



**SpiceJet Limited**

319 Udyog Vihar, Phase-IV,  
Gurgaon 122016, Haryana, India.  
Tel: + 91 124 3913939  
Fax: + 91 124 3913844

November 27, 2017

Department of Corporate Services,  
BSE Limited,  
Phiroz Jeejeebhoy Towers,  
Dalal Street,  
Mumbai- 400 001

**Reference: Scrip Code: 500285 and Scrip ID: SPICEJET**

**Subject: Annual Report of SpiceJet Limited for the financial year ended March 31, 2017**

Dear Sir,

Pursuant to Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith Annual Report of SpiceJet Limited for the financial year ended March 31, 2017.

This is for information and record.

Thanking you,

Yours truly,  
For SpiceJet Limited

Chandan Sand  
VP (Legal) & Company Secretary

Encl.: As above

Aspire.  
Achieve.  
Ascend.



### Forward looking statement

Certain statements in this Report concerning our future growth prospects are forward-looking statements, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, fluctuations in foreign exchange rates, our ability to manage growth, intense competition in aviation sector including those factors which may affect our cost advantage, wage fluctuations, our ability to attract and retain highly skilled professionals, time and cost overruns on various parameters, our ability to manage international operations, reduced demand for air travel, liability for damages, withdrawal or expiration of governmental fiscal incentives, political instability, legal restrictions on raising capital or general economic conditions affecting our industry. The words "anticipate", "believe", "estimate", "expect", "intend" and similar expressions, as they relate to us, are intended to identify certain of such forward looking statements. The Company may, from time to time, make additional written and oral forward-looking statements, including statements contained in our reports to shareholders. The Company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the Company unless it is required by law.

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Find this report online at  
[www.spicejet.com](http://www.spicejet.com)

Back after near shutdown. Restoring confidence. Organisational restructuring. Rising crude prices. Stiff competition. Legacy issues.

**We were determined to transform.**

**By making customer-centricity our core objective and building strategies around it. Consolidating our strengths and improving products and services. Enhancing operational efficiency and leveraging our people spirit.**

Backed by the management's vision and determination of our team, today we have emerged as a completely rejuvenated airline brand.

From dwindling reputation to India's most preferred airline. From running on losses to clearing-off existing debts, generating excess cash flows, and regaining customer and consumer confidence. From inability to control costs to lowest-in-the-industry cost model. From unpredictable operations to industry defining operational parameters and customer satisfaction levels. From lacklustre stock performance to highest in the airline industry returns in the world. From investors shying away to investors bullish on us.

All this, in a matter of just two years.

**SPICEJET IS A STORY OF MIRACULOUS TURNAROUND**

**88%**

CAGR in EBITDAR during FY 2014-15 to FY 2016-17

**#1**

in on-time performance during FY 2016-17

**90%+**

load factor for 30 successive months

**13%**

CAGR in the number of passengers during FY 2014-15 to FY 2016-17 against a capacity growth of 7%

And this is just the beginning. Our initiatives towards enhancing customer-centricity, building relations with all stakeholders, strengthening internal competencies, expanding operations, and building a scalable and sustainable business model will enable SpiceJet to reach new heights. We are focussed on...

**Aspiring. Achieving. Ascending.**

# WE ARE REDDER, HOTTER AND SPICIER. WE ARE SPICEJET.

SpiceJet flying 50,200 passengers through its 380 flights across 52 destinations (45 domestic and 7 international) on a daily basis is one of India's most preferred low-cost airline.\*

Delivering highest standards in customer value at affordable fares, it facilitates in fulfilling flying dreams of millions thereby stimulating and sustaining passenger growth.

Recording nine consecutive quarters of profits, industry leading load factor of over 90% for 24 consecutive months and averaged the best on-time performance for FY 2016-17.

## THE SPICEJET PROMISE

### The promise to fly everyone

Operates efficiently to offer lowest fares facilitating more people to fly.

### The promise of performance

Each SpiceJet staff from aircraft crew to ground staff is focussed on performance.

### The promise of safety

SpiceJet invests heavily in safety, impeccable maintenance and high level of expertise.

### The power behind the promise to fly

Strong management team who have expertise in managing low-cost aviation, being pioneers of the field.

## OPERATIONS AT A GLANCE

### Business areas

#### Primary

Passenger air travel

#### Ancillary

Preferred Seating, Spice Max, Insurance, Meals, Spice Vacations, Lounge, Visa, Cab, Cargo, Onboard Merchandise

## TWO-PRONGED FLEET STRATEGY

### Mainline - Boeing fleet

This is the primary fleet that operates in key destinations, predominantly among tier I and II cities having high aviation demand and high frequency passenger traffic.

### Regional connectivity - Bombardier fleet

This fleet is for connecting regional routes among tier II and tier III cities.

 12

Years of operations

 49

Fleet size

 6,902

Employees

 13.2%

Market share

 ₹60,964mn

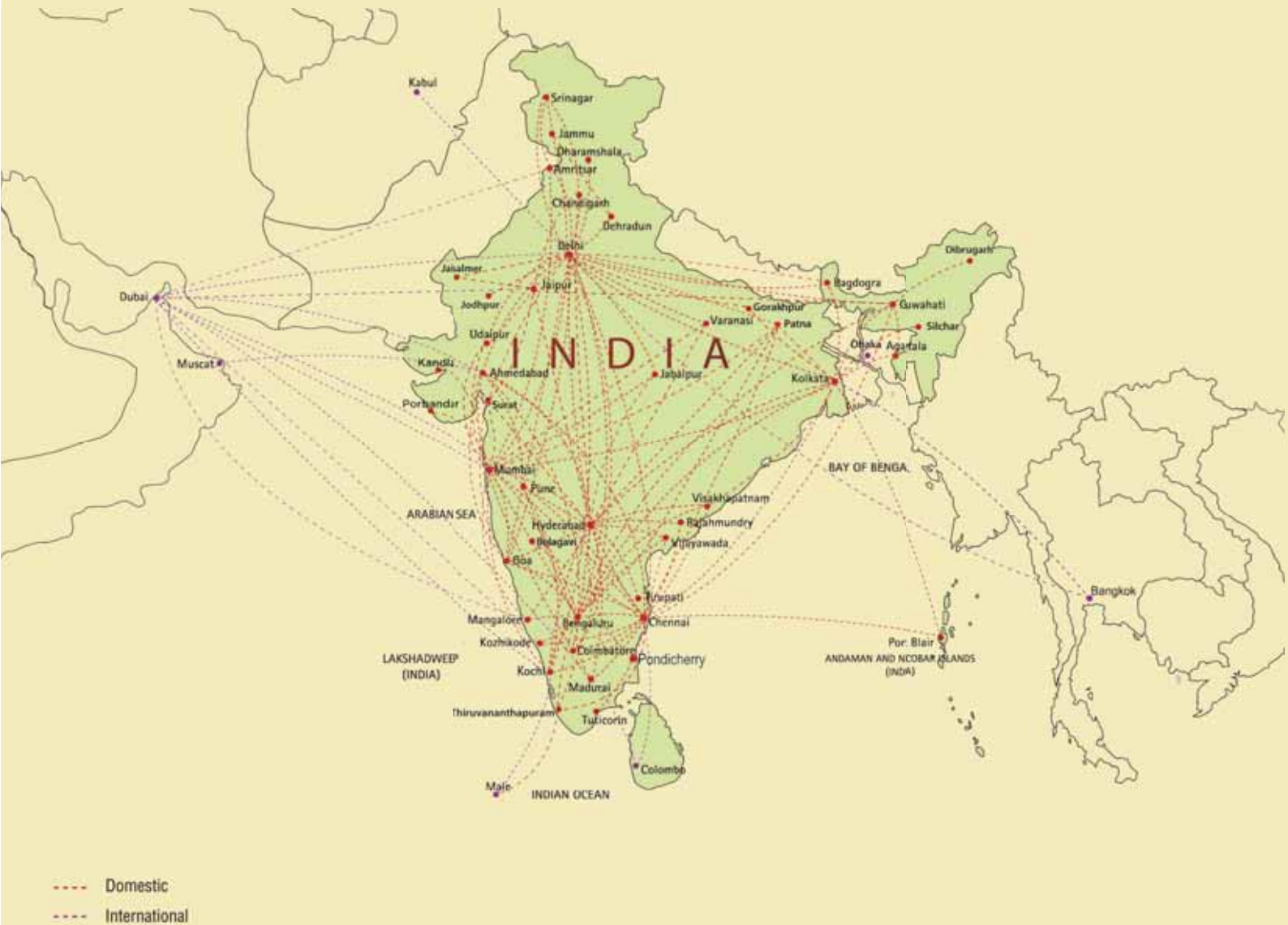
Market capitalisation

\*All data pertains to October 30, 2017

All data above pertains to March 31, 2017



# ROUTE MAP



## Flight destinations

### Domestic

- Agartala • Ahmedabad • Amritsar • Bagdogra • Belgaum • Bengaluru • Calicut • Chandigarh • Chennai • Coimbatore • Dehradun • Delhi • Dharamshala • Dibrugarh • Goa • Gorakhpur • Guwahati • Hyderabad • Jabalpur • Jaipur • Jaisalmer • Jammu • Jodhpur • Kandla • Kochi • Kolkata • Madurai • Mangalore • Mumbai • Patna • Pondicherry • Porbandar • Port Blair • Pune • Rajahmundry • Silchar • Srinagar • Surat • Tirupati • Trivandrum • Tuticorin • Udaipur • Varanasi • Vijayawada • Visakhapatnam

### International

- Bangkok • Colombo • Dakha • Dubai • Kabul • Male • Muscat

### India connects with SpiceJet

Flight schedules are subject to regulatory approvals and change. Map not to scale, graphic representation only. Content as on October 30, 2017.

# FY 2016-17: A YEAR OF CONSOLIDATION AND SUSTAINED PERFORMANCE

“SpiceJet shares are the best performers on a Bloomberg Intelligence index of airline stocks this year. The stock is up 124 percent in 2017 and has gained more than 800 percent since the company’s near-demise in December 2014,” - Bloomberg



## #1

In on-time performance with average of 81% during FY 2016-17

## 2<sup>nd</sup>

Successive year of profitability

## 9<sup>th</sup>

Consecutive profitable quarter

## 24

New routes added in FY 2016-17

## 21%

Increase in daily flights

## 90%+

Record load factor for 24 consecutive months

## 24%

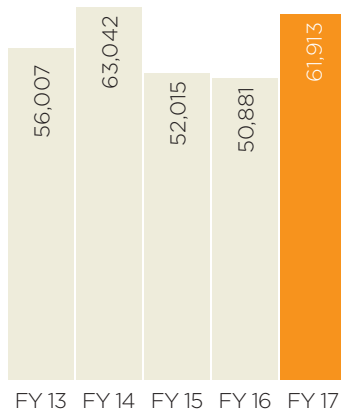
Growth in domestic passengers, higher than industry growth of 22%

## 35%

Growth in international passengers, higher than industry growth of 12%

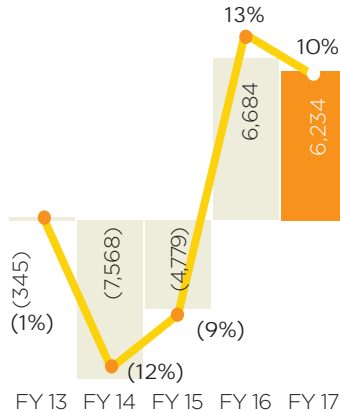
### Revenue from operations

(₹ million)



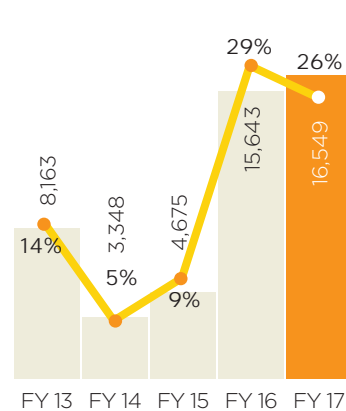
### EBITDA & EBITDA margin

(₹ million)



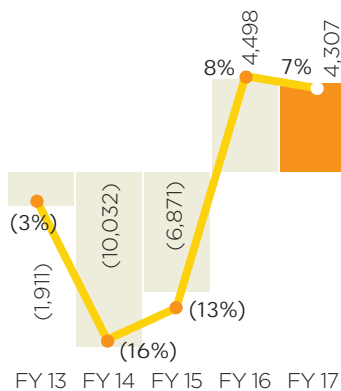
### EBITDAR & EBITDAR margin

(₹ million)



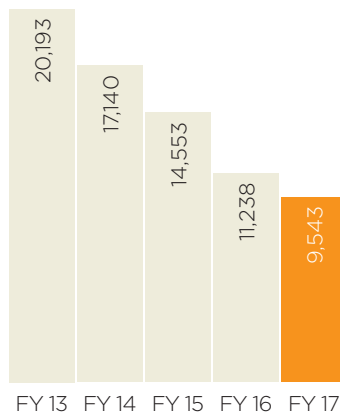
### EAT & EAT margin

(₹ million)



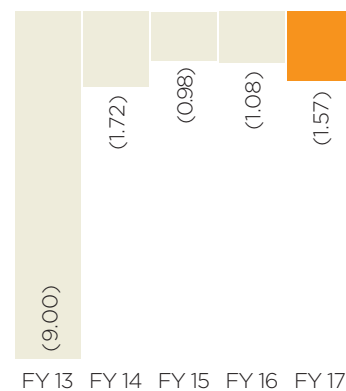
### Net debt

(₹ million)



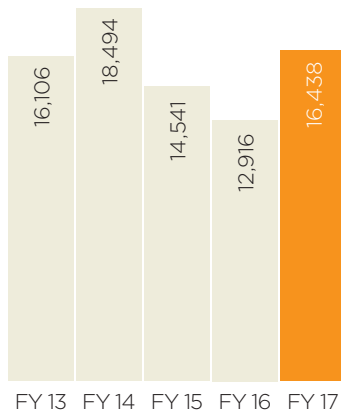
### Debt:equity

(₹ million)



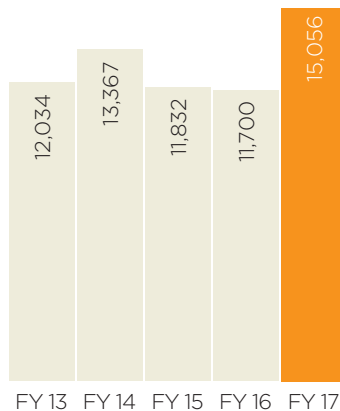
### Available Seat Kilometre

(million)



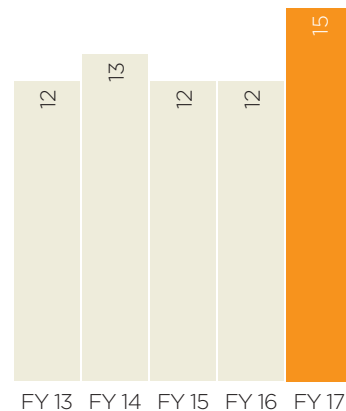
### Revenue Passenger Kilometre

(million)



### Passengers

(million)







## CHAIRMAN'S MESSAGE

SpiceJet's remarkable turnaround story has become a global bestseller that has made the aviation world sit up and take notice. The airline was on the verge of shutting down in December 2014, having cancelled hundreds of flights, when the new management took over. To understand the importance of an airline turnaround, one need not look too far – there had been none so far in India and globally too, airline turnarounds are few and far between.

The pride and satisfaction of helping turnaround my airline and the fortunes of those who are connected with it is something that cannot be described in words. And what an impressive turnaround it has been! Reams of newsprint have been dedicated the world over to what many have described as the most "spectacular" airline turnaround in recent times.

In such a short span, SpiceJet has emerged as the second-most valued Indian airline and its stock has emerged as world's best-performing aviation stock. "SpiceJet shares are the best performers on a Bloomberg Intelligence index of airline stocks this year. The stock is up 124 percent in 2017 and has gained more than 800 percent since the company's near-demise in December 2014," Bloomberg said in a report.

FY 2016-17 marks 12 years of our existence and 2 years under the new management and control. As we successfully turned around operations, we have focused on consolidating operations, strengthening competencies and improving financials. During the past two years, we have been profitable, repaid significant debts and reduced our accumulated losses from ₹ 26,317 million to ₹ 22,031 million.

SpiceJet is one of the most efficient airlines operating in the fastest growing aviation market in the world having excelled on all operational parameters. From starting at an imminent closure in year 2014, we have now had ten successive profitable quarters.

For the last 30 months in a row, we have had load factors in excess of 90% – a feat unparalleled in global aviation history. This is combined with the fact that we were the most punctual airline having the best on-time performance of 87% across the industry in FY 2016-17 and had amongst the least cancellations in the industry.

SpiceJet has been a firm believer and supporter of Prime Minister Narendra Modi's nationalistic vision of strengthening Regional Connectivity under the UDAN (*Ude Desh Ka Aam Naagrik*) scheme.

Today, SpiceJet operates India's largest regional fleet and is the only organized operator in this space. We have worked hard over the years to put smaller towns like Kandla, Porbandar, Dibrugarh on the country's aviation map and will strive do the same in the times to come.

With the objective of further enhancing connectivity to smaller towns and cities, SpiceJet placed an order for up to 50 Bombardier Q400 turboprop airliners valued at USD 1.7 billion, making it the largest single order ever for the Q400 turboprop aircraft program.

In our quest to revolutionise the country's regional connectivity, we are exploring exciting last-mile connectivity options for amphibious plane operations to provide air connectivity to the remotest parts of the country. This is a first-of-its-kind initiative by an Indian carrier.

Amphibious planes have the ability to take off and land from places that do not have landing strips and where no runway exist thus reaching areas where there is no other mode of transport available. These smaller fixed wing aircraft can land on water bodies, gravel and grass.

Demo flights of the aircraft have been held in Nagpur and Guwahati and we head to Varanasi next for seaplane trials.

With the ability to land in a small or confined space, amphibious aircraft are the perfect flying machines

that can effectively connect the country's remote cities and airstrips which can in turn revolutionise the regional connectivity scheme.

To ensure that our long term growth strategy remains on track, SpiceJet has also placed an order for up to 205 Boeing 737MAX and wide bodied aircraft – the biggest single order placed by an Indian airline in Boeing's history valued at over USD 22 billion. The new planes start to join the fleet in the middle of 2018. These Aircraft provide us significant advantages on operating cost, specifically fuel and maintenance, in addition to opening up new markets.

Our Boeing order found a rare mention by US President Donald Trump during Prime Minister Narendra Modi's visit to the US earlier this year. President Trump thanked SpiceJet for the aircraft order that would help create tens of thousands of jobs in the US.

We have continuously improved upon our yields and our fares and this is what we will do going forward. At SpiceJet, our objective is very clear. We want to be the most profitable airline in the country. We want to be the best airline in terms of on-time performance and we want to have the least cancellations. This is critical for us. We want to continuously delight our customers and make them happier and make their journey easier and smoother.

### PERFORMANCE FY 2016-17

FY 2016-17 has been a phenomenal year for SpiceJet. Total revenues during the year increased 20% to ₹ 62,714 million compared to ₹ 52,190 million in FY 2015-16. Earnings before interest, taxes, depreciation, amortization, and restructuring or rent costs (EBITDAR) for the year witnessed a nearly flat growth of 5.79% to ₹ 16,549 million. Profit after Tax (PAT) declined by 4.25% to ₹ 4,307 million against ₹ 4,498 million in 2015-16. As a result of slowdown in absolute profitability, the EBITDAR and PAT margins for the year declined to 26% and 7% respectively compared to 29% and 8% respectively in FY 2016-17. However, considering the headwinds faced by the Company in the form of steep rise in fuel prices and short-term effect of demonetisation, we believe the performance of the Company has been reasonably good.

In addition to this, we increased capacities by 27% (in terms of 'Available Seat Kilometer'). The new routes added under the UDAN scheme come with a three-year exclusivity period and provides a strategic advantage and a strong foothold in these markets. We also witnessed a growth in demand by 24% and passenger revenue by 22%. I believe all these indicate that we are moving in the right direction and with concentrated efforts we can sustain profitable operation and thereby gain disproportionate share in this high growth environment.

Besides expanding our primary aviation business, we are also focused on growing our ancillary businesses. This shall not only generate additional revenues, it shall also facilitate us in enhancing our brand by offering value based services to our customers. Recently, we have also ventured into the world of fashion with SpiceStyle.

SpiceStyle promises to provide customers with the same brand experience as the parent airline enabling them to travel in comfort and style. In this new exciting journey, we shall be partnering with leading e-commerce marketplaces to distribute our exclusive range of products, which would also be available on retail outlets and can also be ordered on-board our flights as well as on SpiceStyle.com

Apart from this, we are also working in the areas of reducing costs through undertaking significant automation, manpower optimisation for maximizing utilisation and increasing productivity, hedging and importing fuel, better negotiation of service and maintenance contracts, optimising route and dynamic fleet to address seasonal fluctuations.

## **MESSAGE TO THE SHAREHOLDERS**

SpiceJet's success has been possible only because of the faith reposed by each and every one of you who firmly stood by the Company during the various ups and downs.

Success brings with it even more responsibility – towards the company and all stakeholders and I would like to assure you that each and every one of us at SpiceJet will continue to work with the same passion to create one of the world's most reputed airline brands.

I would like to thank all our stakeholders for their continued support in us despite going through tough times. This support has reinforced our confidence and we now prepare to fly to newer heights. I hereby would also like to acknowledge the patience shown by the customers over the years and believing in our services.

Finally, I think all this would not have been possible without the commitment of our employees who stayed with us and helped us tide through challenging times. Their continuous efforts towards improving customer services and delivering consistent on-time performance have enabled us to become India's most preferred airline. Our employees truly deserve the credit of SpiceJet's transformation and the Board is truly grateful to each of them.

We welcome every one on-board SpiceJet.

Sincerely,

**Ajay Singh**

Chairman and Managing Director  
October 30, 2017

## AWARDS AND RECOGNITION

1

'Best Historic Turnaround' award 2016 at the 9th ASSOCHAM International Conference & Awards

2

SpiceJet was conferred with the CAPA Chairman's Order of Merit for fastest turnaround in FY 2016

3

Voted as 'Best Transportation' brand and 'Best Airline' brand 2016 in India by Brand Trust Report

4

'Most Outstanding Global Aviation Turnaround' award at Illrd Travel & Hospitality Awards organized by Travel and Hospitality (TnH) Magazine on April 14, 2017 at The Imperial, New Delhi

5

'Rising like a Phoenix' PR campaign rated amongst the 40 best PR campaigns in the world in 2016 at the Global SABRE Awards

6

'Best Employee Engagement' 2016 at the 4th DMA-Thomas Associates National Award

7

'Best Check-in Initiative' award 2016 by Future Travel Experience global awards for introduction of Bluetooth Low Energy (BLE) beacons and Near Field Communication (NFC) technology

8

SpiceJet CMD Mr. Ajay Singh received the 'DDP Game Changer' award 2016 at the North India Travel Award

9

SpiceJet CMD Mr. Ajay Singh received the 'World Travel Leaders' award 2016 at the World Travel Market Awards in London

10

SpiceJet received 'Asia's Greatest Brands -2016' award at the Asia One Awards and SpiceJet CMD Ajay Singh and CFO Kiran Koteswar were honoured with 'Global Asian of the year' and 'Asia's Greatest CFO 2016' awards respectively

# STRATEGIES FOR SUSTAINING THE MOMENTUM





## MAXIMISING AND OPTIMISING REVENUES

To enhance market presence and build strong brand

- ★ Strengthen presence in profitable and key sectors
- ★ Expand international operations
- ★ Maximise asset utilisation with better planning and dynamic fleet planning to address seasonal variation and demand profile
- ★ Leverage Q400 fleet to develop regional markets
- ★ Expanding fleet to meet growth demand
- ★ Leverage technology for route optimisation focussed on reducing unproductive flight time

## ATTAINING INDUSTRY LOWEST COST OF OPERATIONS

To maximise profitability and pass on benefits to customers

- ★ Ensure efficient utilisation of fuel through stringent planning and monitoring
- ★ Resort to fuel imports and hedging in case of significant domestic and international fuel price fluctuation
- ★ Undertake effective renegotiation of unfavourable contracts
- ★ Effective utilisation of resources to manage expanding operations and enhance productivity
- ★ Developing dedicated cross-functional task-force
- ★ Maximise in-house operations

## DEVELOPING NEW SOURCES OF REVENUES

To diversify sources of revenue and offer customers holistic offerings

- ★ Enhance value-based offerings to the customers to maximise ancillary revenues
- ★ Integrate travel-related services like hotels, vacations and car hire among others
- ★ Focus on developing cargo and merchandise businesses

## CONSOLIDATING OPERATIONS AND STRENGTHENING FINANCIALS

To enhance reliability and change brand perception

- ★ Continuously invest in automation and new technologies to achieve highest level of operational efficiency, maintain fleet reliability and deliver superior customer experience
- ★ Develop succession planning through trained professionals from own academy
- ★ Ensure continuous skill upgradation and motivation of employee motivation
- ★ Focus on reducing debt and building strong financials to outlast industry/seasonal shocks
- ★ Encourage employee to contribute effectively through an environment of creative freedom and equality at workplace

# 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

## ACCOUNTABLE MANAGER

**Mr. G P Gupta,**

Chief Administrative Officer & Accountable Manager

## KEY MANAGERIAL PERSONNEL

**Mr. Kiran Koteswar,**

Chief Financial Officer

**Mr. Chandan Sand,**

VP (Legal) & Company Secretary

## REGISTERED OFFICE

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

## 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

## BANKERS

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

## STATUTORY AUDITORS

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

## 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 33<sup>rd</sup> Annual General Meeting of the members of SpiceJet Limited (the **“Company”**) will be held on Monday, the 27<sup>th</sup> day of November, 2017 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, 2017, including the audited Balance Sheet as at March 31, 2017, 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 Mrs. Shiwani Singh (DIN: 05229788), who retires by rotation and being eligible, offers herself for re-appointment.
3. To ratify the appointment of Statutory Auditors of the Company and to pass the following resolution as an ordinary resolution:

“Resolved that pursuant to Section 139, 142 and other applicable provisions of the Companies Act, 2013 and Rules made thereunder and pursuant to the resolution passed by the members of the Company at its Annual General Meeting held on December 26, 2016, the appointment of M/s S.R. Batliboi & Associates LLP, Chartered Accountants (ICAI Firm Registration No: 101049W/E300004) as the Statutory Auditors of the Company to hold office till the conclusion of 36<sup>th</sup> Annual General Meeting be and is hereby ratified and that the Board of Directors be and is hereby authorised to fix the remuneration payable to them for the financial year ending March 31, 2018, as may be determined by the Audit Committee in consultation of the auditors.”

### SPECIAL BUSINESS:

4. **Approval of SpiceJet Employee Stock Option Scheme - 2017 and grant of stock options to the employees 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 the provisions of Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and the enabling provisions of the Articles of Association of the Company read with the SEBI (Share Based Employee Benefits) Regulations, 2014 (the **“SEBI SBEB Regulations”**) and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed by the Board of Directors of the Company (hereinafter referred to as the **“Board”** which term shall be deemed to include any Committee, including the Nomination and Remuneration Committee which the Board has constituted to exercise its powers, including the powers, conferred by this resolution), approval and consent of the members of the Company be and is hereby accorded respectively to the ‘SpiceJet Employee Stock Option Scheme - 2017’ (hereinafter referred to as **“SpiceJet ESOS - 2017”** or the **“Scheme”**) and to the Board to create, offer, grant and allot from time to time upto 10,000,000 (Ten million) Employee Stock Options (**“Option(s)”**) to the permanent employees including directors of the Company [other than promoter(s) or persons belonging to the promoter group of the Company, independent directors and directors holding directly or indirectly more than ten per cent of the outstanding equity shares of the Company], whether whole time or otherwise, whether working in India or out of India (hereinafter referred to as an **“Employee(s)”**), as may be decided solely by the Board under the Scheme, exercisable into not more than 10,000,000 (Ten million) fully paid-up equity shares in the Company of the face value of ₹ 10 (Rupees Ten) each at such price or prices, in one or more tranches and on such terms and conditions, as may be determined by the Board in accordance with the provisions of the Scheme, SEBI SBEB Regulations and in due compliance with other applicable laws and regulations.

Resolved further that the number of Options that may be granted to any Employee, during any one year under the Scheme shall not be equal to or exceeding one percent of the issued equity share capital (excluding outstanding warrants and conversions, if any) of the Company at the time of granting of such Option.

Resolved further that the Board for this purpose be and is hereby further authorised to issue and allot equity shares upon exercise of the Options from time to time in accordance with the Scheme and such equity shares shall rank *pari-passu* in all respects with the then existing equity shares of the Company.

Resolved further that in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division of the Company and others, the Board is authorised to do all such acts, deeds, matters and things as it may deem fit in its absolute discretion and as permitted under applicable laws, so as to ensure that fair and equitable benefits under the Scheme are passed on to the Employees.

Resolved further that in case the equity shares of the Company are either sub-divided or consolidated, then the number of equity shares to be allotted and the exercise price payable by the Option grantees under the Scheme shall automatically stand reduced or augmented, as the case may be, in the same proportion as the present face value of ₹ 10 per equity share shall bear to the revised face value of the equity shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said allottees.

Resolved further that the Board be and is hereby also authorised at any time to modify, change, vary, alter, amend, suspend or terminate SpiceJet ESOS - 2017 subject to the compliance with the applicable laws and regulations and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit, for such purpose and also to settle any issues, questions, difficulties or doubts that may arise in this regard without being required to seek any further consent or approval of the members of the Company and further to execute all such documents, writings and to give such directions and/or instructions as may be necessary or expedient to

give effect to such modification, change, variation, alteration, amendment, suspension or termination of SpiceJet ESOS - 2017 and do all other things incidental and ancillary thereof.

Resolved further that the Board be and is hereby authorized to take necessary steps for listing of the equity shares allotted under the Scheme on the stock exchanges as per the provisions of the listing agreements with the stock exchanges concerned, the guidelines and other applicable laws and regulations.

Resolved further that the Board be and is hereby further authorised to do all such acts, deeds and things, as it may in its absolute discretion, deem necessary including authorising or appointing merchant bankers, brokers, solicitors, registrars, advertisement agency, compliance officer, investors service centre and other advisors, consultants or representatives, being incidental to the effective implementation and administration of SpiceJet ESOS - 2017 as also to prefer applications to the appropriate authorities, parties and the institutions for their requisite approvals as also to initiate all necessary actions for the preparation and issue of public announcement and filing of public announcement, if required, with the SEBI/stock exchange(s), and all other documents required to be filed in the above connection and to settle all such questions or difficulties whatsoever which may arise and take all such steps and decisions in this regard.

Resolved further that the Board be and is hereby authorized to delegate all or any powers conferred herein to Nomination and Remuneration Committee or such other Committee, with power to further delegate to any Executives/Officers of the Company to do all such acts, deeds, matters and things as also to execute such documents, writings etc., as may be necessary in this regard."

**5. Grant of stock options to the employees of Subsidiary or Holding Company(ies) of the Company under SpiceJet Employee Stock Option Scheme - 2017**

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

“Resolved that pursuant to the provisions of Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and the enabling provisions of the Articles of Association of the Company read with the SEBI (Share Based Employee Benefits) Regulations, 2014 (the **“SEBI SBEB Regulations”**) and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed by the Board of Directors of the Company (hereinafter referred to as the **“Board”** which term shall be deemed to include any Committee, including the Nomination and Remuneration Committee which the Board has constituted to exercise its powers, including the powers, conferred by this resolution), approval and consent of the members of the Company be and is hereby accorded to the Board to create, offer, grant and allot from time to time upto 10,000,000 (Ten million) Employee Stock Options (**“Option(s)”**) within the overall ceiling 10,000,000 (Ten million) equity shares to the permanent employees including directors [other than promoter(s) or persons belonging to the promoter group of the Company, independent directors and directors holding directly or indirectly more than ten per cent of the outstanding equity shares of the Company], whether whole time or otherwise, whether working in India or out of India of any existing and future subsidiary or holding company(ies) of the Company whether in or outside India (hereinafter referred to as an **“Employee(s)”**), as may be decided solely by the Board under SpiceJet Employee Stock Option Scheme - 2017 (hereinafter referred to as **“SpiceJet ESOS - 2017”** or the **“Scheme”**), exercisable into not more than 10,000,000 (Ten million) fully paid-up equity shares in the Company of the face value of ₹ 10 (Rupees Ten) each at such price or prices, in one or more tranches and on such terms and conditions, as may be determined by the Board in accordance with the provisions of the Scheme, SEBI SBEB Regulations and in

due compliance with other applicable laws and regulations.

Resolved further that the number of Options that may be granted to any Employee, during any one year under the Scheme shall not be equal to or exceeding one percent of the issued equity share capital (excluding outstanding warrants and conversions, if any) of the Company at the time of granting of such Option.

Resolved further that the Board for this purpose be and is hereby further authorised to issue and allot equity shares upon exercise of the Options from time to time in accordance with the Scheme and such equity shares shall rank *pari-passu* in all respects with the then existing equity shares of the Company.

Resolved further that in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division of the Company and others, the Board is authorised to do all such acts, deeds, matters and things as it may deem fit in its absolute discretion and as permitted under applicable laws, so as to ensure that fair and equitable benefits under the Scheme are passed on to the Employees.

Resolved further that in case the equity shares of the Company are either sub-divided or consolidated, then the number of equity shares to be allotted and the exercise price payable by the Option grantees under the Scheme shall automatically stand reduced or augmented, as the case may be, in the same proportion as the present face value of ₹ 10 per equity share shall bear to the revised face value of the equity shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said allottees.

Resolved further that the Board be and is hereby also authorised at any time to modify, change, vary, alter, amend, suspend or terminate SpiceJet ESOS - 2017 subject to the compliance with the applicable laws and regulations and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit, for such purpose



and also to settle any issues, questions, difficulties or doubts that may arise in this regard without being required to seek any further consent or approval of the members of the Company and further to execute all such documents, writings and to give such directions and/or instructions as may be necessary or expedient to give effect to such modification, change, variation, alteration, amendment, suspension or termination of SpiceJet ESOS - 2017 and do all other things incidental and ancillary thereof.

Resolved further that the Board be and is hereby authorized to take necessary steps for listing of the equity shares allotted under the Scheme on the Stock Exchanges as per the provisions of the listing agreements with the stock exchanges concerned, the Guidelines and other applicable laws and regulations.

Resolved further that the Board be and is hereby further authorised to do all such acts, deeds and things, as it may in its absolute discretion, deem necessary including authorising or appointing merchant bankers, brokers, solicitors, registrars, advertisement agency, compliance officer, investors service centre and other advisors, consultants or representatives, being incidental to the effective implementation and administration of SpiceJet ESOS - 2017 as also to prefer applications to the appropriate authorities, parties and the institutions for their requisite approvals as also to initiate all necessary actions for the preparation and issue of public announcement and filing of public announcement, if required, with the SEBI/Stock Exchange(s), and all other documents required to be filed in the above connection and to settle all such questions or difficulties whatsoever which may arise and take all such steps and decisions in this regard.

Resolved further that the Board be and is hereby authorized to delegate all or any powers conferred herein to Nomination and Remuneration Committee or such other Committee, with power to further delegate to any Executives/Officers of the Company to do all such acts, deeds, matters and things as also

to execute such documents, writings etc., as may be necessary in this regard".

By order of the Board of Directors

Gurgaon  
October 30, 2017

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 November 21, 2017 to November 27, 2017 (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 2016-17 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 the website of the Company at [www.spicejet.com](http://www.spicejet.com) in 'Investor' 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 2016-17, without any cost, upon sending a request to the Company Secretary at registered office of the Company or by writing an email at [investors@spicejet.com](mailto:investors@spicejet.com) and mentioning their Registered Folio Number or Demat account number and Depository Participant (DP) ID number.
  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 a part of the 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 a 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 Gupta (CP No. 1999), Practicing 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 November 20, 2017, 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 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 November 29, 2017. 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 i.e. 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 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 and 5**

Equity based compensation is considered to be an integral part of employee compensation across sectors which enables alignment of personal goals of the employees with organisational objectives. Your Company believes that equity based Compensation schemes are an effective tool to reward the employees (including directors) of the Company and its subsidiary or holding companies, in the growth of the Company and also to attract new talents, to retain the key resources in the organisation and for the benefit of the present and future employees of the Company and its subsidiary or holding companies.

With this objective in mind, your Company intends to implement SpiceJet Employee Stock Option Scheme - 2017 ("**SpiceJet ESOS - 2017**" or "**Scheme**") for the aforesaid employees. The Company seeks members' approval in respect of SpiceJet ESOS - 2017 and grant of Stock Options to the eligible employees of the Company as decided in this behalf from time to time in due compliance of the Regulation 6 of the Securities and Exchange Board of India (Share Based

Employee Benefits) Regulations, 2014 ("**SEBI SBEB Regulations**").

The main features of the SpiceJet ESOS - 2017 are as under:

#### **1. Brief description of the Scheme**

SpiceJet ESOS - 2017 not only bring ownership rewards but also encourages long term and committed involvement of the Employees in the management and future of the Company. The objective of the Scheme is to encourage ownership of the Company's equity by its Employees on an ongoing basis. The Scheme is intended to reward the Employees for their contribution towards successful operation of the Company and also to incentivise for their future long term contributions. It is envisaged that the Scheme will enable the Company to attract, retain and award the talent by making them partners in business and its growth.

The Scheme seeks to grant to the Employees, options convertible into equal number of equity shares of ₹ 10 each of the Company. It further empowers the Board of Directors (or such Committee including the Nomination and Remuneration Committee or such officers of the Company to whom the Board may delegate these powers) to amend, vary or modify the terms and conditions pertaining to the grant of options, pricing of options, issue or allotment of equity shares pursuant to the options, to make adjustments as may be required and to the extent permissible in law for dividends, bonus and other rights that may accrue in respect of the options granted.

#### **2. Total number of options to be granted**

The total number of Options to be granted under the Scheme shall not exceed 10,000,000 number of Options convertible into equivalent number of equity shares of ₹ 10 each.

#### **3. Classes of Employees entitled to participate in the scheme(s)**

The following classes of the Employees are entitled to participate:

- i) Permanent employee of the Company working in India or outside India;

- ii) Director of the Company, whether a whole time director or not; or
- iii) Permanent employee or director of a subsidiary, in India or outside India, or of a holding company of the Company.

Following persons are not eligible:

- (a) Employee who is a promoter or person belonging to the promoter group;
- (b) Director who either by himself or through his relatives or through anybody corporate, directly or indirectly holds more than ten per cent of the outstanding equity shares of the Company; and
- (c) Independent director within the meaning of the Companies Act, 2013 and Regulation 16(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### 4. Requirements of vesting and period of vesting

The vesting period for options granted under the Scheme shall be minimum one (1) year from the date of grant. The Nomination and Remuneration Committee may however vary the vesting period subject to a minimum period of one (1) year from the date of grant.

#### 5. Maximum period within which the options shall be vested

The maximum period for vesting of the options shall not exceed 5 (Five) years from the date of grant.

#### 6. Exercise price or pricing formula

₹ 10 (Rupees Ten) per share.

#### 7. Exercise period and process of exercise

The vested Options shall be exercisable by the Employees by a written application to the Company expressing his/ her desire to exercise such Options in such manner and on such format as may be prescribed by the Nomination and Remuneration Committee from time to time. The

Options shall lapse if not exercised within the specified exercise period.

The exercise period shall commence from the date of vesting and expire no later than 5 (Five) years from the last vesting date, except in the case of discontinuation of the services of an Employee or breach of employment (as specific to each employee), which has been elaborated in the SpiceJet ESOS - 2017. The Nomination and Remuneration Committee may grant an extension upon a specific request made by the Employee concerned to this effect.

#### 8. Appraisal process for determining the eligibility of Employees for the scheme(s)

The appraisal process for determining the eligibility of the Employees will be decided by the Nomination and Remuneration Committee from time to time.

#### 9. Maximum number of options to be issued per Employee and in aggregate

The Scheme provides discretion to the Board and the Nomination and Remuneration Committee to determine the total number of Options that may be granted to the Employees in any financial year.

Number of Options granted to any Employee, during any one year under the Scheme shall not be equal to or exceeding one percent of the issued equity share capital (excluding outstanding warrants and conversions, if any) of the Company at the time of grant of Option.

#### 10. Maximum quantum of benefits to be provided per Employee under the Scheme

The Maximum quantum of benefits underlying the Options issued to an eligible employee shall be equal to difference between the option Exercise Price and the Market Price of the shares on the exercise date.

#### 11. Whether the Scheme is to be implemented and administered directly by the Company or through a trust

The Scheme is to be implemented and administered directly by the Company without forming or involving any trust.

**12. Whether the Scheme involves new issue of shares by the Company or secondary acquisition by the trust or both**

The Scheme involves issue of new shares against exercise of options. There is no involvement of trust and therefore there will not be any secondary acquisition.

**13. The amount of loan to be provided for implementation of the Scheme by the Company to the trust, its tenure, utilization, repayment terms, etc.**

The Scheme is to be implemented and administered directly by the Company without forming or involving any trust. Therefore, provision of any loan to a trust under the Scheme does not arise.

**14. Maximum percentage of secondary acquisition that can be made by the trust for the purposes of the Scheme(s)**

The Scheme is to be implemented and administered directly by the Company without forming or involving any trust. Therefore, the Scheme does not envisage any secondary acquisition.

**15. Statement for conformation to the accounting policies specified in Regulation 15 of SEBI SBEB Regulations**

The Company shall follow the requirements of the 'Guidance Note on Accounting for Employee share-based Payments' (Guidance Note) or Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India

(ICAI) from time to time, including the disclosure requirements prescribed therein.

**16. Method which the Company shall use to value its options**

To calculate the Employee compensation cost, the Company shall use the intrinsic value method for valuation of the options granted. The difference between the Employee compensation cost so computed and the Employee compensation cost that shall have been recognised if it had used the fair value, shall be disclosed in the Directors' Report and the impact of this difference on the profits and on the earnings per share of the Company shall also be disclosed in the Directors' Report.

Consent of the members is being sought by way of a special resolution pursuant to Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 and as per Regulation 6 of the SEBI SBEB Regulations.

A draft copy of the the Scheme is available 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.

Your Directors recommend the resolution for your approval.

None of the director and key managerial personnel of the Company including their relatives are, in anyway, concerned or interested in the said resolution, except to the extent of their shareholding.



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

<b>Name</b>	<b>Mrs. Shiwani Singh</b>
DIN	05229788
Date of Birth	November 21, 1971
Date of first Appointment on the Board of SpiceJet Limited	May 21, 2015
Qualification	Graduate
Brief resume and experience	Mrs. Singh is competent businesswoman who takes care of her family's real estate and fashion accessories business. She brings rich and successful experience in general business management and also provides benefit of gender diversity to the Board of Directors.
Directorship in other companies	<ul style="list-style-type: none"> <li>• Argentum Defence Systems Pvt. Ltd.</li> <li>• Argentum Electric Vehicles Pvt. Ltd.</li> <li>• Green Volt Technologies Pvt. Ltd.</li> <li>• Greenstar Mobility Pvt. Ltd.</li> <li>• I2N Technologies Pvt. Ltd.</li> <li>• Argentum Engineering Design Pvt. Ltd.</li> <li>• Multipurpose Trading and Agencies Ltd</li> <li>• Greenline Communication Pvt. Ltd.</li> <li>• Greenline Transit System Pvt. Ltd.</li> <li>• Star Bus Services Pvt. Ltd.</li> <li>• Pan India Motors Pvt. Ltd.</li> <li>• SpiceJet Merchandise Pvt. Ltd.</li> <li>• SpiceJet Technic Pvt. Ltd.</li> </ul>
Chairperson/Member of the Committee of the Board of Directors of SpiceJet Limited	<ul style="list-style-type: none"> <li>• Audit Committee - Member</li> <li>• Nomination and Remuneration Committee - Member</li> <li>• Stakeholders Relationship Committee - Member</li> <li>• Corporate Social Responsibility Committee - Member</li> </ul>
Chairperson/Member of the Committee of other companies in which she is a Director	Multipurpose Trading & Agencies Limited: <ul style="list-style-type: none"> <li>• Audit Committee - Member</li> <li>• Nomination and Remuneration Committee - Member</li> <li>• Stakeholders Relationship Committee - Chairperson</li> </ul>
Shareholding in the company (equity shares of ₹ 10 each)	Nil
No. of Board meetings attended during the year 2016-17	3 (Three)
Relationship with directors and Key Managerial Personnel	Mrs. Shiwani Singh is relative (wife) of Mr. Ajay Singh
Remuneration to be paid	Nil
Remuneration last drawn	Nil

# BOARD'S REPORT

Dear Members,

Your Directors have pleasure in presenting the 33<sup>rd</sup> Annual Report together with the Audited Financial Statements of your Company for the year ended March 31, 2017.

