

SpiceJet Merchandise Private Limited**Balance sheet as at March 31, 2021***(All amounts are in millions of Indian Rupees, unless otherwise stated)*

Particulars	Notes	As at March 31, 2021	As at March 31, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	3 (a)	3.21	3.65
Right of use assets	3 (b)	-	7.32
Financial assets			
(i) Loans	4 (a)	-	0.59
(ii) Other financial assets	4 (b)	0.53	0.50
Total non-current assets		3.74	12.06
Current assets			
Inventories	5	105.28	66.16
Financial assets			
(i) Trade receivables	6	64.35	55.92
(ii) Cash and cash equivalents	7	1.91	9.15
(iii) Loans	8	4.87	4.87
Other current assets	9	72.13	25.79
Total current assets		248.54	161.89
Total assets		252.28	173.95
EQUITY AND LIABILITIES			
Equity			
Equity share capital	10	0.10	0.10
Other equity	11	(240.45)	(219.94)
Total equity		(240.35)	(219.84)
Non-current liabilities			
Financial liabilities			
(i) Borrowings	12	257.28	257.28
(ii) Lease liabilities		-	7.96
(ii) Other financial liabilities	13	134.38	101.60
Provisions	14	0.22	0.21
Total non-current liabilities		391.88	367.05
Current liabilities			
Financial liabilities			
(i) Lease liabilities		-	1.02
(ii) Trade payables	15		
- total outstanding dues of micro enterprises and small enterprises;		-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		74.56	21.02
(iii) Other financial liabilities	16	0.31	1.13
Other current liabilities	17	25.68	3.36
Provisions	18	0.20	0.21
Total current liabilities		100.75	26.75
Total liabilities		492.63	393.79
Total equity and liabilities		252.28	173.95
Summary of significant accounting policies	2		

The accompanying notes are 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:** June 30, 2021**For and on behalf of the Board of Directors**

Sd/-

Ajay Singh

Director

DIN No: 01360684

Place: Gurugram**Date:** June 30, 2021

Sd/-

Shiwani Singh

Director

DIN No: 05229788

Place: Gurugram**Date:** June 30, 2021

SpiceJet Merchandise Private Limited
Statement of profit and loss for the year ended March 31, 2021
(All amounts are in millions of Indian Rupees, unless otherwise stated)

Particulars	Notes	Year ended March 31, 2021	Year ended March 31, 2020
Income			
Revenue from operations	19	245.11	191.76
Other income	20	2.39	-
Total income		247.50	191.76
Expenses			
Purchases of stock-in-trade	21 (a)	202.94	126.75
Changes in inventories of stock-in-trade	21 (b)	(39.12)	(0.75)
Employee benefits expense	22	10.59	12.25
Other expenses	23	58.22	37.94
Total expenses		232.63	176.19
Earnings before interest, tax, depreciation and amortization (EBITDA)		14.87	15.57
Depreciation expense	24	(1.74)	(2.37)
Finance income	25	0.02	0.09
Finance costs	26	(33.75)	(33.39)
Loss before tax		(20.60)	(20.10)
Tax expense	31	-	-
Loss after tax		(20.60)	(20.10)
Other comprehensive income:			
Items that will not be reclassified to statement of profit and loss:			
- Remeasurement gains on defined benefit obligations (net)		0.09	0.02
- Income tax impact		-	-
Other comprehensive income for the year		0.09	0.02
Total comprehensive income for the year		(20.51)	(20.08)
Earnings per share (face value of Rs. 10 each)	27		
-Basic		(2,051.17)	(2,010.45)
-Diluted		(2,051.17)	(2,010.45)
Summary of significant accounting policies	2		

The accompanying notes are 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 Chandio & Co LLP

