SpiceJet Merchandise Private Limited
Balance Sheet as at March 31, 2017
(All amounts are in Indian Rupees, unless otherwise stated)

	Notes	As at March 31, 2017
ASSETS		
Non-current Assets		
Property Plant and Equipment ('PPE')	4	2,513,990
Financial Assets		
(i) Other Financial Assets	5	4,386,000
Other Non-current Assets	6	920,000
Total Non-Current Assets		**7,819,990**
Current Assets		
Inventories	7	115,403,144
Financial Assets		
(i) Trade Receivables	8	438,402
(ii) Cash and cash equivalents	9	8,563,203
(iii)Other financial assets	10	16,274
Other current assets	11	50,268,459
Total Current Assets		**174,689,482**
TOTAL ASSETS		**182,509,472**
EQUITY AND LIABILITIES		
Equity		
Equity Share Capital	12	100,000
Other Equity	13	(35,237,449)
Total Equity		**(35,137,449)**
Non-Current Liabilities		
Financial Liabilities		
(i) Borrowings	14	190,332,426
(ii) Other financial liabilities	15	6,384,980
Total Non-Current Liabilities		**196,717,406**
Current Liabilities		
Financial Liabilities		
(i) Trade Payables	16	20,385,431
(ii) Other financial liabilities	17	36,372
Other Current Liabilities	18	507,712
Total Current Liabilities		**20,929,515**
Total Liabilities		**217,646,921**
TOTAL EQUITY AND LIABILITIES		**182,509,472**
Summary of Significant Accounting Policies	3	

The accounting notes are an integral part of the financial statements

As per our report of even date.
For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

For and on behalf of the Board of Directors

Sd/-
per Aniruddh Sankaran
Partner
Membership No: 211107

Place: Gurgaon
Date: June 03, 2017

Sd/-
Ajay Singh
Director

Place: Gurgaon
Date: June 03, 2017

Sd/-
Shiwani Singh
Director

Place: Gurgaon
Date: June 03, 2017

SpiceJet Merchandise Private Limited
Statement of Profit and Loss for the period ended March 31, 2017
(All amounts are in Indian Rupees, unless otherwise stated)

	Notes	Period ended March 31, 2017
Revenue from operations		
Sale of Products	19	1,570,163
Total Income		**1,570,163**
Expenses		
Purchases of traded goods	20 (a)	115,835,864
(Increase) / Decrease in inventories of traded goods	20 (b)	(115,403,144)
Employee benefit expenses	21	2,843,974
Sales and Marketing Expenses	22	4,884,981
Other expenses	23	21,468,665
Total Expenses		**29,630,340**
Earnings before interest, tax, depreciation and amortization (EBITDA)		**(28,060,177)**
Depreciation and amortization expense	24	(90,100)
Finance Income	25	7,249
Finance costs	26	(7,094,421)
Profit / (Loss) Before Tax		**(35,237,449)**
Income Tax Expense	27 (a)	
- Current Tax		-
- Deferred Tax		-
		-
Profit / (Loss) after tax for the period (A)		**(35,237,449)**
Other Comprehensive Income / (Loss) for the period, Net of Tax (B)		-
Total Comprehensive Income / (Loss) for the period, Net of Tax (A) + (B)		**(35,237,449)**
Earnings per equity share of INR 10 each	28	
Basic		(5,005)
Diluted		(5,005)
Summary of Significant Accounting Policies	3	

The accounting 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

Sd/-
per Aniruddh Sankaran
Partner
Membership No: 211107

Place: Gurgaon
Date: June 03, 2017

For and on behalf of the Board of Directors

Sd/-
Ajay Singh
Director

Place: Gurgaon
Date: June 03, 2017

Sd/-
Shiwani Singh
Director

Place: Gurgaon
Date: June 03, 2017

SpiceJet Merchandise Private Limited
Statement of Changes in Equity for the period ended 31 March 2017
(All amounts are in Indian Rupees, unless otherwise stated)

a. Equity Share Capital

Particulars	No of Shares	Amount
As at July 18, 2016	-	-
Equity shares of INR 10 each issued, subscribed and fully paid		
Issue of Share Capital	10,000	100,000
As at March 31, 2017	**10,000**	**100,000**

b. Other Equity

For the period ended March 31, 2017

Particulars	Retained Earnings	Other Comprehensive Income	Total Equity
As at July 18, 2016	-	-	-
Profit / (Loss) for the period	(35,237,449)	-	(35,237,449)
Other Comprehensive Income for the period	-	-	-
As at March 31, 2017	**(35,237,449)**	**-**	**(35,237,449)**

