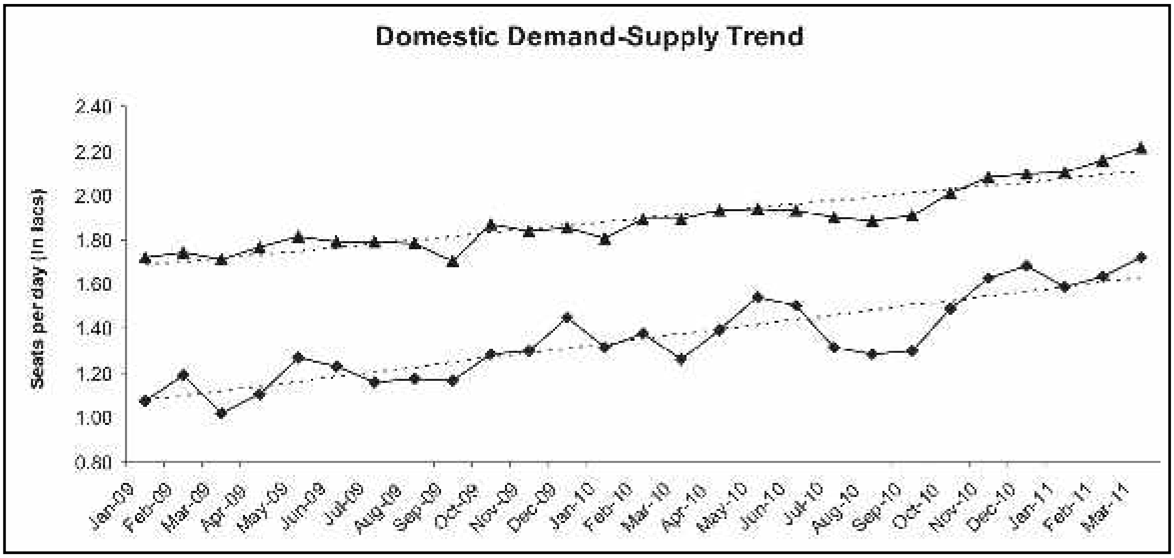
Continuing the trend from the previous fiscal, the only market-share gainers in the domestic market were the Low Cost Airlines including SpiceJet gained 1.0 point to reach an annual market share of 13.4%.



1.3 Domestic Demand-Supply Scenario

During FY2009-10, the industry had seen the demand supply gap narrowing with capacity growing only at 4% while domestic domestic demand grew by 16%. This trend continued during the first half of FY2010-11 too with a capacity growth of 8% while the demand grew by 17%. However, over the second half of the fiscal this trend started showing signs of reversal. During the Oct-Dec 2010 quarter the industry witnessed an 11% capacity growth and a 19% demand growth and during the Jan-Mar quarter the capacity growth was nearly 16% while the demand growth was 21%.

2 DEVELOPMENTS AT SPICEJET



2.1 Share-holder consolidation

During FY11, SpiceJet went through a major shareholding change with Mr. Kalanithi Maran alongwith KAL Airways Private Limited, acquiring 38.66% stake in the company by buying out the shareholding of the erstwhile promoter, Royal Holiday Service Ltd. and W L Ross & Company. With this transaction Mr. Kalanithi Maran assumed the role of the Promoter of the company and the Board of SpiceJet Limited was duly reconstituted on 15 November 2010 with the induction of six new directors and with Mr. Kalanithi Maran being elected as the Chairman of the Board.

2.2 Start of International Operations

After completion of 5 years of domestic operations in May 2010, SpiceJet commenced its International operations with Kathmandu (KTM) in Nepal and Colombo (CMB) in Sri Lanka being selected as the first 2 international cities in the growing network. Daily flights on the Delhi – Kathmandu route started on 7 October 2011 and on the Chennai – Colombo route on 9 October 2011. Both these flights were launched with very attractive introductory fares and received good response from the consumers.

By the end of FY11, based on the performance of the Delhi-Kathmandu flight, SpiceJet had announced the commencement of the second daily flight on this route during the Summer Schedule commencing on 7 April 2011.

2.3 Start of new domestic stations

During FY11, SpiceJet added two domestic stations to their growing network – Agartala and Madurai.

SpiceJet commenced operations to Agartala on 15 April 2010 connecting it to Kolkata and Mumbai (via Kolkata) with a daily flight. An Agartala-Guwahati flight was also introduced simultaneously for SpiceJet to meet the mandatory domestic Route Dispersal Guidelines. SpiceJet introduced a 2nd daily flight on the Kolkata-Agartala route in November 2010 based on the performance of this route. During FY12, SpiceJet witnessed a better-than-expected seat factor on the Kolkata-Agartala route and a reasonable load factor on the mandatory Agartala-Guwahati route in line with expectations.

SpiceJet commenced operations to Madurai on 27 September 2010 connecting it to Chennai with two daily flights and with onward connections to Mumbai and Delhi. In fact, SpiceJet is the first airline to connect Madurai to Delhi. Also, with these flights SpiceJet became the largest operator on the Chennai-Madurai route from the first day of operations.

2.4 Orders for future aircraft

The company firmed up its strategic expansion plan with a firm order of 30 Boeing 737-800 aircraft during the month of September 2010. The deliveries of these aircraft commence in Jan 2014 through till 2019.

Subsequent to this order SpiceJet has also firmed up 11 additional aircraft positions for FY 2012 and FY2013 through leased capacity to ensure that the company continues to have capacity available to grow before deliveries on the new order commence. With these aircraft induction in place, SpiceJet is expected to have a fleet of approximately 42 aircraft before the 2014 deliveries from Boeing.

2.5 Connecting India better – the Tier-II and Tier-III towns foray

As a part of the strategic plan of SpiceJet, the reconstituted board of SpiceJet under the guidance of the Chairman, Mr. Kalanithi Maran, approved the management proposal to induct a second aircraft-type into the fleet to pursue the new vision of enhancing domestic connectivity between Tier-II and Tier-III towns in the country.

The company believes that the enormous potential in the Indian domestic market can be further tapped by enhancing regional connectivity in the country by focusing on Tier II and Tier III cities. After a very detailed analysis of the available infrastructure and various regional aircraft types, SpiceJet selected the Q400 NextGen turboprop aircraft from Bombardier Inc. of Canada to facilitate this objective. The SpiceJet Board, in November 2010, approved an order of upto 30 aircraft with deliveries commencing second quarter of 2011.

By most economic projections, India will have sustained economic growth further fuelling a spurt in the middle class population. The company believes strongly that secondary & tertiary markets will lead the growth. The selection of Q400 NextGen aircraft makes it possible to access these 50-60 markets as these cannot be served by larger jets due to infrastructure constraints.

SpiceJet's strategy will be to base the aircraft at metros and provide connectivity to and from secondary as well as tertiary markets. The Q400 operations will be integrated with the 737 operations to effect absorption of fixed costs of all support functions.

This strategy marks a clear differentiation that SpiceJet will build in the future and give access to markets no available to the other domestic low-cost competitors.

2.6 Recognitions and Awards

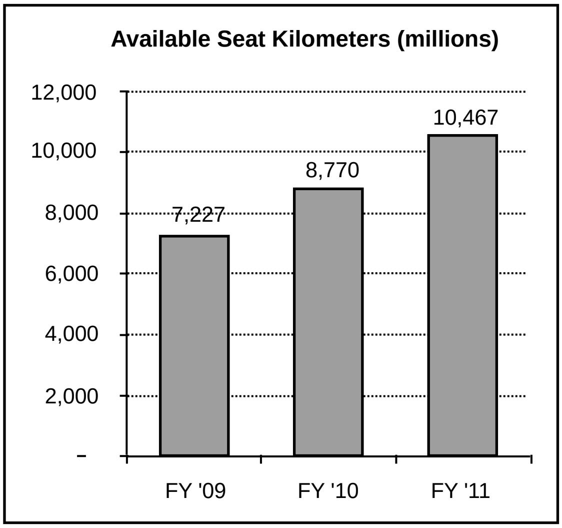
At SpiceJet, we continue to listen to the feedback from our customers and based on this we continued to refine our on-board menu and introduced a wider range of Hot Indian Meals toward the end of FY2010-11.

During the last two years SpiceJet received the following awards:

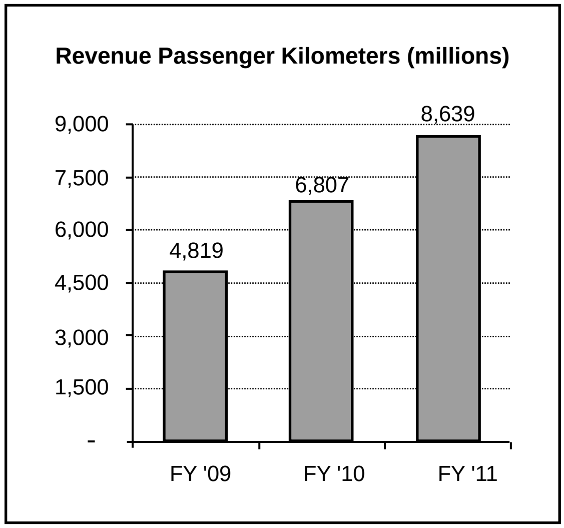
- India's best low-fare airline in a survey conducted by MaRs on behalf of Hindustan Times (December 2009)
- Award for Best Website at 'World Low Cost Airlines Asia Pacific Conference' (January 2010, Singapore)
- Outlook Traveler's Best Low Cost Airline (Feb 2008 & Feb 2010)
- Smart Travel Asia's Top 5 Best Budget Airlines in Asia (Aug 2010) and in Top 10 list for 2 consecutive years (Aug 2008 & Sept 2009, Hong Kong)
- World Travel Market Award for multi-channel approach in distribution (November 2009, London)
- National Award (ICWAI) for excellence in Cost Management (March 2009)
- CIO 100 Award for IT efforts for customer satisfaction and business growth (2007, 2008 & 2009)

3 OPERATIONAL & FINANCIAL HIGHLIGHTS

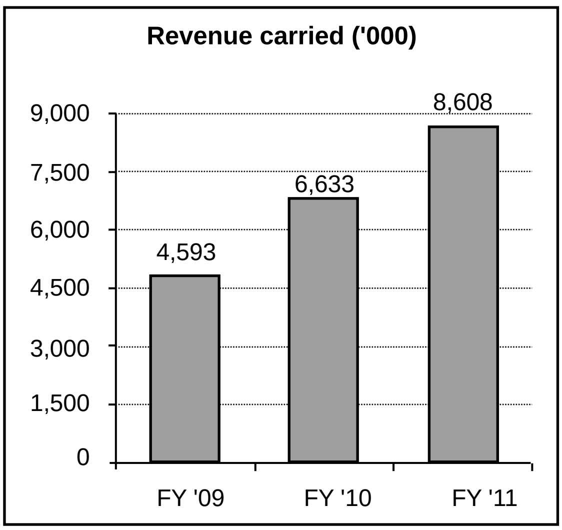
3.1 Operational Highlights :



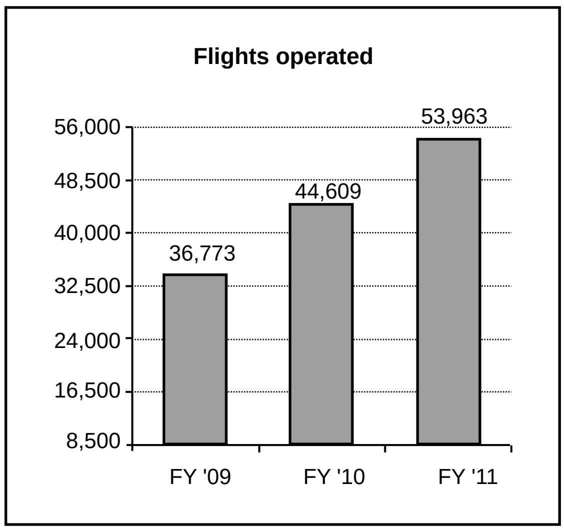
ASKs increased by 19% driven by an increase in operations.



