Walker Chandiok & Co LLP
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Independent Auditor's Report

To the Members of SpiceJet Technic Private Limited

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of SpiceJet Technic Private Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and its loss (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

4. We draw attention to Note 36 to the accompanying financial statements which describes that the Company has incurred a net loss of Rs. 93.22 million during the year ended March 31, 2022 and, as of that date, the Company's accumulated losses amounts to Rs. 237.09 million which have resulted in complete erosion of its net worth of the Company and the current liabilities have exceeded its current assets by Rs. 309.39 million as at March 31, 2022. These conditions and other matters set forth in the aforesaid note, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, based on the factors mentioned in the aforesaid note, management is of the view that the going concern basis of accounting is appropriate. Our opinion above is not modified in respect of this matter.

Emphasis of Matter

5. We draw attention to Note 44, of the accompanying financial statements which describes the uncertainties relating to the Covid-19 pandemic outbreak and the management's evaluation of impact on the operations and the accompanying financial statements of the Company as at March 31, 2022. Our opinion is not modified in respect of this matter.

Information other than the Financial Statements and Auditor's Report thereon

6. The Company's Board of Directors are responsible for the other information. Other information does not include the financial statements and our auditor's report thereon.

   Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

   The Director's Report is not made available to us at the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

7. The accompanying financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS specified under section 133 of the Act and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

8. In preparing the financial statements, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

9. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

11. As part of an audit in accordance with Standards on Auditing, specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
    - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls;

    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

    - Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and

    - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

13. Based on our audit, we report that the Company has not paid or provided for any managerial remuneration during the year. Accordingly, reporting under section 197(16) of the Act is not applicable.

14. As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

15. Further to our comments in Annexure A, as required by section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying financial statements;

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c) The financial statements dealt with by this report are in agreement with the books of account;

    d) In our opinion, the aforesaid financial statements comply with Ind AS specified under section 133 of the Act;

    e) The matters described in paragraph 4 and 5 under the Material uncertainty related to Going concern section and Emphasis of Matter section respectively, in our opinion, may have an adverse effect on the functioning of the Company;

    f) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2022 from being appointed as a director in terms of section 164(2) of the Act;

    g) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company as on March 31, 2022 and the operating effectiveness of such controls, refer to our separate Report in Annexure B wherein we have expressed an unmodified opinion;

    h) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

        i. The Company does not have any pending litigations which would impact its financial position as at March 31, 2022;

        ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at March 31, 2022;

        iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2022;

        iv.
            a. The management has represented that, to the best of its knowledge and belief, as disclosed in note 46A to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any persons or entities, including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

            b. The management has represented that, to the best of its knowledge and belief, as disclosed in note 46B to the financial statements, no funds have been received by the Company from any persons or entities, including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

Independent Auditor's Report to the members of SpiceJet Technic Private Limited on financial statements for the year ended March 31, 2022 (cont'd)

c. Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

v. The Company has not declared or paid any dividend during the year ended March 31, 2022.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Sd/-
Neeraj Goel
Partner
Membership No.: 099514

UDIN: 22099514AQEYCG3516

Place: Gurugram
Date: August 29, 2022

SpiceJet Technic Private Limited

Balance Sheet as at March 31, 2022

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

	Notes	As at March 31, 2022	As at March 31, 2021
ASSETS			
Non-current assets			
Property, plant and equipment	3(a)	35.73	43.59
Capital work-in-progress	3(a)	3.15	-
Right of use assets	3(b)	15.68	30.48
Intangible assets	3(c)	16.32	28.49
Financial assets			
(i) Other financial assets	4	0.62	-
Income tax assets (net)	5	52.18	0.20
Other non-current assets	6	35.50	-
		159.18	**102.76**
Current assets			
Inventories	7	0.58	9.37
Financial assets			
(i) Trade receivables	8	108.99	92.98
(ii) Cash and cash equivalents	9	1.14	19.49
(iii) Other financial assets	10	95.83	87.57
Other current assets	11	194.06	179.77
Total current assets		**400.61**	**389.18**
Total assets		**559.79**	**491.94**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	20.10	20.10
Other equity	13	(237.06)	(143.84)
Total equity		**(216.96)**	**(123.74)**
Non-current liabilities			
Financial liabilities			
(i) Borrowings	14	25.28	85.28
(ii) Lease liabilities	15	2.80	20.25
(iii) Other financial liabilities	16	23.84	19.94
Provisions	17	14.83	1.45
Total non-current liabilities		**66.75**	**126.92**
Current liabilities			
Financial liabilities			
(i) Lease liabilities	18	17.45	15.46
(ii) Trade payables	19		
- total outstanding dues of micro enterprises and small enterprises		-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		586.55	447.92
(iii) Other financial liabilities	20	25.05	13.16
Other current liabilities	21	73.18	11.18
Provisions	22	7.77	1.04
Total current liabilities		**710.00**	**488.76**
Total liabilities		**776.75**	**615.68**
Total equity and liabilities		**559.79**	**491.94**
Summary of significant accounting policies	2		

The accompanying notes form an integral part of the financial statements.

This is the balance sheet referred to in our report of even date.

For Walker Chandiok & Co LLP
Chartered Accountants
ICAI Firm Registration No.: 001076N/N500013

Sd/-
Neeraj Goel
Partner
Membership No: 099514

Place: Gurugram
Date: August 29, 2022

For and on behalf of the Board of Directors

Sd/-
Ajay Singh
Director
DIN No: 01360684

Place: Gurugram
Date: August 29, 2022

Sd/-
Shiwani Singh
Director
DIN No: 05229788

Place: Gurugram
Date: August 29, 2022

SpiceJet Technic Private Limited
Statement of Profit and Loss for the year ended March 31, 2022
(All amounts are in millions of Indian Rupees, unless otherwise stated)

Particulars	Notes	Year ended March 31, 2022	Year ended March 31, 2021
Income			
Revenue from operations	23	993.81	728.49
Other income	24	10.38	12.69
Total income		**1,004.19**	**741.18**
Expenses			
Operating expenses	25	829.65	512.17
Purchases of stock-in-trade	26	8.38	52.59
Change in inventories of stock-in-trade	27	8.79	(9.37)
Employee benefits expenses	28	128.81	45.50
Other expenses	29	77.64	203.84
Total expenses		**1,053.27**	**804.73**
Earnings before interest, tax, depreciation and amortization ('EBITDA')		**(49.07)**	**(63.55)**
Depreciation and amortization expense	30(a)	(35.26)	(30.63)
Finance income	30(b)	0.01	1.08
Finance costs	31	(7.68)	(13.77)
Loss before tax		**(92.00)**	**(106.87)**
Tax expense	32	-	-
Loss after tax		**(92.00)**	**(106.87)**
Other comprehensive income:			
- Remeasurement (losses) on defined benefit obligations (net)		(1.22)	(0.10)
- Income tax impact		-	-
Other comprehensive income for the year		**(1.22)**	**(0.10)**
Total comprehensive income for the year		**(93.22)**	**(106.97)**
Earnings per share	34		
- Basic		(45.77)	(78.70)
- Diluted		(45.77)	(78.70)
Summary of significant accounting policies	2		

The accompanying notes form an integral part of the financial statements.