## 1. FINANCIAL RESULTS AND STATE OF AFFAIRS

(Amount in ₹ million)

Particulars	Standalone		Consolidated	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
<b>TOTAL REVENUE</b>	<b>62,714.00</b>	<b>52,190.07</b>	<b>62,714.96</b>	<b>52,190.07</b>
<b>Expenses</b>				
Operating Expenses	44,325.14	35,941.02	44,325.13	35,941.02
Cost of inventory consumed	-	-	0.26	-
Employee Benefit Expenses	6,735.39	4,924.51	6,738.22	4,924.51
Selling Expenses	2,092.90	1,637.06	2,097.80	1,637.06
Other Expenses	3,326.42	3,003.19	3,347.31	3,003.18
<b>Earnings before interest, tax, depreciation and amortization</b>	<b>6,234.15</b>	<b>6,684.30</b>	<b>6,206.24</b>	<b>6,684.30</b>
Depreciation and amortisation expense	1,986.05	1,798.07	1,986.14	1,798.07
Interest income on bank deposits	324.04	211.21	316.96	211.21
Finance Cost	650.40	1,236.50	650.40	1,236.50
<b>Profit/ (Loss) before taxation and extraordinary items</b>	<b>3,921.74</b>	<b>3,860.94</b>	<b>3,886.66</b>	<b>3,860.94</b>
Tax Expenses	-	-	-	-
Extraordinary items	385.54	636.94	385.54	636.94
Profit/ (Loss) after taxation	4,307.28	4,497.88	4,272.20	4,497.88
<b>Profit/ (Loss) brought Forward</b>	<b>(26,317.57)</b>	<b>(30,809.98)</b>	<b>(26,317.57)</b>	<b>(30,809.98)</b>
Depreciation expense adjusted against reserves	-	-	-	-
Profit/ (Loss) for the year	4,307.28	4,497.88	4,272.20	4,497.88
Other comprehensive income	(21.22)	(5.47)	(21.22)	(5.47)
<b>Amount transferred to Balance Sheet</b>	<b>(22,031.51)</b>	<b>(26,317.57)</b>	<b>(22,066.59)</b>	<b>(26,317.57)</b>

## 2. AFFAIRS OF THE COMPANY AND MATERIAL DEVELOPMENT

This was Company's second year of operation under the new management and post change of control of the Company. During this year, the Company successfully discharged all its legacy obligations to its business partners, implemented cost savings measures by restructuring contracts and its business processes. SpiceJet has placed an order for up to 205 Boeing 737MAX narrow and wide bodied aircraft valued at over USD 22 billion. This order signifies the strategic direction in which the

Company is now committed upon and is the biggest order ever placed by any Indian airline with Boeing in its history. This historic order marks the beginning of new growth story, which will see the airline expand its wings - both domestically and internationally.

Further, in order to strengthen its regional connectivity, the Company has placed order for upto 50 Bombardier Q400 aircraft post completion of financial year 2016-17.

The Company has been awarded 6 proposals and 11 routes under the first phase of the Regional

Connectivity Scheme (RCS) of Government of India which aimed at making air travel affordable and widespread, enabling inclusive job growth and infrastructure development of all regions and states of India. Out of the 6 proposals awarded to the Company, 4 will cater to unserved markets of Adampur, Kandla, Puducherry and Jaisalmer whereas 2 will be for underserved markets of Porbandar and Kanpur. Currently the Company is the largest and most organized regional player in the country with a fleet of 20 Bombardier Q400 aircraft, which can seat 78 passengers.

The performance of the Company during this financial year was exceptionally well on all operational parameters. The Company achieved the best on-time performance of all airlines in India for the current financial year as well. The Company's rate of cancellation of flights was one of the lowest in the industry. Its load factor of over 90% for continuous period of 24 months in a row is one of the best globally. As a result of various operational, commercial and financial measures implemented over the last two years, the Company has significantly improved its liquidity position, and generated operating cash flows during that period. The Company has also earned profit after tax of ₹ 4,307.28 million for the year ended March 31, 2017.

The Company completed its twelve year of operation on May 23, 2017 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 49 aircraft with which it operated approximately 316 flights per day covering 39 domestic and 7 international destinations.

The Company had in earlier financial years, received amounts aggregating ₹ 5,790.9 million from its erstwhile promoters as advance money towards proposed allotment of certain securities (189,091,378 share warrants and 3,750,000 non-convertible cumulative redeemable preference shares, issuable based on approvals obtained), to be adjusted at the time those securities were to be issued. Pursuant to the legal proceedings in this regard before the Hon'ble High Court of Delhi ("**Court**") between the erstwhile promoters, the present promoter and the Company, the Court, in

its order dated July 29, 2016, without expressing anything on the merits of the dispute, ordered the Company to deposit the amount of ₹ 5,790 million as security with the Court, in five equal monthly instalments, and directed the parties to take necessary steps for the purpose of constitution of an arbitral tribunal.

The Company preferred an appeal against the aforesaid order which was dismissed by Hon'ble Division Bench of the Court ("**Division Bench**") on July 3, 2017. However, the Division Bench modified the order of Hon'ble Single Judge by ordering the Company to secure an amount of ₹ 3,290 million through a bank guarantee in favour of the Registrar General of the Delhi High Court ("**Registrar**"), on or before July 31, 2017, and to deposit the balance amount of ₹ 2,500 million with the Registrar on or before August 31, 2017. The Company preferred a Special Leave Petition against the order of the Division Bench before the Hon'ble Supreme Court of India ("**Supreme Court**"). The Supreme Court dismissed the Company's Special Leave Petition while observing that it assailed an interlocutory order. However, the Supreme Court modified the period within which the bank guarantee and deposit were to be made to the Registrar by two weeks' respectively from the original deadlines as mentioned above.

The Company has provided guarantee of ₹ 3,290 million and deposited ₹ 2,500 million respectively with the Registrar on August 14, 2017 and September 14, 2017 and accordingly have complied with the above said orders. Based on their assessment and legal advice obtained, the Company is of the view that any possible consequential effects, including penal consequences and any compounding thereof, does not have a material impact on the financial results of the Company.

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, Mrs. Shiwani Singh is liable

to retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible, has offered herself for re-appointment.

- b) During the financial year ended March 31, 2017, Mr. Anurag Bhargava and Dr. Harsha Vardhana Singh was appointed as Independent Director on the Board of the Company with effect from September 7, 2016.
- c) The Company has received necessary declaration from each Independent Director under Section 149(7) of the Companies Act, 2013, that they meet the criteria of independence laid down 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. All Related Party Transactions have been placed before the Audit Committee and Board for their approval.

No Material Related Party Transactions, i.e. transactions exceeding ten percent of the annual consolidated turnover of the Company as per the last audited financial statements, were entered during this financial year by the Company. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC-2 is not applicable.

#### **5. SUBSIDIARIES**

During the financial year under review the Company has incorporated two wholly owned subsidiaries namely (a) "SpiceJet Merchandise Private Limited" in July 2016 which is engaged in the business of consumer merchandise and goods that includes electronic items, readymade apparels, accessories etc. through various channels viz., in flight sale, online platform, airport shops, retail outlets etc.; and (b) "SpiceJet Technic Private Limited" in October 2016 which is engaged in engineering related service including but not

limited to maintenance, repair and overhaul services of aircraft and its parts.

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

Due to early-stage nature of operations of above said wholly owned subsidiaries and insignificant transactions value from their date of incorporation till March 31, 2017, the said subsidiaries are yet to establish internal financial controls over financial reporting on criteria based on or 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. However, the management has ensured that necessary oversight and controls are established in place to ensure preparation of financial statements in compliance with the applicable accounting principles generally accepted in India. The Statutory Auditors have considered this disclaimer in respect of the subsidiaries and have provided an unmodified opinion on the consolidated financial statements for year ended March 31, 2017 in their report dated June 3, 2017.

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

#### **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 except:

- a) Investment of ₹ 0.10 million each in equity shares of wholly owned subsidiaries of the Company namely SpiceJet Merchandise Private Limited and SpiceJet Technic Private Limited; and
- b) Investment of ₹ 0.23 million in class B-Shares of Aeronautical Radio of Thailand Limited to become member airline for availing advantageous rate on air navigation charges in Thailand.

The Company has also provided loan of ₹ 190.33 million to SpiceJet Merchandise Private Limited, wholly owned subsidiary of the Company.

## 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 this Report.

## 8. NUMBER OF MEETINGS OF THE BOARD

The Board met five (5) times during the financial year ended March 31, 2017, the details of which are given in the Corporate Governance Report that forms part of this Report. The intervening gap between any two meetings was within the period prescribed under the Companies Act, 2013.

## 9. TRANSFER TO RESERVES

The Company has made no transfers to reserves during the financial year 2016-17.

## 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, 2017, 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 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 forms 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.

#### 14. DIVIDEND

The Board of Directors have not recommended any dividend for the financial year 2016-17. The Dividend Distribution Policy of the Company, as approved by the Board of Directors of the Company, is available on the website of the Company at [www.spicejet.com](http://www.spicejet.com) in 'Investor' section.

#### 15. PARTICULARS OF EMPLOYEES

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

The Company had 6,902 employees as on March 31, 2017 (previous year 5,284).

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

The Company had an Employee Stock Option Scheme 2007 (the "**Scheme**") that provided for grant 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) under the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

No grants were made under the Scheme and no outstanding options were exercised during the financial year ended March 31, 2017. The Scheme expired on September 11, 2016 which was the last date for exercise of options vested to the employees. For further disclosure and information regarding the Scheme, we draw your reference to note 39 to the financial statements of the Company for financial year ended March 31, 2017.

#### 17. STATUTORY AUDITORS

- a) The Statutory Auditors of the Company, M/s S.R. Batliboi & Associates LLP, Chartered Accountants, was appointed by members of the Company at its Annual General Meeting held on December 26, 2016 to hold office till the conclusion of 36<sup>th</sup> Annual General Meeting of the Company. The consent of members of the Company is required to ratify the appointment of M/s S.R. Batliboi & Associates LLP, Chartered Accountants as Statutory Auditors.
- 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, 2017.

#### 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 Board of Directors of the Company appointed Mr. Mahesh Kumar Gupta, Practising Company Secretary to undertake the Secretarial Audit of the Company for financial year ended on March 31, 2017. The Report of the Secretarial Auditor is annexed as "Annexure - C" to this 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) Para 1 and 2 of the observation: The Civil Aviation Requirements mandates that any Director to be appointed on the Board a schedule airline 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 Ministry of Civil Aviation, Government of India (“MoCA”), affected the composition of the Board of Directors of the Company, and all 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.

(ii) Para 5 of the observation: In view of the uncertainties involved in the matter, management believes that the manner, timing and other related aspects of adjustment of these amounts, are currently not determinable. Based on their assessment and legal advice obtained, management is of the view that any possible consequential effects, including penal consequences and any compounding thereof, will not have a material impact on the financial statements of the Company.

## 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. The Committee comprises of Mr. Ajay Singh, Mrs. Shiwani Singh and Mr. Harsha Vardhana Singh.

The Company is not mandatorily required to contribute towards CSR activities. Nevertheless, we believe that a meaningful existence can only come from being a corporate with high values. 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, we undertook several initiatives during the year underlying our commitment of helping out in every way we could. Few of such activities are as follows:

- a) In July 2016, Assam received 60 percent more rainfall than it received in July 2015, flooding the state. This affected 1.8 million people. Faced with a crisis at this level, the Company, in association with Anybody Can Help and Assam CM Sarbananda Sonowal’s office, helped with relief efforts. The Company donated 1,500 packets of food supplies in Majuli Islands. In addition to this the Company ferried and distributed to Jorhat nearly 800 kilos of rice and dal (donated by Anybody Can Help); 103 cartons of milk (donated by Nestlé) and 42 cartons of medicines, donated by NGO The Sara - Jammu.
- b) The Company has provided financial assistance to NGO SAPNA for its social activities namely (i) “Anandam - A home for Sick and Destitute” and (ii) “SAPNA Shikshalaya - A school for underprivileged Girls”. The Company also donated to the Centre for Development of Economic (Delhi School of Economic) for winter school program and other capacity building activities.
- c) The Company offered a special treat to around 50 underprivileged children in association with the Rotary Club of Chandigarh by operating a special flight from Chandigarh on March 20, 2017 under its special initiative namely #GivingWingstoDreams. This special initiative programmed a one hour flight for kids aged between 12 to 14 years who have never flown before thereby giving them a lifetime opportunity.

## 20. CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

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

**Technology absorption:** The Company has used information technology comprehensively in its

operations, for more details please refer to Section 9 (Information Technology) of Management Discussion and Analysis.

## 21. GREEN INITIATIVES

As in the previous year, this year too, electronic copies of the Annual Report 2016-17 are sent to all members of the Company whose email address are registered with the Company/Depository Participant(s). For members who have not registered their email address, physical copies are sent in the permitted mode.

To support this 'Green Initiative' and to receive all communications of the Company on email, members are requested to register their email addresses with M/s. Karvy Computershare Private Limited (Registrar and Share Transfer Agent), if shares are held in physical mode or with their depository participants, if the holding is in electronic mode.

## 22. BUSINESS RESPONSIBILITY REPORT

Business Responsibility Report for financial year ended March 31, 2017 as per Regulation 34 (2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 dealing with the various initiatives taken by your Company on the environmental, social and governance front forms an integral part of this Report and annexed as "Annexure - D".

## 23. 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 2016-17, five complaints were received and disposed of under the Sexual Harassment of Women at the workplace (Prevention, Prohibition & Redressal) Act, 2013.

## 24. FOREIGN EXCHANGE EARNINGS AND OUTGO

The details of Foreign Exchange earnings and outgo for the financial year ended March 31, 2017 are set out below:

Particulars	Amount (₹ in millions)
Foreign Exchange Earnings	4,970.42
Foreign Exchange Outgo*	20,009.93

\*Represent expenses only.

## 25. 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.

## 26. ACKNOWLEDGEMENT

We thank our customers, vendors, investors, bankers, the Directorate General of Civil Aviation, the Government of India, particularly the Ministry of Civil Aviation and State Governments for their continued support during the year. We place on record our appreciation for the contribution made by our employees at all levels. Our consistent growth was made possible by their hard work, solidarity, cooperation and support.

We thank the governments of various countries where we have our operations and other government agencies for their support, and look forward to their continued support in the future.

For and on behalf of the Board

Gurgaon  
October 30, 2017

Sd/-  
Ajay Singh  
Chairman & Managing Director

**ANNEXURE- A**
**Form No. AOC - 1**

*(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)*

*(Amount in ₹ million except % of shareholding)*

<b>Name of the subsidiary</b>	<b>SpiceJet Merchandise Private Limited</b>	<b>SpiceJet Technic Private Limited</b>
<b>Date of Incorporation</b>	July 18, 2016	October 5, 2016
<b>Reporting period</b>	March 31, 2017	March 31, 2017
<b>Reporting Currency</b>	INR	INR
<b>Share Capital</b>	0.10	0.10
<b>Reserve and surplus</b>	(35.24)	(0.02)
<b>Total assets</b>	182.51	0.076
<b>Total liabilities</b>	217.65	0.076
<b>Investments</b>	0	0
<b>Turnover</b>	1.57	0
<b>Profit before taxation</b>	(35.24)	(0.02)
<b>Provision for taxation</b>	0	0
<b>Profit after taxation</b>	(35.24)	(0.02)
<b>Proposed Dividend</b>	-	-
<b>Percentage of shareholding</b>	100	100

## Form No. MGT-9

EXTRACT OF ANNUAL RETURN  
as on the financial year ended on March 31, 2017  
[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 - 110037 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 AND ASSOCIATE COMPANIES

S. No.	Name and address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	SpiceJet Merchandise Private Limited <sup>1</sup>	U52520DL2016PTC303136	Subsidiary	100%	Section 2(87)
2.	SpiceJet Technic Private Limited <sup>2</sup>	U74999DL2016PTC306819	Subsidiary	100%	Section 2(87)

<sup>1</sup>Effective July 18, 2016

<sup>2</sup>Effective October 5, 2016

#### 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, 2016)			No. of shares held at the end of the year (As on March 31, 2017)			% Change during the year		
		Demat	Physical	Total % of total shares	Demat	Physical	Total % of total shares			
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(A)	Promoters									
(1)	Indian									
	(a) Individual/HUF	361,560,624	-	361,560,624	60.32	361,173,124	-	361,173,124	60.25	(0.07)
	(b) Central Government	-	-	-	-	-	-	-	-	-
	(c) State Government(s)	-	-	-	-	-	-	-	-	-
	(d) Bodies Corporate	-	-	-	-	-	-	-	-	-
	(e) Banks/Financial Institutions	-	-	-	-	-	-	-	-	-
	(f) Any Other	-	-	-	-	-	-	-	-	-
	<b>Sub-total (A) (1)</b>	<b>361,560,624</b>	<b>-</b>	<b>361,560,624</b>	<b>60.32</b>	<b>361,173,124</b>	<b>-</b>	<b>361,173,124</b>	<b>60.25</b>	<b>(0.07)</b>
(2)	Foreign									
	(a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
	(b) Other - Individuals	-	-	-	-	-	-	-	-	-
	(c) Bodies Corporate	-	-	-	-	-	-	-	-	-
	(d) Banks / Financial Institutions	-	-	-	-	-	-	-	-	-
	(e) Any Other	-	-	-	-	-	-	-	-	-
	<b>Sub-total (A) (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total (A) = (A)(1) + (A)(2)</b>	<b>Promoter</b>	<b>361,560,624</b>	<b>-</b>	<b>361,560,624</b>	<b>60.32</b>	<b>361,173,124</b>	<b>-</b>	<b>361,173,124</b>	<b>60.25</b>	<b>(0.07)</b>
(B)	Public Shareholding									
(1)	Institutions									
	(a) Mutual Funds	25,000	37,000	62,000	0.01	21,768,152	37,000	21,805,152	3.64	3.63
	(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	18,068,054	109,000	18,177,054	3.03	26,412,328	109,000	26,521,328	4.42	1.39
	(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
	(i) Others (specify)	-	-	-	-	-	-	-	-	-
	<b>Sub-total (B)(1)</b>	<b>18,093,254</b>	<b>146,000</b>	<b>18,239,254</b>	<b>3.04</b>	<b>48,180,480</b>	<b>146,000</b>	<b>48,326,480</b>	<b>8.06</b>	<b>5.02</b>



Category Code	No. of shares held at the beginning of the year (As on March 31, 2016)				No. of shares held at the end of the year (As on March 31, 2017)				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(I)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(2) Non-Institutions									
(a) Bodies Corporate	28,530,079	6,283,772	34,813,851	5.81	24,298,097	6,283,772	30,581,869	5.10	(0.71)
(b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	78,289,052	2,360,846	80,649,898	13.45	65,820,363	2,333,364	68,153,727	11.37	(2.08)
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	894,76,530	76,900	89,553,430	14.94	77,171,962	76,900	77,248,862	12.89	(2.05)
(c) Others (specify)	-	-	-	-	-	-	-	-	-
i) Trusts	20,601	-	20,601	0.00	6,301	0	6,301	0.00	0.00
ii) Non-Resident Indians	12,477,745	510,700	12,988,445	2.17	9,122,580	507,500	9,630,080	1.61	(0.56)
iii) Non-Resident Indians-Repatriation	-	-	-	-	1,696,412	0	1,696,412	0.28	0.28
iv) Clearing Members	1,616,080	-	1,616,080	0.27	2,625,328	-	2,625,328	0.44	0.17
v) Directors	8000	-	8000	0.00	8,000	-	8,000	0.00	0.00
<b>Sub-total (B) (2)</b>	<b>210,418,087</b>	<b>9,232,218</b>	<b>219,650,305</b>	<b>36.64</b>	<b>180,749,043</b>	<b>9,201,536</b>	<b>189,950,579</b>	<b>31.69</b>	<b>(4.95)</b>
<b>Total Public Shareholding (B) = (B)(I)+(B)(2)</b>	<b>228,511,341</b>	<b>9,378,218</b>	<b>237,889,559</b>	<b>39.68</b>	<b>228,929,523</b>	<b>9,347,536</b>	<b>238,277,059</b>	<b>39.75</b>	<b>0.06</b>
<b>Total (A+B)</b>	<b>590,071,965</b>	<b>9,378,218</b>	<b>599,450,183</b>	<b>100.00</b>	<b>590,102,647</b>	<b>9,347,536</b>	<b>599,450,183</b>	<b>100.00</b>	<b>0.00</b>
(C) Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>590,071,965</b>	<b>9,378,218</b>	<b>599,450,183</b>	<b>100.00</b>	<b>590,102,647</b>	<b>9,347,536</b>	<b>599,450,183</b>	<b>100.00</b>	<b>0.00</b>

## ii) Shareholding of Promoters

S. No.	Shareholder's Name	Shareholding at the beginning of the year (As on March 31, 2016)			Shareholding at the end of the year (As on March 31, 2017)			% 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	20.13	354,443,450	59.13	20.13	0.00
2.	Kalpna Singh	4,155,336	0.69	-	3,767,836	0.63	-	(0.06)
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	-	-
Transactions (purchase/sale) from April 1, 2016 to March 31, 2017	-	-	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	4,155,336	0.69	-	-
Transactions (purchase/sale) from April 1, 2016 to March 31, 2017	(387,500)	(0.06)	3,767,836	0.63
At the end of the year	-	-	3,767,836	0.63
<b>Ajay Singh (HUF)</b>				
At the beginning of the year	2,961,838	0.49	-	-
Transactions (purchase/sale) from April 1, 2016 to March 31, 2017	-	-	2,961,838	0.49
At the end of the year	-	-	2,961,838	0.49

iv) Shareholding pattern of top ten Shareholders (other than Directors, Promoters and holders of GDRs and ADRs)<sup>3</sup>

S. No.	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>1.</b>	<b>National Westminster Bank PLC as Trustee of the Jupiter India Fund</b>				
	At the beginning of the year	3,202,386	0.53		
	Transactions (purchase/sale) from April 1, 2016 to March 31, 2017	5,549,033	0.93	8,751,419	1.46
	At the end of the year			8,751,419	1.46
<b>2.</b>	<b>Reliance Capital Trustee Company Limited A/c Reliance Growth Fund</b>				
	At the beginning of the year	0	0.00		
	Transactions (purchase/sale) from April 1, 2016 to March 31, 2017	6,155,382	1.03	6,155,382	1.03
	At the end of the year			6,155,382	1.03
<b>3.</b>	<b>ICICI Prudential Exports and other Services Fund</b>				
	At the beginning of the year	0	0.00		
	Transactions (purchase/sale) from April 1, 2016 to March 31, 2017	4,746,353	0.79	4,746,353	0.79
	At the end of the year			4,746,353	0.79
<b>4.</b>	<b>Dolly Khanna</b>				
	At the beginning of the year	3,971,448	0.66		
	Transactions (purchase/sale) from April 1, 2016 to March 31, 2017	(172,913)	(0.03)	3,798,535	0.63
	At the end of the year			3,798,535	0.63
<b>5.</b>	<b>L and T Mutual Fund Trustee Ltd-L and T India Value Fund</b>				
	At the beginning of the year	0	0.00		
	Transactions (purchase/sale) from April 1, 2016 to March 31, 2017	3,700,000	0.62	3,700,000	0.62
	At the end of the year			3,700,000	0.62
<b>6.</b>	<b>Ashish Kacholia</b>				
	At the beginning of the year	2,500,000	0.42		
	Transactions (purchase/sale) from April 1, 2016 to March 31, 2017	743,500	0.12	3,243,500	0.54
	At the end of the year			3,243,500	0.54

S. No.	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>7.</b>	<b>Birla Sun Life Trustee Company Private Limited A/c Birla Sun Life Advantage Fund</b>				
	At the beginning of the year	0	0.00		
	Transactions (purchase/sale) from April 1, 2016 to March 31, 2017	3,195,000	0.53	3,195,000	0.53
	At the end of the year			3,195,000	0.53
<b>8.</b>	<b>Paradise Credits P. Ltd.</b>				
	At the beginning of the year	3,164,900	0.53		
	Transactions (purchase/sale) from April 1, 2016 to March 31, 2017	-	-	3,164,900	0.53
	At the end of the year			3,164,900	0.53
<b>9.</b>	<b>Jupiter South Asia Investment Company Limited - South Asia Access Fund</b>				
	At the beginning of the year	1,428,369	0.24		
	Transactions (purchase/sale) from April 1, 2016 to March 31, 2017	1,390,065	0.23	2,818,434	0.47
	At the end of the year			2,818,434	0.47
<b>10.</b>	<b>Morgan Stanley Mauritius Company Limited</b>				
	At the beginning of the year	0	0.00		
	Transactions (purchase/sale) from April 1, 2016 to March 31, 2017	-	-	2,410,042	0.40
	At the end of the year			2,410,042	0.40

<sup>3</sup>Top ten Shareholders as on March 31, 2017.

#### 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>Mr. R. Sasiprabhu – Director</b>				
At the beginning of the year	8,000	0.00		
Transactions (purchase/sale) from April 1, 2016 to March 31, 2017	-	-	8,000	0.00
At the end of the year			8,000	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>Kiran Koteswar - CFO</b>				
At the beginning of the year	2,300	0.00		
Transactions (purchase/sale) from April 1, 2016 to March 31, 2017	-	-	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		
Transactions (purchase/sale) from April 1, 2016 to March 31, 2017	(7,926)	0.00	200	0.00
At the end of the year			200	0.00

No Director or Key Managerial Personnel other than mentioned hereinabove hold any shares in the Company during the financial year 2016-17.

## V. INDEBTEDNESS<sup>3</sup>:

(Amount in ₹ millions)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	11,246.58	1,000.00	50.00	12,296.58
ii) Interest due but not paid	-	10.60	-	10.60
iii) Interest accrued but not due	20.86	-	-	20.86
<b>Total (i+ii+iii)</b>	<b>11,267.44</b>	<b>1,010.60</b>	<b>50.00</b>	<b>12,328.04</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	-	1,472.45	-	1,472.45
Reduction	(2,214.48)	-	-	(2,214.48)
<b>Net Change</b>	<b>(2,214.48)</b>	<b>1,472.45</b>		<b>(742.03)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	9,032.10	2,472.45	50.00	11,554.55
ii) Interest due but not paid	-	11.83	-	11.83
iii) Interest accrued but not due	19.79	-	-	19.79
<b>Total (i+ii+iii)</b>	<b>9,051.89</b>	<b>2,484.29</b>	<b>50.00</b>	<b>11,586.17</b>

<sup>3</sup>Indebtedness of the Company including interest outstanding/accrued but not due for payment

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in ₹ millions)

S. No.	Particulars of Remuneration	Mr. Ajay Singh, Managing Director	Total Amount
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	60.00	60.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission		
	- as % of profit	-	-
	- others, specify...	-	-
	Others, please specify	-	-
	<b>Total</b>	<b>60.00</b>	<b>60.00</b>
	<b>Ceiling as per the Act</b>	As per Schedule V of the Companies Act, 2013	

### B. Remuneration to other directors:

(Amount in ₹ millions)

Particulars of Remuneration	Fee for attending Board/ Committee meetings <sup>4</sup>	Commission	Others, please specify	Total Amount
<b>Independent Directors</b>				
R. Sasiprabhu	0.04	-	-	0.04
Anurag Bhargava <sup>5</sup>	0.03	-	-	0.03
Harsha Vardhana Singh <sup>5</sup>	0.03	-	-	0.03
Total (1)	0.10	-	-	0.10
<b>Other Non-Executive Directors</b>				
Shiwani Singh	-	-	-	-
Total (2)	-	-	-	-
<b>Total</b>	<b>0.10</b>	<b>-</b>	<b>-</b>	<b>0.10</b>

<sup>4</sup>The outstanding fees for attending board meeting (if any) during the financial year 2016-17 was paid after the closing of said financial year.

<sup>5</sup>Appointed on September 7, 2016.



**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD***(Amount in ₹ millions)*

Particulars of Remuneration	Key Managerial Personnel			
	CEO	Company Secretary	CFO	Total
Gross salary				
(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	7.21	9.72	16.93
(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
(c) 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>7.21</b>	<b>9.72</b>	<b>16.93</b>

**VIII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:** 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, for the financial year ended March 31, 2017.

**Secretarial Audit Report**
**for financial year ended on March 31, 2017**

(Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 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 (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, 2017, 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, 2017 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, 2015
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 - **Nil**#
  - d) The Securities and Exchange Board of India (Share Based employee Benefits) Regulations, 2014 - **Nil**#
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - **Nil**#
  - 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**#
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - **Nil**#
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - **Nil**#

*#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
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 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. As reported in the Secretarial Audit Report for financial year ended on March 31, 2016, 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. (a) Audit Committee, (b) Stakeholders Relationship Committee, (c) Nomination and Remuneration Committee and (d) Corporate Social Responsibility Committee. After receipt of security clearance from Ministry of Civil Aviation (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. As reported in the Secretarial Audit Report for financial year ended on March 31, 2016, 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.
5. As reported in the Secretarial Audit Report for financial year ended on March 31, 2016, the Company had in earlier financial years, received amounts aggregating ₹ 5,790.9 million from Mr. Kalanithi Maran and KAL Airways Private Limited 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 adjusted at the time those securities were to be issued. In this regard, we also draw your attention to note 44 to the financial statements of the Company for financial year ended March 31, 2017.

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.

For Mahesh Gupta & Company  
Company Secretaries

Mahesh Kumar Gupta  
Proprietor  
FCS 2870::CP 1999

Date :October 26, 2017  
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, 2017 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) Where ever 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

Mahesh Kumar Gupta  
Proprietor  
FCS 2870::CP 1999

Date :October 26, 2017  
Place:Delhi

### BUSINESS RESPONSIBILITY REPORT

We believe that adoption of responsible business practices in the interest of social set-up and the environment are as vital as financial and operational performance of the Company. With this belief, we try to contribute more towards well-being of all the stakeholders while we undertake our business. Ensuring profitability and benefit for our shareholders, customers and employees and further commitment towards welfare of the larger eco-system around us are the basic tenets in our performances.

The Board of Directors of your Company present the Business Responsibility Report of the Company for the financial year ended on March 31, 2017, pursuant to Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This is the first Business Responsibility Report based on the format prescribed by the Securities and Exchange Board of India. This report is in line with the National Voluntary Guidelines of nine principles.

#### Section A: General Information

1. Corporate Identity Number (CIN) of the Company	L51909DL1984PLC288239
2. Name of the Company	SpiceJet Limited
3. Registered address	Indira Gandhi International Airport, Terminal 1D, New Delhi - 110037
4. Website	www.spicejet.com
5. E-mail ID	investors@spicejet.com
6. Financial year reported	2016-17
7. Sector(s) that the Company is engaged in (industrial activity code-wise)	Air Transportation [NIC Code: 51101 (passenger airway), 51201 (freight air transport services) and 52243 (cargo handling incidental to air transport)]
8. List three key products/services that the Company manufactures/provides	Air transport services of passengers Air transport services of cargo
9. Total no. of locations where business activity is undertaken by the Company	
(a) No. of International Locations (Provide details of major 5)	7 Bangkok (Thailand), Colombo (Sri Lanka), Dhaka (Bangladesh), Dubai (United Arab Emirates), Male (Maldives), Muscat (Oman) and Kabul (Afghanistan)
(b) No. of National Locations	39
10. Markets served by the Company	The Company has national and international presence

#### Section B: Financial Details

1. Paid up Capital (INR)	5,994.50 millions
2. Total Turnover (INR)	62,714.00 millions
3. Total profit after taxes (INR)	4,307.28 millions
4. Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	Since the Company does not have net profit for the last three financial years, the Company is not mandatorily required to contribute towards CSR activities. However, the Company in line with its underlying principles of making positive contribution to the larger eco-system has voluntarily undertaken various CSR related projects.
5. List of activities in which expenditure in 4 above has been incurred	Not Applicable

## Section C: Other Details

- |  |  |
|--|--|
| 1. Does the Company have any subsidiary company(s)?  | As on March 31, 2017, the Company has two subsidiary companies namely SpiceJet Merchandise Private Limited and SpiceJet Technic Private Limited. |
| 2. Do the subsidiary company(s) participate in the BR Initiatives of the parent company?<br>If yes, then indicate the number of such subsidiary company(s)   | No.  |
| 3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? | No.  |

## Section D: BR Information

### 1. Details of Director/Directors responsible for BR

The Corporate Social Responsibility Committee comprises of Dr. Harsha Vardhana Singh, as Chairman and Mr. Ajay Singh and Mrs. Shiwani Singh as members.

The Committee *inter- alia* is responsible for the implementation of the Corporate Social Responsibility Policy of the Company and to recommend the amount of expenditure to be incurred on the Corporate Social Responsibility activities. The details of the Committee members are as follows:

S. No.	Name	Designation	DIN
1.	Dr. Harsha Vardhana Singh	Independent Director	07110296
2.	Mr. Ajay Singh	Chairman & Managing Director	01360684
3.	Mrs. Shiwani Singh	Non-executive Director	05229788

### 2. Principle-wise (as per NVGs - National Voluntary Guidelines) BR Policy/policies

Principle wise index as per the National Voluntary Guidelines are as follows:

Principle 1 : Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

Principle 2 : Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

Principle 3 : Businesses should promote the wellbeing of all employees

Principle 4 : Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

Principle 5 : Businesses should respect and promote human rights

Principle 6 : Business should respect, protect, and make efforts to restore the environment

Principle 7 : Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

Principle 8 : Businesses should support inclusive growth and equitable development

Principle 9 : Businesses should engage with and provide value to their customers and consumers in a responsible manner



**a) Details of compliance (reply in Y or N)**

S. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/ policies for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
	This forms part of the Code of Conduct of the Company.	The Company have a Safety Policy in accordance with applicable regulations prescribed by Directorate General of Civil Aviation.	The Company have various internal policies for well-being of employees.	The Company has adopted the principles of Stakeholder Engagement. There is no specific policy on this.	This forms part of the Code of Conduct of the Company.	This is covered under CSR Policy. There is no specific policy on this.	The Company has adopted the principles of the no specific policy on responsible advocacy.	This is covered under CSR Policy. There is no specific policy on this.	The Company has internal policy to resolve customer's complaint as per Civil Aviation Requirements.	
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The spirit and content of all the Policies and Practices are in compliance with and are based on the applicable regulatory requirements and international laws and standards.								
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The Code of Conduct and CSR Policy is approved by Board / Committee of Directors. Other Policies are approved by management of the Company.								
5.	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The Code of Conduct and CSR Policy is supervised by Board / Committee of Directors. Other Policies are supervised by management of the Company.								
6.	Indicate the link for the policy to be viewed online?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The Code of Conduct and certain other policies are available on Company's website <a href="http://www.spicejet.com">www.spicejet.com</a> in 'Investors' section. Internal policies are available at intranet.								

S. No. Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
7. Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8. Does the company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9. Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10. Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

**b) If answer to the question at serial no. 1 against any principle, is 'No', please explain why:** Not applicable

### 3. Governance related to BR

**a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year:**

Effective from April 1, 2016, the applicability of mandatory reporting of Business Responsibility Report in Annual Report, has been raised from to top hundred listed entities to top five hundred listed entities based on market capitalization (as on March 31 of every financial year). Accordingly, this report became first time applicable on the Company for financial year ended on March 31, 2017.

**b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

The Business Responsibility Report is available on the website of the Company at [www.spicejet.com](http://www.spicejet.com) in 'Investors' section and this is the first Business Responsibility Report based on the format prescribed by the Securities and Exchange Board of India.

## Section E: Principle-wise Performance

### Principle 1: Corporate Governance for Ethics, Transparency and Accountability

We are committed to meet the aspirations of all our stakeholders and believe in adopting best corporate practices, to ensure that the business actions at all levels are performed without compromising on integrity and accountability. 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. We are conducting our business affairs in a fair and transparent manner, by adopting highest standards of professionalism, honesty, integrity, ethical behavior and accountability. All employees and directors of the Company including our subsidiaries and other business partners are expected to observe these practices.

The Code of Conduct comprises of ten principles which complies with the legal requirements of applicable laws and regulations, including anti-bribery and anti-corruption, the ethical handling of conflict of interest, and fair, accurate and timely disclosures of reports and documents are filed with regulatory bodies.

Additionally, we also have a Whistle Blower Policy which allows employees and directors to report any concern about unethical behavior, actual or suspected fraud, or violation of the Company's Code of Conduct or ethical business practice, in respect of the operation of the Company's affairs. We have provided a dedicated e-mail address i.e. [whistleblower@spicejet.com](mailto:whistleblower@spicejet.com) for reporting such concerns. Alternatively, employees can also send written communication to the Compliance Officer of the Company. Employees and directors are encouraged to raise any concern by way of whistle blowing without any fear or threat of being victimized. The Audit Committee of the Company oversees the implementation and proper functioning of this Policy. During the financial year 2016-17, the Company has not received any concern/complaint under this Policy.

The Company has devised various mechanisms for receiving and dealing with complaints from different stakeholders, viz. shareholders, customers, employees, vendors etc. There are dedicated person to respond to the complaints in a timely manner and to resolve the complaints. The Company did not received any significant external stakeholder complaint in the last financial year.

### Principle 2: Sustainability of Products and Services across Life-cycle

Indian Aviation Industry has become more vital and integral to economic and social development after announcement of Regional Connectivity Scheme of the Government of India, which aimed at making air travel affordable and widespread, enabling inclusive job growth and infrastructure development of all regions and states of India.

Our stakeholders, including investors, customers, vendors, employees, governments and communities, all have come to expect that we produce sustainable and responsible positive financial results, operate our supply chain responsibly, invest in and serve our communities, take care of our customers and maintain a robust workforce that helps to protect the natural environment. Collectively, these expectations and our commitments drive our approach to sustainability and social responsibility.

Safety is of utmost importance to us and we take all measures to reduce the risks associated with aviation. Aviation security aims to fight against criminal and terrorist acts against aircraft, employees and passengers. To achieve the highest attainable standard of flight safety, we have employed a Safety Policy to upgrade and update our safety management systems. The Policy is integrated into our processes and culture and is validated at the highest level of management and by training and awareness building initiatives among staff members. In addition, ensuring the health and safety of our customers is paramount. To fulfill this commitment while providing the highest levels of service in the air and on the ground, we are focused on two primary areas i.e. (a) Customer Health and Safety (i.e. Flight Safety, Emergency Preparedness, Safeguarding Customer Health and Dangerous Goods Handling); and (b) Customer Security (Flight Security, Airspace and Overflight Security, Passenger Screening and Cyber Security).

### Principle 3: Employees Well-being

Your Company encourages employees to live healthy and work safely, both within and outside work place. The aim is to create a working environment supportive of employees' personal lives, while meeting your Company's business needs. Healthier employees are more motivated and more productive. The Company has in place various policies including but not limited

to 'Prevention of Sexual Harassment at workplace' 'Employee Leisure Travel' and 'Safety' to guide the management approach on specific elements of the Company's work practices.

- a) Environment, Health and Safety: The Company is committed to conducting its operations with due regard for the environment and providing a safe and healthy workplace for its employees. Towards this end, the Company implements best practices and provides appropriate training to employees as well as employees of service providers.
- b) Gender Friendly 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 2016-17, five complaints were received and disposed of under the Sexual Harassment of Women at the workplace (Prevention, Prohibition & Redressal) Act, 2013.
- c) Opportunities for women: SpiceJet is an equal opportunity organization and strongly believes in empowering woman employees at all levels. The Company had 6,902 employees as on March 31, 2017 out of which 1,953 were permanent women employees.
- d) High Quality Life: The health of its employees is a vital area of care and concern for the Company. Employee well-being is ensured through regular medical check-ups at all airport and other benefits provided in accordance with medical needs.
- e) Training: During the financial year 2016-17, the Company has imparted safety and skill enhancement training to 8,162 employees (including training imparted to employee more than once). This also includes 3,888 women employees.
- f) Good Labour Practices: The Company neither employs any child or forced labour nor engages vendors and suppliers who resort to child and/or forced labour. The Company has provided employment opportunities to differently abled person and as on March 31, 2017 had employed three such employees. Further, the Company has 1,277 contractual employees at on March 31, 2017.

- g) Learning and Development: The Company encourages all its employees to advance their career through several learning programs. To promote the same, the Company has launched "Learn while you earn" program, an online distance education program in association with Amity University. For financial support, all employees and their spouses avail an exclusive 50% discounts on course fees for pursuing higher education with Amity University.

#### Principle 4: Stakeholder Engagement

Our stakeholders includes our shareholders, investors, vendors, consumers, employees, governments and other local authorities and we actively engages with all these stakeholders to create an environment which supports business solutions. Stakeholders' engagement help the Company in decision making, in delivering its commitments, in strengthening relationships and succeeding in the business. We have mapped our internal and external stakeholders and have taken following initiatives for stakeholders' engagement:

- a) Shareholders and Investors: It has been our constant endeavor to provide best services to the Company's valuable shareholders and maintain highest level of corporate governance in the Company. In order to improve and constantly meet higher service standards, we regularly interact with our shareholders and investors through results announcements, annual report, media releases, Company's website and event specific communications.

The Annual General Meeting of shareholders is an important annual event where the shareholders of the Company come in direct communication with the management of the Company. The management alongwith the board members engage with shareholders and answers their queries on varied subjects.

The Company's Investor Relation Department regularly engages with the shareholders to resolve queries, grievance, if any, and provide guidance for shares / shareholder related matters. We have provided a dedicated e-mail address i.e. investors@spicejet.com for shareholders.

- b) Consumers: As India's favorite airline, your Company constantly seeks to understand what motivates the consumers, how to inform them and how to engage with them. Your Company is known to reward its loyal customers and encourage them for air travel by launching various offers throughout the year which are communicated to them through e-mailers and advertisements. As a part of promotional activities the Company presented a luxurious Mercedes-Benz car to the winner of its 'Spicy Hot Jackpot' offer launched during Diwali in FY 2016-17. The Company also launched various consumer initiatives to stimulate air travel demand along with its loyalty program.
- c) Government and other authorities: All interactions with the Government, legislators and regulators are done by duly authorised and appropriately trained individuals with honesty, integrity, openness and in compliance with local laws.
- d) Media: Your Company engages with media to keep its stakeholders updated about the developments in the Company. Regular interactions with the electronic, print, television and online media take place through press releases, media events and during the financial results announcements.
- e) Vendors: The Company has implemented electronic bidding platform to facilitate and improve the procurement process. The Company has also devised a mechanisms for receiving and dealing with complaints from vendors.

#### **Principle 5: Human Rights**

We have various internal policies on human rights applicable to our employees. These policies and their implementation are directed towards adherence to applicable laws and to uphold the spirit of human rights. During the year, the Company introduced systems to ensure sound implementation of policies specifically with respect to the human rights and decent work place.

The Company has in place a Code of Conduct which has been signed-off by identified Vendors/ Service Providers across businesses, and a grievance redressal procedure to address concerns, if any, pertaining to Human Rights and decent labour practices for its employees.

#### **Principle 6: Protection and Restoration of the Environment**

Our Industry's contribution to man-made greenhouse gas emissions is very low. We are committed to ensuring that aviation reduces its impact on environment and are determined to do everything we can to achieve the global goal to reduce CO<sub>2</sub> emissions related to air transport. By investing in a modern, more energy and fuel efficient fleet, emission free battery operated ancillary equipment, we are improving both our economic and environmental performance.

Aviation sector has an impact on the air quality in areas surrounding airports, as a result of emissions and particles from aircraft, engines, ground operations and maintenance activities. We try to reduce local emissions of our activities through fleet renewal, investment in cleaner vehicles and equipment and operational procedures.

The Company has also encouraged use of digital flight manual instead of paper, which removed considerable paperloads across our fleet.

#### **Principle 7: Responsible Advocacy**

SpiceJet follows the principle of responsible advocacy for necessary interface with government and regulatory authorities on matters concerning the aviation sector. SpiceJet is also a member of Federation of Indian Airlines (FIA), which is an industry body formed by scheduled carriers in India. FIA identifies and take up industry issues with various regulatory authorities, government departments and other key stake-holders and provides a platform for consensus building amongst the member carriers. FIA is also establishing working relationships with other international agencies in the aviation sector, including International Air Transport Association (IATA), International Civil Aviation Organization (ICAO), and Aviation Working Group (AWG) among others.

#### **Principle 8: Supporting Inclusive Growth and Equitable Development**

Inclusive business for the Company means creating economic well-being through employment, skill improvement and access to markets for the community we operate in. An inclusive approach makes sense for your Company's business. It expands the markets and increases the resilience of your Company's business

model. Your Company's inclusive growth approach focuses on improving the society as a whole. Few of the activities undertaken by the Company towards economic support are enumerated below:

- a) Education: We have provided financial assistance to NGO SAPNA for its social activities for Sick and Destitute and school for underprivileged Girls. The Company has also supported the Centre for Development of Economic (Delhi School of Economic) for winter school program and other capacity building activities.
- b) Natural Disaster: In July 2016, Assam received 60 percent more rainfall than it received in July 2015, flooding the state. This affected 1.8 million people. The Company, in association with Anybody Can Help and Assam CM's office, helped with relief efforts. The Company donated 1,500 packets of food supplies in Majuli Islands. In addition to this the Company ferried and distributed food (donated by Anybody Can Help and Nestlé) and medicines (donated by NGO The Sara - Jammu).
- c) Empowering: The Company offered a special treat to around 50 underprivileged children in association with the Rotary Club of Chandigarh by operating a special flight on March 20, 2017 from Chandigarh.

#### **Principle 9: Providing Value to Customers and Consumers**

We believe that the key element for a unique travel experience is to address the passenger's expectations to the fullest, as each journey comes from many different priorities and concerns. The Company's uncompromising commitment for providing superlative services to customers is supported by its concern for the safety and comfort of its customers.

We display all details of our services including terms of carriage, price of air tickets, special services etc. on our website ([www.spicejet.com](http://www.spicejet.com)) and on air tickets as per applicable laws. We engage in various channels of communications for customer centricity in marketplace, few of which include:

- a) Airports: When it comes to customer experience, offering more choice, more service opportunities and a friendlier, more personalized travel experience

widens the market to more mature, corporate and affluent customers. A happy customer at the airport, always turns to be a return passenger with the airline. We handle the complaints at the airport effectively and proactively which enables us to enjoy a high level of customer loyalty.

- b) Reservation Centre: The reservation center plays a pivotal role in the prompt delivery of services. Customer calls on the reservation numbers provided on our website and the call is then acted upon by an agent who decides how best to provide the customer service. We have capable reservation personnel who possess adequate product knowledge to cater to customers' needs.
- c) Customer Relationship Management: Bridge between the customer service and operational mismanagement is connected with the help of Customer Relationship Management. Salesforce is a leading Customer Relationship management (CRM) platform which helps us to enable interactions with existing / potential customers. Salesforce is a secure cloud based CRM system which helps to get a 360 degree view by integrating various departments. With participation of all the departments at one point, implementation and decisions are effectively made.
- d) Social Media: Social media plays a vital role in the airlines daily operations. Our defined framework of social media includes listen, regulate, empower and analyze to mitigate risks and avoid any potential legal liability. We have a strong presence on Twitter and Facebook. Our main focus on social media is to turn queries into effective upsells, by responding effectively and quickly. With a dedicated team, the response time on social media has improved enormously. The main intention of using social media is to have clear line of conversation with our customers in regards to their queries.

