28th Annual Report 2011-2012

SpiceJet Limited

CORPORATE INFORMATION

BOARD OF DIRECTORS

Kalanithi Maran	Chairman
Kavery Kalanithi	
S. Natrajhen	Executive Director
Nicholas Martin Paul	
M. K. Harinarayanan	
J. Ravindran	
R. Ravivenkatesh	

COMPLIANCE OFFICER

Chandan Sand	General Manager (Legal) & Company Secretary

MANAGEMENT

Neil Raymond Mills	Chief Executive Officer
R. Neelakantan	Chief Financial Officer
Harish Kutty	Chief Commercial Officer

REGISTRAR & SHARE TRANSFER AGENTS

Karvy Computershare Private Limited,
Plot Nos. 17-24, Vittal Rao Nagar, Madhapur,
Hyderabad - 500 081 Andhra Pradesh

BANKERS

Allahabad Bank	Citibank N.A.
City Union Bank Limited	HDFC Bank Limited
ICICI Bank Limited	State Bank of India
Yes Bank Limited	

STATUTORY AUDITORS

M/s S. R. Batliboi & Associates, Chartered Accountants
Tidel Park, 6th & 7th Floor-A Block (Module 601, 701-702) No.4,
Rajiv Gandhi Salai, Taramani, Chennai-600 113, Tamil Nadu

REGISTERED OFFICE

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

CORPORATE OFFICE

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

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SpiceJet Limited

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

NOTICE

Notice is hereby given that the Twenty Eighth Annual General Meeting of the Members of SpiceJet Limited will be held on Wednesday, the 26th day of September, 2012 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, 2012, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. M. K. Harinarayanan who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. J. Ravindran who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint M/s S. R. Batliboi & Associates, Chartered Accountants (Firm Registration No: 101049W), retiring auditors, as the Statutory 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:

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

   "Resolved that Mr. S. Natrajhen who was appointed as an Additional Director of the Company by the Board of Directors, in terms of Section 260 of the Companies Act, 1956 w.e.f. November 11, 2011 and 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 of the Company, 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. R. Ravivenkatesh who was appointed as an Additional Director of the Company by the Board of Directors, in terms of Section 260 of the Companies Act, 1956 w.e.f. April 19, 2012 and 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 of the Company, be and is hereby appointed as Director of the Company liable to retire by rotation."

By order of the Board of Director

Sd/-
Chandan Sand
GM (Legal) & Company Secretary

Place: Chennai
Date: July 30, 2012

Notes:

1. Explanatory statement, pursuant to Section 173(2) of the Companies Act, 1956, in respect of business under item no. 5 and 6 is annexed hereto.
2. **A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Company. The instrument appointing proxy in order to be effective shall 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 21, 2012 to September 26, 2012 (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 business hours on all working days, except Saturday/ Sunday and other public 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 shareholders.

    Recognizing the spirit of the circular issued by MCA, the Securities and Exchange Board of India (SEBI) vide its Circular no. CIR/CFD/DIL/7/2011 dated October 5, 2011; has decided that instead of supplying complete and full annual reports to all the shareholders, listed entities shall supply soft copies of full annual reports to all those shareholders who have registered their email addresses for the purpose and accordingly SEBI has amended the Equity Listing Agreement.

    Following the government directives, we are sending annual report in electronic form, to the email address provided by you and made available to us by the Depositories. The full annual report will also be made available in an easily navigable format on the website of the Company, www.spicejet.com. Hard copies of full annual reports may be obtained by any shareholders, who request for the same in writing to the Company at its Registered Office.

    To support the ‘Green Initiative’ in the Corporate Governance taken by the Ministry of Corporate Affairs, to contribute towards greener environment and to receive all documents, notices, including Annual Reports and other communications of the Company, investors should register their e-mail addresses with Karvy Computershare Private Limited, if shares are held in physical mode or with their Depository Participants, if the holding is in electronic mode.

THE EXPLANATORY STATEMENT FOR ITEM NOS. 5 AND 6 SET OUT IN THE ACCOMPANYING NOTICE HEREINABOVE IS AS UNDER:

ITEM NO. 5

Mr. S. Natrajhen was appointed as an Additional Director and Whole- time Director of the Company with effect from November 11, 2011. A special resolution was also passed by members of the Company through postal ballot on April 4, 2012 for his appointment as a Whole-time Director to be designated as “Executive Director”. Since his appointment was as an Additional Director under Section 260 of the Companies Act, 1956 read with Article 100 of Article of Association of the Company; he holds office of Director only up to the date of ensuing Annual General Meeting.

In terms of Section 257 of the Companies Act, 1956, the Company has received a notice in writing from a member proposing the candidature of Mr. S. Natrajhen for the office of Director of the Company.

Your Directors recommend the resolution for your approval. None of the Directors of the Company, except Mr. Natrajhen is, in any way, concerned or interested in the said resolution.

ITEM NO. 6

Mr. R. Ravivenkatesh was appointed by the Board of Directors of the Company as an Additional Director with effect from April 19, 2012 and he holds office upto the date of ensuing Annual General Meeting, pursuant to provisions of Section 260 of the Companies Act, 1956 and Article 100 of the Articles of Association of the Company.

In terms of Section 257 of the Companies Act, 1956, the Company has received a notice in writing from a member proposing the candidature of Mr. R. Ravivenkatesh for the office of Director of the Company.

Your Directors recommend the resolution for your approval. None of the Directors of the Company, except Mr. Ravivenkatesh is, in any way, concerned or interested in the said resolution.

ADDITIONAL INFORMATION AS PER CLAUSE 49 (IV)(G)(i) OF THE LISTING AGREEMENT

Brief resumes and other information in respect of Directors seeking appointment/ re-appointment at the Annual General Meeting are given below:

Mr. M. K. Harinarayanan

Mr. M. K. Harinarayanan, aged about 49 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.

He is a Director in Sun TV Network and also holds committee chairmanships/ memberships as per following details:

Company Name	Committee Name	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. M. K. Harinarayanan does not hold any share in SpiceJet Limited.

Mr. J. Ravindran

Mr. J. Ravindran aged about 37 years holds a bachelor's degree in Arts and law degree from the University of Madras. Mr. J. Ravindran is an advocate by profession and was former Assistant Solicitor General of India, Madras High Court.

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 Name	Chairmanship/ Membership
Sun TV Network Limited	Remuneration Committee	Chairman
Sun TV Network Limited	Audit Committee	Chairman
Sun TV Network Limited	Investors Grievance Committee	Member
South Asia FM Limited	Remuneration 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. J. Ravindran does not hold any share in SpiceJet Limited

Mr. S. Natrajhen

Mr. S. Natrajhen aged about 54 years holds a Bachelor's degree in Commerce from the University of Madras with distinction. He has been Chief Operating Officer of the Company from November 2010 upto November 2011. Prior to joining SpiceJet Limited, Mr. Natrajhen was the Chief Financial Officer of Sun TV Network Limited and was responsible for the accounting and financial functions as well as execution of strategic initiatives of Sun TV Network Ltd. Mr. Natrajhen brings with him over 32 years of rich and successful experience in Finance, Governmental liaison and General Management.

He holds one share in SpiceJet Limited.

Mr. Natrajhen also holds directorship in Sun Distribution Services Pvt. Ltd. and Kal Airways Pvt. Ltd.

Mr. R. Ravivenkatesh

Mr. R. Ravivenkatesh aged about 46 years holds a Bachlor's degree in Arts. He has rich experience of eighteen years in Textile Industry which includes garment export, handling of textile mill and manufacturing of textile machineries. Mr. Ravivenkatesh brings with him experience in general business management. He was appointed as director on the board of the company with effect from April 19, 2012.

He holds 16,000 shares in SpiceJet Limited.

Mr. Ravivenkatesh is also a Director in SUN TV Network Limited and holds Membership of Audit Committee, Remuneration Committee and Investors Grievance Committee of Sun TV Network Limited.

DIRECTORS' REPORT

Dear Shareholders,

The Directors hereby present the Twenty Eighth Annual Report and the Audited Accounts for the year ended March 31, 2012.

1. Financial Results

(Amount in Rs. Million)

Particulars	March 31, 2012	March 31, 2011
Gross Income	**40,191.14**	**29,639.15**
Operating Expenses	37,079.00	22,546.60
Employee Benefit Expenses	4,028.72	2,439.26
Selling Expenses	2,704.20	2,094.67
Other Expenses	1,604.35	1,083.41
Finance Cost	522.57	104.42
Depreciation and Amortisation Expenses	309.98	89.10
Profit/ (Loss) before taxation and prior period items	(6,057.68)	1,281.69
Tax Expenses	-	(247.37)
Prior Period items	-	(22.77)
Profit/ (Loss) for the year	**(6,057.68)**	**1,011.55**

Explanations to various comments made by the Auditors in their Report to the shareholders are mentioned in the Notes to the Financial Statements, which form part of the Balance Sheet for the year ended March 31, 2012.

2. Business

The Company completed its seventh year of operations on May 23, 2012. In its seventh year of operations, the Company focused on consolidating its operations on key routes and maintained its fleet size to 47 aircraft covering 39 destinations and operating 281 flights per day, as on the date of this report.

During the year ended March 2012, the Company carried 10.89 million passengers. Further, the average load factor of 75% was recorded, with a market share of over 17.10% for the month of March 2012. The Company also improved its average deployed fleet to 34.74 aircraft versus 22.50 aircraft for previous year.

During the year under review, the Company also inducted Bombardier Q400 aircraft to its fleet to connect to Tier II and III cities in order to have wide market penetration and better connectivity.

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.2.92 from Rs. 2.75 in previous year.

3. Share Capital

- ESOP allotment:

  During the year under review, 171,665 equity shares were allotted consequent upon exercise of stock options under the Employee Stock Option Scheme 2007.

- Preferential allotment:

  During the year under review, 35,900,000 equity shares of Rs.10 each at a premium of Rs.26.48 per share were allotted to Mr. Kalanithi Maran, Promoter of the Company on preferential basis.

  The Company has further allotted 42,900,000 equity shares of Rs.10 each at a premium of Rs.13.18 per share on preferential basis to Mr. Kalanithi Maran, Promoter of the Company on April 10, 2012.

- Authorised Capital:

  During the year under review, the authorised Capital of the Company was increased 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.

4. Postal Ballot

In April, 2012 the Members of the Company approved the following proposals by way of postal ballot:

- Allotment of equity shares not exceeding 42,900,000 to Mr. Kalanithi Maran, Promoter of the Company on preferential basis.
- Appointment of Mr. S. Natrajhen as a Whole-time Director of the Company to be designated as "Executive Director"

5. Material Developments

- Acquisition of Q400 Aircraft:

  The Company had placed an order for fifteen Bombardier Q400 NextGen turboprop aircraft and out of said order the Company has taken delivery of twelve such aircraft. SpiceJet is the first airline to launch this aircraft in India.

- International Operation:

  The Company is expanding its wings in international skies and apart from Kathmandu and Colombo; SpiceJet is now connected to Dubai with its daily flights from Delhi and Mumbai and will shortly commence flights to other Asian destinations.

6. Dividend

In view of loss during the fiscal year, Directors do not recommend any dividend.

7. Directors & Company Secretary

- On August 12, 2011, Mr. S. Sridharan resigned from the Board of Directors of the Company.
- Mr. S. Natrajhen was appointed as an Additional Director and Executive Director of the Company with effect from November 11, 2011 for a period of three years. His office as an Additional Director will expire at ensuing Annual General Meeting of the Company.

  Further, Mr. R. Ravivenkatesh was also appointed as an Additional Director on the Board of the Company on April 19, 2012 and he 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.

- In terms of the provision of Section 256 of the Companies Act, 1956, Mr. M. K. Harinarayanan and Mr. J. Ravindaran are liable to retire by rotation at the forthcoming Annual General Meeting of the Company. Mr. M. K. Harinarayanan and Mr. J. Ravindaran being eligible, offer themselves for re-appointment.
- Mr. A. K. Maheshwary, Vice President (Legal) & Company Secretary has resigned from the Company effective January 1, 2012 and Mr. Chandan Sand has been appointed as GM (Legal) & Company Secretary of the Company.

8. Personnel

Information in accordance with the provisions of Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended, forms part of the Directors 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 Members of the Company, excluding the statement of particulars under Section 217 (2A) of the Companies Act, 1956. 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.

9. **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, 2012, except otherwise disclosed, the applicable accounting standards have been followed along with proper explanation relating to material departures;

ii. that except otherwise disclosed in the Notes to the Accounts, they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

iii. that, except otherwise disclosed in the Notes to the Accounts, they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. that they have prepared the accounts for the year ended March 31, 2012 on a going concern basis.

10. **Disclosures required under the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999**

S.No.	Description	Remarks
a)	Options granted	5,200,000 options granted on September 11, 2007 ('Grant 1'), 1,804,884 options granted on October 05, 2009 ('Grant 2'), 5,422,954 options granted on December 23, 2009 ('Grant 3'); and 100,000 options granted on April 1, 2010 ('Grant 4)
b)	Pricing formula	Intrinsic value method for valuation has been used for determining the fair value of option granted under the Scheme. The value per option as per this method for Grant 1, Grant 2, Grant 3 and Grant 4 is Rs.32.50, Rs.24.85, Rs.46.25 and Rs.27.90 respectively.
c)	Options vested	1,561,200
d)	Options exercised during the year	171,665
e)	Total number of shares arising as a result of exercise of options	171,665
f)	Total Options lapsed during the financial year.	236,335
g)	Variations of terms of options	Nil
h)	Money realised by exercise of options	Rs.5,149,950
i)	Total number of options in force	1,561,200
j)	Employee wise details of options granted to:	
	i) senior management personnel	No grants were made to any senior management personnel during the year under review.

	ii) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	None
	iii) identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Erstwhile CEO (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 Share"	(14.35)
l)	Method of calculation of employee compensation cost	No grants were made during the year under review.
m)	Exercise price and fair value of option	No grants were made during the year under review.
n)	Option valuation methodology	Black Scholes Option Valuation Model has been used to estimate the fair value of the options granted earlier.

