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— **32<sup>nd</sup>** —  
**ANNUAL**  
**REPORT**  
**2015 – 16**  
— ▼ —



# India connects with SpiceJet



## Routemap

- Domestic
- International
- Effective from December 23, 2016

Flight schedules are subject to regulatory approvals and change.  
Map not to scale, for graphic representation only.  
Content as on **November 25, 2016**.



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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Mr. Ajay Singh	Chairman & Managing Director
Mrs. Shiwani Singh	Non-Executive Promoter Director
Mr. R. Sasiprabhu	Independent Director
Mr. Anurag Bhargava	Independent Director
Dr. Harsha Vardhana Singh	Independent Director

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### ACCOUNTABLE MANAGER

Mr. G P Gupta	Chief Administrative Officer & Accountable Manager
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### KEY MANAGERIAL PERSONNEL

Mr. Kiran Koteswar	Chief Financial Officer
Mr. Chandan Sand	VP (Legal) & Company Secretary

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### REGISTERED OFFICE

Indira Gandhi International Airport,  
Terminal 1D, New Delhi – 110 037

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### CORPORATE OFFICE

319, Udyog Vihar, Phase- IV  
Gurgaon – 122 016, Haryana  
Website : [www.spicejet.com](http://www.spicejet.com);  
Email : [investors@spicejet.com](mailto:investors@spicejet.com)  
Phone : +91 124 3913939

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### BANKERS

Allahabad Bank	City Union Bank Limited
HDFC Bank Limited	ICICI Bank Limited
State Bank of India	Yes Bank Limited

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### STATUTORY AUDITORS

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

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### REGISTRAR & SHARE TRANSFER AGENTS

Karvy Computershare Private Limited,  
Karvy Selenium Tower B, Plot No. 31-32,  
Gachibowli, Financial District, Nanakramguda,  
Hyderabad – 500 032  
Email : [einward.ris@karvy.com](mailto:einward.ris@karvy.com)  
Phone : +91 40 67162222

## SpiceJet Limited

CIN: L51909DL1984PLC288239

**Regd. Office:** Indira Gandhi International Airport, Terminal 1D, New Delhi – 110 037

Website: www.spicejet.com; email: investors@spicejet.com; T: +91 124 3913939; F: +91 124 3913844

### Notice of Annual General Meeting

Notice is hereby given that the 32<sup>nd</sup> Annual General Meeting of the members of SpiceJet Limited (the “Company”) will be held on Monday, the 26<sup>th</sup> day of December, 2016 at 10.00 a.m. at Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi – 110 003 to transact the following business:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the financial statements of the Company for the year ended March 31, 2016, including the audited Balance Sheet as at March 31, 2016, the Statement of Profit and Loss Account for the year ended on that date and the reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Ajay Singh (DIN: 01360684), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s S. R. Batliboi & Associates LLP, Chartered Accountants (ICAI Firm Registration No: 101049W/E300004), 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 36<sup>th</sup> Annual General Meeting on such remuneration as may be fixed by the Board.

#### SPECIAL BUSINESS:

#### 4. Appointment of Mr. Anurag Bhargava (DIN: 01297542) as an Independent Director of the Company

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“Resolved that pursuant to Sections 149, 152, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder, Mr. Anurag Bhargava (DIN: 01297542), who was appointed as an Additional Director of the Company by the Board of Directors with effect from September 7, 2016 and who holds office up to the date of this Annual General Meeting under Section 161(1) of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company for a period up to September 6, 2021, not liable to retire by rotation.”

#### 5. Appointment of Dr. Harsha Vardhana Singh (DIN: 07110296) as an Independent Director of the Company

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“Resolved that pursuant to Sections 149, 152, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder, Dr. Harsha Vardhana Singh (DIN: 07110296), who was appointed as an Additional Director of the Company by the Board of Directors with effect from September 7, 2016 and who holds office up to the date of this Annual General Meeting under Section 161(1) of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company for a period up to September 6, 2021, not liable to retire by rotation.”

#### 6. Remuneration to Mr. Ajay Singh (DIN: 01360684), Managing Director of the Company

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“Resolved that pursuant to recommendation of the Nomination and Remuneration Committee and approval of Board of Directors of the Company, and subject to provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof) read with Schedule V of the Companies Act, 2013 and Articles of Association of the Company, consent of



the members of the Company be and is hereby accorded for payment of remuneration of Rs.5,000,000 (Rupees Five Million only) per month as fixed pay (with such component as may be agreed and decided by the Board) and upto two percent of annual net profit of the Company payable upon completion of relevant financial year (subject to a maximum of Rs.90,000,000 (Rupees Ninety Million only) per annum) as variable pay to Mr. Ajay Singh (DIN: 01360684), as Managing Director of the Company with effect from April 1, 2016 for remainder period of his appointment i.e. upto May 20, 2018.

Resolved further that in addition to above remuneration, Mr. Ajay Singh shall also be eligible for other benefits of employment as per Company's rules viz. company maintained car with driver, mobile expense reimbursement, provident fund, gratuity, personal accident insurance, medical insurance for self and dependents.

Resolved further that the Board of Directors of the Company be and is hereby authorised to vary, alter or modify remuneration payable or to be provided (including any monetary value thereof) to Mr. Ajay Singh to the extent the Board of Directors deem fit.

Resolved further that the remuneration payable to Mr. Ajay Singh, shall not exceed the overall ceiling of the total managerial remuneration as provided under Section 197 of the Companies Act, 2013 or such other limits as may be prescribed from time to time.

Resolved further that in the event of any loss or inadequacy of profits in any financial year during the tenure of Mr. Ajay Singh as Managing Director of the Company, the remuneration shall be paid in accordance with the limits specified under Schedule V of the Companies Act, 2013 (including any statutory modifications or re-enactments thereof, for the time being in force) or such other limits as may be prescribed by the Government from time to time in this regard, as minimum remuneration.

Resolved further that the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any committee of Directors to give effect to the aforesaid resolution."

By order of the Board of Directors

Place: Gurgaon  
Date : November 25, 2016

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

**Notes:**

1. The Statement pursuant to Section 102(1) of the Companies Act, 2013 with respect to the special business set out in the Notice is annexed.
2. **A member entitled to attend and vote at the Annual General Meeting (“AGM”) 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 AGM.**

A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. Provided that a member holding more than ten percent, of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.

3. Corporate members intending to send their authorised representatives to attend the AGM are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the AGM.
4. The Register of Members and Share Transfer Books will remain closed from December 20, 2016 to December 26, 2016 (both days inclusive).
5. Members are requested to kindly bring their copy of the Annual Report with them at the AGM as no extra copy of Annual Report would be made available at the AGM. Members/proxies should also bring the attached Attendance Slip, duly filled and hand it over at the entrance to the venue.
6. Members are requested to quote their Registered Folio Number or Demat account number and Depository Participant (DP) ID number on all correspondence with the Company.
7. Members who are holding shares in more than one folio are requested to intimate to the Company the detail of all folio numbers for consolidation into a single folio.
8. 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 10:00 a.m. to 12:00 noon upto the date of the AGM.
9. In case of joint holders attending the AGM, only such joint holder who is higher in the order of names will be entitled to vote.
10. Members are requested to send to the Company their queries, if any, on accounts and operations of the Company at least seven days before the AGM so that the same could be suitably answered at the AGM.
11. The Company is concerned about, the environment and utilizes natural resources in a sustainable manner. We request you to update your email address with your Depository Participant to enable us to send you the Annual Report and other official communications by means of e-mail.
12. The Annual Report for the financial year 2015-16 has been sent through email to those members who have opted to receive electronic communication or who have registered their email addresses with the Company/Depository Participants. The Annual Report is also available on Company’s website [www.spicejet.com](http://www.spicejet.com) in ‘Investors’ section. The physical copy of the Annual Report has been sent to those members who have either opted for the same or have not registered their email addresses with the Company/Depository Participant. The members will be entitled to a physical copy of the Annual report for the financial year 2015-16, free of cost, upon sending a request to the Company Secretary at 319, Udyog Vihar, Phase- IV, Gurgaon – 122 016, Haryana.
13. Additional information pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “**Listing Regulations**”) and Secretarial Standard - 2 issued by the Institute of Company Secretaries of India (“**SS-2**”) in respect of the Directors seeking appointment at the AGM is furnished and forms part of this Notice. The Directors have furnished the requisite consents / declarations for their appointment.

14. In terms of SS-2 route map for the location of the venue of the AGM is given hereunder and forms part of this Notice.
15. Pursuant to Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended from time to time) read with Regulation 44 of the Listing Regulations, the Company is pleased to provide remote e-voting facility through M/s. Karvy Computershare Private Limited (“**Karvy**”), for all members of the Company to enable them to cast their votes electronically on the items mentioned in this Notice. Detailed instructions for remote e-voting process are provided alongwith the user ID and password sent with this Notice. The Company has appointed Mr. Mahesh Kumar Gupta (CP No. 1999), Practising Company Secretary as the Scrutinizer for conducting the e-voting process in a fair and transparent manner. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company. Members of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. December 19, 2016, may cast their vote electronically.
16. The Scrutiniser shall, immediately after the conclusion of voting at the AGM, first count the votes cast at the AGM, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company. He shall make a consolidated Scrutiniser’s Report of the total votes cast in favour or against, if any, on or before December 29, 2016. The Scrutiniser’s Report shall be given to the Chairman or a person authorised by him in writing who shall countersign the same. The Results on resolutions shall be declared on or after the AGM of the Company and shall be deemed to be passed on the date of the AGM. The Results declared alongwith the Scrutinizer’s Report shall be placed on the Company’s website [www.spicejet.com](http://www.spicejet.com) and on the website of Karvy and communicated to the Stock Exchange.
17. Poll will also be conducted at the AGM and any member who has not cast his vote through remote e-voting facility, may attend the AGM and cast his vote.

#### **STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013**

The following statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice:

##### **Item No. 4**

The Board of Directors, at its meeting held on September 7, 2016, appointed Mr. Anurag Bhargava as an Additional Director of the Company with effect from September 7, 2016, pursuant to Section 161 of the Companies Act, 2013 read with the Articles of Association of the Company.

Pursuant to the provisions of Section 161 of the Companies Act, 2013, Mr. Anurag Bhargava will hold office up to the date of the ensuing AGM. The Company has received a notice in writing from a member along with requisite deposit under Section 160 of the Companies Act, 2013, proposing candidature of Mr. Anurag Bhargava for the office of Independent Director to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received a declaration from Mr. Anurag Bhargava to the effect that he meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

The resolution seeks the approval of the members for the appointment of Mr. Anurag Bhargava as an Independent Director of the Company for a period up to September 6, 2021 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. He will not be liable to retire by rotation.

In the opinion of the Board, Mr. Anurag Bhargava, fulfils the conditions specified in the Companies Act, 2013 and the Rules made thereunder and he is independent of the Management. Considering his area of expertise, rich experience and independence towards the Company, the appointment of Mr. Anurag Bhargava has been proposed.

A copy of the draft letter for the appointment of Mr. Anurag Bhargava as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company’s registered office on working days, except Saturday/ Sunday and other public holidays, between 10:00 a.m. to 12:00 noon upto the date of the AGM.

Your Directors recommend the resolution for your approval.



Except, Mr. Anurag Bhargava, none of the directors and key managerial personnel of the Company including their relatives are, in anyway, concerned or interested in the said resolution.

**Item No. 5**

The Board of Directors, at its meeting held on September 7, 2016, appointed Dr. Harsha Vardhana Singh as an Additional Director of the Company with effect from September 7, 2016, pursuant to Section 161 of the Companies Act, 2013 read with the Articles of Association of the Company.

Pursuant to the provisions of Section 161 of the Companies Act, 2013, Dr. Harsha Vardhana Singh will hold office up to the date of the ensuing AGM. The Company has received a notice in writing from a member along with requisite deposit under Section 160 of the Companies Act, 2013, proposing candidature of Dr. Harsha Vardhana Singh for the office of Independent Director to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received a declaration from Dr. Harsha Vardhana Singh to the effect that he meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Dr. Harsha Vardhana Singh as an Independent Director of the Company for a period up to September 6, 2021 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. He will not be liable to retire by rotation.

In the opinion of the Board, Dr. Harsha Vardhana Singh, fulfils the conditions specified in the Companies Act, 2013 and the Rules made thereunder and he is independent of the Management. Considering his area of expertise, rich experience and independence towards the Company, the appointment of Dr. Harsha Vardhana Singh has been proposed.

A copy of the draft letter for the appointment of Dr. Harsha Vardhana Singh as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office on working days, except Saturday/ Sunday and other public holidays, between 10:00 a.m. to 12:00 noon upto the date of the AGM.

Your Directors recommend the resolution for your approval.

Except, Dr. Harsha Vardhana Singh, none of the directors and key managerial personnel of the Company including their relatives are, in anyway, concerned or interested in the said resolution.

**Item No. 6**

Mr. Ajay Singh was appointed as Managing Director of the Company with effect from May 21, 2015 for a period of three years. The consent of Members of the Company for his appointment was obtained on October 6, 2015 through Postal Ballot. Prior to that he acquired management and control of the Company effective February 23, 2015 thereby assuming the position of promoter of the Company. Mr. Ajay Singh has been working full time for the turnaround of the Company and also managing day-to-day affairs without any remuneration and did not accept any remuneration until achieving effective turnaround and continuous profits. Since the Company has now been able to generate profits for the full financial year ended March 2016 and each quarter thereafter it will be only justifiable to adequately remunerate Mr. Singh for his all-around contribution and full time participation in the affairs of the Company.

Accordingly, the Nomination and Remuneration Committee, in its meeting held on September 7, 2016 recommended and the Board of Directors, in its meeting held on November 25, 2016, approved the payment of remuneration of Rs.5,000,000 (Rupees Five Million only) per month as fixed pay (with such component as may be agreed and decided by the Board) and upto two percent of annual net profit of the Company payable upon completion of relevant financial year (subject to a maximum of Rs.90,000,000 (Rupees Ninety Million only) per annum) as variable pay, to Mr. Ajay Singh as Managing Director of the Company with effect from April 1, 2016 and for a period upto the duration of his appointment (i.e. upto May 20, 2018); subject to the approval of the members in the General Meeting and the Central Government (if required). In addition, Mr. Singh shall also be eligible for other benefits of employment as per Company's rules viz. company maintained car with driver, mobile expense reimbursement, provident fund, gratuity, personal accident insurance, medical insurance for self and dependents.

The Directors recommend the resolution for your approval.

Except, Mr. Ajay Singh and Mrs. Shiwani Singh, none of the directors and key managerial personnel of the Company including their relatives are, in any way, concerned or interested in the said resolution.

This disclosure may also be read and treated as compliance with the requirements of Section 190 of the Companies Act, 2013.

**ADDITIONAL INFORMATION ON DIRECTORS RECOMMENDED FOR APPOINTMENT / RE-APPOINTMENT AS REQUIRED UNDER REGULATION 36(3) OF THE LISTING REGULATIONS AND SS-2**

Name	Mr. Ajay Singh	Mr. Anurag Bhargava	Dr. Harsha Vardhana Singh
DIN	01360684	01297542	07110296
Date of Birth	December 29, 1965	July 17, 1966	August 30, 1956
Date of first Appointment on the Board	May 21, 2015*	September 7, 2016	September 7, 2016#
Qualification(s)	B. Tech from IIT, Delhi M.B.A. from Cornell University LL.B. from University of Delhi	B.A. from the Wharton School of Business B.S. from the Moore School of Engineering and Applied Science.	B.A. (Honours) in Economics and M.A. in Economics from Delhi University; M. Phil and D. Phil. in Economics from University of Oxford, UK.
Brief resume and experience	<p>Mr. Ajay Singh is a first generation entrepreneur. He has extensive experience in the information technology and airline operations having successfully contributed to the launch of the Company during the year 2005.</p> <p>Previously, Mr. Singh has served in government as Advisor to the Ministry of Communication and Information Technology and the Ministry of Information and Broadcasting. He has also served on the Board of the Delhi Transport Corporation.</p> <p>He was appointed as Managing Director of the Company on May 21, 2015. Through his extensive and rich experience, he successfully turnaround the Company by undertaking and implementing various measures in revenue and cost management, customer retention and employee welfare.</p>	<p>Mr. Anurag Bhargava is Chairman and Co-Founder of IREO, one of the largest investment funds focused on real estate in India. Since founding the firm in 2003, his core responsibilities include investment strategy, partnerships with Ascendas and Hyatt, and deal structuring. Under his leadership, IREO has created a world-class portfolio of fourteen development properties with \$2 billion of long-term equity capital committed to projects across India. Mr. Bhargava is also a co-founder of India Equity Partners, a \$350 million long-term private equity fund.</p> <p>Previously, Mr. Bhargava was a principal and head of private equity for MSD Capital, the private investment firm for Michael Dell and his family. During his tenure from 1999-2003, he deployed and managed a portfolio of highly successful private equity investments. He began his career at Wasserstein Perella &amp; Co., New York, where he worked with the merchant banking group.</p> <p>Mr. Bhargava has served on several boards, including AMN Healthcare, Campus Hub, and Tabletop Holdings. He previously served on the board of State Bank of Mauritius and is currently on the boards of U.S - India Business Council and Magic Bus USA.</p>	<p>Dr. Harsh Vardhana Singh is Executive Director of Brookings India, New Delhi. He has worked for over three decades in the areas of infrastructure regulation, trade and investment policy reform, improving competitiveness, policies relating to global value chains, new technologies and sustainable development.</p> <p>He has worked for twenty years in the GATT/WTO, eight of these as Deputy Director General of WTO. For over eight years, he was in the Telecom Regulatory Authority of India, first as Economic Advisor and then as Secretary of TRAI. He has taught in India, China and the US, being an Adjunct Professor or honorary Professor in these places. He has overseen and led large research projects for Think Tanks, and been Consultant to UNCTAD, ILO, Government of India, and the World Bank. At present, he is also Senior Fellow at the Council on Emerging Market Enterprises, The Fletcher School, Tufts University, USA.</p>

Name	Mr. Ajay Singh	Mr. Anurag Bhargava	Dr. Harsha Vardhana Singh
Directorship in other companies	<ul style="list-style-type: none"> <li>■ SpiceJet Merchandise Pvt. Ltd.</li> <li>■ SpiceJet Technic Pvt. Ltd.</li> <li>■ Intel Constructions Pvt. Ltd.</li> <li>■ Crosslink Finlease Pvt. Ltd.</li> <li>■ One City, Promoters Pvt. Ltd.</li> <li>■ Argentum Motors Pvt. Ltd.</li> <li>■ Greenline Transit System Pvt. Ltd.</li> <li>■ Star Bus Services Pvt. Ltd.</li> <li>■ Spice Homes Pvt. Ltd.</li> <li>■ Spice Homes (Meerut) Pvt. Ltd.</li> <li>■ Argentum Defence Systems Pvt. Ltd.</li> <li>■ i2n Technologies Pvt. Ltd.</li> <li>■ Greenstar Mobility Pvt. Ltd.</li> <li>■ Greenline Communication Pvt. Ltd.</li> <li>■ Indiverse Broadband Pvt. Ltd.</li> <li>■ Smartnagar Digital Ventures Pvt. Ltd.</li> <li>■ Smartnagar Broadband Networks Pvt. Ltd. and</li> <li>■ Pan India Motors Pvt. Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>■ Onehub (Chennai) Pvt. Ltd. and</li> <li>■ True Developers Pvt. Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>■ Brookings Institution India Center</li> </ul>
Chairman/ Member of the Committee of the Board of Directors of the Company	Nomination and Remuneration Committee Corporate Social Responsibility Committee	Audit Committee Nomination and Remuneration Committee	Stakeholders Relationship Committee Corporate Social Responsibility Committee
Chairman/ Members of the Committee of other companies in which he is a Director	Nil	Nil	Nil
Shareholding in the company (equity shares of Rs.10 each)	354,443,450	Nil	Nil
No. of Board meetings attended during the year 2015-16	6 (Six)	N.A.	1 (One) <sup>#</sup>
Relationship with directors and Key Managerial Personnel	Mr. Ajay Singh is relative (Husband) of Mrs. Shiwani Singh, Director of the Company	None	None.
Remuneration to be paid	Please refer resolution No. 6	Nil <sup>§</sup>	Nil <sup>§</sup>
Remuneration last drawn	Nil	Nil	Nil

\*Mr. Ajay Singh was originally appointed as director on November 4, 2004 and subsequently resigned on August 27, 2010. Thereafter, he was appointed as Managing Director of the Company on May 21, 2015 consequent upon takeover of the Company by him.

<sup>#</sup>Dr. Harsha Vardhana Singh was initially appointed as additional director on May 21, 2015 and resigned effective November 17, 2015.

<sup>§</sup>No remuneration will be paid to Mr. Anurag Bhargava and Dr. Harsha Vardhana Singh other than the sitting fee for attending meetings of the Board and the Committees thereof.



**DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting the 32<sup>nd</sup> Annual Report together with the Audited Financial Statements of your Company for the year ended March 31, 2016.

**1. FINANCIAL PERFORMANCE**

(Amount in Rs. Million)

Particulars	March 31, 2016	March 31, 2015
<b>Total Revenue</b>	<b>52,167.44</b>	<b>53,818.30</b>
<b>Expenses</b>		
Operating Expenses	37,009.44	48,057.59
Employee Benefit Expenses	4,928.43	5,374.66
Selling Expenses	1,636.66	2,793.61
Other Expenses	2,984.58	2,371.65
<b>Earnings before interest, tax, depreciation and amortization</b>	<b>5,608.33</b>	<b>(4,779.21)</b>
Depreciation and amortisation expense	1,175.94	1,266.25
Interest income on bank deposits	156.59	196.76
Finance Cost	1,153.93	1,635.39
<b>Profit/ (Loss) before taxation and extraordinary items</b>	<b>3,435.05</b>	<b>(7,484.09)</b>
Tax Expenses	-	-
Extraordinary items	636.94	613.55
Profit/ (Loss) after taxation	4,071.99	(6,870.54)
<b>Profit/ (Loss) brought Forward</b>	<b>(32,108.02)</b>	<b>(25,213.08)</b>
Depreciation expense adjusted against reserves	-	24.40
Profit/ (Loss) for the year	4,071.99	(6,870.54)
<b>Amount transferred to Balance Sheet</b>	<b>(28,036.03)</b>	<b>(32,108.02)</b>

**2. AFFAIRS OF THE COMPANY**

This was Company's full year of operation under the new management and post change of control and management. While the Company continued its focus on increasing efficiency in the areas of customer experience, selling and distribution, revenue management, fleet rationalization, aircraft utilization, capacity deployment in key markets; on the other side it ensured that legacy issues are addressed and closed. The Company has been able to settle all outstanding claims of each individual aircraft lessor and have inducted more aircraft from the existing lessor which is a testimony to strengthening of relationship with our partners and their confidence in our operations and management.

The Company completed its eleventh year of operation on May 23, 2016 wherein it continued to focus on consolidating its operations on key routes. As at the end of the financial year the Company maintained a fleet size to 42 aircraft with which it operated 260 flights covering 40 destinations.

Despite the near shut down situation faced by the Company in the Financial Year 2014-15, the Company was able to regain the confidence of passengers in the present Financial Year and carried over 13.59 million passengers with an average market share of 12%. The Company recorded the best load factors in the industry consistently maintaining a level above 91% with best on-time performance amongst all leading airlines.

The airline was recently recognised and commended for its dramatic turnaround and exemplary performance, high load factor and its use of innovation to rebuild customer loyalty. The Company received the World Travel Leaders

award at the WTM (World Travel Market) Awards in London on November 7, 2016 and was the only airline to be recognised this year, globally. The award recognised that SpiceJet, under the change of management and leadership had recorded consistent quarterly profits in a row after years of losses.

Members are also requested to refer to Section 3 (*Developments at SpiceJet*) of Management Discussion and Analysis.