During the month of March 2017 the Company received 58 complaints pending for resolution relating to various subject matters including, disputes in relation to loss of baggage/ cargo, no-show, cancellation of tickets, incorrect bookings, refund of fares, flight delays, baggage mishandling and flight cancellation, which were resolved subsequently.



# CORPORATE GOVERNANCE REPORT

## 1. OUR PHILOSOPHY ON CORPORATE GOVERNANCE

The principles of corporate governance are embedded in the systems, procedures and practices which ensure management of a corporate in the best interest of all its stakeholders i.e. shareholders, employees, vendors, customers and society in general. Fundamentals of Corporate Governance includes transparency, accountability and independence. For accomplishment of the objectives of ensuring fair Corporate Governance, the Government of India has put in place a framework based on the stipulations contained under the Companies Act, 2013 (the “**Act**”), the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “**Listing Regulations**”), Accounting Standards, Secretarial Standards etc.

The Company has always endeavoured and has a legacy of practicing fair, transparent and ethical governance and is committed to meet the aspirations of all its stakeholders. The Company believes in adopting best corporate practices for ethical business conduct. The Board of Directors of the Company are responsible for and committed to sound principles of Corporate Governance in the Company. Our Corporate Governance framework ensures that we make timely disclosures and share accurate information regarding our financials and performance. The Company’s 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.

The Company is in compliance with the requirements stipulated under Regulation 17 to 27 read with Schedule V and Regulation 46(2) of Listing Regulations, as applicable, with regard to Corporate Governance.

## 2. BOARD OF DIRECTORS

### a) Composition

The Board of your Company has an optimum combination of executive and non-executive

directors with one woman director and more than half of the Board comprises of Independent Directors. As on date of this report, the Board of the Company had five Directors as per below details:

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

<sup>1</sup>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.

The Board represents an optimum mix of professionalism, knowledge and experience which enables the Board to discharge its responsibilities and provide effective leadership to the Company. 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 Committee positions he/she occupies in other companies including chairmanships and notifies any changes during the term of their directorship in the Company.

None of the Directors on the Board hold directorships in more than ten public companies and member of more than ten committees or chairman of more than five committees across all the public companies in which he or she is a Director. Necessary disclosures regarding committee positions in other public companies

as on March 31, 2017 have been made by the all the Directors.

None of the Directors are related to each other except Mr. Ajay Singh and Mrs. Shiwani Singh.

The names and categories of the Directors on the Board and the number of directorships and Committee Chairmanships / Memberships held by them in other public limited companies as

on March 31, 2017 are given herein below. Other directorships do not include directorships of private limited companies, foreign companies and companies under Section 8 of the Act. For the purpose of determination of limit of the Board Committees, chairpersonship and membership of the Audit Committee and Stakeholders' Relationship Committee has been considered as per Regulation 26(1)(b) of SEBI Listing Regulations.

Name	Category	No. of Directorship	Committee Positions	
			Chairman	Member
Mr. Ajay Singh	Promoter Director (Managing Director)	1	0	0
Mrs. Shiwani Singh	Promoter Director (Non-Executive)	2	1	3
Mr. R. Sasiprabhu	Independent Director	2	1	2
Mr. Anurag Bhargava	Independent Director	1	0	1
Dr. Harsha Vardhana Singh	Independent Director	1	1	0

**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, five (5) Board Meetings were held on May 19, 2016; July 28, 2016; September 7, 2016; November 25, 2016 and February 14, 2017.

The details of the attendance of Directors at the Board Meetings and the Annual General Meeting held during the Financial Year 2016-17 are as follows:

Name	Attendance at		
	Board Meetings		32 <sup>nd</sup> Annual General Meeting held on December 26, 2016
	Held during the tenure	Attended	
Mr. Ajay Singh	5	5	Yes
Mrs. Shiwani Singh	5	3	Yes
Mr. R. Sasiprabhu	5	4	Yes
Mr. Anurag Bhargava <sup>2</sup>	3	3	No
Mr. Harsha Vardhana Singh <sup>2</sup>	3	3	No

<sup>2</sup>Appointed effective 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 of the Board to take appropriate decisions. In addition to information required under Regulation 17(7) of 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, 2017:

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

### e) Familiarisation Program for Independent Directors

The Company conducts various induction program for the Independent Directors for their familiarisation with the Company, its management and its operations so as to gain a clear understanding of their roles, rights and responsibilities for the purpose of contributing towards the growth of the Company. They are given full opportunity to interact with senior management personnel and are provided with all the documents required and/or sought by them to have a good understanding of the Company, its business model and various operations and the industry. 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 'Investor' section.

## 3. AUDIT COMMITTEE

### a) Composition and Meetings

As on March 31, 2017, the Audit Committee comprises of members as stated below. The composition of the Committee is in conformity with the Listing Regulations. During the Financial Year 2016-17, the Audit Committee met two (2) times on November 25, 2016 and February 14, 2017. The time gap between two committee meetings was less than one hundred and twenty days.

The Company Secretary acts as the Secretary to the Committee.

The details of the attendance of the Member is as follows:

Name of the Member	Category	Status	No of Meetings <sup>3</sup>	
			Held	Attended
Mr. R. Sasiprabhu	Independent Director	Chairman	2	2
Mr. Anurag Bhargava	Independent Director	Member	2	2
Mrs. Shiwani Singh	Non- Independent Director	Member	2	1

<sup>3</sup>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.

### b) Terms of Reference

The roles and responsibilities of the Audit Committee covers the area as specified under the Listing Regulations, the Act and other applicable laws, if any, besides other role and powers entrusted upon it by the Board of Directors from time to time. The roles and responsibilities of the Committee include the following:

- To monitor and provide an effective supervision of the financial reporting process and to ensure that the financial statements are correct, sufficient and credible.
- To ensure accurate and timely disclosures with the highest levels of transparency, integrity and quality of financial reporting.
- To oversee the work carried out in the financial reporting process by the

Management, the Internal Auditors and the Statutory Auditor, and to take note of the processes and safeguards employed by each of them.

- The Committee has all powers, roles, duties etc. as enumerated under Section 177 of the Act and Regulation 18 of the Listing Regulations.

## 4. NOMINATION AND REMUNERATION COMMITTEE

### a) Composition and Meetings

As on March 31, 2017, the Nomination and Remuneration Committee comprises of members as stated below. The composition of the Committee is in conformity with the Listing Regulations and fifty percent of them being Independent Directors. Chairman of the Committee is Independent Director.

During the Financial Year 2016-17, the Nomination and Remuneration Committee met once on September 7, 2016.

The details of the attendance of the Member is as follows:

Name of the Member	Category	Status	No of Meetings <sup>4</sup>	
			Held	Attended
Mr. Anurag Bhargava	Independent Director	Chairman	1	1
Mr. Ajay Singh	Managing Director	Member	1	1
Mr. R. Sasiprabhu	Independent Director	Member	1	1
Mrs. Shiwani Singh	Non- Independent Director	Member	1	1

<sup>4</sup>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.

#### b) Terms of Reference

The roles and responsibilities of the Nomination and Remuneration Committee covers the area as specified in the Listing Regulations, the Act and other applicable laws, if any, besides other role and powers entrusted upon it by the Board of Directors from time to time. The roles and responsibilities of the Committee include the following:

- To formulate, administer and implement the Employee Stock Option Scheme and also recommends to the Board in the matter related to the areas as specified;
- To recommend to the Board the appointment/ re-appointment and removal of managerial person (i.e. managing director or whole time director) including the payment of remuneration to them;
- 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.

#### c) 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 the 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 Act. The Nomination and Remuneration Policy is available on the website of the Company at [www.spicejet.com](http://www.spicejet.com) in 'Investor' section.

Pursuant to the provisions of the Act and the 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.

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

During the period under review, the Company has not paid any remuneration to any Independent Director or Non-Executive Director except sitting fees to Independent Directors for attending the Board Meeting.

During the Financial Year 2016-17, Mr. Ajay Singh, Chairman and Managing Director was paid remuneration of ₹ 60 million.

### **5. STAKEHOLDERS RELATIONSHIP COMMITTEE**

#### **a) Composition and Meetings**

As on March 31, 2017, the Stakeholders Relationship Committee comprises of members as stated below. The composition of the Committee is in conformity with the Listing Regulations and the Act. Chairman of the Committee is a Non - Executive Director.

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 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 the Compliance Officer.

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. No meeting of the Committee was held during the period under review.

#### **b) Investor Grievance Redressal**

During the period under review, the Company has received 78 letters/ complaints from shareholders and replied/ redressed the same to the satisfaction of shareholders.

In order to provide efficient services to investors, and for speedy redressal of the complaints, the Committee has delegated the power of approving transfer and transmission of shares and other matters like sub-division and consolidation of shares certificate, issue of share certificates on re-materialization or loss etc. and for dematerialization to the Company Secretary of the Company.

### **6. MANAGEMENT DISCUSSION AND ANALYSIS**

The Annual Report has a detailed chapter on Management Discussion and Analysis, which forms part of this report.

### **7. DISCLOSURES**

#### **a) Related Party Transactions**

The Company has formulated a policy on materiality of related party transactions and on dealing with related party transactions, in accordance with relevant provisions of the Act and the Listing Regulations.

The policy has been disclosed on the website of the Company at [www.spicejet.com](http://www.spicejet.com) in 'Investor' section.

During the Financial Year 2016-17, there were no such related party transactions, either as per the Act or the Listing Regulations which were required to be approved by the Board of Directors or the shareholders of the Company. Further,

there were no materially significant related party transactions that may have potential conflict with the interests of the company.

#### **b) Details of Non - compliance by the Company**

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 except penalty of ₹ 6,000 for late submission of shareholding pattern for quarter ended on December 31, 2015 and ₹ 23,000 for late submission of financial statements for the quarter and year ended March 31, 2017.

#### **c) Whistle Blower Policy**

The Company promotes ethical conduct in its business activities and in line with the good governance practices the Company has established a Whistle Blower Policy for directors and employees to report concerns about unethical behaviour, malpractices, actual or suspected fraud, wrongful conduct or violation of the company's code of conduct or ethics policy. No personnel has been denied access to the Audit Committee.

The Whistle Blower Policy is available on the website of the Company at [www.spicejet.com](http://www.spicejet.com) in the 'Investor' section.

#### **d) Subsidiary Companies**

During the Financial Year 2016-17, the Company has incorporated two subsidiary companies; namely "SpiceJet Merchandise Private Limited" and "SpiceJet Technic Private Limited" on July 18, 2016 and October 5, 2016 respectively.

The Audit Committee reviews the financial statements of the subsidiary companies. It also reviews, the investments made by the subsidiary companies, statement of all significant transactions and arrangements entered into by the subsidiary companies and the status of compliances by the respective subsidiary companies, on a periodic basis.

The minutes of the Board meetings of the subsidiary companies are placed before the Board of the Company for its review. The Company has formulated a policy for determining its 'Material' subsidiaries and it is available on the Company's website i.e. [www.spicejet.com](http://www.spicejet.com) in 'Investor' section.

None of the Indian subsidiary of the Company comes under the purview of the term 'material non-listed Indian subsidiary' as defined under Regulation 24 of the Listing Regulations.

Pursuant to Section 129 (3) of the Act and Ind - AS 110 issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company include the financial statements of its subsidiaries.

#### **e) Chief Executive Officer and Chief Financial Officer Certification**

In terms of Regulation 17(8) of the Listing Regulations, the Managing Director and Chief Financial Officer have certified to the Board of Directors of the Company with regard to the financial statements and other matters specified in the said regulation, for the Financial Year 2016-17.

#### **f) Code for prevention of Insider-Trading Practices**

The Company has in place a Code of Conduct for Prevention of Insider Trading and a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information in accordance with SEBI (Prohibition of Insider Trading) Regulations, 2015. The Code of Conduct for Prevention of Insider Trading lays down guidelines advising the Board Members, Senior Management, Officers and designated employees and other connected persons, on procedures to be followed and disclosures to be made by them while dealing with the shares of SpiceJet and cautioning them of the consequences of violations. The Vice President (Legal) and Company Secretary has been appointed as the Compliance Officer.

The code has been posted at the website of the Company at [www.spicejet.com](http://www.spicejet.com) in the 'Investor' section.

**g) Other Disclosures:**

i) 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 at [www.spicejet.com](http://www.spicejet.com) in the 'Investor' section. All the Board members and senior management of the Company have affirmed compliance with the Code during the Financial Year ended March 31, 2017. A declaration to this effect signed by Chairman and Managing Director is given as an annexure to this report.

ii) The Company has laid down procedures to inform Board members about risk

assessment and minimization procedures with regard to safety of its operations. These are periodically reviewed to ensure that executive management is controlling risks through properly defined framework.

iii) Brief resumes and other information in respect of Directors seeking re-appointment are provided separately under the notice of the 33<sup>rd</sup> Annual General Meeting.

iv) The Company has fully complied with the mandatory requirements of the Listing Regulations and the provisions of non mandatory requirements are under consideration of the Board of the Company.

**8. GENERAL BODY MEETINGS**

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

Category	Date and Time	Location of the meeting	Special Resolutions Passed
32 <sup>nd</sup> AGM (2015-16)	December 26, 2016 at 10:00 A.M.	Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi- 110003	Remuneration to Mr. Ajay Singh, Managing Director of the Company.
31 <sup>st</sup> AGM <sup>5</sup> (2014-15)	December 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.
30 <sup>th</sup> AGM <sup>5</sup> (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 ₹ 10 each to Promoters of the Company. (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 ₹ 10 each to Promoters of the Company.

<sup>5</sup>Until December 1, 2015 the Registered Office of the Company was situated in the State of Tamil Nadu.

**9. POSTAL BALLOT**

During the year under review, no resolution was passed through postal ballot.

**10. MEANS OF COMMUNICATION**

The quarterly, half-yearly and annual results of the Company are sent to the stock exchange



for the information of the shareholder and also published in leading newspapers in India which include Financial Express (English) all editions and Jansatta (Hindi) Delhi edition. The results of the Company are also displayed on the official website of stock exchange i.e. BSE Limited (www.bseindia.com) and the Company (www.spicejet.com).

All the press releases of the Company are sent to the stock exchange for dissemination to shareholders and are subsequently displayed on the website of the Company at www.spicejet.com in 'Investor' section. Investors presentations are also displayed on the website of the Company.

#### 11. CERTIFICATE ON CORPORATE GOVERNANCE

A certificate from Practicing Company Secretary regarding compliance of the conditions of Corporate Governance, as stipulated under Schedule V of the Listing Regulations is attached and forms part of this Report.

#### 12. 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 of the Company and Registrar and Share Transfer Agent.

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

#### 13. DEMATERIALISATION OF SHARES AND LIQUIDITY

Over 98.45% of the outstanding equity shares have been dematerialized upto March 31, 2017. The Shares of the Company are listed at BSE Limited only; where they are actively traded.

#### 14. OUTSTANDING GDRS/ ADRS/ WARRANTS OR ANY OTHER CONVERTIBLE INSTRUMENT

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

#### 15. PLANT LOCATIONS

The Company does not have any plant location. As on March 31, 2017, the Company operates to 39 domestic and 7 international airports and has offices at these airports for its airline operations.

#### 16. MARKET PRICE DATA\*

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

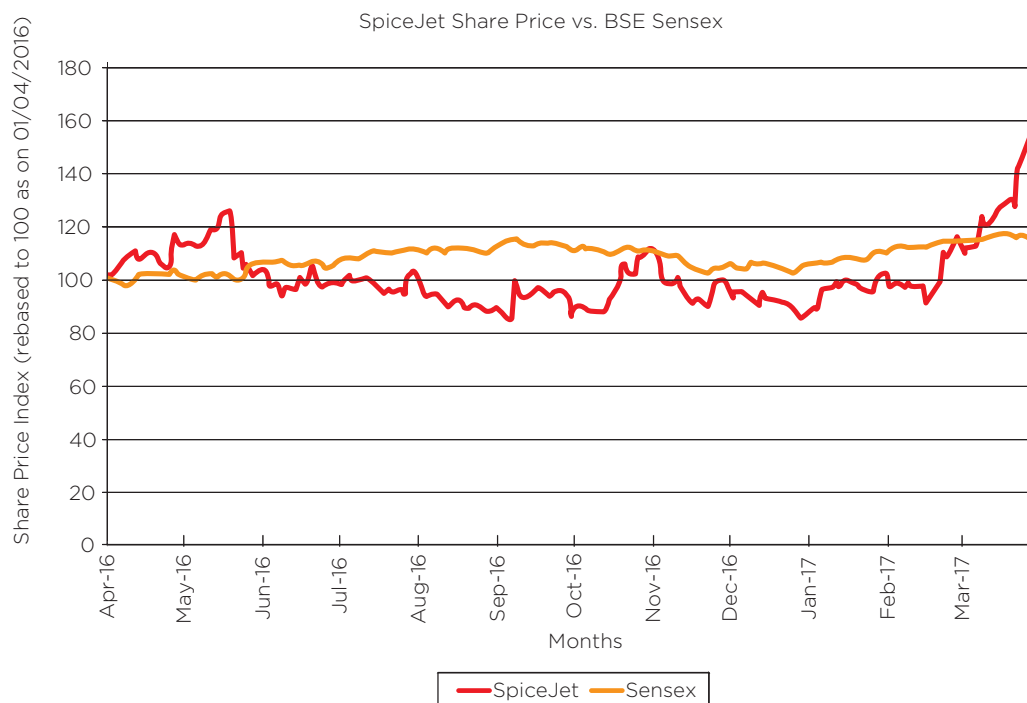
Month	Open Price	High Price	Low Price	Close Price
Apr-16	62.70	79.35	62.70	74.00
May-16	72.90	85.60	65.90	68.25
Jun-16	68.50	71.70	59.40	64.90
Jul-16	65.00	69.60	61.85	68.00
Aug-16	68.25	68.30	57.00	58.95
Sep-16	59.90	69.80	55.50	58.50
Oct-16	58.90	74.30	57.10	73.70
Nov-16	74.60	76.30	54.50	64.35
Dec-16	64.00	64.25	55.50	57.20
Jan-17	56.80	67.90	55.55	64.85
Feb-17	65.00	77.00	59.40	75.25
Mar-17	75.50	104.30	71.30	101.70

\* Source: www.bseindia.com

#### 17. 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, 2016 to March 31, 2017.

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



## 18. GENERAL SHAREHOLDER INFORMATION

- |   |   |
|---|---|
| <b>(I) Venue, date and time of the 33<sup>rd</sup> Annual General Meeting</b> | : Venue : Sri Sathya Sai International Centre, Pragati Vihar,<br>Lodhi Road, New Delhi - 110 003<br>Date : November 27, 2017<br>Time : 10:00 a.m.         |
| <b>(II) Financial Year</b>  | : April 1, 2016 to March 31, 2017   |
| <b>(III) Book Closure date</b>  | : November 21, 2017 to November 27, 2017 (Both days inclusive)  |
| <b>(IV) Dividend Payment Date</b>   | : Not applicable  |
| <b>(V) Listing on Stock Exchange</b>  | : BSE Limited,<br>Phiroze Jeejeebhoy Towers,<br>Dalal Street, Mumbai- 400001<br>(Equity Shares)   |
| <b>(VI) Stock Code</b>  | : BSE: 500285<br>Reuters: SPJT.BO<br>Bloomberg: SJET<br>ISIN in NSDL and CDSL: INE285B01017   |
| <b>(VII) Listing fees for Financial Year 2017-18</b>                          | : Paid  |
| <b>(VIII) Registrar and Transfer Agents</b>                                   | : Karvy Computershare Private Limited,<br>Karvy Selenium Tower B, Plot No. 31-32,<br>Gachibowli, Financial District, Nanakramguda,<br>Hyderabad - 500 032 |

## 19. SHAREHOLDING PATTERN AS ON MARCH 31, 2017

S. No.	Category	No. of Shares	Percentage (%)
1.	Promoters	361,173,124	60.25
2.	Resident Individuals	140,636,631	23.46
3.	Bodies Corporates	29,314,032	4.90
4.	Non Resident Indians	24,581,710	4.10
5.	Foreign Institutional Investors	21,805,152	3.64
6.	Foreign Portfolio Investors	9,630,080	1.61
7.	H U F	4,069,987	0.68
8.	Clearing Members	2,625,328	0.44
9.	Employees	1,939,618	0.32
10.	NBFC	1,696,412	0.28
11.	Mutual Funds	1,267,837	0.21
12.	Trusts	692,971	0.11
13.	Directors	8,000	0.00
14.	Non-Resident Indian Non Repatriable	6,301	0.00
15.	Foreign Nationals	3,000	0.00
<b>Total</b>		<b>599,450,183</b>	<b>100.00</b>

## 20. DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2017:

Category	Shareholders		Shares	
	Number	% of total	Number	% of total
1-5000	116,700	79.64	17,800,715	2.97
5001-10000	13,437	9.16	11,320,584	1.89
10001-20000	7,036	4.80	11,080,259	1.85
20001-30000	2,598	1.78	6,811,555	1.14
30001-40000	1,280	0.88	4,670,525	0.77
40001-50000	1,237	0.84	5,945,775	0.99
50001-100000	2,029	1.39	15,268,689	2.55
100001 and above	2,208	1.51	526,552,081	87.84
<b>Total</b>	<b>1,46,525</b>	<b>100</b>	<b>599,450,183</b>	<b>100</b>

## 21. 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

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## 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, 2017.

Sd/-

Ajay Singh  
Chairman & Managing Director

Date : October 30, 2017

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, 2017, as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the **"Listing Regulations"**).
- (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 Listing Regulations for the year ended March 31, 2017 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. (a) Audit Committee, (b) Stakeholders Relationship Committee, (c) Nomination and Remuneration Committee and (d) Corporate Social Responsibility Committee. After receipt of security clearance from Ministry of Civil Aviation (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 : October 30, 2017

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 grew at 7.1% in FY 2016-17. Maintaining a strong growth momentum, it remained above 7% mark despite a short term impact created by government's demonetization of high-value banknotes which subdued growth in fourth quarter of FY 2016-17. The Agriculture, Industrial and Services sectors grew by 4.1%, 5.2% and 8.8% respectively. Following this, India remains the fastest growing major economy in the world.

Several initiatives emphasizing on macro-economic stability and increased fiscal discipline are making the Indian economy more resilient. Continued policy initiatives, tax reforms, low commodity prices and a stable geo-political environment will all be strong levers for continued strong and sustainable growth.

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

The medium to long term outlook for India continues to be robust. The economic growth is expected to pick up in FY 2017-18 on the back of improved government spend, better external demand, turnaround in the rural demand and rising urban consumption.

- Implementation of GST is likely to drive tax compliance, improve government finances, lead to higher public spending, and eventually higher GDP growth
- Expectation of normal monsoon for second consecutive year, higher MSPs, higher allocation to MGNREGA and better harvests is likely to lead to improvement in the rural economy

- Government's focus on pushing up spending in infrastructure and job creation is likely to lead to improved demand conditions across economy

Credit rating agency, Moody's Investors Service, projects India's economy to accelerate and grow at 7.5% in FY 2017-18 and 7.7% in FY 2018-19 with the government successfully curbing the negative impact of demonetization on the economy. The World Bank also expects the Indian economy to grow at 7.2% in FY 2017-18 and gradually gather pace to touch 7.7% by FY 2019-20.

## 2. INDIAN AVIATION

India became the world's fastest growing domestic travel market for the 22<sup>nd</sup> time in a row, recording a 26.6% year-on-year growth in January 2017, according to the IATA

Indian aviation market registered an impressive annual growth of 22% in domestic passengers and 12% in international passengers during FY 2016-17. The industry wide load factors remained at a healthy 84% for domestic and 78% for international operations. The year also witnessed the industry matching up with demand as capacity measured in ASKMs (Average Seat Kilometers) grew at 20% and 12% for domestic and international operations respectively.

(Source: DGCA website, data for scheduled Indian carriers)

### a) Strong fundamentals driving aviation growth in India

In year 2016, India, with 100 million domestic flyers, became the third largest market in terms of domestic air passenger traffic behind only the US (719 million) and China (436 million). It acquired the third spot by unseating Japan, which flew 97 million domestic passengers. According to CAPA (Centre for Asia Pacific Aviation), India standing at the joint fourth position in terms of overall air passenger traffic (both domestic and international) along with the UK in 2016, is expected to become the third largest market by March 2018.

**Factors supporting growth:**

- Favorable demographics and large pool of middle class population to fuel demand.
- Geographical advantage of lying at crossroads of important international hubs.
- Economic growth along with the low aircraft penetration, presents a huge opportunity.
- Airports and supplementing infrastructure development will further unlock demand.

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

Carrying on with the National Civil Aviation Policy 2016 cleared by the Indian Cabinet in June 2016, the Government maintained its strong thrust on the Aviation sector.

In the FY 2017-18 Union Budget, budgetary allocation increased by a significant 22% to ₹ 51,676 million for the next financial year.

Some of the key initiatives proposed by the Government include:

- The construction of 18 Greenfield airports in the country. These would be executed and financed by the respective airport promoters, and are estimated to require an investment of ₹ 300,000 million
- The revival of 50 un-served and under-served airstrips in three financial years starting from FY 2017-18 at an estimated cost of ₹ 45,000 million
- The commencement of a new Regional Connectivity Scheme called “Ude Desh ka Aam Nagrik” (UDAN) under which fares will be capped at nominal fares to make air travel affordable ₹ 2,500 for specified seats for one-hour flight
- Doubling the number of airports in India over the next two to three years to cater to the increasing passenger traffic due to developing regional air travel market

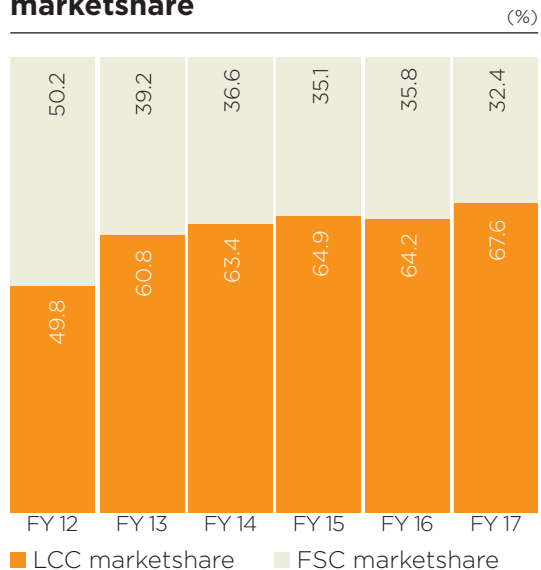
- Developing small airports with frugal facilities, and encouraging private airlines to bid for routes connecting these small airports with existing larger airports, thereby increasing regional air traffic.

**c) LCCs (low-cost carriers) well positioned to capitalize on regional demand growth**

India’s domestic aviation growth story continues to be led by LCCs, whose market share increased from around 40% in FY 2009-10 to around 68% in FY 2016-17. The Government’s regional connectivity scheme is expected to further boost the LCC’s market share.

In FY 2016-17, SpiceJet maintained its market share at last year levels of around 13%.

**LCC marketshare vs FSC marketshare**



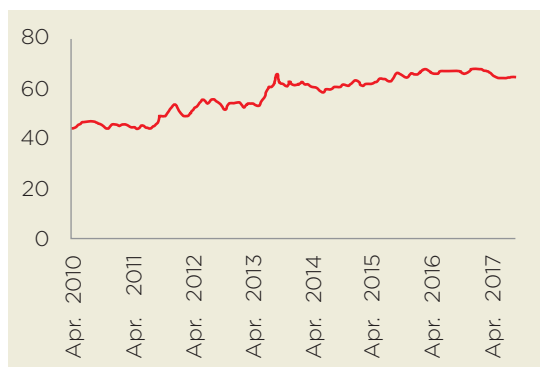
Source: DGCA

**d) Input cost gradually trending upwards**

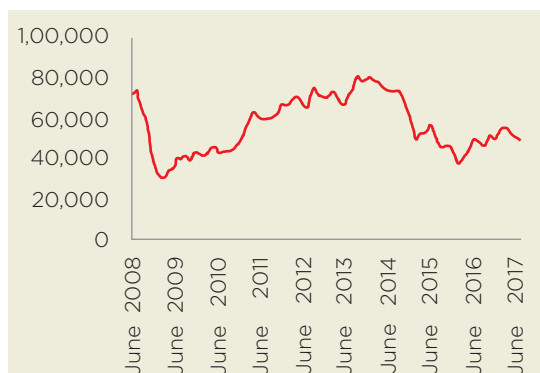
Global Crude Oil prices increased in FY 2016-17 as compared to the FY 2015-16. As a result, domestic ATF price measured by average of prices at metros in India increased about 4.3% in FY 2016-17 compared to a decline of 30% in FY 2015-16. Rupee depreciated almost 2.5%, from an average of around 65 INR/USD during FY 2015-16 to an average of around 67 INR/USD

during FY 2016-17. Both these factors adversely impacted the earnings of airlines in FY 2016-17. However, LCCs with their leaner cost structures remained better equipped to face such challenging operating environment.

### USD/INR Exchange Rate (₹)



### Domestic Airlines ATF Prices (₹ '000/KL)



Source: OANDA, IOC

#### e) Short term and long term prospects

India is amongst the fastest growing aviation markets in the world. However, despite the phenomenal growth in the sector, its air travel penetration at 0.9 trips per capita is the lowest amongst developing nations including Brazil, China, Russia and Turkey; reflecting a significant growth potential for the sector.

India's favorable demographics combined with progressive policy implementation bode well for this growth to sustain. Rising disposable incomes, shift from rail to air, widening route

network and regional connectivity scheme is expected to strengthen demand and expand the addressable market further.

These factors combined with the various Government initiatives, some of which have been discussed above give credence to the forecast that domestic India is projected to be fastest growing aviation market growing at 10.7% CAGR (2016-26) and 8.8% CAGR (2016-2036).

### 3. DEVELOPMENTS AT SPICEJET

During the year under review, the Company continued its endeavor to strengthen operations and competitiveness with all initiatives focused towards enhancing customer centricity and improving financial position. Towards these objectives the focus has been on efficient network expansion, increasing customer delight by making the flying experience more enjoyable, rationalizing costs, and enhancing and making revenues more predictable. Some of the key initiatives taken during the year include:

#### a) Financial stability

SpiceJet is one of the few aviation companies in the world to deliver nine consecutive quarters of profitability after being close to a shutdown at one stage. As on March 31, 2017, Balance Sheet further strengthened with the cash balances increasing from ₹ 1,059 as on March 31, 2016 to ₹ 2,012 while discharging all of its past overdue payments; in addition the net worth of the Company increased by ₹ 4,298 million.

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

In FY 2016-17, the Company placed an order of upto 205 (155 firm and 50 option) Boeing 737 MAX aircraft - a clear reflection of the strategic direction in which it is now committed. The USD 22 billion (₹ 1.5 billion) aircraft order is the biggest ever placed by any Indian airline with Boeing in its history and marks the beginning of a growth story, which will see the airline expand its wings - both within and outside the country.

Further, in order to strengthen its regional connectivity, the Company has placed order for upto 50 Bombardier Q400 aircraft post



completion of current FY 2016-17.

During FY 2016-17, SpiceJet added 10 aircraft to its Boeing fleet and 4 aircraft to its Bombardier fleet. Today SpiceJet operates 35 B737 family aircraft of which 1 is on wet lease while other are on operating lease; and 20 Q400s of which 13 are on finance lease and 7 on operating lease. During the year under review, the Company could achieve impressive aircraft utilization of over 12 hours per aircraft-day. The Company's initiative towards network optimization, delivering consistent and impressive 'On-Time-Performance', and providing seamless connectivity to its customers enabled it to achieve sustained monthly passenger load factors of above 90% for 24 months in a row (a feat unparalleled globally). The airline clocked the best on-time performance of all airlines in India for FY 2016-17 and its rate of flight cancellation was amongst the lowest.

During the year, SpiceJet added new flights and connections with special emphasis on the North-East. It deployed Q400 fleet to enter new markets and enhance regional connectivity. The new routes introduced include Kolkata-Silchar-Guwahati; Kolkata-Aizawl-Guwahati; Kolkata-Gorakhpur-Delhi; Kolkata-Visakhapatnam-Kolkata; Ahmedabad-Bengaluru-Jaipur; Bengaluru-Guwahati-Goa; Mumbai-Udaipur-Mumbai; Delhi-Surat-Trivandrum; Guwahati-Chennai-Guwahati; Hyderabad-Mangalore-Jaipur; Chennai-Rajahmundry-Trivandrum; Tirupati-Vijayawada-Tirupati; Vijayawada-Vishakhapatnam-Vijayawada besides additional frequencies on routes like - Kolkata-Bagdogra and Kolkata-Guwahati. Additionally, it launched a daily Jodhpur-Delhi flight.

Internationally too SpiceJet continues to make strides. During FY 2016-17, it launched direct flights on the Kolkata-Dhaka-Kolkata, Delhi-Bangkok-Delhi and Mangalore-Dubai route.

### **c) Revenue enhancement and new ancillary streams**

The Company strongly believes in the philosophy of continuous improvement in

customer experience. Towards this goal, it focuses on introducing new products and ideas to make customer travel hassle free and rewarding throughout. SpiceJet's ancillary revenue strategy focuses on developing products to provide solutions for its passengers immediate and future needs to enhance travel experience by leveraging technology.

The current portfolio of ancillary products caters to a varied type of customer profiles that include corporate, leisure, solo and family travelers among others. These products effectively contribute towards enhancing travel experience by addressing various passenger needs.

Products like 'Hand Baggage only' for light travelers, 'Excess Baggage' for customers with loads of baggage, 'Carry more on board' that sits somewhere in middle meeting the need of the travelers who happened to carry more at the last minute are transforming flying experience and contributing to customer delight.

Premium offerings in the form of 'SpiceMax', provides customers a better experience across its service delivery components through offerings like a priority check-in, preferred boarding, more legroom, hot meals and priority baggage delivery at arrivals etc. In addition to this, SpiceJet also offer many other innovative products like 'MyFlexiPlan' that allow customers to change/cancel tickets to suit their travel plans or 'Fly for Sure' that aims to give a greater customer ease in case of flight disruptions. 'SpiceVacations.com' is another one stop offering for hotel booking and customized holiday packages suiting specific travel needs at competitive prices.

SpiceJet is revamping its loyalty program to offer more value to its loyal customers and also enhancing the product experience on the mobile platform. The Company has several innovative products in pipeline carrying the same philosophy of making the travel hassle free for its valued customers. This will be an exciting space to look forward to in the times to come.

#### d) Cost reduction measures

Reducing costs and maintaining the lowest cost structure is a key focus area and extremely important in a price sensitive market. Continuing with the previous year's efforts on cost reduction this year more efforts were directed on automation, and on securing strategic advantage on aircraft and related costs - which was realized through the 205 Boeing and 50 Bombardier aircraft order that starts delivering from August 2018 onwards. This order while opening up new markets and enriching customer experience, helps bring down the operating costs significantly notably Fuel and maintenance. The Company also worked on improving employee productivity, continuous monitoring of fuel consumption and addressing inefficiencies, increased utilization of its airports, and notably aircraft utilization.

#### e) Brand consolidation

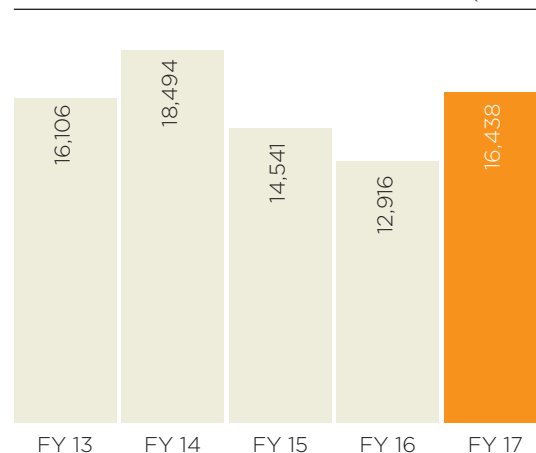
In FY 2016-17, the Company's brand mantra was 'consolidation' which was especially pertinent after the great turnaround last year. Along with it, the customer assumed center-stage in the conduct of the brand. Building on the brand positioning of being the 'antidote to travel boredom', several novel integrations and activities were conceptualized at the brand level. Apart from being the 'official travel partner' of the Justin Bieber Purpose Tour 2017, the brand associated with several 'fun' events like college festivals and Vijender Singh's WBA bout among others. These initiatives helped SpiceJet strike a new chord and connect with a whole new generation of Indian youth. These young Indian flyers form the core target audience of SpiceJet. The airline also sent its "Red, Hot, Spicy" quotient soaring with the launch of the new costume during the year. The brand also introduced several innovative products like SpiceValue pack, SpiceGift cards, and SpiceLock among others along with new services like SpiceStyle.com, an online and in-flight travel shop for fashion accessories. These initiatives, while providing unmatched value to customers also acts as an important catalyst in converting them into ambassadors for life.

The year also saw the airline build on the epithet "preferred airline brand" that has been popularly assigned to it. With the current brand momentum, the airline will continue to build on the red, hot, friendly image and keep delivering 'unsurpassed' value to its flyers.

### 4. OPERATIONAL AND FINANCIAL HIGHLIGHTS

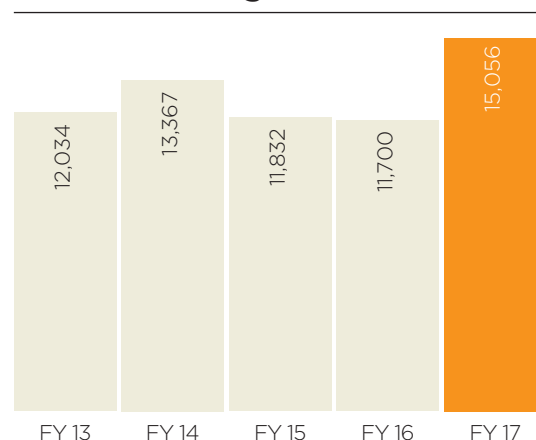
#### a) Operational highlights:

#### Available Seat Kilometre (million)



Capacity deployed in ASKM terms increased by 27% due to expansion in fleet.

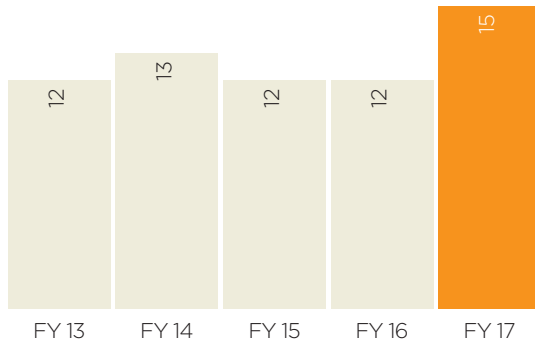
#### Revenue Passenger Kilometre (million)



RPKM increased by 29% due to increase in load factor and expansion in fleet.

**Passengers**

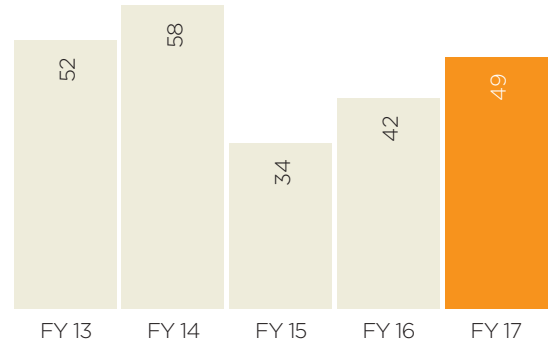
(million)



Passengers carried increased by 25% due to better load factor and increase in capacity.

**Aircraft at end**

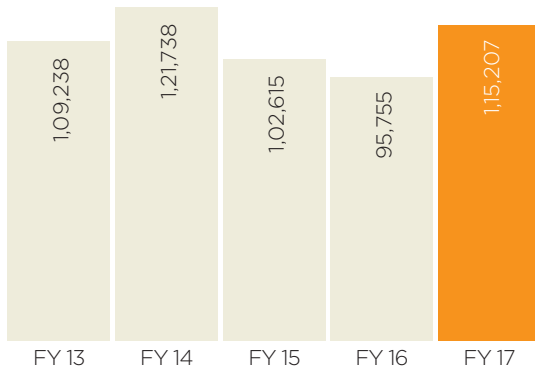
(Nos.)



Aircraft at end of FY 2016-17 increased by 17% due to additional aircrafts inducted during the year.

**Flights operated**

(Nos.)

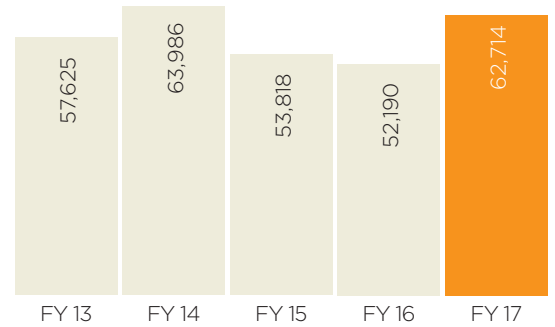


Flights operated increased by 20% due to expansion in fleet and enhanced aircraft utilisation.

**b) Financial highlights**

**Total revenue**

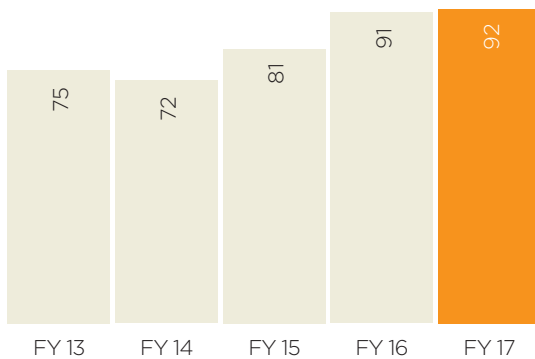
(₹ million)



Total revenue increased due to better operating performance in terms of load factor etc. and additional flights introduced.

**Load factor**

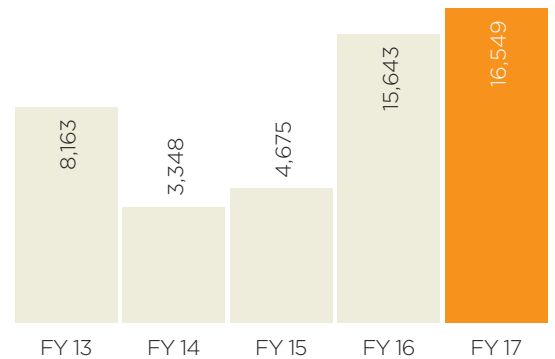
(%)



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

**EBITDAR**

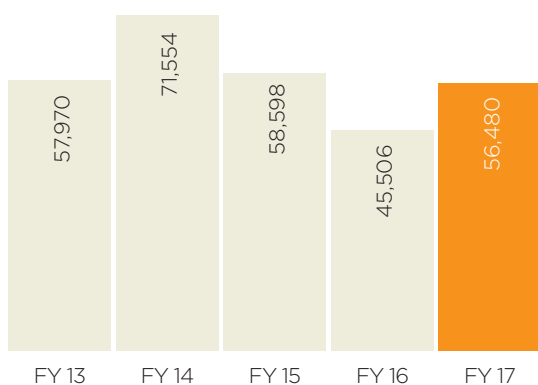
(₹ million)



The EBITDAR increased by 6% inspite of headwinds, mainly due to revenue and cost optimization.

## Total expenses

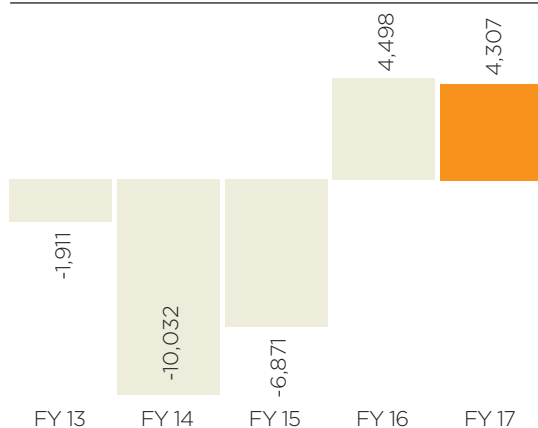
(₹ million)



Total expenses increased by 24% mainly due to Increase in capacity and ATF price increase.

## Net earnings

(₹ million)



The net earnings decreased by 4% due to short impact of demonetization and increase in ATF price.

## c) Revenues

SpiceJet's total revenues improved by 20% to ₹ 62,714 million in FY 2016-17 from ₹ 52,190 million in FY 2015-16.

Revenue from operations increased by 22% to ₹ 61,913 million in FY 2016-17 from ₹ 50,881 million in FY 2015-16.

Other income dropped by 39% to ₹ 801 million in FY 2016-17 from ₹ 1,309 million in FY 2015-16.

## d) Expenses

Total expenses for FY 2016-17 increased by 24% to ₹ 56,480 million from ₹ 45,506 million in FY 2015-16.

### i) Aircraft Fuel and Oil

Expenditure on aircraft fuel increased by 33% to ₹ 18,552 million in FY 2016-17 from ₹ 13,920 million in FY 2015-16. This increase is in line with increasing number of flights and higher aviation turbine fuel and oil prices.

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

Expenditure on lease rental-aircraft, rotables and engines increased by over 18% to ₹ 9,606 million in FY 2016-17 from ₹ 8,111 million in FY 2015-16. This is a result of expansion in fleet.

### iii) Aircraft Maintenance Cost

Expenditure on aircraft maintenance cost increased by almost 13%. The increase in maintenance and repair costs in FY 2016-17 was towards increasing the reliability of the aircraft, fixing of interiors and addressing legacy issues.

### iv) Other Operating Expenses

Other operational increased by 20% mainly due to expansion in fleet in FY 2016-17.