This is the statement of profit and loss referred to in our report of even date.

For Walker Chandiok & Co LLP
Chartered Accountants
ICAI Firm Registration No.: 001076N/N500013

Sd/-
Neeraj Goel
Partner
Membership No: 099514

Place: Gurugram
Date: August 29, 2022

For and on behalf of the Board of Directors

Sd/-
Ajay Singh
Director
DIN No: 01360684

Place: Gurugram
Date: August 29, 2022

Sd/-
Shiwani Singh
Director
DIN No: 05229788

Place: Gurugram
Date: August 29, 2022

SpiceJet Technic Private Limited
Statement of Cash Flow for the year ended March 31, 2022
(All amounts are in millions of Indian Rupees, unless otherwise stated)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
A. Cash flows from operating activities		
Loss before tax	**(92.00)**	**(106.87)**
Adjustments for:		
Depreciation and amortization expense	35.26	30.63
Interest on borrowings and other borrowing cost	3.98	8.37
Interest on lease liabilities	3.70	5.40
Interest on income-tax refund	-	(1.08)
Interest income on bank deposits	(0.01)	-
Impairment of other receivables	-	15.22
Impairment of contract assets	-	43.18
Liabilities/provision no longer required written back	-	(1.41)
Operating loss before working capital changes	**(49.07)**	**(6.57)**
Movements in working capital:		
Trade receivables	(16.01)	(85.03)
Inventories	8.79	(9.37)
Other current financial assets	(8.88)	(136.12)
Other current assets	(14.29)	(159.79)
Trade payables	138.63	377.96
Other financial liabilities	12.06	2.19
Other current liabilities	62.01	-
Provisions	18.88	1.26
Cash flows from/(used in) operations	**152.11**	**(15.47)**
Income tax paid/received	(51.98)	18.85
Net cash flows from operating activities	**100.13**	**3.39**
B. Cash flows from investing activities		
Purchase of property, plant and equipment	(39.25)	(12.61)
Investment in others	-	-
Interest received	0.01	
Net cash used in investing activities	**(39.24)**	**(12.61)**
C. Cash flows from financing activities		
Proceeds from long-term borrowings	-	40.97
Repayment of long term borrowings	(60.00)	-
Repayment of lease liabilities (including interest)	(19.16)	(18.75)
Other borrowing costs paid	(0.09)	(0.34)
Net cash (used in)/flows from financing activities	**(79.25)**	**21.88**
Net (decrease)/increase in cash and cash equivalents	**(18.36)**	**12.66**
Cash and cash equivalents at the beginning of the year	19.49	6.83
Cash and cash equivalents at the end of the year	**1.14**	**19.49**
Notes :		
Components of cash and cash equivalents		
Balance with banks in current accounts	1.14	19.49
Total cash and cash equivalents (refer note 9)	**1.14**	**19.49**

The accompanying notes form an integral part of the financial statements.

This is the statement of cash flow referred to in our report of even date.

For Walker Chandiok & Co LLP
Chartered Accountants
ICAI Firm Registration No.: 001076N/N500013

Sd/-
Neeraj Goel
Partner
Membership No: 099514

Place: Gurugram
Date: August 29, 2022

For and on behalf of the Board of Directors

Sd/-
Ajay Singh
Director
DIN No: 01360684

Place: Gurugram
Date: August 29, 2022

Sd/-
Shiwani Singh
Director
DIN No: 05229788

Place: Gurugram
Date: August 29, 2022

SpiceJet Technic Private Limited
Statement of Changes in Equity for the year ended March 31, 2022
(All amounts are in millions of Indian Rupees, unless otherwise stated)

A. Equity share capital

Particulars	Number	Amount
As at April 01, 2020	**10,000**	**0.10**
Changes in equity share capital during the year	2,000,000	20.00
As at March 31, 2021	**2,010,000**	**20.10**
Changes in equity share capital during the year	-	-
As at March 31, 2022	**2,010,000**	**20.10**

B. Other equity

For the year ended March 31, 2022

Particulars	Retained earnings	Total other equity
As at March 31, 2021	(143.84)	(143.84)
Loss for the year	(92.00)	(92.00)
Other comprehensive income for the year	(1.22)	(1.22)
As at March 31, 2022	**(237.06)**	**(237.06)**

For the year ended March 31, 2021

Particulars	Retained earnings	Total other equity
As at March 31, 2020	(36.87)	(36.87)
Loss for the year	(106.87)	(106.87)
Other comprehensive income for the year	(0.10)	(0.10)
As at March 31, 2021	**(143.84)**	**(143.84)**

The accompanying notes form an integral part of the financial statements.

This is the statement of changes in equity referred to in our report of even date.

For Walker Chandiok & Co LLP
Chartered Accountants
ICAI Firm Registration No.: 001076N/N500013

Sd/-
Neeraj Goel
Partner
Membership No: 099514

Place: Gurugram
Date: August 29, 2022

For and on behalf of the Board of Directors

Sd/-
Ajay Singh
Director
DIN No: 01360684

Place: Gurugram
Date: August 29, 2022

Sd/-
Shiwani Singh
Director
DIN No: 05229788

Place: Gurugram
Date: August 29, 2022

SpiceJet Technic Private Limited
Notes to the financial statements for the year ended March 31, 2022
(All amounts are in millions of Indian Rupees, unless otherwise stated)

3(a) Property, plant and equipment

Particulars	Plant and machinery	Office equipment	Motor vehicles	Computers	Furniture and fixtures	Leasehold improvements	Capital work-in-progress	Total
Gross block								
At March 31, 2020	**34.23**	**4.26**	**0.62**	**0.01**	**0.84**	**14.29**	**-**	**54.25**
Additions	-	0.07	0.65	0.11	0.35	-	-	**1.19**
Disposals	-	-	-	-	-	-	-	**-**
At March 31, 2021	**34.23**	**4.33**	**1.27**	**0.12**	**1.19**	**14.29**	**-**	**55.44**
Additions	0.26	0.43	-	-	0.21	-	3.15	**0.90**
Disposals	-	-	0.62	-	-	-	-	**0.62**
At March 31, 2022	**34.49**	**4.76**	**0.65**	**0.12**	**1.40**	**14.29**	**3.15**	**55.72**
Accumulated depreciation								
At March 31, 2020	**2.08**	**0.57**	**0.01**	**-**	**0.36**	**0.46**	**-**	**3.48**
Depreciation charge for the year	2.28	0.84	0.13	0.02	0.32	4.76	-	**8.37**
Disposals	-	-	-	-	-	-	-	**-**
At March 31, 2021	**4.36**	**1.41**	**0.14**	**0.02**	**0.68**	**5.22**		**11.85**
Depreciation charge for the year	2.29	0.92	0.14	0.04	0.14	4.76	-	**8.29**
Disposals	-	-	0.15	-	-	-	-	**0.15**
At March 31, 2022	**6.65**	**2.33**	**0.13**	**0.06**	**0.82**	**9.98**	**-**	**19.99**
Net block								
At March 31, 2021	**29.87**	**2.92**	**1.13**	**0.10**	**0.51**	**9.07**	**-**	**43.59**
At March 31, 2022	**27.84**	**2.43**	**0.52**	**0.06**	**0.58**	**4.31**	**3.15**	**35.73**

