

**SpiceJet Merchandise Private Limited**

**Balance Sheet as at March 31, 2020**

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

	Notes	As at March 31, 2020	As at March 31, 2019
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property Plant and Equipment ('PPE')	3	3,656,690	4,881,251
Right of use assets	3a	7,317,589	-
Financial Assets			
(i) Other Financial Assets	4	5,860,800	4,978,380
<b>Total Non-Current Assets</b>		<b>16,835,079</b>	<b>9,859,631</b>
<b>Current Assets</b>			
Inventories	5	66,161,759	65,414,165
Financial Assets			
(i) Trade Receivables	6	54,446,218	38,516,576
(ii) Cash and cash equivalents	7	9,148,230	16,024,655
(iii) Other financial assets	8	97,234	7,249
Other current assets	9	25,792,289	9,329,974
<b>Total Current Assets</b>		<b>155,645,730</b>	<b>129,292,619</b>
<b>TOTAL ASSETS</b>		<b>172,480,809</b>	<b>139,152,250</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	10	100,000	100,000
Other Equity	11		
(i) Retained earnings		(220,003,321)	(198,910,373)
(ii) Other reserves		67,451	43,061
<b>Total Equity</b>		<b>(219,835,870)</b>	<b>(198,767,312)</b>
<b>Non-Current Liabilities</b>			
Financial Liabilities			
(i) Borrowings	12	257,280,003	249,780,003
(ii) Lease Liability	13	7,964,988	-
(ii) Other financial liabilities	14	101,596,147	69,394,476
Long-term Provisions	15	209,153	138,309
<b>Total Non-Current Liabilities</b>		<b>367,050,291</b>	<b>319,312,788</b>
<b>Current Liabilities</b>			
Financial Liabilities			
(i) Trade Payables	16		
- total outstanding dues of micro enterprises and small enterprises		-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		21,018,200	17,725,700
(ii) Lease Liability	17	1,022,102	-
(ii) Other financial liabilities	18	1,126,618	29,033
Short-term provisions	19	207,737	132,543
Other Current Liabilities	20	1,891,731	719,498
<b>Total Current Liabilities</b>		<b>25,266,388</b>	<b>18,606,774</b>
<b>Total Liabilities</b>		<b>392,316,679</b>	<b>337,919,562</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>172,480,809</b>	<b>139,152,250</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

Place: Gurugram

Date: July 29, 2020

Sd/-

**Ajay Singh**

Director

DIN No: 01360684

Place: Gurugram

Date: July 29, 2020

Sd/-

**Shiwani Singh**

Director

DIN No: 05229788

Place: Gurugram

Date: July 29, 2020

**SpiceJet Merchandise Private Limited**  
**Statement of Profit and Loss for the year ended March 31, 2020**  
*(All amounts are in Indian Rupees, unless otherwise stated)*

	Notes	Year Ended March 31, 2020	Year Ended March 31, 2019
<b>Revenue from operations</b>			
Revenue from contract with Customers	21	191,758,750	97,471,036
<b>Total Income</b>		<b>191,758,750</b>	<b>97,471,036</b>
<b>Expenses</b>			
Purchases of traded goods	22 (a)	126,749,019	3,876,531
(Increase) / Decrease in inventories of traded goods	22 (b)	(747,594)	109,618,626
Employee benefit expenses	23	12,247,081	10,671,515
Sales and Marketing Expenses	24	9,175,316	6,769,087
Other expenses	25	28,769,857	31,342,713
<b>Total Expenses</b>		<b>176,193,679</b>	<b>162,278,472</b>
<b>Earnings before interest, tax, depreciation and amortization (EBITDA)</b>		<b>15,565,071</b>	<b>(64,807,436)</b>
Depreciation and amortization expense	26	(2,367,331)	(1,289,563)
Finance Income	27	89,985	-
Finance costs	28	(33,392,265)	(31,869,887)
<b>Profit / (Loss) Before Tax</b>		<b>(20,104,540)</b>	<b>(97,966,886)</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>(20,104,540)</b>	<b>(97,966,886)</b>
<b>Other Comprehensive Income / (Loss) for the period, Net of Tax (B)</b>		<b>24,390</b>	<b>53,380</b>
<b>Total Comprehensive Income / (Loss) for the period, Net of Tax (A) + (B)</b>		<b>(20,080,150)</b>	<b>(97,913,506)</b>
Earnings per equity share of INR 10 each	29	(2,010.45)	(9,796.69)
Diluted		(2,010.45)	(9,796.69)
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  
DIN No: 01360684

Sd/-  
**Shiwani Singh**  
Director  
DIN No: 05229788

Place: Gurugram  
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**SpiceJet Merchandise Private Limited**  
**Cash flow statement for the year ended March 31, 2020**  
*(All amounts are in Indian Rupees, unless otherwise stated)*