### v) Employee Benefits/ Expenses

Expenses with regard to employee remuneration and benefits increased to ₹ 6,735 million in FY 2016-17 from ₹ 4,925 million in FY 2015-16, an increase of 37% primarily due to increase in the fleet size.

### vi) Selling Expenses

Selling expenses increased by 28% to ₹ 2,093 million for FY 2016-17 from ₹ 1,637 million for FY 2015-16. The increase is mainly due to increase in the revenue.

### vii) Other Expenses

Other expense increased by 11% mainly due to increase in capacity.

**viii) Finance Cost**

Finance cost have dropped during the FY 2016-17 by 47% to ₹ 650 million from ₹ 1,237 million in FY 2015-16 due to reduction in borrowings and borrowing costs.

**ix) Depreciation and amortisation**

Depreciation and amortisation increased by 10% to ₹ 1,986 million in FY 2016-17 from ₹ 1,798 million in FY 2015-16.

**5. OPPORTUNITIES, RISKS, CONCERNS AND THREATS**

India has enjoyed the topmost position in demand for air travel for over two years. Domestic travel growth as discussed earlier was an impressive 22% in terms of RPKs; international travel also grew at a steady 10% in FY 2016-17. Improving GDP growth, a buoyant economy, and increasing exposure and inclination amongst the younger generation to travel are all expected to translate into strong growth for both business and leisure travel. Aviation Fuel cost remains critical towards maintaining profitability and also demand. SpiceJet on the back of its various initiatives towards strengthening its market presence & customer centricity and its focus on profitable growth is optimistic of continuing to tap this opportunity.

Risks and concerns on profitability will be centred on (a) sustainability of the current low fuel cost and inflationary environment; (b) the compounding effect of taxation on fuel costs; (c) rising foreign exchange rates; and (d) sensitivity of demand due to inflationary environment. Fuel costs can be mitigated through hedging and direct import which will be actioned at appropriate time. Other concern is the infrastructure development and its speed at airports. 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 in India due to low flyer base, lack of connectivity and the Governments' impetus to

develop airport infrastructure will see unlocking of demand in the next few years. During FY 2016-17, the Company consolidated its operations and is well set for scaling up its operations to tap the opportunity in this high growth environment. During this FY 2017-18, the Company has added 6 aircraft to its fleet and is looking to take its total fleet to 59 aircraft by March 2018. The Company has placed a big aircraft order to provide a long-term direction to its operations and planning. These aircraft, 205 Boeing 737MAX & 50 Bombardier Q400, are scheduled for inductions between 2018 and 2024. The Company (a) in the regional space, has participated in the UDAN scheme for regional connectivity and will further increase its foot print in this space; and (b) in the International space will continue to look to add more routes. The Company is looking at new ventures to increase its ancillary revenues and develop new travel segments. Pricing levels in the industry have firmed up and are reflective of the underlying cost structure. The aforesaid long-term order, coupled with cost reductions will lead to profitable and sustainable operations. With demonstrated profitability, scalability and the forecast demand, increase in SpiceJet's capacity addition is on track to command a healthy market presence.

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 and sustain a 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 review reports submitted by the independent internal auditor and monitor follow up and corrective action taken.

## 8. HUMAN RESOURCES

The Company regards employees as its most valuable asset and endeavours to provide a professional, fair, performance driven, innovative, process led, and safe working environment coupled with opportunities for personal growth and development. To support this intensely committed direction, the Company has fostered several HR initiatives during the past few years. The Company's flagship initiative 'HR Effort' that aims at hiring the best talent, developing their skills and grooming them for leadership roles has been instrumental in its business growth. To support its growth plans, the Company has recruited 2,985 employees including 162 pilots during the last financial year. More than 500 high potential employees from within the organisation, have also found growth and progressed to diverse and more challenging roles. SpiceJet is also committed to the principle of Equal Employment Opportunity for all employees and to providing a workplace free of discrimination and harassment.

A comprehensive system is in place for growing individual, function specific and generic competencies and fulfilling the same through various learning and training programs at all the levels in the organization. The Company encourages all employees to advance their career through several learning programs. To promote the same it launched "Learn while you earn" program, an online distance education program in association with Amity University. For financial support, all SpiceJet employees and their spouses avail an exclusive 50% discount on course fees for pursuing higher education with Amity University.

The Company has built a culture of an "Open Door Policy" where the senior most person in

the hierarchy is accessible at all times to every employee. Location-wise small group HR interaction forums continue to be held periodically, to hear the "Voice of the Employees" and to share with them the organisation's plans and performance. Processes within the Company continue to provide opportunity to all employees at individual and group levels, such that their voices are heard.

During the last year, the Company launched a new 'long service' award program, felicitating the long-term commitment and dedication of employees who successfully contributed more than five years, of their professional career, to SpiceJet.

Several fun activities, sports events, health camps and festival celebrations are organized throughout the year to encourage a culture of fun along with work. The highlight for the year was SpiceJet winning the Champion's trophy of 'Skylympics 2017', a mega national level sporting event where SpiceJet competed with other companies of the aviation industry. And winning 5 trophies in 23<sup>rd</sup> Teri Cricket Cup, Pro-Corporate Cup - VI, Fusion T-20 Cup, KPL T-20 Cup and Nexus 2<sup>nd</sup> Corporate Cup.

## 9. INFORMATION TECHNOLOGY

At SpiceJet, information technology (IT) plays a crucial role in providing unmatched services and driving business efficiencies. While the Company has been at the forefront of adopting new technologies, it now intends to become a 'Digital Airline'. Towards this objective, the Company has adopted comprehensive digital transformation strategy which includes:

- "Digital Transformation" for Enterprise:** Understanding the vital role data plays in the decision making process, the Company focused on building a Datamart, which leverages intelligent insights and trends generated from Business Intelligent dashboards to create meaningful data. This facilitates the Company in taking informed decision to increase revenue, reduce cost, and improve operational efficiency. Pilot performance dashboard is also available for all the pilots to check the performance and work on the improvement areas.

The Company has also worked towards digitizing all crew flight reports. As a result, all reported issues get digitally captured and shared with relevant departments for immediate resolution. IMS (Incident Management System), Spicecare, has been implemented to improve operational efficiency, quick resolution to problems reported and greater visibility. Further to ensure effectiveness of all programs, a Smart Audit App was implemented, which facilitates in capturing the feedback of various departments.

- b) “Digital Transformation” for Employees:**  
The Company has developed a robust and comprehensive application, SpiceWorld, for

empowering its employees. This application is a one stop store and features elements like LMS (Leave Management System), AMS (Attendance Management System), Digital on boarding, official travel booking automation, Idea Portal, Knowledge repository which facilitates in improving employee efficiency.

Going forward, the Company intends to lay more emphasis on Predictive Analysis using data for revenue and engineering. Plans are also in place for implementing advanced software suites for Engineering and Spicestyle to further improve efficiency. The Company intends to re-launch CMS (Cabin Management System) to improve in cabin operations.



# INDEPENDENT AUDITOR'S REPORT

To the Members of SpiceJet Limited

## Report on the Standalone Ind AS Financial Statements

We have audited the accompanying Standalone Ind AS financial statements of SpiceJet Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Standalone Ind AS 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 Standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity 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 the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 Standalone Ind AS 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 Standalone Ind AS 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 Standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS 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 Standalone Ind AS 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 Standalone Ind AS 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 Standalone Ind AS financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Standalone Ind AS 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, 2017, its profit including other comprehensive income and its cash flows and statement of changes in equity for the year ended on that date.

## Emphasis of Matter

We draw attention to:

- a) Note 2 (a)(iii) of the Standalone Ind AS financial statements regarding the Company's net liabilities of ₹ 6,090.93 million (including liabilities of

₹ 5,790 million in respect of the matter detailed in Note 44 of the Standalone Ind AS financial statements) as of March 31, 2017, which raises a material uncertainty that may cast significant doubt about the going concern assumption. The Company's financial performance and management's business plans are also discussed in the said note.

- b) Note 44 of the Standalone Ind AS financial statements regarding certain possible non-compliances of applicable provisions of law and Note 36 regarding the consequent effects thereof on diluted earnings per share disclosure.

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 including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
    - (d) In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) The matters described 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, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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 June 3, 2017, 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 Standalone Ind AS financial statements - Refer Note 43 to the Standalone Ind AS 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
    - iv The Company has provided requisite disclosures in Note 51 to these Standalone Ind AS financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in

Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation we report that these disclosures regarding the holding and nature of cash transactions, including Specified Bank Notes are in accordance with the books of accounts maintained by the Company and as produced to us by the Management. However, we are unable to obtain sufficient appropriate audit evidence as to the appropriateness of the amounts reported as permitted receipts of Specified Bank Notes, in such note.

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

Chartered Accountants

ICAI Firm Registration No.: 101049W/E300004

**per Aniruddh Sankaran**

Partner

Membership Number: 211107

Place : Gurgaon

Date : June 3, 2017

**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 Sections 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 Standalone Ind AS financial statements, the Company is not in compliance with the provisions of Sections 73 to 76 and other relevant provisions of the Companies Act, 2013, and the rules framed there under, in relation to advances which were 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, 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 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, 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. The provisions relating to excise duty are not applicable to the Company.
- (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:

<b>Name of the statute</b>	<b>Nature of dues</b>	<b>Amount (₹ in million)</b>	<b>Period to which the amount relates</b>	<b>Forum where dispute is pending</b>
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 or financial institution during the year. The Company has not made any borrowings from the 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 managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013
- (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 Standalone Ind AS 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 No.: 101049W/E300004

**per Aniruddh Sankaran**

Partner

Membership Number: 211107

Place : Gurgaon

Date : June 3, 2017

## ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS 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")

We have audited the internal financial controls over financial reporting of SpiceJet Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the Standalone Ind AS 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 Standalone Ind AS 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 Standalone Ind AS 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 Standalone Ind AS 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 Standalone Ind AS 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, 2017, 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 No.: 101049W/E300004

### **per Aniruddh Sankaran**

Partner

Membership Number: 211107

Place : Gurgaon

Date : June 3, 2017



## BALANCE SHEET as at March 31, 2017

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

	Notes	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property, Plant and Equipment ('PPE')	3	16,188.79	16,265.49	17,114.38
Intangible assets	4	9.02	10.10	23.87
Investments in subsidiaries	5a	0.20	-	-
<b>Financial Assets</b>				
(i) Investments	5b	0.23	-	-
(ii) Loans	6	190.33	-	-
(iii) Other Financial Assets	7	2,917.51	3,342.00	2,607.70
Non-current tax assets	8	211.54	292.77	290.11
Other non current assets	9	2,127.27	1,753.88	1,473.69
<b>Total non-current assets</b>		<b>21,644.89</b>	<b>21,664.24</b>	<b>21,509.75</b>
<b>Current Assets</b>				
Inventories	10	869.94	665.46	451.17
<b>Financial Assets</b>				
(i) Investments	11	1,397.52	204.64	-
(ii) Trade Receivables	12	617.69	433.74	1,281.83
(iii) Cash and cash equivalents	13	289.29	759.02	183.03
(iv) Bank balances other than (iii) above	13	1,722.36	300.00	-
(v) Other financial assets	14	1,797.93	1,643.69	917.54
Other current assets	15	1,569.46	2,796.27	2,695.98
<b>Total current assets</b>		<b>8,264.19</b>	<b>6,802.82</b>	<b>5,529.55</b>
<b>Total Assets</b>		<b>29,909.08</b>	<b>28,467.06</b>	<b>27,039.30</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity Share Capital	16	5,994.50	5,994.50	5,994.50
Other Equity	17	(12,085.43)	(16,383.13)	(20,846.64)
<b>Total Equity</b>		<b>(6,090.93)</b>	<b>(10,388.63)</b>	<b>(14,852.14)</b>
<b>Non-Current Liabilities</b>				
<b>Financial Liabilities</b>				
(i) Borrowings	18	7,759.84	9,209.22	11,161.36
(ii) Trade Payables	19	209.51	537.94	-
Long-term Provisions	20	2,897.25	2,634.02	1,690.32
Other non-current liabilities	21	461.22	220.04	254.78
<b>Total non-current liabilities</b>		<b>11,327.82</b>	<b>12,601.22</b>	<b>13,106.46</b>
<b>Current Liabilities</b>				
<b>Financial Liabilities</b>				
(i) Borrowings	22	2,522.45	1,050.00	1,200.00
(ii) Trade Payables	23	5,845.15	7,209.87	9,423.31
(iii) Other current financial liabilities	24	1,536.01	2,237.63	2,866.18
Short-term Provisions	25	1,417.92	3,684.34	3,737.40
Other Current Liabilities	26	13,350.66	12,072.63	11,558.09
<b>Total current liabilities</b>		<b>24,672.19</b>	<b>26,254.47</b>	<b>28,784.98</b>
<b>Total Liabilities</b>		<b>36,000.01</b>	<b>38,855.69</b>	<b>41,891.44</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>29,909.08</b>	<b>28,467.06</b>	<b>27,039.30</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

**per Aniruddh Sankaran**

Partner

Membership No: 211107

Place: Gurgaon

Date: June 3, 2017

**For and on behalf of the Board of Directors****Ajay Singh**  
**Chairman &**  
**Managing Director**

Place: Gurgaon

Date: June 3, 2017

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

Place: Gurgaon

Date: June 3, 2017

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

Place: Gurgaon

Date: June 3, 2017

# STATEMENT OF PROFIT AND LOSS for the year ended March 31, 2017

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

	Note No.	As at March 31, 2017	As at March 31, 2016
<b>INCOME</b>			
Revenue from operations	27	61,912.66	50,880.72
Other income	28	801.34	1,309.35
<b>Total Revenue</b>		<b>62,714.00</b>	<b>52,190.07</b>
<b>EXPENSES</b>			
Operating expenses	30	44,325.14	35,941.02
Employee benefits expense	31	6,735.39	4,924.51
Sales and marketing expenses	32	2,092.90	1,637.05
Other expenses	33	3,326.42	3,003.19
<b>Total Expense</b>		<b>56,479.85</b>	<b>45,505.77</b>
<b>Earnings before interest, tax, depreciation and amortization (EBITDA)</b>		<b>6,234.15</b>	<b>6,684.30</b>
Depreciation and amortization expense	3 & 4	(1,986.05)	(1,798.07)
Finance Income	29	324.04	211.21
Finance costs	34	(650.40)	(1,236.50)
<b>Profit for the year before exceptional items</b>		<b>3,921.74</b>	<b>3,860.94</b>
Exceptional items	35	385.54	636.94
<b>Profit Before Tax</b>		<b>4,307.28</b>	<b>4,497.88</b>
Income Tax Expense			
- Current Tax		-	-
- Deferred Tax		-	-
Total tax expense		-	-
<b>Profit for the year</b>		<b>4,307.28</b>	<b>4,497.88</b>
<b>Other Comprehensive Income:</b>			
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>			
Remeasurement gains and (losses) on defined benefit obligations (net)		(21.22)	(5.47)
Income tax impact		-	-
<b>Other comprehensive loss for the year</b>		<b>(21.22)</b>	<b>(5.47)</b>
<b>Total comprehensive income for the year</b>		<b>4,286.06</b>	<b>4,492.41</b>
Earnings per Equity Share of INR 10 each	36		
Earnings per share			
- Basic earnings per share		7.19	7.50
- Diluted earnings per share	36c	7.19	5.70

Summary of significant accounting policies 2  
See accompanying notes forming 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

**per Aniruddh Sankaran**

Partner  
Membership No: 211107

Place: Gurgaon  
Date: June 3, 2017

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

**Ajay Singh**  
Chairman &  
Managing Director

Place: Gurgaon  
Date: June 3, 2017

**Kiran Koteswar**  
Chief Financial  
Officer

Place: Gurgaon  
Date: June 3, 2017

**Chandan Sand**  
Company Secretary

Place: Gurgaon  
Date: June 3, 2017

## CASH FLOW STATEMENT for the year ended March 31, 2017

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

	March 31, 2017	March 31, 2016
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before tax and exceptional items	3,921.74	3,860.94
Adjustments to reconcile profit before tax and exceptional items to net cash flows:		
Depreciation and Amortisation expense	1,986.05	1,798.07
Provision for doubtful claims / advances	-	38.59
Loss / (profit) on disposal of PPE (net) / assets written off	9.06	62.09
Provision for litigations	82.69	-
Advances / debts written off	79.35	70.05
Provision for aircraft maintenance	1,796.89	2,612.39
Provision for aircraft redelivery	122.81	117.29
Provision for capital advance written back	-	(48.00)
Liabilities / provision no longer required written back	(517.58)	(1,122.32)
Profit on sale of engine under sale and lease-back arrangement	(23.70)	-
Net Gain on financial assets measured at fair value through profit or loss ('FVTPL')	(34.83)	(4.64)
Finance income	(324.04)	(211.21)
Finance costs	650.40	1,236.50
Translation loss / (gain) on monetary assets and liabilities	(499.93)	177.14
<b>Operating profit before working capital changes</b>	<b>7,248.91</b>	<b>8,586.89</b>
<b>Movements in working capital :</b>		
(Increase) / Decrease in trade receivables	(183.95)	852.58
(Increase) / Decrease in inventories	(204.48)	(214.29)
(Increase) / Decrease in other financial assets	344.06	(458.29)
(Increase) / Decrease in other current assets	(431.51)	(100.29)
Increase / (Decrease) in trade payables	(790.03)	(553.18)
Increase / (Decrease) in other financial liabilities	(275.45)	(1,325.48)
Increase / (Decrease) in other liabilities	1,542.91	496.17
Increase / (Decrease) in provisions	(4,026.80)	(1,844.51)
<b>Cash generated from operations</b>	<b>3,223.66</b>	<b>5,439.60</b>
Income taxes received / (paid) (net of refunds)	81.23	(2.66)
<b>Net cash generated from operating activities before exceptional items</b>	<b>3,304.89</b>	<b>5,436.94</b>
Cash inflow from exceptional items (refer note 35)	1,658.32	1,674.79
<b>Net cash flow from / (used in) operating activities</b>	<b>A 4,963.21</b>	<b>7,111.73</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of PPE and capital work in progress (including capital advances)	(2,488.64)	(1,582.61)
Proceeds from sale of PPE	4.28	1.64
Investment in subsidiary	(0.20)	-

## CASH FLOW STATEMENT for the year ended March 31, 2017

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

		March 31, 2017	March 31, 2016
Purchase of investments		(1,158.28)	(200.00)
Investments in bank deposits		(1,422.36)	(300.00)
Margin money deposits placed		(1,222.80)	(1,068.41)
Margin money deposits withdrawn		1,212.53	156.96
Finance income		259.61	246.04
<b>Net cash from / (used in) investing activities</b>	<b>B</b>	<b>(4,815.86)</b>	<b>(2,746.38)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Advance money received towards subscription of non-convertible cumulative redeemable preference shares ('CRPS')		-	500.00
Loans to subsidiary		(190.33)	-
Proceeds from short-term borrowings		1,472.45	-
Repayment of short-term borrowings		-	(150.00)
Proceeds from long-term borrowings		-	15.14
Repayment of long-term borrowings		(1,255.72)	(2,701.76)
Finance costs		(650.24)	(1,448.75)
<b>Net cash (used in) / from financing activities</b>	<b>C</b>	<b>(623.84)</b>	<b>(3,785.37)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(A+B+C)</b>	<b>(476.49)</b>	<b>580.00</b>
Effects of exchange difference on cash and cash equivalents held in foreign currency		6.76	(4.01)
Cash and cash equivalents at the beginning of the year		759.02	183.03
Cash and cash equivalents at the end of the year		<b>289.29</b>	<b>759.02</b>
<b>Notes :</b>			
Components of cash and cash equivalents			
On current accounts		149.03	724.50
On deposit accounts		117.85	5.00
Cash on hand		22.41	29.52
Total cash and cash equivalents (Note 13)		<b>289.29</b>	<b>759.02</b>

See accompanying Notes forming 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

### per Aniruddh Sankaran

Partner

Membership No: 211107

Place: Gurgaon

Date: June 3, 2017

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

**Ajay Singh**  
Chairman &  
Managing Director

Place: Gurgaon

Date: June 3, 2017

**Kiran Koteswar**  
Chief Financial  
Officer

Place: Gurgaon

Date: June 3, 2017

**Chandan Sand**  
Company Secretary

Place: Gurgaon

Date: June 3, 2017

## STATEMENT OF CHANGES IN EQUITY for the year ended March 31, 2017

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

### a. Equity Share Capital:

Equity shares of INR 10 each issued, subscribed and fully paid	Number	Amount
As at April 01, 2015	599,450,183	5,994.50
At March 31, 2016	599,450,183	5,994.50
<b>At March 31, 2017</b>	<b>599,450,183</b>	<b>5,994.50</b>

### b. Other equity

For the year ended March 31, 2017

Particulars	Retained earnings	Securities Premium Account	General Reserve	Share-based payment reserves	Foreign Currency Monetary Item Translation Difference Account (FCMITDA)	Total Equity
<b>As at April 01, 2016</b>	(26,317.57)	9,864.93	42.17	6.92	20.42	(16,383.13)
Profit for the year	4,307.28	-	-	-	-	4,307.28
Other comprehensive income	(21.22)	-	-	-	-	(21.22)
<b>Total Comprehensive Income</b>	<b>(22,031.51)</b>	<b>9,864.93</b>	<b>42.17</b>	<b>6.92</b>	<b>20.42</b>	<b>(12,097.07)</b>
Transferred from employee stock options outstanding upon lapse of such options	-	-	6.92	(6.92)	-	-
Movement during the year in FCMITDA, net	-	-	-	-	(1.81)	(1.81)
Recognised in the Statement of P&L during the year	-	-	-	-	13.45	13.45
<b>As at March 31, 2017</b>	<b>(22,031.51)</b>	<b>9,864.93</b>	<b>49.09</b>	<b>-</b>	<b>32.06</b>	<b>(12,085.43)</b>

## STATEMENT OF CHANGES IN EQUITY for the year ended March 31, 2017

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

### For the year ended March 31, 2016

Particulars	Retained earnings	Securities Premium Account	General Reserve	Share-based payment reserves	Foreign Currency Monetary Item Translation Difference Account (FCMITDA)	Total Equity
<b>As at April 01, 2015</b>	(30,809.98)	9,864.93	22.48	26.61	49.32	(20,846.64)
Profit for the year	4,497.88	-	-	-	-	4,497.88
Other comprehensive income	(5.47)	-	-	-	-	(5.47)
<b>Total Comprehensive Income</b>	<b>(26,317.57)</b>	<b>9,864.93</b>	<b>22.48</b>	<b>26.61</b>	<b>49.32</b>	<b>(16,354.23)</b>
Transferred from employee stock options outstanding upon lapse of such options	-	-	19.69	(19.69)	-	-
Movement during the year in FCMITDA, net	-	-	-	-	30.35	30.35
Recognised in the Statement of P&L during the year	-	-	-	-	(59.25)	(59.25)
<b>As at March 31, 2016</b>	<b>(26,317.57)</b>	<b>9,864.93</b>	<b>42.17</b>	<b>6.92</b>	<b>20.42</b>	<b>(16,383.13)</b>

See accompanying Notes forming 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

#### per Aniruddh Sankaran

Partner

Membership No: 211107

Place: Gurgaon

Date: June 3, 2017

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

**Ajay Singh**  
Chairman &  
Managing Director

Place: Gurgaon

Date: June 3, 2017

**Kiran Koteswar**  
Chief Financial  
Officer

Place: Gurgaon

Date: June 3, 2017

**Chandan Sand**  
Company Secretary

Place: Gurgaon

Date: June 3, 2017

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended March 31, 2017

(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 49 aircraft including 2 aircraft taken on wet lease across various routes in India and abroad as at March 31, 2017. The registered office of the Company is located at Indira Gandhi International Airport, Terminal 1D, New Delhi - 110037.

The financial statements were approved for issue by the board of directors on June 3, 2017.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a) Basis of preparation of financial statements

##### i. Compliance with Ind-AS

The standalone financial statements of the Company for the year ended March 31, 2017 have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules 2015, read with Companies (Indian Accounting Standards) as amended.

For all periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013 ('Act'), read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP) as amended. These financial statements for the year ended March 31, 2017 are the first the Company has prepared in accordance with Ind AS. Refer to note 53 for information on how the Company adopted Ind AS.

The financial statements are presented in Indian Rupees (₹) (its functional currency) and all values are rounded off to the nearest millions, except where otherwise indicated.

##### ii. Historical Cost convention

The standalone financial statements have been prepared on the historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments
- Certain financial assets and financial liabilities measured at fair value (refer accounting policy regarding financial instruments)

##### iii. Going concern assumption

As at March 31, 2017, the Company has accumulated losses of ₹ 22,031.51 million against shareholders' funds of ₹ 15,940.58 million. As of that date, the Company's total liabilities exceed its total assets by ₹ 6,090.93 million, as a result of historical market factors and the matter described in Note 44. These factors result in a material uncertainty that may cause significant doubt about the Company's ability to continue as a going concern.

As a result of various operational, commercial and financial measures implemented, the Company has significantly improved its liquidity position, and generated operating cash flows since the year ended March 2016. The Company has also earned profit after tax of ₹ 4,307.28 million for the year ended March 31, 2017. In view of the foregoing, and having regard to industry outlook and also management's current assessment of the outcomes of the matters stated in Note 44, management is of the view that the Company will be able to maintain profitable operations and raise funds as necessary, in order to meet its liabilities as they fall due. Accordingly, these financial statements have been prepared on the basis that the



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended March 31, 2017

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

Company will continue as a going concern for the foreseeable future.

### b) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

### c) Property, plant and equipment

Property, plant and equipment 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 cost of property, plant and equipment not ready for intended use before such date is disclosed under capital work-in-progress.

For depreciation purposes, 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 and depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied and the same is depreciated based on their specific useful lives. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure, are charged to the statement of profit and loss for the period during which such expenses are incurred.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of property, plant and equipment 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.

#### *Depreciation*

The Company, based on technical assessment made by experts and management estimates, depreciates certain items of property, plant

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended March 31, 2017

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

and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

The Company has used the following rates to provide depreciation on its property, plant and equipment.

<b>Asset Description</b>	<b>Useful life estimated by the management (years)</b>
Office Equipment	5
Computers	3 - 6
Furniture and Fixtures	10
Motor Vehicles	8
Plant and Machinery	15
Aircraft, engines and landing gear	8 - 17.86
Rotable and Tools	17.86

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 ₹ 21.79 million (previous year ₹ 31.06 million).

The Company has elected to continue with the carrying value for all its Property, plant and equipment as recognised in its Indian GAAP financials as deemed cost as at the transition date (viz. April 01, 2015).

### d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets

are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Costs incurred towards purchase of computer software are amortised 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.

The Company has elected to continue with the carrying value for all its Intangible assets as recognised in its Indian GAAP financials as deemed cost as at the transition date (viz. April 01, 2015).

### e) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, 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) fair value less cost of disposal 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 fair value less cost of disposal, 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

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended March 31, 2017

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

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. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the services, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses including impairment on inventories, are recognized in the statement of profit and loss. After impairment, depreciation / amortization 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 / amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss.

### f) Borrowing Costs

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 capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

### g) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The revenue is recognized net of VAT / Service tax (if any).

The specific recognition criteria described below must also be met before revenue is recognised.

#### Rendering of services

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.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended March 31, 2017

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

Revenue from wet lease of aircraft is recognised as follows:

- a) The fixed rentals under the agreements are recognised on a straight line basis over the lease period.
- b) The variable rentals in excess of the minimum guarantee hours are recognised based on actual utilisation of the aircraft during the period.

Income in respect of hiring / renting out of equipment and spare parts is recognised at rates agreed with the lessee, as and when related services are rendered.

### Sale of food and beverages

Revenue from sale of food and beverages is recognised when the products are delivered or served to the customer. Revenue from such sale is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Amounts received in advance towards food and beverages are shown under current liabilities as unearned revenue.

### Training Income

Revenue from training income is recognized proportionately with the degree of completion of services, based on management estimates of the relative efforts as well as the period over which related training activities are rendered for individual employees by the Company.

### Interest

Interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the

contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

## **h) Employee benefits**

### **i. Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

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.

### **ii. Other long-term employee benefit obligation**

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. Remeasurement 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

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended March 31, 2017

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

defer its settlement for 12 months after the reporting date.

### iii. Post-employment obligations

The Company operates the following post-employment schemes:

#### a. Gratuity obligations

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 using the projected unit credit method.

Remeasurement, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurement is not reclassified to profit or loss in subsequent periods.

Past service cost is recognised in profit or loss on the earlier of the date of the plan amendment or curtailment, and the date that the Company recognises related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs and
- Net interest expense or income.

#### b. Retirement 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 an expenditure, when an employee renders the related service.

### i) **Taxes**

#### **Current income tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### **Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences, except:

- a. When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended March 31, 2017

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

- b. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax asset is recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

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 a deferred tax asset.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is

settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

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 taxes relate to the same taxable entity and the same taxation authority.

### j) Earnings Per Share ("EPS")

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders 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.

### k) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 April 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended March 31, 2017

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

### Where the Company is a lessee

A lease is classified at the inception date as a finance lease or an operating lease. 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.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs (See note 2.f). Contingent rentals are recognised as expenses in the periods in which they are incurred.

### Sale and lease back arrangements

Profit or loss on sale and lease back arrangements resulting in operating leases is recognized immediately in case the transaction is established at fair value. If the sale price is below fair value, any profit or loss is recognised immediately except that, if the loss is compensated by future lease payments at below market price, it is deferred and amortised in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over the fair value is deferred and amortized over the period for which the asset is expected to be used.

The sale and lease back arrangements entered in by the Company which result in operating lease wherever applicable are as per the

standard commercial terms prevalent in the industry. The Company does not have an option to buy back the engine / aircraft, nor does it have an option to renew or extend the lease after the expiry of the lease.

### **l) Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

### **m) Foreign currencies**

The standalone financial statements of the Company is presented in Indian Rupees (₹) which is also the Company's functional currency.

#### Initial Recognition

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at the average rates that closely approximate the rate at the date of the transaction.

#### Conversion

Foreign currency monetary items are translated 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 translated using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value denominated in a foreign currency are translated using the exchange rates that existed when the values were determined.



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended March 31, 2017

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

### Exchange Differences

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss except to the extent it is treated as an adjustment to borrowing costs.

The Company has opted to avail the exemption under Ind AS 101 to continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in financial statements for period ended immediately before beginning of first Ind AS financial reporting period as per Indian GAAP (i.e. till March 31, 2016) (Refer to note 53 for Ind AS 101 exemptions adopted). Consequent to which:

- Exchange differences arising on long-term foreign currency monetary items related to acquisition of certain Bombardier Q400 aircraft 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.

### **n) Fair value measurement**

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or

- In the absence of a principal market, in the most advantageous market for the asset or liability

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended March 31, 2017

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

lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Involvement of external valuers is decided upon annually by the Company. At each reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the accounting policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. Other fair value related disclosures are given in the relevant notes (Refer Note 48).

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above (Refer Note 49).

### o) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimated. The expense relating to a provision is presented in the statement of profit and loss.

### p) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### Financial assets

#### *Initial recognition and measurement*

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

#### *Subsequent measurement*

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments and derivatives at fair value through profit or loss (FVTPL)
- Equity instruments at fair value through profit or loss (FVTPL) or at fair value through other comprehensive income (FVTOCI)

#### *Debt instruments at amortised cost*

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a. The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b. Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended March 31, 2017

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

amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

### *Debt instrument at FVTOCI*

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a. The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b. The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method. The Company does not have any debt instrument as at FVTOCI.

### *Debt instrument at FVTPL*

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as

at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L. The Company does not have any debt instrument at FVTPL.

### *Equity investments*

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVTOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L. The Company has classified its investments in mutual funds as Investments at FVTPL.

### *Derecognition*

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended March 31, 2017

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

transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the Statement of profit and loss.

### *Impairment of financial assets*

The Company applies expected credit loss model for recognising impairment loss on financial assets measured at amortised cost.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL

which results from default events that are possible within 12 months after the reporting date.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as expenses in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L.

### **Financial liabilities**

#### *Initial recognition and measurement*

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortized cost, net of directly attributable transaction costs.

#### *Subsequent measurement*

All financial liabilities except derivatives are subsequently measured at amortised cost using the effective interest rate method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended March 31, 2017

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

### *Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

### **Derivative financial instruments**

The Company enters into derivative financial instruments to manage its exposure foreign currency risks.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

### **Embedded derivatives**

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of

a financial asset out of the fair value through profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### **Equity investment in Subsidiaries**

Investment in subsidiaries are carried at cost in the separate financial statements as permitted under Ind-AS 27.

### **q) 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 cost of purchase and other costs incurred in bringing the inventories to their present location and condition and is determined on a weighted average basis.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended March 31, 2017

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

### r) 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.

#### Non-cash Incentives

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 operating revenue 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.

### s) Commission to agents

Commission expense is recognized as an expense coinciding with the recognition of related revenues considering various estimates including applicable commission slabs, performance of individual agents with respect to their targets etc.

### t) Share-based payments

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).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in share-based

payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised 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 statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. On forfeiture of stock options, amounts accumulated in share-based payment reserves are transferred to general reserve.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended March 31, 2017

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

met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

The Company has availed the exemption under Ind AS 101 to not apply the requirements of Ind AS 102 for equity settled transactions that are vested as at the date of transition (April 01, 2015). Accordingly, only those options that are not vested as at the date of transition have been measured at fair value (if applicable).

### u) Segment reporting

Based on internal reporting provided to the chief operating decision maker, air transport service is the only operating segment for the Company.

### 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) 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, finance income, finance costs and tax expense.



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended March 31, 2017

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

### 3. PROPERTY PLANT & EQUIPMENT (PPE)

Particulars	Plant & Equipment	Rotable & Tools	Office Equipment	Computers	Furniture & Fixtures	Vehicles	Leasehold Improvements	Aircraft <sup>^</sup>	Total
<b>Gross Block</b>									
Deemed cost as at April 1, 2015	364.82	1,106.61	43.59	32.51	12.78	273.84	32.25	15,247.98	17,114.38
Additions #	37.57	266.42	9.40	33.83	3.80	73.21	0.49	876.74	1,301.46
Disposals	1.41	62.41	0.10	0.01	-	0.69	0.13	1,072.44	1,137.19
Exchange Differences *	-	-	-	-	-	-	-	734.48	734.48
<b>At March 31, 2016</b>	<b>400.98</b>	<b>1,310.62</b>	<b>52.89</b>	<b>66.33</b>	<b>16.58</b>	<b>346.36</b>	<b>32.61</b>	<b>15,786.76</b>	<b>18,013.13</b>
Additions #	114.36	967.17	14.47	58.65	4.07	57.31	1.12	885.95	2,103.10
Disposals	7.92	6.22	0.02	0.62	0.06	2.57	-	-	17.41
Exchange Differences *	-	-	-	-	-	-	-	(193.66)	(193.66)
<b>At March 31, 2017</b>	<b>507.42</b>	<b>2,271.57</b>	<b>67.34</b>	<b>124.36</b>	<b>20.59</b>	<b>401.10</b>	<b>33.73</b>	<b>16,479.05</b>	<b>19,905.16</b>
<b>Accumulated Depreciation</b>									
At April 1, 2015	-	-	-	-	-	-	-	-	-
Charge for the Year	34.86	91.07	18.45	16.73	3.02	53.40	10.46	1,386.59	1,614.58
Disposals	0.10	0.76	0.04	0.01	-	0.10	0.02	34.59	35.62
Exchange Differences *	-	-	-	-	-	-	-	168.68	168.68
<b>At March 31, 2016</b>	<b>34.76</b>	<b>90.31</b>	<b>18.41</b>	<b>16.72</b>	<b>3.02</b>	<b>53.30</b>	<b>10.44</b>	<b>1,520.68</b>	<b>1,747.64</b>
Charge for the Year	40.56	117.48	16.24	26.55	4.65	65.83	7.39	1,512.98	1,791.68
Disposals	0.82	0.61	0.00	0.48	0.01	2.17	-	-	4.09
Exchange Differences *	-	-	-	-	-	-	-	181.13	181.13
<b>At March 31, 2017</b>	<b>74.50</b>	<b>207.18</b>	<b>34.65</b>	<b>42.79</b>	<b>7.66</b>	<b>116.96</b>	<b>17.83</b>	<b>3,214.79</b>	<b>3,716.36</b>
<b>Net Block</b>									
<b>At March 31, 2016</b>	<b>366.22</b>	<b>1,220.31</b>	<b>34.48</b>	<b>49.61</b>	<b>13.56</b>	<b>293.06</b>	<b>22.17</b>	<b>14,266.08</b>	<b>16,265.49</b>
<b>At March 31, 2017</b>	<b>432.92</b>	<b>2,064.39</b>	<b>32.69</b>	<b>81.57</b>	<b>12.93</b>	<b>284.14</b>	<b>15.90</b>	<b>13,264.26</b>	<b>16,188.79</b>

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

<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 18 (b).

# Additions to Aircraft comprise ₹ 876.74 million for the year March 31, 2016 and ₹ 885.95 million for the March 31, 2017 pertaining to overhaul costs capitalised on aircraft.

Rotables and tools, Ground support equipment and Motor Vehicles with a carrying amount of ₹ 45.69 million (March 31, 2016 ₹ 53.04 million, April 01, 2015 ₹ 61.16 million), are subject to a first charge to secure the facilities provided by Allahabad Bank.

Refer Note. 42 for contractual commitments for the acquisition of PPE

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended March 31, 2017

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

### 4. INTANGIBLE ASSETS

	Software	Total
<b>Gross Block</b>		
Deemed cost as at April 1, 2015	23.87	23.87
Additions	1.04	1.04
Disposals	-	-
<b>At March 31, 2016</b>	<b>24.91</b>	<b>24.91</b>
Additions	12.16	12.16
Disposals	-	-
<b>At March 31, 2017</b>	<b>37.07</b>	<b>37.07</b>
<b>Accumulated Amortization</b>		
At April 1, 2015	-	-
Charge for the year	14.81	14.81
Disposals	-	-
<b>At March 31, 2016</b>	<b>14.81</b>	<b>14.81</b>
Charge for the year	13.24	13.24
Disposals	-	-
<b>At March 31, 2017</b>	<b>28.05</b>	<b>28.05</b>
<b>Net Block</b>		
<b>At March 31, 2016</b>	<b>10.10</b>	<b>10.10</b>
<b>At March 31, 2017</b>	<b>9.02</b>	<b>9.02</b>

### 5. NON-CURRENT INVESTMENTS (fully paid up)

#### a. Unquoted equity investments in subsidiaries, at cost

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
9,999 (March 31, 2016: Nil, April 01, 2015: Nil) equity shares of SpiceJet Merchandise Private Limited	0.10	-	-
9,999 (March 31, 2016: Nil, April 01, 2015: Nil) equity shares of SpiceJet Technic Private Limited	0.10	-	-
<b>Total Investments in subsidiaries</b>	<b>0.20</b>	<b>-</b>	<b>-</b>

#### b. Unquoted equity investments, at fair value

1189 (March 31, 2016 Nil, April 01, 2015: Nil) equity shares of Aeronautical Radio of Thailand Limited	0.23	-	-
<b>Aggregate amount of unquoted investments</b>	<b>0.43</b>	<b>-</b>	<b>-</b>

### 6. LONG-TERM LOANS

(Unsecured, considered good unless stated otherwise)

Loan to subsidiary (Refer note 47)	190.33	-	-
	<b>190.33</b>	<b>-</b>	<b>-</b>

Loan to subsidiary is repayable 3 years from the date of borrowing and carries an interest of 12.75%.

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS** for the year ended March 31, 2017  
(All amounts are in millions of Indian Rupees, unless otherwise stated)

**7. OTHER NON-CURRENT FINANCIAL ASSETS**

(Unsecured, considered good unless stated otherwise)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Security deposits (at amortised cost)	1,675.78	2,117.84	2,294.99
Non-current bank balances (also refer note 13)	1,234.64	1,224.16	312.71
Interest accrued but not due	7.09	-	-
	<b>2,917.51</b>	<b>3,342.00</b>	<b>2,607.70</b>

**8. NON-CURRENT TAX ASSETS**

Advance income-tax and tax deducted at source (net of provision for taxation)	211.54	292.77	290.11
	<b>211.54</b>	<b>292.77</b>	<b>290.11</b>

**9. OTHER NON-CURRENT ASSETS**

(Unsecured, considered good unless stated otherwise)

Accrued overhaul obligation on finance lease aircraft	1,145.61	1,265.03	1,068.13
Capital advances	931.66	438.85	355.56
Deposit with Hon'ble Bombay High Court (also refer note 42 (b) (i))	50.00	50.00	50.00
	<b>2,127.27</b>	<b>1,753.88</b>	<b>1,473.69</b>
<b>Break-up for security details:</b>			
<b>Capital advances</b>			
Unsecured, considered Doubtful	24.32	24.32	-
Unsecured, considered good	931.66	438.85	355.56
	<b>955.98</b>	<b>463.17</b>	<b>355.56</b>
<b>Impairment Allowance</b>			
Doubtful	(24.32)	(24.32)	-
	<b>(24.32)</b>	<b>(24.32)</b>	<b>-</b>
<b>Total</b>	<b>931.66</b>	<b>438.85</b>	<b>355.56</b>

**10. INVENTORIES**

Engineering stores and spares	808.55	621.73	411.71
Other stores	61.39	43.73	39.46
<b>Total inventories at the lower of cost and net realisable value</b>	<b>869.94</b>	<b>665.46</b>	<b>451.17</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended March 31, 2017

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

**11. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)**

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Quoted investment in mutual funds			
Nil (March 31, 2016: 6,448,555.04, April 01, 2015: Nil) units of ₹ 31.01 each fully paid up of Reliance Liquidity Fund	-	204.64	-
16,689,404 (March 31, 2016: Nil, April 01, 2015: Nil) units of ₹ 18.40 each fully paid up of Axis short-term growth plan	307.09	-	-
99,204 (March 31, 2016: Nil, April 01, 2015: Nil) units of ₹ 25.20 each fully paid up of BNP Paribas growth plan	2.50	-	-
1,400,177 (March 31, 2016: Nil, April 01, 2015: Nil) units of ₹ 312.57 each fully paid up of ICICI Prudential flexible income growth plan	437.65	-	-
59,738 (March 31, 2016: Nil, April 01, 2015: Nil) units of ₹ 17.11 each fully paid up of ICICI Prudential ultra-short term growth plan	1.02	-	-
9,109,391 (March 31, 2016: Nil, April 01, 2015: Nil) units of ₹ 11.21 each fully paid up of IDFC Corporate bond fund growth plan	102.13	-	-
18,819 (March 31, 2016: Nil, April 01, 2015: Nil) units of ₹ 2669.38 each fully paid up of Kotak Floater short-term growth plan	50.24	-	-
2,561,104 (March 31, 2016: Nil, April 01, 2015: Nil) units of ₹ 11.83 each fully paid up of Reliance Banking and PSU debt fund growth plan	30.31	-	-
9,765,904 (March 31, 2016: Nil, April 01, 2015: Nil) units of ₹ 34.69 each fully paid up of Reliance medium term fund growth plan	338.78	-	-
4,042,700 (March 31, 2016: Nil, April 01, 2015: Nil) units of ₹ 31.61 each fully paid up of Reliance short-term fund growth plan	127.80	-	-
<b>Aggregate amount of quoted investments and market value thereof</b>	<b>1,397.52</b>	<b>204.64</b>	<b>-</b>

**12. TRADE RECEIVABLES**

(Unsecured, considered good unless stated otherwise)

<b>Trade receivables (current)</b>			
Trade receivables	617.69	433.74	1,281.83
<b>Total Trade receivables</b>	<b>617.69</b>	<b>433.74</b>	<b>1,281.83</b>

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS** for the year ended March 31, 2017  
(All amounts are in millions of Indian Rupees, unless otherwise stated)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Break-up for security details:</b>			
<b>Trade receivables</b>			
Unsecured, considered Doubtful	4.04	4.24	9.53
Unsecured, considered good	618.69	434.54	1,281.83
	<b>622.73</b>	<b>438.78</b>	<b>1,291.36</b>
<b>Impairment Allowance (Allowance for bad and doubtful debts)</b>			
Unsecured, considered good	(1.00)	(0.80)	-
Doubtful	(4.04)	(4.24)	(9.53)
	<b>(5.04)</b>	<b>(5.04)</b>	<b>(9.53)</b>
<b>Total</b>	<b>617.69</b>	<b>433.74</b>	<b>1,281.83</b>

For terms and conditions relating to related party receivables, refer Note 46

**13. CASH AND CASH EQUIVALENTS**

Balances with banks:			
- On current accounts	149.03	724.50	157.20
- On deposit accounts	117.85	5.00	-
Cash on hand	22.41	29.52	25.83
	<b>289.29</b>	<b>759.02</b>	<b>183.03</b>
<b>Other bank balances</b>			
Deposits with original maturity for more than 3 months but less than 12 months	1,250.26	300.00	-
Deposits with original maturity more than 12 months	472.10	-	-
Margin money / Security against fund and non-fund based facilities*	1,234.64	1,224.16	312.71
	2,957.00	1,524.16	312.71
Less: Amount disclosed under other non-current asset (Refer note 7)	(1,234.64)	(1,224.16)	(312.71)
	<b>1,722.36</b>	<b>300.00</b>	<b>-</b>
	<b>2,011.65</b>	<b>1,059.02</b>	<b>183.03</b>

At March 31, 2017, the Company had available INR 377.54 million (March 31, 2016: INR 1500.00 million, April 01, 2015: Nil) of undrawn committed borrowing facilities.