### 3. BOARD OF DIRECTORS

- a) In terms of the provision of Section 152(6) of the Companies Act, 2013, Mr. Ajay Singh is liable to retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible, has offered himself for re-appointment.
- b) Mr. Anurag Bhargava and Dr. Harsha Vardhana Singh were appointed as additional directors on the Board of the Company on September 7, 2016 and shall hold office upto the date of ensuing Annual General Meeting. The Company has received notice 160 of the Companies Act, 2013 proposing their candidature and the members are requested to consider the same.
- c) The Company has received necessary declaration from each Independent Director under Section 149(6) of the Companies Act, 2013, that he meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013.

### 4. PARTICULARS OF CONTRACTS OR ARRANGEMENT MADE WITH RELATED PARTIES

All related party transactions that were entered into during the financial year under review were on arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company which may have a potential conflict with the interest of the Company.

All related party transactions (if applicable) have been placed before the Audit Committee and Board for their approval.

Particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013, in prescribed Form AOC-2, is annexed as "Annexure – A" to the Board's Report.

### 5. CHANGE IN THE NATURE OF BUSINESS, IF ANY

During the year, there was no change in the nature of business of the Company. However the Company has incorporated a wholly owned subsidiary namely (i) "SpiceJet Merchandise Private Limited" in July 2016 which shall engage in the business of consumer merchandise and goods that will include electronic items, readymade apparels, accessories etc. through various channels viz., in flight sale, online platform, airport shops, retail outlets etc. and (ii) "SpiceJet Technic Private Limited" in October 2016 which shall engage in engineering related service including but not limited to maintenance, repair and overhaul services of aircraft and its parts.

### 6. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

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.

### 7. 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 – B" to the Board's Report.

### 8. NUMBER OF MEETINGS OF THE BOARD

The Board met seven times during the financial year, the details of which are given in the Corporate Governance Report that forms part of this Annual Report. The intervening gap between any two meetings was within the period prescribed under the Companies Act, 2013.

### 9. TRANSFER TO RESERVES

The Company has made no transfers to reserves during the financial year 2015-16.

## 10. 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, 2016, the Directors of your Company hereby state that:

- a) in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b) 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;
- c) 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;
- d) the Directors have prepared the Annual Accounts of the Company on a 'going concern' basis;
- e) 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
- f) 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.

## 11. CORPORATE GOVERNANCE

Pursuant to of Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 Corporate Governance Report alongwith Practicing Company Secretary's Certificate regarding compliance of conditions of Corporate Governance as stipulated under the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 is an integral part of this report.

## 12. MANAGEMENT DISCUSSION AND ANALYSIS

A detailed report on the Management Discussion and Analysis in terms of the provisions of Regulation 34 of the SEBI (Listing Regulations and Disclosure Requirements) Regulations, 2015 is provided as a separate chapter in the Annual Report.

## 13. 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. Members are requested to refer note 44 to the financial statements annexed to this report.

## 14. DIVIDEND

The Board of Directors have not recommended any dividend for the financial year 2015-16.

## 15. PARTICULARS OF EMPLOYEES

We believe in building and sustaining a strong culture of positive working relationships between employees and recognise that the success of the Company is deeply embedded in the success of its human capital.

The Company had 5,360 employees as on March 31, 2016 (previous year 4,185).

Information as required under Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Report. Considering the first proviso to Section 136(1) of the Companies Act, 2013, the Annual Report, excluding the aforesaid information, is being sent to the members of the Company and others entitled thereto. Members who are interested in obtaining these particulars may write to the Company Secretary at the Registered Office of the Company. The aforesaid information is also available for inspection at the Registered Office of the Company during working hours, up to the date of the Annual General Meeting.



**16. DISCLOSURES REQUIRED UNDER THE SEBI (EMPLOYEE STOCK OPTION SCHEME AND EMPLOYEE STOCK PURCHASE SCHEME) GUIDELINES, 1999**

S. No.	Description	Remark
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	955,075
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.	707,175
g)	Variations of terms of options	Nil
h)	Money realised by exercise of options	Not applicable
i)	Total number of options in force	247,900
j)	Employee wise details of options granted to:	
	senior management personnel	No grants were made to any senior management personnel during the year under review.
	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
	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"	5.73 - before extraordinary items 6.79 - after extraordinary items
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.
	<b>Assumptions</b>	<b>Grant 1</b> <b>Grant 2</b> <b>Grant 3</b> <b>Grant 4</b>
	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

## 17. STATUTORY AUDITORS

- a) The Statutory Auditors, M/s S.R. Batliboi & Associates LLP, Chartered Accountants, retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if re-appointed.
- 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, 2016.

## 18. SECRETARIAL AUDIT

- 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 Company appointed Mr. Mahesh Kumar Gupta, Practicing Company Secretary to undertake the Secretarial Audit of the Company for financial year ended on March 31, 2016. The Report of the Secretarial Auditor is annexed as “Annexure – C” to the Board’s Report.
- b) 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:
  - (i) The Company is a scheduled airline which is also governed by the Civil Aviation Requirements of Ministry of Civil Aviation, Government of India (“**MoCA**”). The Civil Aviation Requirements mandates that any Director to be appointed on the Board of the Company should first be security cleared by the Government of India. The unexpected resignation of Independent Directors and delay in receipt of receipt of said security clearance from MoCA, affected the composition of the Board of Directors of the Company, and all other committees of the Board and related compliances. Soon after receipt of requisite approval of MOCA, the Company has inducted independent directors on its board with effect from September 7, 2016 having an optimum mix of independent and non-executive directors with all related compliances been regularized. (*refer Para 1 and 2 of the observation of Secretarial Audit Report*).
  - (ii) With regard to order passed by the Delhi High Court on July 29, 2016, the Company has preferred an appeal against this order, which is pending disposal before the Hon’ble Division Bench of the Delhi High Court. Based on the submissions made by the parties during the appeal proceedings, and legal advice obtained, management believes that no amounts are due under the original order, until disposal of the appeal by the Division Bench. In view of the foregoing, and the averments made before the Hon’ble Division Bench by the Company, no amounts have been deposited with the Court till date. Further, based on the 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 affairs of the Company. (*refer Para 5 of the observation of Secretarial Audit Report*).

## 19. CORPORATE SOCIAL RESPONSIBILITY (“CSR”)

As per Section 135 of the Companies Act, 2013, the Company has a Corporate Social Responsibility (CSR) Committee of its Board of Directors. As on date of this report, the Committee comprises of Dr. Harsha Vardhana Singh, Mr. Ajay Singh and Mrs. Shiwani Singh.

Since the Company does not have net profit during the last three financial years, the Company is not mandatorily required to contribute towards CSR activities. However, the Company runs an initiative named “*SpiceJet Cares*” to contribute to society at large. Working in close harmony and partnering with various organisations who have done phenomenal work in this field, the Company reaches out to provide help and relief to the lesser privileged and to those in need. Few of such activities initiated under *SpiceJet Cares* are as follows:

- (i) During the unprecedented floods and rain calamity that hit Chennai and the neighborhood in first week of December 2015, SpiceJet reached out to many of those who suffered due to Chennai airport being flooded. SpiceJet was the first airline to operate relief flights to the Arakkonam Naval Base near Chennai to evacuate stranded passengers of not only SpiceJet but also of other airlines, free of cost. We also provided free ground transportation from Chennai airport to both Arakkonam Naval Base and Tirupati and airlifted them to Bangalore and other airports. SpiceJet has also been supporting the Chennai flood victims by helping various non-profit organizations to transport tonnes of relief material including medicines, food supplies and clothing to various southern airports.

- (ii) SpiceJet has pledged to help and relief to eleven villages in the drought-hit Latur District of Maharashtra as part of an initiative to commemorate its eleven years of flying. The Company, co-partnered the voluntary organization “AnybodyCanHelp”, to organise, coordinate and execute the supply of approximately 71,500 liters of water to eleven villages per day across AUSA Taluka in Latur District.

## 20. POLICY ON PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

The Company has a Sexual Harassment at Workplace (Prevention, Prohibition and Redressal) Policy in line with the requirements of the Sexual Harassment of Women at the workplace (Prevention, Prohibition & Redressal) Act, 2013. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

During the financial year 2015-16, seven complaints were received under the Sexual Harassment of Women at the workplace (Prevention, Prohibition & Redressal) Act, 2013. One complaint was pending at the end of financial year 2015-16.

## 21. RISK MANAGEMENT POLICY AND ADEQUACY OF INTERNAL FINANCIAL CONTROLS

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.

## 22. CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

The management is highly conscious of the criticality of the conservation of energy at all operational levels. Adequate measures are taken to reduce energy consumption whenever possible by using energy efficient equipment.

The requirement of disclosure of particulars with respect to conservation of energy and technology absorption as prescribed in Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Account) Rules, 2014 are not applicable to the Company and hence not furnished.

## 23. FOREIGN EXCHANGE EARNINGS & OUTGO

The details of foreign exchange earnings and outgo are provided under note 42 and 43 to the financial statements annexed to this report.

## 24. ACKNOWLEDGEMENT

The year gone by was full of challenges but the airline created history for its dramatic turnaround demonstrating exceptional performance. This ofcourse would not have been possible without the exemplary support and encouragement from all our partners and regulators. It is our absolute privilege to have each one of them as our partners and we thank and appreciate their continued support in re-building this airline.

We are also delighted by the support of our strong and growing customers base who continue to motivate us to bring innovation and engaging experiences in our product offering.

And, most of all, we want to thank our entire workforce for working with incredible passion and energy to restore the pride and glory of our SpiceJet. Their contribution in re-building this airline is invaluable and it would not have been possible without each one of them.

For and on behalf of the Board

Place : Gurgaon  
Date : November 25, 2016

Sd/-  
Ajay Singh  
Chairman & Managing Director



**Form No. AOC – 2**

*(Pursuant to Section 134(3)(h) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)*

**Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in Section 188(1) of the Companies Act, 2013 including certain arms length transactions under third proviso thereto**

1. Details of contracts or arrangements or transactions not at arm's length basis:

(i) Name(s) of the related party and nature of relationship	Not applicable
(ii) Nature of contracts/arrangements/transactions	
(iii) Duration of the contracts / arrangements/transactions	
(iv) Salient terms of the contracts or arrangements or transactions including the value, if any	
(v) Justification for entering into such contracts or arrangements or transactions	
(vi) Date(s) of approval by the Board	
(vii) Amount paid as advances, if any:	
(viii) Date on which the special resolution was passed in general meeting as required under first proviso to section 188	

2. Details of material contracts\* or arrangement or transactions at arm's length basis

(i) Name(s) of the related party and nature of relationship	Not applicable
(ii) Nature of contracts/arrangements/transactions	
(iii) Duration of the contracts / arrangements/transactions	
(iv) Salient terms of the contracts or arrangements or transactions including the value, if any:	
(v) Date(s) of approval by the Board, if any:	
(vi) Amount paid as advances, if any:	

*\*As per Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.*

## Form No. MGT-9

## EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2016

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

## I. REGISTRATION AND OTHER DETAILS:

(i) Corporate Identity Number (CIN)	L51909DL1984PLC288239
(ii) Registration Date	February 9, 1984
(iii) Name of the Company	SpiceJet Limited
(iv) Category / sub-Category of the Company	Public Company/ Limited by shares
(v) Address of the Registered Office and contact details	Indira Gandhi International Airport, Terminal 1D, New Delhi – 110 037 Email: investors@spicejet.com Tel : +91 124 3913939 Fax : +91 124 3913844
(vi) Whether listed company	Yes
(vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 Email: einward.ris@karvy.com Tel : +91 40 67162222 Fax : +91 40 23001153

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
Transportation of passengers by air	51101	94%

III. PARTICULARS OF HOLDING, SUBSIDIARY<sup>1</sup> AND ASSOCIATE COMPANIES

S. No.	Name and address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
-	-	-	-	-	-

<sup>1</sup>SpiceJet Merchandise Private Limited (CIN: U52520DL2016PTC303136) and SpiceJet Technic Private Limited (CIN: U74999DL2016PTC306819) are wholly owned subsidiary of the Company with effect from July 18, 2016 and October 5, 2016 respectively.

**IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)**
**(i) Category-wise Share Holding**

Category Code	Category of Shareholders	No. of shares held at the beginning of the year (As on March 31, 2015)		No. of shares held at the end of the year (As on March 31, 2016)		% Change during the year (XI)	
		Demat (III)	Physical (IV)	Demat (VII)	Physical (VIII)		% of total shares (VI)
(A)	Promoters						
(1)	Indian						
	(a) Individual/HUF	361,535,624	-	361,535,624	-	60.31	60.31
	(b) Central Government	-	-	-	-	-	-
	(c) State Government(s)	-	-	-	-	-	-
	(d) Bodies Corporate	-	-	-	-	-	-
	(e) Banks/Financial Institutions	-	-	-	-	-	-
	(f) Any Other	-	-	-	-	-	-
	Sub-total (A) (1)	361,535,624	-	361,535,624	-	60.31	60.31
(2)	Foreign						
	(a) NRIs - Individuals	-	-	-	-	-	-
	(b) Other – Individuals	-	-	-	-	-	-
	(c) Bodies Corporate	-	-	-	-	-	-
	(d) Banks / Financial Institutions	-	-	-	-	-	-
	(e) Any Other	-	-	-	-	-	-
	Sub-total (A) (2)	-	-	-	-	-	-
	<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>361,535,624</b>	<b>-</b>	<b>361,535,624</b>	<b>-</b>	<b>60.31</b>	<b>60.31</b>
(B)	Public Shareholding						
(1)	Institutions						
	(a) Mutual Funds	-	37,000	-	37,000	0.01	0.01
	(b) Banks / Financial Institutions	200	-	200	-	0.00	0.00
	(c) Central Government	-	-	-	-	-	-
	(d) State Government(s)	-	-	-	-	-	-
	(e) Venture Capital Funds	-	-	-	-	-	-
	(f) Insurance Companies	-	-	-	-	-	-
	(g) Foreign Institutional Investors	4,530,856	109,000	4,639,856	109,000	0.77	3.03
	(h) Foreign Venture Capital Funds	-	-	-	-	-	-
	(i) Others (specify)	-	-	-	-	-	-
	<b>Sub-total (B)(1)</b>	<b>4,531,056</b>	<b>146,000</b>	<b>4,677,056</b>	<b>146,000</b>	<b>0.78</b>	<b>3.04</b>



Category Code	Category of Shareholders	No. of shares held at the beginning of the year (As on March 31, 2015)			No. of shares held at the end of the year (As on March 31, 2016)			% Change during the year (XI)
		Demat (III)	Physical (IV)	Total (V)	Demat (VII)	Physical (VIII)	Total (IX)	
(2)	Non-Institutions							
	(a) Bodies Corporate	45,669,434	6,283,772	51,953,206	28,530,079	6,283,772	34,813,851	5.81
	(b) Individuals							
	(i) Individual shareholders holding nominal share capital upto Rs.1 lakh	84,353,312	2,384,932	86,738,244	78,289,052	2,360,846	80,649,898	13.45
	ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	81,210,330	76,900	81,287,230	894,76,530	76,900	89,553,430	14.94
	(c) Others (specify)	-	-	-	-	-	-	-
	i) Trusts	20,101	-	20,101	20,101	-	20,101	0.00
	ii) Non-Resident Indians	10,842,973	511,300	11,354,273	12,477,745	510,700	129,88,445	2.17
	iii) Clearing Members	1,884,449	-	1,884,449	1,616,080	-	1,616,080	0.27
	iv) Directors	-	-	-	8,000	-	8,000	0.00
	Sub-total (B) (2)	223,980,599	9,256,904	233,237,503	210,418,087	9,232,218	219,650,305	36.64
	<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	<b>228,511,655</b>	<b>9,402,904</b>	<b>237,914,559</b>	<b>228,511,341</b>	<b>9,378,218</b>	<b>237,889,559</b>	<b>39.69</b>
	<b>Total (A+B)</b>	<b>590,047,279</b>	<b>9,402,904</b>	<b>599,450,183</b>	<b>590,071,965</b>	<b>9,378,218</b>	<b>599,450,183</b>	<b>100.00</b>
	(C) Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-
	<b>Grand Total (A+B+C)</b>	<b>590,047,279</b>	<b>9,402,904</b>	<b>599,450,183</b>	<b>590,071,965</b>	<b>9,378,218</b>	<b>599,450,183</b>	<b>100.00</b>

## (ii) Shareholding of Promoters

S. No.	Shareholder's Name	Shareholding at the beginning of the year (As on March 31, 2015)			Shareholding at the end of the year (As on March 31, 2016)			% change in shareholding during the year
		No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	
1.	Ajay Singh	354,443,450	59.13	19.36	354,443,450	59.13	20.13	0.00
2.	Kalpna Singh	4,130,336	0.69	-	4,155,336	0.69	-	0.00
3.	Ajay Singh (HUF)	2,961,838	0.49	-	2,961,838	0.49	-	0.00

**(iii) Change in Promoters' Shareholding (Please specify, if there is no change)**

Name of the Shareholder	Shareholding at the beginning of the year		Cumulative shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>Ajay Singh</b>				
At the beginning of the year	354,443,450	59.13	354,443,450	59.13
Transactions (purchase/sale) from April 1, 2015 to March 31, 2016	-	-	354,443,450	59.13
At the end of the year			354,443,450	59.13
<b>Kalpna Singh</b>				
At the beginning of the year	41,30,336	0.69	41,30,336	0.69
Transactions (purchase/sale) from April 1, 2015 to March 31, 2016	25,000	0.00	41,55,336	0.69
At the end of the year			41,55,336	0.69
<b>Ajay Singh (HUF)</b>				
At the beginning of the year	2,961,838	0.55	2,961,838	0.55
Transactions (purchase/sale) from April 1, 2015 to March 31, 2016	-	-	2,961,838	0.55
At the end of the year			2,961,838	0.55

**(iv) Shareholding pattern of top ten Shareholders (other than Directors, Promoters and holders of GDRs and ADRs)**

Name of the Shareholder	Shareholding at the beginning of the year		Cumulative shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>Ewart Investments Ltd.</b>				
At the beginning of the year	8,299,521	1.38	8,299,521	1.38
Transactions (purchase/sale) from April 1, 2015 to March 31, 2016	(8,249,089)	(1.37)	50,432	0.01
At the end of the year			50,432	0.01
<b>Citigroup Global Markets Mauritius Pvt. Ltd.</b>				
At the beginning of the year	-	0.00	-	0.00
Transactions (purchase/sale) from April 1, 2015 to March 31, 2016	4,328,315	0.72	4,328,315	0.72
At the end of the year			4,328,315	0.72
<b>National Westminster Bank Plc as Trustee of the JU</b>				
At the beginning of the year	-	0.00	-	0.00
Transactions (purchase/sale) from April 1, 2015 to March 31, 2016	3,202,386	0.53	3,202,386	0.53
At the end of the year			3,202,386	0.53
<b>Paradise Credits P. Ltd</b>				
At the beginning of the year	3,164,900	0.53	3,164,900	0.53
Transactions (purchase/sale) from April 1, 2015 to March 31, 2016	-	0.00	3,164,900	0.53
At the end of the year			3,164,900	0.53

Name of the Shareholder	Shareholding at the beginning of the year		Cumulative shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>Narendra Kumar Agarwal</b>				
At the beginning of the year	-	0.00	-	0.00
Transactions (purchase/sale) from April 1, 2015 to March 31, 2016	2,500,000	0.42	2,500,000	0.42
At the end of the year			2,500,000	0.42
<b>Ashish Kacholia</b>				
At the beginning of the year	-	0.00	-	0.00
Transactions (purchase/sale) from April 1, 2015 to March 31, 2016	2,500,000	0.42	2,500,000	0.42
At the end of the year			2,500,000	0.42
<b>Swiss Finance Corporation (Mauritius) Limited</b>				
At the beginning of the year	-	0.00	-	0.00
Transactions (purchase/sale) from April 1, 2015 to March 31, 2016	2,187,202	0.36	2,187,202	0.36
At the end of the year			2,187,202	0.36
<b>Religare Finvest Ltd</b>				
At the beginning of the year	2,092,093	0.35	2,092,093	0.35
Transactions (purchase/sale) from April 1, 2015 to March 31, 2016	(2,084,718)	(0.35)	7,375	0.00
At the end of the year			7,375	0.00
<b>MV SCIF Mauritius</b>				
At the beginning of the year	1,962,752	0.33	1,962,752	0.33
Transactions (purchase/sale) from April 1, 2015 to March 31, 2016	(755,943)	(0.13)	1,206,809	0.20
At the end of the year			1,206,809	0.20
<b>Modi Overseas Investment Ltd.</b>				
At the beginning of the year	1,504,900	0.25	1,504,900	0.25
Transactions (purchase/sale) from April 1, 2015 to March 31, 2016	-	0.00	1,504,900	0.25
At the end of the year			1,504,900	0.25

**(v) Shareholding of Directors and Key Managerial Personnel**

Name of the Shareholder	Shareholding at the beginning of the year		Cumulative shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>R. Ravivenketsh – Director<sup>1</sup></b>				
At the beginning of the year	16,000	0.00	16,000	0.00
Transactions (purchase/sale) from April 1, 2015 to March 31, 2016	-	-	16,000	0.00
At the end of the year			16,000	0.00

Name of the Shareholder	Shareholding at the beginning of the year		Cumulative shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>R. Sasiprabhu – Director<sup>2</sup></b>				
At the beginning of the year	-	0.00	-	0.00
Transactions (purchase/sale) from April 1, 2015 to March 31, 2016	8,000	0.00	8,000	0.00
At the end of the year			8,000	0.00
<b>Kiran Koteswar – CFO<sup>3</sup></b>				
At the beginning of the year	6,300	0.00	6,300	0.00
Transactions (purchase/sale) from April 1, 2015 to March 31, 2016	(4,000)	0.00	2,300	0.00
At the end of the year			2,300	0.00
<b>Chandan Sand – Company Secretary</b>				
At the beginning of the year	8,126	0.00	8,126	0.00
Transactions (purchase/sale) from April 1, 2015 to March 31, 2016	-	-	8,126	0.00
At the end of the year			8,126	0.00

<sup>1</sup>Resigned with effect from September 26, 2015

<sup>2</sup>Appointed as director on December 1, 2015

<sup>3</sup>Appointed as CFO on May 28, 2015

No Director or Key Managerial Personnel other than mentioned hereinabove hold any shares in the Company during the financial year 2015-16.

## VI. INDEBTEDNESS

### Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
Principal Amount	13,573.44	1,150.00	50.00	14,773.44
Interest due but not paid	181.06	35.86	-	216.93
Interest accrued but not due	26.78	-	-	26.78
<b>Total (i+ii+iii)</b>	<b>13,781.28</b>	<b>1,185.86</b>	<b>50.00</b>	<b>15,017.14</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	14.72	-	-	14.72
Reduction	(2,313.55)	(150.00)	-	(2,463.55)
<b>Net Change</b>	<b>(2,298.82)</b>	<b>(150.00)</b>	<b>-</b>	<b>(2,448.82)</b>
<b>Indebtedness at the end of the financial year</b>				
Principal Amount	11,274.62	1,000.00	50.00	12,324.62
Interest due but not paid	-	10.60	-	10.60
Interest accrued but not due	20.86	-	-	20.86
<b>Total (i+ii+iii)</b>	<b>11,295.47</b>	<b>1,010.60</b>	<b>50.00</b>	<b>12,356.08</b>

## VII. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Mr. Ajay Singh, Managing Director of the Company has not drawn any remuneration during the financial year 2015-16.



