

**SpiceJet Merchandise Private Limited**  
**Balance Sheet as at March 31, 2018**  
*(All amounts are in Indian Rupees, unless otherwise stated)*

	Notes	As at March 31, 2018	As at March 31, 2017
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property Plant and Equipment ('PPE')	3	6,074,314	2,513,990
Financial Assets			
(i) Other Financial Assets	4	4,978,380	4,386,000
Other Non-current Assets	5	-	920,000
<b>Total Non-Current Assets</b>		<b>11,052,694</b>	<b>7,819,990</b>
<b>Current Assets</b>			
Inventories	6	175,032,791	115,403,144
Financial Assets			
(i) Trade Receivables	7	6,406,919	438,402
(ii) Cash and cash equivalents	8	7,692,773	8,563,203
(iii) Other financial assets	9	52,905	16,274
Other current assets	10	13,050,657	58,864,832
<b>Total Current Assets</b>		<b>202,236,045</b>	<b>183,285,855</b>
<b>TOTAL ASSETS</b>		<b>213,288,739</b>	<b>191,105,845</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	11	100,000	100,000
Other Equity	12	(100,953,806)	(35,237,449)
<b>Total Equity</b>		<b>(100,853,806)</b>	<b>(35,137,449)</b>
<b>Non-Current Liabilities</b>			
Financial Liabilities			
(i) Borrowings	13	249,442,426	190,332,426
(ii) Other financial liabilities	14	37,547,525	6,384,980
Long-term Provisions	15	109,578	-
<b>Total Non-Current Liabilities</b>		<b>287,099,529</b>	<b>196,717,406</b>
<b>Current Liabilities</b>			
Financial Liabilities			
(i) Trade Payables	16	26,411,574	28,202,927
(ii) Other financial liabilities	17	8,467	36,372
Other Current Liabilities	18	622,975	1,286,589
<b>Total Current Liabilities</b>		<b>27,043,016</b>	<b>29,525,888</b>
<b>Total Liabilities</b>		<b>314,142,545</b>	<b>226,243,294</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>213,288,739</b>	<b>191,105,845</b>

Summary of Significant Accounting Policies 2

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

**Sd/-**  
**Ajay Singh**  
Director

**Sd/-**  
**Shiwani Singh**  
Director

Place: Gurugram  
Date: May 11, 2018

Place: Gurugram  
Date: May 11, 2018

Place: Gurugram  
Date: May 11, 2018

**SpiceJet Merchandise Private Limited**  
**Statement of Profit and Loss for the year ended March 31, 2018**  
*(All amounts are in Indian Rupees, unless otherwise stated)*

	Notes	Year Ended March 31, 2018	Period ended March 31, 2017
<b>Revenue from operations</b>			
Sale of Products	19	74,283,998	1,570,163
<b>Total Income</b>		<b>74,283,998</b>	<b>1,570,163</b>
<b>Expenses</b>			
Purchases of traded goods	20 (a)	91,562,500	115,835,864
(Increase) / Decrease in inventories of traded goods	20 (b)	(59,629,647)	(115,403,144)
Employee benefit expenses	21	16,066,909	2,843,973
Sales and Marketing Expenses	22	9,458,606	4,884,981
Other expenses	23	49,487,260	21,468,665
<b>Total Expenses</b>		<b>106,945,628</b>	<b>29,630,339</b>
<b>Earnings before interest, tax, depreciation and amortization (EBITDA)</b>		<b>(32,661,630)</b>	<b>(28,060,176)</b>
Depreciation and amortization expense	24	(1,179,737)	(90,100)
Finance Income	25	-	7,249
Finance costs	26	(31,864,671)	(7,094,422)
<b>Profit / (Loss) Before Tax</b>		<b>(65,706,038)</b>	<b>(35,237,449)</b>
<b>Income Tax Expense</b>			
- Current Tax		-	-
- Deferred Tax		-	-
<b>Total tax expense</b>		<b>-</b>	<b>-</b>
<b>Profit / (Loss) after tax for the period (A)</b>		<b>(65,706,038)</b>	<b>(35,237,449)</b>
<b>Other Comprehensive Income / (Loss) for the period, Net of Tax (B)</b>		(10,319)	-
<b>Total Comprehensive Income / (Loss) for the period, Net of Tax (A) + (B)</b>		<b>(65,716,357)</b>	<b>(35,237,449)</b>
Earnings per equity share of INR 10 each	27		
Basic		(6,571)	(5,005)
Diluted		(6,571)	(5,005)