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

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended March 31, 2017

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

### 14. OTHER CURRENT FINANCIAL ASSETS

(Unsecured, considered good unless stated otherwise)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Security deposits	1,258.77	993.77	700.51
Derivatives	-	-	2.28
Claims receivable	126.08	525.87	97.33
Employee advances	20.98	8.51	-
Interest accrued			
- on fixed deposits	84.40	19.97	4.38
- others	-	-	50.42
Unbilled revenue	307.70	95.57	62.62
	<b>1,797.93</b>	<b>1,643.69</b>	<b>917.54</b>
<b>Break-up for security details:</b>			
<b>Claims receivable</b>			
Unsecured, considered Doubtful	-	-	444.65
Unsecured, considered good	126.08	525.87	97.33
	<b>126.08</b>	<b>525.87</b>	<b>541.98</b>
<b>Impairment Allowance</b>			
Doubtful	-	-	(444.65)
	-	-	<b>(444.65)</b>
<b>Total</b>	<b>126.08</b>	<b>525.87</b>	<b>97.33</b>

### 15. OTHER CURRENT ASSETS

(Unsecured, considered good unless stated otherwise)

Prepaid expenses	758.99	610.87	291.39
Advances to suppliers	810.47	2,185.40	2,404.59
	<b>1,569.46</b>	<b>2,796.27</b>	<b>2,695.98</b>
<b>Break-up for security details:</b>			
<b>Advances to suppliers</b>			
Unsecured, considered Doubtful	-	-	88.58
Unsecured, considered good	810.47	2,185.40	2,404.59
	<b>810.47</b>	<b>2,185.40</b>	<b>2,493.17</b>
<b>Impairment Allowance</b>			
Doubtful	-	-	(88.58)
	-	-	<b>(88.58)</b>
<b>Total</b>	<b>810.47</b>	<b>2,185.40</b>	<b>2,404.59</b>

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS** for the year ended March 31, 2017  
(All amounts are in millions of Indian Rupees, unless otherwise stated)

**16. SHARE CAPITAL**

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Authorised Capital</b>			
(1,500,000,000 equity shares of ₹ 10/- each)			
<b>As at April 01, 2015</b>	15,000.00	15,000.00	15,000.00
Increase during the year	-	-	-
<b>As at March 31, 2016</b>	15,000.00	15,000.00	15,000.00
Increase during the year	-	-	-
<b>As at March 31, 2017</b>	<b>15,000.00</b>	<b>15,000.00</b>	<b>15,000.00</b>
<b>Issued, Subscribed and Paid-up Capital</b>			
(599,450,183 equity shares of ₹ 10/- each)			
<b>As at April 01, 2015</b>	5,994.50	5,994.50	5,994.50
Increase during the year	-	-	-
<b>As at March 31, 2016</b>	5,994.50	5,994.50	5,994.50
Increase during the year	-	-	-
<b>As at March 31, 2017</b>	<b>5,994.50</b>	<b>5,994.50</b>	<b>5,994.50</b>

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

Particulars	As at March 31, 2017		As at March 31, 2016	
	Number	Value (₹)	Number	Value (₹)
Shares outstanding at the beginning of the period	599,450,183	5,994,501,830	599,450,183	5,994,501,830
Issued during the year	-	-	-	-
<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 Term / Rights attached to Equity Shares**

The Company has only one class of equity shares having a par value of ₹ 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.



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended March 31, 2017

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

### C Details of Shareholders holding more than 5 percent in the Company:

Name of Shareholder	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	% against total number of shares	No. of Shares	% against total number of shares
Mr. Ajay Singh	354,443,450	59.13%	354,443,450	59.13%
<b>Total</b>	<b>354,443,450</b>	<b>59.13%</b>	<b>354,443,450</b>	<b>59.13%</b>

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.

### D. 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:

The Company has issued total 171,665 shares (March 31, 2016 - 1,091,265 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.

### E. Shares reserved for issue under options

For details of shares reserved for issue under ESOP, refer Note 40

## 17. OTHER EQUITY

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Reserves and Surplus			
Securities Premium Account	9,864.93	9,864.93	9,864.93
General Reserve	49.09	42.17	22.48
Share-based payment reserves	-	6.92	26.61
Retained Earnings	(22,031.51)	(26,317.57)	(30,809.98)
<b>Total</b>	<b>(12,117.49)</b>	<b>(16,403.55)</b>	<b>(20,895.96)</b>
Other reserves			
Opening balance	20.42	49.32	108.90
Foreign Currency Monetary Item Translation Difference Account	32.06	20.42	49.32
<b>Total other equity</b>	<b>(12,085.43)</b>	<b>(16,383.13)</b>	<b>(20,846.64)</b>

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS** for the year ended March 31, 2017  
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**a. Securities Premium**

	As at 31-Mar-2017	As at 31-Mar-2016
<b>Balance at the beginning of the year</b>	<b>9,864.93</b>	<b>9,864.93</b>
Additions during the year	-	-
Deductions during the year	-	-
<b>Balance at the end of the year</b>	<b>9,864.93</b>	<b>9,864.93</b>

**b. General Reserve**

The general reserves is a free reserve, retained from company's profits to meet future obligations.

<b>Balance at the beginning of the year</b>	<b>42.17</b>	<b>22.48</b>
Transferred from employee stock options outstanding upon lapse of such options	6.92	19.69
Deductions during the year	-	-
<b>Balance at the end of the year</b>	<b>49.09</b>	<b>42.17</b>

**c. Share-based payment reserves**

The balance represents reserves created to the extent of vested options based on the Employees Stock Option Scheme, 2007.

<b>Balance at the beginning of the year</b>	<b>6.92</b>	<b>26.61</b>
Additions during the year	-	-
Transferred to general reserve upon lapse of such options	(6.92)	(19.69)
<b>Balance at the end of the year</b>	<b>-</b>	<b>6.92</b>

**d. Retained Earnings**

<b>Balance at the beginning of the year</b>	<b>(26,317.57)</b>	<b>(30,809.98)</b>
Profit for the year	4,307.28	4,497.88
Re-measurement Gain/(Loss) on Defined Benefit Obligations	(21.22)	(5.47)
<b>Balance at the end of the year</b>	<b>(22,031.51)</b>	<b>(26,317.57)</b>

**Foreign Currency Monetary Item Translation Difference Account**

Represents the exchange differences arising on other long-term foreign currency monetary item amortised to the Statement of Profit and Loss over the remaining life of the concerned monetary item.

<b>Balance at the beginning of the year</b>	<b>20.42</b>	<b>49.32</b>
Movement during the year in FCMITDA, net	(1.81)	30.35
Recognised in the Statement of P&L during the year	13.45	(59.25)
<b>Balance at the end of the year</b>	<b>32.06</b>	<b>20.42</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended March 31, 2017

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

### 18. LONG TERM BORROWINGS (SECURED)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Term Loans</b>			
From bank	-	-	143.52
Less: Current maturities of long term borrowings (refer note 24)	-	-	(143.52)
	-	-	-
<b>Other loans</b>			
External commercial borrowing (Unsecured)	9,021.93	11,231.85	13,392.63
Vehicle loan from bank	10.17	14.72	-
Less: Current maturities of long term borrowings (refer note 24)	(1,272.26)	(2,037.35)	(2,231.27)
	<b>7,759.84</b>	<b>9,209.22</b>	<b>11,161.36</b>
	<b>7,759.84</b>	<b>9,209.22</b>	<b>11,161.36</b>

- a. Term loan from banks is repayable in unequal instalments from April 2012. This interest on this loan ranges from 12.25% to 12.86%.

The loan and other facilities granted by the lender were secured by exclusive charge on current assets both present and future excluding lien marked deposits, second charge on movable fixed assets, both present and future, and pledge of shares of the Company owned by the promoter of the Company, Mr. Ajay Singh.

- 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 3). 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 year ended March 2015, 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 ₹ 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 during the previous year.

- c. 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 having a carrying value of ₹ 16.13 million.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended March 31, 2017

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

### 19. NON CURRENT TRADE PAYABLES

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade payables	209.51	537.94	-
	<b>209.51</b>	<b>537.94</b>	<b>-</b>

Trade payables are non interest bearing and carry a credit period exceeding 365 days

### 20. LONG TERM PROVISIONS

Provision for gratuity (also refer note 38)	222.79	163.70	152.95
Provision for aircraft redelivery (also refer note 25)	148.57	224.86	107.60
Provision for aircraft maintenance (also refer note 25)	2,525.89	2,245.46	1,429.74
	<b>2,897.25</b>	<b>2,634.02</b>	<b>1,690.29</b>

### 21. OTHER NON-CURRENT LIABILITIES

Deferred incentive	221.27	254.74	290.96
Less: reversal on account of loss of aircraft	-	(16.37)	(17.85)
Less: Current portion of above	(17.10)	(18.33)	(18.33)
	<b>204.17</b>	<b>220.04</b>	<b>254.78</b>
Deferred gain on Sale and lease-back	297.02	-	-
Less: Current portion of above	(39.97)	-	-
	<b>257.05</b>	<b>-</b>	<b>-</b>
	<b>461.22</b>	<b>220.04</b>	<b>254.78</b>

### 22. SHORT TERM BORROWINGS (SECURED)

Inter corporate deposits (also refer note 42 (b) (i))	50.00	50.00	50.00
Working capital demand loan from bank	1,000.00	1,000.00	1,150.00
Pre-shipment credit foreign currency loan	1,472.45	-	-
	<b>2,522.45</b>	<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%.

Pre-shipment credit foreign currency loan from bank is secured by fixed deposits placed by the Company having a carrying value of ₹ 772.22 million and is repayable within 6 months from each drawdown. The loan carries an interest rate benchmarked to the LIBOR rate at each drawdown. The interest rate on these borrowings ranges between 3.21% to 5.25%.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended March 31, 2017

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

### 23. TRADE PAYABLES

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade payables	5,845.15	7,209.87	9,423.31
	<b>5,845.15</b>	<b>7,209.87</b>	<b>9,423.31</b>

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

#### Terms and conditions of the above financial liabilities:

Trade payables are non interest bearing and carry a credit period generally between 30 and 90 days

### 24. OTHER CURRENT FINANCIAL LIABILITIES

<b>Unsecured</b>			
Derivative liability	15.39	-	-
Employee compensation payable	202.94	157.88	246.65
Security deposits received	13.80	10.94	1.03
<b>Secured</b>			
Current maturities of long-term borrowings (also refer note 18) (includes current maturities of ECB ₹ 1,267.20 (March 31, 2016 - ₹ 2,032.80))	1,272.26	2,037.35	2,374.79
Interest accrued and due on borrowings	11.83	10.60	216.93
Interest accrued but not due on borrowings	19.79	20.86	26.78
	<b>1,536.01</b>	<b>2,237.63</b>	<b>2,866.18</b>
<b>Break up of financial liabilities carried at amortised cost :</b>			
Borrowings (non-current) (note 18)	7,759.84	9,209.22	11,161.36
Borrowings (current) (note 22)	2,522.45	1,050.00	1,200.00
Current maturity of long term loans (note 24)	1,272.26	2,037.35	2,374.79
Trade payables (non current) (note 19)	209.51	537.94	-
Trade payables (current) (note 23)	5,845.15	7,209.87	9,423.31
Other Current financial liabilities (note 24)	216.74	168.82	247.68
<b>Total financial liabilities carried at amortised cost</b>	<b>17,825.95</b>	<b>20,213.20</b>	<b>24,407.14</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended March 31, 2017

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

### 25. SHORT TERM PROVISIONS

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for employee benefits			
Provision for gratuity (also refer note 40)	16.77	16.31	12.89
Provision for compensated absences	92.70	57.29	46.92
Provision for litigation * (also refer note 43)	255.09	172.40	172.40
Provision for aircraft maintenance ** (also refer note below)	846.41	1,759.06	737.81
Provision for aircraft redelivery # (also refer note below)	206.95	1,679.28	2,767.38
	<b>1,417.92</b>	<b>3,684.34</b>	<b>3,737.40</b>

#### \* Provision for litigation:

At the beginning of the year	172.40	172.40
Additions during the year	82.69	-
Utilisation / reversal during the year	-	-
<b>At the end of the year</b>	<b>255.09</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 Ind-AS 37, "Provisions, Contingent Liabilities and Contingent Assets" given below is the movement in provision for aircraft maintenance.

During the previous year, 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. Based on such finalized contracts / terms, and factors such 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. During the current year, the Company continues to evaluate for expected shortfalls in the maintenance obligations and on such basis estimates the provisions required to be made in this regard.

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

At the beginning of the year	4,004.53	2,167.55
Additions during the year	1,796.89	2,612.39
Utilisation during the year	(2,429.11)	(775.41)
<b>At the end of the year</b>	<b>3,372.31</b>	<b>4,004.53</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended March 31, 2017

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

### # 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 in the previous years, had 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, are accounted for in the period they are determined to be payable. During the current year, the Company has concluded / substantially agreed the terms of settlement with these aircraft lessors.

In the past the Company have received a demand from an aircraft lessor in relation to four aircraft which were redelivered for ₹ 744.20 million, of which ₹ 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 ₹ 375.54 million relates to damages claimed by the lessor. Management had accounted for claims aggregating ₹ 368.66 million, as these are costs incurred under the terms of the lease agreement, and has not admitted the liability in respect of damages claimed by the lessor of ₹ 375.54 million. Subsequently, 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, during the previous year, management has made an additional accrual of ₹ 233.18 million under Aircraft redelivery costs.

### # Provision for aircraft redelivery:

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
At the beginning of the year	1,904.14	2,874.98	
Additions during the year			
Provision made for early termination of aircraft lease (Net of reversals)	-	(333.02)	
Provision made over the lease period	122.81	117.29	
Utilisation during the year	(1,671.43)	(755.11)	
<b>At the end of the year</b>	<b>355.52</b>	<b>1,904.14</b>	

## 26. OTHER CURRENT LIABILITIES (Unsecured)

Current portion of deferred incentives	17.10	18.33	18.33
Current portion of deferred gain on sale and lease-back	39.97	-	-
Amount due under order of Delhi High Court (also refer note 44)	5,790.89	5,790.89	5,290.89
Unearned revenue	4,887.46	4,230.25	3,982.25



**NOTES TO THE STANDALONE FINANCIAL STATEMENTS** for the year ended March 31, 2017  
(All amounts are in millions of Indian Rupees, unless otherwise stated)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advance received from agents	1,562.59	1,210.41	1,355.96
Statutory dues (including interest thereon)	335.96	170.50	487.20
Airport Taxes Payable	712.43	647.26	419.85
Others	4.26	4.99	3.61
	<b>13,350.66</b>	<b>12,072.63</b>	<b>11,558.09</b>

**27. REVENUE FROM OPERATIONS**

	Year ended March 31, 2017	Year ended March 31, 2016
<b>Sale of services</b>		
Passenger revenue	58,206.23	47,886.73
Cargo revenue	2,414.23	2,030.77
Sale of food and beverages	392.83	286.46
Other operating revenues		
Incentives received	151.69	251.09
Income from training services	368.49	194.86
Others	379.19	230.81
	<b>61,912.66</b>	<b>50,880.72</b>

**28. OTHER INCOME**

Fair valuation of liabilities	87.45	17.99
Net Gain on financial assets measured at FVTPL	34.83	4.64
Net Gain on sale of investments	34.14	-
Gain on sale and lease-back	23.70	-
Liabilities / provision no longer required written back	517.58	1,122.32
Provision for capital advance written back	-	48.00
Insurance / warranty claims received	77.26	29.82
Miscellaneous income	26.38	86.58
	<b>801.34</b>	<b>1,309.35</b>

**29. FINANCE INCOME**

Interest income on discounting of financial instruments	81.00	54.62
Interest income		
- on bank deposits	235.95	156.59
- on loan to subsidiary	7.09	-
	<b>324.04</b>	<b>211.21</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended March 31, 2017

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

### 30. OPERATING EXPENSES

	Year ended March 31, 2017	Year ended March 31, 2016
Aviation turbine fuel	18,552.42	13,919.59
Lease charges - aircraft, engines and auxiliary power units (also refer note 41)	9,605.76	8,110.92
Aircraft repairs and maintenance	2,954.33	3,842.06
Supplemental lease charges - aircraft, engines and auxiliary power units	4,907.86	3,155.91
Consumption of stores and spare parts	751.66	626.85
Aviation insurance	270.80	261.80
Landing, navigation and other airport charges	5,533.02	4,200.91
Cost of inflight food and beverages	674.45	483.67
Aircraft navigation software expenses	377.83	297.64
Aircraft redelivery costs	123.98	612.29
Cargo handling costs	326.70	231.94
Other operating expenses	246.33	197.44
	<b>44,325.14</b>	<b>35,941.02</b>

### 31. EMPLOYEE BENEFITS EXPENSES

Salaries, wages and bonus	5,925.65	4,354.78
Contribution to provident and other funds	183.51	139.04
Gratuity expense (also refer note 40)	58.35	44.91
Recruitment and training cost	384.15	242.58
Staff welfare	183.73	143.20
	<b>6,735.39</b>	<b>4,924.51</b>

### 32. SALES AND MARKETING EXPENSES

Commission to agents *	1,231.21	1,291.81
Business promotion and advertisement	861.69	345.24
	<b>2,092.90</b>	<b>1,637.05</b>
* Includes deposit incentive to agents	413.71	533.34

### 33. OTHER EXPENSES

Rent	376.17	264.14
Rates and taxes	411.39	265.05
Repairs and maintenance		
- buildings	35.69	18.28
- plant and machinery	5.70	11.20
- others	252.00	213.50

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS** for the year ended March 31, 2017  
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

	Year ended March 31, 2017	Year ended March 31, 2016
Crew accomodation cost	340.32	264.45
Communication	93.12	82.18
Printing and stationery	117.31	87.80
Travelling and conveyance	833.57	789.84
Legal, and professional fees (Refer note below for details of payment to auditor)	249.94	166.56
Power and fuel	62.19	35.87
Provision for doubtful advances	-	38.59
Advances / debts written off	79.35	70.05
Provision for litigation	82.69	-
Insurance	39.34	37.30
Credit card charges	289.78	328.60
Bank charges	11.24	25.47
Exchange fluctuation loss (net)	6.95	228.11
Fair value losses on derivatives not designated as hedges	15.39	5.09
Loss on sale of assets (net)	9.06	62.09
Miscellaneous expenses	15.22	9.02
	<b>3,326.42</b>	<b>3,003.19</b>
<b>Payment to auditor</b>		
<b>As auditor</b>		
Audit fees	6.31	3.78
Limited review	1.50	1.50
Service tax	1.17	0.79
<b>In other capacity</b>		
Other services (certification fees)	0.75	0.65
Reimbursement of expenses	0.78	0.50
	<b>10.51</b>	<b>7.22</b>

**34. FINANCE COSTS**

Interest		
- on fixed loan from banks	186.36	140.91
- on fixed loan from others	327.99	952.62
Interest cost on discounting of financial intruments	99.86	82.57
Other borrowing cost	36.19	60.40
	<b>650.40</b>	<b>1,236.50</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended March 31, 2017

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

**35. EXCEPTIONAL ITEMS**

	Year ended March 31, 2017	Year ended March 31, 2016
Insurance claim receivable on damaged aircraft	-	1,658.32
Loss on damage to aircraft (net of unrecognized credits)	-	(1,021.38)
Liabilities / Provisions no longer required written back #	385.54	-
	<b>385.54</b>	<b>636.94</b>

**Note:**

- # In previous financial reporting periods, the Company had made certain provisions based on management's assessment of certain claims by a vendor, based on applicable contractual terms. Under the provisions of such contract, the vendor had initiated arbitration proceedings in the previous financial year. Based on the current status of such proceedings and submissions thereat, and legal advice obtained, management is of the view that certain previously recognised provisions are not likely to subsist. Accordingly, management has revised its assessment thereof, and as a consequence, the Company has written back provisions made in this regard, of ₹ 385.54 million as an exceptional item.

Exceptional items for the year ended March 31, 2016, represent insurance claims and the related loss accounted for by the Company pertaining to the Bombardier aircraft that sustained extensive damage and was declared a total loss.

**36. EARNINGS PER SHARE ('EPS')**

- Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of Equity shares outstanding during the year.
- Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

Number of equity shares outstanding at the beginning of the year	599,450,183	599,450,183
Number of equity shares issued	-	-
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	599,450,183	599,450,183
Effect of dilution:		
Stock options granted under ESOP	-	127,839
Equity shares expected to be issued upon conversion of share warrants	-	189,091,378
b. Diluted	599,450,183	788,669,400
Profit / (Loss) for the year	3,921.74	3,860.94
Earnings per share :		
-- Basic earnings / (loss) per share (₹ )	7.19	7.50
-- Diluted earnings / (loss) per share (₹ )	7.19	5.70
Nominal value per share (₹ )	10.00	10.00

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended March 31, 2017

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

- c. Having regard to the status of the matters relating to the allotment and conversion of share warrants, as stated in Note 44, it is not possible to determine the dilutive effect, if any, of those on Diluted Earnings Per Share calculations. Accordingly, diluted earnings per share for the year ended March 31, 2017 do not include the dilutive impact on the allotment and conversion of share warrants stated in Note 44. However, for the year ended March 31, 2016, diluted earnings per share considered dilutive potential ordinary shares arising from allotment and conversion of share warrants referred to in Note 44, into equity shares, based on management's expectation of the outcome of such instruments, at the time of finalisation of financial statements for the comparative period.

### 37. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with Ind AS requires the Company's management to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities recognised in the financial statements that are not readily apparent from other sources. The judgements, estimates and associated assumptions are based on historical experience and other factors including estimation of effects of uncertain future events that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates (accounted on a prospective basis) are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that have been made by the management in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements and/or key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### Taxation

Determining of income tax liabilities using tax rates and tax laws that have been enacted or substantially enacted requires the management to estimate the level of tax that will be payable based upon the Company's / expert's interpretation of applicable tax laws, relevant judicial pronouncements and an estimation of the likely outcome of any open tax assessments including litigations or closures thereof.

Deferred income tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, unabsorbed depreciation and unused tax credits could be utilized.

In respect of other taxes which are in disputes, the management estimates the level of tax that will be payable based upon the Company's / expert's interpretation of applicable tax laws, relevant judicial pronouncements and an estimation of the likely outcome of any open tax assessments including litigations or closures thereof.

#### Defined Benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended March 31, 2017

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

defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

### Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model.

### Useful life, residual value of property, plant and equipment

The management has estimated the useful life of its property, plant and equipment based on technical assessment. The estimate has been supported by independent assessment by technical experts. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

### Going concern assumption

These financial statements have been prepared on the basis that the Company will continue as a going concern for the foreseeable future. (refer note 2(a)(iii) for management's assessment regarding going concern, including related judgments involved).

## 38. STANDARDS ISSUED BUT NOT EFFECTIVE

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the company's financial statements are disclosed below. The company intends to adopt these standards, if applicable, when they become effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and has amended the following standard:

### Amendments to Ind AS 7, Statement of Cash Flows

The amendments to Ind AS 7 requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1st April 2017. Application of this amendment will not have any recognition and measurement impact. However, it will require additional disclosure in the financial statements.

### Amendments to Ind AS 102, Share-based Payment

The MCA has issued amendments to Ind AS 102 that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction, the classification of a share-based payment transaction with net settlement features for withholding tax obligations, and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. The amendments are effective for annual periods

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended March 31, 2017

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

beginning on or after 1st April 2017. The company is assessing the potential effect of the amendments on its financial statements.

The company will adopt these amendments from their applicability date.

### 39. 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 ₹ 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

In accordance with the shareholders' approval, options once vested can only be exercised by the employee (subject to him / her remaining in employment) within a period of 5 years. Consequently, the scheme expires on September 11, 2016 which is the last date for exercise of options vested to the employee's.

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.

Particulars	Year ended March 31, 2017		Year ended March 31, 2016	
	No. of options	Weighted average exercise price (₹)	No. of options	Weighted average exercise price (₹)
<b>Outstanding, beginning of year</b>	247,900	30.00	955,075	30.00
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Forfeited during the year	(247,900)	30.00	(707,175)	30.00
<b>Outstanding, end of year</b>	-	<b>30.00</b>	<b>247,900</b>	<b>30.00</b>
<b>Outstanding at the year-end comprise:</b>				
Options eligible for exercise at year end	-	-	247,900	30.00
Options not eligible for exercise at year end	-	-	-	-



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended March 31, 2017

(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	7.90%	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	-	-	-	-

#### 40. EMPLOYEE BENEFITS OBLIGATION

##### Defined benefit plan

##### a. Gratuity

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 ₹ 1.00 million. The scheme is unfunded and accordingly the disclosures relating to plan assets are not provided.

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.

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>A. Change in defined benefit obligation ('DBO')</b>		
1 Defined benefit obligation at the beginning of the period	180.01	165.84
2 Service cost		
a. Current service cost	43.95	32.06
3 Interest expenses	14.40	12.85
4 Cash flows		
a. Benefits paid	(20.02)	(36.21)
5 Remeasurements		
a. Effect of changes in financial assumption	19.23	0.14
b. Effect of experience adjustments	1.99	5.33
6 Defined benefit obligation at the end of the period	<b>239.56</b>	<b>180.01</b>
<b>B. Amounts recognized in Balance Sheet</b>		
1 Defined benefit obligation	180.01	165.84
2 Fair value of plan assets	-	-
3 Funded status	(180.01)	(165.84)
4 Net defined benefit liability / (asset)	<b>180.01</b>	<b>165.84</b>

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS** for the year ended March 31, 2017  
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>C. Components of defined benefit cost</b>		
1 Service cost		
a. Current service cost	43.95	32.06
2 Net interest cost	-	-
a. Interest expense on DBO	14.40	12.85
b. Interest (income) on plan assets	-	-
c. Total net interest cost	14.40	12.85
3 Remeasurements (recognized in OCI)		
a. Effect of changes in Financial assumption	19.23	0.14
b. Effect of changes in experience adjustments	1.99	5.33
c. (Return) on plan assets (excluding interest income)	-	-
4 Total defined benefit cost recognized in P&L and OCI	<b>79.57</b>	<b>50.38</b>
<b>D. Re-measurement</b>		
a. Actuarial Loss/ (Gain) on DBO	21.22	5.47
b. Returns above interest income	-	-
Total remeasurements (OCI)	<b>21.22</b>	<b>5.47</b>
<b>E. Employer expense (P&amp;L)</b>		
a. Current service cost	43.95	32.06
b. Interest cost on net DBO	14.40	12.85
c. Total P&L expenses	<b>58.35</b>	<b>44.91</b>
<b>F. Net defined benefit liability (asset) reconciliation</b>		
1 Net defined benefit liability (asset)	180.01	165.84
2 Defined benefit cost included in P&L	58.35	44.91
3 Total remeasurements included in OCI	21.22	5.47
4 a. Employer contribution	(20.02)	(36.21)
5 Net defined benefit liability (asset) as at end of period	<b>239.56</b>	<b>180.01</b>
<b>G. Reconciliation on OCI (Re-measurement)</b>		
1 Recognized in OCI during the period	21.22	5.47
2 Recognized in OCI at the end of the period	21.22	5.47
<b>H. Sensitivity analysis- DBO end of period</b>		
1 Discount rate + 50 Basis points	(15.35)	(11.13)
2 Discount rate - 50 Basis points	17.02	12.32
3 Salary increase rate + 0.5%	17.25	12.56
4 Salary increase rate - 0.5%	(15.68)	(11.43)

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended March 31, 2017

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

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>I. Significant actuarial assumption</b>		
1 Discount rate current year	7.35%	8.00%
2 Salary increase rate	5.50%	5.50%
3 Pre-retirement mortality	3% (Upto 30 years) 2% (Age 31-44) 1% ( above age 44)	3% (Upto 30 years) 2% (Age 31-44) 1% ( above age 44)
4 Retirement age	58	58
<b>J. Data</b>		
1 No. of employee's	6,902	5,284
2 Average age (years)	29.74	30.24
3 Average past service	3.08	3.33
4 Average monthly salary	115.26	93.75
5 Future service (years)	28.26	27.76
6 Weighted average duration of DBO	20.50	20.16
<b>K. Expected total benefit payments</b>		
Within the next 12 months (next annual reporting period)	16.77	16.31
Between 2 and 5 years	19.07	27.60
Beyond 5 years	203.75	136.03
<b>L. Defined benefit obligation at the end of the year</b>		
1 Current obligation	16.77	16.31
2 Non-current obligation	222.79	163.70
<b>Summary</b>		
1 Defined benefit obligation at end of the period	239.56	180.01
2 Fair value plan assets at end of the period	-	-
3 Net defined benefit liability/ (asset)	239.56	180.01
4 Defined benefit cost included in P&L	58.35	44.91
5 Total remeasurement included in OCI	21.22	5.47
6 Total defined benefit cost recognized in P&L and OCI	79.57	50.38

**b. Short term compensated absences**

The assumptions used for computing the short term accumulated compensated absences on actuarial basis are as follows:

1 Discount rate	8.00%	7.35%
2 Future salary increase	5.50%	5.50%

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended March 31, 2017

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

### c. Contributions to defined contribution plan:

During the year, the company recognized ₹ 171.10 Million (Previous year- ₹ 134.74 Million) to Provident Fund under defined contribution plan and ₹ 12.41 Million (Previous year - ₹ 4.30 Million) for contributions to Employee State Insurance scheme in the Statement of profit & loss.

## 41. 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, 2017 amount to ₹ 9,605.76 million (Previous year ₹ 8,110.92 million), supplemental lease charges amount to ₹ 4,907.86 million (Previous year ₹ 3,155.91 million) and rental expense on premises for the year ended March 31, 2017 amount to ₹ 376.17 million (Previous year ₹ 264.14 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 4 and 10 years. There are no significant restrictions imposed by lease arrangements.

The Company has also taken aircraft on wet lease. In a wet lease lease arrangement, the lessor provides an aircraft, complete crew, maintenance, and insurance (ACMI) to the lessee. The Company pays monthly lease rentals containing fixed and variable consideration. The lease period for a wet lease are generally 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	Year ended March 31, 2017	Year ended March 31, 2016
<b>Aircraft</b>		
Not later than one year	7,091.49	5,548.65
Later than one year but not later than five years	17,413.35	13,782.55
Later than five years	2,865.66	2,620.13
<b>Aircraft engines</b>		
Not later than one year	292.97	302.85
Later than one year but not later than five years	469.35	150.41
Later than five years	284.55	-
<b>Wet Lease aircraft</b>		
Not later than one year	68.42	689.39
Later than one year but not later than five years	-	-
Later than five years	-	-

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended March 31, 2017

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

### 42. CAPITAL AND OTHER COMMITMENTS

- a. At March 31, 2017, the Company has commitments of ₹ 496,134.73 million (March 31, 2016 - ₹ 176,555.98 million) relating to the acquisition of aircraft.
- b. The Company has commitments in the nature of non-cancellable operating leases. The future minimum lease payments expected to be incurred over the remaining lease term are detailed in Note 41.
- c. Under certain long-term maintenance contracts for the management, maintenance, repair and overhaul of aircraft components and spares, the Company incurs an agreed power-by-the-hour cost based on aircraft / component utilization. In addition, some contracts provide for compensation upon pre-mature termination, as applicable.

### 43. 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 25.
- 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

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Liability arising out of legal cases filed against the Company in various Courts/ Consumer Redressal Forums, Consumer Courts, disputed by the Company.	128.13	101.20
Liability arising out of Arbitration proceedings on account of cancellation of leased premises. Refer note (iv) below	33.32	33.32
Liability towards Penalty levied by customs department on late payments which is disputed and is pending in the Hon'ble High Court of Delhi. Refer note (ix) below	-	82.69
Demand in respect of provident fund dues for international workers as explained in note (iii) below.	142.37	77.95
Demand in respect of service tax (including interest and penalty) as explained in note (v) below.	170.70	170.70
Liability arising out of other legal cases filed against the Company.	11.83	19.59
Liability arising out of other Arbitration proceedings Refer (vi) below	196.51	-
Show cause notice received in respect of service tax as explained in note (vii) below	3,815.74	3,776.02

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended March 31, 2017

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The Company has various demands arising from Income-Tax assessments pertaining to Assessment year 2006-07 to 2014-15. The litigations are currently pending at various forums and such sum contested after adjusting the brought forward losses and depreciation was computed to be Nil. Consequently, without prejudice to its legal defence on these matters, the Company have not disclosed the same as a contingent liability.

- i. Under a suit filed by Leela Capital (petitioner) for recovery of the Inter Corporate Deposit ('ICD') aggregating ₹ 50 million, the Company had deposited the amount of ₹ 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 Short-term borrowings and Other non-current assets, respectively. Without prejudice to its legal defence on this matter, interest payable of ₹ 74.71 million up to the date of deposit of the amount with the Hon'ble Court has been accrued by the Company in its financial statements.
- ii. In another case, M/s Hindustan Development Corporation Limited ("HDCL") (now renamed as Mallanpur Steels Limited) who had lent ₹ 50 million by way of inter-corporate deposit to the Company, has filed a Review Petition against the Scheme of Settlement passed by the Hon'ble Delhi High Court wherein the Company's liability was fixed at ₹ 35 million. The Company had made a deposit of ₹ 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 ₹ 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 ₹ 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 ₹ 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. In addition, during the current year, a report has been filed by the Department's Representatives before the Regional Provident Fund Commissioner on March 22, 2017 pursuant to which there is an additional claim against the Company aggregating ₹ 64.42 million for the period from March 2011 till January 2012. The aggregate demand on account of this matter from the period November 2008 to January 2012 is ₹ 144.43 million. Pending disposal of the petition, the Company has not accrued for any additional liability in respect of provident fund contributions to international workers.
- iv. A vendor has filed an arbitration claim against the Company for ₹ 33.32 million including an interest of ₹ 10.58 million for termination of a lease agreement for accommodation of the Company's crew. The agreement was terminated by the Company citing poor quality of services. The arbitration proceedings in the matter have been completed and the suit has been dismissed in favour of the

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended March 31, 2017

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

- Company. The vendor has subsequently, filed an appeal before the High Court of Delhi and the matter is currently sub-judice. Pending disposal of the appeal, the Company has not accrued for any additional liability in respect of the dispute.
- v. The Company has received a demand order for a sum of ₹ 77.28 million, and applicable interest, as well as penalty of ₹ 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 ₹ 67.09 million (including a portion of applicable interest) on a conservative basis (also refer note 26). 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 ₹ 170.70 million, has not been accrued pending final outcome of this matter and has been disclosed as a contingent liability.
- vi. During the previous year, one of the Company's vendors 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. The Company has also served a counter-claim against the vendor during the arbitration proceedings, and without prejudice to its defence, has accrued for the amounts claimed by the vendor which were considered probable in its financial statements as at March 31, 2016. The Company has not made any adjustments to the financial statements in respect of its counter-claim. During the current year, based on the current status of such proceedings and submissions thereat, and legal advice obtained, certain previously recognised provisions are not likely to subsist. Accordingly, the Company has written back provisions made in this regard, of ₹ 385.54 million in previous financial years as an exceptional item. Based on an evaluation of the merits of vendors claims during the arbitration process, as well as the strength of the Company's own claims, and based on legal advice obtained, certain claims amounting to ₹ 196.51 million are not expected to result in a probable outflow and have been disclosed as a contingent liability.
- vii. The Company has received certain show cause notices during the current and previous year from the service tax authorities, citing various defaults, including failure/delay in remitting service tax collected, over past financial years as well as 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 previous year, the Competition Commission of India ("CCI") passed an order dated November 17, 2015 against, inter alia, the Company, which included a demand of ₹ 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.



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended March 31, 2017

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

- ix. The Company had previously defaulted in remittance of the Inland Air Travel Tax (“IATT”) dues for the period of March 1996 to August, 1996. The Revisionary Authority, Government of India had confirmed the orders of the Commissioner (Appeals), Department of Customs directing the Company to pay ₹ 86.50 million together with a penalty of ₹ 100.00 million. The Company remitted the entire dues towards IATT and a minimum penalty @ 20% amounting to ₹ 17.30 million. The Company filed a Civil Writ Petition challenging the orders passed by the Revisionary Authority against the penal dues levied. The Hon’ble Delhi High Court dismissed the Company’s writ petition. Subsequently, the Company has challenged the same through a Special Leave to Petition (SLP) before the Hon’ble Supreme Court and the matter is currently sub-judice. Without prejudice to its legal defense in this matter, the Company has made a provision of ₹ 82.69 million against this obligation.
  - x. During the previous 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.

#### 44. STATUS OF ADVANCE MONEY RECEIVED AGAINST SECURITIES PROPOSED TO BE ISSUED

The Company had received amounts aggregating ₹ 5,790.89 million 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 adjusted at the time those securities were to be issued. Pursuant to the legal proceedings in this regard before the Hon’ble High Court of Delhi (“Court”) between the erstwhile promoters and the Company, 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 ₹ 5790.89 million 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 Company has preferred an appeal against this order, which is pending disposal before the Hon’ble Division Bench of the 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. Pending adjudication of this matter by the Court, the parties have initiated arbitration proceedings.

In view of the uncertainties involved as explained above, management believes that the manner, timing and other related aspects of adjustment of these amounts, are currently not determinable. 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. Based on their assessment and legal advice obtained, management is of the view that any possible consequential effects, including penal consequences and any compounding thereof, will not have a material impact on the financial statements of the Company. Accordingly, no adjustments have been made for any such consequential penal effects in this regard.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended March 31, 2017

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

### 45. SEGMENT REPORTING

Based on internal reporting provided to the chief operating decision maker, air transport service is the only reportable segment for the Company.

#### Revenue from external customers

	Year ended March 31, 2017	Year ended March 31, 2016
India	56,942.24	47,739.41
Outside India	4,970.42	3,141.31
<b>Total revenue as per statement of profit or loss</b>	<b>61,912.66</b>	<b>50,880.72</b>

The revenue information above is based on the locations of the customers.

#### Non-current operating assets

India	18,325.08	18,029.47
Outside India	-	-
<b>Total</b>	<b>18,325.08</b>	<b>18,029.47</b>

Non-current assets for this purpose consist of property, plant and equipment, intangible assets and other non-current assets.

There are no sales to external customers more than 10% of total revenue.

### 46. INCOME TAX EXPENSE

The major components of income tax expense for the years ended March 31, 2017 and March 31, 2016 are:

#### Profit or loss section

<b>Current Tax:</b>		
Current income tax charge	-	-
<b>Deferred Tax:</b>		
Relating to the origination and reversal of temporary differences	-	-
<b>Income Tax expense reported in the statement of profit and loss</b>	<b>-</b>	<b>-</b>

#### Other Comprehensive Income(OCI) section

Deferred tax related to items recognised in OCI during in the year:

Net loss/(gain) on remeasurement of defined benefit plan	(21.22)	(5.47)
<b>Income Tax charged to OCI</b>	<b>-</b>	<b>-</b>

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2016 and March 31, 2017 :

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the standard rate of corporation tax in India (34.608%) as follows:

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS** for the year ended March 31, 2017  
(All amounts are in millions of Indian Rupees, unless otherwise stated)

	Year ended March 31, 2017	Year ended March 31, 2016
<b>Accounting Profit before income tax</b>	<b>4,307.28</b>	<b>4,497.88</b>
Profit before income tax multiplied by standard rate of corporate tax in India of 34.608% (2016: 34.608%)	1,490.66	1,556.63
<b>Effects of:</b>		
Income exempted from tax	(50.52)	(220.78)
Non-deductible expenses for tax purposes	538.15	170.88
Set-off of brought forward losses	(1,978.29)	(1,506.73)
<b>Net effective income tax</b>	<b>-</b>	<b>-</b>

**Deferred Tax**

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 temporary difference on depreciation of ₹ 4,276.97 million as at March 31, 2017 (₹ 4,706.09 million as at March 31, 2016) (₹ 4,408.66 million as at April 1, 2015)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Deferred Tax liability	(4,276.97)	(4,706.09)	(4,408.66)
Deferred Tax asset	4,276.97	4,706.09	4,408.66
<b>Net Deferred Tax asset/ (liability)</b>	<b>-</b>	<b>-</b>	<b>-</b>

Year ended March 2017	Opening	Recognised in profit or loss	Recognised in OCI	Closing Balance
Property, plant & equipment	(4,706.09)	429.12	-	(4,276.97)
Tax losses	4,706.09	(429.12)	-	4,276.97
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Year ended March 2016	Opening	Recognised in profit or loss	Recognised in OCI	Closing Balance
Property, plant & equipment	(4,408.66)	(297.43)	-	(4,706.09)
Tax losses	4,408.66	297.43	-	4,706.09
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Unused tax losses and unused tax credits**

Unused tax losses and unused tax credits for which no deferred tax assets have been recognized are attributable to the following:

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Unused Tax losses *	18,941.33	23,796.18	18,125.33
Unabsorbed Tax depreciation #	9,206.58	14,459.03	12,427.68
<b>Net Deferred Tax asset/ (liability)</b>	<b>28,147.91</b>	<b>38,255.21</b>	<b>30,553.01</b>

# Unabsorbed depreciation does not have any expiry period under the Income Tax Act, 1961

\*The following table details the expiry of the unused tax losses

NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended March 31, 2017

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

Particulars	As at	As at	As at
	March 31, 2017	March 31, 2016	April 01, 2015
< 4 years	2,275.78	3,442.97	3,442.97
< 5 years	2,806.78	5,534.27	-
< 6 years	8,187.92	960.17	5,534.27
< 7 years	5,670.85	8,187.92	960.17
< 8 years	-	5,670.85	8,187.92
<b>Total</b>	<b>18,941.33</b>	<b>23,796.18</b>	<b>18,125.33</b>

The unused tax losses and unabsorbed depreciation considered above are based in the tax records and returns of the Company and does not consider the potential effect of matters under dispute/litigation with the tax authorities which are currently sub-judice at various levels. Also refer note 43.

**47. RELATED PARTY TRANSACTIONS**

Relationship	Name of the party
Party exercising control	Mr. Ajay Singh
	Crosslink Finlease Private Limited
Enterprises over which parties above or their relatives have control / significant influence ('Affiliates')	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
	Smarnagar Digital Ventures Private Limited
	Argentum Auto Private Limited
	Smarnagar Broadband Networks Private Limited
	Starbus Services 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

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended March 31, 2017

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

Relationship	Name of the party
Investment in equity shares of subsidiaries	SpiceJet Merchandise Private Limited
	SpiceJet Technic Private Limited
Key management personnel	Mr. Ajay Singh, Chairman and Managing Director (from May 31, 2015)
	Mrs. Shiwani Singh, Non-Executive Promoter 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
	Mr. HarshaVardhana Singh, Independent Director (from September 7, 2016)
	Mr. R. Sasiprabhu, Independent Director (from December 1, 2015)
	Mr. Anurag Bhargava, Independent Director (from September 7, 2016)
	Mr. J. Ravindran, Independent Director (upto May 29, 2015)
	Mr. Nicholas Martin Paul, Independent Director (upto September 21, 2015)
	Mr. K. Harinarayanan, Independent Director (upto May 28, 2015)
Mr. R. Ravivenkatesh, Independent Director (upto September 21, 2015)	

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

Subsidiaries	Year ended March 31, 2017	Year ended March 31, 2016
<b>SpiceJet Merchandise Private Limited</b>		
<i>Transactions during the year</i>		
Loans to subsidiary	190.33	-
Investment in subsidiary	0.10	-
Interest on loan	7.09	-
Purchase of goods	0.61	-
Balances outstanding as at the period end		
Loans to subsidiary	190.33	-
Investment in subsidiary	0.10	-
Reimbursement of expenses	14.73	-
Interest on loan	7.09	-
<b>SpiceJet Technic Private Limited</b>		
<i>Transactions during the year</i>		
Investment in subsidiary	0.10	-
Balances outstanding as at the period end		
Investment in subsidiary	0.10	-

### Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended March 31, 2017

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occurs in cash. For the year ended March 31, 2017, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2016: Nil, 1 April 2015: Nil).

### Compensation of Key management personnel of the Company

	Year ended March 31, 2017	Year ended March 31, 2016
Short-term employee benefits	167.62	21.09
Provident Fund Contribution	1.30	0.48
<b>Total</b>	<b>168.92</b>	<b>21.57</b>
Sitting fees		
Mr. Anurag Bhargava	0.01	-
Mr. R. Sasiprabhu	0.04	-
Dr. Harsha Vardhana Singh	0.02	-
Mr. J. Ravindran	-	0.01
Mr. Nicholas Martin Paul	-	0.01
Mr. K. Harinarayanan	-	0.01
Mr. R. Ravivenkatesh	-	0.02
<b>Total</b>	<b>0.07</b>	<b>0.05</b>
<b>Total compensation paid to key management personnel</b>	<b>168.99</b>	<b>21.62</b>

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

As the liabilities for gratuity and compensated absences are provided on actuarial basis for the Company as a whole, the amounts pertaining to the key management personnel are not included above,

### 48. FAIR VALUES

The Management considers that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values. The management assessed that the fair value of cash and cash equivalents, trade receivables, trade payables, and other current and non-current financial liabilities and financial assets approximate their carrying amounts largely due to the short-term maturities of these financial instruments.

	Carrying value			Fair value		
	March 31, 2017	March 31, 2016	April 01, 2015	March 31, 2017	March 31, 2016	April 01, 2015
<b>Financial Assets (Non-current and Current)</b>						
Investments	1,397.75	204.64	-	1,397.75	204.64	-
<b>Financial Liabilities (Non-current and Current)</b>						
Derivative Liability	15.39	-	-	15.39	-	-
Fixed rate loans	1,934.66	2,276.13	2,427.86	1,995.99	2,675.72	2,938.14

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended March 31, 2017

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

### 49. FAIR VALUE HIERARCHY

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities are measured at fair value in the Balance Sheet.

Particulars	Fair value hierarchy as at March 31, 2017		
	Level 1	Level 2	Level 3
Investments in mutual funds	1,397.52	-	-
Derivative Liability	-	15.39	-
Equity Investments	-	-	0.23
Derivative Asset	-	-	-

Particulars	Fair value hierarchy as at March 31, 2016		
	Level 1	Level 2	Level 3
Investments in mutual funds	204.64	-	-
Derivative Liability	-	-	-
Equity Investments	-	-	-
Derivative Asset	-	-	-

Particulars	Fair value hierarchy as at April 01, 2015		
	Level 1	Level 2	Level 3
Investments in mutual funds	-	-	-
Derivative Liability	-	-	-
Equity Investments	-	-	-
Derivative Asset	-	2.28	-

The fair value of the derivative instruments have been calculated in reference to the intermediate market rate between offer rate and bid rate (both interest rate and exchange rate) or intermediate price between buying price and selling price as on the reporting date.