**B. Remuneration to other directors:**

Particulars of Remuneration	Fee for attending Board/ Committee meetings	Commission	Others, please specify	Total Amount
<b>Independent Directors</b>				
M. K. Harinarayanan <sup>1</sup>	10,000	-	-	10,000
J. Ravindran <sup>2</sup>	10,000	-	-	10,000
Nicholas Martin Paul <sup>3</sup>	10,000	-	-	10,000
R. Ravivenkatesh <sup>4</sup>	20,000	-	-	20,000
Harsha Vardhana Singh <sup>5</sup>	10,000	-	-	10,000
R. Sasiprabhu <sup>6</sup>	20,000	-	-	20,000
Total (1)	80,000	-	-	80,000
<b>Other Non-Executive Directors</b>				
Shiwani Singh	-	-	-	-
Total (2)	-	-	-	-
<b>Total (B)= (1+2)</b>	<b>80,000</b>	<b>-</b>	<b>-</b>	<b>80,000</b>

<sup>1</sup>Resigned with effect from May 28, 2015

<sup>2</sup>Resigned with effect from May 29, 2015

<sup>3</sup>Resigned with effect from September 21, 2015

<sup>4</sup>Resigned with effect from September 21, 2015

<sup>5</sup>Appointed on May 21, 2015. Resigned effective from November 17, 2015.

<sup>6</sup>Appointed on December 1, 2015.

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

Particulars of Remuneration	Key Managerial Personnel			
	CEO	Company Secretary	CFO	Total
Gross salary				
Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	4,720,588	6,331,152	11,051,740
Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
Profits in lieu of salary under section 17(3) Income tax Act, 1961	-	-	-	-
Stock Option	-	-	-	-
Sweat Equity	-	-	-	-
Commission				
- as % of profit	-	-	-	-
- others, specify	-	-	-	-
Others, please specify	-	-	-	-
<b>Total</b>	<b>-</b>	<b>4,720,588</b>	<b>6,331,152</b>	<b>11,051,740</b>

**VIII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: Nil**

There were no penalties, punishment / compounding of offences for breach of any section of Companies Act against the Company or its directors or other officers in default, if any, during the year.

**Secretarial Audit Report  
for financial year ended on March 31, 2016**

(Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To,

The Members,  
SpiceJet Limited,  
Indira Gandhi International Airport,  
Terminal 1D, New Delhi – 110037

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by SpiceJet Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the "Act") and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (applicable till May 14, 2015) and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (effective from May 15, 2015)
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 – Nil<sup>#</sup>
  - d) The Securities and Exchange Board of India (Share Based employee Benefits) Regulations, 2014 – Nil<sup>#</sup>
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 – Nil<sup>#</sup>
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client – Nil<sup>#</sup>
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 – Nil<sup>#</sup>
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 – Nil<sup>#</sup>

*#No event took place under these regulations during the financial year under review.*

- vi) The Company is engaged in the business of scheduled air transport services. The management has identified and confirmed the following laws as being specifically applicable to the Company:
  - The Aircraft Act, 1934 and Rules made thereunder;
  - The Aircraft (Carriage of Dangerous Goods) Rules, 2003;
  - The Carriage by Air Act, 1972;
  - The Regulations, Circulars, Requirements, Orders, Notifications, issued by Ministry of Civil Aviation, Bureau of Civil Aviation Security and the Directorate General of Civil Aviation.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India (effective from July 1, 2015).
- (ii) The Listing Agreement entered into by the Company with BSE Limited and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (effective from December 1, 2015)

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above subject to following observation:

1. The Company witnessed unexpected resignation of two Independent Directors of the Company on September 21, 2015 thereby affecting composition of Board of Directors of the Company per applicable laws. These resignations also resulted dissolution of all the Committees of the Board of Directors of the Company i.e. (i) Audit Committee, (ii) Stakeholders Relationship Committee, (iii) Nomination and Remuneration Committee and (iv) Corporate Social Responsibility Committee. After receipt of security clearance from Ministry of Civil (Government of India), the Company has appointed two new Independent Director on September 7, 2016 and reconstituted all the above said Committees. In the interim period, the functions of these Committees were undertaken by the Board of Directors of the Company.
2. The intermittent vacancy of independent directors caused by unexpected resignation of two independent directors on September 21, 2015 were not filled by the Company within the statutory time limit provided under Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 25 (6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, due to delay in receipt of security clearance of the proposed independent directors from Ministry of Civil Aviation (Government of India).
3. The prescribed return for change in shareholding under Section 93 of the Companies Act, 2013 has been filed with Registrar of Companies only for promoter category.
4. There were few instances of delay in filing of forms with the Registrar of Companies which were regularised by payment of late filing fee. Similarly, the Company has not filed prescribed forms for creation and satisfaction of charges for certain transactions till the date of this report.
5. The Company had received amounts aggregating Rs.57,908.9 lakhs from Mr. Kalanithi Maran and M/S KAL Airways Private Limited ("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 obtained/to be obtained), to be adjusted at the time those securities were to be issued.

During the previous year, the erstwhile promoters had sought certain relief under Section 9 of the Arbitration and Reconciliation Act, 1996 pending initiation of arbitration proceedings with respect to non-allotment of the said securities vide a petition filed before the Hon'ble High Court of Delhi ("Court"). As part of such proceedings, the Bombay Stock Exchange clarified that the issuance of the warrants under previously agreed terms has become an impossibility in law. Further, the Court, in its order dated on July 29, 2016, without expressing anything on the merits of the dispute, ordered the Company to deposit the amount of Rs 57,900 lakhs with the Court, in 5 equal monthly instalments, and directed the parties to take necessary steps for the purpose of constitution of an arbitral tribunal.

The effects of this matter may attract the consequent provisions (including penal provisions) of applicable provisions of law, including deeming provisions, relating to acceptance of deposits.

6. Owing to change in management, the vacancy caused due to the resignation of woman director on January 29, 2015 was filled on May 21, 2015 due to delay in receipt of security clearance of the proposed director.
7. The Code of Fair Disclosure under the SEBI (Prohibition of Insider Trading) Regulations, 2015 and details of Key Managerial Personnel of the Company authorized under Regulation 30(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 were sent to stock exchange on November 24, 2016.

Adequate notice is given to all Directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Some Board Meetings were also convened at shorter notice in compliance of Section 173 of the Act.

All decision at Board Meeting and Committee Meetings are carried out unanimously and the views of dissenting members, if any, are captured and recorded as part of the minutes of the Meetings of Board of Directors or Committees of the Board, as the case may be.

We further report that there are systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the registered office of the Company was shifted from State of Tamil Nadu to New Delhi in the National Capital Territory of Delhi pursuant to order of the Regional Director (Southern Region), Ministry of Corporate Affairs, Chennai dated November 19, 2015.

For Mahesh Gupta & Company  
Company Secretaries

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

Date : November 25, 2016  
Place : Delhi

This report is to be read with our letter of even date which is annexed as **Appendix – I** and forms an integral part of this report.

### **Appendix – I**

To,

The Members,  
SpiceJet Limited,  
Indira Gandhi International Airport,  
Terminal 1D, New Delhi – 110037

Our Secretarial Audit Report for the financial year ended March 31, 2016 is to be read along with this Appendix – I.

- 1) Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- 2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verifications were done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- 3) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- 4) Whereever required, we have obtained the management representation about the compliance of laws, rules and regulation and happening of events etc.
- 5) The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on the test basis.
- 6) The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the company.

For Mahesh Gupta & Company  
Company Secretaries

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

Date : November 25, 2016  
Place : Delhi



## CORPORATE GOVERNANCE REPORT

### 1. OUR PHILOSOPHY

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. The Company is committed to meet the aspirations of all our stakeholders and believe in adopting best corporate practices for ethical conduct of business. The Board of Directors is responsible for and committed to sound principles of Corporate Governance in the Company. The Board plays a crucial role in overseeing how the management serves the short and long term interests of shareholders and other stakeholders. This belief is reflected in our governance practices, under which we strive to maintain an effective, informed and independent Board of Directors and keep our governance practices under continuous review.

### 2. BOARD OF DIRECTORS

#### (a) Composition

While it is the policy of the Company to have an appropriate mix of executive and independent Directors to maintain the independence of the Board and separates its functions of governance and management, the Company witnessed unexpected resignation of two Independent Directors of the Company on September 21, 2015 thereby affecting composition of Board as per applicable laws. Soon after the resignation of Independent Directors, the Company filed applications for security clearance of new Independent Directors as mandated by Civil Aviation Requirements of Ministry of Civil Aviation (Government of India) and inducted them on Board as Independent Directors on September 7, 2016 after receipt of said security clearances.

As on date of this report, the Board of the Company had five Directors as per below details:

Name	Category
Mr. Ajay Singh <sup>1</sup>	<i>Promoter Director (Managing Director and Chairman)</i>
Mrs. Shiwani Singh <sup>1</sup>	<i>Promoter Director (Non-Executive)</i>
Mr. R. Sasiprabhu <sup>2</sup>	<i>Independent &amp; Non-Executive Director</i>
Mr. Anurag Bhargava <sup>3</sup>	<i>Independent &amp; Non-Executive Director</i>
Dr. Harsha Vardhana Singh <sup>4</sup>	<i>Independent &amp; Non-Executive Director</i>

<sup>1</sup>Appointed as director with effect from May 21, 2015

<sup>2</sup>Appointed as director with effect from December 1, 2015

<sup>3</sup>Appointed as director with effect from September 7, 2016

<sup>4</sup>Dr. Harsha Vardhana Singh was initially appointed as director on May 21, 2015 and resigned effective November 17, 2015. He was re-appointed as director with effect from September 7, 2016.

The Directors have expertise in the fields of strategy, management, finance, laws, operations, human resource development and economics. The Board provides leadership, strategic guidance, objective and independent view to the Company's management while discharging its fiduciary responsibilities, thereby ensuring that the management adheres to high standards of ethics, transparency and disclosure. The Board continuously reviews Company's governance, risk and compliance framework, business plans and organisation structure to align with competitive benchmark. Each Director informs the Company on an annual basis about the Board and Board Committee positions he/she occupies in other companies including chairmanships and notifies any changes during the term of their directorship in the Company.

The composition during the year under review and Directorship / Committee positions of the Directors as on March 31, 2016 is as follows:

Name	Category	Relationship with other directors	No. of Directorship <sup>1</sup>	Committee Positions <sup>1</sup>	
				Chairman	Member
Mr. Ajay Singh <sup>2</sup>	Promoter Director (Managing Director)	Husband of Mrs. Shiwani Singh	1	Nil	Nil

Name	Category	Relationship with other directors	No. of Directorship <sup>1</sup>	Committee Positions <sup>1</sup>	
				Chairman	Member
Mrs. Shiwani Singh <sup>2</sup>	Promoter Director (Non-Executive)	Wife of Mr. Ajay Singh	1	Nil	Nil
Mr. Mr. R. Sasiprabhu <sup>3</sup>	Independent Director	-	1	Nil	Nil
Dr. Harsha Vardhana Singh <sup>4</sup>	Independent Director	-	-	-	-
Mr. M. K. Harinarayanan <sup>5</sup>	Independent Director	-	-	-	-
Mr. J. Ravindran <sup>6</sup>	Independent Director	-	-	-	-
Mr. Nicholas Martin Paul <sup>7</sup>	Independent Director	-	-	-	-
Mr. R. Ravivenkatesh <sup>7</sup>	Independent Director	-	-	-	-

<sup>1</sup>Represents directorship(s) / membership(s) of Audit Committee and Stakeholders Relationship Committee(s) in public limited companies including SpiceJet Limited.

All the Committees of the Board of Directors of the Company including Audit Committee and Stakeholders Relationship Committee ceased to exist due to resignations of independent directors on September 21, 2015.

Details of directorship(s) / membership(s) of committees is not available for directors who ceased to be director on or before March 31, 2016.

<sup>2</sup>Appointed as director with effect from May 21, 2015.

<sup>3</sup>Appointed as director with effect from December 1, 2015.

<sup>4</sup>Appointed as director on May 21, 2015 and resigned effective November 17, 2015. He was re-appointed as director with effect from September 7, 2016.

<sup>5</sup>Resigned as director with effect from May 28, 2015.

<sup>6</sup>Resigned as director with effect from May 29, 2015.

<sup>7</sup>Resigned as director with effect from September 21, 2015.

## (b) Attendance record of Directors at Board Meetings and the Annual General Meeting of the Company

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, seven (7) Board Meetings were held on May 21, 2015; May 28, 2015; July 28, 2015; November 12, 2015; December 1, 2015; January 22, 2016 and March 17, 2016.

The details of the attendance of Directors at the Board Meetings and the Annual General Meeting held during the financial year 2015-16 are as follows:

Name	Attendance at		
	Board Meetings		31 <sup>st</sup> Annual General Meeting held on December 28, 2015
	Held during the tenure	Attended	
Mr. Ajay Singh <sup>1</sup>	6	6	Present
Mrs. Shiwani Singh <sup>1</sup>	6	5	Present
Mr. R. Sasiprabhu <sup>2</sup>	2	2	Present
Mr. M. K. Harinarayanan <sup>3</sup>	1	1	Not applicable
Mr. J. Ravindran <sup>4</sup>	1	1	Not applicable
Mr. Nicholas Martin Paul <sup>5</sup>	3	1	Not applicable
Mr. R. Ravivenkatesh <sup>5</sup>	3	2	Not applicable
Dr. Harsha Vardhana Singh <sup>6</sup>	3	1	Not applicable

<sup>1</sup>Appointed on May 21, 2015

<sup>2</sup>Appointed on December 1, 2016

<sup>3</sup>Resigned with effect from May 28, 2015.

<sup>4</sup>Resigned with effect from May 29, 2015.

<sup>5</sup>Resigned with effect from September 21, 2015.

<sup>6</sup>Appointed as director on May 21, 2015 and resigned effective November 17, 2015. He was re-appointed as director with effect from September 7, 2016.

**(c) Board Procedure**

The agenda and notes thereon 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 Regulation 17(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “**Listing Regulations**”), the Board is also kept informed of major events/ items and approvals are taken wherever necessary.

**(d) Shares held by Non-Executive Directors**

The table below sets out list of Non-Executive Directors holding shares in the Company as on March 31, 2016:

Name	No. of shares	Percentage
Mr. R. Sasiprabhu	8,000	0.00%

**(e) Familiarisation Programme for Independent Directors**

Independent Directors are familiarized with their roles, rights and responsibilities in the Company as well as with the nature of industry and business model of the Company through various induction programmes. The Company's Policy of conducting the familiarisation program has been disclosed on the website of the Company at [www.spicejet.com](http://www.spicejet.com) in 'Investors' section.

**3. AUDIT COMMITTEE****(a) Composition and terms of reference**

The primary objective of the Audit 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 all powers, roles, duties etc. as enumerated under Section 177 of the Companies Act, 2013 and Regulation 18 of Listing Regulations.

The Audit Committee which was reconstituted on May 28, 2015 subsequently dissolved due to resignation of two Independent Directors from the Board of the Company on September 21, 2015.

Subsequent to receipt of requisite security clearance, Independent Directors were appointed on the Board and the Board reconstituted the Audit Committee on September 7, 2016 after appointment of two new Independent Director. The present Audit Committee comprises of following Directors:

- Mr. R. Sasiprabhu – Chairman
- Mrs. Shiwani Singh – Member
- Mr. Anurag Bhargava – Member

The Company Secretary acts as the Secretary to the Committee.

**(b) Meeting and attendance<sup>#</sup>**

During the period under review, two (2) meetings of the Committee were held on May 27, 2015 and July 24, 2015. The table below sets out the attendance of Members of the Committee during financial year 2015-16:

Name of Member	Number of Committee Meetings	
	Held during the tenure	Attended
Mr. J. Ravindran	1	1
Mr. M. K. Harinarayanan	1	1

Name of Member	Number of Committee Meetings	
	Held during the tenure	Attended
Mr. Nicholas Martin Paul	2	2
Mr. R. Ravivenkatesh	1	1
Dr. Harsha Vardhana Singh	1	0

*#The original Audit Committee was comprises of Mr. J. Ravindran (Chairman), Mr. M. K. Harinarayanan (Member) and Mr. Nicholas Martin Paul (Member). The Committee was reconstituted on May 28, 2015 comprising of Mr. Nicholas Martin Paul (Chairman), Dr. Harsha Vardhana Singh (Member) and Mr. R. Ravivenkatesh (Member). Effective, September 21, 2015 two of the Company's independent directors resigned from the Company pursuant to which the Company's Audit Committee was dissolved due to inadequacy of constituents.*

#### 4. NOMINATION AND REMUNERATION COMMITTEE

##### (a) Composition and terms of reference

The function of the Nomination and Remuneration Committee is to formulate, administer and implement 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 Committee is also empowered:

- to identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down;
- to recommend to the Board for appointment and removal of directors and senior management;
- to carry out evaluation of every director's performance and
- to formulate the criteria for determining qualifications, positive attributes and independence of a director and to recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

The Nomination and Remuneration Committee which was reconstituted on May 28, 2015 subsequently dissolved due to resignation of two Independent Directors from the Board of the Company on September 21, 2015.

Subsequent to receipt of requisite security clearance, Independent Directors were appointed on the Board and the Board reconstituted the Nomination and Remuneration Committee on September 7, 2016 after appointment of two new Independent Director. The present Nomination and Remuneration Committee comprises of following Directors:

- Mr. Anurag Bhargava – Chairman
- Mr. R. Sasiprabhu – Member
- Mr. Ajay Singh – Member
- Mrs. Shiwani Singh – Member

During the period under review, one (1) meeting of the Committee was held on May 21, 2015. The table below sets out the attendance of Members of the Committee during fiscal year 2016:

Name of Member	Number of Committee Meetings <sup>#</sup>	
	Held during the tenure	Attended
Mr. M. K. Harinarayanan	1	1
Mr. J. Ravindran	1	1
Mr. Nicholas Martin Paul	1	1

*#At the time of this meeting, the Nomination and Remuneration Committee was comprises of Mr. M. K. Harinarayanan (Chairman), Mr. J. Ravindran (Member) and Mr. Nicholas Martin Paul (Member).*



### (b) Remuneration Policy

The Nomination and Remuneration 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.

Nomination and Remuneration Committee of the Company has framed a policy for selection and appointment of Directors including determining qualifications of Director, Key Managerial Personnel and their remuneration as part of its charter and other matters provided under Section 178(3) of the Companies Act, 2013. The Nomination and Remuneration Policy is available on the website of the Company.

Pursuant to the provisions of the Companies Act, 2013 and Listing Regulations, the Board of Directors has undertaken an evaluation of its own performance and of all the individual Directors based on various parameters relating to roles, responsibilities and obligations of the Board, effectiveness of its functioning and contribution of Directors at meetings.

### (c) Details of remuneration to all the directors

During the period under review, the Company has not paid any remuneration to any director including executive director except sitting fees of Rs.10,000 each to Independent Directors for attending the Board Meeting.

## 5. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee focuses on investors' relation and the envisaged role include, inter-alia, transfer of shares, redressal of complaints and other investors' related matters.

The Stakeholders Relationship Committee which was reconstituted on May 28, 2015 subsequently dissolved due to resignation of two Independent Directors from the Board of the Company on September 21, 2015.

Subsequent to receipt of requisite security clearance, Independent Directors were appointed on the Board and the Board reconstituted the Stakeholders Relationship Committee on September 7, 2016 after appointment of two new Independent Director. The present Stakeholders Relationship Committee comprises of following Directors:

- Dr. Harsha Vardhana Singh - Chairman
- Mrs. Shiwani Singh - Member
- Mr. R. Sasiprabhu - Member

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

Due to dissolution of the Committee on account of resignation of Directors, no meeting of the Committee was held during the period under review.

During the period April 2015-March 2016, the Company has received 69 letters/ complaints from shareholders and replied/ redressed the same to the satisfaction of shareholders.

## 6. MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis is provided elsewhere in the Annual Report.

## 7. GENERAL BODY MEETINGS

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

AGM	Date and Time	Venue	Special Resolutions Passed
31 <sup>st</sup> AGM# (2014-15)	D e c e m b e r 28, 2015 at 9.30 a.m.	Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi- 110003	(a) Investments under Section 186 of the Companies Act, 2013 and  (b) Creation of charges on the movable and immovable properties of the Company, both present and future, in respect of borrowings.

AGM	Date and Time	Venue	Special Resolutions Passed
30 <sup>th</sup> AGM (2013-14)	September 24, 2014 at 10.00 a.m.	The Kalaingar Arangam, Anna Arivalayam, 367/369, Anna Salai, Teynampet, Chennai – 600 018	(a) Create, offer, issue and allot upto 81,680,629 Warrants, having option to apply for and be allotted equivalent number of equity shares of Rs.10 each to Promoters of the Company, and  (b) Create, offer, issue and allot upto 107,410,749 Warrants, having option to apply for and be allotted equivalent number of equity shares of Rs.10 each to Promoters of the Company
29 <sup>th</sup> AGM (2012-13)	September 25, 2013 at 10.00 a.m.	The Kalaingar Arangam, Anna Arivalayam, 367/369, Anna Salai, Teynampet, Chennai – 600 018	Not applicable

*#Consequent upon change of Registered Office from State of Tamil Nadu to Union Territory of Delhi, the 31<sup>st</sup> AGM was held in Delhi.*

### Postal Ballot

During the year under review a postal ballot exercise was initiated in the month of September 2015 and completed in October 2015. Following special resolutions were passed through this postal ballot exercise:

1. Adoption of new set of Articles of Association of the Company;
2. Alteration of Registered Office Clause of Memorandum of Association of the Company; and
3. Appointment of Mr. Ajay Singh as Managing Director.

In accordance with Section 110 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014, the Postal Ballot Forms were sent to all the members whose names appear in the Members Register/ Records as on August 28, 2015 along with Notice and the Statement under Section 102 of the Companies Act, 2013. The Company provided remote 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 Mr. Mahesh Kumar Gupta, Practicing Company Secretary, who was appointed as Scrutinizer by the Board. The result of the postal ballot was announced by the Chairman of the Board of the Company on October 6, 2015 and same was published in newspapers and also posted on the website of the Company, [www.spicejet.com](http://www.spicejet.com).

As per the report of Scrutinizer dated October 6, 2015 details of voting pattern are as under:

S. No.	Description	Votes in favour of the resolution		Votes against the resolution	
		Number of Votes	(%)	Number of votes	(%)
1.	Special Resolution for adoption of new set of Articles of Association of the Company	362,910,124	99.5865	1,506,920	0.4135
2.	Special Resolution for alteration of Registered Office Clause of Memorandum of Association of the Company	364,332,896	99.9772	83,081	0.0228
3.	Ordinary Resolution for appointment of Mr. Ajay Singh as Managing Director	364,408,106	99.9978	7,984	0.0022

None of the business proposed to be transacted at the ensuing Annual General Meeting requires passing a Resolution through Postal Ballot.

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

## 8. DISCLOSURES

- (i) There were no materially significant related party transactions during the year having conflict with the interests of the Company.
- (ii) 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.
- (iii) The Company has established a Whistle Blower Policy for directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy. No personnel has been denied access to the Audit Committee.
- (iv) The Company has fully complied with the mandatory requirements of the Listing Regulations except stated hearing below and the provisions of non-mandatory requirements as stated in Regulation 27(1) of the Listing Regulations are under consideration of the Board of the Company.

The Company witnessed unexpected resignation of two Independent Directors of the Company on September 21, 2015 thereby affecting composition of Board per applicable laws. These resignations also resulted in dissolution of all the Committees of the Board of Directors of the Company i.e. (i) Audit Committee, (ii) Stakeholders Relationship Committee, (iii) Nomination and Remuneration Committee and (iv) Corporate Social Responsibility Committee.

Soon after the resignation of Independent Directors, the Company filed application(s) for security clearances of new Independent Directors as mandated by Civil Aviation Requirements of Ministry of Civil Aviation (Government of India) and inducted them on Board as Independent Directors on September 7, 2016 after receipt of said security clearances. The Company also constituted all above committees on September 7, 2016.