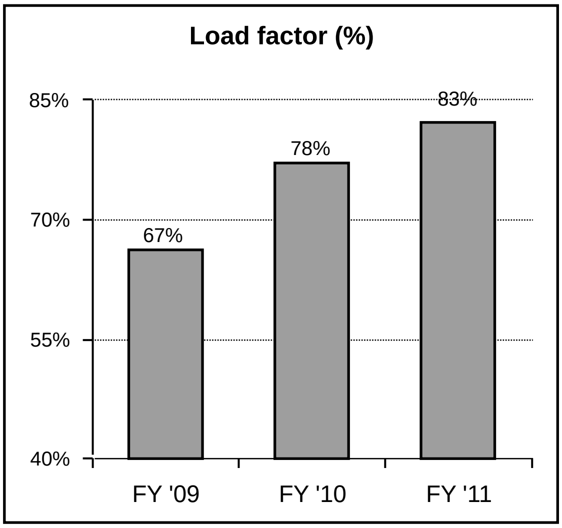
RPKs increased by 27% on the back of higher average seat factors and increased operations.



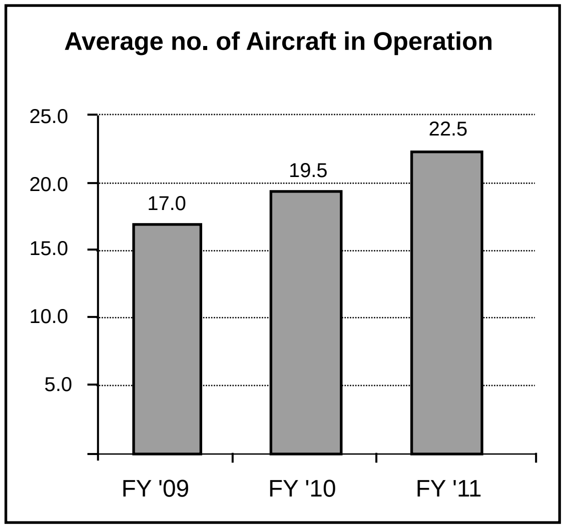
Passengers carried increased by 29% against the industry growth of 18% reflecting increasing consumer acceptance the SpiceJet product



Capacity deployment increased by 21% driven by fleet expansion

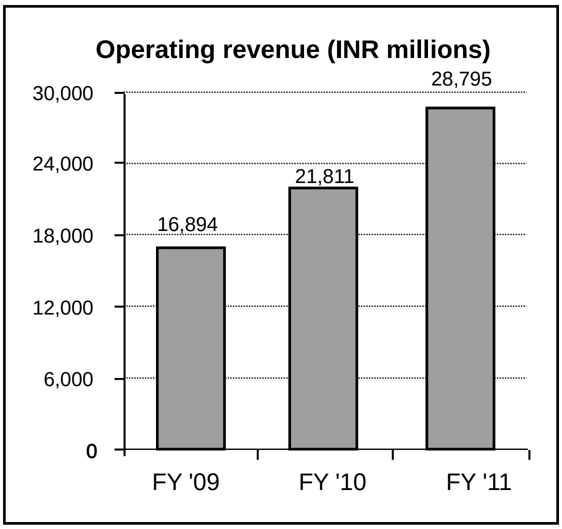


SpiceJet's load factor increased from 78% in FY'10 to 83% in FY'11 reflecting improved consumer demand and efficient fleet deployment

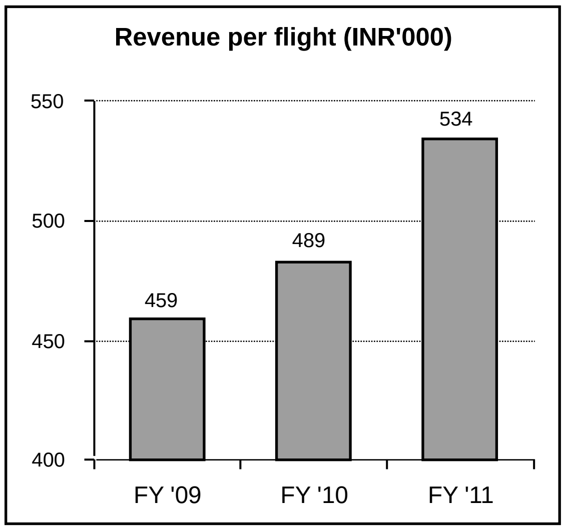


SpiceJet started deploying additional leased capacity from Dec 2010 onwards

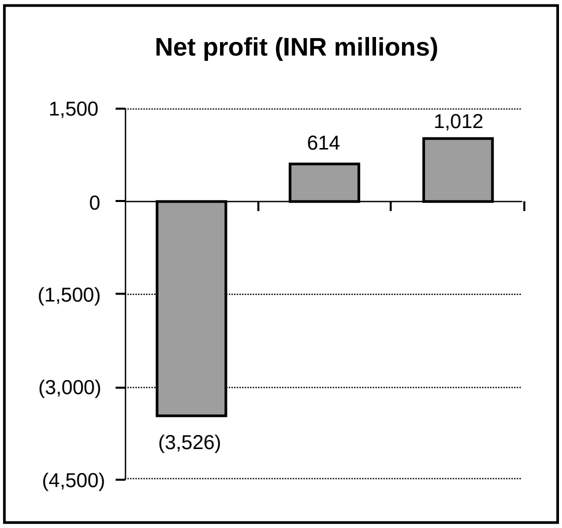
3.2 Financial Highlights



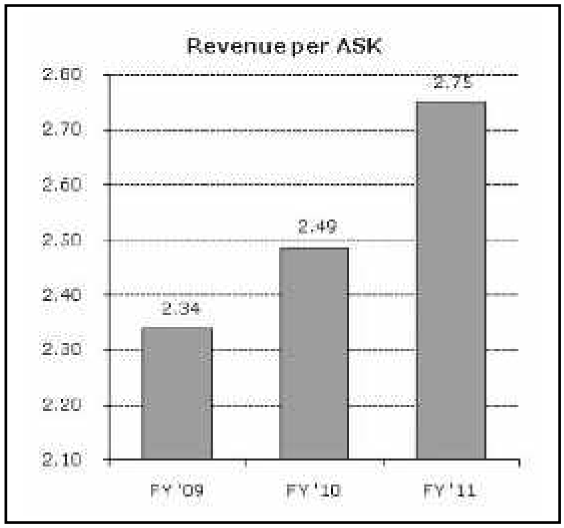
29% increase in operating revenues driven by better capacity utilization and fleet expansion



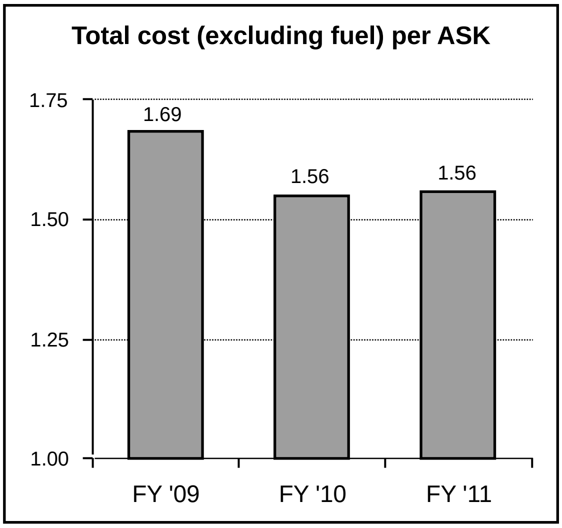
9% increase in revenue per flight can be attributed to seat factor improvements



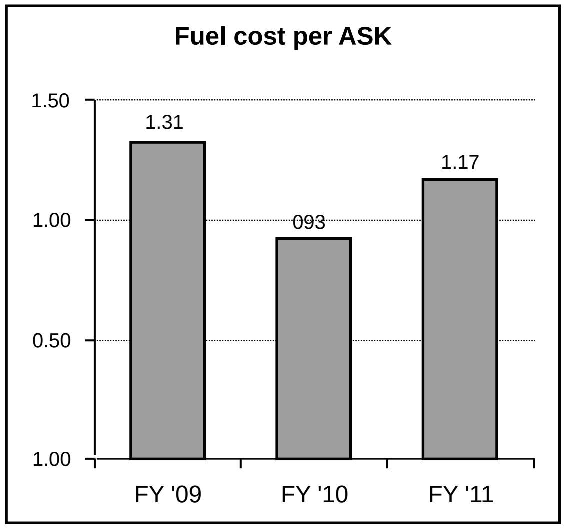
SpiceJet registered profits for three out of the four quarters of FY'11



10% increase in unit Revenue per ASKM driven by better load factors



Despite a challenging cost environment, SpiceJet maintained their non-fuel cost per ASK at the previous year's levels.



Fuel price was roughly 26% higher compared to FY'10 per ASK

3.2.1 Revenues

SpiceJet's total revenues increased by 32% to Rs. 29,606 million in FY 2010-11 from Rs. 22,421 million in FY 2009-2010.

Passenger revenues increased by 32% to Rs. 28,795 million in FY 2010-11 from Rs.21,811 million in FY 2009-10. This increase was driven by better capacity utilization.

Revenue from carriage of cargo increased by 51% to Rs.1,630 million in FY 2010-11 from Rs. 1,077 million in FY 2009-10.

Other revenues during FY 2010-11 increased by 33% to Rs. 810 million from Rs. 611 million due to higher income from sales, lease back and interest income.

3.2.2 Expenses

Total operating expenses for FY 2010-11 increased by 31% to Rs.22,535 million from Rs.16,939 million in FY 2009-10.

Operating Expenses	FY '11 (in mn)	FY '10 (in mn)	Variance
Aircraft fuel and oil	12,262.30	8,142.18	51%
Lease rental - aircraft, rotables and engines	4,284.79	3,898.11	10%
Aircraft maintenance cost	2,970.82	2,409.12	23%
Aviation insurance	182.27	164.51	11%
Landing, navigation and other airport charges	1,761.32	1,447.72	22%
Inflight and other passenger amenities	361.12	259.85	39%
Operating software charges	264.05	183.93	44%
Other operating expenses	449.27	434.14	3%

3.2.2.a Aircraft Fuel & Oil

Expenditure on aircraft fuel increased by 51% to Rs.12,262 million in FY 2010-11 from Rs.8,142 million in FY 2009-10. This increase is mainly due to increase in average price of aviation turbine fuel.

3.2.2.b Lease Rental Aircraft

Expenditure on aircraft lease rental increased by 10% to Rs. 4,284 million in FY 2010-11 from Rs. 3,898 million in FY 2009-10, this increase in mainly due to increase in the fleet size.

3.2.2.c Aircraft Maintenance Cost

Expenditure on aircraft maintenance cost increased by 23%. The increase in maintenance and repair costs in FY 2010-11 was essentially due to increase volume of operations.

3.2.2.d Other Operating Expenses

Other operational expenses increased by 21%.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 rates by authorities, as well as the increase in the number of flights operated and in number of passengers compared to the previous year.

3.2.2.e Employee Remuneration and Benefits

Expenses with regard to employee remuneration and benefits increased by 31% to Rs.2,406 million in FY 2010-11 from Rs.1,814 million in FY 2009-10.