The accounting notes are an integral part of the financial statements

As per our report of even date.
For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

For and on behalf of the Board of Directors

Sd/-
per Aniruddh Sankaran
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Membership No: 211107

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Ajay Singh
Director

Place: Gurgaon
Date: June 03, 2017

Sd/-
Shiwani Singh
Director

Place: Gurgaon
Date: June 03, 2017

SpiceJet Merchandise Private Limited
Cash flow statement for the period ended March 31, 2017
(All amounts are in Indian Rupees, unless otherwise stated)

			Period ended March 31, 2017
A.	**Cash flow from operating activities**		
	Profit / (Loss) before tax		**(35,237,449)**
	Adjustments to reconcile:		
	Depreciation and Amortisation		90,100
	Interest income		(7,249)
	Interest expense		7,094,421
			(28,060,177)
	Movements in working capital :		
	(Increase) / Decrease in trade receivables		(438,402)
	(Increase) / Decrease in inventories		(115,403,144)
	(Increase) / Decrease in other financial/ non-financial assets		(54,263,484)
	Increase / (Decrease) in trade payables		20,385,431
	Increase / (Decrease) in other financial / non-financial liabilities		544,084
	Cash generated from operations		**(177,235,692)**
	Income Tax Paid		-
	Net Cash Flow from Operating Activity	**A**	**(177,235,692)**
B.	**Cash flow from investing activities**		
	Purchase of Property, Plant and Equipment, capital work in progress (including capital advances)		(3,524,090)
	Margin money deposits placed		(400,000)
	Net Cash used in Investing Activity	**B**	**(3,924,090)**
C.	**Cash flow from financing activities**		
	Loans from holding company		190,332,426
	Issue of Share Capital (Refer Note 12)		100,000
	Interest paid on Borrowings		(709,441)
	Net cash from financing activities	**C**	**189,722,985**
	Net increase / (decrease) in cash and cash equivalents	**A+B+C**	8,563,203
	Cash and cash equivalents at the beginning of the period		-
	Cash and cash equivalents at the end of the period		**8,563,203**
	Notes :		
	Components of cash and cash equivalents		
	On current accounts		8,563,203
	Cash on hand		-
	Total cash and cash equivalents (Note 9)		**8,563,203**

As per our report of even date.

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

For and on behalf of the Board of Directors

Sd/-
per Aniruddh Sankaran
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Membership No: 211107

Place: Gurgaon
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Ajay Singh
Director

Place: Gurgaon
Date: June 03, 2017

Sd/-
Shiwani Singh
Director

Place: Gurgaon
Date: June 03, 2017

1 General Information of the Company

SpiceJet Merchandise Private Limited ("the Company") is a private company domiciled in India. The registered office of the Company is B-1, Kalindi Colony, New Delhi, South Delhi - 110 065. The company was incorporated on July 18, 2016 (CIN - U52520DL2016PTC303136) under the Companies Act, 2013. The Company is prinicipally engaged in the business of Trading of Goods.
The financial statements were authorised for issue in accordance with a resolution of the directors on June 03, 2017.

2 Basis of Preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended. The current period financials statements are the first post incorporation and are from the period from July 18, 2016 to March 31, 2017.

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

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

The financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest crore, except when otherwise indicated

3.1 Current vs 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.

3.3 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 de-recognition 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 depreciates Property, Plant and Equipment over their estimated useful lives using the Straight-line method, as per Schedule II of Companies Act, 2013. The estimated useful lives are as follows

Office Equipment - 5 years
Computers - 3 to 6 years
Furniture and Fixtures - 10 years
Lease Hold Improvements - 3 years

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. Depreciation is provided pro-rata from the month of Capitalisation.

3.4 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 Companys 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 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.

3.5 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.

<u>Sale of Goods</u>

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.

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.

3.6 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 defer its settlement for 12 months after the reporting date.

3.7 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.

3.8 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.

3.9 Contingent Liability

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.