- (v) The Company had no subsidiary company during the financial year 2015-16.
- (vi) The Company has formulated a policy on dealing with related party transactions as per Regulation 23 of the Listing Regulations. The said policy is available on website of the Company i.e. [www.spicejet.com](http://www.spicejet.com) in 'Investors' section.
- (vii) 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 management of the Company have affirmed compliance with the Code during the financial year ended March 31, 2016. A declaration to this effect signed by Chairman and Managing Director is given as an annexure to this report.
- (viii) Pursuant to the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended, the Company has adopted a Code of Conduct for prevention of Insider Trading. This Code is applicable to all Board members/officers/designated employees. The objective of this Code is to prevent dealing in shares of the Company by an insider on the basis of unpublished price sensitive information.
- (ix) 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.
- (x) A certificate from the Managing Director and the Chief Financial Officer of the Company on financial reporting and internal controls was placed before the Board in terms of Regulation 17(8) of the Listing Regulations.
- (xi) Brief resumes and other information in respect of Directors seeking re-appointment are provided separately under the notice of the 32<sup>nd</sup> Annual General Meeting.

## 9. MEANS OF COMMUNICATION

Quarterly un-audited results are sent to the exchange for the information of the shareholder. The results are normally published in Financial Express (English) all editions and Jansatta (Hindi) Delhi edition. The results of the Company are also displayed on the official website of BSE Limited ([www.bseindia.com](http://www.bseindia.com)) and the Company ([www.spicejet.com](http://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](http://www.spicejet.com) in 'Investors' section. Investors Presentations are also displayed on the website of the Company.

## 10. CERTIFICATE ON CORPORATE GOVERNANCE

As required under Schedule V of the Listing Regulations, certificate by Practicing Company Secretary is given as an annexure to this Report.

## 11. GENERAL SHAREHOLDER INFORMATION

- (I) **Venue, date and time of the 32<sup>nd</sup> Annual General Meeting** : Venue : Sri Sathya Sai International Centre,  
Pragati Vihar, Lodhi Road, New Delhi- 110003  
Date : December 26, 2016  
Time : 10:00 a.m.
- (II) **Financial Year** : April 1, 2015 to March 31, 2016
- (III) **Book Closure date** : December 20, 2016 to December 26, 2016 (Both days inclusive)
- (IV) **Dividend Payment Date** : Not applicable
- (V) **Listing on Stock Exchange** : BSE Limited,  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai- 400001  
(Equity Shares)
- (VI) **Stock Code** : BSE: 500285  
Reuters: SPJT.BO  
Bloomberg: SJET  
ISIN in NSDL and CDSL: INE285B01017
- (VII) **Listing fees for financial year 2016-17** : Paid
- (VIII) **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:

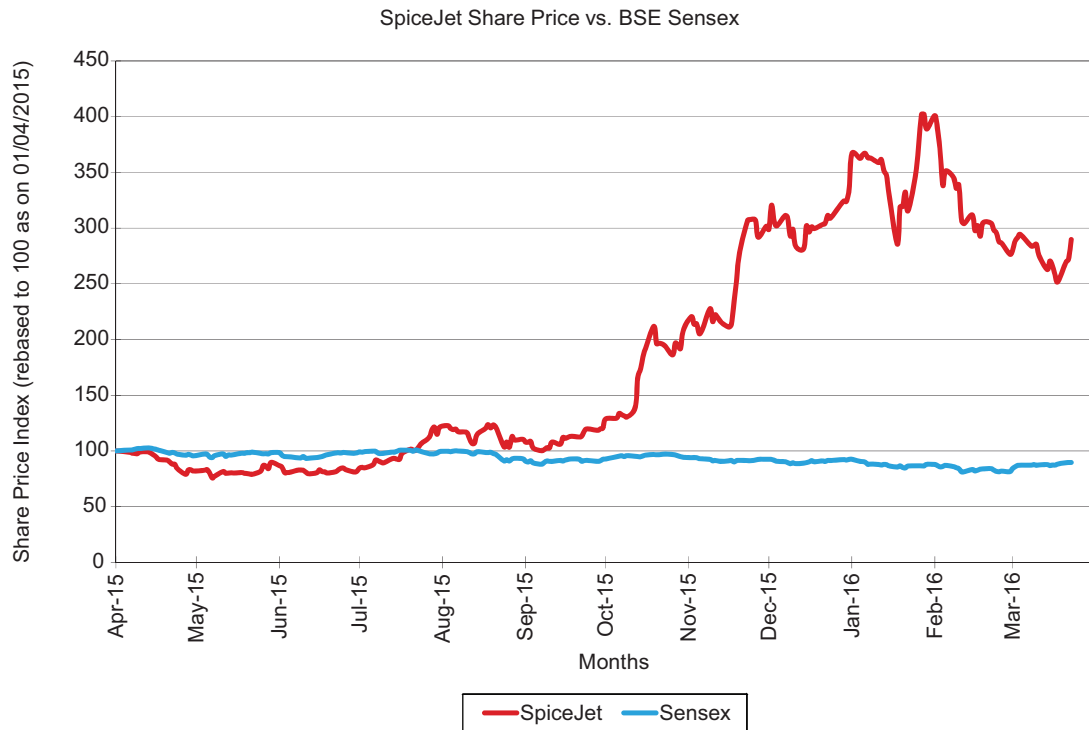
Month	Open Price	High Price	Low Price	Close Price
Apr-15	21.80	22.80	16.70	18.40
May-15	18.40	21.30	16.80	20.15
Jun-15	20.00	20.00	17.00	18.35
Jul-15	18.80	28.35	18.50	27.25
Aug-15	28.05	28.75	21.60	24.80
Sep-15	25.15	27.40	21.00	27.10
Oct-15	27.25	50.80	26.95	46.75
Nov-15	47.60	72.50	43.05	67.70
Dec-15	68.45	75.65	62.30	75.25
Jan-16	75.85	95.30	62.50	87.30
Feb-16	92.65	94.20	60.15	62.10
Mar-16	59.90	68.25	55.15	63.95

\* Source: [www.bseindia.com](http://www.bseindia.com)



**(IX) Performance in comparison to broad-based Indices- BSE Sensex**

Chart below sets out price performance of equity shares of SpiceJet Limited relative to BSE Sensex based on daily closing values during April 1, 2015 to March 31, 2016.



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

- (X) Registrar and Transfer Agents** : Karvy Computershare Private Limited,  
Karvy Selenium Tower B, Plot No. 31-32,  
Gachibowli, Financial District, Nanakramguda,  
Hyderabad – 500 032

**(XI) 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.

**(XII) Dematerialisation of shares and liquidity**

Over 98% of the outstanding equity shares have been dematerialized upto March 31, 2016. The Shares of the Company are listed at BSE Limited only; where they are actively traded.

**(XIII) Outstanding GDRs/ ADRs/ Warrants or any other Convertible Instrument**

The Company has no outstanding GDRs/ ADRs/ Warrants or Convertible Instrument.

The Company in its 30<sup>th</sup> AGM proposed and approved allotment of 189,091,378 warrants convertible into equivalent number of equity shares. However, the same has not been allotted till date due to non-receipt of regulatory approval and the matter is pending adjudication before the Division Bench of the Hon'ble High Court of Delhi.

**(XIV) Shareholding pattern as on March 31, 2016**

S. No.	Category	No. of Shares	Percentage (%)
1.	Promoters	361,560,624	60.32
2.	Resident Individuals	164,655,871	27.47
3.	Bodies Corporates	34,519,599	5.76
4.	Non Resident Indians	12,988,445	2.17
5.	Foreign Institutional Investors	11,169,473	1.86
6.	Foreign Portfolio Investors	7,007,581	1.17
7.	H U F	4,515,931	0.75
8.	Clearing Members	1,616,080	0.27
9.	Employees	1,031,526	0.17
10.	NBFC	294,252	0.05
11.	Mutual Funds	62,000	0.01
12.	Trusts	20,601	0.00
13.	Directors	8,000	0.00
14.	Banks	200	0.00
<b>Total</b>		<b>599,450,183</b>	<b>100.00</b>

**(XV) Distribution of Shareholding as on March 31, 2016**

Category	Shareholders		Shares	
	Number	% of total	Number	% of total
1-5000	120,912	77.41	19,683,507	3.28
5001-10000	15,620	10.00	13,181,990	2.20
10001-20000	8,287	5.31	13,020,339	2.17
20001-30000	3,202	2.05	8,363,614	1.40
30001-40000	1,559	1.00	5,689,643	0.95
40001-50000	1,560	1.00	7,448,515	1.24
50001-100000	2,496	1.60	18,712,677	3.12
100001 and above	2,560	1.64	513,349,898	85.64
<b>Total</b>	<b>156,196</b>	<b>100.00</b>	<b>599,450,183</b>	<b>100.00</b>

**(XVI) PLANT LOCATIONS**

The Company does not have any plant location.

**(XVII) ADDRESS FOR CORRESPONDENCE**

(a) **For shares in physical/ demat mode**  
 Karvy Computershare Private Limited,  
 Karvy Selenium Tower B, Plot No. 31-32,  
 Gachibowli, Financial District,  
 Nanakramguda, Hyderabad – 500 032  
 Email : einward.ris@karvy.com  
 Tel : +91 40 67162222  
 Fax : +91 40 23001153

(b) **Any query on Annual Report**  
 Legal & Company Affairs  
 SpiceJet Ltd.,  
 319, Udyog Vihar,  
 Phase IV, Gurgaon- 122 016, Haryana  
 Email : investors@spicejet.com  
 Tel : +91 124 3913939  
 Fax : +91 124 3913888

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

I, Ajay Singh, Chairman & 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](http://www.spicejet.com).

I hereby declare that all Board Members and Senior Management personnel have affirmed compliance with the Code for the financial year ended March 31, 2016.

Sd/-  
Ajay Singh  
Chairman & Managing Director

Date : November 25, 2016  
Place : Gurgaon

**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 (the “Company”), for the year ended on March 31, 2016, as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (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 Regulations for the year ended March 31, 2016 except stated herein below:

The Company witnessed unexpected resignation of two Independent Directors of the Company on September 21, 2015 thereby affecting composition of Board of Directors of the Company as per applicable laws. These resignations also resulted in dissolution of all the Committees of the Board of Directors of the Company i.e. (i) Audit Committee, (ii) Stakeholders Relationship Committee, (iii) Nomination and Remuneration Committee and (iv) Corporate Social Responsibility Committee. After receipt of security clearance from Ministry of Civil (Government of India), the Company has appointed two new Independent Director on September 7, 2016 and reconstituted all the above said Committees. In the interim period, the functions of these Committees were undertaken by the Board of Directors of the Company.

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

For Mahesh Gupta & Company  
Company Secretaries

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

Date : November 25, 2016  
Place : Delhi

## 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) Indian Economy: Fastest Growing Major Economy

Indian economy continued to grow at an impressive GDP growth rate of 7.6% for Financial Year 2015-16 up from 7.2% in Financial Year 2014-15. India continued to maintain this growth momentum despite a subdued growth globally. With this high growth India retained its position as the fastest growing major economy in the world, ahead of China.

For Financial Year 2015-16, agriculture sector grew at 1.2%, manufacturing at 9.3% and services at 8.8%. CPI inflation declined to 4.9% in Financial Year 2015-16, compared to 5.9% in Financial Year 2014-15. The Current Account Deficit narrowed to 1.1% of GDP in Financial Year 2015-16 from 1.3% in Financial Year 2014-15 on the back of contraction in trade deficit.

#### b) Prospects, Short Term and Medium Term

IMF expects India's economic growth to continue at 7.6% in 2016 and 2017. Indian economy is expected to gain as a result of lower commodity prices, lower than expected inflation, tax reforms and elimination of poorly targeted subsidies. Various global ratings agencies including S&P, Moody's and Fitch have forecast a GDP growth in the range of 7.5% to 8% for India for the coming Financial Year, backed by growing consumption base, GST passage and structural reforms agenda of the Government.

### 2. Indian Aviation

Indian domestic aviation market was the fastest growing domestic market globally with an annual growth of 18.8% in Calendar Year 2015 ahead of Russia (11.9%), China (9.7%) and United States (5.4%), according to IATA. India's air transport sector supports 8 million jobs and contributes USD 72 billion to the GDP.

#### a) Robust demand outpaces capacity addition

Indian aviation market experienced a robust annual growth of 22% in domestic passengers and 7% in international passengers for Financial Year 2015-16. The industry wide load factors remained at a healthy 83% for domestic and 79% for international operations in Financial Year 2015-16. During the Financial Year 2015-16, demand clearly outpaced supply as capacity measured by ASKs grew at 16% for domestic and 7% for international operations. (Source: DGCA website, data for scheduled Indian carriers)

#### b) Increased focus on Aviation by Government of India

The National Civil Aviation Policy 2016 was cleared by the Indian Cabinet in June 2016 with following objectives.

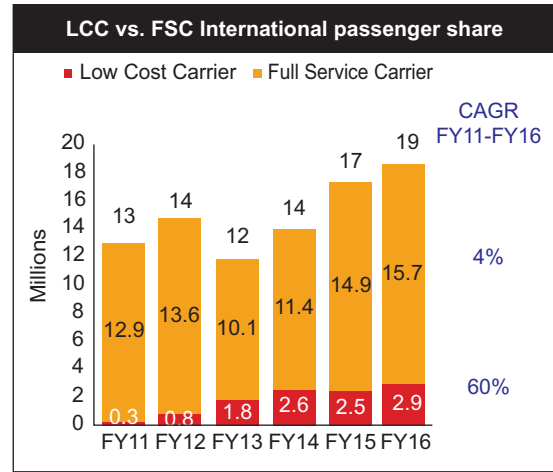
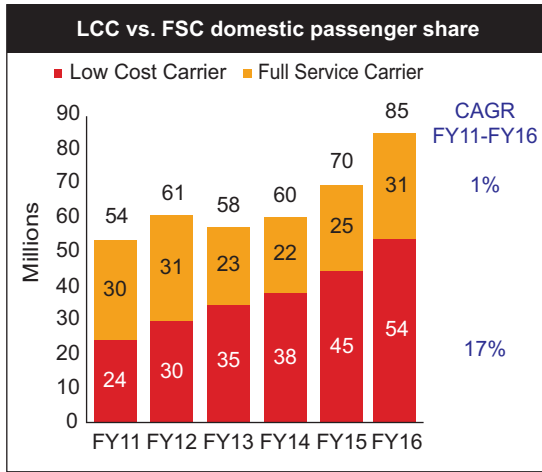
- Establish an integrated eco-system which will lead to significant growth of civil aviation sector, which in turn would promote tourism, increase employment and lead to a balanced regional growth.
- Ensure safety, security and sustainability of aviation sector through the use of technology and effective monitoring.
- Enhance regional connectivity through fiscal support and infrastructure development.
- Enhance ease of doing business through deregulation, simplified procedures and e-governance.
- Promote the entire aviation sector chain in a harmonised manner covering cargo, MRO, general aviation, aerospace manufacturing and skill development.

An integrated policy approach for the overall development of the Indian Aviation Sector is a welcome step and signifies Government’s increasing focus at promoting the sector in a viable manner. This establishes the fact that the Aviation is being recognised as an industry that can foster economic development.

**c) LCCs continue to dominate the domestic market**

India’s domestic aviation growth story continues to be led by LCCs with LCC market share increasing from around 40% in Financial Year 2009-10 to around 65% in Financial Year 2015-16.

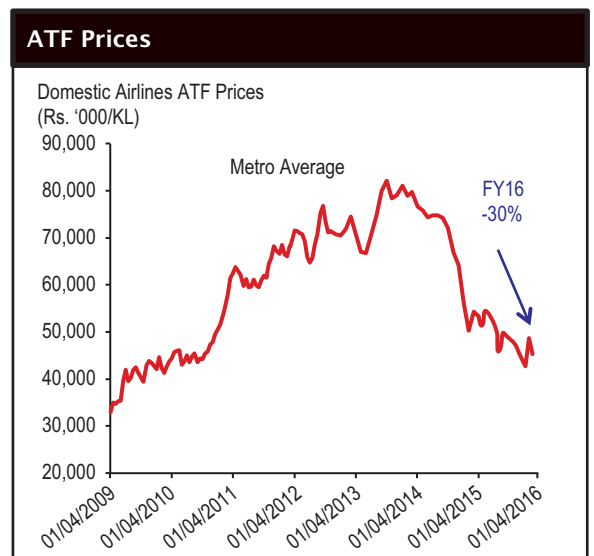
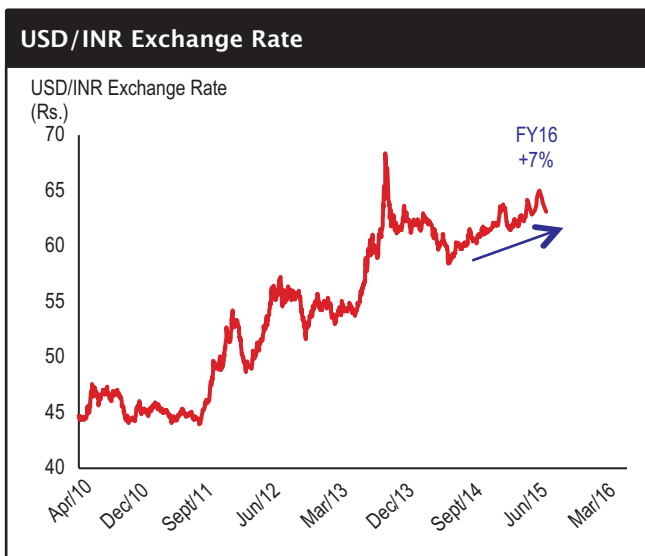
SpiceJet’s market share during Financial Year 2015-16 averaged around 12% compared to an average of around 15% in Financial Year 2014-15.



**d) Favourable input costs supporting aviation sector**

Global Crude Oil prices reduced sharply in Financial Year 2015-16. As a result, domestic ATF price measured by average of prices at metros in India continued a downward trend declining almost 30% in Financial Year 2015-16 compared to a decline of 10% in Financial Year 2014-15. Continued reduction in ATF price has helped airlines reduce their cost burden as ATF constitutes almost 40-50% of an airlines cost structure in India.

While fuel prices remained subdued, a depreciating Rupee resulted in partly mitigating the benefit from lower fuel cost thereby limiting the overall gain for airlines. Rupee depreciated almost 7%, from an average of around 61 INR/USD during Financial Year 2014-15 to an average of around 65 INR/USD during Financial Year 2015-16.





### e) Short term and long term prospects

According to IATA, India is the world's ninth largest civil aviation market. In its 20 year passenger forecast released in October 2016, IATA forecasts that India will see a total of 442 million passengers by 2035, in additional 322 million annual passengers. It will overtake the United Kingdom to become the third largest market with 278 million passengers by 2026, well ahead of its previous estimate of 2031. Over the forecast period for this report, interestingly, four of the world's five fastest growing air travel markets are projected to be from Asia i.e. China, India, Indonesia and Vietnam.

Near term outlook for Indian aviation sector remains positive with strong fundamentals supporting in terms of robust demand, subdued input costs and an overall favourable policy environment.

Considering the above forecasts by reputed agencies, the Company expects that the current growth of around 20% witnessed in the domestic market shall continue for another 12 months and thereafter will stabilise around 10-12%.

## 3. Developments at SpiceJet

After the takeover of ownership, management and control by Mr. Ajay Singh from the previous promoters on February 23, 2015 and throughout Financial Year 2015-16, the Company undertook several measures to effect a turnaround; a turnaround that would encompass financial stability, revenue enhancement and predictability, restoring flights and regaining lost markets, new ancillary revenue streams, cost reduction, restoring fractured business relations, boosting employee confidence and increasing productivity, increasing asset utilisation, network optimisation, delivering industry best 'On Time Performance', automation, and enhancing customer satisfaction.

The Company went into an unprecedented flurry of activities that would address each of the above areas based on priority, relevance and feasibility. We have been successful in achieving major milestones as outlined below in this section.

### a) Financial stability

The Company ended the Financial Year 2015-16 with positive cash reserves and it can be stated that the Company has discharged all its past obligations on statutory dues. The cash generated through profitable operations eliminated the Company's dependencies on expensive working capital funding options during the year. We are now focussing our attention towards stabilising the Balance Sheet by creating reserves to address the seasonality pressures and long term maintenance obligations.

### b) Fleet augmentation, network optimisation and utilisation

During the year, SpiceJet added 10 aircraft to its Boeing 737NG fleet. We removed 7 domestic destinations and added few international routes, viz. Amritsar-Dubai, Chennai- Bangkok, Calicut-Dubai, Hyderabad-Dubai, Jaipur-Dubai, Pune-Dubai. During this year we could achieve industry best aircraft utilization of around 12 hours per Aircraft-day, and sustain monthly passenger load factors of above 90% throughout the year. The network has been optimized to deliver consistent and impressive 'On-Time-Performance' and provide seamless connectivity to SpiceJet customers.

### c) Revenue enhancement and new ancillary streams

On passenger revenue, SpiceJet's pricing and inventory management strategy is aimed at stimulating more and more travelers to take-up air travel by offering affordable prices. Our dynamic revenue management practices led to (a) **improving loads** through advance purchase sales and promotions designed to stimulate the market, optimally designed to minimize dilution and maximize its revenue on the seats deployed; and (b) **improving yields** through a combination of demand based pricing, improved segments and innovative fare structures that provide value to the consumer.

On Ancillary revenues, the Company has maximized revenues from cargo operations and other ancillary streams, viz. on-board food sales, value added services. We have identified and implemented more avenues for generating additional ancillary revenue viz., Vacations and Loyalty. These initiatives should gather more traction during Financial Year 2016-17.

#### d) Cost reduction measures

Reducing costs have been our continuous endeavour and is critical towards ensuring profitability and act as measure against pricing pressures in an intensely price sensitive market. This financial year we have implemented measures that affect asset utilisation, resource productivity, vendor contracts, working capital financing; and are on course for closing out long term contracts/arrangements on aircraft financing & maintenance, training, and automation.

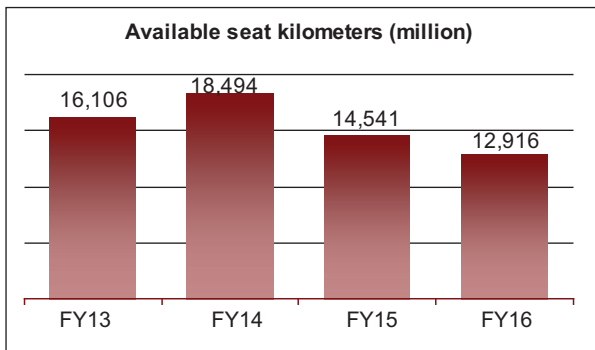
#### e) Brand overhaul

SpiceJet is positioned as the 'antidote' to travel boredom. The airline is credited with bringing the fun, the anticipation, the experience or in other words, the 'spice' back in flying. Its signature red colour not only signifies the boldness of the airline but is also a reflection of the young Indian flyer, around whom the airline is centered around. The spirit of the airline is, therefore, aptly summed up in its baseline 'Red. Hot. Spicy.'

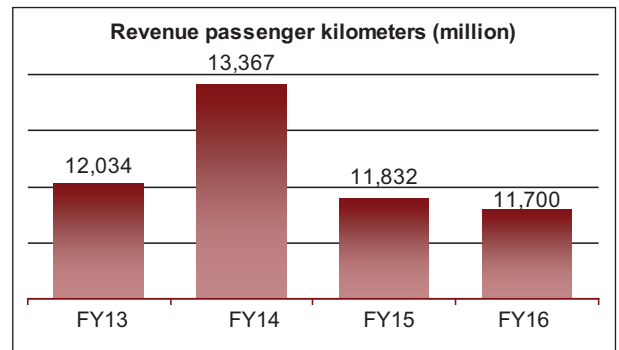
The airline is also referred to as the 'preferred airline brand' of the nation which is, in turn reflected in the fact that the airline has enjoyed the 'highest occupancy rate' for the last twenty consecutive months amongst all Indian airlines. With an exemplary 'on-time performance'- the measure of airline efficiency, it does not come as a surprise to anyone that it has recorded the 'best on-time performance' amongst all major airlines twice in the last three months. Moving forward, the mission of the brand is to be relevant to the ever burgeoning youth population of the nation while retaining its hot, friendly and youthful image.