Summary of Significant Accounting Policies

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: Gurugram  
Date: May 11, 2018

Sd/-  
**Ajay Singh**  
Director

Sd/-  
**Shiwani Singh**  
Director

Place: Gurugram  
Date: May 11, 2018

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Date: May 11, 2018

**SpiceJet Merchandise Private Limited**  
**Cash flow statement for the year ended March 31, 2018**  
*(All amounts are in Indian Rupees, unless otherwise stated)*

	Year ended March 31, 2018	Period ended March 31, 2017
<b>A. Cash flow from operating activities</b>		
(Loss) before tax	(65,716,357)	(35,237,449)
<b>Adjustments to reconcile:</b>		
Depreciation and Amortisation	1,179,737	90,100
Interest income	-	(7,249)
Interest expense	31,864,671	7,094,422
	<b>(32,671,949)</b>	<b>(28,060,176)</b>
<b>Movements in working capital :</b>		
(Increase) / Decrease in trade receivables	(5,968,517)	(438,402)
(Increase) / Decrease in inventories	(59,629,647)	(115,403,144)
(Increase) / Decrease in other financial assets	(629,011)	(62,859,857)
(Increase) / Decrease in other current assets	45,814,175	-
Increase / (Decrease) in trade payables	(1,791,353)	28,202,927
Increase / (Decrease) in other financial liabilities	(27,905)	1,322,961
Increase / (Decrease) in other liabilities	(554,036)	-
<b>Cash generated from operations</b>	<b>(55,458,243)</b>	<b>(177,235,691)</b>
Income Tax Paid	-	-
<b>Net Cash Flow from Operating Activity</b>	<b>A (55,458,243)</b>	<b>(177,235,691)</b>
<b>B. Cash flow from investing activities</b>		
Purchase of Property, Plant and Equipment, capital work in progress (including capital advances)	(3,820,062)	(3,524,090)
Margin money deposits placed	-	(400,000)
<b>Net Cash used in Investing Activity</b>	<b>B (3,820,062)</b>	<b>(3,924,090)</b>
<b>C. Cash flow from financing activities</b>		
Loans from holding company	59,110,000	190,332,426
Issue of Share Capital (Refer Note 11)	-	100,000
Interest paid on Borrowings	(702,126)	(709,442)
<b>Net cash from financing activities</b>	<b>C 58,407,874</b>	<b>189,722,984</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>A+B+C (870,430)</b>	<b>8,563,203</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>8,563,203</b>	<b>-</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>7,692,773</b>	<b>8,563,203</b>
Notes :		
Components of cash and cash equivalents		
On current accounts	7,692,773	8,563,203
Cash on hand	-	-
<b>Total cash and cash equivalents (Note 8)</b>	<b>7,692,773</b>	<b>8,563,203</b>

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: Gurugram  
Date: May 11, 2018

Sd/-  
**Ajay Singh**  
Director  
Place: Gurugram  
Date: May 11, 2018

Sd/-  
**Shiwani Singh**  
Director  
Place: Gurugram  
Date: May 11, 2018

## SpiceJet Merchandise Private Limited

### Notes to the financial statements for the year ended March 31, 2018

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

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#### 1. Corporate Information

SpiceJet Merchandise Private Limited ("the Company") was incorporated on July 18, 2016 (CIN - U52520DL2016PTC303136) as a private limited Company under the Companies Act, 2013. The Company is principally engaged in the business of Trading of Goods. The registered office of the Company is B-1, Kalindi Colony, New Delhi, South Delhi - 110 065.

The financial statements were approved for issue by the board of directors on May 11, 2018.

#### 2. Summary of significant accounting policies

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

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

The financial statements of the Company for the year ended March 31, 2018 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.

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

###### ii. Historical Cost convention

The 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

The Company is in its initial phase of operations and in view of the foregoing, and having regard to industry outlook in the markets in which the Company operates, 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. In view of the foregoing, the accompanying financial statements have been prepared on the basis that the Company will continue as a going concern for the foreseeable future.

##### b) 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.

## SpiceJet Merchandise Private Limited

### Notes to the financial statements for the year ended March 31, 2018

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

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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 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

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
Lease Hold Improvements	3

## **SpiceJet Merchandise Private Limited**

### **Notes to the financial statements for the year ended March 31, 2018**

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

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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.

#### **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.

#### **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 group 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.

**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 Goods and Service tax (if any).

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

**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.

**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 benefits*

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.