Chartered Accountants
ICAI Firm Registration No.: 001076N/N500013

Sd/-
Neeraj Goel
Partner
Membership No: 099514

Place: Gurugram
Date: June 30, 2021

For and on behalf of the Board of Directors

Sd/-
Ajay Singh
Director
DIN No: 01360684

Place: Gurugram
Date: June 30, 2021

Sd/-
Shiwani Singh
Director
DIN No: 05229788

Place: Gurugram
Date: June 30, 2021

SpiceJet Merchandise Private Limited
Cash flow statement for the year ended March 31, 2021
(All amounts are in millions of Indian Rupees, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
A. Cash flows from operating activities		
Loss before tax	(20.60)	(20.10)
Adjustments for:		
Depreciation expense	1.74	2.37
Unrealised foreign exchange gain (net)	(0.47)	-
Net gain on early termination of lease contract	(1.91)	-
Interest income on bank deposits	(0.02)	(0.09)
Interest on lease liabilities	0.91	1.17
Impairment of trade receivables	18.32	-
Interest on borrowings and other borrowing costs	32.84	32.22
Operating profit before working capital changes	30.81	15.57
Movements in working capital :		
Trade receivables	(26.29)	(15.93)
Inventories	(39.12)	(0.75)
Other financial assets	0.56	(0.88)
Other current assets	(46.34)	(16.46)
Trade payables	53.54	3.29
Other financial liabilities	21.51	2.29
Provisions	0.09	0.15
Cash used in operations	(5.24)	(12.72)
Income tax paid	-	-
Net cash used in operating activities	A (5.24)	(12.72)
B. Cash flows from investing activities		
Purchase of property plant and equipment	(0.35)	(0.00)
Interest income on bank deposit	0.02	-
Net cash used in investing activities	B (0.33)	(0.00)
C. Cash flows from financing activities		
Proceeds from long-term borrowings	-	7.50
Interest paid on other borrowing cost	(0.06)	(0.02)
Repayment of lease liabilities (including interest)	(1.61)	(1.63)
Net cash (used in)/flows from financing activities	C (1.67)	5.85
Net decrease in cash and cash equivalents	(A+B+C) (7.24)	(6.87)
Cash and cash equivalents at the beginning of the year	9.15	16.02
Cash and cash equivalents at the end of the year	1.91	9.15
Notes :		
Components of cash and cash equivalents		
Balance with banks in current accounts	1.91	9.15
Total cash and cash equivalents (Note 7)	1.91	9.15

The accompanying notes form an integral part of these financial statement.

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

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

Sd/-
Neeraj Goel
Partner
Membership No: 099514

Place: Gurugram
Date: June 30, 2021

For and on behalf of the Board of Directors

Sd/-
Ajay Singh
Director
DIN No: 01360684

Place: Gurugram
Date: June 30, 2021

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Shiwani Singh
Director
DIN No: 05229788

Place: Gurugram
Date: June 30, 2021

SpiceJet Merchandise Private Limited
Statement of changes in equity for the year ended March 31, 2021
(All amounts are in millions of Indian Rupees, unless otherwise stated)

a. Equity share capital

Particulars	Number of shares	Amount
Balance as at April 1, 2019	10,000	0.10
Changes in equity share capital during the year	-	-
Balance as at March 31, 2020	10,000	0.10
Changes in equity share capital during the year	-	-
Balance as at March 31, 2021	10,000	0.10

b. Other equity

For the year ended March 31, 2021

Particulars	Retained earnings	Total equity
As at April 1, 2020	(219.94)	(219.94)
Loss for the year	(20.60)	(20.60)
Other comprehensive income for the year	0.09	0.09
As at March 31, 2021	(240.45)	(240.45)

For the year ended March 31, 2020

Particulars	Retained earnings	Total equity
As at April 1, 2019	(198.87)	(198.87)
Adjustment on account of transition to Ind AS 116	(0.99)	(0.99)
Loss for the year	(20.10)	(20.10)
Other comprehensive income for the year	0.02	0.02
As at March 31, 2020	(219.94)	(219.94)

The accompanying notes are 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

For and on behalf of the Board of Directors

Sd/-
Neeraj Goel
 Partner
 Membership No: 099514

Sd/-
Ajay Singh
 Director
 DIN No: 01360684

Sd/-
Shiwani Singh
 Director
 DIN No: 05229788

Place: Gurugram
Date: June 30, 2021

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SpiceJet Merchandise Private Limited
Notes to the Financial Statements for the Year ended March 31, 2021
(All amounts are in millions of Indian Rupees, unless otherwise stated)

