29th Annual Report

2012-2013

SpiceJet Limited

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

COMPLIANCE OFFICER

Chandan Sand — General Manager (Legal) & Company Secretary

REGISTRAR & SHARE TRANSFER AGENTS

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

BANKERS

Allahabad Bank	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 LLP, 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 Ninth Annual General Meeting of the Members of SpiceJet Limited will be held on Wednesday, the 25th day of September, 2013 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, 2013, Statement of Profit and Loss 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. Nicholas Martin Paul who retires by rotation and being eligible offers himself for re-appointment.

3. To appoint a Director in place of Mr. R. Ravivenkatesh who retires by rotation and being eligible offers himself for re-appointment.

4. To appoint M/s S. R. Batliboi & Associates LLP, Chartered Accountants (ICAI 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.

By order of the Board of Directors

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

Place: Chennai
Date : August 5, 2013

Notes:

1. **A member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote on a poll instead of himself 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 Meeting**

2. The Register of Members and Share Transfer Books will remain closed from September 21, 2013 to September 25, 2013 (both days inclusive).

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

4. Members are requested to bring their attendance slip along with their copy of Annual Report 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 the 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 Meeting.

9. Resumes of directors proposed to be re-appointed at the Meeting are provided separately hereunder.

10. The Ministry of Corporate Affairs (MCA), Government of India, through its Circular Nos. 17 / 2011 and 18 / 2011, dated April 21, 2011 and April 29, 2011 respectively, permitted companies to send official documents to their shareholders electronically as part of its Green Initiatives in corporate governance. The Company is also concerned about the environment and utilizes natural resources in a sustainable way.

    Recognizing the spirit of the circular issued by the MCA, we are sending documents like the Notice convening the Meeting, Financial Statements, Directors' Report, Auditors' Report, etc., to the e-mail address provided by you with your 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 Report may be obtained by any member, who requests for the same in writing to the Company.

    To support the 'Green Initiative' in the Corporate Governance taken by the MCA, to contribute towards greener environment and to receive all documents, notices, including Annual Reports and other communications of the Company, members should register their e-mail addresses with M/s. Karvy Computershare Private Limited (Registrar and Share Transfer Agent), if shares are held in physical mode or with their depository participants, if the holding is in electronic mode.

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

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

Mr. Nicholas Martin Paul

Mr. Nicholas Martin Paul aged about 46 years holds a Bachelor's Degree in History from University of Madras. Mr. Paul was inducted as a Member of the Board of SpiceJet in November 2010. He brings with him experience in general business management.

Mr. Paul is Director in Sun TV Network Limited, Tan Business Ventures Private Limited, Tan Retail Ventures Private Limited, Splendid Fine Foods Private Limited, P & N Business Ventures Private Limited and Sol Ventures Private Limited. He also holds committee memberships of Audit Committee, Remuneration Committee and Investor Grievance Committee of Sun TV Network Limited and Audit Committee, Investors Relation Committee and Compensation Committee of SpiceJet Limited.

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

Mr. R. Ravivenkatesh

Mr. R. Ravivenkatesh aged about 47 years holds a Bachelor's degree in Arts. He has rich experience in Textile Industry which includes garment export, handling of textile mill and manufacturing of textile machineries. Mr. Ravivenkatesh was appointed as Director on Board of SpiceJet with effect from April 19, 2012.

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.

He holds 16,000 shares in SpiceJet Limited.

DIRECTORS' REPORT

Dear Shareholder,

The Directors hereby present the Twenty Ninth Annual Report and the Audited Accounts for the year ended March 31, 2013.

1. Financial Results

(Amount in Rs. Million)

Particulars	March 31, 2013	March 31, 2012
Gross Income	**58,051.41**	**40,191.14**
Operating Expenses	48,104.77	37,079.00
Employee Benefit Expenses	5,267.99	4,028.72
Selling Expenses	2,791.45	2,704.20
Other Expenses	1,805.33	1,604.35
Finance Cost	1,157.18	522.57
Depreciation and Amortisation Expenses	835.45	309.98
Profit/ (Loss) before taxation and prior period items	(1,910.76)	(6,057.68)
Tax Expenses	-	-
Prior Period items	-	-
Profit/ (Loss) after taxation	**(1,910.76)**	**(6,057.68)**

Explanations to various comments made by the Auditors in their Report to the shareholders are mentioned in the Notes to the Accounts, which forms part of the Balance Sheet for the year ended March 31, 2013.

2. Business

The Company completed its eighth year of operations on May 23, 2013. In its eighth year of operations, the Company focused on consolidating its operations on key routes and maintained its fleet size to 55 aircraft covering 54 destinations and operating 370 flights per day, as on the date of this report.

During the year ended March 2013, the Company carried 12.75 million passengers. Further, the average load factor of 74.31% was recorded, with a market share of over 20.40% for the month of March 2013. The Company also improved its average deployed fleet to 45.90 aircraft versus 32.50 aircraft for previous year.

During the year under review, the Company also inducted additional 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. 3.50 from Rs.2.88 in previous year.

3. Share Capital

- **Preferential allotment:**

  During the year under review, 42,900,000 equity shares of Rs.10 each at a premium of Rs.13.18 per share were allotted to Mr. Kalanithi Maran, Promoter of the Company on preferential issue.

Further the Company allotted 13,000,000 14% Unsecured Compulsorily Convertible Debentures ("CCDs") of the face value of Rs.100 each to Mr. Kalanithi Maran, Promoter of the Company on preferential basis which are convertible into equity shares at a conversion price of Rs.36.18 per share. These outstanding CCDs as on March 31, 2013 represent 35,931,453 equity shares of Rs.10 each which have been duly converted into equity shares on April 18, 2013 pursuant to exercise of option by the allottee.

The Company has also allotted 15,000,000 (Fifteen Million) Warrants, having option to apply for and be allotted equivalent number of equity shares of the face value of Rs.10 each at a premium of Rs.26.18 to Mr. Kalanithi Maran, Promoter of the Company on preferential basis.

♦ **Authorised Share Capital:**

During the year under review, the authorised share capital of the Company was increased to Rs.10,000,000,000 (Rupees Ten Thousand Million) divided into 1,000,000,000 (One Thousand Million) equity shares of Rs.10 (Rupees Ten) each.

4. Postal Ballot

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

- Increase in Authorised Share Capital of the Company to Rs.10,000,000,000 (Rupees Ten Thousand Million) divided into 1,000,000,000 (One Thousand Million) equity shares of Rs.10 (Rupees Ten).
- Issue and allotment of 13,000,000 (Thirteen Million) 14% Unsecured Compulsorily Convertible Debentures aggregating to Rs.1300,000,000 on preferential basis to Mr. Kalanithi Maran, Promoter of the Company.
- Allotment of 15,000,000 (Fifteen Million) Warrants with an option to apply for and be allotted equivalent number of equity shares on preferential basis to Mr. Kalanithi Maran, Promoter of the Company.
- Re-designation of Mr. S. Natrajhen as Managing Director.
- Election of Mr. Kalanithi Maran as director not liable to retire by rotation.
- Election of Mrs. Kavery Kalanithi as director not liable to retire by rotation.

5. Material Developments

♦ **Import of Aviation Turbine Fuel:**

The Company has received approval from the Director General of Foreign Trade (DGFT), under the Ministry of Commerce and Industry, Government of India, for importing aviation turbine fuel (ATF) directly from overseas market. SpiceJet Limited is the first airline in the country to apply for import of ATF and to get clearance for the same. The Company expects to import ATF in near future which will help to reduce its operating costs.

♦ **Acquisition of Q400 Aircraft:**

The Company has completed acquisition of fifteen Bombardier Q400 NextGen turboprop aircraft which have been deployed to connect Tier II and Tier III cities in India.

♦ **International Operation:**

The Company is expanding its operations to international destinations and now SpiceJet is connected to Colombo, Dubai, Guangzhou, Kabul, Kathmandu, Male, Riyadh and Sharjah and will shorty commence flights to other Asian destinations. The Company has developed certain innovative sectors which include Delhi-Guangzhou, Ahmedabad-Dubai and Varanasi-Sharjah.

6. Dividend

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

7. Directors

- Mr. Kalanithi Maran and Mrs. Kavery Kalanithi were elected as director not liable to retire by rotation.
- Mr. S. Natrajhen was re-designated as Managing Director of the Company with effect from September 10, 2012 for the remainder period of his appointment i.e. upto November 10, 2014 without any change in the other terms and conditions including payment of remuneration.
- In terms of the provision of Section 256 of the Companies Act, 1956, Mr. Nicholas Martin Paul and Mr. R. Ravivenkatesh are liable to retire by rotation at the forthcoming Annual General Meeting of the Company. Mr. Nicholas Martin Paul and Mr. R. Ravivenkatesh being eligible, offer themselves for re-appointment.

8. Personnel

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, readwith 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, 2013, 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, 2013 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 5, 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') No grants were made during the year under review.
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	Nil
e)	Total number of shares arising as a result of exercise of options	Nil
f)	Total Options lapsed during the financial year.	153,975
g)	Variations of terms of options	Nil
h)	Money realised by exercise of options	Not applicable
i)	Total number of options in force	1,407,225
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"	(3.95)			
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.1,791.53 million while the outgoings were Rs.15,118.63 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 LLP, 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 LLP, 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, 2014 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 : August 5, 2013

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, 2013, 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, the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

(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 : August 5, 2013
Place : New Delhi

CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Corporate governance is an ethically driven business process that is committed to values and conduct aimed at enhancing an organization's wealth generating capacity. This is ensured by taking ethical business decisions and conducting the business with a firm commitment to values, while meeting stakeholders' 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 believes in adopting best corporate practices for ethical conduct of business. It is well recognized that an effective Board of Directors is a pre-requisite for strong and effective corporate governance. Our Board and Committees thereof are formed as per requirement of Companies Act, 1956 read with listing agreement which oversees how the Management serves and protects the long-term interests of all our stakeholders.

2. BOARD OF DIRECTORS

(a) Composition

The policy of the Company is to have an appropriate mix of independent and non-executive 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
Managing Director	Mr. S. Natrajhen
Independent & Non-Executive Directors	Mr. J. Ravindran Mr. M. K. Harinarayanan Mr. Nicholas Martin Paul Mr. R. Ravivenkatesh (appointed on April 19, 2012)

(b) Board Procedure

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

(c) Number of Board Meetings

The Board meets at least once a quarter to review and discuss the quarterly results and other items on the agenda. During the period under review, eight (8) Board Meeting were held on April 19, 2012; May 30, 2012, July 30, 2012; September 10, 2012, November 12, 2012; November 21, 2012, December 26, 2012 and January 21, 2013.

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	Total number of committee memberships/ chairmanships in SpiceJet Ltd and other Companies[1]	
	Board Meetings		Last AGM			
	Held during the tenure	Attended			Committee memberships	Committee Chairmanships
Mr. Kalanithi Maran	8	7	Present	5	2	1
Mrs. Kavery Kalanithi	8	4	Present	5	2	-
Mr. S. Natrajhen	8	7	Present	2	-	-
Mr. J. Ravindran	8	8	Present	3	10	6
Mr. M. K. Harinarayanan	8	6	Present	1	6	2
Mr. Nicholas Martin Paul	8	7	Present	6	6	-
Mr. R. Ravivenkatesh[2]	7	7	Present	1	3	-

Note 1: Membership and chairmanship of committee also includes committee other than Audit Committee and Shareholders' Grievance Committee.
Note 2: Appointed as Director with effect from April 19, 2012

(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 been posted on the website of the Company. All the Board members and senior managementof the Company have affirmed compliance with the Code during the financial year ended March 31, 2013. A declaration to this effect signed by Managing Director is given as an annexure to this report.

(e) Prevention of Insider Trading

Pursuant to the requirements of the Securties and Exchange Board of India (Prohibition of Insider Trading) Regulation, 1992, as amended, the Company has adopted a Code of Conduct for prvention of Insider Trading. This Code is applicable to all Board members/officers/designated empoyees. The obective of this code is to prevent dealing in shares of the Company by an insider on the basis of unpublished price sensitive information.

