

Board's Report

Dear Members,

Your Directors hereby present the report of the business and operations of your Company along with the audited financial statements for the financial year ended March 31, 2019.

1. Financial Performance

The Company's performance during the year ended March 31, 2019 compared to the previous financial year, is summarised below:

(Amount in ₹ million)

Particulars	Standalone		Consolidated	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Total Revenue	91,715.44	78,352.09	91,797.65	78,396.52
Expenses				
Operating Expenses	73,000.54	55,449.97	72,948.77	55,449.95
Cost of inventory consumed	-	-	138.91	32.11
Employee Benefit Expenses	10,570.07	8,625.67	10,584.24	8,616.93
Selling Expenses	2,074.41	1,890.62	2,081.66	1,900.38
Other Expenses	5,586.40	4,015.84	5,421.59	4,085.83
Earnings before interest, tax, depreciation and amortization	484.02	8,369.99	622.48	8,311.32
Depreciation and amortisation expense	(2,562.25)	(2,312.00)	(2,563.54)	(2,313.18)
Interest income on bank deposits	864.90	530.42	864.90	497.22
Finance Cost	(1,312.84)	(921.90)	1,313.03	(923.30)
Profit/ (Loss) before taxation and extraordinary items	(2,526.17)	5,666.51	(2,389.19)	5,572.06
Tax Expenses		-	0.26	-
Extraordinary items	(634.66)	-	(634.66)	-
Profit/ (Loss) after taxation	(3,160.83)	5,666.51	(3,024.11)	5,572.06
Profit/ (Loss) brought Forward	(16,362.66)	(22,031.51)	(16,492.19)	(22,066.59)
Depreciation expense adjusted against reserves	-	-	-	-
Profit/ (Loss) for the year	(3,160.83)	5,666.51	(3,024.11)	5,572.06
Other comprehensive income	(14.45)	2.34	(14.45)	2.34
Amount transferred to Balance Sheet	(19,537.94)	(16,362.66)	(19,530.75)	(16,492.19)

During the year under review, the standalone income of the Company increased to ₹91,715.44 million compared to ₹78,352.09 million in the previous year, registering growth of 17.06% and the consolidated income increased to ₹91,797.65 million compared to ₹78,396.52 million in the previous year, registering growth of 17.09%. This financial year saw a 25% increase in aviation turbine fuel prices and 9% depreciation of the Indian Rupee that resulted in cost escalations and the Company reported standalone net loss of ₹3,160.83 million.

2. State of Affairs and Material Development

- The Company completed its fourteenth year of operation on May 23, 2019 and continued to focus on consolidating its operations on key routes and as on March 31, 2019 maintained a fleet size of 76 aircraft with which it operated approximately 460 flights per day covering 53 domestic and 9 international destinations.
- This fiscal year again witnessed the Company's unyielding commitment towards Regional Connectivity Scheme of Government of India which aimed at making air travel affordable and widespread, enabling inclusive job growth and infrastructure development of all regions and states of India. During the year under review, the Company on-boarded

6 destinations across the country onto the national aviation map including Adampur, Kanpur, Kishangarh, Pakyong, Lakhimpur and Jharsuguda. The Company is the largest and most organised regional player in the country with 42 daily flights and operates to 12 destinations under the Regional Connectivity Scheme providing air connectivity to the most remote destinations in India.

