Management Discussion & Analysis

1. Economy and Prospects

(a) Indian Economy

Indian economy continues to remain one of the fastest-growing major economies in the world, despite a slight moderation in its Gross Domestic Product (GDP) growth from 7.2% in FY 2017-18 to 6.8% in FY 2018-19. The slowdown was primarily led by subdued consumption and investment, agricultural distress and tight liquidity conditions triggered by non-banking finance crisis. Nonetheless, India's ranking in the World Bank's Ease of Doing Business Report 2018 improved by 23 notches to 77th position. This can be attributed to the solid macro-economic fundamentals and bold reformative policy measures implemented by the Government in recent years. Initiatives of Goods and Services Tax (GST), Insolvency and Bankruptcy framework, liberalisation of Foreign Direct Investment (FDI) norms, and ease of doing business, among others have brought in renewed vigour within the economy.

The Insolvency and Bankruptcy Code (IBC) is progressing well towards resolution of stressed assets of both corporates and banks. The teething issues relating to GST implementation is also steadily settling down. With key economic reforms on track, the Government is likely to focus on their faster implementation, with greater emphasis on incentivising private investment and boosting consumption. The Union Budget 2019-20 laid the foundation for a New India and reflected the Government's endeavour towards making India a USD 5 trillion economy by 2024. Important steps taken towards building physical and social infrastructure, uplifting rural economy, strengthening manufacturing and improving liquidity conditions will put the economy on a high growth trajectory.

In the Union Budget 2019-20, the fiscal deficit target was reduced to 3.3% of GDP for FY 2019-20, signalling Government's commitment to fiscal consolidation. Announcement of ₹ 70,000 crore recapitalisation package for public sector banks will augment lending and credit offtake. Proposed liberalisation of FDI in aviation, media and insurance sectors is likely to encourage higher overseas investment. Further, ₹ 100 lakh crore has been proposed for infrastructure upgradation in the country over the next five years, which will bolster capacity utilisation and investment activity.

(b) Outlook for the coming year

The prospects of the Indian economy continue to be strong. The re-election of the existing Central Government with a stronger mandate is a good sign for stable political scenario and governance. Their strong focus on infrastructure development, evident in the past and its ambitious election manifesto, will augur well for the economy. Favourable indicators such as stable macroeconomic conditions, structural reforms, fiscal consolidation and accommodative monetary policy will provide further impetus to the economy.

- Expectations of normal monsoon, income support scheme for farmers, benign inflation and tax benefits for the middle-class are likely to translate into higher spending and consumption
- Strong thrust on infrastructure, job creation and digitisation will bring a positive sentiment to the economy
- Increase in import tariffs on intermediary and finished goods will boost manufacturing and promote Government's Make in India initiative

These positive developments will drive unparalleled growth in the economy, with the country set to become a USD 3 trillion economy in FY 2019-20. Further, forecasts of Brent Crude Oil prices averaging at USD 65.15 for 2019 and USD 65 for 2020 compared to the high of USD 71.19 in 2018 will provide a positive push to consumption. The International Monetary Fund (IMF) has pegged the country's growth at 7% in FY 2019-20 and 7.2% in FY 2020-21, led by pickup in private investment and consumption on the back of continued policy initiatives, expansionary monetary policy and fiscal stimulus.

(Source: Economic Survey 2018-19, Central Statistics Office, IMF, PwC, EIA)

2. Indian Aviation

(a) Industry Overview

The Indian aviation market is one of the fastest-growing in the world. Based on the customer experience and operating models, the operating airlines are categorised into Full Service Carriers (FSC) and Low Cost Carriers (LCC). While these airlines cover a wide route, nearly 55-60% of the traffic origination is concentrated around Bengaluru, Chennai, Delhi, Hyderabad, Kolkata and Mumbai. However, the traffic in tier II and III cities have started to grow rapidly in recent years.

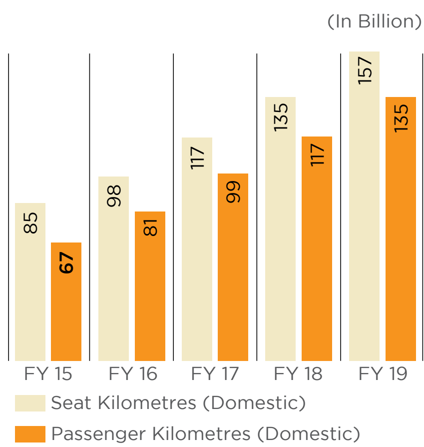
Indian aviation landscape

Airline	Market Share (Domestic)	Capacity Share (Domestic)	Service Type	Fleet Size	Aircraft Type
Air Asia	5.9%	6.5%	LCC	20	A320
Air India	12.9%	13.2%	FSC	172	A319, A320, A320N, A321, B737, B747, B777, B787, ATR42/72
GoAir	9.9%	9.4%	LCC	48	A320, A320N
Indigo	47.1%	48.3%	LCC	220	A320, A320N, A321, ATR
Jet Airways*	5.7%	5.2%	FSC	85	A330, B737, B777, ATR72, B737MAX
SpiceJet	13.7%	12.1%	LCC	76	B737, Q400, B737Max
Vistara	4.2%	5.1%	FSC	22	A320