3.2.2.f Selling and Distribution Costs

Selling and distribution costs increased by 16% to Rs.2,237 million for FY 2010-11 from Rs.1,921 million for FY 2009-10.This increase was mainly due to investments done in brand building and advertising.

3.2.2.g Administrative Expenses

Administrative expense decreased by 15%, this increase was mainly due to rent and crew costs.

3.2.2.h Finance Charges

Finance Charges have decreased during the Fiscal year 2011 by 2% from Rs.113 million to Rs.112 million.

3.2.2.i Depreciation

Depreciation increased by 17 % to Rs.89 million in FY 2010-11 from Rs.76 million in FY 2009-10.

4 OPPORTUNITIES, RISKS, CONCERNS AND THREATS

Demand for air travel in India has grown substantially over the past decade, thanks to increasing economic activity and rising disposable incomes. Though the global macroeconomic indicators, portend a slowdown in most parts of the world, the Indian economy will continue to grow, albeit at a slower rate of around 6% per annum over the next few years. We believe that there is a vast potential for growth in the air transportation industry.

The biggest risk facing your Company in recent times has been the runaway rise in price of crude oil. In the normal course, as is commonly witnessed in most industries, these costs ought to have been passed on to the customers. However, we have seen intense competition in the Indian skies, culminating in the inability of all carriers, including your Company, to increase fares.

In the meantime, we remain focused on route optimization and productivity improvements to mitigate the effects of constraints in pricing. Your Company has added new short haul flights to Colombo and Kathmandu on the international routes, to maximize uptimes of our assets.

5 FUTURE OUTLOOK FOR SPICEJET

SpiceJet is the only listed airline in India to declare two consecutive years of an annual profit. In its six years of operations, the company's practices have set benchmarks for best cost management, aircraft utilization and brand image. It is the only airline that continues to invest heavily behind the brand with aggressive marketing strategies.

The industry outlook for FY 2011-12, is a little challenging. The second half of 2010-11 clearly demonstrated a surge in capacity induction and we expect that industry traffic growth will lag behind capacity growth for FY12 by atleast 4-5% points. This would mean that the industry would experience lower seat factors going forward. Also, Q4 FY11 clearly demonstrated the desperation by some of our larger competitors to irrationally drop fares in an effort to boost their seat-factors. We can clearly expect that yields during FY12 will remain under severe pressure due to these factors.

The rise in Crude Oil prices continued unabated during FY11 with 12 consecutive fortnightly increases in fuel price from October 2010 onwards. We expect that fuel prices will stabilize at these elevated levels especially with the current level of political uncertainty in the Middle-East and North African oil-producing nations. This will result in large fuel-cost driven cost pressures during FY12.

SpiceJet's foray into newer Tier-II and Tier-III markets, on the back of the Q-400 NextGen Turbo-prop aircraft during Q2 of FY12 will open up a completely new market for the company. The company has announced its plans for selecting Hyderabad as the first base for these aircraft and has planned to base the first 5 aircraft from the Rajiv Gandhi International Airport in Shamshabad. SpiceJet plans to operate a point-to-point service originating from Hyderabad and connecting over 10 cities in the south and central part of the country in the initial phase of launch.

The Q-400 routes will open up short-haul routes that are currently only served by some of the Full Service competitors and is strategically a very different direction than some of SpiceJet's direct low-cost competitors. The company is very optimistic that this strategic differentiation will add immensely to the share-holder value of the business.

With the planned induction of 5 new B-737 aircraft in 2011-12 SpiceJet will continue to grow their fleet of 28 B-737 aircraft as on March 31, 2011 while taking delivery of 11 new Q-400 Next Gen Turbo-prop aircraft from Bombardier Inc.

With the Boeing fleet, the company will continue to augment its current domestic network and increase frequency on high potential routes. Having seen reasonable success with the initial foray into Nepal and Sri Lanka, SpiceJet is looking to add more international destinations in the SAARC, Middle-East, CIS and South-East Asian regions and looks forward to building a larger South Asian network.

With a differentiated strategic ability with the induction of the Q-400 turbo-prop aircraft and the added international expansion SpiceJet believes that their business model will be robust in the long-term to add great value to our employees, partners, customers and share-holders.

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 2010-11, the board consisted of all non-executive directors. The Board of Directors of the Company consisted of following directors as on March 31, 2011, categorised as indicated:

Category	Name of Director [1]
Promoter	• Mr. Kalanithi Maran, Chairman • Mrs. Kavery Kalanithi
Independent	• Mr. S. Sridharan • Mr. J. Ravindran • Mr. Nicholas Martin Paul • Mr. M. K. Harinarayanan

Note 1: The present Board was co-opted on November 15, 2010 post acquisition of shares by KAL Airways Private Limited and Mr. Kalanithi Maran. Further, Mr. S. Sridharan has resigned as director of the Company w.e.f. August 12, 2011

(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 May 24, 2010; June 12, 2010; June 30, 2010; July 27, 2010; August 27, 2010; November 2, 2010; November 15, 2010; November 24, 2010 and January 27, 2011.

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
Kalanithi Maran [2]	2	NA	15	-	2
Kavery Kalanithi [2]	1	NA	14	-	4
S. Sridharan [2]	3	NA	26	2	3
J. Ravindran [2]	3	NA	3	5	4
Nicholas Martin Paul [2]	2	NA	4	6	-
M. K. Harinarayanan [2]	3	NA	1	4	2

Name of Director	Attendance		No. of directorships and committee memberships/ chairmanships		
	Board Meetings	Last AGM	Other directorships [1]	Committee memberships	Committee Chairmanships
Ajay Singh [3]	4	Absent	2	-	-
Atul Sharma [3]	3	Absent	-	-	1
B. S. Kansagra [4]	6	Present	28	1	1
Kishore Gupta [4]	7	Present	1	2	-
Mukkaram Jan [4]	0	Absent	22	-	2
Ranjeet Nabha [5]	2	Absent	2	1	-
Vijay Kumar [4]	7	Present	1	-	1

Note 1: Includes directorship in foreign / private companies other than SpiceJet Limited.
Note 2: Appointed as director with effect from November 15, 2010
Note 3 : Ceased to be director with effect from August 27, 2010
Note 4: Ceased to be director with effect from November 15, 2010
Note 5: Ceased to be director with effect from October 26, 2010

(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 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.

(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.3.48 million to Link Legal, Advocates towards legal and professional charges during the year under review in which former director Mr. Atul Sharma is a partner.

(f) Shares held by Non-Executive Directors

The table below sets out list of directors holding shares in the Company as on March 31, 2011:

Name of Director	Shareholding	Percentage
Mr. Kalanithi Maran	10,300	-

Note : Mr. Ajay Singh who ceased to be director with effect from August 27, 2010 was holding 9,566,300 shares as on that date.

3. AUDIT COMMITTEE

(a) Terms of Reference

The Audit Committee was originally constituted on June 1, 2001, and has been re-constituted effective November 15, 2010 comprising of Mr. S. Sridharan, as Chairman and Mr. J. Ravindran and Mr. Nicholas Martin Paul as members. Consequent upon resignation of Mr. S. Sridharan as director on the Board of the Company w.e.f. August 12, 2011, Mr. J. Ravindran was elected as Chairman of the Committee and Mr. M. K. Harinarayan was appointed as member.

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 May 24, 2010; July 27, 2010; November 2, 2010 and January 27, 2011.

c) Composition

The Audit Committee presently comprises of three directors. The table below sets out the composition and attendance at the Audit Committee meetings as on March 31, 2011:

Name of Member	Number of Committee Meetings attended
Mr. S. Sridharan[1]	1
Mr. J. Ravindran[1]	1
Mr. Nicholas Martin Paul[1]	1
Mr. Atul Sharma [2]	2
Mr. Kishore Gupta[3]	3
Mr. Mukkaram Jan[3]	Nil
Mr. Vijay Kumar[3]	1

Note 1: Appointed as member with effect from November 15, 2010.
Note 2: Ceased to be member with effect from August 27, 2010.
Note 3: Ceased to be member with effect from November 15, 2010.

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 November 15, 2010 comprising of Mr. J. Ravindran, as Chairman and Mr. M. K. Harinarayanan and Mr. Nicholas Martin Paul as members.

The Committee focuses on investors' relation and the envisaged role include, inter-alia, investors related matters.

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

In all 578 letters/ complaints were received and replied/ redressed to the satisfaction of shareholder during the period April 2010-March 2011.

There were no dematerialisation requests pending for approval as on March 31, 2011.

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. The Committee was reconstituted on November 15, 2010 comprising of Mr. S. Sridharan, as Chairman and Mr. J. Ravindran and Mr. M. K. Harinarayanan as members. Consequent upon resignation of Mr. S. Sridharan as director on the Board of Company w.e.f. August 12, 2011, Mr. M. K. Harinarayanan was elected as Chairman of the Committee and Mr. Nicholas Martin Paul was appointed as member.

b) Number of Compensation Committee meetings

During the period under review, no meeting was held.

c) Composition

The Compensation Committee presently comprises of three directors viz. Mr. M. K. Harinarayanan, as Chairman and Mr. J. Ravindran and Mr. Nicholas Martin Paul as members.

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.

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 27th 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
24th AGM	November 27, 2008	11.00 a.m.	Air Force Auditorium, Subroto Park, New Delhi-110010	NA
25th AGM	December 23, 2009	11.00 a.m.	Air Force Auditorium, Subroto Park, New Delhi-110010	• Preferential issue of up to 230,000 equity shares. • Issue and allotment of additional 13,983,750 equity shares under ESOP-2007 • Extend the benefits of ESOP-2007 to Sanjay Aggarwal, CEO
26th AGM	August 27, 2010	3.00 p.m.	The Air Force Auditorium, Subroto Park, New Delhi	NA

During the year April 2010 - April 2011 following special resolutions were put to vote through postal ballot:

- Amendments to the Articles of Association of the Company
- Shifting of registered office from its present location at New Delhi in the National Capital Territory of Delhi to Chennai in the State of Tamil Nadu

The postal ballot exercise was conducted by Mrs. Lakshmmi Subramanian, Practicing Company Secretary, who was appointed as scrutiniser by the Company. As per the report dated January 24, 2011 of the scrutiniser details of voting pattern are as under:

S. No.	Description	Resolution for Amendment of Articles of Association of the Company			Resolution for Shifting of Registered Office from New Delhi in National Capital Territory of Delhi to Chennai in the State of Tamil Nadu		
		No. of Ballots	No. of Shares	% to Shares	No. of Ballots	No. of Shares	% to Shares
1	Total number of Postal Ballot received	1,721	197,389,975	-	1,721	197,389,975	-
	Less: total no. of postal ballot treated as invalid due to technical reasons	45	16,966	-	45	16,966	-
	Less: votes not cast (including short votes cast)	72	76,397	-	101	88,820	-
2	Total no. of postal ballot treated as valid	1,604	197,296,612	-	1,575	197,284,189	-
3	**Votes in Favour**	**1,531**	**197,268,254**	**99.99%**	**1,428**	**197,234,361**	**99.97%**
4	**Votes Against**	**73**	**28,358**	**0.01%**	**147**	**49,828**	**0.03%**
5	**Total (3 + 4)**	**1,604**	**197,296,612**	**100.00%**	**1,575**	**197,284,189**	**100.00%**

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) Mr. Mukkaram Jan, the then Chairman of the Audit Committee was not present at the previous annual general meeting of the Company.

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 Mint (English) all editions, Hindustan (Hindi)-Delhi Edition. 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

The CEO and CFO Certification are provided elsewhere in the Annual Report.