3 (a) Property, plant and equipment

Particulars	Plant and machinery	Office equipment	Computers	Furniture and fixtures	Leasehold improvements	Total
Gross block						
As at April 1, 2019	2.70	2.70	1.10	0.38	0.56	7.44
Additions	-	0.00	-	-	-	0.00
Disposals	-	-	-	-	-	-
Balance as at March 31, 2020	2.70	2.70	1.10	0.38	0.56	7.44
Additions	-	-	0.14	0.21	-	0.35
Disposals	-	-	-	-	-	-
Balance as at March 31, 2021	2.70	2.70	1.24	0.59	0.56	7.79
Accumulated depreciation						
As at April 1, 2019	0.29	1.00	0.73	0.14	0.41	2.56
Depreciation charge for the year	0.18	0.53	0.34	0.03	0.15	1.23
Disposals	-	-	-	-	-	-
Balance as at March 31, 2020	0.47	1.53	1.07	0.17	0.56	3.79
Depreciation charge for the year	0.18	0.53	0.03	0.05	-	0.79
Disposals	-	-	-	-	-	-
Balance as at March 31, 2021	0.65	2.06	1.10	0.22	0.56	4.58
Net block						
Balance as at March 31, 2020	2.23	1.17	0.03	0.21	-	3.65
Balance as at March 31, 2021	2.05	0.64	0.14	0.37	-	3.21

3 (b) Right of use assets

Particulars	Building premises	Total
Gross block		
As at April 1, 2019 - on account of transition to Ind AS 116	8.46	8.46
Additions	-	-
Balance as at March 31, 2020	8.46	8.46
Additions	-	-
Disposals	(8.46)	(8.46)
Balance as at March 31, 2021	-	-
Accumulated depreciation		
As at April 1, 2019 - on account of transition to Ind AS 116	-	-
Depreciation charge for the year	1.14	1.14
Balance as at March 31, 2020	1.14	1.14
Depreciation charge for the year	0.95	0.95
Disposals	(2.09)	(2.09)
Balance as at March 31, 2021	-	-
Net block		
As at March 31, 2020	7.32	7.32
As at March 31, 2021	-	-

Particulars	As at March 31, 2021	As at March 31, 2020
4 (a) Non-current loans (Unsecured, considered good unless stated otherwise)		
Security deposits Security deposit - Non current	-	0.59
	<u>-</u>	<u>0.59</u>
4 (b) Other non-current financial assets (Unsecured, considered good unless stated otherwise)		
Non-current bank balances	0.53	0.50
	<u>0.53</u>	<u>0.50</u>
5 Inventories (valued at lower of cost or net realisable value)		
Stock-in-trade	105.28	66.16
	<u>105.28</u>	<u>66.16</u>
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, 2020 - Nil).		
6 Trade receivables (Unsecured, considered good unless stated otherwise)		
Trade receivables Sundry debtors - others		
Unsecured, considered good	64.35	55.92
Unsecured, credit impaired	<u>18.32</u>	<u>-</u>
	<u>82.67</u>	<u>55.92</u>
Impairment allowance		
Unsecured, credit impaired	(18.32)	-
	<u>(18.32)</u>	<u>-</u>
	<u>64.35</u>	<u>55.92</u>
Trade receivables are non-interest bearing and are generally have credit period to a maximum of 120 days.		
7 Cash and cash equivalents		
Balances with banks in current accounts Balances in current accounts	1.91	9.15
	<u>1.91</u>	<u>9.15</u>
Bank balances other than cash and cash equivalents		
Margin money/security against fund and non-fund ba Balance in deposit accounts - margin money	0.53	0.50
Less: amount disclosed under other non-current asset (refer note 4 (b))	<u>(0.53)</u>	<u>(0.50)</u>
	<u>-</u>	<u>-</u>
* Margin money deposit have been placed with banks for non-fund based facilities sanctioned to the Company.		
8 Loans (Unsecured, considered good unless stated otherwise)		
Security deposits Security deposit - Non current	4.87	4.87
	<u>4.87</u>	<u>4.87</u>
9 Other current assets		
Prepaid expenses Prepaid expenses	0.04	2.22
Balance with government authorities Balance with Government authorities	19.25	-
Advance to suppliers Advances recoverable in cash or in kind or for value to be received	42.84	13.57
Other advances Other Advances	<u>10.00</u>	<u>10.00</u>
	<u>72.13</u>	<u>25.79</u>

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10 Equity share capital

Authorised share capital

(10,000 equity shares of Rs.10 each)