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

11. Conservation of Energy & Technology Absorption

The management is highly conscious of the criticality of the conversation of energy at all operational levels. Adequate measures are taken to reduce energy consumption whenever possible by using energy efficient equipments. The requirement of disclosure of particulars with respect to conservation of energy and technology absorption as prescribed in Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable to the Company and hence not furnished.

12. Foreign Exchange Earnings & Outgo

The Company had foreign exchange earnings of Rs.591.56 million while the outgoings were Rs. 8,831.29 million during the year under review.

13. **Public Deposits**

During the year, the Company has not invited/ accepted any deposit under Section 58A of the Companies Act, 1956.

14. **Auditors**

M/s S.R. Batliboi & Associates, Chartered Accountants, Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

The Company has received letters from them to the effect that their re-appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for re-appointment within the meaning of Section 226 of the said Act.

Your Directors recommend the re-appointment of M/s S.R. Batliboi & Associates, Chartered Accountants as Statutory Auditors of the Company to hold the office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting.

15. **Corporate Governance**

Pursuant to Clause 49 of the Listing Agreement, 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.

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

Shares of the Company are presently listed at BSE Limited, P. J. Towers, Dalal Street, Mumbai and the Company has paid listing fee upto March 31, 2013 in respect of above stock exchange.

17. **Acknowledgement**

The Directors are thankful to the Members and Investors for their confidence and continued support. The Directors are grateful to Central and State Government, Stock Exchange, Securities & Exchange Board of India, Reserve Bank of India, Ministry of Civil Aviation, DGCA, Custom and other Government Authorities, Banks and last but not the least, its trusted passengers for their continued support.

The Directors would like to express their sincere thanks and appreciation to all the employees for their commendable teamwork and professionalism.

For and on behalf of the Board

Sd/-
Kalanithi Maran
Chairman

Place: Chennai

Date: July 30, 2012

COMPLIANCE CERTIFICATE FROM PRACTICING COMPANY SECRETARY

To the Members of SpiceJet Limited

(i) We have examined the compliance of conditions of Corporate Governance by SpiceJet Limited, for the year ended on March 31, 2012, as stipulated in relevant clauses of the Listing Agreement of the said Company with the Stock Exchanges in India.

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

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

- Mr. J. Ravindran, Chairman of the Audit Committee was not present at the previous annual general meeting of the Company.

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

For Mahesh Gupta & Company
Company Secretaries

Sd/-
Mahesh Gupta
Proprietor
FCS 2870::CP 1999

Date : July 30, 2012

Place : Delhi

CORPORATE GOVERNANCE

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

Corporate Governance is a set of systems and practices to ensure that the affairs of the company are being managed in a way which ensures accountability, transparency and fairness in all its transactions in the widest sense and meet its stakeholder's aspirations and societal expectations. Good governance practices stem from the culture and mindset of the organisation and at SpiceJet we are committed to meet the aspirations of all our stakeholders and believe in adopting best corporate practices for ethical conduct of business. In order to achieve the best corporate governance, the Company has in place the mandatory committees as required under Companies Act, 1956 and the 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. The composition of the Board and category of Directors is as follows:

Category	Name of Director
Promoter Directors (Non- Executive)	Mr. Kalanithi Maran, Chairman Mrs. Kavery Kalanithi
Executive Director	Mr. S. Natrajhen[1]
Independent & Non- Executive Directors	Mr. J. Ravindran Mr. Nicholas Martin Paul Mr. M. K. Harinarayanan Mr. S. Sridharan[2] Mr. R. Ravivenkatesh[3]

1. Appointed on November 11, 2011
2. Ceased to be director with effect from August 12, 2011.
3. Appointed on April 19, 2012

(b) Number of Board Meetings

The Board meets at least once a quarter to review the quarterly results and other items on the agenda. During the period under review, six (6) Board Meetings were held on May 27, 2011; August 12, 2011; August 26, 2011; November 11, 2011; February 6, 2012 and March 2, 2012.

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

Name of Director	Attendance			Number of directorships in other Companies (including private companies)	Total number of committee memberships/ chairmanships (including SpiceJet Limited and Other Companies[4])	
	Board Meetings		Last AGM			
	Held during the tenure	Attended			Committee memberships	Committee Chairmanships
Mr. Kalanithi Maran	6	3	Absent	13	-	3
Mrs. Kavery Kalanithi	6	3	Present	13	5	-
Mr. S. Natrajhen[1]	3	3	N.A.	2	-	-
Mr. J. Ravindran	6	6	Absent	3	4	6
Mr. Nicholas Martin Paul	6	3	Present	5	6	-
Mr. M. K. Harinarayanan	6	6	Present	1	4	2
Mr. S. Sridharan[2]	2	2	N.A.	N.A.	N.A.	N.A.
Mr. R. Ravivenkatesh[3]	N.A.	N.A.	N.A.	1	3	-

Note 1: Appointed as Executive Director with effect from November 11, 2011
Note 2: Ceased to be director with effect from August 12, 2011
Note 3: Appointed as Director with effect from April 19, 2012
Note 4: Membership and chairmanship of committee also includes committee other than Audit Committee and Shareholders' Grievance Committee.

(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 to 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 of the Company. The Code has also been posted on the website of the Company. All the Board members and senior management of the Company have affirmed compliance with the Code during the financial year ended March 31, 2012. A declaration to this effect signed by CEO is given as an annexure to this report.

(e) Remuneration to non-executive Directors

During the period under review, the Company has not paid any remuneration to its non- executive directors except sitting fees in accordance with Companies Act, 1956 for attending the meetings.

(d) Shares held by Non-Executive Directors

The table below sets out list of non- executive directors holding shares in the Company as on March 31, 2012:

Name of Director	Shareholding	Percentage
Mr. Kalanithi Maran	35,910,300	8.13

Further, the Company has allotted 42,900,000 equity shares to Mr. Kalanithi Maran on preferential basis on April 10, 2012.

Mr. R. Ravivenkatesh who was appointed on Board w.e.f. April 19, 2012 also holds 16,000 equity shares in the Company.

3. AUDIT COMMITTEE

(a) Terms of Reference

The Audit Committee was originally constituted on June 1, 2001 and was 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. Harinarayanan 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 27, 2011; August 12, 2011; November 11, 2011 and February 6, 2012.

(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, 2012:

Name of Member	Number of Committee Meetings	
	Held during the tenure	Attended
Mr. S. Sridharan[1]	2	2
Mr. J. Ravindran	4	4
Mr. Nicholas Martin Paul	4	2
Mr. M. K. Harinarayanan[2]	2	2

Note 1: Resigned on August 12, 2011.

Note 2: Appointed as member with effect from August 12, 2011

4. COMPENSATION COMMITTEE

a) Terms of Reference

The Compensation Committee was originally constituted on May 24, 2007 and 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 the 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.

The scope of this committee is to formulate, administer and implement the Employee Stock Option Scheme and to recommend the Board in the matter of appointment/re-appointment of managerial person(s) including the payment of remuneration to them.

b) Composition

Presently the Compensation Committee comprises of three independent and non- executive directors viz. Mr. M. K. Harinarayanan, as Chairman and Mr. J. Ravindran and Mr. Nicholas Martin Paul as members

c) Number of Compensation Committee meetings

During the period under review, one (1) meeting was held on November 11, 2011. The all members of the committee on that date were present in the meeting.

d) Remuneration Policy

The Compensation Committee determines and recommends to the Board the amount of remuneration payable to managerial persons. The recommendations of the Committee are based on evaluation of certain parameters of managerial persons.

e) Details of remuneration to the directors

- Independent and non- executive director: During the period under review, the Company has not paid any remuneration to its independent and non- executive directors except sitting fees in accordance with Companies Act, 1956 for attending the meetings.
- Executive Director: Mr. Natrajhen, Executive Director of the Company was appointed on November 11, 2011 and drawn remuneration of Rs.3.46 million in the financial year ended March 31, 2012 which includes proportionate of (a) Basic Salary- Rs.2,71,250 per month, (b) Conveyance Allowance- Rs.10,000 per month, (c) Supplementary Allowance - Rs.324,325 per month, (d) Other Allowance - Rs.135,625 per month, (e) Medical reimbursement: Rs.15,000 per annum, (f) Unfurnished residential accommodation and other benefits which includes Car facility with Driver, Contribution to Provident Fund, Gratuity as per law, Personal Accident Insurance, and Medical Insurance for self and dependents as per Company's Rules.

5. 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, transfer of shares, Redressal of complaints and other investors' related matters.

Mr. Chandan Sand, GM (Legal) & Company Secretary is the Compliance Officer.

During the period April 2011- March 2012, the Company has received 144 letters/ complaints from shareholders and replied/ redressed the same to the satisfaction of shareholders. Six complaints were pending as on March 31, 2012 and have been resolved thereafter.

6. RISK MANAGEMENT

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

The system of risk assessment and follow-up procedure is in place. However, considering future expansion plans the Company continuously strive to improve upon its risk management plan.

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

Brief resumes and other information in respect of Directors seeking appointment/ re- appointment are provided separately under the explanatory statement of Notice of the 28th Annual General Meeting.

9. GENERAL BODY MEETINGS

Details of the Annual General Meetings (AGM) held in the last three years

AGM	Date and Time	Venue	Special Resolutions Passed
25th AGM (2008-09)	December 23, 2009 at 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 (2009-10)	August 27, 2010 at 3.00 p.m.	Air Force Auditorium, Subroto Park, New Delhi- 110010	Not applicable
27th AGM* (2010-11)	September 29, 2011 at 10.00 a.m.	The Kalaignar Arangam, Anna Arivalayam, 367/369, Anna Salai, Teynampet, Chennai-600018	▪ Issue and allotment of equity shares upto 35,977,619 to Mr. Kalanithi Maran, Promoter of the Company on preferential basis.

* Consequent upon change of Registered Office from Union Territory of Delhi to State of Tamil Nadu, the 27th AGM was held in Chennai.

Postal Ballot

During the year under review no resolution was passed through postal ballot. However, a postal ballot exercise was initiated in the month of March 2012, which was completed in April 2012. The following resolutions were passed through that postal ballot exercise:

1. Allotment of equity shares not exceeding 42,900,000 to Mr. Kalanithi Maran, Promoter of the Company on preferential basis.
2. Appointment of Mr. S. Natrajhen as a Whole-time Director of the Company to be designated as "Executive Director"

In accordance with Section 192A of the Companies Act, 1956 read with Companies (Passing of the Resolutions by Postal Ballot) Rules, 2011, the Postal Ballot Forms were sent to all the members whose names appear in the Members Register/ Records as on February 24, 2012 along with Notice and the Explanatory Statement.

The postal ballot exercise was conducted by Mrs. Lakshmmi Subramanian, Practicing Company Secretary, who was appointed as Scrutiniser by the board. The result of the postal ballot was announced by the Chairman on April 4, 2012 and same was published in newspapers and also posted on the website of the Company, www.spicejet.com.

As per the report of Scrutiniser dated April 4, 2012 details of voting pattern are as under:

S. No.	Description	Allotment of equity shares not exceeding 42,900,000 to Mr. Kalanithi Maran, Promoter of the Company on preferential basis			Appointment of Mr. S. Natrajhen as a Whole-time Director of the Company to be designated as "Executive Director"		
		No. of Ballots	**No. of Shares**	**% to Shares**	**No. of Ballots**	**No. of Shares**	**% to Shares**
1	Total number of Postal Ballot received	1,897	241,233,084	-	1,897	241,233,084	-
	Less: *total no. of postal ballot treated as invalid due to technical reasons*	129	14,624,758	-	199	14,670,888	-
	Less: *Votes not casted*	-	4,434	-	-	6,564	-
2	Total Number of Postal Ballot treated as valid	1,768	226,603,892	-	1,698	226,555,632	-
3	**Votes in favour**	**1,546**	**226,368,416**	**99.99%**	**1,555**	**226,387,243**	**99.93%**
4	**Votes against**	**222**	**235,476**	**0.01%**	**143**	**168,389**	**0.07%**
5	**Total (3+4)**	**1,768**	**226,603,892**	**100%**	**1,698**	**226,555,632**	**100%**

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. J. Ravindran, the Chairman of the Audit Committee was not present at the previous Annual General Meeting of the Company as he was on a business visit outside the venue city of the AGM.