14. General Shareholder Information

Venue, date and time of the 27th Annual General Meeting	The Kalaignar Arangam, Anna Arivalayam, 367/369, Anna Salai, Teynampet, Chennai – 600 018 September 29, 2011 at 10.00 a.m.	
Book Closure date	23.09.2011 - 29.09.2011(Both days inclusive)	
Dividend payment date	Not Applicable	
Financial Calendar (tentative)		
Results for quarter ending Sep 2011	Last week of Oct 2011	
Results for quarter ending Dec 2011	Last week of Jan 2012	
Results for the year ending Mar 2012	Last week of May 2012	
Listing on Stock Exchange and codes		BSE (shares)
	Exchange Code	500285
	Reuters Code	SPJT.BO
	Bloomberg Code	SJET
ISIN in NSDL and CDSL for shares	INE285B01017	
Listing fee for 2011-12	Paid	

15. Market Price Data*

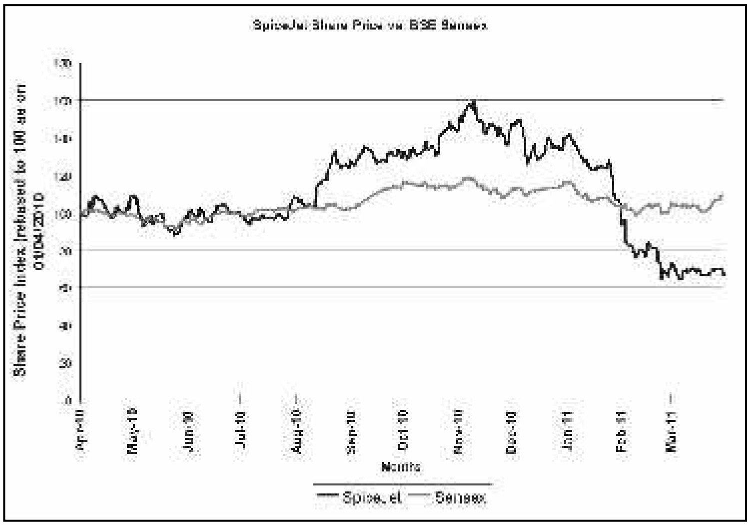
The market capitalisation of the Company is included in the computation of BSE 500 Index. The table below sets out the monthly high and low quotations of the shares traded at Bombay Stock Exchange Limited during the period under review:

Month	Open Price	High Price	Low Price	Close Price
Apr-10	58.40	64.75	56.05	62.90
May-10	62.75	63.85	49.70	56.95
Jun-10	58.00	62.25	52.10	58.35
Jul-10	56.45	65.95	53.50	62.40
Aug-10	63.00	79.00	54.00	71.60
Sep-10	72.60	81.00	71.10	74.80
Oct-10	75.20	86.90	73.25	84.65
Nov-10	85.25	97.45	73.15	82.15
Dec-10	83.15	92.70	70.10	80.90
Jan-11	81.65	82.95	57.70	60.90
Feb-11	61.25	61.25	36.15	38.00
Mar-11	38.25	42.70	36.55	38.30

* 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, 2010 to March 31, 2011.



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. 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.

19. Shareholding pattern as on March 31, 2011

S. No	Category	Total Shares	% To Equity
1	Promoters	156,528,305	38.61%
2	Banks	210,036	0.05%
3	Bodies Corporates	47,266,899	11.66%
4	Employees	552,402	0.14%
5	Foreign Corporate Bodies	15,360,715	3.79%
6	Foreign Institutional Investors	48,013,050	11.84%
7	HUF	1,996,405	0.49%
8	Mutual Funds	60,982,883	15.04%
9	Non Resident Indians	12,280,424	3.03%
10	Resident Individuals	59,799,443	14.75%
11	Others	2,387,503	0.60%
	Total	**405,378,065**	**100.00%**

20. Dematerialisation of shares and liquidity

Over 97% of the outstanding shares have been dematerialized upto March 31, 2011. The Shares of the Company are listed at BSE only; where they are actively traded.

21. 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 2010 - March 2011	US$ 79.8 million
Outstanding FCCB as on March 31, 2011	None
Utilisation of FCCB proceeds	The proceeds received by the Company was utilised to make non-refundable pre-delivery payments to the Boeing Company to acquire 10 aircraft

22. Plant Locations

The Company does not have plant location.

23. 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 AND CHIEF FINANCIAL OFFICER CERTIFICATION

We, Neil Raymond Mills, Chief Executive Officer and R. Neelakantan, Chief Financial Officer of the Company, to the best of our my knowledge and belief certify that:

1. We have reviewed financial statements and the cash flow statement for the period ended on March 31, 2011 and that to the best of our 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 our 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 2010 - March 2011.

Place: Gurgaon, Haryana
Date: August 26, 2011

Neil Raymond Mills
Chief Executive Officer

R. Neelakantan
Chief Financial Officer

COMPLIANCE CERTIFICATE FROM PRACTICING COMPANY SECRETARY

To the Members of SpiceJet Limited

1. We have examined the compliance of conditions of Corporate Governance by SpiceJet Limited, for the year ended on March 31, 2011, as stipulated in relevant clauses of the Listing Agreement of the said Company with the Stock Exchanges in India.
2. 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.
3. 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:

   "Mr. Mukkaram Jan, the then Chairman of the Audit Committee was not present at the previous annual general meeting of the Company."
4. 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
CP No. 1999

Place : New Delhi
Dated : August 26, 2011

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, 2011 and also the Profit and Loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with 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 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. *As more detailed in note 17.1 in schedule 22 to the financial statements, no provision has been made for interest relating to earlier years aggregating to Rs.74.71 million on the outstanding inter-corporate deposit of Rs. 50.0 million. Had the impact of the same been considered, the net profit (after tax) for the year ended March 31, 2011 would have been Rs.951.73 million instead of the reported net profit of Rs.1,011.55 million and the accumulated losses as at March 31, 2011 would have been Rs. 7,272.02 million instead of the reported accumulated loss of Rs. 7,212.20 million. The audit report of the preceding auditors for the year ended March 31, 2010 was also qualified in respect of the above matter.*

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

   i. 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;

   ii. 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;

   iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;

   iv. *Except for the matter referred to in paragraph 4 above,* in our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

   v. On the basis of the written representations received from the directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

   vi. In our opinion and to the best of our information and according to the explanations given to us, *subject to the effect on the financial statements of the matter referred to in paragraph 4 above*, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2011;

b) in the case of the profit and loss account, of the profit for the year ended on that date; and

c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For S.R. BATLIBOI & ASSOCIATES
Firm registration number: 101049W
Chartered Accountants

per S Balasubrahmanyam
Partner
Membership No.: 053315

Place: Chennai
Date: May 27, 2011

Annexure referred to in paragraph 3 of our report of even date

Re: SpiceJet Limited ('the Company')

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

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, 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) There was no disposal of a substantial part of fixed assets during the year.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.

(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) According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4 (iii) (a) to (d) of the Order are not applicable to the Company and hence not commented upon.

(b) The Company had taken a loan in earlier years from a Company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 389.46 million. As the loan was repaid during the year, the year-end balance of such loan was Rs. Nil.

(c) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.

(d) In respect of loans taken, repayment of the principal amount is as stipulated and payment of interest has been regular.

(iv) In our opinion and according to the information and explanations given to us, 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. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.

(v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.

(b) In our opinion and according to information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(vi) The Company has not accepted any deposits from the public.

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

(viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products / services of the Company.

(ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities *though there has been a slight delay in a few cases in respect of provident fund, tax deducted at source, value added tax and service tax.*

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding of customs duty on account of any dispute, are as follows:

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

According to information and explanations given to us, there are no dues of income tax, sales tax, wealth-tax, service tax, excise duty and cess which are outstanding on account of any dispute.

(x) *The Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth.* The Company has not incurred cash losses in the current and immediately preceding financial year.

(xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

(xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(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 Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

(xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company and as more fully explained in note 18 of schedule 22 to the financial statements, *we report that funds amounting to approximately Rs.2,319 million raised on short term basis by way of working capital have been temporarily used for funding the pre-delivery payments for the acquisition of aircrafts.* Management has represented that the Company has tied up long term funding in the form of term loan facility of Rs 2,500 million from a bank for the same purpose as at the balance sheet date which has been drawn down subsequently, as and when needed, to replenish the temporary utilization of short term funds.

(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 Companies Act, 1956.

(xix) The Company had unsecured foreign currency convertible bonds outstanding during the year, on which no security or charge was required to be created. These bonds were fully converted into equity shares during the course of the current year and such bonds are not outstanding as at the year-end.

(xx) The Company has not raised any money by public issues and accordingly, provisions of clause 4(xx) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xxi) We have been informed that the *Company has not been able to recover Rs. 0.78 million of sales wherein travel tickets were purchased by passengers through unauthorized usage of credit cards.* This amount has been recorded as an expense during the year. Further, we have been informed that an *employee of the Company had misappropriated funds amounting to Rs. 0.58 million during the year under audit.* The Company has filed a complaint with the authorities. This amount has been recorded as an expense during the year. Except for the foregoing, no fraud on or by the Company has been noticed or reported during the year.

For S.R. BATLIBOI & ASSOCIATES
Firm registration number: 101049W
Chartered Accountants

per S Balasubrahmanyam
Partner
Membership No.: 053315

Place: Chennai
Date: May 27, 2011

Balance Sheet as at March 31, 2011

(All amounts are in millions of Indian Rupees, unless otherwise stated)

	Schedule	As at March 31, 2011	As at March 31, 2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	**1**	4,053.78	2,418.83
Share warrants (Refer Note no.4 in Schedule 22)		-	60.61
Stock options outstanding	**2**	52.67	102.82
Reserve and surplus	**3**	6,316.80	2,200.77
		10,423.25	4,783.03
Loan Funds			
Secured loans	**4**	302.17	341.29
Unsecured loans	**5**	555.40	4,041.63
Foreign Currency Monetary Item Translation Difference Account	**6**	-	18.95
Total		**11,280.82**	**9,184.90**
APPLICATION OF FUNDS			
Fixed Assets			
Gross block	**7 A**	1,140.67	899.24
Less: Accumulated depreciation		287.29	249.29
Net block		853.38	649.95
Capital work in progress (including capital advances)		6,114.30	3,249.14
Intangible Assets			
Gross block	**7 B**	135.53	127.85
Less: Accumulated amortisation		121.43	107.79
Net block		14.10	20.06
Current Assets, Loans And Advances			
Inventories	**8**	203.50	147.21
Sundry debtors	**9**	171.82	189.60
Cash and bank balances	**10**	1,922.31	4,506.95
Loans and advances	**11**	1,816.65	1,094.95
		4,114.28	5,938.71
Less : Current Liabilities And Provisions			
Current liabilities	**12**	6,943.99	7,421.94
Provisions	**13**	83.45	1,474.77
		7,027.44	8,896.71
Net Current Assets		(2,913.16)	(2,958.00)
Profit and Loss Account		7,212.20	8,223.75
Total		**11,280.82**	**9,184.90**
Notes to Accounts	**22**		

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

As per our report of even date.