Balance as at April 1, 2019

Increase during the year

Balance as at March 31, 2020

Increase during the year

Balance as at March 31, 2021

0.10

-

-

-

0.10

-

-

0.10

0.10

0.10

Issued, subscribed and paid-up capital

(10,000 equity shares of Rs.10 each)

Balance as at April 1, 2019

Issued during the year

Balance as at March 31, 2020

Issued during the year

Balance as at March 31, 2021

0.10

-

-

-

0.10

-

-

0.10

0.10

0.10

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

Particulars
Shares outstanding at the beginning of the year
Issued during the year
Shares outstanding at the end of the year

As at March 31, 2021		As at March 31, 2020	
Number of shares	Amount (Rs.)	Number of shares	Amount (Rs.)
10,000	0.10	10,000	0.10
-	-	-	-
10,000	0.10	10,000	0.10

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
SpiceJet Limited

As at March 31, 2021		As at March 31, 2020	
Number of shares	Amount (Rs.)	Number of shares	Amount (Rs.)
10,000	0.10	10,000	0.10

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

Particulars
SpiceJet Limited

As at March 31, 2021		As at March 31, 2020	
Number of shares	% holding	Number of shares	% holding
10,000	100%	10,000	100%

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Particulars	As at March 31, 2021	As at March 31, 2020
11 Other equity		
a) Retained earnings		
Balance at the beginning of the year	(219.96)	(198.87)
Additions during the year	(20.60)	(21.09)
Balance at the end of the year	<u>(240.56)</u>	<u>(219.96)</u>
12 Long-term borrowings (Unsecured - at amortised cost)		
Unsecured loan from holding company Term loan from others	257.28	257.28
	<u>257.28</u>	<u>257.28</u>

The Company entered into an agreement with the holding company on August 1, 2016 to obtain loan for Rs. 150 millions, repayable after 3 years from date of disbursement. This agreement has been extended on August 9, 2019 for a further period of 5 years and limit has been revised to Rs. 300 millions. The loan carried an interest rate of 12.75% per annum.

Changes in liabilities arising from financing activities:

Particulars	April 1, 2020	Cash flows	Others*	March 31, 2021
Non-current borrowings	257.28	-	-	257.28
Finance costs	101.60	-	32.78	134.38
Lease liabilities Provision - Gratuity	8.99	(1.61)	7.37	-
Total liabilities for financing activities	367.87	(1.61)	40.15	391.66
Particulars	April 1, 2019	Cash flows	Others*	March 31, 2020
Non-current borrowings	249.78	7.50	-	257.28
Finance costs	69.39	(0.02)	32.22	101.60
Lease liabilities Provision - Gratuity	9.45	(1.63)	1.17	8.99
Total liabilities for financing activities	328.62	5.85	33.39	367.87

*Others includes interest expense and movement of lease liabilities due to early termination.

13 Other non-current financial liabilities				
Interest accrued but not due on borrowings Interest Accrued but not Due			134.38	101.60
			<u>134.38</u>	<u>101.60</u>

14 Long-term provisions				
Provision for gratuity (also refer note 29) Provision - Gratuity			0.22	0.21
			<u>0.22</u>	<u>0.21</u>

15 Trade payables				
Dues of micro enterprises and small enterprises*			-	-
Dues of creditors other than micro enterprises and sr Sundry Creditors - others			74.56	21.02
			<u>74.56</u>	<u>21.02</u>

*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, small and medium enterprises during the current period.

Terms and conditions of the above financial liabilities:

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

16 Other current financial liabilities				
Employee payables Employee compensation payable			0.31	1.13
			<u>0.31</u>	<u>1.13</u>

17 Other current liabilities				
Statutory dues Statutory liabilities			3.28	1.89
Contract liabilities Advance from Customers			22.40	1.47
			<u>25.68</u>	<u>3.36</u>

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.

