

SpiceXpress and Logistics Private Limited
Balance Sheet as at March 31, 2022
(All amounts are in Indian Rupees, unless otherwise stated)

	Notes	As at March 31, 2022	As at March 31, 2021
ASSETS			
Current assets			
Financial assets			
(i) Cash and cash equivalents	3	2,668,398	875,840
Other current assets	4	104,132	45,180
Total current assets		2,772,530	921,020
Total assets		2,772,530	921,020
EQUITY AND LIABILITIES			
Equity			
Equity share capital	5	98,000	100,000
Other equity	6	(734,013)	(419,527)
Total equity		(636,013)	(319,527)
Non-current liabilities			
Financial liabilities			
(i) Borrowings	7	1,000,000	1,000,000
(ii) Other financial liabilities	8	164,527	37,027
Total non-current liabilities		1,164,527	1,037,027
Current liabilities			
Financial liabilities			
(i) Trade payables	9		
- total outstanding dues of micro enterprises and small enterprises		-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		2,241,916	146,145
Other current liabilities	10	2,100	57,375
Total current liabilities		2,244,016	203,520
Total liabilities		3,408,543	1,240,547
Total equity and liabilities		2,772,530	921,020
Summary of significant accounting policies	2		

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

This is the balance sheet 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: 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

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

	Notes	Year ended March 31, 2022	Year ended March 31, 2021
Income			
Revenue from operations		-	-
Total income		-	-
Expenses			
Other expenses	11	186,986	349,000
Total expenses		186,986	349,000
Earnings before interest, tax, depreciation and amortization ('EBITDA')		(186,986)	(349,000)
Finance costs	12	(127,500)	(37,027)
Loss before tax		(314,486)	(386,027)
Tax expense	13	-	-
Loss after tax		(314,486)	(386,027)
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(314,486)	(386,027)
Loss per share	14		
-Basic		(31.45)	(38.60)
-Diluted		(31.45)	(38.60)

Summary of significant accounting policies

The accompanying notes form an integral part of these 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

For and on behalf of the Board of Directors

Sd/-
Neeraj Goel
Partner
Membership No: 099514

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Ajay Singh
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DIN No: 05229788

Place: Gurugram
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SpiceXpress and Logistics Private Limited
Statement of Cash Flow for the year ended March 31, 2022
(All amounts are in Indian Rupees, unless otherwise stated)

	Year ended March 31, 2022	Year ended March 31, 2021
A. Cash flows from operating activities		
Loss before tax	(314,486)	(386,027)
Adjustments for:		
Finance costs	127,500	37,027
Operating loss before working capital changes	(186,986)	(349,000)
Movements in working capital:		
Other current assets	(58,952)	(45,180)
Trade payables	2,093,771	112,645
Other liabilities	(55,275)	57,375
Cash flows from/(used in) operations	1,792,558	(224,160)
Income-tax paid	-	-
Net cash flows from/(used in) operating activities	1,792,558	(224,160)
B. Cash flows from investing activities		
	-	-
C. Cash flows from financing activities		
Proceeds from borrowings from holding company	-	1,000,000
Net cash flows from financing activities	-	1,000,000
Net increase in cash and cash equivalents	1,792,558	775,840
Cash and cash equivalents at the beginning of the year	875,840	100,000
Cash and cash equivalents at the end of the year	2,668,398	875,840
Notes :		
Components of cash and cash equivalents		
Balance with banks in current accounts	2,668,398	875,840
Total cash and cash equivalents (refer note 3)	2,668,398	875,840

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

This is the statement of cash flow 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: August 29, 2022

For and on behalf of the Board of Directors

Sd/-
Ajay Singh
Director
DIN No: 01360684

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Shiwani Singh
Director
DIN No: 05229788

Place: Gurugram
Date: August 29, 2022

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Date: August 29, 2022

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

A. Equity share capital:

Particulars	Number	Amount
As at April 01, 2020	10,000	100,000
Changes in equity share capital during the year	-	-
As at March 31, 2021	10,000	100,000
Changes in equity share capital during the year	-	-
Treasury share capital	(200)	(2,000)
As at March 31, 2022	9,800	98,000