## SpiceJet Merchandise Private Limited

### Notes to the financial statements for the year ended March 31, 2018

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

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

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.

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.

#### iii. Post-employment benefits

The Company operates the following post-employment schemes:

##### a. Gratuity benefits

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.



## **SpiceJet Merchandise Private Limited**

### **Notes to the financial statements for the year ended March 31, 2018**

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

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#### **i) 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.

#### **j) 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.

#### **k) 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.

#### **l) Inventories**

Inventories comprising of merchandises are 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.

#### **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 Company's cash management.

#### **n) Foreign currencies**

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

## SpiceJet Merchandise Private Limited

### Notes to the financial statements for the year ended March 31, 2018

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

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#### 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.

#### 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.

#### **o) 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.

#### **p) 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.

## SpiceJet Merchandise Private Limited

### Notes to the financial statements for the year ended March 31, 2018

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

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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.

#### **q) 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.

## SpiceJet Merchandise Private Limited

### Notes to the financial statements for the year ended March 31, 2018

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

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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 valuer's 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 33).

#### **r) 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 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.

## SpiceJet Merchandise Private Limited

### Notes to the financial statements for the year ended March 31, 2018

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

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#### 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

## SpiceJet Merchandise Private Limited

### Notes to the financial statements for the year ended March 31, 2018

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

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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.

#### **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) 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.

#### **u) 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**  
**Statement of Changes in Equity for the year ended 31 March 2018**  
*(All amounts are in Indian Rupees, unless otherwise stated)*

**a. Equity Share Capital**

Particulars	No of Shares	Amount
Equity shares of INR 10 each issued, subscribed and fully paid		
As at July 18, 2016	10,000	100,000
As at March 31, 2017	10,000	100,000
<b>As at March 31, 2018</b>	<b>10,000</b>	<b>100,000</b>

**b. Other Equity**

**For the year ended March 31, 2018**

Particulars	Retained Earnings	Other Comprehensive Income	Total Equity
<b>As at April 01, 2017</b>	(35,237,449)	-	(35,237,449)
Profit / (Loss) for the period	(65,706,038)	-	(65,706,038)
Other Comprehensive Income for the period	-	(10,319)	(10,319)
<b>As at March 31, 2018</b>	<b>(100,943,487)</b>	<b>(10,319)</b>	<b>(100,953,806)</b>

**For the period ended March 31, 2017**

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

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

Sd/-  
**Ajay Singh**  
Director

Sd/-  
**Shiwani Singh**  
Director

Place: Gurugram  
Date: May 11, 2018

Place: Gurugram  
Date: May 11, 2018

Place: Gurugram  
Date: May 11, 2018

**SpiceJet Merchandise Private Limited**

**Notes to the Financial Statements for the year ended March 31, 2018**

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

**3. Property, Plant and Equipment ('PPE')**

Particulars	Plant & Machinery	Office Equipment	Computers	Furniture & Fixtures	Leasehold Improvements	Software	Total
<b>Gross Block</b>							
<b>As at July 18, 2016</b>	-	-	-	-	-	-	-
Additions	-	936,549	946,276	164,360	556,905	-	2,604,090
Disposals	-	-	-	-	-	-	-
<b>At March 31, 2017</b>	-	<b>936,549</b>	<b>946,276</b>	<b>164,360</b>	<b>556,905</b>	-	<b>2,604,090</b>
Additions	2,662,565	1,730,047	120,000	213,275	-	14,175	4,740,062
Disposals	-	-	-	-	-	-	-
<b>At March 31, 2018</b>	<b>2,662,565</b>	<b>2,666,596</b>	<b>1,066,276</b>	<b>377,635</b>	<b>556,905</b>	<b>14,175</b>	<b>7,344,152</b>
<b>Accumulated Depreciation</b>							
<b>As at July 18, 2016</b>	-	-	-	-	-	-	-
Charge for the period	-	18,839	28,343	3,066	39,852	-	90,100
Disposals	-	-	-	-	-	-	-
<b>At March 31, 2017</b>	-	<b>18,839</b>	<b>28,343</b>	<b>3,066</b>	<b>39,852</b>	-	<b>90,100</b>
Charge for the period	107,242	446,373	331,063	105,439	186,073	3,547	1,179,737
Disposals	-	-	-	-	-	-	-
<b>At March 31, 2018</b>	<b>107,242</b>	<b>465,212</b>	<b>359,406</b>	<b>108,505</b>	<b>225,925</b>	<b>3,547</b>	<b>1,269,837</b>
<b>Net Block</b>							
<b>At March 31, 2017</b>	-	<b>917,710</b>	<b>917,933</b>	<b>161,294</b>	<b>517,053</b>	-	<b>2,513,990</b>
<b>At March 31, 2018</b>	<b>2,555,323</b>	<b>2,201,383</b>	<b>706,870</b>	<b>269,130</b>	<b>330,980</b>	<b>10,628</b>	<b>6,074,314</b>