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)/ Financial Express (English) all editions and Malaisudar (Tamil) Chennai 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

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

13. GENERAL SHAREHOLDER INFORMATION

Venue, date and time of the 28th Annual General Meeting	Venue: The Kalaignar Arangam, Anna Arivalayam, 367/369, Anna Salai, Teynampet, Chennai – 600 018 Date: September 26, 2012 Time: 10:00 a.m.	
Financial year	April 1, 2011 to March 31, 2012	
Book Closure dates	September 21, 2012 to September 26, 2012	
Dividend payment date	Not Applicable	
Listing on Stock Exchange	BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001 (Equity Shares)	
Stock Code	BSE Code	500285
	Reuters Code	SPJT.BO
	Bloomberg Code	SJET
ISIN in NSDL and CDSL for shares	INE285B01017	
Listing fees for financial year 2012-13	Paid	

14. MARKET PRICE DATA*

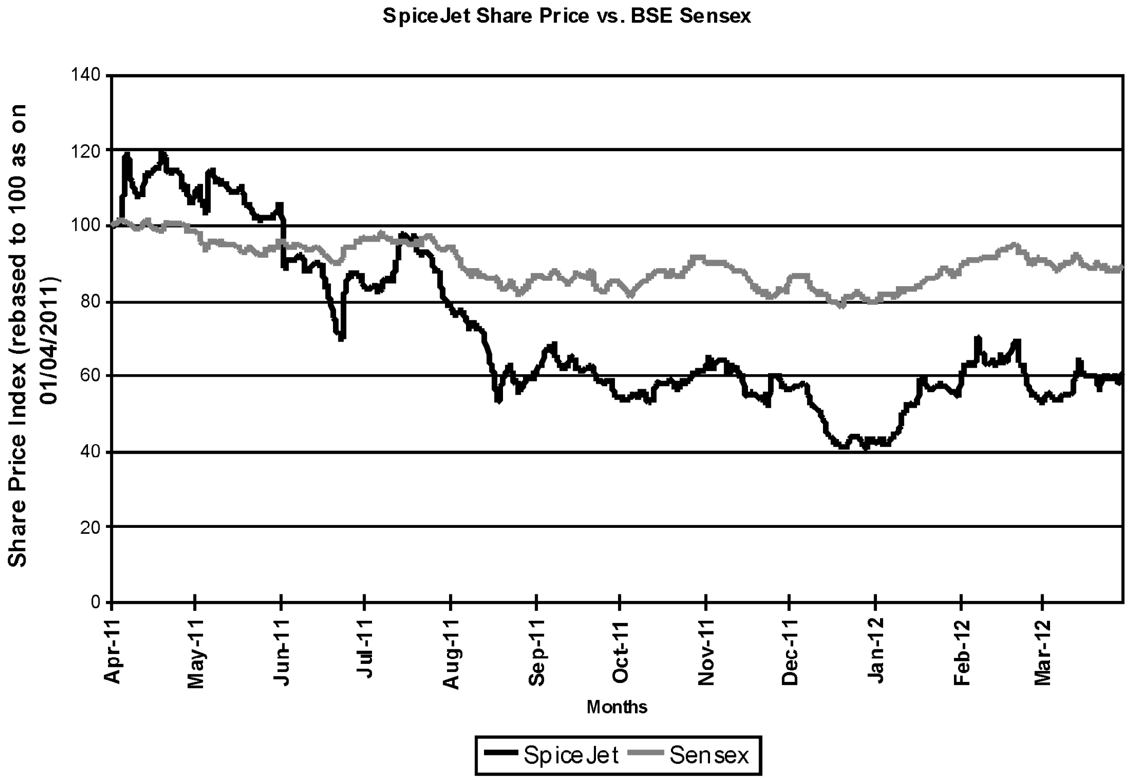
The market capitalisation of the Company is included in the computation of BSE 500 Index. The table below sets out the monthly high and low quotations of the shares traded at BSE Limited during the period under review:

Month	Open Price	High Price	Low Price	Close Price
Apr-11	38.10	47.20	38.10	41.00
May-11	41.70	45.70	39.00	40.70
Jun-11	41.20	42.50	26.90	32.90
Jul-11	33.10	39.65	30.10	31.60
Aug-11	32.00	32.20	19.30	22.95
Sep-11	23.45	27.25	21.10	21.25
Oct-11	21.15	24.40	20.20	23.80
Nov-11	23.80	26.20	20.05	22.05
Dec-11	22.70	22.95	15.35	16.85
Jan-12	17.05	24.60	15.95	21.15
Feb-12	21.70	29.40	21.00	21.10
Mar-12	21.00	25.95	20.35	23.55

* Source: www.bseindia.com

15. 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, 2011 to March 31, 2012.



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

16. REGISTRAR AND TRANSFER AGENTS

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

17. 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 certificates are returned within statutory time limits, provided the documents submitted are valid and complete in all respect.

18. SHAREHOLDING PATTERN AS ON MARCH 31, 2012

S. No.	Category	No. of Shares	Percentage
1.	Promoters	192,428,305	43.59%
2.	Banks	500	0.00%
3.	Bodies Corporate	58,379,143	13.22%
4.	Employees	642,716	0.15%
5.	Foreign Institutional Investors	11,532,711	2.61%
6.	HUF	3,748,781	0.85%
7.	Mutual Funds	56,655,419	12.83%
8.	Non Resident Indians	5,839,528	1.32%
9.	Resident Individuals	110,847,892	25.11%
10.	Others	1,374,735	0.31%
	TOTAL	**441,449,730**	**100.00%**

19. DEMATERIALISATION OF SHARES AND LIQUIDITY

Over 97% of the outstanding shares have been dematerialized upto March 31, 2012. The Shares of the Company are listed at BSE only; where they are actively traded.

20. OUTSTANDING GDR/ WARRANTS AND CONVERTIBLE BOND

The Company has no outstanding GDR/ Warrants and Convertible Bond.

21. PLANT LOCATIONS

The Company does not have plant location.

22. ADDRESS FOR CORRESPONDENCE

(a) For shares in physical/ demat mode

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

(b) Any query on Annual Report

GM (Legal) & Company Secretary,
SpiceJet Limited,
319, Udyog Vihar, Phase-IV,
Gurgaon - 122016 Haryana
www.spicejet.com

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH COMPANY'S CODE OF CONDUCT

I, Neil Raymond Mills, Chief Executive Officer of the Company hereby certify that the Board of Directors of SpiceJet Limited has adopted a Code of Conduct ("the Code") for the Board Members and Senior Management of the Company. The Code is available on the website of the Company at www.spicejet.com.

Pursuant to Clause 49(I)(D)(ii) of the Listing Agreement, I hereby declare that all Board Members and Senior Management personnel have affirmed compliance with the Code for the financial year ended March 31, 2012.

Sd/-
Neil Raymond Mills
Chief Executive Officer

Place: Chennai

Date: July 30, 2012

MANAGEMENT DISCUSSION AND ANALYSIS

1. Economy and Prospects

a) Economy

The Indian economy grew by 6.5 per cent in 2011-12, dragged by a record low of 5.3 per cent in the 4QFY12 after having grown at the rate of 8.4 per cent in each of the two preceding years. This is significantly lower than the advance estimates of 6.9 per cent released earlier in the economic survey 2012. This indicates a slowdown compared not just to the previous two years but 2003 to 2011 (except 2008-9). At the same time, it must be noted that by any cross country comparison, India remains among the front-runners. With agriculture and services continuing to perform well, India's slowdown can be attributed almost entirely to the weakening industrial growth.

Industry continues to be the most stressed sector as it grew at a mere 3.4 per cent in FY12, mainly due to the de-growth in mining and tepid growth in manufacturing sector. Though the services sector grew at a robust 8.9 per cent in FY12, its growth has fallen below 9 per cent mark for the first time since 2004-05. Private consumption growth dropped sharply to 5.5 per cent in FY12 as compared to 8.1 per cent in FY11. Because of slow decisions by Government, the investment demand dropped to 5.5 per cent in FY12 as against 7.8 per cent in the previous fiscal. Further, exports growth also dropped to 15.3 per cent in FY12 as against 22.7 per cent in FY11 due to weak global environment.

Inflation as measured by the wholesale price index (WPI) was high during most of the current fiscal year, though by the year's end there was a clear slowdown. Food inflation, in particular, has come down to around zero, with most of the remaining WPI inflation being driven by non-food manufacturing products. Monetary policy was tightened by the Reserve Bank of India (RBI) during the year to control inflation and curb inflationary expectations. The slowing inflation reflects the lagged impact of actions taken by the RBI and the government. Reflecting the weak manufacturing activity and rising costs, revenues of the centre have remained less than anticipated; and, with higher than- budgeted expenditure outgo, a slippage is expected on the fiscal side.

The global economic environment, which has been tenuous at best throughout the year, turned sharply adverse in September 2011 owing to the turmoil in the eurozone, and questions about the outlook on the US economy provoked by rating agencies. However, for the Indian economy, the outlook for growth and price stability at this juncture looks more promising. There are signs from some high frequency indicators that the weakness in economic activity has bottomed out and a gradual upswing is imminent.

On the exchange rate for the current fiscal, on month-to-month basis the rupee depreciated by 13.7% percent from 44.97 per US dollar in March 2011 to 51.16 per US dollar in March 2012.

b) Prospects, Short Term and Medium Term

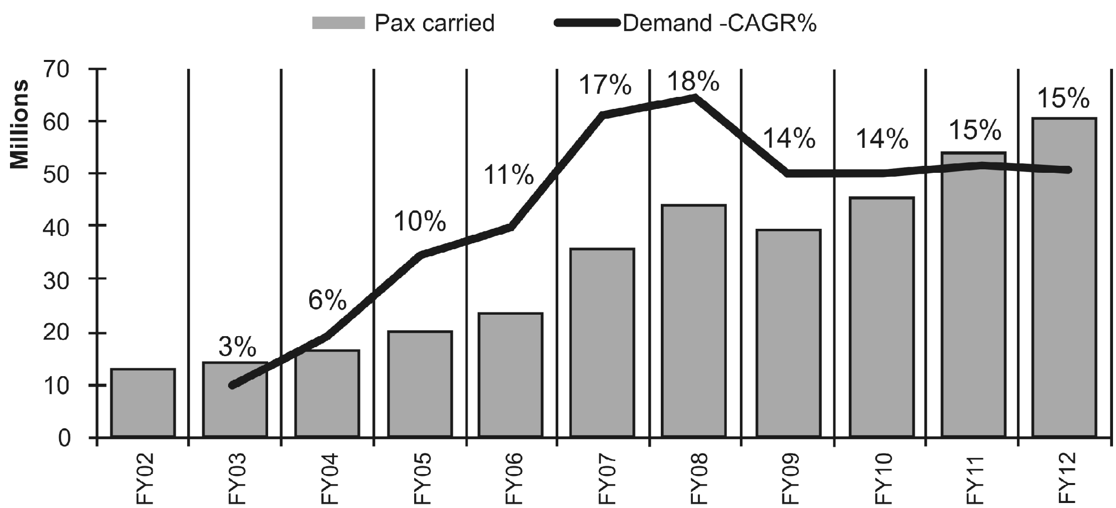
The financial crisis in Europe, along with certain exogenous shocks like the Japanese nuclear disaster, has resulted in a sharp global economic slowdown during 2011-12. The entire world, especially Europe, is treading with caution and working on devising novel cures for the problems on hand. Thanks to India's rapid growth over the last two decades and growing integration with the world, it can no longer be impervious to global developments. Not surprisingly, the Indian economy has also been adversely affected and its GDP growth declined to 6.5 per cent during the current year, somewhat mirroring what happened in 2008-9, when growth was 6.7 per cent; and the pressure is on for the nation to improvise policies to revive growth.

There is no doubt that a part of India's slowdown is rooted in domestic causes. The persistent inflation that remained over 9 per cent for much of the year and needed to be tamed played a role. There were also the pressures of democratic politics, which slowed reforms. Calculations based on tracking several statistical indicators and projections of incremental capital-output ratios lead to a forecast of the growth rate of real GDP for 2012-13 to be 7.6 (+/-0.25) per cent.

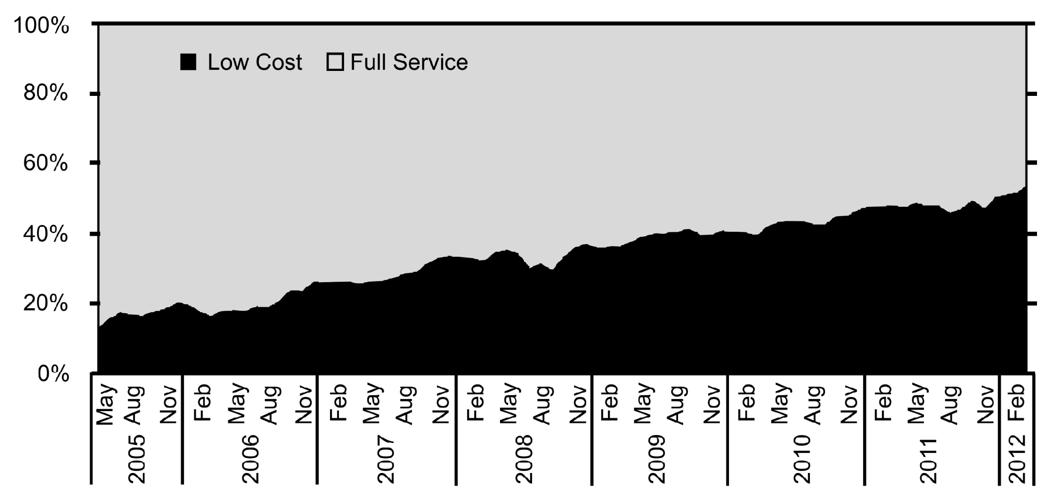
The main reason for the recovery to be initially slow is the slight decline in investment rate. But as fiscal consolidation gets back on track, savings and capital formation should begin to rise. Moreover, with the easing of inflationary pressures in the months to come, there could be a reduction in policy rates by the RBI, which would encourage investment activity that could have a positive impact on growth. These factors, along with the fact that India's investment rate at 35.1 percent is still an impressive figure, should result in growth consolidating in 2012-13 and picking up rapidly thereafter. Preliminary calculations suggest that the growth rate of GDP in 2013-14 will be 8.6 per cent.

2. Indian Aviation

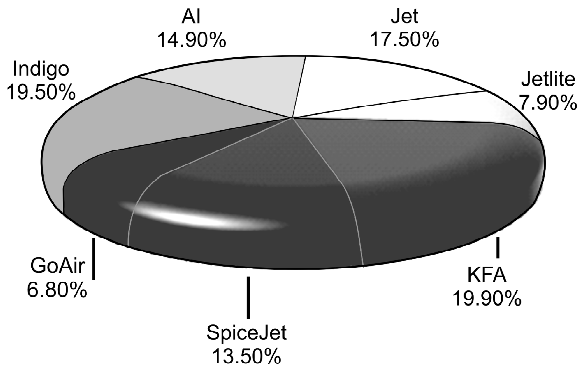
The Indian Aviation market grew by 12.1% (and a CAGR of 14.5%), which was lower than the previous year. Domestic passengers carried during this year stood at 60.61 million. The first half of the financial year witnessed growth in supply due to excess capacity and the second half of the year witnessed stability in the supply side. Airlines had built in capacity anticipating sanction of international routes which happened much later during the fourth quarter of the financial year. Few airlines had the growth in their market shares as their priority and this lead to dilution of fares to a larger extent, affecting profitability to a greater extent. Sanity returned to the market close to the end of the financial year when one airline reduced its operation to a larger extent and another airline decided not to drop fares.



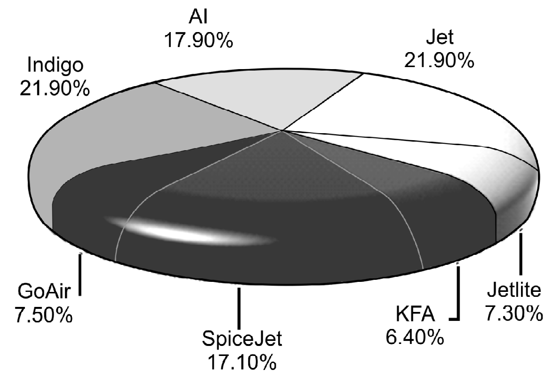
The market share of Low cost airlines saw a sizeable increase at the cost of the full service carriers. The market shares of the LCC increased to 54%. This clearly demonstrates that the market share growth is driven more by the cost conscious leisure and holiday travel as the business travel remained stagnant on account of the slow growth of economy.