(f) 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. Accordingly Mr. J. Ravindran was paid Rs.80,000, Mr. Nicholas Martin Paul was paid Rs.70,000, Mr. M. K. Harinarayanan was paid Rs.60,000 and Mr. R. Ravivenkatesh was paid Rs.70,000 as sitting fees during the period under review.

(g) Shares and/or convertible instruments held by Non-Executive Directors

The table below sets out list of non-executive directors holding shares and/or convertible instruments in the Company as on March 31, 2013:

Name of Director	**Number of**		
	Equity Shares	**Convertible Debentures[1]**	**Warrants[2]**
Mr. Kalanithi Maran	78,810,300	13,000,000[3]	15,000,000
Mr. R. Ravivenkatesh	16,000	Nil	Nil

Note 1: 14% Unsecured Compulsorily Convertible Debentures of nominal value of Rs.100 each.
Note 2: Warrants having option to apply for and be allotted equivalent number of equity shares of the face value of Rs.10 each.
Note 3: Converted into 35,931,453 equity shares on April 18, 2013 consequent upon exercise of conversion right.

3. AUDIT COMMITTEE

(a) Composition and terms of reference

The Company has constituted Audit Committee of the Board in accordance with Section 292A of the Companies Act, 1956 read with listing agreement which comprises following Independent Directors:

- Mr. J. Ravindran - Chairman
- Mr. Nicholas Martin Paul - Member
- Mr. M. K. Harinarayanan - Member

The Company Secretary acts as the Secretary to the Committee.

The primary objective of the Committee is to monitor and provide an effective supervision of the financial reporting process, to ensure accurate and timely disclosures, with the highest levels of transparency, integrity and quality of financial reporting. The Committee oversees the work carried out in the financial reporting process by the Management, the Internal Auditors and the Statutory Auditor, and notes the processes and safeguards employed by each of them. The Committee has authority and responsibility as per the code of corporate governance.

(b) Meeting and attendance

During the period under review, four (4) meetings of the Committee were held on May 30, 2012; July 30, 2012; November 12, 2012 and January 21, 2013. The table below sets out the attendance of members of the Committee during fiscal year 2013:

Name of Member	Number of Committee Meetings	
	Held during the tenure	Attended
Mr. J. Ravindran	4	4
Mr. Nicholas Martin Paul	4	3
Mr. M. K. Harinarayanan	4	3

4. COMPENSATION COMMITTEE

a) Composition and terms of reference

The Company has consitituted the Compensation Committee which formulates, administers and implements the Employee Stock Option Scheme and also recommends to the Board in the matter related to appointment/re-appointment of managerial person (i.e. managing director or whole time director) including the payment of remuneration to them.

The Compensation Committee comprises following Independent and Non - Executive Directors:

- Mr. M. K. Harinarayanan - Chairman
- Mr. J. Ravindran - Member
- Mr. Nicholas Martin Paul - Member

b) Meeting and attendance

During the period under review, one (1) meeting was held on September 10, 2012. All the members of the committee on that date were present in the meeting.

c) **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. Further, any remuneration payable to managerial person is approved by the shareholders as per requirement of Companies Act, 1956.

d) **Details of remuneration to all the directors**

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 board meetings.

Mr. S. Natrajhen was initially appointed as Whole Time Director on November 11, 2011 for a period of three years and thereafter re-designated as Managing Director with effect from September 10, 2012 without any change in remuneration. During the financial year 2012-13 Mr. Natrajhen has drawn (a) Basic Salary: Rs.3,255,000, (b) Conveyance Allowance: Rs.120,000, (c) Supplementary Allowance: Rs.3,891,900, (d) Other Allowance:Rs.1,627,500, (e) Medical reimbursement: Rs.15,000 and (f) Rent free accommodation and Car facility with Driver. No stock options have been granted to Mr. Natrajhen.

5. INVESTOR RELATIONS COMMITTEE

The Investor Relation Committee comprises following Independent and Non-Executive Directors:

- Mr. J. Ravindran - Chairman
- Mr. M. K. Harinarayanan - Member
- Mr. Nicholas Martin Paul - Member

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 Compliance Officer.

During the period April 2012- March 2013, the Company has received 123 letters/ complaints from shareholders and replied/ redressed the same to the satisfaction of shareholders. Two complaints were pending as on March 31, 2013.

6. RISK MANAGEMENT

The Company has laid down procedures to inform Board members about risk assessment and minimization procedures with regard to safety of its operations. 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 and considering its increased operations the Company continues to reassess its risk management plan.

7. MANAGEMENT DISCUSSION AND ANALYSIS

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

8. CEO AND CFO CERTIFICATION

The Chief Executive Officer and the Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of Clause 49.

9. DISCLOSURES REGARDING APPOINTMENT OR RE-APPOINTMENT OF DIRECTORS

Brief Resumes and other information in respect of Directors seeking re-appointment are provided separately under the notice of the 29th Annual General Meeting.

10. GENERAL BODY MEETINGS

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

AGM	Date and Time	Venue	Special Resolutions Passed
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.
28th AGM (2011-12)	September 26, 2012 At 10.00 a.m.	The Kalaignar Arangam, Anna Arivalayam, 367/369, Anna Salai, Teynampet, Chennai- 600018	Not applicable

* Consequent upon change of Registered Office from Union Territory of Delhi to State of Tamil Nadu, the general meetings of the Company are held at Chennai from 27th AGM onwards.

Postal Ballot conducted during the year and procedure thereof

During the year under review the Company conducted postal ballot exercise as per details below:

(i) Postal Ballot conducted in March 2012 - April 2012

This postal ballot exercise was initiated in the month of March 2012 and completed in April 2012. Following special resolutions were passed through this postal ballot exercise:

a) Allotment of equity shares not exceeding 42,900,000 to Mr. Kalanithi Maran, Promoter of the Company on preferential basis (**"Item No. 1"**) and

b) Appointment of Mr. S. Natrajhen as a Whole-time Director of the Company to be designated as "Executive Director" (**"Item No. 2"**).

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 Scrutinizer 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 Scrutinizer dated April 4, 2012 details of voting pattern are as under:

S. N.	Description	Item No. 1			Item No. 2		
		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**	**100.00%**	**1,698**	**226,555,632**	**100.00%**

The resolutions were passed by requisite majority.

(ii) Postal Ballot conducted in November 2012- December 2012

This postal ballot exercise was initiated in the month of November 2012 and completed in December 2012. Following special resolutions were passed through this postal ballot exercise:

a) Issue and allotment of 13,000,000 14% Unsecured Compulsorily Convertible Debentures of Rs.100 each to Mr. Kalanithi Maran, Promoter of the Company (**"Item No. 1"**);

b) Allotment of 15,000,000 Warrants to Mr. Kalanithi Maran, Promoter of the Company with an option to apply for and be allotted equivalent number of equity shares (**"Item No. 2"**); and

c) Re- designation of Mr. S. Natrajhen as Managing Director (**"Item No. 3"**).

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 November 16, 2012 along with Notice and the Explanatory Statement. The Company provided e-voting facility as an alternate, to its Members to enable them to cast their vote electronically instead of dispatching Postal Ballot Form.

The postal ballot exercise was conducted by Mrs. Lakshmmi Subramanian, Practicing Company Secretary, who was appointed as Scrutinizer by the Board. The result of the postal ballot was announced by the Chairman on December 26, 2012 and same was published in newspapers and also posted on the website of the Company, www.spicejet.com.

As per the report of Scrutinizer dated December 26, 2012 details of voting pattern are as under:

S. N.	Description	Item No. 1			Item No. 2			Item No. 3		
		No. of Ballots	No. of Shares	% to Shares	No. of Ballots	No. of Shares	% to Shares	No. of Ballots	No. of Shares	% to Shares
1	Total number of Postal Ballot received	971	248,990,467	-	969	248,986,567	-	965	248,985,567	-
	Less: *Total no. of postal ballot treated as invalid due to technical reasons*	82	310,359	-	81	309,359	-	83	308,529	-
	Less: *Votes not casted*	-	1,422,860	-	-	1,422,890	-	-	1,422,815	-
2	Total Number of Postal Ballot treated as valid	889	247,257,248	-	888	247,254,318	-	882	247,254,223	-
3	**Votes in favour**	**712**	**245,805,519**	**99.41**	**715**	**245,791,042**	**99.41**	**808**	**247,194,640**	**99.98**
4	**Votes against**	**177**	**1,451,729**	**0.59**	**173**	**1,463,276**	**0.59**	**74**	**59,583**	**0.02**
5	**Total (3+4)**	**889**	**247,257,248**	**100.00**	**888**	**247,254,318**	**100.00**	**882**	**247,254,223**	**100.00**

The resolutions were passed by requisite majority.

No special resolution is proposed to be passed through postal ballot.

11. DISCLOSURES

(a) There were no materially significant related party transactions during the year having conflict with the interests of the Company.

(b) There has been no non-compliance by the Company or penalty or stricture imposed on the Company by the Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

(c) No personnel has been denied access to the Audit Committee.

(d) The Company has fully complied with the mandatory requirements under Clause 49 of the listing agreement and the provisions of non-mandatory requirments are under consideration of the Board of the Company.

12. MEANS OF COMMUNICATION

Quarterly un-audited results are sent to the exchange for the information of the shareholder. The results are normally published in Mint (English) all editions and Malaisudar (Tamil) Chennai edition. The results of the Company are also displayed on the official website of BSE Limited (www.bseindia.com) and the Company (www.spicejet.com).

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.

13. 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.

14. GENERAL SHAREHOLDER INFORMATION

Venue, date and time of the 29th Annual General Meeting	Venue: The Kalaignar Arangam, Anna Arivalayam, 367/369, Anna Salai, Teynampet, Chennai – 600 018 Date: September 25, 2013 Time: 10.00 a.m.	
Financial year	April 1, 2012 to March 31, 2013	
Book Closure date	September 21, 2013 to September 25, 2013 (Both days inclusive)	
Dividend payment date	Not Applicable	
Listing on Stock Exchange	BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001 (Equity Shares)	
Stock Code	BSE	500285
	Reuters	SPJT.BO
	Bloomberg	SJET
ISIN in NSDL and CDSL for shares	INE285B01017	
Listing fees for financial year 2013-14	Paid	

15. ADDRESS FOR CORRESPONDENCE

(a) **For shares in physical/ demat mode**
Karvy Computershare Private Limited
'Karvy House',
Plot No.17-24, Bittal Rao Nagar, Madhapur
Hyderabad - 500 081
E-mail ID: einward.ris@karvy.com
Phone: 040-44655000
Fax: 040-23420814

(b) **Any query on Annual Report**
Company Secretary,
SpiceJet Limited,
319, Udyog Vihar, Phase-IV,
Gurgaon - 122016 Haryana
E-mail Id: investors@spicejet.com
Phone: +91- 124- 3913939
Fax: +91- 124- 3913844

16. MARKET PRICE DATA*

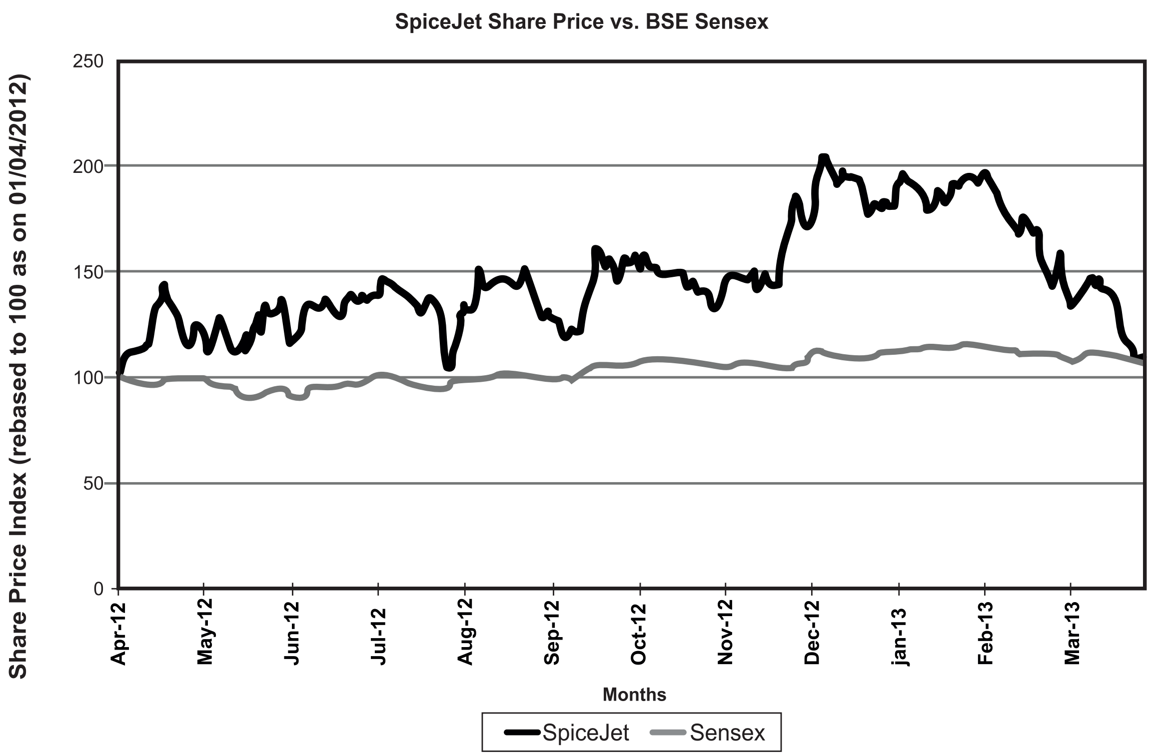
The market capitalisation of the Company is included in the computation of BSE 500 Index. The table below sets out the monthly high and low quotations of the shares traded at BSE Limited during the period under review:

Month	Open Price	High Price	Low Price	Close Price
Apr-12	23.20	35.60	23.20	29.75
May-12	30.10	33.40	26.25	28.15
Jun-12	28.35	34.25	27.35	33.45
Jul-12	33.80	36.15	24.50	32.15
Aug-12	32.15	37.85	30.30	31.65
Sep-12	30.70	41.30	28.55	37.10
Oct-12	37.35	38.70	31.65	33.60
Nov-12	33.90	46.85	33.45	41.20
Dec-12	41.65	50.90	41.40	44.00
Jan-13	44.60	48.25	41.55	47.30
Feb-13	48.30	48.85	34.25	35.45
Mar-13	35.95	36.45	25.90	26.65

* Source: www.bseindia.com

17. 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, 2012 to March 31, 2013.



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

18. REGISTRAR AND TRANSFER AGENTS - SHARES

Karvy Computershare Private Limited
'Karvy House',
Plot No.17-24, Bittal Rao Nagar, Madhapur
Hyderabad - 500 081
Website: www.karvy.com
E-mail ID: einward.ris@karvy.com
Phone: 040-44655000
Fax: 040-23420814

19. SHARE TRANSFER SYSTEM

To expedite the process of share transfers, the Board of the Company has delegated the power of share transfer to the Compliance Officer and Registrar and Share Transfer Agent. The shares of the Company are traded in compulsory demat segment.

Share transfer requests which are received in physical form are processed and the share certificate are returned within a fortnight from the date of receipt, provided the documents submitted are valid and complete in all respect.

20. DEMATERIALISATION OF SHARES AND LIQUIDITY

Over 98% of the outstanding shares have been dematerialized upto March 31, 2013. The Shares of the Company are listed at BSE only; where they are actively traded.

21. PLANT LOCATIONS

The Company does not have plant location.

22. SHAREHOLDING PATTERN AS ON MARCH 31, 2013

S. No.	Category	No. of Shares	Percentage (%)
1.	Promoters	235,328,305	48.59
2.	Directors and Relatives	16,001	0.00
3.	Banks	2,400	0.00
4.	Bodies Corporate	52,890,697	10.92
5.	Employees	457,125	0.09
6.	Foreign Institutional Investors	28,909,051	5.97
7.	H. U. F.	5,893,272	1.22
8.	Mutual Funds	51,674,962	10.67
9.	Non Resident Indians	5,875,570	1.21
10.	Resident Individuals	101,913,455	21.04
11.	Others	1,388,892	0.29
Total		**484,349,730**	**100.00**

23. OUTSTANDING GDR/ WARRANTS AND CONVERTIBLE BOND

Convertible Debenture: During the financial year 2012-2013, the Company has allotted 13,000,000 14% Unsecured Compulsorily Convertible Debentures ("CCDs") of the face value of Rs.100 each to Mr. Kalanithi Maran, Promoter of the Company on preferential basis. These outstanding CCDs as on March 31, 2013 represent 35,931,453 equity shares of Rs.10 which has been duly converted on April 18, 2013 pursuant to exercise of option by the allottee.

Warrants: On January 9, 2013, the Company has allotted 15,000,000 Warrants, having option to apply for and be allotted equivalent number of equity shares of the face value of Rs.10 each at a premium of Rs.26.18 to Mr. Kalanithi Maran, Promoter of the Company on preferential basis. Equity shares against these Warrants may be subscribed by the allottee within a period of eighteen months from the date of allotment i.e. upto July 8, 2014.

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

I, S. Natrajhen, Managing Director 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 , 2013.

Sd/-
S. Natrajhen
Managing Director

Date: August 5, 2013

MANAGEMENT DISCUSSION AND ANALYSIS

Investors are cautioned that this discussion contains forward looking statements that involve risks and uncertainties including, but not limited to, risks inherent in the Company's growth strategy, acquisition plans, dependence on certain businesses, dependence on availability of qualified and trained manpower and other factors. The following discussion and analysis should be read in conjunction with the Company's financial statements included herein and the notes thereto.

1. Economy and Prospects

a) Economy

India's recent slowdown is partly rooted in external causes but domestic causes are important. The strong post-financial-crisis stimulus led to stronger growth in 2009-10 and 2010-11. However, the boost to consumption, coupled with supply-side constraints, led to higher inflation. Monetary policy was tightened, even as external headwinds to growth increased. The consequent slowdown, especially in 2012-13, has been across the board, with no sector of the economy unaffected. Falling savings without a commensurate fall in aggregate investment have led to a widening current account deficit. Wholesale price index (WPI) inflation has been coming down in recent months. However, given the higher weightage to food in consumer price indices (CPI), CPI inflation has remained close to double digits. With the subsidies bill, particularly that of petroleum products, increasing, the danger that fiscal targets would be breached substantially became very real in the current year. The situation warranted urgent steps to reduce government spending so as to contain inflation. Also required were steps to facilitate corporate andinfrastructure investment so as to ease supply. Several measures announced in recent months are aimed at restoring the fiscal health of the government and shrinking the current account deficit as also improving the growth rate. With the global economy also likely to recover somewhat in 2013, these measures should help in improving the Indian economy's outlook for 2013-14.

The services sector is the dominant sector in most developed economies of the world and in some developing economies such as India. The CAGR of the services sector GDP was 10 per cent for the period 2004-05 to 2011-12. It has clearly outgrown both the industry and agriculture sectors In 2011-12 and 2012-13, in tune with the general moderation in the economy, the growth rate of the services sector also declined. The services sector is providing employment to more people, but employment growth is below the desired pace, given how productive service jobs are. The slowdown in the rate of growth of services in 2011-12, and particularly in 2012-13, from the double-digit growth of the previous six years, contributed significantly to slowdown in the overall growth of the economy. While some slowdown could be attributed to the lower growth inagriculture and industrial activities, given the backward and forward linkages with services, lower demand from the rest of the world have played a part.

b) Prospects, Short Term and Medium Term

The revival of growth in the advanced countries is expected to be slow and uncertain at least in the near future, despite the measures being taken on monetary and fiscal fronts. In Europe, in particular, this is also being accompanied by changes in the institutional framework. With the ongoing private-sector deleveraging and government fiscal consolidation, most analysts have projected only a very moderate global recovery in 2013, which could gather momentun in the year 2013-14. Emerging markets can also compensate a little for tepid growth in industrial economies, and the changing direction of Indian exports towards emerging markets can help their revival.

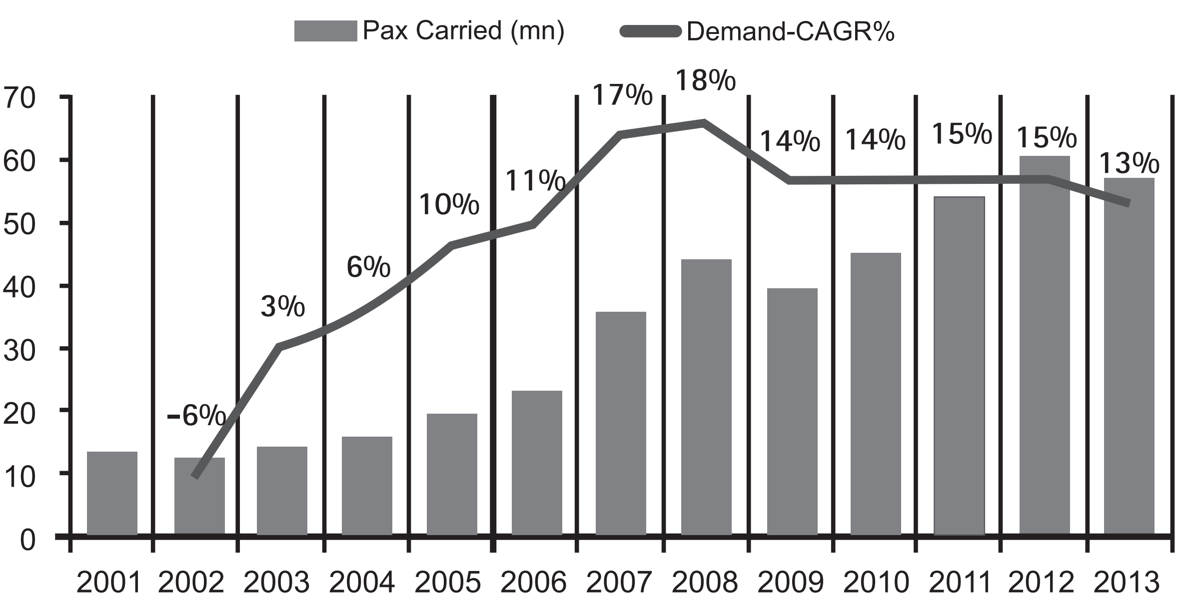
Nevertheless, it is unlikely that the support to Indian growth from the global economy will be significant. Indeed, there are two sources of downside risk. First, India is exposed to shifts in the risk tolerance of international investors. Second, India's import bill is strongly tied to the price of oil. One reason for rising oil prices would be improvements in the global economy, which would mean stronger exports. The more worrisome situation would be if the oil prices rise because of geopolitical risks, which would mean increasing investor anxiety and slow world growth.

The bottomline is that India cannot rely on external environment and has to move quickly to restore domestic balance. The government is committed to fiscal consolidation. This along with demand compression and augmented agricultural production should lead to lower inflation, giving the central bank the requisite flexibility to reduce policy rates. Lower interest rates could provide an additional fillip to investment activity for the industry and services sectors.

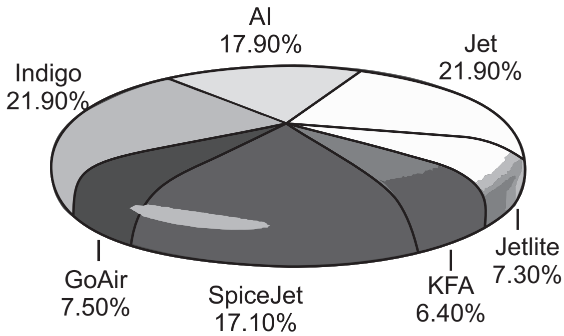
Given such a scenario, where all the three major sectors of the economy perform better in 2013 14 as compared to 2012-13, the overall economy is expected to grow in the range of 6.1 to 6.7 per cent in 2013-14. Of course, these projections assume a normal monsoon, further moderation in inflation as expected (to induce further relaxation of the tight monetary stance), and mild recovery of global growth as anticipated.