There have been no transfers between level 1 and level 2 during the period.

### 50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities, comprise of loans and borrowings, trade and other payables and derivatives. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a treasury team. The treasury



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended March 31, 2017

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

team provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

### Market risk

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. Market risk comprises three types of risk: interest rate risk, currency risk and foreign currency risk.

The sensitivity analyses in the following sections relate to the position as at March 31, 2017 and March 31, 2016.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant as at March 31, 2017.

Equity Price Risk is related to the change in market reference price of the investments in equity securities. The majority of the Company's investments are in the shares of subsidiaries, which are carried at cost. The investments in other equity instruments as at the reporting date are not material.

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk because it borrow funds at floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings. As at March 31, 2017 approximately 61.58% of the Company's borrowings are at a variable rate of interest (March 31, 2016 - 73.36%) (March 31, 2015 - 74.69%)

#### *Interest rate sensitivity*

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's profit for the year ended March 31, 2017 would decrease/increase by ₹ 39.65 million (March 31, 2016: decrease/increase by ₹ 48.95 million) (April 1, 2015: decrease/increase by ₹ 56.16 million).

In management's opinion, the sensitivity analysis is unrepresentative of the inherent interest rate risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company actively manages its currency rate exposures through its treasury team using derivative instruments such as forward contracts to mitigate the risks from such exposures.

The use of derivative instruments is subject to limits and regular monitoring by appropriate levels of management.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended March 31, 2017

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### *Foreign currency sensitivity*

The following demonstrates the sensitivity to a reasonably possible change in the foreign currency exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives. The sensitivity analysis includes only outstanding unhedged foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates.

If the foreign currency rates had been 5% higher/lower and all other variables were held constant, the Company's profit for the year ended March 31, 2017 would decrease/increase by ₹ 291.70 million (March 31, 2016: decrease/increase by ₹ 422.13 million) (April 1, 2015: decrease/increase by ₹ 414.85 million)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

### **Credit risk management**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its investing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The Company has adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. Trade receivables are typically unsecured and are primarily derived from cargo and other revenue streams. Majority of the Company's passenger revenue is made against deposits made by agents. Trade receivables primarily comprise of domestic customers, which are fragmented and are not concentrated to individual customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored. At March 31, 2017, the Company had 11 customers (March 31, 2016: 6 customers, April 01, 2015: 3 customers) that owed the Company more than ₹ 10 million each and accounted for approximately 64% (March 31, 2016: 63%, April 01, 2015: 62%) of all the receivables outstanding.

An impairment analysis is performed at each reporting date on an individual basis for major customers. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on exchange losses historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are widely dispersed and operate in largely independent markets. The average credit period ranges between 30 and 90 days.

### **Liquidity risk**

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company has obtained fund and non-fund based working capital lines from various banks. The Company invests its surplus funds in bank fixed deposit and mutual funds, which carry minimal mark to market risks. The Company also constantly monitors funding options available in the debt markets with a view to maintaining financial flexibility.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended March 31, 2017

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

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments

Year ended March 2017	On demand	Upto 1 year	1 to 5 years	> 5 years	Total
<b>Financial Liabilities (Non-current and Current)</b>					
Borrowings	1,050.00	1,472.45	4,788.94	2,970.90	10,282.29
Trade Payables	2,355.48	3,456.12	191.19	51.87	6,054.66
Other current financial liabilities	11.83	1,510.38	13.80	-	1,536.01
<b>Total</b>	<b>3,417.31</b>	<b>6,438.95</b>	<b>4,993.92</b>	<b>3,022.78</b>	<b>17,872.96</b>
Year ended March 2016	On demand	Upto 1 year	1 to 5 years	> 5 years	Total
<b>Financial Liabilities (Non-current and Current)</b>					
Borrowings	1,050.00	-	4,677.36	4,531.86	10,259.22
Trade Payables	4,908.02	2,813.01	26.78	-	7,747.81
Other current financial liabilities	10.60	2,216.09	10.94	-	2,237.63
<b>Total</b>	<b>5,968.62</b>	<b>5,029.10</b>	<b>4,715.08</b>	<b>4,531.86</b>	<b>20,244.66</b>
As at April 01,2015	< 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
<b>Financial Liabilities (Non-current and Current)</b>					
Borrowings	1,200.00	-	5,476.86	5,684.50	12,361.36
Trade Payables	5,671.78	3,046.13	705.40	-	9,423.31
Other current financial liabilities	216.93	2,648.22	1.03	-	2,866.18
<b>Total</b>	<b>7,088.71</b>	<b>5,694.35</b>	<b>6,183.29</b>	<b>5,684.50</b>	<b>24,650.85</b>

#### 51. DETAILS OF SPECIFIED BANK NOTES HELD AND TRANSACTED DURING THE PERIOD 08/11/2016 TO 30/12/2016

The Company's operations are spread across more than 24 states / union territories in India. Pursuant to notification of the Government of India, Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated November 8, 2016, the Company established internal guidelines with respect to cash transactions during the specified period (November 9, 2016 to December 30, 2016) to comply with the applicable regulations, including intimating all its stations / branches not to collect cash in Specified Bank Notes ('SBNs') post November 8, 2016 other than in compliance with various notifications issued by the government from time to time permitting airlines to collect SBNs against sale of air tickets at such stations subject to specified conditions. Necessary controls were also put in place by the Company to help ensure related compliance. However, due to the wide-spread regional operations as well as the low individual transaction sizes, the information relating to cash transactions during the specified period is voluminous. Accordingly, the below information has been compiled based on the information available from the Company's books of accounts, related underlying records, and other records (including details received from the Company's banks regarding cash deposits during the specified period), management's understanding of such transactions and the internal guidelines established during the specified period.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended March 31, 2017

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

Particulars	SBN	Other denomination notes	Total
<b>Closing cash in hand as on November 08, 2016</b>	<b>5,725,000</b>	<b>1,577,401</b>	<b>7,302,401</b>
Add: Permitted receipts	285,487,000	93,653,154	379,140,154
Less: Permitted payments	(2,783,000)	(4,933,398)	(7,716,398)
Less: Amounts deposited in banks	(288,429,000)	(86,687,870)	(375,116,870)
<b>Closing cash in hand as on December 30, 2016</b>	<b>-</b>	<b>3,609,287</b>	<b>3,609,287</b>

\* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

### 52. CAPITAL MANAGEMENT

The Company's capital management is intended to create value for shareholders by facilitating the meeting of long-term and short-term goals of the Company.

The Company determines the amount of capital required on the basis of annual operating plans and long-term fleet expansion plans. The funding requirements are met through internal accruals and other long-term/short-term borrowings. The Company's policy is aimed at combination of short-term and long-term borrowings.

The Company monitors capital employed using a Debt equity ratio, which is total debt divided by total equity and maturity profile of the overall debt portfolio of the Company.

The Company's policy is to keep the net debt to total equity ratio above (1.00).

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Long term borrowings	7,759.84	9,209.22	11,161.36
Short term borrowings	2,522.45	1,050.00	1,200.00
Other current liabilities (Current maturities of Long term borrowing)	1,272.26	2,037.35	2,374.79
Cash and cash equivalents	(289.29)	(759.02)	(183.03)
Bank balances other than above	(1,722.36)	(300.00)	-
<b>Net debt</b>	<b>9,542.90</b>	<b>11,237.55</b>	<b>14,553.12</b>
Total equity	(6,090.93)	(10,388.63)	(14,852.14)
<b>Net debt to total equity ratio</b>	<b>(1.57)</b>	<b>(1.08)</b>	<b>(0.98)</b>

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2017 and March 31, 2016

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended March 31, 2017

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

### 53. FIRST TIME ADOPTION OF IND-AS

#### Exemptions Applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

#### Deemed cost for property, plant and equipment and intangible assets

Since there is no change in the functional currency, the Company has elected to continue with the carrying value for all of its property, plant and equipment and intangible assets as recognised in its Indian GAAP financial statement as deemed cost at the transition date.

#### Share based payment transactions

The Company has elected not to apply Ind AS 102 Share based Payment for equity settled share based payment transactions that vested or exercised before the date of transition (April 01, 2015).

#### Accounting for translation of long-term foreign currency monetary items

The Company has opted to avail the exemption under Ind AS 101 to continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in financial statements for period ending immediately before beginning of first Ind AS financial reporting period as per Indian GAAP (i.e. till March 31, 2016). Consequent to which:

- Exchange differences arising on long-term foreign currency monetary items related to acquisition of certain Bombardier Q400 aircraft 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.

#### Mandatory exceptions

##### Estimates

The estimates at April 01, 2015 and at March 31, 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:

- Fair valuation of derivative instruments
- Impairment of financial assets based on expected credit loss model

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at April 01, 2015, the date of transition to Ind AS and as of March 31, 2016.

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS** for the year ended March 31, 2017  
(All amounts are in millions of Indian Rupees, unless otherwise stated)

**54. RECONCILIATION OF EQUITY AS ON 1 APRIL 2015 (DATE OF TRANSITION TO IND-AS)**

Particulars	Foot Note	Previous GAAP	Adjustments	Ind AS
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property, Plant and Equipment ('PPE')		17,114.38	-	17,114.38
Intangible assets		23.87	-	23.87
Investments in subsidiaries		-	-	-
Financial Assets		-	-	-
(i) Investments		-	-	-
(ii) Loans		-	-	-
(iii) Other Financial Assets	H	2,718.85	(111.15)	2,607.70
Non-current tax assets		290.11	-	290.11
Other non current assets	C, I	437.21	1,036.48	1,473.69
		<b>20,584.42</b>	<b>925.33</b>	<b>21,509.75</b>
<b>Current Assets</b>				
Inventories		451.17	-	451.17
Financial Assets		-	-	-
(i) Investments		-	-	-
(ii) Trade Receivables		1,281.83	-	1,281.83
(iii) Cash and cash equivalents		183.03	-	183.03
(iv) Bank balances other than (iii) above		-	-	-
(v) Other financial assets	E	915.26	2.28	917.54
Other current assets	H	2,597.38	98.60	2,695.98
		<b>5,428.67</b>	<b>100.88</b>	<b>5,529.55</b>
<b>Total Assets</b>		<b>26,013.09</b>	<b>1,026.21</b>	<b>27,039.30</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity Share Capital		5,994.50	-	5,994.50
Other Equity		(22,144.67)	1,298.03	(20,846.64)
<b>Total Equity</b>		<b>(16,150.17)</b>	<b>1,298.03</b>	<b>(14,852.14)</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended March 31, 2017

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

Particulars	Foot Note	Previous GAAP	Adjustments	Ind AS
<b>Non-Current Liabilities</b>				
Financial Liabilities				
(i) Borrowings	I	11,198.65	(37.29)	11,161.36
(ii) Trade Payables		-	-	-
Long-term Provisions	B	1,852.97	(162.65)	1,690.32
Other non-current liabilities		254.78	-	254.78
<b>Total non-current liabilities</b>		<b>13,306.40</b>	<b>(199.94)</b>	<b>13,106.46</b>
<b>Current Liabilities</b>				
Financial Liabilities				
(i) Borrowings		1,200.00	-	1,200.00
(ii) Trade Payables	B	9,492.71	(69.40)	9,423.31
(iii) Other current financial liabilities	D	2,868.66	(2.48)	2,866.18
Short-term Provisions		3,737.40	-	3,737.40
Other Current Liabilities		11,558.09	-	11,558.09
<b>Total current liabilities</b>		<b>28,856.86</b>	<b>(71.88)</b>	<b>28,784.98</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>26,013.09</b>	<b>1,026.21</b>	<b>27,039.30</b>

### 55. RECONCILIATION OF EQUITY AS ON 31 MARCH 2016

Particulars	Foot Note	Previous GAAP	Adjustments	Ind AS
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property, Plant and Equipment ('PPE')	C	16,010.87	254.62	16,265.49
Intangible assets		10.10	-	10.10
Investments in subsidiaries		-	-	-
Financial Assets				
(i) Investments		-	-	-
(ii) Loans		-	-	-
(iii) Other Financial Assets	H	3,471.62	(129.62)	3,342.00
Non-current tax assets		292.77	-	292.77
Other non current assets	C	511.25	1,242.63	1,753.88
		<b>20,296.61</b>	<b>1,367.63</b>	<b>21,664.24</b>



**NOTES TO THE STANDALONE FINANCIAL STATEMENTS** for the year ended March 31, 2017  
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

Particulars	Foot Note	Previous GAAP	Adjustments	Ind AS
<b>Current Assets</b>				
Inventories		665.46	-	665.46
Financial Assets				
(i) Investments	J	200.00	4.64	204.64
(ii) Trade Receivables		433.74	-	433.74
(iii) Cash and cash equivalents		759.02	-	759.02
(iv) Bank balances other than (iii) above		300.00	-	300.00
(v) Other financial assets		1,643.69	-	1,643.69
Other current assets	H	2,681.04	115.23	2,796.27
		<b>6,682.95</b>	<b>119.87</b>	<b>6,802.82</b>
<b>Total Assets</b>		<b>26,979.56</b>	<b>1,487.50</b>	<b>28,467.06</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity Share Capital		5,994.50	-	5,994.50
Other Equity		(18,101.59)	1,718.46	(16,383.13)
<b>Total Equity</b>		<b>(12,107.09)</b>	<b>1,718.46</b>	<b>(10,388.63)</b>
<b>Non-Current Liabilities</b>				
Financial Liabilities				
(i) Borrowings	I	9,237.26	(28.04)	9,209.22
(ii) Trade Payables		537.94	-	537.94
Long-term Provisions	B	2,821.82	(187.80)	2,634.02
Other non-current liabilities		220.04	-	220.04
<b>Total non-current liabilities</b>		<b>12,817.06</b>	<b>(215.84)</b>	<b>12,601.22</b>
<b>Current Liabilities</b>				
Financial Liabilities				
(i) Borrowings		1,050.00	-	1,050.00
(ii) Trade Payables	B	7,224.02	(14.15)	7,209.87
(iii) Other current financial liabilities	D	2,238.60	(0.97)	2,237.63
Short-term Provisions		3,684.34	-	3,684.34
Other Current Liabilities		12,072.63	-	12,072.63
<b>Total current liabilities</b>		<b>26,269.59</b>	<b>(15.12)</b>	<b>26,254.47</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>26,979.56</b>	<b>1,487.50</b>	<b>28,467.06</b>

NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended March 31, 2017  
(All amounts are in millions of Indian Rupees, unless otherwise stated)

**56. RECONCILIATION OF PROFIT OR LOSS FOR THE YEAR ENDED 31 MARCH 2016**

Particulars	Foot Note	Previous GAAP	Adjustments	Ind AS
<b>Income</b>				
Revenue from operations		50,880.72	-	50,880.72
Other income	B, J	1,286.72	22.63	1,309.35
<b>Total Income</b>		<b>52,167.44</b>	<b>22.63</b>	<b>52,190.07</b>
<b>Expenses</b>				
Operating expenses	A,B,C,E,H	36,992.84	(1,051.82)	35,941.02
Employee benefits expense	D,F	4,931.16	(6.65)	4,924.51
Selling expenses		1,637.05	-	1,637.05
Other expenses	A,E	2,998.06	5.13	3,003.19
<b>Total Expense</b>		<b>46,559.11</b>	<b>(1,053.34)</b>	<b>45,505.77</b>
<b>Earnings before interest, tax, depreciation and amortization (EBITDA)</b>		<b>5,608.33</b>	<b>1,075.97</b>	<b>6,684.30</b>
Depreciation and amortization expense	C	(1,175.94)	(622.13)	(1,798.07)
Finance Income	H	156.59	54.62	211.21
Finance costs	B,D	(1,153.93)	(82.57)	(1,236.50)
<b>Profit / (Loss) for the year before exceptional items</b>		<b>3,435.05</b>	<b>425.89</b>	<b>3,860.94</b>
Exceptional items		<b>636.94</b>	-	636.94
<b>Profit(Loss) Before Tax</b>		<b>4,071.99</b>	<b>425.89</b>	<b>4,497.88</b>
Income Tax Expense				
- Current Tax		-	-	-
- Deferred Tax		-	-	-
Total tax expense		-	-	-
<b>Profit for the year</b>		<b>4,071.99</b>	<b>425.89</b>	<b>4,497.88</b>
<b>Other Comprehensive Income:</b>				
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>				
Remeasurement gains and (losses) on defined benefit obligations (net)	F, G	-	(5.47)	(5.47)
Income tax impact		-	-	-
<b>Other comprehensive income/(loss) for the year</b>		<b>-</b>	<b>(5.47)</b>	<b>(5.47)</b>
<b>Total comprehensive income for the year</b>		<b>4,071.99</b>	<b>420.42</b>	<b>4,492.41</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended March 31, 2017

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

### Notes to Reconciliation

#### A. Embedded derivatives

Under Ind AS, purchase and sale contracts in foreign currency which is not the functional currency of either the Company or the counter-party has been treated as embedded derivative which is not closely related to the host contract and has been separately accounted for. Under Indian GAAP, such contracts are not accounted for separately.

#### B. Long term provision and trade payables

Under Indian GAAP, the Company has accounted for trade payables and provisions, including long-term provision, at the undiscounted amount. Under Ind AS, where the effect of time value of money is material, the amount of provision and trade payables has been recorded at the present value of the expenditures expected to be required to settle the obligation. Also where discounting is used, the carrying amount of the provision and trade payable increases in each period to reflect the passage of time. This increase is recognised as finance cost.

#### C. Repairs & maintenance expenses- Property, plant and equipment

Under Ind AS, the cost of major inspections is capitalised and depreciated separately over the period to the next major inspection. Under Indian GAAP, the Company expensed off repairs and maintenance expenses unless such expenses increased the future benefits from the existing asset beyond its previously assessed standard of performance.

#### D. Other financial liabilities

Under Indian GAAP, the Company recognized the long term employee benefits payable at transaction cost. Under Ind AS, the Company has initially recorded the payable at fair value by discounting to present value (based on market rate of interest) and subsequently accretes interest thereon as a period cost.

#### E. Trade payables and derivative liability

Under Indian GAAP, the forward covers taken for trade payables were reinstated as per AS 11 (Premium Amortisation Method). Under Ind AS, these derivative contracts are carried at their fair value at reporting dates.

#### F. Defined benefit plans

Under Indian GAAP, the Company recognized actuarial gains / losses and expected rate of return on defined benefit plans in the income statement. Under Ind AS, the Company has recognized the actuarial gains / losses in other comprehensive income. However, this has no impact on total comprehensive income and total equity.

#### G. Other comprehensive income

Under Indian GAAP, the Company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended March 31, 2017

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

### H. Other financial assets

Under Indian GAAP, the Company measures the rental deposits paid to the lessor at transaction value. Under Ind AS, the deposits have been measured at fair value and the difference between the fair value and the transaction cost has been recorded as prepaid lease rent.

### I. Processing fee on borrowings

Under IGAAP, the Company amortizes the processing fees over the tenure of the borrowings. Under Ind AS, the Company has considered these fee as part of the effective interest rate on the underlying borrowings.

### J. Investments carried at Fair value through P&L

Under Indian GAAP, the Company accounted for investments in unquoted mutual funds as investment measured at the lower of cost market value. Under Ind AS, the Company has measured such investments at fair value. The difference between fair value and Indian GAAP carrying amount as at April 01, 2015 has been recognized in retained earnings

### K. Statement of cash flows

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

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: June 3, 2017

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

**Ajay Singh**  
Chairman &  
Managing Director

Place: Gurgaon

Date: June 3, 2017

**Kiran Koteswar**  
Chief Financial  
Officer

Place: Gurgaon

Date: June 3, 2017

**Chandan Sand**  
Company Secretary

Place: Gurgaon

Date: June 3, 2017

# INDEPENDENT AUDITOR'S REPORT

To the Members of SpiceJet Limited

## Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying Consolidated Ind AS financial statements of SpiceJet Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS financial statements").

## Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Ind AS financial statements in terms of the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive income), consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the 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 controls, 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, which have been used for the purpose of preparation of the Consolidated Ind

AS financial statements by the Directors of the Holding Company, as aforesaid.

## Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Ind AS financial statements based on our audit. While conducting the 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 Consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the Consolidated Ind AS 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 Holding Company's Board of Directors, as well as evaluating the overall presentation of the Consolidated Ind AS financial statements. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Ind AS 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 consolidated state of affairs of the Group as at March 31, 2017, their consolidated profit including other comprehensive income, and their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

### Emphasis of Matter

We draw attention to:

- a) Note 2 (a)(iii) of the Consolidated Ind AS financial statements regarding the Group's net liabilities of ₹ 6,126.01 million (including liabilities of ₹ 5,790 million in respect of the matter detailed in Note 44 of the Consolidated Ind AS financial statements) as of March 31, 2017, which raises a material uncertainty that may cast significant doubt about the going concern assumption. The Group's financial performance and management's business plans are also discussed in the said note.
- b) Note 44 of the Consolidated Ind AS financial statements regarding certain possible non-compliances of applicable provisions of law and Note 35 regarding the consequent effects thereof on diluted earnings per share disclosure.

Our opinion is not qualified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

As required by section 143 (3) of the Act, we report, to the extent applicable, 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 of the aforesaid Consolidated Ind AS financial statements;
- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books;
- (c) The Consolidated Balance Sheet, Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income,

the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

- (d) In our opinion, the aforesaid Consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015, as amended;
- (e) The matter described under the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the group;
- (f) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the Subsidiary companies, none of the directors of the Group's companies, is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
- (g) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies, refer to our separate report in "Annexure 1" 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 Consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group - Refer Note 43 to the Consolidated Ind AS financial statements;
  - ii The Group 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 Holding Company and

its subsidiaries during the year ended March 31, 2017;

- iv The Group has provided requisite disclosures in Note 51 to these Consolidated Ind AS financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation we report that these disclosures regarding the holding and nature of cash transactions, including Specified Bank Notes are in accordance with the books of accounts maintained by the Group and as produced to us by the Management. However, we are unable to obtain sufficient appropriate audit evidence as to the appropriateness of the amounts reported as permitted receipts of Specified Bank Notes, in such note.

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

Chartered Accountants

ICAI Firm Registration No.: 101049W/E300004

**per Aniruddh Sankaran**

Partner

Membership Number: 211107

**Place: Gurgaon**

Date : June 3, 2017



## ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS 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")

In conjunction with our audit of the Consolidated Ind AS financial statements of SpiceJet Limited as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of SpiceJet Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

### Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the of the Holding company, its subsidiary companies which are companies incorporated in India, are responsible for laying down and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding 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 (ICAI). 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 respective 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 Act.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls over financial reporting based on our audit conducted in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, 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, in respect of the Holding Company. Because of the matter described in Disclaimer of Opinion paragraph below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on internal financial controls over financial reporting in respect of the subsidiaries of the Company.

### 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**

According to the information and explanation given to us, in view of the early-stage nature of their operations, SpiceJet Merchandise Private Limited and SpiceJet Technic Private Limited (both subsidiaries of the Holding Company) have not established internal financial controls over financial reporting on criteria based on or 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. Because of this reason, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion on whether those subsidiary companies had adequate internal financial controls over financial reporting as at March 31, 2017 and whether such internal financial controls were operating effectively. Accordingly we do not express an opinion on Internal Financial Controls Over Financial Reporting in this regard.

In our opinion, the Holding Company has maintained, 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, 2017, based on the internal control over financial reporting criteria established by the Holding 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.

We also have audited, 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, the Consolidated Ind AS financial statements of the Holding Company, which comprise the Balance Sheet as at March 31, 2017, and the related Statement of consolidated Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and our report dated June 3, 2017 expressed an unqualified audit opinion. We have considered the disclaimer reported above in respect of the subsidiary companies, in determining the nature, timing, and extent of audit tests applied in our audit of the Consolidated Ind AS financial statements of the Holding Company, and the disclaimer does not affect our opinion on the Consolidated Ind AS financial statements of the Holding Company.

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

Chartered Accountants  
ICAI Firm Registration No.: 101049W/E300004

### **per Aniruddh Sankaran**

Partner  
Membership Number: 211107

**Place: Gurgaon**

Date : June 3, 2017

**CONSOLIDATED BALANCE SHEET** as at March 31, 2017

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

	Notes	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property, Plant and Equipment ('PPE')	3	16,191.30	16,265.49	17,114.38
Intangible assets	4	9.02	10.10	23.87
<b>Financial Assets</b>				
(i) Investments	5	0.23	-	-
(ii) Other Financial Assets	6	2,915.52	3,342.00	2,607.70
Non-current tax assets	7	211.54	292.77	290.11
Other non current assets	8	2,128.19	1,753.88	1,473.69
<b>Total non-current assets</b>		<b>21,455.80</b>	<b>21,664.24</b>	<b>21,509.75</b>
<b>Current Assets</b>				
Inventories	9	985.51	665.46	451.17
<b>Financial Assets</b>				
(i) Investments	10	1,397.52	204.64	-
(ii) Trade Receivables	11	618.00	433.74	1,281.83
(iii) Cash and cash equivalents	12	297.93	759.02	183.03
(iv) Bank balances other than (iii) above	12	1,722.36	300.00	-
(v) Other financial assets	13	1,783.21	1,643.69	917.54
Other current assets	14	1,619.72	2,796.27	2,695.98
<b>Total current assets</b>		<b>8,424.25</b>	<b>6,802.82</b>	<b>5,529.55</b>
<b>Total Assets</b>		<b>29,880.05</b>	<b>28,467.06</b>	<b>27,039.30</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity Share Capital	15	5,994.50	5,994.50	5,994.50
Other Equity	16	(12,120.51)	(16,383.13)	(20,846.64)
<b>Total Equity</b>		<b>(6,126.01)</b>	<b>(10,388.63)</b>	<b>(14,852.14)</b>
<b>Non-Current Liabilities</b>				
<b>Financial Liabilities</b>				
(i) Borrowings	17	7,759.84	9,209.22	11,161.36
(ii) Trade Payables	18	209.51	537.94	-
Long-term Provisions	19	2,897.25	2,634.02	1,690.32
Other non-current liabilities	20	461.22	220.04	254.78
<b>Total non-current liabilities</b>		<b>11,327.82</b>	<b>12,601.22</b>	<b>13,106.46</b>
<b>Current Liabilities</b>				
<b>Financial Liabilities</b>				
(i) Borrowings	21	2,522.45	1,050.00	1,200.00
(ii) Trade Payables	22	5,850.66	7,209.87	9,423.31
(iii) Other current financial liabilities	23	1,536.05	2,237.63	2,866.18
Short-term Provisions	24	1,417.92	3,684.34	3,737.40
Other Current Liabilities	25	13,351.16	12,072.63	11,558.09
<b>Total current liabilities</b>		<b>24,678.24</b>	<b>26,254.47</b>	<b>28,784.98</b>
<b>Total Liabilities</b>		<b>36,006.06</b>	<b>38,855.69</b>	<b>41,891.44</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>29,880.05</b>	<b>28,467.06</b>	<b>27,039.30</b>

Summary of significant accounting policies

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

**per Aniruddh Sankaran**

Partner

Membership No: 211107

Place: Gurgaon

Date: June 3, 2017

**For and on behalf of the Board of Directors**
**Ajay Singh**  
**Chairman &**  
**Managing Director**

Place: Gurgaon

Date: June 3, 2017

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

Place: Gurgaon

Date: June 3, 2017

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

Place: Gurgaon

Date: June 3, 2017

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS for the year ended March 31, 2017

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

	Note No.	As at March 31, 2017	As at March 31, 2016
<b>INCOME</b>			
Revenue from operations	26	61,913.62	50,880.72
Other income	27	801.34	1,309.35
<b>Total Revenue</b>		<b>62,714.96</b>	<b>52,190.07</b>
<b>EXPENSES</b>			
Operating expenses	29	44,325.13	35,941.02
Cost of inventory consumed	29 (a)	0.26	-
Employee benefits expense	30	6,738.22	4,924.51
Sales and Marketing Expenses	31	2,097.80	1,637.06
Other expenses	32	3,347.31	3,003.18
<b>Total Expense</b>		<b>56,508.72</b>	<b>45,505.77</b>
<b>Earnings before interest, tax, depreciation and amortization (EBITDA)</b>		<b>6,206.24</b>	<b>6,684.30</b>
Depreciation and amortization expense	3 & 4	(1,986.14)	(1,798.07)
Finance Income	28	316.96	211.21
Finance costs	33	(650.40)	(1,236.50)
<b>Profit for the year before exceptional items</b>		<b>3,886.66</b>	<b>3,860.94</b>
Exceptional items	34	385.54	636.94
<b>Profit Before Tax</b>		<b>4,272.20</b>	<b>4,497.88</b>
Income Tax Expense			
- Current Tax		-	-
- Deferred Tax		-	-
Total tax expense		-	-
<b>Profit for the year</b>		<b>4,272.20</b>	<b>4,497.88</b>
<b>Other Comprehensive Income:</b>			
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>			
Remeasurement gains and (losses) on defined benefit obligations (net)		(21.22)	(5.47)
Income tax impact		-	-
<b>Other comprehensive income / (loss) for the year</b>		<b>(21.22)</b>	<b>(5.47)</b>
<b>Total comprehensive income for the year</b>		<b>4,250.98</b>	<b>4,492.41</b>
Earnings per Equity Share of INR 10 each	35		
Earnings per share			
- Basic earnings per share		7.13	7.50
- Diluted earnings per share	35c	7.13	5.70

Summary of significant accounting policies 2

See accompanying Notes forming 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

#### per Aniruddh Sankaran

Partner

Membership No: 211107

Place: Gurgaon

Date: June 3, 2017

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

**Ajay Singh**  
Chairman &  
Managing Director

Place: Gurgaon

Date: June 3, 2017

**Kiran Koteswar**  
Chief Financial  
Officer

Place: Gurgaon

Date: June 3, 2017

**Chandan Sand**  
Company Secretary

Place: Gurgaon

Date: June 3, 2017

**CONSOLIDATED CASH FLOW STATEMENT** for the year ended March 31, 2017

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

	<b>March 31, 2017</b>	<b>March 31, 2016</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before tax and exceptional items	3,886.66	3,860.94
Adjustments to reconcile profit before tax and exceptional items to net cash flows:		
Depreciation and Amortisation expense	1,986.14	1,798.07
Provision for doubtful claims / advances	-	38.59
Loss / (profit) on disposal of PPE (net) / assets written off	9.06	62.09
Provision for litigations	82.69	-
Advances / debts written off	79.35	70.05
Provision for aircraft maintenance	1,796.89	2,612.39
Provision for aircraft redelivery	122.81	117.29
Provision for capital advance written back	-	(48.00)
Liabilities / provision no longer required written back	(517.58)	(1,122.32)
Profit on sale of engine under sale and lease-back arrangement	(23.70)	-
Net Gain on financial assets measured at fair value through profit or loss ('FVTPL')	(34.83)	(4.64)
Finance income	(316.96)	(211.21)
Finance costs	650.40	1,236.50
Translation loss / (gain) on monetary assets and liabilities	(500.36)	177.16
<b>Operating profit before working capital changes</b>	<b>7,220.57</b>	<b>8,586.91</b>
<b>Movements in working capital :</b>		
(Increase) / Decrease in trade receivables	(184.26)	852.58
(Increase) / Decrease in inventories	(320.05)	(214.29)
(Increase) / Decrease in other financial assets	361.23	(458.29)
(Increase) / Decrease in other current assets	(481.77)	(100.29)
Increase / (Decrease) in trade payables	(784.52)	(553.18)
Increase / (Decrease) in other financial liabilities	(275.41)	(1,325.48)
Increase / (Decrease) in other liabilities	1,543.41	496.17
Increase / (Decrease) in provisions	(4,026.80)	(1,844.51)
<b>Cash generated from operations</b>	<b>3,052.40</b>	<b>5,439.62</b>
Income taxes received / (paid) (net of refunds)	81.23	(2.66)
<b>Net cash generated from operating activities before exceptional items</b>	<b>3,133.63</b>	<b>5,436.96</b>
Cash inflow from exceptional items (refer note 34)	1,658.32	1,674.79
<b>Net cash flow from / (used in) operating activities</b>	<b>4,791.95</b>	<b>7,111.75</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of PPE, capital work in progress (including capital advances)	(2,492.17)	(1,582.61)
Proceeds from sale of PPE	4.26	1.64

## CONSOLIDATED CASH FLOW STATEMENT for the year ended March 31, 2017

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

	March 31, 2017	March 31, 2016
Purchase of investments	(1,158.28)	(200.00)
Investments in bank deposits	(1,422.36)	(300.00)
Margin money deposits placed	(1,222.78)	(1,068.41)
Margin money deposits withdrawn	1,212.53	156.96
Finance Income	252.52	246.04
<b>Net cash from / (used in) investing activities</b>	<b>B (4,826.28)</b>	<b>(2,746.38)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Advance money received towards subscription of non-convertible cumulative redeemable preference shares ('CRPS')	-	500.00
Proceeds from short-term borrowings	1,472.45	-
Repayment of short-term borrowings	-	(150.00)
Proceeds from long-term borrowings	-	15.14
Repayment of long-term borrowings	(1,255.72)	(2,701.76)
Finance costs	(650.24)	(1,448.75)
<b>Net cash (used in) / from financing activities</b>	<b>C (433.51)</b>	<b>(3,785.37)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(A+B+C) (467.84)</b>	<b>580.00</b>
Effects of exchange difference on cash and cash equivalents held in foreign currency	6.75	(4.01)
Cash and cash equivalents at the beginning of the year	759.02	183.03
Cash and cash equivalents at the end of the year	<b>297.93</b>	<b>759.02</b>
<b>Notes :</b>		
Components of cash and cash equivalents		
On current accounts	157.67	724.50
On deposit accounts	117.85	5.00
Cash on hand	22.41	29.52
Total cash and cash equivalents (Note 12)	<b>297.93</b>	<b>759.02</b>

See accompanying Notes forming 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

### per Aniruddh Sankaran

Partner

Membership No: 211107

Place: Gurgaon

Date: June 3, 2017

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

**Ajay Singh**  
Chairman &  
Managing Director

Place: Gurgaon

Date: June 3, 2017

**Kiran Koteswar**  
Chief Financial  
Officer

Place: Gurgaon

Date: June 3, 2017

**Chandan Sand**  
Company Secretary

Place: Gurgaon

Date: June 3, 2017

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY** for the year ended March 31, 2017  
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**a. Equity Share Capital:**

Equity shares of INR 10 each issued, subscribed and fully paid	Number	Amount
As at April 01, 2015	599,450,183	5,994.50
At March 31, 2016	599,450,183	5,994.50
<b>At March 31, 2017</b>	<b>599,450,183</b>	<b>5,994.50</b>

**b. Other equity**

For the year ended March 31, 2017

Particulars	Attributable to Equity holders					Total Equity
	Retained earnings	Securities Premium Account	General Reserve	Share-based payment reserves	Foreign Currency Monetary Item Translation Difference Account (FCMITDA)	
<b>As at April 01, 2016</b>	(26,317.57)	9,864.93	42.17	6.92	20.42	(16,383.13)
Profit for the year	4,272.20	-	-	-	-	4,272.20
Other comprehensive income	(21.22)	-	-	-	-	(21.22)
<b>Total Comprehensive Income</b>	<b>(22,066.59)</b>	<b>9,864.93</b>	<b>42.17</b>	<b>6.92</b>	<b>20.42</b>	<b>(12,132.15)</b>
Transferred from employee stock options outstanding upon lapse of such options	-	-	6.92	(6.92)	-	-
Movement during the year in FCMITDA, net	-	-	-	-	(1.81)	(1.81)
Recognised in the Statement of P&L during the year	-	-	-	-	13.45	13.45
<b>As at March 31, 2017</b>	<b>(22,066.59)</b>	<b>9,864.93</b>	<b>49.09</b>	<b>-</b>	<b>32.06</b>	<b>(12,120.51)</b>



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY** for the year ended March 31, 2017  
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**For the year ended March 31, 2016**

Particulars	Attributable to Equity holders					Total Equity
	Retained earnings	Securities Premium Account	General Reserve	Share-based payment reserves	Foreign Currency Monetary Item Translation Difference Account (FCMITDA)	
<b>As at April 01, 2015</b>	(30,809.98)	9,864.93	22.48	26.61	49.32	(20,846.64)
Profit for the year	4,497.88	-	-	-	-	4,497.88
Other comprehensive income	(5.47)	-	-	-	-	(5.47)
<b>Total Comprehensive Income</b>	<b>(26,317.57)</b>	<b>9,864.93</b>	<b>22.48</b>	<b>26.61</b>	<b>49.32</b>	<b>(16,354.23)</b>
Transferred from employee stock options outstanding upon lapse of such options	-	-	19.69	(19.69)	-	-
Movement during the year in FCMITDA, net	-	-	-	-	30.35	30.35
Recognised in the Statement of P&L during the year	-	-	-	-	(59.25)	(59.25)
<b>As at March 31, 2016</b>	<b>(26,317.57)</b>	<b>9,864.93</b>	<b>42.17</b>	<b>6.92</b>	<b>20.42</b>	<b>(16,383.13)</b>

See accompanying Notes forming 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

**per Aniruddh Sankaran**

Partner

Membership No: 211107

Place: Gurgaon

Date: June 3, 2017

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

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

Place: Gurgaon

Date: June 3, 2017

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

Place: Gurgaon

Date: June 3, 2017

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

Place: Gurgaon

Date: June 3, 2017

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2017

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

### 1. CORPORATE INFORMATION

The consolidated financial statements comprise financial statements of SpiceJet Limited (the Company) and its subsidiaries (collectively, the Group) for the year ended 31 March 2017. The company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India and is listed on the Bombay Stock Exchange Limited ('BSE'). The registered office of the Company is located at Indira Gandhi International Airport, Terminal 1D, New Delhi - 110037.

The Group is engaged principally in the business of providing air transport services for the carriage of passengers and cargo. Information on the Group's structure is provided in Note 37. Information on other related party relationships of the Group is provided in Note 47.

The consolidated financial statements were authorised for issue in accordance with a resolution of the directors on June 03, 2017.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a) Basis of preparation of financial statements

##### i. Compliance with Ind-AS

The consolidated financial statements of the Group for the year ended March 31, 2017 have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules 2015, read with Companies (Indian Accounting Standards) as amended.

For all periods up to and including the year ended March 31, 2016, the Group prepared its financial statements in accordance accounting standards notified under the section 133 of the Companies Act 2013 ('Act'), read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP) as amended. These financial

statements for the year ended March 31, 2017 are the first the Group has prepared in accordance with Ind AS. Refer to note 53 for information on how the Group adopted Ind AS.

The financial statements are presented in Indian Rupees (₹) (its functional currency) and all values are rounded off to the nearest millions, except where otherwise indicated.

##### ii. Historical Cost convention

The consolidated financial statements have been prepared on the historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments
- Certain financial assets and financial liabilities measured at fair value (refer accounting policy regarding financial instruments)

##### iii. Going concern assumption

As at March 31, 2017, the Company has accumulated losses of ₹ 22,031.51 million (Group - ₹ 22,066.59 million) against shareholders' funds of ₹ 15,940.58 million. As of that date, the Company's total liabilities exceed its total assets by ₹ 6,090.93 million (Group - ₹ 6,126.01 million), as a result of historical market factors and the matter described in Note 44. These factors result in a material uncertainty that may cause significant doubt about the Company's ability to continue as a going concern.

As a result of various operational, commercial and financial measures implemented, the Company has significantly improved its liquidity position, and generated operating cash flows since the year ended March 2016. The Company has also earned profit after tax of ₹ 4,307.28 million (Group - ₹ 4,272.20 million) for the year ended March 31, 2017. In view of the foregoing, and having regard

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

to industry outlook and also management's current assessment of the outcomes of the matters stated in Note 44, management is of the view that the Company will be able to maintain profitable operations and raise funds as necessary, in order to 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) Basis of Consolidation

The Consolidated Financial Statements (CFS) relates to SpiceJet Limited (the Company), its Subsidiary Companies (together, 'the Group').

The Financial Statements of the Subsidiaries used in the Consolidation are drawn up to the same reporting date as that of the Company i.e. March 31, 2017.

Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements

- The Group's voting rights and potential voting rights
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

### Consolidation procedures:

- a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2017

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

c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and Property, Plant and Equipment, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

### Subsidiary

The Financial Statements of the Company and its Subsidiary Companies have been combined on a line-by-line basis by adding together the amounts of like items of assets, liabilities, income and expenses, after fully eliminating material intra-group balances, intra-group transactions and the resulting unrealised profits or losses, unless cost cannot be recovered, as per Indian Accounting Standard 110 - Consolidated Financial Statements (Ind AS 110).

Non-Controlling Interest in the Net Assets of the Consolidated Subsidiaries consists of:

- (i) The amount of Equity attributable to holders of non-controlling interest at the date on which the investment in the Subsidiary is made; and
- (ii) The Non-Controlling Interests' share of movements in Equity since the date the Parent Subsidiary relationship came into existence.

Non-Controlling Interest (NCI) share in the Net Profit / (Loss) for the year of the

Consolidated Subsidiaries is identified and adjusted against the Profit After Tax of the Group even if this results in the NCI having a deficit balance.

### c) Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2017

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Group has identified twelve months as its operating cycle.

### d) Property, plant and equipment

Property, plant and equipment 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 cost of property, plant and equipment not ready for intended use before such date is disclosed under capital work-in-progress.

For depreciation purposes, the Group 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 and depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied and the same is depreciated based on their specific useful lives. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure, are charged to the statement of profit and loss for the period during which such expenses are incurred.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of property, plant and equipment 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.

#### Depreciation

The Group, based on technical assessment made by experts and management estimates,

depreciates certain items of property, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

The Group has used the following rates to provide depreciation on its property, plant and equipment.

Asset Description	Useful life estimated by the management (years)
Office Equipment	5
Computers	3 - 6
Furniture and Fixtures	10
Motor Vehicles	8
Plant and Machinery	15
Aircraft, engines and landing gear	8 - 17.86
Rotable and Tools	17.86

In respect of aircraft and rotables and tools, had the Group 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 ₹ 21.79 million (previous year ₹ 31.06 million).

The Group has elected to continue with the carrying value for all its Property, plant and equipment as recognised in its Indian GAAP financials as deemed cost as at the transition date (viz. April 01, 2015).

### e) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost.

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Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Costs incurred towards purchase of computer software are amortised 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.

The Group has elected to continue with the carrying value for all its Intangible assets as recognised in its Indian GAAP financials as deemed cost as at the transition date (viz. April 01, 2015).

### **f) Impairment of non-financial assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less cost of disposal 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 fair value less cost of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the

Group'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. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the services, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses including impairment on inventories, are recognized in the statement of profit and loss. After impairment, depreciation / amortization 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 Group 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 / amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss.

### **g) Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of an

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2017

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asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

### h) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The revenue is recognized net of VAT / Service tax (if any).

The specific recognition criteria described below must also be met before revenue is recognised.

#### Rendering of services

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 Group's refund policy.

Revenue from wet lease of aircraft is recognised as follows:

- a) The fixed rentals under the agreements are recognised on a straight line basis over the lease period.
- b) The variable rentals in excess of the minimum guarantee hours are recognised based on actual utilisation of the aircraft during the period.

Income in respect of hiring / renting out of equipment and spare parts is recognised at rates agreed with the lessee, as and when related services are rendered.

#### Sale of food and beverages

Revenue from sale of food and beverages is recognised when the products are delivered or served to the customer. Revenue from such sale is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Amounts received in advance towards food and beverages are shown under current liabilities as unearned revenue.

#### Sale of Goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

#### Training Income

Revenue from training income is recognized proportionately with the degree of completion of services, based on management estimates of the relative efforts as well as the period over which related training activities are rendered for individual employees by the Group.



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### Interest

Interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

### **i) Employee benefits**

#### **i. Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Group 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.

#### **ii. Other long-term employee benefit obligation**

The Group 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. Remeasurement gains / losses are immediately taken to the statement of profit and loss and are not deferred. The Group 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.

### **iii. Post-employment obligations**

The Group operates the following post-employment schemes:

#### **a. Gratuity obligations**

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 using the projected unit credit method.

Remeasurement, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurement is not reclassified to profit or loss in subsequent periods.

Past service cost is recognised in profit or loss on the earlier of the date of the plan amendment or curtailment, and the date that the Group recognises related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined

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benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs and
- Net interest expense or income.

### b. Retirement benefits

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

## j) Taxes

### Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences, except:

- a. When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- b. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax asset is recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Group recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Group 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 Group recognizes MAT credit as a deferred tax asset.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2017

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available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

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 taxes relate to the same taxable entity and the same taxation authority.

### k) Earnings Per Share (“EPS”)

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders 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.

### l) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 April 2015, the Group has determined whether the

arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

#### Where the Group is a lessee

A lease is classified at the inception date as a finance lease or an operating lease. 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.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on the borrowing costs (See note 2.g). Contingent rentals are recognised as expenses in the periods in which they are incurred.

#### 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.

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

### m) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

### n) Foreign currencies

The consolidated financial statements of the Group is presented in Indian Rupees (₹) which is also the Group's functional currency.

#### Initial Recognition

Transactions in foreign currencies entered into by the Group are accounted at the exchange rates prevailing on the date of the transaction or at the average rates that closely approximate the rate at the date of the transaction.

#### Conversion

Foreign currency monetary items are translated 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 translated using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value denominated in a foreign currency are translated using the

exchange rates that existed when the values were determined.

#### Exchange Differences

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss except to the extent it is treated as an adjustment to borrowing costs.

The Group has opted to avail the exemption under Ind AS 101 to continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in financial statements for period ended immediately before beginning of first Ind AS financial reporting period as per Indian GAAP (i.e. till March 31, 2016) (Refer to note 53 for Ind AS 101 exemptions adopted). Consequent to which:

- Exchange differences arising on long-term foreign currency monetary items related to acquisition of certain Bombardier Q400 aircraft 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.