	Year ended March 31, 2020	Year ended March 31, 2019
<b>A. Cash flow from operating activities</b>		
(Loss) before tax	(20,080,150)	(97,966,886)
<b>Adjustments to reconcile:</b>		
Depreciation and Amortisation	2,367,331	1,289,563
Interest income	(89,985)	-
Interest expense	33,392,265	31,869,887
	<b>15,589,461</b>	<b>(64,807,436)</b>
<b>Movements in working capital :</b>		
(Increase) / Decrease in trade receivables	(15,929,642)	(31,932,522)
(Increase) / Decrease in inventories	(747,594)	109,618,626
(Increase) / Decrease in other financial assets	(882,420)	-
(Increase) / Decrease in other current assets	(16,462,315)	264,833
Increase / (Decrease) in trade payables	3,292,500	(5,777,022)
Increase / (Decrease) in other financial liabilities	1,097,585	20,566
Increase / (Decrease) in provisions	146,038	214,654
Increase / (Decrease) in other liabilities	1,172,233	96,523
<b>Cash generated from operations</b>	<b>(12,724,154)</b>	<b>7,698,222</b>
Income Tax Paid	-	-
<b>Net Cash Flow from Operating Activity</b>	<b>A (12,724,154)</b>	<b>7,698,222</b>
<b>B. Cash flow from investing activities</b>		
Purchase of Property, Plant and Equipment, capital work in progress (including capital advances)	(2,364)	(96,500)
<b>Net Cash used in Investing Activity</b>	<b>B (2,364)</b>	<b>(96,500)</b>
<b>C. Cash flow from financing activities</b>		
Loans from holding company	7,500,000	337,577
Interest paid on Borrowings	(20,861)	(22,936)
Repayment of lease liability	(1,629,045)	-
<b>Net cash from financing activities</b>	<b>C 5,850,094</b>	<b>314,641</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>A+B+C (6,876,424)</b>	<b>7,916,364</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>16,024,655</b>	<b>8,108,291</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>9,148,230</b>	<b>16,024,655</b>
Notes :		
Components of cash and cash equivalents		
On current accounts	9,148,230	16,024,655
Cash on hand	-	-
<b>Total cash and cash equivalents (Note 7)</b>	<b>9,148,230</b>	<b>16,024,655</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: July 29, 2020

Sd/-  
**Ajay Singh**  
Director  
DIN: 01360684  
Place: Gurugram  
Date: July 29, 2020

Sd/-  
**Shiwani Singh**  
Director  
DIN: 05229788  
Place: Gurugram  
Date: July 29, 2020

**SpiceJet Merchandise Private Limited**  
**Statement of Changes in Equity for the year ended 31 March 2020**  
*(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 March 31, 2019	10,000	100,000
<b>As at March 31, 2020</b>	<b>10,000</b>	<b>100,000</b>

**b. Other Equity**

**For the year ended March 31, 2020**

Particulars	Retained Earnings	Other Comprehensive Income	Total Equity
<b>As at April 01, 2019</b>	(198,910,373)	43,061	(198,867,312)
Impact of Ind AS 116 - Leases (Refer to Note 32)	(988,408)	-	(988,408)
Profit / (Loss) for the period	(20,104,540)	-	(20,104,540)
Other Comprehensive Income for the period	-	24,390	24,390
<b>As at March 31, 2020</b>	<b>(220,003,321)</b>	<b>67,451</b>	<b>(219,935,870)</b>

**For the year ended March 31, 2019**

Particulars	Retained Earnings	Other Comprehensive Income	Total Equity
<b>As at April 01, 2018</b>	(100,943,487)	(10,319)	(100,953,806)
Profit / (Loss) for the period	(97,966,886)	-	(97,966,886)
Other Comprehensive Income for the period	-	53,380	53,380
<b>As at March 31, 2019</b>	<b>(198,910,373)</b>	<b>43,061</b>	<b>(198,867,312)</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**  
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Place: Gurugram  
 Date: July 29, 2020

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## **SpiceJet Merchandise Private Limited**

### **Notes to the Financial Statements for the Year ended March 31, 2020**

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

#### **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 Khasra No. 419/420, Village Rangpuri, New Delhi, South West Delhi- 1100375. The company was incorporated on July 18, 2016 (CIN - U52520DL2016PTC303136) under the Companies Act, 2013. The Company is principally engaged in the business of Trading of Goods.

The financial statements were authorised for issue in accordance with a resolution of the directors on July 29, 2020.

#### **2 A. Summary of significant accounting policies**

##### **a) Basis of Preparation**

The financial statements of the Company for the year ended March 31, 2020 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 (INR) and all values are rounded to the nearest rupee, except when otherwise indicated.

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:

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

##### **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.

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.

**SpiceJet Merchandise Private Limited**

**Notes to the Financial Statements for the Year ended March 31, 2020**

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

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.

**d) 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 Companies 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.

**SpiceJet Merchandise Private Limited****Notes to the Financial Statements for the Year ended March 31, 2020**

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

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.

**e) 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.

**f) 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.

**SpiceJet Merchandise Private Limited**

**Notes to the Financial Statements for the Year ended March 31, 2020**

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

**g) 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.

**h) 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.

**i) 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.

**j) 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.

**SpiceJet Merchandise Private Limited**  
**Notes to the Financial Statements for the Year ended March 31, 2020**  
(All amounts are in Indian Rupees, unless otherwise stated)

**k) 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.

**l) Leases**

With effect from April 01, 2019, the Company has adopted Ind AS 116, 'Leases' retrospectively with the cumulative effect of initially applying the standard, recognised as an adjustment to the opening balance of retained earnings as on the date of initial application (April 01, 2019). Accordingly, the Company is not required to restate the comparative information for the year ended March 31, 2019.