### 4. Operational and Financial Highlights

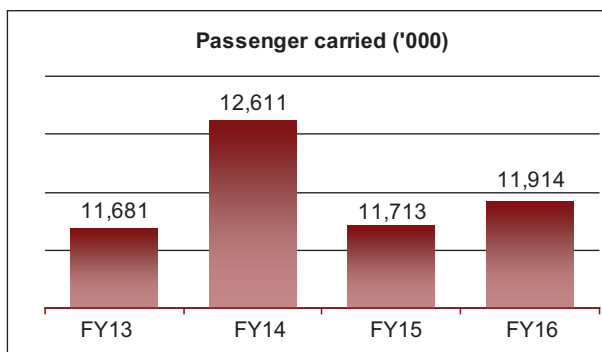
#### a) Operational highlights:



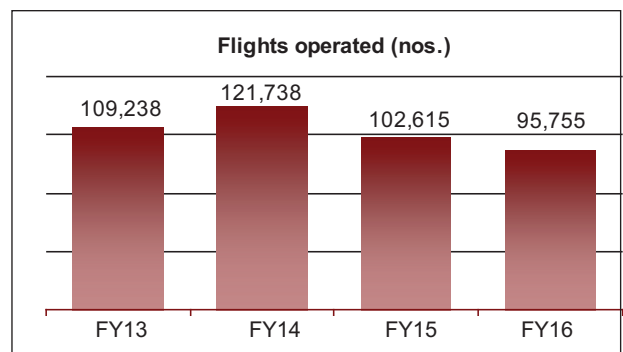
Capacity deployed in ASKM's dropped by 11% due to reduction in Boeing 737 fleet.



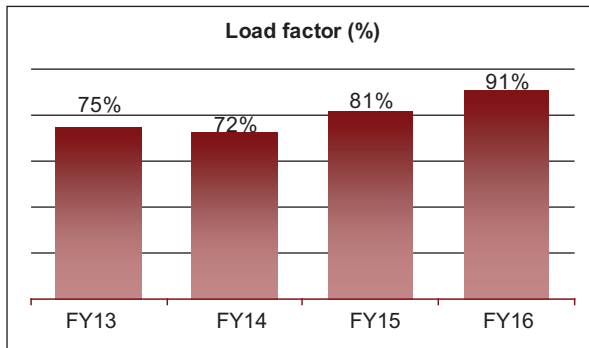
RPKM dropped by 1%. However, due to increase in load factor reduction in RPKM's was proportionally lesser than that of ASKM reduction.



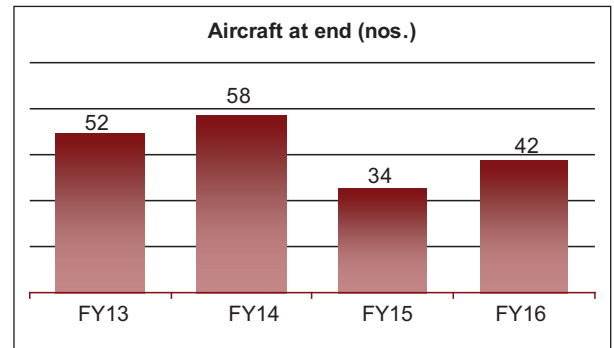
Passengers carried increased by 2% due to better load factor.



Flights operated dropped by 7% due to reduction in Boeing 737 fleet.

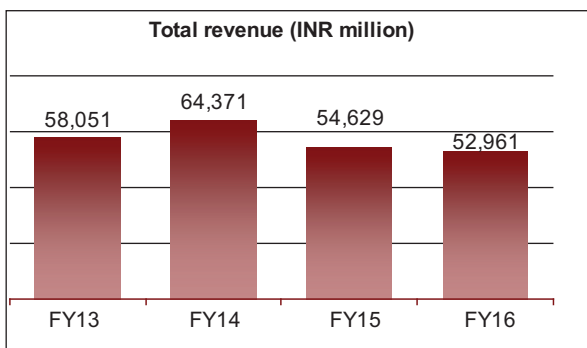


Capacity utilisation (Load factor) increased substantially due to superior product offering and efficient deployment of network.

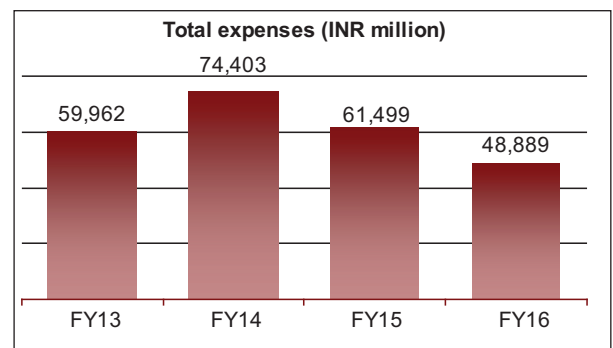


Aircraft at end increased by 23% due to additional B737 aircraft.

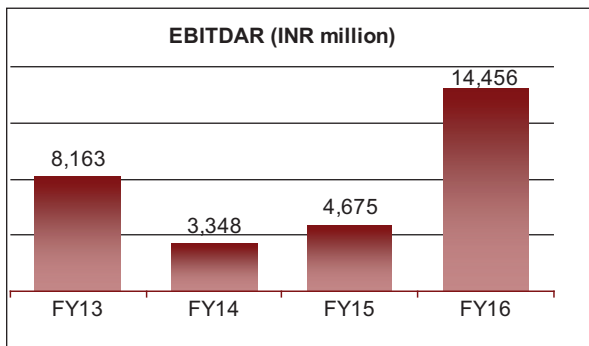
## b) Financial highlights



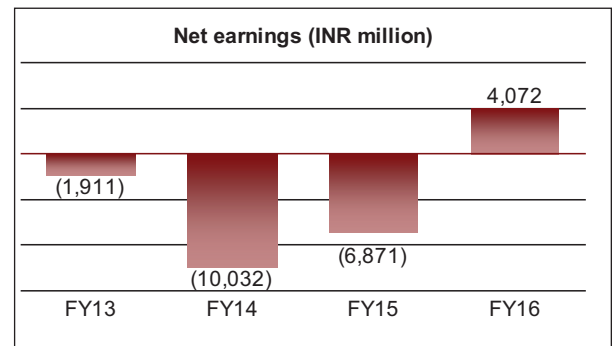
Total revenue dropped by 3% due to reduction in Boeing 737 fleet.



Total expenses dropped by 21% due to reduction in Boeing 737 fleet and fall in international crude prices coupled with cost reduction measures.



The EBITDAR increased by 209% due to revenue enhancement and cost reduction.



Highest ever net profit, due to better revenue management and cost control measures.

## c) Revenues

SpiceJet's total revenues dropped by 3% to Rs.52,961 million in Financial Year 2015-16 from Rs.54,629 million in Financial Year 2014-15.

Revenue from operations dropped by 3% to Rs.50,881 million in Financial Year 2015-16 from Rs.52,431 million in Financial Year 2014-15.

Other Income dropped by 7% to Rs.1,287 million in Financial Year 2015-16 from Rs.1,388 million in Financial Year 2014-15.

#### d) Expenses

Total operating expenses for Financial Year 2015-16 dropped by 23% to Rs.37,009 million from Rs.48,058 million in Financial Year 2014-15.

Operating Expense	Financial Year 2016 (Rs. in million)	Financial Year 2015 (Rs. in million)	Variance
Aircraft fuel and oil	13,919.59	24,096.22	-42.2%
Lease rental-aircraft, rotatable and engines	8,054.47	8,643.88	-6.8%
Aircraft maintenance cost	8,705.27	6,721.16	29.5%
Aviation insurance	261.80	211.65	23.7%
Airport charges (Landing, navigation, etc.)	3,710.31	3,815.02	-2.7%
Inflight and other passenger amenities	483.67	244.30	98.0%
Operating software charges	788.24	705.30	11.8%
Aircraft delivery and re-delivery costs	640.09	3,184.67	-79.9%
Other operating expenses	446.00	435.39	2.4%

##### i) Aircraft Fuel and Oil

Expenditure on aircraft fuel dropped by 42% to Rs.13,920 million in Financial Year 2015-16 from Rs.24,096 million in Financial Year 2014-15. This decrease is due to reduction in consumption of aviation turbine fuel and oil prices.

##### ii) Lease Rental-Aircraft, Rotatable and Engines

Expenditure on lease rental-aircraft, rotatables and engines dropped by almost 7% to Rs.8,054 million in Financial Year 2015-16 from Rs.8,644 million in Financial Year 2014-15. This decrease is mainly due to reduction in the fleet.

##### iii) Aircraft Maintenance Cost

Expenditure on aircraft maintenance cost increased by almost 30%. The increase in maintenance and repair costs in Financial Year 2015-16 was towards increasing the reliability of the aircraft, fixing of interiors and addressing legacy issues.

##### iv) Other Operating Expenses

Other operational expenses decreased by 26%. The decrease was mainly due to reduction in aircraft re-delivery cost in Financial Year 2015-16.

##### v) Employee Benefits/ Expenses

Expenses with regard to employee remuneration and benefits dropped by 8% to Rs.4,928 million in Financial Year 2015-16 from Rs.5,375 million in Financial Year 2014-15. The decrease was mainly due to reduction in fleet.

##### vi) Selling Expenses

Selling expenses dropped by 41% to Rs.1,637 million for Financial Year 2015-16 from Rs.2,794 million for Financial Year 2014-15. This decrease was mainly due to cost reduction measures.

##### vii) Other Expenses

Other expense increased by 26% mainly due to exchange fluctuation loss and increased travelling expenses.

##### viii) Finance Cost

Finance cost have dropped during the Financial Year 2015-16 by 29% to Rs.1,154 million from Rs.1,635 million in Financial Year 2014-15 due to reduction in borrowings and borrowing costs.

### ix) Depreciation

Depreciation dropped by 7% to Rs.1,176 million in Financial Year 2015-16 from Rs.1,266 million in Financial Year 2014-15. The reduction was mainly due to reduction in depreciation charge on aircraft.

## 5. Opportunities, Risks, Concerns and Threats

Demand for air travel witnessed a phenomenal growth of 22% in domestic passengers and 7% in international passengers for Financial Year 2015-16. This travel volume reflects the potential in the Indian market provided there is a reasonable pricing and general buoyancy in the Indian economy. We are witnessing growth in manufacturing and service sector, inflation has remained in check which are key in boosting travel spends. It is expected that the demand should grow around 15-18% year on year for Financial Year 2015-16; and if this feel-good factor along with increased economic activity stays around 6-7% in terms of GDP growth, this industry can grow around 10-12%. SpiceJet by way of its diverse route-segmentation, measured growth and its capability to size its capacity deployment to the nature of demand, is well poised to tap the growth.

Risks and concerns on profitability will be centred on (a) sustainability of the current low fuel costs environment (b) the compounding effect of taxation on fuel costs (c) rising foreign exchange rates and (d) fragile nature of demand which is sensitive to the prices and inflationary pressures. Fuel costs can be mitigated through hedging and direct import for which SpiceJet has acquired the necessary approvals. The company is in position to start hedging fuel and start import of fuel when the need arises.

Threats can originate from irrational pricing behaviour and/or uncontrolled capacity infusion. This however, has been and will be contained since the current players have not engaged themselves in price-wars and neither there are indications of uncontrolled capacity growth.

## 6. Future Outlook for SpiceJet

The opportunities presented by the current low per-capita air travel and the emerging low-fuel cost environment shadow underlying risks. The Company during this Financial Year 2015-16 has been able to overcome most of the legacy issues and the primary focus areas during the Financial Year 2016-17 has been and will be around creating financial reserves, consolidating its route network, generating higher ancillary revenues. It is well positioned to scale its operations as a result of its motivated human resources with an "asset-light" model.

Pricing levels in the industry have steadied and are reflective of the underlying cost structure. This coupled with initiatives on cost reductions led to sustainable profitable operation. With demonstrated profitability and growth potential, increase in capacity is imperative to stay in line with demand growth to command a healthy market presence. The Company is close to placing a substantial fleet order to secure the long term capacity requirements to address the robust demand. We will also secure long term maintenance contracts to improve the structural costs associated with the fleet upkeep and maintenance. In summary, the Company's management is working on every aspect ranging across revenue maximisation, cost reduction, employee welfare and productivity, customer retention, brand awareness and reputation, etc. in its efforts to create world class airline.

## 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.

The system of internal controls are 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



Independent internal audit is carried out to ensure adequacy of internal control system and adherence to policies and practices. The Board of Directors reviews reports submitted by the independent internal auditor and monitors follow up and corrective action taken.

## 8. Human Resources

As a people centric organisation, SpiceJet is actively working towards creating an environment which has a drive to innovate successfully at all levels. Over the past one year it has been ensured that 'HR Effort' be seen as a partner for business growth by hiring the right kind of employees and developing their skills. The team has been pursuing human resource policies for the strategic and well-planned recruitment, development, and utilization of human resources. This is done to ensure that the employees understand and practice the Organization's Management principles and activity guidelines in order to contribute broadly to society and continue creating new value.

The Company is proud to promote a culture of being an equal opportunity employer, where there is zero tolerance towards biases arising out of gender, regional, religion etc. Human Resources main agenda is to Resource the Best, Retain the Best and Reward the Best. Customers as well as Employees are the biggest assets of SpiceJet. Being an equal opportunity employer, SpiceJet encourages more active involvement of female employees in business. Our male female employee ratio is currently at 3:1.

SpiceJet ensures that its employees are highly engaged, committed and work with exuberance, as Employee Engagement is a key indicator of employees' involvement and dedication to the organization. Employee satisfaction survey outcomes revealed the high job satisfaction level and sense of belongingness among employees of SpiceJet.

This year SpiceJet was awarded the 4th National Award for the year 2016, for employing best talent engagement practices, by Thomas Assessments and Delhi Management Association. "EmployeeConnect" programs helped in smooth facilitation of grievance handling. SpiceJet also entered the National level round of the 5th Corporate Talent Championship for the year 2016. One of the Crew members represented SpiceJet at the National finale round.

## 9. Information Technology

In our efforts to become a technologically savvy airline, we have been focusing our efforts on customer centric and innovative launches; and to increase efficiencies in our business processes and decision making.

Some of the major initiatives that have been launched by SpiceJet recently includes Kiosk Check-in along with Self bag tag, "mCheckin" for Agents and Smart Check-in using Beacon & NFC at Hyderabad airport. Further, in order to have better customer experience, SpiceJet has implemented CRM for Reservation and Airports teams to monitor Customers' experience and related issues. This has resulted in improved customer interaction and providing real time visibility of all issues enabling initiation of appropriate action immediately. Our website is being redesigned to improve customer experience with many new features including on mobile application.

Initiatives on business process automation business includes, "SpiceJet Flight tracker" to track the flight real time; Fuel management Dashboard, Door to Door Cargo Application. We have embarked on multiple activities for "enterprise automation" to effect digital transformation for employees and enterprise.

## 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, 2016, the Statement of Profit and Loss and 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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view 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 the Company's Directors, 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 on the financial statements

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, 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, of the state of affairs of the Company as at March 31, 2016, its profit and its cash flows for the year ended on that date.

#### Emphasis of Matter

##### We draw attention to

- a) Note 2 (a) of the financial statements which indicates that the Company's total liabilities exceed its total assets by Rs. 6,316.23 million as of March 31, 2016. These conditions, along with other matters as set forth in Note 2 (a), indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.
- b) Note 44 of the financial statements regarding certain non-compliances of the requirements of the Act in relation to delay in allotment of securities, consequent deeming provisions regarding deposits, and classification of the related amounts received towards securities proposed to be issued.

c) Note 45 of the financial statements regarding certain non-compliances of the requirements of the Act in relation to constitution of Audit Committee.

Our opinion is not qualified in respect of these matters.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
  - (a) We have sought and 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 it 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) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016;
  - (e) The matters described in paragraph (a) and (b) in the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
  - (f) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164 (2) of the Act;
  - (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report dated May 19, 2016, in "Annexure 2" to this report;
  - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 36 to the financial statements.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

### For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

### per Aniruddh Sankaran

Partner

Membership Number: 211107

Place: Gurgaon

Date: May 19, 2016

**Annexure 1 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) According to the information and explanations given by the management, there are no immovable properties, included in fixed assets of the Company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits from the public. However, to the extent discussed in Note 44 of the financial statements, the Company is not in compliance with the provisions of section 73 to 76 and other relevant provisions of the Companies Act, 2013, and the rules framed there under, in relation to advances received towards securities proposed to be issued which are deemed as deposits under the Companies Act, 2013.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under section 148 (1) of the Act for the products / services of the Company.
- (vii) (a) Undisputed statutory dues including employees’ state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in respect of remittance of provident fund dues. 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 provident fund, employees’ state insurance, income-tax, wealth-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, 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 income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax 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
Finance Act, 1994	Service tax (including penalty for delay)	170.70	April 2006 to March 2012	Customs, Excise and Service Tax Appellate Tribunal

- (viii) In our opinion and according to information and explanations given by the management, the Company has not defaulted in repayment of dues to a bank during the year. The Company has not made any borrowings from a financial institution or government and has not issued any debentures during the year.
- (ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of term loans for the purposes for which they were raised.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company, or on the Company by the officers and employees of the Company, has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act are not applicable to the Company and hence reporting under clause 3(xi) are not applicable and hence not commented upon.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, there are no transactions with the related parties which attract the provisions of sections 188 and 177 of Companies Act, 2013. The details of such transactions with related parties have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence reporting requirements under clause 3(xiv) are not applicable to the Company and not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

**For S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

**per Aniruddh Sankaran**

Partner

Membership Number: 211107

Place: Gurgaon

Date: May 19, 2016



**Annexure 2 to the Independent Auditor's Report of even date on the financial statements of SpiceJet Limited**

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

**To the Members of SpiceJet Limited**

We have audited the internal financial controls over financial reporting of SpiceJet Limited ("the Company") as of March 31, 2016, in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not

be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### **For S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

### **per Aniruddh Sankaran**

Partner

Membership Number: 211107

Place: Gurgaon

Date: May 19, 2016

**Balance Sheet as at March 31, 2016**

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

	Notes	March 31, 2016	March 31, 2015
<b>Equity and Liabilities</b>			
<b>Shareholders' Funds</b>			
Share capital	3	5,994.50	5,994.50
Advance money received against securities to be issued	4	5,790.89	5,290.89
Reserves and surplus	5	(18,101.62)	(22,144.67)
		<b>(6,316.23)</b>	<b>(10,859.28)</b>
<b>Non-Current Liabilities</b>			
Long-term borrowings	6	9,237.26	11,198.65
Other long-term liabilities	7	220.04	254.78
Long-term provisions	8	2,821.82	1,852.97
		<b>12,279.12</b>	<b>13,306.40</b>
<b>Current Liabilities</b>			
Short-term borrowings	9	1,050.00	1,200.00
Trade payables [including dues to micro, small and medium enterprises of Rs. Nil (previous year Rs. Nil)]	10 (i)	7,761.96	9,492.71
Other current liabilities	10 (ii)	8,578.72	9,188.67
Short-term provisions	11	3,684.34	3,737.40
		<b>21,075.02</b>	<b>23,618.78</b>
<b>Total</b>		<b>27,037.91</b>	<b>26,065.90</b>
<b>Assets</b>			
<b>Non-current Assets</b>			
Fixed Assets			
Tangible assets	12	16,010.87	17,114.38
Intangible assets	13	10.10	23.87
Long-term loans and advances	14	3,029.08	3,101.81
Other non-current assets	15	1,246.56	344.36
		<b>20,296.61</b>	<b>20,584.42</b>
<b>Current Assets</b>			
Current investments	16	200.00	-
Inventories	17	665.46	451.17
Trade receivables	18 (i)	433.74	1,281.83
Cash and bank balances	19	1,084.86	235.84
Short-term loans and advances	20	3,710.22	3,292.25
Other current assets	18 (ii)	647.02	220.39
		<b>6,741.30</b>	<b>5,481.48</b>
<b>Total</b>		<b>27,037.91</b>	<b>26,065.90</b>

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/E300004

**For and on behalf of the Board of Directors**
**per Aniruddh Sankaran**

Partner

Membership No: 211107

Place: Gurgaon

Date: May 19, 2016

**Ajay Singh**
**Chairman &  
Managing Director**

Place: Gurgaon

Date: May 19, 2016

**Kiran Koteswar**
**Chief Financial  
Officer**

Place: Gurgaon

Date: May 19, 2016

**Chandan Sand**
**Company Secretary**

Place: Gurgaon

Date: May 19, 2016

**Statement of Profit and Loss for the year ended March 31, 2016**

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

	Notes	March 31, 2016	March 31, 2015
<b>Income</b>			
Revenue from operations	21	50,880.72	52,430.65
Other income	22	1,286.72	1,387.65
<b>Total Revenue [I]</b>		<b>52,167.44</b>	<b>53,818.30</b>
<b>Expenses</b>			
Operating expenses	23	37,009.44	48,057.59
Employee benefit expenses	24	4,928.43	5,374.66
Selling expenses	25	1,636.66	2,793.61
Other expenses	26	2,984.58	2,371.65
<b>Total Expenses [II]</b>		<b>46,559.11</b>	<b>58,597.51</b>
<b>Earnings before interest, tax, depreciation and amortization (EBITDA) [I-II]</b>		<b>5,608.33</b>	<b>(4,779.21)</b>
Depreciation and amortisation expense	12 & 13	(1,175.94)	(1,266.25)
Interest income on bank deposits		156.59	196.76
Finance costs	27	(1,153.93)	(1,635.39)
<b>Profit / (Loss) for the year before extraordinary items</b>		<b>3,435.05</b>	<b>(7,484.09)</b>
Extraordinary items (Net)	28	636.94	613.55
<b>Profit / (Loss) for the year before tax</b>		<b>4,071.99</b>	<b>(6,870.54)</b>
<b>Tax expenses</b>			
- Current tax		-	-
<b>Total tax expense</b>		-	-
<b>Profit / (Loss) for the year</b>		<b>4,071.99</b>	<b>(6,870.54)</b>
Earnings per share information (in Indian Rupees):			
Earnings per share before extraordinary items			
- Basic earnings per share		5.73	(13.38)
- Diluted earnings per share		4.36	(13.38)
Earnings per share after extraordinary items			
- Basic earnings per share		6.79	(12.28)
- Diluted earnings per share		5.16	(12.28)
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/E300004

**For and on behalf of the Board of Directors**

**per Aniruddh Sankaran**

Partner

Membership No: 211107

Place: Gurgaon

Date: May 19, 2016

**Ajay Singh**  
**Chairman &**  
**Managing Director**

Place: Gurgaon

Date: May 19, 2016

**Kiran Koteswar**  
**Chief Financial**  
**Officer**

Place: Gurgaon

Date: May 19, 2016

**Chandan Sand**  
**Company Secretary**

Place: Gurgaon

Date: May 19, 2016

**Cash flow statement for the year ended March 31, 2016**

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

	March 31, 2016	March 31, 2015
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) for the year before extraordinary items	3,435.05	(7,484.09)
<b>Adjustments to reconcile profit before tax to net cash flows</b>		
Depreciation and Amortisation	1,175.94	1,266.25
Provision for doubtful claims / advances	38.59	504.75
Loss / (profit) on sale of assets (net) / assets written off	62.09	18.81
Provision for litigations	-	115.86
Provision for aircraft maintenance	2,616.37	737.81
Provision for redelivery	(194.73)	2,980.91
Advances / debts written off	70.05	-
Provision for capital advance written back	(48.00)	-
Liabilities / provision no longer required written back	(1,122.32)	(812.31)
Interest income	(156.59)	(196.76)
Interest expense	1,153.93	1,635.39
Translation loss / (gain) on monetary assets and liabilities	177.16	(53.33)
<b>Operating profit / (loss) before working capital changes</b>	<b>7,207.54</b>	<b>(1,286.71)</b>
<b>Movements in working capital:</b>		
(Increase) / Decrease in trade receivables	852.58	428.15
(Increase) / Decrease in loans and advances	(922.05)	(281.48)
(Increase) / Decrease in inventories	(214.29)	0.35
Increase / (Decrease) in trade payables and other liabilities	(678.73)	(2,299.65)
Increase / (Decrease) in provisions	(1,505.85)	(602.05)
<b>Cash generated / (used) in operations</b>	<b>4,739.20</b>	<b>(4,041.39)</b>
Tax deducted at source, net of refunds received	(2.66)	(67.70)
<b>Net cash generated from operating activities before extraordinary items</b>	<b>4,736.54</b>	<b>(4,109.09)</b>
Cash flow from extraordinary items (refer note 28)	1,617.24	-
<b>Net cash flow from / (used) in operating activities (A)</b>	<b>6,353.78</b>	<b>(4,109.09)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets (net of capital advances refund)	(533.28)	429.82
Sale of fixed assets (excluding extraordinary items)	1.65	0.66
Purchase of current investments	(200.00)	-
Investments in bank deposits (having original maturity of more than three months)	(300.00)	-
Margin money deposits placed	(1,068.41)	(1,999.73)
Margin money deposits withdrawn	156.96	4,312.96
Interest received	191.42	294.67
<b>Net Cash flow from / (used) in investing activities (B)</b>	<b>(1,751.66)</b>	<b>3,038.38</b>



**Cash flow statement for the year ended March 31, 2016***(All amounts are in millions of Indian Rupees, unless otherwise stated)*

	March 31, 2016	March 31, 2015
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of share capital (including share premium)	-	999.11
Advance received against share warrants	-	2,054.68
Advance money towards subscription of non-convertible cumulative redeemable preference shares ("CRPS")	500.00	1,200.29
Proceeds from short-term borrowings	-	1,545.36
Repayment of short-term borrowings	(150.00)	(1,377.26)
Proceeds from long-term borrowings	15.14	-
Repayment of long-term borrowings	(3,048.03)	(1,711.90)
Interest paid (including ancillary cost for arranging the borrowings)	(1,366.18)	(1,454.29)
<b>Net Cash flow from / (used) in financing activities (C)</b>	<b>(4,049.07)</b>	<b>1,255.99</b>
<b>D. NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)</b>	<b>553.05</b>	<b>185.28</b>
Effects of exchange difference on cash and cash equivalents held in foreign currency	(4.03)	-
Cash and cash equivalents at the beginning of the year	235.84	50.56
Cash and cash equivalents at the end of the year	<b>784.86</b>	<b>235.84</b>

**Notes :**

Components of cash and cash equivalents

On current accounts	750.34	210.01
On deposit accounts	5.00	-
Cash on hand	29.52	25.83
<b>Total cash and cash equivalents (Note 19)</b>	<b>784.86</b>	<b>235.84</b>

As per our report of even date.