Data Source: DGCA, company website and annual reports. (Data as on March 31, 2019).
**ceased operations from April 2019.*

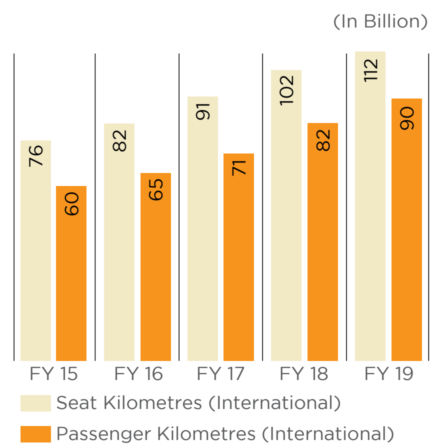
In FY 2018-19, India's aviation sector continued to be one of the fastest-growing industries in the country. Domestic air passenger traffic for the year clocked a healthy growth of 14% over FY 2017-18, reaching 140.3 million passengers. With this, India remained the fastest-growing aviation market for the fourth successive year. Low-cost aviation, improving regional connectivity, young demographics and rising incomes were the key factors propelling growth in domestic flyers. Growth in international passenger traffic was at 9% to 25.9 million passengers. The capacity measured in ASKMs (Average Seat Kilometres) grew at 17% and 10% for domestic and international operations respectively. The industry-wide load factors stood at 86% and 81% respectively for domestic and international operations during the year.

Capacity/ utilisation - Domestic



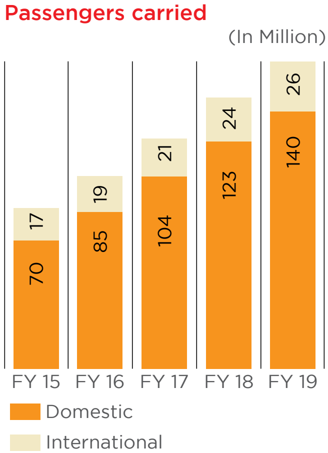
(Source: DGCA)

Capacity/ utilisation - International



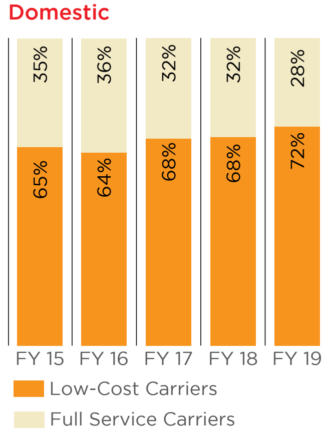
(Source: DGCA)

Passengers carried



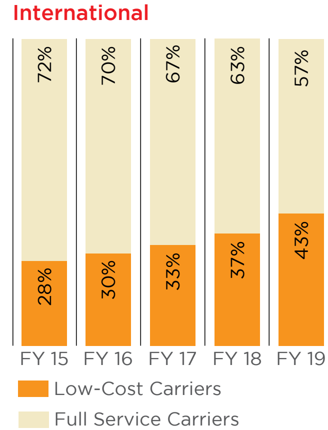
(Source: DGCA)

LCC & FSC Marketshare - Domestic



(Source: DGCA)

LCC & FSC Marketshare - International



(Source: DGCA)

The Indian market, while being characterised by highly price-sensitive customers, the demand for low-cost travel continues to be robust in the rapidly growing air travel market. LCCs address the rising aspirations of the cost-conscious middle-class by offering affordable and value-driven flying options, making them the most preferred mode of air travel. The domestic market share of LCCs increased to 72% in FY 2018-19 from around 68% in FY 2017-18.

The four Indian LCCs - Air Asia, GoAir, Indigo and SpiceJet command a market share of over 77% and have been instrumental in driving the air passenger traffic growth over the years. As per Central Asia Pacific Aviation (CAPA), the three leading LCCs - Indigo, SpiceJet and GoAir are expected to report record profitability in FY 2019-20, while the combined fleet of Indian LCCs is likely to cross 500 aircraft. CAPA forecasts the leading Indian airlines to report a combined net profit of nearly USD 500-700 million in FY 2019-20, first time since it started tracking the sector in 2003. Further, sustained increase in the ancillary product and service offerings such as priority boarding, customer loyalty memberships, lounge access, among others, by Indian LCCs will augment their revenue and profitability.