The Company's lease asset classes primarily consist of leases for buildings. The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Company as a lessee**

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**i) Right-of-use assets**

At the commencement date, the right of use assets is measured at cost. The cost includes an amount equal to the lease liabilities plus any lease payments made before the commencement date and any initial direct costs.

After the commencement date, the right of use assets is measured in accordance with the accounting policy for property, plant and equipment i.e. right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Buildings - 9 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 2(A)(d) Impairment of non-financial assets.

**ii) Lease Liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

**SpiceJet Merchandise Private Limited**  
**Notes to the Financial Statements for the Year ended March 31, 2020**  
(All amounts are in Indian Rupees, unless otherwise stated)

**iii) Lease Term**

At the commencement date, the Company determines the lease term which represents non-cancellable period of initial lease for which the asset is expected to be used, together with the periods covered by an option to extend or terminate the lease, if the Company is reasonably certain at the commencement date to exercise the extension or termination option.

**iv) Short-term leases and leases of low-value assets**

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term or another systematic basis which is more representative of the pattern of use of underlying asset.

**Company as a lessor**

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

**Accounting standard effective till March 31, 2019, Ind AS 17 - Leases**

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

**Where the Company is a lessee**

A lease is classified at the inception date as a finance lease or an operating lease. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

**m) 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.

**n) 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

**SpiceJet Merchandise Private Limited**

**Notes to the Financial Statements for the Year ended March 31, 2020**

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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.

**o) 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.

## SpiceJet Merchandise Private Limited

### Notes to the Financial Statements for the Year ended March 31, 2020

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

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).

#### p) Financial Instruments

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

#### Financial Assets

##### Initial recognition and measurement

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

##### Subsequent measurement

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

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

##### Debt instruments at amortised cost

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

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

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at 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, 2020

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

#### 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.

**SpiceJet Merchandise Private Limited**  
**Notes to the Financial Statements for the Year ended March 31, 2020**  
(All amounts are in Indian Rupees, unless otherwise stated)

**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.

**q) 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.

**r) 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 Year ended March 31, 2020**  
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**B) Changes in accounting policies and disclosures**

**New and amended standards**

The Company applied Ind AS 116 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Several other amendments apply for the first time for the year ending March 31, 2019, but do not have an impact on the standalone financial statements of the Company. The Company has not early adopted any standards, amendments that have been issued but are not yet effective/notified.

**Ind AS 116 Leases**

Ind AS 116 supersedes Ind AS 17 Leases including its appendices (Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease, Appendix A of Ind AS 17 Operating Leases-Incentives and Appendix B of Ind AS 17 Evaluating the Substance of Transactions Involving the Legal Form of a Lease). The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The Company has applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application (i.e. April 01, 2019). Accordingly, the Company has not restated comparative information; instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on April 01, 2019.

**Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment**

The appendix addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 Income Taxes. It does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Appendix specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Appendix did not have an impact on the standalone financial statements of the Company.

**Amendments to Ind AS 109: Prepayment Features with Negative Compensation**

Under Ind AS 109, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to Ind AS 109 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments had no impact on the standalone financial statements of the Company.

**SpiceJet Merchandise Private Limited**

**Notes to the Financial Statements for the Year ended March 31, 2020**

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

**Amendments to Ind AS 19: Plan Amendment, Curtailment or Settlement**

The amendments to Ind AS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments had no impact on the standalone financial statements of the Company as it did not have any plan amendments, curtailments, or settlements during the period.

**Amendments to Ind AS 28: Long-term interests in associates and joint ventures**

The amendments clarify that an entity applies Ind AS 109 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in Ind AS 109 applies to such long-term interests.

The amendments also clarified that, in applying Ind AS 109, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying Ind AS 28 Investments in Associates and Joint Ventures.

These amendments had no impact on the standalone financial statements as the Company does not have long-term interests in its associate and joint venture.

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

Particulars	Plant & Machinery	Office Equipment	Computers	Furniture & Fixtures	Leaschold Improvements	Software	Total
<b>Gross Block</b>							
As at April 01, 2018	2,662,565	2,666,596	1,066,276	377,635	556,905	14,175	7,344,152
Additions	38,150	34,890	-	-	-	23,460	96,500
Disposals	-	-	-	-	-	-	-
<b>At March 31, 2019</b>	<b>2,700,715</b>	<b>2,701,486</b>	<b>1,066,276</b>	<b>377,635</b>	<b>556,905</b>	<b>37,635</b>	<b>7,440,652</b>
Additions	-	2,364	-	-	-	-	2,364
Disposals	-	-	-	-	-	-	-
<b>At March 31, 2020</b>	<b>2,700,715</b>	<b>2,703,850</b>	<b>1,066,276</b>	<b>377,635</b>	<b>556,905</b>	<b>37,635</b>	<b>7,443,016</b>
<b>Accumulated Depreciation</b>							
As at April 01, 2018	107,242	465,212	359,406	108,505	225,925	3,547	1,269,837
Charge for the period	179,031	530,277	355,389	29,447	185,617	9,803	1,289,565
Disposals	-	-	-	-	-	-	-
<b>At March 31, 2019</b>	<b>286,273</b>	<b>995,489</b>	<b>714,795</b>	<b>137,952</b>	<b>411,542</b>	<b>13,350</b>	<b>2,559,401</b>
Charge for the period	180,632	531,573	327,251	29,528	145,365	12,577	1,226,925
Disposals	-	-	-	-	-	-	-
<b>At March 31, 2020</b>	<b>466,905</b>	<b>1,527,062</b>	<b>1,042,046</b>	<b>167,480</b>	<b>556,906</b>	<b>25,926</b>	<b>3,786,326</b>
<b>Net Block</b>							
At March 31, 2019	2,414,442	1,705,997	351,481	239,683	145,363	24,285	4,881,251
At March 31, 2020	2,233,810	1,176,788	24,230	210,155	(1)	11,709	3,656,690