Ageing schedule of capital work-in-progress

As at 31 March 2022	**Amount in capital work-in-progress for a period of**				**Total**
	Less than 1 year	**1-2 years**	**2-3 years**	**More than 3 years**	
Projects in progress	3.15	-	-	-	**3.15**

As at 31 March 2021	**Amount in capital work-in-progress for a period of**				**Total**
	Less than 1 year	**1-2 years**	**2-3 years**	**More than 3 years**	
Projects in progress	-	-	-	-	**-**

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

3(b) Right of use assets

Particulars	Building premises	Total
Gross block		
Balance as at March 31, 2020	**53.32**	**53.32**
Additions	-	-
Balance as at March 31, 2021	**53.32**	**53.32**
Additions	-	-
Balance as at March 31, 2022	**53.32**	**53.32**
Accumulated depreciation		
Balance as at March 31, 2020	**8.04**	**8.04**
Depreciation charge for the year	14.80	14.80
Balance as at March 31, 2021	**22.84**	**22.84**
Depreciation charge for the year	14.80	14.80
Balance as at March 31, 2022	**37.64**	**37.64**
Net block		
Balance as at March 31, 2021	**30.48**	**30.48**
Balance as at March 31, 2022	**15.68**	**15.68**

3(c) Intangible assets

Particulars	Software	Total
Gross block		
Balance as at March 31, 2020	**6.46**	**6.46**
Additions	30.04	30.04
Balance as at March 31, 2021	**36.50**	**36.50**
Additions	-	-
Balance as at March 31, 2022	**36.50**	**36.50**
Accumulated amortization		
Balance as at March 31, 2020	**0.54**	**0.54**
Amortization charge for the year	7.47	7.47
Balance as at March 31, 2021	**8.01**	**8.01**
Amortization charge for the year	12.17	12.17
Balance as at March 31, 2022	**20.18**	**20.18**
Net block		
Balance as at March 31, 2021	**28.49**	**28.49**
Balance as at March 31, 2022	**16.32**	**16.32**

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

	Particulars	As at March 31, 2022	As at March 31, 2021
4	**Other non-current financial assets**		
	Deposits with maturity of more than 12 months*	0.62	-
		0.62	**-**
	*Margin money deposits have been placed with banks for non-fund based facilities sanctioned to the Company.		
5	**Income tax assets (net)**		
	Advance income tax	52.18	0.20
		52.18	**0.20**
6	**Other non-current assets**		
	Capital advances	35.50	-
		35.50	**-**
7	**Inventories**		
	(Valued at lower of cost or net realisable value)		
	Stock-in-trade	0.58	9.37
		0.58	**9.37**

During the year, there are no amounts which was recognised as an expense to bring the inventories to record them at net realisable value (March 31, 2021 - Nil).

		As at March 31, 2022	As at March 31, 2021
8	**Trade receivables**		
	(Unsecured, considered good unless stated otherwise)		
	Trade receivables	108.99	92.98
		108.99	**92.98**

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

Ageing schedule of trade receivables

As at March 31, 2022	Outstanding from the due date of invoice						Total
	Not due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables – considered good	-	77.87	6.08	24.90	0.14	-	**108.99**
Total	**-**	**77.87**	**6.08**	**24.90**	**0.14**	**-**	**108.99**

As at March 31, 2021	Outstanding from the due date of invoice						Total
	Not due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables – considered good	-	82.50	10.34	0.14	-	-	**92.98**
Total	**-**	**82.50**	**10.34**	**0.14**	**-**	**-**	**92.98**

		As at March 31, 2022	As at March 31, 2021
9	**Cash and cash equivalents**		
	Balances with banks in current accounts	1.14	19.49
		1.14	**19.49**
10	**Other current financial assets**		
	(Unsecured, considered good unless stated otherwise)		
	Security deposits	10.54	8.26
	Other receivables	50.41	15.22
	Contract assets	93.27	122.49
	Less: Impairment allowance	(58.40)	(58.40)
		95.83	**87.57**
11	**Other current assets**		
	Prepaid expenses	0.02	0.01
	Advance to suppliers	70.56	121.96
	Balance with government authorities	123.48	57.80
		194.06	**179.77**

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

12 Equity share capital

Authorised share capital		
(2,010,000 (March 31, 2021: 2,010,000) equity shares of Rs.10 each)		
As at March 31, 2021	**20.10**	**20.10**
Increased during the year	-	-
As at March 31, 2022	**20.10**	**20.10**
Issued, subscribed and paid-up capital		
(2,010,000 (March 31, 2021: 2,010,000) equity shares of Rs.10 each)		
As at March 31, 2021	**20.10**	**20.10**
Issued during the year	-	-
As at March 31, 2022	**20.10**	**20.10**

a) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number	Value (Rs.)	Number	Value (Rs.)
Shares outstanding at the beginning of the year	2,010,000	20.10	10,000	0.01
Issued during the year	-	-	2,000,000	20.00
Shares outstanding at the end of the year	**2,010,000**	**20.10**	**2,010,000**	**20.01**

b) Terms/rights attached to class of shares

The Company has only one class of equity shares having a face 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 Company

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number	Value (Rs.)	Number	Value (Rs.)
SpiceJet Limited	2,010,000	20.10	2,010,000	20.10

d) Details of shareholders holding more than 5 percent of equity share capital

Particulars	As at March 31, 2022		As at March 31, 2021	
	No of Shares	% against total No of Shares	No of Shares	% against total No of Shares
SpiceJet Limited	2,010,000	100.00%	2,010,000	100%

e) Aggregate number of bonus shares issued, share issued for consideration other than cash and shares bought back during the period of five years immediately preceding March 31, 2022

Particulars	As at March 31, 2022	As at March 31, 2021
Equity share alloted against outstanding borrowings from Holding Company*	-	2,000,000
	-	**2,000,000**

*The Company has issued 20 lakhs shares at face value of Rs. 10 each to SpiceJet Limited on July 29, 2020 against outstanding borrowings of Rs. 20 million.

f) Details of promoter shareholding

Name of promoter	As at March 31, 2022			As at March 31, 2021		
	Number of shares	% of total shares	% change during the year	Number of shares	% of total shares	% change during the year
SpiceJet Limited	2,010,000	100.00%	0.00%	2,010,000	100.00%	0.00%

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

	Particulars	As at March 31, 2022	As at March 31, 2021
13	**Other equity**		
	Retained earnings		
	Balance at the beginning of the year	(143.86)	(36.88)
	Loss for the year	(92.00)	(106.87)
	Other comprehensive income for the year	(1.22)	(0.10)
	Balance at the end of the year	**(237.08)**	**(143.86)**
14	**Long-term borrowings**		
	Unsecured		
	Unsecured loan from holding company	25.28	85.28
		25.28	**85.28**

Note:
The Company has entered into an agreement with the Holding Company on August 10, 2017 to obtain loan of Rs. 50 million, repayable after 3 years from disbursement. This agreement was amended on August 9, 2019, whereby the working capital limit has been revised to Rs. 100 million. The term of the loan agreement has been extended for another period of one year from August 10, 2020 and shall be valid until August 9, 2021. The loan has been further extended for a period of 3 years from August 9, 2021 and shall now be valid until August 9, 2024. The loan carried an interest rate of 12.75% per annum.