With sustained strong performance and growing traffic over the years, India has emerged as the world's seventh-largest civil aviation market in the world. The International Air Transport Association (IATA) expects Indian aviation market to surpass that of United Kingdom's to become the world's third-largest air passenger market by 2024. According to Ministry of Civil Aviation, India's air passenger traffic is expected to grow six-fold and reach 1.1 billion, while the number of operational airports is expected to increase to around 200 by 2040.

(b) Growth Drivers

- Expanding middle-income and working population, growing preference for air travel and rapid increasing penetration of online channels
- Strong growth in tourism, business and leisure travel spending
- Increasing investments on modernisation and upgradation of existing airports, development of new greenfield airports and strengthening air connectivity to remote regions
- India has one of the lowest air travel and aircraft penetration rates among leading global air travel markets despite strong economic growth prospects
- Rising medical and education related travel in India

(c) Government initiatives

The past few years have witnessed strong drive on the Government's part towards making policies conducive and undertaking initiatives to boost the aviation sector. The clearance of National Civil Aviation Policy 2016 in June 2016 has contributed to a remarkable progress in enhancing connectivity and widening network for domestic carriers. Further, the Government's strong thrust on infrastructure development and favourable policies are further acting as catalysts for growth of India's aviation market.

Some of the major initiatives implemented by the Government include:

- Privatisation of six brownfield airports of Airports Authority of India under Public-Private Partnership model
- Plan to develop 100 new airports in India to meet the soaring passenger traffic and providing air connectivity to remote regions at an estimated investment of ₹ 4.2 lakh crore over the next 10-15 years
- Permitting 100% FDI under automatic route for greenfield projects and 74% for brownfield projects
- 100% tax exemption for airport projects for a period of ten years *(Source: IBEF Report on Aviation, April 2019)*
- Approval of policy on biometric digital processing of passengers at airports named 'Digi Yatra' to enhance service quality and passenger experience
- Introduction of NextGen Airports for Bharat-NABH Nirman initiative to expand airport capacity by five times to handle a billion trips a year
- Strong focus on Regional Connectivity Scheme (RCS) — UDAN *(Ude Desh Ke Aam Nagrik)* to make air travel more affordable and convenient. Currently, the scheme has provided connectivity to 23 unserved airports out of the targeted 100 airports to be operationalised by FY 2026-27
- Proposal to invest USD 1.8 billion for development of airport infrastructure and aviation navigation services by the year 2026

The Government in its Union Budget 2019-20 provided a major boost to the aviation sector with a slew of initiatives including:

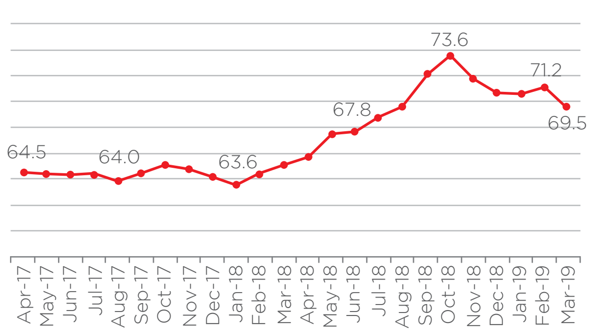
- A massive outlay of approximately ₹ 4,500 crore was proposed for the aviation sector for FY 2019-20
- Of the total allocation, ₹ 480 crore will be for Regional Connectivity Scheme - UDAN, an increase of 10% over the previous year for revival of 50 unserved and underserved airports. This is expected to increase the number of airports and the footprint of regional operations under UDAN scheme, as well as increase the network capacity of airline operators, which will effectively bring the costs down leading to profitability and sustainability of operations
- Proposal of increasing FDI limit in domestic carriers from the existing 49%
- Proposal to make India a hub for Maintenance, Repair and Overhaul (MRO) activities and aircraft financing and leasing

(Source: Economic Survey 2018-19, Union Budget 2019-20)