- (c) The Company is eyeing an aggressive expansion plan across both its domestic and international network. As part of its international expansion strategy, the Company has signed a Memorandum of Understanding for interline and codeshare arrangement with Emirates, one of the world's largest airlines. This will enable the passengers from India to enjoy seamless connectivity leveraging Emirates vast network across Europe, Africa, America and the Middle East. Those travelling to India on Emirates will be able to travel all destinations across Company's domestic network.
- (d) SpiceXpress: The Company had announced the launch of its dedicated air cargo services namely "SpiceXpress" in September 2018 and inducted its first freighter aircraft at a grand ceremony held at the Indira Gandhi International Airport in New Delhi. The cargo services operates on both domestic and international routes and is powered by fully integrated transportation network including air cargo, ground transportation and warehousing facilities across the country. SpiceXpress operates on an incremental direct operating cost model thereby extending its operations through its common pool of resources like pilots, engineers, ground staff and airport infrastructure.
- (e) Spice Star Academy: With a vision to develop and train world class cabin crew and also to attract best talent, the Company has also launched Spice Star Academy in June 2018, a first of its kind initiative by an airline. Spice Star Academy has collaborated with various universities which offers Bachelor of Business Administration degree. It provides a launch pad to aspiring young women and men who want to join the exciting world of aviation. The academy nurtures talent through world-class training programs in order to deliver the finest quality of resources to airlines. The academy facilitates skill development for potential and aspiring cabin crew members.
- (f) 737 MAX Grounding: Following the tragic crash of two Boeing 737 MAX aircraft ("**MAX aircraft**") operated by Lion Air and Ethiopian Airlines on October 29, 2018 and March 10, 2019, all civil aviation authorities including the Directorate General of Civil Aviation (India) and the Federal Aviation Administration (USA) issued order(s) to suspend operations of MAX aircraft leading to worldwide grounding of MAX aircraft during March 2019. Consequent to these orders, the Company's fleet of thirteen MAX aircraft continues to be grounded and despite its inability to undertake revenue operations, the Company continues to incur various costs with respect to MAX aircraft. There continues to be uncertainty in the timing of the return to operations of MAX aircraft and the Company continues to work with the aircraft manufacturer to address the above, including seeking reimbursement of ascertained costs and losses based on its assessment.
- (g) Dispute with erstwhile promoters: The Company had, in earlier financial years, received amounts aggregating ₹5,790.9 million from its erstwhile promoters as advance money towards proposed allotment of certain securities (189,091,378 share warrants and 3,750,000 non-convertible cumulative redeemable preference shares, issuable based on approvals to be obtained), to be adjusted at the time those securities were to be issued. Pursuant to the legal proceedings in this regard before the Hon'ble High Court of Delhi ("**Court**") between the erstwhile promoters, the present promoter and the Company, the Company was required to secure an amount of ₹3,290.9 million through a bank guarantee in favour of the Registrar General of the Court ("**Registrar**") and to deposit the balance amount of ₹2,500.0 million with the Registrar. The Company has complied with these requirements within the stipulated time.

The parties to the aforementioned litigation concurrently initiated arbitration proceedings before a three member arbitral tribunal (the "**Tribunal**"), which pronounced its award on July 20, 2018 (the "**Award**"). In terms of the Award, the Company was required to (i) refund an amount of ₹3,082.2 million to the counterparty, (ii) explore the possibility of allotting preference shares in respect of ₹2,708.7 million, failing which, refund such amount to the counterparty, and (iii) pay interest calculated to be ₹924.7 million (being interest on the amount stated under (i) above, in terms of the Award). The amounts referred to under (i) and (ii) above, aggregating ₹5,790.9 million, continue to be carried as current liabilities without prejudice to the rights of the Company under law. Further, the Company was entitled to receive from the counterparty, under the said Award, an amount of ₹290.0 million of past interest/servicing charges. The Company, its present promoter and the counterparties have challenged various aspects of the Award, including the abovementioned interest obligations and rights, petitions for which have been admitted by the Court and notices issued, as a result of which the matter is currently *sub-judice*.

There are no material changes and commitments affecting the financial position of the Company between the end of the financial year under review and the date of this report to the extent stated elsewhere in this report.

3. Board of Directors

- (a) In terms of the provision of Section 152(6) of the Companies Act, 2013, Mrs. Shiwani Singh is liable to retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible, has offered herself for re-appointment.
- (b) Mr. Ajay Chhotelal Aggarwal was appointed as additional director on the Board of the Company on February 11, 2019 and shall hold office upto the date of ensuing Annual General Meeting. The Company has received notice under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director and the members are requested to consider the same.
- (c) Mr. Manoj Kumar was appointed as additional director on the Board of the Company on May 28, 2019 and shall hold office upto the date of ensuing Annual General Meeting. The Company has received notice under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director and the members are requested to consider the same.
- (d) The Company has received necessary declaration from each Independent Director under Section 149(7) of the Companies Act, 2013, that they meet the criteria of independence laid down under Section 149(6) of the Companies Act, 2013 read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (e) Mr. R. Sasiprabhu (Independent Director) has resigned from the directorship of the Company with effect from May 9, 2018. The Board extends its gratitude for his contributions during his tenure as director.