**SpiceJet Merchandise Private Limited**  
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**Note 3a - Right of use assets**

	<b>Buildings</b>	<b>Total</b>
<b>Cost or valuation</b>		
As at 1 April 2019 on account of adoption of Ind AS 116 (Refer to Note 32)	8,457,992	8,457,992
Reclassified on account of adoption of Ind AS 116 (Refer to Note 32)	-	-
Additions	-	-
Disposals	-	-
<b>Balance as at March 31, 2020</b>	<b>8,457,992</b>	<b>8,457,992</b>
<b>Accumulated depreciation</b>		
As at 1 April 2019 on account of adoption of Ind AS 116 (Refer to Note 32)	-	-
Depreciation for the year	1,140,403	1,140,403
Depreciation on disposals	-	-
<b>Balance as at March 31, 2020</b>	<b>1,140,403</b>	<b>1,140,403</b>
<b>Net carrying value as at March 31, 2020</b>	<b>7,317,589</b>	<b>7,317,589</b>

**SpiceJet Merchandise Private Limited**  
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	As at March 31, 2020	As at March 31, 2019
<b>4 Other Non-Current Financial Assets</b>		
<i>(Considered Good, Unsecured unless stated otherwise)</i>		
Security deposits	5,460,800	4,578,380
Non-current bank balances	400,000	400,000
	<b>5,860,800</b>	<b>4,978,380</b>

**5 Inventories**

*(Lower of Cost and estimated Net Realisable Value)*

Stock in Trade	66,161,759	65,414,165
	<b>66,161,759</b>	<b>65,414,165</b>

During the period ended March 31, 2020, there are no amounts which was recognised as an expense to bring the inventories to record them at Net Realisable Value (March 31, 2019 - 65,414,165).

**6 Trade Receivables**

*(Considered Good, Unsecured unless stated otherwise)*

Trade receivables	54,446,218	38,516,576
	<b>54,446,218</b>	<b>38,516,576</b>

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

**7 Cash and cash equivalents**

Balances with banks:

- On current accounts	9,148,230	16,024,655
	<b>9,148,230</b>	<b>16,024,655</b>

**Other Bank Balances**

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>9,148,230</b>	<b>16,024,655</b>

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

**Changes in liabilities arising from financing activities**

Particulars	April 01, 2019	Cash Flow	Others	March 31, 2020
Finance Cost	69,394,476	(20,861)	32,222,532	101,596,147
Non-current borrowings	249,780,003	7,500,000	-	257,280,003
Lease liability	9,446,400	(1,629,045)	1,169,735	8,987,090
<b>Total liabilities from financing activities</b>	<b>328,620,879</b>	<b>5,850,094</b>	<b>33,392,267</b>	<b>367,863,240</b>

Particulars	April 01, 2018	Cash Flow	Others	March 31, 2019
Finance Cost	37,547,525	(22,936)	31,869,887	69,394,476
Non-current borrowings	249,442,426	337,577	-	249,780,003
Lease liability	-	-	-	-
<b>Total liabilities from financing activities</b>	<b>286,989,951</b>	<b>314,641</b>	<b>31,869,887</b>	<b>319,174,479</b>

**8 Other Current Financial Assets**

*(Considered Good, Unsecured unless stated otherwise)*

Interest accrued on fixed deposits	97,234	7,249
	<b>97,234</b>	<b>7,249</b>

**9 Other current assets**

*(Considered Good, Unsecured unless stated otherwise)*

Prepaid expenses	2,219,002	631,770
Balance with Government authorities	-	2,760,496
Advance to Suppliers	23,573,287	5,937,708
	<b>25,792,289</b>	<b>9,329,974</b>

SpiceJet Merchandise Private Limited  
Notes to the Financial Statements for the year ended March 31, 2020  
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	As at March 31, 2020	As at March 31, 2019
<b>10 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>

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

Particulars	As at March 31, 2020		As at March 31, 2019	
	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, 2020		As at March 31, 2019	
	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, 2020		As at March 31, 2019	
	No of Shares	Amount	No of Shares	Amount
SpiceJet Limited	10,000	100.00%	10,000	100.00%