3.10 Inventories

Inventories are comprised of Merchandises. 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.

3.11 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.

3.12 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.

3.13 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 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

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. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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.

3.14 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 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).

3.15 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

<u>Initial recognition and measurement</u>

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.

<u>Subsequent measurement</u>

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)

<u>Debt instruments at amortised cost</u>

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 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 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.

Financial Liability

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.

3.16 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 Company who make strategic decisions and is responsible for allocating resources and assessing performances of the operating segments.

3.17 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.

SpiceJet Merchandise Private Limited
Notes to the Financial Statements for the period ended March 31, 2017
(All amounts are in Indian Rupees, unless otherwise stated)

4. Property, Plant and Equipment ('PPE')

Particulars	Office Equipment	Computers	Furniture & Fixtures	Leasehold Improvements	Total
Gross Block					
As at July 18, 2016	-	-	-	-	-
Additions	936,549	946,276	164,360	556,905	2,604,090
Disposals	-	-	-	-	-
At March 31, 2017	**936,549**	**946,276**	**164,360**	**556,905**	**2,604,090**
Accumulated Depreciation					
As at July 18, 2016	-	-	-	-	-
Charge for the period	18,839	28,343	3,066	39,852	90,100
Disposals	-	-	-	-	-
At March 31, 2017	**18,839**	**28,343**	**3,066**	**39,852**	**90,100**
Net Block					
As at July 18, 2016	**-**	**-**	**-**	**-**	**-**
At March 31, 2017	**917,710**	**917,933**	**161,294**	**517,053**	**2,513,990**

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

		As at March 31, 2017
5	**Other Non-Current Financial Assets**	
	(Considered Good, Unsecured unless stated otherwise)	
	Security deposits	3,986,000
	Non-current bank balances	400,000
		4,386,000
6	**Non-current Assets**	
	(Considered Good, Unsecured unless stated otherwise)	
	Capital advances	920,000
		920,000
7	**Inventories**	
	(Lower of Cost and estimated Net Realisable Value)	
	Stock in Trade	115,403,144
		115,403,144

During the period ended 31st March 2017, There are no amounts which was recognised as an expense to bring the inventories to record them at Net Realisable Value.

8	**Trade Receivables**	
	(Considered Good, Unsecured unless stated otherwise)	
	Trade receivables	438,402
	Less: Impairment Allowance	-
		438,402

Trade Receivables are non-interest bearing and are generally have Credit period to a maximum of 120 days.

9	**Cash and cash equivalents**	
	Balances with banks:	
	- On current accounts	8,563,203
	Cash on hand	-
		8,563,203
	Other Bank Balances	
	Margin money / Security against fund and non-fund based facilities*	400,000
	Less: Amount disclosed under other non-current asset	(400,000)
		8,563,203

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

10	**Other Current Financial Assets**	
	(Considered Good, Unsecured unless stated otherwise)	
	Interest accrued on fixed deposits	7,249
	Employee advances	9,025
		16,274

		As at March 31, 2017
11	**Other current assets**	
	(Considered Good, Unsecured unless stated otherwise)	
	Prepaid expenses	46,500
	Advance to Suppliers	50,221,959
		50,268,459
12	**Equity Share Capital**	
	Authorised Share Capital	
	10,000 equity shares of Rs.10/- each	100,000
	Issued, Subscribed and Paid-up Capital	
	10,000 equity shares of Rs.10/- each	100,000
		100,000

a) Reconciliation of Equity Shares outstanding at the beginning and at the end of the reporting period

Particulars	As at March 31, 2017	
	No of Shares	Amount
Shares outstanding at the beginning of the period	-	-
Issued during the period	10,000	100,000
Shares outstanding at the end of the period	**10,000**	**100,000**

b) Terms/Rights attached to class of Shares

The Company has only one class of equity shares having a par value of Rs 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the board of directors is subject to the approval of the shareholders in the ensuing annual general meeting.
In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Shares held by holding / ultimate holding company and / or their subsidiaries / associates
Out of the equity shares issued by the company, shares held by its holding company are as below

Particulars	As at March 31, 2017	
	Number of Shares	Amount
SpiceJet (Holding Company)	10,000	100,000

d) Details of shareholders holding more than 5 percent of Equity Share Capital

Particulars	As at March 31, 2017	
	Number of Shares	% against total number of shares
SpiceJet Limited	10,000	100.00%