**For S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

ICAI Firm Registration No.: 101049W/E300004

**per Aniruddh Sankaran**

Partner

Membership No: 211107

Place: Gurgaon

Date: May 19, 2016

**For and on behalf of the Board of Directors**

**Ajay Singh**  
Chairman &  
Managing Director

Place: Gurgaon  
Date: May 19, 2016

**Kiran Koteswar**  
Chief Financial  
Officer

Place: Gurgaon  
Date: May 19, 2016

**Chandan Sand**  
Company Secretary

Place: Gurgaon  
Date: May 19, 2016

**Notes to the Financial Statements for the year ended March 31, 2016**

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

**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 principally in the business of providing air transport services for the carriage of passengers and cargo. The Company is a low cost carrier ('LCC') operating under the brand name of 'SpiceJet' in India since May 23, 2005. The Company operates a fleet of 42 aircraft including 7 aircraft taken on wet lease across various routes in India and abroad as at March 31, 2016.

Pursuant to the approval of the Ministry of Civil Aviation ('MoCA'), for a "Scheme of Reconstruction and Revival for the takeover of ownership, management and control of SpiceJet Limited by Mr. Ajay Singh" ("the Scheme") and a "Share Sale and Purchase Agreement" ("SSPA") entered into amongst Mr. Kalanithi Maran and Kal Airways Private Limited (hereinafter, "Erstwhile Promoters"), the Company and Mr. Ajay Singh dated January 29, 2015, Mr. Ajay Singh has acquired the entire shareholding of the Erstwhile Promoters of 350,428,758 equity shares (58.46%) with effect from February 23, 2015. Pursuant to this change, Mr. Ajay Singh has been designated as the Company's promoter.

**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 the 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 section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. 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, except for the change in accounting policy explained below.

As at March 31, 2016, the Company has accumulated losses of Rs. 28,036.03 million against shareholders' funds (including advance money received against securities to be issued) of Rs. 21,719.80 million. As of this date, the Company's total liabilities exceed its total assets by Rs. 6,316.23 million. Historically, the Company's operating results were materially affected by various factors, including high cost structure, significant depreciation in the value of the currency, and certain other adverse market conditions. On account of its operational and financial position, the Company had also delayed payments to various parties over the last two years. These factors have resulted in a material uncertainty that may cause significant doubt about the Company's ability to continue as a going concern.

Over the last five quarters, the Company has entered into settlement agreements with certain lessors and vendors in respect of past overdue payments, and also negotiated deferred payment plans with certain vendors for overdue amounts. The Company has discharged all overdue payments to statutory authorities during the current year. The Company continues to negotiate with vendors for settlements, improved commercial terms and better credit facilities, and is in the process of arranging additional working capital finance, as well as by way of trade financing, to improve its short-term liquidity position. The Company has also received funds as described in Note 4 (read with Note 44) during the previous financial year, in addition to generating operating cash flows for the year ended March 31, 2016. The Company continues to evaluate and explore various courses of action for raising funds for operations, including options for strategic funding. Having regard to recent operational profitability, management believes it will be in a better position to raise funds, as may be required.

The Company has earned profits of Rs. 4,071.99 million (after extraordinary items) for the year ended March 31, 2016, as a result of various measures that the Company has implemented and continues to implement, such as enhancing customer experience, improving selling and distribution, revenue management, fleet rationalization, optimizing aircraft utilization, redeployment of capacity in key focus markets, renegotiation of contracts and other cost control measures, to help the Company establish consistent profitable operations and cash flows. The Company is also exploring options to increase its aircraft fleet size over the subsequent fiscal year in order to enhance the scale and depth of its operations across strategic markets. These measures as well as improvement in the macroeconomic conditions for the airline industry in the markets in which the Company operates, such as the favourable changes in ATF prices, consistent improvement in capacity utilization and unit revenues, as well

**Notes to the Financial Statements for the year ended March 31, 2016**

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

as enhancement in ancillary revenues through investments in cargo operations as well as providing additional value added services to customers, are expected to increase operational efficiency and achieve profitability.

In view of the foregoing, management is of the view that the Company will be able to raise funds as necessary to achieve profitable operations and meet its liabilities as they fall due. Accordingly, these financial statements have been prepared on the basis that the Company will continue as a going concern for the foreseeable future.

**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.

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. In accordance with the Ministry of Corporate Affairs ("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.

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

Gains or losses arising from de-recognition 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.

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

The Company identifies and determines cost of asset significant to the total cost of the asset having useful life that is materially different from that of the life of the principal asset.

**d) Depreciation on tangible fixed assets**

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The identified components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset. The Company has used the following rates to provide depreciation on its fixed assets.

<b>Asset Description</b>	<b>Useful life estimated by the management (years)</b>
Office Equipment	5
Computers	3 – 6
Furniture and Fixtures	10

**Notes to the Financial Statements for the year ended March 31, 2016**

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

<b>Asset Description</b>	<b>Useful life estimated by the management (years)</b>
Motor Vehicles	8
Plant and Machinery	15
Aircraft, engines and landing gear	8 - 17.86
Rotable and Tools	17.86

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.

The management has estimated, supported by independent assessment by professionals, the useful lives of the following classes of assets:

- The useful life of aircraft is estimated as 17.86 years, which is lower than indicated in schedule II, which prescribes a useful life of 20 years.
- Rotables and tools are depreciated over the estimated useful lives of 17.86 years which is higher than indicated in schedule II, which prescribes a useful life of 15 years.

The management believes that the depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets, though these rates in certain cases are different from the lives prescribed under Schedule II.

As a result of the adoption of useful lives prescribed in Schedule II for specified classes of assets, Rs. 24.40 million has been adjusted against reserves in respect of assets whose useful life has expired under Schedule II as on April 1, 2014 (also refer note 5).

In respect of aircraft and rotables and tools, had the Company applied the requirements of useful life and residual values specified under Schedule II of the Act as described above, the depreciation expense for the current year would have been lower by Rs. 70.47 million (previous year Rs.87.55 million).

**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 2 / 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.

**Notes to the Financial Statements for the year ended March 31, 2016**

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

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

**g) Borrowing costs**

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

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) Investments**

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

**Notes to the Financial Statements for the year ended March 31, 2016**

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

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

**j) Inventories**

Inventories are comprised 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.

**k) Revenue recognition**

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

Fees charged for cancellations or any changes to flight tickets and towards special service requests are recognized as revenue on rendering of related services.

The unutilized balances in unearned revenue is recognized as income based on past statistics, trends and management estimates, after considering the Company's refund policy.

Revenue from wet lease of aircraft is recognised in accordance with the terms of agreements with customers.

Income in respect of hiring / renting out of equipment 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.

Sale of food and beverages

Revenue from sale of food and beverages is recognised when the products are sold to the customer. Amounts received in advance towards food and beverages are shown under current liabilities as unearned revenue.

Training Income

Revenue from training income is recognized on the basis of proportionate completion method where the revenue is recognized proportionately with the degree of completion of services, based on management estimates

Interest

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

**l) Manufacturers' incentives**Cash Incentives

The Company receives incentives from Original equipment manufacturers ('OEM's') of aircraft components in connection with acquisition of aircraft under operating lease. These incentives are recognized as income coinciding with delivery of the related aircraft.



**Notes to the Financial Statements for the year ended March 31, 2016**

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

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

**m) 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 or repair costs in respect of engines / APU / other rotables are covered by third party maintenance agreements, these are accounted in accordance therewith, along with adequate estimates.

**n) Commission to agents**

Commission expense is recognized as an expense based on terms agreed with agents coinciding with the recognition of related revenues.

**o) 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 not intended for trading or speculation purposes

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.

**Notes to the Financial Statements for the year ended March 31, 2016**

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

The Company uses forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and highly probable transactions. The use of forward contracts is governed by the Company's policies on the use of such financial derivatives consistent with the Company's risk management strategy. The Company does not use derivative financial instruments for trading or speculative purposes.

Following the concept of 'Prudence' as per AS 1, the Company records net mark-to-market losses, if any, in respect of forward exchange contracts entered to hedge a highly probable forecast transaction and firm commitments but, net mark-to-market gains are not recorded for such transactions.

**p) 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.

**q) 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 income will be available against which such deferred tax assets can be realised. As the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

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

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.

**Notes to the Financial Statements for the year ended March 31, 2016**

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

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.

**r) 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 *Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014* and the *Guidance Note on Accounting for Employee Share-based Payments*, the cost of equity-settled transactions is measured using the intrinsic value method. 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 equity 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.

**s) Segment reporting**

The Company considers business segment as its primary segment. The Company’s operations predominantly relate to air transportation and, accordingly, this is the only primary reportable segment.

The Company considers geographical segments as its secondary segments.

**t) Earnings Per Share (“EPS”)**

Basic EPS is 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 EPS, 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.

**u) 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.

**Notes to the Financial Statements for the year ended March 31, 2016**

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

**v) 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 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.

**w) 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.

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

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.

Note No	March 31, 2016	March 31, 2015
<b>3 SHARE CAPITAL</b>		
<b>AUTHORISED SHARES</b>		
1,500,000,000 (previous year 1,500,000,000) equity shares of Rs.10/- each	15,000.00	15,000.00
<b>ISSUED, SUBSCRIBED AND FULLY PAID-UP SHARES</b>		
599,450,183 (previous year 599,450,183) equity shares of Rs.10/- each	5,994.50	5,994.50
	<u>5,994.50</u>	<u>5,994.50</u>

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

Particulars	As at March 31, 2016		As at March 31, 2015	
	Number	Value (Rs.)	Number	Value (Rs.)
Shares outstanding at the beginning of the period	599,450,183	5,994,501,830	535,281,183	5,352,811,830
<b>Issued during the year</b>				
- on conversion of share warrants	-	-	64,169,000	641,690,000
<b>Shares outstanding at the end of the period</b>	<b>599,450,183</b>	<b>5,994,501,830</b>	<b>599,450,183</b>	<b>5,994,501,830</b>

**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.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

**Notes to the Financial Statements for the year ended March 31, 2016**

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

The Company has issued total 1,732,865 shares (March 31, 2015 - 1,732,865 shares) during the period of five years immediately preceding 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.

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

Name of Shareholder	As at March 31, 2016		As at March 31, 2015	
	No. of Shares held	% Holding	No. of Shares held	% Holding
Mr. Ajay Singh	354,443,450	59.1%	354,443,450	59.1%
Total	354,443,450	59.1%	354,443,450	59.1%

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**

- For details of shares reserved for issue under ESOP, refer Note 30.
- For details of shares reserved for share warrants, refer note 4 below.

**4 ADVANCE MONEY RECEIVED AGAINST SECURITIES TO BE ISSUED**

Advance towards subscription to equity shares on conversion of warrants	3,082.19	3,082.19
Advance money towards subscription of non-convertible CRPS	2,708.70	2,208.70
	<b>5,790.89</b>	<b>5,290.89</b>

The shareholders in the annual general meeting held on September 24, 2014, approved the issuance of 189,091,378 warrants having a nominal value of Rs. 10 each to the Erstwhile Promoters, for consideration aggregating Rs. 3,082.19 million, with an 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. 6.30 each.

The Board of Directors in their meeting held on January 29, 2015, approved the issuance of upto 3,750,000 non-convertible redeemable preference shares ("CRPS") of Rs. 1,000 each to the Erstwhile Promoters on a preferential basis for a consideration aggregating Rs. 375,000,000.

Amounts aggregating Rs. 1,785.92 million which was disclosed as short term borrowings in the previous year, have been appropriately disclosed as advances received against securities to be issued in the current year as per the terms of the underlying agreement (as amended). Also refer Note 44.

Note No	March 31, 2016	March 31, 2015
<b>5 RESERVES AND SURPLUS</b>		
<b>Securities Premium Account</b>		
Opening balance	9,864.93	9,174.47
Add: Premium Received during the year on account of Conversion of warrants to equity shares	-	690.46
<b>Closing balance</b>	<b>9,864.93</b>	<b>9,864.93</b>
<b>General Reserve</b>		
Opening balance	22.48	13.54
Add: Transferred from employee stock options outstanding	19.70	8.94
<b>Closing balance</b>	<b>42.18</b>	<b>22.48</b>

**Notes to the Financial Statements for the year ended March 31, 2016**

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

Note No	March 31, 2016	March 31, 2015
<b>Employee Stock Options Outstanding</b>		
Opening balance	26.61	35.55
Less: Deletions during the year	(19.69)	(8.94)
<b>Closing balance</b>	<b>6.92</b>	<b>26.61</b>
<b>Surplus / (Deficit) in the Statement of Profit and Loss</b>		
Opening balance	(32,108.02)	(25,213.08)
Depreciation adjusted against reserves (also refer note 12)	-	(24.40)
Surplus / (Deficit) in the Statement of Profit and loss	4,071.99	(6,870.54)
<b>Net Surplus / (Deficit) in the Statement of Profit and Loss</b>	<b>(28,036.03)</b>	<b>(32,108.02)</b>
<b>Foreign Currency Monetary Item Translation Difference Account</b>		
Opening balance	49.33	108.91
Add : Reserve created / (withdrawn) during the year, net	30.35	(49.17)
Less: Reversals during the year	-	(9.24)
Less: Amortised during the year	(59.30)	(1.17)
<b>Closing balance</b>	<b>20.38</b>	<b>49.33</b>
<b>Total reserves and surplus</b>	<b>(18,101.62)</b>	<b>(22,144.67)</b>
<b>6 LONG TERM BORROWINGS (SECURED)</b>		
<b>Term Loans</b>		
From bank	-	143.52
Less: Current maturities of long term borrowings (also refer note 10)	-	(143.52)
	-	-
<b>Other loans</b>		
External commercial borrowing (Unsecured)	11,259.89	13,429.92
Vehicle loan from bank	14.72	-
Less: Current maturities of long term borrowings (also refer note 10)	(2,037.35)	(2,231.27)
	<b>9,237.26</b>	<b>11,198.65</b>
	<b>9,237.26</b>	<b>11,198.65</b>



## Notes to the Financial Statements for the year ended March 31, 2016

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

- a. The vehicle loan has been availed from Yes Bank Limited and is repayable in equal instalments over a period of three years commencing from March 2016, and carries an interest rate of 10.25%. The loan is secured by the related vehicle purchased by the Company.
- 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 aircraft are owned by the lessor until the repayment of all outstanding by the Company under the terms of the respective lease agreements (also refer note 12). 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.

During the previous year, in view of overdue payments of interest and repayment of principal of ECB to the lender, the Company had entered into an agreement with the lender for the forbearance of defaults and the discharge of overdue amounts of principal and interest aggregating Rs. 897.54 million. Under the terms of this agreement, the Company had to make 12 equal monthly payments of this overdue amount, commencing from April 2015. There were no changes to any of the terms and conditions of the original agreement with the lender including repayment terms of other instalments as well as interest rates applicable on the ECB. Pursuant to this, the Company has made all such monthly payments under this agreement as at March 31, 2016.

Note No	March 31, 2016	March 31, 2015
<b>7 OTHER LONG-TERM LIABILITIES</b>		
Deferred incentive	254.74	290.96
Less: reversal on account of loss of aircraft	(16.37)	(17.85)
Less: Current portion of above	(18.33)	(18.33)
	<b>220.04</b>	<b>254.78</b>
	220.04	254.78
<b>8 LONG TERM PROVISIONS</b>		
Provision for gratuity (also refer note 31)	163.70	152.95
Provision for aircraft maintenance (refer note 11)	2,385.76	1,566.05
Provision for aircraft redelivery (refer note 11)	272.36	133.97
	<b>2,821.82</b>	<b>1,852.97</b>
<b>9 SHORT TERM BORROWINGS (UNSECURED)</b>		
Inter corporate deposits (also refer note 36 (b) (i))	50.00	50.00
Working capital demand loan from bank	1,000.00	1,150.00
	<b>1,050.00</b>	<b>1,200.00</b>
Working capital demand loan from bank is secured by fixed deposits placed by the erstwhile promoter and is repayable on demand. The loan carries an interest rate of 12.75%.		
<b>10 OTHER CURRENT LIABILITIES</b>		
<b>i) Trade payables</b> (also refer note 37)	7,761.96	9,492.71
<b>ii) Other liabilities</b>		
Current maturities of long-term borrowings (also refer note 6) (includes current maturities of ECB Rs. 2,032.80 (March 31, 2015 - Rs. 2,231.27)	2,037.35	2,374.79

**Notes to the Financial Statements for the year ended March 31, 2016**
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

Current portion of deferred incentives	18.33	18.33
Unearned revenue	4,230.25	3,982.25
Book overdraft	25.85	52.81
Advance received from agents	1,210.41	1,355.96
Employee compensation payable	158.85	249.13
Interest accrued and due on borrowings	10.60	216.93
Interest accrued but not due on borrowings	20.86	26.78
Statutory dues (including interest thereon)	203.03	487.20
Security deposits received	10.94	1.03
Airport taxes payable	647.26	419.85
Others	4.99	3.61
	<b>8,578.72</b>	<b>9,188.67</b>
	<b>16,340.68</b>	<b>18,681.38</b>

Note No	March 31, 2016	March 31, 2015
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**11 SHORT TERM PROVISIONS**

Provision for employee benefits		
Provision for gratuity (also refer note 31)	16.31	12.89
Provision for compensated absences	57.29	46.92
Provision for litigation * (also refer note 36)	172.40	172.40
Provision for aircraft maintenance ** (also refer note below)	1,759.06	737.81
Provision for aircraft redelivery # (also refer note below)	1,679.28	2,767.38
	<b>3,684.34</b>	<b>3,737.40</b>

**\* Provision for litigation:**

At the beginning of the year	172.40	56.54
Additions during the year	-	115.86
Utilisation / reversal during the year	-	-
<b>At the end of the year</b>	<b>172.40</b>	<b>172.40</b>

**Provision for aircraft maintenance:**

Certain heavy maintenance checks for the aircraft engines need to be performed at specified intervals as enforced by the Director General of Civil Aviation in accordance with the Maintenance Program Document laid down by the aircraft manufacturers. In this regard, the Company estimates the expected costs at the time of such check factoring expected drawdown of supplemental rentals and other contributions receivable from the lessors wherever applicable. As required by Accounting Standard 29, "Provisions, Contingent Liabilities and Contingent Assets" given below is the movement in provision for aircraft maintenance.

The Company has, having regard to its obligation to maintain engines under aircraft lease agreements, finalized the terms of service contracts and has also entered into new contracts for maintenance of engines on its Boeing and Q400 aircraft in the current year. Based on such finalized contracts / terms, as also such factors as scope and timing of maintenance and repairs of engines including firm fixed costs of maintenance at different intervals, expected drawdown from the supplemental rentals under the relevant lease agreements (wherever applicable), etc, management undertook a comprehensive exercise to re-estimate its liabilities in respect of engine maintenance obligations as at March 31, 2016. Arising from the foregoing, the Company has made additional accruals of Rs. 1,495.50 million resulting from changes in estimates as explained above.

**\*\* Provision for aircraft maintenance**

**Notes to the Financial Statements for the year ended March 31, 2016**
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

Note No	March 31, 2016	March 31, 2015
At the beginning of the year	2,303.86	1,681.50
Additions during the year	2,616.37	737.81
Utilisation during the year	(775.41)	(115.45)
<b>At the end of the year</b>	<b>4,144.82</b>	<b>2,303.86</b>

**Provision for aircraft redelivery:**

As required by Accounting Standard 29, "Provisions, Contingent Liabilities and Contingent Assets" given below is the movement in provision for aircraft redelivery.

The Company has in its fleet certain aircraft on operating lease. As per the terms of the lease agreements, the aircraft are to be redelivered to the lessors at the end of the lease term in technical condition as stipulated under the lease agreements. Such redelivery conditions include costs for technical inspection, maintenance checks, repainting costs prior to its redelivery and the cost of ferrying the aircraft to the location as stipulated in the lease agreements.

The Company, therefore, provides for such redelivery expenses, as contractually agreed, in proportion to the expired lease period.

The Company has also accounted for costs relating to early termination of Boeing aircraft leased by the Company which were retired from commercial use in the previous year. Such accrual is based on management estimate of these liabilities, having regard to various factors including lease terms, age of the aircraft and past experience of aircraft redelivery costs incurred by the Company. Further liabilities in this regard, if any, will be accounted for in the period they are determined to be payable.

**# Provision for aircraft redelivery:**

At the beginning of the year	2,901.35	-
Additions during the year		
Provision made for early termination of aircraft lease (Net of reversals)	(333.02)	2,767.38
Provision made over the lease period	138.29	213.53
Utilisation during the year	(754.98)	(79.56)
<b>At the end of the year</b>	<b>1,951.64</b>	<b>2,901.35</b>

During the current year and the period since then till date, the Company has concluded / substantially agreed the terms of settlement with these aircraft lessors. Accordingly, and based on their assessment and best estimates of the likely final financial effect of these settlement terms, management has made adjustments in the financial statements as follows:

- (a) Additional accrual of Rs. 497.31 million under Aircraft redelivery costs disclosed in Note 23; and
- (b) Write back of provisions made in earlier periods of Rs. 830.33 million recorded under Liabilities / provision no longer required written back disclosed in Note 22.

After giving effect to the above, the Company carries provisions of Rs 1,679.28 million as at March 31, 2016, towards its obligations in respect of such redelivered aircraft.