11 Other Equity

Retained Earnings	(218,971,852)	(198,920,692)
Other Comprehensive Income	24,390	53,380
	<b>(218,947,462)</b>	<b>(198,867,312)</b>

12 Long Term Borrowings

(Unsecured - At Amortised Cost)

Term Loan from Related Parties	257,280,003	249,780,003
	<b>257,280,003</b>	<b>249,780,003</b>

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

**SpiceJet Merchandise Private Limited**  
**Notes to the Financial Statements for the year ended March 31, 2020**  
*(All amounts are in Indian Rupees, unless otherwise stated)*

	As at March 31, 2020	As at March 31, 2019
<b>13 Non Current Lease Liabilities</b>		
Lease liability	7,964,988	-
	<b>7,964,988</b>	<b>-</b>
<b>14 Other Non-Current Financial Liabilities</b> <i>(At Amortised Cost)</i>		
Interest accrued but not due on borrowings	101,596,147	69,394,476
	<b>101,596,147</b>	<b>69,394,476</b>
<b>15 Long Term Provisions</b>		
Provision for gratuity (also refer note 31)	209,153	138,309
	<b>209,153</b>	<b>138,309</b>
<b>16 Trade Payables</b> <i>(Unsecured, At Amortised Cost)</i>		
Trade Payables		
'- total outstanding dues of micro enterprises and small enterprises	-	-
'- total outstanding dues of creditors other than micro enterprises and small enterprises	21,018,200	17,725,700
	<b>21,018,200</b>	<b>17,725,700</b>
<p>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.</p>		
<p><b>Terms and conditions of the above financial liabilities:</b>            Trade payables are non interest bearing and carry a credit period generally between 30 and 90 days</p>		
<b>17 Current Lease Liabilities</b>		
Lease liability	1,022,102	-
	<b>1,022,102</b>	<b>-</b>
<b>18 Other current financial liabilities</b> <i>(At Amortised Cost)</i>		
Employee compensation payable	1,126,618	29,033
	<b>1,126,618</b>	<b>29,033</b>
<b>19 Short-term provisions</b>		
Provision for compensated absences	207,737	132,543
	<b>207,737</b>	<b>132,543</b>
<b>20 Other Current Liabilities</b>		
Statutory dues (including interest thereon)	1,891,731	719,498
	<b>1,891,731</b>	<b>719,498</b>

**SpiceJet Merchandise Private Limited**  
**Notes to the Financial Statements for the year ended March 31, 2020**  
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	Year ended 31-Mar-2020	Year ended 31-Mar-2019
<b>21 Revenue from operations</b>		
Sale of Products	191,361,254	96,962,165
	<b>191,361,254</b>	<b>96,962,165</b>
<b>Other Operating Revenue</b>	397,496	508,871
Commission Income	<b>397,496</b>	<b>508,871</b>
<b>22 (a) Purchases of traded goods</b>		
Purchase of Stock-in-Trade	126,749,019	3,876,531
	<b>126,749,019</b>	<b>3,876,531</b>
<b>22 (b) (Increase) / Decrease in inventories of traded goods</b>		
Opening Stock-in-Trade	65,414,165	175,032,791
Closing Stock-in-Trade	66,161,759	65,414,165
	<b>(747,594)</b>	<b>109,618,626</b>
<p>During the period ended March 31, 2020, there are no amounts which was recognised as an expense to bring the inventories to record them at Net Realisable Value (March 31, 2019 - 65,414,165).</p>		
<b>23 Employee benefit expenses</b>		
Salaries, wages and bonus	11,041,066	9,637,903
Contribution to provident and other funds	843,663	621,706
Gratuity expense (also refer note 31)	95,234	82,110
Compensated absences	75,194	132,543
Staff welfare	116,731	197,253
	<b>12,171,888</b>	<b>10,671,515</b>
<b>24 Sales and marketing expenses</b>		
Business promotion and advertisement	9,175,316	6,769,087
	<b>9,175,316</b>	<b>6,769,087</b>
<b>25 Other Expenses</b>		
Rent	10,448,756	15,391,560
Rates & Taxes	-	80,159
Repairs and maintenance		
- buildings	1,880,178	4,079,786
- others	5,401,322	3,324,398
Communications	128,980	28,488
Printing and stationery	18,718	287,852
Travelling and conveyance	786,610	375,109
Legal, and professional fees (Refer note below for details of payment to auditor)	6,791,222	3,091,882
Insurance	657,853	433,428
Power and fuel	909,873	1,253,920
Bank charges	327,469	93,677
Miscellaneous expenses	1,122,739	2,902,454
Bad debts written off	296,137	-
	<b>28,769,857</b>	<b>31,342,713</b>
<b>Payment to auditor</b>		
<u>As auditor</u>		
Audit fees	250,000	250,000
<b>26 Depreciation and amortization expense</b>		
Depreciation of Property, Plant and Equipment	2,367,331	1,289,563
	<b>2,367,331</b>	<b>1,289,563</b>
<b>27 Finance Income</b>		
Interest income on Bank Deposits	89,985	-
	<b>89,985</b>	<b>-</b>
<b>28 Finance Costs</b>		
Interest on Borrowings	32,222,532	31,869,887
Interest cost on discounting of financial instruments	1,169,733	-
	<b>33,392,265</b>	<b>31,869,887</b>

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**29. 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, 2020	Period ended March 31, 2019
Profit after Tax	(20,104,540)	(97,966,886)
Weighted Average Number of Shares		
- Basic	10,000	10,000
- Diluted	10,000	10,000
Earnings per Share of INR 10 each		
- Basic	(2,010.45)	(9,796.69)
- Diluted	(2,010.45)	(9,796.69)

**30. 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.

**SpiceJet Merchandise Private Limited**  
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**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).