Trade receivable	64.35	55.92
Contract liabilities	22.40	1.47

18 Short-term provisions				
Provision for gratuity (also refer note 29)			0.00	0.00
Provision for leave encashment (also refer note 29) Provision - Leave Encashment			0.20	0.21
			<u>0.20</u>	<u>0.21</u>

SpiceJet Merchandise Private Limited
Notes to the financial statements for the year ended March 31, 2021
(All amounts are in millions of Indian Rupees, unless otherwise stated)

Note no.	Particulars	Year ended March 31, 2021	Year ended March 31, 2020
19	Revenue from operations		
	Sale of goods	245.10	191.36
	Other operating revenue		
	Commission income	0.01	0.40
		<u>245.11</u>	<u>191.76</u>
20	Other income		
	Foreign exchange gain (net)	0.47	-
	Net gain on early termination of lease contract	1.92	-
		<u>2.39</u>	<u>-</u>
21 (a)	Purchases of stock-in-trade		
	Purchase of traded goods	202.94	126.75
		<u>202.94</u>	<u>126.75</u>
21 (b)	Changes in inventories of stock-in-trade		
	Opening stock	66.16	65.41
	Closing stock	105.28	66.16
		<u>(39.12)</u>	<u>(0.75)</u>
22	Employee benefits expense		
	Salaries, wages and bonus	9.51	11.19
	Contribution to provident and other funds	0.67	0.84
	Gratuity expense (also refer note 29)	0.10	0.10
	Staff welfare	0.31	0.12
		<u>10.59</u>	<u>12.25</u>
23	Other expenses		
	Rent	4.77	10.45
	Repairs and maintenance		
	- Buildings	2.21	1.88
	- Others	0.11	5.40
	Advertisement and business promotion	6.82	9.18
	Travelling and conveyance	0.18	0.79
	Legal and professional fees*	11.80	6.79
	Impairment of trade receivables	18.32	-
	Power and fuel	0.82	0.91
	Bank charges	0.19	0.33
	Transportation and forwarding charges	12.84	1.05
	Miscellaneous expenses	0.16	1.16
		<u>58.22</u>	<u>37.94</u>
	*Payments to statutory auditors		
	Audit fees	0.35	0.25
24	Depreciation expense		
	Depreciation of property plant and equipment	0.79	1.23
	Depreciation on right of use assets	0.95	1.14
		<u>1.74</u>	<u>2.37</u>
25	Finance income		
	Interest income on bank deposits	0.02	0.09
		<u>0.02</u>	<u>0.09</u>
26	Finance costs		
	Interest on borrowings	32.79	32.22
	Interest on lease liabilities	0.91	1.17
	Other borrowing costs	0.05	-
		<u>33.75</u>	<u>33.39</u>

27 Earnings per share ('EPS')

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

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Loss after tax	(20.60)	(20.10)
Weighted average number of shares		
- Basic	10,000	10,000
- Diluted	10,000	10,000
Earnings per share (face value of Rs.10 each)		
- Basic	(2,059.90)	(2,010.21)
- Diluted	(2,059.90)	(2,010.21)

28 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires the Company's management to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities recognised in the financial statements that are not readily apparent from other sources. The judgements, estimates and associated assumptions are based on historical experience and other factors including estimation of effects of uncertain future events that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates (accounted on a prospective basis) are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that have been made by the management in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements and/or key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

a) Reconition 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) 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.

c) 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.

d) Useful life, residual value of property, plant and equipment

The management has estimated the useful life of its 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.

e) 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.

f) Going concern assumption

During the year, the Company has incurred a net loss and, as at year-end, the Company's has accumulated losses, which have resulted in complete erosion of its net worth. During current year, the Company has also started trading in Covid related products which has higher margins and will eventually lead to reduction in losses. The Company's operating cash flows are marginally negative. The management of the Company is confident that the Company will earn profit from next year onwards considering increase in portfolio of traded goods. Based on the factors mentioned in this note and expected cash flows of next year, the management is of the view that the going concern basis of accounting is appropriate.

29 Employee benefits obligation

Defined benefit plan

A. Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is unfunded and accordingly the disclosures relating to plan assets are not provided.

The following tables summarise the components of net expense recognised in the statement of profit and loss and balances recognised in the balance sheet.