(d) Input costs

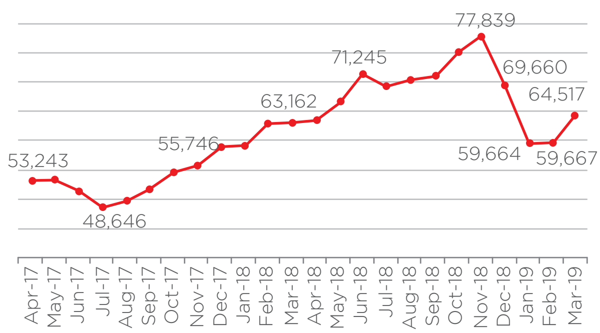
The aviation industry is highly susceptible to fluctuations in international crude oil prices and foreign exchange rates. During FY 2018-19, global crude oil prices increased significantly, leading to a 25% increase in aviation turbine fuel (ATF) prices, whereas rupee depreciated by 9%. Both these factors had an adverse impact on the earnings of airlines during the year. The beginning of FY 2019-20 saw a substantial decline in aviation turbine fuel prices in the backdrop of lower oil prices. Nonetheless, LCCs with their lean cost structures are well-equipped to navigate the challenges in the operating environment. For the coming two years – 2019 and 2020, the ATF prices are likely to be at sustainable levels with EIA predicting the global crude oil prices to average USD 65.15 currency and USD 65 respectively in these years. This is comparatively lower to the average prices of USD 71.19 in 2018. *(https://www.eia.gov/outlooks/steo/report/prices.php (EIA)*

USD/INR Exchange Rate (INR)



(Source: RBI)

Domestic Airline ATF Prices (INR/Kilolitre)



(Source: IOCL)

3. Developments at SpiceJet

During the year under review, the Company continued to scale operations and strengthen competitiveness with multiple initiatives undertaken towards augmenting customer-centricity and improving financial position. The Company also undertook a major overhaul in IT infrastructure focussed on automating systems to enhance operational efficiency. In line with these objectives, the focus has been on network expansion, enhancing and making revenues more predictable, optimising costs and providing a delightful flying experience to customers. Major initiatives undertaken during the year include:

(a) Financial stability

SpiceJet with its fiscal prudence and sustained operational measures continues to work towards strengthening its balance sheet position after being on the brink of shutdown at one stage. During the year, SpiceJet despite challenging macroeconomic conditions and grounding of its MAX aircraft fleet moved quickly to recover and managed to arrest net loss at ₹ 3,161 million following a ₹ 4,275 million loss in the first two quarters. SpiceJet generated ₹ 3,426 million cash flow from operating activities.

(b) Fleet and network augmentation

During FY 2016-17, SpiceJet placed an order of up to 205 (155 firm and 50 option) Boeing 737 MAX aircraft, reinforcing its commitment to a strategic direction and a planned growth. The USD 22 billion (₹ 1.5 billion) aircraft order has been the biggest order placed by any airline in India with Boeing in its history and marked the beginning of a new growth story for SpiceJet. Additionally, the Company placed an order of up to 50 Bombardier Q400 aircraft to widen its regional connectivity.

During FY 2018-19, SpiceJet inducted 18 new planes to its fleet, this included 13 fuel-efficient Boeing 737 - 8 MAX airplanes and five 90-seater Q400s. However, technical faults led to the worldwide grounding of 737 MAX aircraft which led to SpiceJet grounding its Boeing 737 MAX aircraft. In April and May 2019, SpiceJet further inducted 26 new aircraft to its fleet, including 22 Boeing 737 and 4 Q400s.

The year also saw the Company inducting its first Boeing 737 freighter aircraft towards offering end-to-end air cargo services in addition to the one retrofitted in the previous year. Through its dedicated air cargo arm, SpiceXpress, the Company launched its freighter service on the Guwahati-Hong Kong route and became the first airline to connect North East India and South East Asia through a freighter route.

As on March 31, 2019, the fleet size stood at 76 comprising of 48 Boeing 737, 27 Bombardier Q400 and 1 Boeing 737 NG freighter. The Company's initiative towards network optimisation, delivering consistent and impressive 'On-Time Performance' and providing seamless connectivity enabled it to achieve sustained monthly passenger load factors of above 90% for 50 successive months (a feat unparalleled globally) ending May 2019.

As part of its international expansion strategy, SpiceJet signed a Memorandum of Understanding for interline and codeshare agreements with Emirates, one of the world's largest airlines during the year. This will enable SpiceJet passengers from India to enjoy seamless connectivity leveraging Emirates extensive network across Europe, Africa, America and the Middle East. While the partnership will immensely benefit passengers travelling on both the airlines, it will boost the Company's operating revenues significantly.

During FY 2018-19, the Company added 42 routes to its network including six UDAN destinations.

(c) Revenue enhancement and new ancillary streams

Passenger revenue

SpiceJet undertakes sustained efforts towards detailed and close flight monitoring with proper coordination between its airport network, revenue and sales teams. This enables it to take timely action to maximise revenue and increase the load factors. Further, the Company continues to enhance its routes, aircraft fleet and daily flights to maximise revenues.

Ancillary revenue

The Company relentlessly works towards introduction of innovative and differentiated products and services by leveraging technology to build a source of ancillary revenues.

The new-age, graded loyalty programme – SpiceClub – offers a plethora of benefits to its customers. The programme is aimed at delighting the customers and building a vast loyal customer base focussed on increasing direct flight bookings and boost ancillary sales.