**SpiceJet Merchandise Private Limited**  
**Notes to the Financial Statements for the year ended March 31, 2018**  
*(All amounts are in Indian Rupees, unless otherwise stated)*

	As at March 31, 2018	As at March 31, 2017
<b>4 Other Non-Current Financial Assets</b>		
<i>(Considered Good, Unsecured unless stated otherwise)</i>		
Security deposits	4,578,380	3,986,000
Non-current bank balances	400,000	400,000
	<b>4,978,380</b>	<b>4,386,000</b>
<b>5 Non-current Assets</b>		
<i>(Considered Good, Unsecured unless stated otherwise)</i>		
Capital advances	-	920,000
	<b>-</b>	<b>920,000</b>
<b>6 Inventories</b>		
<i>(Lower of Cost and estimated Net Realisable Value)</i>		
Stock in Trade	175,032,791	115,403,144
	<b>175,032,791</b>	<b>115,403,144</b>
<p>During the period ended March 31, 2018, there are no amounts which was recognised as an expense to bring the inventories to record them at Net Realisable Value (March 31, 2017 - Nil).</p>		
<b>7 Trade Receivables</b>		
<i>(Considered Good, Unsecured unless stated otherwise)</i>		
Trade receivables	6,406,919	438,402
Less: Impairment Allowance	-	-
	<b>6,406,919</b>	<b>438,402</b>
<p>Trade Receivables are non-interest bearing and are generally have Credit period to a maximum of 120 days.</p>		
<b>8 Cash and cash equivalents</b>		
Balances with banks:		
- On current accounts	7,692,773	8,563,203
	<b>7,692,773</b>	<b>8,563,203</b>
<b>Other Bank Balances</b>		
Margin money / Security against fund and non-fund based facilities*	400,000	400,000
Less: Amount disclosed under other non-current asset	(400,000)	(400,000)
	<b>7,692,773</b>	<b>8,563,203</b>
<p>* Margin money deposit have been placed with banks for non-fund based facilities sanctioned to the Company.</p>		
<b>9 Other Current Financial Assets</b>		
<i>(Considered Good, Unsecured unless stated otherwise)</i>		
Interest accrued on fixed deposits	7,249	7,249
Employee advances	45,656	9,025
	<b>52,905</b>	<b>16,274</b>
<b>10 Other current assets</b>		
<i>(Considered Good, Unsecured unless stated otherwise)</i>		
Prepaid expenses	650,811	46,500
Balance with Government authorities	1,663,494	778,877
Advance to Suppliers	10,736,352	58,039,455
	<b>13,050,657</b>	<b>58,864,832</b>
<b>11 Equity Share Capital</b>		
<b>Authorised Share Capital</b>		
10,000 equity shares of Rs.10/- each	100,000	100,000
<b>Issued, Subscribed and Paid-up Capital</b>		
10,000 equity shares of Rs.10/- each	100,000	100,000
	<b>100,000</b>	<b>100,000</b>

**SpiceJet Merchandise Private Limited**  
**Notes to the Financial Statements for the year ended March 31, 2018**  
*(All amounts are in Indian Rupees, unless otherwise stated)*

As at  
**March 31, 2018**      As at  
**March 31, 2017**

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

Particulars	As at March 31, 2018		As at March 31, 2017	
	No of Shares	Amount	No of Shares	Amount
Shares outstanding at the beginning of the period	-	-	-	-
Issued during the period	10,000	100,000	10,000	100,000
<b>Shares outstanding at the end of the period</b>	<b>10,000</b>	<b>100,000</b>	<b>10,000</b>	<b>100,000</b>

**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, 2018		As at March 31, 2017	
	No of Shares	Amount	No of Shares	Amount
SpiceJet Limited (Holding Company)	10,000	100,000	10,000	100,000

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

Particulars	As at March 31, 2018		As at March 31, 2017	
	No of Shares	Amount	No of Shares	Amount
SpiceJet Limited	10,000	100.00%	10,000	100.00%