Change in liabilities arising from financial activiies:

Particulars	April 1, 2021	Cash flows	Others#	March 31, 2022
Non-current borrowings	85.28	(60.00)	-	25.28
Interest accrued but not due on borrowings	19.94	-	3.90	23.84
Lease liabilities	35.72	(19.16)	3.70	20.25
Total liabilities from financing activites	**140.94**	**(79.16)**	**7.60**	**69.37**

#Others includes interest expense of lease liability on the building taken on lease.

Particulars	April 1, 2020	Cash flows	Others#	March 31, 2021
Non-current borrowings*	64.31	40.97	(20.00)	85.28
Interest accrued but not due on borrowings	11.91	-	8.03	19.94
Lease liabilities	49.07	(18.75)	5.40	35.72
Total liabilities from financing activites	**125.29**	**22.22**	**(6.57)**	**140.94**

*During the year, the Company has converted loan of Rs. 20 million into equity share capital. Others includes interest expense of lease liability on the building taken on lease.

15	**Non-current lease liabilities**		
	Lease liabilities (also refer note 33)	2.80	20.25
		2.80	**20.25**
16	**Other non-current financial liabilities**		
	Interest accrued but not due on borrowings	23.84	19.94
		23.84	**19.94**
17	**Long-term provisions**		
	Provision for gratuity (also refer note 37)	14.83	1.45
		14.83	**1.45**
18	**Current lease liabilities**		
	Lease liabilities (also refer note 33)	17.45	15.46
		17.45	**15.46**
19	**Trade payables**		
	- total outstanding dues of micro enterprises and small enterprises	-	-
	- total outstanding dues of creditors other than micro enterprises and small enterprises*	586.55	447.92
		586.55	**447.92**

*There are no overdue amounts payable to micro, small and medium 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 year.

Terms and conditions of the above financial liabilities:
Trade payables are non interest bearing and carry a credit period generally between 30 and 90 days

Ageing schedule of trade payables

As at March 31, 2022	**Outstanding from the due date of invoice**					**Total**
	Not due	**Less than 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	
Total outstanding dues of micro enterprises and small enterprises (undisputed)	241.27	325.61	18.44	1.22	-	**586.54**
Total outstanding dues of creditors other than micro enterprises and small enterprises (undisputed)	-	-	-	-	-	-
Total	**241.27**	**325.61**	**18.44**	**1.22**	**-**	**586.54**

As at March 31, 2021	**Outstanding from the due date of invoice**					**Total**
	Not due	**Less than 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	
Total outstanding dues of micro enterprises and small enterprises (undisputed)	200.14	246.56	1.22	-	-	**447.92**
Total outstanding dues of creditors other than micro enterprises and small enterprises (undisputed)	-	-	-	-	-	-
Total	**200.14**	**246.56**	**1.22**	**-**	**-**	**447.92**

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

	Particulars	As at March 31, 2022	As at March 31, 2021
20	**Other current financial liabilities**		
	Employee related payables	12.30	0.24
	Capital creditors	12.75	12.92
		25.05	**13.16**
21	**Other current liabilities**		
	Statutory dues	40.30	6.62
	Contract liabilities	5.25	4.56
	Advance from customer	27.63	-
		73.18	**11.18**

Contract balances

Trade receivables are generally unsecured and are derived from revenue earned from customers which are primarily located in India.

Contract liability is comprised of amount received in advance towards sales of products disclosed under other current liabilities and Contract assets relates to unbilled revenue.

	As at March 31, 2022	As at March 31, 2021
Trade receivable	108.99	92.98
Contact asset	93.27	64.09
Contract liabilities	5.25	4.56

* Revenue recognised from amount included in contract liabilities at the beginning of the year amounts to Rs. 4.56 million (March 31, 2021: Rs. 10.77 million) (excludes amount collected on behalf of third parties and amount refunded due to cancellations).

	Particulars	As at March 31, 2022	As at March 31, 2021
22	**Short-term provisions**		
	Provision for gratuity (also refer note 37)	2.83	0.00
	Provision for compensated absences (also refer note 37)	4.94	1.04
		7.77	**1.04**

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

	Particulars	Year ended March 31, 2022	Year ended March 31, 2021
23	**Revenue from operations**		
	Income from technological services	977.74	664.29
	Sale of goods	16.07	64.20
		993.81	**728.49**
24	**Other income**		
	Liabilities/provision no longer required written back	-	1.41
	Foreign exchange gain (net)	-	0.47
	Other service income	9.45	10.81
	Miscellaneous income	0.93	-
		10.38	**12.69**
25	**Operating expenses**		
	Rent expense	124.79	125.21
	Lease charges of aircraft/rotables	73.05	98.19
	Maintenance charges	631.81	288.77
		829.65	**512.17**
26	**Purchases of stock-in-trade**		
	Purchase of traded goods	8.38	52.59
		8.38	**52.59**
27	**Changes in inventories of stock-in-trade**		
	Opening stock-in-trade	9.37	-
	Closing stock-in-trade	0.58	9.37
		8.79	**(9.37)**
28	**Employee benefit expenses**		
	Salaries, wages and bonus	120.23	40.31
	Contribution to provident and other funds	6.15	3.56
	Gratuity expense (also refer note 37)	2.28	0.69
	Staff welfare	0.15	0.94
		128.81	**45.49**
29	**Other expenses**		
	Rent	19.85	-
	Rates and taxes	-	1.79
	Lease charges of aircraft	23.85	43.18
	Repairs and maintenance		
	- Buildings	(0.00)	4.48
	- Plant and machinery	0.06	0.13
	- Others	7.22	8.48
	Power and fuel	4.42	1.58
	Legal and professional fees*	20.66	78.27
	Impairment of other receivables	-	15.22
	Impairment of contract asset	-	43.18
	Maintenance cost	0.12	3.81
	Travelling and conveyance	0.11	0.33
	Miscellaneous expenses	1.35	3.38
		77.64	**203.84**
	***Payment to auditor**		
	Statutory audit fees	0.24	0.15
	Tax audit fees	0.01	0.08
30(a)	**Depreciation and amortization expense**		
	Depreciation on property, plant and equipment	8.29	8.37
	Depreciation on right of use assets	14.80	14.80
	Amortisation of intangible assets	12.17	7.47
		35.26	**30.64**
30(b)	**Finance income**		
	Interest on income-tax refund	-	1.08
	Interest income on bank deposits	0.01	-
		0.01	**1.08**
31	**Finance costs**		
	Interest on borrowings	3.89	8.03
	Interest on lease liabilities	3.70	5.40
	Other borrowing costs	0.09	0.34
		7.68	**13.77**

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

32 Income tax expense

The major components of income tax expense for the year ended March 31, 2022 and year ended March 31, 2021 are:

Profit or loss section

Particulars	**Year ended March 31, 2022**	**Year ended March 31, 2021**
Current tax	-	-
Deferred tax	-	-
Income tax expense reported in the statement of profit and loss	-	-

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.