13	**Other Equity**	
	Retained Earnings	(35,237,449)
	Other Comprehensive Income	-
		(35,237,449)

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

		As at March 31, 2017
14	**Long Term Borrowings**	
	(Unsecured - At Amortised Cost)	
	Term Loan from Related Parties	190,332,426
		190,332,426

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

15	**Other Non-Current Financial Liabilities**	
	(At Amortised Cost)	
	Interest accrued but not due on borrowings	6,384,980
		6,384,980
16	**Trade Payables**	
	(Unsecured, At Amortised Cost)	
	Trade Payables	20,385,431
		20,385,431

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 period.

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

17	**Other current financial liabilities**	
	(At Amortised Cost)	
	Employee compensation payable	36,372
		36,372
18	**Other Current Liabilities**	
	Statutory dues (including interest thereon)	507,712
		507,712

SpiceJet Merchandise Private Limited
Notes to the Financial Statements for the period ended March 31, 2017
(All amounts are in Indian Rupees, unless otherwise stated)

		Period ended March 31, 2017
19	**Revenue from operations**	
	Sale of Products	1,570,163
		1,570,163
20 (a)	**Purchases of traded goods**	
	Purchase of Stock-in-Trade	115,835,864
		115,835,864
20 (b)	**(Increase) / Decrease in inventories of traded goods**	
	Opening Stock-in-Trade	-
	Closing Stock-in-Trade	115,403,144
		(115,403,144)

During the period ended 31st March 2017, There are no amounts which was recognised as an expense to bring the inventories to record them at Net Realisable Value.

21	**Employee benefit expenses**	
	Salaries, wages and bonus	2,534,325
	Contribution to provident and other funds	126,937
	Staff welfare	182,712
		2,843,974
22	**Sales and marketing expenses**	
	Business promotion and advertisement	4,884,981
		4,884,981
23	**Other Expenses**	
	Rent	888,323
	Rates & Taxes	752,426
	Repairs and maintenance	
	- buildings	753,212
	- others	369,553
	Printing and stationery	252,992
	Travelling and conveyance	11,246,479
	Legal, and professional fees (Refer note below for details of payment to auditor)	6,879,433
	Insurance	133,062
	Bank charges	126,732
	Miscellaneous expenses	66,453
		21,468,665
	Payment to auditor	
	As auditor	
	Audit fees	250,000

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

		Period ended March 31, 2017
24	**Depreciation and amortization expense**	
	Depreciation of Property, Plant and Equipment	90,100
		90,100
25	**Finance Income**	
	Interest income on Bank Deposits	7,249
		7,249
26	**Finance Costs**	
	Interest on Borrowings	7,094,421
		7,094,421

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

		Period ended March 31, 2017
27 (a)	**Income Tax Expense**	
	Current Tax	-
	Deferred Tax	-
		-

Reconciliation of Tax Expense and the Accounting Profit multiplied by Corporate Income Tax Rate applicable for 31st March 2016 and 31st March 2017

The tax on the Company's profit before tax differs from the theoretical amount that would arise on using the standard rate of corporation tax in India (29.87%) as follows

Profit / (Loss) for the period	**(35,237,449)**
Profit before Income Tax multiplied by Standard Rate of Corporate Tax in India of 29.87%	(10,525,426)
Effect of :	
Impact of Deferred Tax Asset recognised only to the extent of Deferred Tax Liability (Refer Note 27 (b) below)	10,525,426
Net effective Income Tax	-

27 (b) Deferred Tax Liability / Asset

Deferred Tax Liability	
Impact of difference between tax depreciation and depreciation / amortisation charged for the financial reporting	99,218
Deferred Tax Assets	
Unabsorbed Business Lossed	(11,749,776)
Deferred tax asset restricted to	10,525,426
Deferred Tax Liability / Asset	**(1,125,132)**

In the absence of virtual certainty supported by convincing evidence, deferred tax asset arising on account of the carried forward business losses (including unabsorbed depreciation) and other disallowances has been restricted to the extent of the deferred tax liability.