**12 Other Equity**

Retained Earnings	(100,953,806)	(35,237,449)
Other Comprehensive Income	-	-
	<b>(100,953,806)</b>	<b>(35,237,449)</b>

**13 Long Term Borrowings**

*(Unsecured - At Amortised Cost)*

Term Loan from Related Parties	249,442,426	190,332,426
	<b>249,442,426</b>	<b>190,332,426</b>

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

**14 Other Non-Current Financial Liabilities**

*(At Amortised Cost)*

Interest accrued but not due on borrowings	37,547,525	6,384,980
	<b>37,547,525</b>	<b>6,384,980</b>

**15 Long Term Provisions**

Provision for gratuity (also refer note 29)	109,578	-
	<b>109,578</b>	-

**16 Trade Payables**

*(Unsecured, At Amortised Cost)*

Trade Payables	26,411,574	28,202,927
	<b>26,411,574</b>	<b>28,202,927</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 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	8,467	36,372
	<b>8,467</b>	<b>36,372</b>

**18 Other Current Liabilities**

Statutory dues (including interest thereon)	622,975	1,286,589
	<b>622,975</b>	<b>1,286,589</b>

**SpiceJet Merchandise Private Limited**
**Notes to the Financial Statements for the year ended March 31, 2018**
*(All amounts are in Indian Rupees, unless otherwise stated)*

	Year ended 31-Mar-2018	Period ended March 31, 2017
<b>19 Revenue from operations</b>		
Sale of Products	74,283,998	1,570,163
	<b>74,283,998</b>	<b>1,570,163</b>
<b>20 (a) Purchases of traded goods</b>		
Purchase of Stock-in-Trade	91,562,500	115,835,864
	<b>91,562,500</b>	<b>115,835,864</b>
<b>20 (b) (Increase) / Decrease in inventories of traded goods</b>		
Opening Stock-in-Trade	115,403,144	-
Closing Stock-in-Trade	175,032,791	115,403,144
	<b>(59,629,647)</b>	<b>(115,403,144)</b>
<p>During the period ended March 31, 2018, There are no amounts which was recognised as an expense to bring the inventories to record them at Net Realisable Value.</p>		
<b>21 Employee benefit expenses</b>		
Salaries, wages and bonus	14,738,499	2,534,324
Contribution to provident and other funds	993,462	126,937
Gratuity expense (also refer note 29)	99,260	-
Staff welfare	235,688	182,712
	<b>16,066,909</b>	<b>2,843,973</b>
<b>22 Sales and marketing expenses</b>		
Business promotion and advertisement	9,458,606	4,884,981
	<b>9,458,606</b>	<b>4,884,981</b>
<b>23 Other Expenses</b>		
Rent	14,766,959	888,323
Rates & Taxes	1,761,715	752,426
Repairs and maintenance		
- buildings	4,558,759	753,212
- others	6,881,496	369,553
Communications	177,728	48,270
Printing and stationery	788,435	252,992
Travelling and conveyance	2,969,293	11,246,479
Legal, and professional fees (Refer note below for details of payment to auditor)	15,927,763	6,879,433
Insurance	78,413	133,062
Power and fuel	1,010,210	6,813
Bank charges	167,553	126,732
Miscellaneous expenses	398,936	11,370
	<b>49,487,260</b>	<b>21,468,665</b>
<b>Payment to auditor</b>		
<u>As auditor</u>		
Audit fees	250,000	250,000
<b>24 Depreciation and amortization expense</b>		
Depreciation of Property, Plant and Equipment	1,179,737	90,100
	<b>1,179,737</b>	<b>90,100</b>
<b>25 Finance Income</b>		
Interest income on Bank Deposits	-	7,249
	-	<b>7,249</b>
<b>26 Finance Costs</b>		
Interest on Borrowings	31,864,671	7,094,422
	<b>31,864,671</b>	<b>7,094,422</b>

**SpiceJet Merchandise Private Limited**  
**Notes to the Financial Statements for the year ended March 31, 2018**  
*(All amounts are in Indian Rupees, unless otherwise stated)*

**27. Earnings per share ('EPS')**

a. 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.

b. 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:

Particulars	Year ended March 31, 2018	Period ended March 31, 2017
Profit after Tax	(65,706,038)	(35,237,449)
Weighted Average Number of Shares		
- Basic	10,000	7,041
- Diluted	10,000	7,041
Earnings per Share of INR 10 each		
- Basic	(6,570.60)	(5,004.61)
- Diluted	(6,570.60)	(5,004.61)