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate

Particulars	**Year ended March 31, 2022**	**Year ended March 31, 2021**
Accounting loss before Income tax	(92.00)	(106.87)
At India's statutory income tax rate of 26% (31 March 2021: 26%)	(23.92)	(27.79)
Effects from:		
Deferred tax not created on temporary differences	(21.71)	(7.69)
Deferred tax not created on business losses*	(2.21)	(20.09)
Net effective income 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. 1.62 million (as at March 31, 2021: Rs.0.84 million).

Particulars	**Year ended March 31, 2022**	**Year ended March 31, 2022**
Deferred tax liability	1.44	(0.85)
Deferred tax asset	(1.44)	0.85
Net deferred tax asset	-	-

Year ended March 31, 2022	**Opening balance**	**Recognised in statement of profit and loss**	**Recognised in OCI**	**Closing balance**
Property, plant and equipment and intangible assets	(1.85)	1.44	-	(0.41)
Carried forward losses	1.85	(1.44)	-	0.41
Total	-	-	-	-

Year ended March 31, 2021	**Opening balance**	**Recognised in statement of profit and loss**	**Recognised in OCI**	**Closing balance**
Property, plant and equipment and intangible assets	(1.00)	(0.85)	-	(1.85)
Carried forward losses	1.00	0.85	-	1.85
Total	-	-	-	-

Brought forward losses and unabsorbed depreciation for which no deferred tax assets have been recognized are attributable to the following:

Particulars	**As at March 31, 2022**	**As at March 31, 2021**
Unused tax losses*	21.33	79.55
Unabsorbed tax depriciation#	7.87	26.94
Net deferred tax asset	**29.21**	**106.49**

Unabsorbed depreciation does not have any expiry period under the Income-tax Act, 1961
*The following table details the expiry of the brought forward tax losses

Particulars	**As at March 31, 2022**	**As at March 31, 2021**
0-4 years	-	-
4-8 years	21.33	79.55
Total	**21.33**	**79.55**

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

33 Lease liabilities

The Company's leased assets primarily consist of building premises. The Company has following two leases contracts 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.

During the year, the Company has recognized an expense of Rs. 148.64 million (March 31, 2021: Rs. 168.39 million) on account of short-term leases which represent leased aircraft & hanger having a remaining lease term of less than 12 months.

A. Amount recognised in statement of profit and loss

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Depriciation on right of use assets	14.80	14.79
Interest on lease liabilities	3.70	5.40
Rent expense related to short-term leases	148.64	168.39

Refer note 3(b) for the carrying amount of right of use assets as at March 31, 2022. Further refer no 41 for maturity analysis of lease liability.

B. Total cash outflow of leases

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Total cash outflow of leases	(19.16)	(18.75)

34 Earnings per share ('EPS')

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Loss after tax	(92.00)	(106.87)
Weighted average number of shares		
- Basic	2,010,000	1,357,945
- Diluted	2,010,000	1,357,945
Earnings per share:		
- Basic	(45.77)	(78.70)
- Diluted	(45.77)	(78.70)

35 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.

a. Recognition of deferred tax assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized.

b. Useful life, residual value of property, plant and equipment

The management has estimated the useful life of certain property, plant and equipment based on internal technical assessment. 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.

c. Impairment of financial assets

The Company estimates the recoverable amount of trade receivables and other financial assets, where collection of the full amount is expected to be no longer probable. For individually significant amounts, this estimation is performed on an individual basis considering the length of time past due, financial condition of the counter-party, impending legal disputes, if any and other relevant factors.

d. 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.

e. Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and other long-term employee benefits 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.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

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

36 Going concern assumption

The Company has incurred a net loss of Rs. 93.22 million during the year ended 31 March 2022 and, as of that date, the Company's accumulated losses amounts to Rs. 237.09 million which have resulted in complete erosion of its net worth of the Company and the current liabilities have exceeded its current assets by Rs. 309.39 million as at 31 March 2022. The Company's primary source of revenue is from maintenance activities performed for aircrafts operated by its Holding Company. The losses have been primarily driven by pricing pressures and the impact of Covid-19 as maintenance activities was low due to restrictions around capacity utilisation of aircrafts. Further, due to the impact of Covid-19, the Company was not able to extend the business with third party customers. However, based on business plans and cash flow projections, the management is of the view that the Company will be able to achieve profitable operations. These conditions indicate the existence of uncertainty that may create doubt about the Company's ability to continue as a going concern. However, based on the factors mentioned in this note, the management is of the view that the going concern basis of accounting is appropriate. The auditors have included 'Material Uncertainty Related to Going Concern' paragraph in their audit report.

37 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. 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 statement of profit and loss and amounts recognised in the balance sheet.

(i) Amount recognised in balance sheet

Particulars	As at March 31, 2022	As at March 31, 2021
Defined benefit obligation ('DBO')	17.67	1.45
Defined benefit obligation ('DBO')	**17.67**	**1.45**

(ii) Bifurcation of DBO at the end of the year in current and non-current

Particulars	As at March 31, 2022	As at March 31, 2021
Current liability	2.83	0.00
Non-current liability	14.84	1.45

(iii) Expense recognised in the statement of profit and loss

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
1. Current service cost	2.20	0.64
2. Interest cost	0.07	0.05
Expense recognised during the year	**2.28**	**0.69**

(iv) Amount recognised in other comprehensive income

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Remeasurement loss		
a. Effect of changes in demographic assumption	(0.12)	
b. Effect of changes in financial assumption	0.33	(0.04)
c. Effect of changes in experience adjustments	1.01	0.14
Amount recognised during the year	**1.22**	**0.10**

(v) Movement in the liability recognized in the balance sheet is as under:

Particulars	As at March 31, 2022	As at March 31, 2021
Present value of defined benefit obligation at the beginning of the year	1.45	0.66
Current service cost	2.20	0.64
Interest cost	0.07	0.05
Benefits paid	(0.86)	-
Transfer from group companies	13.58	-
Acturiala(gain)/loss		
a. Effect of changes in demographic assumption	(0.12)	-
b. Effect of changes in financial assumption	0.33	(0.04)
c. Effect of experience adjustments	1.01	0.14
Present value of defined benefit obligation at the end of the year	**17.67**	**1.45**