For S. R. BATLIBOI & ASSOCIATES
Firm Registration No.: 101049W
Chartered Accountants

per S. Balasubrahmanyam
Partner
Membership No: 053315

For and on behalf of the Board of Directors

Kalanithi Maran
Chairman

Kavery Kalanithi
Director

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

Place: Chennai
Date : May 27, 2011

Profit and Loss Account

(All amounts are in millions of Indian Rupees, unless otherwise stated)

	Schedule	Year ended March 31, 2011	Year ended March 31, 2010
Income			
Operating revenue	**14**	28,795.08	21,810.78
Other income	**15**	810.96	610.13
		29,606.04	22,420.91
Expenditure			
Operating expenses	**16**	22,535.94	16,939.56
Employees remuneration and benefits	**17**	2,406.15	1,814.11
Selling expenses	**18**	2,237.19	1,921.52
General and administrative expenses	**19**	943.93	821.56
Finance charges	**20**	112.04	113.82
Depreciation and amortisation	**7 A & 7 B**	89.10	76.43
		28,324.35	21,687.00
Profit Before Tax And Prior Period Items		**1,281.69**	**733.91**
Tax expense:			
- Current tax		(247.37)	(63.66)
Profit After Tax And Before Prior Period Items		**1,034.32**	**670.25**
Prior period items	**21**	(22.77)	(55.76)
Net Profit		1,011.55	614.49
Accumulated losses, beginning of the period		(8,223.75)	(8,838.24)
Balance Carried to the Balance Sheet		**(7,212.20)**	**(8,223.75)**
Earnings per share (in Rupees)			
- Basic		2.80	2.55
- Diluted		2.49	1.56
Nominal value of share		10.00	10.00
Notes to Accounts	**22**		

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

As per our report of even date.

For S. R. BATLIBOI & ASSOCIATES
Firm Registration No.: 101049W
Chartered Accountants

For and on behalf of the Board of Directors

per S. Balasubrahmanyam
Partner

Kalanithi Maran
Chairman

Kavery Kalanithi
Director

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

Membership No: 053315

Place: Chennai
Date : May 27, 2011

Financial Statements for the year ended March 31, 2011
Cash Flow Statement
(All amounts are in millions of Indian Rupees, unless otherwise stated)

		Year ended March 31, 2011	Year ended March 31, 2010
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit / (Loss) before tax	1,281.69	733.91
	Adjustment for :		
	Depreciation	89.10	76.43
	Employee stock option cost	(24.54)	67.37
	Prior period items	(22.77)	-
	Provision for doubtful debts	1.91	(2.60)
	Interest income	(262.15)	(185.36)
	Interest expense	48.30	61.23
	Income from free of charge material received	(18.43)	(26.42)
	Loss on sale of assets	4.32	0.09
	Rotables and tools written off - Prior period	16.14	-
	Exchange fluctuation	107.42	(164.16)
	Profit from sale of aircrafts	(138.68)	(34.67)
	Operating profit/ (loss) before working capital changes	**1,082.31**	**525.82**
	Adjustment for:		
	Trade and other receivables	17.78	(70.91)
	Inventories	(37.85)	(22.48)
	Loan and advances	(842.46)	515.88
	Current liabilities	(401.19)	328.51
	Provisions	(18.78)	27.81
	Cash generated/ (used) in operations	(200.19)	1,304.63
	Income taxes paid	(255.02)	(30.98)
	Cash generated/ (used) in operating activities (A)	**(455.21)**	**1,273.65**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets	(3,201.65)	(92.93)
	Net proceeds on purchase and sale of aircrafts *	138.68	34.67
	Sale of fixed assets	29.46	2.78
	Margin money deposits placed	(1,696.01)	(2,258.80)
	Term deposits placed with banks	(4,160.29)	(2,417.25)
	Margin money deposits withdrawn	1,479.33	1,939.73
	Term deposits with banks withdrawn	5,800.85	2,316.93
	Interest income	385.05	235.38
	Cash generated from in investing activities (B)	**(1,224.58)**	**(239.49)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from issue of share capital (including share premium)	573.11	29.01
	Proceeds from fresh secured loans	-	339.89
	Proceeds from fresh unsecured loans	500.00	-
	Repayment of secured loans	(39.89)	(332.70)
	Repayment of external commercial borrowings	(389.46)	-
	Interest paid	(124.73)	(62.77)
	Cash used from financing activities (C)	**519.03**	**(26.57)**

Financial Statements for the year ended March 31, 2011
Cash Flow Statement
(All amounts are in millions of Indian Rupees, unless otherwise stated)

D.	**NET INCREASE IN CASH AND CASH EQUIVALENT (A+B+C)**	**(1,160.76)**	**1,007.59**
	Opening balance of cash and cash equivalent	1,260.29	252.70
	Closing balance of cash and cash equivalent	99.53	1,260.29

Notes :

a) Reconciliation to the cash and bank balances as given in Schedule 10 is as follows

Cash and bank balances, as per Schedule 10	1,922.31	4,506.95
Less: Term deposits placed with banks	(25.86)	(1,666.42)
Less: Margin money deposits placed with banks	(1,773.86)	(1,557.18)
Less: Balance held in escrow account	(23.06)	(23.06)
Closing balance of cash and cash equivalent	99.53	1,260.29

b) Components of cash and cash equivalents

Cash in hand	6.80	7.42
Balance with scheduled banks - in current accounts	92.73	1,252.35
Balance with non-scheduled banks - in current accounts	-	0.52

c) Increase in capital expenditure include payments for items in capital work in progress and advances for purchase of fixed assets. Adjustments for increase / decrease in current liabilities related to acquisition of fixed assets have been made to the extent identified.

d) The accompanying notes are an integral part of this statement.

*Transaction settled on net basis.

As per our report of even date

For S. R. BATLIBOI & ASSOCIATES
Firm Registration No.: 101049W
Chartered Accountants

For and on behalf of the Board of Directors

per S. Balasubrahmanyam
Partner

Kalanithi Maran
Chairman

Kavery Kalanithi
Director

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

Membership No: 053315

Place: Chennai
Date : May 27, 2011

Schedules to the Financial Statements
(All amounts are in millions of Indian Rupees, unless otherwise stated)

		As at March 31, 2011	As at March 31, 2010
1	**SHARE CAPITAL**		
	AUTHORISED		
	500,000,000 (previous year 415,000,000) equity shares of Rs.10/- each	5,000.00	4,150.00
	ISSUED, SUBSCRIBED AND PAID-UP*		
	405,378,065 (previous year 241,882,710) equity shares of Rs.10/- each	4,053.78	2,418.83
		4,053.78	**2,418.83**

*Includes
a) 147,215,040 equity shares of Rs.10/- each issued on conversion of Foreign Currency Convertible Bonds ('FCCBs') during the year.
b) 15,360,715 equity shares of Rs.10/- each issued on conversion of share warrants during the year.
c) 919,600 equity shares of Rs.10/- each issued under the Company's Employee Stock Option Scheme 2007.
Refer Note 5 in Schedule 22 for details of stock options outstanding.

		As at March 31, 2011	As at March 31, 2010
2	**STOCK OPTION OUTSTANDING**		
	Balance, beginning of year	396.64	109.17
	Add: Additions during the year	2.79	313.72
	Less: Deletions / adjusted during the year	(344.59)	(26.25)
	Balance, end of year	54.84	396.64
	Less: Deferred employee stock compensation	(2.17)	(293.82)
		52.67	**102.82**
3	**RESERVES & SURPLUS**		
	Securities Premium		
	Balance, beginning of year	2,200.77	2,385.09
	Add: Premium Received during the year on account of		
	Conversion of FCCBs	2,246.96	38.26
	Conversion of share warrants	452.53	-
	Shares allotted on exercise of stock options	44.00	-
	Add: Reversal of premium on redemption of FCCBs on conversion	1,372.54	-
	Less: Provision for premium payable on redemption of FCCBs	-	(222.58)
	Balance, end of year	6,316.80	2,200.77
		6,316.80	**2,200.77**
4	**SECURED LOANS**		
	Term loan (Refer note no 6 in Schedule 22)**	300.00	339.89
	Interest accrued and due	2.17	1.40
		302.17	**341.29**

**Amount due within one year Rs.300.00 million (Previous year Rs. 13.30 million)

Schedules to the Financial Statements
(All amounts are in millions of Indian Rupees, unless otherwise stated)

		As at March 31, 2011	As at March 31, 2010
5	**UNSECURED LOANS***		
	Working Capital Demand Loan from Bank	500.00	-
	Interest accrued and due	5.40	-
	Inter corporate deposits from others (Refer note no 17.1 in Schedule 22)	50.00	50.00
	External commercial borrowings from others	-	389.46
	NIL (previous year 798) Zero Coupon Foreign Currency Convertible Bonds (FCCB's) of face value of $100,000 each (Refer note no. 3 in Schedule 22)	-	3,602.17
		555.40	**4,041.63**
	*Includes amounts due within one year:		
	Working Capital Demand Loan from Bank, including interest thereon	505.40	-
	External commercial borrowings	-	76.06
6	**FOREIGN CURRENCY MONETARY ITEM TRANSLATION DIFFERENCE ACCOUNT**		
	Balance at the beginning of the year	18.95	(365.46)
	Add : Reserve created during the year	-	478.95
	Less: Amortised during the year	18.95	(94.54)
	Balance, end of year	-	18.95

Schedules to the financial statements
(All amounts are in millions of Indian Rupees, unless otherwise stated)

7 A - Fixed assets

Description of assets	Gross Block				Depreciation				Net Block	
	As at April 1, 2010	Additions for the year	Deletions for the year	As at March 31, 2011	As at April 1, 2010	For the year	Deletions for the year	As at March 31, 2011	As at March 31, 2011	As at March 31, 2010
Plant and machinery	43.81	1.69	-	45.50	22.04	2.61	-	24.65	20.85	21.77
Rotable and tools	472.66	112.35	54.37	530.64	85.03	29.01	10.15	103.89	426.75	387.63
Office equipment	173.08	95.90	2.06	266.92	28.63	10.00	0.38	38.25	228.67	144.45
Computers	106.48	23.88	26.53	103.83	57.04	18.29	24.03	51.30	52.53	49.44
Furniture and fixture	11.59	1.64	4.14	9.09	7.48	1.06	2.75	5.79	3.30	4.11
Motor vehicles	74.36	93.35	0.28	167.43	31.81	14.49	0.15	46.15	121.28	42.55
Capital expenditure on leased property	17.26	-	-	17.26	17.26	-	-	17.26	-	-
Total	**899.24**	**328.81**	**87.38**	**1,140.67**	**249.29**	**75.46**	**37.46**	**287.29**	**853.38**	**649.95**
Previous Year	833.44	77.09	11.29	899.24	190.65	59.95	1.31	249.29	649.95	

7 B - Intangible Assets

Description of assets	Gross Block				Amortisation				Net Block	
	As at April 1, 2010	Additions for the year	Deletions for the year	As at March 31, 2011	As at April 1, 2010	For the year	Deletions for the year	As at March 31, 2011	As at March 31, 2011	As at March 31, 2010
Software	127.85	7.68	-	135.53	107.79	13.64	-	121.43	14.10	20.06
Total	**127.85**	**7.68**	**-**	**135.53**	**107.79**	**13.64**	**-**	**121.43**	**14.10**	**20.06**
Previous Year	124.18	3.67	-	127.85	91.31	16.48	-	107.79	20.06	

Schedules to the Financial Statements
(All amounts are in millions of Indian Rupees, unless otherwise stated)

		As at March 31, 2011	As at March 31, 2010
8	**INVENTORIES**		
	(At lower of cost and net realisable value)		
	Engineering stores	186.94	126.93
	Other stores	28.35	32.07
		215.29	159.00
	Less: Provision for obsolescence	11.79	11.79
		203.50	**147.21**
9	**SUNDRY DEBTORS**		
	Due outstanding for a period exceeding six months		
	Unsecured, considered good	4.46	2.46
	Secured, considered good	1.50	4.43
	Unsecured, considered doubtful	5.24	5.24
	Due outstanding for a period less than six months		
	Secured, considered good	31.45	16.79
	Unsecured, considered good	134.41	165.92
		177.06	194.84
	Less: Provision for doubtful debts	5.24	5.24
		171.82	**189.60**
10	**CASH AND BANK BALANCES**		
	Cash in hand	6.80	7.42
	Bank balance with scheduled banks		
	- In current account #	115.79	1,275.41
	- In fixed deposits	25.86	1,666.42
	- In margin money as security	1,773.86	1,557.18
	Bank balance with non-scheduled banks in current accounts		
	In HSBC Bank (USA) (Maximum balance at any time during the year Rs. 0.45 million (previous year Rs. 0.52 million))	-	0.45
	In HSBC Bank (UK) (Maximum balance at any time during the year Rs. 0.07 million (previous year Rs. 0.09 million))	-	0.07
		1,922.31	**4,506.95**

Includes Rs.23.06 million in escrow for FCCB trustees (previous year includes Rs.23.06 million) on which charge was created in favour of FCCB holders.