The market share of all the airlines is as illustrated between the two fiscal ending 2011 & 2012. During the fiscal SpiceJet increased its market share from 13.5% to 17.1%



As on Mar' 11



As on Mar' 12

The cost side however was severely impacted on account of unprecedented rise in fuel prices. International crude prices went beyond USD 120 per barrel and this coupled with the increase in dollar rates, pushed the cost of fuel to 56%. The profitability of all the airlines was stressed on account of fuel and dollar rates, impacting its profitability to a larger extent.

3. Developments at SpiceJet

a) Shareholder Consolidation

After the change in the management in SpiceJet, 2011-12 saw consolidation of the same. The promoter, Mr. Kalanithi Maran increased his stake from 38.6% to 43.6% of the shareholding in October 2011 and then to 48.6% in April, 2012. This clearly demonstrated his faith in the Company and his long term vision of building SpiceJet into a reliable and profitable airline.

b) New Fleet Type

SpiceJet had taken a decision to expand its operation to Tier II and Tier III cities to provide better connectivity to domestic passengers. This decision was driven by the fact that India had airports which were limited by infrastructure constraints to accommodate jets, thereby open the markets to another 50 airports which could be served by Turbo-propeller aircraft type. The choice of aircraft led to the selection of Bombardier Q400, the next Gen Turboprop aircraft. This proved beneficial to SpiceJet as the Q400 became an immediate success and helped the Company to strengthen its network connectivity. The Company had chosen Hyderabad as its initial hub followed by Chennai.

c) Domestic Stations

The introduction of Q400 in the fleet did see opening up of new opportunities to add to the domestic networks. The Company created record of sorts by opening 9 domestic airports in a matter of 16 days to put the Q400 into operations. Addition of Boeing fleet also helped in adding few stations to the network. SpiceJet increased its domestic network from 22 stations to 34 during the financial year 2011-12.

d) International Operations

After commencing its first international operations during the previous year to Colombo and Kathmandu, the Company did not receive necessary approvals to additional international sector till recently, when the Ministry of Civil Aviation had sanctioned eight international routes to SpiceJet and plans are being made to commence the operations sooner.

e) **Future Operations**

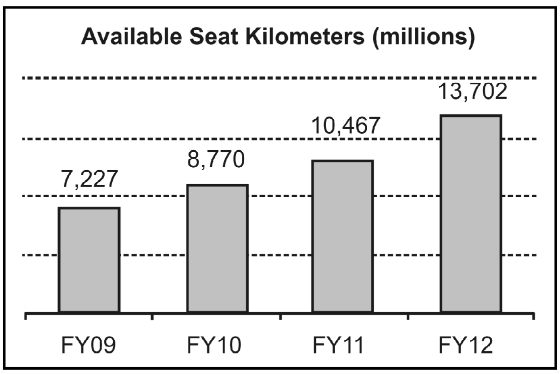
The company has plans to make Delhi as its next hub for the Q400 operations to expand its network in North of India. The addition to the Boeing fleet may be used to reach out to domestic passengers during the day and to the international passengers during the night enabling efficient usage of the fleet.

f) **Awards and Recognitions**

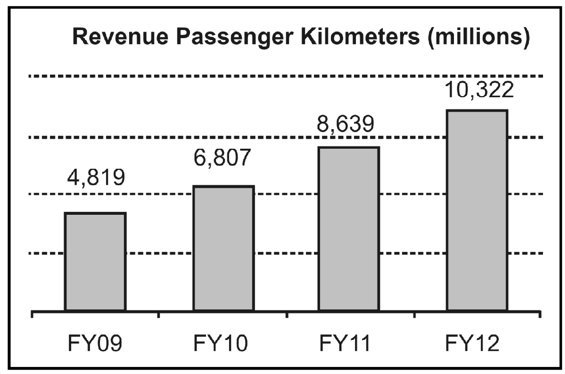
The Company was receipient of two awards during this fiscal year namely "India's most Outstanding Airline LCC-Domestic" by Travel and Hospitality and "Best website at World Low Cost Airlines Asia Pacific Conference".

4. Operational and Financial Highlights

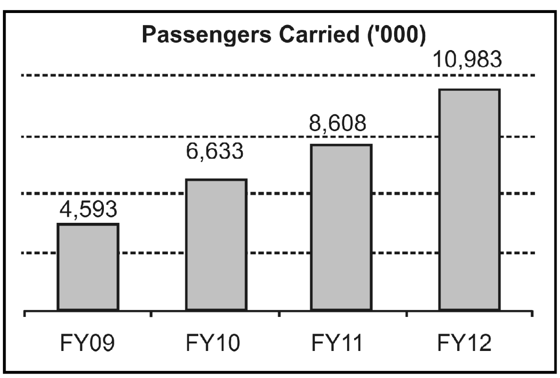
a) Operational Highlights



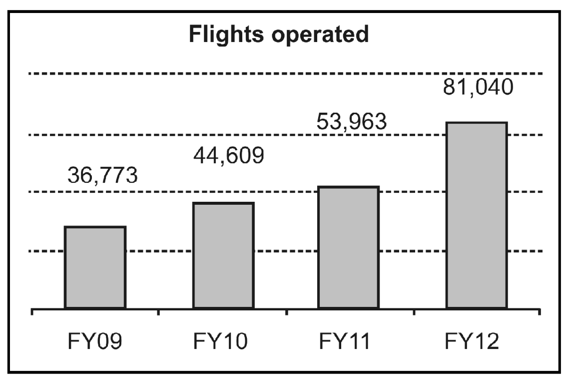
Capacity deployed in ASKM increased by 31% due to aircraft induction of Boeing 737 and Bombardier Q400.



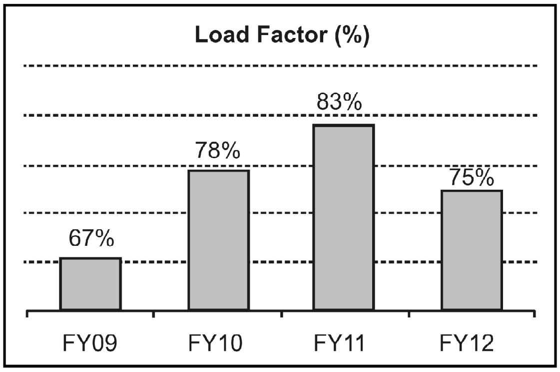
RPK's grew by 20% and this growth was impacted by marginally lower load factors during the financial year and deployment of the aircraft on relatively shorter sectors.



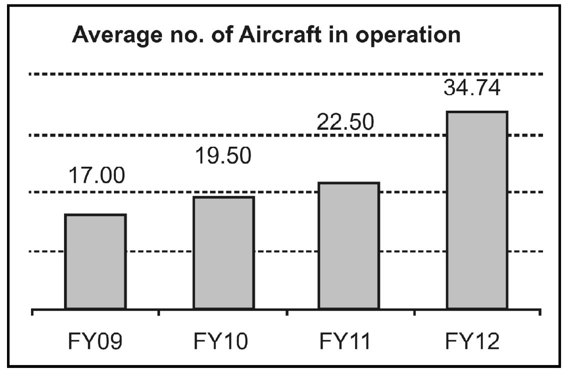
Passengers carried witnessed a growth of 27%.



Flights operated increased by 50% due to induction of new Boeing 737 and Bombardier Q400.

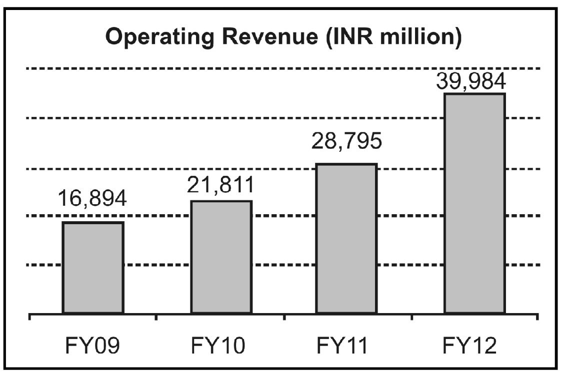


Load factors fell down by 8% due to general state of economy and the Company increasing fares to offset costs.

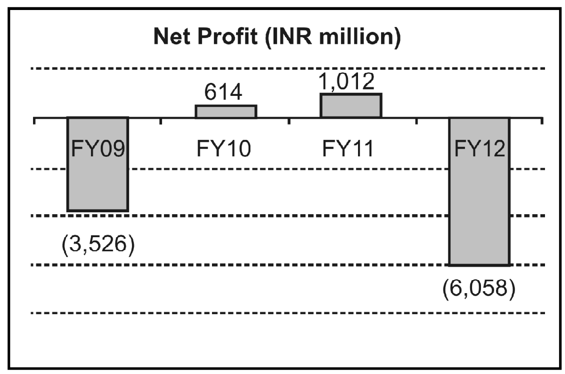


Average number of Aircraft in operation increased by 51% due to induction of new Boeing 737 and Bombardier Q400.

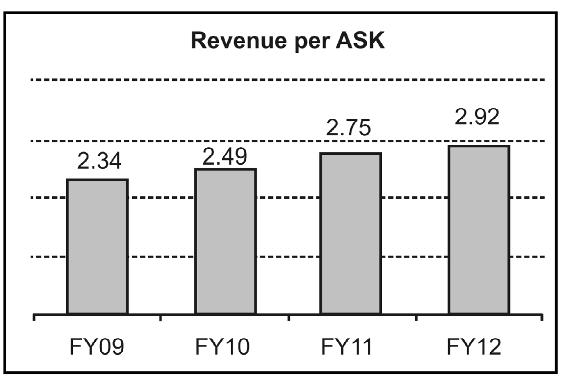
b) Financial Highlights



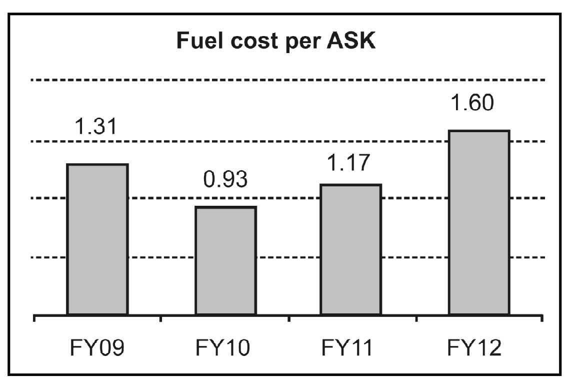
Operating revenue increased by 39% due to addition of aircrafts.



Net loss was due to the steep rise in fuel prices and rise in USD exchange rate which could not be passed in totality to the passengers due to irrational competition.



6% increase in Revenue per ASKM deployed due to better yield.



Effective fuel cost per ASK was higher by 37% due to rise in fuel price by Rs.14.7 per litre over the previous year coupled with depreciating rupee.

c) **Revenues**

SpiceJet's total revenues increased by 35.6% to Rs. 40,191 million in FY 2011-12 from Rs. 29,639 million in FY 2010-2011.

Revenue from operations increased by 37% to Rs. 39,433 million in FY 2011-12 from Rs.28,770 million in FY 2010-11. This increase was driven by better capacity utilization.

Revenue from carriage of cargo increased by 21% to Rs.1,969 million in FY 2011-12 from Rs. 1,631 million in FY 2010-11.

Other Income during FY 2011-12 decreased by 13% to Rs. 758 million from Rs. 863 million due to lower income from sale and lease back transactions and a reduction in interest income.

d) **Expenses**

Total operating expenses for FY 2011-12 increased by 64% to Rs37,079 million from Rs.22,547 million in FY 2010-11.

Operating Expense	FY 2012 (in mn)	FY 2011 (in mn)	Variance
Aircraft Turbine Fuel	21,961	12,262	79%
Lease Charges - aircraft and engines	6,019	4,285	40%
Aircraft maintenance cost	5,121	2,981	72%
Aviation insurance	200	182	9%
Landing, navigation and other airport charges	2,596	1,761	47%
Cost of inflight food and beverages	441	361	22%
Aircraft navigation software charges	366	264	38%
Other operating expenses	375	449	(16%)

i) **Aircraft Turbine Fuel**

Expenditure on aircraft fuel increased by 79% to Rs.21,961 million in FY 2011-12 from Rs.12,262 million in FY 2010-11. This increase is mainly due to increase in average price of aviation turbine fuel and depreciating rupee.

ii) **Lease Charges - aircraft and engines**

Expenditure on aircraft lease rental increased by 40% to Rs. 6,019 million in FY 2011-12 from Rs. 4,285 million in FY 2010-11, this increase is mainly due to increase in the fleet size and depreciating rupee.

iii) **Aircraft Maintenance Cost**

Expenditure on aircraft maintenance cost increased by 72%. The increase in maintenance and repair costs in FY 2011-12 was essentially due to increased volume of operations, depreciating rupee and major engine repairs.

iv) **Other Operating Expenses**

Other operational expenses increased by 32%. The increase in landing, navigation, other airport charges, in flight & other passenger amenities and other operating costs was primarily due to the increase in the rates by airport operators, as well as increase in the number of flights operated and number of passengers carried compared to the previous year.

v) **Employee Benefits Expenses**

Expenses with regard to employee remuneration and benefits increased by 65% to Rs.4,029 million in FY 2011-12 from Rs.2,439 million in FY 2010-11.

vi) Selling Expenses

Selling expenses increased by 29% to Rs.2,704 million for FY 2011-12 from Rs.2,094 million for FY 2010-11. This increase was mainly due to increase in revenue.

vii) Other Expenses

Other expense increased by 48% mainly due to increase in crew costs, travel and conveyance due to increase in operation.

viii) Finance Cost

Finance cost have increased during the Fiscal year 2012 by 402% from Rs.104 million to Rs.523 million mainly due to induction of seven Bombardier Q400 aircraft.

ix) Depreciation

Depreciation increased by 248% to Rs.310 million in FY 2011-12 from Rs.89 million in FY 2010-11. The increase was mainly due to depreciation on newly inducted 7 Bombardier Q400 aircraft.