B. Other equity

Particulars	Retained earnings	Total equity
As at April 1, 2020	(33,500)	(33,500)
Loss for the year	(386,027)	(386,027)
As at March 31, 2021	(419,527)	(419,527)
Loss for the year	(314,486)	(314,486)
As at March 31, 2022	(734,013)	(734,013)

The accompanying notes form an integral part of these 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

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Shiwani Singh
Director
DIN No: 05229788

Place: Gurugram
Date: August 29, 2022

Place: Gurugram
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SpiceXpress and Logistics Private Limited
Notes to the Financial Statements for the year ended March 31, 2022
(All amounts are in Indian Rupees, unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021
3 Cash and cash equivalents		
Balances with banks in current accounts	2,668,398	875,840
	<u>2,668,398</u>	<u>875,840</u>
4 Other current assets		
Balance with government authorities	72,990	45,180
Advance to suppliers	31,142	-
	<u>104,132</u>	<u>45,180</u>
5 Equity share capital		
Authorised share capital (10,000 equity shares of Rs.10 each)		
As at March 31, 2021	100,000	100,000
Increase during the year	-	-
As at March 31, 2022	<u>100,000</u>	<u>100,000</u>
Issued, subscribed and paid-up capital (10,000 equity shares of Rs.10 each)		
As at March 31, 2021	100,000	100,000
Treasury share capital*	(2,000)	-
As at March 31, 2022	<u>98,000</u>	<u>100,000</u>

*This balance is for treasury shares held by the ESOP trust on behalf of the Company.

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	10,000	100,000	10,000	100,000
Issued during the year	-	-	-	-
Shares outstanding at the end of the year	10,000	100,000	10,000	100,000

b) Terms/rights attached to class of shares

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

c) Shares held by Holding Company

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number	Value (Rs.)	Number	Value (Rs.)
SpiceJet Limited	9,800	98,000	10,000	100,000

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

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number	% against total equity shares	Number	% against total equity shares
SpiceJet Limited	9,800	98.00%	10,000	100.00%

e) 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	9,800	98.00%	2.00%	10,000	100.00%	-

6 Other equity

Retained earnings		
Balance as at March 31, 2021	(419,527)	(33,500)
Loss for the year	(314,486)	(386,027)
Balance as at March 31, 2022	<u>(734,013)</u>	<u>(419,527)</u>

7 Long-term borrowings

(Unsecured - at amortised cost)

<u>1,000,000</u>	<u>1,000,000</u>
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Note:

The Company had obtained a non-current loan from SpiceJet Limited ('Holding Company') amounting Rs. 1,000,000 on November 11, 2020 repayable after 3 years from the date of disbursement and carries an interest of 12.75%.

SpiceXpress and Logistics Private Limited
Notes to the Financial Statements for the year ended March 31, 2022
(All amounts are in Indian Rupees, unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021
8 Other non-current financial Liabilities		
Interest accrued but not due	164,527	37,027
	<u>164,527</u>	<u>37,027</u>
9 Trade payables		
Trade payables		
- total outstanding dues of creditors other than micro enterprises and small enterprises	2,241,916	146,145
	<u>2,241,916</u>	<u>146,145</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 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	-	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	100,000	2,133,791	8,125	-	-	2,241,916
Total	100,000	2,133,791	8,125	-	-	2,241,916

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	-	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	100,000	24,645	21,500	-	-	146,145
Total	100,000	24,645	21,500	-	-	146,145

10 Other current liabilities		
Statutory dues	2,100	57,375
	<u>2,100</u>	<u>57,375</u>

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
11 Other expenses		
Rent	30,000	10,000
Legal and professional fees*	156,986	339,000
	<u>186,986</u>	<u>349,000</u>
*Payments to statutory auditors as		
Audit fees	100,000	100,000
12 Finance costs		
Interest on loan	127,500	37,027
	<u>127,500</u>	<u>37,027</u>
13 Income tax expense		
Current tax	-	-
Deferred tax	-	-
	<u>-</u>	<u>-</u>

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.