**28. 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 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).

**SpiceJet Merchandise Private Limited**  
**Notes to the Financial Statements for the year ended March 31, 2018**  
*(All amounts are in Indian Rupees, unless otherwise stated)*

**29. 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 Rs. 2.00 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, 2018	Period ended March 31, 2017
<b>A.</b>	<b>Change in defined benefit obligation ('DBO')</b>		
1	Defined benefit obligation at the beginning of the period	-	-
2	Service cost		
	a. Current service cost	90,279	-
3	Interest expenses	645	-
4	Cash flows		
	a. Benefits paid	-	-
5	Remeasurements		
	a. Effect of changes in financial assumption	10,319	-
	b. Effect of experience adjustments	-	-
6	Defined benefit obligation at the end of the period	101,243	-

Particulars		Year ended March 31, 2018	Period ended March 31, 2017
<b>B.</b>	<b>Amounts recognized in Balance Sheet</b>		
1	Defined benefit obligation	109,579	-
2	Fair value of plan assets	-	-
3	Funded status	-	-
4	Net defined benefit liability / (asset)	109,579	-

Particulars		Year ended March 31, 2018	Period ended March 31, 2017
<b>C.</b>	<b>Components of defined benefit cost</b>		
1	Service cost		
	a. Current service cost	90,279	-
2	Net interest cost		
	a. Interest expense on DBO	644	-
	b. Interest (income) on plan assets	-	-
	c. Total net interest cost	644	-
3	Remeasurements (recognized in OCI)		
	a. Effect of changes in Financial assumption	10,319	-
	b. Effect of changes in experience adjustments	-	-
	c. (Return) on plan assets (excluding interest income)	-	-
4	Total defined benefit cost recognized in P&L and OCI	101,242	-

Particulars		Year ended March 31, 2018	Period ended March 31, 2017
<b>D.</b>	<b>Re-measurement</b>		
	a. Actuarial Loss/ (Gain) on DBO	10,319	-
	b. Returns above interest income	-	-
	Total remeasurements (OCI)	10,319	-

Particulars		Year ended March 31, 2018	Period ended March 31, 2017
<b>E.</b>	<b>Employer expense (P&amp;L)</b>		
	a. Current service cost	90,279	-
	b. Interest cost on net DBO	644	-
	c. Total P&L expenses	90,923	-

**SpiceJet Merchandise Private Limited**  
**Notes to the Financial Statements for the year ended March 31, 2018**  
*(All amounts are in Indian Rupees, unless otherwise stated)*

Particulars		Year ended March 31, 2018	Period ended March 31, 2017
<b>F.</b>	<b>Net defined benefit liability (asset) reconciliation</b>		
1	Net defined benefit liability (asset)	-	-
2	Defined benefit cost included in P&L	90,923	-
3	Total remeasurements included in OCI	10,319	-
4	a. Employer contribution	-	-
5	Net defined benefit liability (asset) as at end of period	101,242	-

Particulars		Year ended March 31, 2018	Period ended March 31, 2017
<b>G.</b>	<b>Reconciliation on OCI (Re-measurement)</b>		
1	Recognized in OCI during the period	10,319	-
2	Recognized in OCI at the end of the period	10,319	-

Particulars		Year ended March 31, 2018	Period ended March 31, 2017
<b>H.</b>	<b>Sensitivity analysis- DBO end of period</b>		
1	Discount rate + 100 Basis points	94,949	-
2	Discount rate - 100 Basis points	127,450	-
3	Salary increase rate + 0.1%	127,030	-
4	Salary increase rate - 0.1%	95,059	-

Particulars		Year ended March 31, 2018	Period ended March 31, 2017
<b>I.</b>	<b>Significant actuarial assumption</b>		
1	Discount rate current year	7.73%	-
2	Salary increase rate	6.00%	-
3	Pre-retirement mortality	5%	-
4	Retirement age	58	-

Particulars		Year ended March 31, 2018	Period ended March 31, 2017
<b>J.</b>	<b>Data</b>		
1	No. of employee's	38	-
2	Average age (years)	30.00	-
3	Average past service	0.87	-
4	Average monthly salary	10,693	-
5	Future service (years)	28	-
6	Weighted average duration of DBO	14.95	-

Particulars		Year ended March 31, 2018	Period ended March 31, 2017
<b>K.</b>	<b>Expected total benefit payments</b>		
	Within the next 12 months (next annual reporting period)	216	-
	Between 2 and 5 years	825	-
	Beyond 5 years	108,538	-