2. Indian Aviation

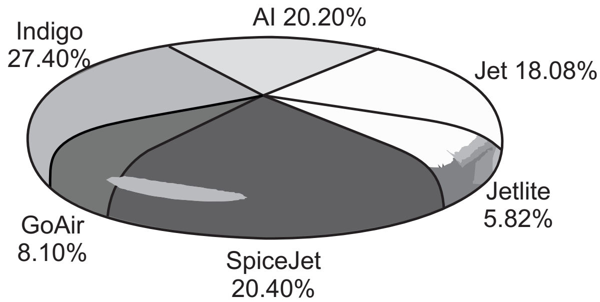
The Indian Aviation market registered a negative growth of 5.1% (lowering the CAGR to 13%). Domestic passengers carried during this year stood at 57.5 million. The main reasons being the economic conditions which affected travel; and partly due to rise in fares by airlines to counter inflation. However, market share of Low Cost Carrier ("LCC") saw a sizeable increase at the cost of the full service carriers. The market shares of the LCC increased to 63% in the domestic space and passenger growth was 16% YoY. This clearly demonstrates that LCCs have the business model to drive growth and sustain its operations.



The Market share of all the airlines is as illustrated between the two fiscal ending 2012 and 2013. During the fiscal SpiceJet increased its market share from 17.1% to 20.4%.



As on March 2012



As on March 2013

The cost side is still under severe pressures due to an increase in exchange rate by 6%, from Rs.51 per US Dollar to Rs.54.4 per US Dollar. International crude prices went down to US Dollar 95 per barrel from US Dollar 120 levels however there were no corresponding decrease in domestic ATF prices. The profitability of all the airlines was stressed on account of fuel and dollar rates, impacting its profitability substantially.

3. Developments at SpiceJet

a) Shareholders Consolidation

During the year under review the Promoter infused additional capital into the Company thereby increasing the stake from 43.60% to 48.59%. Post closure of the year under review the stake has increased to 52.13% thereby demonstrating Promoter's long term vision of building SpiceJet a reliable and profitable airline.

b) Fleet additions and network consolidation

During the year, SpiceJet inducted four (4) Boeing 737NGs and eight (8) Bombardier Q400s aircraft taking its fleet size to 52 at the end of the year. This helped SpiceJet in increasing its foot print in both domestic and international markets. Fourteen (14) domestic airports were added to the network while six (6) international airports came under SpiceJet's growing international presence. This year saw a major change in SpiceJet's strategy in international operations; SpiceJet's international operations which were limited to Colombo and Kathmandu spread to Dubai, Kabul, Male, Riyadh, Guangzhou and Sharjah. The new routes launched were Delhi-Dubai, Mumbai-Dubai, Ahmedabad-Dubai, Cochin-Dubai, Delhi-Kabul, Cochin-Male, Delhi-Riyadh, Delhi-Guangzhou, Varanasi-Sharjah, Lucknow-Sharjah and Madurai-Colombo.

The Company also added Calicut, Port Blair, Amritsar, Chandigarh, Dehradun, Jabalpur, Hubli, Belgaum, Udaipur, Mysore, Pondicherry, Allahabad, Nanded and Lucknow as new domestic airports.

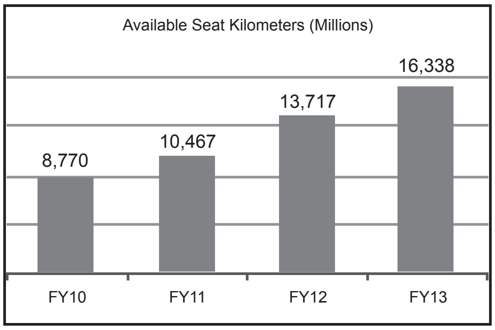
With the above network SpiceJet has national presence with healthy exposure in three key segments, viz. Main line domestic routes (amongst Tier I & Tier II cities), Regional domestic routes (amongst Tier II & Tier III cities) and International routes.

c) Future Operations

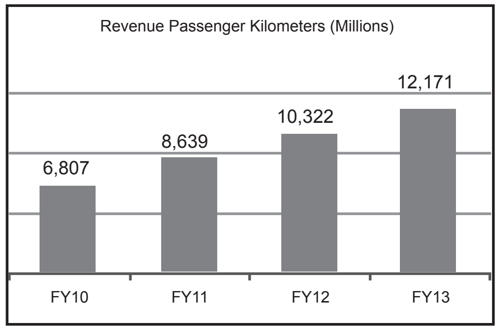
For the year 2013-14, the Company plans to add seven (7) more Boeing 737NGs and expect majority of the capacity increase to be deployed in the International markets for which it has secured rights for these planned additions.

4. Operational and Financial Highlights

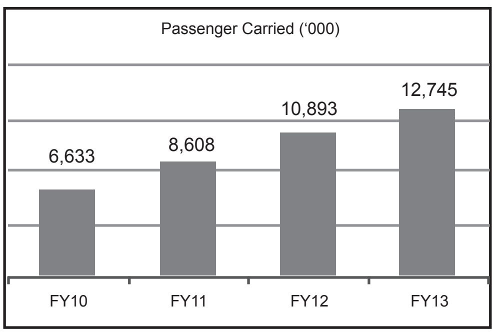
a) Operational highlights:



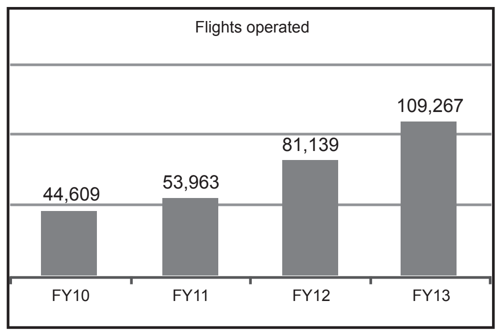
Capacity depolyed in ASKM increased by 19.11% due to aircraft induction of Boeing 737 and Bombardier Q400.



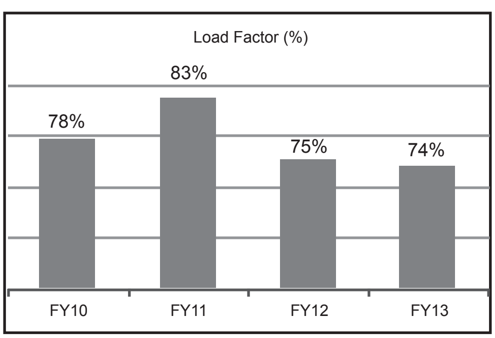
RPK's grew by 17.91% and this growth was impacted by marginally lower load factors during the financial year and deployment of the aircraft on relatively shorter sectors.



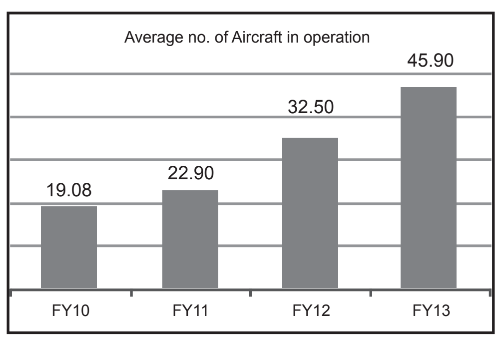
Passengers carried witnessed a growth of 17.00%.



Flights operated increased by 34.67% due to induction of new Boeing 737 and Bombardier Q400.

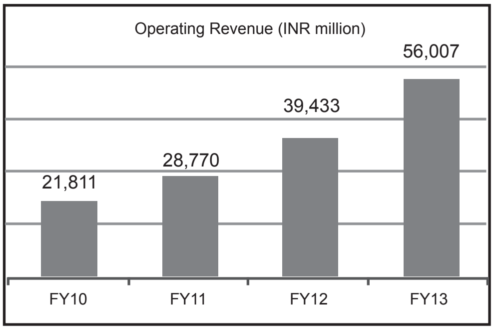


Load factors marginally decreased due to general state of economy and the Company increasing fares to offset costs.

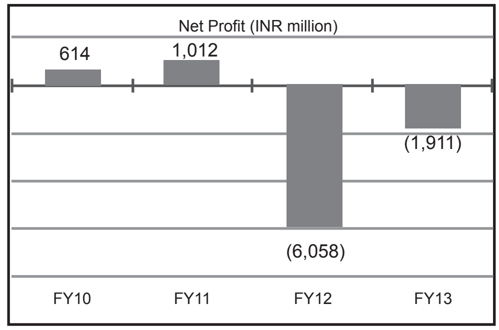


Average number of Aircraft in operation increased by 41.23% due to induction of new Boeing 737 and Bombardier Q400.

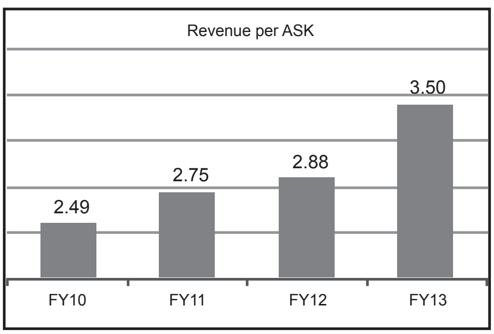
b) Financial highlights



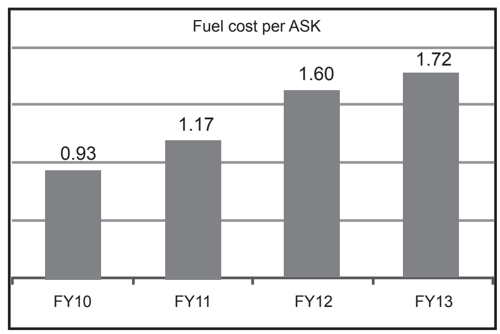
Operating revenue increased by 42.03% due to addition of aircraft and new destinations introduced.



Net loss of the Company reduced due to increase in operating revenue however the weakness of Rupee and fuel prices could not be passed on to the customers in totality due to increased pricing pressure and competetion.



21% increase in Revenue per ASKM deployed due to better yield.



Effective fuel cost per ASK was higher by 7.50% due to rise in fuel price.

c) Revenues:

SpiceJet's total revenues increased by 44.44% to Rs. 58,051 million in FY 2012-13 from Rs. 40,191 million in FY 2011-2012.

Revenue from operations increased by 42.03% to Rs. 56,007 million in FY 2012-13 from Rs.39,433 million in FY 2011-12.This increase was driven by better capacity utilization.

Other Income during FY 2012-13 increased by 195% to Rs.1,618 million from Rs.547 million.

d) **Expenses:**

Total operating expenses for FY 2012-13 increased by 30% to Rs.48,105 million from Rs.37,079 million in FY 2011-12.

Operating Expense	FY 2013 (Rs. in million)	FY 2012 (Rs. in million)	Variance
Aircraft fuel and oil	28,033.15	21,961.22	28%
Lease rental-aircraft, rotable and engines	8,081.02	6,019.17	34%
Aircraft maintenance cost	6,737.56	5,121.41	32%
Aviation insurance	322.22	199.63	61%
Landing, navigation and other airport charges	3,540.11	2,595.85	36%
Inflight and other passenger amenities	523.96	440.64	19%
Operating software charges	571.03	365.76	56%
Other operating expenses	295.71	375.42	-21%

i) **Aircraft Fuel & Oil**

Expenditure on aircraft fuel increased by 28% to Rs.28,033.15 million in FY 2012-13 from Rs.21,961.22 million in FY 2011-12. This increase is mainly due to increase in consumption of aviation turbine fuel and average price increase.

ii) **Lease Rental-Aircraft, Rotable and Engines**

Expenditure on lease rental-aircraft, rotable and engines increased by 34% to Rs.8,081 million in FY 2012-13 from Rs.6,019 million in FY 2011-12, this increase in mainly due to increase in the fleet size and Rupee depreciation.

iii) **Aircraft Maintenance Cost**

Expenditure on aircraft maintenance cost increased by 32%. The increase in maintenance and repair costs in FY 2012-13 is essentially due to increased volume of operations, depreciating rupee and engine repairs.

iv) **Other Operating Expenses**

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

v) **Employee Benefits/ Expenses**

Expenses with regard to employee remuneration and benefits increased by 31% to Rs.5,268 million in FY 2012-13 from Rs.4,029 million in FY 2011-12. The increase was mainly due to increase in operations.

vi) **Selling Expenses**

Selling expenses increased by 3% to Rs.2,791 million for FY 2012-13 from Rs.2,704 million for FY 2011-12. This increase was mainly due to increase in revenue.

vii) Other Expenses

Other expense increased by 13% 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 2013 by 121% from Rs.1,157 million to Rs.522 million mainly due to induction of eight Bombardier Q400 aircraft and depreciating Rupee.

ix) Depreciation

Depreciation increased by 170% to Rs.835 million in FY 2012-13 from Rs.310 million in FY 2011-12. The increase was mainly due to depreciation on newly inducted eight Bombardier Q400 aircraft and depreciating Rupee.