Schedules to the Financial Statements
(All amounts are in millions of Indian Rupees, unless otherwise stated)

		As at March 31, 2011	As at March 31, 2010
11	**LOANS AND ADVANCES**		
	(Unsecured, Considered doubtful)		
	Advances recoverable in cash or in kind or for value to be received	66.58	64.67
	(Unsecured, Considered good)		
	Advances recoverable in cash or in kind or for value to be received	248.11	289.40
	Deposit with Hon'ble Mumbai High Court	50.00	50.00
	Security deposits	773.83	373.14
	Advance tax net of provision for tax	78.73	13.72
	Balance with authorities	4.91	-
	Prepaid expenses	374.99	247.30
	Advances to suppliers	286.08	121.39
		1,883.23	1,159.62
	Less: Provision for doubtful advances	66.58	64.67
		1,816.65	**1,094.95**
12	**CURRENT LIABILITIES**		
	Sundry Creditors		
	- Dues to micro and small enterprises (Refer note no. 12 in Schedule 22)	-	-
	- Others	2,535.77	1,548.47
	Unearned revenue	1,848.53	1,583.31
	Advance received from customers	583.22	347.98
	Advance received against agreement to sell aircraft	1,149.41	3,142.96
	Interest accrued but not due on loans	-	82.60
	Other liabilities	827.06	716.62
		6,943.99	**7,421.94**
13	**PROVISIONS**		
	Gratuity	62.02	36.65
	Compensated absences	21.43	65.58
	Premium on redemption of FCCBs	-	1,372.54
		83.45	**1,474.77**

Schedules to the Financial Statements
(All amounts are in millions of Indian Rupees, unless otherwise stated)

		Year ended March 31, 2011	Year ended March 31, 2010
14	**OPERATING REVENUE**		
	Passenger revenue	25,834.78	19,822.68
	Other operating revenues *	2,960.30	1,988.10
		28,795.08	**21,810.78**

* Includes inflight sales - Rs. 222.09 million (previous year: Rs 178.30 million)

		Year ended March 31, 2011	Year ended March 31, 2010
15	**OTHER INCOME**		
	Income from sale of own shares	-	114.64
	Profit on sale of aircraft	138.68	34.67
	Interest income #		
	- on bank deposits	259.38	185.36
	- others	2.77	-
	Incentives received	297.73	151.10
	Exchange fluctuation gain (net)	-	96.83
	Miscellaneous income	112.40	27.53
		810.96	**610.13**

Tax deducted at source - Rs 21.55 million (previous year: Rs 18.60 million)

		Year ended March 31, 2011	Year ended March 31, 2010
16	**OPERATING EXPENSES**		
	Aircraft fuel and oil	12,262.30	8,142.18
	Lease rental - aircraft	4,284.79	3,898.11
	Aircraft repairs and maintenance	1,283.57	950.12
	Supplemental rent	1,687.25	1,459.00
	Aviation insurance	182.27	164.51
	Landing, navigation and other airport charges	1,761.32	1,447.72
	Inflight and other passenger amenities	361.12	259.85
	Operating software charges	264.05	183.93
	Other operating expenses	449.27	434.14
		22,535.94	**16,939.56**
17	**EMPLOYEE REMUNERATION AND BENEFITS**		
	Salaries, wages, bonus and allowances	2,101.47	1,547.77
	Contribution to provident and other funds	78.32	57.71
	Gratuity	27.21	7.18
	Recruitment	18.19	6.59
	Training cost	97.98	56.23
	Staff welfare	107.52	71.26
	Employee stock option cost	(24.54)	67.37
		2,406.15	**1,814.11**

Schedules to the Financial Statements
(All amounts are in millions of Indian Rupees, unless otherwise stated)

		Year ended March 31, 2011	Year ended March 31, 2010
18	**SELLING EXPENSES**		
	Commission to		
	- sole selling agents	-	-
	- others	1,377.47	1,056.81
	Discounts	365.78	261.10
	Credit card charges	141.74	124.68
	Credit card chargebacks	0.78	5.70
	Business promotion and advertisement	351.42	473.23
		2,237.19	**1,921.52**
19	**GENERAL AND ADMINISTRATIVE EXPENSES**		
	Rent	92.64	76.61
	Rates and taxes	0.13	0.06
	Repairs and maintenance		
	- buildings	26.60	18.68
	- plant and machinery	9.04	4.86
	- others	27.75	21.92
	Vehicle running and maintenance	7.29	5.97
	Crew cost accomodation	165.30	150.28
	Communication	53.34	48.06
	Printing and stationery	74.23	53.54
	Travelling and conveyance	202.57	133.17
	Legal, professional and consultancy charges	39.03	53.29
	Electricity and water	23.06	23.66
	Provision for doubtful advances	1.91	-
	Insurance	26.11	18.42
	Service tax credit write off	76.54	195.84
	Exchange fluctuation loss (net)	93.42	-
	Loss on sale of assets (net)	4.32	0.09
	Miscellaneous expenses	20.65	17.11
		943.93	**821.56**
20	**FINANCE CHARGES**		
	Interest		
	- on fixed loan to banks	33.98	38.13
	- on fixed loan to others	14.32	23.10
	Bank charges	63.74	52.59
		112.04	**113.82**
21	**PRIOR PERIOD ITEMS**		
	Agent commission	-	(15.68)
	Aircraft maintenance cost	22.54	55.56
	Travelling and conveyance	0.06	-
	Airport charges	-	4.41
	Miscellaneous expenses	0.17	11.47
		22.77	**55.76**

Schedules to the Financial Statements

(All amounts are in millions of Indian Rupees, unless otherwise stated)

22. Notes to accounts

22.1 Background

SpiceJet Limited ('SpiceJet' or the 'Company') was incorporated on February 9, 1984 as a limited company under the Companies Act, 1956 and is listed on the Bombay Stock Exchange Limited ('BSE'). The Company is engaged in the business of providing air transport services for the carriage of passengers. The Company is a low cost carrier ('LCC') operating under the brand name of 'SpiceJet' in India since May 23, 2005. The Company currently operates a fleet of 27 aircrafts across various routes in India as at March 31, 2011. SpiceJet has also obtained the permission of the Directorate General of Civil Aviation (DGCA) to operate on selected routes outside India and has commenced international operations from October 2010.

During the year, pursuant to an Open Offer made by KAL Airways Private Limited and Mr. Kalanithi Maran (collectively referred to as the 'Acquirers'), the Acquirers have acquired, in aggregate, 156,528,305 equity shares of the Company constituting 38.66% of the then paid-up capital of the Company, including 31,077,500 equity shares acquired from Royal Holdings Services Limited (the 'Erstwhile Promoter'). Consequently, the Acquirers have become the largest shareholders in the Company and the Promoters of the Company.

22.2 Statement of significant accounting policies:

(a) Basis of preparation

The financial statements have been prepared to comply in all material respects with the accounting standards notified by Companies Accounting Standards Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956 ('the Act'). The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out, if applicable. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year, except for changes in accounting policy discussed more fully elsewhere.

(b) Use of estimates

The preparation of 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 disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(c) Fixed assets

Fixed assets are stated at cost, less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

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.

(d) Depreciation

Depreciation is provided using the straight line method in the manner specified in Schedule XIV to the Act, at the rates prescribed therein or at the rates based on Management's estimate of the useful lives of such assets, whichever is higher, as follows:

Asset Description	Percentage
Office Equipment	4.75%
Computers	16.21%
Furniture and Fixtures	6.33%
Motor Vehicles	9.50% - 11.31%
Plant and Machinery	4.75%
Rotable and Tools	5.60%

Schedules to the Financial Statements

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Leasehold improvements are amortised over the estimated useful lives or the remaining primary lease period, whichever is less. Assets individually costing Rupees five thousand or less are fully depreciated in the year of purchase.

(e) Intangible assets

Computer software

Costs incurred towards purchase of computer software are depreciated using the straight-line method over a period of 3 years based on management's estimate of useful lives of such software, or over the license period of the software, whichever is shorter.

(f) Impairment

i. The carrying amounts of assets are reviewed at each balance sheet date if there is any indicationof impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of the money and risks specific to the asset.

ii. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

iii. A previously recognized impairment loss is increased or reversed depending on changes in circumstances. 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.

(g) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. Provision for diminution in value is made to recognise a decline other than temporary in the value of long term investments.

(h) Inventories

Inventories comprises of expendable aircraft spares and miscellaneous stores. Inventories have been valued at cost or net realizable value, 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.

(i) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

Sale and lease back arrangements

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

The sale and lease back arrangements entered into by the Company are as per the standard commercial terms prevalent in the industry. The Company does not have an option to buy back the aircraft, nor does it have an option to renew or extend the lease after the expiry of the lease.

(j) Provisions

A provision is recognized when an enterprise 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 a reliable estimate can be made. Provisions are not discounted to its present value and are

Schedules to the Financial Statements

(All amounts are in millions of Indian Rupees, unless otherwise stated)

determined based on best estimate of amounts required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(k) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Passenger revenues and cargo revenues are recognised as and when transportation is provided i.e. when the service is rendered. Amounts received in advance towards travel bookings / reservations are shown under current liabilities as unearned revenue.

Other operating revenues in the nature of fees charged from passengers for reservation, changes in itinerary, cancellation of flight tickets etc. are recognised as revenues on accrual basis.

Income in respect of hiring / 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 on a time proportion basis taking into account the amount outstanding and the rate applicable.

(l) Manufacturers incentives

(i) Cash Incentives

The Company receives incentives from Original equipment manufacturers ('OEM's') of aircraft components in connection with acquisition of aircrafts. These incentives are recognized as income coinciding with delivery of the related aircrafts as there are no further conditions required to be fulfilled.

(ii) Non-cash Incentives

Free of cost spare parts received in respect of purchase of aircraft's are recorded at a nominal value.

During the current year, the Company has changed its accounting policy on accounting for free of cost spare parts received. Previously, the Company was recording the free of cost spare parts received at their fair value. The management believes that such a change will result in a more appropriate presentation of assets under generally accepted accounting standards in India. Had the Company continued to use its earlier policy in accounting for free of cost spare parts, the profit after taxation for the current year would have been higher by Rs. 22.20 million, the gross block of fixed assets would have been higher by Rs. 18.97 million and the inventory as at the year end would have been higher by Rs.8.75 million.

(m) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(n) Foreign currency transactions

(i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items

Schedules to the Financial Statements

(All amounts are in millions of Indian Rupees, unless otherwise stated)

which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(iii) Exchange Differences

Exchange differences, in respect of accounting periods commencing on or after December 7, 2006, arising on reporting of long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset, are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset, and in other cases, are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" in the Company's financial statements and amortized over the balance period of such long-term asset / liability but not beyond accounting period ending on or before March 31, 2011.

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

(o) Aircraft maintenance costs and engine repairs

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

(p) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective fund are due. There are no other obligations other than the contribution payable to the respective funds.

Gratuity liability under the Payment of Gratuity Act, 1972 is a defined benefit obligation and is provided for on the basis of actuarial valuation on projected unit credit method made at the end of each financial year.

Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation on projected unit credit method made at the end of each financial year.

Actuarial gains / losses are immediately taken to profit and loss account and are not deferred.

(q) Taxation

Tax expense comprises current and deferred income taxes. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Deferred income taxes reflects 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. If the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. At each balance sheet date the Company re-

Schedules to the Financial Statements

(All amounts are in millions of Indian Rupees, unless otherwise stated)

assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Minimum Alternative Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

(r) Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(s) Earnings per Share ("EPS")

The earnings considered in ascertaining the Company's earnings per share comprise the net profit or loss after tax attributable to equity share holders. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year.

The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also the weighted average number of shares, if any, which would have been issued on the conversion of all dilutive potential equity shares.

(t) Employee stock compensation expenses

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the intrinsic value as applicable to the relevant grant. Compensation expense is amortized over the vesting period of the option on a straight line basis.

22.3 Conversion of Zero Coupon Foreign Currency Convertible Bonds ('FCCB's)

During the year ended May 31, 2006, the Company had issued 800 FCCBs with face value of US$ 100,000 aggregating to USD 80 million. These FCCBs were convertible into equity shares at a conversion price of Rs. 25 per equity share at a fixed exchange rate of Rs.46.12 to US$ 1 till November 11, 2010. Unless previously converted, redeemed or purchased and cancelled, such bonds were redeemable at 140.499 % of the principal amount on December 13, 2010. These FCCBs were listed on Luxemburg Stock Exchange. Out of the above, 2 FCCBs were converted into equity shares during the financial year ended March 31, 2009.

During the current year, pursuant to the exercise of the right to conversion by the holders of these instruments, the Company has issued 147,215,040 equity shares of Rs. 10/- at a price of Rs.25 per equity share against the 798 outstanding FCCBs. The difference between the amounts outstanding against such FCCBs as at the dates of conversion (including the exchange fluctuation on restatement of such FCCBs upto the conversion dates of Rs. 38.73 million) and the face value of the shares issued of Rs.2,246.96 million has been transferred to the securities premium account. Post such conversion, the Company does not have any FCCB's outstanding.

Further, on conversion of these instruments, the provision for premium on redemption of the above FCCBs created out of the securities premium account for the period from date of issue of bonds till the dates of conversion has been reversed back to the securities premium account.

22.4 Conversion of Warrants

The Company had allotted 15,360,715 warrants on December 12, 2008 to GS Investment Partners

Schedules to the Financial Statements

(All amounts are in millions of Indian Rupees, unless otherwise stated)

(Mauritius) I Limited. Each warrant was convertible into one equity share of the Company at a conversion / exercise price of Rs. 39.46 per resultant equity share, at any time before the expiry of 18 months from the date of allotment of the warrant. The Company had received Rs.60.61 million (i.e. 10% of the total subscription value) towards subscription of warrants, in accordance with the terms of the allotment.

During the current year, the holders of the warrants had exercised the option for conversion on June 11, 2010 and consequently, the Company has allotted 15,360,715 equity shares after receiving the balance subscription value of Rs. 545.52 million.

22.5 Stock option plans

The Company has a stock option plan that provides for the granting of stock options to qualifying employees including Directors of the Company (not being promoter Directors and Executive Directors, holding more than 10% of the equity shares of the Company). The option plan is summarized below:

Employee Stock Option Scheme, 2007

The shareholders at the Annual General Meeting held on September 11, 2007, approved an Employee Stock Option Scheme (ESOS) which provides for the grant of 6,016,250 options (each option convertible into 1 share) to employees. Further, at the Extraordinary General Meeting held on December 23, 2009, the shareholders had approved to extend the aggregate number of options under the scheme to 20,000,000 options.

The remuneration committee had granted 5,200,000 options to eligible employees on September 11, 2007 at an exercise price of Rs. 30 /- per share. Such options were to vest over 4 years in the following manner:

- 35% of the options - one year from the date of grant
- 25% of the options - two years from the date of grant
- 25% of the options - three years from the date of grant
- 15% of the options - four years from the date of grant

During the year ended March 31, 2010, the remuneration committee made two grants out of its Scheme, to its Chief Executive Officer, Mr. Sanjay Aggarwal at an exercise price of Rs.10 /- per share. The first grant of 1,804,884 options made on October 5, 2009 has a vesting period of 1 year from the date of grant. Vesting of the second grant of 5,422,954 options made on December 23, 2009 will happen in nine equal instalments with first vesting on December 23, 2010, second on January 20, 2011 and thereafter remaining seven at quarterly intervals. Half the options in the second grant will vest with each successive completion of employment and half of the options vests on achievement of certain performance targets defined in his employment agreement. For the purpose of accounting of these options, the management has assumed that performance targets defined in the employment agreement will be achieved and all options will vest to him accordingly. Further it may be noted that Mr. Sanjay Aggarwal ceased to be in employment with the Company effective June 30, 2010.

Further, during the year, the remuneration committee has granted 100,000 options to an employee at an exercise price of Rs. 30/- per share. These options will vest over 3 years in the following manner:

- 60% of the options - one year from the date of grant
- 25% of the options - two years from the date of grant
- 15% of the options - three years from the date of grant

Schedules to the Financial Statements
(All amounts are in millions of Indian Rupees, unless otherwise stated)

The Company has adopted the (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 issued by Securities and Exchange Board of India, and has recorded a compensation expense using the intrinsic value method as set out in those guidelines. The summary of the movement in options is given below:

	As at March 31, 2011		As at March 31, 2010	
Particulars	**Number of options**	**Weighted average exercise price (Rs.)**	**Number of options**	**Weighted average exercise price (Rs.)**
Outstanding, beginning of year	**10,205,438**	**15.84**	**3,920,000**	**30.00**
Granted during the year	100,000	30.00	7,227,838	10.00
Exercised during the year	(919,600)	30.00	(641,600)	30.00
Forfeited during the year	(7,416,638)	10.51	(300,800)	30.00
Outstanding, end of year	**1,969,200**	**30.00**	**10,205,438**	**15.84**
Outstanding at the year end comprise:				
- Options eligible for exercise at year end	1,377,950	30.00	1,544,800	30.00
- Options not eligible for exercise at year end	591,250		8,660,638	

Particulars	**As at March 31, 2011**	**As at March 31, 2010**
Weighted average share price at the date of exercise (Rs.)	76.31	54.56
Range of share price for options outstanding at year end (Rs.)	30	10 - 30
Weighted average remaining contract life of options (Years)	4.06	5.92

Pro-forma Disclosures

In accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, had the compensation cost for ESOS 2006 been recognized based on the fair value at the date of grant in accordance with the Black-Scholes method, the amounts of the Company's net profit / (loss) and earnings per share would have been as follows:

Particulars	**Employee Compensation Cost**	**Profit after tax**	**Basic EPS (Rs.)**	**Diluted EPS (Rs.)**
Year ended March 31, 2011				
- Amounts as reported	(24.54)	1011.55	2.80	2.49
- Amounts as per pro-forma	(22.59)	1009.60	2.79	2.48
Year ended March 31, 2010				
- Amounts as reported	67.37	614.49	2.55	1.56
- Amounts as per pro-forma	78.89	604.93	2.51	1.53

The weighted average fair value of stock options granted during the year was Rs. 34.84. The fair value of options was estimated at the date of grant using the Black-Scholes method with the following assumptions:

Schedules to the Financial Statements

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Grant Dates

Particulars	**September 11, 2007**	**October 5, 2009**	**Dec. 23, 2009**	**April1, 2010**
Risk -free interest rate	7.9%	8%	8%	8%
Expected life	2.5 years	1 year	2.7 years	2 years
Expected volatility	55%	67.86%	67.86%	94.17%
Expected dividend yield	-	-	-	-

22.6 Secured loans

The secured term loans from Allahabad Bank, Industrial Finance Branch, Mumbai are secured by a pledge of certain identified fixed deposits of the Company held with the same bank, the hypothecation of certain assets and the pledge of certain shares of the Promoter.

22.7 Deferred tax assets / MAT credit

The Company has recognized deferred tax assets arising on account of carried forward tax losses and unabsorbed depreciation to the extent of the deferred tax liability arising on account of the timing difference on depreciation of Rs. 52.92 million as at March 31, 2011 (Rs. 46.72 million as at March 31, 2010).

In accordance with Accounting Standard - 22 'Accounting for taxes on income' and the Guidance Note on accounting for credit available in respect of minimum alternative tax, the Company has not recognised the balance deferred tax assets arising on account of carried forward tax losses and unabsorbed depreciation and MAT credit, as subsequent realisation of such amounts is not virtually / reasonably certain, as applicable.

22.8 Segment reporting

The Company's operations predominantly relate only to air transportation services and accordingly this is the only primary reportable segment. Further, the operations of the Company are substantially limited within one geographical segment (India) and accordingly this is considered the only reportable secondary segment.

22.9 Related party transactions

1. Names of related parties

Relationship	**Name of the party**
Party exercising significant influence	Kal Airways Private Limited and Mr. Kalanithi Maran from November 11, 2010 Royal Holdings Services Limited, Nevada, USA (upto November 10, 2010)
Enterprises over which parties above or their relatives have control/significant influence ('Affiliates')	Sun TV Network Limited (from November 11, 2010) Digital Radio (Delhi) Broadcasting Limited (from November 11, 2010)
Subsidiary company	Spice Enterprises Private Limited (ceased to be a related party on September 11, 2009)
Key management personnel	Sanjay Aggarwal (upto June 30, 2010) Kishore Gupta (July 1, 2010 to October 10, 2010) Neil Raymond Mills (from October 11, 2010)

Schedules to the Financial Statements
(All amounts are in millions of Indian Rupees, unless otherwise stated)

2. Transactions with related parties:

	March 31, 2011	March 31, 2010
Subsidiary Company		
Spice Enterprises Private Limited		
Transactions during the year		
Purchase of inventory	-	1.50
Amount received upon settlement	-	2.50
Amount provided for in previous year written off	-	31.4
Enterprises having significant influence over the Company		
Royal Holdings Services Limited		
Transactions during the year		
Interest expense	14.32	19.65
Outstanding balances		
External Commercial Borrowings (ECBs)	-	389.46
Interest accrued on ECBs	-	82.60
Affiliates		
Sun TV Network Limited		
Transactions during the year		
Revenue	0.15	-
Advertisement cost	0.51	-
Outstanding balances		
Amount receivable	-	-
Kal Radio Limited		
Transactions during the year		
Advertisement cost	0.20	-
Outstanding balances		
Amount receivable	-	-
Digital Radio (Delhi) Broadcasting Limited		
Transactions during the year		
Revenue	-	-
Advertisement cost	0.37	-
Outstanding balances		
Amount payable	0.23	-

Schedules to the Financial Statements

(All amounts are in millions of Indian Rupees, unless otherwise stated)

	March 31, 2011	March 31, 2010
Key management personnel		
Neil Raymond Mills		
Transactions during the year		
Remuneration	16.83	-
Reimbursement of expenses	0.71	-
Outstanding balances		
Amount payable	0.01	-
Mr.Sanjay Aggarwal		
Transactions during the year		
Remuneration	5.67*	30.64
Employee stock option cost	-	46.26
Bonus accrual for stock options	-	14.05
Reimbursement of expenses	0.06	0.30
Outstanding balances		
Amount payable	*	0.07

* Also refer note 22.17.4.

22.10 Lease commitments

Operating leases

The Company has taken on lease aircrafts, aircraft spares, engines and premises from third parties. Rental expense for the year ended March 31, 2011 amounts to Rs. 4,457.41 million (Previous year Rs. 4,059.78 million), supplemental rent amounts to Rs. 1,687.25 million (Previous year Rs.1,459.01 million).