28 Earnings per Share

The following reflects the Profit and Share data used in the basic and diluted EPS computations:

Particulars	For the period ended March 31, 2017
Profit after Tax	(35,237,449)
Weighted Average Number of Shares	
- Basic	7,041
- Diluted	7,041
Earnings per Share of INR 10 each	
- Basic	(5,004.61)
- Diluted	(5,004.61)

29 Standards issued but not yet 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.

30 Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Company's Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Fair Value Measurement of Financial Instruments

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, Credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments

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

31 Disclosure in respect of Related Parties pursuant to Ind AS 24

a. List of Related Party

Relationship	Name of the Related Party
Holding Company	SpiceJet Limited
Fellow Subsidiary	SpiceJet Technic Private Limited
Key Managerial Personnel	Ajay Singh, Director Shiwani Singh, Director

b. Transactions with Related Party

Transactions	Related Party	Amount
Contribution towards Share Capital	SpiceJet Limited	100,000
Long Term Borrowings	SpiceJet Limited	190,332,426
Interest paid on Borrowings	SpiceJet Limited	709,441
Sale of Products	SpiceJet Limited	610,554

Outstanding Balance	Related Party	Amount
Borrowings	SpiceJet Limited	190,332,426
Interest Accrued	SpiceJet Limited	6,384,980
Accounts Receivable	SpiceJet Limited	610,554

32 Segment Information

The company is engaged in the business of Trading in goods which is considered to be the only reportable segment accordingly Reporting under the Ind AS 108 is not applicable. There are no reportable Geographical segments under Ind AS 108

33 Fair Values

Particulars	Carrying Amount 31-Mar-17	Fair Value 31-Mar-17
Financial Assets		
Other Non-Current Financial Assets	4,386,000	4,386,000
Trade Receivables	438,402	438,402
Cash and cash equivalents	8,563,203	8,563,203
Other Current financial assets	16,274	16,274
Total	**13,403,879**	**13,403,879**
Financial Liabilities		
Borrowings	190,332,426	190,332,426
Other Non-Current Financial Liabilities	6,384,980	6,384,980
Trade Payables	20,385,431	20,385,431
Other Current Financial Liabilities	36,372	36,372
Total	**217,139,209**	**217,139,209**

The management assessed that cash and cash equivalents, trade receivables, other current and non-current financial assets, long-term borrowings, trade payables and other current and non-current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

34 Financial Risk Management Objectives and Policies

The Company's principal financial liabilities, other than derivatives, comprise of borrowings and trade payables. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has various financial assets such as trade receivables, cash and short-term deposits, which arise 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 Risk Management Committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The Risk Management Committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that the 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.

Market Risks
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. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity price fluctuations, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

Credit Risks
Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses both the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, loans and advances and derivative financial instruments. None of the financial instruments of the Company result in material concentrations of credit risks.

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

Liquidity Risks

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 table below provides details regarding the contractual maturities of financial liabilities based on Contractual undiscounted payments

Particulars	Less than 1 Year	Above 1 Year
Borrowings	-	190,332,426
Other financial liabilities	36,372	6,384,980
Trade Payables	20,385,431	-
Total	**20,421,803**	**196,717,406**

35 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 product and other strategic investment plans. The funding requirements are met throug internal accruals, nonconvertible debentures, external commercial borrowings and other longterm / 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 following table summarizes the capital of the Company:

Particulars	As at March 31, 2017
Borrowings	
- Long Term	190,332,426
Total Debt	**190,332,426**
Equity Share Capital	100,000
Other Equity	(35,237,449)
Total Equity	**(35,137,449)**
Debt Equity Ratio	**-541.68%**

The Company has commenced operations only in the current year and has relied on the funds from holding company to conduct business in the current year. The Company expects the gearing ratio to be reduced over the coming years.

36 Specified Bank Notes

There are no Cash transations during the period from November 8, 2016 to December 30, 2016 in the Company.

37 No previous year's figures have been provided as this is the first year of operation of the Company.

As per our report of even date.
For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

For and on behalf of the Board of Directors

Sd/-
per Aniruddh Sankaran
Partner
Membership No: 211107

Place: Gurgaon
Date: June 03, 2017

Sd/-
Ajay Singh
Director

Place: Gurgaon
Date: June 03, 2017

Sd/--
Shiwani Singh
Director

Place: Gurgaon
Date: June 03, 2017