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

(vi) For determining the DBO liability, the following acturial assumptions were used:

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Discount rate	6.70%	7.07%
Salary increase rate	5.00%	5.00%
Pre-retirement mortality	5.00%	5.00%
Attrition rate	Up to 30 yrs-19.4%, from 31 to 44 Yrs-18.2%, above 44 years-4.2%	5.00%
Number of employees	214	116
Retirement age	58	58
Average age (years)	36.27	33.18
Average past service (years)	4.71	2.08
Average monthly salary	25,705	16,946
Future service (years)	21.73	24.82
Weighted average duration of DBO	5.49	14.46

(vii) Maturity plan of defined benefit obligation:

Particulars	As at March 31, 2022	As at March 31, 2021
Within the next 12 months (next annual reporting period)	2.83	0.00
Between 2 and 5 years	6.32	0.02
Beyond 5 years	8.52	1.43

(viii) Sensitivity analysis for gratuity

Particulars	As at March 31, 2022	As at March 31, 2021
Impact of the change in discount rate on present value of DBO at the end of the year		
Discount rate + 100 basis points	(0.81)	(0.15)
Discount rate - 100 basis points	0.89	0.18
Impact of the change in salary increases on present value of DBO at the end of the year		
Salary increase rate + 100 basis points	0.84	0.17
Salary increase rate - 100 basis points	(0.78)	(0.15)

(ix) Risk

a) Salary Increases – Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.
b) Investment Risk – If Plan is funded then assets liabilities mismatch and actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.
c) Discount Rate : Reduction in discount rate in subsequent valuations can increase the plan's liability.
d) Mortality and disability – Actual deaths and disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
e) Withdrawals – Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.

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, 2022	Year ended March 31, 2021
1. Discount rate	6.70%	7.07%
2. Future salary increase	5.00%	5.00%

C. Contributions to defined contribution plan:

During the year, the company recognized Rs. 5.83 million (March 31, 2021: Rs. 3.17 million) to provident fund under defined contribution plan and Rs. 0.31 million (March 31, 2021 - Rs. 0.39 million) for contributions to employee state insurance scheme in the statement of profit and loss.

38 Segment information

As defined under Ind AS 108, an operating segment is a component of an entity that satisfies all of the following conditions:
a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
b) whose operating results are regularly reviewed by entity's chief operating decision maker (CODM) to make decisions about resources allocation to the segment and assess its performance; and
c) for which discrete financial information is available.

The Company had engaged only in business of providing technological services relating to the aviation, aerospace and defence industry and considered it, the only reportable segment based on internal reporting provided to the chief operating decision maker. However, it also started trading of products in last year at the time of Covid-19 breakdown.

Although, the Company is earning revenue and incurring expenses from trading of products, but the discreet financial information is not available. Further, the Company considered it as one time operation, hence the Company has not considered this as an operating segment.

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

39 Related party transactions

Relationship	Name of the related party
Holding Company	SpiceJet Limited
Fellow Subsidiary	SpiceJet Merchandise Private Limited Spice Shuttle Private Limited
Key managerial personnel	Ajay Singh, Director Shiwani Singh, Director
Enterprises over which key managerial personnel or their relatives have control/significant influence ('Affiliates')	Spice Healthcare Private 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, 2022	Year ended March 31, 2021
Transactions during the year:		
SpiceJet Limited		
Long-term borrowings (repaid)/taken	(60.00)	20.97
Interest on borrowings	3.89	8.03
Income from technological services	951.37	556.05
Rent expense	144.20	112.44
Legal and professional fees	13.18	62.48
Maintenance charges	-	1.55
Spice Healthcare Private Limited		
Sale of goods	-	59.50
Other service income	9.45	-

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Spicejet Merchandise Private Limited		
Sale of goods	16.07	5.26
Purchase of goods	0.09	-
Advertisement and sales promotion	-	0.13
Spice Shuttle Private Limited		
Lease income	-	43.92
Other service income	-	10.81
Balances outstanding as at the year end:		
SpiceJet Limited		
Long-term borrowings	25.28	85.28
Interest accrued but not due on borrowings	23.84	19.94
Trade payables	-	240.93
Trade receivables	46.33	-
Contract asset	49.35	70.77
Spice Healthcare Private Limited		
Trade receivables	-	66.95
Contract assets	-	2.64
Advance from customer	27.17	-
Spicejet Merchandise Private Limited		
Trade receivables	23.13	5.12

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

40 Fair value disclosures

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 and other current and non-current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these financial instruments.

Particulars	Carrying amount		Fair value	
	As at March, 31 2022	As at March, 31 2021	As at March, 31 2022	As at March, 31 2021
Financial liabilities at amortised cost				
Borrowings	25.28	85.28	25.28	85.28
Trade payables	586.55	447.92	586.55	447.92
Other financial liabilities	48.88	33.11	48.88	33.11
Total	**660.72**	**566.32**	**660.71**	**566.32**
Financial assets at amortised cost				
Trade receivables	108.99	92.98	108.99	92.98
Cash and cash equivalents	1.14	19.49	1.14	19.49
Other financial assets	96.45	87.57	96.45	87.57
Total	**206.58**	**200.04**	**206.58**	**200.04**

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.

41 Financial risk management objectives and policies

The Company's principal financial liabilities, comprise of loans and borrowings, trade and other payables. 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 credit risk and liquidity risk. The Company's directors oversees the management of these risks. 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. The board of directors reviews and agrees policies for managing each of these risks, which are summarised below:

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, 2022.

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, 2022 and March 31, 2021.

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 loss for the year ended March 31, 2022 would increase/decrease by Rs. Nil (March 31, 2021: increase/decrease by Rs. 340,000).

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

Credit risk
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 contract assets) and from its investing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

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 historical information and other market related factors. 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 major customers are related parties. The average credit period ranges between 30 and 90 days.

Credit risk related to cash and cash equivalents and bank deposits is managed by only investing in deposits with highly rated banks and financial institutions and diversifying bank deposits and accounts in different banks. Credit risk related to loans and other financial assets is managed by monitoring the recoverability of such amounts continuously. Credit risk is considered low because the Company is in possession of the underlying asset (in case of security deposit) or as per trade experience (in case of unbilled revenue). Further, the Company creates provision by assessing individual financial asset for expectation of any credit loss.

Reconciliation of expected credit loss for trade receivables is as follows:

Particulars	Other receivables	Contract assets
As at March 31, 2020	-	-
Impairment loss recognised during the year	15.22	43.18
As at March 31, 2021	**15.22**	**43.18**
Impairment loss recognised during the year	-	-
As at March 31, 2022	**15.22**	**43.18**

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

Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company 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.