**Notes to the financial statements for the period ended March 31, 2016**  
(All amounts are in millions of Indian Rupees, unless otherwise stated)

**12 TANGIBLE ASSETS**

Particulars	Plant & Machinery	Rotable & Tools	Office Equipment	Computers & Fixtures	Furniture & Fixtures	Motor Vehicles	Leasehold Improvements	Aircraft <sup>^</sup>	Total
<b>Cost or Valuation</b>									
<b>As at April 1, 2014</b>	479.84	1,397.48	87.77	176.71	26.69	399.09	436.12	18,504.98	<b>21,508.68</b>
Additions during the year	2.64	62.67	4.00	11.33	1.15	35.68	3.80	-	<b>121.27</b>
Disposals	2.42	11.95	6.90	25.55	2.04	1.25	-	1,233.40	<b>1,283.51</b>
Other adjustments*	-	-	-	-	-	-	-	547.72	<b>547.72</b>
<b>As at March 31, 2015</b>	<b>480.06</b>	<b>1,448.20</b>	<b>84.87</b>	<b>162.49</b>	<b>25.80</b>	<b>433.52</b>	<b>439.92</b>	<b>17,819.30</b>	<b>20,894.16</b>
Additions during the year	37.57	266.42	9.31	33.83	3.80	73.21	0.49	-	<b>424.63</b>
Disposals	2.52	75.52	1.79	0.94	0.14	8.88	0.49	1,252.65	<b>1,342.93</b>
Other adjustments*	-	-	-	-	-	-	-	734.48	<b>734.48</b>
<b>As at March 31, 2016</b>	<b>515.11</b>	<b>1,639.10</b>	<b>92.39</b>	<b>195.38</b>	<b>29.46</b>	<b>497.85</b>	<b>439.92</b>	<b>17,301.13</b>	<b>20,710.34</b>
<b>Depreciation</b>									
<b>As at April 1, 2014</b>	81.34	262.60	15.93	101.63	11.82	105.06	393.02	1,808.84	<b>2,780.24</b>
Charge for the year	34.56	81.41	22.47	41.70	2.96	53.27	14.66	974.66	<b>1,225.69</b>
Disposals	1.67	2.40	6.10	25.23	1.77	1.21	-	212.17	<b>250.55</b>
Other Adjustments#	0.99	-	8.99	11.85	-	2.57	-	-	<b>24.40</b>
<b>As at March 31, 2015</b>	<b>115.22</b>	<b>341.61</b>	<b>41.29</b>	<b>129.95</b>	<b>13.01</b>	<b>159.69</b>	<b>407.68</b>	<b>2,571.33</b>	<b>3,779.78</b>
Charge for the year	34.86	91.07	18.36	16.73	3.01	53.40	10.46	933.24	<b>1,161.13</b>
Disposals	1.21	13.87	1.73	0.94	0.14	8.29	0.37	214.89	<b>241.44</b>
Other Adjustments	-	-	-	-	-	-	-	-	<b>-</b>
<b>As at March 31, 2016</b>	<b>148.87</b>	<b>418.81</b>	<b>57.92</b>	<b>145.74</b>	<b>15.88</b>	<b>204.80</b>	<b>417.77</b>	<b>3,289.68</b>	<b>4,699.47</b>
<b>Net Block</b>									
<b>As at March 31, 2015</b>	<b>364.84</b>	<b>1,106.59</b>	<b>43.58</b>	<b>32.54</b>	<b>12.79</b>	<b>273.83</b>	<b>32.24</b>	<b>15,247.97</b>	<b>17,114.38</b>
<b>As at March 31, 2016</b>	<b>366.24</b>	<b>1,220.29</b>	<b>34.47</b>	<b>49.64</b>	<b>13.58</b>	<b>293.05</b>	<b>22.15</b>	<b>14,011.45</b>	<b>16,010.87</b>

<sup>^</sup> Under the agreement with the lender, 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 (b)

\* Represents foreign exchange loss capitalised during the year and depreciation thereon. Also refer note 2 (c).

# Represents impact of adoption of useful lives of fixed assets as prescribed under Schedule II to the Act, which has been adjusted with the balance carried forward in the statement of profit and loss (deficit). Also refer note 5.

## Notes to the Financial Statements for the year ended March 31, 2016

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

### 13 INTANGIBLE ASSETS

Particulars	Software
<b>Cost</b>	
As at April 1, 2014	217.29
Additions during the year	26.24
<b>As at March 31, 2015</b>	<b>243.53</b>
Additions during the year	1.04
Disposals	-
<b>As at March 31, 2016</b>	<b>244.57</b>
<b>Depreciation</b>	
As at April 1, 2014	179.10
Charge for the Year	40.56
<b>As at March 31, 2015</b>	<b>219.66</b>
Charge for the Year	14.81
Disposals	-
<b>As at March 31, 2016</b>	<b>234.47</b>
<b>Net Block</b>	
As at March 31, 2015	<b>23.87</b>
<b>As at March 31, 2016</b>	<b>10.10</b>

Note No	March 31, 2016	March 31, 2015
<b>14 LONG-TERM LOANS AND ADVANCES (Unsecured, considered good)</b>		
Capital advances (unsecured, considered good)	438.85	355.56
Security deposits	2,247.46	2,406.14
Deposit with Hon'ble Mumbai High Court (also refer note 36 (b) (i))	50.00	50.00
Advance income-tax and tax deducted at source (net of provision for taxation)	292.77	290.11
	<b>3,029.08</b>	<b>3,101.81</b>

### 15 OTHER NON-CURRENT ASSETS

Non-current bank balances* (also refer note 19)	1,224.16	312.71
Ancillary cost for arranging the borrowings	28.04	37.29
Less: Current portion of above	(5.64)	(5.64)
	<b>1,246.56</b>	<b>344.36</b>

\* Represents margin money deposit placed with banks for non-fund based facilities sanctioned to the Company.

### 16 CURRENT INVESTMENTS

#### Unquoted mutual funds

6,448,555.04 (previous year nil) units of Rs.31.01 each fully paid up of Reliance Liquidity Fund	200.00	-
	<b>200.00</b>	-

**Notes to the Financial Statements for the year ended March 31, 2016**
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

<b>Note No</b>	<b>March 31, 2016</b>	<b>March 31, 2015</b>
<b>17 INVENTORIES</b>		
Engineering stores and spares	621.73	411.71
Other stores	43.73	39.46
	<b>665.46</b>	<b>451.17</b>
<b>18 TRADE RECEIVABLES AND OTHER CURRENT ASSETS</b>		
<b>i) Trade receivables</b>		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered doubtful	5.04	9.53
	5.04	9.53
Less: Provision for doubtful debts	(5.04)	(9.53)
	-	-
Other receivables		
Secured, considered good	-	150.00
Unsecured, considered good	433.74	1,131.83
	433.74	1,281.83
	<b>433.74</b>	<b>1,281.83</b>
<b>ii) Other current assets</b>		
Claims receivable, considered doubtful	-	444.65
Less: provision for doubtful claims	-	(444.65)
	-	-
Current portion of ancilliary cost for arranging the borrowings	5.64	5.64
Claims receivable, considered good	525.87	97.33
Interest accrued on fixed deposits	19.97	4.38
Unbilled revenue	95.54	62.62
Other interest accrued	-	50.42
	<b>647.02</b>	<b>220.39</b>
	<b>1,080.76</b>	<b>1,502.22</b>
<b>19 CASH AND BANK BALANCES</b>		
<b>Cash and cash equivalents</b>		
Balance with banks		
On current accounts	750.34	210.01
On deposit accounts	5.00	-
Cash on hand	29.52	25.83
	<b>784.86</b>	<b>235.84</b>
<b>Other bank balances</b>		
Deposits with original maturity for more than 3 months but less than 12 months	300.00	-
Margin money / Security against fund and non-fund based facilities*	1,224.16	312.71
	1,524.16	312.71
Less: Amount disclosed under other non-current asset (note 15)	(1,224.16)	(312.71)
	<b>300.00</b>	<b>-</b>
	<b>1,084.86</b>	<b>235.84</b>

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



**Notes to the Financial Statements for the year ended March 31, 2016***(All amounts are in millions of Indian Rupees, unless otherwise stated)*

Note No	March 31, 2016	March 31, 2015
<b>20 SHORT TERM LOANS AND ADVANCES</b>		
<b>(Unsecured, Considered doubtful)</b>		
Advances recoverable in cash or in kind	-	88.58
Less: Provision for doubtful advances	-	(88.58)
	-	-
<b>(Unsecured, Considered good)</b>		
Advances recoverable in cash or in kind	522.71	772.79
Aircraft insurance claims receivable	1,671.21	1,631.81
Security deposits	993.80	700.51
Balance with government authorities	32.53	-
Prepaid expenses	489.97	187.14
	<b>3,710.22</b>	<b>3,292.25</b>
	<b>3,710.22</b>	<b>3,292.25</b>
<b>21 REVENUE FROM OPERATIONS</b>		
<b>Sale of services</b>		
Passenger revenue	47,886.73	50,099.14
Cargo revenue	2,030.77	1,537.91
Sale of food and beverages	286.46	90.29
Other operating revenues		
Income from wet lease of aircrafts	-	185.27
Incentives received	251.09	331.72
Income from training services	194.86	83.68
Others	230.81	102.64
	<b>50,880.72</b>	<b>52,430.65</b>
<b>22 OTHER INCOME</b>		
Exchange fluctuation gain (net)	-	248.47
Liabilities / provision no longer required written back	1,122.32	812.31
Provision for capital advance written back	48.00	-
Insurance / warranty claims received	29.82	223.09
Miscellaneous income	86.58	103.78
	<b>1,286.72</b>	<b>1,387.65</b>
<b>23 OPERATING EXPENSES</b>		
Aviation turbine fuel	13,919.59	24,096.22
Lease charges - aircraft, engines and auxiliary power units (also refer note 33)	8,054.47	8,643.88
Aircraft repairs and maintenance	4,922.51	2,659.71
Supplemental lease charges - aircraft, engines and auxiliary power units	3,155.91	3,340.20
Consumption of stores and spare parts	626.85	721.25
Aviation insurance	261.80	211.65
Landing, navigation and other airport charges	3,710.31	3,815.02

**Notes to the Financial Statements for the year ended March 31, 2016**
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

<b>Note No</b>	<b>March 31, 2016</b>	<b>March 31, 2015</b>
Cost of inflight food and beverages	483.67	244.30
Aircraft navigation software expenses	788.24	705.30
Aircraft redelivery costs	640.09	3,184.67
Cargo handling costs	248.56	205.49
Other operating expenses	197.44	229.90
	<b>37,009.44</b>	<b>48,057.59</b>
<b>24 EMPLOYEE BENEFITS EXPENSES</b>		
Salaries, wages and bonus	4,353.23	4,885.09
Contribution to provident and other funds	139.04	169.29
Gratuity expense (also refer note 31)	50.38	48.26
Recruitment and training cost	242.58	162.83
Staff welfare	143.20	109.19
	<b>4,928.43</b>	<b>5,374.66</b>
<b>25 SELLING EXPENSES</b>		
Commission to agents	758.08	1,551.66
Discounts	533.34	799.09
Business promotion and advertisement	345.24	442.86
	<b>1,636.66</b>	<b>2,793.61</b>
<b>26 OTHER EXPENSES</b>		
Rent (also refer note 33)	250.65	160.45
Rates and taxes	246.15	116.45
Repairs and maintenance		
- buildings	18.28	15.92
- plant and machinery	11.20	9.02
- others	213.45	81.58
Crew accomodation cost	264.45	254.87
Communication costs	82.18	93.39
Printing and stationery	87.80	72.09
Travelling and conveyance	789.88	460.96
Legal, and professional fees (Refer note below for details of payment to auditor)	166.56	96.48
Power and fuel	35.87	29.56
Provision for doubtful claims/advances	38.59	504.75
Advances / debts written off	70.05	-
Provision for litigation	-	115.86
Insurance	37.30	36.77
Credit card charges	328.19	270.92
Credit card chargebacks	0.41	0.22

**Notes to the Financial Statements for the year ended March 31, 2016***(All amounts are in millions of Indian Rupees, unless otherwise stated)*

<b>Note No</b>	<b>March 31, 2016</b>	<b>March 31, 2015</b>
Bank charges	25.47	14.93
Exchange fluctuation loss (net)	228.11	-
Loss on sale of assets (net)	62.09	18.81
Miscellaneous expenses	27.90	18.62
	<b>2,984.58</b>	<b>2,371.65</b>

**Payment to auditor****As auditor**

Audit fees	3.78	2.50
Limited review	1.50	1.50
Service tax	0.79	0.64

**In other capacity**

Other services (certification fees)	0.65	0.65
Reimbursement of expenses	0.50	0.50
	<b>7.22</b>	<b>5.79</b>

**27 FINANCE COSTS**

## Interest

- on fixed loan from banks	131.66	349.97
- on fixed loan from others	952.62	1,191.58
Amortisation of ancilliary costs of borrowing	9.25	19.97
Other borrowing cost	60.40	73.87
	<b>1,153.93</b>	<b>1,635.39</b>

**28 EXTRAORDINARY ITEMS (NET)**

Insurance claim receivable on damaged aircraft	1,658.32	1,617.24
Loss on damage to aircraft (net of unrecognized credits)	(1,021.38)	(1,003.69)
	<b>636.94</b>	<b>613.55</b>

**Note:**

During the year, one Bombardier Q400 aircraft of the Company sustained damage during operations. The determination of the financial effects thereof was pending in view of the highly technical nature of the assessment involved. Upon completion of such technical assessment, this aircraft has been assessed as being beyond economic repair and declared a total loss. Accordingly, the carrying value of that aircraft as at the date of the incident of Rs 1,037.75 million, net of unrecognized incentive credits of Rs 16.37 million, has been recorded as a loss in the current year. The Company has recognised insurance claims of Rs. 1,658.32 million based on the in-principle approvals received from the insurers of such aircraft. The net loss on account of the damage to the aircraft and the related proceeds receivable from the insurance company, as discussed above, have been disclosed as extraordinary items (net). The amount payable to the relevant aircraft's lessor / financier as at March 31, 2016, of Rs. 737.90 million has been disclosed under current liabilities.

Extraordinary items for the year ended March 31, 2015, represent insurance claims and the related loss accounted for by the Company pertaining to another Bombardier aircraft that sustained extensive damage and was declared a total loss.

**Notes to the Financial Statements for the year ended March 31, 2016**
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*
**29 Earnings per share**

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Number of equity shares outstanding at the beginning of the year	599,450,183	535,281,183
Number of equity shares issued	-	64,169,000
Number of equity shares outstanding at the end of the year	599,450,183	599,450,183
<b>Weighted average number of shares</b>		
a) Basic Effect of dilution:	599,450,183	559,542,339
Stock options granted under ESOP	127,839	-
Equity shares expected to be issued upon conversion of share warrants	189,091,378	162,752,340
b) Diluted	788,668,950	722,294,679
Profit / (Loss) for the year before extraordinary items	3,435.05	(7,484.09)
Earnings per share before extraordinary items:		
-- Basic earnings / (loss) per share (Rs.)	5.73	(13.38)
-- Diluted earnings / (loss) per share (Rs.)	4.36	(13.38)
Profit / (Loss) for the year after extraordinary items	4,071.99	(6,870.54)
Earnings per share after extraordinary items:		
-- Basic earnings / (loss) per share (Rs.)	6.79	(12.28)
-- Diluted earnings / (loss) per share (Rs.)	5.16	(12.28)
Nominal value per share (Rs.)	10.00	10.00

Diluted earnings per share is determined after considering potential dilutive equity shares arising out of (a) unexpired stock options and (b) equity shares expected to be issued upon conversion of share warrants referred to in Note 4

**30 Employee stock option plans**

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

Employees Stock Option Scheme, 2007

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

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

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

**Notes to the Financial Statements for the year ended March 31, 2016**
*(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, 2016		As At March 31, 2015	
	No. of Options	Weighted average exercise price (Rs.)	No. of Options	Weighted average exercise price (Rs.)
<b>Outstanding, beginning of year</b>	<b>955,075</b>	<b>30.00</b>	<b>1,276,050</b>	<b>30.00</b>
Granted during the year	-	30.00	-	30.00
Exercised during the year	-	30.00	-	30.00
Forfeited during the year	(707,175)	30.00	(320,975)	30.00
<b>Outstanding, end of year</b>	<b>247,900</b>	<b>30.00</b>	<b>955,075</b>	<b>30.00</b>
<b>Outstanding at the year-end comprise:</b>				
Options eligible for exercise at year end	247,900	30.00	955,075	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 before extraordinary items	Basic EPS (Rs.)	Diluted EPS (Rs.)
<b>Year ended March 31, 2016</b>				
- Amounts as reported	-	3,435.05	5.73	4.36
- Amounts as per pro-forma	-	3,435.05	5.73	4.36
<b>Year ended March 31, 2015</b>				
- Amounts as reported	-	(7,484.09)	(13.38)	(13.38)
- Amounts as per pro-forma	-	(7,484.09)	(13.38)	(13.38)

Particulars	Employee Compensation Cost	Profit after extraordinary items	Basic EPS (Rs.)	Diluted EPS (Rs.)
<b>Year ended March 31, 2016</b>				
- Amounts as reported	-	4,071.99	6.79	5.16
- Amounts as per pro-forma	-	4,071.99	6.79	5.16
<b>Year ended March 31, 2015</b>				
- Amounts as reported	-	(6,870.54)	(12.28)	(12.28)
- Amounts as per pro-forma	-	(6,870.54)	(12.28)	(12.28)

**Notes to the Financial Statements for the year ended March 31, 2016**

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

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

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

The expected life of the stock is based on historical data and current expectations and is not necessarily 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.

**31 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 Rs. 1.00 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, 2016	Year ended March 31, 2015
Current service cost on benefit obligations	32.06	32.45
Interest cost on benefit obligations	12.85	14.63
Net actuarial (gain) / loss recognized in the year	5.47	1.18
Past service cost	-	-
Net employee benefit expense	50.38	48.26

Balance sheet

Details of provision for gratuity

Particulars	As at March 31, 2016	As at March 31, 2015
Defined benefit obligation	(180.01)	(165.84)
Fair value of plan assets	-	-
Plan asset / (liability)	(180.01)	(165.84)



**Notes to the Financial Statements for the year ended March 31, 2016***(All amounts are in millions of Indian Rupees, unless otherwise stated)*

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

Particulars	As at March 31, 2016	As at March 31, 2015
Opening defined benefit obligation	165.84	174.18
Current service cost	32.06	32.45
Interest cost	12.85	14.63
Actuarial gain / (loss) on obligation	5.47	1.18
Benefits paid	(36.21)	(56.60)
Past service cost	-	-
Closing defined benefit obligation	(180.01)	(165.84)
Experience Gain / (Loss) adjustment on plan liabilities	5.47	1.18

The experience adjustments on plan liabilities and net surplus / deficit for the years ended March 31, 2014, March 31, 2013 and March 31, 2012 are as follows:

Particulars	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012
Defined benefit obligation at the end of the period	174.18	130.01	91.43
Net deficit	(174.18)	(130.01)	(91.43)
Experience adjustments on plan liabilities	(0.88)	(0.48)	(6.69)
Experience adjustments on plan assets	N.A	N.A	N.A

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

Particulars	As at March 31, 2016	As at March 31, 2015
Discount rate	8.00%	7.75%
Future Salary Increases	5.50%	5.25%

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.

**32 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. 4,706.09 million as at March 31, 2016 (Rs. 4,408.66 million as at March 31, 2015).

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Deferred tax liability</b>		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	(4,706.09)	(4,408.66)
<b>Deferred tax asset</b>		
Carry forward tax losses / unabsorbed depreciation	4,706.09	4,408.66
<b>Net deferred tax asset / (liability)</b>	-	-

**Notes to the Financial Statements for the year ended March 31, 2016**

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

**33 Leases**
Operating lease: Company as a lessee

The Company has taken on lease aircraft, aircraft spares, engines and premises from third parties. Lease charges for aircraft and engines for the year ended March 31, 2016 amounts to Rs. 8,054.47 million (Previous year Rs. 8,643.88 million), supplemental lease charges amounts to Rs. 3,155.91 million (Previous year Rs. 3,340.20 million) and rental expense on premises for the year ended March 31, 2016 amount to Rs. 250.65 million (Previous year Rs. 160.45 million)

The Company has taken aircraft through dry operating lease from lessors. Under the aircraft lease agreements, 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 significant restrictions imposed by lease arrangements.

The Company has also taken aircraft on wet lease for lease terms which vary between 3 to 5 months.

The future minimum lease rentals payable under non-cancellable leases (except supplementary rental which are based on aircraft utilisation and calculated on number of hours flown or cycle operated) are as follows:

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Aircraft</b>		
Not later than one year	5,535.09	3,799.45
Later than one year but not later than five years	13,748.86	10,447.15
Later than five years	2,613.73	2,339.71
<b>Aircraft engines</b>		
Not later than one year	284.79	21.32
Later than one year but not later than five years	150.04	-
Later than five years	-	-
<b>Wet Lease aircraft</b>		
Not later than one year	687.70	-
Later than one year but not later than five years	-	-
Later than five years	-	-

**Notes to the Financial Statements for the year ended March 31, 2016**
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*
**34 Related party transactions**

Relationship	Name of the party
Party exercising control	Kal Airways Private Limited (up to February 23, 2015) Mr. Kalanithi Maran (up to February 23, 2015) Mr. Ajay Singh (from February 23, 2015)
Enterprises over which parties above or their relatives have control / significant influence ('Affiliates')	Sun TV Network Limited Kal Publications Private Limited Udaya FM Private Limited Sun Direct TV Private Limited Kungumam Publications Private Limited Sun Distribution Services Private Limited Kal Investments (Madras) Private Limited Kal Holdings Private Limited Sun Foundation Murasoli Maran Family Trust S & S Textiles D K Enterprises Private Limited Kungumam Nithyagam Private Limited Kal Comm Private Limited Kal Media Services Private Limited Kal Cables Private Limited Sun Business Solutions Private Limited South Asia FM Limited Kal Radio Limited Digital Radio (Delhi) Broadcasting Limited
	(up to February 23, 2015)

**Notes to the Financial Statements for the year ended March 31, 2016**

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

Crosslink Finlease Private Limited Greenline Transit System Private Limited Intel Constructions Private Limited One City, Promoters Private Limited Multipurpose Trading & Agencies Limited Argentum Motors Private Limited Spice Homes (Meerut) Private Limited Green Volt Technologies Private Limited Indiverse Broadband Private Limited Smartnagar Digital Ventures Private Limited Argentum Auto Private Limited Smartnagar Broadband Networks Private Limited Argentum Engineering Design Private Limited Spice Homes Private Limited Argentum Electric Vehicles Private Limited Argentum Defence Systems Private Limited i2n Technologies Private Limited Greenstar Mobility Private Limited Greenvolt Technologies Private Limited Greenline Communication Private Limited Pan India Motors Private Limited	}	(from February 23, 2015)
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Key management personnel	Mr. S Natrajhen, Managing Director (up to January 29, 2015) Mr. Ajay Singh, Chairman and Managing Director (from May 31, 2015) Mr. Sanjiv Kapoor, Chief Operating Officer (up to October 31, 2015) Mr. Kiran Koteswar, Chief Financial Officer (from May 28, 2015) Mr. Chandan Sand, Company Secretary
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The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

<b>Parties having significant influence over the Company</b>	<b>March 31, 2016</b>	<b>March 31, 2015</b>
<b>Affiliates</b>		
<u>Sun TV Network Limited</u>		
<i>Transactions during the year (up to February 23, 2015)</i>		
Passenger revenue	-	7.38
Business promotion and advertisement	-	85.33
Power and fuel	-	0.41
Rent	-	1.70
<u>Digital Radio (Delhi) Broadcasting Limited</u>		
<i>Transactions during the year (up to February 23, 2015)</i>		
Passenger revenue	-	1.64
Business promotion and advertisement	-	0.83
<u>Sun Business Solutions Private Limited</u>		
<i>Transactions during the year (up to February 23, 2015)</i>		

**Notes to the Financial Statements for the year ended March 31, 2016***(All amounts are in millions of Indian Rupees, unless otherwise stated)*

<b>Parties having significant influence over the Company</b>	<b>March 31, 2016</b>	<b>March 31, 2015</b>
Voice processing charges	-	66.27
<u>Kal Publications Private Limited</u>		
<i>Transactions during the year (up to February 23, 2015)</i>		
Passenger revenue	-	0.25
Business promotion and advertisement	-	4.40
<u>Kal Airways Private Limited</u>		
<i>Advances received</i>		
Advance towards subscription to equity shares on conversion of warrants	-	2,054.68
Advance money towards subscription of non-convertible CRPS	-	200.29
<u>Mr. Kalanithi Maran</u>		
<i>Advances received</i>		
Advance money towards subscription of non-convertible CRPS	-	1,000.00
<i>Loans obtained</i>		
Short term loan	-	1,140.00
<b>Key management personnel</b>		
<u>Sanjiv Kapoor, Chief Operating Officer (up to October 31, 2015)</u>		
<i>Transactions during the year</i>		
Salaries and wages	8.33	25.00
<u>S. Natrajhen, Managing Director (up to January 29, 2015)</u>		
<i>Transactions during the year</i>		
Salaries and wages	-	7.41
<u>Kiran Koteswar, Chief Financial Officer (from May 28, 2015)</u>		
<i>Transactions during the year</i>		
Salaries and wages	5.49	-
<u>Chandan Sand, Company Secretary</u>		
<i>Transactions during the year</i>		
Salaries and wages	4.72	4.34

**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.

**35 Capital and other commitments**

- At March 31, 2016, the Company has commitments of Rs. 176,555.98 million (March 31, 2015 - Rs. 166,595.76 million) relating to the acquisition of aircraft.
- 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 33.
- 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.