SpiceXpress and Logistics Private Limited
Notes to the Financial Statements for the year ended March 31, 2022
(All amounts are in Indian Rupees, unless otherwise stated)

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	(314,486)	(386,027)
At India's statutory income tax rate of 25.168% (31 March 2021: 25.168%)	(79,150)	(97,155)
Adjustments:		
Deferred tax not created on business losses**	(79,150)	(97,155)
Income tax expense reported in the statement of profit and loss	-	-

**The Company has not recognised deferred tax assets on unused business losses of the current year in absence of probability and availability of sufficient future taxable income against which such losses shall be utilised. The current year losses can be carried forward for next eight years. Further, no business losses have been brought forward from the previous years.

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SpiceXpress and Logistics Private Limited
Notes to the Financial Statements for the year ended March 31, 2022
(All amounts are in Indian Rupees, unless otherwise stated)

14 Earnings per share ('EPS')

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

Particulars	Year ended	Year ended
	March 31, 2022	March 31, 2021
Loss after tax	(314,486)	(386,027)
Weighted average number of shares		
- Basic	10,000	10,000
- Diluted	10,000	10,000
Loss per share :		
- Basic	(31.45)	(38.60)
- Diluted	(31.45)	(38.60)

15 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) Reconciliation 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) Going concern assumption

The Company has incurred loss after tax during the year, however, the Company's current assets are higher than current liabilities. Additionally, the management has plans to transfer cargo business to this Company from Holding Company, after which the Company will have business operations. Accordingly, these financial statements have been prepared on going concern basis.

16 Related party transactions

a. List of related party

Relationship	Name of the party
Holding Company	SpiceJet Limited
Key Managerial Personnel	Ajay Singh, Director Shiwani Singh, Director Easwaran Sundaram, Director

b. Transactions with related party

Particulars	March 31, 2022	March 31, 2021
SpiceJet Limited		
Transactions during the year :		
Borrowings taken	-	1,000,000
Interest expense	127,500	37,027
Outstanding balance :		
Long-term borrowings	1,000,000	1,000,000
Interest accrued	164,527	37,027

17 Fair value disclosures

Particulars	March 31, 2022		March 31, 2021	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets at amortised cost				
Cash and cash equivalents	2,668,398	2,668,398	875,840	875,840
Total	2,668,398	2,668,398	875,840	875,840
Financial liabilities at amortised cost				
Borrowings	1,000,000	1,000,000	1,000,000	1,000,000
Trade payables	2,241,916	2,241,916	146,145	146,145
Other financial liabilities	164,527	164,527	37,027	37,027
Total	3,406,443	3,406,443	1,183,172	1,183,172

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

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

SpiceXpress and Logistics Private Limited
Notes to the Financial Statements for the year ended March 31, 2022
(All amounts are in Indian Rupees, unless otherwise stated)

18 Financial risk management objectives and policies

The Company's principal financial liabilities, other than derivatives, comprise of borrowings and trade payables. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has various financial assets such as cash which arise directly from its operations.

The Company is exposed to 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:

Credit risks

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses both the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks. The Company has only cash and cash equivalents which is not subject to credit risks.

Liquidity risks

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

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

As at March 31, 2022	Up to 1 year	1 to 5 years	Total
Borrowings	-	1,000,000	1,000,000
Other financial liabilities	-	164,527	-
Trade payables	2,241,916	-	-
Total	2,241,916	1,164,527	1,000,000

As at March 31, 2021	Up to 1 year	1 to 5 years	Total
Borrowings	-	1,000,000	1,000,000
Other financial liabilities	-	37,027	37,027
Trade payables	146,145	-	146,145
Total	146,145	1,037,027	1,183,172