5. 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. Despite of slowdown in global economy, Indian economy witnessed a growth of 6.5% and correspondingly Indian aviation industry has grown at 1.8 times this GDP growth (YoY). These trends during a difficult year prove that there is a vast scope for profitable operation in aviation.

The biggest risk facing your Company in recent times continues to be the high levels of exchange rate and oil prices. In the normal course, as is commonly witnessed in most industries, these costs ought to have been passed on to the customers. However, your Company has witnessed firming up of prices during last quarter of 2012 which is expected to continue. This will help realise yields to reflect the cost of operation to greater extent.

6. Future Outlook for SpiceJet:

In the last 7 years of operations, your Company has continued to maintain its efficiency in asset utilisation which has resulted in being one of the lowest seat cost provider in Indian aviation. Your Company's brand has received various accolades and recognitions, which drives consumers' preference.

While the industry outlook for financial year 2012-13 looks a bit challenging, SpiceJet has secured various international destinations and will endeavour to secure more for the second half of financial year 2013. This will result in additional aircraft utilisation and secure better yields. This will also offset the risk of infusion of additional capacities into domestic sector.

Your Company's Bombardier Q400 foray continues to consolidate and this will provide connectivity to tier II and III cities. These airports due to its infrastructure constraints give your Company a distinct competitive advantage.

With this three fold strategy of Boeing 737 domestic, international and Bombardier Q400 domestic operations, SpiceJet stands a point of providing seamless connection to a large section of consumers and being a true national carrier.

7. Human Resources

We recognise that the success of Company is deeply embedded in the success of its human capital. During the period under review, SpiceJet encouraged its employees to attend internally and externally offered Training sessions to optimize the employee motivation and potential retention. We also encourage employee bonding events which are designed to create team experiences that bring the team together, stimulating team identity, spirit and belonging. Based upon the nominations received from various departments across stations, we have trained employees in various team building and soft skills.

The strength of the workforce of the Company at the year end was 4,684.

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, 2012 and also the Statement of Profit and Loss 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 more detailed in note 34 (a) of the financial statements, no provision has been made for interest of Rs 74.71 million up to March 31, 2012, relating to earlier years, on the outstanding inter-corporate deposits taken by the Company. Had the same been accounted for, the net loss for the year ended March 31, 2012 and accumulated losses as at that date would have been higher by Rs 74.71 million, in this regard. Our audit report for the year ended March 31, 2011 was also qualified in respect of the above matter.*

4. *As more detailed in note 26 of the financial statements, the Company has not accounted for the foreign exchange differences on foreign currency borrowings to the extent they are regarded as an adjustment to interest cost as defined under paragraph 4(e) of Accounting Standard 16 – Borrowing Costs, as required under the said standard. In the absence of information relating to interest on comparable local borrowings, we are unable to comment on the consequential effect of the above on the loss for the year ended March 31, 2012.*

5. Without qualifying our opinion, we draw attention to Note 2 (a) of the financial statements. The Company's operating results has been materially affected due to various factors and as at March 31, 2012, the Company's accumulated losses has fully eroded the net worth of the Company. Based on the mitigating factors discussed in the said note, management believes that the going concern assumption is appropriate and no adjustments have been made in the financial statements for the year ended March 31, 2012.

6. 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.

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

   i. *Except for the matter referred to in paragraph 4 above,* 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, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;

iv. In our opinion, *except for the matters referred to in paragraphs 3 and 4 above,* the balance sheet, statement of profit and loss 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, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 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, *except for the effect of the matter stated in paragraph 3 above, and the possible effects of the matter stated 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, 2012;
b) in the case of the statement of profit and loss, of the loss 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
Chartered Accountants
Firm registration number: 101049W

per S Balasubrahmanyam
Partner
Membership No.: 053315

Chennai
May 30, 2012

Annexure referred to in paragraph 6 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 explanations 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 Companies (Auditor's Report) Order, 2003 ("CARO" or "Order) are not applicable to the Company and hence not commented upon.

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

(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 Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of 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 of the Company and nature of its business.

(viii) To the best of our knowledge and as explained, the Central Government has not prescribed the 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) The Company is regular in depositing with appropriate authorities undisputed statutory dues including investor education and protection fund, employees' state insurance, customs duty, cess and other material statutory dues applicable to it *except for undisputed statutory dues relating to provident fund, income-tax, sales-tax and service tax, which have not been regularly deposited with the appropriate authorities and there have been delays in large number of cases.* The provisions relating to excise duty and wealth tax are not applicable to the Company.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of employees' state insurance, income-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The undisputed dues in respect of provident fund which were outstanding at the year-end for a period of more than 6 months from the date they became payable are as follows:

Name of the statute	Nature of dues	Amount (Rs. In million)	Period to which the amount relates	Due Date
Employees' Provident Funds and Miscellaneous Provisions Act, 1952	Provident Fund Contributions in respect of International Workers	77.95	November 2008 to February 2011	March 14, 2011

As more detailed in note 34 of the financial statements, subsequent to the year end, the Company has filed a writ petition with the Hon'ble Delhi High Court disputing the above demand.

(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs. In million)	Period to which the amount relates	Due Date
Indian Customs Act, 1962	Penalty upon delay in payment of customs duty	82.69	March 1996 to August 1996	High Court of Delhi

(x) *Without considering the effects / possible effects of the matters stated in paragraphs 3 and 4 of our auditor's report, the Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth. The Company has incurred cash loss during the year*. In the immediately preceding financial year the Company had not incurred cash loss.

(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 institutions or banks. The Company has no dues to debenture holders.

(xii) According to the information and explanations given to us and based on the documents and records produced to 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, *we report that funds amounting to approximately Rs. 7,344.98 million raised on short term basis by way of working capital inflows have been used for funding the operating losses of the Company*.

(xviii) The Company has made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956. In our opinion the price at which shares have been issued is not prejudicial to the interest of the Company.

(xix) The Company did not have any outstanding debentures during the year.

(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. 0.69 million of sales wherein travel tickets were purchased by passengers through unauthorized usage of credit cards.* This amount has been charged to the statement of profit and loss for the year.

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

per S Balasubrahmanyam
Partner
Membership No.: 053315

Chennai
May 30, 2012

Balance Sheet as at March 31, 2012

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

	Notes	March 31, 2012	March 31, 2011
Equity and Liabilities			
Shareholders' Funds			
Share capital	3	4,414.50	4,053.78
Reserves and surplus	4	(5,945.13)	(842.73)
		(1,530.63)	**3,211.05**
Non-Current Liabilities			
Long-term borrowings	5	6,504.35	-
Trade payables	6 (i)	718.73	195.19
Other long-term liabilities	6 (ii)	135.18	-
Long-term provisions	7	84.68	56.91
		7,442.94	**252.10**
Foreign currency monetary item translation difference account - non-current		55.16	-
Current Liabilities			
Short-term borrowings	8	2,050.00	550.00
Trade payables	9 (i)	4,701.27	2,687.45
Other current liabilities	9 (ii)	6,915.83	4,368.92
Short-term provisions	10	65.67	26.54
		13,732.77	**7,632.91**
Foreign currency monetary item translation difference account - current		3.15	-
Total		**19,703.39**	**11,096.06**
Assets			
Non-current Assets			
Fixed Assets			
Tangible assets	11	8,496.65	853.38
Intangible assets	12	5.47	14.10
Capital work-in-progress		0.64	1.60
Long-term loans and advances	13	4,701.32	5,720.06
Other non-current assets	14	2,156.28	1,688.50
		15,360.36	**8,277.64**
Current Assets			
Inventories	15	316.53	203.50
Trade receivables	16 (i)	204.09	171.82
Cash and bank balances	17	2,359.07	140.03
Short-term loans and advances	18	1,334.57	2,159.35
Other current assets	16 (ii)	128.77	143.72
		4,343.03	**2,818.42**
Total		**19,703.39**	**11,096.06**
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

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

per S Balasubrahmanyam
Partner
Membership No: 053315

Place: Chennai
Date: May 30, 2012

For and on behalf of the Board of Directors

Kalanithi Maran	**S Natrajhen**	**Chandan Sand**
Chairman	**Executive Director**	**Company Secretary**
Chennai	Chennai	Chennai
May 30, 2012	May 30, 2012	May 30, 2012

Statement of Profit and Loss for the year ended March 31, 2012

(All amounts are in millions of Indian Rupees except in respect of number and per share information unless otherwise stated)

	Notes	March 31, 2012	March 31, 2011
Income			
Revenue from operations	19	39,432.62	28,769.68
Other income	20	758.52	869.47
Total Revenue [I]		**40,191.14**	**29,639.15**
Expenses			
Operating expenses	21	37,079.00	22,546.60
Employee benefit expense	22	4,028.72	2,439.26
Selling expenses	23	2,704.20	2,094.67
Other expenses	24	1,604.35	1,083.41
Total Expenses [II]		**45,416.27**	**28,163.94**
Earnings before interest, tax, depreciation and amortization (EBITDA) [I-II]		**(5,225.13)**	**1,475.21**
Depreciation and amortization expense	11 & 12	309.98	89.10
Finance costs	25	522.57	104.42
Profit / (Loss) before tax and prior period items		**(6,057.68)**	**1,281.69**
Tax expenses			
- Current tax		-	(247.37)
Profit / (Loss) after tax and prior period items		**(6,057.68)**	**1,034.32**
Prior period items - Aircraft maintenance cost		-	(22.77)
Profit / (Loss) for the year		**(6,057.68)**	**1,011.55**
Earnings per share information: (Also refer note 27)			
- Basic earnings per share		(14.35)	2.80
- Diluted earnings per share		(14.35)	2.49
Nominal value of equity share		10.00	10.00
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.R. BATLIBOI & ASSOCIATES	**For and on behalf of the Board of Directors**		
Chartered Accountants			
Firm Registration No.: 101049W			
per S Balasubrahmanyam	**Kalanithi Maran**	**S Natrajhen**	**Chandan Sand**
Partner	**Chairman**	**Executive Director**	**Company Secretary**
Membership No: 053315			
Place: Chennai	Chennai	Chennai	Chennai
Date: May 30, 2012	May 30, 2012	May 30, 2012	May 30, 2012

Notes to the financial statements for the year ended March 31, 2012
(All amounts are in millions of Indian Rupees, unless otherwise stated)

Cash Flow Statement

		March 31, 2012	March 31, 2011
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit / (Loss) before tax	(6,057.68)	1,281.69
	Non-cash adjustment to reconcile profit before tax to net cash flows		
	Depreciation and Amortisation	309.98	89.10
	Employee stock option cost	1.21	(24.54)
	Prior period items	-	(22.77)
	Provision for doubtful debts	(2.33)	1.91
	Interest income	(211.42)	(262.15)
	Interest expense	522.57	48.30
	Income from free of charge material received	-	(18.43)
	Loss on sale of assets (net) / assets written off	15.92	4.32
	Rotables and tools written off - Prior period	-	16.14
	Translation loss / (gain) on monetary assets and liabilities	(76.62)	107.42
	Profit on sale of aircraft under sale and lease back arrangements (net)	(39.96)	(138.68)
	Operating profit / (loss) before working capital changes	**(5,538.33)**	**1,082.31**
	Movements in working capital:		
	(Increase)/Decrease in trade receivables and other assets	(32.27)	17.78
	(Increase)/Decrease in Loan and advances	541.73	(842.46)
	(Increase)/Decrease in Inventories	(113.03)	(37.85)
	Increase/(Decrease) in trade payables and other liabilities	3,998.26	(401.19)
	Increase / (Decrease) in provisions	66.90	(18.78)
	Cash generated / (used) in operations	**(1,076.74)**	**(200.19)**
	Income taxes paid (net of refunds)	24.28	(255.02)
	Net Cash flow from / (used) in operating activites (A)	**(1,052.46)**	**(455.21)**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets	(6,278.93)	(3,201.65)
	Net proceeds on purchase and sale of aircrafts *	39.96	138.68
	Sale of fixed assets	-	29.46
	Margin money deposits placed	(2,849.22)	(1,696.01)
	Margin money deposits withdrawn	2,399.62	1,479.33
	Investments in bank deposits (having original maturities of more than 3 months)	(1,346.88)	(4,119.79)
	Redemption / maturity of bank deposits (having original maturities of more than 3 months)	1,199.78	5,800.85
	Interest received	178.85	385.05
	Net Cash flow from / (used) in investing activities (B)	**(6,656.82)**	**(1,184.08)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from issue of share capital (including share premium)	1,314.79	573.11
	Proceeds from long-term borrowings	7,934.89	-
	Proceeds from short-term borrowings	2,000.00	500.00
	Repayment of long-term borrowings	(524.69)	(389.46)
	Repayment of short-term borrowings	(500.00)	(39.89)
	Interest paid (Including ancilliary cost for arranging the borrowings)	(451.15)	(124.73)
	Net Cash flow from / (used) in financing activities (C)	**9,773.84**	**519.03**

Notes to the financial statements for the year ended March 31, 2012
(All amounts are in millions of Indian Rupees, unless otherwise stated)

D.	**NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)**	**2,064.56**	**(1,120.26)**
	Effercts of exchange difference on cash and cash equivalents held in foregin currency	(0.52)	-
	Cash and cash equivalents at the beginning of the year	140.03	1,260.29
	Cash and cash equivalents at the end of the year	2,204.07	140.03
	Notes :		
	Components of cash and cash equivalents		
	On current accounts	197.53	115.79
	Deposits with original maturity less than 3 months	2,000.00	17.50
	Cash on hand	6.54	6.74
	Total cash and cash equivalent (note 17)	**2,204.07**	**140.03**

* Transaction settled on net basis.

Summary of significant accounting policies 2

As per our report of even date.

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

per S Balasubrahmanyam
Partner
Membership No: 053315

Place: Chennai
Date : May 30, 2012

For and on behalf of the Board of Directors

Kalanithi Maran	**S Natrajhen**	**Chandan Sand**
Chairman	Executive Director	Company Secretary
Chennai	Chennai	Chennai
May 30, 2012	May 30, 2012	May 30, 2012

1. Corporate Information

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 40 aircrafts across various routes in India as at March 31, 2012. SpiceJet has also obtained 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 previous year, KAL Airways Private Limited and Mr. Kalanithi Maran (collectively referred to as the 'Acquirers') had acquired 38.66% of the then paid-up capital of the Company, including the entire equity holding of Royal Holdings Services Limited (the 'Erstwhile Promoter'). Consequently, the Acquirers have become the largest shareholders in the Company and the Promoters of the Company.