4. Share Capital

There is no change in authorised share capital of the Company during the financial year 2018-19. However, the paid-up share capital of the Company has increased from ₹5,994,501,830 to ₹5,997,183,560 pursuant to allotment of 268,173 equity shares of ₹10 each under SpiceJet Employee Stock Option Scheme - 2017.

5. Dividend

The Board of Directors have not recommended any dividend for the financial year 2018-19.

In terms of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the Company has adopted the Dividend Distribution Policy of the Company which is available on the website of the Company at www.spicejet.com under the "Investor section".

6. Transfer to Reserves

The Company has made no transfers to reserves during the financial year 2018-19.

7. Public Deposits

The Company has not accepted any deposits covered under Chapter V of the Companies Act, 2013. Accordingly, no disclosure or reporting is required in respect of details relating to deposits covered under this Chapter.

8. Extract of Annual Return

In accordance with Section 134(3)(a) of the Companies Act, 2013, an extract of the annual return in the prescribed format is annexed as "Annexure - A" to this report.

9. Particulars of Contracts or Arrangement made with Related Parties

All related party transactions that were entered into during the financial year under review were at arm's length basis and were in the ordinary course of business. All related party transactions have been placed before the Audit Committee and the Board for their approval as per the provisions of the Companies Act, 2013. The Board of Directors of the Company has formulated a policy on materiality of related party transactions and also on dealing with related party transactions pursuant to the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 and the same is available on the website of the Company at www.spicejet.com under the "Investor section".

No material related party transactions (i.e. transactions exceeding the thresholds as defined under the Companies Act, 2013), were entered during this financial year by the Company. Accordingly, the disclosure of related party transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC-2 is not applicable.

10. Particulars of Loans, Guarantees or Investments under Section 186 of the Companies Act, 2013

The Company has not granted any loan, given guarantee or security or made investment under the provisions of Section 186 of the Companies Act, 2013 during the financial year under review except as follows:

- a) As on March 31, 2019, the Company has made an investment of ₹0.10 million each in equity shares of its wholly owned subsidiaries namely SpiceJet Merchandise Private Limited, SpiceJet Technic Private Limited and Canvin Real Estate Private Limited; and

- b) As on March 31, 2019, the Company has an investment of ₹0.24 million in class B-shares of Aeronautical Radio of Thailand Limited to become member airline for availing advantageous rate on air navigation charges in Thailand.

As on March 31, 2019, the Company has also provided loan of (i) ₹249.44 million to SpiceJet Merchandise Private Limited; (ii) ₹54.40 million to SpiceJet Technic Private Limited; and (iii) ₹238.70 million to Canvin Real Estate Private Limited. Members may refer note 47 of the standalone financial statement of the Company for financial year ended March 31, 2019 for more details.

11. Subsidiaries

As on March 31, 2019, following are the subsidiaries of the Company:

S. No.	Name	Business Activity
(a)	SpiceJet Merchandise Private Limited	Business of consumer merchandise and goods through various channels
(b)	SpiceJet Technic Private Limited	Engineering related service including but not limited to maintenance, repair and overhaul services of aircraft and its parts.
(c)	Canvin Real Estate Private Limited	Real estate business

In order to ensure governance of material subsidiary companies, the Board of Directors of the Company has adopted the policy and procedures for determining 'material' subsidiary companies in accordance with the provisions of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 and the same is available on the website of the Company at www.spicejet.com under the "Investor section".

As per Section 129(3) of the Companies Act, 2013, where the Company has one or more subsidiaries, it shall, in addition to its financial statements, prepare a consolidated financial statement of the Company and of all the subsidiaries in the same form and manner as that of its own and also attach along with its financial statement, a separate statement containing the salient features of the financial statement of its subsidiaries. Accordingly, the consolidated financial statement of the Company and all of its subsidiaries are prepared in accordance with the Companies (Accounts) Rules, 2014 and form part of the Annual Report.