The Company also rolled out an in-flight entertainment system – SpicEngage. It offers a fascinating range of entertainment content onboard in a bid to improve the flying experience of customers. In addition to this, the launch of niche products and services such as YouFirst (priority check-in, priority baggage), combo products like seat + meal, Visa, Gift Cards, MyFlexi Plan have received splendid response from its customers.

SpiceVacations.com is a comprehensive travel solutions platform, offering customised travel packages for both business and leisure travellers at competitive prices. Spice Experiences is the recently launched activities portal platform on SpiceVacations to offer a wide range of destination-specific fun-filled activities, airport transfers and local transport to customers for their convenience.

(d) Cost reduction measures

Cost reduction and maintaining an optimal cost structure is paramount and an important focus area for the Company in a price sensitive market. The Company aggressively focussed towards automation, manpower optimisation, strengthening efficiencies and efficient asset utilisation in its endeavour to reduce costs during the year. The fuel-efficient B737 MAX aircraft and the fuel-powered flight will contribute to bringing down fuel and engineering costs, while cutting down on noise pollution and greenhouse gas emissions. Additionally, the Company undertakes various fuel saving methods like fuel hedging and use of lightweight seats. It is also undertaking efficiency improvement initiatives in key functions like cargo handling, lower aircraft acquisition and maintenance costs and reduction of training costs.

(e) Brand consolidation

During FY 2018-19, the Company's brand continued to gain momentum. Given the critical phase of growth that the brand had entered, albeit flyers assumed an even greater significance. On the back of one of the biggest Boeing orders placed both in the country as well as in the history of Boeing, it was pertinent that the airline keeps aligning itself with flyers. This resulted in SpiceJet constantly attracting new generation of flyers from the existing markets as well as exploring new markets of growth. Simultaneously, the brand focussed on constantly introducing novel offerings and re-inventing the existing ones in order to turn new recruits into patrons.

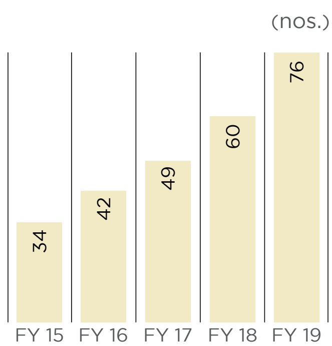
At the business level, aggressive bidding for the Regional Connectivity Scheme - UDAN *(Ude Desh ka Aam Nagrik)* routes gave impetus and access to new flyers. These emerging markets promise an enormous potential and will enable SpiceJet brand to reap the benefits in the years to come. These markets included Porbander and Kandla (Gujarat), Pondicherry (Tamil Nadu), Jaisalmer (Rajasthan), Kanpur (Uttar Pradesh) and Adampur (Punjab). Besides, SpiceJet reiterated its focus on its existing initiatives such as the Loyalty programme, SpiceClub and the premium economy offering, SpiceMax. With the introduction of SpiceClub, the brand manages to offer maximum benefits and rewards to its patrons for the airline. The brand ensures repeated interactions with an expanding category of the most lucrative flyers by enhancing the membership of the loyalty programme. Products like SpiceMax ensures a superlative and delightful flying experience for the discerning flyers.

Going forward, SpiceJet also introduced SpicEngage, the in-flight entertainment system. This first-ever in-flight entertainment system offered by a low-cost airline is a novel initiative designed to act as another differentiator in the category and is capable of re-enforcing the pioneer image of the brand. Association with several properties directed to target the youth segment like Sunburn, Rajasthan, International sporting events etc. helped the brand to underline its 'fun' positioning. Simultaneously, the brand also renewed its social media outreach to this category of flyers by re-examining its content. Driven by its customer-centricity approach, the brand will continue to achieve greater success and glory in the years to come.