During the year, the Company has issued 35,900,000 shares constituting 5% to Mr. Kalanithi Maran, the promoter of the Company through preferential allotment at a price of Rs.36.48 per share aggregating to Rs.1,309.6 million.

Further, subsequent to the year end, the Company has issued 42,900,000 shares to Mr. Kalanithi Maran, the promoter of the Company through preferential allotment at a price of Rs.23.18 per share aggregating to Rs.994.42 million.

2. Summary of significant accounting policies

a) Basis of preparation of financial statements

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India ('Indian GAAP'). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

The current year's financial statements have been prepared and presented in accordance with the requirements of the revised Schedule VI, as notified under the Companies Act, 1956 and applicable to the Company. The Company has also reclassified previous year figures in accordance with these requirements.

The Company has achieved significant growth in revenues for the year and has also managed to achieve better yields towards the end of the year. However, the Company's operating results has been materially affected by various factors, particularly high aircraft fuel costs, significant depreciation in the value of the currency and general economic slowdown. The Company has been actively implementing various measures such as fare and route rationalization, optimizing aircraft utilization, improving operational efficiencies, renegotiation of contracts and other cost control measures to improve the Company's operating results and cash flows. Subsequent to the close of the financial year, business conditions have improved and the Company expects to perform better in the future. In addition, the Company continues to explore various options to raise finance in order to meet its short term and long term obligations, with the promoters infusing additional capital during and post the year end. The Company believes that these measures will not only result in sustainable cash flows, but also enhance the Company's plans of expansion. Accordingly, the Company's financial statements have been prepared on a going concern basis whereby the realization of assets and discharge of liabilities are expected to occur in the normal course of business.

b) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

c) Tangible 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. Any trade discounts and rebates are deducted in arriving at the purchase price. For accounting periods commencing on or after December 7, 2006, the Company adjusts exchange differences arising on translation / settlement of long term foreign currency monetary items pertaining to the acquisition of a depreciable asset to the cost of the asset and depreciates the same over remaining life of the asset.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

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.

The cost of fixed assets not ready for intended use before such date is disclosed under capital work-in-progress.

d) Depreciation on tangible fixed assets

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%
Aircrafts	5.60%
Rotable and Tools	5.60%

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

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight line basis over the estimated useful economic life.

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

f) Leases

<u>Where the Company is a lessee</u>

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. Lease management fee, legal charges and other initial direct costs of lease are capitalized.

<u>Sale and lease back arrangements</u>

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. If the sale price is below fair value, any profit or loss is recognised immediately except that, if the loss is compensated by future lease payments at below market price, it is deferred and amortised in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess 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.

g) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

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.

h) Impairment of tangible and intangible assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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 money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss.

i) 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 custom duty, taxes, freight and other charges, as applicable and is determined on a weighted average basis.

j) 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. The revenue is recognized net of VAT / Service tax (if any).

<u>Service Income</u>

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.

Revenues from special service requests in the nature of fees charged from passengers for reservation, changes in itinerary, cancellation of flight tickets etc. are recognised as revenues on rendering of the related services.

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.

Training Income

Training Income is recognized upon completion of the related training activities.

Export Incentives

Export incentives are recognized on availment of the benefits under the respective schemes.

Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable. Interest income is included under the head “Other Income” in the statement of profit and loss.

k) Manufacturers incentives

Cash Incentives

The Company receives incentives from Original equipment manufacturers (‘OEM’s’) of aircraft components in connection with acquisition of aircrafts. As the related aircrafts are held under operating lease by the Company, these incentives are recognized as income coinciding with delivery of the related aircrafts.

Non-cash Incentives

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

Non cash incentives relating to aircrafts taken on finance lease are recorded as and when due to the Company by setting up a deferred asset and a corresponding incentive. These incentives are recognized under the head other income in the statement of profit and loss on a straight line basis over the remaining lease period of the related lease.

The deferred asset explained above is reduced on the basis of utilization against purchase of goods and services.

l) 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, along with adequate estimates.

m) Foreign currency translation

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.

Conversion

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

Exchange Differences

With effect from accounting periods commencing on or after December 7, 2006, the Company accounts for exchange differences arising on translation / settlement of foreign currency monetary items as below:

- Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset. For this purpose, the Company treats a foreign monetary item as “long-term foreign currency monetary item”, if it has a term of 12 months or more at the date of its origination.
- Exchange differences arising on other long-term foreign currency monetary items are accumulated in the “Foreign Currency Monetary Item Translation Difference Account” and amortized over the remaining life of the concerned monetary item.
- All other exchange differences are recognized as income or as expenses in the period in which they arise.

n) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions to the respective fund are due. The Company has no obligation, other than the contribution payable to the provident fund.

Gratuity liability under the Payment of Gratuity Act, 1972 is a defined benefit obligation. The cost of providing benefits under this plan is determined on the basis of actuarial valuation at each year-end. Actuarial gains and losses are recognized in full in the period in which they occur in the statement of profit and loss.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains / losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

o) Income taxes

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 tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

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 reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. 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. As 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.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset 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 realized.

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. Any such write-down is reversed to the extent that it becomes reasonably certain that sufficient future taxable income will be available.

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.

p) Employee stock compensation cost

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.

q) 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.

r) 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.

s) 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 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.

t) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non occurrence of one or more uncertain future events beyond the control of Company or present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extreme rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

u) 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.

v) Measurement of Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the Company has elected to present EBITDA as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit / (loss) from continuing operations. In its measurement, the Company does not include depreciation and amortization, finance costs, tax expense and, where applicable, prior period items.

Notes to the financial statements for the year ended March 31, 2012

(All amounts are in millions of Indian Rupees except in respect of number and per share information unless otherwise stated)

Note No		March 31, 2012	March 31, 2011
3	**SHARE CAPITAL**		
	AUTHORISED SHARES		
	565,000,000 (previous year 500,000,000) equity shares of Rs.10/- each	5,650.00	5,000.00
	ISSUED, SUBSCRIBED AND FULLY PAID-UP SHARES		
	441,449,730 (previous year 405,378,065) equity shares of Rs.10/- each	4,414.50	4,053.78
		4,414.50	**4,053.78**

A: Reconciliation of Equity Shares outstanding at the beginning and at the end of the reporting period

Particulars	As at March 31, 2012		As at March 31, 2011	
	Number	Value (in Rs.)	Number	Value (in Rs.)
Shares outstanding at the beginning of the year	405,378,065	4,053,780,650	241,882,710	2,418,827,100
Issued during the year				
- on conversion of Foreign Currency Convertible Bonds ("FCCB")	-	-	147,215,040	1,472,150,400
- on preferential allotment to promoter group	35,900,000	359,000,000	-	-
- on conversion of share warrants	-	-	15,360,715	153,607,150
- on exercise of options under the Employee Stock Option Plan ("ESOP")	171,665	1,716,650	919,600	9,196,000
Shares outstanding at the end of the year	**441,449,730**	**4,414,497,300**	**405,378,065**	**4,053,780,650**

B. Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the board of directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

C. Terms of conversion / redemption of FCCBs

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 year ended March 31, 2011, pursuant to the exercise of the right to conversion by the holders of these instruments, the Company issued 147,215,040 equity shares of Rs. 10/- at a price of

(All amounts are in millions of Indian Rupees except in respect of number and per share information unless otherwise stated)

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 aggregating to Rs. 2,246.96 million was 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 aggregating to Rs. 1,372.54 million was reversed back to the securities premium account in the previous year.

D. Terms of warrants

The Company allotted 15,360,715 warrants on December 12, 2008 to GS Investment Partners (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 received Rs.60.61 million (10% of the total subscription value) towards subscription of warrants, in accordance with the terms of the allotment. During the previous year, the holders of the warrants exercised the option for conversion on June 11, 2010 and consequently, the Company allotted 15,360,715 equity shares after receiving the balance subscription value of Rs. 545.52 million from the holder of the warrants.

E. Aggregate number of bonus shares, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceeding the reporting date:

The Company has issued total 1,732,865 shares (March 31, 2011 - 1,561,200 shares) during the period of five years immediately preceeding the reporting date on exercise of options granted under the ESOP wherein part consideration was received in form of employee services.

F. Shares held by shareholders holding more than 5 percent shares in the Company.

Name of Shareholder	As at March 31, 2012		As at March 31, 2011	
	No. of Shares held	% Holding	No. of Shares held	% Holding
KAL Airways Private Limited	156,518,005	35.5%	156,518,005	38.6%
Mr. Kalanithi Maran	35,910,300	8.1%	10,300	0.0%
Total	**192,428,305**	**43.6%**	**156,528,305**	**38.6%**

As per records of the Company, including its register of shareholders / members and other declarations recived from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

G. Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the company, please refer Note 28.

Notes to the financial statements for the year ended March 31, 2012
(All amounts are in millions of Indian Rupees, unless otherwise stated)

Note No		March 31, 2012	March 31, 2011
4	**RESERVES AND SURPLUS**		
	Securities Premium Account		
	Opening balance	6,316.80	2,200.77
	Add: Premium Received during the year on account of Conversion of FCCBs	-	2,246.96
	Exercise of share warrants	-	452.53
	Shares allotted on exercise of stock options	8.23	44.00
	Preferential allottment of shares to promoter group	950.63	-
	Add: Reversal of premium on redemption of FCCBs on conversion	-	1,372.54
	Balance, end of year	**7,275.66**	**6,316.80**
	Employee Stock Option Outstanding		
	Opening balance	54.84	396.64
	Add: Additions during the year	-	2.79
	Less: Deletions / adjustments during the year	(10.91)	(344.59)
	Balance, end of year	43.93	54.84
	Less: Deferred employee stock compensation	-	(2.17)
	Closing balance	**43.93**	**52.67**
	General reserve		
	Opening balance	-	-
	Add: Transferred from employee stock options outstanding	5.16	-
	Closing balance	**5.16**	**-**
	Surplus / (deficit) in the statement of profit and loss		
	Opening balance	(7,212.20)	(8,223.75)
	Surplus / (Deficit) in the Statement of Profit and loss	(6,057.68)	1,011.55
	Net surplus / (deficit) in the statement of profit and loss	**(13,269.88)**	**(7,212.20)**
	Total reserves and surplus	**(5,945.13)**	**(842.73)**

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

Note No		March 31, 2012	March 31, 2011
5	**LONG TERM BORROWINGS**		
	Term Loans (Secured)		
	From Bank	1,886.50	-
	Less: Current maturities of long term borrowings (refer note 9)	(1,000.00)	-
		886.50	**-**
	Other loans		
	Loan from bank (Secured)	-	300.00
	External commercial borrowing (Unsecured)	6,149.25	
	Less: Current maturities of long term borrowings (refer note 9)	(531.40)	(300.00)
		5,617.85	**-**
		6,504.35	**-**

a. Term loan from banks has a moratarium period of 12 months from the date of disbursement of the loan and is repayable in 12 equal quarterly installments after the moratorium period commencing from April 2012. As per the terms of the loan, the bank / Company have a call / put option to the extent of Rs. 1,000 million at the end of the moratorium period and every 12 months thereafter. In view of this, the loan amount to the extent of this option is classified as current. This loan carries an interest rate of 12.86%.The loan and other facilities granted by the said lender are secured by exclusive charge on current assets, second charge on movable fixed assets, both present and future, identified fixed deposits of the Company duly lien marked in favour of the lender, pledge of shares of the Company owned by KAL Airways Private Limited (“KAL Airways”) and an unconditional and irrevocable corporate guarantee from KAL Airways.

b. Other loans from bank has a moratorium period of 24 months from the date of disbursement of loan and is repayable in lump sum at the end of the moratorium period. The loan is secured by fixed deposit of Rs. 330 million and first charge on fixed assets. The loan carried an interest rate of 8.5 %. This loan was repaid during the year.

c. The external commercial borrowing (“ECB”) relates to the acquisition of “Bombardier Q400 Aircraft” which were inducted into the fleet in the current year. The ECB has been approved by the Reserve Bank of India and is granted through a finance lease structure between the Company and the lessor with lending from Export Development Canada. The related aircrafts are owned by the lessor until the repayment of all outstanding by the Company under respective finance leases. As per the terms of these lease agreements with the lessor, the Company may opt for either fixed or a floating rate of interest benchmarked to LIBOR for each drawdown, which coincides with the delivery of each aircraft. The interest ranges from 2.4% to 4.1%. Under each lease agreement the Company is required to make payment of lease rentals over a period of forty-eight quarters to lessor or its nominees.

		March 31, 2012	March 31, 2011
6	**OTHER LONG-TERM LIABILITIES**		
	i) Trade payables (Refer note 35)	718.73	195.19
	ii) Other liabilities		
	Deferred incentive	148.11	-
	Less: Current portion of above	(12.93)	-
		135.18	**-**
		853.91	**195.19**

Notes to the financial statements for the year ended March 31, 2012
(All amounts are in millions of Indian Rupees, unless otherwise stated)

Note No		March 31, 2012	March 31, 2011
7	**LONG TERM PROVISIONS**		
	Provision for gratuity (Refer note 29)	84.68	56.91
		84.68	**56.91**
8	**SHORT TERM BORROWINGS (UNSECURED)**		
	Inter corporate deposits from others (Refer note 34 (a))	50.00	50.00
	Short term loan from bank	1,000.00	-
	Working capital demand loan from bank	1,000.00	500.00
		2,050.00	**550.00**

Short term loan from bank is repayable at the end of every quarter unless renewed, with the first repayment falling due in July 2012. The loan is secured by fixed deposits of the promoters of the Company.

Working capital demand loan from bank is secured by the personal guarantee of the Company's promoter, Mr. Kalanithi Maran and is repayable on demand.

These borrowings carry an interest rate of 11.75%.