(i) Amount recognised in balance sheet

Particulars	As at March 31, 2021	As at March 31, 2020
Defined benefit obligation ('DBO')	0.22	0.21
Defined benefit obligation ('DBO')	0.22	0.21

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

Particulars	As at March 31, 2021	As at March 31, 2020
Current liability	0.00	0.00
Non-current liability	0.22	0.21

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

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Current service cost	0.08	0.09
Interest expense	0.01	0.01
Expense recognised during the year	0.09	0.10

(iv) Remeasurement gain recognised in other comprehensive income

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Remeasurement gain		
a. Effect of changes in financial assumption	(0.01)	0.00
b. Effect of demographic assumption	-	-
c. Effect of experience adjustments on DBO	(0.08)	(0.03)
Remeasurement gain recognised during the year	(0.09)	(0.03)

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

Particulars	As at March 31, 2021	As at March 31, 2020
Present value of DBO at the beginning of the year	0.21	0.14
Current service cost	0.08	0.09
Interest expense	0.01	0.01
Benefits paid	-	-
Remeasurement gain		
a. Effect of changes in financial assumption	(0.01)	0.00
b. Effect of demographic assumption	-	-
c. Effect of experience adjustments on DBO	(0.08)	(0.03)
Present value of DBO at the end of the year	0.21	0.21

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

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Discount rate	7.07%	6.83%
Salary increase rate	5.00%	5.00%
Pre-retirement mortality	5%	5.00%
Retirement age	58	58
Attrition rate	5.00%	5.00%
Number of employees	16	22
Average age (years)	34.13	33.38
Retirement age	58	58
Average past service	2.81	1.77
Average monthly salary	15,942	21,141
Future service (years)	23.87	24.62
Weighted average duration of DBO	14.25	17.87

(vii) Maturity plan of defined benefit obligation:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Within the next 12 months (next annual reporting period)	0.00	0.00
Between 2 and 5 years	0.05	0.00
Beyond 5 years	0.16	0.21

(viii) Sensitivity analysis of defined benefit obligation:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Impact of the change in discount rate on present value of DBO at the end of the year		
Discount rate + 100 basis points	(0.02)	0.18
Discount rate - 100 basis points	0.02	0.24
Impact of the change in salary increases on present value of DBO at the end of the year		
Salary increase rate + 0.1%	0.02	0.24
Salary increase rate - 0.1%	(0.02)	0.18

(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. Compensated absences

The assumptions used for computing the compensated absences on actuarial basis are as follows:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Discount rate	7.07%	6.83%
Salary increase rate	5.00%	5.00%

C. Contributions to defined contribution plan

During the year, the Company recognized Rs. 0.62 million (March 31, 2020: Rs. 0.75 million) to provident fund and Rs. 0.05 million (March 31, 2020: Rs. 0.08 million) for contributions to employee state insurance scheme in the statement of profit and loss.

30 Segment information

The Company's primary business segment is reflected based on principal business activities carried on by the Company i.e., trading of goods, which is as per Ind AS 108 on 'Operating Segments' is considered to be the only reportable business segment. The Company derives its major revenues from said services and the Company is operating in India which is considered as a single geographical segment.

31 Income tax expense

The major components of income tax expense for the year ended March 31, 2021 and year ended March 31, 2020 are:

Profit or loss section

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
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 is no income tax expense recognised in the current year.

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

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Accounting loss before Income tax	(20.60)	(20.10)
At India's statutory income tax rate of 25.168% (31 March 2020: 25.168%)	(5.18)	(5.06)
Effects from:		
Deferred tax not created on temporary differences	(8.07)	(0.52)
Brought forward business losses adjusted with taxable profit of current financial year**	2.89	-
Deferred tax not created on business loss*	-	(4.53)
Net effective income tax	-	-

*The Company has not recognised deferred tax assets on unused business losses in absence of probability and availability of sufficient future taxable income against which such losses shall be utilised.

**The Company has adjusted current year business profit with the brought forward losses on which deferred tax asset was not created.

SpiceJet Merchandise Private Limited
Notes to the financial statements for the year ended March 31, 2021
(All amounts are in millions of Indian Rupees, unless otherwise stated)

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, 2021	As at March 31, 2020
Brought forward losses*	128.86	140.34
Unabsorbed depreciation#	1.69	1.69
Net deferred tax asset	130.55	142.03

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, 2021	As at March 31, 2020
0-4 years	91.49	35.52
4-8 years	37.38	104.82
Total	128.86	140.34

32 Lease liabilities

The Company's leased assets primarily consist of leases for premises in Gurgaon, originally taken for 9 years at Rs. 1.77 million rent per annum. The lease has been early terminated effective January 31, 2021 and gain on early termination amounting Rs. 1.92 million has been recognised in financial statements.