As at March 31, 2022	Upto 1 year	1 to 5 years	Total
Financial liabilities (non-current and current)			
Borrowings	-	25.28	25.28
Other financial liabilities	25.05	23.84	48.88
Lease liabilities	18.58	3.24	21.82
Trade payables	-	-	-
Total	**43.63**	**52.36**	**95.99**

As at March 31, 2021	Upto 1 year	1 to 5 years	Total
Financial liabilities (non-current and current)			
Borrowings	-	85.28	85.28
Other financial liabilities	13.16	19.94	33.11
Lease liabilities	19.16	21.82	40.99
Trade payables	-	-	-
Total	**32.32**	**127.05**	**159.38**

42 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 other strategic investment plans. The funding requirements are met through internal accruals and other long-term/short-term borrowings.
The Company monitors capital employed using a debt equity ratio, which is total debt divided by total equity.

Particulars	As at March 31, 2022	As at March 31, 2021
Long-term borrowings	45.54	121.00
Debt	**45.54**	**121.00**
Equity share capital	20.10	20.10
Other equity	(237.06)	(143.84)
Equity	**(216.96)**	**(123.74)**
Debt to equity ratio	**(0.21)**	**(0.98)**

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2022 and year ended March 31, 2021.

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

43 Financial ratios

Ratio	Measurement unit	Numerator	Denominator	As at March 31, 2022	As at March 31, 2021	% Change	Reason for variance
Current ratio	Times	Current assets	Current liabilities	0.56	0.80	(29.14%)	Note 1 below
Debt-equity ratio	Times	Total Debt	Total equity	(0.21)	(0.98)	(78.54%)	Note 2 below
Debt service coverage ratio	Times	Earnings before depreciation and amortisation and interest [Profit/loss after tax + Depreciation and amortisation expense + Finance costs (excluding interest on lease liabilities)]	Interest expense + Principal repayment (including prepayments)	0.54	1.68	(67.66%)	Note 3 below
Return on equity ratio	Percentage	Loss after tax	Average of total equity	54.01%	133.14%	(59.44%)	Note 4 below
Inventory turnover ratio	Times	Costs of materials consumed	Average inventories	3.45	9.23	(62.61%)	Note 5 below
Trade receivables turnover ratio	Times	Revenue from operations	Average trade receivables	9.84	14.44	(31.83%)	Note 6 below
Trade payables turnover ratio	Times	Net credit purchases = Gross credit purchases - purchase return	Average trade payables	0.02	0.96	(98.32%)	Note 7 below
Net capital turnover ratio	Times	Revenue from operations	Working capital [Current assets - Current liabilities]	(3.21)	(7.32)	(56.09%)	Note 8 below
Net profit ratio	Percentage	Loss after tax	Revenue from operations	(9.26%)	(14.67%)	(36.90%)	Note 9 below
Return on capital employed	Percentage	Earnings before interest and taxes	Capital employed [Total assets - Current liabilities + Current borrowings]	36.96%	(340.84%)	(110.84%)	Note 10 below
Return on investment	Percentage	Income from interest on bank deposits	Balance in current and non current bank deposits	1.36%	NA	NA	Note 11 below

Notes:

1 The decrease in ratio of is attributable to increase in current liability largely due to increase in trade payables as compared to the previous year.
2 The decrease in ratio is attributable to the decrease in total borrowings on account of repayment of borrowing in the current year, and increase in total equity.
3 The decrease in ratio is attributable to the significant decrease in EBITDA due to interest expense.
4 The increase in ratio is attributable to the loss during the year and subsequently decrease in average of total equity mainly due to increase in accumulated losess.
5 The increase in ratio is attributable to the increase in cost of material consumed and a marginal decline in average inventory.
6 The increase in ratio is attributable to the increase in revenue from operations and fall in average of trade receivables.
7 The variance in ratio is attributable to the fall in net credit purchases and increase in average of trade payables.
8 The decrease in ratio is attributable to the substantial increase in revenue from operations and significant decrease in working capital.
9 The variance in ratio is attributable to the loss during the year and simultaneous increase in revenue from operations.
10 The decrease in ratio is attributable to the negative EBITDA in current year.
11 The variance in ratio is attributable to the difference in interest rates offered by bank on current and non-current deposits in the comparative years.
12 The change in ratio is less than 25% as compared to previous year and hence, no explanation required to be furnished.

44 Impact of Covid-19

The Covid-19 pandemic globally and in India is causing significant disturbance and slowdown of economic activity. The Company has evaluated impact of Covid-19 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 property, plant and equipment and other asstes as at March 31, 2022. 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.

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

45 Previous period/year numbers have been regrouped/reclassified wherever considered necessary.
During the year ended March 31, 2022, the Company reclassified/regrouped certain previous year's numbers i.e. March 31, 2021. Considering the nature of these reclassification/regrouping, the Company does not intend to present opening balance sheet of previous year reported. Refer below for the same.

Particulars	As at March 31, 2021 (reported)	Adjustments	As at March 31, 2021 (reclassified)
Assets			
Current assets			
Financial assets			
(iii) Loans	8.26	(8.26)	-
(iv) Other financial assets	79.31	8.26	87.57
Total	**87.57**	**0.00**	**87.57**

46 Additional disclosures

A The Company has not advanced or loaned or invested funds to any person or any entity, including foreign entities (Intermediaries) with the understanding that the intermediary shall:

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by a or on behalf of the Company (Ultimate Beneficiaries); or
(ii) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

B The Company has not received any fund from any person or any entity, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by a or on behalf of the Funding Party (Ultimate Beneficiaries); or
(ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

C The Company does not have any transactions and outstanding balances during the current as well previous year with Companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

47 Adoption of financial statements
The financials have been approved by the Board of Directors on August 29, 2022 and there have been no significant events after the reporting period till such date.

This is summary of significant accounting policies and other explanatory information referred to in our report of even date.

For Walker Chandiok & Co LLP
Chartered Accountants
ICAI Firm Registration No.: 001076N/N500013

Sd/-
Neeraj Goel
Partner
Membership No: 099514

Place: Gurugram
Date: August 29, 2022

For and on behalf of the Board of Directors

Sd/-
Ajay Singh
Director
DIN No: 01360684

Place: Gurugram
Date: August 29, 2022

Sd/-
Shiwani Singh
Director
DIN No: 05229788

Place: Gurugram
Date: August 29, 2022

1. Corporate information

SpiceJet Technic Private Limited ('the Company') is domiciled in India. The registered office of the Company is 318, 3rd Floor, H-6, Aggarwal Tower, Netaji Subhash Place, Pitampura, New Delhi – 110034. The Company was incorporated on October 5, 2016 (CIN – U74999DL2016PTC306819) under the Companies Act, 2013. The Company is principally engaged in providing technological services related to aviation, aerospace and defence industry. During the year, the Company has also traded in healthcare products at the time of Covid-19 breakdown.

The financial statements were approved for issue by the board of directors on August 29, 2022.