Note No		March 31, 2012	March 31, 2011
9	**OTHER CURRENT LIABILITIES**		
	i) Trade payables (Refer note 35)	4,701.27	2,687.45
	ii) Other liabilities		
	Current maturities of long-term borrowings (note 5) (includes current maturities of ECB Rs. 531.40 million (March 31, 2011 - Rs. Nil))	1,531.40	300.00
	Unearned revenue	2,900.54	1,848.53
	Advance received from customers	1,403.43	583.22
	Advance received against firm commitment to sell aircraft	-	1,149.41
	Interest accrued and due on borrowings	-	2.17
	Interest accrued but not due on borrowings	57.55	5.40
	Statutory dues	583.75	32.92
	Current portion of deferred incentives	12.93	-
	Others	426.23	447.27
		6,915.83	**4,368.92**
		11,617.10	**7,056.37**
10	**SHORT TERM PROVISIONS**		
	Provision for employee benefits		
	Provision for gratuity (Refer note 29)	6.75	5.11
	Provision for leave benefits	58.92	21.43
		65.67	**26.54**

Notes to the financial statements for the year ended March 31, 2012

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

11 Tangible Assets

Particulars	Plant & Machinery	Rotable & Tools	Office Equipment	Comp-uters	Furniture & Fixtures	Motor Vehicles	Leasehold Improve-ments	Aircrafts^	Total
Gross Block									
At April 1, 2010	43.81	472.66	173.08	106.48	11.59	74.36	17.26	-	**899.24**
Additions during the year	1.69	112.35	95.90	23.88	1.64	93.35	-	-	**328.81**
Disposals	-	54.37	2.06	26.53	4.14	0.28	-	-	**87.38**
As at March 31, 2011	**45.50**	**530.64**	**266.92**	**103.83**	**9.09**	**167.43**	**17.26**	**-**	**1,140.67**
Additions during the year	-	294.32	50.64	48.64	15.72	81.75	69.88	7,073.15	**7,634.10**
Other Adjustments*	-	-	-	-	-	-	-	321.39	**321.39**
Disposals	23.15	-	13.31	2.15	0.12	1.90	-	-	**40.63**
As at March 31, 2012	**22.35**	**824.96**	**304.25**	**150.32**	**24.69**	**247.28**	**87.14**	**7,394.54**	**9,055.53**
Depreciation									
At April 1, 2010	22.04	85.03	28.63	57.04	7.48	31.81	17.26	-	**249.29**
Charge for the Year	2.61	29.01	10.00	18.29	1.06	14.49	-	-	**75.46**
Disposals	-	10.15	0.38	24.03	2.75	0.15	-	-	**37.46**
As at March 31, 2011	**24.65**	**103.89**	**38.25**	**51.30**	**5.79**	**46.15**	**17.26**	**-**	**287.29**
Charge for the Year	1.49	37.92	14.55	19.76	2.66	22.86	8.82	178.90	**286.96**
Other Adjustments*								9.34	**9.34**
Disposals	18.30	-	2.84	1.88	0.11	1.58	-	-	**24.71**
As at March 31, 2012	**7.84**	**141.81**	**49.96**	**69.18**	**8.34**	**67.43**	**26.08**	**188.24**	**558.88**
Net Block									
As at March 31, 2011	**20.85**	**426.75**	**228.67**	**52.53**	**3.30**	**121.28**	**-**	**-**	**853.38**
As at March 31, 2012	**14.51**	**683.15**	**254.29**	**81.14**	**16.35**	**179.85**	**61.06**	**7,206.30**	**8,496.65**

^ Under the finance lease agreements, the title to the aircrafts vest with the lessor and the Company shall take title to aircrafts at the end of the lease period upon payment of all dues under the lease agreements. Also refer No.5.

* Represents foreign exchange loss capitalised during the year and depreciation thereon. Also refer note 26.

Notes to the financial statements for the year ended March 31, 2012
(All amounts are in millions of Indian Rupees, unless otherwise stated)

12 Intangible Assets

Particulars	Software
Gross Block	
At April 1, 2010	127.85
Additions during the year	7.68
Other Adjustments	-
Disposals	-
As at March 31, 2011	**135.53**
Additions during the year	5.05
Other Adjustments	-
Disposals	-
As at March 31, 2012	**140.58**
Depreciation	
At April 1, 2010	107.79
Charge for the Year	13.64
Other Adjustments	
Disposals	-
As at March 31, 2011	**121.43**
Charge for the Year	13.68
Other Adjustments	
Disposals	-
As at March 31, 2012	**135.11**
Net Block	
As at March 31, 2011	**14.10**
As at March 31, 2012	**5.47**

Note No		March 31, 2012	March 31, 2011
13	**LONG-TERM LOANS AND ADVANCES (Unsecured, considered good)**		
	Capital advances	3,608.19	4,963.29
	Security deposits	979.98	674.98
	Prepaid expenses	5.83	3.06
	Advance income-tax (net of provision for taxation)	107.32	78.73
		4,701.32	**5,720.06**
14	**OTHER NON-CURRENT ASSETS**		
	Non-current bank balances (Refer note 17)	2,130.20	1,688.50
	Ancilliary cost for arranging the borrowings	28.56	50.00
	Less: Current portion of above	(2.48)	(50.00)
		2,156.28	**1,688.50**

Notes to the financial statements for the year ended March 31, 2012
(All amounts are in millions of Indian Rupees, unless otherwise stated)

Note No		March 31, 2012	March 31, 2011
15	**INVENTORIES**		
	(At lower of cost and net realisable value)		
	Engineering stores and spares	282.02	175.15
	Other stores	34.51	28.35
		316.53	**203.50**
16	**TRADE RECEIVABLES AND OTHER ASSETS**		
	i) Trade receivables		
	Outstanding for a period exceeding six months from the date they are due for payment		
	Unsecured, considered good	4.36	4.46
	Secured, considered good	-	1.50
	Unsecured, considered doubtful	5.24	5.24
		9.60	11.20
	Less: Provision for doubtful debts	5.24	5.24
		4.36	**5.96**
	Other receivables		
	Secured, considered good	31.60	31.45
	Unsecured, considered good	168.13	134.41
		199.73	165.86
		204.09	**171.82**
	ii) Other current assets		
	Current portion of ancilliary cost for arranging the borrowings	2.48	50.00
	Interest accrued but not due on fixed deposits	126.29	93.72
		128.77	**143.72**
		332.86	**315.54**
17	**CASH AND BANK BALANCES**		
	Cash and cash equivalents		
	Balance with banks		
	On current accounts	197.53	115.79
	Deposits with original maturity less than 3 months	2,000.00	17.50
	Cash on hand	6.54	6.74
		2,204.07	**140.03**
	Other bank balances		
	Deposits with original maturity for more than 3 months but less than 12 months	155.00	-
	Deposits with original maturity more than 12 months	-	7.90
	Margin money / Security against fund and non-fund based facilities*	2,130.20	1,680.60
		2,285.20	1,688.50
	Less: Amount disclosed under other non-current asset (note 14)	(2,130.20)	(1,688.50)
		155.00	**-**
		2,359.07	**140.03**

* Margin money deposits have been placed with banks for fund and non-fund based facilities sanctioned to the Company.

Notes to the financial statements for the year ended March 31, 2012
(All amounts are in millions of Indian Rupees, unless otherwise stated)

Note No		March 31, 2012	March 31, 2011
18	**SHORT TERM LOANS AND ADVANCES**		
	(Unsecured, Considered doubtful)		
	Advances recoverable in cash or in kind	64.25	66.58
	(Unsecured, Considered good)		
	Advances recoverable in cash or in kind	591.08	531.19
	Deposit with Hon'ble Mumbai High Court (Refer note 34 (a))	50.00	50.00
	Security deposits	156.29	98.85
	Balances with statutory / government authorities	-	4.91
	Prepaid expenses	537.20	324.99
	Advance to suppliers for acquisition of assets	-	1,149.41
		1,398.82	**2,225.93**
	Less: Provision for doubtful advances	64.25	66.58
		1,334.57	**2,159.35**
19	**REVENUE FROM OPERATIONS**		
	Sale of services		
	Passenger revenue	35,866.72	25,834.78
	Cargo revenue	1,968.84	1,630.64
	Special service requests	1,247.94	1,008.79
	Sale of food and beverages	278.81	222.09
	Other operating revenues	70.31	73.38
		39,432.62	**28,769.68**
20	**OTHER INCOME**		
	Profit on sale of aircraft under sale and lease back arrangements (net)	39.96	138.68
	Interest income		
	- on bank deposits	211.42	259.38
	- others	-	2.77
	Incentives received	301.12	297.73
	Income from training services	128.35	33.11
	Export incentives	46.81	25.40
	Miscellaneous income	30.86	112.40
		758.52	**869.47**
21	**OPERATING EXPENSES**		
	Aviation turbine fuel	21,961.22	12,262.30
	Lease charges - aircrafts and engines	6,019.07	4,284.79
	Aircraft repairs and maintenance (Refer note 41)	2,164.67	954.70
	Supplemental lease charges - aircrafts and engines	2,473.46	1,687.25
	Consumption of stores and spare parts	483.28	339.53
	Aviation insurance	199.63	182.27
	Landing, navigation and other airport charges	2,595.85	1,761.32
	Cost of inflight food and beverages	440.64	361.12
	Aircraft navigation software expenses	365.76	264.05
	Other operating expenses	375.42	449.27
		37,079.00	**22,546.60**

Notes to the financial statements for the year ended March 31, 2012
(All amounts are in millions of Indian Rupees, unless otherwise stated)

Note No		March 31, 2012	March 31, 2011
22	**EMPLOYEE BENEFITS EXPENSE**		
	Salaries, wages and bonus	3,411.00	2,101.47
	Contribution to provident and other funds	162.69	78.32
	Gratuity expense	37.86	27.21
	Recruitment and training cost	276.33	149.28
	Staff welfare	139.63	107.52
	Employee stock option cost	1.21	(24.54)
		4,028.72	**2,439.26**
23	**SELLING EXPENSES**		
	Commission to agents	1,966.83	1,377.47
	Discounts	428.21	365.78
	Business promotion and advertisement	309.16	351.42
		2,704.20	**2,094.67**
24	**OTHER EXPENSES**		
	Rent	139.27	92.64
	Rates and taxes	62.66	76.66
	Repairs and maintenance		
	- buildings	21.96	26.60
	- plant and machinery	12.23	13.12
	- others	33.22	30.96
	Crew accomodation cost	335.28	165.30
	Communication	70.74	56.88
	Printing and stationery	77.42	74.23
	Travelling and conveyance	393.42	202.57
	Legal, and professional fees (Refer details below for payment to auditors)	41.36	39.03
	Power and fuel	29.52	23.06
	Provision for doubtful advances	(2.33)	1.91
	Insurance	31.37	26.11
	Service tax credit write off	-	-
	Credit card charges	173.41	141.64
	Credit card chargebacks	0.70	0.89
	Bank charges	17.79	8.65
	Exchange fluctuation loss (net)*	67.34	93.42
	Loss on sale of assets (net) / assets written off	15.92	4.32
	Miscellaneous expenses	83.07	5.42
		1,604.35	**1,083.41**

* Includes reversal / amortisation of Foreign Currency Long Term Item Monetary Translation Difference Rs. 1.08 million, (March 31, 2011, Rs. 18.95 million).

Payment to auditor

	March 31, 2012	March 31, 2011
As auditor		
Audit fees	1.60	1.60
Limited review	1.50	1.00
Service tax	0.40	0.30
In other capacity		
Other services (certification fees)	0.20	-
Reimbursement of expenses	0.15	0.14
	3.85	3.04

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

Note No		March 31, 2012	March 31, 2011
25	**FINANCE COSTS**		
	Interest		
	- to banks	294.47	33.98
	- to others	120.25	15.32
	Amortisation of ancilliary costs of borrowing	51.13	-
	Other borrowing cost	56.72	55.12
		522.57	**104.42**

26. Deferral / Capitalization of exchange differences

The Ministry of Corporate Affairs (MCA) has issued the amendment dated December 29, 2011 to AS 11 - The Effects of Changes in Foreign Exchange Rates, to allow companies the option to defer / capitalize exchange differences arising on long-term foreign currency monetary items.

The Company has elected to adopt the accounting treatment prescribed under paragraph 46 A of the said amendment to AS 11. In accordance with such amendment / earlier amendment to AS 11, the Company has capitalized exchange losses arising on the long-term foreign currency lease obligation amounting to Rs 321.39 million (March 31, 2011: Rs Nil) to the cost of the aircrafts. However, the said notification does not cover exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs as defined in paragraph 4 (e) of AS 16 - Borrowing costs. During the current year, the Company has not considered any part of the foreign exchange fluctuation on the underlying borrowings as interest cost as required under paragraph 4 (e) of AS 16 - Borrowing costs, as it believes that the recent movements in currency rates cannot be attributed to changes in interest rates in view of the high volatility in the currency rates.

Further, net exchange gains arising on other long-term foreign currency monetary items of Rs 58.31 million (March 31, 2011: Rs Nil) have been deferred in the “Foreign Currency Monetary Item Translation Difference Account”.

27. Earnings per share

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Number of equity shares outstanding at the beginning of the year	405,378,065	241,882,710
Number of equity shares issued	36,071,665	163,495,355
Number of equity shares outstanding at the end of the year	441,449,730	405,378,065
Weighted average number of shares		
a) Basic	422,262,176	361,783,540
b) Effect of dilutive equity shares on account of:		
- Employee stock option plans	-	1,599,998
- Foreign currency convertible bonds	-	40,184,293
- Share warrants	-	2,861,722
c) Diluted	422,262,176	406,429,553
Profit / (Loss) after tax	(6,057.68)	1,011.55
Basic earnings / (loss) per share (Rs.)	(14.35)	2.80
Diluted earnings / (loss) per share (Rs.)	(14.35)	2.49
Nominal value per share (Rs.)	10.00	10.00

28. Employee 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:

Employees 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 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 the erstwhile Chief Executive Officer (“CEO”) of the Company 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. It may be noted that the erstwhile CEO ceased to be in employment with the Company effective June 30, 2010.

Further, during the previous year, the remuneration committee has granted 100,000 options to an employee at an exercise price of Rs. 30/- per share. These options would 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

Again, the employee to whom these 100,000 options were granted in the previous year has ceased to be in employment with the Company effective January 19, 2012.