A. Amount recognised in statement of profit and loss

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation of right of use assets	0.95	1.14
Interest on lease liabilities	0.91	1.17
Net gain on early termination of lease contract	1.92	-
Rent expense related to short-term leases	4.77	10.45

Refer note 3(b) for the carrying amount of right of use assets.

B. Total cash outflow of leases

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Total cash outflow of leases	1.61	1.77

33 Related party transactions

Relationship	Name of the related party
Holding company	SpiceJet Limited
Fellow subsidiary	SpiceJet Technic Private Limited
Key managerial personnel	Ajay Singh, Director
	Shiwani Singh, Director
Enterprises over which parties above 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	March 31, 2021	March 31, 2020
Transactions during the year:		
SpiceJet Limited		
Loan taken	-	7.50
Interest expense	32.79	33.39
Sale of goods	15.57	34.76
Spice Healthcare Private Limited		
Sale of goods	4.79	-
Spicejet Technic Private Limited		
Purchase of goods	5.00	-
Sale of goods	0.08	-
Balances outstanding as at the year end:		
SpiceJet Limited		
Long-term borrowings	257.28	257.28
Interest accrued but not due on borrowings	134.38	101.60
Trade payables	3.86	1.05
Spice Healthcare Private Limited		
Trade receivables	4.29	-
Spicejet Technic Private Limited		
Trade payables	4.92	-

34 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, trade receivables, trade payables, and other current and non-current financial liabilities and financial assets approximate their carrying amounts largely due to the short-term maturities of these financial instruments.

Particulars	Carrying amount		Fair value	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Financial assets, at amortised cost				
Trade receivables	64.35	55.92	64.35	55.92
Cash and cash equivalents	1.91	9.15	1.91	9.15
Inventories	105.28	66.16	105.28	66.16
Other financial assets	0.53	0.50	0.53	0.50
Total	172.07	131.73	172.07	131.73
Financial liabilities, at amortised cost				
Borrowings	257.28	257.28	257.28	257.28
Lease liabilities	-	8.99	-	8.99
Other financial liabilities	134.69	102.72	134.69	102.72
Total	391.97	368.99	391.97	368.99

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.

35 Financial risk management objectives and policies

The Company's principal financial liabilities, comprise of borrowings and 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 market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a treasury team. The treasury team provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

Market risk

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. Market risk comprises three types of risk: interest rate risk, currency risk and foreign currency risk. The Company currently has only foreign currency risk.

The sensitivity analyses in the following sections relate to the position as at March 31, 2021 and March 31, 2020.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

Foreign currency sensitivity

The following demonstrates the sensitivity to a reasonably possible change in the foreign currency exchange rates, with all other variables held constant. The impact on the Company's profit/(loss) before tax is due to changes in the fair value of monetary assets and liabilities. The sensitivity analysis includes only outstanding unhedged foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates.

If the foreign currency rates had been 5% higher/lower and all other variables were held constant, the Company's profit for the year ended March 31, 2021 would decrease/increase by Rs. 0.013 million (March 31, 2020: decrease/increase by Rs 0.083 million).

Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its investing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The Company has adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. Trade receivables are typically unsecured and are primarily derived from trading of goods.

An impairment analysis is performed at each reporting date on an individual basis for major customers. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on 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 customers are widely dispersed and operate in largely independent markets. The average credit period ranges between 30 and 90 days.

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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	March 31, 2021	March 31, 2020
Balance at the beginning of the year	-	-
Impairment loss recognised	18.32	-
Balance at the end of the year	18.32	-

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	Upto 1 year	1 to 5 years	Upto 1 year	1 to 5 years
Financial liabilities (non-current and current)				
Borrowings	-	257.28	-	257.28
Other financial liabilities	0.31	134.38	1.13	101.60
Trade payables	74.56	-	21.02	-
Total	74.87	391.66	22.15	358.88

36 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, 2021	As at March 31, 2020
Long-term borrowings	257.28	257.28
Debt	257.28	257.28
Equity share capital	0.10	0.10
Other equity	(240.45)	(219.94)
Equity	(240.35)	(219.84)
Debt to equity ratio	(1.07)	(1.17)

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2021 and year ended March 31, 2020.

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SpiceJet Merchandise Private Limited
Notes to the financial statements for the year ended March 31, 2021
(All amounts are in millions of Indian Rupees, unless otherwise stated)

37 Previous period/year numbers have been regrouped/reclassified wherever considered necessary.

During the year ended 31 March 2021, the Company reclassified/regrouped certain previous year's numbers as presented below.