**31. 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, 2020	Period ended March 31, 2019
<b>A.</b>	<b>Change in defined benefit obligation ('DBO')</b>		
1	Defined benefit obligation at the beginning of the period	138,309	109,578
2	Service cost		
	a. Current service cost	85,787	73,585
3	Interest expenses	9,447	8,525
4	Cash flows		
	a. Benefits paid	-	-
5	Remeasurements		
	a. Effect of changes in financial assumption	3,894	(1,058)
	b. Effect of demographic assumption	-	941
	c. Effect of experience on DBO	(28,284)	(53,262)
6	Defined benefit obligation at the end of the period	209,153	138,309

Particulars		Year ended March 31, 2020	Period ended March 31, 2019
<b>B.</b>	<b>Amounts recognized in Balance Sheet</b>		
1	Defined benefit obligation	209,153	138,309
2	Fair value of plan assets	-	-
3	Funded status	-	-
4	Net defined benefit liability / (asset)	209,153	138,309

Particulars		Year ended March 31, 2020	Period ended March 31, 2019
<b>C.</b>	<b>Components of defined benefit cost</b>		
1	Service cost		
	a. Current service cost	85,787	73,585
2	Net interest cost		
	a. Interest expense on DBO	9,447	8,525
	b. Interest (income) on plan assets	-	-
	c. Total net interest cost	9,447	8,525
3	Remeasurements (recognized in OCI)		
	a. Effect of changes in Financial assumption	3,894	(1,058)
	b. Effect of demographic assumption	-	941
	c. Effect of experience on DBO	(28,284)	(53,262)
4	Total defined benefit cost recognized in P&L and OCI	70,844	28,731

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Particulars		Year ended March 31, 2020	Period ended March 31, 2019
<b>D.</b>	<b>Re-measurement</b>		
	a. Actuarial Loss/ (Gain) on DBO	(24,390)	(53,380)
	b. Returns above interest income	-	-
	Total remeasurements (OCI)	(24,390)	(53,380)

Particulars		Year ended March 31, 2020	Period ended March 31, 2019
<b>E.</b>	<b>Employer expense (P&amp;L)</b>		
	a. Current service cost	85,787	73,585
	b. Interest cost on net DBO	9,447	8,525
	c. Total P&L expenses	95,234	82,110

Particulars		Year ended March 31, 2020	Period ended March 31, 2019
<b>F.</b>	<b>Net defined benefit liability (asset) reconciliation</b>		
1	Net defined benefit liability (asset)	138,309	109,578
2	Defined benefit cost included in P&L	95,234	82,110
3	Total remeasurements included in OCI	(24,390)	(53,380)
4	a. Employer contribution	-	-
5	Net defined benefit liability (asset) as at end of period	209,153	138,309

Particulars		Year ended March 31, 2020	Period ended March 31, 2019
<b>G.</b>	<b>Reconciliation on OCI (Re-measurement)</b>		
1	Recognized in OCI during the period	(24,390)	(53,380)
2	Recognized in OCI at the end of the period	(24,390)	(53,380)

Particulars		Year ended March 31, 2020	Period ended March 31, 2019
<b>H.</b>	<b>Sensitivity analysis- DBO end of period</b>		
1	Discount rate + 100 Basis points	180,720	119,174
2	Discount rate - 100 Basis points	243,610	161,603
3	Salary increase rate + 0.1%	243,629	161,587
4	Salary increase rate - 0.1%	180,313	118,921

Particulars		Year ended March 31, 2020	Period ended March 31, 2019
<b>I.</b>	<b>Significant actuarial assumption</b>		
1	Discount rate current year	6.83%	7.78%
2	Salary increase rate	5.00%	5.00%
3	Pre-retirement mortality	5.00%	5.00%
4	Retirement age	58	58

Particulars		Year ended March 31, 2020	Period ended March 31, 2019
<b>J.</b>	<b>Data</b>		
1	No. of employee's	22	24
2	Average age (years)	33.38	31.88
3	Average past service	1.77	1.42
4	Average monthly salary	21,141	12,984
5	Future service (years)	25	26
6	Weighted average duration of DBO	17.87	18.56

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Particulars		Year ended March 31, 2020	Period ended March 31, 2019
<b>K.</b>	<b>Expected total benefit payments</b>		
	Within the next 12 months (next annual reporting period)	424	309
	Between 2 and 5 years	1,786	4,826
	Beyond 5 years	206,943	133,174

Particulars		Year ended March 31, 2020	Period ended March 31, 2019
<b>L.</b>	<b>Defined benefit obligation at the end of the year</b>		
1	Current obligation	424	309
2	Non-current obligation	208,729	138,000