2. A. Summary of significant accounting policies

a) Basis of preparation of financial statements

i. Statement of compliance

The financial statements of the Company for the year ended March 31, 2022 have been prepared in accordance with Indian Accounting Standards ('Ind AS') as prescribed under Section 133 of the Companies Act, 2013 ('the Act') read together with the Companies (Indian Accounting Standards) Rules 2015, as amended.

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

ii. Historical cost convention

The financial statements have been prepared on the historical cost basis, except for certain financial assets and financial liabilities that are measured at fair value or amortised cost.

b) Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.
The Company has identified twelve months as its operating cycle.

c) Property, plant and equipment

Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

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

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

Depreciation

The Company depreciates its property, plant and equipment over their estimated useful lives using straight-line method in accordance with the useful life prescribed in Schedule II to the Act.

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

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

Asset description	Estimated useful life (years)
Plant and machinery	15 years
Office equipment	5 years
Motor vehicles	8 years
Computers	3 to 6 years
Furniture and fixtures	10 years
Leasehold improvements	3 years

Derecognition

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.

d) Intangible assets

Recognition and measurement

Intangible assets (software) are stated at cost less accumulated amortization and impairment losses, if any. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

Depreciation

Costs incurred towards purchase of computer software are amortised using the straight-line method over a period based on management's estimate of useful lives of such software, being 3 years, or over the license period of the software, whichever is shorter.

De-recognition

Intangible asset is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the statement of profit and loss, when the asset is derecognised.

e) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units ('CGU') fair value less cost of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. 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 cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period as relevant for asset or CGU tested for impairment. 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 growth rate for subsequent years.

Impairment losses are recognized in the statement of profit and loss. After impairment, depreciation/amortization is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation/amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss.

f) Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

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

g) Inventories

Inventories comprising of healthcare products, 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. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

h) Revenue from contracts with customer

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

Service income

Revenue from maintenance, repair and overhaul services and other services are recognised when the services are rendered. The Company considers the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the fair value of consideration received or receivable to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, net of allowances and trade discounts. The consideration promised in a contract with a customer may include fixed consideration, variable consideration (if reversal is less likely in future), or both.

Sale of goods

Revenue from sale of goods is recognised when the control of the goods is transferred to the buyer, usually on delivery of the goods. The Company considers the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the fair value of consideration received or receivable to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, net of returns and allowances, trade discounts and volume rebates. The consideration promised in a contract with a customer may include fixed consideration, variable consideration (if reversal is less likely in future), or both.

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.

Contract assets

A contract asset is the right to consideration in exchange for services transferred to the customer. If the Company performs by transferring services to a customer before the consideration is due and billed, a contract asset is recognised for the earned consideration.

i) Employee benefits

i. Short-term employee benefits

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

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

ii. Other long-term employee benefits

The Company also provides benefit of compensated absences to its employees which are in the nature of long-term employee benefit plan. The Company measures the expected cost of compensated absences which are expected to be settled within 12 months as an additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. Liability in respect of compensated absences becoming due and expected to be carried forward beyond twelve months are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Remeasurement gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

iii. Post-employment benefits

The Company operates the following post-employment schemes:

a. <u>Defined benefit plans – gratuity</u>

The Company has unfunded gratuity as defined benefit plan where the amount that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The gratuity plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. This is based on standard rates of inflation, salary growth rate and mortality.

Discount factors are determined close to each year-end by reference to market yields on government bonds that have terms to maturity approximating the terms of the related liability. Service cost and net interest expense on the Company's defined benefit plan is included in employee benefits expense.

Actuarial gains/losses resulting from re-measurements of the defined benefit obligation are included in other comprehensive income.

b. <u>Defined contribution plan – provident fund</u>

Contribution towards provident fund is made to the regulatory authorities, where the Company has no further obligations. The Company recognizes contribution paid as an expense, when an employee renders the related service.

j) Taxes

Current income tax

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

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

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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 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.

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 deferred taxes related to the same taxable entity and the same taxation authority.

k) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

l) Leases

The Company's lease asset class primarily consist of leases for building premises. 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 are 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, less any incentives received from equipment manufacturer in terms of the same lease. An estimate of costs to be incurred in respect of redelivery obligation, in accordance with the terms of the lease, is also included in the right of use assets at commencement date.

After the commencement date, the right of use assets are 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. 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.

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 policy in point (e) above on 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, plus 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.

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 of building and equipment (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 of office equipment 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.

m) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash on hand and at banks which is subject to an insignificant risk of changes in value.

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

n) Financial Instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs. Subsequent measurement of financial assets and financial liabilities is described below.

Non-derivative financial assets

Subsequent measurement

Financial assets carried at amortised cost – A 'financial asset' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- 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.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

De-recognition of financial assets

A financial asset is de-recognised when the contractual rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

Non-derivative financial liabilities

Subsequent measurement

Subsequent to initial recognition, all non-derivative financial liabilities are measured at amortised cost using the effective interest method.

De-recognition of financial liabilities

A financial liability is de-recognised 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 de-recognition 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 and loss.

Offsetting of financial instruments

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

o) Impairment of financial assets

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

The Company follows ‘simplified approach’ for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk rather, it recognises impairment loss allowance based on lifetime expected credit loss (‘ECL’) at each reporting date, right from its initial recognition.

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

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

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

Impairment loss allowance (or reversal) for the year is recognized in the statement of profit and loss.

p) Fair value measurement

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

q) Contingent liabilities and contingent assets

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.

Contingent assets are disclosed only when inflow of economic benefits therefrom is probable and recognize only when realization of income is virtually certain.

r) Foreign currency transactions

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

Initial recognition

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

Conversion

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

Exchange differences

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

s) 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.

B. Changes in accounting policies/disclosures and recent accounting pronouncement

Amendment to Ind AS 16, Property, Plant and Equipment

The Ministry of Corporate Affairs ("MCA") vide notification dated March 23, 2022, has issued an amendment to Ind AS 16 which specifies that an entity shall deduct from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly). The Company is evaluating the requirement of the said amendment and its impact on these financial statements.

Amendment to Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets

The Ministry of Corporate Affairs ("MCA") vide notification dated March 23, 2022, has issued an amendment to Ind AS 37 which specifies that the cost of fulfilling a contract comprises: the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. The Company is evaluating the requirement of the said amendment and its impact on these financial statements.

Amendment to Ind AS 103, Business Combinations

The Ministry of Corporate Affairs ("MCA") vide notification dated March 23, 2022, has issued an amendment to Ind AS 103 and has added a new exception in the standard for liabilities and contingent liabilities. The Company is evaluating the requirement of the said amendment and its impact on these financial statements.

Amendment to Ind AS 109, Financial Instruments

The Ministry of Corporate Affairs ("MCA") vide notification dated March 23, 2022, has issued an amendment to Ind AS 109 which clarifies which fees an entity should include when it applies the ‘10%’ test in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf. The Company is evaluating the requirement of the said amendment and its impact on these financial statements.

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