Further, a statement containing the salient features of the financial statements of all subsidiaries in the prescribed Form AOC-1, is annexed as "Annexure - B" to this report. This statement also provides the details of the performance and financial position of each subsidiary.

12. Number of Meetings of the Board

During the financial year ended March 31, 2019, five (5) board meeting were held, the details of which are given in the Corporate Governance Report that forms part of this report. The intervening gap between any two meetings was within the period prescribed under the Companies Act, 2013.

13. Directors' Responsibility Statement

In terms of Section 134(5) of the Companies Act, 2013, in relation to the audited financial statements of the Company for year ended March 31, 2019, the Directors of your Company hereby state that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- the Directors 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 and loss of the Company for that period;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors have prepared the Annual Accounts of the Company on a 'going concern' basis;
- the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

14. Corporate Governance and Management Discussion and Analysis

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a detailed report on the Management Discussion and Analysis and Corporate Governance along with Practicing Company Secretary's Certificate regarding compliance of conditions of corporate governance forms an integral part of this report.

15. Particulars of Employees

The Company's goal is to stay invested in employee's growth, provide them with development opportunities, recognise their efforts and enable them to absorb our value system. The Company focus on the workplace that promotes a transparent and participative organisation culture.

The Company has constituted an internal committee to consider and resolve all sexual harassment complaints reported by women and has also adopted a policy as per the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. All employees (permanent, contractual, temporary, trainees) are covered under this policy. During the financial year 2018-19, ten complaints were received and disposed off under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The ratio of the remuneration of each Director to the median remuneration of the employees of the Company and other details in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are forming part of this report and annexed as "Annexure - C".

The statement containing particulars of employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this report. In terms of the provisions of Section 136(1) of the Companies Act, 2013 read with the rules made thereunder, this report is being sent to all members of the Company excluding the said annexure. Any member interested in obtaining a copy of the annexure may write to the Company.

16. Employees Stock Option Scheme

The members of the Company at its 33rd Annual General Meeting held on November 27, 2017 approved "SpiceJet Employee Stock Option Scheme - 2017" for grant of ten million stock options representing ten million equity shares of ₹10 each. No grant has been made under this scheme during the year under review.

There has been no material variation in the terms of the options granted under this scheme and this scheme is in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014. The details of this scheme including terms of reference, and requirement specified under Regulation 14 of the SEBI (Share Based Employee Benefits) Regulations, 2014 is available on the website of the Company at www.spicejet.com under the "Investor section".

17. Corporate Social Responsibility

We believe that growth and development are effective only when they result in wider access to opportunities and benefit a broader section of society. With an objective of socioeconomic development in India, the Board of Directors of the Company has adopted a Corporate Social Responsibility ("CSR") Policy which is available on the website of the Company at www.spicejet.com under the "Investor section".

The Company has also constituted CSR Committee comprising of Mr. Harsha Vardhana Singh as Chairperson and Mr. Ajay Singh and Mrs. Shiwani Singh as Member which *inter-alia* monitors the Company's CSR Policy and recommend the amount of CSR expenditure. During the year under review, the CSR Committee met once on February 11, 2019 with necessary quorum being present at the meeting.

Working in close harmony and partnering with various organisations who have done phenomenal work in this field, the Company has undertaken several initiatives in various areas including education, destitute care and rehabilitation, healthcare and rural development in line with the CSR Policy and are in accordance with Schedule VII of the Companies Act, 2013. As per Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, annual report on CSR activities is attached as "Annexure - D" and forms an integral part of this report.

18. Conservation of Energy and Technology Absorption

Conservation of Energy: The management is highly sensible of the criticality of the conservation of energy at all operational levels particularly of aviation turbine fuel which is leading source of energy for aviation activity. Adequate measures are taken to reduce energy consumption whenever possible by using energy efficient equipment and technology infusion. These measures among other includes maintenance of engine and airframe, flight planning, training to operational staff, regular analysis etc.

Technology absorption: The Company has used information technology comprehensively in its operations, for more details please refer to Section 9 (Information Technology) of Management Discussion and Analysis.

19. Green Initiatives

The electronic copies of the Annual Report 2018-19 are sent to all members of the Company whose email address are registered with the Company/Depository Participant(s). For members who have not registered their email address, physical copies are sent in the permitted mode. To support this green initiative and to receive all communications of the Company on email, members are requested to register their email addresses with M/s. Karvy Fintech 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.