### o) Fair value measurement

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2017

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- In the absence of a principal market, in the most advantageous market for the asset or liability

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in

the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Involvement of external valuers is decided upon annually by the Group. At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. Other fair value related disclosures are given in the relevant notes (Refer Note 48).

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above (Refer Note 49).

### p) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimated. The expense relating to a provision is presented in the statement of profit and loss.

### q) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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### Financial assets

#### Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

#### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments and derivatives at fair value through profit or loss (FVTPL)
- Equity instruments at fair value through profit or loss (FVTPL) or at fair value through other comprehensive income (FVTOCI)

#### Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a. The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b. Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at

amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

#### Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a. The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b. The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method. The Group does not have any debt instrument as at FVTOCI.

#### Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2017

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recognition inconsistency (referred to as 'accounting mismatch'). The Group has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L. The Group does not have any debt instrument at FVTPL.

### *Equity investments*

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Group decides to classify the same either as at FVTOCI or FVTPL. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L. The Group has classified its investments in mutual funds as Investments at FVTPL.

### *Derecognition*

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the

Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the Statement of profit and loss.

### *Impairment of financial assets*

The Group applies expected credit loss model for recognising impairment loss on financial assets measured at amortised cost.

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2017

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As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as expenses in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L.

### Financial liabilities

#### *Initial recognition and measurement*

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortized cost, net of directly attributable transaction costs.

#### *Subsequent measurement*

All financial liabilities except derivatives are subsequently measured at amortised cost using the effective interest rate method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

#### *Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or

cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

### Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure foreign currency risks.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

### Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract - with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109,

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2017

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the Group does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### r) 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 cost of purchase and other costs incurred in bringing the inventories to their present location and condition and is determined on a weighted average basis.

### s) Manufacturers' incentives

#### Cash Incentives

The Group 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.

#### Non-cash Incentives

Non cash incentives relating to aircraft taken on finance lease are recorded as and when due to the Group by setting up a deferred asset and a corresponding incentive. These incentives are recognized under the head other operating revenue 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.

### t) Commission to agents

Commission expense is recognized as an expense coinciding with the recognition of related revenues considering various estimates including applicable commission slabs, performance of individual agents with respect to their targets etc.

### u) Share-based payments

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

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** for the year ended March 31, 2017  
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as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. On forfeiture of stock options, amounts accumulated in share-based payment reserves are transferred to general reserve.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the

computation of diluted earnings per share.

The Group has availed the exemption under Ind AS 101 to not apply the requirements of Ind AS 102 for equity settled transactions that are vested as at the date of transition (April 01, 2015). Accordingly, only those options that are not vested as at the date of transition have been measured at fair value (if applicable).

**v) Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is considered to be the Board of Directors of the Group who makes strategic decisions and is responsible for allocating resources and assessing performances of the operating segments.

**w) 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 Group 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 Group does not recognise a contingent liability but discloses its existence in the financial statements.

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

The Group has elected to present EBITDA as a separate line item on the face of the statement of profit and loss. The Group measures EBITDA on the basis of profit / (loss) from continuing operations. In its measurement, the Group does not include depreciation and amortization, finance income, finance costs and tax expense.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2017  
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**3. PROPERTY PLANT & EQUIPMENT ('PPE')**

Particulars	Plant & Equipment	Rotable & Tools	Office Equipment	Computers	Furniture & Fixtures	Vehicles	Leasehold Improvements	Aircraft ^	Total
<b>GROSS BLOCK</b>									
Deemed cost as at April 1, 2015	364.82	1,106.61	43.59	32.51	12.78	273.84	32.25	15,247.98	17,114.38
Additions #	37.57	266.42	9.40	33.83	3.80	73.21	0.49	876.74	1,301.46
Disposals	1.41	62.41	0.10	0.01	-	0.69	0.13	1,072.44	1,137.19
Exchange Differences *	-	-	-	-	-	-	-	734.48	734.48
<b>At March 31, 2016</b>	<b>400.98</b>	<b>1,310.62</b>	<b>52.89</b>	<b>66.33</b>	<b>16.58</b>	<b>346.36</b>	<b>32.61</b>	<b>15,786.76</b>	<b>18,013.13</b>
Additions #	114.36	967.17	15.40	59.59	4.24	57.31	1.68	885.95	2,105.70
Disposals	7.92	6.22	0.02	0.62	0.06	2.57	-	-	17.41
Exchange Differences *	-	-	-	-	-	-	-	(193.66)	(193.66)
<b>At March 31, 2017</b>	<b>507.42</b>	<b>2,271.57</b>	<b>68.27</b>	<b>125.30</b>	<b>20.76</b>	<b>401.10</b>	<b>34.29</b>	<b>16,479.05</b>	<b>19,907.76</b>
<b>ACCUMULATED DEPRECIATION</b>									
At April 1, 2015	-	-	-	-	-	-	-	-	-
Charge for the Year	34.86	91.07	18.45	16.73	3.02	53.40	10.46	1,386.59	1,614.58
Disposals	0.10	0.76	0.04	0.01	-	0.10	0.02	34.59	35.62
Exchange Differences *	-	-	-	-	-	-	-	168.68	168.68
<b>At March 31, 2016</b>	<b>34.76</b>	<b>90.31</b>	<b>18.41</b>	<b>16.72</b>	<b>3.02</b>	<b>53.30</b>	<b>10.44</b>	<b>1,520.68</b>	<b>1,747.64</b>
Charge for the Year	40.56	117.48	16.25	26.57	4.67	65.83	7.43	1,512.98	1,791.77
Disposals	0.82	0.61	0.00	0.47	0.01	2.17	-	-	4.08
Exchange Differences *	-	-	-	-	-	-	-	181.13	181.13
<b>At March 31, 2017</b>	<b>74.50</b>	<b>207.18</b>	<b>34.66</b>	<b>42.82</b>	<b>7.68</b>	<b>116.96</b>	<b>17.87</b>	<b>3,214.79</b>	<b>3,716.46</b>
<b>NET BLOCK</b>									
<b>At March 31, 2016</b>	<b>366.22</b>	<b>1,220.31</b>	<b>34.48</b>	<b>49.61</b>	<b>13.56</b>	<b>293.06</b>	<b>22.17</b>	<b>14,266.08</b>	<b>16,265.49</b>
<b>At March 31, 2017</b>	<b>432.92</b>	<b>2,064.39</b>	<b>33.61</b>	<b>82.48</b>	<b>13.08</b>	<b>284.14</b>	<b>16.42</b>	<b>13,264.26</b>	<b>16,191.30</b>

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

^ Under the agreement with the lender, the title to the aircrafts vest with the lessor, and the Group shall take title to aircrafts at the end of the lease period upon payment of all dues under the lease agreements. Also refer note 17 (b).

# Additions to Aircraft comprise ₹ 876.74 million for the year March 31,2016 and ₹ 885.95 million for the March 31,2017 pertaining to overhaul costs capitalised on aircraft.

Rotables and tools, Ground support equipment and Motor Vehicles with a carrying amount of ₹ 45.69 million (March 31,2016 ₹ 53.04 million, April 01, 2015 ₹ 61.16 million), are subject to a first charge to secure the facilities provided by Allahabad Bank.

Refer Note. 42 for contractual commitments for the acquisition of PPE

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**4. INTANGIBLE ASSETS**

	<b>Software</b>	<b>Total</b>
<b>GROSS BLOCK</b>		
Deemed cost as at April 1, 2015	23.87	23.87
Additions	1.04	1.04
Disposals	-	-
<b>At March 31, 2016</b>	<b>24.91</b>	<b>24.91</b>
Additions	12.16	12.16
Disposals	-	-
<b>At March 31, 2017</b>	<b>37.07</b>	<b>37.07</b>
<b>ACCUMULATED AMORTIZATION</b>		
At April 1, 2015	-	-
Charge for the year	14.81	14.81
Disposals	-	-
<b>At March 31, 2016</b>	<b>14.81</b>	<b>14.81</b>
Charge for the year	13.24	13.24
Disposals	-	-
<b>At March 31, 2017</b>	<b>28.05</b>	<b>28.05</b>
<b>NET BLOCK</b>		
<b>At March 31, 2016</b>	<b>10.10</b>	<b>10.10</b>
<b>At March 31, 2017</b>	<b>9.02</b>	<b>9.02</b>

**5. NON-CURRENT INVESTMENTS (fully paid up)**

	<b>As at March 31, 2017</b>	<b>As at March 31, 2016</b>	<b>As at April 1, 2015</b>
<b>Unquoted equity investments, at fair value</b>			
1189 (March 31, 2016 Nil, April 01, 2015: Nil) equity shares of Aeronautical Radio of Thailand Limited	0.23	-	-
<b>Aggregate amount of unquoted investments</b>	<b>0.23</b>	<b>-</b>	<b>-</b>

**6. OTHER NON-CURRENT FINANCIAL ASSETS**

(Unsecured, considered good unless stated otherwise)

Security deposits (at amortised cost)	1,679.77	2,117.84	2,294.99
Non-current bank balances (also refer note 12)	1,235.04	1,224.16	312.71
Interest accrued but not due	0.71	-	-
	<b>2,915.52</b>	<b>3,342.00</b>	<b>2,607.70</b>

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**7. NON-CURRENT TAX ASSETS**

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advance income-tax and tax deducted at source (net of provision for taxation)	211.54	292.77	290.11
	<b>211.54</b>	<b>292.77</b>	<b>290.11</b>

**8. OTHER NON-CURRENT ASSETS**

(Unsecured, considered good unless stated otherwise)

Accrued overhaul obligation on finance lease aircraft	1145.61	1,265.03	1,068.13
Capital advances	932.58	438.85	355.56
Deposit with Hon'ble Bombay High Court (also refer note 43 (b) (i))	50.00	50.00	50.00
	<b>2,128.19</b>	<b>1,753.88</b>	<b>1,473.69</b>
<b>BREAK-UP FOR SECURITY DETAILS:</b>			
<b>Capital Advances</b>			
Unsecured, considered Doubtful	24.32	24.32	-
Unsecured, considered good	932.58	438.85	355.56
	<b>956.90</b>	<b>463.17</b>	<b>355.56</b>
<b>Impairment Allowance</b>			
Doubtful	(24.32)	(24.32)	-
	<b>(24.32)</b>	<b>(24.32)</b>	<b>-</b>
<b>Total</b>	<b>932.58</b>	<b>438.85</b>	<b>355.56</b>

**9. INVENTORIES**

Engineering stores and spares	808.55	621.73	411.71
Stock in trade	115.57	-	-
Other stores	61.39	43.73	39.46
<b>Total inventories at the lower of cost and net realisable value</b>	<b>985.51</b>	<b>665.46</b>	<b>451.17</b>

**10. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)**

Quoted investment in mutual funds			
Nil (March 31, 2016: 6,448,555.04, April 01, 2015: Nil) units of ₹ 31.01 each fully paid up of Reliance Liquidity Fund	-	204.64	-
16,689,404 (March 31, 2016: Nil, April 01, 2015: Nil) units of ₹ 18.40 each fully paid up of Axis short-term growth plan	307.09	-	-
99,204 (March 31, 2016: Nil, April 01, 2015: Nil) units of ₹ 25.20 each fully paid up of BNP Paribas growth plan	2.50	-	-
1,400,177 (March 31, 2016: Nil, April 01, 2015: Nil) units of ₹ 312.57 each fully paid up of ICICI Prudential flexible income growth plan	437.66	-	-

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	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
59,738 (March 31, 2016: Nil, April 01, 2015:Nil) units of ₹ 17.11 each fully paid up of ICICI Prudential ultra-short term growth plan	1.02	-	-
9,109,391 (March 31, 2016: Nil, April 01, 2015:Nil) units of ₹ 11.21 each fully paid up of IDFC Corporate bond fund growth plan	102.13	-	-
18,819 (March 31, 2016: Nil, April 01, 2015:Nil) units of ₹ 2669.38 each fully paid up of Kotak Floater short-term growth plan	50.24	-	-
2,561,104 (March 31,2016: Nil, April 01, 2015:Nil) units of ₹ 11.83 each fully paid up of Reliance Banking and PSU debt fund growth plan	30.30	-	-
9,765,904 (March 31, 2016: Nil, April 01, 2015:Nil) units of ₹ 34.69 each fully paid up of Reliance medium term fund growth plan	338.79	-	-
4,042,700 (March 31, 2016: Nil, April 01, 2015:Nil) units of ₹ 31.61 each fully paid up of Reliance short-term fund growth plan	127.79	-	-
<b>Aggregate amount of quoted investments and market value thereof</b>	<b>1,397.52</b>	<b>204.64</b>	<b>-</b>

### 11. TRADE RECEIVABLES AND OTHER ASSETS

(Unsecured, considered good unless stated otherwise)

<b>TRADE RECEIVABLES (CURRENT)</b>			
Trade receivables	618.00	433.74	1,281.83
<b>Total Trade receivables</b>	<b>618.00</b>	<b>433.74</b>	<b>1,281.83</b>
<b>BREAK-UP FOR SECURITY DETAILS:</b>			
<b>Trade receivables</b>			
Unsecured, considered Doubtful	4.04	4.24	9.53
Unsecured, considered good	619.00	434.54	1,281.83
	<b>623.04</b>	<b>438.78</b>	<b>1,291.36</b>
<b>Impairment Allowance (Allowance for bad and doubtful debts)</b>			
Unsecured, considered good	(1.00)	(0.80)	-
Doubtful	(4.04)	(4.24)	(9.53)
	<b>(5.04)</b>	<b>(5.04)</b>	<b>(9.53)</b>
<b>Total</b>	<b>618.00</b>	<b>433.74</b>	<b>1,281.83</b>

For terms and conditions relating to related party receivables, refer Note 46



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2017  
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## 12. CASH AND CASH EQUIVALENTS

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balances with banks:			
- On current accounts	157.67	724.50	157.20
- On deposit accounts	117.85	5.00	-
Cash on hand	22.41	29.52	25.83
	<b>297.93</b>	<b>759.02</b>	<b>183.03</b>
<b>OTHER BANK BALANCES</b>			
Deposits with original maturity for more than 3 months but less than 12 months	1,250.26	300.00	-
Deposits with original maturity more than 12 months	472.10	-	-
Margin money / Security against fund and non-fund based facilities*	1,235.04	1,224.16	312.71
	2,957.40	1,524.16	312.71
Less: Amount disclosed under other non-current asset	(1,235.04)	(1,224.16)	(312.71)
	<b>1,722.36</b>	<b>300.00</b>	<b>-</b>
	<b>2,020.29</b>	<b>1,059.02</b>	<b>183.03</b>

At March 31, 2017, the Group had available INR 377.54 million (March 31, 2016: INR 1500.00 million, April 01, 2015: Nil) of undrawn committed borrowing facilities.

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

## 13. OTHER CURRENT FINANCIAL ASSETS

(Unsecured, considered good unless stated otherwise)

Security deposits	1,258.77	993.80	700.51
Derivatives	-	-	2.28
Claims receivable	126.08	525.87	97.33
Employee advances	20.99	8.51	-
Interest accrued			
- on fixed deposits	84.41	19.97	4.38
- others	-	-	50.42
Unbilled revenue	292.96	95.54	62.62
	<b>1,783.21</b>	<b>1,643.69</b>	<b>917.54</b>
<b>BREAK-UP FOR SECURITY DETAILS:</b>			
<b>Claims receivable</b>			
Unsecured, considered Doubtful	-	-	444.65
Unsecured, considered good	126.08	525.87	97.33
	<b>126.08</b>	<b>525.87</b>	<b>541.98</b>
<b>Impairment Allowance</b>			
Doubtful	-	-	(444.65)
	<b>-</b>	<b>-</b>	<b>(444.65)</b>
<b>Total</b>	<b>126.08</b>	<b>525.87</b>	<b>97.33</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2017  
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#### 14. OTHER CURRENT ASSETS

(Unsecured, considered good unless stated otherwise)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Prepaid expenses	759.03	610.86	291.39
Advances to suppliers	860.69	2,185.41	2,404.59
	<b>1,619.72</b>	<b>2,796.27</b>	<b>2,695.98</b>
<b>BREAK-UP FOR SECURITY DETAILS:</b>			
<b>Advances to suppliers</b>			
Unsecured, considered Doubtful	-	-	88.58
Unsecured, considered good	860.69	2,185.41	2,404.59
	<b>860.69</b>	<b>2,185.41</b>	<b>2,493.17</b>
<b>Impairment Allowance</b>			
Doubtful	-	-	(88.58)
	-	-	<b>(88.58)</b>
<b>Total</b>	<b>860.69</b>	<b>2,185.41</b>	<b>2,404.59</b>

#### 15. SHARE CAPITAL

<b>AUTHORISED CAPITAL</b>			
(1,500,000,000 equity shares of ₹ 10/- each)			
<b>As at April 01, 2015</b>	15,000.00	15,000.00	15,000.00
Increase during the year	-	-	-
<b>As at March 31, 2016</b>	15,000.00	15,000.00	15,000.00
Increase during the year	-	-	-
<b>As at March 31, 2017</b>	<b>15,000.00</b>	<b>15,000.00</b>	<b>15,000.00</b>
<b>ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>			
(599,450,183 equity shares of ₹ 10/- each)			
<b>As at April 01, 2015</b>	5,994.50	5,994.50	5,994.50
Increase during the year	-	-	-
<b>As at March 31, 2016</b>	5,994.50	5,994.50	5,994.50
Increase during the year	-	-	-
<b>As at March 31, 2017</b>	<b>5,994.50</b>	<b>5,994.50</b>	<b>5,994.50</b>

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

Particulars	As at March 31, 2017		As at March 31, 2016	
	Number	Value (₹)	Number	Value (₹)
Shares outstanding at the beginning of the period	599,450,183	5,994,501,830	599,450,183	5,994,501,830
Issued during the year	-	-	-	-
<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>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** for the year ended March 31, 2017  
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**B Term / Rights attached to Equity Shares**

The Group has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The Group 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 Group, the holders of equity shares will be entitled to receive remaining assets of the Group, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**C Details of Shareholders holding more than 5 percent in the Group:**

Name of Shareholder	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	% against total number of shares	No. of Shares	% against total number of shares
Mr. Ajay Singh	354,443,450	59.13%	354,443,450	59.13%
Total	354,443,450	59.13%	354,443,450	59.13%

As per records of the Group, 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.

**D. 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:**

The Group has issued total 171,665 shares (March 31, 2016 - 1,091,265 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.

**E. Shares reserved for issue under options**

For details of shares reserved for issue under ESOP, refer Note 39.

**16. OTHER EQUITY**

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Reserves and Surplus			
Securities Premium Account	9864.93	9,864.93	9,864.93
General Reserve	49.09	42.17	22.48
Share-based payment reserves	-	6.92	26.61
Retained Earnings	(22,066.59)	(26,317.57)	(30,809.98)
Total	<b>(12,152.57)</b>	<b>(16,403.55)</b>	<b>(20,895.96)</b>
Other reserves			
Foreign Currency Monetary Item Translation Difference Account	32.06	20.42	49.32
<b>Total other equity</b>	<b>(12,120.51)</b>	<b>(16,383.13)</b>	<b>(20,846.64)</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** for the year ended March 31, 2017  
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**a. Securities Premium**

	As at March 31, 2017	As at March 31, 2016
<b>Balance at the beginning of the year</b>	<b>9,864.93</b>	<b>9,864.93</b>
Additions during the year	-	-
Deductions during the year	-	-
<b>Balance at the end of the year</b>	<b>9,864.93</b>	<b>9,864.93</b>

**b. General Reserve**

The general reserves is a free reserve, retained from Group's profits to meet future obligations.

<b>Balance at the beginning of the year</b>	<b>42.17</b>	<b>22.48</b>
Transferred from employee stock options outstanding upon lapse of such options	6.92	19.69
Deductions during the year	-	-
<b>Balance at the end of the year</b>	<b>49.09</b>	<b>42.17</b>

**c. Share-based payment reserves**

The balance represents reserves created to the extent of vested options based on the Employees Stock Option Scheme, 2007.

<b>Balance at the beginning of the year</b>	<b>6.92</b>	<b>26.61</b>
Additions during the year	-	-
Transferred to general reserve upon lapse of such options	(6.92)	(19.69)
<b>Balance at the end of the year</b>	<b>-</b>	<b>6.92</b>

**d. Retained Earnings**

<b>Balance at the beginning of the year</b>	<b>(26,317.57)</b>	<b>(30,809.98)</b>
Profit for the year	4,272.20	4,497.88
Re-measurement Gain/(Loss) on Defined Benefit Obligations	(21.22)	(5.47)
<b>Balance at the end of the year</b>	<b>(22,066.59)</b>	<b>(26,317.57)</b>
<b>Foreign Currency Monetary Item Translation Difference Account</b>		
Represents the exchange differences arising on other long-term foreign currency monetary item amortised to the Statement of Profit and Loss over the remaining life of the concerned monetary item.		
<b>Balance at the beginning of the year</b>	<b>20.42</b>	<b>49.32</b>
Movement during the year in FCMITDA, net	(1.81)	30.35
Recognised in the Statement of P&L during the year	13.45	(59.25)
<b>Balance at the end of the year</b>	<b>32.06</b>	<b>20.42</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2017  
(All amounts are in millions of Indian Rupees, unless otherwise stated)

**17. LONG TERM BORROWINGS (SECURED)**

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>TERM LOANS</b>			
From bank	-	-	143.52
Less: Current maturities of long term borrowings (refer note 23)	-	-	(143.52)
	-	-	-
<b>OTHER LOANS</b>			
External commercial borrowing (Unsecured)	9,021.93	11,231.85	13,392.63
Vehicle loan from bank	10.17	14.72	-
Less: Current maturities of long term borrowings (refer note 23)	(1,272.26)	(2,037.35)	(2,231.27)
	<b>7,759.84</b>	<b>9,209.22</b>	<b>11,161.36</b>
	<b>7,759.84</b>	<b>9,209.22</b>	<b>11,161.36</b>

- a. Term loan from banks is repayable in unequal instalments from April 2012. This interest on this loan ranges from 12.25% to 12.86%.

The loan and other facilities granted by the lender were secured by exclusive charge on current assets both present and future excluding lien marked deposits, second charge on movable fixed assets, both present and future, and pledge of shares of the Group owned by the promoter of the Group, Mr. Ajay Singh.

- 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 Group 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 Group under the terms of the respective lease agreements (also refer note 3). As per the terms of these lease agreements with the lessor, the Group 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 Group is required to make payment of lease rentals over a period of forty-eight quarters to lessor or its nominees.

During the year ended March 2015, in view of overdue payments of interest and repayment of principal of ECB to the lender, the Group had entered into an agreement with the lender for the forbearance of defaults and the discharge of overdue amounts of principal and interest aggregating ₹ 897.54 million. Under the terms of this agreement, the Group 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 Group has made all such monthly payments under this agreement during the previous year.

- c. 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 Group having a carrying value of ₹ 16.13 million.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** for the year ended March 31, 2017  
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**18. NON CURRENT TRADE PAYABLES**

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade payables	209.51	537.94	-
	<b>209.51</b>	<b>537.94</b>	<b>-</b>

Trade payables are non interest bearing and carry a credit period exceeding 365 days

**19. LONG TERM PROVISIONS**

Provision for gratuity (also refer note 40)	222.79	163.70	152.98
Provision for aircraft redelivery (also refer note 24)	148.57	224.86	107.60
Provision for aircraft maintenance (also refer note 24)	2,525.89	2,245.46	1,429.74
	<b>2,897.25</b>	<b>2,634.02</b>	<b>1,690.32</b>

**20. OTHER NON-CURRENT LIABILITIES**

Deferred incentive	221.27	254.74	290.96
Less: reversal on account of loss of aircraft	-	(16.37)	(17.85)
Less: Current portion of above	(17.10)	(18.33)	(18.33)
	<b>204.17</b>	<b>220.04</b>	<b>254.78</b>
Deferred gain on Sale and lease-back	297.02	-	-
Less: Current portion of above	(39.97)	-	-
	<b>257.05</b>	<b>-</b>	<b>-</b>
	<b>461.22</b>	<b>220.04</b>	<b>254.78</b>

**21. SHORT TERM BORROWINGS (SECURED)**

Inter corporate deposits (also refer note 43 (b) (i))	50.00	50.00	50.00
Working capital demand loan from bank	1,000.00	1,000.00	1,150.00
Pre-shipment credit foreign currency loan	1,472.45	-	-
	<b>2,522.45</b>	<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%.

Pre-shipment credit foreign currency loan from bank is secured by fixed deposits placed by the Group having a carrying value of ₹ 772.22 million and is repayable within 6 months from each drawdown. The loan carries an interest rate benchmarked to the LIBOR rate at each drawdown. The interest rate on these borrowings ranges between 3.21% to 5.25%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2017  
(All amounts are in millions of Indian Rupees, unless otherwise stated)

## 22. TRADE PAYABLES

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade payables	5,850.66	7,209.87	9,423.31
	<b>5,850.66</b>	<b>7,209.87</b>	<b>9,423.31</b>

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

### Terms and conditions of the above financial liabilities:

Trade payables are non interest bearing and carry a credit period generally between 30 and 90 days

## 23. OTHER CURRENT FINANCIAL LIABILITIES

<b>UNSECURED</b>			
Derivative liability	15.39	-	-
Employee compensation payable	202.98	157.88	246.65
Security deposits received	13.80	10.94	1.03
<b>SECURED</b>			
Current maturities of long-term borrowings (also refer note 17) (includes current maturities of ECB ₹ 1,267.20 (March 31, 2016 - ₹ 2,032.80)	1,272.26	2,037.35	2,374.79
Interest accrued and due on borrowings	11.83	10.60	216.93
Interest accrued but not due on borrowings	19.79	20.86	26.78
	<b>1,536.05</b>	<b>2,237.63</b>	<b>2,866.18</b>
<b>Break up of financial liabilities carried at amortised cost :</b>			
Borrowings (non-current) (note 17)	7,759.84	9,209.22	11,161.36
Borrowings (current) (note 21)	2,522.45	1,050.00	1,200.00
Current maturity of long term loans (note 23)	1,272.26	2,037.35	2,374.79
Trade payables (non current) (note 18)	209.51	537.94	-
Trade payables (current) (note 22)	5,850.66	7,209.87	9,423.31
Other Current financial liabilities (note 23)	216.78	168.82	247.68
<b>Total financial liabilities carried at amortised cost</b>	<b>17,831.50</b>	<b>20,213.20</b>	<b>24,407.14</b>

## 24. SHORT TERM PROVISIONS

Provision for employee benefits			
Provision for gratuity (also refer note 40)	16.77	16.31	12.89
Provision for compensated absences	92.70	57.29	46.92
Provision for litigation * (also refer note 43)	255.09	172.40	172.40
Provision for aircraft maintenance ** (also refer note below)	846.41	1,759.06	737.81
Provision for aircraft redelivery # (also refer note below)	206.95	1,679.28	2,767.38
	<b>1,417.92</b>	<b>3,684.34</b>	<b>3,737.40</b>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** for the year ended March 31, 2017  
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

	As at March 31, 2017	As at March 31, 2016
<b>* Provision for litigation:</b>		
At the beginning of the year	172.40	172.40
Additions during the year	82.69	-
Utilisation / reversal during the year		-
<b>At the end of the year</b>	<b>255.09</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 Group 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 Ind-AS 37, "Provisions, Contingent Liabilities and Contingent Assets" given below is the movement in provision for aircraft maintenance.

During the previous year, the Group 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. Based on such finalized contracts / terms, and factors such 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. During the current year, the Group continues to evaluate for expected shortfalls in the maintenance obligations and on such basis estimates the provisions required to be made in this regard.

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

At the beginning of the year	4,004.52	2,167.55
Additions during the year	1,796.89	2,612.39
Utilisation during the year	(2,429.12)	(775.41)
<b>At the end of the year</b>	<b>3,372.30</b>	<b>4,004.52</b>

**# Provision for aircraft redelivery:**

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

The Group in the previous years, had also accounted for costs relating to early termination of Boeing aircraft leased by the Group which were retired from commercial use in the previous year. Such accrual is based on

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2017

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

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 Group. Further liabilities in this regard, are accounted for in the period they are determined to be payable. During the current year, the Group has concluded / substantially agreed the terms of settlement with these aircraft lessors.

In the past the Group have received a demand from an aircraft lessor in relation to four aircraft which were redelivered for ₹ 744.20 million, of which ₹ 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 ₹ 375.54 million relates to damages claimed by the lessor. Management had accounted for claims aggregating ₹ 368.66 million, as these are costs incurred under the terms of the lease agreement, and has not admitted the liability in respect of damages claimed by the lessor of ₹ 375.54 million. Subsequently, 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, during the previous year, management has made an additional accrual of ₹ 233.18 million under Aircraft redelivery costs.

## # Provision for aircraft redelivery:

	As at March 31, 2017	As at March 31, 2016
At the beginning of the year	1,904.14	2,874.98
Additions during the year		
Provision made for early termination of aircraft lease (Net of reversals)	-	(333.02)
Provision made over the lease period	122.81	117.29
Utilisation during the year	(1,671.43)	(755.11)
<b>At the end of the year</b>	<b>355.52</b>	<b>1,904.14</b>

## 25. OTHER CURRENT LIABILITIES (UNSECURED)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current portion of deferred incentives	17.10	18.33	18.33
Current portion of deferred gain on sale and lease-back	39.97	-	-
Amount due under order of Delhi High Court (also refer note 44)	5,790.89	5,790.89	5,290.89
Unearned revenue	4,887.46	4,230.25	3,982.25
Advance received from agents	1,562.59	1,210.41	1,355.96
Statutory dues (including interest thereon)	336.47	170.50	487.20
Airport Taxes Payable	712.43	647.26	419.85
Others	4.25	4.99	3.61
	<b>13,351.16</b>	<b>12,072.63</b>	<b>11,558.09</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** for the year ended March 31, 2017  
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**26. REVENUE FROM OPERATIONS**

	Year ended March 31, 2017	Year ended March 31, 2016
<b>Sale of services</b>		
Passenger revenue	58,206.23	47,886.73
Cargo revenue	2,414.23	2,030.77
Sale of food and beverages	392.83	286.46
Sale of products	0.96	-
Other operating revenues		
Incentives received	151.69	251.09
Income from training services	368.49	194.86
Others	379.19	230.81
	<b>61,913.62</b>	<b>50,880.72</b>

**27. OTHER INCOME**

Fair valuation of liabilities	87.45	17.99
Net Gain on financial assets measured at FVTPL	34.83	4.64
Net Gain on sale of investments	34.14	-
Gain on sale and lease-back	23.70	-
Liabilities / provision no longer required written back	517.58	1,122.32
Provision for capital advance written back	-	48.00
Insurance / warranty claims received	77.26	29.82
Miscellaneous income	26.38	86.58
	<b>801.34</b>	<b>1,309.35</b>

**28. FINANCE INCOME**

Interest income on discounting of financial instruments	81.00	54.62
Interest income		
- on bank deposits	235.96	156.59
	<b>316.96</b>	<b>211.21</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2017  
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### 29. OPERATING EXPENSES

	Year ended March 31, 2017	Year ended March 31, 2016
Aviation turbine fuel	18,552.42	13,919.59
Lease charges - aircraft, engines and auxiliary power units (also refer note 41)	9,605.76	8,110.92
Aircraft repairs and maintenance	2,954.33	3,842.06
Supplemental lease charges - aircraft, engines and auxiliary power units	4,907.86	3,155.91
Consumption of stores and spare parts	751.66	626.85
Aviation insurance	270.80	261.80
Landing, navigation and other airport charges	5,533.02	4,200.91
Cost of inflight food and beverages	674.45	483.67
Aircraft navigation software expenses	377.83	297.64
Aircraft redelivery costs	123.98	612.29
Cargo handling costs	326.70	231.94
Other operating expenses	246.32	197.44
	<b>44,325.13</b>	<b>35,941.02</b>

### 29. (A) COST OF TRADED GOODS SOLD

Inventory at the beginning of the year	-	-
Add : Purchases	116	-
	<b>116</b>	<b>-</b>
Less : Inventory at the end of the year	116	-
Cost of traded goods	<b>0.26</b>	<b>-</b>
(Increase) / Decrease in inventories of traded goods	<b>(116)</b>	<b>-</b>

### 30. EMPLOYEE BENEFITS EXPENSES

Salaries, wages and bonus	5,928.18	4,354.78
Contribution to provident and other funds	183.63	139.04
Gratuity expense (also refer note 40)	58.35	44.91
Recruitment and training cost	384.15	242.58
Staff welfare	183.91	143.20
	<b>6,738.22</b>	<b>4,924.51</b>

### 31. SALES AND MARKETING EXPENSES

Commission to agents*	1,231.22	1,291.82
Business promotion and advertisement	866.58	345.24
	<b>2,097.80</b>	<b>1,637.06</b>
* Includes deposit incentive to agents	413.71	533.34

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** for the year ended March 31, 2017  
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**32. OTHER EXPENSES**

	<b>Year ended March 31, 2017</b>	<b>Year ended March 31, 2016</b>
Rent	377.06	264.14
Rates and taxes	412.14	265.05
Repairs and maintenance		
- buildings	36.44	18.28
- plant and machinery	5.70	11.20
- others	252.37	213.50
Crew accomodation cost	340.32	264.45
Communication	93.17	82.18
Printing and stationery	117.56	87.80
Travelling and conveyance	844.81	789.84
Legal, and professional fees (Refer note below for details of payment to auditor)	256.82	166.56
Power and fuel	62.20	35.87
Provision for doubtful advances	-	38.59
Advances / debts written off	79.35	70.05
Provision for litigation	82.69	-
Insurance	39.48	37.30
Credit card charges	289.78	328.60
Bank charges	11.37	25.47
Exchange fluctuation loss (net)	6.95	228.11
Fair value losses on derivatives not designated as hedges	15.39	5.09
Loss on sale of assets (net)	9.06	62.09
Miscellaneous expenses	14.65	9.01
	<b>3,347.31</b>	<b>3,003.18</b>
<b>PAYMENT TO AUDITOR</b>		
<b>As auditor</b>		
Audit fees	7.33	3.78
Limited review	1.50	1.50
Service tax	1.32	0.79
<b>In other capacity</b>		
Other services (certification fees)	0.65	0.65
Reimbursement of expenses	0.88	0.50
	<b>11.68</b>	<b>7.22</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2017

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

### 33. FINANCE COSTS

	Year ended March 31, 2017	Year ended March 31, 2016
Interest		
- on fixed loan from banks	186.36	140.91
- on fixed loan from others	327.99	952.62
Interest cost on discounting of financial instruments	99.86	82.57
Other borrowing cost	36.19	60.40
	<b>650.40</b>	<b>1,236.50</b>

### 34. EXCEPTIONAL ITEMS

Insurance claim receivable on damaged aircraft	-	1,658.32
Loss on damage to aircraft (net of unrecognized credits)	-	(1,021.38)
Liabilities / Provisions no longer required written back #	385.54	-
	<b>385.54</b>	<b>636.94</b>

**Note:**

# In previous financial reporting periods, the Group had made certain provisions based on management's assessment of certain claims by a vendor, based on applicable contractual terms. Under the provisions of such contract, the vendor had initiated arbitration proceedings in the previous financial year. Based on the current status of such proceedings and submissions thereat, and legal advice obtained, management is of the view that certain previously recognised provisions are not likely to subsist. Accordingly, management has revised its assessment thereof, and as a consequence, the Group has written back provisions made in this regard, of ₹ 385.54 million as an exceptional item.

Exceptional items for the year ended March 31, 2016, represent insurance claims and the related loss accounted for by the Group pertaining to the Bombardier aircraft that sustained extensive damage and was declared a total loss.

### 35. EARNINGS PER SHARE ('EPS')

- Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of Equity shares outstanding during the year.
- Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Group by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

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	Year ended March 31, 2017	Year ended March 31, 2016
Number of equity shares outstanding at the beginning of the year	599,450,183	599,450,183
Number of equity shares issued	-	-
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	599,450,183	599,450,183
Effect of dilution:		
Stock options granted under ESOP	-	127,839
Equity shares expected to be issued upon conversion of share warrants	-	189,091,378
b. Diluted	599,450,183	788,669,400
Profit / (Loss) for the year	3,886.66	3,860.94
Earnings per share :		
-- Basic earnings / (loss) per share (₹)	7.13	7.50
-- Diluted earnings / (loss) per share (₹)	7.13	5.70
Nominal value per share (₹)	10.00	10.00

- c. Having regard to the status of the matters relating to the allotment and conversion of share warrants, as stated in Note 44, it is not possible to determine the dilutive effect, if any, of those on Diluted Earnings Per Share calculations. Accordingly, diluted earnings per share for the year ended March 31, 2017 do not include the dilutive impact on the allotment and conversion of share warrants stated in Note 44. However, for the year ended March 31, 2016, diluted earnings per share considered dilutive potential ordinary shares arising from allotment and conversion of share warrants referred to in Note 44, into equity shares, based on management's expectation of the outcome of such instruments, at the time of finalisation of financial statements for the comparative period.

### 36. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with Ind AS requires the Group's management to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities recognised in the financial statements that are not readily apparent from other sources. The judgments, estimates and associated assumptions are based on historical experience and other factors including estimation of effects of uncertain future events that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates (accounted on a prospective basis) are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgments and estimations that have been made by the management in the process of applying the Group's accounting policies that have the most significant effect on the amounts



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2017

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

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recognised in the financial statements and/or key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### Taxation

Determining of income tax liabilities using tax rates and tax laws that have been enacted or substantially enacted requires the management to estimate the level of tax that will be payable based upon the Group's/ expert's interpretation of applicable tax laws, relevant judicial pronouncements and an estimation of the likely outcome of any open tax assessments including litigations or closures thereof.

Deferred income tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, unabsorbed depreciation and unused tax credits could be utilized.

In respect of other taxes which are in disputes, the management estimates the level of tax that will be payable based upon the Group's / expert's interpretation of applicable tax laws, relevant judicial pronouncements and an estimation of the likely outcome of any open tax assessments including litigations or closures thereof.

### Defined Benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

### Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model.

### Useful life, residual value of property, plant and equipment

The management has estimated the useful life of its property, plant and equipment based on technical assessment. The estimate has been supported by independent assessment by technical experts. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

### Going concern assumption

These financial statements have been prepared on the basis that the Group will continue as a going concern for the foreseeable future. (refer note 2(a)(iii) for management's assessment regarding going concern, including related judgments involved).

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**37. GROUP INFORMATION**

**Information about subsidiaries**

The Financial Statements of the Group includes subsidiaries listed in the table below:

Name	Principal activities	Country of Incorporation	% equity interest		
			As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
SpiceJet Merchandise Private Limited	Trading in goods	India	100	-	-
SpiceJet Technic Private Limited	Technological services	India	100	-	-

**38. STANDARDS ISSUED BUT NOT EFFECTIVE**

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and has amended the following standard:

**Amendments to Ind AS 7, Statement of Cash Flows**

The amendments to Ind AS 7 requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1st April 2017. Application of this amendment will not have any recognition and measurement impact. However, it will require additional disclosure in the financial statements.

**Amendments to Ind AS 102, Share-based Payment**

The MCA has issued amendments to Ind AS 102 that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction, the classification of a share-based payment transaction with net settlement features for withholding tax obligations, and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. The amendments are effective for annual periods beginning on or after 1st April 2017. The Group is assessing the potential effect of the amendments on its financial statements.

The Group will adopt these amendments from their applicability date.

**39. EMPLOYEE STOCK OPTION PLANS**

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

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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 ₹ 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

In accordance with the shareholders' approval, options once vested can only be exercised by the employee (subject to him / her remaining in employment) within a period of 5 years. Consequently, the scheme expires on September 11, 2016 which is the last date for exercise of options vested to the employee's.

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.

Particulars	Year ended March 31, 2017		Year ended March 31, 2016	
	No. of options	Weighted average exercise price (₹)	No. of options	Weighted average exercise price (₹)
<b>Outstanding, beginning of year</b>	247,900	30.00	955,075	30.00
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Forfeited during the year	(247,900)	30.00	(707,175)	30.00
<b>Outstanding, end of year</b>	<b>-</b>	<b>30.00</b>	<b>247,900</b>	<b>30.00</b>
<b>Outstanding at the year-end comprise:</b>				
Options eligible for exercise at year end	-	-	247,900	30.00
Options not eligible for exercise at year end	-	-	-	-

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	7.90%	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	-	-	-	-

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**40. EMPLOYEE BENEFITS OBLIGATION**

**Defined benefit plan**

**a. Gratuity**

The Group 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 ₹ 1.00 million. The scheme is unfunded and accordingly the disclosures relating to plan assets are not provided.

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.

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>A. Change in defined benefit obligation ('DBO')</b>		
1 Defined benefit obligation at the beginning of the period	180.01	165.84
2 Service cost		
a. Current service cost	43.95	32.06
3 Interest expenses	14.40	12.85
4 Cash flows		
a. Benefits paid	(20.02)	(36.21)
5 Remeasurements		
a. Effect of changes in financial assumption	19.23	0.14
b. Effect of experience adjustments	1.99	5.33
6 Defined benefit obligation at the end of the period	<b>239.56</b>	<b>180.01</b>
<b>B. Amounts recognized in Balance Sheet</b>		
1 Defined benefit obligation	180.01	165.84
2 Fair value of plan assets	-	-
3 Funded status	(180.01)	(165.84)
4 Net defined benefit liability / (asset)	<b>180.01</b>	<b>165.84</b>
<b>C. Components of defined benefit cost</b>		
1 Service cost		
a. Current service cost	43.95	32.06
2 Net interest cost	-	-
a. Interest expense on DBO	14.40	12.85
b. Interest (income) on plan assets	-	-
c. Total net interest cost	14.40	12.85
3 Remeasurements (recognized in OCI)		
a. Effect of changes in Financial assumption	19.23	0.14
b. Effect of changes in experience adjustments	1.99	5.33
c. (Return) on plan assets (excluding interest income)	-	-
4 Total defined benefit cost recognized in P&L and OCI	<b>79.57</b>	<b>50.38</b>

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Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>D. Re-measurement</b>		
a. Actuarial Loss/ (Gain) on DBO	21.22	5.47
b. Returns above interest income	-	-
Total remeasurements (OCI)	<b>21.22</b>	<b>5.47</b>
<b>E. Employer expense (P&amp;L)</b>		
a. Current service cost	43.95	32.06
b. Interest cost on net DBO	14.40	12.85
c. Total P&L expenses	<b>58.35</b>	<b>44.91</b>
<b>F. Net defined benefit liability (asset) reconciliation</b>		
1 Net defined benefit liability (asset)	180.01	165.84
2 Defined benefit cost included in P&L	58.35	44.91
3 Total remeasurements included in OCI	21.22	5.47
4 a. Employer contribution	(20.02)	(36.21)
5 Net defined benefit liability (asset) as at end of period	<b>239.56</b>	<b>180.01</b>
<b>G. Reconciliation on OCI (Re-measurement)</b>		
1 Recognized in OCI during the period	21.22	5.47
2 Recognized in OCI at the end of the period	21.22	5.47
<b>H. Sensitivity analysis- DBO end of period</b>		
1 Discount rate + 50 Basis points	(15.35)	(11.13)
2 Discount rate - 50 Basis points	17.02	12.32
3 Salary increase rate + 0.5%	17.25	12.56
4 Salary increase rate - 0.5%	(15.68)	(11.43)
<b>I. Significant actuarial assumption</b>		
1 Discount rate current year	7.35%	8.00%
2 Salary increase rate	5.50%	5.50%
3 Pre-retirement mortality	3% (Upto 30 years) 2% (Age 31-44) 1% ( above age 44)	3% (Upto 30 years) 2% (Age 31-44) 1% ( above age 44)
4 Retirement age	58	58
<b>J. Data</b>		
1 No. of employee's	6,902	5,284
2 Average age (years)	29.74	30.24
3 Average past service	3.08	3.33
4 Average monthly salary	115.26	93.75
5 Future service (years)	28.26	27.76
6 Weighted average duration of DBO	20.50	20.16

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Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>K. Expected total benefit payments</b>		
Within the next 12 months (next annual reporting period)	16.77	16.31
Between 2 and 5 years	19.07	27.60
Beyond 5 years	203.75	136.03
<b>L. Defined benefit obligation at the end of the year</b>		
1 Current obligation	16.77	16.31
2 Non-current obligation	222.79	163.70
<b>Summary</b>		
1 Defined benefit obligation at end of the period	239.56	180.01
2 Fair value plan assets at end of the period	-	-
3 Net defined benefit liability/ (asset)	239.56	180.01
4 Defined benefit cost included in P&L	58.35	44.91
5 Total remeasurement included in OCI	21.22	5.47
6 Total defined benefit cost recognized in P&L and OCI	79.57	50.38

**b. Short term compensated absences**

The assumptions used for computing the short term accumulated compensated absences on actuarial basis are as follows:

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
1 Discount rate	8.00%	7.35%
2 Future salary increase	5.50%	5.50%

**c. Contributions to defined contribution plan:**

During the year, the Group recognized ₹ 171.10 Million (Previous year- ₹ 134.74 Million) to Provident Fund under defined contribution plan and ₹ 12.41 Million (Previous year - ₹ 4.30 Million) for contributions to Employee State Insurance scheme in the Statement of profit & loss.

**41. LEASES**

**Operating lease: Group as a lessee**

The Group 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, 2017 amount to ₹ 9,605.76 million (Previous year ₹ 8,110.92 million), supplemental lease charges amount to ₹ 4,907.86 million (Previous year ₹ 3,155.91 million) and rental expense on premises for the year ended March 31, 2017 amount to ₹ 376.17 million (Previous year ₹ 264.14 million).

The Group has taken aircraft through dry operating lease from lessors. Under the aircraft lease agreements, the Group pays monthly rentals in the form of base and supplementary rental. Base rental payments are

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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 4 and 10 years. There are no significant restrictions imposed by lease arrangements.