Particulars	As at March 31, 2020 (reported)	Adjustments	As at March 31, 2020 (reclassified)
ASSETS			
Non-current assets			
Financial assets			
(i) Loans	-	0.59	0.59
(ii) Other financial assets	5.86	5.36	0.50
Current assets			
Financial assets			
(i) Trade receivables	54.45	1.47	55.92
(iii) Loans	-	4.87	4.87
(iv) Other financial assets	0.10	(0.10)	-
LIABILITIES			
Current liabilities			
Other current liabilities	1.89	1.47	3.36

38 Adoption of financial statements

The financials have been approved by the Board of Directors on June 30, 2021 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 Chandiook & Co LLP

Chartered Accountants
ICAI Firm Registration No.: 001076N/N500013

For and on behalf of the Board of Directors

Sd/-
Neeraj Goel
Partner
Membership No: 099514

Place: Gurugram
Date: June 30, 2021

Sd/-
Ajay Singh
Director
DIN No: 01360684

Place: Gurugram
Date: June 30, 2021

Sd/-
Shiwani Singh
Director
DIN No: 05229788

Place: Gurugram
Date: June 30, 2021

SpiceJet Merchandise Private Limited
Notes to the financial statements for the year ended March 31, 2021

1. Corporate information

SpiceJet Merchandise 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 July 18, 2016 (CIN – U52520DL2016PTC303136) under the Companies Act, 2013 ('the Act'). The objective of the Company is to be engaged in the business of trading of goods.

The financial statements were approved for issue by the board of directors on June 30, 2021.

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, 2021 have been prepared in accordance with Indian Accounting Standards ('Ind AS') as prescribed under Section 133 of the Act read together with the Companies (Indian Accounting Standards) Rules 2015, as amended.

The financial statements are presented in Indian Rupees (Rs.) (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, except leasehold improvements which are depreciated at lower of useful life or lease period.

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
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) 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.

SpiceJet Merchandise Private Limited
Notes to the financial statements for the year ended March 31, 2021

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.

e) 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.

f) Inventories

Trading inventories are valued at cost or net realizable value, whichever is lower after providing for obsolescence and other losses, where considered necessary. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition and is determined on a weighted average basis. 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.

g) 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 before transferring them to the customer. The revenue is recognized net of amounts collected on behalf of third parties.

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.

SpiceJet Merchandise Private Limited
Notes to the financial statements for the year ended March 31, 2021

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.

h) 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. Defined benefit plans – gratuity

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.

SpiceJet Merchandise Private Limited
Notes to the financial statements for the year ended March 31, 2021

b. Defined contribution plan – provident fund

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.

i) Taxes

Current income tax

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

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

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 current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

j) Earnings per share

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.

k) Leases

The Company's lease asset classes 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 lessor. 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. The Company's right of use assets (building premises) have useful life of 10 years. If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

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.

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Notes to the financial statements for the year ended March 31, 2021

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 premises (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). 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.

l) Cash and cash equivalents

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

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

m) 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.

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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.

n) 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.

o) 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.

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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.

p) 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.

q) 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.

r) Measurement of earnings before interest, tax, depreciation and amortization ('EBITDA')

The Company has elected to present EBITDA as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit/(loss) from continuing operations. In its measurement, the Company does not include depreciation and amortization, finance income, finance costs and tax expense.

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

Recent accounting pronouncement [as applicable]

Amendments to Schedule III of the Act

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Act. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. The revised Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015, as amended, prescribes amendments for various additional disclosures. The Company is evaluating the requirements of these amendments and their impact on the financial statements.

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Amendments to Ind AS 107, Financial Instruments: Disclosures

New disclosures requirements are added in the standard to enable the users to understand the effect of interest rate benchmark reforms on entity's risk management strategy. The related amendments are also made in the other accounting standard as applicable. The Company is evaluating the requirements of these amendments and their impact on the financial statements.

Amendments to Ind AS 105, Non-current Assets Held for Sale and Discontinued Operations and Ind AS 16, Property, Plant and Equipment

There is change in definition of recoverable amount from 'fair value less costs to sell' to 'fair value less costs of disposal'. The Company is evaluating the requirements of these amendments and their impact on the financial statements.

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