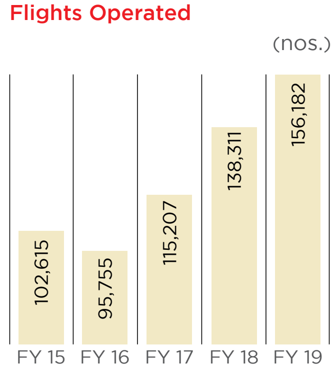
4. Operational and Financial Highlights

(a) Operational Highlights

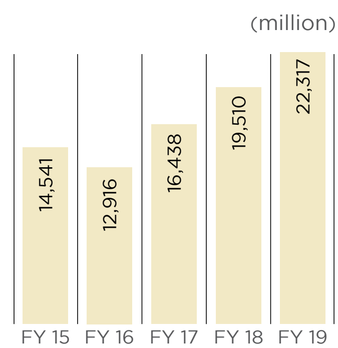
Aircraft at Year End



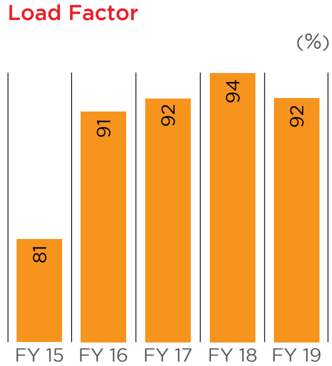
Flights Operated



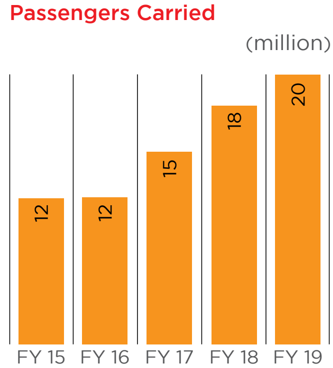
Available Seat Kilometre



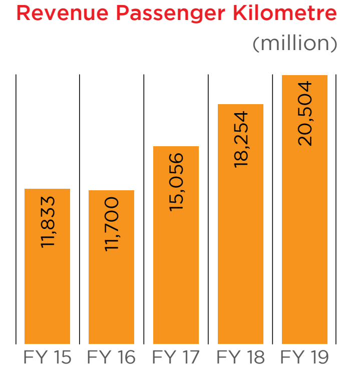
Load Factor



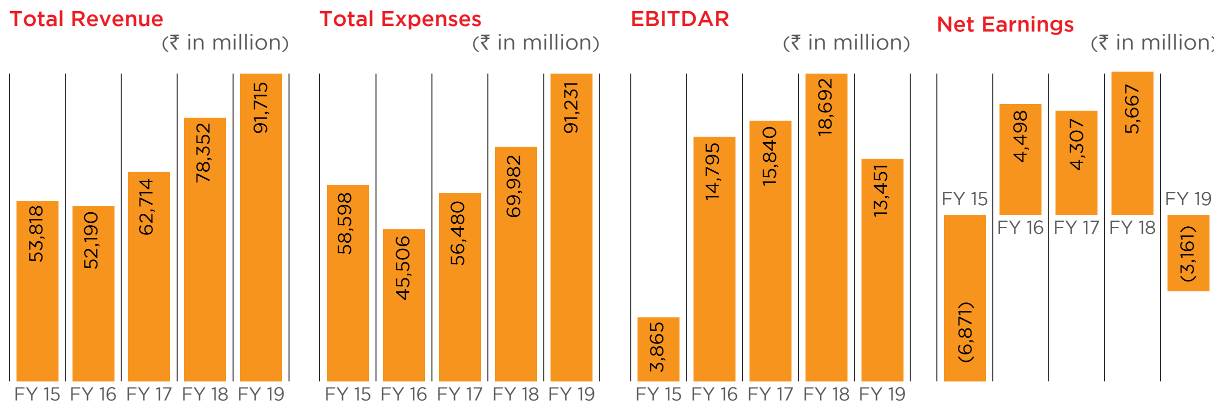
Passengers Carried



Revenue Passenger Kilometre



(b) Financial Highlights



(c) Revenue

The total revenue improved by 17% to ₹ 91,715 million in FY 2018-19 from ₹ 78,352 million in FY 2017-18. Revenue from operations increased by 18% to ₹ 91,133 million in FY 2018-19 from ₹ 77,557 million in FY 2017-18. Other income reduced by 27% to ₹ 583 million in FY 2018-19 from ₹ 795 million in FY 2017-18.

(d) Expenses

Total expenses for FY 2018-19 increased by 30% to ₹ 91,231 million from ₹ 69,982 million in FY 2017-18.

(i) Aircraft Fuel and Oil

Expenditure on aircraft fuel increased by 42% to ₹ 34,453 million in FY 2018-19 from ₹ 24,326 million in FY 2017-18. The increase on account of increase in capacity deployed and higher aviation turbine fuel and oil prices.

(ii) Lease-Rental Aircraft and Engines

Expenditure on lease rental aircraft and engines increased by 26% to ₹ 12,967 million in FY 2018-19 from ₹ 10,321 million in FY 2017-18. This rise is on account of expansion in fleet and airports.

(iii) Aircraft Maintenance Cost

Expenditure on aircraft maintenance cost increased by 27% to ₹ 15,043 million in FY 2018-19 from ₹ 11,880 million in FY 2017-18. The increase in maintenance and repair costs was due to increase in capacity and aircraft.

(iv) Employee Benefit/Expenses

Expenses with regard to employee remuneration and benefits increased to ₹ 10,570 million in FY 2018-19 from ₹ 8,626 million in FY 2017-18, an increase of 23% primarily due to increase in fleet size and airports.