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. Indian economy's GDP grew by 5%. However due to inflation and reduced consumer spending on travel, Indian aviation witnessed a negative growth in passenger demand. This is also due to the fact that this year the fares were reflective of the underlying costs and as such is a good sign as it is shows the true demand. In the last fiscal the demand was also due to dumping of fares by some airlines, which resulted in one major player stopping its operations. With this demand profile and the fares, your company is in a good position to tap the opportunity. The concerns still remain as the Indian fuel prices refuse to come down and the current very high levels of exchange rate. In the normal course, as is commonly witnessed in most industries, these costs ought to have been passed on to the customers. This becomes difficult in India due to the extreme price sensitivity of pricing on demand.

The potential risks and threats could be witnessed by emergence of new airlines in near future. Your company is insulated owing to the fact that its demand profile is spread across three key passenger segments, viz. the Tier I & II, Regional and International markets.

6. Future Outlook for SpiceJet

In the last eight 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 recognition, which drives consumers' preference.

While the industry outlook for financial year 2013-14 looks a bit challenging, SpiceJet has increased its foot print in international operations and will continue to add international destinations and routes. This will result in additional aircraft utilisation and secure better yields. This will also offset the risk of infusion of additional capacities into domestic sectors.

Your Company's Bombardier Q400 foray continues to consolidate by providing connectivity to Tier II & Tier 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 provides seamless connection to a large section of consumers and is a true national network.

7. Internal Control

The Company has in place systems and processes, commensurate with its size and nature of business so as to ensure adequate internal control while ensuring smooth conduct of operations and compliance with statutory requirements under all applicable legislations. Independent internal audit is carried out to ensure adequacy of internal control system and adherence to policies and practices. The Audit Committee reviews the functioning of the internal audit function.

8. 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 programs to optimize the employee motivation and potential retention. Also, providing opportunities internally for career progression. We also encourage employee bonding events/ engagements 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. Such tools help employees in nurturing their aspirations and the productivity also gets enhanced.

The strength of the workforce of the Company at the year end was 5,252.

INDEPENDENT AUDITOR'S REPORT

To the Members of SpiceJet Limited

Report on the Financial Statements

We have audited the accompanying financial statements of SpiceJet Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

As more detailed in note 34 (a) of the financial statements, no provision has been made for interest of Rs.74.71 million upto March 31, 2013 (Rs. 74.71 million in the previous year), 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, 2013 and accumulated losses as at that date would have been higher by Rs.74.71 million (Rs. 74.71 million in the previous year). Our audit report for the year ended March 31, 2012 was also qualified in respect of the above matter.

Qualified Opinion

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 described in the Basis for Qualified Opinion paragraph*, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

(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 the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

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, 2013, the Company's accumulated losses has fully eroded the net worth of the Company. The appropriateness of the going concern assumption is dependent on the Company's ability to establish consistent profitable operations as well as raising adequate finance to meet its short term and long term obligations. 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, 2013.

Report on Other Legal and Regulatory Requirements

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

2. As required by section 227(3) of the Act, we report that:

   (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

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

   (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   (d) *Except for the matter described in the Basis for Qualified Opinion paragraph,* in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956; and

   (e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W

per S. Balasubrahmanyam
Partner
Membership Number: 053315
Place of Signature: Chennai
Date: May 24, 2013

Annexure referred to in paragraph 1 of the section "Report on other legal and regulatory requirements" 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. Discrepancies noted on physical verification of inventories were not material, and have been properly dealt with in the books of account.

(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 (as amended) ("CARO" or "Order") are not applicable to the Company and hence not commented upon.

(b) The Company has issued debentures to a person covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 1,315.40 million and the year-end balance of the debentures, together with interest thereon was Rs. 1,315.40 million.

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

(d) In respect of loans taken, no repayment is contemplated as the same is required to be compulsorily converted into equity shares as per terms of issue. The payment of interest has been regular *except for the month of March 2013 which is overdue.*

(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, provident fund, employees' state insurance, customs duty, cess and other material statutory dues applicable to it *except for undisputed statutory dues relating to remittance of tax deducted at source, value added 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 material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding of provident fund, 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	Forum where dispute is pending
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 consequential effects, if any, of matter described in the Basis for Qualified Opinion paragraph of our auditors' 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 losses in the current and immediately preceding financial year.

(xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution or banks. *The Company has defaulted in repayment of interest aggregating to Rs. 15.40 million to debenture holders as at March 31, 2013, and the entire amount of such interest has not been paid as at the Balance Sheet date.*

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

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Order (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 Order (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.9,452.78 million raised on short term basis in the form of short term borrowings from banks and excess of current liabilities over current assets have been used for funding the operating losses of the Company.*

(xviii)The Company has made preferential allotment of shares to a party 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 has unsecured debentures outstanding during the year, on which no security or charge is required to be created.

(xx) The Company has not raised any money by public issues and accordingly, provisions of clause 4(xx) of the Order are not applicable to the Company.

(xxi) We have been informed that *the Company has not been able to recover Rs. 0.43 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 LLP
Chartered Accountants
ICAI Firm registration number: 101049W

per S Balasubrahmanyam
Partner
Membership No.: 053315

Place of signature: Chennai
Date: May 24, 2013

Balance Sheet as at March 31, 2013

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

	Notes	March 31, 2013	March 31, 2012
Equity and Liabilities			
Shareholders' Funds			
Share capital	3	4,843.50	4,414.50
Reserves and surplus	4	(7,223.63)	(5,886.82)
Money received against share warrants	5	135.68	-
		(2,244.45)	**(1,472.32)**
Non-Current Liabilities			
Long-term borrowings	6	14,299.62	6,504.35
Trade payables	7 (i)	1,003.37	718.73
Other long-term liabilities	7 (ii)	225.28	135.18
Long-term provisions	8	116.76	84.68
		15,645.03	**7,442.94**
Current Liabilities			
Short-term borrowings	9	2,481.52	2,050.00
Trade payables	10 (i)	6,887.01	4,701.27
Other current liabilities	10 (ii)	7,886.79	6,915.83
Short-term provisions	11	54.20	65.67
		17,309.52	**13,732.77**
Total		**30,710.10**	**19,703.39**
Assets			
Non-current Assets			
Fixed Assets			
Tangible assets	12	17,925.45	8,496.65
Intangible assets	13	9.77	5.47
Capital work-in-progress	12	12.05	0.64
Long-term loans and advances	14	2,279.04	4,701.32
Other non-current assets	15	2,627.05	2,156.28
		22,853.36	**15,360.36**
Current Assets			
Inventories	16	456.23	316.53
Trade receivables	17 (i)	1,050.32	204.09
Cash and bank balances	18	2,170.82	2,359.07
Short-term loans and advances	19	1,905.04	1,334.57
Other current assets	17 (ii)	2,274.33	128.77
		7,856.74	**4,343.03**
Total		**30,710.10**	**19,703.39**
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 LLP	For and on behalf of the Board of Directors		
Chartered Accountants			
ICAI Firm Registration No.: 101049W			
per S Balasubrahmanyam	**Kalanithi Maran**	**S Natrajhen**	**Chandan Sand**
Partner	**Chairman**	**Managing Director**	**Company Secretary**
Membership No: 053315			
Place: Chennai	Chennai	Chennai	Chennai
Date: May 24, 2013	May 24, 2013	May 24, 2013	May 24, 2013

Statement of Profit and Loss for the year ended March 31, 2013
(All amounts are in millions of Indian Rupees except in respect of number and per share information and unless otherwise stated)

	Notes	March 31, 2013	March 31, 2012
Income			
Revenue from operations	20	56,006.78	39,432.62
Other income	21	1,618.03	547.10
Total Revenue [I]		**57,624.81**	**39,979.72**
Expenses			
Operating expenses	22	48,104.77	37,079.00
Employee benefit expense	23	5,267.99	4,028.72
Selling expenses	24	2,791.45	2,704.20
Other expenses	25	1,805.33	1,604.35
Total Expenses [II]		**57,969.54**	**45,416.27**
Earnings before interest, tax, depreciation and amortization (EBITDA) [I-II]		**(344.73)**	**(5,436.55)**
Less:			
Depreciation and amortisation expense	12 & 13	(835.45)	(309.98)
Interest income on bank deposits		426.60	211.42
Finance costs	26	(1,157.18)	(522.57)
Profit / (Loss) for the year		**(1,910.76)**	**(6,057.68)**
Earnings per share information: (Also refer note 27)			
- Basic earnings per share		(3.95)	(14.35)
- Diluted earnings per share		(3.95)	(14.35)
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 LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W

For and on behalf of the Board of Directors

per S Balasubrahmanyam
Partner
Membership No: 053315

Place: Chennai
Date: May 24, 2013

Kalanithi Maran
Chairman
Chennai
May 24, 2013

S Natrajhen
Managing Director
Chennai
May 24, 2013

Chandan Sand
Company Secretary
Chennai
May 24, 2013

Notes to the financial statements for the year ended March 31, 2013
(All amounts are in millions of Indian Rupees, unless otherwise stated)

Cash Flow Statement

		March 31, 2013	March 31, 2012
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit / (Loss) before tax	(1,910.76)	(6,057.68)
	Adjustments to reconcile profit before tax to net cash flows		
	Depreciation and Amortisation	835.45	309.98
	Employee stock option cost	-	1.21
	Provision for doubtful advances	4.09	(2.33)
	Interest income	(426.60)	(211.42)
	Interest expense	1,157.18	522.57
	Loss / (profit) on sale of assets (net) / assets written off	(22.11)	15.92
	Translation loss / (gain) on monetary assets and liabilities	(52.58)	(76.62)
	Profit on sale of aircraft under sale and lease back arrangements (net)	-	(39.96)
	Operating profit / (loss) before working capital changes	**(415.33)**	**(5,538.33)**
	Movements in working capital:		
	(Increase) / Decrease in trade receivables	(846.23)	(32.27)
	(Increase) / Decrease in loan and advances	(2,629.02)	541.73
	(Increase) / Decrease in inventories	(139.70)	(113.03)
	Increase / (Decrease) in trade payables and other liabilities	3,541.38	3,998.26
	Increase / (Decrease) in provisions	20.61	66.90
	Cash generated / (used) in operations	**(468.29)**	**(1,076.74)**
	Income taxes paid (net of refunds)	(69.76)	24.28
	Net Cash flow from / (used) in operating activites (A)	**(538.05)**	**(1,052.46)**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets	(7,844.47)	(6,278.93)
	Net proceeds on purchase and sale of aircrafts *	-	39.96
	Sale of fixed assets	46.89	-
	Margin money deposits placed	(1,999.73)	(2,849.22)
	Margin money deposits withdrawn	1,547.83	2,399.62
	Investments in bank deposits (having original maturities of more than 3 months)	-	(1,346.88)
	Redemption / maturity of bank deposits (having original maturities of more than 3 months)	155.00	1,199.78
	Interest received	421.77	178.85
	Net Cash flow from / (used) in investing activities (B)	**(7,672.71)**	**(6,656.82)**

Notes to the financial statements for the year ended March 31, 2013
(All amounts are in millions of Indian Rupees, unless otherwise stated)

		March 31, 2013	March 31, 2012
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from issue of share capital (including share premium)	994.42	1,314.79
	Money received against share warrants	135.68	-
	Proceeds from long-term borrowings	8,167.36	7,934.89
	Proceeds from issue of 13% compulsorily convertible debentures	1,300.00	-
	Proceeds from short-term borrowings	431.52	2,000.00
	Repayment of long-term borrowings	(1,672.09)	(524.69)
	Repayment of short-term borrowings	-	(500.00)
	Interest paid (including ancilliary cost for arranging the borrowings)	(1,182.08)	(451.15)
	Net Cash flow from / (used) in financing activities (C)	**8,174.81**	**9,773.84**
D.	**NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)**	**(35.95)**	**2,064.56**
	Effects of exchange difference on cash and cash equivalents held in foregin currency	2.70	(0.52)
	Cash and cash equivalents at the beginning of the year	2,204.07	140.03
	Cash and cash equivalents at the end of the year	**2,170.82**	**2,204.07**
	Notes :		
	Components of cash and cash equivalents		
	On current accounts	97.03	197.53
	Deposits with original maturity less than 3 months	2,050.00	2,000.00
	Cash on hand	23.79	6.54
	Total cash and cash equivalents (Note 18)	**2,170.82**	**2,204.07**

* Transaction settled on net basis.