**Notes to the Financial Statements for the year ended March 31, 2016**
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*
**36 Litigations and claims**
**a) Note 1:**

- i) Matters wherein management has concluded the Company's liability to be probable have accordingly been provided for in the books. Also refer note 11.
- ii) Matters wherein management has concluded the Company's liability to be possible have accordingly been disclosed under Note 2 Contingent liabilities below.
- iii) Matters wherein management is confident of succeeding in these litigations and have concluded the Company's liability to be remote. This is based on the relevant facts of judicial precedents and as advised by legal counsel which involves various legal proceedings and claims, in different stages of process

**b) Note 2: Contingent liabilities**

S. No	Particulars	As at March 31, 2016	As at March 31, 2015
1	Liability arising out of legal cases filed against the Company in various Courts/ Consumer Redressal Forums, Consumer Courts, disputed by the Company.	101.20	66.50
2	Liability arising out of Arbitration proceedings on account of cancellation of leased premises.	33.32	33.32
3	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
4	Demand in respect of provident fund dues for international workers as explained in note (iii) below.	77.95	77.95
5	Demand in respect of service tax (including interest and penalty) as explained in note (iv) below.	170.70	160.16
6	Liability arising out of other legal cases filed against the Company.	19.59	21.22
7	Liability arising out of claims made by lessors, disputed by the Company as explained in note (v) below.	Nil	375.54
8	Show cause notice received in respect of service tax as explained in note (vii) below	3,776.02	Nil
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 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 reconstitute 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 had hitherto 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. Pursuant to the review process by the Qualified Audit Review Committee ('QARC') constituted by the SEBI, the Company has been directed to rectify the qualifications in the auditors' report. Accordingly, and without prejudice to its legal defence on this matter, such interest of Rs 74.71 million has been accounted for in the previous year.
- ii. In another case, M/s Hindustan Development Corporation Limited ("HDCL") (now renamed as Mallanpur Steels Limited) who had lent Rs. 50 million by way of inter-corporate deposit to the Company, has filed a Review Petition



**Notes to the Financial Statements for the year ended March 31, 2016**

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

- against the Scheme of Settlement passed by the Hon'ble Delhi High Court wherein the Company's 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.
- 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 year ended March 31, 2012, 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 Court has directed that this matter be put up in the regular list and the interim order in favour of the Company has been made absolute till disposal of the petition. Pending disposal of the petition, the Company has not accrued for any additional liability in respect of provident fund contributions to international workers.
  - iv. The Company has received a demand order for a sum of Rs. 77.28 million, and applicable interest, as well as penalty of Rs. 77.28 million from the service tax department for non-remittance of service tax on reverse charge mechanism on certain payments made during the period April 18, 2006 to March 31, 2012. The Company is contesting the order on the grounds that the services obtained by the Company were not liable to service tax under the categories determined by the authorities and are hence not taxable services. Effective July 2012, pursuant to the enactment of the negative list of taxable services, the Company has been paying service tax on these services received on reverse charge basis under the relevant provisions of the Finance Act, 1994. Based on advice by its tax consultants and internal evaluation, the Company has provided an amount of Rs. 67.09 million (including a portion of applicable interest) on a conservative basis during the previous year (also refer note 11). However, the Company continues to contest the entire demand and has filed an appeal against the adverse order with the CESTAT and is confident of its success. The balance amount of the matter under litigation, (including interest and penalty) of Rs. 170.70 million, has not been accrued pending final outcome of this matter and has been disclosed as a contingent liability.
  - v. During the previous year, the Company received a demand from one of its aircraft lessor in relation to four aircraft which were redelivered during the previous year of Rs. 744.20 million, of which Rs. 368.66 million relates to cost of storage of the aircraft from the date of deregistration of the aircraft till the date of redelivery of the aircraft, and the remaining Rs. 375.54 million relates to damages claimed by the lessor. Management had accounted for claims aggregating Rs. 368.66 million during the previous year, as these are costs incurred under the terms of the lease agreement (also refer note 11), and has not admitted the liability in respect of damages claimed by the lessor of Rs. 375.54 million. Subsequent to the reporting date, the management has finalized the terms of settlement with the concerned lessor and pursuant to this, based on their assessment and best estimates of the likely final financial effect of these settlement terms, management has made an additional accrual of Rs. 233.18 million under Aircraft redelivery costs.
  - vi. During the current year, one of the Company's vendors has filed an arbitration claim against the Company before the International Court of Arbitration of the International Chamber of Commerce claiming payment of overdue amounts with applicable interest aggregating Rs. 1,923.65 million. The Company has served a counter-claim against the vendor to the tune of Rs. 4,178.92 million which it intends to pursue in the course of the arbitration proceedings, and without prejudice to its defence, has accrued for the amounts claimed by the vendor. The Company has not made any adjustments to the financial statements in respect of its counter-claim.
  - vii. The Company has received a show cause notice from the service tax authorities during the current year, citing various defaults, including failure/delay in remitting service tax collected, over past financial years as well as

**Notes to the Financial Statements for the year ended March 31, 2016**

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

alleged failure in remittance of service tax on certain other items. Based on their assessment of the contentions of the service tax authorities, management has submitted a detailed reply to the notice, and based on legal advice obtained, believes that the likelihood of this liability devolving on the Company is low, and accordingly has made no adjustments to the financial statements.

- viii. During the year, the Competition Commission of India (“CCI”) passed an order dated November 17, 2015 against, inter alia, the Company, which included a demand of Rs 424.80 million on the Company. The Company’s appeal against this order with Competition Appellate Tribunal (“COMPAT”) was disposed of by the COMPAT, which set aside the impugned order on technical grounds and has referred the matter back to the CCI for fresh adjudication based on the COMPAT’s directions. Based on legal advice received, management is confident of a favourable outcome in this matter and accordingly no adjustments are considered necessary in the financial statements.
- ix. During the current year, the Assistant Commissioner of Income-Tax (“ACIT”) has filed a complaint against the Company and its erstwhile Chairman and Managing Director in their individual capacity, over delayed payment of tax deducted at source in contravention of section 276B of the IT Act, 1961 for financial years 2013-14 and 2014-15. The matter is sub-judice as on date and based on professional advice, the management is confident of a favourable outcome in this matter in so far as it relates to the Company. Accordingly, no adjustments are considered necessary in the financial statements.
- c. Based on the legal advice obtained by the management, no provision is required to be made for the above contingent liabilities

**37 Dues to Micro, Small and Medium Enterprises**

Management has determined that there are no overdue amounts payable to Micro, Small and Medium Enterprises as defined under The Micro, Small and Medium Enterprises Development Act, 2006 based on information available with the Company as at March 31, 2016, and March 31, 2015. Further, the Company has not paid any interest to any Micro, Small and Medium Enterprises during the current year.

**38 Un-hedged foreign currency exposure**

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

Particulars	Currency	March 31, 2016		March 31, 2015	
		Amount in Foreign Currency	Amount in Indian Rupees	Amount in Foreign Currency	Amount in Indian Rupees
Advances	EUR	0.23	17.61	0.02	1.60
	GBP	0.05	4.63	0.08	7.80
	SGD	0.02	1.15	0.03	1.50
	USD	0.54	35.99	7.94	496.78
	AED	-	-	1.97	33.65
	CAD	0.03	1.60	0.03	1.60
	CNY	0.24	2.49	0.24	2.48
	SAR	-	-	-	-
	THB	5.24	9.96	2.53	4.90
	NPR	8.34	5.21	10.40	6.49
	LKR	-	-	-	-
	OMR	0.03	5.17	-	-

**Notes to the Financial Statements for the year ended March 31, 2016**
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

Particulars	Currency	March 31, 2016		March 31, 2015	
		Amount in Foreign Currency	Amount in Indian Rupees	Amount in Foreign Currency	Amount in Indian Rupees
Payables	EUR	0.16	11.70	0.11	7.26
	GBP	0.02	1.91	-	-
	USD	179.93	11,935.58	164.42	10,290.92
	AED	6.18	112.17	15.77	269.77
	CAD	0.00	0.05	-	-
	SAR	0.03	0.54	1.05	17.56
	LKR	10.79	4.91	3.87	1.87
	NPR	-	-	117.79	73.55
	OMR	0.10	17.40	0.06	9.22
	THB	-	-	3.54	6.83
External Commercial Borrowing	USD	169.75	11,259.89	214.57	13,429.92
Deposits made	USD	50.14	3,325.70	37.99	2,377.87
	AED	1.16	21.12	-	-
	NPR	1.12	0.70	-	-
	OMR	0.04	6.59	-	-
	THB	7.76	14.74	-	-
Bank Balances	USD	4.09	271.27	-	-

**39 Segment Information**

The Company considers business segments as its primary segment. The Company's operations predominantly relate to air transportation and, accordingly, this is the only primary reportable segment.

**Geographical segments**

Year ended March 31, 2016	India	Others	Total
<b>Revenue</b>			
Revenue from operations	47,739.41	3,141.31	50,880.72
<b>Other segment information</b>			
Segment assets	23,292.48	3,452.66	26,745.14
<b>Total assets</b>			
Capital expenditure			
Tangible fixed assets	16,010.87	-	16,010.87
Intangible fixed assets	10.10	-	10.10

**Notes to the Financial Statements for the year ended March 31, 2016**
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

Year ended March 31, 2015	India	Others	Total
<b>Revenue</b>			
Sales	49,778.59	2,652.06	52,430.65
<b>Other segment information</b>			
Segment assets	22,841.12	2,934.67	25,775.79
<b>Total assets</b>			
Capital expenditure			
Tangible fixed assets	17,114.28	-	17,114.38
Intangible fixed assets	23.87	-	23.87

**40 Imported and indigenous stores and spare parts consumed**

Particulars	March 31, 2016		March 31, 2015	
	Rs.	%	Rs.	%
Indigenous	176.32	22%	96.84	13%
Imported	609.11	78%	624.41	87%
	<b>785.43</b>	<b>100%</b>	<b>721.25</b>	<b>100%</b>

**41 Value of imports calculated on CIF basis**

Particulars	March 31, 2016	March 31, 2015
Capital goods	200.06	48.22
Stores and spares	609.11	616.55
Aviation turbine fuel	1,182.57	1,403.91
	<b>1,991.74</b>	<b>2,068.68</b>

**42 Expenditure in Foreign Currency (Accrual Basis)**

Particulars	March 31, 2016	March 31, 2015
Lease charges ( including supplement rent)	11,210.38	11,984.08
Aircraft repairs and maintenance	3,746.60	2,407.53
Aircraft redelivery costs	268.52	2,951.27
Interest expense*	350.52	352.60
Other expenses	2,169.38	1,508.89
	<b>17,745.40</b>	<b>19,204.37</b>

\* includes Rs. 9.25 million (previous year Rs. 19.97 million) of amortization of ancillary costs associated with borrowing.

**43 Earnings in Foreign Currency (Accrual Basis)**

Particulars	March 31, 2016	March 31, 2015
Passenger revenue	2,876.91	2,125.44
Cargo revenue	31.69	29.18
Incentives received	232.71	312.17
Income from wet lease of aircraft	-	185.27
	<b>3,141.31</b>	<b>2,652.06</b>

## Notes to the Financial Statements for the year ended March 31, 2016

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

### 44 Status of advance money received against securities proposed to be issued

The Company had during the previous financial year and in the current financial year, received amounts aggregating Rs. 5,790.89 million (including amounts of Rs. 1,785.92 million disclosed as short term borrowings in the previous year, which have been appropriately disclosed as advances received against securities to be issued in the current year) in relation to (a) 189,091,378 share warrants of Rs.10 each approved by shareholders and (b) 3,750,000 CRPS approved by the Board of Directors, for issuance to the Erstwhile Promoters. Under the terms of relevant approvals, and the agreements inter-se the Company and the Erstwhile Promoters, these amounts will be adjusted against amounts payable upon allotment of the said securities. While the Company is awaiting approval of regulatory bodies / shareholders (as the case may be) the time limit for completion of the Company's obligations under applicable rules and regulations has expired as of date, attracting the consequent provisions (including penal provisions) of applicable rules and also the deeming provisions relating to acceptance of deposits. The management is in the process of taking steps to cure these defects, and is of the view that any consequential effects, including penal consequences, will not have a material impact on the financial statements of the Company. Accordingly, no adjustments have been made for any consequential penal effects in this regard.

### 45 Dissolution of the Audit Committee

Two independent directors of the Company resigned effective September 21, 2015, pursuant to which the Company's Audit Committee was dissolved due to inadequacy of constituents. Subsequent to this, another independent director who was appointed on May 21, 2015, resigned effective November 17, 2015. After receipt of requisite approvals, the Company has appointed a new independent director to its Board on December 1, 2015 to fill-up one of the above vacancies. However as on date, the Audit Committee continues to remain dissolved as detailed above due to inadequacy of independent directors. The Company has initiated steps for appointing additional independent directors and is awaiting security clearances for identified candidates for independent directors from the Ministry of Civil Aviation, Government of India ("MoCA") as required under the Civil Aviation Requirements. As a result, the Company is in non-compliance with the requirements of the Companies Act, 2013 as well as SEBI (Listing Obligations and Disclosure Requirements) with regard to constitution of an audit committee and related requirements including the review of these financial statements by the audit committee as per applicable requirements. Based on legal advice obtained by the Company, the Board of Directors of the Company has approved the financial statements at their meeting held on May 19, 2016, and no material adjustments or consequences are expected in relation to this matter, affecting these financial statements.

### 46 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/E300004

**per Aniruddh Sankaran**

Partner

Membership No: 211107

Place: Gurgaon

Date: May 19, 2016

#### For and on behalf of the Board of Directors

**Ajay Singh**  
Chairman &  
Managing Director

Place: Gurgaon  
Date: May 19, 2016

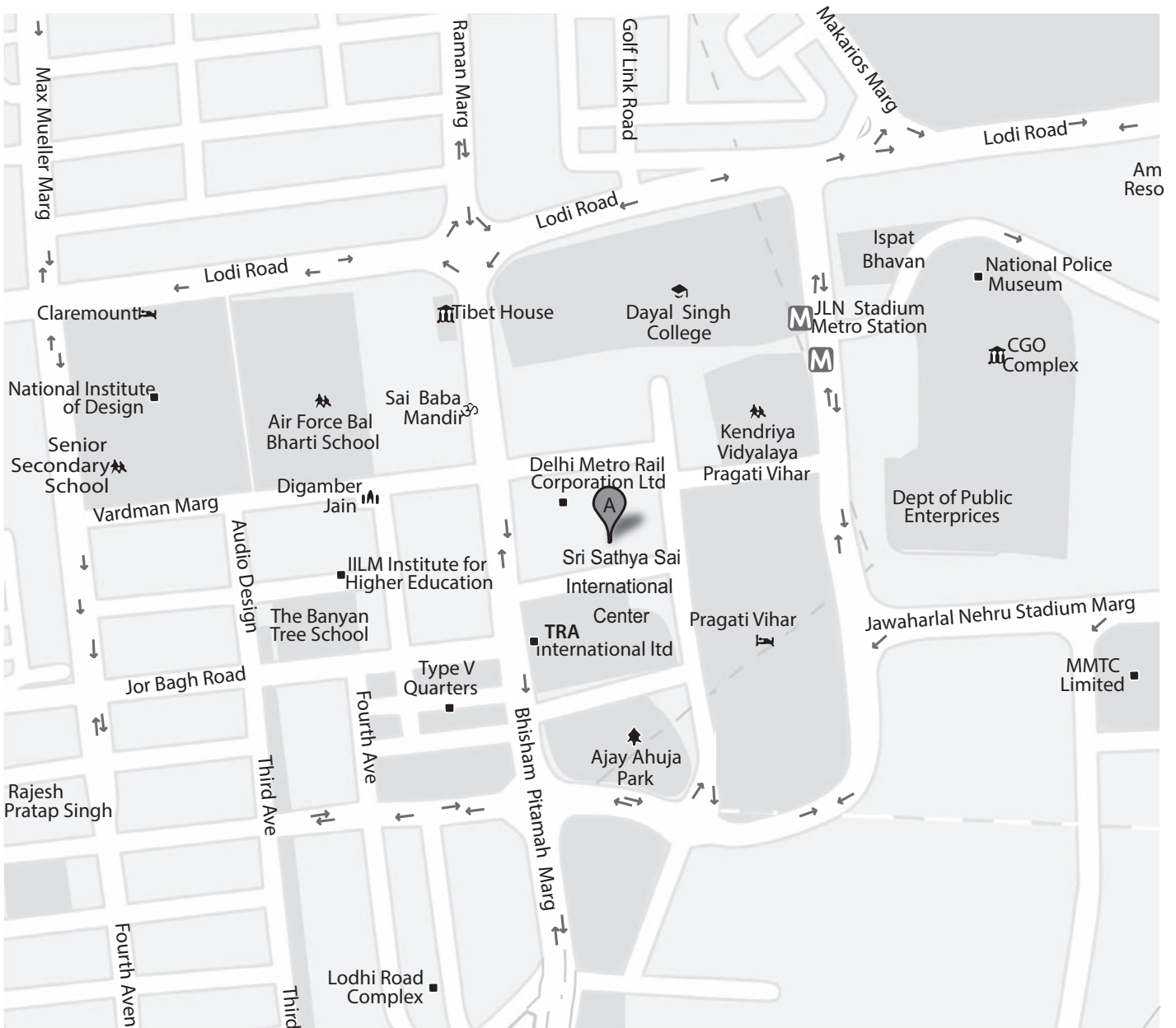
**Kiran Koteswar**  
Chief Financial  
Officer

Place: Gurgaon  
Date: May 19, 2016

**Chandan Sand**  
Company Secretary

Place: Gurgaon  
Date: May 19, 2016

## Route map to the venue of the 32<sup>nd</sup> Annual General Meeting of SpiceJet Limited



Sri Sathya Sai International Centre,

Pragati Vihar, Lodhi, Road, New Delhi- 110003

SpiceJet Limited

CIN: L51909DL1984PLC288239

**Regd. Office:** Indira Gandhi International Airport, Terminal 1D, New Delhi – 110037

Website: [www.spicejet.com](http://www.spicejet.com); email: [investors@spicejet.com](mailto:investors@spicejet.com); T: +91 124 3913939; F: +91 124 3913844



# SpiceJet Limited

CIN: L51909DL1984PLC288239

**Regd. Office:** Indira Gandhi International Airport, Terminal 1D, New Delhi – 110 037

Website: www.spicejet.com; email: investors@spicejet.com; T: +91 124 3913939; F: +91 124 3913844

## PROXY FORM

**32<sup>nd</sup> Annual General Meeting – December 26, 2016**

Form No. MGT-11

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Company: **SpiceJet Limited**

Registered Office: **Indira Gandhi International Airport, Terminal 1D, New Delhi – 110 037**

Name of the Member(s): .....

Registered address: .....

E-mail Id: .....

Folio No./DP & Client ID No.: .....

I/We, being the Member(s) of ..... shares of the above named company, hereby appoint:

Name: ..... E-mail: .....

Address: .....

Signature: ..... or failing him/her .....

Name: ..... E-mail: .....

Address: .....

Signature: ..... or failing him/her .....

Name: ..... E-mail: .....

Address: .....

Signature: .....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 32<sup>nd</sup> Annual General Meeting of the Company, to be held on Monday, the 26<sup>th</sup> day of December, 2016 at 10.00 a.m. at Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi- 110 003 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Description	Vote (Optional see Note 2) (Mention no. of shares)		
		For	Against	Abstain
Ordinary Business	1. Adoption of audited Annual Accounts and Reports of the Auditors and Directors			
	2. Appointment of Mr. Ajay Singh, who retires by rotation and being eligible, offers himself for re-appointment.			
Special Business	3. Re-appointment of Statutory Auditors			
	4. Appointment of Mr. Anurag Bhargava as an Independent Director			
	5. Appointment of Dr. Harsha Vardhana Singh as an Independent Director			
	6. Remuneration to Mr. Ajay Singh, Managing Director			

Signed this..... day of....., 2016.

Signature of Member .....

Signature of Proxy holder(s) .....

Affix revenue stamp of not less than Re.1

### Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. It is optional to indicate your preference. If you leave 'for', 'against' or 'abstain' column blank against any or all of the resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.

# SpiceJet Limited

CIN: L51909DL1984PLC288239

**Regd. Office:** Indira Gandhi International Airport, Terminal 1D, New Delhi – 110 037

Website: www.spicejet.com; email: investors@spicejet.com; T: +91 124 3913939; F: +91 124 3913844

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## ATTENDANCE SLIP

### 32<sup>nd</sup> Annual General Meeting – December 26, 2016

I, hereby, record my presence at the 32<sup>nd</sup> Annual General Meeting of SpiceJet Limited held on Monday, the 26<sup>th</sup> day of December, 2016 at 10:00 a.m. at Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi- 110003

.....	.....	.....
Member's Folio/ DP ID- Cleint ID	Name of Member/ Proxy (in BLOCK letters)	Signature of Member/ Proxy

*Note: Please complete the Folio/ DP ID-Client ID No. and name, sign this Attendance Slip and handover at the Attendance Verification Counter at the ENTRANCE OF THE MEETING HALL.*

# SPICEXPRESS

## THE DOOR-TO-DOOR CARGO SERVICE

SpiceXpress, the B2B cargo service from India's favourite airline, SpiceJet, is committed to on-time delivery. This unique service with its innovative products like specialized door-to-door cargo delivery, dedicated supply chain management team, real-time cargo tracking, priority and hour based delivery options is designed to meet the requirements of every business.



Doorstep pick up and delivery • Real time cargo tracking • 44 aircraft and 40 serviceable airports

14,000 tonnes monthly cargo capacity • Dedicated supply chain management team

### P R O D U C T S



#### DOOR TO DOOR

Doorstep pick-up and delivery.  
Minimum package weight  
should be 25 kg\*



#### PBD

Priority Based Delivery  
system ensures timely  
delivery of shipment.



#### HBD

Hour Based Delivery  
assures delivery of shipment  
within 12 hours.



#### PSS

Personalized Services  
for your fragile or  
special need cargo.

## EXCLUSIVELY FOR BUSINESSES/CORPORATES

(Minimum package weight should be 25 kg\*)

\*T&C apply.

For more information:



If undelivered, please return to:

**SPICEJET LIMITED**

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