The Group has also taken aircraft on wet lease. In a wet lease lease arrangement, the lessor provides an aircraft, complete crew, maintenance, and insurance (ACMI) to the lessee. The Group pays monthly lease rentals containing fixed and variable consideration. The lease period for a wet lease are generally 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	Year ended March 31, 2017	Year ended March 31, 2016
<b>Aircraft</b>		
Not later than one year	7,091.49	5,548.65
Later than one year but not later than five years	17,413.35	13,782.55
Later than five years	2,865.66	2,620.13
<b>Aircraft engines</b>		
Not later than one year	292.97	302.85
Later than one year but not later than five years	469.35	150.41
Later than five years	284.55	-
<b>Wet Lease aircraft</b>		
Not later than one year	68.42	689.39
Later than one year but not later than five years	-	-
Later than five years	-	-

**42. CAPITAL AND OTHER COMMITMENTS**

- At March 31, 2017, the Group has commitments of ₹ 496,134.73 million (March 31, 2016 - ₹ 176,555.98 million) relating to the acquisition of aircraft.
- The Group 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 41.
- Under certain long-term maintenance contracts for the management, maintenance, repair and overhaul of aircraft components and spares, the Group 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.

**43. LITIGATIONS AND CLAIMS****a) Note 1:**

- Matters wherein management has concluded the Group's liability to be probable have accordingly been provided for in the books. Also refer note 24.



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- ii) Matters wherein management has concluded the Group'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 Group'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

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Liability arising out of legal cases filed against the Group in various Courts/ Consumer Redressal Forums, Consumer Courts, disputed by the Group.	128.13	101.20
Liability arising out of Arbitration proceedings on account of cancellation of leased premises. Refer note (iv) below	33.32	33.32
Liability towards Penalty levied by customs department on late payments which is disputed and is pending in the Hon'ble High Court of Delhi. Refer note (ix) below	-	82.69
Demand in respect of provident fund dues for international workers as explained in note (iii) below.	142.37	77.95
Demand in respect of service tax (including interest and penalty) as explained in note (v) below.	170.70	170.70
Liability arising out of other legal cases filed against the Group.	11.83	19.59
Liability arising out of other Arbitration proceedings Refer (vi) below	196.51	-
Show cause notice received in respect of service tax as explained in note (vii) below	3,815.74	3,776.02

The Group has various demands arising from Income-Tax assessments pertaining to Assessment year 2006-07 to 2014-15. The litigations are currently pending at various forums and such sum contested after adjusting the brought forward losses and depreciation was computed to be Nil. Consequently, without prejudice to its legal defence on these matters, the Group have not disclosed the same as a contingent liability.

- i. Under a suit filed by Leela Capital (petitioner) for recovery of the Inter Corporate Deposit ('ICD') aggregating ₹ 50 million, the Group had deposited the amount of ₹ 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 Group, 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 Short-term borrowings and Other non-current assets, respectively. Without prejudice to its legal defence on this matter, interest payable of ₹ 74.71 million up to the date of deposit of the amount with the Hon'ble Court has been accrued by the Group in its financial statements.
- ii. In another case, M/s Hindustan Development Corporation Limited ("HDCL") (now renamed as Mallanpur Steels Limited) who had lent ₹ 50 million by way of inter-corporate deposit to the Group, has filed a

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2017

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- Review Petition against the Scheme of Settlement passed by the Hon'ble Delhi High Court wherein the Group's liability was fixed at ₹ 35 million. The Group had made a deposit of ₹ 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 ₹ 15 million devolving on the Group is not probable. Also, the interest (if any) on the same is not ascertainable.
- iii. The Group has received a demand notice from the Regional Provident Fund Commissioner, Gurgaon for ₹ 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 Group has responded to the notice disputing the demand and, without admitting any liability towards the same, has deposited an amount of ₹ 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 Group 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 Group 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 Group has been made absolute till disposal of the petition. In addition, during the current year, a report has been filed by the Department's Representatives before the Regional Provident Fund Commissioner on March 22, 2017 pursuant to which there is an additional claim against the Group aggregating ₹ 64.42 million for the period from March 2011 till January 2012. The aggregate demand on account of this matter from the period November 2008 to January 2012 is ₹ 144.43 million. Pending disposal of the petition, the Group has not accrued for any additional liability in respect of provident fund contributions to international workers.
- iv. A vendor has filed an arbitration claim against the Group for ₹ 33.32 million including an interest of ₹ 10.58 million for termination of a lease agreement for accommodation of the Group's crew. The agreement was terminated by the Group citing poor quality of services. The arbitration proceedings in the matter have been completed and the suit has been dismissed in favour of the Group. The vendor has subsequently, filed an appeal before the High Court of Delhi and the matter is currently sub-judice. Pending disposal of the appeal, the Group has not accrued for any additional liability in respect of the dispute.
- v. The Group has received a demand order for a sum of ₹ 77.28 million, and applicable interest, as well as penalty of ₹ 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 Group is contesting the order on the grounds that the services obtained by the Group 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 Group 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 Group has provided an amount of ₹ 67.09 million (including a portion of applicable interest) on a conservative basis (also refer note 26). However, the Group 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 ₹ 170.70 million, has not been accrued pending final outcome of this matter and has been disclosed as a contingent liability.

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- vi. During the previous year, one of the Group's vendors filed an arbitration claim against the Group before the International Court of Arbitration of the International Chamber of Commerce claiming payment of overdue amounts with applicable interest. The Group has also served a counter-claim against the vendor during the arbitration proceedings, and without prejudice to its defence, has accrued for the amounts claimed by the vendor which were considered probable in its financial statements as at March 31, 2016. The Group has not made any adjustments to the financial statements in respect of its counter-claim. During the current year, based on the current status of such proceedings and submissions thereat, and legal advice obtained, certain previously recognised provisions are not likely to subsist. Accordingly, the Group has written back provisions made in this regard, of ₹ 385.54 million in previous financial years as an exceptional item. Based on an evaluation of the merits of vendors claims during the arbitration process, as well as the strength of the Group's own claims, and based on legal advice obtained, certain claims amounting to ₹ 196.51 million are not expected to result in a probable outflow and have been disclosed as a contingent liability.
  - vii. The Group has received certain show cause notices during the current and previous year from the service tax authorities, citing various defaults, including failure/delay in remitting service tax collected, over past financial years as well as 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 Group is low, and accordingly has made no adjustments to the financial statements.
  - viii. During the previous year, the Competition Commission of India ("CCI") passed an order dated November 17, 2015 against, inter alia, the Group, which included a demand of ₹ 424.80 million on the Group. The Group'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. The Group had previously defaulted in remittance of the Inland Air Travel Tax ("IATT") dues for the period of March 1996 to August, 1996. The Revisionary Authority, Government of India had confirmed the orders of the Commissioner (Appeals), Department of Customs directing the Group to pay ₹ 86.50 million together with a penalty of ₹ 100.00 million. The Group remitted the entire dues towards IATT and a minimum penalty @ 20% amounting to ₹ 17.30 million. The Group filed a Civil Writ Petition challenging the orders passed by the Revisionary Authority against the penal dues levied. The Hon'ble Delhi High Court dismissed the Group's writ petition. Subsequently, the Group has challenged the same through a Special Leave to Petition (SLP) before the Hon'ble Supreme Court and the matter is currently sub-judice. Without prejudice to its legal defense in this matter, the Group has made a provision of ₹ 82.69 million against this obligation.
  - x. During the previous year, the Assistant Commissioner of Income-Tax ("ACIT") has filed a complaint against the Group 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 Group. 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2017

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

### 44. STATUS OF ADVANCE MONEY RECEIVED AGAINST SECURITIES PROPOSED TO BE ISSUED

The Group had received amounts aggregating ₹ 5,790.89 million 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 adjusted at the time those securities were to be issued. Pursuant to the legal proceedings in this regard before the Hon’ble High Court of Delhi (“Court”) between the erstwhile promoters and the Group, the Court, in its order dated on July 29, 2016, without expressing anything on the merits of the dispute, ordered the Group to deposit the amount of ₹ 5790.89 million 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 Group has preferred an appeal against this order, which is pending disposal before the Hon’ble Division Bench of the 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 Group, no amounts have been deposited with the Court till date. Pending adjudication of this matter by the Court, the parties have initiated arbitration proceedings.

In view of the uncertainties involved as explained above, management believes that the manner, timing and other related aspects of adjustment of these amounts, are currently not determinable. 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. Based on their assessment and legal advice obtained, management is of the view that any possible consequential effects, including penal consequences and any compounding thereof, will not have a material impact on the financial statements of the Group. Accordingly, no adjustments have been made for any such consequential penal effects in this regard.

### 45. SEGMENT REPORTING

For management purposes, the Group’s operations are organised into major segments – Airline transport services and other services which comprise the primary basis of segmental information.

The Management Committee headed by Managing Director (CODM) also consisting of the Chief Financial Officer and Leaders of Strategic Business Units have identified the above two reportable business segments. It reviews and monitors the operating results of the business segments for the purpose of making decisions about resource allocation and performance assessment using profit or loss and return on capital employed.

Segment assets and liabilities include those directly identifiable with the respective segments. Unallocated corporate assets and liabilities represent the assets and liabilities that relate to the Group as a whole and are not allocable to any segment. Expenses that are directly identifiable to segments are considered for determining the segment results. Expenses which relate to the Group as a whole and are not allocable to segments are included under unallocated corporate expenses.

Transfer prices between operating segments are on an arm’s length basis in a manner similar to transactions with third parties.

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Particulars	Air Transport	Others	Total Segments	Adjustments and eliminations	Consolidated
<b>YEAR ENDED 31 MARCH 2017</b>					
External customers	61,912.66	0.96	61,913.62	-	61,913.62
Inter-segment	-	0.61	0.61	(0.61)	-
<b>Total Revenue</b>	<b>61,912.66</b>	<b>1.57</b>	<b>61,914.23</b>	<b>(0.61)</b>	<b>61,913.62</b>
<b>Income / (Expenses)</b>					
Revenue from operations	61,912.66	1.57	61,914.23	(0.61)	61,913.62
Other income	801.34	-	801.34	-	801.34
Finance Income	324.04	0.01	324.05	(7.09)	316.96
Operating expenses	(44,325.13)	-	(44,325.13)	-	(44,325.13)
Cost of inventory consumed	-	(0.43)	(0.43)	0.17	(0.26)
Employee benefits expense	(6,735.39)	(2.84)	(6,738.23)	0.01	(6,738.22)
Selling expenses	(2,092.91)	(4.88)	(2,097.79)	(0.01)	(2,097.80)
Other expenses	(3,326.42)	(21.47)	(3,347.89)	0.58	(3,347.31)
Depreciation and amortization expense	(1,986.05)	(0.09)	(1,986.14)	0.00	(1,986.14)
Finance costs	(650.40)	(7.09)	(657.49)	7.09	(650.40)
<b>Segment profit/(loss)</b>	<b>3,921.74</b>	<b>(35.24)</b>	<b>3,886.50</b>	<b>0.16</b>	<b>3,886.66</b>
<b>Total assets</b>	<b>29,909.08</b>	<b>182.51</b>	<b>30,091.59</b>	<b>(211.54)</b>	<b>29,880.05</b>
<b>Total liabilities</b>	<b>36,000.01</b>	<b>217.65</b>	<b>36,217.66</b>	<b>(211.60)</b>	<b>36,006.06</b>
<b>YEAR ENDED 31 MARCH 2016</b>					
External customers	47,739.41	-	47,739.41	-	47,739.41
Inter-segment	3,141.31	-	3,141.31	-	3,141.31
<b>Total Revenue</b>	<b>50,880.72</b>	<b>-</b>	<b>50,880.72</b>	<b>-</b>	<b>50,880.72</b>
<b>Income / (Expenses)</b>					
Revenue from operations	50,880.72	-	50,880.72	-	50,880.72
Other income	1,309.35	-	1,309.35	-	1,309.35
Finance Income	211.21	-	211.21	-	211.21
Operating expenses	(35,941.02)	-	(35,941.02)	-	(35,941.02)
Cost of inventory consumed	-	-	-	-	-
Employee benefits expense	(4,924.51)	-	(4,924.51)	-	(4,924.51)
Selling expenses	(1,637.06)	-	(1,637.06)	-	(1,637.06)
Other expenses	(3,003.18)	-	(3,003.18)	-	(3,003.18)
Depreciation and amortization expense	(1,798.07)	-	(1,798.07)	-	(1,798.07)
Finance costs	(1,236.50)	-	(1,236.50)	-	(1,236.50)
<b>Segment profit/(loss)</b>	<b>3,860.94</b>	<b>-</b>	<b>3,860.94</b>	<b>-</b>	<b>3,860.94</b>
<b>Total assets</b>	<b>28,467.06</b>	<b>-</b>	<b>28,467.06</b>	<b>-</b>	<b>28,467.06</b>
<b>Total liabilities</b>	<b>38,855.69</b>	<b>-</b>	<b>38,855.69</b>	<b>-</b>	<b>38,855.69</b>
<b>YEAR ENDED 31 MARCH 2015</b>					
<b>Total assets</b>	<b>27,039.30</b>	<b>-</b>	<b>27,039.30</b>	<b>-</b>	<b>27,039.30</b>
<b>Total liabilities</b>	<b>41,891.44</b>	<b>-</b>	<b>41,891.44</b>	<b>-</b>	<b>41,891.44</b>

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**Revenue from external customers**

	Year ended March 31, 2017	Year ended March 31, 2016
India	56,943.20	47,739.41
Outside India	4,970.42	3,141.31
<b>Total revenue as per statement of profit or loss</b>	<b>61,913.62</b>	<b>50,880.72</b>

The revenue information above is based on the locations of the customers.

**Non-current operating assets**

India	18,328.51	18,029.47
Outside India	-	-
<b>Total</b>	<b>18,328.51</b>	<b>18,029.47</b>

Non-current assets for this purpose consist of property, plant and equipment, intangible assets and other non-current assets.

There are no sales to external customers more than 10% of total revenue.

**46. INCOME TAX EXPENSE**

The major components of income tax expense for the years ended March 31, 2017 and March 31, 2016 are:

**Profit or loss section**

<b>Current Tax:</b>		
Current income tax charge	-	-
<b>Deferred Tax:</b>		
Relating to the origination and reversal of temporary differences	-	-
<b>Income Tax expense reported in the statement of profit and loss</b>	<b>-</b>	<b>-</b>

**Other Comprehensive Income(OCI) section**

Deferred tax related to items recognised in OCI during in the year:

Net loss/(gain) on remeasurement of defined benefit plan	(21.22)	(5.47)
<b>Income Tax charged to OCI</b>	<b>-</b>	<b>-</b>

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2016 and March 31, 2017 :

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the standard rate of corporation tax in India (34.608%) as follows:

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	Year ended March 31, 2017	Year ended March 31, 2016
<b>Accounting Profit before income tax</b>	<b>4,272.20</b>	<b>4,497.88</b>
Profit before income tax multiplied by standard rate of corporate tax in India of 34.608% (2016: 34.608%)	1,478.52	1,556.63
<b>Effects of:</b>		
Income exempted from tax	(50.52)	(220.78)
Non-deductible expenses for tax purposes	538.15	170.88
Set-off of brought forward losses	(1,966.15)	(1,506.73)
<b>Net effective income tax</b>	<b>-</b>	<b>-</b>

### Deferred Tax

The Group 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 temporary difference on depreciation of ₹ 4,276.97 million as at March 31, 2017 (₹ 4,706.09 million as at March 31, 2016) (₹ 4,408.66 million as at April 1, 2015)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Deferred Tax liability	(4,276.97)	(4,706.09)	(4,408.66)
Deferred Tax asset	4,276.97	4,706.09	4,408.66
<b>Net Deferred Tax asset/ (liability)</b>	<b>-</b>	<b>-</b>	<b>-</b>

Year ended March 2017	Opening	Recognised in profit or loss	Recognised in OCI	Closing Balance
Property, plant & equipment	(4,706.09)	429.12	-	(4,276.97)
Tax losses	4,706.09	(429.12)	-	4,276.97
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Year ended March 2016	Opening	Recognised in profit or loss	Recognised in OCI	Closing Balance
Property, plant & equipment	(4,408.66)	(297.43)	-	(4,706.09)
Tax losses	4,408.66	297.43	-	4,706.09
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Unused tax losses and unused tax credits

Unused tax losses and unused tax credits for which no deferred tax assets have been recognized are attributable to the following:

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unused Tax losses *	18,941.33	23,796.18	18,125.33
Unabsorbed Tax depreciation #	9,206.58	14,459.03	12,427.68
<b>Net Deferred Tax asset/ (liability)</b>	<b>28,147.91</b>	<b>38,255.21</b>	<b>30,553.01</b>

# Unabsorbed depreciation does not have any expiry period under the Income Tax Act 1961

\*The following table details the expiry of the unused tax losses



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Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
< 4 years	2,275.78	3,442.97	3,442.97
< 5 years	2,806.78	5,534.27	-
< 6 years	8,187.92	960.17	5,534.27
< 7 years	5,670.85	8,187.92	960.17
< 8 years	-	5,670.85	8,187.92
<b>Total</b>	<b>18,941.33</b>	<b>23,796.18</b>	<b>18,125.33</b>

The unused tax losses and unabsorbed depreciation considered above are based in the tax records and returns of the Group and does not consider the potential effect of matters under dispute/litigation with the tax authorities which are currently sub-judice at various levels. Also refer note 43.

**47. RELATED PARTY TRANSACTIONS**

Relationship	Name of the party
Party exercising control  Enterprises over which parties above or their relatives have control / significant influence ('Affiliates')	Mr. Ajay Singh
	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	

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** for the year ended March 31, 2017  
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Relationship	Name of the party
Key management personnel	Mr. Ajay Singh, Chairman and Managing Director (from May 31, 2015)
	Mrs. Shiwani Singh, Non-Executive Promoter 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
	Mr. HarshaVardhana Singh, Independent Director (from September 7, 2016)
	Mr. R. Sasiprabhu, Independent Director (from December 1, 2015)
	Mr. Anurag Bhargava, Independent Director (from September 7, 2016)
	Mr. J. Ravindran, Independent Director (upto May 29, 2015)
	Mr. Nicholas Martin Paul, Independent Director (upto September 21, 2015)
	Mr. K. Harinarayanan, Independent Director (upto May 28, 2015)
	Mr. R. Ravivenkatesh, Independent Director (upto September 21, 2015)

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

**Compensation of Key management personnel of the Group**

	As at March 31, 2017	As at March 31, 2016
Short-term employee benefits	167.62	21.09
Provident Fund Contribution	1.30	0.48
<b>Total</b>	<b>168.92</b>	<b>21.57</b>
Sitting fees		
Mr. Anurag Bhargava	0.01	-
Mr. R. Sasiprabhu	0.04	-
Dr. Harsha Vardhana Singh	0.02	-
Mr. J. Ravindran	-	0.01
Mr. Nicholas Martin Paul	-	0.01
Mr. K. Harinarayanan	-	0.01
Mr. R. Ravivenkatesh	-	0.02
<b>Total</b>	<b>0.07</b>	<b>0.05</b>
<b>Total compensation paid to key management personnel</b>	<b>168.99</b>	<b>21.62</b>

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

As the liabilities for gratuity and compensated absences are provided on actuarial basis for the Group as a whole, the amounts pertaining to the key management personnel are not included above,

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2017  
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#### 48. FAIR VALUES

The Management considers that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values. The management assessed that the fair value of cash and cash equivalents, trade receivables, trade payables, and other current and non-current financial liabilities and financial assets approximate their carrying amounts largely due to the short-term maturities of these financial instruments.

	Carrying value			Fair value		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
<b>Financial Assets (Non-current and Current)</b>						
Investments	1,397.75	204.64	-	1,397.75	204.64	-
<b>Financial Liabilities (Non-current and Current)</b>						
Derivative Liability	15.39	-	-	15.39	-	-
Fixed rate loans	1,934.66	2,276.13	2,427.86	1,995.99	2,675.72	2,938.14

#### 49. FAIR VALUE HIERARCHY

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities are measured at fair value in the Balance Sheet.

Particulars	Fair value hierarchy as at March 31, 2017		
	Level 1	Level 2	Level 3
Investments in mutual funds	1,397.52	-	-
Derivative Liability	-	15.39	-
Equity Investments	-	-	0.23
Derivative Asset	-	-	-
Particulars	Fair value hierarchy as at March 31, 2016		
	Level 1	Level 2	Level 3
Investments in mutual funds	204.64	-	-
Derivative Liability	-	-	-
Equity Investments	-	-	-
Derivative Asset	-	-	-
Particulars	Fair value hierarchy as at April 01, 2015		
	Level 1	Level 2	Level 3
Investments in mutual funds	-	-	-
Derivative Liability	-	-	-
Equity Investments	-	-	-
Derivative Asset	-	2.28	-

The fair value of the derivative instruments have been calculated in reference to the intermediate market rate between offer rate and bid rate (both interest rate and exchange rate) or intermediate price between buying price and selling price as on the reporting date.

There have been no transfers between level 1 and level 2 during the period.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2017

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### 50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities, comprise of loans and borrowings, trade and other payables and derivatives. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by a treasury team. The treasury team provides assurance to the Group's senior management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

#### Market risk

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. Market risk comprises three types of risk: interest rate risk, currency risk and foreign currency risk.

The sensitivity analyses in the following sections relate to the position as at March 31, 2017 and March 31, 2016.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant as at March 31, 2017.

Equity Price Risk is related to the change in market reference price of the investments in equity securities. The majority of the Group's investments are in the shares of subsidiaries, which are carried at cost. The investments in other equity instruments as at the reporting date are not material.

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk because it borrow funds at floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. As at March 31, 2017 approximately 61.58% of the Group's borrowings are at a variable rate of interest (March 31, 2016 - 73.36%) (March 31, 2015 - 74.69%)

#### *Interest rate sensitivity*

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's profit for the year ended March 31, 2017 would decrease/increase by ₹ 39.65 million (March 31, 2016: decrease/increase by ₹ 48.95 million) (April 1, 2015: decrease/increase by ₹ 56.16 million).

In management's opinion, the sensitivity analysis is unrepresentative of the inherent interest rate risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2017

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### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group actively manages its currency rate exposures through its treasury team using derivative instruments such as forward contracts to mitigate the risks from such exposures.

The use of derivative instruments is subject to limits and regular monitoring by appropriate levels of management.

#### *Foreign currency sensitivity*

The following demonstrates the sensitivity to a reasonably possible change in the foreign currency exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives. The sensitivity analysis includes only outstanding unhedged foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates.

If the foreign currency rates had been 5% higher/lower and all other variables were held constant, the Group's profit for the year ended March 31, 2017 would decrease/increase by ₹ 291.70 million (March 31, 2016: decrease/increase by ₹ 422.13 million) (April 1, 2015: decrease/increase by ₹ 414.85 million)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

### Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its investing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The Group has adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. Trade receivables are typically unsecured and are primarily derived from cargo and other revenue streams. Majority of the Group's passenger revenue is made against deposits made by agents. Trade receivables primarily comprise of domestic customers, which are fragmented and are not concentrated to individual customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored. At March 31, 2017, the Group had 11 customers (March 31, 2016: 6 customers, April 01, 2015: 3 customers) that owed the Group more than ₹ 10 million each and accounted for approximately 64% (March 31, 2016: 63%, April 01, 2015: 62%) of all the receivables outstanding.

An impairment analysis is performed at each reporting date on an individual basis for major customers. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on exchange losses historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are widely dispersed and operate in largely independent markets. The average credit period ranges between 30 and 90 days.

### Liquidity risk

Liquidity risk refers to the risk that the Group cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per

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requirements. The Group has obtained fund and non-fund based working capital lines from various banks. The Group invests its surplus funds in bank fixed deposit and mutual funds, which carry minimal mark to market risks. The Group also constantly monitors funding options available in the debt markets with a view to maintaining financial flexibility.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments

<b>Year ended March 2017</b>	<b>On demand</b>	<b>Upto 1 year</b>	<b>1 to 5 years</b>	<b>&gt; 5 years</b>	<b>Total</b>
<b>Financial Liabilities (Non-current and Current)</b>					
Borrowings	1,050.00	1,472.45	4,788.94	2,970.90	10,282.29
Trade Payables	2,355.48	3,461.63	191.19	51.87	6,060.17
Other current financial liabilities	11.83	1,510.42	13.80	-	1,536.05
<b>Total</b>	<b>3,417.31</b>	<b>6,444.50</b>	<b>4,993.92</b>	<b>3,022.78</b>	<b>17,878.51</b>
<b>Year ended March 2016</b>	<b>On demand</b>	<b>Upto 1 year</b>	<b>1 to 5 years</b>	<b>&gt; 5 years</b>	<b>Total</b>
<b>Financial Liabilities (Non-current and Current)</b>					
Borrowings	1,050.00	-	4,677.36	4,531.86	10,259.22
Trade Payables	4,908.02	2,813.01	26.78	-	7,747.81
Other current financial liabilities	10.60	2,216.09	10.94	-	2,237.63
<b>Total</b>	<b>5,968.62</b>	<b>5,029.10</b>	<b>4,715.08</b>	<b>4,531.86</b>	<b>20,244.66</b>
<b>As at April 01,2015</b>	<b>On demand</b>	<b>Upto 1 year</b>	<b>1 to 5 years</b>	<b>&gt; 5 years</b>	<b>Total</b>
<b>Financial Liabilities (Non-current and Current)</b>					
Borrowings	1,200.00	-	5,476.86	5,684.50	12,361.36
Trade Payables	5,671.78	3,046.13	705.40	-	9,423.31
Other current financial liabilities	216.93	2,648.22	1.03	-	2,866.18
<b>Total</b>	<b>7,088.71</b>	<b>5,694.35</b>	<b>6,183.29</b>	<b>5,684.50</b>	<b>24,650.85</b>

**51. DETAILS OF SPECIFIED BANK NOTES HELD AND TRANSACTED DURING THE PERIOD 08/11/2016 TO 30/12/2016**

During the year, the Group had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December, 30 2016, the SBNs and other notes as per the notification is given below:

<b>Particulars</b>	<b>SBN</b>	<b>Other denomination notes</b>	<b>Total</b>
<b>Closing cash in hand as on November 08, 2016</b>	<b>5,725,000</b>	<b>1,577,401</b>	<b>7,302,401</b>
Add: Permitted receipts	285,487,000	93,653,154	379,140,154
Less: Permitted payments	(2,783,000)	(4,933,398)	(7,716,398)
Less: Amounts deposited in banks	(288,429,000)	(86,687,870)	(375,116,870)
<b>Closing cash in hand as on December 30, 2016</b>	<b>-</b>	<b>3,609,287</b>	<b>3,609,287</b>

\* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2017

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

The Group's operations are spread across more than 24 states / union territories in India. Pursuant to notification of the Government of India, Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated November 8, 2016, the Group established internal guidelines with respect to cash transactions during the specified period (November 9, 2016 to December 30, 2016) to comply with the applicable regulations, including intimating all its stations / branches not to collect cash in Specified Bank Notes ('SBNs') post November 8, 2016 other than in compliance with various notifications issued by the government from time to time permitting airlines to collect SBNs against sale of air tickets at such stations subject to specified conditions. Necessary controls were also put in place by the Group to help ensure related compliance. However, due to the wide-spread regional operations as well as the low individual transaction sizes, the information relating to cash transactions during the specified period is voluminous. Accordingly, the below information has been compiled based on the information available from the Group's books of accounts, related underlying records, and other records (including details received from the Group's banks regarding cash deposits during the specified period), management's understanding of such transactions and the internal guidelines established during the specified period.

There are no cash transactions during the period from November 8, 2016 to December, 30 2016 in the subsidiary company's.

### 52. CAPITAL MANAGEMENT

The Group's capital management is intended to create value for shareholders by facilitating the meeting of long-term and short-term goals of the Group.

The Group determines the amount of capital required on the basis of annual operating plans and long-term fleet expansion plans. The funding requirements are met through internal accruals and other long-term/short-term borrowings. The Group's policy is aimed at combination of short-term and long-term borrowings.

The Group monitors capital employed using a Debt equity ratio, which is total debt divided by total equity and maturity profile of the overall debt portfolio of the Group.

The Group's policy is to keep the net debt to total equity ratio above (1.00).

Particulars	As at	As at	As at
	March 31, 2017	March 31, 2016	April 1, 2015
Long term borrowings	7,759.84	9,209.22	11,161.36
Short term borrowings	2,522.45	1,050.00	1,200.00
Other current liabilities (Current maturities of Long term borrowing)	1,272.26	2,037.35	2,374.79
Cash and cash equivalents	(297.93)	(759.02)	(183.03)
Bank balances other than above	(1,722.36)	(300.00)	-
Net debt	9,534.26	11,237.55	14,553.12
Total equity	(6,126.01)	(10,388.63)	(14,852.14)
<b>Net debt to total equity ratio</b>	<b>(1.56)</b>	<b>(1.08)</b>	<b>(0.98)</b>

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2017 and March 31, 2016



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2017

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

### 53. FIRST TIME ADOPTION OF IND-AS

#### Exemptions Applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Group has applied the following exemptions:

#### Deemed cost for property, plant and equipment and intangible assets

Since there is no change in the functional currency, the Group has elected to continue with the carrying value for all of its property, plant and equipment and intangible assets as recognised in its Indian GAAP financial statement as deemed cost at the transition date.

#### Share based payment transactions

The Group has elected not to apply Ind AS 102 Share based Payment for equity settled share based payment transactions that vested or exercised before the date of transition (April 01, 2015).

#### Accounting for translation of long-term foreign currency monetary items

The Group has opted to avail the exemption under Ind AS 101 to continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in financial statements for period ending immediately before beginning of first Ind AS financial reporting period as per Indian GAAP (i.e. till March 31, 2016). Consequent to which:

- Exchange differences arising on long-term foreign currency monetary items related to acquisition of certain Bombardier Q400 aircraft 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.

#### Mandatory exceptions

#### Estimates

The estimates at April 01, 2015 and at March 31, 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:

- Fair valuation of derivative instruments
- Impairment of financial assets based on expected credit loss model

The estimates used by the Group to present these amounts in accordance with Ind AS reflect conditions at April 01, 2015, the date of transition to Ind AS and as of March 31, 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2017  
(All amounts are in millions of Indian Rupees, unless otherwise stated)

**54. RECONCILIATION OF EQUITY AS ON 1 APRIL 2015 (DATE OF TRANSITION TO IND-AS)**

Particulars	Foot Note	Previous GAAP	Adjustments	Ind AS
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property, Plant and Equipment ('PPE')		17,114.38	-	17,114.38
Intangible assets		23.87	(0.00)	23.87
Investments in subsidiaries		-	-	-
Financial Assets		-	-	-
(i) Investments		-	-	-
(ii) Loans		-	-	-
(iii) Other Financial Assets	H	2,718.85	(111.15)	2,607.70
Non-current tax assets		290.11	-	290.11
Other non current assets	C, I	437.21	1,036.48	1,473.69
		<b>20,584.42</b>	<b>925.33</b>	<b>21,509.75</b>
<b>Current Assets</b>				
Inventories		451.17	-	451.17
Financial Assets		-	-	-
(i) Investments		-	-	-
(ii) Trade Receivables		1,281.83	-	1,281.83
(iii) Cash and cash equivalents		183.03	-	183.03
(iv) Bank balances other than (iii) above		-	-	-
(v) Other financial assets	E	915.26	2.28	917.54
Other current assets	H	2,597.38	98.60	2,695.98
		<b>5,428.67</b>	<b>100.88</b>	<b>5,529.55</b>
<b>Total Assets</b>		<b>26,013.09</b>	<b>1,026.21</b>	<b>27,039.30</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity Share Capital		5,994.50	-	5,994.50
Other Equity		(22,144.67)	1,298.03	(20,846.64)
<b>Total Equity</b>		<b>(16,150.17)</b>	<b>1,298.03</b>	<b>(14,852.14)</b>
<b>Non-Current Liabilities</b>				
Financial Liabilities				
(i) Borrowings	I	11,198.65	(37.29)	11,161.36
(ii) Trade Payables		-	-	-
Long-term Provisions	B	1,852.97	(162.65)	1,690.32
Other non-current liabilities		254.78	-	254.78
<b>Total non-current liabilities</b>		<b>13,306.40</b>	<b>(199.94)</b>	<b>13,106.46</b>
<b>Current Liabilities</b>				
Financial Liabilities				
(i) Borrowings		1,200.00	-	1,200.00
(ii) Trade Payables	B	9,492.71	(69.40)	9,423.31
(iii) Other current financial liabilities	D	2,868.66	(2.48)	2,866.18
Short-term Provisions		3,737.40	-	3,737.40
Other Current Liabilities		11,558.09	-	11,558.09
<b>Total current liabilities</b>		<b>28,856.86</b>	<b>(71.88)</b>	<b>28,784.98</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>26,013.09</b>	<b>1,026.21</b>	<b>27,039.30</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** for the year ended March 31, 2017  
(All amounts are in millions of Indian Rupees, unless otherwise stated)

**55. RECONCILIATION OF EQUITY AS ON 31 MARCH 2016**

Particulars	Foot Note	Previous GAAP	Adjustments	Ind AS
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property, Plant and Equipment ('PPE')	C	16,010.87	254.62	16,265.49
Intangible assets		10.10	(0.00)	10.10
Investments in subsidiaries		-	-	-
Financial Assets		-	-	-
(i) Investments		-	-	-
(ii) Loans		-	-	-
(iii) Other Financial Assets	H	3,471.62	(129.62)	3,342.00
Non-current tax assets		292.77	-	292.77
Other non current assets	C	511.25	1,242.63	1,753.88
		<b>20,296.61</b>	<b>1,367.63</b>	<b>21,664.24</b>
<b>Current Assets</b>				
Inventories		665.46	-	665.46
Financial Assets		-	-	-
(i) Investments	J	200.00	4.64	204.64
(ii) Trade Receivables		433.74	-	433.74
(iii) Cash and cash equivalents		759.02	-	759.02
(iv) Bank balances other than (iii) above		300.00	-	300.00
(v) Other financial assets		1,643.69	-	1,643.69
Other current assets	H	2,681.04	115.23	2,796.27
		<b>6,682.95</b>	<b>119.87</b>	<b>6,802.82</b>
<b>Total Assets</b>		<b>26,979.56</b>	<b>1,487.50</b>	<b>28,467.06</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity Share Capital		5,994.50	-	5,994.50
Other Equity		(18,101.59)	1,718.46	(16,383.13)
<b>Total Equity</b>		<b>(12,107.09)</b>	<b>1,718.46</b>	<b>(10,388.63)</b>
<b>Non-Current Liabilities</b>				
Financial Liabilities		-	-	-
(i) Borrowings	I	9,237.26	(28.04)	9,209.22
(ii) Trade Payables		537.94	-	537.94
Long-term Provisions	B	2,821.82	(187.80)	2,634.02
Other non-current liabilities		220.04	-	220.04
<b>Total non-current liabilities</b>		<b>12,817.06</b>	<b>(215.84)</b>	<b>12,601.22</b>
<b>Current Liabilities</b>				
Financial Liabilities		-	-	-
(i) Borrowings		1,050.00	-	1,050.00
(ii) Trade Payables	B	7,224.02	(14.15)	7,209.87
(iii) Other current financial liabilities	D	2,238.60	(0.97)	2,237.63
Short-term Provisions		3,684.34	-	3,684.34
Other Current Liabilities		12,072.63	-	12,072.63
<b>Total current liabilities</b>		<b>26,269.59</b>	<b>(15.12)</b>	<b>26,254.47</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>26,979.56</b>	<b>1,487.50</b>	<b>28,467.06</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2017  
(All amounts are in millions of Indian Rupees, unless otherwise stated)

**56. RECONCILIATION OF PROFIT OR LOSS FOR THE YEAR ENDED 31 MARCH 2016**

	Foot Note	Previous GAAP	Adjustments	Ind AS
<b>INCOME</b>				
Revenue from operations		50,880.72	-	50,880.72
Other income	B, J	1,286.72	22.63	1,309.35
<b>Total Income</b>		<b>52,167.44</b>	<b>22.63</b>	<b>52,190.07</b>
<b>EXPENSES</b>				
Operating expenses	A,B,C,E,H	36,992.83	(1,051.81)	35,941.02
Employee benefits expense	D,F	4,931.16	(6.65)	4,924.51
Selling expenses		1,637.06	-	1,637.06
Other expenses	A,E	2,998.06	5.12	3,003.18
<b>Total Expense</b>		<b>46,559.11</b>	<b>(1,053.34)</b>	<b>45,505.77</b>
<b>Earnings before interest, tax, depreciation and amortization (EBITDA)</b>		<b>5,608.33</b>	<b>1,075.97</b>	<b>6,684.30</b>
Depreciation and amortization expense	C	(1,175.94)	(622.13)	(1,798.07)
Finance Income	H	156.59	54.62	211.21
Finance costs	B,D	(1,153.93)	(82.57)	(1,236.50)
<b>Profit/(Loss) for the year before exceptional items</b>		<b>3,435.05</b>	<b>425.89</b>	<b>3,860.94</b>
Exceptional items		<b>636.94</b>	-	636.94
<b>Profit(Loss) Before Tax</b>		<b>4,071.99</b>	<b>425.89</b>	<b>4,497.88</b>
Income Tax Expense				
- Current Tax		-	-	-
- Deferred Tax		-	-	-
Total tax expense		-	-	-
<b>Profit for the year</b>		<b>4,071.99</b>	<b>425.89</b>	<b>4,497.88</b>
<b>Other Comprehensive Income:</b>				
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>				
Remeasurement gains and (losses) on defined benefit obligations (net)	F, G	-	(5.47)	(5.47)
Income tax impact		-	-	-
<b>Other comprehensive income/(loss) for the year</b>		<b>-</b>	<b>(5.47)</b>	<b>(5.47)</b>
<b>Total comprehensive income for the year</b>		<b>4,071.99</b>	<b>420.42</b>	<b>4,492.41</b>

Notes to Reconciliation

**A. Embedded derivatives**

Under Ind AS, purchase and sale contracts in foreign currency which is not the functional currency of either the Group or the counter-party has been treated as embedded derivative which is not closely

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2017

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

related to the host contract and has been separately accounted for. Under Indian GAAP, such contracts are not accounted for separately.

### **B. Long term provision and trade payables**

Under Indian GAAP, the Group has accounted for trade payables and provisions, including long-term provision, at the undiscounted amount. Under Ind AS, where the effect of time value of money is material, the amount of provision and trade payables has been recorded at the present value of the expenditures expected to be required to settle the obligation. Also where discounting is used, the carrying amount of the provision and trade payable increases in each period to reflect the passage of time. This increase is recognised as finance cost.

### **C. Repairs & maintenance expenses- Property, plant and equipment**

Under Ind AS, the cost of major inspections is capitalised and depreciated separately over the period to the next major inspection. Under Indian GAAP, the Group expensed off repairs and maintenance expenses unless such expenses increased the future benefits from the existing asset beyond its previously assessed standard of performance.

### **D. Other financial liabilities**

Under Indian GAAP, the Group recognized the long term employee benefits payable at transaction cost. Under Ind AS, the Group has initially recorded the payable at fair value by discounting to present value (based on market rate of interest) and subsequently accretes interest thereon as a period cost.

### **E. Trade payables and derivative liability**

Under Indian GAAP, the Group measured its foreign currency trade payables at contracted forward exchange rates. Under Ind AS, the Group has measured the payables at spot rates on relevant reporting dates and the forward contract at fair value at reporting dates.

### **F. Defined benefit plans**

Under Indian GAAP, the Group recognized actuarial gains / losses and expected rate of return on defined benefit plans in the income statement. Under Ind AS, the Group has recognized the actuarial gains / losses in other comprehensive income. However, this has no impact on total comprehensive income and total equity.

### **G. Other comprehensive income**

Under Indian GAAP, the Group has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

### **H. Other financial assets**

Under Indian GAAP, the Group measures the rental deposits paid to the lessor at transaction value. Under Ind AS, the deposits have been measured at fair value and the difference between the fair value and the transaction cost has been recorded as prepaid lease rent.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2017  
(All amounts are in millions of Indian Rupees, unless otherwise stated)

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**I. Processing fee on borrowings**

Under IGAAP, the Group amortizes the processing fees over the tenure of the borrowings. Under Ind AS, the Group has considered these fee as part of the effective interest rate on the underlying borrowings.

**J. Investments carried at Fair value through P&L**

Under Indian GAAP, the Group accounted for investments in unquoted mutual funds as investment measured at the lower of cost market value. Under Ind AS, the Group has measured such investments at fair value. The difference between fair value and Indian GAAP carrying amount as at April 01, 2015 has been recognized in retained earnings

**K. Statement of cash flows**

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

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: June 3, 2017

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

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

Place: Gurgaon

Date: June 3, 2017

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

Place: Gurgaon

Date: June 3, 2017

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

Place: Gurgaon

Date: June 3, 2017



# 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

### 33<sup>rd</sup> Annual General Meeting - November 27, 2017

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]

CIN: **L51909DL1984PLC288239**

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 33<sup>rd</sup> Annual General Meeting of the Company, to be held on Monday, the 27<sup>th</sup> day of November, 2017 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
Ordinary Business	1. Adoption of audited Annual Accounts and Reports of the Auditors and Directors
	2. Appointment of Mrs. Shiwani Singh, who retires by rotation and being eligible, offers herself for re-appointment.
	3. To ratify the appointment of Statutory Auditors of the Company.
Special Business	4. Approval of SpiceJet Employee Stock Option Scheme - 2017 and grant of stock options to the employees of the Company.
	5. Grant of stock options to the employees of subsidiary or holding company(ies) of the Company under SpiceJet Employee Stock Option Scheme - 2017

Signed this..... day of....., 2017.

Signature of member

Signature of Proxy holder(s)

.....

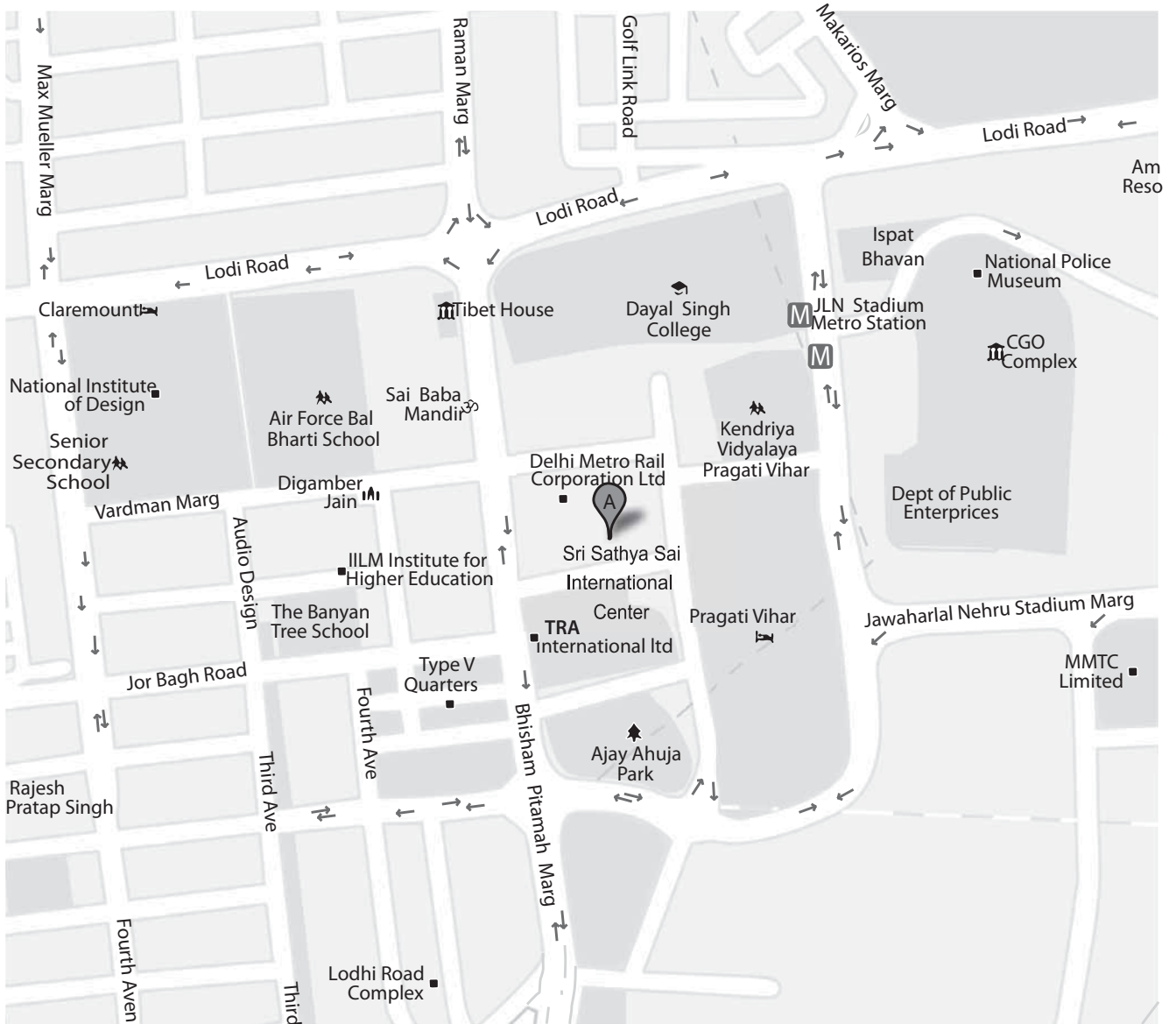
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Affix revenue stamp of not less than ₹ 1
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Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



## Route map to the venue of the 33<sup>rd</sup> Annual General Meeting of SpiceJet Limited



 Sri Sathya Sai International Centre,  
Pragati Vihar, Lodhi Road, New Delhi - 110 003





# INDIA'S No.1

**Best**  
**On-Time Performance**  
**in the year 2016-17**

-----  
**Highest Occupancy Rate**  
**for 30 consecutive months**



As per DGCA statistics.

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