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:

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

Particulars	As At March 31, 2012		As At March 31, 2011	
	No. Of Options	Weighted average exercise price (Rs.)	No. Of Options	Weighted average exercise price (Rs.)
Outstanding, beginning of year	**1,969,200**	**30.00**	**10,205,438**	**15.84**
Granted during the year	-	30.00	100,000	30.00
Exercised during the year	(171,665)	30.00	(919,600)	30.00
Forfeited during the year	(236,335)	30.00	(7,416,638)	10.51
Outstanding, end of year	**1,561,200**	**30.00**	**1,969,200**	**30**
Outstanding at the year-end comprise:				
Options eligible for exercise at year end	1,561,200	30.00	1,377,950	30
Options not eligible for exercise at year end	-		591,250	

Pro-forma Disclosures

In accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, had the compensation cost for ESOS 2007 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, 2012				
- Amounts as reported	1.21	(6,057.68)	(14.35)	(14.35)
- Amounts as per pro-forma	2.14	(6,058.61)	(14.35)	(14.35)
Year ended March 31, 2011				
- Amounts as reported	(24.54)	1,011.55	2.80	2.49
- Amounts as per pro-forma	(22.59)	1,009.60	2.79	2.48

The fair value of options was estimated at the date of grant using the Black-Scholes method with the following assumptions:

	Grant Dates			
Particulars	**September 11, 2007**	**October 5, 2009**	**December 23, 2009**	**April 1, 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	-	-	-	-

The expected life of the stock is based on historical data and current expectations and is not necessarily indicati\ve of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

Notes to the Financial Statements for the year ended March 31, 2012
(All amounts are in millions of Indian Rupees, unless otherwise stated)

29. Gratuity - benefit plan

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.

Statement of profit and loss

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Current service cost on benefit obligations	23.99	12.63
Interest cost on benefit obligations	5.21	3.64
Net actuarial loss recognized in the year	8.66	5.13
Past service cost	-	5.81
Net employee benefit expense	37.86	27.21

Balance sheet

Details of provision for gratuity

Particulars	As at March 31, 2012	As at March 31, 2011
Defined benefit obligation	(91.43)	(62.02)
Fair value of plan assets	-	-
Plan asset / (liability)	(91.43)	(62.02)

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

Particulars	As at March 31, 2012	As at March 31, 2011
Opening defined benefit obligation	62.02	36.65
Current service cost	23.99	12.63
Interest cost	5.21	3.64
Actuarial (gains) / losses on obligation	8.66	5.13
Benefits paid	(8.45)	(1.84)
Past service cost	-	5.81
Closing defined benefit obligation	91.43	62.02
Experience Gain / (Loss) adjustment on plan liabilities	(6.69)	(51.32)

The experience adjustments on plan liabilities and net surplus / deficit for the years ended March 31, 2010, March 31, 2009 and March 31, 2008 are as follows:.

Particulars	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008
Defined benefit obligation at the end of the period	36.65	29.47	20.00
Net deficit	(36.65)	(29.47)	(20.00)
Experience adjustments on plan liabilities	21.24	N.A	N.A
Experience adjustments on plan assets	N.A	N.A	N.A

Notes to the Financial Statements for the year ended March 31, 2012

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

The principal actuarial assumptions used in determining gratuity obligation for the Company's plans are shown below:

Particulars	As at March 31, 2012	As at March 31, 2011
Discount rate	8.40%	8.40%
Future Salary Increases	6.00%	6.00%

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.

30. Deferred Tax Asset

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. 1,291.28 million as at March 31, 2012 (Rs. 52.92 million as at March 31, 2011).

31. Leases

Operating lease: Company as a lessee

The Company has taken on lease aircrafts, aircraft spares, engines and premises from third parties. Lease charges for aircrafts & engines for the year ended March 31, 2012 amount to Rs. 6,019.07 million (Previous year Rs. 4,284.79 million), supplemental lease charges amount to Rs. 2,473.46 million (Previous year Rs.1,687.25 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. 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:

Particulars	As at March 31, 2012	As at March 31, 2011
Aircrafts		
Not later than one year	6,531.68	4,789.33
Later than one year but not later than five years	21,829.67	16,921.65
Later than five years	2,924.18	4,236.66
Aircraft engines		
Not later than one year	93.95	79.39
Later than one year but not later than five years	384.20	317.58
Later than five years	0.12	97.2
Aircraft spares		
Not later than one year	Nil	99.06
Later than one year but not later than five years	Nil	406.47
Later than five years	Nil	273.26

Particulars	As at March 31, 2012	As at March 31, 2011
Not later than one year	98.07	12.00
Later than one year but not later than five years	339.44	17.00
Later than five years	-	-

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

32. Related party transactions

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)
Key management personnel	Neil Raymond Mills (from October 11, 2010) S. Natrajhen (From November 11, 2011) Kishore Gupta (July 1, 2010 to October 10, 2010) Sanjay Aggarwal (upto June 30, 2010)

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

Parties having significant influence over the Company	March 31, 2012	March 31, 2011
Royal Holdings Services Limited		
Transactions during the year		
Interest expense	-	14.32

Affiliates	March 31, 2012	March 31, 2011
Sun TV Network Limited		
Transactions during the year		
Passenger revenue	1.12	0.15
Business promotion and advertisement	11.41	0.51
Travelling and conveyance	15.29	-
Rent	0.09	-
Outstanding balances		
Trade payables	9.14	-
Kal Radio Limited		
Transactions during the year		
Business promotion and advertisement	-	0.2
Outstanding balances		
Trade receivables	-	-
Digital Radio (Delhi) Broadcasting Limited		
Transactions during the year		
Passenger revenue	1.10	-
Business promotion and advertisement	0.58	1.08
Outstanding balances		
Trade payables	17.21	0.23

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

Key management personnel	March 31, 2012	March 31, 2011
Neil Raymond Mills		
Transactions during the year		
Salaries and wages	49.79	16.83
Reimbursement of expenses	-	0.71
Outstanding balances		
Trade payables	-	0.01
S. Natrajhen (Period subsequent to November 11, 2011)		
Transactions during the year		
Salaries and wages	3.46	-
Sanjay Aggarwal		
Transactions during the year		
Remuneration	-	5.67*
Reimbursement of expenses	-	0.06
Outstanding balances		
Trade payables	*	*

During the year, the Company has issued 35,900,000 shares to Mr. Kalanithi Maran, the Company's promoter through preferential allotment at a price of Rs. 36.48 per share aggregating to Rs.1,309.6 Million Further, Mr. Kalanithi Maran and Kal Airways, have on a free of cost basis, extended guarantees / securities for loans taken by the Company. Also refer notes 5 and 8 for details of the same.

* Also refer note 34 (c).

Note: The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the company as a whole.

33. Capital and other commitments

a. At March 31, 2012, the Company has commitments of Rs. 151,323.36 million (March 31, 2011: Rs. 157,218.19 million) relating to the acquisition of aircrafts.

b. The Company has commitments in the nature of non-cancellable operating leases. The future minimum lease payments expected to be incurred over the remaining lease term are detailed in Note 31.

c. Under certain long-term maintenance contracts for the management, maintenance, repair and overhaul of aircraft components and spares, the Company incurs an agreed power-by-the-hour cost based on aircraft / component utilization. In addition, some contracts provide for compensation upon pre-mature termination, as applicable.

d. The Company has entered into agreements with oil companies for the purchase of aviation turbine fuel. The commercial terms of these agreements are subject to the fulfillment of certain stipulated off-take commitments as specified thereunder.

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

34. Contingent liabilities

Claims against the Company not acknowledged as debts

S. No	Particulars	As at March 31, 2012	As at March 31, 2011
1	Liability arising out of legal cases filed against the Company in various Courts/ Consumer Redressal Forums, Consumer Courts, disputed by the Company.	24.62	22.99
2	Liability arising out of Arbitration proceedings on account of cancellation of leased premises	33.32	33.32
3	Liability towards labour cases filed against the Company in various Courts, disputed by the Company.	0.48	0.48
4	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
5	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
6	Unaccrued interest as explained in note (a) below.	74.71	74.71
7	Demand in respect of provident fund dues for international workers as explained in note (d) below	77.95	-
8	Show cause notice in respect of service tax dues (excluding amounts in respect of penalty as these are not yet ascertainable)	64.77	-
9	Assessment relating to Assessment Year 2009-10 is 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.		

a. 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.

b. In another case, M/s Hindustan Development Corporation Limited ("HDCL") (now renamed as Mallanpur Steels Limited) who had lent Rs. 50 million ICD to the Company, has filed a Review Petition against the Scheme of Settlement passed by the 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 is yet to be decided.

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

c. The Company is in the process of finalising the full and final settlement payable to an erstwhile key management person, in accordance with the terms of his employment agreement. Management believes that the provision made in the financial statements as at March 31, 2012 for the same is adequate.

d. The Company has received a demand notice from the Regional Provident Fund Commissioner, Gurgaon for Rs 79.91 million in respect of provident fund ("PF") dues for international workers vide Notifications GSR 706(E) dated 1st October 2008 and GSR 148 dated 3rd September 2010, for the period from November 2008 to February 2011. The Company has responded to the notice disputing the demand and, without admitting any liability towards the same, has deposited an amount of Rs 1.96 million towards the PF contributions in respect of international workers for the period from November 2008 to July 2011 under the provisions of the Employees Provident Funds and Miscellaneous Provisions Act, 1952('PF Act'). Since August 2011, the Company has been making provident fund contributions in respect of international workers under the provisions of the PF Act. Subsequent to the year end, the Company has filed a writ petition with the Hon'ble Delhi High Court contending that the above notifications relating to international workers are unreasonable and ultra vires the PF Act. The Hon'ble Delhi High Court has issued notices to the respondents to file their reply and the next hearing is fixed on September 16, 2012. Pending disposal of the petition, the Company has not accrued for any additional liability in respect of provident fund contributions to international workers.

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

35. Dues to Micro and Small Enterprises

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

36. Un-hedged foreign currency exposure

Particulars of un-hedged foreign currency exposure as at the reporting date

		March 31, 2012		March 31, 2011	
Particulars	**Currency**	**Amount in Foreign Currency**	**Amount in Indian Rupees**	**Amount in Foreign Currency**	**Amount in Indian Rupees**
Advances	EUR	0.05	3.21	0.02	1.4
	GBP	0.07	5.86	0.14	10.23
	SGD	0.01	0.25	0.01	0.25
	USD	6.17	315.54	5.9	269.74
Payables	CAD	0.00	0.01	0.03	1.96
	EUR	0.41	27.70	-	-
	GBP	0.02	1.30	0.02	1.15
	LKR	13.58	5.49	-	-
	NPR	33.97	21.20	-	-
	SGD	0.02	0.69	-	-
	USD	27.45	1,307.80	15.35	573.09
External Commercial Borrowing	USD	120.20	6,149.25	-	-
Deposits made	USD	19.9	1,018.15	15.62	706.26
Bank Balances	USD	0.12	6.37	-	-

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

37. Imported and indigenous stores and spare parts consumed

Particulars	March 31, 2012		March 31, 2011	
	Rs. Millions	%	Rs. Millions	%
Indigenous	46.58	10%	35.24	10%
Imported	436.70	90%	304.29	90%
	483.28	**100%**	**339.53**	**100%**

38. Value of imports calculated on CIF basis

Particulars	March 31, 2012	March 31, 2011
Capital goods	7,367.47	130.43
Stores and spares	509.35	343.81
Aviation turbine fuel	153.77	40.61
	8,030.59	**514.85**

39. Expenditure in Foreign Currency (Accrual Basis)

Particulars	March 31, 2012	March 31, 2011
Lease charges – Aircrafts & engines (including supplemental rent)	6,019.07	4,284.79
Aircraft repairs and maintenance	1,041.85	588.67
Consumption of stores and spares	429.64	304.28
Salaries, wages and bonus	10.02	8.91
Interest expense*	104.93	-
Other expenses	1,225.79	742.56
	8,831.29	**5,929.21**

* includes Rs.1.17 of amortization of ancillary costs associated with borrowing

40. Earnings in Foreign Currency (Accrual Basis)

Particulars	March 31, 2012	March 31, 2011
Passenger revenue	246.15	94.98
Cargo revenue	4.33	-
Profit on sale of aircraft (net)	39.96	147.14
Incentives received	301.12	297.73
	591.56	**539.85**

41. Engine repair costs

During the year, the Company has entered into a fresh maintenance contract to manage its long-term engine maintenance costs. The Company has carried out certain additional overhauls to its existing engines to help migrate to the new arrangement resulting in an expenditure of Rs. 252.94 million, the benefit of which is expected to accrue over the duration of the contract. Such costs have been fully expensed in the current year.

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

42. Previous year figures

Till the previous year, the Company was using pre-revised Schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. The current year's financial statements have been prepared and presented in accordance with the requirements of the revised Schedule VI, as notified under the Companies Act, 1956 and applicable to the Company. The Company has also reclassified previous year figures in accordance with these requirements.

As per our report of even date.

For S. R. BATLIBOI & ASSOCIATES	**For and on behalf of the Board of Directors**		
Chartered Accountants			
Firm Registration No.: 101049W			
per S. Balasubrahmanyam	**Kalanithi Maran**	**S. Natrajhen**	**Chandan Sand**
PartnerMembership No.: 053315	Chairman	Executive Director	Company Secretary
Place: Chennai	Chennai	Chennai	Chennai
Date: May 30, 2012	May 30, 2012	May 30, 2012	May 30, 2012

SpiceJet Limited

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

ATTENDANCE SLIP

Twenty Eighth 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 Eighth Annual General Meeting of the Company at 10.00 a.m. on September 26, 2012.

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

Father's Name ______________________________

Shareholder's/Proxy's Signature ______________________________

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

Please Cut Here

SpiceJet Limited

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

PROXY FORM

DP Id* / Client Id*: ____________________

Master Folio no.: ____________________

I/We ______________________________ of ______________________________

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

of ______________________________ of failing him ______________________________

of ______________________________ as my/our proxy to vote for me/us on my/our behalf at the Twenty Eighth Annual General Meeting of the Company to be held on September 26, 2012, and at any adjournment thereof.

Signed this ______ day of ________2012

Signature

Affix Re.1 Revenue Stamp

No. of Shares

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