Particulars		Year ended March 31, 2018	Period ended March 31, 2017
<b>L.</b>	<b>Defined benefit obligation at the end of the year</b>		
1	Current obligation	216	-
2	Non-current obligation	109,363	-

Particulars		Year ended March 31, 2018	Period ended March 31, 2017
	<b>Summary</b>		
1	Defined benefit obligation at end of the period	109,579	-
2	Fair value plan assets at end of the period	-	-
3	Net defined benefit liability/ (asset)	109,579	-
4	Defined benefit cost included in P&L	90,924	-
5	Total remeasurement included in OCI	10,319	-
6	Total defined benefit cost recognized in P&L and OCI	101,243	-

**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, 2018	Period ended March 31, 2017
Discount rate	7.73%	0%
Future salary increase	6.00%	0%

**SpiceJet Merchandise Private Limited**  
**Notes to the Financial Statements for the year ended March 31, 2018**  
*(All amounts are in Indian Rupees, unless otherwise stated)*

**c. Contributions to defined contribution plan**

During the year, the company recognized Rs. 658,176 (Previous year- Rs. 107,440) to Provident Fund under defined contribution plan and Rs. 335,286 (Previous year - Rs. 19,497) for contributions to Employee State Insurance scheme in the Statement of profit & loss.

**30. 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.

**31. Income Tax Expense**

The major components of income tax expense for the year ended March 31, 2018 and period ended March 31, 2017 are:

**Profit or loss section**

Particulars	Year ended March 31, 2018	Period ended March 31, 2017
<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>

The Company does not have taxable profits per the provisions of the Income Tax Act 1961, accordingly there are no income tax expenses accounted for in the current year.

**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 Rs.16,919,305 as at March 31, 2018 (Rs.10,525,426 as at March 31, 2017).

Particulars	Year ended March 31, 2018	Period ended March 31, 2017
Deferred Tax liability	(56,012)	(99,218)
Deferred Tax asset	56,012	99,218
<b>Net Deferred Tax asset/ (liability)</b>	<b>-</b>	<b>-</b>

Year ended March 31, 2018	Opening	Recognised in profit or loss	Recognised in OCI	Closing Balance
Property, plant & equipment	(99,218)	43,206	-	(56,012)
Tax losses	99,218	(43,206)	-	56,012
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Period ended March 31, 2017	Opening	Recognised in profit or loss	Recognised in OCI	Closing Balance
Property, plant & equipment	-	(99,218)	-	(99,218)
Tax losses	-	99,218	-	99,218
<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	Year ended March 31, 2018	Period ended March 31, 2017
Unused Tax losses *	35,519,536	-
Unabsorbed Tax depreciation #	-	-
<b>Net Deferred Tax asset/ (liability)</b>	<b>35,519,536</b>	<b>-</b>

**# Unabsorbed depreciation does not have any expiry period under the Income Tax Act, 1961**

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.

**SpiceJet Merchandise Private Limited**  
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**32. Related party transactions**

Relationship	Name of the Related Party
Holding Company	SpiceJet Limited
Fellow Subsidiary	SpiceJet Technic Private Limited Canvin Real Estate Private Limited
Key Managerial Personnel	Ajay Singh, Director Shiwani Singh, Director
Enterprises over which parties above or their relatives have control / significant influence ('Affiliates')	Crosslink Finlease Private Limited
	Greenline Transit System Private Limited
	Intel Constructions Private Limited
	One City, Promoters Private Limited
	Indiverse Broadband Private Limited
	Smartnagar Digital Ventures Private Limited
	Smartnagar Broadband Networks Private Limited
	Starbus Services Private Limited
	Argentum Engineering Design Private Limited
	Argentum Electric Vehicles Private Limited
	i2n Technologies Private Limited
	Greenline Communication Private Limited
	Pan India Motors Private Limited
Multipurpose Trading and Agencies Limited	

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

Particulars	Year ended March 31, 2018	Period ended March 31, 2017
<b>SpiceJet Limited</b>		
<i>Transactions during the year:</i>		
Contribution towards Share Capital	-	100,000
Long Term Borrowings	59,110,000	190,332,426
Interest paid on Borrowings	30,460,000	7,094,422
Sale of Products	29,855,026	610,554
<i>Balances outstanding as at the period end:</i>		
Borrowings	249,442,426	190,332,426
Interest Accrued	37,547,525	6,384,980
Accounts Payable	25,171,925	15,350,198
Accounts Receivable	-	610,554