As per our report of even date

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

per S Balasubrahmanyam
Partner
Membership No: 053315

Place: Chennai
Date: May 24, 2013

For and on behalf of the Board of Directors

Kalanithi Maran	**S Natrajhen**	**Chandan Sand**
Chairman	**Managing Director**	**Company Secretary**
Chennai	Chennai	Chennai
May 24, 2013	May 24, 2013	May 24, 2013

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 52 aircrafts across various routes in India as at March 31, 2013. 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 year, the Company issued 42,900,000 shares to Mr. Kalanithi Maran, the promoter of the Company through a preferential allotment at a price of Rs. 23.18 per share aggregating to Rs. 994.42 million.

Further, the Company has also issued the following securities to the promoter of the Company on a preferential basis in the current year:

(i) 13,000,000 14% Unsecured Compulsorily Convertible Debentures of Rs.100 each aggregating to Rs.1,300.00 million which are convertible into equity shares of the Company at a price of Rs. 36.18 per equity share; and

(ii) 15,000,000 Warrants, which provide the option to apply for and be allotted equivalent number of equity shares of the face value of Rs.10 each at a premium of Rs.26.18 each.

Subsequent to the year end, the Promoter exercised his right to convert the 13,000,000 14% Unsecured Compulsorily Convertible Debentures into equity shares of the Company, pursuant to which 35,931,453 equity shares of the Company were allotted to the promoter at a price of Rs.36.18 per equity share.

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 Company continues to achieve significant growth in revenues during the year and has also managed to improve yields on a consistent basis. The Company's operating results continue to be 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 continuously implemented various measures such as fare and route rationalization, optimizing aircraft utilization (including short-term leasing out of aircrafts), improving operational efficiencies, renegotiation of contracts and other cost control measures to improve the Company's operating results and cash flows. 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 funds in the current year and being committed to provide operational and financial support. The Company believes that the recent amendments to FDI policy will improve the investor sentiment towards the Indian aviation industry and that its measures will not only result in sustainable cash flows, but also enhance the Company's plans for 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.

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 the remaining life of the asset. In accordance with MCA circular dated August 9, 2012, exchange differences adjusted to the cost of fixed assets are total differences, arising on long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset, for the period. In other words, the Company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

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 theAct, 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. The average useful life of leasehold improvements is between 4 to 6 years.

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

Where the Company is a lessee

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 statement of profit and loss on a straight-line basis over the lease term.

Sale and lease back arrangements

Profit or loss on sale and lease back arrangements resulting in operating leases is 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 th lease.

g) **Borrowing costs**

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings.

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.

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 units (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). The following specific recognition criteria must also be met before revenue is recognized:

Service Income

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 satisfaction of conditions for availment of benefits under the respective schemes, provided the realization of these benefits is certain as at the reporting date.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

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 coincidiwith 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 exchange rate prevailing at the reporting date. Non-monetary items which are measured 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 if any, are reported using the exchange rates that existed when the values were determined.

Exchange Differences

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.
- 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.

Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/ liability

The premium or discount arising at the inception of forward exchange contract is amortized and recognized as an expense / income over the life of the contract. Exchange differences on such contracts, except the contracts which are long-term foreign currency monetary items, are recognized in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or as expense for the period. Any gain/ loss arising on forward contracts which are long-term foreign currency monetary items is recognized in accordance with paragraph on exchange differences above.

n) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as expenditure, when an employee renders the related service.

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 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 i ncome 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.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as “MAT Credit Entitlement.” The Company reviews the “MAT credit entitlement” asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

p) Employee stock compensation cost

Employees (including senior executives) of the Company receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

In accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, the cost of equity-settled transactions is measured using the intrinsic value method and recognized, together with a corresponding increase in the “Stock options outstanding account” in reserves. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company’s best estimate of the number of quity instruments that will ultimately vest. The expense or credit recognized in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total intrinsic value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

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")

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.

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

s) Provisions

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation. Provisions are not discounted to its present value and are determined based on best estimate of amounts required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

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 extremely 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, interest income, finance costs, tax expense and, where applicable, prior period items.

Notes to the financial statements for the year ended March 31, 2013

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

Note No	March 31, 2013	March 31, 2012
3. SHARE CAPITAL		
AUTHORISED SHARES		
1,000,000,000 (previous year 565,000,000) equity shares of Rs.10/- each	10,000.00	5,650.00
ISSUED, SUBSCRIBED AND FULLY PAID-UP SHARES		
484,349,730 (previous year 441,449,730) equity shares of Rs.10/- each	4,843.50	4,414.50
	4,843.50	**4,414.50**

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

Particulars	As at March 31, 2013		As at March 31, 2012	
	Number	Value	Number	Value
Shares outstanding at the beginning of the year	441,449,730	4,414,497,300	405,378,065	4,053,780,650
Issued during the year				
- on preferential allotment to promoter group	42,900,000	429,000,000	35,900,000	359,000,000
- on exercise of Employee Stock Option Plan ("ESOP")	-	-	171,665	1,716,650
Shares outstanding at the end of the year	**484,349,730**	**4,843,497,300**	**441,449,730**	**4,414,497,300**

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. 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, 2012 - 1,732,865 shares) during the period of five years immediately preceeding the reporting date on exercise of options granted under the employee stock option ('ESOP') plan wherein part consideration was received in form of employee services.

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

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

Name of Shareholder	As at March 31, 2013		As at March 31, 2012	
	No. of Shares held	% Holding	No. of Shares held	% Holding
KAL Airways Private Limited	156,518,005	32.3%	156,518,005	35.5%
Mr. Kalanithi Maran	78,810,300	16.3%	35,910,300	8.1%
Total	235,328,305	48.6%	192,428,305	43.6%

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

E. Shares reserved for issue under options

i. For details of shares reserved for issue under ESOP, refer Note 28.
ii. For details of shares reserved for issue on conversion of compulsorily convertible debentures, refer note 6.c.
iii. For details of shares reserved for share warrants, refer note 5 below.

Notes to the financial statements for the year ended March 31, 2013
(All amounts are in millions of Indian Rupees, unless otherwise stated)

Note No	March 31, 2013	March 31, 2012
4. RESERVES AND SURPLUS		
Securities Premium Account		
Opening balance	7,275.66	6,316.80
Add: Premium Received during the year on account of		
Shares allotted on exercise of stock options	-	8.23
Preferential allottment of shares to promoter group	565.42	950.63
Closing balance	**7,841.08**	**7,275.66**
General Reserve		
Opening balance	5.16	-
Add: Transferred from employee stock options outstanding	4.73	5.16
Closing balance	**9.89**	**5.16**
Employee Stock Option Outstanding		
Opening balance	43.93	54.84
Less: Deletions during the year	(4.73)	(10.91)
Closing balance	**39.20**	**43.93**
Surplus / (Deficit) in the Statement of Profit and Loss		
Opening balance	(13,269.88)	(7,212.20)
Surplus / (Deficit) in the Statement of Profit and loss	(1,910.76)	(6,057.68)
Net Surplus / (Deficit) in the Statement of Profit and Loss	**(15,180.64)**	**(13,269.88)**
Foreign Currency Monetary Item Translation Difference Account		
Opening balance	58.31	-
Add : Reserve created during the year	59.39	59.39
Less: Amortised during the year	(50.86)	1.08
Closing balance	**66.84**	**58.31**
Total reserves and surplus	**(7,223.63)**	**(5,886.82)**
5. MONEY RECEIVED AGAINST SHARE WARRANTS		
	135.68	-
	135.68	-

Money received against share warrants represents amounts received (25% of the total value) towards warrants which entitles the warrant holders, the option to apply for and be allotted equivalent number of equity shares of the face value of Rs.10 each of an aggregate nominal amount up to Rs. 150,000,000 at an issue price of Rs. 36.18 per equity share determined in accordance with Regulation 76 of SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009 (“SEBI ICDR Regulations”). The holder of the warrants would need to exercise the option to subscribe to shares before July 8, 2014 upon payment of the balance amount of Rs. 407.02.

Notes to the financial statements for the year ended March 31, 2013
(All amounts are in millions of Indian Rupees, unless otherwise stated)

Note No		March 31, 2013	March 31, 2012
6.	**LONG TERM BORROWINGS (SECURED)**		
	Term Loans		
	From bank	734.63	1,886.50
	Less: Current maturities of long term borrowings (refer note 10)	(17.04)	(1,000.00)
		717.59	**886.50**
	Other loans		
	External commercial borrowing (Unsecured)	13,505.79	6,149.25
	Less: Current maturities of long term borrowings (refer note 10)	(1,223.76)	(531.40)
		12,282.03	**5,617.85**
	Debentures		
	13,000,000 14% Unsecured Compulsorily Convertible Debentures of Rs.100/- each	1,300.00	-
		1,300.00	**-**
		14,299.62	**6,504.35**

a. Term loan from banks has a moratorium 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. This interest on this loan ranges from 12.25% to 12.86%.

The loan and other facilities granted by the said lender are secured by exclusive charge on current assets both present and future excluding lien marked deposits, second charge on movable fixed assets, both present and future, pledge of shares of the Company owned by KAL Airways Private Limited ("KAL Airways") and an unconditional and irrevocable guarantees from KAL Airways and Mr. Kalanithi Maran. (Also refer note 32)

b. The external commercial borrowing ("ECB") relates to the acquisition of "Bombardier Q400 Aircraft". 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 on these borrowings 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.

c. 13,000,000 14% unsecured compulsorily convertible debentures are convertible into 35,931,453 equity shares at a price of Rs 36.18 per equity share effective from April 1, 2013 and July 30, 2014, (being 18 months from the date of allotment). If the conversion option is not exercised, all of these debentures will compulsorily be converted into equity shares on the expiry of 18 months from the date of allotment.

Subsequent to the year end, upon exercise of the option by the debenture holder, these debentures have been converted into equity shares of the Company.

Notes to the financial statements for the year ended March 31, 2013
(All amounts are in millions of Indian Rupees, unless otherwise stated)

Note No		March 31, 2013	March 31, 2012
7.	**OTHER LONG-TERM LIABILITIES**		
	i) Trade payables (refer note 35)	1,003.37	718.73
	ii) Other liabilities		
	Deferred incentive	248.31	148.11
	Less: Current portion of above	(23.03)	(12.93)
		225.28	**135.18**
		1,228.65	**853.91**
8.	**LONG TERM PROVISIONS**		
	Provision for gratuity (Refer note 29)	116.76	84.68
		116.76	**84.68**
9.	**SHORT TERM BORROWINGS (UNSECURED)**		
	Inter corporate deposits (Refer note no 34 (a) (i))	50.00	50.00
	Short term loan from bank	1,000.00	1,000.00
	Working capital demand loan from bank	1,431.52	1,000.00
		2,481.52	**2,050.00**

Short term loan from bank is repayable at the end of every quarter unless renewed, with the first repayment falling due in July 2013. 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. Also Refer note 32.