19 Capital management

The Company's objectives when managing capital are to maintain positive cash flow position. The Company's strategy is to maintain a reasonable current ratio. The current ratio is as follows:

Particulars	March 31, 2022	March 31, 2021
Current assets	2,772,530	921,020
Current liabilities	2,244,016	203,520
Current ratio	1.24	4.53

20 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	1.24	4.53	(72.70%)	Note 1 below
Debt-equity ratio	Times	Total Debt	Total equity	(1.57)	(3.13)	(49.76%)	Note 2 below
Debt service coverage ratio	Times	Earnings before depreciation and amortisation and interest [Loss after tax + Depreciation and amortisation expense + Finance costs]	Interest expense + Principal repayment (including prepayments)	(1.47)	(9.43)	(84.44%)	Note 3 below
Return on equity ratio	Percentage	Loss after tax	Average of total equity	65.82%	305.13%	(78.43%)	Note 4 below
Trade payables turnover ratio	Times	Other expenses	Average trade payables	0.16	3.89	(95.97%)	Note 5 below
Return on capital employed	Percentage	Earnings before interest and taxes [Loss after tax + Finance costs]	Capital employed [Total assets - Current liabilities + Current borrowings]	(35.38%)	(48.64%)	(27.26%)	Note 6 below

SpiceXpress and Logistics Private Limited
Notes to the Financial Statements for the year ended March 31, 2022
(All amounts are in Indian Rupees, unless otherwise stated)

Notes:

- 1 The increase in ratio is attributable to the significant increase in trade payables in current year.
- 2 The variance in the ratio is attributable to the increase in losses, while the borrowings remain constant during the year.
- 3 The variance in the ratio is attributable to the decrease in EBITDA and substantial increase in interest costs.
- 4 The significant movement in the ratio is attributable to the decrease in losses and change in average of total equity due to substantial increase in accumulated losses.
- 5 The movement in the ratio is attributable to the significant increase in balance of trade payables (due to non-payment).
- 6 The change in this ratio is attributable to increase in EBITDA and a decrease in capital employed during the current year as compared to previous year.
- 7 Turnover ratios and profitability ratios do not form part of this note as the same are not applicable to the Company, owing to the fact that there is no revenue from operations during the current year and immediately preceding financial year.

21 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.

22 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 Chandiook & 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

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DIN No: 05229788

Place: Gurugram
Date: August 29, 2022

SpiceXpress and Logistics Private Limited
Summary of significant accounting policies and other explanatory information
For the year ended March 31, 2022

1. Corporate information

SpiceXpress and Logistics 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 North West DL 110034. The Company was incorporated on December 30, 2019 (CIN - U63030DL2019PTC359462) under the Companies Act, 2013 ("the Act"). The objective of the Company is to be engaged in the business of providing cargo services. The Company has not commenced operations as at March 31, 2022.

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 ('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 (Rs.) (its functional and presentation currency) and all values are rounded off to the nearest rupee, except where otherwise indicated.

ii. Historical cost convention

The financial statements have been prepared on the historical cost basis, except for 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.

SpiceXpress and Logistics Private Limited
Summary of significant accounting policies and other explanatory information
For the year ended March 31, 2022

c) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

d) 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 the deferred taxes relate to the same taxable entity and the same taxation authority.

SpiceXpress and Logistics Private Limited
Summary of significant accounting policies and other explanatory information
For the year ended March 31, 2022

e) 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.

f) 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 statement of cash flow, 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.

g) 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.

SpiceXpress and Logistics Private Limited
Summary of significant accounting policies and other explanatory information
For the year ended March 31, 2022

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.

h) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Involvement of external valuers is decided upon annually by the Company. At each reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the accounting policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

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.

SpiceXpress and Logistics Private Limited
Summary of significant accounting policies and other explanatory information
For the year ended March 31, 2022

i) 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.

j) 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 in process of evaluating the impact of these changes on 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 in process of evaluating the impact of these changes on 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 in process of evaluating the impact of these changes on 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 that 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 in process of evaluating the impact of these changes on financial statements.