The Company has taken aircraft through dry operating lease from lessors. Under the aircraft lease agreement, the Company pays monthly rentals in the form of base and supplementary rental. Base rental payments are either based on floating or fixed interest rates. Supplemental rentals are based on aircraft utilisation and are calculated with reference to the number of hours flown or number of cycles operated during each month. Both base and supplemental lease rentals have been charged to the Profit and loss account. The lease terms vary between 3 and 10 years. There are no restrictions imposed by lease arrangements. There are no subleases. There are no initial direct costs. The future minimum lease rentals payable under non cancellable leases (except supplementary rental which are based on aircraft utilisation and calculated on number of hours flown or cycle operated) are as follows:

Schedules to the Financial Statements

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Particulars	As at March 31, 2011	As at March 31, 2010
Aircrafts		
Upto 1 year	4,789.33	3,710.28
1 to 5 years	16,921.65	13,245.68
Beyond 5 years	4,236.66	3,082.25
Aircraft engines		
Upto 1 year	79.39	80.27
1 to 5 years	317.58	321.07
Beyond 5 years	97.20	182.13
Aircraft spares		
Upto 1 year	99.06	69.06
1 to 5 years	406.47	338.41
Beyond 5 years	273.26	359.13
Premises		
Upto 1 year	12.00	-
1 to 5 years	17.00	-
Beyond 5 years	-	-

22.11 Gratuity benefit plans

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service subject to a maximum of Rupees one million. The scheme is unfunded.

The following tables summarise the components of net benefit expense recognised in the profit and loss account and amounts recognised in the balance sheet for gratuity.

Profit and Loss account

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Current service cost	12.63	7.20
Interest cost on benefit obligation	3.64	2.36
Net actuarial (gain) / loss recognized in the year	5.13	(2.38)
Past service cost	5.81	-
Net employee benefit expense	27.21	7.18

Schedules to the Financial Statements

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Balance sheet

Details of provision for gratuity

Particulars	As at March 31, 2011	As at March 31, 2010
Defined benefit obligation	(62.02)	(36.65)
Fair value of plan assets	-	-
Plan asset / (liability)	(62.02)	(36.65)

Changes in the present value of the defined benefit obligation are as follows:

Particulars	As at March 31, 2011	As at March 31, 2010
Opening defined benefit obligation	36.65	29.47
Interest cost	3.64	2.36
Current service cost	12.63	7.20
Benefits paid	(1.84)	-
Actuarial (gains) / losses on obligation	5.13	(2.38)
Past service cost	5.81	-
Closing defined benefit obligation	62.02	36.65
Experience Gain / (Loss) adjustment on plan liabilities	(51.32)	21.24

Particulars	As at March 31, 2008	As at March 31, 2009
Defined benefit obligation at the end of the period	20.00	29.47
Net deficit	(20.00)	(29.47)
Experience adjustments on plan liabilities	N.A	N.A
Experience adjustments on plan assets	N.A	N.A

Assumptions

Particulars	As at March 31, 2011	As at March 31, 2010
Discount rate	8.40%	8.40%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The Company does not currently have any estimates of the contribution to be paid to the plan during the next year. Accordingly, the same has not been disclosed.

22.12 There is no overdue amount payable to Micro, Small and Medium Enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006. Further, the Company has not paid any interest to any Micro, Small and Medium Enterprises during the current and previous year.

22.13 On account of the nature of the business of the Company, supplementary information for the profit and loss account as required to be disclosed under paragraph 3 (i) to (iii) except 3 (i) (c), (ii) (c) and paragraph 4 C of Part II to Schedule VI of the Act are not applicable and hence no disclosures have been made in this regard.

Schedules to the Financial Statements

(All amounts are in millions of Indian Rupees, unless otherwise stated)

22.14 The Company has exercised the exemption granted to airline companies vide the Ministry of Corporate Affairs notification dated February 8, 2011 for non-disclosure of the information required under paragraphs 4-D (a) to (e) except (d) of Part II to Schedule VI of the Act. Accordingly, such information has not been disclosed.

22.15 Auditors' remuneration

Particulars	Year ended March 31, 2011	Year ended March 31, 2010*
As auditors in respect of		
Audit fee	1.76	2.94
Limited review	1.10	3.49
Out of pocket expenses	0.18	0.15

* Represents amounts paid to erstwhile auditors

22.16 Earnings per share

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Number of equity shares outstanding at the beginning of the year	241,882,710	241,020,160
Number of equity shares issued	163,495,355	862,550
Number of equity shares outstanding at the end of the year	405,378,065	241,882,710
Weighted average number of shares		
a) Basic	361,783,540	241,186,464
b) Effect of dilutive equity shares on account of:		
- Employee stock option plans	1,599,998	2,346,334
- Foreign currency convertible bonds	40,184,293	147,215,040
- Share warrants	2,861,722	3,394,520
c) Diluted	406,429,553	394,142,358
Profit / (Loss) after tax (Rs. in Millions)	1,011.55	614.49
Basic earnings / (loss) per share (Rs.)	2.80	2.55
Diluted earnings / (loss) per share (Rs.)	2.49	1.56
Nominal value per share (Rs.)	10.00	10.00

22.17 Contingencies and commitments

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Commitments		
Capital contracts yet to be executed	157,218.19	25,869.45

Schedules to the Financial Statements

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Contingent liabilities

Claims against the Company not acknowledged as debts

S. No	Particulars	As at March 31, 2011	As at March 31, 2010
a.	Demand raised under the provisions of. Employees' 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 Hon'ble High Court of Delhi).	-	4.12
b.	Liability arising out of legal cases filed against the Company in various Courts/ Consumer Redressal Forums, Consumer Courts, disputed by the Company.	22.99	16.17
c.	Liability arising out of Arbitration proceedings on account of cancellation of leased premises	33.32	-
d.	Liability towards labour cases filed against the Company in various Courts, disputed by the Company.	0.48	0.48
e.	Liability towards Penalty levied by customs department on late payments which is disputed and is pending in the Hon'ble High Court of Delhi.	82.69	82.69
f.	Liability towards additional claim received from a vendor who was already covered in the settlement scheme approved by the Hon'ble High Court of Delhi.	17.50	17.50
g.	Unaccrued interest as explained in Note 1 below.	74.71	74.71
h.	Assessments relating to Assessment Year 2007-08 and 2008-09 are pending with CIT(A) in respect of certain additions made to returned loss by the Assessing Officer which resulted in taxable income, but income tax payable after adjusting the brought forward losses and depreciation was computed to be Nil. Though there is no demand for payment of tax arising out of above assessments, the Assessing Officer ('AO') has initiated penalty proceedings against the Company under section 271(1)(c). Penalty amount is not ascertainable as AO has not raised any demand.		

Legal Proceeding by and / or against the company

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 Hon'ble 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 Hon'ble 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 Hon'ble 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 Hon'ble Court on account of its defence in the court proceedings.
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, filed a Review Petition against the Scheme of Settlement passed by the Hon'ble 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 filed by HDCL has been dismissed by the Delhi High Court on July 16, 2010.
3. The Company has received a notice dated May 10, 2011 from the Registrar of Companies ('ROC') seeking to explain the reasons for non-compliance with section 269 of the Companies Act, 1956 relating to the requirement to have a whole time director. The Company is in the process of responding to the said notice and taking necessary actions and believes that the impact of the same is not likely to be material to the financial statements for the year ended March 31, 2011.

Schedules to the Financial Statements

(All amounts are in millions of Indian Rupees, unless otherwise stated)

notice and taking necessary actions and believes that the impact of the same is not likely to be material to the financial statements for the year ended March 31, 2011.

4. The Company is in the process of finalising the full and final settlement payable to its erstwhile Chief Executive Officer, Mr. Sanjay Aggarwal, in accordance with the terms of his employment agreement. Management believes that the provision made in the financial statements as at March 31, 2011 for the same is adequate.

Based on the legal advice obtained by the management, no provision is required to be made for the above contingent liabilities.

22.18 Application of funds

During the year, the Company has used some of the short term funds that were generated from its operations to temporarily fund the pre-delivery payments for the acquisition of aircrafts. Towards the end of the year, the Company has tied up a long term funding in the form of terms loan facility of Rs. 2,500 million from a bank for the same purpose. The Company has also drawn down such loans as and when required, subsequent to the balance sheet date, to make good such temporary utilization of short term funds. Management further believes that such pre-delivery payments made towards the acquisition of certain of the aircrafts are temporary and would be recovered on finalizing the lease arrangements for such aircrafts.

22.19 Foreign currency exposures

The Company does not use any derivative instruments to hedge its foreign currency exposure. The details of foreign currency balances which are not hedged as at the balance sheet date are as below

		March 31, 2011		March 31, 2010	
Particulars	**Foreign Currency**	**Amount in Foreign Currency**	**Amount in Indian Rupees**	**Amount in Foreign Currency**	**Amount in Indian Rupees**
Advances	EUR	0.02	1.40	-	-
	GBP	0.14	10.23	-	-
	SGD	0.01	0.25	-	-
	USD	5.90	269.74	-	-
Payables	EUR	0.03	1.96	0.01	0.73
	GBP	0.02	1.15	0.01	0.86
	USD	15.35	573.09	101.05	4,561.26
Deposits made	USD	15.62	706.26	8.97	405.01

22.20 Previous year comparatives

The financial statements for the previous year were audited by a firm other than S.R. Batliboi & Associates. Previous year figures have been reclassified / regrouped wherever necessary to conform to current year's classification.

For S. R. BATLIBOI & ASSOCIATES
Firm Registration No.: 101049W
Chartered Accountants

per S. Balasubrahmanyam
Partner
Membership No: 053315

Place: Chennai
Date : May 27, 2011

For and on behalf of the Board of Directors

Kalanithi Maran
Chairman

Kavery Kalanithi
Director

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, 2011	55

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

Public Issue	Preferential Issue
—	—
Bonus Issue	Private Placements
—	1,634.95

III Position of Mobilisation and Deployment of Funds (Amounts in Rs.Million)

Total Liabilities	Total Assets
11,280.82	11,280.82

Sources of Funds

Paid-up Capital	Reserves & Surplus
4,053.78	6,369.47
Secured Loans	Unsecured Loans
302.17	555.40

Application of Funds

Net Fixed Assets (Incl. CWIP)	Investments
6981.78	—
Net Current Assets	Miscellaneous Exp.
(2,913.16)	—
Accumulated Losses	
7,212.20	

IV Performance of Company (Amount in Rs. Million)

Total Turnover	Total Expenditure
29,606.04	28,347.12
Profit/(Loss) before tax	Profit/(Loss) after tax
1,258.92	1,011.55
Earning Per Share in Rs.(Basic)	Dividend Rate %
2.80	Nil

V Generic names of prinicpal products/ services of the Company (as per monetary terms)

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

SpiceJet Limited

Registered Office: Murasoli Maran Towers, 73, MRC Nagar Main Road, MRC Nagar, Chennai- 600 028

ATTENDANCE SLIP

Twenty Seventh 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 Seventh Annual General Meeting of the Company at 10.00 a.m. on September 29, 2011.

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

Father's Name ____________________

Shareholder's/Proxy's Signature ____________________

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

Please Cut Here

SpiceJet Limited

Registered Office: Murasoli Maran Towers, 73, MRC Nagar Main Road, MRC Nagar, Chennai- 600 028

PROXY FORM

DP ID* ____________

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 Seventh Annual General Meeting of the Company to be held on September 29, 2011, and at any adjournment thereof.

Signed this ______ day of ________2011

Master Flio no.

No. of Shares

Signature ______ Affix Re.1 Revenue Stamp ______

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 (demateralised) form.

If Undelivered, please return to:

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