The interest on these borrowings range between 11% to 13.50%"

		March 31, 2013	March 31, 2012
10.	**OTHER CURRENT LIABILITIES**		
	i) Trade payables (Refer note 35)	6,887.01	4,701.27
	ii) Other liabilities		
	Current maturities of long-term borrowings (note 6) (includes current maturities of ECB Rs. 1,223.76 million (March 31, 2012 - Rs. 531.40 million)	1,240.80	1,531.40
	Unearned revenue	3,543.78	2,900.54
	Book overdraft	40.87	-
	Capital creditors	43.03	-
	Advance received from customers	1,694.59	1,403.43
	Interest accrued and due on borrowings	20.42	-
	Interest accrued but not due on borrowings	32.64	57.55
	Statutory dues	1,029.86	583.75
	Current portion of deferred incentives	23.03	12.93
	Others	217.77	426.23
		7,886.79	**6,915.83**
		14,773.80	**11,617.10**
11.	**SHORT TERM PROVISIONS**		
	Provision for employee benefits		
	Provision for gratuity (Refer note 29)	13.25	6.75
	Provision for leave benefits / compensated absences	40.95	58.92
		54.20	**65.67**

Notes to the financial statements for the year ended March 31, 2013

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

12 Tangible Assets

Particulars	Plant & Machinery	Rotable & Tools	Office Equip-ment	Computers	Furniture & Fixtures	Motor Vehicles	Leasehold Improve-ments	Aircraft^	Total
Cost or Valuation									
At April 1, 2011	268.38	530.64	44.04	103.83	9.09	167.43	17.26	-	**1,140.67**
Additions during the year	38.60	294.32	12.04	48.64	15.72	81.75	69.88	7,073.15	**7,634.10**
Disposals	23.15	-	13.31	2.15	0.12	1.90	-	-	**40.63**
Other adjustments*								321.39	**321.39**
As at March 31, 2012	**283.83**	**824.96**	**42.77**	**150.32**	**24.69**	**247.28**	**87.14**	**7,394.54**	**9,055.53**
Additions during the year	91.40	314.47	34.95	11.02	1.39	16.09	245.54	9,310.00	**10,024.86**
Disposals	1.67	30.80	-	-	-	4.08	-	-	**36.55**
Other adjustments*	-	-	-	-	-	-	-	260.69	**260.69**
As at March 31, 2013	**373.56**	**1,108.63**	**77.72**	**161.34**	**26.08**	**259.29**	**332.68**	**16,965.23**	**19,304.53**
Depreciation									
At April 1, 2011	53.94	103.89	8.96	51.30	5.79	46.15	17.26	-	**287.29**
Charge for the year	13.70	37.92	2.34	19.76	2.66	22.86	8.82	188.24	**296.30**
Disposals	18.30	-	2.84	1.88	0.11	1.58	-	-	**24.71**
As at March 31, 2012	**49.34**	**141.81**	**8.46**	**69.18**	**8.34**	**67.43**	**26.08**	**188.24**	**558.88**
Charge for the year	14.26	57.19	3.80	21.79	1.95	25.03	52.52	655.43	**831.97**
Disposals	0.65	8.15	0.06	-	-	2.91	-	-	**11.77**
As at March 31, 2013	**62.95**	**190.85**	**12.20**	**90.97**	**10.29**	**89.55**	**78.60**	**843.67**	**1,379.08**
Net Block									
As at March 31, 2012	**234.49**	**683.15**	**34.31**	**81.14**	**16.35**	**179.85**	**61.06**	**7,206.30**	**8,496.65**
As at March 31, 2013	**310.61**	**917.78**	**65.52**	**70.37**	**15.79**	**169.74**	**254.08**	**16,121.56**	**17,925.45**

Capital work in Progress	**12.05**

^ 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 note 6.

* Represents foreign exchange loss capitalised during the year.

Notes to the financial statements for the year ended March 31, 2013
(All amounts are in millions of Indian Rupees, unless otherwise stated)

13. Intangible Assets

Particulars	Software
Cost or Valuation	
At April 1, 2011	135.53
Additions during the year	5.05
As at March 31, 2012	**140.58**
Additions during the year	7.79
As at March 31, 2013	**148.37**
Depreciation	
At April 1, 2011	121.43
Charge for the Year	13.68
As at March 31, 2012	**135.11**
Charge for the Year	3.49
As at March 31, 2013	**138.60**
Net Block	
As at March 31, 2012	**5.47**
As at March 31, 2013	**9.77**

Notes to the financial statements for the year ended March 31, 2013
(All amounts are in millions of Indian Rupees, unless otherwise stated)

Note No		March 31, 2013	March 31, 2012
14.	**LONG-TERM LOANS AND ADVANCES (Unsecured, considered good)**		
	Capital advances	1,190.95	3,608.19
	Security deposits	911.01	979.98
	Prepaid expenses	-	5.83
	Advance income-tax (net of provision for taxation)	177.08	107.32
		2,279.04	**4,701.32**
15.	**OTHER NON-CURRENT ASSETS**		
	Non-current bank balances (Refer note 18)	2,582.10	2,130.20
	Ancilliary cost for arranging the borrowings	48.97	28.56
	Less: Current portion of above	(4.02)	(2.48)
		2,627.05	**2,156.28**
16.	**INVENTORIES**		
	(At lower of cost and net realisable value)		
	Engineering stores and spares	405.00	282.02
	Other stores	51.23	34.51
		456.23	**316.53**
17.	**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	18.24	4.36
	Unsecured, considered doubtful	5.24	5.24
		23.48	9.60
	Less: Provision for doubtful debts	(5.24)	(5.24)
		18.24	**4.36**
	Other receivables		
	Secured, considered good	-	31.60
	Unsecured, considered good	1,032.08	168.13
		1,032.08	199.73
		1,050.32	**204.09**
ii)	**Other current assets**		
	Current portion of ancilliary cost for arranging the borrowings	4.02	2.48
	Claims receivable	2,139.19	-
	Interest accrued on fixed deposits	131.12	126.29
		2,274.33	**128.77**
		3,324.65	**332.86**

Notes to the financial statements for the year ended March 31, 2013
(All amounts are in millions of Indian Rupees, unless otherwise stated)

Note No		March 31, 2013	March 31, 2012
18.	**CASH AND BANK BALANCES**		
	Cash and cash equivalents		
	Balance with banks		
	On current accounts	97.03	197.53
	Deposits with original maturity less than 3 months	2,050.00	2,000.00
	Cash on hand	23.79	6.54
		2,170.82	**2,204.07**
	Other bank balances		
	Deposits with original maturity for more than 3 months but less than 12 months	-	155.00
	Margin money / Security against fund and non-fund based facilities*	2,582.10	2,130.20
		2,582.10	2,285.20
	Less: Amount disclosed under other non-current asset (note 15)	(2,582.10)	(2,130.20)
		-	**155.00**
		2,170.82	**2,359.07**

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

Note No		March 31, 2013	March 31, 2012
19.	**SHORT TERM LOANS AND ADVANCES**		
	(Unsecured, Considered doubtful)		
	Advances recoverable in cash or in kind	68.34	64.25
	Less: Provision for doubtful advances	(68.34)	(64.25)
		-	-
	(Unsecured, Considered good)		
	Advances recoverable in cash or in kind	1,195.02	591.08
	Deposit with Hon'ble Mumbai High Court (Refer note 34 (a)(i))	50.00	50.00
	Security deposits	139.95	156.29
	Prepaid expenses	520.07	537.20
		1,905.04	1,334.57
		1,905.04	**1,334.57**
20.	**REVENUE FROM OPERATIONS**		
	Sale of services		
	Passenger revenue	51,646.53	35,866.72
	Cargo revenue	1,501.17	1,968.84
	Special service requests	1,968.70	1,247.94
	Sale of food and beverages	380.05	278.81
	Other operating revenues		
	Income from wet lease of aircrafts	356.45	-
	Others	153.88	70.31
		56,006.78	**39,432.62**

Notes to the financial statements for the year ended March 31, 2013
(All amounts are in millions of Indian Rupees, unless otherwise stated)

Note No		March 31, 2013	March 31, 2012
21.	**OTHER INCOME**		
	Profit on sale of aircraft under sale and lease back arrangements (net)	-	39.96
	Exchange fluctuation gain (net)	223.48	-
	Provision no longer required written back	105.00	1.72
	Insurance / warranty claims received	167.84	-
	Incentives received	890.85	301.12
	Income from training services	100.25	128.35
	Export incentives	56.23	46.81
	Profit on sale of assets (net)	22.11	-
	Miscellaneous income	52.27	29.14
		1,618.03	**547.10**
22.	**OPERATING EXPENSES**		
	Aviation turbine fuel	28,033.15	21,961.22
	Lease charges - aircrafts, engines and auxiliary power units (Refer note 31)	8,081.02	6,019.07
	Aircraft repairs and maintenance	2,830.11	2,164.67
	Supplemental lease charges - aircrafts, engines and auxiliary power units	3,243.54	2,473.46
	Consumption of stores and spare parts	663.92	483.28
	Aviation insurance	322.22	199.63
	Landing, navigation and other airport charges	3,540.11	2,595.85
	Cost of inflight food and beverages	523.96	440.64
	Aircraft navigation software expenses	571.03	365.76
	Other operating expenses	295.71	375.42
		48,104.77	**37,079.00**
23.	**EMPLOYEE BENEFITS EXPENSE**		
	Salaries, wages and bonus	4,624.33	3,411.00
	Contribution to provident and other funds	148.39	162.69
	Gratuity expense (Refer note 29)	41.69	37.86
	Recruitment and training cost	301.22	276.33
	Staff welfare	152.36	139.63
	Employee stock option cost	-	1.21
		5,267.99	**4,028.72**
24.	**SELLING EXPENSES**		
	Commission to agents	2,053.70	1,966.83
	Discounts	502.32	428.21
	Business promotion and advertisement	235.43	309.16
		2,791.45	**2,704.20**

Notes to the financial statements for the year ended March 31, 2013
(All amounts are in millions of Indian Rupees, unless otherwise stated)

Note No		March 31, 2013	March 31, 2012
25.	**OTHER EXPENSES**		
	Rent	140.72	139.27
	Rates and taxes	109.68	62.66
	Repairs and maintenance		
	- buildings	26.60	21.96
	- plant and machinery	17.67	12.23
	- others	42.62	33.22
	Crew accomodation cost	380.13	335.28
	Communication	88.19	70.74
	Printing and stationery	83.08	77.42
	Travelling and conveyance	523.91	393.42
	Legal, and professional fees (Refer below for details of payment to auditors)	68.03	41.36
	Power and fuel	33.92	29.52
	Provision for doubtful advances	4.09	(2.33)
	Insurance	34.17	31.37
	Credit card charges	231.66	173.41
	Credit card chargebacks	0.43	0.70
	Bank charges	11.50	17.79
	Exchange fluctuation loss (net)	-	67.34
	Loss on sale of assets (net) / assets written off	-	15.92
	Miscellaneous expenses	8.93	83.07
		1,805.33	**1,604.35**
	Payment to auditor		
	As auditor		
	Audit fees	1.60	1.60
	Limited review	1.50	1.50
	Service tax	0.30	0.30
	In other capacity		
	Other services (certification fees)	0.23	0.20
	Reimbursement of expenses	0.15	0.15
		3.78	3.75
26.	**FINANCE COSTS**		
	Interest		
	- on fixed loan to banks	423.56	294.47
	- on fixed loan to others	595.18	120.25
	Amortisation of ancilliary costs of borrowing	66.25	51.13
	Other borrowing cost	72.19	56.72
		1,157.18	**522.57**

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

27. Earnings per share

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Number of equity shares outstanding at the beginning of the year	441,449,730	405,378,065
Number of equity shares issued	42,900,000	36,071,665
Number of equity shares outstanding at the end of the year	484,349,730	441,449,730
Weighted average number of shares		
a) Basic	483,291,922	422,262,176
b) Effect of dilutive equity shares on account of:		
- Employee stock option plans	344,644	-
- Unsecured compulsorily convertible debentures	8,947,651	-
- Share warrants	893,836	-
c) Diluted	493,478,053	422,262,176
Profit / (Loss) after tax	(1,910.76)	(6,057.68)
Basic earnings / (loss) per share (Rs.)	(3.95)	(14.35)
Diluted earnings / (loss) per share (Rs.)	(3.95)	(14.35)
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:

<u>Employees Stock Option Scheme, 2007</u>

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

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

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

Particulars	As At March 31, 2013		As At March 31, 2012	
	No. Of Options	Weighted average exercise price (Rs.)	No. Of Options	Weighted average exercise price (Rs.)
Outstanding, beginning of year	**1,561,200**	**30.00**	**1,969,200**	**30.00**
Granted during the year	-	30.00	-	30.00
Exercised during the year	-	30.00	(171,665)	30.00
Forfeited during the year	(153,975)	30.00	(236,335)	30.00
Outstanding, end of year	**1,407,225**	**30.00**	**1,561,200**	**30.00**
Outstanding at the year-end comprise:				
Options eligible for exercise at year end	1,407,225	30.00	1,561,200	30.00
Options not eligible for exercise at year end			-	

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, 2013				
- Amounts as reported	-	(1,910.76)	(3.95)	(3.95)
- Amounts as per pro-forma	-	(1,910.76)	(3.95)	(3.95)
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)

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

Particulars	Grant Dates			
	Sep 11, 2007	Oct 5, 2009	Dec 23, 2009	Apr 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 neces sarily indicative 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.