20. Statutory Auditors

- (a) The Statutory Auditors of the Company, M/s S.R. Batliboi & Associates LLP, Chartered Accountants (ICAI Firm Registration No: 101049W/E300004), was appointed by members of the Company at its Annual General Meeting held on December 26, 2016 to hold office till the conclusion of 36th Annual General Meeting of the Company subject to ratification of the appointment by the members of the Company at every Annual General Meeting. However, the Companies (Amendment) Act, 2017 read with notification dated May 7, 2018, issued by the Ministry of Corporate Affairs, has removed the requirement of ratification of the appointment of Statutory Auditors at every Annual General Meeting by the members of the Company.
- (b) In accordance with Section 134(3)(f) of the Companies Act, 2013, information and explanations to various comments made by the Auditors in their Report to the members are mentioned in the Notes to the Accounts, which form part of the Balance Sheet for the year ended March 31, 2019.

21. Secretarial Auditors

- (a) Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company appointed Mr. Mahesh Kumar Gupta, Practising Company Secretary to undertake the Secretarial Audit of the Company for financial year ended on March 31, 2019. The Report of the Secretarial Auditor is annexed as "Annexure - E" to this report.

In accordance with Section 134(3)(f) of the Companies Act, 2013, response (wherever necessary) to the observations in the Secretarial Audit Report are as under:

Para 1 of the observation: The Company inadvertently missed to file the corporate governance report for quarter ended June 30, 2018 within the stipulated time. However, the same was regularised with payment of penalty with the stock exchange.

Para 2 of the observation: In view of the uncertainties involved in the matter, management believes that the manner, timing and other related aspects of adjustment of these amounts, are currently not determinable. Based on their assessment and legal advice obtained, management is of the view that any possible consequential effects, including penal consequences and any compounding thereof, will not have a material impact on the financial statements.

- (b) In terms of Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular dated February 8, 2019 bearing no. CIR/CFD/CMD1/27/2019, the Secretarial Auditor has also issued a Secretarial Compliance Report for the year ended March 31, 2019.

22. Business Responsibility Report

Regulation 34 (2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandate the inclusion of Business Responsibility Report as part of Annual Report for top 500 listed entities based on market capitalisation. In compliance with the said Regulation, we have annexed the Business Responsibility Report for financial year ended March 31, 2019 as "Annexure - F".

23. Foreign Exchange Earnings and Outgo

The details of Foreign Exchange earnings and outgo for the financial year ended March 31, 2019 are set out below:

Particulars	Amount (₹ in millions)
Foreign Exchange Earnings	12,313
Foreign Exchange Outgo	32,645

24. Risk Management Policy and adequacy of Internal Financial Controls

Your Company recognises that risk is an integral part of business and is committed to managing the risks in a proactive and efficient manner. The Company has established a framework to actively manage all the material risks faced by the Company, in a manner consistent with the company's strategy. This covers all business risks including strategic risk, operational risks including fraud and cyber risks, foreign exchange risk, fuel price risk and financial risks. The Company has laid down procedures to inform Board of Directors about risk assessment and minimisation procedures. These procedures are periodically reviewed to ensure that executive management is controlling risks through properly defined framework. The system of risk assessment and follow-up procedure is in place and considering its increased operations the Company continues to reassess its risk management plan.

The Company has also constituted a Risk Management Committee for monitoring and reviewing risk management plan of the Company.

25. Acknowledgement

We thank our valued customers, partners, vendors, investors and bankers for their continued confidence and support during the year and playing a significant role in the continued business excellence achieved by the Company. We place on record our appreciation of the contribution made by our employees at all fronts. Our consistent growth was made possible by their hard work, solidarity, cooperation and support.

We thank governments of various countries where we have our operations. We thank the Government of India particularly the Ministry of Civil Aviation, Ministry of Corporate Affairs, Ministry of Finance, Directorate General of Civil Aviation and other regulatory authorities for their cooperation, support and guidance.

For and on behalf of the Board

Sd/-

Ajay Singh

Chairman & Managing Director

Place: Gurgaon

Date : August 9, 2019