Particulars		Year ended March 31, 2020	Period ended March 31, 2019
	<b>Summary</b>		
1	Defined benefit obligation at end of the period	209,153	138,309
2	Fair value plan assets at end of the period	-	-
3	Net defined benefit liability/ (asset)	209,153	28,730
4	Defined benefit cost included in P&L	95,234	82,110
5	Total remeasurement included in OCI	(24,390)	(53,380)
6	Total defined benefit cost recognized in P&L and OCI	70,844	28,730

**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, 2020	Period ended March 31, 2019
Discount rate	6.83%	7.78%
Future salary increase	5.00%	6.00%

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**c. Contributions to defined contribution plan**

During the year, the company recognized Rs. 751,911 (Previous year- Rs. 453,995) to Provident Fund under defined contribution plan and Rs. 80,534 (Previous year - Rs. 162,481) for contributions to Employee State Insurance scheme in the Statement of profit & loss.

**32. Leases**

Transition to Ind AS 116 - Leases

Ind AS 116 - Leases has replaced the erstwhile leases standard, Ind AS 17 - Leases. It provides a single lessee accounting model, specifying how leases are recognised, measured, presented and disclosed. The lessee recognises right of use (ROU) assets representing its right to use the underlying asset on lease and a lease liabilities representing its obligation to make lease payments.

The standard is applicable from April 01, 2019. The Company has applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application (i.e. April 01, 2019). Accordingly, the Company has not restated comparative information; instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on April 01, 2019. On that date, the Company recognised the lease liabilities measured at the present value of the remaining lease payments. The right of use assets are recognised at their carrying amount, net of incentives received from equipment manufacturer, as if the standard had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as at April 01, 2019. In accordance with the standard, the Company has elected not to apply the requirements of Ind AS 116 to short-term leases and leases for which the underlying asset is of low value.

The Company has used the following practical expedients:

- Single discount rate to a portfolio of leases with reasonably similar characteristics.
- Contracts where the remaining term was less than 12 months on transition date, the Company did not consider the same for computing its ROU assets and corresponding lease liabilities.
- On initial application, Ind AS 116 has only been applied to contracts that were previously classified as leases.
- The lease term has been determined with the use of hindsight where the contract contains options to extend the lease.
- Relied on its assessment of whether leases are onerous immediately before the date of initial application.

The major impact of adopting Ind AS 116 on the Standalone Balance Sheet as on the transition date is as follows:

Leases previously classified as operating leases under Ind AS 17

Particulars	As at March 31, 2020
Lease liabilities at inception on adoption of Ind AS 116	-9,446,400
ROU assets recognised at inception on adoption of Ind AS 116	8,457,992
<b>Impact to equity on account of adoption of Ind AS 116</b>	<b>-988,408</b>

**Lease liabilities:**

The Company's leased assets primarily consist of leases for buildings.

Interest expense on lease liabilities for the year is amounting to Rs. 1,169,733 Refer to Note 28.

During the year ended March 31, 2020, the Company has recognized an expense of Rs 10,448,756 on account of short term leases which represents leased buildings having a remaining lease term of less than 12 months as on transition date and other short term leases. The portfolio of other short-term leases to which the Company is committed at the end of the reporting period is not materially different from the portfolio of other short term leases for which expense has been recognized during the year ended March 31, 2020.

The Company has several lease contracts that include extension and termination options. The management has included termination options in determination of lease term for contracts having such option. Extension options have not been included in determination of lease term since the management is reasonably certain not to exercise these options. Potential cash flows in relation to such extension options cannot be ascertained since the cash outflow for the extended period will depend on the negotiations with the lessors in the event of exercising the extension options.

The maturity analysis of lease liabilities the Company's exposure to market risks is disclosed in Note 38.

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The major impact of adopting Ind AS 116 on the Standalone Statement of Profit and Loss for the year ended March 31, 2020 is as follows:

1. Depreciation and amortisation expenses has increased by Rs. 1,140,403.
2. Finance costs has increased due to interest accrued on outstanding lease liabilities amounting to Rs. 1,169,733.
3. Rentals has decreased by Rs. 1,777,138 respectively, due to recognition of operating lease as ROU assets and corresponding lease liabilities.

Net impact on profit / loss before tax amounts to a loss of Rs. 532,998 for the year ended March 31, 2020.

Consequent reclassification has been made in operating and financing activities in the statement of cash flows. Refer statement of cash flows for the reclassifications and cash outflows in relation to Ind AS 116 for the year ended March 31, 2020.

The weighted average incremental borrowing rate applied to lease liabilities as at April 01, 2019 is 12.75%.

### **33. Impact of COVID-19**

The outbreak of Coronavirus (COVID -19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. The Company has evaluated impact of this pandemic on its business operations, assessed the Company's liquidity position for the next one year and evaluated the recoverability and carrying value of its assets including fixed assets as at March 31, 2020. Based on its review, consideration of internal and external information up to the date of approval of these financial statements and current indicators of future economic conditions relevant to the Company's operations, management has concluded that there are no adjustments required to the Company's financial statements. However, the estimated impact of COVID 19 might vary from the date of approval of these financial statements and the Company will continue to monitor any material changes to future economic conditions.