(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, 2013	Year ended March 31, 2012
Current service cost on benefit obligations	33.53	23.99
Interest cost on benefit obligations	7.68	5.21
Net actuarial loss recognized in the year	0.48	8.66
Past service cost	-	-
Net employee benefit expense	41.69	37.86

Balance sheet

Details of provision for gratuity

Particulars	As at March 31, 2013	As at March 31, 2012
Defined benefit obligation	(130.01)	(91.43)
Fair value of plan assets	-	-
Plan asset / (liability)	(130.01)	(91.43)

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

Particulars	As at March 31, 2013	As at March 31, 2012
Opening defined benefit obligation	91.43	62.02
Current service cost	33.53	23.99
Interest cost	7.68	5.21
Actuarial (gains) / losses on obligation	0.48	8.66
Benefits paid	(3.11)	(8.45)
Past service cost	-	-
Closing defined benefit obligation	130.01	91.43
Experience Gain / (Loss) adjustment on plan liabilities	(0.48)	(6.69)

The experience adjustments on plan liabilities and net surplus / deficit for the years ended March 31, 2011, March 31, 2010 and March 31, 2009 are as follows:.

Particulars	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009
Defined benefit obligation at the end of the period	62.02	36.65	29.47
Net deficit	(62.02)	(36.65)	(29.47)
Experience adjustments on plan liabilities	(51.32)	21.24	N.A
Experience adjustments on plan assets	N.A	N.A	N.A

(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, 2013	As at March 31, 2012
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.3,145.16 million as at March 31, 2013 (Rs.1,291.28 million as at March 31, 2012).

Particulars	As at March 31, 2013	As at March 31, 2012
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	(3,145.16)	(1,291.28)
Deferred tax asset		
Carry forward tax losses / unabsorbed depreciation	3,145.16	1,291.28
Net deferred tax asset / (liability)	-	-

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, 2013 amount to Rs. 8,081.02 million (Previous year Rs. 6,019.07 million), supplemental lease charges amount to Rs. 3,243.54 million (Previous year Rs. 2,473.46 million) and rental expense on premises for the year ended March 31, 2013 amount to Rs. 140.72 million (Previous year Rs. 139.27 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 statement of profit and loss. The lease terms vary between 3 and 10 years. There are no restrictions imposed by lease arrangements. 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:

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

Particulars	As at March 31, 2013	As at March 31, 2012
Aircrafts		
Not later than one year	8,003.35	6,531.68
Later than one year but not later than five years	21,316.70	21,829.67
Later than five years	6,494.38	2,924.18
Aircraft engines		
Not later than one year	116.32	93.95
Later than one year but not later than five years	219.89	384.20
Later than five years	-	0.12

Particulars	As at March 31, 2013	As at March 31, 2012
Premises		
Not later than one year	33.09	8.07
Later than one year but not later than five years	149.59	339.44
Later than five years	68.38	-

32. Related party transactions

Relationship	Name of the party
Party exercising significant influence	Mr. Kalanithi Maran Kal Airways Private Limited
Enterprises over which parties above or their relatives have control / significant influence ('Affiliates')	Sun TV Network Limited Digital Radio (Delhi) Broadcasting Limited
Key management personnel	Neil Raymond Mills S Natrajhen

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, 2013	March 31, 2012
Affiliates		
Sun TV Network Limited		
Transactions during the year		
Passenger revenue	11.35	1.12
Business promotion and advertisement	1.00	11.41
Travelling and conveyance	-	15.29
Rent	2.39	0.09
Outstanding balances		
Trade payables	-	9.14
Trade receivables	1.43	-

Notes to the financial statements for the year ended March 31, 2013
(All amounts are in millions of Indian Rupees, unless otherwise stated)

Parties having significant influence over the Company	**March 31, 2013**	**March 31, 2012**
Digital Radio (Delhi) Broadcasting Limited		
Transactions during the year		
Passenger revenue	3.78	1.10
Business promotion and advertisement	3.19	0.58
Outstanding balances		
Trade payables	1.07	17.21
Kalanithi Maran		
Transactions during the year		
Interest expense	45.32	-
Outstanding balances		
Interest payable	15.40	-

Key management personnel	**March 31, 2013**	**March 31, 2012**
Neil Raymond Mills		
Transactions during the year		
Salaries and wages	33.24	49.79
S. Natrajhen (Period subsequent to November 11, 2011)		
Transactions during the year		
Salaries and wages	8.91	3.46

During the year, as already mentioned, the Company has issued to the promoter of the Company on a preferential basis:

(i) 42,900,000 equity shares at a price of Rs. 23.18 per share for a total consideration aggregating to Rs. 994.42 million.
(ii) 13,000,000 14% Unsecured Compulsorily Convertible Debentures of Rs.100 each aggregating to Rs.1,300.00 million which are convertible into equity shares of the Company at a price of Rs. 36.18 per equity share; and
(iii) 15,000,000 Warrants, having option to apply for and be allotted equivalent number of equity shares of the face value of Rs.10 each at a premium of Rs.26.18 each.

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 6 and 9 for details of the same.

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, 2013, the Company has commitments of Rs. 153,902.47 million (March 31, 2012 - Rs. 151,323.36 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 fulfilment of certain stipulated off-take commitments as specified thereunder.

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

34. Contingent liabilities

a. Claims against the Company not acknowledged as debts

S. No	Particulars	As at March 31, 2013	As at March 31, 2012
1	Liability arising out of legal cases filed against the Company in various Courts/ Consumer Redressal Forums, Consumer Courts, disputed by the Company.	29.50	24.62
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.	Nil	17.50
6	Unaccrued interest as explained in note (i) below.	74.71	74.71
7	Demand in respect of provident fund dues for international workers as explained in note (iii) below	77.95	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	64.77
9	Assessment relating to Assessment Year 2010-11 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.		

i. 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 up to the date of deposit of the amount with the Hon'ble Court on account of its defence in the court proceedings.

ii. 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 fixed at Rs. 35 million. The Company had made a deposit of Rs. 35 million to the Official Administrator of the Scheme in accordance with approved Scheme. Pending disposition of the review petition, the likelihood of the balance amount of Rs.15 million devolving on the Company is not probable. Also, the interest (if any) on the same is not ascertainable.

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

iii. 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. During the current year, 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 July 17, 2013 Pending disposal of the petition, the Company has not accrued for any additional liability in respect of provident fund contributions to international workers.

b. 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, 2013		March 31, 2012	
Particulars	**Currency**	**Amount in Foreign Currency**	**Amount in Indian Rupees**	**Amount in Foreign Currency**	**Amount in Indian Rupees**
Advances	EUR	0.09	6.58	0.05	3.21
	GBP	0.15	12.17	0.07	5.86
	SGD	-	-	0.01	0.25
	USD	28.36	1542.47	6.17	315.54
	AED	1.02	15.10	-	-
	CAD	0.03	1.60	-	-
	CNY	0.05	0.44	-	-
	SAR	0.07	1.08	-	-

Notes to the financial statements for the year ended March 31, 2013
(All amounts are in millions of Indian Rupees, unless otherwise stated)

Particulars	Currency	March 31, 2013		March 31, 2012	
		Amount in Foreign Currency	Amount in Indian Rupees	Amount in Foreign Currency	Amount in Indian Rupees
Payables	CAD	-	0.05	0.00	0.01
	EUR	0.49	34.00	0.41	27.70
	GBP	0.01	0.87	0.02	1.30
	LKR	33.76	14.43	13.58	5.49
	NPR	26.48	16.54	33.97	21.20
	SGD	0.01	0.22	0.02	0.69
	USD	29.61	1610.62	27.45	1307.80
	AED	5.60	82.93	-	-
	SAR	0.41	6.07	-	-
External Commercial Borrowing	USD	248.32	13,505.79	120.20	6,149.25
Deposits made	USD	17.49	951.26	19.90	1,018.15
Bank Balances	USD	0.11	6.18	0.12	6.37

37. Imported and indigenous stores and spare parts consumed

Particulars	March 31, 2013		March 31, 2012	
	Amount	%	Amount	%
Indigenous	42.58	6%	46.58	10%
Imported	621.33	94%	436.70	90%
	663.91	**100%**	**483.28**	**100%**

38. Value of imports calculated on CIF basis

Particulars	March 31, 2013	March 31, 2012
Capital goods	9,674.61	7,367.47
Stores and spares	539.66	509.35
Aviation turbine fuel	574.80	153.77
	10,789.07	**8,030.59**

39. Expenditure in Foreign Currency (Accrual Basis)

Particulars	March 31, 2013	March 31, 2012
Lease charges (including supplement rent)	11,324.56	8,492.53
Aircraft repairs and maintenance	1,086.77	1,041.85
Consumption of stores and spares	621.33	429.64
Salaries, wages and bonus	-	10.02
Interest expense*	317.55	104.93
Other expenses	1,768.42	1,225.79
	15,118.63	**11,304.76**

* includes Rs. 5.85 million (previous year Rs.1.17 million) of amortization of ancillary costs associated with borrowing.

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

40. Earnings in Foreign Currency (Accrual Basis)

Particulars	March 31, 2013	March 31, 2012
Passenger revenue	1,121.28	246.15
Cargo revenue	1.93	4.33
Profit on sale of aircraft (net)	-	39.96
Incentives received	311.87	301.12
Income from wet lease of aircrafts	356.45	-
	1,791.53	**591.56**

41. Transfer pricing

The Company has entered into transactions with certain related parties. For the year ended March 31, 2013, management confirms that it maintains documents as prescribed by the Income-tax Act, 1961, to prove that these transactions are at arm's length and the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

42. Previous year figures

Prior year comparative amounts in these financial statements have been reclassified wherever applicable to conform to current year's presentation.

As per our report of even date.

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

per S Balasubrahmanyam
Partner
Membership No: 053315

Place: Chennai
Date: May 24, 2013

For and on behalf of the Board of Directors

Kalanithi Maran	**S Natrajhen**	**Chandan Sand**
Chairman	**Managing Director**	**Company Secretary**
Chennai	Chennai	Chennai
May 24, 2013	May 24, 2013	May 24, 2013

SpiceJet Limited

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

ATTENDANCE SLIP

Twenty Ninth 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 Ninth Annual General Meeting of the Company at 10.00 a.m. on September 25, 2013.

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 Ninth Annual General Meeting of the Company to be held on September 25, 2013, and at any adjournment thereof.

Signed this ______ day of ________2013

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.

BOOK-POST

If undelivered, please return to :

SpiceJet Limited
319, Udyog Vihar, Phase IV
Gurgaon-122016, Haryana

SpiceJet Limited
319 Udyog Vihar, Phase-IV,
Gurgaon 122 016, Haryana, India
T : +91 124 3913939
F : +91 124 3913844

Form B
(Pursuant to Clause 31(a) of Listing Agreement)

1.	Name of the Company	**SpiceJet Limited**
2.	Annual financial statements for the year ended	March 31, 2013
3.	Type of Audit qualification	*Except for*
4.	Frequency of qualification	The qualification has been appearing since the year 2001 for non-provisioning of overdue interest on inter-corporate deposit availed by the Company in 1996 due to subsisting litigation in Mumbai High Court.
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	**Qualification:** Basis of Qualified Opinion as mentioned in Independent Auditor's Report (Refer Page 30 of 29th Annual Report) **Management Explanation:** 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 up to the date of deposit of the amount with the Hon'ble Court on account of its defence in the court proceedings (Refer Page 65 of the 29th Annual Report)

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6.	Additional comments from the board/audit committee chair:	NA

S. Natrajhen
(Managing Director, SpiceJet Limited)

J. Ravindran
(Chairman-Audit Committee, SpiceJet Limited)

Sam Kalathra Issac
(Chief Financial Officer, SpiceJet Limited)

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W

per S Balasubrahmanyam
Partner
Membership No: 053315