(v) Selling Expenses

Selling expenses increased by 10% to ₹ 2,074 million for FY 2018-19 from ₹ 1,891 million for FY 2017-18. The increase is mainly due to increase in the revenue.

(vi) Other Expenses

Other expenses increased by 39% largely due to increase in capacity.

(vii) Finance Cost

Finance Cost increased by 42% to ₹ 1,313 million in FY 2018-19 from ₹ 922 million in FY 2017-18 due to increase in borrowing costs.

(viii) Depreciation and Amortisation

Depreciation and amortisation increased by 11% to ₹ 2,562 million in FY 2018-19 from ₹ 2,312 million in FY 2017-18.

5. Opportunities, Risks, Concerns and Threats

The Indian aviation industry is expected to continue growing at an impressive pace on the back of strong economic growth prospects, expanding middle-class and working population, spurt in income levels and low-cost aviation. It is still very low on per-capita travel as compared to other countries like Brazil, China, Indonesia, Vietnam, South Africa etc. and these factors will lead to a sustainable growth; growth will further be propelled by increasing leisure and business travel, expansion of capacity and airport infrastructure and favourable Government policies. For the near term, growth will be supply led and because of the extreme price sensitivity yields will expect to stay firm at current levels and may see an increase in line with general inflation. The Airport infrastructure roadmap which lists out development, modernisation and expansion of over 100 airports will aid in absorbing capacity. The industry has witnessed a healthy growth in Tier II and III cities and will support the growth story in air travel. SpiceJet with its low-cost strategy, fleet and network expansion programme and proven customer-centricity can deliver profitable growth.

The potential risks and challenges which may impact business and profitability continue, as in the past, fuel prices, adverse movement in foreign exchange. Fuel costs can be mitigated through adequate hedging and direct import which will be taken at appropriate time.

6. Future Outlook

SpiceJet is optimistic about a strong performance in the coming year on the back of massive fleet expansion, favourable operating environment, likely return of grounded Boeing 737 MAX aircraft by the end of calendar year 2019, and securing favourable slots at key airports. SpiceJet has been keeping stringent control on costs. The fuel-efficient Boeing 737 MAX aircraft will result in cost savings of 12-14% per aircraft and Q400 will increase the seat capacity from 78 to 90. The next financial year will see an increase in its revenue profile due to introduction of substantial Mumbai-based flights, additional lucrative international flights to Hongkong, Bangkok, Dubai, Jeddah, Riyadh, Dhaka from Mumbai and Delhi.

Pricing levels in the industry have been stable while this year witnessed an adverse increase in foreign exchange related costs. The airline is pursuing unprecedented expansion and exploring newer growth avenues, which will enable it to garner enhanced profitability and market presence. The Company is eyeing an aggressive expansion plan across its domestic and international network. The interlining and codeshare partnership entered into with Emirates will enable passengers of both the airlines to enjoy seamless connectivity on each other's vast networks. This partnership and expansion of network will undoubtedly go a long way in further enhancing the travel experience of its customers.

Through its dedicated air cargo service under the brand 'SpiceXpress', SpiceJet offers safe, on-time, efficient and seamless cargo connectivity across India and on international routes. Currently, the airline's freighter fleet consists of 3 Boeing 737 NG freighters, with plans to add four more during FY 2019-20. The Indian air cargo industry is poised to exhibit a strong growth, with freight traffic expected to reach 17 million tonnes by 2040. SpiceJet sees immense potential in the air cargo business and aims to connect all the seven North Eastern states with Guwahati through the freighter route going forward. Its aim is to scale up SpiceXpress's existing capacity and transform it into a full-scale freighter cargo service.

Overall, the Company's management is undertaking various steps to further maximise revenue and profit, optimise costs, improve productivity, enhance brand prominence and achieve highest levels of customer satisfaction in its endeavour to build and sustain a world-class airline.

7. Internal Control

The Company's internal control systems are commensurate with the organisation's pace of growth and increasing complexity of operations and have been designed to provide reasonable assurance regarding the following:

- Effectiveness and efficiency of operations
- Adequacy of safeguards for assets
- Prevention and detection of frauds and errors
- Accuracy and completeness of the accounting records
- Timely preparation of reliable financial information

An independent internal audit is carried out to ensure the adequacy of the internal control system and adherence to policies and practices. The scope of internal audit activity is guided by the internal annual audit plan, which is approved by the Audit Committee of the Board. The Audit Committee reviews reports submitted by the independent internal auditor and monitors follow-up and corrective action taken.