### **34. 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.

### **35. Income Tax Expense**

The major components of income tax expense for the year ended March 31, 2020 and March 31, 2019 are:

#### **Profit or loss section**

<b>Particulars</b>	<b>Year ended March 31, 2020</b>	<b>Period ended March 31, 2019</b>
<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.

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**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.452,139 as at March 31, 2020 (Rs.251,378 as at March 31, 2019).

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Deferred Tax liability	(452,139)	(251,378)
Deferred Tax asset	452,139	251,378
<b>Net Deferred Tax asset/ (liability)</b>	<b>-</b>	<b>-</b>

Year ended March 31, 2020	Opening	Recognised in profit or loss	Recognised in OCI	Closing Balance
Property, plant & equipment	(251,378)	(200,761)	-	(452,139)
Tax losses	251,378	200,761	-	452,139
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Year ended March 31, 2019	Opening	Recognised in profit or loss	Recognised in OCI	Closing Balance
Property, plant & equipment	(56,011)	(195,367)	-	(251,378)
Tax losses	56,011	195,367	-	251,378
<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, 2020	Year ended March 31, 2019
Unused Tax losses *	119,188,548	100,946,054
Unabsorbed Tax depreciation #	-	-
<b>Net Deferred Tax asset/ (liability)</b>	<b>119,188,548</b>	<b>100,946,054</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.

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**36. Related party transactions**

Relationship	Name of the Related Party
Holding Company	SpiceJet Limited
Fellow Subsidiary	SpiceJet Technic Private Limited
	SpiceJet Interactive Private Limited
	Canvin Real Estate Private Limited
	SpiceXpress and Logistics Private Limited
	Spice Shuttle Private Limited
	Spice Club 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
	Indiverse Broadband Private Limited
	Starbus Services Private Limited
	Argentum Electric Vehicles Private Limited
	i2n Technologies Private Limited
	Greenline Communication Private Limited
	Pan India Motors Private Limited
	Spice Fresh Private Limited
	Spice Wecare Private Limited
	SpiceJet Innovate 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, 2020	Year ended March 31, 2019
<b>SpiceJet Limited</b>		
<i>Transactions during the year:</i>		
Contribution towards Share Capital	-	-
Long Term Borrowings	7,360,000	337,577
Interest paid on Borrowings	33,392,265	31,846,950
Reimbursement of expenses	-	580,000
Sale of Products	34,760,000	15,345,276
<i>Balances outstanding as at the period end:</i>		
Borrowings	256,800,000	249,780,003
Interest Accrued	101,596,147	69,394,476
Accounts Payable	-	357,758

**37. 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, 2020	Period ended March 31, 2019	Year ended March 31, 2020	Period ended March 31, 2019
<b>Financial Liabilities (Non-current and Current)</b>				
Borrowings	257,280,003	249,780,003	257,280,003	249,780,003
<b>Total</b>	<b>257,280,003</b>	<b>249,780,003</b>	<b>257,280,003</b>	<b>249,780,003</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.

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**38. 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:

**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, 2020 and March 31, 2019.

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, 2020.

**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, 2020 would decrease/increase by Rs. 80,530 (March 31, 2019: decrease/increase by Rs 234,719).

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.

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**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, 2020		Period ended March 31, 2019	
	Less than 1 Year	Above 1 Year	Less than 1 Year	Above 1 Year
<b>Financial Liabilities (Non-current and Current)</b>				
Borrowings	-	257,280,003	-	249,780,003
Other financial liabilities	1,126,618	101,596,147	29,033	69,394,476
Trade Payables	21,018,200	-	17,725,700	-
Lease Liability	1,022,102	7,964,988	-	-
<b>Total</b>	<b>23,166,920</b>	<b>366,841,138</b>	<b>17,754,733</b>	<b>319,174,479</b>

**SpiceJet Merchandise Private Limited**  
**Notes to the Financial Statements for the year ended March 31, 2020**  
*(All amounts are in Indian Rupees, unless otherwise stated)*

**39. 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.

The following table summarizes the capital of the Company:

<b>Particulars</b>	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
Borrowings - Long Term	257,280,003	249,780,003
<b>Total Debt</b>	<b>257,280,003</b>	<b>249,780,003</b>
Equity Share Capital	100,000	100,000
Other Equity	(219,935,870)	(198,867,312)
<b>Total Equity</b>	<b>(219,835,870)</b>	<b>(198,767,312)</b>
<b>Net debt to total equity ratio</b>	<b>(1.17)</b>	<b>(1.26)</b>

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2020 and period ended March 31, 2019.

**40. Prior period comparatives**

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

**41. Standards issued but not effective**

There were no Standards issued but not effective as at March 31, 2020.

**42. Events after the reporting period**

The financials have been approved by the Board of Directors on July 29, 2020 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

Sd/-  
**Ajay Singh**  
Director  
DIN: 01360684

Sd/-  
**Shiwani Singh**  
Director  
DIN- 05229788

Place: Gurugram  
Date: July 29, 2020

Place: Gurugram  
Date: July 29, 2020

Place: Gurugram  
Date: July 29, 2020