**33. 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.

Particulars	Carrying Amount		Fair Value	
	Year ended March 31, 2018	Period ended March 31, 2017	Year ended March 31, 2018	Period ended March 31, 2017
<b>Financial Liabilities (Non-current and Current)</b>				
Borrowings	249,442,426	190,332,426	249,442,426	190,332,426
<b>Total</b>	<b>249,442,426</b>	<b>190,332,426</b>	<b>249,442,426</b>	<b>190,332,426</b>

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, 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 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:



**SpiceJet Merchandise Private Limited**  
**Notes to the Financial Statements for the year ended March 31, 2018**  
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**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, 2018 and March 31, 2017.

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, 2018.

**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.

*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, 2018 would decrease/increase by Rs.117,044 (March 31, 2017: decrease/increase by Rs 832,496).

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 trading of goods.

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 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 Company constantly monitors funding options available in the debt markets with a view to maintaining financial flexibility.

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

Particulars	Year ended March 31, 2018		Period ended March 31, 2017	
	Less than 1 Year	Above 1 Year	Less than 1 Year	Above 1 Year
<b>Financial Liabilities (Non-current and Current)</b>				
Borrowings	-	249,442,426	-	190,332,426
Other financial liabilities	8,467	37,547,525	36,372	6,384,980
Trade Payables	26,411,574	-	28,202,927	-
<b>Total</b>	<b>26,420,041</b>	<b>286,989,951</b>	<b>28,239,299</b>	<b>196,717,406</b>

**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 through internal accruals, nonconvertible debentures, external commercial borrowings 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.

**SpiceJet Merchandise Private Limited**  
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The following table summarizes the capital of the Company:

Particulars	As at March 31, 2018	As at March 31, 2017
Borrowings - Long Term	249,442,426	190,332,426
<b>Total Debt</b>	<b>249,442,426</b>	<b>190,332,426</b>
Equity Share Capital	100,000	100,000
Other Equity	(100,953,806)	(35,237,449)
<b>Total Equity</b>	<b>(100,853,806)</b>	<b>(35,137,449)</b>
<b>Net debt to total equity ratio</b>	<b>(2.47)</b>	<b>(5.42)</b>

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2018 and period ended March 31, 2017.

**36. Prior period comparatives**

Prior year comparative amounts in these financial statements have been reclassified wherever applicable to conform to current year's presentation.

**37. 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 Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard:

**Ind AS 115 Revenue from Contracts with Customers**

Ind AS 115 was issued on 28 March 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 April 2018. The Company plans to adopt the new standard on the required effective date using the modified method.

**(a) Sale of goods**

For contracts with customers in which the sale of inventory is generally expected to be the only performance obligation, adoption of Ind AS 115 is not expected to have any impact on the Company's revenue and profit or loss. The Company expects the revenue recognition to occur at a point in time when control of the inventory held for trade is transferred to the customer, generally on delivery of the goods.

**Amendments to Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses**

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after 1 April 2018. These amendments are not expected to have any impact on the Company, as the Company has significant tax losses and consequently there are no assets that are in the scope of the amendments.

**Amendments to Ind AS 112 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in Ind AS 112**

The amendments clarify that disclosure requirements for interests in other entities also apply to interests that are classified (or included in a disposal group that is classified) as held for sale or as discontinued operations in accordance with Ind AS 105, Non-current Asset Held for Sale and Discontinued Operations.

The amendments are effective for annual periods beginning on or after 1 April 2018. The Company will apply amendments when they become effective.

**Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Consideration**

The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

**SpiceJet Merchandise Private Limited**  
**Notes to the Financial Statements for the year ended March 31, 2018**  
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Entities may apply the Appendix requirements on a fully retrospective basis. Alternatively, an entity may apply these requirements prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

- (i) The beginning of the reporting period in which the entity first applies the Appendix, or
- (ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the Appendix.

The Appendix is effective for annual periods beginning on or after 1 April 2018. The Company is analysing the changes and impact as applicable from financial year 2018-19.

**38. Events after the reporting period**

The financials have been approved by the Board of Directors on May 11, 2018 and there have been no significant events after the reporting period till such date.

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: Gurugram  
Date: May 11, 2018

**Sd/-**  
**Ajay Singh**  
Director

Place: Gurugram  
Date: May 11, 2018

**Sd/-**  
**Shiwani Singh**  
Director

Place: Gurugram  
Date: May 11, 2018