8. Human Resources

Employees are SpiceJet's most important asset and pivotal for its success. The organisation credits its growth and success to the dedication, loyalty and hard work of its skilled employees at all levels. To continuously drive employee motivation, SpiceJet offers a work environment that promotes creativity, teamwork, meritocracy, ambition and learning. The Company is committed to creating a transparent organisation that helps its employees hone their skills and enable them to deliver superior performance. SpiceJet believes in fostering equal employment opportunities, where individuals are selected and treated on the basis of their job-relevant merits and abilities and are given equal opportunities within the organisation.

During fiscal 2018-19, the organisation witnessed an unprecedented growth owing to the induction of new aircraft and attracting critical talent across departments became imperative. Our overall employee strength grew from 8,447 in March 2018 to 11,399 in March 2019. Structured and well calendared recruitment drives for Inflight, Airport Services, Engineering and Flight Operations ensured that the required numbers never fell short.

SpiceJet encourages learning on-the-job and facilitates various training programmes for its employees. It develops talent through learning journeys anchored around the competency framework. The leadership competency framework for the organisation has been fully integrated with various HR processes like recruitment and people review process. The Company worked towards accelerating employee career development in several ways, besides creating an environment where people feel valued and included. In fiscal year 2018-19 as well, SpiceJet continued its progress in all key areas of human resources management, reinforcing its reputation as an employer of choice through numerous initiatives and programmes both for attracting new talent as also to retain the best talent. During the year, SpiceJet focussed on various strategic learning programmes, employee engagement and health management initiatives to aid overall professional and personal development of its employees. A robust behavioural training calendar was launched and implemented addressing the training needs of employees across departments through 62 training interventions on areas like - Communication Skills, Team Building, Time and Stress Management, E-mail Etiquette, Conflict Management and Emotional Intelligence. All existing employees across the network and new joiners were continually trained on the Prevention of Sexual Harassment policy ensuring safe and secure work environment for the women employees. A special educational tie-up with UPES University took place for 18 distant learning specialised graduate, post graduate and diploma programs in order to support the Company's employees in their higher educational aspirations. The special corporate discounts on fees was also extended to employees' family members. The employees continue to reap benefits of the corporate collaboration with other professional universities of previous years' tie-ups. SpiceJet received an overwhelming response for the initiative. Additionally, CSR initiatives in collaboration with renowned NGOs for the underprivileged and the environment were conducted on mass scale throughout the year.

The Company is extremely proud of its "Open door policy" which runs across levels. It has also been hosting open forums and meetings, offering its employees a platform for interaction with the leadership at SpiceJet. The purpose of these forums is to share with the employees the overall business perspective and other key information of common interest, and give them an opportunity to ask questions and seek clarifications from the management on various matters. Information on routine matters is shared with the employees through the Spicejet Intranet "ESS- Employee Shared Services" portal and the monthly magazine – Spice Route.

This year, "Chairman's Choice" and "Annual Awards" were launched with a lot of fanfare wherein 11 employees were awarded Annual Awards for exceptional contribution and four employees were awarded the special Chairman's Choice Award for making a lasting impact on the organisation through their contribution. With such initiatives, the Company is creating an agile organisation that recognises contribution and encourages innovative thinking. "Long Service Award" continued with increased fervour with 740 more employees coming in this ambit. The much-awaited talent hunt "SpiceJet's Got Talent" was a huge crowd puller and a massive success.

To ensure that the employees are at their productive best, the Company continued to work on simplifying internal processes through a collaborative effort with various teams. The emphasis on automation continued with the launch of SpiceJet HRIS-Spice-People. A fully automated annual appraisal was conducted during the fiscal year. The automation of processes like rewards and recognition – Spice Star, Long Service awards continued to provide a technology-driven HR interface.

SpiceJet continues to maintain its record on industrial relations without any interruption in work.

9. Information Technology

New technologies, processes and inovation have been introduced, paving the way for more competent, efficient and profitable conduct of business.

With the growing fleet, SpiceJet will be launching automated rostering solutions to improve the crew planning business processes. An innovative and digitally-enhanced Crew and Fleet Management Solution will also be launched, which will increase crew productivity while enabling them towards better work-life balance.

Customer-centric initiatives too, have been undertaken. Keeping customers at the heart of everything, SpiceJet has introduced effective personalised communication with its customers, providing them information on airport congestion and flight delays. Meanwhile, the crew have been provided with innovative solutions wherein all the relevant information is provided to them digitally, so that they could improve their day-to-day activities.

Baggage Reconciliation System (BRS) has been further automated to ensure that baggage tracing process is done based on IATA Resolution 753, where passengers can see real-time reports for mishandled baggage.

The new financial year will see many more customer and employee-centric initiatives being introduced and to put to effect. Machine Learning, Robotic Process Automation, IoT and Data Science are some of the key areas SpiceJet will significantly invest in and with the continuous and significant increase in fleet size, the role of Information Technology is bound to grow manifold in the coming year delivering efficiencies and reducing costs.